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## Quarterly Economic Report

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# EIR

## From the Editor

This issue of *EIR* features three articles by Lyndon H. LaRouche, Jr., the founder of *Executive Intelligence Review*, and thus gives a very good overview of what we stand for, in relation to unfolding world events.

The cover story, and lead item in the *International* section (page 32), is LaRouche's assessment of the U.S. State Department's campaign to topple Ferdinand Marcos in the Philippines. Everything we warned of last week has been fulfilled, including the Big Lie tactic used by the International Monetary Fund-subservient media.

On page 60, LaRouche takes on the outrageous lies of FBI director William Webster on the subject of international narco-terrorism. This includes a brief sketch of a topic we will be elaborating more in the weeks ahead—the role of AIFLD, the State Department-funded American Institute for Free Labor Development, in facilitating the drug-trafficking mafia's operations worldwide.

Finally, the *Strategic Studies* piece on pages 52-57 gives LaRouche's view of what U.S. policy toward Europe must be. He writes not merely as a world-renowned economist and editor, but also as the only officially declared candidate for the U.S. presidency in 1988.

I also direct your attention to an array of articles which paint a dire, but accurate picture of the state of our European allies in meeting the Soviet threat. The *Feature* reviews the greatly exposed state of the Northern Flank, which will be the subject of an important *EIR*-sponsored conference in Stockholm on March 7. The threats to the Southern Flank of the Alliance at both ends of the Mediterranean—Turkey and the Iberian peninsula—are surveyed in articles on pages 40-43.

In this week's *Science & Technology* section, we review the future of U.S. space programs in the wake of the Shuttle Challenger tragedy of last month. Coming issues will continue to delve into this topic, including an ongoing investigation of who is out to sabotage and shut down NASA.

Nora Hamerman

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**Correction:** In *EIR* for Feb. 14, 1986, we inaccurately reported that the Harvard School of Public Health will release a new epidemiological study pointing to an "AIDS catastrophe." The report in question, however, is the Centers for Disease Control (CDC) "worst case" model released in 1985. The CDC report assumes a constant doubling time for new cases to be a little over a year. Our apologies to Herbert Sherman, whom we identified as the source for these inaccurate remarks.

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NSIPS/Carlos Wesley

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## Bankrupt credit system at new turning point?

by Chris White

The collapse of the \$140 billion a year forward market in the benchmark grade of North Sea Oil, Brent crude, brings the bankrupt world financial system to a new turning point. The market's collapse, on the 12th of February, was kept secret, apart from rumblings about trouble ahead for oil traders, for nearly a week, and at our deadline, still has not been reported fully in the so-called authoritative U.S. financial press, like the *Wall Street Journal*.

The market's collapse is the result of the relentless Saudi Arabian-led campaign to break the financial power of the City of London and Switzerland-led usurious finance houses which control world commodity trade and investment flows, and is a contemporary proof of the old adage that under depression conditions of deflationary collapse, it is not the nominal book value of paper assets that is primary and determining, but rather control of physical commodities and physical production.

The collapse of the speculative Brent forward market, a system of hot telephone lines, linking London and Geneva with New York and Houston, buying and selling each barrel of oil pumped, up to a hundred times before that oil is delivered to refineries, calls the question of the necessary reorganization of the world financial system, even now before catastrophe hits. For the chain reaction effects of that collapse, radiating outwards over the next weeks, gathering strength as contracts for March delivery come due, will feed into and reinforce the emerging pattern of international collapse triggered by the decline in the price of oil.

In this respect, the disintegration of the forward market should disabuse those victimized by the disinformation spread by British propaganda outlets and their allies within the United

States, to the effect that Britain will be able to ride out the effects of the Saudi-led warfare to force the OPEC nation and its allies to come to terms maintaining the international power of the financial interests which rig international markets. This line is echoed in the United States by those whose academic training in economics only succeeded in separating their brains from their tongues: those who insist, for example, on the "beneficial" effects of a fall in the price of oil, and proceed to correlate the effects of each further drop in the dollar value of the product, with an increase in GNP, a decline in the U.S. trade deficit, an increase in government revenues and so forth.

### Oil price fall debunks recovery

The oil price fall will be beneficial, but not in the way indicated by the decorticated prattle of the three-piece-suited apes of the business community. It crudely dispels persisting illusions that there has been an economic recovery, while forcing the question how to deal with the bankruptcy of the international financial system.

Such leading issues are already being forced. The more than 50% decline in the price of oil over the last weeks, now below \$14 a barrel for the leading U.S. benchmark crude, West Texas Intermediate, has already reduced the foreseeable earnings of oil producing, indebted Third World nations, such as Mexico, Venezuela, Nigeria, Indonesia, to below the level at which the pretext can be maintained that the claims of the usurers will be met.

Such countries have nothing left to be stolen.

This has been recognized by Paul Volcker, chairman of the Federal Reserve Board, whose bi-annual testimony to the

Congress, mandated under the Humphrey-Hawkins, so-called Full Employment Act, contained warnings which went unreported in the pages of the euphoric U.S. press. Volcker's attention to the consequences of the oil price decline was used to motivate his standing policy of handing the U.S. banking system, as a whole, over to the mega-banks of the drug lobby, through House passage of the stalled "Omnibus Banking Act of 1984."

As reported by the *Financial Times* of London, "the Fed chairman drew attention to the threat posed both by declining oil prices and by agricultural problems to the financial system. These sectoral strains and imbalances, he said, point up the crucial importance of maintaining the essential soundness and safety of our financial system, and in particular our depository institutions."

The dope money-dependent mega-banks, awaiting the Volcker-approved transfer of assets of regional and local U.S. institutions to their own bankrupt accounts, have made it clear that they intend to break the nations of the developing sector to maintain their own global political power. They insist, as in the case of Mexico, that now national strategic assets, such as Mexico's state-owned oil company and oil fields, be put on the auctioneer's block, as collateral against the unpayable debt. Such obsessive, criminal insanity ignores what is portended in the collapse of the Brent forward market.

Within the United States, what Volcker calls "strains and imbalances" are accumulating to the point that they can no longer be contained. In the lead, as the breaking point, are the southeastern oil- and gas-dependent states of Texas, Oklahoma, and Louisiana. Already Texas Governor Mark White has called on President Ronald Reagan to act to impose a tariff on imported oil to forestall a developing national emergency.

Texas banks, like First City Bancorporation of Houston, are already on the edge. Oil industry suppliers, like Lone Star Steel Corporation, the nation's number-2 manufacturer of casing and tubing for the oil industry, are being forced into cutbacks and layoffs. Increasing imports of cheaper foreign oil, which have surged by 1 million barrels a day over the month of February, will merely accelerate the downward spiral.

The combined effect of the collapse of oil, together with the pre-existing crisis of farm sector indebtedness and the bankruptcy of speculative real estate, could provide the detonator that will explode the megalomaniacal fantasies of the money center banks.

### **Canadian banking on the brink**

North of the U.S. border in Canada, the emerging crisis is of yet more far-reaching import for the U.S. banking system. Already numerous Canadian-energy producing companies, such as the notorious Dome Petroleum, are on the line, threatening a banking system which is among the most

corrupt and rotten in the world, but so closely intertwined with the United States as to be inseparable.

And in London, the City's commodity trading markets, a major prop for the entire international cycle of speculation, with estimated flows of up to \$150 billion per day, are being impacted one after the other.

Here major oil companies, like Shell and BP, have announced retrenchment plans for 1986, while the collapse in the price of oil has begun to force declines in the prices of other energy products, such as coal and natural gas, for the first time in almost 20 years, and in the case of coal for the first time since the end of the Second World War.

The last month's decline in the price of oil has begun to trigger the unraveling of the bankrupt financial system of the Western world, which bloated by the proceeds of usury and speculation cannot withstand the long-postponed consequences of depression-induced price deflation.

Patchwork measures, another round of time-buying measures, of the sort employed in 1967, 1972, and 1979-80 and in 1982, to postpone the inevitable replacement of the collapsed Bretton Woods system, will no longer function.

Perhaps the unfolding crisis can be held off into 1987, if the oil import tariff Texas Governor White demands is applied now; perhaps it can be held off into the fall, perhaps again it will erupt in the spring. Whichever it is, alternative policies are now needed to ensure the very survival of the West from the consequences of the unraveling of over \$1 trillion of unsecured, and unmoored debt instruments.

### **Emergency measures required**

Needed emergency measures are available, as designed by Lyndon LaRouche, the only officially declared presidential candidate for the Democratic Party nomination, and controversial economist, whose competence in this area has been regularly proven against the contending views of his critics and opponents.

Aside from the necessary protection of an oil tariff, executive action is required to bring the credit and financial system back under control to protect the banking system from the consequences of its criminality and incompetence. Modeled on the approach of Roosevelt and Lincoln, such would restore the methods of Hamiltonian national banking, through the emission into the banking system of gold-backed Treasury notes, providing the basis for the extension of cheap credit to productive activity in farming and industry.

Such internal measures would complement the reorganization of international indebtedness to the same effect, creating markets for exports from the United States, Western Europe, and Japan in the developing sector, for such purposes as infrastructure construction.

The collapse of the Brent forward market is the writing on the wall for the system which Volcker and his friends defend. They have made their system indefensible and unsupportable.

# Will Italy trigger an 'avalanche' against IMF?

by Umberto Pascali

On Feb. 15, before a gathering of Italian parliamentarians and Third World ministers and diplomats in Rome, Christian Democratic Deputy Publio Fiori delivered an historic appeal for the dissolution of the International Monetary Fund and its replacement with a new and just economic order.

Only a few days earlier, it had become public that the Italian government of Bettino Craxi was considering actions that could lead to precisely the result Fiori demanded.

Fiori's appeal came at a conference of the Committee of Italian Parliamentarians against Starvation (PARIFA). Fiori was chairman of one conference session, and quoted St. Augustine as the inspiration for his challenge, calling for strong unity on the debt issue between Africa and Ibero-America.

In November 1985, the same Fiori had addressed a conference of the Schiller Institute in Rome dedicated to St. Augustine, where usury as embodied in the IMF was broadly denounced. The Institute was founded by Helga Zepp-La-Rouche to strengthen the Western alliance and promote a new economic order. The Schiller conference was followed in short order by a series of Vatican-convened meetings on religion and economics, culminating in the Extraordinary Synod of Bishops in Rome (Nov. 26-Dec. 8), whose thrust was the introduction of morality into economic decision-making, as against "free market" and "Marxist" approaches.

Fiori's Feb. 15 statement is symptomatic of a raging debate on the world debt crisis under way in Italy, with pro-IMF forces now fighting desperately against the possibility that the Italian government will offer a moratorium on debt payments to struggling Third World nations, thereby setting a precedent that will destroy the IMF system.

In his conference address, Fiori dismissed the so-called Baker Plan of the U.S. treasury secretary, which would provide some additional loans to debtor nations provided they permit virtual recolonization. He pointed to the example of the President of Peru, Alan García, who has placed a limit on debt payments of 10% of Peru's foreign exchange earnings, and has rejected any role for the IMF in loan negotiations or economic policy-making.

At the same conference, the president of the Italian Senate, Amintore Fanfani, who had earlier received a delegation of the Schiller Institute to discuss the debt problem, announced that on Feb. 26, parliament will hold a joint session on the debt crisis of the Third World.

The foreign minister of Senegal read a message from Senegalese President Abdou Diouf, also president of the Organization of African Unity, who stressed: "It is an illusion to think that African nations can solve the problem of starvation without a new world economic order and without a solution of the debt problem in the context of a reform of the International Monetary System."

A manifesto, signed by 12 African heads of state and approved by the conference, denounced "the monstrous world debt that often threatens directly the very economy of the debtor countries and tends to mortgage their general policy in favor of private systems of domestic and international interests. . . ."

## A debt moratorium?

A few days before, major Italian media reported what was termed an economic and political "bombshell": The Italian government had been studying for months a plan of general debt moratorium to all Third World countries experiencing payments difficulties.

The plan became public during the visit of Somalian President Siad Barre, who arrived in Rome on Feb. 10. On that day, the newspaper of the Vatican, *Osservatore Romano*, reported: "In the meetings [between Prime Minister Craxi and President Barre], the question of cancellation of the debts to Italy of the poorest Third World countries is to be raised. The debt of Somalia amounts to \$153 million, an enormous sum if compared to the country's total exports. . . . These are countries at the edge of survival: The Italian government is studying the possibility of a cancellation to give these countries the possibility of development by removing the risk of financial strangulation that would compromise any sign of recovery. This is a very important initiative that is being considered with 'interest and favor' by the Italian government."

The Vatican organ underlined the close connection between a peace process in the Horn of Africa to end the war of Soviet-controlled Ethiopia against Somalia, and the economic relief promised by a debt moratorium.

A day earlier, Deputy Foreign Minister and close Craxi collaborator Francesco Forte, considered the brains behind the moratorium plan, dismissed an alternative proposal by pro-IMF Treasury Minister Giovanni Gorla, who wanted a moratorium on principal payments only. Said Forte, to ask for interest payments would be to increase "Somalian debt from 220 billion to 450 billion liras, which it is impossible for that country to pay."

Forte also ridiculed the position which is dominant in Giulio Andreotti's foreign ministry: to give aid to Third World



countries without touching the debt question. "What is the sense of making donations in food and projects to Somalia . . . while the IMF forecloses on Somalia's bed and mattress?"

By the time Somalian President Barre met with Craxi and Forte to discuss the issue on Feb. 10, terror was everywhere evident among the IMF's supporters in Italy, not so much over the amount of money involved, as over the political implications: Italy might create a precedent, breaking the usurers' front which has been systematically destroying the Third World to preserve a bankrupt monetary system.

The treasury ministry informed the media that the plan was just "a wish of Forte and we do not know anything about it." The foreign ministry was more sophisticated, planting a series of articles in the press with the usual format, "Foreign ministry circles think. . . ."

The frankest spokesman of this "thinking" was Claudio Lanti of *Il Giornale*: "If such a decision is not agreed to at the international level, our relations with the rich and developed North would suffer. Paradoxically, France, Germany, Great Britain and above all the United States, would find themselves exposed to the risk of censure for not following the Italian example, and someone would be forced to follow it unwillingly. Italy would be considered responsible for the unilateral break-up of the common front of the creditors. It is a subversive decision, a slap in the face of the international institutions. In the eyes of the world, such a step would break one of the fundamentals of international morality!"

### The fight continues

Lanti concluded with a denunciation of "who's behind all this": "Only the Vatican would be enthusiastic for such a decision." *La Repubblica*, the paper of the Freemasonic-liberal lobby, wrote: "We have information that the moratorium is not the fruit of the demands of Somalia, but a decision of the [Italian] government. If we establish this precedent . . . what consequences will this have for our relations with the other creditor countries? How can we block the 'avalanche effect?'"

Wrote Fiat magnate Gianni Agnelli's *La Stampa*: "For sure, the U.S. would not like it while they are trying to solve the debt problem with the Baker Plan. The banks would not like it either."

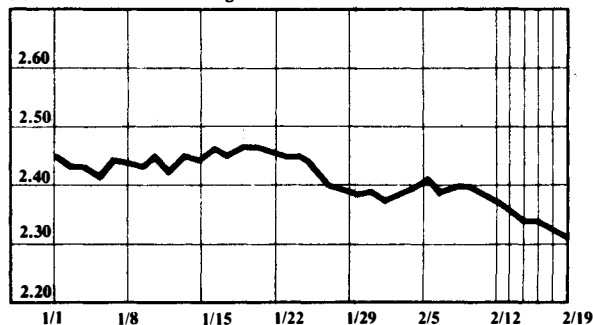
The final assault came from—who else?—Amnesty International. AI organized a press conference in Rome to complain that Somalia has three "political prisoners." The notorious clown of the drug lobby in Italy, Marco Pannella, denounced "the intolerable scandal of Somalian military expenditures" and attacked Forte for "structural intervention" instead of "emergency aid."

The final communiqué from the Craxi-Barre talks stated, "Reflection on the moratorium is not complete, but will be deepened in conjunction with multilateral initiatives." That is, the fight continues.

## Currency Rates

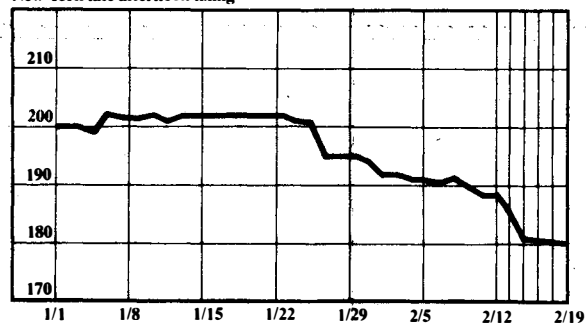
### The dollar in deutschemarks

New York late afternoon fixing



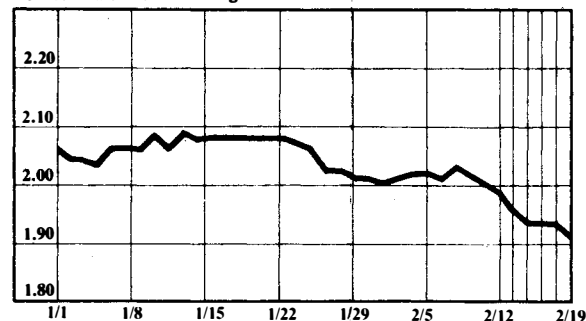
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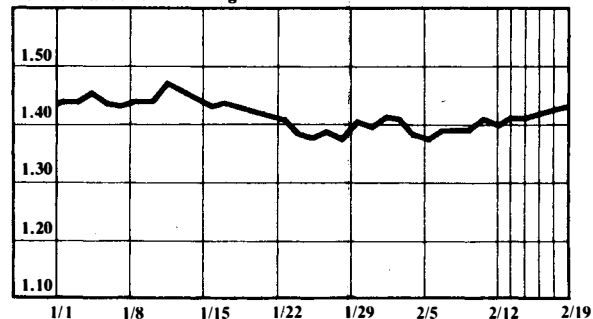
### The dollar in Swiss francs

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### The British pound in dollars

New York late afternoon fixing



# García: The IMF is just a 'paper tiger'

Peruvian President Alan García used a press briefing in Lima on Feb. 15 to urge fellow Ibero-American debtor governments to move quickly to confront the international banking community with the collective demand for reform of the world monetary system. He urged speedier progress toward an Ibero-American summit meeting in Panama, proposed the creation of a "Latin American Monetary Fund," and called the International Monetary Fund a mere "puppet" of the creditors and a "paper tiger."

García called the IMF a "broken" institution, and said that its inability to effectively penalize his country for placing a 10%-of-foreign-exchange limit on debt repayments would soon cause others to imitate Peru, and refuse further tribute to usury.

His call for a debtors' cartel to be formed quickly—although he did not use that particular term—came as oil price declines placed Ibero-American oil exporters in increasingly desperate straits, in particular Mexico and Venezuela. A \$4-per-barrel price reduction by the state-owned oil company, Pemex, responsible for a very large component of Mexico's economy, was followed by a 30-day Pemex moratorium on payments to domestic vendors and creditors. Other government agencies could soon follow suit, toppling large chunks of Mexico's economy, and with it, foreign debt service.

This has made Mexico the immediate crisis point in the world debt situation, with American banks, in particular, heavily exposed. "We would not panic if Bank of America were to go the way of Continental Illinois. If this happened, for us, this would not be unexpected. We are fully aware of their situation." This was the assessment of one of the "big three" Swiss banks, on the likelihood of the collapse of the largest U.S. bank because of the Mexican crises.

In this circumstance, President García's call to action made front-page news in Mexico. He also made headline news in Argentina, which has just declared a limited foreign-debt moratorium. Press reports say that in economic and diplomatic circles there, García's powerful statements were greeted "with evasion and silence."

At the Feb. 15 briefing, García delivered an opening statement and then confidently fielded questions from assem-

bled foreign correspondents. He told them that the inability of the creditors and IMF to impose sanctions against Peru for its debt policy would result in a "chain reaction" of other debtor nations, following suit. "I am sure there will be a chain reaction; once a neutron or an atom is detonated, it will begin. It may be delayed a while, but it will begin. Someone else will figure out, 'Nothing happened to them; why don't we do the same?' Then, history will begin anew."

García blamed the big debtor nations of the continent for the lack of progress toward the Ibero-American summit on debt which he originally proposed and Panamanian President Eric Delvalle agreed to host. "It is an unavoidable obligation and responsibility" to face the debt problem jointly, he stated. "The day when five or six countries give a hand on this, the IMF will be finished."

"To be a debtor is to have power now. According to the banks it is a malevolent and negative power, but it is the power to make them respect us, to change the rules of the game," he added.

Peru has taken the lead, acting unilaterally, because "somebody has to jump into the river and show you can swim across it."

## A Latin American Monetary Fund

García proposed that the Andean Reserve Fund, to which Venezuela, Colombia, Peru, Ecuador, and Bolivia now belong, serve as the starting point for a new regional monetary system. The Fund is now capitalized at \$500 million and has a lending capacity of \$4 billion to the countries of the Andean region. Said García: "The day that Argentina or Brazil were to join the Andean Reserve Fund, that agency would have much more capacity to act than the IMF."

The fall in oil prices is "one more motive to restrict our payments," he stated. If Peru loses \$200 million of oil export income, that will mean \$20 million less for debt service"—his 10% formula. He thanked Canada and West Germany for giving credits to Peru.

Asked whether Peru would pay its arrears to the IMF by the April 14 date set by the Fund, García replied, "I'll tell you on the 13th. . . . Just as the Fund must have had its reasons for giving us a deadline, I have my political and

historical reasons for answering whether or not I will pay. Asked if he would "defy" the IMF, he replied, "Why should I defy? I am not a bullfighter or a boxer."

He explained that leaving the IMF wouldn't result in Peru being any more isolated. "That is a fallacy, because under these conditions all the debtor countries are isolated; you don't get company inside the IMF."

García stated flatly that the international monetary system represented by the IMF was dead, regardless of what Peru did: When President Nixon declared the inconvertibility of the dollar in relation to gold in 1971, all discipline over monetary expansion ended. "Since then we have been only in the hands of the creditors, no longer in relation to a parity. Thus the Bretton Woods accords, the system on which the IMF depends, have been broken; the IMF has been broken."

"What we have done is to banish the debt issue as far as possible from the national budget. . . . The central bank has a goodly quantity of dollars which has grown substantially, but we are not going to use them, because they are the country's reserves, its security. That is, national defense."

He hinted at a link between domestic terrorism and destabilization efforts in Peru and his policy on debt, saying: "The Europeans often don't understand, nor do our neighbors to the north, that we do not govern for the sake of our international image. . . . The Peruvian government cannot be attacked for its conduct of international affairs, nor for the problem of the economic crisis, nor for inflation, nor for devaluation. But it can be attacked on issues of internal security, which is fundamental . . . but which anybody can use to ruin the image of the government. That is obvious. But could they put up posters saying there is more hunger in Peru than before? They can't. Could they put up posters saying that Peru owes more abroad than before? They can't. That the currency is devalued? They can't."

"But what they can do is plant bombs to say that this government does not enforce its orders. And those of you who have said that the emergency law was decreed . . . as a psychological measure to impose public security are right."

He was asked: "What would happen if the Peruvian position, making debt payments a function of a percentage of exports, were to thrive? If it did, tomorrow, the rest of the Latin American countries would follow the example and this may be the IMF's biggest worry. . . ."

García answered: "It is already thriving. The decision has been made. I did not go to the United Nations to consult with the banks on whether to pay them the 10%. . . . Did they consult me before raising interest rates? Then, why should I consult with them? We had already decided it, and, in addition, seven months have gone by."

"There are some who say, 'But, when will you reach an agreement?' Listen: If we have already decided, the others have to accept it; that's the way it is. That is the absolute and frank truth. . . . We made an agreement with the countries which won the Second World War to maintain an interna-

tional system of liquidity. The conditions have changed radically, and we yet we act as though nothing had happened. That is called inertia.

"We have to cross the river. That is a proposal which means uniting the Presidents of Latin America to deal with the debt problem. It is something urgent. . . . The basic idea is to set a date for a joint decision and put an end to the theories of the IMF, which is merely a paper tiger. The meeting is not a circus; four or five countries which came to an agreement would be sufficient to provide the requisite force."

## Peru indicts associate of Don Regan

When Peruvian President Alan García announced his rejection of the International Monetary Fund's program for Peru and any role for the Fund in talks with creditors, on his inauguration day, July 28, 1985, he also announced a major crackdown on drug traffickers and related corruption in the police, army, and government, firing hundreds of bureaucrats and police and military officers. It quickly became evident that the fight against international usury, drug traffic, and government corruption were one and the same fight.

Take the case of Pedro-Pablo Kuczynski, an old financial associate of White House Chief of Staff Don Regan. Kuczynski is currently in New York, positioned as the president of First Boston International. But three years ago, he was minister of energy and mines in the Peruvian government.

He has just been indicted in absentia in Peru on charges of corruption, in league with foreign oil companies, notably, Armand Hammer's Occidental Petroleum, which he allowed to abscond with millions.

Kuczynski's First Boston International also has strong ties to dope money-laundering. Don Regan's connections to him go through First Boston/Crédit Suisse, which combine dominates the Eurobond market. Crédit Suisse is one of Switzerland's leading dirty-money laundries. Back in 1978, a rather complicated series of transactions saw Crédit Suisse buy up a controlling 31% of the White, Weld investment bank, and shortly thereafter, Merrill Lynch chairman Don Regan bought up White, Weld, bringing the old White, Weld executive team, as well as the new Crédit Suisse personnel, into top positions at Merrill Lynch. Kuczynski's First Boston, Regan's Merrill Lynch, and Crédit Suisse have been doing their laundry together for years.

# Argentina's Campos tours Europe, broadens Schiller Institute base

by Liliana Celani

A tour of Europe by Argentine CGT labor leader Alberto Campos, representing the Trade Union Commission of the Schiller Institute, has resulted in the transformation of that commission from an Ibero-American into a worldwide institution. Campos has addressed and met with labor leaders and political figures in Italy, Spain, and West Germany, as well as representatives of the Vatican in Rome, recruiting many to the commission and the Schiller Institute program.

The Schiller Institute was founded by Helga Zepp-LaRouche in May 1984, to strengthen the Western alliance and take leadership in the fight for a new world economic order. Its Trade Union Commission, of which leading Argentine Peronist Campos was a founding member, was formed in November 1984, when a group of unionists from Argentina, Peru, Colombia, Venezuela, Panama, Mexico, and the United States conferred and decided to ally, in order to work toward a realization of *EIR* founder Lyndon LaRouche's *Operation Juárez*, for unity of Ibero-American debtors to compel debt reorganization and a new monetary order.

On Feb. 11, the leaders of Genoa, Italy's largest maritime union voted to join the Schiller Trade Union Commission during a meeting with Campos and two other representatives of the Institute. "It is time for new institutions," explained the general secretary of the Unione Italiana Marittimi (UIM), Eugenio De Lucchi. The meeting was also attended by national leaders of the union, by representatives of various cooperatives, and officers in the Italian navy.

De Lucchi, who has been a trade unionist for 30 years, built UIM into the biggest union in Genoa, bigger than the Genoese local of the Communist-controlled CGIL, otherwise the largest trade union in the country. Thirty years ago, he led workers in a blockade against Soviet shipping during Stalin's anti-Semitic purge trials ("the Doctor's Plot"). His union, he declared, agrees fully with the Schiller Institute's battle against International Monetary Fund genocide policies and against terrorism and drugs.

In Italy, Campos was able to inform not only labor leaders, but political leaders, of the situation in Argentina. Three million Argentine workers conducted a general strike against

the IMF on Jan. 24, and a key role has been played by the Schiller Institute.

In Rome, the Peronist leader met with Sen. Vincenzo Carollo, who heads the Senate's Christian Democratic group, and who had earlier joined Campos among speakers at a Feb. 2 Institute conference on African development in Paris, attended by over 500 people from 30 nations (see *EIR*, Feb. 14 and Feb. 21, 1986).

Campos also met with prominent representatives of the Catholic Church, which is following the debt crisis in Ibero-America very closely. He was interviewed for 15 minutes on Vatican Radio's Spanish-language broadcast. A television station in Rome, Televita, transmitted a 40-minute interview.

Campos also had a series of meetings in Milan. He was received by City Councillor Giulio Polotti, representing Mayor Carlo Tognoli, in Palazzo Marino, the seat of the city government. The Milan municipality presented Campos with a bronze medal and a book on the architecture of the municipal palace, and invited him to attend Verdi's opera, *I Lombardi alla Prima Crociata*, at La Scala, in the mayor's personal box seat!

Before leaving for Madrid, the next stop on his tour, Campos paid a visit to Brescia, the steel capital of Northern Italy, birthplace of Pope Paul VI. On Feb. 10, he was interviewed by Brescia's Teleonessa television station, and called on all citizens to join in the fight for a just international credit policy. Afterward, Campos participated in a meeting of trade unionists and Institute supporters, convened when a scheduled meeting with the Brescia chapter of the Catholic trade union, CISL, was canceled by the international office of CISL in Rome, controlled by a leftist minority which complained that Peronists are "too right-wing."

## Spain and West Germany

In Spain, the Argentine trade unionist met with political, industrial, and trade union representatives, who, he reported, expressed great interest in the Schiller Institute program on the debt problem—mindful of the fact that the International Monetary Fund is presently preparing its yearly report on the

Spanish economic situation, certain to include the same murderous "suggestions" which have so devastated Third World economies. Some of the political leaders he met in Madrid reported that they had been studying *EIR* founder Lyndon LaRouche's *Operation Juárez* for years, and fully agreed with it. "We should also do like Alan," was the comment of one industrialist, referring to Peruvian President Alan García's defiance of the IMF.

Two Spanish dailies, *Ya* and *Alcazar*, published interviews and articles on Campos' visit. "Argentina Cannot Pay Its Debt, Not Even If It Wished To" was the headline in the Catholic daily *Ya*, which reported: "Campos is here in Madrid to spread the work of the Schiller Institute Ibero-American Trade Union Commission (COSIS) for the integration of Ibero-America and the reorganization of the foreign debt." An accompanying box entitled "The Solution to a Crisis," listed the commission's programmatic points: collective renegotiation of the debt, "the destruction of the IMF, of the World Bank, and of the Kissinger and Fidel Castro solutions which have in common the maintenance of IMF control," and the creation of an Ibero-American Common Market and a "golden peso." *Ya* also reported on the Schiller Institute program for "great infrastructural development projects" and a war against drug traffic using "military means."

*Alcazar* published an interview on Feb. 16 under the banner headline: "Argentina Faces One of the Worst Crises in Its History." "According to the Argentinian trade union leader Alberto Campos," it reported, "the method adopted by the Argentine government to face a \$50 billion foreign debt will have negative repercussions on production. A wage freeze and inflation have already impoverished the country." To the frequent question, why did the Argentine trade unions conduct a general strike against President Raúl Alfonsín, Campos stated that the Jan. 24 strike was against the International Monetary Fund, not against the government. That is why the international press refused to report it.

Campos's tour next took him to West Germany, where he visited the biggest steel plant in the land, Thyssen of Duisburg, and met with Schiller Institute supporters, African diplomats, and journalists at the Ibero-American Club in Bonn. On Feb. 19, he met with a representative of the Bavarian Employers Association in Munich, who briefed him on the present state of trade relations between Bavaria and Argentina. Bavaria presently exports four more times more than it imports from Argentina. In Munich, Campos also met with 30 Schiller Institute supporters, from businessmen to students.

An institute member from Poland asked him about relations between Argentina and the East bloc. "Because of the policy of the IMF and of the U.S. administration towards Argentina," he answered, "we were forced to increase our trade with the Soviet Union, and presently export to the Soviet Union a great part of our grain production."

## Campos: 'It is the hour of the people'

*The following is an abridged transcript of the speech by Alberto Campos, veteran leader of Argentine's CGT (General Confederation of Workers), member of the Schiller Institute Trade Union Commission, to the international conference of the Schiller Institute on the New World Economic Order in Paris on Feb. 2.*

I want to bring from my country a homage and greeting to the heroic French people, a message of solidarity to our African brothers who suffer as we do, and to all those who are here at this conference, to pledge ourselves to fight for dignity. I also want to render homage to a great man of this century, an illustrious Frenchman, Charles de Gaulle: When he was in Argentina, we proudly said to him, "De Gaulle, Perón—one heart alone" ("De Gaulle, Perón—un solo corazón").

I want to say that we are all in debt. At this time, we are confronted with the debt to the International Monetary Fund, which is an infamous robbery, a baldfaced sellout. We are also fighting for the rights of man, the dignity of man, for social justice, freedom, and democracy, so that each people can be the maker of its own destiny. For this reason we must all pledge together to fight for a New World Economic Order against the IMF, to fight for the unity of peoples, to fight for the people who are most oppressed, forgotten, and down-trodden, those doomed to hunger and misery. . . .

We are now living through the hour of the peoples; democracy undoubtedly must keep on advancing and nobody should be kept waiting; we must all take our appropriate places in action. We have an example in the Americas in Alan García, who had the courage to face up to the IMF, the drug traffickers, and the guerrillas. We have another example in Colombia, where our brothers in struggle are persecuted and condemned to assassination by drug traffickers and their agents. Listening to [Senegalese economist Prof. Moustapha] Kasse and [Italian Sen. Vincenzo] Carollo speak of their countries' struggles, we see that this specter of injustice which is the IMF afflicts us all equally, and no one has remained exempt from persecution and attempts to break up our unity, our solidarity, and our organization. For this reason, we have to come out of here strengthened, determined to fight to the finish, for we are responsible for the world's future.

No one is free from IMF persecution, nor from the venal, sell-out journalism that refused to publish the announcement of this conference, that twists things, reports anything nega-

tive, and blacks out the positive. I brought here a copy of the Argentine paper *La Razon*, which is funded by the multinationals and paid for by the IMF, which reports on the success of the strike carried out by the CGT and the whole Argentine population, and goes on to tell how to criticize this powerful movement.

I want to tell this audience why we are fighting the IMF, and why we feel defrauded and betrayed in what was promised, and also the danger which Argentina faces, which is somewhat the mirror of Latin America. This is the danger when people no longer believe in democratic systems and look for a totalitarian system, and this is why our fight is committed to keeping alien ideas from invading our country. . . .

### **'To lie is a sin!'**

Here is the photo of our secretary-general, Saúl Ubaldini, who some time ago took up the fight provoked by the current President of Argentina. Once the President labeled Ubaldini a crybaby because he was protesting against police who had repressed a demonstration. The next week, Ubaldini, or rather the CGT, mobilized a rally to the very doors of government offices, and told President Alfonsín, in a massive outpouring: "To cry is a feeling, to lie is a sin!"

Everything the government promised, it has not delivered: There are still laws on the books imposed by the military dictatorship; and even though a special commission was set up, there has been no study issued on the legitimacy of the debt. No doubt, it is decent and necessary to pay what is owed, but one must never pay for what one does not owe, what never came into the country, what was stolen. In Argentina, among the many things we are sick of, are the Plans: We have the Austral Plan, the Baker Plan, the Volcker Plan, the Rockefeller Plan—all agents of the IMF. The Austral Plan means the death of wages and the cemetery of business. On Aug. 29 of last year, a mobilization was carried out on Avenue July 9, one of the widest streets in the world. Not only the trade union movement but shopkeepers, businessmen, students, and professionals came out to say that we did not accept being condemned to hunger and getting squashed more and more by the day.

The Radical government which had promised in its political campaign to defend dignity and not to pay what was not owed, capitulated to the IMF, and today, to our shame, is used as the example of how to give in and pay the debt. Argentina even wants to aim at complying with the Baker Plan, which promises an amount of money which is not even enough to pay interest, puts us more in debt, and compromises the future, because money is lent to those who cannot return it, to doom them to depend forever on the IMF.

The Baker Plan has an unknown provision; in Argentina, all the economists, bankers, and people who represent the IMF have lined up to convince people it is the solution for the country; but thank God, in our country there is some

conscience and there are even some sectors of the ruling Radical Party which oppose continuing to sell out the country's future.

The political parties have all reacted, saying, we've had enough exploitation by the IMF. The Jan. 24 strike was a stunning success, with a 97.4% shutdown of work. That was reported by a paper that is not the union's, and the government did not deny the success of the strike. This goes to show that the system they are trying to impose should be put to a plebiscite: to pay the debt and condemn people to hunger and factory closings—or to be happy. There is no alternative except to take the bull by the horns. It has to be turned around, or the bull has to be told to get on the right path.

But let's be careful: What we seek is for democracy to continue. We have to look after, and we are looking after the government that arose after hard years of dictatorship. The worst that can happen to any country in the world is a military

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*I want to tell this audience why we are fighting the IMF, and why we feel defrauded and betrayed in what was promised, and also the danger which Argentina faces when people no longer believe in democratic systems and look for a totalitarian system.*

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intervention, a coup d'état. I want to make this very clear, because sometimes things get twisted. We have not strengthened the government, but what we want changed is the sell-out—there must be no sell-out of our economy.

Let no one be confused, we defend democracy, freedom, the continuity of democracy, whoever may govern; but we also have the obligation to our people to fight for a New Economic Order. They are about to divide up the world as at Yalta, and we don't want to be the "Guest of Stone"; we want to take part, we want the neediest to be remembered, because if there is not justice, there will be rebellion, and when people get fed up, their warnings will thunder.

For this reason, the Schiller Institute Trade Union Commission, you French who are a cradle of democracy and freedom, we must all fight for unity, and above all for the unity of the South of the world—those of us who are submerged and forgotten, who have been suffering for centuries under the belief that we were born and raised to suffer, to be cannon fodder. We want to stop this once and for all, to free ourselves of this bondage. We have made many attempts to seek Latin American unity, but the possibility has always

been cut off from us by coups d'état, because the reactionary forces got together and overthrew progressive, popular governments. The ideal is to accept the free determination of peoples. It does not matter if it is another country or another brother, it is sufficient that it be the same struggle for dignity, decency, and justice.

In November 1952—I name the date so that you may see how long we have been fighting for unity—there was an attempt in Mexico to draw up a document. It is too long to read here, but the principle was to seek Latin American workers' unity, distinct from the [Christian Democratic] Inter-American Regional Organization of Workers (ORIT) and the [AFLCIO-linked] Latin American Confederation of Workers (CLAT), which represent a different tendency, and even include some who are against the Schiller Institute, because we are intervening in politics, we care about social justice, that workers' rights be respected, that people can be fulfilled in total and absolute freedom. When the document was drawn up in Mexico, almost all the countries agreed, Argentina (because it was sort of General Perón's idea), Brazil, Chile, Mexico, Colombia, Venezuela. So, it was a semi-reality, but it did not last long, because those who run the world saw that the Peronist revolution was seriously on the march and that structures were changing, and they unleashed the coup that overthrew Perón.

It would be too long to read parts of this resolution, but I



Argentine labor leader Alberto Campos, addressing the Paris conference of the Schiller Institute.

trust that there will be no lack of opportunity to follow this subject, because I am passionately committed to it. Those of us who had the good fortune to live fighting for justice have the obligation not to leave this world without seeing how everybody is organized, and I am very happy here. I've seen many youth and many women here, and that means that the year 2000 is going to find us organized and aware, because of these meetings.

I think it would be useful in leaving this meeting to know what the best way is to conduct these unity meetings for concrete results. How can we ourselves be the ones who give out the information, which otherwise sometimes arrives in a twisted form? How much time do we need to achieve success, to achieve justice? How can we prepare not to be surprised by the events, which those who want to go on eternally exploiting us are seeking to unleash? . . .

I have information, and don't know if it is exact, about what is going on in Africa. Of the 50 states, according to my information, in more than 20 there is starvation, people are dying, children are dying for lack of food, they can't develop mentally because they don't have good nutrition, there is illiteracy. In a quite important zone of Brazil, and in my country, which has a food surplus, many children die of hunger. Truancy is horrendous, because when winter comes, there is nothing to send them to school with.

This did not just happen in the years of dictatorship; it continues now. In Argentina the government had to resort to a packet of food which is given to the family so they can eat for a week. If a country is rich, potentially rich in wheat, with all the fruit, and with meat, why does this state of affairs exist? What could be going on in the countries that did not have the blessings of God, to give them fertility and the possibility to have everything like we do?

To conclude, I want to say that Argentina has only one labor center, which is the Confederación General del Trabajo (CGT), and which is Peronist in its majority, but includes all tendencies. I say this, because the French CGT, with the same initials, is in communist hands, and sometimes it gets confused with our CGT, which is Peronist, but all parties belong. The political arm is the 62 organizations, which have Peronists but also other social currents and other political tendencies. But when we mobilize, we all do it *en bloc*; there are no defections, and there is no other objective except to fight for the workers—we leave politics for later.

I am going to end with compliments to the creator of the idea of this Institute, to Helga LaRouche, and to Lyndon LaRouche, to the people who make sacrifices, because there are many friends here who call me at home in Argentina, up to midnight, Saturday, Sunday, working for this to become a reality and to become a commitment of everybody, so that the New World Economic Order cartel will not just be a cartel but a commitment, and so that there will be a New World Economic Order, where we will all have the same rights and the same potentials.

## **Optical biophysics can cure lung cancer**

*Precise detection and treatment of tumors using laser light are already saving 100,000 lives a year in the United States.*

**R**ecent developments in medical technology will soon be able to cure the majority of patients with lung cancer. First, it is now possible to detect the tumor much earlier than previously, while it is less than one millimeter in diameter and has not yet spread. Second, definitive treatment of the small tumor with laser light can destroy the cancer without harming normal surrounding lung tissue. This technology, based on optical biophysics, will save more than 100,000 lives in the United States annually.

Lung cancer is the leading cancer in men and will soon be the same for women, accounting for approximately 130,000 new cases in the United States annually, and an equal number of deaths. Current treatments are nearly always ineffective, with a five-year survival rate of less than 5% after detection of the tumor.

Up to now, the main problem in treatment is early detection. Once the tumor is large enough to be seen on chest x-ray or CT scan (approximately one centimeter in diameter), in more than 75% of cases it has already spread so far that it is inoperable; and chemotherapy or radiation therapy treatments have only a short term palliative effect.

Detection has been significantly improved recently with the development of better screening for the presence of cancer cells in sputum samples.

In the past five years, this technology has been brought up to a level comparable with the PAP test for cervical cancer. The PAP test is widely recognized as having had a dramatic improvement effect on cervical cancer survival rates. The sputum test involves breathing in a mist aerosol, then coughing up a sample of bronchial mucous, which is then examined for cancer cells which have sloughed off a tumor in the lung. The pioneer of this technology, Dr. Geno Saccomanno at St. Mary's Hospital in Grand Junction, Colorado, stated that the technique can pick up lung cancers several years or more before they show up on a standard x-ray, while they are still in the size range of one millimeter. At this stage, there is much less likelihood that they have spread by metastasis to other lung areas or invaded neighboring tissues.

The sputum test can be done easily on a mass scale in an outpatient setting and is harmless to the patient. Dr. Saccomanno states that routine screening of the population would pick up more than 100,000 of the 130,000 new cases of lung cancer annually, at this early, treatable stage.

The second component of the therapy, precise localization of the tumor, as well as the third stage, definitive treatment, are both made possible by laser biophysics. This new modality is termed photodynamic therapy (PDT).

Dr. Oscar Balchum, the head of Pulmonary Medicine at the University of Southern California School of Medicine in Los Angeles, so far has treated more than 200 patients, with an apparent cure rate of 100% for localized tumors. Although these patients have been followed after treatment for up to several years with no recurrence, Dr. Balchum cautions that the proof of long-term efficacy will require an additional 5 to 10 years of monitoring, as in any treatment.

Although 95% of lung tumors start in the lining of the airway tubes, the bronchi, and are therefore accessible by a fiber-optic bronchoscope (inserted through the mouth and down the airway tube), the tumors in the early treatable stage are small and difficult to distinguish from normal tissue. To improve the visualization of the tumors, Dr. Balchum has the patient take a dye, chemically related to hemoglobin, termed photofrin II (abbreviated HpD), which selectively localizes in tumor cells. To increase the visibility of the dye, he illuminates the bronchi with a Krypton-ion blue laser fitted into the fiber-optics of his bronchoscope, which makes the HpD-laden cells fluoresce red, so they stand out clearly against the background tissue. In 60-70% of those patients whose sputum shows cancer which cannot be seen on normal light bronchoscopy, Balchum reports that the tumor can be found with the HpD technology.

The third component is definitive treatment. Once the tumor is located in the sights of the bronchoscope, Dr. Balchum switches to another laser frequency, produced by a red ruby laser, and focuses the laser on the tumor. This frequency is differentially absorbed by the HpD-containing tumor cells, causing the HpD dye to photoexcite, which then causes a variety of destructive changes, which slowly kill the tumor.



## Mitterrand's cynical courtship

*The French President pretends he's the friend of Africa, but he's doing nothing except to enforce the IMF's austerity.*

Only weeks before the French legislative elections on March 16, the question of French policy toward Africa is perhaps the leading issue in the campaign. French aircraft are in action in the former colony of Chad; French troops in Central Africa are on alert; and African heads of state are consulting in Paris with President François Mitterrand about Libya's destabilization of Chad, the African economic crisis, and the debt.

President Mitterrand presents himself publicly as the great friend of Africa. He has made repeated calls for "solidarity" with African nations and for "north-south cooperation." At the end of last year, at the annual Franco-African summit, Mitterrand promised French support for the Organization of African Unity's call for an emergency summit on African debt.

But behind the rhetoric, the French President is acting as the enforcer for the genocidal economic austerity policies of the International Monetary Fund (IMF). He has done nothing to address the economic and political crisis in Africa.

Sources in the French cooperation ministry have stated, for example, that pressure was applied on the former colony of Guinea, to force the government there to submit to IMF demands for a currency devaluation of 1,300%.

Mitterrand played a prominent role at two recent international conferences which dealt with Africa. The first was an otherwise minor meeting on "The Tree and the Forest," organized by the French ministry of agriculture in Paris Feb. 5-7. It became a

major event thanks to Mitterrand's personal patronage and presence, as forestry experts discussing the danger to the world's forests posed by spreading desertification in the developing sector, were no doubt surprised to find no fewer than 10 heads of state and heads of government attending.

Next was the first-ever of heads of state summit of French-speaking countries, held in Paris Feb. 17-20, which focused largely on the Libyan-backed offensive in Chad, which began a few days before. Mitterrand opened the conference of more than 40 French-speaking nations, among them 22 African countries.

Africa's economic problems were also a focus of discussions at the conference, which was officially dedicated to reviving the French language and creating a kind of French "Commonwealth." Senegal's President Abdou Diouf called for a Euro-African conference on Africa's debt crisis, and Madagascar's President Ratsiraka called for debt rescheduling for the whole of Africa.

But what about Mitterrand? Look at his policy toward Chad, whose government had appealed for French assistance in repelling the Libyan-backed rebels who launched an offensive on Feb. 11. Despite promises of resolute action to uphold France's commitments to the Chad government, nothing decisive has yet been done to deter Qaddafi's puppets.

Rebel columns, backed by Libyan artillery and commanded by Libyan Colonel Rifi, began an advance on three fronts across the "Red Line" di-

viding government-held territory from rebel-held areas (the 16th parallel), scoring some initial successes, taking the garrison of Kouba Olonga, and attacking towards Ziguéy in the West and Oum Chalouba and Abeche in the East. The Chad government of Hissène Habré immediately called for French help, and Mitterrand's adviser on African affairs, Guy Penne, flew to Chad's capital city of N'Djamena. Two days later, French Defense Minister Paul Quilès arrived.

French promises of accelerated deliveries of military equipment were followed on Feb. 16 with the attack by 15 French Jaguar fighter bombers on the Libyan-built airstrip at Ouadi Doum, north of the 16th parallel.

Direct Libyan involvement in the fighting had been a precondition for active French participation, and evidence of that was certainly not lacking. It included captured Libyan prisoners, French radio intercepts of rebel communications run by Libyans, and reconnaissance flights showing Libyan artillery positions.

But French assistance has been strictly limited. Some French papers predicted that up to 1,500 French troops would be sent to Chad, yet this has not materialized, and the "deterrent force" now in place consists mainly of air power backed by 500 men whose task is to secure N'Djamena airport and man surface-to-air missiles.

Defense Minister Quilès said that France did not intend to retaliate for an air-raid carried out on Feb. 17 by Libya. France has also ruled out any repeat of the 1983 "Operation Stinger," in which it sent 3,000 soldiers to man a defensive line several hundred miles north of the capital city.

The Nigerian foreign minister is due to arrive in Paris in the next few days, to discuss the crisis.

# Business Briefs

## **Austerity**

### **De la Madrid rejects creditors' goals**

In a speech which won him a five-minute standing ovation from representatives of all Mexican state legislatures, President Miguel de la Madrid stated what Mexico would *not* do in return for a U.S.-led "bailout" from its debt problems. In that fashion, he gave a clear idea of what, in fact, creditors are pressuring Mexico to do.

"Let no one be mistaken: We Mexicans are not willing to negotiate dependency for economic support. Let no one inside be mistaken. We are not going to deal with the economic crisis by means of authoritarianism or dictatorship; we are not going to hand power over to a junta of notables; we are not going to make the *ejido* [cooperative farm] disappear; we are not going to weaken the unions; we are not going to abandon popular and nationalist education; we are not going to allow the interference of the clergy in political affairs."

"Let all know that economic difficulties are not going to make the Mexicans break; let those who think this is the moment to destroy the Revolution or betray the country lose all hope."

In a second speech in Tijuana, to a California newspaper publishers convention, the Mexican President stated, "We do not want to depend so much on oil." He said Mexico would focus on developing mining, fishing, and tourism to provide foreign exchange needed to pay debt.

## **Banking**

### **Venetian conference backs central banks**

A conference at the Venetian Cini Foundation Feb. 12 was devoted to defending the "independence" of the central banks of Europe and the United States (i.e., Federal Reserve), especially in times of crisis.

"The independence of the Federal Reserve is real, but, at the same time, is quite fragile. The independence can be compromised by government officials. . . . Be-

sides, that independence can be put aside in periods of serious national emergency, as clearly shown by the two world wars," said Prof. Richard Sylla at the gathering on St. George Island in Venice.

The conference was organized by the Olivetti Foundation under the title, "The Role of the Central Banks Between Governments and the Credit System in the Industrialized Countries."

## **Debt**

### **Peru limits interest on debt rollover**

The government of President Alan García has announced that all Peruvian public debts will be rolled over until May 2, 1986, and that interest payments on such debts will not exceed a certain upper limit.

On medium- and long-term debts, interest is limited to a maximum of 1.75% over LIBOR, which is lower than that Brazil is currently paying, while interest on short-term commercial debts is limited to 2.25%. On short-term interbank loans, the maximum will be 1.25% over LIBOR.

The decree allows creditors to capitalize unpaid interest, estimated by the economics ministry to be over \$300 million.

Peru's total foreign debt is \$14 billion, of which \$11.25 billion is public medium- and long-term debt, and \$1.5 billion is private.

## **Finance**

### **Study sees trouble for oil lenders**

Data Resources, Inc. has issued a study projecting that banks lending to oil-producing nations, in light of recent oil price declines, could be in deep trouble.

The DRI study was released Feb. 16, and says, "The economies of these oil exporters [Mexico and Venezuela], already plagued by austere fiscal policies and diminished exports, will be crippled. . . . In the worst-case scenario, Mexico [or] Venezuela will default on their loans." DRI's Paul Ross

added, "In the most optimistic case, domestic banks will only stand to lose a little money."

DRI says that the banks with the greatest vulnerability in both Mexican and Venezuelan debt include Chemical, Manufacturers Hanover, Bank of America, Chase Manhattan, Marine Midland, and Citibank.

The DRI study also named several Denver banks and First City National of Houston as having more than 25% of their assets in oil-related industries.

## **The 'Recovery'**

### **Japanese shipping company to go under**

The largest shipping company in Japan, Nakamura, is reported on the verge of collapse. With total liabilities over \$540 million, the 50-year old fleet of 78 vessels is expected to trigger a string of secondary failures of smaller Japanese shipowners.

European shipowners report that Japan is expected to resign from the important trans-Pacific rate cartel agreement, which could trigger rate wars between the Far East and North America. Already, Russian freighters have been under fire by European Commission members for extreme rate violations.

## **Technology**

### **SDI pacts by summer, says Abrahamson**

Italy, Israel, West Germany, and Japan will finalize deals for cooperation with the U.S. Strategic Defense Initiative by the summer of 1986, according to the British *Financial Times*. Addressing a conference on the SDI Feb. 17 in London, SDI chief Lt.-Gen. James Abrahamson assured his audience: "We are not here to pick the cherries from your technical genius. We are not here to steal ideas, but to back people."

Foreign research groups, he said, have much to offer the SDI project in technologies such as sensors to spot the positions of warheads in space, and composite materials that could form the basis for lightweight

space platforms to carry devices such as mirrors which would direct lasers to their targets.

Abrahamson flew to Israel Feb. 19 for discussions with researchers there on work—among other things—in another promising technology, rail guns, space-based devices which could destroy missiles by shooting small, automatically guided pellets accelerated by electromagnetic force.

### **The Debt Bomb**

## **Banker: Use Baker Plan as ploy**

The Baker Plan must be used as a "political ploy," a British banker told *EIR* in comments on the oil-price collapse and its impact on the world debt crisis. "Bankers here in the City of London are saying privately that something must be done, either by the Fed or the administration," he reported.

"One idea being discussed here is reviving a special form of the stalled 'Baker Plan' as a political ploy to keep Mexico from exploding. This could then also be used to relaunch the discredited Baker Plan with other debtors."

### **Africa**

## **Chevron to expand operations in Angola**

John H. Silcox, president of Chevron Overseas Petroleum, Inc., has informed the Angolan government that Chevron plans to expand its offshore fields in the Marxist-ruled country. The announcement came despite threats of sabotage by Jonas Savimbi's pro-Western UNITA movement.

Chevron's activities in Angola provide revenue to maintain Cuban and Soviet occupation forces there.

Silcox assured Angolan head of state dos Santos that his company plans to continue and increase its operations in Angola's Cabinda enclave.

Savimbi, while in the United States seeking aid, delivered a warning to Gulf Oil,

which also operates in Cabinda, that sabotage could not be ruled out if they continue propping up the Soviet-allied government.

### **International Credit**

## **Japan, Mexico reschedule debt**

Japan and Mexico have agreed on rescheduling repayments of nearly \$60 million Mexico owes Japan, the Japanese foreign ministry announced on Feb 18.

The agreement is in line with a decision reached at a meeting of creditors in June 1983. The decision covers Mexico's debts, including government-guaranteed ones, whose repayments were due either in the middle or end of 1983.

This was the first agreement between the two countries on terms of Mexican repayment.

### **Ibero-America**

## **Argentina seeks lower usury rates**

Argentine Finance Minister Juan Sourrouille was cited Feb. 19 in the Buenos Aires dailies *La Nacion* and *La Prensa* saying that Brazil and Mexico agree with him that "old debt" should be given much lower interest rates than "new debt."

Sourrouille will lead discussion of interest rate reductions at the meeting of the 11 foreign and finance ministers of the Cartagena Group in Punto del Este, Uruguay, Feb. 26-28. The group may unilaterally impose lower interest rates or ask bankers to do so.

Bankers might be expected to demand that any lowering of interest rates be compensated for by capitalization of interest, i.e., adding the difference onto the debt principal.

A source close to Sourrouille says Argentina will suggest that debtors pay 2.5% below LIBOR (London interbank offered rate), currently at 8.1%. Under those terms, old debt would pay about 5.6%.

## **Briefly**

● **A BUDGET CUT** of huge size will soon be announced by Mexican President Miguel de la Madrid and his cabinet, a columnist closely linked to Banco de Mexico wrote Feb. 19. Luis E. Mercado, writing in *El Universal* predicted a 1.7 trillion peso cut, to be accompanied by a package of heavy subsidies of consumption of tortillas, beans, rice, milk, and eggs. "This plan will sacrifice the long-term in order to keep going now," Mercado comments.

● **'ARGENTINA** is making a big strategic mistake," Reuters quotes a banker on Argentina's proposal to the 11-nation Cartagena group for lower interest on "old debt." "Argentina has a tremendous competitive advantage today over other Latin debtors—it is not in its interest to join forces with anyone."

● **THE JAPANESE** government is moving to allow private business to participate in research on the U.S. Strategic Defense Initiative, according to the daily *Asahi Shimbun*. The paper reported that the government plans to send a team of business and government officials to the United States as part of its bid to create "an environment to promote participation by enterprises."

● **THE U.S.A.** has levied duties on certain iron from Canada and some steels from Turkey and Thailand after the U.S. International Trade Commission ruled the imports were hurting domestic industries.

● **THE FEDERAL** Reserve Board claimed in mid-January that the nation's factories, mines, and utilities increased their operating rate to 80.8% of their capacity in January because of stronger auto production.

● **CHASE MANHATTAN'S** acquisition of a full-banking license in the rich Florida market by buying a failed bank in mid-February is a key victory in its fight to expand its nationwide network. Chase acquired the St. Petersburg, Florida-based bank for \$62.6 million.

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## The future of the U.S. space program

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*Carol White evaluates the prospects for NASA, in the aftermath of the explosion of the Space Shuttle Challenger.*

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Despite the tragedy of the recent explosion of the Space Shuttle Challenger, America will achieve a great triumph, if the spirit with which Americans rallied to NASA as news of the tragedy was broadcast, becomes the basis for a new resurgence of national will. We must move forward resolutely into space.

There can be no question of merely covering our losses. The resounding support of the American people for the space program, should have made it unmistakably clear to all policymakers, lawgivers, and budget-cutters that NASA has a mandate to expand its program.

The United States is a nation which has always welcomed the challenge of new frontiers. And, despite myths to the country, our Western frontier, like our frontier in space, depended upon a cascade of new developments in technology and heavy capitalization.

The U.S. House of Representatives and the Senate have now begun hearings on the accident and the future of the program. Even according to official government statistics, which vastly undervalue the rate of inflation, the projected budget for NASA calls for a 3.5% cut, when the dollar figure is adjusted for inflation.

The 1986 figure for the NASA budget was \$7.65 billion, compared to the proposed \$7.69 billion for fiscal '87. The point is not that with the loss of the Shuttle, NASA will need additional funds to rebuild its capabilities; the point is that our space program was being remorselessly whittled away even before the accident.

And under the 4.3% across-the-board cuts directed by the Gramm-Rudman bill, NASA had already lost \$223 million in this year.

Daily, we hear new scenarios to account for how the

accident occurred. Many of these emphasize the poor performance record of seals, while others point to possible effects of the Florida cold snap.

It may well turn out that there were avoidable errors of judgment involved, connected with allowing the flight to proceed. But every one of the errors so far suggested, can be traced to pressures to perform, placed upon NASA, while money was being held back.

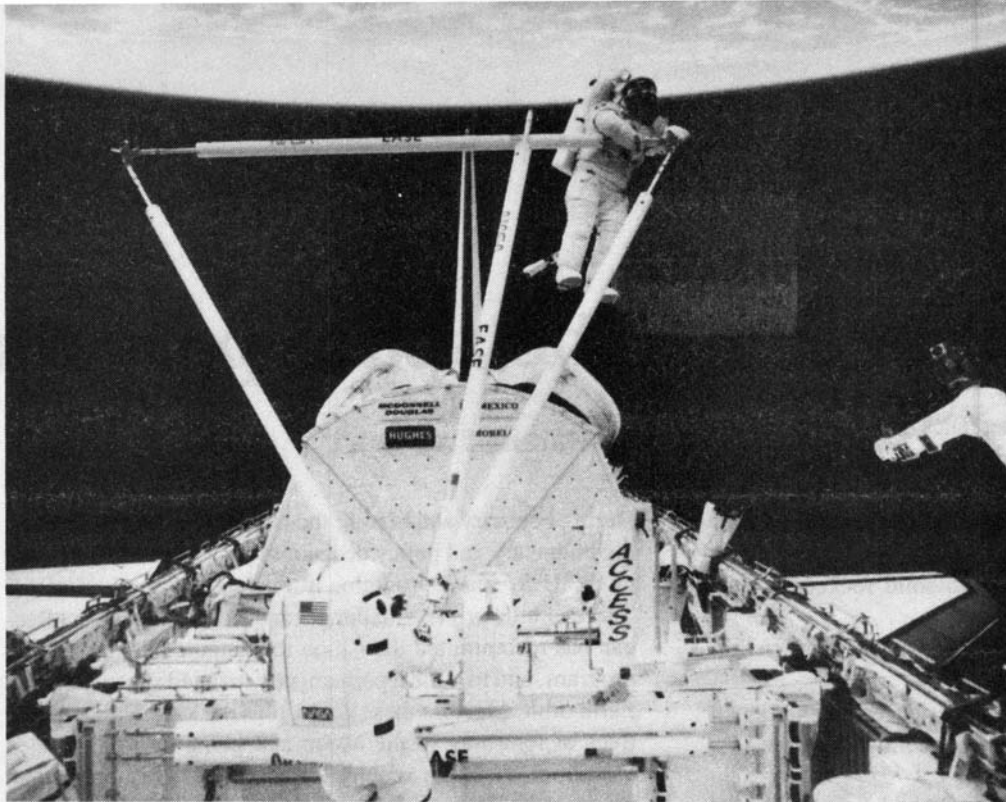
One example, is the problem NASA had in assembling a spare-parts inventory without cannibalizing from other orbiters in the fleet. Or, for that matter, the fact that the fleet itself was one orbiter short of the planned five, and trying to hold to a tight flight schedule.

More to the point, was the fact that from the start the construction of the Shuttle was justified according to criteria set by the Office of Management and Budget. Its aim was not to assure the conquest of space; no, its mandate was to be "cost-effective."

Each Shuttle trip was ultimately intended to pay for itself from the fees charged for hauling cargo. This year the charge to industry for cargo space was approximately doubled.

This has resulted in a situation in which commercial users of the Shuttle are billed \$71 million to add a commercial satellite to a Shuttle mission, while the cost to NASA can be as low as \$43 million if the flight is already scheduled. Policies such as this are not being followed by NASA's successful French competitor Ariane, which, appropriately, is government-subsidized for commercial as well as other space flights.

NASA was being forced into the impossible box of being a commercial success by the narrow-minded, free-market ideologues who controlled its budget and determined its pricing policy. If there were failures of judgment involved in the



NASA

*Astronauts aboard the Space Shuttle, launched Nov. 26, 1985. Only a manned space program can achieve the noble purpose which the Challenger pioneers gave their lives to achieve.*

accident, we can be assured that they will trace back to pressures generated by failure to adequately fund the program.

### What went wrong?

The following time sequence of the events leading up to the disaster has been released by NASA, compiled from computer data and photographs. The computer data were not available in real time to Mission Control.

**6.600 seconds before launch:** Challenger's three liquid-fueled engines fire up one at a time and are throttled to 90% power.

**0.000 seconds:** Electronic ignition command is sent to the Shuttle's twin solid rocket boosters at 11.38 a.m.

**0.059 seconds:** Eight giant bolts holding rockets—and the Shuttle—to the launch pad are detonated and the first vertical motion is recorded.

**0.445 seconds:** Film shows a hint of abnormal black smoke appearing near a joint connecting the lower two of four propellant segments that make up righthand booster.

**1.606 seconds:** Black smoke appears darkest.

**2.147 seconds:** Smoke appears to extend halfway across the rocket booster.

**7.724 seconds:** The Shuttle clears the launch tower and begins a maneuver to roll over, putting the crew in a "heads down" position below the external tank.

**12.00 seconds:** The last traces of smoke disappear from view of the tracking cameras.

**20.084 seconds:** Challenger's three main engines throttle down to 94% thrust, to reduce acceleration as aerodynamic pressure builds up.

**40.000 seconds:** Telemetry data show that the Shuttle's computer system responds to apparent wind shear to adjust the ship's flight path.

**52.084 seconds:** Tracking cameras show traces of smoke from lower side of righthand booster, facing away from the Shuttle.

**59.000 seconds:** Challenger passes through region of maximum aerodynamic pressure.

**59.249 seconds:** Well-defined intense plume of exhaust is seen on the side of the suspect booster by tracking cameras.

**60.164 seconds:** Data radioed from the Shuttle show that internal pressure in the rocket begins to change, probably dropping slightly.

**60.600 seconds:** Clear evidence of flame from the failing booster is photographed by tracking cameras.

**62.484 seconds:** Challenger's computers order the Shuttle's righthand "elevon," or wing flap, to move suddenly, apparently in response to flame from the rocket or because of unexpected thrust variations.

**64.604 seconds:** The Shuttle begins to pitch slightly as it maneuvers.

**64.937 seconds:** Engine nozzles vary position.

**65.404 seconds:** The Shuttle stops its minute pitching.

**65.524 seconds:** Data show left main engine nozzle begins moving.

**66.174 seconds:** A bright spot suddenly appears in the exhaust plume from the side of the righthand solid rocket motor, and bright spots are detected on the side of rocket which is facing the belly of the Shuttle.

**66.484 seconds:** Pressure in liquid hydrogen tank begins to deviate from normal.

**66.625 seconds:** A bright, sustained glow is photographed on the side of the righthand rocket booster that is facing the Shuttle.

**67.650 seconds:** Abnormal plumes on bottom and top of booster appear to merge into one.

**67.684 seconds:** Telemetry indicates falling pressure in the liquid oxygen propellant lines feeding the main engines.

**68.000 seconds:** Mission Control tells the crew that the main engines are operating at 104% power and all systems look good.

**69.000 seconds:** Commander Dick Scobee calmly responds: "Challenger at throttle up." That is last transmission from crew.

**72.141 seconds:** Data show a lateral acceleration of .227 times normal gravity.

**72.201 seconds:** Nozzles of two solid rocket boosters change position.

**72.400 seconds:** Last data received by the Shuttle tracking satellite.

**72.661 seconds:** The Shuttle experiences another small but detectable jolt, in the opposite direction from the first one.

**72.884 seconds:** Main engine liquid hydrogen and liquid oxygen propellant pressures drop.

**73.044 seconds:** Internal pressure in the righthand rocket booster is recorded as below that of its counterpart.

**73.175 seconds:** Ground cameras show a sudden cloud, apparently rocket fuel, appearing along the side of the external tank.

**73.200 seconds:** A sudden brilliant flash is photographed between the Shuttle and the external tank.

**73.226 seconds:** An explosion occurs near the forward part of the tank, where solid rocket boosters are attached.

**73.326 seconds:** Explosion intensifies and begins consuming the external fuel tank.

**73.339 seconds:** Data indicate that the main engines are approaching redline limits on their powerful fuel pumps.

**73.473 seconds:** Pressure fluctuates in the Shuttle's on-board rocket fuel supplies

**73.534 seconds:** Main Engine no. 1 shuts down because of high temperatures.

**73.605 seconds:** Last valid data from the Shuttle are recorded.

**73.621 seconds:** Telemetry stops.

This, of course, is merely a phenomenology of the accident. We will know more when the right booster is recovered, which is expected soon. There has been a good deal of speculation as to why the accident occurred.

*Aviation Week* magazine has advanced the plausible hypothesis that at 72 seconds, the righthand booster became unmoored and rotated so that its nose penetrated the main fuel tank, causing the final explosion. Speculation sells newspapers, but it will no doubt be some time before the true explanation emerges.

# The space program

by Marsha Freeman

During February and March, the U.S. Congress will be making budgetary and policy decisions that will define the future of the U.S. space program. In response to the loss of the Space Shuttle orbiter Challenger and its crew, President Reagan has recommitted the nation to continue with the shuttle program, and to build a permanently manned space station in Earth orbit. Meeting these goals, plus the longer-term objectives of returning to the Moon and going on to a manned expedition to Mars, require scrapping not only the budget proposal the Reagan administration has submitted to the Congress to cut the funding for the space program, but also the irrational approach to economics, which for 15 years has dictated that space technology must be "cost effective."

One of the obvious questions facing the Congress is, what needs to be done to ensure that the nation has the launch capabilities needed to meet scientific, commercial, and defense requirements for the next decade? The National Aeronautics and Space Administration (NASA) had planned its original program with a fleet of five orbiters. The fifth orbiter has never been authorized, funded, or built. With the loss of Challenger, only three orbiters remain.

Though there are some simple commercial and defense payloads that could theoretically be launched on tried and true unmanned expendable rockets, the satellites that have been designed and built for Shuttle launching cannot be re-configured as expendables without great cost and delay. The payloads planned for the Shuttle that are the most interesting and important, can only be deployed on a manned spaceship. These include the testing of new sensing, tracking, and other technologies required for the Strategic Defense Initiative (SDI), the scientific experiments in Spacelab, the construction missions to work out procedures for building a space station, the launch of very large reconnaissance satellites for the Department of Defense, and the repair and maintenance of free-flying scientific telescopes and spacecraft. While we need to continue to have expendable rockets, especially for military back-up, they cannot replace the manned Space Shuttle.

The anti-science mob in the press, which led the rallying call to destroy the space program before we even landed on the Moon, and which is now ready to ditch the Space Shuttle program, has claimed that one of the reasons for the Chal-

# the nation needs

Challenger's explosion was that that NASA's flight schedule was too ambitious. One resolution to that problem, overlooked by these gentlemen, is for a full fleet of five orbiters to be available, so that NASA could meet its flight commitments with a longer turnaround time for each vehicle.

Congressman Robert Torricelli (D-N.J.) has introduced a bill into the House to add \$400 million in supplemental funds to NASA's 1986 budget, to begin replacing the Challenger. This will take over three years and about \$1.7 billion, making use of the inventory of spare parts that has been accumulated during the Shuttle program.

We have allowed the orbiter fleet to be determined by money, rather than scientific requirements, over the past decade. It is past time to build a full fleet, to allow the system to become fully operational.

## The fallacy of 'cost-accounting'

The past six years of the space program have amply proven, contrary to tightly held beliefs about the "magic of the marketplace" or the responsibility of private enterprise to finance research and development efforts, that only the federal government, representing both the resources and interests of all of the people of the nation, can push forward the frontiers of basic science, and create the capabilities for their commercial application in industry.

There is no reason why the Shuttle system itself has to be "cost-effective" at all. It is a national capability which will open up whole new industries, like any infrastructure program. Without the Space Shuttle, many scientific experiments could not be carried out. The materials, medicines, and manufacturing processes of the future are created, by spending a week or 10 days in the microgravity conditions of the Shuttle.

The obsession that Shuttle missions should "pay for themselves" has led to a situation where increases in the price NASA charges commercial customers have made it more difficult for the United States to compete with the government-subsidized European Ariane reusable rocket. This has put pressure on NASA to fill its payload with as many paying customers as possible, to bring more money into the federal Treasury.

The frequency of Shuttle launches largely determines the

cost of each launch. According to NASA, the cost of each Shuttle mission, if four are flown per year, is \$350 million per flight. Doubling the flight rate to eight per year brings the cost down to \$197 million each. At the projected future NASA rate of 24 launches annually, each mission will cost \$91 million.

The pressure to bring the cost per launch down, has been too much of a factor in determining what the number of missions per year should be. Ironically, the same media and spokesmen who criticize NASA for having a too ambitious launch schedule, which they try to claim led to the Challenger loss, are equally critical of the "uneconomical" cost of the system, which is largely determined by launch frequency!

The most radical free-enterprise ideologues, represented by the Washington, D.C.-based Heritage Foundation, have tried to destroy the Shuttle program from the outset. After the successful maiden flight of the Shuttle Columbia in April 1981, Heritage Foundation spokesman Richard Speier stated that the government should "not make decisions" on how to get anywhere in the space program, but should "purchase the results" of what private enterprise funds for space development.

After the second Shuttle flight the following November, Speier declared in an interview to the *New York Times*, that it is "very likely the program is not a good buy," and recommended considering whether or not it should be scrapped. It is likely that he would have made a similar recommendation regarding President Lincoln's program to link the transcontinental railroads.

For its part, the *Times* warned the nation not to be too "euphoric" about the first Shuttle missions.

Following the Jan. 28 Challenger loss, Heritage spokesman Milton Copolous stated categorically on television that the "private sector" should build a Shuttle orbiter, provided it were determined to be a good investment. This policy, which may appear on the surface to be in the "American tradition" of industrial investment, is actually just a cover story to cut the NASA budget with impunity.

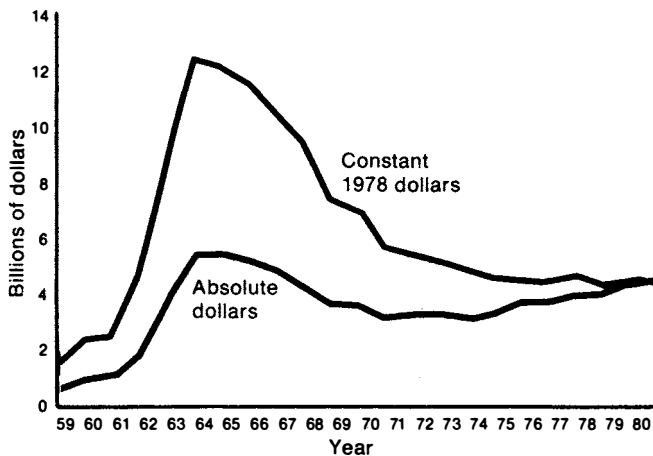
The damage done through the reckless abandonment of government-funded research and development programs, under the guise of "free market" economics, has already pushed U.S. technology behind that of other nations. In 1973, NASA was pulled out of advanced communications-satellite research, after the free-market budget office during the Nixon administration decided that the satellite builders in industry, who benefit from the research, should pay for it.

In 1979, NASA got back into communications R&D, after both France and Japan had pulled ahead.

The same scenario took place in the development of new aeronautics technology. Why shouldn't Boeing and Lockheed pay? the government reasoned. After the United States began to fall behind foreign competitors, NASA got back into advanced aeronautical research.

In the NASA budget request just submitted to the Congress, incredible as it may seem, the advanced communica-

FIGURE 1  
The NASA budget



*The budget declined in constant dollars from 1965 until the beginning of the Reagan administration.*

Source: Fusion

tions satellite technology program has been zeroed out of the budget—again. Further, the \$28 million that had been allocated for the Advanced Communications Technology Satellite (ACTS) this year, will be rescinded.

From 1965 up to the beginning of the Reagan administration, funding for NASA had been falling, in constant dollars (see Figure 1). President Reagan made the space program a centerpiece, along with the SDI, of his optimistic commitment to advanced technology and scientific exploration. Two years ago, he mandated that the space agency build an operational space station within a decade. This was the first initiative in the manned space program since the 1972 decision to build the Space Shuttle.

NASA administrator James Beggs, coming to head the agency from industry, was able to secure the President's promise that the NASA budget would increase by at least 1% each year in real dollars, above strenuous objections from the Office of Management and Budget (OMB). While an increasingly untenable overall economic situation gave the OMB the axe with which to slash other R&D programs, NASA remained protected. Until this year.

The passage of the Gramm-Rudman balanced budget act in December followed close on the heels of an indictment handed down against Beggs in a General Dynamics fraud case, which forced him to take a leave of absence from the agency.

Under the first round of Gramm-Rudman cuts, NASA lost over \$200 million from this year's budget. At the same time that the agency has to cope with this cut, the loss of a crew and orbiter, and whatever required changes in the total Shuttle program will come out of the Presidential Commis-

sion's investigation, the budget that has been submitted to Congress for FY87 has a \$38 million increase—or a 3.5% cut, in constant dollars.

The funding request made by NASA for next year's work on the space station was about \$580 million. The agency is now budgeted at a level of \$410 million, though the OMB had proposed a grand total of \$100 million for the program next year.

According to NASA General Manager Phil Culbertson, who has led the space station effort at NASA headquarters since the beginning of the Reagan administration, the funding cut reduces the margin in the program; any further cuts would mean giving up President Reagan's goal of initial operation of the station by 1994.

The space station program has been defined by the same irrational parameters that hamstrung the Shuttle program throughout its development. It has not been defined by its projected necessary capabilities, but primarily by considerations of cost-accounting. NASA has been given \$8 billion as the ball-park estimate of what it can spend on the station. Within that constraint, the design and operational decisions will have to be made.

Western Europe, Japan, and Canada have been invited to participate by contributing major modules to be added to the basic structure—not so much out of concern for international cooperation, as to more closely approximate the station that NASA will not get the money to build.

When the Space Shuttle program was begun, the major concern of many in both the Nixon administration and the Congress, was what it would cost. NASA was forced to make many kinds of design and technology decisions based on that criterion. Compromises had to be made in the original engineering designs, on what was originally to be a fully reusable shuttle system.

When the Apollo program was at its height in the mid-1960s, 37,000 scientists and engineers worked for NASA to build the nation's lunar program. By 1980, that precious skilled workforce had shrunk back to about 21,000. Hiring freezes and losses through attrition have reduced the manpower that the nation has to plan and implement its future in space.

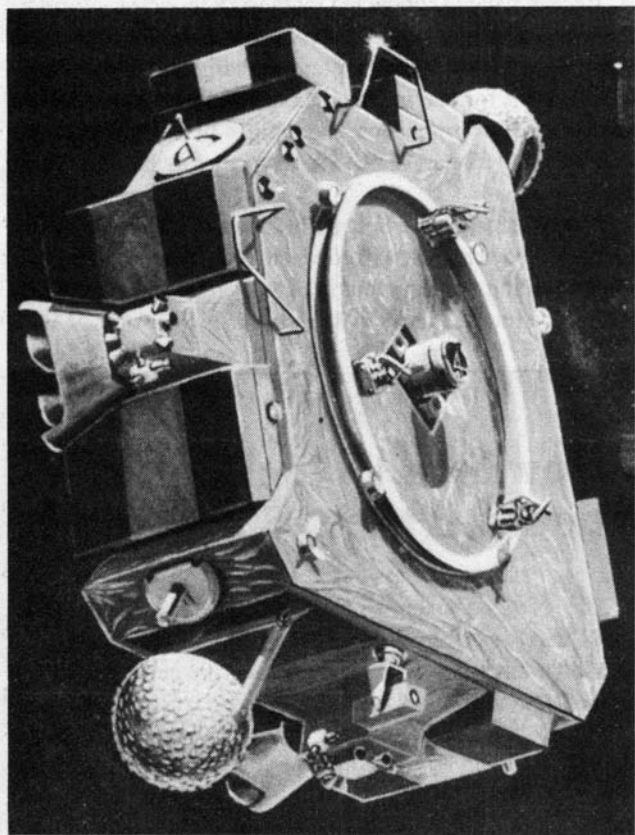
If cuts in the budget continue, it is less and less likely that the station will be built, no matter how much money our foreign partners are willing to spend.

Regardless of what the President may tell the American public on TV, without a reappraisal of this nation's priorities, as well as its constitutional responsibilities for economic development and defense, there will be no Shuttle program, and no space station.

To get rid of the budget deficit, the U.S. economy desperately needs a rapid infusion of new technologies that can radically increase industrial productivity. As is often stated, but rarely taken seriously, the military and civilian space programs have been the most powerful engine for real economic growth in the postwar period.



FIGURE 2



*The Orbital Maneuvering Vehicle is a reusable, free-flying space vehicle designed to enhance the Shuttle orbiter's payload delivery and retrieval capabilities. It can inspect satellites and retrieve them to a space station or the Shuttle orbiter, and can perform a variety of on-orbit tasks.*

Source: Martin Marietta

There is nothing that the nation can better invest its resources in than the space program, which returns at least \$10 dollars to the economy, for each dollar invested.

### A 'momentous year'

NASA administrator Beggs was present when the Shuttle Atlantis blasted off for its mission in space at the end of November 1985. At that time, he described 1986 as the most "momentous year" for the space program. "I think from the point of view of what NASA is charged with doing, which is to fly for the purpose of exploring, this is probably the most important year since the halcyon days of Apollo." Among the projects reaching a crucial phase of implementation are the following:

In May, NASA had planned the first use of its modified liquid hydrogen Centaur upper stage, to send two separate scientific satellites toward Jupiter. One, the U.S. Galileo spacecraft, will orbit the planet for a full Jupiter year, and

will also release a small probe which will descend through the great gaseous atmosphere of the planet.

The Ulysses probe, built by the European Space Agency, will use the huge gravitational force of the planet to swing it outside of the plane of the ecliptic, to become the first spacecraft to examine the Sun by orbiting, not around its equator, but around its poles.

In the fall of 1986, the enormous Hubble Space Telescope had been scheduled for launch, to become the first long-term space observatory in Earth orbit. Designed to be refurbished and repaired by Space Shuttle crews, the Space Telescope will allow astronomers to view the planets, stars, and new parts of the universe that could never be seen in such detail before.

Key missions were planned for the Defense Department to test new sensing technologies for the SDI, and to launch strategic satellites for reconnaissance. The second Space Shuttle launch facility at Vandenberg Air Force Base was scheduled to become operational this summer.

The schedule of the planned 1986 launches will be determined by when the Shuttle fleet is ready to fly. The planetary missions may have to be delayed until June 1987, when the relative positions of the Earth and Jupiter again make the trips possible. Other missions will also be rescheduled.

### Adding to the Shuttle's capabilities

The impact of any months-long delays in NASA's Shuttle launch schedule points out the importance of doing whatever is necessary to keep the system in top shape, at all times. This means securing the needed number of orbiters, the manpower to have the fleet able to meet all contingencies, and the vision and resources to aggressively plan and implement the next steps in the scientific exploration of space.

Not only do we have to rebuild the orbiter fleet; we should be giving our Space Transportation System the auxiliary capabilities for its next range of missions. The Space Shuttle will be the construction platform for building the station, in the first half of the next decade. During the Shuttle Atlantis 61-B mission at the end of November, astronauts Sherwood Spring and Jerry Ross practiced putting together pieces of structures, simulating space construction techniques that NASA plans to use to connect station modules to a central structure.

Even before the space station is operational, Shuttle crews will need a small unmanned maneuvering vehicle to go further away from the Shuttle orbiter than they can go themselves, with the Manned Maneuvering Units (back-packs) currently in use. Using these MMUs, astronauts have been able to fix scientific satellites, but the commander has had to bring the Shuttle orbiter very close to the satellite.

Current designs for an Orbital Maneuvering Vehicle (OMV—see **Figure 2**) would allow it to take satellites from the Shuttle, which can only reach an altitude of 350 miles above the Earth, up to about 1,000 miles. It would also be able to be deployed from the Shuttle to retrieve satellites and

bring them to the orbiter for repair and maintenance. The OMV would then place the repaired spacecraft back into their operational orbits.

The OMV could reboost satellites as their orbits gradually decay, extending the lives of many different kinds of space assets. The OMV would be remotely piloted from the Shuttle orbiter. It would measure about 15 feet in diameter, but only 3 feet in length, so as not to take up very much room in the payload bay. NASA hopes to have the vehicle ready for flight in 1990.

When a satellite is launched from the Space Shuttle today, it carries with it its own one-time-use upper stage, to propel it from low-Earth orbit to geosynchronous orbit (22,300 miles), or out of Earth orbit to the Sun or planets. NASA is planning to develop an Orbital Transfer Vehicle (OTV) which could be reused, perhaps 30 times.

Referred to as a space "tug," the OTV could be based on the ground, and carried inside the payload bay of the Shuttle each mission. It could pick up its payload in space and bring it back to Earth, for another Shuttle ride.

However, this would require that it have a thermal protection system like that of the Shuttle, to go back and forth through the Earth's atmosphere. The more effective use of the system would be to have it "parked" at the space station, never going back to Earth.

The most immediately efficient fuel for this reusable tug would be liquid hydrogen. The OTV could be refueled at the station after each trip. NASA is planning to do tests aboard the Shuttle soon, to experiment with the transfer of liquid fuels, to see how these liquids behave in micro-gravity.

It is very likely that a manned version will be the kind of vehicle that will carry people and supplies back to the Moon at the end of this century, to begin the exploration and industrial development left undone at the end of the Apollo program. Such next-generation OTVs should be nuclear-fueled.

### The next frontiers

The space station will provide the necessary infrastructure to assemble spacecraft larger than the Shuttle, for trips to such places as Mars. New propulsion technology must be developed, using the most advanced fission, fusion, and directed-energy concepts. For these systems to be ready for the beginning of the next millennium, development must begin now.

The driver for revolutionary new propulsion technologies will be the manned mission to Mars. To get there with today's chemical propulsion, a trip of at least two years is required. NASA had already tested a nuclear-powered rocket engine by the end of the 1960s, in readiness for the Mars mission.

With the economic crisis at the end of the first Nixon administration, the plans to go to Mars were scrapped, along with the planned space station. With it went the shutdown of the advanced propulsion research and development already under way.

With an operational Earth-orbital space station, the pos-

sibility of returning to the Moon and the manned mission to Mars are once again on the agenda.

Research being conducted for the SDI program—in high-powered laser development, new plasma and particle-beam technologies, and nuclear systems for large power sources—lays the basis for making that manned Mars mission with the next-generation propulsion capabilities. These areas of research should be part of NASA's space propulsion research program.

In between today's Space Shuttle, and nuclear- or plasma-propelled vehicles, will come advanced transonic planes, now beginning development in a joint program with the Defense Department. President Reagan, in his State of the Union

## How NASA's technology boosted the U.S. economy

The National Aeronautics and Space Administration (NASA) spent billions of dollars to put a man on the Moon, but it did not cost the nation a net penny. In fact, it made money.

A study of the impact of NASA spending on the U.S. civilian economy was conducted by Chase Econometrics, which found that for every dollar spent in space-program research and development, \$14 was generated in the private sector as a "multiplier effect," through capital-goods purchases, technological improvements, and so forth.

NASA, at its height during the Apollo Moon-shot gearup, was introducing *6,000 new technologies per month to private industry and agriculture*. The result was the only period of real industrial growth and productivity increase the United States has experienced since World War II. The productivity increases resulting from industry's assimilation of spin-off technology more than offset the cost of the original research and development.

Among the new technologies developed during the period of increases in NASA funding, which peaked in 1965, are these:

- **Computers and electronics:** One of the best known technology spin-offs of NASA was the cheapening and improvement of computers and electronics. Between 1968 and 1971, U.S. textile weaving mills were able to increase productivity 2-3% by introducing a multiplexer circuit which connects a computer to remove terminals, developed by NASA's Marshall Space Flight Center for the Saturn rocket.

- **Diagnostics:** An ultrasonic testing technique, developed by NASA to test delicate materials without destructive effect, is being used in the production of steel,

speech on Feb. 4, referred to technologies of this sort which will make possible "a new Orient Express," that could fly passengers from Washington, D.C. to Tokyo in two hours.

The NASA budget for fiscal 1987 calls for a \$45 million budget line for the Aerospace Plane, which could operate as an airplane at hypersonic velocities (4,000-8,000 miles per hour) in the upper atmosphere, or as a space vehicle accelerating directly into orbit.

The current lead concept is for a hydrogen-powered aircraft taking off horizontally like a commercial jet, and landing the same way. This would be a "global flight vehicle," which could be used for long-range air defense interception, and as a civilian transport. The government will spend about

\$600 million for technology development for the Aerospace Plane in the next three years, to provide the data which will allow a decision on whether or not to proceed with flight research in the early 1990s.

The initial design for the plane calls for carrying a crew of two and a payload of 2,500 pounds. A future vehicle could carry as much as 65,000 pounds into orbit, which is the capacity of the current Shuttle orbiters.

Clearly we cannot afford to waste time with a phony national debate on whether or not we need the Shuttle. The question before us is how to maximize the resources available, to turn a temporary setback into a resounding impulse forward.

rails, aircraft, nuclear reactors, and automobiles. The original \$2 million NASA investment created a \$50 million per year private industry.

- **Materials:** High-temperature resistant alloys needed for high-temperature energy and industrial processing were created for spaceships, and dozens of new materials were otherwise developed by private industry using the knowledge NASA's basic research produced. The new materials increased the efficiency of already existing industrial processes, for example, by allowing them to be operated at higher temperatures or in more hostile environments.

- **Energy:** The extreme environment of space required NASA to work with compact, high-density energy sources, which greatly spurred development potential in advanced on-Earth energy sources. NASA's ROVER nuclear space reactor program, and the NERVA nuclear rocket effort, contributed to civilian nuclear technology.

- **Agriculture:** Food production, processing, and treatment are among the greatest beneficiaries of NASA research. Remote sensing satellites developed, launched, and operated by NASA have saved farmers billions by preventing the spread of plant disease and providing early warning of floods by estimating spring run-off from snowfalls, impending hurricanes, and so forth.

- **Medicine:** The artificial heart is a spin-off of research and development conducted by NASA. Most of the materials used in artificial hearts are polymer plastics, whose quality and durability were improved by NASA, which also pioneered the automatic, computer-controlled technique for sensing biological parameters such as blood pressure. The telemetry technology used to monitor astronauts is now also used to monitor the life functions of infants in incubators. Infrared scanner devices developed by NASA are used in cancer diagnosis, as well as in industry. Artificial limbs are now created by applying the remote handling devices developed by NASA and the nuclear industry.

FIGURE 3  
NASA R&D spending in the U.S. economy

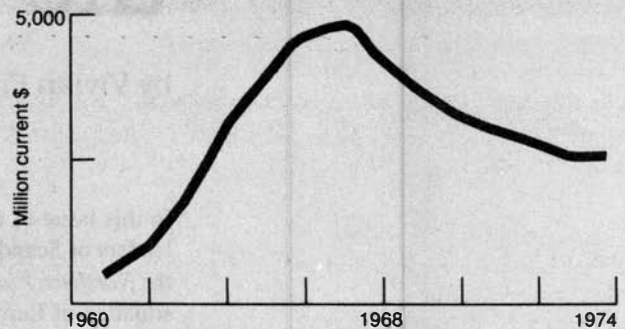
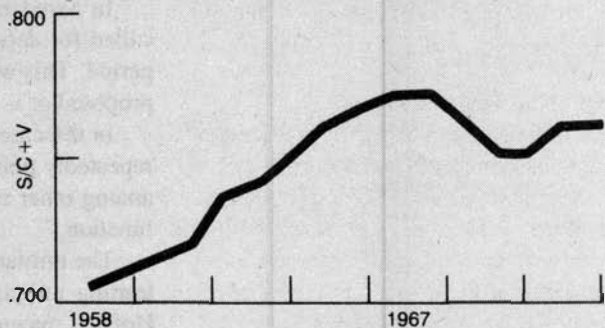


FIGURE 4  
Rising productivity in the U.S. economy



In December 1982, EIR's LaRouche-Riemann Economic Model conducted a computerized study which compared NASA spending and rises in productivity in the economy as a whole. As NASA spending peaked and began to decline in real terms, productivity dropped. Productivity is measured as  $S/C + V$ , where  $S$  = the total volume of goods production available for investment the following year;  $V$  = the volume of tangible production required to employ the goods-producing workforce; and  $C$  = the cost of maintaining productive facilities plus the cost of raw materials.

# NATO's exposed Northern Flank: the debate begins

by Vivian Freyre Zoakos

In this issue of *EIR*, we reprint some of the recent speeches by leading military leaders of Scandinavian countries, testifying to a fact of which regular readers of the *Northern Flank* column in *EIR* are well aware: The extremely exposed military situation of Europe's Northern Flank. In the Scandinavian countries themselves, this has now become a matter of urgent concern and debate.

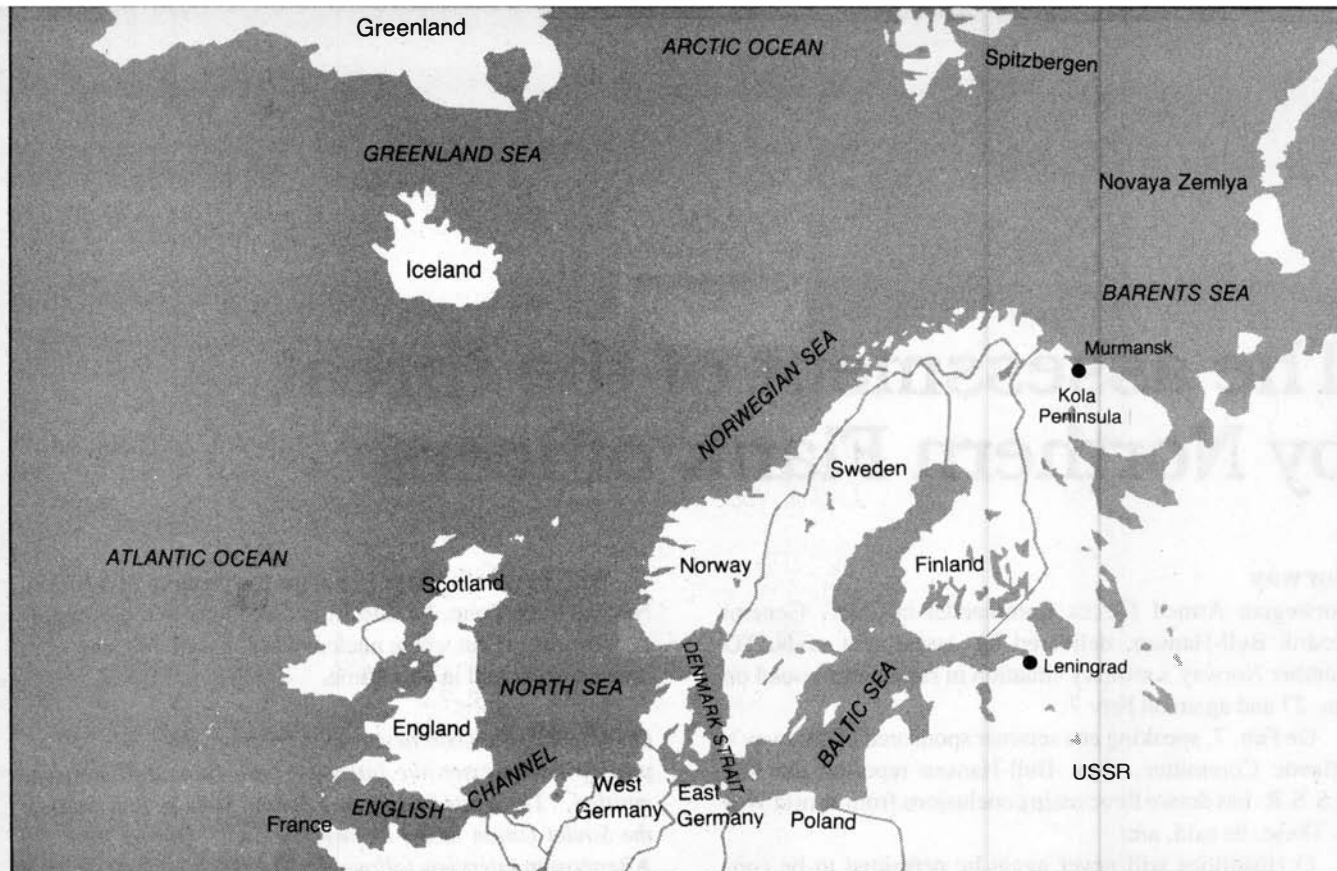
Thus far, the political leadership in these countries has repudiated the well documented demands from their military experts for increased defense spending, if any measure of security is to be reestablished in Europe's northern region.

In Sweden, for instance, Commander-in-Chief General Lennart Ljung has called for defense expenditure of Skr125 billion (\$5.5 billion) for the 1987-92 period. This would be Skr8 billion more than anything the government has so far proposed or is willing to spend.

In the case of Norway, Commander-in-Chief Gen. Fredrik Bull-Hansen has repeatedly pointed out that the government's present defense budget will mean, among other cuts, that "almost half the Army will lose its dynamic operational function."

The military exposure of the Northern Flank has in fact become so acute, that leading military personnel such as the Swedish Naval Commander Hans von Hofsten, recently went so far as to broach in public the question of neutral Sweden's entry into the North Atlantic Treaty Organization (NATO)—entirely without precedent in the postwar history of the nation, until recently, when the European Labor Party (EAP) in Sweden began to campaign on just that point. Von Hofsten raised the subject at a public meeting in Stockholm on Feb. 6, positing NATO membership as one extreme possible measure that could stave off the increasing likelihood of either a Soviet attack, or Soviet political blackmail based on the Warsaw Pact's overwhelming superiority in the region.

One could perhaps attempt to argue, particularly in the case of Sweden, that the political leadership is unresponsive to the military experts' warnings because of a different political orientation. Certainly, in the case of Swedish Prime Minister Olof Palme, Europe has one of the most notorious Soviet appeasers currently in



power. Palme is highly suspect in a number of ways: His family, for example, is part Russian, and Russian nobility at that, and the family estate is still there inside the Soviet Union—Palme has visited it. An uncle, R. Palme Dutt, was a founder of the British Communist Party. The so-called Palme Commission on East-West issues which he chairs, and which includes the Soviets' chief "American-handler," Georgii Arbatov, and GRU (military intelligence) Gen. Mikhail Milshtein, an "active measures" specialist, is essentially under Soviet control and a "back-channel" for Soviet policies into the West.

Yet, this sort of explanation of the block to Scandinavian rearmament misses the point. It certainly cannot explain the case of Norway, where Defense Minister Anders Sjaastad has stated his full agreement with General Bull-Hansen's assessments. But political agreement with the Norwegian military has not led Norway's government to plan an increase of its defense budget.

In short, what the military experts have failed completely to address is the economic reality of their respective countries, and of the northern region as a whole. The ongoing, rapid destruction of Scandinavia's economy—which it shares with the rest of the advanced sector—means *necessary cuts in all categories of the budget*, unless the collapse itself is addressed and reversed.

In Norway, for example, manufacturing output in 1985 was the same as it was 10 years ago. The collapse of Norway's industry has been temporarily papered over by North Sea oil revenues. Oil and gas currently account for a full one-fifth of the country's Gross National Product, and half of its

export earnings. Oil taxes bring in 20% of the government's revenue. This pseudo-boom, which dates from the time that real economic activity in the manufacturing sector began its downswing, is now coming to a close, aided by the chaos of the international oil markets.

In Sweden, monetarist deindustrialization has virtually destroyed the country's famous steel and shipbuilding industries. In 1973, the Swedish docks produced over 10 million tons of the total world tonnage output of 240 million tons. Sweden then was the second shipbuilding nation in the world. By 1985, Sweden had fallen to the 19th position.

Then, on Feb. 2, the government announced that the last remaining major shipyard would be closed by 1988. The Kockum shipyard in Malmö has been the industrial mainstay of southwest Sweden. The picture for the steel industry is almost as grim. In 1975, the industry employed 52,000 people—now down to 32,000. Swedish steel output today is 30% below 1975 levels. Government programs to hide real unemployment by providing make-work jobs—in which at least one-half million Swedes now work—is merely another form of welfare, and does not change the reality of the country's destroyed industrial infrastructure.

Even this thumbnail sketch makes the point that the dramatic military situation of Scandinavia cannot be addressed effectively without taking into account the economic underpinnings of any attempt at military mobilization. The shutting down of Sweden's dockyards and steel industry is the underlying reality behind the inadequacies of Sweden's Navy, inadequacies which Commander von Hofsten has otherwise so correctly denounced.

# The assessment of the threat by Northern Flank officers

## Norway

Norwegian Armed Forces Commander-in-Chief, General Fredrik Bull-Hansen, delivered his assessment of NATO member Norway's military situation in statements issued on Jan. 27 and again on Feb. 7.

On Feb. 7, speaking at a seminar sponsored by Norway's Atlantic Committee, Gen. Bull-Hansen reported that the U.S.S.R. has drawn three main conclusions from World War II. These, he said, are:

1) Hostilities will never again be permitted to be conducted on Russian soil. Military operations will be moved rapidly and, if possible, in advance, to the enemy's territory. This is why the U.S.S.R. has established "buffer zones" in the south and west to protect the homeland. One of the roles of the Soviet navy is to maintain such a buffer zone in the Norwegian Sea.

2) The U.S.S.R. has built up a nuclear force capable of both fighting and winning a nuclear war if such a situation should arise.

3) The U.S.S.R. has built up the capacity to secure these interests already in peacetime and on a global scale. Steps were taken to realize Peter the Great's ambition to break Russia out of its position as a landlocked nation.

Drawing the conclusions from this assessment, with respect to the case of Norway, General Bull-Hansen said that a large part of the U.S.S.R.'s offensive and defensive naval forces are concentrated on the Kola Peninsula (bordering on Norway's northernmost province of Finmark; see map), the largest concentration of naval forces on earth. Two of the best available routes for moving Soviet forces onto the high seas run through either side of Norway: from the Baltic, where the U.S.S.R. has concentrated its shipbuilding and repair capacity, and from the Kola.

General Bull-Hansen concluded that this situation puts NATO member Norway in a special position, and explains why Norway must spend more for defense than do other countries. Conversely, he said, it would be to the great advantage of the U.S.S.R. if Norway were to move towards neutrality and to make reservations in its commitments to NATO. This is not speculation on my part, he said. Moscow has stated this openly.

With respect to the proposal for the creation of a Nordic Nuclear-Free Zone, he said, it is considerably more important to worry about where nuclear weapons will fall than were they are stationed in peacetime.

*On Jan. 27, the Oslo newspaper Aftenposten published reports from an extensive interview with Gen. Bull-Hansen, entitled, "The United States and Britain Should Now Balance the Soviet Union in the Norwegian Sea." Quotes from the Aftenposten interview follow:*

Understanding, but no more. That is the reaction in political circles . . . to the Commander-in-Chief's proposal for balanced anti-invasion defenses which maintain a professional standard in relation to the military threat in the years leading up to the end of the century. Within NATO, Norway is in the process of creating for itself a credibility problem in certain fields as a result of inadequate defense allocations. This was General Bull-Hansen's summary of the situation in an interview with *Aftenposten*. . . . He pointed to the importance of working to balance the Soviet naval presence in the Norwegian Sea with allied forces. Of our allies, it is the United States and Britain which could deploy forces of significance in the Norwegian Sea, he said.

"Facing the open sea to the west, as we do, with almost 3,000 kilometers of coast . . . it is a dramatic event for our security that the Soviet Union has become a major military power at sea, and that the two most important bases for the Soviet Union's offensive and defensive naval forces are to be found in our immediate environs to the north and to the south [Murmansk and Leningrad]."

[He] outlined the prospects for Norwegian military security against these "significant challenges" in a lecture to the Oslo Military Society in November last year.

. . . The Commander-in-Chief's views are as follows: The military threat to Norway is growing. But the economic situation is such that the Armed Forces find themselves at a crossroads. The budget allocations anticipated by the politicians in the 1974 and 1983 Storting [Parliament] defense reports mean that in actual fact the Armed Forces' wartime organization will be reduced in the years leading up to the end of the century. This will affect the Army in particular. It

will only be possible to modernize 6 or 7 of the 13 brigades Norway has today, to meet the combat milieu which is beginning to seem likely.

The rest of the brigades—almost half the Army—cannot be equipped with weapons and equipment which enables them to fight totally like brigades—that is, as mobile field units carrying out independent operations. . . . Almost half the Army will lose its dynamic operational function. . . .

But according to the Commander-in-Chief, there is nevertheless still an alternative to such a development. . . . Under [his] plan all branches of the Armed Forces could be modernized to a professionally defensible standard. . . . But it will cost, and spending is estimated at a 6-to-7 percent increase in the defense budget throughout the period leading up to the year 2000. . . .

*On Jan. 6, Norwegian Defense Minister Anders C. Sjaastad responded to Gen. Bull-Hansen in a lecture before the Oslo Military Society, the same institution which the Commander-in-Chief had addressed. Aftenposten of Jan. 27 reports:*

In his annual lecture . . . the defense minister presented one of the clearest and most balanced analyses of the security threat to Norway that has been heard in a long time.

“The decisive factor for us in respect to the Soviet naval buildup is not whether this buildup is determined by defen-

sive or offensive considerations, or whether it is connected with advanced operations or the protection of strategic interests in the Barents Sea or on the Kola Peninsula. However, what ought to be a crucial consideration for us is that intentions can change overnight, and that history is full of examples showing that a capacity that has been built up can be used differently than envisaged or thought likely. Norway’s incorrect assessment of German capacity, and consequently Germany’s intentions, in 1940 is a good example,” the defense minister said.

The defense minister’s analysis of the security situation squares very well with the Commander-in-Chief’s view of the military threat facing Norway. Nevertheless, the political leadership reaches a conclusion completely different from his about the size of defense budgets and about how Norwegian defenses should be built up to meet this threat in the years to come. . . . The minister made it clear that spending to cover such a defense structure [as proposed by Gen. Bull-Hansen] cannot be counted on. On the contrary, defense spending will be maintained at the levels planned in the past—that is, a 3.5 percent increase in the years up to 1989. In the years leading up to the year 2000, this increase will be considerably smaller.

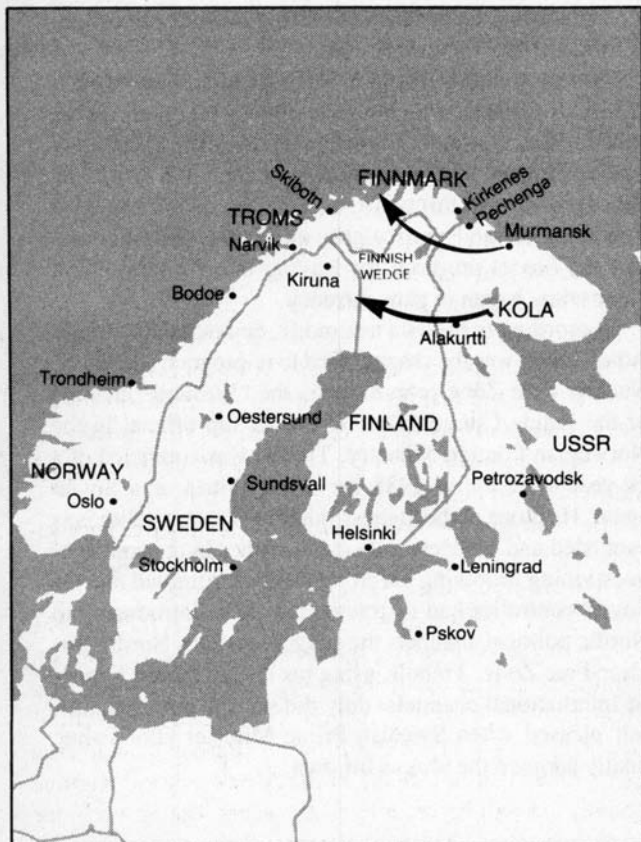
## Sweden

Swedish Navy Commander Hans von Hofsten, leading figure in the Swedish “Officers’ Revolt” of late 1985, wrote two articles for the Stockholm paper *Dagens Nyheter* on Jan. 20 and 21. The first was entitled, “Do the Swedish People Know About This?” and the second, “The Soviet Republic of Sweden?” In his Jan. 20 article, Commander von Hofsten began by documenting the fact that Nazi Germany attacked Denmark and Norway without warning in 1940, despite the fact that these countries had declared their neutrality at the outbreak of war on the continent. Germany’s attack was based on strategic logic: It had to have these countries in order to have forward bases for the fight against England. Germany had learned two things from World War I: It had to gain supremacy at sea before undertaking a coastal invasion, and it needed Fifth Columnists, Quislings, to assist it.

“These historical events are of utmost interest for us today, since the strategic situation has many remarkable similarities with the situation 45 years ago.

“The Soviet Union has virtually all its shipyard capacity bottled up in the Baltic, and its strategic fleet is north, in Murmansk. In addition, both fleets are far from the NATO lines of supply across the Atlantic. It is strategic necessity for the Warsaw Pact to acquire forward basing for its navy and supporting aircraft. Can this be the reason why the Soviet Union has tried, and succeeded, in using diplomatic ruminations to persuade Norway to refrain from having Allied forces on its territory during peacetime?

“In Norway there are . . . pathetically small standing forces.” Sweden has no standing army. Only its Air Force



and Navy are ready for action at all times, but they have been halved in strength in the recent period.

"A surprise opening gambit by the Warsaw Pact on the Scandinavian peninsula would, for that reason, be likely to succeed. . . . There are strong grounds to assume that a major war would begin here [in the Northern Flank]. Neutrality, weakness, and general peaceability would be as little help to us as they were to Finland in 1939 and Denmark and Norway in 1940.

"The Soviet Union has close to 4,000 elite troops specially trained for sabotage and assassination in Sweden. . . . An attacker knows 'to the T' how many submarines and missile ships Sweden has, what their names are, and where they are stationed and whether they are armed. He knows exactly how many Air Force units we have of various kinds and where they are located. He knows the name of every officer on every ship and every Air Force base. . . .

"Our Air Force would be totally paralyzed without pilots. For professionally trained and equipped sabotage units, clad in Swedish uniforms, it would not be difficult to murder most of our few hundred pilots.

"If the aggressor would like to increase the certainty that the Swedish Navy's ships will be unusable, he only has to extend his hit list by a few key individuals in their crews. . . .

"Some might say that this is alarmist. But all the Soviet submarine violations are reality."

*On Jan. 21, Commander von Hofsten wrote:*

. . . Sweden is threatened by the power struggle that "goes on in peacetime" [as described in Sweden's Defense Committee report] between the power blocs. The word "peace" has been put in quotation marks to underline what the Committee . . . states: "The dividing line between peace and war in our immediate area can be fluid". . . . This dividing line

## The 'nuclear-free zone' and the Palme Commission

Beginning with mid-1983, Sweden's Socialist Prime Minister Olof Palme became the principal international spokesman for the transformation of northern Europe into a nuclear-free zone. The Independent Commission on Disarmament and Security Issues, better known as the Palme Commission, acting together with the Socialist International, has since become an aggressive organizer on behalf of the proposal.

The origin of a Nordic Nuclear-Free Zone idea, however, lay in Moscow and not the West.

The Nordic countries Denmark, Finland, Norway, and Sweden are already, de facto, free of nuclear weapons. Two of them, the Soviet puppet state of Finland and neutral Sweden, are committed not to manufacture or deploy nuclear weapons on their soil. The two members of NATO, Norway and Denmark, each decided in the 1950s to exclude foreign troops and nuclear weapons from their territory (land-areas) in peacetime. A similar situation exists in the other northerly member of NATO, Iceland.

Denmark's and Norway's policy, however, provides for the transportation of nuclear weapons into the two countries in the event of a crisis or war. A U.S. and British shield was central to the strategy.

Hence, traditionalist politicians in the area made no attempt, in 1963, to leap on the Soviet bandwagon when then-president of Finland, Urho Kekkonen, first proposed "elevating" the region's non-nuclear status to that of a de

jure nuclear-free zone, with Denmark and Norway reneging on their commitment to allow NATO nuclear weapons to be brought into their territories in case of Soviet aggression. Since a Nordic Nuclear-Free Zone would not affect the status of the heavily-armed and nuclearized Soviet forces on the Kola peninsula, Kekkonen's proposal was meant to limit the defense of NATO's Northern Flank to the extraordinarily outmanned and outgunned conventional forces of the West in the area.

Not surprisingly, the U.S.S.R. quickly espoused Kekkonen's proposal, which had in any case echoed earlier calls for the creation of European nuclear-free zones aired by Soviet party leader Nikita Khrushchev five years earlier. It was only through the activities of the Socialist International, and particularly the Palme Commission, that the Soviet proposal for leaving the Northern Flank defenseless began to gain currency.

According to his own testimony, convicted Soviet spy Arne Treholt was the channel used to re-program the Nordic Nuclear-Free Zone proposal, via the "Western" channel of the Palme Commission. A former top official in the Norwegian Foreign Ministry, Treholt was convicted of a 20-year sentence in 1985 for his activities as a Soviet agent. He is one of the highest-ranking Western politicians ever tried and convicted of such a crime. In the course of questioning following his arrest, Treholt admitted that his Soviet controller had instructed him to re-introduce into Nordic political channels the suggestion for a Nordic Nuclear-Free Zone. Treholt, using his highly-placed Socialist International channels, duly did so, and reported himself pleased when Swedish Prime Minister Olof Palme finally adopted the idea as his own.



is already fluid.

. . . All countries which so far in the power struggle have been deemed to be "accessible," without direct confrontation with the other power bloc, have been taken or made "allies." As soon as this has happened, bases and "advisers" have followed automatically.

In my view, the only thing a country can do to avoid becoming the victim of this constant advance of forward positions is to be judged "inaccessible." This can be achieved either through your own strength or in alliance with others. Sweden has chosen the path of its own strength. . . .

The Defense Committee has not even considered any positional advance in Sweden, apart from the case of an all-out war between the blocs. As a result, it does not draw any conclusions from the fact that it knows that the defense forces' effectiveness has been halved in the last 15 years, at the same time as the rest of the world's striking power—and mobili-

ty—has increased drastically. Should we not be discussing where the line might be drawn in the superpowers' assessment of Sweden's "accessibility". . . .

Last fall a number of colleagues and I expressed concern that people here in Sweden were not paying sufficiently serious attention to the obvious preparations for a surprise attack—preparations that have been going on and are still going on with great intensity. . . .

All my efforts are directed towards bringing the nation to an understanding that our security policy situation, in my own view and that of many other people, is much more serious than people are generally aware.

. . . The Army has not had enough money for a single new tank for the past 15 years. . . . The Air Force's new HAS series aircraft has been trimmed down to the breaking point. . . . The most acute need is to give the Navy a real chance of being able to keep coastal waters clear.

Palme and other advocates of a nuclear-free zone in the Northern Flank frequently dismiss fears about Soviet missile dispositions in the nearby Kola Peninsula, on the Baltic seaboard and in submarines in the Baltic Sea, by describing them as "a second-strike capability" to be used only if NATO started an attack on the Soviet Union. At the same time, these Soviet nuclear armaments are said to be of a range-capability too great to be used against the Nordic countries. However, a look at the facts shows this to be spurious propaganda.

By highly conservative estimates, Soviet short-range missiles—i.e., with a reach of 70 to 900 kilometers, and therefore targeted on Scandinavia—are deployed as follows on the Soviet side: on the Kola Peninsula, 17 to 20; in the Leningrad Military District, 40; in the Baltic Military District, 86; and in the Baltic Sea (Soviet part), 325, with 18 submarines that are designed to carry short-range nuclear missiles. Such missiles are also found in Poland (8), and East Germany (46). In addition, within the belt fringing the Nordic area from Kola down to the East-West German border, there are a total of over 600 artillery batteries with a nuclear capacity.

On the conventional side, estimates put the discrepancy between the Warsaw Pact and NATO at a highly conservative ten-to-one.

Soviet propaganda claims that, were a Nordic Nuclear-Free Zone established, Moscow would undertake to guarantee that none of these missiles would be used against Scandinavia. Given the overwhelming strategic importance of NATO's Northern Flank for the U.S.S.R., such Soviet claims lack credibility even for the very gullible.

The Palme Commission, on which *EIR* has reported

extensively in the past, is one of a number of existing "back channels" for the laundering of Soviet policies into the West. From its founding in September of 1980, the Commission has formed part of the "New Yalta" institutions, committed to a recarving of the globe in which Western republican nation-states would be abolished. Hence its promotion of a Nordic Nuclear-Free Zone, of international disarmament, and—as Palme once told a gathering of the International Metalworkers Federation in Washington, shortly after the Commission's founding—of the argument that "the primary threat to peace springs from scientific research and development."

From the outset, the Palme Commission has been made up of a combination of top Soviet and Western intelligence personnel, and the New Yalta crowd in the West. Apart from Olof Palme, founding members included former Secretary of State Cyrus Vance, who had already played a leading role in the creation of an international "disarmament movement" through his work as an executive board member of the American Ditchley Foundation. Also included were Egon Bahr of the West German Social Democratic Party. Bahr is author of the so-called "Bahr Plan" that calls for the eventual withdrawal of Germany from NATO.

On the Soviet side, there is Georgii Arbatov, director of the U.S.A.-Canada Institute. Most notoriously, one of the Commission's founding members was GRU General Mikhail Milshtein, the GRU's specialist on U.S. military capabilities. Milshtein's inclusion in the Commission's roster generated such international outrage, that Palme was forced to drop him from the secretariat and give him the less exposed title of "technical adviser."

## State Department seeks 'new Nicaragua' in the Philippines

by Lyndon H. LaRouche, Jr.

*Democratic presidential candidate LaRouche issued this statement on Feb. 19.*

Despite the internationally orchestrated, lying reports, even the election statistics claimed by former Philippines presidential candidate "Cory" Aquino and the U.S. State Department's Namfrel "front operation," show conclusively that President F. Marcos won the recent "snap" election.

Before the election, "sugar queen" Aquino had warned, that she must carry Manila with 70% of the vote, to win the national election. Even Namfrel's concocted statistics, show Aquino carrying Manila by slightly better than a bare majority, far from the 70% target. Although Aquino carried the "silk stocking" district of Manila, as expected, the lower-income districts voted strongly against the terrorist-allied sugar queen.

The reason for the internationally orchestrated lies about the recent events in the Philippines, is that the Philippines is currently number one on a long list of nations which Soviet-leaning U.S. liberals have presently scheduled for bloody destabilizations. South Korea is next on the list in the Far East, and Panama, Peru, and Colombia, are high on the list in South America. The treasonous forces inside the United States involved in these murderous plans, include former Attorney-General Ramsey Clark, and others of the gang which brought the murderous dictatorship of Ayatollah Ruhollah Khomeini to power in Iran, and which brought the Soviet-allied "Liberation Theology" dictatorship of Thomas Borge to power in Nicaragua.

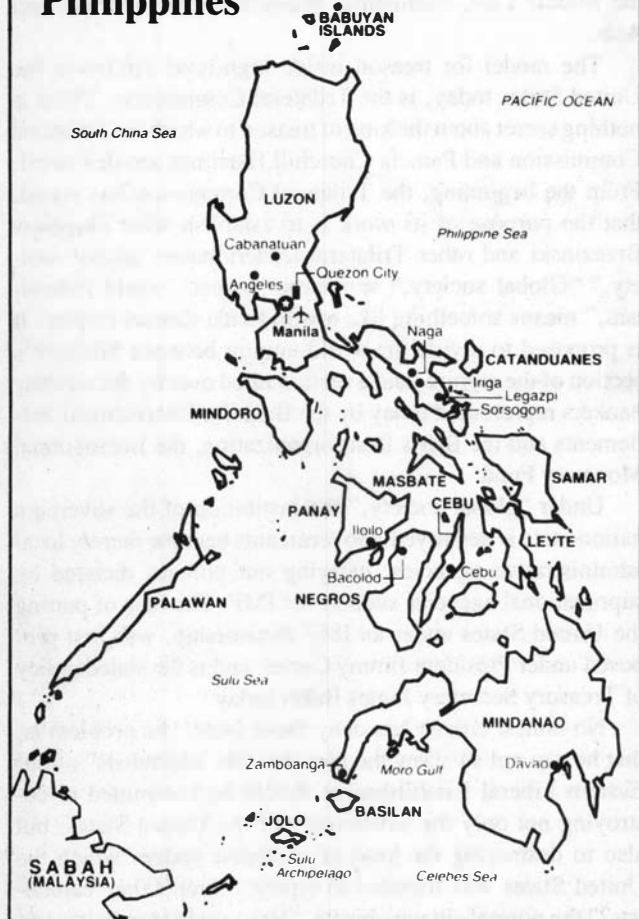
Strategically, the key to the treasonous activities which certain U.S. liberals are conducting in the Philippines and

South Korea, is former U.S. Secretary of State Henry A. Kissinger. From the time that Kissinger was expelled from the National Security Council on orders of President John F. Kennedy, until Kissinger became President Richard Nixon's National Security Adviser, Kissinger's most important activity was as a participant in the left-wing Pugwash Conference. When Kissinger became National Security Adviser, he brought into the Nixon administration agreements which Pugwash had negotiated with the Soviet empire during the 1963-69 period, including the "SALT I" package, the 1972 ABM Treaty, and the so-called Guam doctrine for U.S. strategic withdrawal from the western Pacific.

It was Kissinger, as National Security Adviser and Secretary of State, who orchestrated the 1973 Middle East War and the events leading into the 1973-74 petroleum crisis. It was Kissinger, who sabotaged the U.S. anti-drug operations against the Golden Triangle. It was Kissinger, in concert with West Germany's Foreign Minister Hans-Dietrich Genscher, and Lord Carrington, who turned large parts of Africa over to Soviet operations in 1975. Kissinger has been a leading voice for proposed strategic decoupling of the United States from West Germany. It is Kissinger, who has repeatedly proposed that the U.S. withdraw to 25% of its postwar strategic position, meaning U.S. abandonment of Western Europe, the Pacific Rim, and Africa.

Kissinger did not do these things alone, of course. Kissinger has been nothing more than the high-priced errand-boy for an ultra-liberal faction of the Anglo-American Establishments, including the "nuclear freezenik" McGeorge Bundy to whom Kissinger dedicated his first book, the explicitly anti-American *A World Restored*. Despite the fact, that Kis-

## The Philippines



singer was under official investigation as a suspected member of a Soviet-run homosexual ring inside the U.S. military in postwar Germany, he was sent into the New York Council on Foreign Relations, under joint Rockefeller and London Chatham House sponsorship, during the late 1950s, and was temporarily brought into the Kennedy administration's National Security Council by McGeorge Bundy. The files of the security investigation against Kissinger were destroyed, and the security officers conducting the investigation were thrown out of government. That cover-up of Kissinger was done under the supervision of former Soviet "Trust B" member Averell Harriman and security specialist Walter Sheridan.

Although Kissinger has played a key role in many bloody and treasonous acts against vital U.S. strategic interests, he is still essentially merely an errand-boy for those higher-placed circles which dictate Kissinger's policies, circles which use Kissinger as an essentially expendable potential scapegoat. It was Kissinger's most recent trips to Bangkok and Hong Kong, which set into motion the current efforts to overthrow President Marcos and turn Southeast Asia over to



NSIPS/Stuart Lewis

*The key to the operations around Cory Aquino today, is the leader of the Philippines branch of the outlawed "Liberation Theology" movement, Cardinal Sin.*

unchallenged Soviet domination. Nonetheless, although Kissinger has played a key role in these operations, he is only one contributing factor in a much broader operation.

### The key to treason: the 'Trust'

The 1917 Russian Revolution was set into motion by a group of European and North American bankers, who had financed the careers of Lenin, Trotsky, Bukharin, and many others, through a gigantic Odessa-Salonika-Venice-Switzerland operation headed by the famous Alexander Helphand popularly known as "Parvus," the same Parvus whose son later became the top Soviet intelligence operative based in Paris. Very soon after the Bolshevik Revolution, Soviet official Leon Trotsky worked with top members of Parvus's 1916-17 organization inside Soviet secret intelligence, setting up an organization known as the "Trust." Later, Trotsky was pushed out of this position, and replaced by Parvus's agent N. Bukharin. The "Trust" was never simply a Soviet intelligence operation; it was a partnership between the Soviet regime and the Western bankers who had financed the 1917 Russian Revolution.

The entire Communist International, including both the Trotsky-centered "Left Opposition," and the Bukharin-centered "Right Opposition," was controlled by the "Trust," not the Soviet government itself.

During the late 1920s and the 1930s, Stalin purged the leading "Trust" figures inside Russia, and established a Soviet dictatorship echoing the regime of Czar Ivan the Terrible. Whereas the "Trust" was committed to "world revolution," using Russia as an expendable pawn in this operation, Stalin was a rabid Russian nationalist, who dreamed of making Moscow the capital of a worldwide Russian empire. That was Stalin's only fundamental difference with Trotsky and

Bukharin.

Beginning 1955, after Moscow had begun to build up thermonuclear arsenals, Stalin's successors reopened partnership with the former Western members of the Trust, through Bertrand Russell and the Pugwash Conference, and established a wide variety of other Soviet back-channels to U.S. Trust circles through the U.S. A.-Canada section of the revived Comintern organization (IMEMO), including David Rockefeller's "Dartmouth Conference" and various channels linked to Averell Harriman. Through this post-Stalin reconciliation, numerous anti-Stalinists of the late 1930s and 1940s, who had penetrated deep into U.S. intelligence and foreign-service establishments, also resumed their role as Soviet agents beginning the late 1950s.

One must not think of Harriman's and Rockefeller's circles, or former members of the Bukharin-Brandler-Lovestone "Right Opposition," as Soviet agents pure-and-simple. Their treasonous loyalties are to the kind of partnership with Moscow which the 1920s Trust represented. The Soviet and Western partners of the revived arrangement, should be thought of as a kind of joint-stock company; there are conflicting as well as common aims among the different factions of the stockholders.

It is not so difficult for normal citizens, to understand Soviet motives for partnership with wealthy Western liberals; Lenin long ago described such liberals as "useful fools." It is difficult for ordinary citizens to understand: "What would cause very wealthy families of the West to work for Soviet strategic interests as they are doing today?" The citizen thinks of these wealthy families as "capitalists," and assumes, therefore, that these families are axiomatically "anti-communist." The normal citizen can not swallow what seems to him the absurd idea, that a Harriman or a Rockefeller could be "pro-communist."

The key to understanding the mind of the wealthy Western Soviet partner, is Henry Kissinger's first book, *A World Restored*. Kissinger writes emphatically, and repeatedly, that he has dedicated his career to following in the footsteps of the Holy Alliance's Prince Metternich. He endorses Metternich's statements identifying the United States as the enemy to be destroyed. Kissinger has faithfully carried out Metternich's anti-American doctrine, throughout his career in public life to date.

The citizen must recognize, that the key to the founding of the Holy Alliance, was Metternich's alliance with Czar Alexander I's Russia. Russia was used to aid in crushing every pro-American force in Western Europe; Metternich and Britain's Lord Castlereagh (another favorite of Kissinger's) were willing to tolerate Russian imperial domination of Western Europe, for two generations, as the price for crushing the influence of the ideas of the American Revolution in Europe. That was the purpose of Prime Minister Winston Churchill's pushing through the 1943 Yalta agreements,

and for Lord Carrington's and Kissinger's pushing "New Yalta" agreements, giving Moscow strategic domination of the Middle East, continental Western Europe, Africa, and Asia.

The model for treason inside high-level circles in the United States today, is the Trilateral Commission. There is nothing secret about the kind of treason to which the Trilateral Commission and Pamela Churchill Harriman are dedicated. From the beginning, the Trilateral Commission has stated, that the purpose of its work is to establish what Zbigniew Brzezinski and other Trilateral leaders name "global society." "Global society," sometimes named "world federalism," means something like a worldwide Roman empire. It is proposed to divide the world-empire between Moscow's section of the empire, and a section ruled over by the wealthy bankers represented today by the Bank for International Settlements and the BIS's front-organization, the International Monetary Fund.

Under "global society," the institution of the sovereign nation-state is destroyed. Governments become merely local administrative agencies, carrying out policies dictated by supranational agencies such as the IMF. The idea of putting the United States under an IMF dictatorship, was first proposed under President Jimmy Carter, and is the stated policy of Treasury Secretary James Baker today.

No honest citizen can deny these facts. His problem is, that he can not swallow the idea that the "capitalists" of our Eastern Liberal Establishment should be committed to destroying not only the sovereignty of the United States, but also to destroying the kind of capitalist system which the United States was founded to typify. "Aren't they capitalists?" the normal citizen objects. "How could they have anti-capitalist motives?"

If the word "capitalist" is used properly, to mean a system of private entrepreneurship in farming, industry, and ordinary commerce and banking, these wealthy families of the Liberal Establishment are clearly not "capitalists." What has happened to our entrepreneurial farms, to our entrepreneurial manufacturing firms, and to the system of state-wide private banking essential to local farms and industries? The Eastern Establishment has systematically destroyed entrepreneurial capitalism in the United States. The wealthy banking interests of Switzerland, have taken over and ruined U.S. agriculture, and the European reinsurance cartels have taken over, looted, and ruined U.S. industry and real-estate development; these Swiss-controlled, rentier interests, have degraded the ownership of businesses, to errand-boys for the banks.

These wealthy families are not "capitalists" in the sense of the economic system on which the United States was founded. They represent pre-capitalist traditions of usury, at least as old as the Phoenicians and the Babylonian empire. They represent what European usages used to call the "Lom-

bard" finance of medieval feudalism. They represent what the United States was created to eradicate from the Americas.

Anton Chaitkin's book, *Treason in America*, documents the history of the families since the days of the traitor Aaron Burr and the Boston "blue bloods" piling up of their original fortunes from the China opium-trade. McGeorge Bundy is a biological and spiritual heir of the treasonous Lowell family of Massachusetts; the Morgans also came out of the profits of the opium-trade; and the Harriman family today represents the continuation of the drug-running interests of Connecticut, around the Russell family and the Russell Trust. It is not accidental, that Pamela Churchill Harriman and the Trilateral Lloyd Cutler are in partnership in an open conspiracy to tear up the U.S. Constitution. They have a long history of treason against the United States, over more than 200 years, and they have not improved their morals recently.

These Swiss- and Venetian-connected elements of the Anglo-American Liberal Establishments hate the American System so much, that as Metternich and Castlereagh did in 1815, they are willing to betray the United States and its allies, to put most of the world under temporary domination of the Soviet empire, in order to eradicate everything for which the U.S. Declaration of Independence stands, from every part of this planet.

### **Why turn the Philippines over to Moscow?**

Why should the State Department support liberal Sen. Richard Lugar and gangster-linked Congressman Stephen Solarz, in an effort to destroy the Philippines and South Korea, and pull the U.S. submarine-fleet from the Asiatic Rim, back to Seattle, while the Soviet navy, operating out of Vladivostock and Cam Ranh Bay, is presently deploying a larger force into the Pacific than into the North Atlantic? Why would the State Department support such a treasonous swindle?

The present State Department commitments, to destabilize the Philippines and Panama, have the most obvious strategic advantages for the Soviet empire. These projects are therefore treason, pure and simple. Similarly, the attempt to strengthen the Soviet strategic build-up in Angola and Mozambique, means Soviet domination of the South Atlantic and the Indian Ocean, and Soviet control of another major choke-point, around the Cape of Good Hope, while the State Department, meanwhile, has turned the Middle East and Eastern Mediterranean over to domination by the Soviet empire. From a military standpoint, the treasonous character of State Department actions is clear.

There is an additional motive for this treason.

President Marcos of the Philippines, hero of the Philippine resistance (when the Aquino family collaborated enthusiastically), is a leader of the patriotic forces of the Philippines, a leader committed to gaining for the Philippines the same kinds of benefits which our forefathers described in the

Declaration of Independence. General Noriega of Panama, presently targeted for assassination by our Kissinger types, is one of the leaders of a regional movement with the same objectives as President Marcos. So is Peru's President Alan García. So are the forces in Colombia presently targeted for assassination by our drug-traffic-linked liberals. So are the Peronists of Argentina. South Korea, the Asiatic economic miracle of the 1970s, is also targeted, because its policies of economic development are consistent with the principles of the American Revolution.

The treasonous Anglo-American Liberal Establishments are dedicated to the bloody mass-murder of every political force in Latin America, Asia, and Africa, which represents, in its own country, the same objectives as the American Revolution.

We must ask: "Why the urgency with which the State Department is trying to murder so many of our friends abroad?"

During 1986, or not much later, the international banking system, in its present form, will be plunged into a collapse far worse than that of 1931-33. Apart from the special case of Belgium, the U.S. banking system is the most bankrupt of all the industrialized nations, with major banks wavering on the edge of collapse. Every leading financial center in the world is presently discussing this impending collapse.

What happens when this collapse erupts? Under those conditions, only action by governments could prevent entire economies from undergoing general collapse. Governments must meet to establish a new international monetary order. If a large coalition of developing nations were to demand a form of international monetary order consistent with the principles of the American Revolution, it would be most difficult for the governments of the United States and Western Europe to resist such types of reforms. If such reforms were adopted, the special power of the Swiss and Venetian bankers and reinsurance cartels would be broken, and the Anglo-American Liberal Establishment would lose the greatest part of its present political power in the United States and Britain. Therefore, the Swiss, the Venetians, and the Liberal Establishments are committed to drowning such developing-sector governments in blood, before the imminent international banking collapse occurs.

### **The forces of Cardinal Sin**

The husband of Cory Aquino was sent from the United States to the Philippines, to be killed by assassins collaborating with the liberals whom the victim, Benigno Aquino, believed to be his U.S. friends. To unleash the destabilization of the Philippines, these liberals needed a major atrocity which they could blame on President Marcos. Whether Cory Aquino is willing to face this fact or not, Benigno Aquino was murdered so that Aquino's "bloody shirt" could become a presidential candidate against President Marcos.

To describe the Aquino family as "overflowing with egalitarian, democratic" impulses, ignores the conditions of life of the sugar-workers on the feudal sugar plantation of the Aquino family. If Cory Aquino believed in improving the conditions of oppressed Filipinos, she would start by freeing the serfs on her family's plantation. The family has a rotten political history in the past and present life of the Philippines. Her election-campaign support for the terrorist New People's Army (NPA), compared with the condition of her family's serfs, is typical of the morality of her presidential campaign.

As in many formerly colonial nations, great financial and political power within the nation is concentrated in the hands of a collection of oligarchical families, of the type which the Aquino family typifies in the Philippines. In Spanish-speaking countries, such oligarchical cabals have tended over the decades, toward what is often described inside those nations as "clerical fascism."

In the U.S. intelligence archives dealing with Nazi operations inside the Philippines, a prominent role is ascribed to a network associated with the Nazi-Soviet intelligence operative Richard Sorge. This was the same network which included Australia-born actor Errol Flynn's Nazi cronies of Hollywood and Acapulco, around the notorious Dr. Hermann Erben. Erben, a Nazi spy, was rounded up at the end of World War II in China, by Gen. Douglas MacArthur's staff, and shipped to Bremerhaven for processing by the Nuremberg Tribunal. Erben was in China as part of the Sorge network which had been operating in the Philippines. That is key to understanding the Soviet connections of former fascists in the Philippines today, families which collaborated with the occupation of the Philippines, not because they were pro-Japan, but because they were die-hard fascists linked to the Nazis' intelligence networks in the Far East.

However, the key to the operations around Cory Aquino today, is the leader of the Philippines branch of the outlawed "Liberation Theology" movement, Cardinal Sin. In other words, Aquino is being pushed by the same heretical faction among nominal Catholics, which created the present pro-Soviet government in Nicaragua. Cardinal Sin is, as his name suggests, of Chinese origin, with very special importance because of his special connections to Beijing. He is a die-hard "Liberation Theologist" in profile. However, the leading role of certain priests and nuns in running the Aquino destabilization operation in the Philippines, can not be explained by Cardinal Sin himself. The root of the problem is long-standing connections of certain religious factions with the "clerical fascist" tendencies among the oligarchical families of the country.

Early during the recent election-campaign, Cory Aquino's slate fell apart through internal dissensions. Then, there was a special meeting including Cardinal Sin, U.S. Ambassador Stephen Bosworth, and Aquino, where the campaign was put back together. In other words, the State Department allied with the same forces which run Nicaragua today, to

use Cory Aquino as a pawn for the attempted bloody destabilization of the Philippines!

President Marcos is a seasoned and extraordinarily intelligent and courageous patriot of his country, not to be easily overthrown by such a liberal as immature U.S. Ambassador Bosworth, even with former Ambassador William Sullivan orchestrating the treasonous operation from behind the scenes. Marcos is tough and intelligent. He has won the first two rounds of the State Department's efforts to murder his country, and will be tougher to destroy now, than before. It is very unlikely that he will fall into either of the two kinds of traps the liberals are trying to set for him.

On the one side, there will be great pressure on President Reagan, to cause the President to request that Marcos make the kinds of gestures of concessions to his enemies which President Reagan himself made, in bringing Kissinger into his administration and putting Don Regan in the position of White House chief of staff. Marcos will understand clearly, that unprincipled concessions to the opposition will merely weaken the government of the Philippines and feed the confidence and strength of the opposition. A government which adopts a policy of concessions to a revolutionary movement, is a government which that revolution will soon destroy by aid of such concessions.

President Marcos will not be provoked into desperate acts of repression against his enemies. He will act firmly, and with measured force if need be, but he will act in a way which upholds the constitution of the Philippines, in ways which are consistent with his nation-building commitments to the present and future generations of the average Philippine citizen. Marcos is no desperate dictator, he has solid support from a majority of his people, and will not act against the interests of that majority.

Cory Aquino and Cardinal Sin are about to be faced with some very tough political tests. Do they intend to betray the nation and people of the Philippines, by supporting IMF economy-wrecking demands, or will they defend the nation against such wicked and cruel demands? This challenge will bring to the fore the image of serfdom on Aquino plantations. It will force Cardinal Sin to show his true colors on the issues of Pope Paul VI's encyclical *Populorum Progressio*, and the recent Vatican Extraordinary Synod. The President is committed to implementing the postponed nation-building programs of the 1970s, to building the nation's economy, and to improving the condition of the nation's people as rapidly and dramatically as possible.

Those around the world, who continue to spread wild lies against President Marcos, will be forced to show their true face. Do these liberals, these supposed "defenders of democracy," support famine, epidemic, and civil war in the Philippines—and other nations? Or, do they have the morality and honesty to recognize that the President of a predominantly Catholic nation is implementing the resolutions on economic morality presented by the Vatican's Extraordinary Synod?

## Patriots for Germany appeal to the nation

The battle for the future of Germany is intensifying sharply. With the coalition government in Bonn looking weaker every day, Green Party parliamentarian and terrorist lawyer Otto Schily has filed a lawsuit with which he hopes to topple the government of Chancellor Helmut Kohl. U.S. Ambassador Richard Burt is promoting the effort of the "New Yalta" crowd to reach an accommodation with the Soviet Union, on terms that would have embarrassed Neville Chamberlain. The Soviet Union has stepped up its own carrot-and-stick tactics toward the Federal Republic, offering trade deals and nuclear disarmament provided that Bonn "decouple" from the United States, as Burt and Henry Kissinger demand.

In this embattled situation, the Patriots for Germany group on Feb. 12 issued the third in a series of political newspaper advertisements, calling for a national mobilization to avert economic disaster and Soviet domination. The Patriots published a full-page ad in two national newspapers, *Die Welt* and the *Frankfurter Allgemeine Zeitung*, as well as in regional papers.

Among the signers are the following prominent German leaders: Fritz Redepenning, vice-president of the Farmers' Association of Displaced Persons in the state of North Rhine-Westphalia; Prof. Friedrich August Baron von der Heydte, former brigadier general of the Reserves and former member of the Bavarian state parliament; a number of members of state parliaments; members of city councils in at least three states; Hans-Georg Grünewald, former chairman of the Employers' Association of Hildesheim, in the state of Lower Saxony; numerous active and retired colonel and general officer-rank military men, including Brig.-Gen. (ret.) Friedrich Wilhelm Grünewald and Vice-Admiral (ret.) Karl Adolf Zenker; Helga Zepp-LaRouche, chairwoman of the Schiller Institute.

*We publish here excerpts from the declaration:*

All the dangers threatening our nation, and of which we Patriots for Germany have warned, have grown dramatically because of the continued weakness of the government in Bonn. Unfortunately, it is not only Brandt's Social Democrats (the SPD), but also the "Genscherites" in the Christian Democratic Union, as well as in the top levels of the Free Democratic Party (the FDP), who are determined to sweep the truth about these dangers under the rug—up to the federal

elections in 1987.

The Bonn government is making a convulsive attempt at spreading illusions and wishful thinking about the situation of our economy. Reality is different; The army of millions of unemployed has not been reduced. Every day, more craftsmen, retail businessmen and farmers are being driven into ruin. Small- and medium-sized businesses and agriculture—the very heart of our economy—are being destroyed.

America's economic and social structure is being shattered by the brutal cuts of the Gramm-Rudman legislation. This, combined with the world debt crisis, will lead to a severe breakdown of German exports, if we do not drastically change our policy toward the international financial cartels. Without a new world economic order, unemployment and bankruptcies in 1986 will turn into an avalanche.

Aside from the targeted dismantling of our economy conducted by the SPD and the Greens, it is a scandal that "Christian" politicians, of all people, continue the "liberal" economic policy dictated by the international financial cartels. Christian ethics and our moral responsibility require, that the ruthless destruction of human existence for reasons of financial interest, be strictly opposed. It was Cardinal Ratzinger, at the historic Synod of Bishops in Rome, who recently demanded of every Christian, that economic policy and Christian morality must be brought into accord; that is, that the welfare of society has priority over egoistic "market interests." . . .

Let no one be deceived by the harmonious-sounding words of Social Democrat Johannes Rau. Behind Rau there are Brandt, Bahr, and Ehmke, and behind them are the Greens. The leadership of Brandt's Social Democrats is determined to bring a Red-Green coalition to power in Bonn in 1987. And Moscow will do everything in its power to support a Red-Green seizure of power in Bonn. . . .

- The leaders of the Union parties have no intention whatsoever, even now, to initiate the change of policies they promised. The policy of rotten compromises with Genscher's FDP is being consolidated at this very moment by rigging the lists of candidates for the 1987 federal parliament elections.

- We Patriots of Germany will do everything, to assure that the policy of the Union parties is determined by the national interests of the Federal Republic, and not by the sell-out of the "Genscherites." . . .

- We Patriots for Germany will make sure, that the standards of morality we all previously held to be valid, regain that validity—that is, that we so conduct our lives, and that we so shape the world, that our children can have a better future.

- In our work, we will be an inspiration for the moral and cultural renewal of our people. To that end, we base ourselves on the 2,500-year Christian-humanist tradition of Europe, on the German classics, the statecraft of the Prussian reformers, and the integration of the Humboldt system of education with the tasks of the future.

# Shultz, Helms prepare to hand Panama to Soviet-backed terrorists

by Gretchen Small

Working with a gang of private bankers, friends of Henry Kissinger, radical crazies, and conservative Sen. Jesse Helms (R-N.C.), the U.S. State Department has set out to overthrow the government of Panama. U.S. congressional hearings into Panama's "stability" have been called, U.S. and international credits to the country cut, and the international propaganda on "human rights violations" and "the military mafia" is rolling off the presses. It's Iran and the Philippines, all over again.

Economic development and a military-civilian alliance in Panama committed to that development, are the only means to assure the security of the Panama Canal. It was to assure that policy, in opposition to the dictates of the International Monetary Fund (IMF) and the World Bank, that Gen. Manuel Antonio Noriega ousted the former President of Panama in September 1985—to the fury of the State Department and the international bankers.

"The United States and Panama need each other," General Noriega, head of Panama's Defense Forces, said in an interview published in the *New York Times* on Feb. 17. "The U.S. cannot change its policy to suit the ego of certain officials. . . . The United States has certain strategic priorities in this region, and Panama is part of that."

Noriega did not specify whose "ego" he meant, but other Panamanians have: Secretary of State George Shultz. "George Shultz insists on giving the Kremlin the gift of the chaotic explosion of Panama," one of Panama's leading dailies, *La Estrella*, charged Feb. 16 (see *Documentation*).

General Noriega is the particular target of what *La Estrella* dubbed "George Shultz's Revenge." For three years, General Noriega has been a leading advocate of the doctrine that security and peace depend on the prosperity of the nation. When the austerity conditions demanded by the IMF created untenable instability in 1985, Noriega offered then President Nicolás Ardito Barletta, a former vice-president of the World Bank, a choice: Reverse policy or resign. On Sept. 28, Ardito Barletta resigned.

Shultz ordered revenge. Ardito Barletta, the man who designed Panama's "off-shore" drug-money laundering center, was a friend of Henry Kissinger, and was critical to preventing Ibero-American unity around the anti-IMF program which Peruvian President Alan García has adopted. As

for Noriega, he had visited Peru three weeks before the ouster of Ardito Barletta, and announced his support for President García's program. García is now scheduled to visit Panama in March, and Shultz fears that a Peru-Panama alliance may trigger a "chain-reaction" of debtor unity against the IMF.

## 'Controlled' instability

"The beginning of the end" for Panama's government is at hand, the leading newspaper of the opposition, *La Prensa*, editorialized on Feb. 16: Haiti's "Baby Doc" Duvalier fell, Philippines President Marcos is falling, and General Noriega is next. *La Prensa*, owned by one of Panama's top bankers, Roberto Eisenmann, called for mass mobilizations to begin, claiming that Panama's "moment of liberation" has arrived.

The opposition movement inside Panama, run by a small group of powerful financial groups like the Eisenmanns and the Arias Calderon family, has been waiting for the go-ahead from Washington, D.C. to move. The State Department's annual review of "human rights" around the world, released early in February, gave that green light. "The Panamanian military continues to dominate national politics," complained the State Department. "The civil and human rights climate in Panama has been marred by the removal of the elected president."

The State Department held up the *cause célèbre* of the opposition to Noriega, the still-unsolved murder of former terrorist leader Hugo Spadafora last September. Spadafora, a professional "revolutionary" who channeled Libyan money and arms into all sides of Central America's insurgencies, hated Noriega, and attempted to eliminate him as an obstacle to his underworld activities by charging the general with corruption, drug-trafficking, and abuse of power. Thus, when Spadafora was found dead, Noriega's opponents immediately accused him of the crime.

Spadafora's family promised bloodshed in revenge. "Those responsible for this act will have to shed tears of blood, because behind Hugo, there are many people who are prepared to revenge it. . . . Let them watch out," Spadafora's father promised. Terrorists from Hugo Spadafora's "international brigade" chanted at the burial, "Comandante, your troops are present. . . Your death will not go unanswered."

Now, the "conservative" Sen. Jesse Helms has taken up



the cause of Panama's former leading Libyan-backed terrorist. Increasingly under the control of the likes of Jon Speller, an agent of the Anglo-Soviet joint intelligence venture known as the "Trust," Helms has now taken to consorting with such Trust operatives as Israel's Ariel Sharon (see *EIR*, Jan. 24, 1986, "The Russian Connection of the Israeli Mossad").

The senator has scheduled hearings of the Senate Subcommittee on Hemispheric Affairs for the end of February, on "human rights abuses" in Panama, which are to feature the Spadafora case. After a meeting with Spadafora's brother Winston in December, Helms attached a rider to a bill, denying funds to Panama until the administration can certify that: 1) an independent commission to investigate Spadafora's slaying has been established by the Panamanian government; 2) progress has been made to bring the guilty to trial; and 3) civilian control has been imposed on Panama's Defense Forces.

A Helms aide said outright that the senator's intent was to bring down the Panamanian government, "an issue around which liberals and conservatives can come together. . . . The idea is to get across the message to Noriega that he has no support in the United States. Noriega has to go." The aide specified that the government of President Eric Delvalle "would also have to be replaced, either by new elections or by a recount of the votes from the presidential elections" last year. Former President Ardito Barletta was declared the winner in those elections over Arnulfo Arias, a result which Helms and the State Department claim was due to fraud.

Success for the destabilization, however, depends on a worsening economic crisis, to break labor's support for the Delvalle government, which had lifted Ardito Barletta's austerity measures. Here, Shultz expects the cut-off of U.S. funds to trigger an economic blow-out.

Forbidden by its constitution to print a national currency, Panama depends on a fixed supply of U.S. dollars for liquidity. With reserves dropping, Panama's Central Bank was reportedly forced to delay interest payments on its debts Jan. 1. Now rumors are circulating that the government will soon not have enough money to meet its payroll, unless foreign monies are received. The World Bank has promised a \$60 million loan—provided Panama agree to fire 5,000-6,000 public employees, and modify the Labor Code to remove worker protection.

Shultz hopes that Barletta's boys in the labor movement can turn rising discontent into a battering ram against the government. Suddenly labor leaders associated with the American Institute for Free Labor Development (AIFLD) have become the country's "radicals," opposed to any measure proposed by "the dictatorship."

In January, the government daily *Critica* charged that the government faced "vast financial and economic terrorism, which seeks to undermine the stability" of Panama. Cited was the statement by Eisenmann, "I am willing to bankrupt this country in order to reach power."

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## Documentation

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*Following are excerpts from "The Revenge of George Shultz," by Luis Manuel Martinez, published in La Estrella de Panama, on Feb. 16, 1986.*

The Reagan administration's policy toward Latin America is based on two erroneous premises. The first is that U.S. democracy is exportable, and that when Presidents are elected by popular vote, the battle against Cuban-Soviet penetration will be won. The second premise is that the military are villains, fathers of utter disaster, and that, therefore, their eradication is a panacea which will overcome all the social, political, and economic obstacles which arise along the journey toward stability and collective well-being for our peoples.

Secretary of State George Shultz, who has demonstrated a capacity for backroom maneuver as notable as his intellectual and ideological deficiency, has been the implementor of both policies. . . .

The President [Reagan—ed.] is not only far from containing the expansion of Marxism on our continent, but, on the contrary, has stimulated it, with the conditions which the International Monetary Fund imposes on debtor nations. . . .

Mortified by the failure of his University of Chicago disciple, Nicolás Ardito Barletta, since September Shultz has implemented a campaign of journalistic slander and economic pressure against the government of Panama. . . .

Shultz's economic pressures are progressively increasing. . . . This is the signal to U.S. lackeys and disciples to conspire, agitate, and further weaken the social structures of Panama, for the sake of an absurd and destructive anti-militarism. . . . Because Shultz was irritated by the fall of his disciple, his arrogant reaction has been to undermine Panamanian stability, assaulting the country, government, and Panama's traditional friendship with the United States. . . .

Suddenly they want to put Panama on the list of dictatorships in America. That is, President Delvalle, arm in arm with Jean Claude Duvalier, Alfredo Stroessner, Fidel Castro, Daniel Ortega, and Augusto Pinochet. If we had not seen 40 years of whopping absurdities, from the Yalta agreement to the present day, if we had not witnessed, stunned, the decision to support Great Britain in its colonial domination of the Malvinas, against the legitimate right of the Argentine people to recover the islands, it would be impossible for us to believe this is happening.

But it's true, Secretary of State Shultz is extending, step by step, Central American violence to the Panama Canal. . . . Shultz's revenge will fan the flames, and bring revolutionary violence to the Darien border. . . . Communism continues its offensive in Latin America, and to our great misfortune, Secretary of State Shultz persists in giving the Kremlin the chaotic explosion of Panama.

# NATO's Southern Flank depends on modernizing Turkey's armed forces

by Scott Thompson

Will the Mediterranean become a Soviet Lake? This was the question asked at a NATO seminar sponsored by the American Friends of Turkey, in Crystal City, Virginia on Feb. 13. The speakers addressed the urgent need for modernization of the Turkish military to fulfill its strategic role as "the anchor" of NATO's Southern Flank. New vulnerabilities because of a burgeoning Warsaw Pact land, air, and naval threat have made this task even more urgent.

Although Turkey has the second-largest military force in NATO, second only to the United States, its forces are hopelessly antiquated. As a result, Maj.-Gen. Sadi Erguvenç told the conference, there is "no functional area where Turkish NATO forces can satisfactorily meet the challenge." If the Soviet Union were to carry out a "smash and grab" operation against eastern Turkey, he reported, NATO forces would be forced to stand by impotently (see *Documentation*). Major-General Erguvenç is Chief of Plans and Policy and Chief of Strategy and Force Planning Division with the Turkish General Staff.

Turkey shares the longest border area of any NATO country with Russia, against which it has waged seven centuries of intermittent warfare. To the West, Turkey guards the Strait of Bosphorus, the Sea of Marmara, and the Strait of the Dardanelles, which connect the Russian "lake," the Black Sea, with the Mediterranean. To the west, abutting the Caucasus, it guards a narrow land corridor from the Soviet Union into the Middle East, while to the south it borders Syria and Iran.

Since the days of Mustafa Kemal Atatürk (1881-1938), Turkey has been a republican power. Not only does 75% of all of Western Europe's international commercial traffic travel through an area of the Mediterranean guarded by Turkey, but the very lifeblood of the European economy—oil from the Middle East—passes through this area, which it is Turkey's NATO-assigned role to protect. Whoever controls this region of the Mediterranean, controls the most efficiently centralized internal lines of communication for the amassing of troops and their resupply, for the entirety of Western Europe.

Several speakers discussed the increase in U.S. military assistance from \$200 million in 1980 to \$600 million in 1985.

Unfortunately, this three-fold increase in aid may be "too little, too late," when compared with the \$1.2-1.5 billion Ankara estimates it needs for a bootstrap modernization program.

Turkey is outgunned two-to-one in planes, four-to-one in tanks, and three-to-one in artillery by the 35 Soviet Army divisions deployed against it. Ten more divisions of Warsaw Pact forces are contributed by Bulgaria.

Its present forces are not only outgunned numerically, but they are obsolescent:

- Turkey's tanks (500 M-47s, 2,775 M-48 A1s, 160 West German-donated Leopards) are largely Korean War-vintage "steel coffins." Not only does Turkey only have two mechanized divisions, but Major-General Erguvenç said that contrasted with the Soviet T-72s and T-80s which this armor must fight, Turkish tanks presently must stop before firing and have limited firing range. They also lack modern fire control and night fighting capability.

- Turkey's planes (40 F-100Ds, 80 F-4Es, and 113 F-104 Gs) are "widow makers"—older in many instances than the pilots who fly them. Compared with the latest Soviet MiGs, this air force has little deterrence value, while its logistical support is based on fixed, easy to hit, and easy to jam radars. Turkey has asked the United States to give it used F-4 "Phantoms," whose production line has been closed down.

- Turkey's navy is based largely upon 40-year-old frigates. With the exception of a handful of new guided missile patrol boats, the Turkish navy must guard the Straits against a modern blue-water Soviet fleet with conventional guns and weapons.

- Turkey's artillery is even more obsolescent, and the armed forces lack a modern, missile-based, anti-aircraft system. When President John F. Kennedy capitulated in the 1962 Cuban Missile Crisis, intermediate range ballistic missiles were withdrawn from Turkey.

These equipment problems are compounded by the political crisis on the Southern Flank: the threat from Soviet satrap Andreas Papandreou, the Greek prime minister, to use his guns against his erstwhile NATO-ally, Turkey.

Glenn A. Rudd, deputy director of the Defense Security Assistance Agency, reported to the conference that the Reagan administration will request another \$200 million increment in aid for Turkey for Fiscal Year 1987, for a total of \$820 million—making Turkey the third-largest aid recipient. But Rudd warned that the present “Gramm-Rudman environment” in Congress made receipt of such funds unlikely; aid requests had been slashed by \$200 million the previous year.

Major-General Erguvenç noted that since most aid has been in the form of Foreign Military Sales credits, within two years, Turkey will be paying back more in interest than it receives.

In cooperation with the Pentagon, Turkey has worked out the following modernization program, requiring \$1.2-1.5 billion in credits annually over a 10-year period:

- A program for the F-16, which would begin with the purchase of eight “flyouts,” building toward co-assembly, then co-production of 150 others;

- Tank modernization, through conversion of existing M-48s to M-48A5s, which substitute a 105 mm gun and a new diesel engine;

- Frigate production, to end the policy of closing the Straits with “hand-me-downs”;

- Obtaining the Rapier air defense missile, as well as modern artillery.

Robert Strausz-Hupe, the U.S. ambassador to Turkey, told the conference of the need for new sources of long-term, low-interest credits from European NATO countries to help build a modern Turkish defense industry. Unless major new sources of aid are discovered, Warsaw Pact forces may indeed shortly turn the Mediterranean into a Soviet lake.

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## Documentation

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*From the speech to the conference by Adm. William J. Crowe, Jr., chairman of the U.S. Joint Chiefs of Staff:*

. . . In the immediate post-World War II period, America’s principal strategic concern was the security of Western Europe. . . . The Truman Doctrine elevated the brave anti-communist struggle of the Turks . . . to a matter of Free World concern, and in February 1952 Turkey became a partner in the NATO alliance. . . . The West’s domination of the Mediterranean was undisputed. . . .

In the intervening years, however, dramatic political and military changes have played havoc with that picture.

First, the Soviets through steady and consistent investment, have drastically increased their military power. . . . The overall result was that today Warsaw Pact ground and air forces pose a significant threat to every land front in the Southern region. By the early 1980s NATO control of the Mediterranean was no longer uncontested.

Modern Russian naval power and long-range air capabilities out of the Crimea presented a grave threat to our sea

lines of communication and forced the West to attend to preparations for both the sea and land battles. In turn, the Black Sea, the Bosphorus Straits, the Dardanelles, and the Aegean Islands assumed a new significance in allied strategic calculations. . . .

*From the speech by Maj.-Gen. Sadi Erguvenç, Chief of Plans and Policy and Chief of Strategy and Force Planning Division, Turkish General Staff:*

. . . Turkey guards the outermost post of the Alliance. . . . But the conventional disparity in our region is overwhelmingly in our disfavor. The trend is in the negative, as the front line Warsaw Pact forces are modernized with new generation weapons systems, the Turkish (NATO)-Warsaw Pact balance deteriorates further.

To the East, the Iran-Iraq War is in its sixth year. . . . The general and persistent instabilities in the Middle East, largely due to the unresolved issue of Palestine, coupled with closer Soviet-Syrian relations and a consequential Syrian military build-up, altogether increases Turkey’s vulnerability.

To the West, Greece is becoming more difficult every day, and it is hardly possible to call them an ally. The present Greek government does not only disclaim the Warsaw Pact threat, but, based on a fictitious perception, it chooses to organize Greece’s defenses against Turkey. . . . Greece is indeed trying to isolate Turkey from the rest of the Alliance.

Under these worrying conditions . . . modernization of the Turkish armed forces surfaces as an urgent requirement. . . .

Let us review the requirements in major mission areas of the Turkish NATO forces against the Warsaw Pact. The Turkish Straits, the bottleneck which controls the access to the Mediterranean, is a well-known vital area of Allied Command Europe. The defense of Turkish Thrace and the Straits are crucial for the defense of NATO Europe. . . . This challenging mission requires an effective defense against attacks coming from land, sea, and air, which we think would be all combined. . . . To the East, facing the Caucasus, Turkish NATO forces are tasked with blocking the adversary’s access to the Mediterranean and to the Middle East, through a land corridor. . . .

I am not particularly trying to draw a discouraging picture. But, the requirements I have stated so far do not leave a functional area where Turkish NATO forces can satisfactorily meet the challenge. . . .

Recent intelligence findings released by U.S. authorities indicate that the Soviets are inclined to think that if they were to attack eastern Turkey, NATO would not react. If this were the case, then they might find Turkey as a lucrative target. Considering also its weaknesses, they might feel tempted to do so. The stakes involved in the Middle East might well trigger this temptation. Then, sheer determination of the Turks alone to fight may not be just enough.

## González institutes the big NATO fraud

by Leonardo Servadio

The Socialist government of Felipe González has set March 12 as the date of the referendum on Spanish membership in NATO. It was set for a workday to try to attract more voters. The main opposition party, Alianza Popular, is campaigning for people not to vote, in the most absurd referendum in this century.

For the first time in history, a question of overwhelming strategic importance already settled by the Parliament will be, in defiance of parliamentary authority, subjected to popular referendum. Under conditions in which all European nations are being subjected to Russian pressures to distance themselves from the United States, the Spanish referendum sets a dangerous precedent that will be fully exploited by the Soviet-steered "pacifist" movement in all Europe, to try and push other nations into similar referendums.

González, during the parliamentary debate on the referendum, warned that the "results of going [of NATO] will be traumatic and unforeseeable." Opposition leader Fraga Iribarne, in criticizing the calling of a referendum as totally unnecessary, since Parliament has already resoundingly voted in favor of NATO, pointed out how ridiculous it is that González, until a few months ago totally opposed to Spanish membership in NATO, now pretends to be NATO's champion. One of the González's arguments in favor of the "yes" vote, was that if Spain leaves NATO, it will be harder to cut off relations with the United States (i.e., the U.S. bases on Spanish territory)—which is his primary concern.

Posed to the Spanish voters in the referendum is the following masterpiece of mass manipulation: "Do you consider it convenient for Spain to remain in the Atlantic Alliance on the terms decided by the government of the nation?" On the ballot itself, these terms are thus expressed: 1) The participation of Spain in the Atlantic Alliance will not include its participation in the military structure; 2) The prohibition against keeping deposits or nuclear weapons on Spanish territory will continue; 3) A progressive reduction of the U.S. military presence will be enacted. In short, the referendum is an open invitation to reject any link with the United States

and, for all practical purposes, a call for the Gorbachov plan of denuclearizing Europe, leaving it at the mercy of overpowering Warsaw Pact conventional forces.

In Spain, pacifist movements are coming into being out of the blue. A few days before the parliamentary debate, Communist-led groups staged anti-NATO rallies and sit-ins throughout Madrid. A new coalition on the referendum includes the Communist Party of Spain, the Communist Movement, the Workers Commission Trade Union, the Trotskyist Revolutionary Communist League, and various extreme groups ranging from the Stalinist to the Maoist varieties. The far right, represented by the paper *El Alcazar*, advocates rejection for the way in which the government has formulated the referendum, and has joined the pacifists in calling for a "no" vote.

### Terrorism: Mossad ties?

On Feb. 6, Adm. Cristóbal Colón de Carvajal was killed in the streets of Madrid by Basque separatist ETA terrorists. The admiral, a close friend of the king and descendent of Christopher Columbus, had been named to lead 500th anniversary celebrations of the Discovery of America, an event that would help to strengthen Spain's transatlantic links. Immediately the press published that the "secret service" had warned the military leadership of threats to the high command. This seems not to be true, and the chief of the security service has been questioned by a parliamentary commission on the matter.

The fact that Israel's Mossad is said to be advising the Spanish police on the anti-terrorist fight, in particular since Spain finally recognized Israel in January, throws a shadow on what is happening on the terrorist front. Journalistic sources say that, until 1977, the Mossad had actually been advising the ETA in its fight against the Spanish state. Since the police knew in advance of the threat against high military leaders, it is all the more surprising that, according to direct testimony, 25 minutes elapsed before the first police arrived on the assassination scene.

The Trilateral Commission-linked *El Pais*, the most widely circulated paper in Spain, has begun publishing polls that indicate that the referendum will lose, that 39% of the population is against NATO and only 21% in favor. German conservative leader Franz-Joseph Strauss, intervening at the National Congress of the Alianza Popular Party, stressed that Spain must not abandon NATO, and the referendum must be won. This is not a popular stand, since the Alianza Popular's official position is to push people to abstain, in order to use a small voter turnout to call for the government to resign.

It is an impotent posture, from a party that could have the necessary popular strength to explain what is going on at the strategic level, and call for the Spanish people to rally in defense of the Western world. The real problem is that this referendum is debated in Spain merely as an internal ques-

tion, a faction fight between the Socialists of the government and the conservative opposition, with Spanish neutralism and anti-Americanism as the only ingredient reflecting the outside world. No political leader has spoken out on the strategic reasons why the Atlantic Alliance is necessary; none has even hinted at the dramatic increase in Soviet fleet operations and Soviet influence in the Mediterranean Sea and in the Atlantic, as the reality in the context of which the Spanish NATO debate must be located.

This has lent plausibility to González's posing of the false alternative between either leaving NATO or staying in NATO in an anti-nuclear, anti-U.S. mode, which Gorbachov will doubtless appreciate. González himself declared during the parliamentary debate, "Not even the Warsaw Pact countries have an interest in a neutral Spain." The exact game González is playing may be clarified if some non-public deals he made with the Moscow leadership concerning NATO during a visit to Russia in 1982 were made public. It is significant that the same day as the NATO debate, it was announced that González will visit Gorbachov in Moscow *the day after the referendum*.

The voice of the "Western branch of the Empire" was heard in Spain in an article dictated by International Monetary Fund director Jacques De Larosière, published Feb. 9 in *El País*: The prospect outlined is that West Germany and Japan, taking advantage of the fall in oil prices, will become the new "locomotive" of the world economy in their respective areas. The division of the world into "dollar," "yen," and "ECU" economic and strategic areas, the last encompassing Eastern and Western Europe, is the old Trilateral plan. González's actions fit right in.

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## Portugal

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# Communist vote seals Soares comeback

by Laurent Murawiec

After years of hurling epithets at Portugal's Socialist leader, Mario Soares, the Communist Party of Alvaro Cunhal played the decisive role on Feb. 16 to send him to the presidential Palace of Belem, in the run-off of the presidential election. Soares, who had captured less than 30% of the vote in the first round, beat by a thin margin of 2.5% his right-wing rival, Diego Freitas do Amaral, who had himself missed victory by only 3%.

Most commentators had foreseen the triumphant entry of Freitas into Belem Palace. Had his sponsor, the young Prime

Minister Anibal Cavaco Silva, not swept last September's parliamentary elections? A 'dynamic of victory' was unfolding between their parties, Cavaco's Social Democratic Party and Freitas's farther-right CDS.

Many voters may have feared an 'unbalanced' domination of right-wingers, and especially the heavily monetarist-tainted crew around their presidential candidate, whose entourage is by no means free of nostalgia for one or the other form of the rotten Ancien Regime overthrown in 1975. Since Cavaco Silva seems firmly entrenched as prime minister, voting Soares into the less powerful presidency might have been a "hedge" by parts of the electorate.

But the crucial factor, undeniably, was the solid Communist vote by Cunhal's forces for his supposed arch-enemy, Soares, one of the vice-presidents of the Socialist International, the man who became Portugal's prime minister with the money and backing of Willy Brandt and the French Socialists. It is Moscow's liking for Willy Brandt, the West German Social Democrat who invented "détente," that is behind Cunhal's shift of the Communist vote to Soares. Soares harvested in the second round virtually all the votes cast in the first in favor of the Communist-backed candidate and pacifist-Catholic contender Maria Pintasilgo, herself supported by a bevy of left-radical revolutionary officers.

Cunhal's party had overwhelming reasons, beyond the fear of contributing to the election of a "right-winger." Soares has incurred a debt to the Communists; it will have to be paid. His predecessor, General Ramalho Eanes, had owed his 1980 election to the Communists, and paid dearly for it. The debt was coined in the form of political influence, Communist infiltration of the administration, Soviet penetration in Lisbon, and facilitation of Soviet enterprises in Portuguese-speaking Africa.

Observers in Lisbon deem that Soares, known as "the State Department's candidate," owes his new job to a deal passed between State and Moscow. Soares, "the symbol of April 25 [1974]," will use the international position of Portugal on behalf of the common aims of his patrons, first the destabilization of southern Africa. Alvaro Cunhal, Lisbon-based sources report, will soon retire from his leadership in the PCP to become some form of Soviet roving ambassador for Africa.

Internally, the election was a wasted opportunity. The discredit that swept Soares's party out of parliamentary power was due mostly to his slavish kowtowing to the International Monetary Fund. Prime Minister Cavaco Silva, whose political wings have been somewhat clipped by the failure of his presidential candidate, is also a monetarist adherent to IMF recipes. After three national elections in six months, a pause will be decreed in politicking, affording some degree of empty stability. Parliamentary elections will probably be decreed by Cavaco within one year in order to consolidate the parliamentary base of his minority coalition government.

# Soviet-organized 'separatist' pressures threaten Pakistan

by Susan Maitra

More than 140 years have passed since the first war between Afghanistan and British East India, yet the struggle for possession of that prized part of Asia, the "Great Game" between the British colonialists and Czarist Russia, continues unchanged, despite the fact that the British have left the Indian subcontinent and Russia has become what is known as the first socialist republic.

In recent years, the entire region, encompassing Iran, Afghanistan, Baluchistan, and the Frontier Province of Pakistan, has been thrown into new turmoil. That the Soviet Union has become adept at the type of communalist, divide-and-conquer policies once the hallmark of the British colonial empire, is one of the more striking features of the situation.

The Russian strategy now includes inciting the fierce tribes of the region to shake off their allegiance to their respective nation-states and assert their claims to independence. If the Russian design succeeds, and there is at this point every indication that it may, then this area will one day join the Syr Darya, the Camir Plateau, and Uzbekistan, conquered by Czarist Russia in the 19th century, and Afghanistan, annexed by Russia in 1979.

The latest outbreak of violence in Pakistan's North West Frontier Province and Baluchistan raises ominous signals.

Since the Soviet invasion of Afghanistan in 1979, three million Afghans have crossed the Durand Line, the British demarcation boundary between Pakistan and Afghanistan, and have settled in Pakistan, with the hope of returning to their homeland once the Soviet troops withdraw—if ever (Soviet Russia has never occupied land anywhere and then withdrawn). A majority of these Afghans, most of whom are ethnic Pathans, are now ensconced in the North West Frontier Province of Pakistan.

The Frontier natives, also Pathans, are known for their trigger-happy dispositions. The settling of Afghan refugees in their barren, impoverished territory has created high social tension. The Pathans claim that the refugees, helped by doles from international organizations and the Pakistan government, are better off than they ever were before, and will not move out of the land unless they are forced.

No doubt, there is an element of truth in such accusations. These refugees—dubbed the Mujahedeens (Islamic Freedom Fighters)—have been provided with ample armaments

through a number of sources, such as Britain's Lord Bethel-run Free Afghanistan Movement (FAN) and the CIA, apparently to fight the Soviet troops. They are also collecting from some Arab nations. The Mujahedeens, it has been alleged, return to Afghanistan through the Khyber Pass to carry out armed sorties against the Afghan troops loyal to the Soviet-backed Karmal regime. The Soviets have complained about this for years.

There is a general fear in Pakistan that if these Afghan refugees, armed to the teeth, are not allowed access to fight against the Soviets, they will turn inward, causing a serious law and order problem in the province. One member of Pakistan's parliament has expressed concern that the capital city of the North West Province, Peshawar, may turn into "another Beirut," in which the various Pathan tribes wage fratricidal war. Pro-Soviet elements in Pakistan have also accused the refugees of aligning with the fundamentalist Jamaat-i-Islami Party of Pakistan.

## The Soviet warning

The new element in this is the revelation that the Soviets have succeeded in organizing the Shinwari, Afridi, and Segdi tribes, all of whom live near the Khyber Pass, to intercept the Mujahedeens and prevent them from entering Afghanistan.

The first news of clashes between armed groups of Segdis and Mujahedeens was reported in New Delhi last December. It has also been reported that the neighboring Pushtoon tribes, who in principle never accepted the state of Pakistan and who have long been nurtured by the Soviet Union, have expressed their solidarity with the Segdis.

Months before these armed clashes were reported, Soviet Deputy Foreign Minister Mikhail Kapitsa came to Pakistan to personally convey this threat. "Your country is at war with the Soviet Union. You do not understand the big problem you are in. The 3 million Afghan refugees in Pakistan are Pathans. Have you forgotten Abdul Ghassar and Pushtoonistan?" Kapitsa told the editor of the daily *Muslim* in September.

That Kapitsa's threats were not vacuous became clear soon enough. Khan Abdul Wali Khan, son of Abdul Ghassar Khan, the Pushtoon leader to whom Kapitsa had referred, accused the Afghan refugees of joining hands with the Saudi-

backed Muslim fundamentalists, the Jamaat-i-Islami. Wali Khan, an on-and-off separatist who heads the National Democratic Party (NDP), told a gathering at Lahore recently that democratic politics in Pakistan have become irrelevant, and alleged that the Jamaat is preparing a "hit list." Wali Khan said, "If the Jamaat can do that, so can we—the bullet does not know whose skull it is smashing."

Days later, in mid-February, Abdul Khaliq Khan, general-secretary of the NDP, issued a follow-up threat in a newspaper interview. When asked whether troops loyal to the Soviet-installed Afghan President Babrak Karmal might be invited to assist the Pushtoon cause, Khaliq Khan said:

"The inhabitants of the Frontier Province have no other alternative before them. They have to protect their lives and property themselves." Both Wali Khan and Khaliq Khan have accused the United States of projecting Pakistan as a front-line state and engaging the Afghan refugees to bleed the Soviet Union militarily. They have also demanded that President Zia ul-Haq of Pakistan recognize the Karmal regime immediately.

### The 'Red Shirts'

Soviet manipulation of the various Baluch and Pathan tribes did not begin with the invasion of Afghanistan; it goes back to 1947 at least. Then, at India's independence, Abdul Ghassar Khan, a leader of the Pushtoon tribe residing in Tirah, Waziristan, and northern Baluchistan, had refused to join Pakistan and negotiated with the British for a separate state called Pakhtoonistan. Although his group, called the Red Shirts, failed to impress the British, Ghassar Khan continued with his pursuit of a separate homeland until 1965, when he left Pakistan and exiled himself in neighboring Afghanistan. He returned to Pakistan in 1972, one year after the late Prime Minister Z. A. Bhutto came to power.

Afghanistan leaders, living in the shadow of a Soviet threat, protected Ghassar Khan and his dream all along. In 1955, Afghanistan opposed Pakistan's entry into the South East Asia Treaty Organization, and supported the formation of "Pakhtoonistan," to be carved out of Pakistan. In 1969, Afghanistan issued a postage stamp which showed Pakistani Baluchistan and the North West Frontier Province as part of Afghanistan. The Soviet Union similarly has always supported the formation of "Pakhtoonistan" and routinely refers to Abdul Ghassar Khan as a "progressive nationalist." They, however, never clarified to which nation Ghassar is loyal.

Although the recent threats issued by the NDP leaders have made many furious, the party has not yet been accused of involvement in violence. Last November, the Pakistan government reported that the Afridi tribes were involved in throwing bombs which destroyed a railway station near Peshawar. A police station was subsequently destroyed in Ghassar Khan's native village of Charsadda, and a number of shops were gutted in Para China and other places. Afridi Chief Malik Wali Khan Kake Khel countered that Pakistani

troops crossed the Durand and interfered with his followers living along the border.

A number of subsequent skirmishes have resulted in the destruction of small bridges and Mujahedeen camps. Pakistan government officials claim that their sortees were undertaken to destroy large poppy fields on the other side of the border. The officials have also accused the tribes living in the border areas along the Khyber road of bringing narcotics into Pakistan.

This trouble is bound to spill over to the already troubled Baluchistan, since the Afghan refugees have also settled there and the local Pushtoon tribes have already branded them as counterrevolutionaries. "One may or may not believe, but the fact is that we live in an area which falls in a Russian 'influence zone.' The United States cannot play any important role in this area," Baluch leader Sher Mohammad Marri told the daily *Jung* of Quetta last December. "Under these circumstances, we must develop friendship with the Soviet Union."

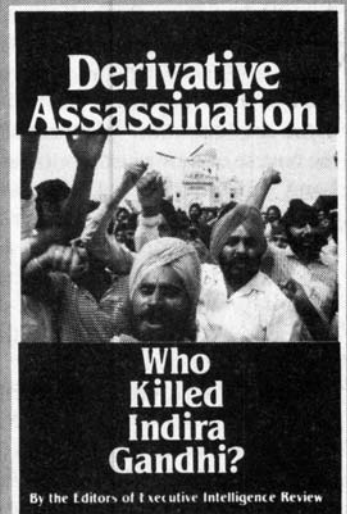
The assassination of Aman Ullah Khan, an Iranian leader of the Azad-Baluchistan Movement (ABM), and his colleagues in Baluchistan last year in a police attack have further aggravated the unstable situation. Pakistani officials claim that Aman Ullah Khan had recruited armed groups to launch an armed revolution for creation of an independent Baluchistan consisting of Baluch areas in both Iran and Pakistan.

## Derivative Assassination: Who Killed Indira Gandhi?

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## Back to 'Populorum Progressio'

*On his return from India, John Paul II is emphatically reviving Paul VI's work for a new world economic order.*

Now that the papal pilgrimage to India is over, there is not the slightest doubt that this trip will pass into history as a crucial stage in bringing about a more just world economic order. This was stated by the Pope himself upon his return from India, at an audience for participants in a conference on famine.

John Paul II said that the Church looks favorably on all initiatives that help to shape public opinion on the common responsibility to deal with underdevelopment and hunger in the world, and that the role of the Church is to act so that all countries enact a new form of cooperation to promote development and bring about a "new international economic order."

It was during the Vatican II Council, where the Church's role in the modern world was being discussed, that the late Pope Paul VI decided to go to India. That trip inspired him to write, in 1967, his historic encyclical, *Populorum Progressio*. As Paul wrote in the introduction, "We were able, in the course of new journeys to the Holy Land and India, to see with our own eyes and almost touch with our hands the very serious problems that assault the peoples of ancient civilization grappling with the problem of development . . . and we became the advocate of poor people."

John Paul II, talking to journalists on his return trip from India, made a point of his fidelity to Paul VI's teachings. Typical of his Paul VI-like approach was his handling of the ques-

tion of dialogue with such a large country with such a small Catholic population. This belied predictions from some quarters that the visit would rekindle inter-religious conflict. During the mass in the Delhi stadium he said: "God is present in the very heart of human cultures because it is present in man—man who is created in his image and who is the maker of culture. God is present in the culture of India." Meeting with cultural leaders in Delhi, the Pope compared Indian national hero Mohandas Gandhi to St. Paul: "The words used by Gandhi in his spiritual search, echo the words cited by St. Paul when he explained that God is not far away from each one of us."

Also in Delhi, he said: "The noble efforts of India's great men and women, efforts tending to promote social liberation and integral human development, are in harmony with the spirit of the Gospel. All those who cause their brothers' and sisters' dignity and freedom to progress, are blessed in the eyes of Christ. Through their efforts, such persons contribute to create a civilization of love."

A central point of the Pope's speeches was the spiritual vision of man as treated in Paul VI's *Populorum Progressio*. To religious and cultural figures at a meeting in Delhi, the Pope said, "My predecessor, Paul VI, came back often to the concept of integral human development. He proposed it as the only way to make possible a true progress of mankind in every period,

but especially in this phase of history. In particular, Paul VI considered integral human development as a precondition to reach that great and universal good which is peace," and said, "Development is the new name of peace."

John Paul II went on: "In a word, integral human development requires a spiritual vision of man. If we wish to promote man's progress we must pinpoint everything that hinders or contradicts his general welfare; we must pinpoint all that hurts, weakens, or destroys life, all that undermines man's dignity."

He stressed the importance of culture: "The continuation of integral human development beckons the world to reflect on culture and consider it in its relation to man's ultimate goals. Culture is not just an expression of man's temporal life, but also an aid in achieving eternal life.

"With Paul VI, I repeat the conviction by which 'there is therefore no true humanism if it is not open to the Absolute in recognizing a vocation that offers the true idea of human life. . . . Man does not realize himself except by transcending himself (*Populorum Progressio*).'"

This humanism is St. Augustine's. Echoing *The City of God*, he went on: "What is at stake is the welfare of all of human society: the building of a city on earth that already prefigures the eternal one and contains in germ-form the elements that will be part of man's eternal destiny forever."

In India, the Pope relaunched his proposal for an ecumenical encounter in October in Assisi to discuss peace and development. In the present crisis, as the Kremlin dictatorship prepares for world conquest by 1988, the Church is using its undisputed ecumenical authority to appropriate the subject of peace, and take it away from Moscow's servants in East and West.



### Raymond Barre: 'General of Division'

*Someone has begun a campaign to discredit the former prime minister and would-be President.*

According to a broadcast on France's *Europe One* radio Feb. 19, a campaign has begun in France to dub former Prime Minister Raymond Barre the "General de division," or, in English, "General of Division."

The pun apparently has M. Barre and his followers quite upset. Trilateral Commissioner Barre could scarcely be mistaken for the commander of a military division; his *métier* is rather to divide the Opposition to French Socialist President François Mitterrand, and prevent the emergence of a more pro-American and pro-defense government, in the aftermath of the March 16 parliamentary elections.

*Europe One's* commentator speculated about who could possibly be behind the campaign against the unfortunate M. Barre. "It must be the European Labor Party," or Parti Ouvrier Européen (POE), he said, since "only the POE" would have initiated such a slogan.

The Parti Ouvrier Européen is the co-thinker party, in France, of American presidential candidate Lyndon LaRouche. Known for its "outrageous" and impolite refusal to accept the domination of France by either Barre's Trilateral Commission or the Soviet Union, the party is fielding a slate of approximately 250 candidates in the coming elections. It will be running in 23 of France's "departments," or provinces, and will have, accordingly, access to French national television time.

POE chairman Jacques Cheminade was quick to deny responsibility

for the "General de division" campaign, however. "I am happy that the campaign is against Barre, but, frankly, my puns are usually better. I would guess that Valéry Giscard d'Estaing [President when Barre was prime minister] is behind it."

Giscard's Union pour de la Démocratie Française (UDF) is one of France's Opposition parties, and it is not surprising that he would have something against his former prime minister.

During the first weekend of February, French papers carried reports that President Mitterrand had publicly welcomed Barre's decision, made in late January, *not* to support a new French government after March 16, that would be led by the Gaullists (Rassemblement pour la République, or RPR) of Jacques Chirac, in a coalition with Giscard's UDF. This is the so-called cohabitation idea: Mitterrand, who is not up for re-election, would stay in as President, but with a government composed of parties opposed to his Socialist Party.

Outside of Cheminade's POE, there are four non-communist opposition parties in France, which are usually called "the Opposition." There are the Gaullists; the Giscardiens; a cross-party group known as the "Barristes," who are loyalists of Raymond Barre; and the National Front of racist-populist demagogue Jean-Marie LePen.

By not supporting "the Opposition," Barre has, indeed, "divided" the Opposition, to Mitterrand's obvious

advantage. In fact, the Feb. 1-2 weekend *Quotidien de Paris* newspaper ran a headline, "Mitterrand: Thank You, Raymond Barre."

And polls throughout February have been showing a steadily rising curve for Mitterrand. Although it is still most unlikely that the Socialists could prevent a significant legislative loss come March 16, Mitterrand's new ratings in the opinion polls give him, potentially, a much greater voice in what the next French government looks like. It also weakens the potential for a strong RPR-UDF-led government, to abandon Mitterrand's appeasement of Moscow and adopt a more pro-American position, as many in both parties would like to do.

At this point, factional alignments in Paris get quite byzantine, as each grouping pursues its own aims, in conflict with those of its tactical allies. Suffice it to say, that the French Communist Party, for its own Moscow-directed reasons, and the LePen forces as well, have also, through various subtle gestures and actions, made initiatives during the month of February to bolster Mitterrand.

For Mitterrand, the aim is simple: He emerges more powerful, and in control of events.

For Barre, the motivations are different. General Division hopes to become France's next President. If he can weaken the next government, and create conditions of general political aimlessness and chaos in France, he could force the conditions for early general elections before the slated 1988 date.

Success for Barre would mean a triumph for those elite financial families of Europe who stand behind him: the Swiss-linked insurance cartels, the larger banks, and the oligarchical interests who have cut their deal with Moscow.

## Kriangsak free on bail

*The Feb. 18 decision is a slap in the face to the Kissinger-International Monetary Fund crowd.*

In a slap in the face to Henry Kissinger, former Thai Prime Minister Gen. Kriangsak Chamanon and four other generals were released on bail on Feb. 18, on indirect orders from the government of Prime Minister Prem Tinsulamond. The five military generals are on trial on charges of having instigated the Sept. 9 coup attempt in Thailand.

The freeing of Kriangsak is a setback to the Kissinger crowd, which is scheming to turn over Asia to Soviet hegemony. As *EIR* reported in its Oct. 25, 1985 issue, Kissinger was overheard telling Prem at a New York City luncheon last October that "Kriangsak is dangerous and should be eliminated."

By the time Kissinger got to Bangkok on Nov. 21, *EIR*'s charges had spread through the Thai media. The Prem government vigorously denied any conspiracy with Kissinger for Kriangsak's "judicial murder." Kissinger himself was grilled on the subject by the Bangkok press. Ever since, Prem has been on the spot to disprove the plot to "eliminate" Kriangsak, as charged by *EIR*.

The real issue of the "show trial" is whether the International Monetary Fund and World Bank will be allowed to wreck Thailand's economy. As is usual with Kissinger's victims, Kriangsak, a member of the Thai Parliament, was in a position to take the point in the growing battle against the IMF begun by another ex-premier, Kukrit Pramoj.

Acting on IMF orders, the Prem government has gutted the Thai mili-

tary budget, and caused the closing of many firms. In the last year, 47,000 textile workers have been laid off, as a result of the IMF-imposed devaluation of the baht.

It seems that Prime Minister Prem has realized that the trial of Kriangsak, who is accused of sedition with 40 other defendants, could backfire against his own government.

The trial, which began in mid-January, has raised the big question now the subject of conversation throughout Thailand: "Who are the *ai mong*—the hooded ones—who really pulled off the Sept. 9 coup bid?"

"An amnesty may be the only choice for the government if it wants to end the ongoing coup trial which is threatening to spark a major political conflict," wrote the *Bangkok World* on Jan. 19, citing a conversation with an unnamed senior cabinet minister. "The minister warned," reported the *World*, "that if the trial continued, allegations could be made concerning the identity of an alleged mastermind, which, he said, could lead to a serious political conflict. To ease these tensions and avert the threat of violence, the government is likely to propose an amnesty for the coup suspects. Only then can we avoid a major confrontation."

The rumors of amnesty were officially denied almost as fast as the *World* hit the streets. A spokesman for Prem's office declared no amnesty was under consideration because the case is "in the hands of the court."

In the courtroom, the prosecution's case was turned into a farce with

the calling of its "star witness," Air Force Commander in Chief ACM Praphan Dhupatemiya. Praphan's testimony that he had been dragged to coup headquarters by army officers early on the morning of Sept. 9, and his report on his activities there, established that there was in fact no difference between Praphan's own actions and those of the retired generals standing trial for treason.

Upon cross examination, the judge had to warn ACM Praphan that he should be careful with his answers, or he might find himself a defendant. The defense established that it was illegal for the retired senior officers at the rebel headquarters, such as General Kriangsak or former Supreme Commander Gen. Serm Na Nakhon, to issue orders to the officers carrying out the coup. The defense then demonstrated that ACM Praphan, as with the defendants at the headquarters, had read over the rebel documents. ACM Praphan also admitted that no one at the rebel headquarters was armed, and therefore he presumably could have escaped at any point.

But the final questioning exposed Praphan's lack of credibility as a "star prosecution witness." As reported in the Jan. 15 *Bangkok World*: "Asked about a note to the Royal Thai Embassy in Jakarta instructing Prime Minister Prem not to return, ACM Praphan said that this note was drafted by General Kriangsak. After reading the note, he [Praphan] said that it was good. Praphan said that he said 'good' not because it was good for General Prem not to return home, but 'good in the sense that the draft was well-written, informative, and concise.'"

Praphan then hastily added: "How could I say the note was badly written when I was under pressure and the man who wrote it was General Kriangsak?"

## The coffee bonanza

*Will it go to the international bankers, or to industrial development?*

Once again a controversy has broken out, although this time not very explicitly, between Colombia's labor minister, Jorge Carrillo Rojas, and the treasury minister, Hugo Palacios Mejía. This time, instead of wages, the fight is over how to invest the coffee bonanza.

The Colombian government figures it will take in 1.6 billion more dollars this year, thanks to the world coffee price rise, and \$3-5 billion during the entire period of the bonanza, i.e., as long as coffee prices stay high.

A pound of Colombian coffee was quoted in the New York market on Feb. 19 at \$2.47, while in recent years the average price per pound was barely \$1.45. This windfall has sparked a debate over how the money should be used. While Labor Minister Carrillo proposed channeling "these funds for national development," so that the bonanza "will have a permanent and positive effect, because it will serve to create capacities that the country does not now have," Treasury Minister Palacios wants the money to speed up payment on foreign debt, to save the banks from their bankruptcy.

It's not the first clash between the two ministers. Late in 1985, when Palacios was calling for a 10% ceiling on the minimum wage increase, as per International Monetary Fund demands, Carrillo successfully fought for the wage hike to be 2 points above inflation.

But in the case of the coffee bonanza, Palacios has the upper hand. First, he imposed in the monetary board, which controls manipulation of

the money supply, measures to let private business spend their coffee dollars to pay their foreign debts, and cut the red tape to let travelers get dollars from Colombian banks to spend on tourism abroad. And he arranged to free more than 500 imported items from tariffs, to keep dollars out of the country, arguing that these dollars will inflate the economy. If dollars come in, Colombia will have to print money to buy them and thus "they create inflation"—so Palacios says it is better to spend them before they enter Colombia.

Meanwhile, President Belisario Betancur is trying to use the coffee bonanza to avoid fulfilling the accords which he signed with international banks and the IMF, at a time when a hard-currency shortage forced the government to accept conditions openly violating national economic sovereignty.

In fact, the government is now negotiating to not take a \$400 million credit, the second tranche of a "jumbo loan" it had contracted with a pool of banks headed by Chemical Bank of New York. To get this loan, which totals \$1 billion, Colombia had to accept an admonitory accord with the IMF so that the private bankers "would have confidence in Colombia."

The government revealed on Feb. 17 the terms of the contract for a \$250 million loan that Colombia took out from the World Bank, supposedly to fund imports of technology and agricultural inputs, with the aim of justifying to public opinion revising the contract. The terms include freeing and

privatizing food imports (now controlled by the state institute, IDEMA), raising interest rates for agricultural development investments, and fixing increases in farm price supports which IDEMA pays at below-inflation levels.

By taking advantage of the coffee bonanza, Colombia could reject the World Bank loan and its conditions, as was stated by the Society of Farmers of Colombia on Feb. 17: "How can the government accept such odd arguments and say that in order to strengthen the sector, interest rates have to go up, limits must be set on prices of agricultural products, and food imports must go up?" On Dec. 11, 1985, the monetary board raised interest on farm development credits from 18% to 22%. As a result, in the first month of 1986, farmers took out barely 25% of the development loans which they took out in the same month last year. Business sources say that if the World Bank contract is fulfilled to the letter, loans will soon be at 30% interest, i.e., they "would no longer be development credits."

Carrillo's proposals go far beyond simply evading IMF and World Bank conditions. His vision is more long-term. In a speech in Nariño on Jan. 24 (*EIR*, Feb. 7, 1986, p. 44), he proposed to reap the bonanza by investing in "research and development projects of new agricultural technologies" and "turning Colombia into an agro-industrial power," and to realize all the projects which the government has presented to foreign investors but which have not been begun. "With the coffee bonanza," said Carrillo, "We don't need to wait for foreign capital to fund them."

Colombia had better adopt Carrillo's proposals. Any country that depends on a single crop or product for revenue can go bankrupt fast—as the oil producers now know.

# International Intelligence

## ***Soviets gloat over Shuttle disaster***

From the moment the U.S. spacecraft Challenger exploded in the air above Kennedy space center on Jan. 28, the tragedy has been "good news" for the Soviet Union, and Kremlin media outlets have harped on it endlessly.

"American space hardware, advertised as the most perfect in the world, has proved to be not so perfect. Now picture to yourself what might have happened if the space shuttle had carried on board a combat laser unit activated by a nuclear explosion. Yet, it is with the help of exactly such spaceships that Washington plans to test and put into orbit laser and other weapons under its 'Star Wars' program. . . ."

Thus Moscow World Service Feb. 3 uses the Shuttle disaster against President Reagan's Strategic Defense Initiative.

Novosti news agency political commentator Gennadiy Gerasimov, said on Soviet television Feb. 2: "The creators of Challenger overlooked something: Computers calculated to cope with all conceivable unforeseen situations on this occasion showed complete calm right up to the explosion. They were not ready for what happened."

Then there was: NASA has been taken over by the "alliance of the Pentagonites, arms manufacturers, the scientists and engineers who are nourished by them, and reactionary members of Congress" (*Pravda*, Jan. 28). "NASA is not keeping up with the requirements of its main clients, the military clients. . . ." said Aleksandr Vladimirovich Zholkver, on Soviet television Feb. 2. "There was not always sufficient time left to remove malfunctions of various kinds because the launches followed one after another."

Aleksandr Aleksandrovich Lebedev, editor-in-chief of *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya*, said in the Feb. 2 roundtable on Soviet television: "Throughout this entire episode, we have observed the astonishing arrogance and even, I venture to say, the conceit with which various U.S. officials have talked about there

being no problems. . . . It's an astonishing confidence in the superiority of U.S. technology. They can do it all!"

## ***Swedish handicapped groups attack euthanasia***

The joint board of two umbrella organizations for handicapped persons in Sweden, issued a public attack on Feb. 14 against advocates of euthanasia, for purveying "fascist ideas," and for being "angels of murder."

The spokesmen, Barbro Gregorsson and Ulla Branden, representing the Nationwide Association of the Handicapped and the Central Committee of Handicapped Associations, also denounced those individuals in the Dutch parliament, who are seeking to make Holland the first nation in the world to legalize euthanasia. "Such a first prize is nothing to be proud of," Gregorsson declared.

The statements were made at a press conference in Stockholm, on the eve of a pro-euthanasia meeting at Stockholm's Peoples' House, which will feature Dutch euthanasia activist Dr. P. V. Admiraal, and Berit Hedeby, head of the Swedish "Information Exit" group. Admiraal boasts that he has committed at least 50 murders in Holland, applying "mercy killing," or "death help." Hedeby spent one year in a Swedish jail in the early 1980s for having helped a journalistic colleague commit suicide.

## ***Italian courts defend Qaddafi from 'insult'***

The Rome local of the Schiller Institute, an international organization founded in 1984 by Mrs. Helga Zepp-LaRouche, announced on Feb. 18 that, on March 15, four of its members will be tried in front of the Rome district court for having damaged the "prestige and honor" of Libyan dictator Muammar Qaddafi.

The alleged "crime" goes back to July 13, 1983—before the Schiller Institute ex-

isted—when some individuals later associated with the Institute staged a demonstration, with police permission, in Rome against the terrorist policies of the "madman" of Tripoli.

This action is not only without precedent in postwar Italian judicial history; it also represents a slap in the face to the victims of the recent Rome and Vienna airport massacres and to all those Italians who have openly denounced Qaddafi's Libya as being behind the terrorist outcry.

The Italian government, alone among the European governments, partially went along with the recommendations of the Reagan administration for an economic embargo against Libya, freezing arms sales to Tripoli. Premier Bettino Craxi at least acknowledged that Qaddafi's regime had helped the Abu Nidal organization responsible for the Rome and Vienna massacres.

According to reliable Rome intelligence sources, the decision behind this procedure by the court originates from financial and political circles, such as current Foreign Minister Giulio Andreotti, sending "appeasement" messages to the exposed Qaddafi. On Feb. 16, Andreotti himself whitewashed Qaddafi of any crime or criminal intention in an interview with Milan's *Corriere della Sera* daily.

## ***Peronist leader calls for 'debtors club'***

Argentine Peronist leader Juan Labaké gave a well-attended press conference on Feb. 14 in Washington, D.C. to denounce the policies of the International Monetary Fund (IMF) as "genocidal." He presented his proposal for a "debtors club" and fixing of a percentage of foreign income to finance debt payments.

"I have come to Washington to denounce the fact that more people have died under IMF policies than during the military dictatorship in my country, when 8,000 died," Labaké stated. He added that 44% of Argentina's debt is due to "illegitimate interest rates. . . . We believe that we have no reason to pay \$22 billion of the \$50 bil-

## Briefly

● **OLOF PALME'S** government announced on Feb. 14 that it is shutting the country's last remaining shipyard, Kockums of Malmoe, idling 2,200 workers. It was once Europe's most modern shipbuilding facility.

● **HANS JANSSEN**, board member of the West German trade union IG Metall, spoke in front of the Green Party convention in Hagen on Feb. 17, and predicted a turning point in trade union policy toward the Green fascists. Until now, labor did not accept the Green Party because of their hostile policy toward industry. But Janssen praised the Greens as "collaboration partners" and recommended other trade unionists take the same view.

● **EAST GERMANY'S** number-three man arrived in Bonn on Feb. 19 in the midst of the crisis caused by an announced investigation of Chancellor Kohl for perjury. Horst Sindermann, the president of the East German Parliament, on the invitation of the Social Democrats, stayed for three days.

● **'PRESIDENT** Lusinchi [of Venezuela] should follow the valiant example of Peruvian President Alan García," Ceasar Olarte, the head of Venezuela's trade union movement (CTV), declared Feb. 15. He continued, "García, defending his people's interests, has said he would pay no more than 10% of exports for debt service. If President Lusinchi were to make that decision, I am sure he would have majority support in the country, except for those few who place their own interests above those of the nation."

● **THE SOVIET** Air Force in East Germany was modernized in January, receiving its first 29 of 40 expected units of modern MiG-29 "Fulcrum" interceptor aircraft, at Wittstock near Neubrandenburg, between Berlin and Stettin. These aircraft not only have interception capabilities but are capable of shooting down cruise missiles.

lion foreign debt that we hold. Nevertheless, we want to pay everything. . . . The point is that we can not pay under the recessive IMF policies."

He said that Peru would be in agreement with that idea and that other countries like Brazil, Venezuela, and Mexico could also be willing, because they have given indications of not accepting IMF impositions.

Labaké, a former Peronist deputy, also said that he has drawn up a proposal to limit interest payments to a percentage equal to U.S. dollar inflation, plus one percent for bankers' profits. The payment in such case would be 4.8% because dollar inflation last year was 3.8%—at least officially.

He added: "What does the developed North want? Do they really want us to pay the debt or to keep it permanently as an arm of domination over our countries?"

### *Show trials begin in Soviet Union*

Seventy-six purged functionaries were convicted of "corruption" in a big show trial in the Russian city of Rostov on the Don, and two were sentenced to death.

The "hero" of the trials is said by the Soviet government newspaper *Izvestia* to be Aelksandr Vlasov, a personal friend of Kremlin strongman Mikhail Gorbachov. Until January he was Rostov regional party boss, and now is interior minister.

*Izvestia* stressed that those on trial in Rostov represented only the "lowest link on the chain" of mass corruption. In other words, watch for bloody purges on a Stalin-scale.

### *Commonwealth group visits South Africa*

Members of a British Commonwealth mission, ostensibly interested in promoting "dialogue" between South Africa's government and blacks, flew to Cape Town on Feb. 16, for what was described as a low-key visit.

The delegation includes former Australian Prime Minister Malcolm Fraser; former Nigerian head of state Gen. Olusegun Obasanjo, now involved with the Palme Commission; and World Council of Churches President Dame Nita Barrow.

The Palme Commission and World Council of Churches are both essentially under Soviet policy control. But the presence of Fraser alone is enough to indicate the something is not right. Fraser has been running a special operation within the U.N., specifically targeting the transnational corporations in South Africa, with the object of forcing them to pull out of the country. The members of Fraser's U.N. committee are almost exclusively British or East bloc nationals.

### *German Chancellor under 'investigation'*

Chancellor Helmut Kohl is now under a public prosecutor's investigation for perjury, and could face indictment.

The new attack, launched by a terrorist-linked Green member of the Bundestag, Otto Schily, is a reactivation of the four-year old "Flick Affair" involving illegal contributions to major West German political parties, primarily Kohl's own Christian Democratic Union (CDU). The scandal almost caused the fall of Kohl's government in late 1983.

In mid-February, Schily succeeded in having an official investigation launched by the public prosecutor of Koblenz into charges that Kohl submitted "false testimony" when he told an earlier Bundestag committee that he was unaware that a foundation was being used to "launder" contributions to the CDU. The payments were made when Kohl was CDU party chairman and Rhineland-Palatinate prime minister back in the early 1970s.

The attack on the government is receiving major coverage in all West German media, British press, and Radio Moscow. It is the first time in postwar West German history that a public prosecutor has opened legal proceedings against the head of state.

## 1986: the world at a turning-point

by Lyndon H. LaRouche, Jr.

During 1986, the governments of the United States and Western Europe must face certain policy-decisions, which will decide whether or not Moscow becomes the unchallenged, dominant force in the world by the end of this decade. The leading policy-decisions to be faced are economic and military.

The so-called "Reagan economic recovery" never happened. U.S. inflation-rates have climbed, from 10% per year in 1982, to approximately 14% by the end of 1985. The U.S. rate of output, has shrunk at the rate of approximately 2.5% per year, during 1983, 1984, and 1985, and will collapse by approximately 15%, or even more, during 1986, if present U.S. monetary, economic, and taxation policies are continued. Worse, the U.S. banking-system is at the brink of a potential collapse worse than the crisis of 1931-32.

What the United States, and the world needs during 1986, is a genuine economic recovery. We must adopt drastic changes in policies of economy, monetary affairs, and taxation, of the type used successfully to begin economic recoveries in the past. Naturally, as long as the U.S. government, and Western European governments, believe in the existence of a "Reagan economic recovery" which never happened, they will refuse to consider the kinds of policies needed to generate a real recovery.

Two problems in military policy are outstanding. First, we must act to complete the shift, away from a "nuclear deterrence posture," to a new posture consistent with strategic ballistic missile defense. Without such a change, Western Europe will be indefensible against the kind of threat which the Soviet empire will be in a position to deploy two or three

years from now. Second, we must face the simple fact, that U.S. military expenditures have been dropping during the past three years. The margin of Soviet strategic superiority over NATO and France has been growing rapidly. Moscow is presently operating on a policy of full-scale pre-war mobilization, while the West is disarming in an effort not to annoy Moscow.

The economic and military collapse of the West generally, is nourishing the spread of an already deep cultural pessimism, like that which destroyed Weimar Germany. The continuation of such cultural pessimism, means a West lacking the moral commitment, to defend the institutions of Augustinian civilization against the Soviet imperial barbarians.

As a candidate for the 1988 U.S. presidential nomination of the Democratic Party, it is my duty to report the facts of the situation to our citizens and our allies, and to take a leading part in presenting solutions.

As President, I would rid the policies and practices of the United States of everything associated with the foreign policies of former U.S. Secretary of State Henry A. Kissinger. Kissinger has proposed that the U.S.A. reduce its commitments to about 25% of the pre-Jimmy Carter level: This means abandoning the commitments to Western Europe and the Asiatic Rim, and retreating into the Americas, abandoning most of the world to Soviet domination. I oppose Kissinger's "Guam Doctrine," for abandoning Asia. I oppose the proposals of Kissinger and of Democrats such as former President Carter and Senator Nunn, to abandon Europe, just as I am opposed to the treacherous "détente" policies of the Socialist International left-wingers.

I reject, unconditionally and absolutely, any acceptance of strategic domination by the Russian empire, under a Soviet dynasty or any other dynasty. Such Russian strategic domination would mean the rapid obliteration of Augustinian civilization from the pages of future history. I know that such domination would become inevitable very soon, unless we of Western civilization eliminate those present policies through which we are destroying the West from within.

### 1) U.S. relations with Europe

Effective defense of Western civilization is not possible, if continental Europe is treated as a junior partner of the United States, or of an Anglo-American agency. Defense must be designed as a true partnership among equally sovereign republics.

As President of the United States, I would request that European nations loan me advisers including senior military professionals, to the purpose that the European point of view be expressed at the highest levels on all matters pertaining to joint defense policies and joint economic policies.

Under the U.S. Constitution, the responsibility for foreign policy, as well as military command, lies directly, personally with the President, and no one else. The President cannot conduct foreign policy competently, if he tries to play the part of "chairman of the board," leaving the making of policy to the State Department bureaucracy. The President must deal personally and frequently with the heads of government and other representatives of the nations toward which U.S. foreign policy is directed, and must understand personally the vital interests and pressing problems of other nations. He requires a Secretary of State who has something of the qualifications of a Benjamin Franklin or John Quincy Adams, and the chief deputies of that Secretary must mirror the policy-thinking of the President. As President, I would work personally for a depth of understanding of strategic and economic policies with the governments of our European, and other partners.

The Americas and Western Europe are bound together in a special way by deep ties and long traditions. Within that setting, the United States' emergence as a 20th-century superpower, assigns to us a special place within the partnership.

The English-speaking colonies in North America, were, most directly, a result of the influence of the 15th-century Golden Renaissance upon the culture of Tudor England. The establishment of our constitutional republic, during the years 1776-89, was chiefly the result of the connection between Benjamin Franklin's circles and the continental European networks earlier centered around Gottfried Leibniz. The principles of universal moral law, affirmed in our 1776 Declaration of Independence, were European principles, shared among the circles of Lafayette, the circles of Schiller and Humboldt, and the circles of Cavour in Italy. The United States was created, with great assistance from Europe, to become a temple of liberty and beacon of hope, for all mankind.

## LaRouche issues policy statement on Europe



The 63-year-old economist and Democrat, Lyndon Hermyle LaRouche, Jr., is presently the only legally registered candidate for the 1988 U.S. presidential nomination. He is, also, the leading spokesman for a list of over 650 Democratic candidates for various national, statewide, and local offices in the 1986 elections. Since 1975, he has become known, increasingly, worldwide, for his proposals for reform of the presently collapsing international monetary system. More recently, he has become extremely controversial, because of his campaign against the drug-traffic and international narco-terrorism, and his 1982-83 campaign for what is now known as the U.S. Strategic Defense Initiative. He is the founder of an international news service, which has been described by officials of several governments as one of the world's best private intelligence organizations.

He is at the top of the list of public figures hated by the terrorists and the drug-lobby. He is also near the top of the list of international figures repeatedly denounced by leading Soviet officials and publications.

The statement by the candidate which we publish here, was issued on Feb. 17 both to U.S. citizens in Europe, and as information for European friends of the United States.

From day to day, it is the business of the President, to preside over the ordering of our internal affairs: to promote the general welfare and the common defense, and to secure the rights affirmed by our Declaration of Independence, to all persons, citizens and others, who reside among us. Yet, as President Charles de Gaulle affirmed for France, nations lack the moral fitness to endure, unless they adopt some national purpose, some special contribution which they must render to the benefit of present and future generations of mankind.

The higher purpose of the United States' existence is simply defined, as Secretary of State John Quincy Adams defined it, in his arguments for the unilateral adoption of the 1823 Monroe Doctrine. Our constitutional republic had no imperial goals, no desire to subjugate other nations. Our national purpose is to be a servant of the spread of the principles of moral law affirmed in our Declaration of Independence, the principles of Judeo-Christian humanism earlier affirmed by the Golden Renaissance. The fundamental principle of our foreign policy, our strategy, is our commitment to fostering of such republics, and to establishing a strong and durable community of principle among all such republics.

Our great failures in foreign policy and strategy, must be attributed, in very large degree, to the fact that our schools and our popular culture today, cause the majority of our citizens to be utterly ignorant of the true history of Europe and the Americas, and ignorant of the principles upon which our republic was founded. The resulting moral and intellectual mediocrity has corrupted our government, our political parties, and popular opinion. It is this disease of mediocrity, which leads us to destroy the economic and strategic resources of both our own nation and our allies, in face of the increasing threat represented by the Soviet empire.

The next President must act to eliminate such mediocrity from our government. He must act according to the principles embodied in the design of that Constitution he is sworn to serve. By word, and by example of practice, he must mobilize the citizens to educate themselves in forgotten principles of truth and justice. In matters of partnership with Europe and the other nations of the Americas, he must imagine that the eyes of Lafayette are upon him.

The most crucial test, which measures how well the United States and Europe serve our great tradition, is our policy toward the so-called "developing nations." The patriots of these nations desire nothing different from the principles of our Declaration of Independence. We must reverse the wicked betrayal of our tradition, which Theodore Roosevelt and Woodrow Wilson represent. We must promote the economic strengthening and security of these nations as truly sovereign republics. We must form the strong bonds of a community of principle with them. We, and Western Europe, must understand that the strength and security of such a community of principle, in the Americas, in Africa, and in Asia, is an

essential part of our own strategic strength in depth. This community must become so strong, that no adversary on earth could dare to endanger any part of it.

The effect of such an improvement in our foreign and strategic policy, is to increase greatly the export of capital goods from the United States, Europe, and Japan. Without such a flow of capital goods, the increased misery of developing nations would be assured. Without such expanded export markets, the economies of Western Europe and Japan are threatened.

As an economist, I am aware, as most influential circles in the United States are presently ignorant of this fact, that "trade wars" among the United States, Western Europe, and Japan, are both unnecessary and wickedly absurd. With a rational approach to fostering a mutually advantageous division of labor among us, and providing a flow of capital goods to nations which desperately need such goods, the export markets of the OECD nations will soon greatly exceed our potential to produce.

The economy of Japan, and the economies of Western Europe, are so structured, that a large percentile of their productive capacity must be devoted to production for export. It is the vital strategic interest of the United States to assist this. If they are denied such markets, their economies are ruined, with all the results that such ruin implies. If we understand economics competently, it is also in our economic interest to assist in expanding export markets for these friends.

The exports from industrialized, into developing nations, must be based on three elements of trade: basic economic infrastructure, certain agricultural products, and capital goods. The dumping of households' goods and labor-intensive services, into developing nations, is a foolish practice. If these nations are to be able to pay for growing volumes of imports, they must increase the per-capita and per-hectare productivity of agriculture, and must increase employment, and increase the productivity of labor in infrastructure-building and industrial production. There can be no significant increase of productive investment, without large-scale building of infrastructure. There can be no significant improvement in output, without a balanced and adequate diet, and improved longevity. It is the improved technologies transferred as capital goods, which enables labor to become increasingly productive.

We of the OECD nations, must expand our capital-goods production. We must reverse the directed collapse of agriculture in North America and Europe. We must greatly expand the employment of scientists and other technologists, in generating new technologies to be built into improved capital goods. We must cooperate with one another in promoting these policies.

To organize these flows of expanded trade, we must reform the presently bankrupt International Monetary Fund. We must reestablish a system of stable parities of currencies among exporting and importing nations. We must provide



credit for world trade and productive investment at low interest rates. We must put our industrial unemployed and idled productive capacities back to work.

We must promote a general revival of cultural optimism, by promoting renewed technological optimism. Every nation, and every person, must be given a justified confidence in a better future. By aid of such changes in policy, the United States must return to being a temple of liberty and beacon of hope, for all mankind.

## 2) The nature of the Soviet menace

For approximately 25 five years, the military posture of the Western Alliance, has been dominated by wishful thinking, concerning the motives, war planning, and capabilities of the Soviet empire. The central, although not exclusive feature of our wishful thinking, has been our delusion that the Soviet command intended to play indefinitely by the rules of "nuclear deterrence" and "détente."

Since no later than 1962, Soviet long-range military policy has been based upon the principles elaborated in Soviet Marshal V. D. Sokolovskii's *Military Strategy*. He argued, that the Soviet empire could launch and win a total thermonuclear war, with losses acceptable to the Soviet command, on the condition that Soviet strategic superiority included an effective form of strategic defense against ballistic missiles. He recognized that so-called "kinetic" weapons were not an acceptable form of strategic defense over the period ahead. He insisted, quite accurately, that strategic defense must be based on advanced physics principles, including laser-weapons. Since 1962, Soviet policy has been to delay war until the Soviet forces had both overwhelming superiority for the offense, and also had deployed an effective form of strategic defense.

It was for this reason, that Moscow and its Western fellow travelers have protested so violently, and with such absurd arguments, against the U.S. Strategic Defense Initiative. Moscow is preparing to deploy a massive strategic defense, sometime during the next two or three years ahead. However, if the Western Alliance also has a strategic defense, Moscow would have to scrap its war-plans for a "first strike" attack against Western Europe and the United States, simultaneously. That is Moscow's real objection to the SDI, all its other arguments are simply lying propaganda.

There are three conditions under which Moscow would launch general thermonuclear war:

- 1) If the Soviet empire were directly attacked;
- 2) If Moscow believed the United States were about to launch a "first strike";
- 3) If Moscow had both a "first strike" superiority, plus an effective strategic defense.

Otherwise, Moscow would prefer to wait, to "buy time" with lying promises of "détente" and "arms reduction."

Once Moscow had reached the level of strategic superiority required by the current "Ogarkov-Andropov Doctrine,"

Moscow would launch thermonuclear attacks on the United States and Western Europe, simultaneously, unless one of the following alternative conditions existed:

- 1) That the West had a strategic defense;
- 2) That the United States conceded to Soviet demands, under nuclear blackmail;
- 3) That Western Europe and Japan were in the process of falling peacefully into the Soviet sphere of influence.

Under certain special conditions, Moscow might launch a limited military operation, such as a limited attack on Europe's northern or southern flank. It would do so only if Soviet intelligence were assured that the West's reaction would be "crisis-management bargaining," rather than a full-scale counterattack. Otherwise, Moscow would never launch either a general "conventional" assault against Europe, or fight a "limited nuclear war" in the European theater.

Any general Soviet attack against Europe, would be part of a simultaneous, full-scale, "first strike" attack against the United States. Soviet war-winning potential depends upon either pinning-down, or destroying a major portion of the Western Alliance's missile-capabilities, before those Allies' missiles could be launched. Unless the Soviet Union were coming under attack from the West, Moscow would not voluntarily launch a "first strike," unless it had a credible strategic defense.

Although Moscow hopes to achieve world domination gradually and without general war, it believes it cannot win peacefully unless it has the capability for successfully launching and winning a general thermonuclear war. Under Party Secretary Mikhail Gorbachov, the Soviet empire is presently engaged in the full-scale pre-war mobilization specified by the war-plan of Soviet Marshal Nikolai Ogarkov. According to the Ogarkov Doctrine, once the present Soviet pre-war mobilization has reached its peak, Moscow must either bluff the West into surrendering peacefully, or launch full-scale war. The best estimate, therefore, is that the hour of decision is about three years or perhaps slightly more, ahead. We may have that much time to decide, whether or not Western Europe's farms and factories are going to become slave-labor for the Soviet economy. We have that much time, to make the policy-changes needed, to cause Moscow to change its ambitious plans.

From the standpoint of military science, the arguments of Soviet planners such as Marshals Sokolovskii and Ogarkov are sound strategic doctrine, and the doctrines of "nuclear deterrence" and "flexible response," become suicidal doctrines as soon as a superpower has developed the kind of strategic superiority proposed in the Sokolovskii doctrine.

It is not impossible to avoid the alternatives of either thermonuclear war or surrender. Two sets of facts must be studied to find the solution: military principles, and the psychology of the Russian empire's rulers. The SDI is the key to the military part of the solution. Getting rid of the nonsense about Russia we read in most of the news media, is the key

to the other part of the solution.

During the recent two years, approximately, networks of Soviet agents planted inside so-called "right-wing" circles in the United States, Western Europe, and Israel, have been spreading Soviet-manufactured disinformation, alleging that the Soviet empire is either already "crumbling," or is about to begin "crumbling." There are three supposed "facts" used to dupe credulous dupes into swallowing this disinformation.

It is reported that the Soviet economy is collapsing. There are no facts to justify this, but the agents spreading this line are rather clever. In place of economic facts, they appeal to the ideology of the British Fabian Society's Friedrich von Hayek. They argue that, since the Soviet economy is "Marxist," it is automatically unable to compete with "free enterprise" economy. The "true believers" in Hayek and Milton Friedman nod their heads, and say, "Yes, of course, the Soviet economy must be crumbling."

It is true, that if the economies of the United States and Western Europe were still operating under the policies of Adenauer, de Gaulle, and President Kennedy, the Soviet empire could never have acquired the strategic superiority it has gained since SALT I. However, since Adenauer's and de Gaulle's so-called "dirigist" policies were scrapped, during the middle to late 1960s, the West has adopted the "Greens" neo-Malthusian policy of "post-industrial society." Since 1970-1972, the industrial economies of Western Europe and North America, have been contracting at an accelerating rate, while the Soviet economy has sustained a slow rate of net economic growth in per-capita physical output-rates. This has permitted Moscow to overtake the West, and to gain a growing absolute superiority in strategic capabilities.

The weakness of the Soviet economy, is the Russian population's cultural inferiority to the Augustinian culture of Western civilization. Excepting the almost useless "Greens," and rock-drug counterculture victims, Western civilization produces an individual of superior power for rapid and efficient assimilation of scientific and technological progress. Excepting a stratum of Russian scientists, who are approximately as qualified as the average in the West, the Russians have a Middle Eastern variety of "traditionalist" culture, which resists technological progress. Hence, the average Russian farmer or industrial operative is vastly inferior culturally to the skilled or semi-skilled operative of Western Europe or the Americas. Russian culture was based on a "collectivist" ideology a thousand years before Karl Marx was born. Until Russia changes its culture, as Leibniz attempted to show Peter the Great how to accomplish that, Russian culture is inferior to that of Western civilization. Therefore, unless we are behaving like idiots in our economic policy, as we have done for about 20 years, Western Europe and the Americas will easily outproduce the Russians.

Unfortunately, the prophets of the "crumbling Soviet economy" are simply reciting wild fairy-tales.

The second proof the Soviet agents offer, to prove that

Moscow is almost harmless, is the massive upsurge in membership of the Russian Orthodox Church. They argue, since Leninism is atheistic, the rise of religion in Russia means an early threat to the Soviet dictatorship.

The third proof these Soviet agents offer, is the report of the rise of a "Russian Party" inside the Soviet military. The reported emergence of a "Russian Party," is factually true, by itself. But, the argument that this is a threat to the Soviet dictatorship, is a wild falsehood.

The fact is, Russia has not changed essentially, in character, since Czar Ivan the Terrible. Reformers such as Czar Peter the Great and Alexander II, were exceptions. Russia is, and was, the Russia of the Russian soul described by Fyodor Dostoevsky. Once certain temporary features of the Bolsheviks were sorted out, over the 1920s and 1930s, Stalin transformed the Bolshevik Party into a new Russian imperial dynasty, and became himself a kind of reincarnation of Ivan the Terrible. The Soviet empire of today, is old Russia under a new, Soviet dynasty.

The present rise of the Russian church is a continuation of Stalin's 1943-53 alliance with the Church's hierarchy. As Stalin understood, it is impossible to mobilize the Russian population for general war without appealing to Russian "blood and soil" mysticism. The new power of the Russian Church is to be seen as a deliberate measure of war-mobilization by the neo-Stalinists presently in power around Gorbachov and Ogarkov.

The significance of the "Russian Party," is that since the middle to late 1960s, Russia has moved away from Marxism toward Russian traditionalism. The Soviet empire of today, is the Russian empire of which Ivan the Terrible dreamed, the Russia of Alexander I in 1815, and of Rasputin, this time well organized, with the most modern military technology.

Foolish Western counterintelligence services, have spent too much time screening emigrants from the East for Marxist ideology, when they should have been searching for KGB agents whose ideology is that of Fyodor Dostoevsky. Naturally, the Russian exiles who spread the "crumbling empire" fairy-tales, are each and all saturated with Dostoevskyan ideology!

The Russian military mind is fanatically arithmetic. Everything is calculated in detail, in advance, including the number of artillery shells to be fired at each target. The motives of the Soviet rulers are fanatically irrationalist, filled with wild, romantic mysticism. It is a waste of time to search for rational morality in a Russian; he is a fanatically irrational mystic. He is responsive to one kind of influence: his perceptions of who is more powerful, and who is weaker. To deter him from war, present him with arithmetic proof that we are superior, and the mystic in him will postpone the war for a generation or two. Perhaps, with a generation or two of proving to him that Russian culture is inferior to Western civilization's, he might decide to become civilized himself. In the history of Russia, it was only a deep sense of Russia's

cultural inferiority to Western civilization which has inspired Russians to try to imitate Western civilization.

### 3) The Strategic Defense Initiative

Although political pressures have forced the U.S. government to waste a large part of precious SDI funds on Lt.-General Daniel P. Graham's unworkable "High Frontier," the use of so-called "kinetic" anti-missile weapons, such as high-speed rockets, is a worse than useless approach to strategic defense. It would cost the West perhaps three times more to deploy "High Frontier" than it would cost Moscow to defeat such a system, and, the Soviets already have the technology to blow Graham's "High Frontier" system out of orbit moments before the Soviet strategic missile launch. Soviet Marshal V. D. Sokolovskii already understood this fact when Daniel Graham was faking reports on North Vietnam strength during the period of the Tet Offensive.

Depressed-trajectory attacking missiles, of the type which would be used against Western Europe, fly at about Mach 4, while ICBMs fly at about 5 kilometers per second. At the very best, high-speed interceptor-rockets fly only a few times faster than ICBMs, with a maximum range of about 500 kilometers, and a much shorter range for reasonable accuracy. The number of pieces of junk flying in the mid-range course of ICBMs, from 30,000 to perhaps as much as 100,000, means that "High Frontier" is useless for the mid-course interception of Soviet warheads. They might work, to intercept Soviet missiles in the boost phase, except that the Soviets could easily shoot up Graham's low-orbiting platforms before the launch occurred. They are useful only for ground-based, last-resort, point-defense.

The real SDI, is based on lasers and other applications of advanced physics technology. These weapons fire at either the speed of light, or relativistic velocities. When the Soviet attacking systems would have about a 3-to-1 or greater advantage over "High Frontier," true-SDI systems have about a 10-to-1 advantage over the thermonuclear offense.

Suppose the Western Alliance had the combination of a true-SDI system of strategic defense, plus neutron bomb defense against Soviet fleets, aircraft, and ground assault. From the Soviet planners' standpoint, it would be suicidal to launch an attack against the West. Most Soviet missiles would be destroyed, and the rest of the Soviet assault would never break through into the Federal Republic of Germany. The probable result would be the military defeat of the Soviet empire. Unless we threatened to start the war, the Soviets would take their war-plans back to the drafting-table, and try to work out something for a generation or two in the future: two generations for us to convince them to become civilized.

### 4) Germany and France

The United States' military forces won World War II, but the Anglo-American diplomats made a mess of the peace. The diplomats lost the peace in Asia, by recolonizing Indo-

China and Indonesia. The diplomats prepared the ground for the threat of World War III, by the Yalta agreements, which included the carving of Germany into two parts, as they sought disaster by carving up Korea.

As prospective President of the United States, I despise the division of Germany, as one of the greatest pieces of diplomatic lunacy in modern history. The worst part of that blunder, is that this mistake is not easily undone. Nevertheless, it is impossible to create a competent U.S. foreign policy toward Europe, without examining the nature of the errors to which the United States was party at Yalta.

The essential strategic fact of Europe, is the historical fact, that the division of Europe, between East and West, is the westernmost line of conversion of Europeans to Western Christianity. We may, and we do, wish the people of Eastern Europe well, because they are human beings, for whom we care, but to turn Poland, Eastern Germany, Bohemia, and Hungary over to Soviet domination, was a great piece of strategic lunacy, for which we—including the Poles—are suffering greatly today.

Germany, as the repository of German classical and scientific culture, is one of the great bastions of Western civilization. Once Germany was rid of a Hitler more Dostoevsky than German, a sound strategic policy for the peace, was to create the circumstances under which the German classical culture of the Great Elector, Leibniz, Schiller, vom Stein, Humboldt, and Gauss, could take over Germany fully. That doctrine ought to be the premise for shaping U.S. policy toward the two Germanies today.

No clear short-term possibility for the unification of Germany presently exists, unless the Federal Republic were to accept Soviet terms for being gobbled up as part of the Soviet puppet-state, the German Democratic Republic, all working very hard, and very cheaply for the greater profit and glory of the Soviet dynasty in Moscow. Presently, the Soviets would never consent peacefully to the unification of Germany: They merely promise the prospect of something they never intend to deliver; they dangle false promises, as the fisherman dangles false lures to the fish he intends to have in his frying-pan.

Yet, the United States must premise its foreign policy on the same principles it should have offered to a unified post-war Germany.

The building of the economy of continental Europe, and European defense, depends upon the principled features of the de Gaulle-Adenauer cooperation. Around the economic and strategic cooperation of France and Germany, the next phases of advancement of a European community must be developed: Italy, Austria, Spain, Portugal, the Benelux nations, Scandinavia, and Britain, must dovetail with the France-Federal Republic cooperation as the hub. This is not a matter of some arbitrary choices of U.S. foreign policy; it is an economic, strategic, and cultural fact of life, a fact which must mold the thinking of a qualified American President.

## Carter 'human rights' now Reagan foreign policy

by Kathy Klenetsky and Vin Berg

Unfolding events in the Philippines, portending the early loss of the Pacific to the Soviet Union, represent a clear triumph for the administration of Jimmy Carter. The Filipino destabilization signifies that, under different rhetoric, the Reagan administration, in foreign policy as in economic policy, is nothing but a continuation of Cyrus Vance and Paul Volcker's Carter administration.

Remember the hue and cry over the lack of "democracy" and "human rights abuses" in the Shah's Iran? Remember also the consequences?

Ronald Reagan, during his 1980 presidential campaign, rightly denounced the Carter "human rights" policy on the grounds that it ran contrary to U.S. and Western security interests, and could only benefit the Soviet Union's imperial ambitions.

What Reagan did not say is that this was not an inadvertent consequence, but the whole point of the "human rights" policy. The underlying policy has since become virtually public: a "New Yalta" agreement with Moscow, ceding Europe and the Pacific (as well as the Middle East, etc.) to the Soviet Union, using financial strangulation to complement reconstructed "opposition" forces to destabilize those recalcitrant nations which insist on remaining allied to the United States. In this, the United States has acted as merely the puppet of the International Monetary Fund. Teddy Roosevelt did for the British Empire what the U.S. State Department does today for the IMF.

The Philippines now heads the State Department "New Yalta" target list of nations which are to be driven into Soviet hands and/or drowned in the blood of civil war, social chaos, and ungovernability. That list has been in existence since the Carter administration and earlier. It is being acted on now, in the Philippines, and very soon, many other U.S. allies, not because the State Department doesn't like this or that head-of-state, but because of a determination to wipe out all vestiges of national sovereignty among nations which, com-

bined, might otherwise be able to use an impending collapse of the world financial system to overthrow the power of usury embodied in the IMF.

Haiti was very publicly placed on that list at the end of 1985, when the IMF cut off Haiti for "non-compliance" with loan conditionalities—even Baby Doc Duvalier apparently could not starve his population fast enough for them. On the pretext of the IMF action, the United States also acted to suspend aid. Elites in Haiti got the message, "opposition" hit the streets, and the United States supplied the plane for Duvalier's departure.

In the case of the Philippines, as is well known, the State Department demanded that Marcos *violate his constitution* by calling snap elections; he did, he won, and the State Department, the press, the Congress, and even the President therefore denounced the elections. Something similar is being prepared for the South Korean case. The State Department is demanding that the government in Seoul change its constitution to have direct presidential elections; they now have indirect elections for President—*just as in the United States!*

This policy is treason to the United States. Jimmy Carter must be proud.

### Target Mexico

Mexico is very high on the list, with an economy about to collapse under IMF conditionalities and falling oil revenues. The State Department placed the government of the Mexican republic in the same category as the Philippines in early February, when its "Human Rights Report" called that government "corrupt" with elections marred by "fraud." In fact, Mexico features a small-minority PAN party, a clerical fascist party like Aquino's, which, it is already clear, the U.S. press will play up as "winning" future elections—and the State Department will thereupon refuse to recognize the actual victory of Mexico's ruling party.

The "Philippinization" of Mexico has been demanded in

public by Manuel J. Clouthier, expected PAN candidate for the Sinaloa governorship. He is quoted in the Feb. 19 *La Jornada*, pronouncing, "I don't know whether for better or worse, but this country is going to change. . . . Anyone who opposes it will be swept away. Two years ago, I went to the Philippines with Jorge Chapa. . . . I told him, 'Jorge, this guy [Marcos] won't last three years before going to hell. . . . Did you hear him speak, didja? He's a carbon copy demagogue of Echeverría. Personality cult, his photos all around, with MacArthur and his mother. . . .' And now Benigno Aquino's old lady is going to f— him over. That is, things are going to happen, and it is inevitable that they will also happen in Mexico."

Banker Clouthier is one of the "hooded" oligarchical conspirators—like the Aquinos in the Philippines—dubbed by former Mexican President Luis Echeverría, "Christians who are not Christians."

Panama is on the list. It, too, was placed in the category of the Philippines by the State Department "Human Rights Report." Gen. Manuel Noriega, head of that nation's armed forces, acted to save his nation by deposing the former World Bank vice-president who was then President of Panama, Nicholas Ardito-Barletta. Barletta was destroying the nation with IMF conditionalities. The new Delvalle government backed by Noriega has allied itself with Peru's García government—also on the list—in resistance to the IMF. So, the State Department has cut off aid, its Elliot Abrams is denouncing Noriega for "human rights" abuses, and Sen. Jesse Helms, in matters of foreign policy, increasingly the manipulated plaything of Israel's gun- and drug-running "Irgun" group around Ariel Sharon, is holding well publicized hearings on "election fraud" and "human rights" abuses in Panama.

## The Philippines

For a week after the Feb. 7 elections, President Reagan was still sounding much like the principled Reagan of 1980. The media was full of reports about how "angry" State's hierarchy was at the President. Reagan insisted during a nationally televised news conference Feb. 12 that, in light of the Soviet naval buildup and Pacific deployments, "one cannot minimize the importance of those [Filipino] bases, not only to us but to the Western world and certainly to the Philippines themselves." Reagan stated flatly: "I don't know of any that's more important than the base in the Philippines." The clear implication was that without Marcos, the bases would be lost—true.

By Feb. 15, however, Reagan had apparently succumbed. After a scolding from the *Washington Post*, the President issued a statement which said that the Philippine elections have been "called into credibility" because of "widespread vote fraud and violence, perpetrated largely by the ruling party."

After that, Shultz and his collaborators were able to open

up the anti-Marcos campaign full-throttle. On Feb. 19, Shultz testified before a Senate panel that securing "democracy" in the Philippines is more important than maintaining the American military bases on the island. Without those bases, the United States loses not only the Philippines, but the Pacific. The Philippines and every other nation of the region is forced to seek accommodation with Moscow. So, Shultz was effectively saying that democracy is more important than . . . democracy. Shultz continued: "We have a big stake there. We have a stake in freedom. *We have a stake in democracy. Let's put that first over and above the bases* [emphasis added]."

## Treason on the Hill

Members of Congress are falling over each other in their eagerness to hand the Philippines to the Soviets.

Immediately after Shultz's testimony, the U.S. Senate overwhelmingly endorsed a resolution, 85-9, stating that the Philippines elections were marked "by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines." Only nine members of the Senate voted against the resolution: Denton, East, Helms, Symms, Goldwater, Hecht, Melcher, Thurmond, and Wallop—all conservative Republicans, with the exception of Melcher.

The day after the resolution was passed, the House Foreign Affairs subcommittee on Asian and Pacific Affairs voted 9-0 in favor of a bill to withhold all U.S. military aid from the Philippines, until President Reagan certifies that a "legitimate government has been established . . . which commands the support of the Philippines." The bill was sponsored by subcommittee chairman, Rep. Steven Solarz (D-N.Y.), the congressman of the Soviet-controlled "Trust" financial network.

The bill also would deprive the Marcos government of \$125 million in current economic aid, which would be channeled instead through private groups, in particular, those Church networks which have been in the vanguard of the effort to topple Marcos.

But more important than the direct U.S. aid is planned credit strangulation of the Marcos regime. The International Monetary Fund has already indicated its intent by canceling the scheduled visit of its delegation to Manila in the wake of the elections.

President Marcos is correct when he denounces "a new imperialism" by circles in the United States as the cause of his country's troubles. What he has not yet understood, or said, is that, in this, the United States is merely acting as the IMF's puppet.

Only Secretary of Defense Weinberger still sounds like the principled Ronald Reagan of 1980. He cautioned Congress Feb. 19, "The only real beneficiary in the delayed or the diminished military aid program" to the Philippines "would be the New Peoples Army, the communist insurgency. And that is an outcome that we cannot support."

# FBI Director Webster lies treasonously on international narco-terrorism

by Lyndon H. LaRouche, Jr.

*The author is a candidate for the 1988 U.S. presidential nomination of the Democratic Party, and a prominent expert on international terrorism.*

There is no possibility, that FBI Director William Webster committed an "honest error" in his statements on terrorism to the *Los Angeles Times*. Judge Webster lied, pouring out one lie after the other, in the portions of the interview published by the *Times*. Judge Webster must resign, on condition that a man even worse than Webster himself, Deputy FBI Director Oliver "Buck" Revell, is not considered as Webster's replacement.

The worst of Webster's numerous lies, is his assertion that "narco-terrorism" does not exist. Since the first U.S. terrorist group, Mark Rudd's and John Jacobs' Weatherman bombers, the core of terrorist groups has been recruited from the the "drug counterculture." Every major terrorist organization spilling into the United States from Central and South America, from the Sendero Luminoso and M-19 on down the scale, is based logistically on the cocaine, marijuana, and heroin trafficking into the United States and Europe. Notably, Hinckley, the would-have-been assassin of President Ronald Reagan, came out of a rock-drug counterculture background.

The evidence is so massive, so consistent, that any FBI official who argues that "narco-terrorism" is not the major component of terrorism in the Americas, is self-exposed both as a bald-faced liar, and even much worse than a mere liar. Webster exposed the motive for his lying, in his assertion that Cuba is not involved in drug-trafficking into the United States.

One of the central figures of drug-traffic into the United States, is the wanted fugitive Robert Vesco. The Bulgaria-linked Vesco is a partner with the pro-Hitler Colombian drug-trafficker, Carlos Lehder, and operates under the protection of Fidel Castro's Cuba, where Vesco maintains a residence. Colombia's M-19 terrorists, although originally an operation linked to extreme right-wing Gnostic circles in Colombia, have been consistently linked to Cuba openly since their first major terrorist operation, and they are integral to the Colombia drug-lobby.

Why did Webster lie in an effort to cover up for the drug-traffickers? Is it because Webster was an appointee of the President Jimmy Carter whose administration promoted the growth of the drug-traffic into the U.S.A. from South America? Or, is there a deeper, nastier motive? Do Webster's motives for lying have something to do with his own and "Buck" Revell's connections to Kenneth Bialkin's Anti-Defamation League (ADL)? Not only is organized-crime-linked Bialkin Vesco's attorney, but the ADL has been functioning for at least seven years as a leading part of the organized drug-lobby inside the United States. The ADL is also an official "dirty tricks" conduit for the FBI and other corrupted elements of the Department of Justice, working closely with such professed drug-lobbyists as Dennis King and Chicago's "Chip" Berlet, as well as the drug-lobby's accomplices at NBC-TV. The ADL is also directly allied politically with major elements of international terrorism.

In Colombia, Peru, and elsewhere, one of the major political allies of the drug interests, is the U.S. State Department-funded AIFLD (American Institute for Free Labor Development). AIFLD is an organization set up as a joint operation of the international division of the AFL-CIO and such offshoots of the drug-trafficking British East India Company as J. Peter Grace's family business interests. AIFLD runs dirty political operations, including attempted coups, in Central and South America, through a network of corrupt labor officials in those countries, labor officials repeatedly caught up to their ears in collaboration with drug-operations. The central figures involved include AFL-CIO President Lane Kirkland and Kissinger crony Irving Brown. Does this have something to do with the protective "fix" used by drug-connected interests inside the U.S. government? Is this at least an important part of the reason that Webster and "Buck" Revell have blocked action on a number of terrorist incidents which have occurred recently inside the United States?

Although the use of terrorism did not begin with the late Yuri Andropov's appointment as head of the Soviet KGB, modern international terrorism was launched in 1969, under Andropov, and through the ministers of the Warsaw Pact nations. From the beginning, the coordination of international terrorism was run through the Syrian intelligence service,

with the intelligence services of Bulgaria and East Germany the major conduits through which KGB operations interfaced Syrian operations.

The Soviets did not originate the international drug-traffic. The Venetian Levant Company took over the international drug-traffic from Arab slave-traders. When the Levant Company was transformed into the British and Dutch East India Companies, during the seventeenth century, Britain and the Netherlands moved into the business, and so did those New England "blue-blood" families which were partners with the British East India Company in the China opium-trade. The drug traffic is a Syrian tradition, from a time long before the establishment of the Ottoman Empire. Under Andropov as the head of the KGB, the Soviets moved into the international drug-traffic, becoming a partner of existing drug-trafficking operations.

Andropov used the drug-traffic and narco-terrorism as a weapon of subversion against the United States and its allies, and also used Soviet profits from the drug-traffic for building up financial warfare operations against the West, as well as funding of expanded KGB operations.

These facts are ABC to every major Western agency specializing in Soviet counterintelligence. Webster and Revell, like Robert Moss, Clare Sterling, and the Jonathan Institute crowd, are each and all lying outrightly.

Webster and Revell must be fired, and the drug-lobby-linked ADL disassociated from its connections to the Department of Justice, FBI, State Department, CIA, and DIA. Webster has put himself out on a limb by lying so outrageously. He should have been dumped long ago; now he has provided a conclusive case for his summary expulsion from government.

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## Documentation

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### Webster: 'No such thing as narco-terrorism'

*The following are excerpts from the Los Angeles Times article, published Feb. 14 under the headline, "FBI Chief Confident in Terrorism Fight; Warns Against Panic, Says Problem is Dealt with Appropriately." The article is based on an interview with FBI Director William Webster.*

FBI Director William H. Webster said that the only way "terrorists can destabilize the United States, is if we panic ourselves, and take extraordinarily repressive measures against a problem that is, at present, being fully addressed. I know there is a potential for great pressure to bend the rules and do what is necessary" to prevent terrorism outbreaks in the United States, Webster said at breakfast with the *Times* Washington Bureau, and "we have to keep reminding our-

selves that the terrorists win whenever the terrorists succeed in busting up a system in a free society."

"Terrorism expertise is becoming a cottage industry," Webster said. "And it is very easy for everybody to say it will be here next month or next year, and if they are wrong nobody will remember.

"It is hard for me to say it isn't coming next month, because it might, but on the basis of the evidence we have, we believe we are dealing with the problem appropriately, and . . . certainly are not panicked by what is taking place at the present time."

Webster also disputed the suggestion, heard both at the White House and in Congress, that terrorists and drug traffickers have joined forces to undermine the United States and other democracies.

"Words like 'narco-terrorism' tend to exacerbate the realities as we know them," Webster said. "I also do not believe that the hard evidence links the two, that we're in a situation where the terrorists have become drug dealers, or the drug dealers have become terrorists."

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*"Words like 'narco-terrorism' tend to exacerbate the realities as we know them," Webster said. "I also do not believe that the hard evidence links the two, that we're in a situation where the terrorists have become drug dealers, or the drug dealers have become terrorists."*

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Citing Cuba, Webster said there is "good evidence that particular individuals in governments have from time to time sweetened their own pockets by accommodating both drug traffickers and terrorists. But I think it's a mistake to say that Cuba is in the drug-running business or that Cuba is using drugs to support terrorism."

Webster's remarks seem to contradict his boss, President Reagan, who said in a Jan. 2 press conference that "The link between the governments of such Soviet allies as Cuba and Nicaragua and international narcotics-trafficking and terrorism is becoming increasingly clear. These twin evils, narcotics-trafficking and terrorism, represent the most insidious and dangerous threats to the hemisphere today."

Webster, noting that 40% of terrorist incidents "affect U.S. persons or institutions abroad," said: "I don't think we should buy the proposition that it's inevitable that we be subjected to the kind of terrorism that other countries have experienced."

# Salvador's General Blandon on U.S. policy

The following is excerpted from an unedited transcript of Secretary of Defense Caspar Weinberger's "Conference on Low-Intensity Warfare," held at Fort McNair in Washington, D.C., Jan. 14-15, 1986.

Two very distinct, even deeply hostile, tendencies in strategic thinking and philosophy governing the policy-making of the U.S. government emerged in the course of the conference. The two are based on wholly different conceptions of the nature and purpose of the American republic.

The conference was opened by Secretary of Defense Caspar Weinberger, who situated the problem of use of military force in the experience "from St. Augustine to Aquinas to Grotius"—the struggle to establish republican nation states as the vehicle to defend human dignity. He called for the economic development of regions, like Central America, where poverty has fed low-intensity conflict, and implied use of military capabilities for economic projects. "The problem then," said the Secretary, "is what forms of government, what kinds of economic systems, are most in accord with human realities and conduce to the betterment of mankind? On our own terms, we can compete with shovels and win. Our adversaries require guns."

Directly opposing this view was former head of the U.S. Southern Command, Gen. Paul Gorman, who declared: "I believe that the U.S. value system and experience is essentially unique and non-exportable. . . ." He advocated, as he has repeatedly, "use of limited force" as an element of cynical geopolitical policy, mere projection-of-power exercise with no higher goal for the peoples of the arena of conflict. This view was echoed by Secretary of State George Shultz, whose State Department has persisted in demanding harsh austerity policies destructive to the economy of El Salvador, but in compliance with the conditionalities on foreign debt of the International Monetary Fund.

The following is excerpted from the replies to Gorman. The speakers are Gen. Adolfo Blandon, chief of staff of the Salvadoran Army, who was in the audience, and Gen. John Galvin, commander-in-chief of the U.S. Southern Command.

**General Blandon:** [As interpreted from Spanish] . . . Circumstantially, I've been invited to attend this meeting, and I'm very pleased to be here present with you all.

We are speaking of how to confront low-intensity warfare, although I should mention to you that I think this is very high-intensity warfare, as far as we're concerned. (Laughter) And I really can't say it any other way after being involved

in it for the last five years.

I think one of the most important things that we need to address is really how does the U.S. plan to win the confidence and the hearts and minds of the Latin American people. I regret to inform you that after a very recent trip to South America, what I bring back is really a total disillusion on the part of South Americans to the U.S. allied commission.

And it's really because there has been a loss of confidence, and you don't really win confidence just by military assistance. It's gained not only through assistance, obviously, but also how you treat other people, how do you look upon them, how do you treat them as co-equals? And it's a question that we ask ourselves, the Latin Americans, how is it that the United States can provide millions and millions in assistance to countries that are so far away, when we are really at your back door?

And if it's so important to see that the Latin American

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*Latin America represents a great opportunity for the United States. We look to the U.S. as a model, the only model for the future. . . . If you cannot take this into account, and do it quickly, then you better begin to run now, and don't look back, because you will not get a second chance.*

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countries are deciding for democracy, as we have in at least Guatemala yesterday—why is it that at the moments when the countries most need U.S. assistance for their restructuring and reconstruction of what's happened to them in these moments of very high-intensity warfare—at this moment, the tendency is to weaken them. As we see in my particular country, where you have a nation of democracy, President Duarte is everyday required to make decisions that really weaken him.

So fundamentally, I go back to my question—what is it that the United States plans to do to win those hearts, to win those minds, of the Latin American people? And if it's true that these people are really yearning towards democracy, there comes a point where they cease to be a people and become really a rabble, because they do end up feeling rather than thinking. They feel hunger, they feel the climatological conditions, they feel for a want of education, and eventually, they feel for many things that are not there for them.

What then is the U.S. to do if we see that this road begins to accelerate, where there won't be the support that's required? Where will this road take us?



**General Gorman:** You can see that we have not, along the lessons of Vietnam to draw upon—those of us who have been advantaged by being in a position to listen to mentors like you just heard, have learned a great deal from their experiences. And the teaching goes on day by day. Jack, do you want to comment?

**General Galvin:** I'd like to bring up something that Congressman Dave McCurdy mentioned and I think others have mentioned in here, and that is certainly in the direction that General Blandon has taken: Anything that we do, with reference to the Third World—specifically in this case toward Latin America—has to be part of a much larger overall plan. For one single example, to be brief, I don't see how you can solve problems—military problems in Latin America or problems that are stability problems—if there isn't some sincere and large effort to overcome the debt situation:

*The remarks of General Blandon at the conclusion of the afternoon panel discussion:*

[Interpreter translating from Spanish] I hope I am incorrect in my assumption that from what I've heard all day long here today, it appears to me that the United States really doesn't have a comprehensive strategic plan to deal with this threat that we confront today. (Applause)

If that is in fact the case, then all I can say is, you had

better start running and don't look back because you don't have much time left.

I think that today the Latin American people and the countries of Latin America are presenting to the United States a brilliant opportunity. They have opened the doors to democracy.

We are fighting for democracy, justice, and for liberty. And we all look North, with faith and hope. As Secretary Shultz mentioned today at noon, it is something that animates this struggle that we are now embarked on. But it is necessary to plan and comprehensively carry forth the program. And that plan should take into consideration the comprehension, the understanding, the assistance and the faith of the American people.

**Note:** Only a few days after General Blandon's remarks and the conclusion of this conference, U.S. Ambassador to El Salvador Edwin Corr demanded that President Napoleon Duarte adopt a harsh set of economic austerity measures, as stipulated by the International Monetary Fund for refinancing of the Salvadoran debt. Duarte reportedly protested, saying that if he implemented the measures demanded, there would be suffering among his people, and he would be overthrown in a military coup. The ambassador replied: "You implement the measures. I'll worry about the coup."

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—Lyndon H. LaRouche

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# Henry Clay's War Hawks win a victory over British terrorism

by Anton Chaitkin

*We continue our series on the American System—dedicated to exposing the lie that the United States is a nation built by Adam Smith's doctrines of "free enterprise"—with Part II of Anton Chaitkin's essay on the War Hawk faction of Henry Clay. This essay proves that, yes, there really was a War of 1812, despite the history books' efforts to downplay this bitter struggle against that British attempt to overturn the American Revolution. Second, it explains the background of presidential candidate Lyndon H. LaRouche's call for a new War Hawk faction to be created today. LaRouche issued that appeal in his Jan. 29 "State of the Union" address in Arlington, Virginia (see EIR, Feb. 14, 1986).*

Even after the end of the Revolutionary War in 1783, the new United States was under military attack. Indians raided exposed villages, using weapons supplied by their British allies. American merchant ships were seized by British and French warships, plundered, and sold.

The situation grew much worse during Thomas Jefferson's presidency (1801-09). Under cover of its war with France, Britain stopped American ships everywhere and forcibly removed sailors, both British deserters and Americans. These then entered the British navy, joining the unfortunates whom the "press gangs" operating within Britain itself had literally shot or beaten into that service.

As James Fenimore Cooper explained in his *Naval History of the United States*, British "boarding officers act[ed] on the principle, that the seaman who failed to prove he was an American, should be seized as an Englishman. . . . The number of impressed Americans on board British ships of war, was seldom less than the entire number of seamen in the American navy, between the years 1802 and 1812. At the [U.S.] declaration of war in 1812, the number that [the British] turned over to the prison ships for refusing to fight against their own country, is said to have exceeded two thousand."

Cooper records "an occurrence . . . proving . . . the reluctance of the English seamen to serve in their own vessels of war. . . . [One of the U.S.S.] Essex's crew was a deserter from a British man-of-war, and he was formally demanded [by the British]. . . . The man protested that he was an Amer-

ican, and that he had not entered voluntarily into the English service," but admitted his desertion therefrom. The American captain felt he had to give up the seaman, and ordered him to depart the ship. "On reaching the gun-deck, his eye fell upon the carpenter's bench . . . he seized an axe, and at one blow cut off his left hand. Taking up the severed limb in the remaining hand, he went upon the quarter-deck, and presented himself to the British officer, bleeding and maimed. The latter left the Essex, shocked and astonished, while the affair made a deep and lasting impression on all who witnessed it."

The official agent, sent to England to intercede for the impressed Americans, estimated in 1812 that there had been 14,000 impressments. But apart from pleading and negotiating, the United States had rendered itself helpless to defend its citizens or its trade. Since the advent of Thomas Jefferson to the presidency and Swiss nobleman Albert Gallatin as treasury secretary, not a single U.S. warship had been built, aside from tiny, useless coastal "gunboats."

President James Madison, inaugurated in 1809, retained Gallatin at Treasury. Gallatin as unofficial "premier" ruled over a disloyal cabinet, including Secretary of War William Eustis, personal physician and political errand-boy for Aaron Burr.

While Jefferson and Madison dreamed of peaceful utopia, to which isolated undeveloped America could be brought by Gallatin's "economy measures," Britain's rulers systematically kidnapped away the future personnel of a navy that could challenge Britain's superiority; and Britain's surrogate warriors scalped, burned, and terrorized, limiting America's westward growth.

On Washington's Birthday, Feb. 22, 1810, 32-year-old Sen. Henry Clay called for war with Britain. For the next two years, the Virginian-turned-Kentuckian would lead a political movement to regenerate an American national spirit. As unequipped as the country then was, war was the essential first step for the preservation of national independence.

Personally, Clay had been ready for war since age four, when he and his frightened mother had watched British Redcoats rifle through the grave of his father looking for treasure.

But revenge would be sweetest if America rose to great national power, and led all mankind to defang the British imperial lion. Learning law, history, and philosophy from Virginia's scholar and patriot leader George Wythe, Henry Clay had acquired the cultural depth necessary for such a sweeping vision of America's future; he had taught himself the mental toughness needed to implement it against treason and imbecilic public opinion.

Clay began his campaign for war in response to Albert Gallatin's latest outrage. Congress was abjectly debating the Treasury Secretary's draft law, "Macon's Bill No. 1," repealing the prohibition of trade with England and France. By the end of the debate, Congress went even lower, accepting "Macon's Bill No. 2," Gallatin's repeal of tariffs or favoritism to American over British shipping. "Free trade"—under terrorist coercion!

F. J. Jackson, just dismissed as British ambassador to the United States, exulted in his diary, "Congress has . . . completed my triumph, by repealing without any concession on our part, the famous non-intercourse law. . . . They have covered themselves with ridicule and disgrace."

### **Dirigist growth = national survival**

In a speech of March 26, 1810, Clay called for the deliberate development of American manufactures by government patronage, beginning to link defense to the forced, rapid industrialization without which defense must collapse. To win a national return to this outlook of the Founding Fathers, Clay would later use the cooperation of fellow War Hawks William Lowndes and John C. Calhoun of South Carolina, George Poindexter of Mississippi Territory, and Peter B. Porter from upstate New York. Their fight for tariffs, government-built canals and roads, and national banking to guarantee cheap development credits, was then carried on by Clay's Whig Party and Abraham Lincoln's Republicans.

Clay's war drive was also backed by Felix Grundy of Tennessee and many westerners, and by former Presidents John Adams and Thomas Jefferson—all of them disgusted with the policy of surrender.

On July 18, 1810, William Henry Harrison, governor of the Indiana Territory, reported the announcement by British Captain Elliot to Tecumseh's Indian warriors, "My tomahawk is now up—be you ready—but do not strike until I give the signal."

Over the next year, Americans, given some leadership, began to show they had spines. Boston "Brahmin" Congressman Josiah Quincy threatened the secession of northern states if it came to war; he then complained that he was threatened with lynching by "bullies and blackguards . . . using language learnt in the backwoods or among their slaves." Virginia's effeminate, opium and liquor-soaked, pro-British Congressman John Randolph of Roanoke warned that we were being "ruled to our ruin by [westerners] bound to us by no common tie of interest or sentiment."

On May 16, 1811, the U.S. frigate *President*, after chas-

ing the British kidnapping sloop *Little Belt* from our coast, was fired upon by her, returned massive fire and crippled the British warship with 31 killed and wounded.

Jeffersonian publisher William Duane, who had years earlier been imprisoned in the Black Hole of Calcutta for attacking the East India Company in his Indian newspaper, ran a devastating attack on Treasury Secretary Albert Gallatin in his Philadelphia *Aurora* Sept. 3, 1811. He portrayed Gallatin quite accurately as a foreign spy and traitor who mocked the President and kept him in the dark.

On Nov. 7, 1811, Tecumseh's Indians attacked Governor Harrison's troops. Harrison prevailed, Tecumseh fled to the British in Canada, and Harrison reported capturing guns and "ample supplies of the best British glazed powder."

### **Clay drives for war**

To increase his effectiveness, young Henry Clay now quit the Senate. He was elected without opposition by his Kentucky district to the U.S. House of Representatives, and was at once elected (Nov. 4, 1811) Speaker of the House by his respectful colleagues.

Clay immediately appointed War Hawks as leaders of all the important House committees: New York's Peter B. Porter to Foreign Relations, South Carolina's Langdon Cheves to Naval Affairs, and likewise to Military Affairs, and Ways and Means.

On Dec. 26, 1811, Porter's committee reported in a bill to raise thousands of new troops. The new British ambassador, Augustus John Foster, closely watched the congressional debates on this and other war measures. He personally attended some sessions, and received reports from disloyal American congressmen. On Dec. 28, 1811, Foster wrote hopefully to the foreign office that since the administration will not allow itself to "be pushed into a War with us . . . there never was a more favourable moment for Great Britain to impose almost what terms she pleases."

On Dec. 31, 1811, Henry Clay took the floor to speak for the increased forces bill as a war measure, setting a militant tone for the rest of the debate.

Foster wrote home to the British Foreign office on Jan. 16, 1812, that a slight concession, "a little management," or a threatened attack on American seaports would "bring them to our terms."

On Jan 22, 1812, Henry Clay again came down from the Speaker's chair to call for passage of a bill to construct warships, as the beginning of a sizeable United States Navy; he echoed Alexander Hamilton's *Federalist* essay number 11, presenting a sizeable United States Navy as essential to unite and protect all American economic and regional interests. Clay named Albert Gallatin as the author of opposition to a navy under former President Jefferson. As Clay's supporters in the newspapers called for aid to the Mexican and other pending Spanish American independence struggles, Clay recommended a navy strong enough to keep the British from dominating the contested Caribbean and Gulf of Mexico.

Porter's increased force bill was passed on Feb. 6, 1812. But Albert Gallatin's congressional flunkie, John Smilie, worked on the parochialism of Clay's fellow western War Hawks to defeat the Navy bill. Smilie had led Gallatin's Pennsylvania political forces a quarter-century before—trying to stop ratification of the U.S. Constitution. In letters to London from Dec. 11, 1811, through March 12, 1812, British Ambassador Foster described his secret meetings at the British legation in Washington with New England Federalist leaders, who urged him to “concert measures . . . [push Madison] to the Edge of the Precipice, by an unbending attitude . . . [to] neither revoke our Orders in Council nor modify them in any manner.” If Madison backed down, or went into a war which the pro-British faction would (and later in fact did) sabotage from within, the patriots would be discredited, bringing about “a thorough amalgamation of interests between America and Great Britain. . . . They seemed to think that Great Britain could by management bring the United States into any connexion with her that she pleased.”

Henry Clay spoke on Feb. 15, 1812, against rechartering the Bank of the United States on the grounds of its “British” orientation. Yet in 1816, after Gallatin had been removed from financial dominance of the government, Clay led the successful drive to charter a new, identical U.S. Bank.

Secretary of State James Monroe, recruited to militancy by Clay's leadership, now delivered a stunning blow for the War Hawks. On March 9, 1812, the President presented to Congress evidence purchased by Monroe: the British Governor General of Canada had employed spy John Henry, to work with traitorous elements in Boston for the secession of New England from the Union.

British Canada was now widely identified by Americans as a legitimate target of invasion, a headquarters for terrorism and political subversion to be cleaned up—similar to Switzerland today.

The next day Treasury mole Albert Gallatin wrote to former President Jefferson, explaining why he had framed a program of deliberately frightening excise taxes to pay for the increased military forces: he wanted “the smallest possible quantity of debt, perpetual taxation, military establishments, and other corrupting or anti-republican habits or institutions.” British ambassador Foster put it more plainly: Gallatin's tax program would result in “damping the military ardor.” Foster also admired Gallatin's new trade report, which “served to expose the immensity of the sacrifice [i.e., lost exports] required by the advocates for Hostilities with Great Britain.” Meanwhile War Secretary Eustis was simply refusing to recruit the authorized officers. As South Carolina's Lowndes reported later, “He wished to avoid war.”

But the Baltimore War Hawk paper, *Niles' Register*, urged that Gallatin's deliberate attack on their cause be absorbed: People will pay the proposed taxes “to defend their lives from the tomahawk, their persons from the pressgang, their government from *treason*, and their property from theft.” Undaunted, Clay's Congress passed the taxes.

The week after the John Henry disclosures, Clay called on Secretary of State Monroe and demanded an emergency embargo preliminary to a declaration of war. The *Richmond Enquirer* of March 27 typified the support for Clay's position: Without resolute action now, “there is not a petty nation in Europe, but will despise us. The Dey of Algiers or Tripoli will again insult us. And as to France or Great Britain . . . they will spit on us, and treat us as the vilest catiffs breathing.”

The Embargo act was signed April 4 by Madison. But Gallatin and the Federalists, Foster's troops, now worked to turn the embargo into a substitute for war by issuing confusing statements about the government's intentions. Gallatin's lieutenant Smilie argued for a recess of Congress, but Speaker Clay said there would be no recess until the war had been declared!

According to Mr. Foster's diary on April 8, 1812, John Smilie was still “most in the Confidence of the President.” The administration newspaper, the *National Intelligencer*, whined on April 9 that the Embargo was not war, nor would it inevitably lead to war, and the President was said to have agreed to the dispatch of a new peace negotiator to England.

But Henry Clay marched straight through the flak. Madison was simply informed that unless he brought about war with England, he would not be renominated for the presidency. On April 14 the *National Intelligencer* ran an editorial by Henry Clay himself, announcing that war was inevitable.

Republicans now stopped coming to visit the British legation. Former President John Adams wrote on May 14 that the people must unite against England. Gallatin's congressional lieutenants were now superceded in the confidence of the Executive by Clay's War Hawks. On May 18, the Republican (“Jeffersonian”) caucus renominated President James Madison, who was overwhelmingly reelected in November.

On May 29, on a motion of John C. Calhoun, the House of Representatives ruled John Randolph's attempted pro-British filibuster out of order. Randolph was later a crucial early leader of the Southern secession movement. It was reported that Randolph, as U.S. minister to Russia in 1831, delivered his credentials to the Czar on his knees.

On June 1, 1812, President Madison asked Congress for a declaration of war, with many shocking parallels for today's terrorism and surrogate warfare: “Thousands of American citizens . . . have been torn from their country and . . . dragged on board ships of war of a foreign nation. . . . A secret agent of [the British] Government was employed in intrigues having for their object a subversion of our Government and a dismemberment of our happy union. . . . Our attention is . . . drawn to the warfare just renewed by the savages on . . . our . . . frontiers . . . in constant intercourse with British traders and garrisons. . . .”

The House voted 79-49 for war, the Senate voted likewise 19-13, and the President on June 18, 1812, signed and issued the declaration, called at the time our Second Declaration of Independence.

### Why is Kirkland attacking the banks?

*The AFL-CIO's president is using the labor federation's winter conference as a platform to announce new Trilateral policy.*

**L**abor Federation Beats up on Banks" is the glaring headline, reporting on the remarks of AFL-CIO chief Lane Kirkland and other labor leaders at the federation's annual winter Executive Council meeting in Bal Harbour, Florida. In a seemingly shocking reversal, Kirkland demanded that "the banks" be treated the way they are trying to treat American workers.

"Nobody yet ever figured out a way to lay off a bank, and that's the problem," Kirkland said Feb. 17. "And the banks are calling the shots," he added. "The banks insist on their full measure of payment, their full price, and you'll pay hell trying to lay them off."

Kirkland was seconded by United Steel Workers of America President Lynn Williams, whose union struck the four largest can producers the week of the Executive Council meeting. "We want to bring the banks out from the shadows" in upcoming steel negotiations, Williams said.

Both Kirkland and Williams referred to the situation at Eastern Airlines in their remarks, where major bank creditors of the airline are trying to force deep concessions from Eastern employees to keep the company from bankruptcy.

Lane Kirkland is a mouthpiece of the Trilateral Commission, the front for the New York-based money-center banks, which numbers Chase Manhattan President David Rockefeller and Federal Reserve chairman Paul Volcker as leading members. Why is Kirkland all of a sudden attacking his pals at the banks? Or is he?

If we examine the full scope of

Kirkland's remarks at the conference, it becomes clear that this conference is being used as a forum to disorient the American trade union movement with populist sophistry, to prevent the emergence of a real leadership capable of fighting the real enemy of labor—the International Monetary Fund and Kirkland's friends at the Trilateral Commission.

On Feb. 18, the second day of the conference, Kirkland said that the AFL-CIO is concerned about the recent rash of "corporate raids," and is looking into the possibility of "playing their own game," acquiring ownership of companies in struggling industries, where workers' jobs are at stake. The AFL-CIO's 35-member executive council met in closed session Feb. 20 with two Wall Street takeover experts. The results of the meeting are not yet public.

On the same day, Kirkland pledged the federation's support of a move under way by the unions of Eastern Airlines to buy out the current management in the stock market. He also called for a federal bailout of Eastern, like the bailout of Chrysler Corp. and New York City.

Kirkland's rhetoric is a populist appeal to the the "little man" against the "big bad guys." Facing the prospect of collapsing membership, which he says he "views with regret," Kirkland is rallying his remaining members to attack their "enemy"—by exchanging places with them! Treat the bankers like they treat you! Become your own boss!

What Kirkland really means is that

since he believes that working people are going to have to sacrifice in blood to meet the demands of the international bankers, then he, Lane Kirkland wants to be sure they think the sacrifice is justified, that the misery is shared. "The problem [the depression] was not created by the working people," Kirkland said. "It does not stem from their levels of compensation, it stems from other factors, and those factors must be addressed on a comprehensive basis. The levels of interest rates, the exactions of the banks who expect everyone else to sacrifice except themselves, but they are as much a part of this society and of these firms as anyone else [emphasis added]."

What Kirkland doesn't attack is the IMF. He doesn't mention the struggle of the labor federations throughout Ibero-America who are fighting the IMF on the front lines, to save their nations and their livelihoods. He doesn't mention the successful general strike of Argentina's CGT early in February, that shut down the country in opposition to the IMF. He doesn't attack the Federal Reserve's policy.

He attacks "the banks." He attacks defense spending: "If Congress determines that some program reductions are necessary to impose budgetary restraints, defense spending must not be exempted from such cuts." And he attacks foreign workers.

Lane Kirkland's intent is to so disorient and confuse American trade unionists that they will never see the massive assault which his masters at the Trilateral Commission and the IMF have launched against them. Lane Kirkland hopes American workers will demand "equality of sacrifice" from the businesses and banks with whom they should be allied in a real international fight against the friends of Lane Kirkland.

## Lawyers file to uphold Gramm-Rudman

Lawyers for the House and Senate filed an appeal with the Supreme Court Feb. 17, urging that the Gramm-Rudman-Hollings balanced budget law be upheld, on the grounds that it provides the ideal mechanism for making the "tough choices" needed to cut down the federal budget deficit.

Key elements of the law, including the so-called automatic cuts provision, were declared unconstitutional on Feb. 7 by a special three-judge panel. The judges found the law unconstitutional because it violated the principle of separation of powers, by giving executive power to the Comptroller General, a legislative officer.

The panel, composed of Antonin Scalia of the United States District Court of Appeals and two U.S. District judges, Oliver Gasch and Norma Holloway Johnson, issued a 50-page written opinion declaring "that since the powers conferred upon the Comptroller General as part of the automatic deficit reduction process are executive powers, which cannot constitutionally be exercised by an officer removable by Congress, those powers cannot be exercised and therefore the automatic deficit reduction process to which they are central cannot be implemented."

But Congress's lawyers disagree. "The Congress determined in the Deficit Control Act that the economic welfare of the nation required the establishment of an administrative mechanism to promote steady progress to reach a balanced budget," said Senate counsel Michael Davidson, in filing his appeal with the Supreme Court. "The Comptroller General's knowledge of and experience with the

financial accounts of the federal government . . . make him ideally suited to implement neutrally the hard political choices that the Congress and the President agreed to in enacting and approving the legislation."

The Supreme Court is expected to take the appeal immediately, and to hear arguments this spring, probably before April 23.

## Liberals in vendetta against ASAT program

Liberal Democrats on Capitol Hill are getting ready to do yet another favor for the "peace-loving Soviets"—namely, kill off the U.S. anti-satellite (ASAT) program.

Rep. Les AuCoin (D-Oreg.), announced on Feb. 11 that he intends to delete all the money the Air Force is requesting to put ASATs into production, and to put a stop to all ASAT testing, including the three ASAT tests which the Air Force has scheduled for this year.

AuCoin, a member of the House appropriations subcommittee on defense, declared that it was "preposterous," in light of the U.S. budget deficit, for the administration to propose increasing the Air Force's procurement budget for the project from \$10 million in 1986, to \$30 million in 1987, to \$333 million in 1988.

The Soviet Union already has an operational ASAT capability. The United States has been trying to develop one of its own, but has faced concerted opposition from latter-day Neville Chamberlains like AuCoin.

Late last year, Congress approved a ban on testing anti-satellite weapons

against objects in space (ASAT tests against points in space are still permitted). The ban had been one of the key goals of the Space Policy Working Group, an informal congressional coalition which, as this news service exposed in 1984, was receiving marching orders straight from the Soviet embassy in Washington.

The Space Policy Working Group had made ASATs a major target of its legislative agenda, not only because of the ASATs' own military significance, but also because of the vital role it would play in the development and operation of the Strategic Defense Initiative. Shortly after Congress passed the ban, Deputy Assistant Secretary of Defense Frank Gaffney told a private seminar in Washington that it was "insidious" and would "eviscerate" the SDI.

AuCoin has now seized upon the ASAT test ban, which he and his allies imposed, as a weapon with which to dismantle the entire ASAT program. AuCoin's major argument for eliminating funding for ASATs is straight out of "Catch-22": It would be a waste of money to conduct further tests, he told the *Washington Post*, since, by virtue of the congressional ban, they could not be carried out against objects in space, and are therefore of no scientific or military value.

"That would be a clear waste of money," AuCoin says, "as stupid as trying to conduct batting practice without a baseball. Everyone knows the ASAT can be shot in the general vicinity of a known target. All the testing would do would be to provoke the Soviets."

AuCoin sent off a letter to Air Force Chief of Staff Gen. Charles Gabriel Feb. 10, asking, "What precisely

is the scientific utility of testing an ASAT without a target?"

AuCoin has also indicated that he and his allies consider the test ban to be permanent, unless Congress declares otherwise. The Air Force, on the other hand, insists that it expires at the end of the current fiscal year, Sept. 30, 1986. AuCoin has appealed to the General Accounting Office to make a determination on the matter.

## **L**iberals get dose of own medicine

Secretary of Defense Caspar Weinberger has proposed closing military bases in three states represented by key Democrats, setting off a sudden bout of pro-defense posturing from the same liberal clique which has been demanding deep cuts in U.S. military spending.

Weinberger made the proposal in a letter to Senate Armed Services Committee chairman Barry Goldwater (R-Ariz.), who had requested that Weinberger draw up a list of bases that could be closed, to meet defense-cutting requirements.

The three bases are located in Massachusetts, Colorado, and Pennsylvania—home to Rep. Tip O'Neill (D-Mass.), Rep. Pat Schroeder (D-Colo.), and Budget Committee chairman Rep. William Gray (D-Penn.).

Though these three are among the most vociferous congressional proponents of slashing the Pentagon budget, they were none too pleased by the prospect of losing defense funds for their own districts.

Neither was fellow liberal, Sen. Gary Hart (D-Colo.), who blasted

Weinberger's proposal in a statement issued in early February. "By selecting bases with workers in the home districts of O'Neill, Rep. Pat Schroeder, and Bill Gray, Secretary Weinberger is trying to put his most effective critics on the defensive," said Hart. "It won't work. Anyone who has passed an eighth-grade civics class knows the secretary is making a statement, not about the budget, but about politics."

Pentagon spokesman Bob Sims insisted: "There's nothing political in this at all."

## **D**ole wants balanced budget amendment

Senate Majority Leader Bob Dole (R-Kan.) is expected to push for a vote on the floor of the Senate on the Balanced Budget Amendment sometime in February, according to a report in *Dollars & Sense*, the National Taxpayers Union's (NTU) newsletter. George Pieler, a top Dole aide, told *Dollars & Sense*, "After the Conrail issue is dealt with, the next item ought to be the Balanced Budget Amendment. Sen. Dole has taken the attitude that he wants to win, so it won't be called up without the expectation that it has a very good chance of passage."

Pieler stressed that Dole hopes to pass a strong version of the amendment out of the Senate. Two versions of a balanced budget amendment have been sent out to the floor of the Senate by the Judiciary Committee.

According to its chairman, James Davidson, NTU plans a major lobbying drive to assure passage of the Dole measure. "This is a crucial year for the

cause of fiscal reform. We actually have a chance of passing a constitutional amendment out of both houses in Congress and sending it to the states for ratification," said Davidson.

## **D**enton says colleagues seek Marcos's murder

Sen. Jeremiah Denton (D-Ala.) has accused unnamed "liberal" senators of favoring an American-sponsored assassination of Philippine President Ferdinand Marcos if he refuses to cede power to defeated presidential candidate Corazon Aquino, the *Montgomery Advertiser* reported Feb. 13, in an article titled "Liberals Favor Assassination: Denton Says."

Ray Locker, the *Montgomery Advertiser* journalist who interviewed Senator Denton after his speech before the Alabama Cattlemen's Association, quoted the senator saying, "Some say assassinate Marcos now and let her take over."

## **H**ouse votes to cut off Liberian aid

The House passed a non-binding resolution Feb. 19 urging President Reagan to suspend economic and military aid to Liberia until that country improves its human rights record and makes progress toward democracy.

The administration has said that it intends to continue supporting Liberian President Samuel Doe, who seized power in a coup in 1980. Since 1980, Washington has provided \$450 million in aid to Liberia, including \$60 million in military assistance.

# National News

## Savimbi got little backing in D.C.

Jonas Savimbi, leader of the pro-Western National Union for the Total Independence of Angola (UNITA), got little real support on his recent visit to Washington and meetings with President Reagan. Savimbi came in early February to seek material support in his fight against the Marxist regime of José Eduardo dos Santos in Angola.

For all the well-publicized, head-of-state courtesies accorded him, he received no more than promises of support from the administration, with no real change forthcoming in U.S. policy toward Angola, and southern Africa in general.

The \$15 million figure in covert assistance reportedly being considered by the administration, is insufficient to back Savimbi in any substantial way, as has been attested by conservatives like Rep. Mark Siljander (R-Mich.), who calls for providing Savimbi with \$27 million.

The Soviet Union gives \$2 billion annually to the Angolan regime, which is trying to annihilate Savimbi's UNITA and maintain Angola as a staging area for destabilizing southern Africa.

Nevertheless, Savimbi expressed confidence that he would receive U.S. military aid before the Luanda government launches its expected major offensive in April. He also told reporters on Feb. 16 that he would look favorably on any request to free Cuban prisoners he is holding in return for the release of South African army Capt. Wynand du Toit, being held by Luanda.

## Congress wants to 'ration care'

"It does cost more to keep people alive than to let them die, and there does seem to be some sentiment around Washington for rationing care," Dr. James H. Sammons, chief executive officer of the American Medical Association, said in an interview in *Ameri-*

*can Medical News* published in mid-February.

"Congress has overpromised and underfunded the Medicare program, and they ought to have the courage now to simply face up and say to the elderly in this country: 'We are going to ration your care because that is exactly what this budget does and it is exactly what Gramm-Rudman does.' If they are going to do that, they ought to get out of the closet and say it out loud where everybody can respond. . . ."

In a related development, the director of the Office of Management and Budget, James Miller, the man who told President Reagan where to cut the budget, testified to the Senate Budget Committee that homeless Americans are not the responsibility of the U.S. federal government. Rather, the states and localities must take care of them.

After Miller pointed to the Community Block Grants as an example of how the federal government helps ease this burden for the states, a committee member reminded him that it was a program Reagan considers doing away with (at Miller's orders).

The government estimates that as many as 350,000 Americans are homeless.

## McFarlane attacks Gramm-Rudman

In an attack on the "Gramm-Rudman gridlock" which now grips Washington, former Reagan national security advisor, Robert McFarlane charged, in a *Washington Post* Op Ed on Feb. 16, that defense should not be made the scapegoat for budget deficits.

A "note of rationality" must be introduced into the discussion, says McFarlane. "Few people have thought much about the significance of linking defense spending to the deficit as distinct from linking it to the threat to which it is meant to respond. . . . No one had the temerity to urge that a message be sent to Mr. Gorbachov, noting that because of short-term fiscal imbalances, we were going to bill the Pentagon for the 50% shortfall and so would appreciate his reducing the threat by a corresponding amount."

If we lower our guard at this time, says McFarlane, we run the risk of Soviet expan-

sionism. "We cannot 'de-link' defense from the Soviet threat."

To those who criticize wasteful defense spending, MacFarlane called this an attack on the "restoration of our strength." As for Congress, "it should drop the pretense that it understands how to manage defense programs."

## Texas suffers Satanist outbreak

Fourteen-year old Christene Mireles recently attended what she thought was a "regular" party with some classmates and their friends, when suddenly she was attacked and beaten by a group of girls. She called out to one of the adults present for help, but the adult encouraged the attack. The girls were angry at Christene because she refused to become a Satanist. Mireles spent eight hours in the hospital.

"I didn't know they were all Satanists," she said.

Local authorities cite this as just one example of the growing devil-worshipping fad in El Paso. Florence Luke of the El Paso Hotline, says some of the teens who have been counseled live in great fear that the devil is trying to kill them.

"The animal sacrifices and the drinking of blood is very real to these children. Most of them can't even sleep at night," she said.

It is hardly coincidental that El Paso/Ciudad Juarez was the host of a Mexican witches' convention in 1985.

## Senatorial candidate denounces 'rock museum'

According to the *Philadelphia Inquirer*, Philadelphia's "business, civic, and political leaders transformed themselves into rock and roll animals . . . [on Feb. 7] to attempt to woo the Rock and Roll Hall of Fame Museum to Philadelphia." The rock museum is a project of Atlantic Records, and various U.S. cities are bidding to be the site



of the museum, including Cleveland, Chicago, New Orleans, Los Angeles, and New York City.

Steve Douglas, campaigning for the Democratic nomination for the Senate, held a press conference to denounce the plan. Quoting further from the *Inquirer*: "All but unnoticed in the lobby [of City Hall, outside of which the rally for the museum was announced] was Steven Douglas, who is seeking the Democratic nomination for governor [sic] and who held a news conference to announce his opposition to the museum. Douglas called it 'an obscene insult to the memory of the founding fathers' and compared city leaders who are promoting the museum to flies swarming around cow dung."

Press attending the Douglas press conference on Feb. 6 were throwing away Douglas's critical press release, insisting that the rock museum was "the best thing that has ever happened to Philadelphia."

Gov. Richard Thornburgh sent a telegram to the event, which read, "We're ready to 'rock around the clock' in Philadelphia," to get the museum there, in a reference to the theme song of the movie, *Blackboard Jungle*, which many claim began the well-orchestrated "rock music" movement in the United States.

## Georgia opponents of cuts fear politics

A new organization of military civil service retirees has been formed in Augusta, Georgia, to oppose the cuts to be imposed on former federal and military employees by the Gramm-Rudman budget-slashing amendment. Called the Central Savannah Retirees Association, the organization is officially concerning itself only with the planned cuts in benefits not covered by Social Security.

At an initial meeting in early February in Augusta, National Democratic Policy Committee spokesman and U.S. Senate candidate Jerry Belsky was invited to address the Executive Board, to outline the fight by the NDPC against Gramm-Rud-

man. At that meeting, the group's chairman, Stanley Dysart, insisted that the group wanted nothing to do with politics, but was limiting itself strictly to dealing with local cutbacks. Other members of the new organization, however, expressed support for Belsky's proposal that they join the NDPC in making a broad national fight against the bill, and against its authors in the International Monetary Fund and Eastern banking establishment.

A larger meeting planned for the Augusta Civic Center Feb. 23 was also to have heard from Belsky, but his invitation was cancelled when his intent to raise real political issues at the meeting became known to Dysart.

## Prince Charlie protested in Texas

Prince Charles of England arrived in Dallas on Feb. 17 to celebrate the 150th anniversary of Texas's independence, and was greeted rather rudely by some opponents of royalty.

The prince was to cut a Texas-size 90,000-pound birthday cake; attend a black-tie dinner to present the Winston Churchill Foundation award to Texas billionaire H. Ross Perot, with Nancy Reagan present; and even visit with Lady Bird Johnson and San Antonio Mayor Henry Cisneros.

But at his arrival in Dallas, a half-dozen demonstrators were passing out leaflets with news stories associating Charles with victims of Acquired Immune Deficiency Syndrome—his former valet, for example. A spokesman for Charles said the claims are "absurd."

The harshest reception came at the San Jacinto monument near Houston, a symbol of the defeat of a British-backed Mexican army by Texas Army Gen. Sam Houston. Members of the National Democratic Policy Committee held signs. "It's a disgrace that a monarch would come on the grounds where the republic of Texas began," said spokesman Michael Micale. "Sam Houston would roll over in his grave." One sign read, "Sam Houston Threw Santa Anna in the Bayou; Let's Throw Prince Charles There Too."

## Briefly

● **JESSE JACKSON** joined the Heritage Foundation in endorsing Corazon Aquino, sending a letter of moral support to her on Feb. 17. Meanwhile, Heritage Foundation operative Martin Lasater, who was part of Sen. Richard Lugar's "observer team," told the press on Feb. 17 that U.S. policy "should be based not on keeping the military bases, but in maintaining democracy which is far more important."

● **VIRGINIA** state government are attempting to calm public fears of a meningitis epidemic after several public schools were closed in the Central Shenandoah Valley District in mid-February. Five students on one school bus were found infected. Meningitis has roughly a 10% fatality rate. After 48 hours with no new cases confirmed, the schools have reopened.

● **PRESIDENT REAGAN**, saying something is "desperately wrong" with the nation's welfare system, announced on Feb. 15, 1986 that he had appointed Edwin Meese to head a task force to study the affect of welfare programs on American families. He said Johnson's Great Society welfare programs led to an increase in poverty because they weakened the bonds that held families together.

● **CONGRESSMAN** Jim Courter (R-N.H.) plans to introduce an amendment to the FY87 defense budget which will call on Congress to explicitly commit the nation to full-scale development of the Strategic Defense Initiative, and implicitly to its deployment.

● **MEXICAN** Sen. Maria del Carmen Marquez de Romero Aceves held a press conference on Feb. 14 to call on the United States to offer cooperation instead of a "cold shoulder" to Mexico in its difficulties with illegal emigrants. She referred to the Simpson-Mazzoli bill, saying, "Mexico prefers to export goods rather than labor. But to find the solutions, we need the cooperation of this country to create conditions necessary to make our own country more attractive."

# The Gulf War

Since the beginning of the latest Iranian invasion of Iraq, Feb. 9, perhaps over 75,000 persons have died, mostly Iranians, in a military carnage whose international context is, roughly, as follows:

Both the U.S.A. and U.S.S.R. are agreed, since the days of the Carter administration, to keep the Iran-Iraq conflict going forever, and ensure that neither side wins. Within this framework, Moscow is pursuing a policy of "minimum effort/maximum advantage," befriending both sides. Washington is pursuing "minimum effort/minimum advantage."

Israel and Great Britain are the other two outsider powers which are playing a very significant role in the Gulf War. Israeli policy is that Khomeini's Iran should be buttressed to be a perpetual military menace to all Arab governments. London, over the last three to four months, has been attempting to transform Iran into a military battering ram against Saudi Arabia and Kuwait, for reasons having to do with London's "oil price war" against these two nations.

These outside influences are so overwhelming, that they have been controlling the fortunes of this war through the five-and-a-half years of its conduct so far. Its latest flareup, the Iranian invasion of Feb. 9, was a slight departure from the norm: The British influence over the conduct of the war was much more noticeable than in earlier times. In fact, as virtually all specialist observers of this situation would agree, the latest Iranian move was almost exclusively British-inspired and was, in fact, London's greatest hope in the drive to break Kuwait's and Riyadh's petroleum policy.

The actual protagonists of this war, Iran and Iraq, are like two gladiators who are fighting each other and, at the same time, keeping an eye out for the impression they are making on their audience. Each seems to be deriving his ability to go on fighting from the impression he is making on the spectators. In more than one way, the Gulf War is governed more by the exigencies of public relations than by the laws of war.

The two combatants are very different from each other, and if the laws of war were to determine the conflict, Iraq should be the winner.

Iraq's failing, so far, has been that it has fought by the rules of the game of international opinion, as that opinion is interpreted by the Delphic oracles of cynical foreign ministries. To be precise:

Iraq has an absolutely overwhelming supremacy over Iran in armor, artillery, and air power, and a very considerable advantage in financial resources. Iran has large numbers of inferior-quality soldiers led by inferior-quality officers, with nothing approximating Iraqi firepower.

To compensate for its professional military inferiority, Iran has emphasized a lavish expenditure of raw manpower and the factor of religious fanaticism. Khomeini and most of the theocratic leadership have time and again stressed that theirs is a *religious* war.

And how has Iraq responded?

In the battlefield, by a straightforward defensive deployment and posture. In the war of ideas, also by a defensive posture of obligingly trying to prove to world opinion that Iraq is not quite the "satan" that Qum's Ayatollahs are accusing it of being. It is this psychological and military defensiveness which is doing Iraq a disservice.

If, as the Ayatollahs insist, this is a religious war, should not the number one military priority of the Iraqi military command be to destroy the enemy's command structure?

Baghdad's only winning strategy is to execute a decapitating assault against the religious command of Iran, beginning by destruction of the city of Qum. The Shi'ite believers always held that Allah is on the side of the winning commanders. Dead commanders are disgraced in the eyes of Allah. A morally aggressive Iraqi stand would translate into aggressive combat deployment, before the outside players can act to salvage their cruel joke, Ayatollah Khomeini.

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