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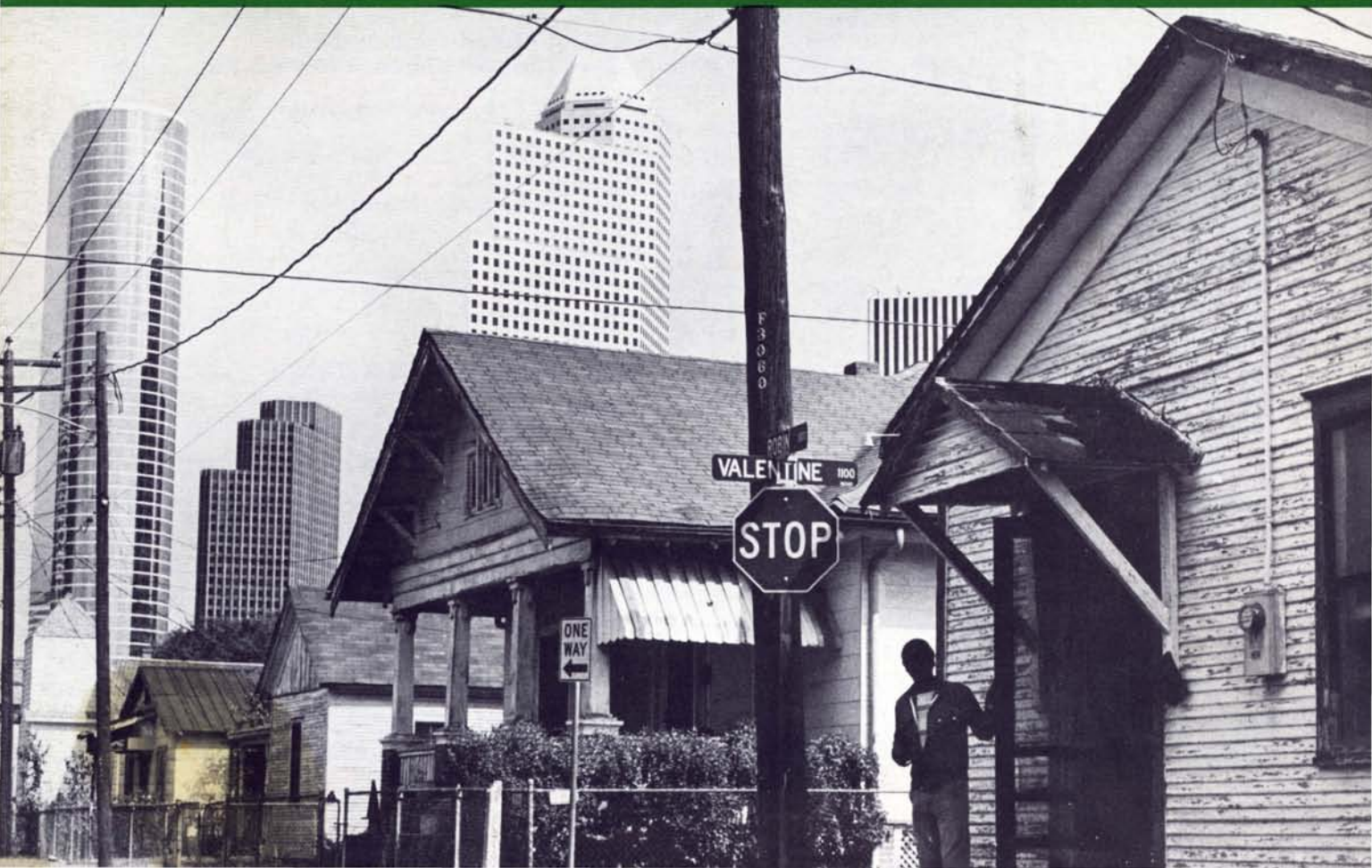
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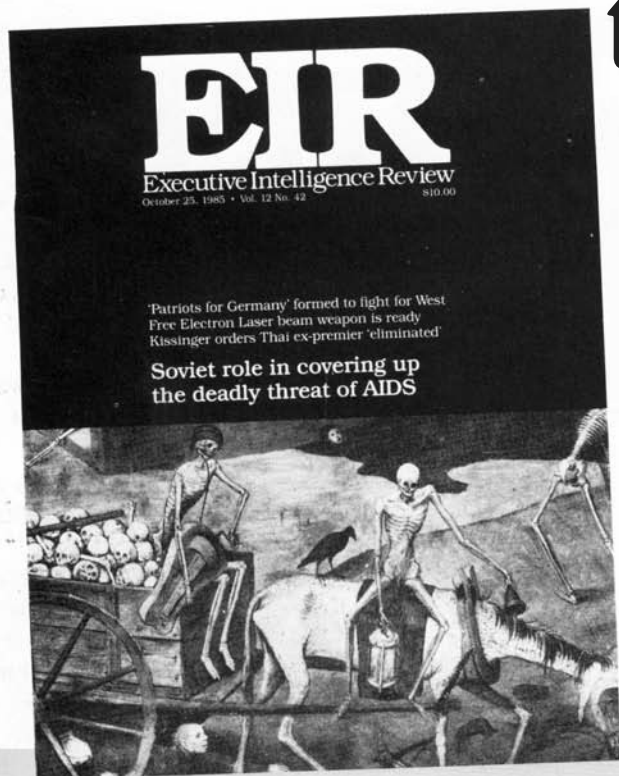
Can the U.S. electricity grid be saved?
Peru raids major cocaine lab, shuts IMF office
Interview: Israeli Economics Minister Ya'acobi

Oil price crash: the demise of the Lone Star State



AIDS is now a threat to everybody

Who said it first?
EIR did!



On March 2, the New York Times Magazine finally admitted that AIDS could spread outside of the so-called risk populations of homosexuals and drug-users. EIR had the story six months before: that millions of Africans, men, women, and children, had the disease; that AIDS is a disease of economic breakdown, spreading under conditions of overcrowding, lack of sanitation, etc.; that quarantine was mandatory—and that the Soviet Union, in control of the World Health Organization, was playing the principal role in covering up AIDS' nature and spread.

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EIR

From the Editor

To sum up the contents of this issue in a few words: The United States must break from the suicidal insanity of "free market" economics and adopt emergency measures in line with the American System tradition of economics, represented today by Lyndon H. LaRouche, Jr. This means:

1) Backing a "Marshall Plan" for Middle East economic development, as proposed by Israel's Shimon Peres (see page 6 and *Editorial*).

2) Slapping on an immediate oil import tariff to protect our domestic oil industry, as a matter of vital national security (pages 4 and 30).

3) Supporting Peru's war on drugs, which has just led to one of the biggest-ever raids on the cocaine mafia that sells death to American youth, against the International Monetary Fund's economic warfare (page 8).

As for timing: The *Feature* and this week's *Science & Technology* section show that the energy and financial picture of the United States is dark indeed. The severe financial problems of Western Europe (see pages 36-37) are cutting the ground from under governments that are inclined to support the U.S. Strategic Defense Initiative. Their opponents are, in most cases, working with the Soviets to neutralize Europe in a "New Yalta" arrangement.

When our oil industry dies, will we get our oil supplies from Libya? Libya's Qaddafi recently created a Terrorist International and made himself commander-in-chief, with plans that include race riots in U.S. cities (page 40). Qaddafi is just a pawn in the Soviet strategy for world domination by 1988—which the U.S. Defense Department seems to be waking up to, thanks to EIR's bombshell 1985 Special Report, "Global Showdown" (see page 62).

"Free market" economics is a hypocritical fraud. U.S. Treasury Secretary James Baker III went on national TV on April 3 to justify not lifting a finger to protect U.S. oil production, on the grounds of the "free market." But in the same interview, Baker threatened Peru, which is trying to rebuild its productive economy, with a cut-off of international lending. And he backed the International Monetary Fund loan conditionalities that have given only one kind of business its "freedom"—the drug traffic.

This is the corruption we have to sweep out of power in Washington. EIR is the only source of competent information with which to do that.

Nora Hamerman

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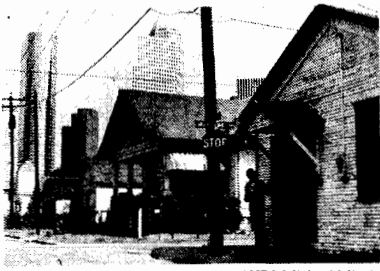
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NSIPS/Michael Micale

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The oil price plunge: Will a tariff be imposed in time?

by David Goldman

On April 1, LaRouche Democrats began a nationwide campaign for an emergency oil tariff, to prevent the oil price collapse from bringing down the United States economy. At the same time, Texas Gov. Mark White fired off another letter to the White House demanding that the President take emergency action to impose an import tax, for national security reasons. White has subsequently convened an emergency governors' conference, to meet in Colorado, and take up the question.

Meanwhile, the first signs of panic emerged from official Washington, as Saudi Arabia warned March 31 of a \$5 per barrel oil price, and Texas oil producers predicted \$4 per barrel, as the oil price plunged below \$10 per barrel for the first time since the 1973 oil embargo. But the Reagan administration remains obstinately against a tariff on cheap imported oil, the only measure capable of preventing disaster.

In a statement issued April 1, the National Democratic Policy Committee "announced its support for the implementation of an emergency oil tax package, as one step in a program to stop a financial blowout in 1986. The emergency package was proposed by Democratic presidential frontrunner Lyndon LaRouche on Jan. 29 of this year, during his State of the Union address. On that occasion LaRouche had documented the threat of a plunge into the depths of a new depression, on top of the existing depression still called the Great Recovery, during the course of 1986. He warned that if measures were not taken to correct the then accelerating slide of oil prices, that might just, together with the disaster of Gramm-Rudman, be the straw that breaks the back of the bankrupt financial system.

The NDPC's proposal is not simply for a national such tariff. The proposal also addresses the impact of the collapse in oil prices on Third World debtors dependent on oil revenues, such as, in the Western Hemisphere, Mexico and Venezuela. The proposal is for a hemispheric such tariff, which would establish a parity price for production operations throughout the Americas. This way the necessary corrective action can help buy time for the reorganization of the bankrupt monetary system.

Such an approach is traditional to the American System of economics. The oil-parity tariff would shift the weight in policy making away from usurious determinations of pricing and production levels, back to emphasis of production itself.

None of the alternatives on the table would impede the gathering momentum of the ongoing collapse in the least. Therefore, the question whether there ought to be such a tariff is not open for discussion.

What is to be discussed, is what level the parity price ought to be fixed at.

The alternatives on the table include, a) doing nothing, while leaving everything to the so-called freedom of the market; b) imposing a tax on gasoline consumption at the pump, favored by Paul Volcker and his friends; c) the LaRouche Democrats' parity-tariff proposal.

The first option is still favored among the geniuses of the Reagan administration, if one is to take the public utterances of officials such as Baker and Speakes at face value, and ignore the fact that their public espousal of an alternative might well trigger a collapse of the dollar. They continue to insist that the benefits of the oil price collapsing, primarily

\$20 billion extra in consumers' pockets, or about 1% of personal disposable income, will outweigh the disadvantages, such as the collapse of the financial system, and the damage to national security incurred as a by-product of the collapse of domestic production.

The second is simply the accountant's effort to generate extra federal revenues to apply against the burgeoning federal budget deficit. It would chisel from consumers while not reversing the slide into economic and financial collapse.

The principal question that arises concerning the third, viable option, is the level at which the tariff ought to be set. For example, the oil industry itself is known to favor a higher price, based on the consideration that the funding of exploration and recovery of new oil would require a price in the range of \$28 to \$32 per barrel. In *EIR's* view, it is the impact of usurious parasitism in the form of ground-rent claims, and interest levied on productive activity, which boosts the price to such a level. Such problems could easily be taken care of, by reorganizing the credit system along the lines LaRouche has proposed, and thereby reducing the claims of ground rent and interest proportionate with principles of equity. Productive activity, after all, is not undertaken to generate wealth to be skimmed off the top in the form of money income, but to permit society to continue to develop.

By way of comparison, using *EIR's* 1967-based price deflator, oil at \$20 per barrel would actually be \$4-per-barrel oil, and oil at \$10 per barrel would be \$2 per barrel. The next round of price collapse, if not averted by the kind of measures proposed, would bring the price of oil to its lowest real level in the entire post-war period, about \$1 per barrel measured in constant '67 dollars.

Saudis predict \$5 oil

The latest plunge in oil prices followed a prediction by the United Arab Emirates' oil minister that oil would fall to \$5 per barrel. U.A.E. Oil Minister Oteiba, who is also chairman of OPEC, said April 1 that if Britain and other non-OPEC producers do not agree to a price-sharing agreement within two weeks, oil could fall to \$5.

Texas crude dropped to \$9.70 per barrel the morning of April 2, and oil market sources predicted a further fall to \$8 within days. A spokesman for Texas independent oil producers, Julian Martin, told wire services that day, "We're very fearful the price of oil will continue to drop to the neighborhood of \$4 or \$5 per barrel because we see no political or economic roadblock to the decline of oil to that level."

Martin warned that the present oil price decline would wipe out 40% of America's oil production overnight. *EIR* released the same estimate on March 31 (see page 31). A 40% decline of oil output, and a 50% cut in oil-related capital investment, would knock out 5% of America's total physical output within weeks. The secondary explosions throughout the credit system would wipe out 20% or more of U.S. output.

Until the morning of April 1, the Reagan administration

had insisted that the drop in oil prices would keep the phony "economic recovery" in place through the 1988 elections. After April 1's price collapse, the administration began howling like a sleepwalker who has just stepped on a tack.

Energy Secretary John Herrington warned of "political consequences" for Saudi Arabia if it continued pushing oil prices down. In an apparent threat, Herrington said, "There is a point where decreasing prices . . . have political ramifications. This price dislocation has created severe problems in the American oil industry."

A day later, Vice-President George Bush told reporters that he was leaving for Saudi Arabia the following day, April 3, adding, "We're not going on a price-setting mission. I think it is essential that we talk about stability, and that we not just have a continued free fall, like a parachutist jumping without a parachute."

The Reagan administration is against Saudi price pressure because it threatens a financial collapse, and is against a protective tariff to hold up oil prices because it would threaten "the recovery." Oil traders demonstrated their contempt for the administration's opinion by bidding oil prices down to an all-time low, despite the new talk about price stability.

In any case, Saudi Arabia has no intention of cutting oil production, despite the Reagan administration's warnings about "political consequences" of continued price pressure. Saudi Oil Minister Sheikh Yamani told *Middle East Economic Survey* that oil prices can only be stabilized if Britain agrees to a global pact to restrain output. Britain remains adamant against such a deal with OPEC.

Oil prices are collapsing primarily because world trade and the world economy are in a global depression, and oil consumption continues to fall. In London, a top oil analyst warned that oil prices "may stabilize around \$10/barrel for the next quarter with support from the Saudis, but there is little likelihood of a return to levels of \$15." He added that production cuts of some 3.5 million barrels/day would be needed to restabilize prices at \$20. Saudi Arabia reportedly lowered output in March by some 400,000 barrels to 3.9 million barrels/day. He remained pessimistic of any significant production cutting agreement at the April 15 OPEC meeting.

Banking system on the brink

The oil market crash will not only wipe out 5% of U.S. industrial production immediately; it will also plunge the U.S. financial system into chaos, toppling 9 of the top 10 Texas banks within weeks. Unless the administration establishes a "parity price" for oil, no other stopgap measures will help.

The NDPC also pointed up the danger of "a deflationary collapse in real estate which could pull the entire rotten banking system down with it." The only way to avoid this disastrous outcome is "for Congress to break from the illusion that the 'free market' will save us, and to impose an oil-parity tariff."

Israel's Peres seeks 'Marshall Plan'

by Mark Burdman

In the face of the growing instability and terrorism in the Middle East, and a bid by extremist forces inside Israel around Ariel Sharon to take power, Israeli Prime Minister Shimon Peres put forward what may be the best proposal in decades for Middle East peace—a “Marshall Plan” for the region, emphasizing aid to Arab states.

As promising as the proposal is, it has run into one giant roadblock: the budget-cutting fanaticism of Gramm-Rudman Washington. Should the Peres plan *not* succeed in future months, and should the Middle East descend into chaos and war, the architects and supporters of this lunatic legislation should be held accountable before an international court of justice.

The “Marshall Plan” proposal was first put forward at a press conference in Israel on March 31, on the eve of Peres’s departure for the United States. Peres reiterated it on U.S. television on April 3. In substance, the plan calls for the nations of North America, Western Europe, and Japan, perhaps others, to put up \$25-30 billion over a 10-year period to fund development projects in the Middle East, and to compensate the Arab nations for the disasters to their economies and social cohesion caused by plummeting oil prices. Peres envisions funding through a combination of international bank lending and direct government aid.

In an exclusive interview with *EIR* April 3, Israeli Economics Minister Ga’ad Ya’acobi, one of the architects of the proposal, called it an “overall, comprehensive regional economic development program,” the aim of which is “to accelerate the economic development of the area, and, in this way, to give assistance to those countries that are ready to promote a peace process in the Mideast.”

The Peres proposal may differ in detail, but it recalls those of *EIR* founder LaRouche over the past decade, for an economic development-based Mideast peace process. On April 2, LaRouche commented that a Marshall Plan approach for economic development should be the centerpiece of Washington’s approach to the Middle East.

In Jerusalem March 31, Peres declared, “I believe that the economic issue will be the chief issue in the Middle East in the coming years, and, if it is not dealt with, we can expect very many jolts. . . . Many countries have a significant stake in promoting a lasting peace in the area and, if this plan were implemented, it would help to create joint economic and political stability.”

On U.S.

situation has become the overriding problem for all the countries of the Middle East,” particularly because of the \$100 billion in revenues being lost this year by oil-producing Arab countries. He called for Western nations to invest in the “political infrastructure” of the region, because it is facing “its greatest crisis ever. . . . Peace can wait, but starvation cannot wait.”

Peres indicated a favorable response from certain Arab leaders, particularly in Egypt and among moderates on the West Bank, such as Bethlehem Mayor Elias Freij. Israeli sources also report favorable responses from governments or government-linked individuals in West Germany, Italy, and Japan. Peres will have an opportunity to elaborate in an April 21 address before the European Parliament in Strasbourg.

Peres first put his “Marshall Plan” idea forward in a Jan. 22 speech at the Royal Institute for International Affairs in London, calling for “economic development, the widening of the industrial base and technological infrastructure of the countries in our region. . . . An improved economic foundation may produce a better psychological setting for the difficult political decisions required.”

According to a source close to Peres, the proposal is addressed to “Jordan, Iraq, and even Syria, with the tactical idea being to isolate the real extremists, like Libya’s Qaddafi.” This kind of emphasis by an Israeli leader is almost unprecedented, and reflects the profound level of crisis in the Middle East. As one Israeli source stated: “The Peres plan is *primarily* aimed at the Arab world, because of their problems with the oil prices. If these countries are economically stable, they will be interested in peace.”

An April 4 London *Daily Telegraph* feature entitled, “Oil Price Drop Stirs Middle East Unrest,” notes that economic collapse is creating a perilous situation inside Syria, propelling President Assad to make new war threats as a “unifying rallying cry,” as well as Egypt and the West Bank, whose population depends on remittances from Palestinians working in oil-producing countries.

But Israel’s own economy is also in desperate trouble, thanks to the International Monetary Fund, the U.S. State Department, and organized crime figures who have come close to dominating Israel’s economic life.

Says an Israeli, what matters now is “the attitude of the United States; they tell us it’s not realistic.”

In the fantasy world of Gramm-Rudman Washington, the message is “thumbs down” on the Peres plan. On April 4, as

Peres returned to Israel from Washington, the French newspaper *Le Figaro* headlined, "Shimon Peres Disappointed by Washington." Although the United States agreed to keep supplying Israel itself with requested levels of aid, "the Americans don't believe in a 'Marshall Plan' for the Middle East."

Earlier, the Italian daily *Corriere della Sera* reported, "The first reaction from the U.S. to the Marshall Plan proposal has been tepid. In fact, the Americans are not enthusiastic, at a moment when they are making large efforts to cut their budget, to engage in an economic initiative of such magnitude."

State Department spokesman Bernard Kalb cautioned, in a statement made April 2, "We see potential political and financial obstacles to the prime minister's proposal."

Said the April 4 *Financial Times* of London: "Explaining the potential obstacles, Reagan administration officials pointed to the financial constraints in the U.S. stemming from the new Gramm-Rudman budget balancing law and fiscal difficulties in other Western countries."

A City of London source told *EIR*: "Peres' plan is a nice idea, but it's not very realistic."

Sharon in the wings

The attitude in Washington and London could so undercut Peres that it would bring Gen. Sharon and his cronies to power. Peres is in a delicate position. Over the April 4-7 period, the Labor Party-dominated Histadrut is holding its national convention. On April 8 begins the national convention of the Israeli Labor Party, and Peres will be increasingly vulnerable to the arguments of "those who accept the thesis of the rightwing," as *Le Figaro* put it, "that one can only have a policy of force with the Arabs."

Knives are being sharpened for Peres. On April 2, Defense Minister Yitzhak Rabin attacked those who want to "speed up" the Israeli-Jordanian-Palestinian negotiations. In October, current coalition arrangements call for Vice-Premier Shamir to assume the premiership, on a program of West Bank annexation and opposition to the Peres plan. Peres' circle, in fact, is using the Marshall Plan, to try to create some *fait accompli* in the direction of peace before October.

The real threat, however, is not Shamir, but Sharon. In the first days of March, the Herut-Likud convention broke into violent brawls, but Sharon stayed out of them. As a result, Israeli sources inform *EIR*, he has "emerged as a statesman, in contrast to the others, and the whole image of him has shifted." Said one source: "I wouldn't be surprised to see him become Israel's prime minister, although it may take until 1988-89, for this to happen."

Sharon's economic policies are simple: to make Israel a haven for organized crime operations, speculative real estate, casinos, and the like, while doing anything in his power to encourage the rapid collapse of the Arab nations. For this, Sharon has various private agreements with Moscow. On

March 26, the Soviet weekly *Literaturnaya Gazeta*, the KGB's "unofficial" organ, issued a sinister attack on Peres and his political ambitions inside Israel.

A timely attack, again suggesting that Gramm-Rudman is, for all intents and purposes, a Soviet plot.

Interview: Ga'ad Ya'acobi

Behind the Mideast 'Marshall Plan'

On April 3, from his office in Tel Aviv, Israeli Economics and Planning Minister Ga'ad Ya'acobi gave the following telephone interview to EIR's Paolo Raimondi. Ya'acobi is a member of the Israeli Knesset (Parliament) for the Labor Party.

EIR: Can you explain some details of the Marshall Plan proposal made by Prime Minister Peres?

Ya'acobi: The idea came from the prime minister, following discussions with me, and others in the government, and experts from the Israeli institutes and academies. The idea is to get the U.S., Canada, the countries of the European Community, and Japan, together, to initiate and to carry out an overall, comprehensive regional economic development program, based on very detailed and defined priorities concerning investment in several economic sectors: industry, education, training, irrigation, technology, and research and development. The idea is to accelerate the economic development of the area, and, in this way, to give assistance to those countries that are ready to promote a peace process in the Mideast. I mean, the moderate countries. Also, to reassess the status of the possibilities for peace in the Middle East.

The total sum indicated is \$25 billion in 10 years, namely, \$2.5 billion per year, that 18-20 countries should contribute to. I don't think, in this way, it would be a heavy burden for the participants.

We have another idea: to create a multinational team, to study how to work out this plan. Also, in Washington, there should be an office, to function like a consultant in this effort.

EIR: Can you tell us what kinds of projects you intend?

Ya'acobi: Yes. One project should be the establishment of a nuclear power station in the Sinai, to supply energy to both Egypt and Israel. A second project, should be a railway system from Turkey, along the coast, to Egypt, going through Lebanon, for transportation of freight. A third, is a joint touristic project in the area of Eilat and Aqaba. For what concerns agriculture and irrigation, we also have joint projects, one in Egypt, and another one in the Jordan Valley. The details on this have to be worked out fully.

The plan for the program will be presented to the international public, when the detailed program is worked out.

Peru busts cocaine mob, expels International Monetary Fund

by Mark Sonnenblick

The largest cocaine raid in world history capped a week of heavy reverses for Dope, Inc. delivered by the Peruvian government of President Alan García. Over 28 metric tons of semi-processed cocaine were seized and destroyed by a 24-man squad of Peruvian police during a March 24-30 blitzkrieg on the Upper Huallaga river valley on the edge of the Amazon jungle.

When fully refined, this basic cocaine paste would have become 8.8 metric tons of pure cocaine crystals, according to initial calculations by the U.S. Drug Enforcement Administration (DEA) in Lima. This coke would fetch \$30 million FOB Miami and \$880 million in gram-sized doses on Chicago's "gold coast."

While Civil Guard troops directed by Interior Vice-Minister Agustín Mantilla were wielding plastique explosives to blow up the cocaine paste, a dozen production facilities and three clandestine airports in Peru's prime production zone, the very top promoters of international drug trafficking, were suffering staggering political defeats in Lima. A three-judge panel of Peru's superior court unanimously confirmed an earlier, lower-court decision absolving Peruvian Anti-Drug Coalition (ADC) leader Luis Vásquez of slander charges, for having said that former Prime Minister Manuel Ulloa was responsible for policies that fostered the proliferation of the drug trade in Peru.

The judges' ruling paves the way for a long-overdue investigation of Ulloa's treasonous political and economic policies during his years as prime minister (1980-82) and beyond.

Those policies included total adherence to a murderous austerity program dictated by the International Monetary Fund (IMF), a program which decimated Peru's productive economy and opened the country up to takeover by the drug mob. Legislation which explicitly facilitated drug-money-laundering was encouraged under Ulloa, and he was bold enough to go on the public record discussing the potential merits of drug legalization.

'Peru completes cocaine raids, closes IMF office'

Perhaps without realizing it, UPI told the whole truth in the above headline, which it placed on a wire from Peru on April 2. President García announced that Peru was expelling the IMF representative from the office which he had occupied *inside* Peru's central reserve bank for the past two years, under a contract signed between the IMF and the Ulloa crowd during the regime of Fernando Belaunde. Twenty-five nations, including the United States, still permit the IMF to maintain economic espionage centers in their capitals.

García said, "With this decision, the country gains dignity, sovereignty, and independence. Peru is a poor but dignified country which is not subject to any kind of servitude. As a debtor country, Peru pays according to its possibilities and will reduce its payments to the IMF, because that agency has two sides, one that of a bank which lends us money, and the other that of an institution of a police nature."

He reiterated his previous refusal to permit an IMF "inspection mission" to enter the country, "because we do not accept police and vice-regal interventions."

Finance Minister Luis Alva Castro added, "Our position toward the Fund is perfectly clear and public. We do not accept its intervention to solve our debt problem; we are not going to pay its credits except within the limit of 10% of exports; and we are not going to lend our ears to its policy recommendations, which brought our country to virtual bankruptcy."

Under IMF tutelage during the past decade, Peru's living standards have been halved. And the Ulloa-Belaunde-IMF regime drained Peru's dollar reserves and left it in default to the United States, the IMF, and almost all its private creditors. Even while limiting debt service payments, the García government is paying more than Belaunde did. And it has demonstrably improved living standards of the poor and sales levels for business.

Peru's sovereign refusal to crawl to the IMF is likely to

produce a blowout at the IMF directors' meeting April 16. The IMF had given Peru an ultimatum that it pay up \$72 million in arrears to the agency by April 14 or be declared "ineligible" for further lending. The IMF cut off the García government from the beginning, but the declaration by the world's credit dictators is expected to cause the World Bank and other agencies influenced by the Reagan administration to cut off lending to Peru.

García responded to that threat during his mid-March visit to Argentina, when he asserted, "If being eligible means we have to subordinate ourselves to the dictates of an anti-national policy, we have chosen the road to being ineligible."

Peru is playing its chess game with the IMF with consummate care. It is putting the lie to a falsehood which will appear in the world press around April 15, that "Peru broke off relations with the IMF." While showing a refreshing contempt for the IMF's incompetence as an economic adviser, Peru is obeying the IMF rulebook to the letter. It is offering to make a token "good faith" payment of \$5 or \$10 million on its arrears to the IMF, according to a finance ministry spokesman.

And Peru has found that the IMF charter does not require that even the annual "inspection" of member countries be made on site. Finance Minister Alva Castro declared April 1, "We do not accept any kind of financial commissaries. The President of Peru has said that if the IMF wants information, we are going to give it, but this government, which speaks with the truth out front, is not going to let anybody cast doubt on the truth of its accounts . . . nor for anyone to rule its internal affairs."

But García's running circles around what he calls "IMF colonialism" undercuts that agency's ability to intimidate debtor nations, its police power. "It is bad enough for Peru not to pay, but it is intolerable that they are boasting about it," a leading banker commented.

Details on the biggest cocaine bust in history are incredibly sparse. None of the major U.S. East Coast Establishment media covered it the following day. The press blackout extended even to Peru, where only the government-owned *La Crónica* and one television network covered the event. One editor told *EIR*, "It is not news; such things happen every day." The first part of the argument is a cover-up, but it is true that the García government has made its war on drugs into an everyday affair.

When Peru was run by Belaunde, Ulloa, and the IMF, it provided about half of the world's cocaine, but only about one ton a year was captured in perfunctory raids required by the U.S. State Department. During the five months of last year in which García ruled, his "Operation Condor" found over seven tons and broke up the country's major cocaine-refining centers in the area where Peru borders Colombia and Brazil.

Despite scant publicity, García's war on drugs has constantly escalated. During the first three months of this year, police captured 25.5 tons of basic cocaine paste in liquid form, 730 kilos of paste in solid form, and 3.1 tons in the

Ulloa's slander charges rebuked by court decision

Manuel Ulloa first brought his charges of slander against Luis Vásquez of the Peruvian Anti-Drug Coalition in August 1985, when a nationwide ADC campaign to expose Ulloa's drug-pushing policies was undercutting Ulloa's efforts to infiltrate his own agents into the new García government. With little choice but to sue in self-defense, or flee the country in ignominy, Ulloa tried the former—only to watch the well-publicized trial of Vásquez turn into a forum of indictment against himself.

The first ruling, on Oct. 17, 1985, which absolved Vásquez of all charges, gave de facto juridical legitimacy to the public's widely held but unspoken belief that Ulloa was "the Godfather" of the Peruvian drug trade. Ulloa's appeal for a reversal of that ruling convinced no one, much less the superior court judges, who were forced to consider such pathetic arguments as Ulloa's claim that he could not be held responsible for the drug trade in Peru since it preceded his term in office!

Their verdict, delivered March 21, is revealing:

"Having seen and heard the oral testimony and the arguments of the sentence which was appealed, and having considered that the spirit of the [ADC] publications in question, clarified by the defendant's declarations, whose coherence makes them convincing, [this] is criticism of the economic policy which the plaintiff executed during his service as a public official, as a politician and as former prime minister of the post of economy and finances, and which he described as 'superliberal' [and] whose policy permitted the proliferation not only of the drug trade, but also of bingo, finance companies, [and] real estate, which are interconnected and which make up the 'illicit economies'; and since there exists freedom of expression, information, and thought through both the written and spoken word, without prior authorization, censure, or any impediment whatsoever, so long as honor and good reputation are respected; and given that it is also true that every public official is by the nature of his activities subject to the 'right of criticism,' within the limits set by the law and by morality; and since, in this case, the terms contained in the [ADC] publications which serve as the basis for the . . . suit have not transgressed said norms; and since the conduct of the defendant has not at any moment been that of *animus difamandi*. . . .

"For these reasons and under the auspices of article 2.4 and article 5 of the political constitution, we confirm the sentence under appeal . . . absolving Luis Ernesto Vásquez Medina of the charges formulated against him for the crime of defamation by means of press and of offense against Manuel Ulloa Elías and everything else contained therein."

process of being washed, narcotics police chief Col. Jorge Zarate told UPI April 2. The raids by his under-equipped and under-funded police forces destroyed 80 cocaine-decanting pits and several clandestine airstrips.

The latest part of Operation Condor III hit the core cocaine paste producing zone of Peru, the Huallaga River valley on the edge of the Amazon basin 300 miles northeast of Lima. Its well-drained slopes are ideal for coca bushes and its World Bank-built road system useful for the truck-loads of kerosene needed to turn the leaves into paste.

Carried by Peruvian air force helicopters, the strike force hit near the village of Sion, near the village of Tocache, near Uchiza and Paraiso. In the raids, they destroyed 28 tons of cocaine paste and 116 tons of coca leaves. They destroyed 12 cement-lined decanting pits, 3 airports, and 75 tons of coca bush seedlings.

Two DEA agents accompanied the raiding party. The U.S. State Department paid for the gas used by the helicopters, at \$500 per hour. Without the helicopters, effective anti-drug operations are nearly impossible, for police can hardly move in the jungle without air support. Hence, the miserly \$4 million per year in anti-drug aid provided by the United States does not go very far.

Peruvian Vice-Minister Mantilla suggested that U.S. national security could gain more from investing \$100 million into Peru's anti-drug efforts than giving the same to drug-running Nicaraguan mercenaries. While Peru is willing to take all the military steps it can afford against drugs, Mantilla believes that it will not be able to exterminate the industry until the tens of thousands of peasants who became dependent on cultivating coca bushes during the decade before García's presidency could be provided with equal economic opportunities, producing other crops.

Police-free zones raided

The Huallaga zone was considered "liberated territory" by the narco-terrorists, where not even the police dared enter during the Belaunde regime. Under the protection of laws dictated by the evil Manuel Ulloa, money-laundering flourished. Billions in dollar bills were exchanged by banks and others in the valley's villages and shipped to Lima by the plane-load for exchange into soles on the black market there. Coca is the only significant industry in the zone.

One of the inhabitants of the Upper Huallaga, nicknamed "Mosca Loca," gained reknown when he made an offer to President Belaunde to pay Peru's foreign debt if he would be allowed to work in peace.

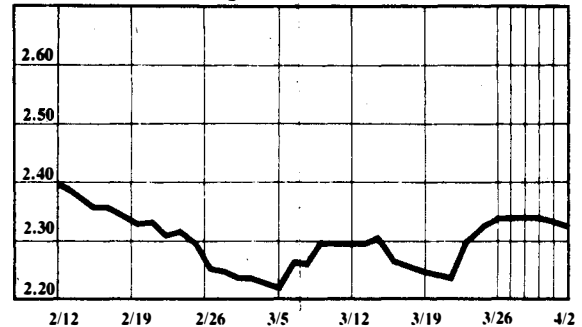
García has now damaged the cocaine-producing apparatus. The courts have shown that the top protectors of Dope, Inc., such as Ulloa, are no longer invulnerable. And a confrontation is brewing with the international bankers whose largest business is transferring narcotics revenues from one account to the next.

It may well be that the next blow against narcotics in Peru will be legislation which cripples money-laundering.

Currency Rates

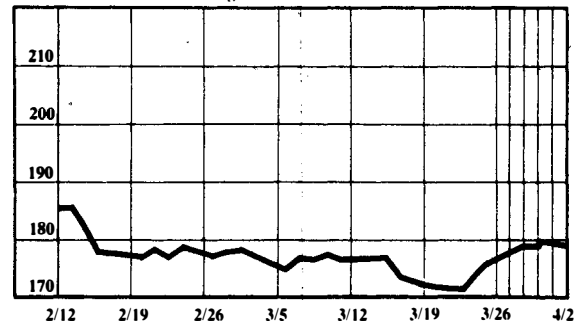
The dollar in deutschemarks

New York late afternoon fixing



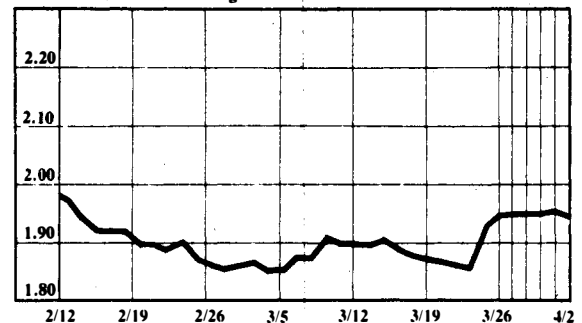
The dollar in yen

New York late afternoon fixing



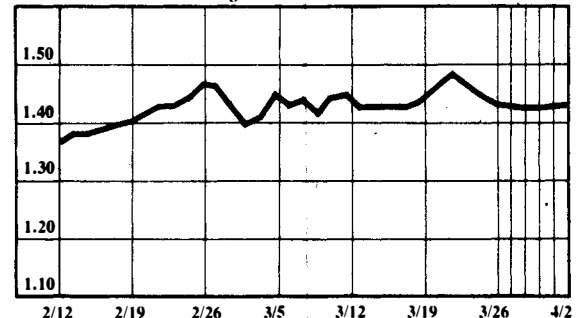
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Farm 'restructuring and destocking': How to create huge food reductions

by Marcia Merry

According to the estimates released by the U.S. Department of Agriculture in March on the cropland that will not be in production this year, the number of dairy cows that will be slaughtered, and the number of farmers that will go out of operation, there is a major food crisis in the making in the United States. And yet, the USDA, the State Department, and the congressional planning and information offices all concur that, "food reductions are necessary . . . this is restructuring and destocking."

What they purport to think is that less food produced will bring higher prices for the farmers—on the basis of the economics fairy tale that prices are set by supply and demand. The simple fact is, prices are set by international food cartels. The idea of a "free market" of supply and demand is a vicious myth.

The International Monetary Fund, collaborating with the cartel interests, has set international terms of trade, loan conditionalities, and investment constraints that have guaranteed the shut-down of world trade and production.

As U.S. farms, food storage, processing and distribution companies go bankrupt, they are either being closed down entirely, reducing our output capability, or they are being bought up, cheap, by the international food cartels, which will reduce their output. The latest example is the purchase by the British sugar cartel, Tate and Lyle, of the failed Great Western sugar beet company, that once spanned the high plains of Colorado, Nebraska, and Wyoming. What production is left there is under foreign cartel ownership.

'Restructuring'

To misrepresent this process, and misinform lawmakers and officeholders, meetings and statements have been issued since the beginning of the year to the effect that U.S. agriculture should be left to "restructure itself" so that the independent family farm—the traditional mainstay of high productivity U.S. farming since Abraham Lincoln—should be decreased in favor of the establishment of a very few, large-scale high-tech farms. In plain words, these new operations would be feudal-style estates, where serf-like employees would tend the fields and flocks with a few chemical "wonder

methods" thrown in.

In March, the Congressional Office of Technology Assessment released a report brief (GPO 052-003-01018-6) called, *Technology, Public Policy, and the Changing Structure of American Agriculture*. It stated: "As America enters the era of biotechnology and information technology, agriculture productivity will increase significantly and the structure of agriculture and of rural communities will change forever. Approximately 1 million farms will disappear between now and the year 2000, mostly moderate-size and small farms. About 50,000 large farms will then account for 75% of U.S. agricultural production.

"The main beneficiaries of the new technologies will be the operators of large farms. Operators of small and moderate-size farms, the traditional 'backbone of American agriculture,' will be less competitive, partly because they will be unable to adopt many of the new technologies."

The bulk of the statement is not a prediction, but a statement of intention. The last line is a simple lie. The history of the agriculture extension service, since its beginnings during the Lincoln administration, shows that independent family farms are very ready to adopt advanced techniques any time they have the knowledge and the means, for example, the use of chemical fertilizers. The OTA is lying, in order to make certain Congress does nothing to obstruct the change-over to vast-tract, foreign-ownership agriculture. So far, Congress has fallen for every lie.

Rep. George E. Brown, Jr. (D-Calif.), member of the Technology Assessment Board and the House Committee on Agriculture declared: "As we approach an era of massive change in agriculture, we need the type of guidance this report gives us. Parts of this study have already provided a basis for amendments to the 1985 Farm Bill. This assessment should continue to guide Congress in making the difficult choices that we face in coming months."

'Destocking'

What the U.S. Agriculture Department should be doing is implementing emergency measures to expand output at parity prices, to meet overseas food needs on the model of

the military and Lend Lease programs under the World War II War Production Board parity programs. Instead, the USDA is implementing a plan of food output reduction and "destocking" of existing storage in a starving world. U.S. food supplies are being marginalized to the point of impending domestic shortages.

The following is a summary picture as of March 31.

Liquidation of national beef cattle herd

Herd liquidation in the United States is now proceeding so quickly under depression conditions, that the national inventory of beef cattle and calves is down to the level of the 1960s. The total number of beef cows nationally, at the time of the last national inventory (July 1985) was 46.3 million, down drastically in the last few years. Beef cattle declined 7% from 1984 to 1985, and, during the same time, replacement beef heifers declined 11%. The 1985 calf crop is the smallest since 1961. This guarantees that the national herd will continue to decline this year and afterward. Last year the per capita beef produced in the United States fell to the level produced in this country in 1954.

The decrease in beef animals has been masked in recent years by beef supply imports. In addition, over the upcoming months, the slaughter of the 1.5 million dairy cows, under the government "buy-out" program, will add a temporary, one-shot amount of about 400 million pounds of beef to the national meat supply. However, then both meat and milk sources will be gone.

Grain production

Acreage planted with grain crops in the United States this year will be reduced significantly in all grains, according to even official U.S. Department of Agriculture reports, which notoriously overstate such statistics.

According to the March estimates:

Winter wheat. Fall planting was down to 54 million acres, the smallest amount since 1979.

Spring wheat. Plantings are down an estimated 3% from last year. There will be seeding-on only 14 million acres.

Corn. Spring plantings are estimated at over 75 million acres, down 6% from last year, and the smallest planting since 1983 when only 60 million acres were planted because the government offered the crazy Payment-in-Kind (PIK) program to lure farmers into the biggest acreage reduction in U.S. history. Corn acreage will fall by 7% in a dozen Midwestern states, accounting for 80% of national production.

Grain sorghum. Again, expected plantings of 15.9 million acres compare only to the 1983 low PIK acreage of 11.9 million acres. It is down 13% from 1985.

Soybeans. Spring planting is estimated to be 62 million acres, the lowest amount since 1977.

The estimates given above are a deliberate overstatement by the USDA, because they do not take into full account those farmers who do not have the means to plant, fertilize, or harvest. In addition, some farmers are attempting to re-

move their grain acreage forever from production, under the lure and coercion of the new "Conservation Program."

Dairy production

On March 28, the U.S. Department of Agriculture announced that it will pay 13,988 dairy farmers a minimal financial settlement to liquidate their herds, and to remain out of milk production for the next five years. This unprecedented herd "buy-out" procedure was written into the new farm law last December, and is expected to eliminate 9% of all U.S. milk output in one blow. This amounts to 13 billion pounds a year, milk that the United States will not have for any purpose. As many as 1.5 million head of dairy cows, heifers, and calves will go to slaughter over the next 18 months.

The rationalization for this stupid and immoral program is that there are huge dairy product "surpluses" hanging over the nation. In reality, this is calculated propaganda, mixed with confusion among many of the farmers and milk-processing production people themselves. The reasons why there are dairy products in storage—under the government "buyer-of-last-resort" program—is, first, that the domestic market is severely depressed because people cannot afford a quality diet; second, the international market is depressed by International Monetary Fund austerity conditionalities; and, third, the international dairy trade is completely controlled by a cartel of Nestlé, Unilever, and the New Zealand Dairy Board—a holdover from the British Empire.

It takes years of careful husbandry to build up a top dairy herd. What the government is implementing, is the slaughter of a precious pool of top milk-producing stock that could be the basis for upgrading of milk herds around the world. Beef cattle ranchers, worried about the milk-cow beef hitting the markets, suggest: At least, the animals should be sent to Mexico or elsewhere so they can still provide milk and offspring for the world.

Dairymen are signing up for the herd liquidation program because they have no financial alternative. They have been receiving less money per hundred pounds of milk sold every month, than it costs to produce that hundred pounds.

Farmers whose cows produced almost one-fourth of last year's milk supply got in line to participate in the herd "buy-out" program, because they have nowhere else to turn. A reported total of 39,534 dairy farmers applied for the program. The government did not accept that many in the plan; but it will in the future. Of the 14,000 farmers accepted for herd liquidation, fully 40% are in the top six dairy states, where the infrastructure has been so well developed that these states produce more than 50% of all U.S. annual milk output.

If you took all the famed dairy "surplus" in stock and distributed it for every person in the United States, here is all you would get (from USDA, March 21, 1986 figures): one pound of butter and 2.5 pounds of cheese (some of it inedible due to mold). If you were to distribute all the U.S. milk powder stocks to Africa, each African would receive three gallons.

U.S., European farm policies shaped by Trilateral strategy

by William Engdahl

The new French agriculture minister, François Guillaume, flew to Brussels at the beginning of April for the European Community (EC) ministerial talks on farm price levels for 1986-87. Guillaume told press in Paris that he is committed to raising income for European farmers. He termed the proposal of EC Agriculture Commissioner Franz Andriessen (Holland), which would institute severe reductions in the prices paid to farmers, "unacceptable." He demanded the body "make other, more serious proposals."

As Guillaume pointed out, the primary objective of the 29-year-old Treaty of Rome which established a Common Agriculture Policy for the nations of the European Community, is to maintain adequate income for European farmers.

According to the European farmers' umbrella organization, COPA, net farmer income in the European producing countries plunged by 12% in 1985. COPA also estimates that the latest price austerity proposals from Andriessen would mean new income reductions of farmers of 12-15%, through reduced price supports and select production taxes, a so-called co-responsibility levy on cereal grains.

The surprise entry of Guillaume, until mid-March the president of the largest French farmers' organization, the 700,000-member FNSEA, came as a result of cabinet changes following the French elections in March. The addition of a strong advocate from the French side is expected to strengthen the position of West German Agriculture Minister Ignaz Kiechle, who last year invoked West German veto rights rather than accept sharp EC support price cuts.

EC surplus stocks are now at record levels, since farmers who cannot sell their product at acceptable prices are guaranteed EC purchase for storage, and have been increasingly forced to exercise that option. The resulting surplus in the EC intervention storage for beef, butter, and grain products is now being used as a major club to implement "U.S.-style" farm-price austerity.

Earlier in March, West German Finance Minister Gerhard Stoltenberg, a member of the secretive Trilateral Commission, told Brussels EC administrators that budget austerity will be demanded of them. Stoltenberg's budget austerity line would undercut farmers' attempts to reverse a situation of financial catastrophe which, by reliable estimates, is now destroying tens of thousands of West German farmers—with

the survival of Germany's Christian Democratic government under Helmut Kohl very much on the line.

The situation of Western European farmers more generally has reached a level of crisis not seen since the imposition of the Common Agricultural Policy in the late 1950s. And, as the Stoltenberg case would indicate, in this crisis, the policy-options being presented in Brussels and in member EC capitals have been carefully prepared by a secretive club of insiders closely tied to international bank and grain-cartel companies. In all principal features, both U.S. and EC farmers are being destroyed in a process of cartelization which intends to destroy national family-unit farming and replace it with giant, supranational food cartels or combines such as Unilever of Holland and Britain, or Nestlé of Switzerland.

Trilateral agriculture strategy

Using monies provided by the West German Robert Bosch Foundation, Pierre Lardinois, chairman of the multinational Dutch agriculture bank, Rabobank, supervised a policy study for the Trilateral Commission which was completed last year, at approximately the time that the then-U.S. Agriculture Secretary John Block delivered the final Reagan administration 1985 Farm Bill to Congress. The Lardinois strategy attacks the EC for having a "quite rigid and high price system of guarantees for cereals, protected by levies on imports and subsidies on exports." It calls for the European Community to implement a more "market-oriented system." The "market" the Lardinois report refers to, of course, is the market controlled by the multinational network of agriculture trading companies and banks such as Chase Manhattan and Rabobank which finance international food exports.

Since the early 1970s when then Secretary of State and Trilateral Commission Executive Director Henry Kissinger brokered the first massive Soviet grain deal, the "free market" in agricultural products has been hostage to Russian grain demand fluctuations. With collapsing economies in developing sector regions blocking import of needed grain and other agriculture products, the Soviet market has become all-controlling. This market in turn, is controlled by a tiny handful of giants such as Cargill, Continental, Dreyfus, and banks such as David Rockefeller's Chase Manhattan.

In France, the Soviet channel is monopolized by Gorba-

chov-intimate Jean-Baptiste Doumeng, whose firm SOCO-PA was just involved in a scandal over insider-trading involving Brussels EC officials and the Soviets. Involved was export of EC surplus beef to Moscow at give-away prices.

The Trilateral program does not stop at the European borders. It advocates that in the United States as well as Europe, "Levels of protection should be significantly reduced" and that "domestic producers be faced with some degree of competition from the international markets." Further, they demand that the "trilateral countries [United States, EEC and Japan] should move together in achieving more "market-oriented" policies for agriculture."

So, the policy of the Trilateral Commission is clear: In the middle of the worst income and price depression ever experienced by U.S. and European farmers, collapse control of traditional farm ownership into the hands of the multinational combines, giving these global control over food supplies. To achieve this objective of this "market-oriented" policy, the cartel companies must bankrupt major sections of advanced industrial nation's farm ownership, and force the remaining farmers to sell out to the multinationals under some form of neo-feudal absentee ownership of the farm.

Removing national protective tariffs and price supports, the Andriessen/Stoltenberg formula at the EC, is merely "the first step," as one leading French farm veteran expressed it in a recent discussion. The trade war now being unleashed between European and American farmers is being carefully orchestrated to feed the cartelization process.

Flexing the 'BICEP'

The 1985 Farm Bill of the U.S. Department of Agriculture aims to provoke the Trilateral Commission's trade war, and is otherwise wholly a part of the Trilateral Commission strategy of "market-oriented international competition." Included in the bill is a so-called Bonus Incentive Commodity Export Program, appropriately: BICEP. Under BICEP, the USDA is subsidizing the grain multinationals such as Cargill with *free government grain*, allowing them to selectively attack traditional EC export markets such as Egypt and North Africa. Already in 1985, BICEP export subsidies hit EEC export markets sharply, especially French, according to Western European trading sources.

BICEP is one of a package of export subsidies to the cartel multinationals. Under the same bill, U.S. farmers will be forced to take 30% of wheat and some 10% of corn acreage out of production, a move which helps the "supply management" cartel trading houses and financial institutions to boost profits at farmers' expense. The entire 1985 U.S. Farm Bill was promoted as a "turn to the free market" by Block and former Cargill executive Daniel Amstutz, who as deputy secretary under Block is widely credited with being the policy architect of the bill.

The same Trilateral Commission policy shaped EC Agriculture Commissioner Andriessen's controversial "Green

Paper," a policy document advocating severe farm price reduction which, as the COPA farmers' organization emphasized, "would result in a dramatic fall" in the already low level of farm incomes, forcing Europe's farmers to "leave agriculture or to intensify [production] more and more."

The fact that both the U.S. and EC policies are echoing the Lardinois Trilateral Commission "free market" strategy of cartelization is not surprising. Look at who made up the Lardinois task force which drafted the Trilateral strategy. According to official documents obtained from the commission, Lardinois drew in the collaboration of such people as Gilbert Salomon, chairman of Doumeng's SOCO-PA; Albert Simantov, OECD director for agriculture in Paris; Robert Thompson of the White House Council of Economic Advisers; Helmut von Verschuer, EC deputy director general for agriculture in Brussels, working directly under Andriessen; Dale Hathaway, former U.S. undersecretary of agriculture; Clayton Yeutter, U.S. special trade representative and a former U.S. secretary of agriculture; and A. de Zeeuw, chairman of the committee on trade in agriculture for the General Agreement on Trade and Tariffs (GATT).

The package of agricultural policies now leading to a trade war in farm products between the United States and Europe was drawn up jointly by leading U.S. and European specialists committed to the Trilateral Commission's goals.

Lardinois himself has intimate ties in the Brussels bureaucracy. He was EC commissioner for agriculture until 1977, when he joined Rabobank. Rabobank is known to be involved in large U.S. farm investments, taking full advantage of depression farm prices which his Trilateral Commission "free market" strategy is designed to guarantee.

In sum, the package of agricultural policies now leading to a trade war in agriculture products between the United States and Europe was drawn up *jointly* by leading U.S. and European specialists committed to the Trilateral Commission's goals.

The next phase in this Trilateral strategy will already be underway, the current, orchestrated dispute between United States and the EC over export of U.S. corn and soy beans to Spain and Portugal. Willy de Clerq, EC commissioner for external affairs, "attacked" Clayton Yeutter for launching a "flagrant violation of its GATT rights." De Clerq is a member of the Trilateral Commission. Yeutter is a close collaborator of the Trilateral Commission. It's a small world.

Abraham Lincoln imposes science on American agriculture

by Anton Chaitkin

Anton Chaitkin is author of Treason in America. This article is the second in a series on what he has termed, "The Lincoln revolution."

President Abraham Lincoln, Civil War commander-in-chief, issued his Emancipation Proclamation on Jan. 1, 1863, declaring the freedom of slaves held in the rebellious states. The power of the Union's arms—then substantially aided by 180,000 Black troops—enforced the Proclamation.

With the defeat of Black slavery, the legal remnant of the British Imperial past, it remained for America to construct a positive alternative to Britain's world plantation system.

British imperial apologists Thomas Malthus and David Ricardo posited fictitious "natural resources," whose inevitable depletion by agriculture must deprive land of its natural, original value, making poverty and hunger inevitable. Colonial or other production-depressing regimes are beneficial, by this doctrine, since they delay the using up of nature. Environmentalism is just a 20th-century variant on this old theme.

But a nation mobilized for freedom could not tolerate the blasphemous notion that God's laws consign man to perpetual scarcity and backwardness. Under Lincoln's leadership, using the breakthroughs of science, Americans created a system to render farming so successful, so powerful and productive, that the lie of inevitable poverty was forever dispelled.

Since the triumph of Lincoln's agricultural program, only outright tyranny can enforce hunger and poverty anywhere in today's world.

Millions of new private farms were created, by government direction. Farm families were educated at government expense. Government scientists supplied them with the latest intelligence on fertilizers, soil chemistry, and crop manage-

ment. New farmlands opened up by government-organized railroads allowed for production economies of scale. Increasingly sophisticated farm machinery, produced by patent-protected inventors using tariff-protected American steel, was bought by farmers with cheap government-supplied credit. Diseases of livestock were conquered and eliminated by the vigorous prosecution of government science and federal law.

The science of government

The Lincoln revolution moved the United States to world leadership in agriculture and industry. Facing the physical, moral, and legal collapse of his country, Lincoln showed his tenacious faith in the optimism of his principal teachers, Sen. Henry Clay of Kentucky and economist Henry Carey of Pennsylvania, exponents of the "American System" of economics. Lincoln and his colleagues crafted a program serving the interest of every segment of American society. But rather than a grab-bag, the principle underlying government action was the change of the various "interest groups" themselves by transforming them with science, such that the improvement of the nation would serve humanity.

Lincoln's advocacy of humanity meant that he could never worship Nature, as do today's pagan environmentalists. A visit to Niagara Falls set off reflections in his mind which led to his patenting of an "improved method of lifting vessel[s] over Shoals," while a fellow visitor to the Falls complained of Lincoln's alleged lack of a sense of wonder.

Neither did he romanticize or otherwise propitiate farmers; no farmer asked him beforehand to create the Agriculture Department or America's farm-centered state college systems.

A year after he won national notoriety by his campaign debates with Illinois Sen. Stephen Douglas, and a year before

his election to the presidency set off the clamor leading to the Civil War, Lincoln addressed the Wisconsin State Agricultural Society at its annual fair in Milwaukee on Sept. 30, 1859:

"I presume I am not expected to employ the time assigned me in the mere flattery of the farmers, as a class. My opinion of them is that, in proportion to numbers, they are neither better nor worse than any other people. In the nature of things they are more numerous than any other class; and I believe there really are more attempts at flattering them than any other; the reason of which I cannot perceive, unless it be that they can cast more votes than any other. . . ."

He praised the fair, rather than the farmers, for "exciting emulation, for premiums, and for the pride and honor of success—of triumph, in some sort—to stimulate . . . discovery and invention into extraordinary activity. In this, these Fairs are kindred to the patent clause in the Constitution of the United States; and to the department, and practical system, based upon that clause."

He warned of the very low grain yields from then-current agricultural practices, 8-18 bushels per acre as opposed to the 50 to 100 bushels possible from the mere application of available methods. "What would be the effect upon the farming interest, to push the soil up to something near its full capacity? . . . Unquestionably, thorough cultivation will require more labor to the *acre*; but will it require more to the *bushel*? . . . It would develop those unknown causes, which of late years have cut down our crops below their former average . . . in the deeper plowing, analysis of the soils, experiments with manures, and varieties of seeds. . . . These cases would be found . . . thorough cultivation would spare half, or more than half the cost of land, simply because the same product would be got from half, or from less than half the quantity of land. . . ."

"Again, a great amount of 'locomotion' is spared by thorough cultivation. Take fifty bushels of wheat . . . standing upon a *single* acre, and it can be harvested . . . with less than half the labor which would be required if it were spread over *five* acres. This would be true, if cut by the old hand sickle; true, to a greater extent, if by the scythe and cradle; and to a still greater, if by the machines now in use . . . [which] substitut[e] animal power for the power of men. . . ."

"The effect of thorough cultivation upon the farmer's own mind, and, in reaction through his mind, back upon his business, is perhaps quite equal to any other of its effects. Every man is proud of what he does well . . . his heart is in his work; and he will do twice as much of it with less fatigue. . . . The man who produces a good full crop will scarcely ever let any part of it go to waste. He will keep up the enclosure about it, and allow neither man nor beast to trespass upon it. He will gather it in due season and store it in perfect security. . . ."

"The successful application of steam power to farm work, is a desideratum—especially a steam plow. . . . To be successful, it must . . . plow better than can be done with animal power . . . and cheaper; or more rapidly." Lincoln proposed

the necessity of self-propelled farm machinery, before any such had been invented. But he then pointed accurately to the impracticality of steam-power for this purpose, compared to the eminently successful railroad and steamship; namely, the weight of fuel and water a steam vehicle must carry over farmland. This problem was solved a generation later by the use of gasoline engines.

Lincoln then proposed the family farm as an available means for upholding the freedom and dignity of labor. He refuted the "mud-sill" concept of labor, a sort of aristocratic corollary of Marxist theory, "that all laborers are naturally either hired laborers or slaves . . . that whoever is once a hired laborer, is fatally fixed in that condition for life; and . . . that his condition is as bad as, or worse, than that of a slave. . . . But another class of reasoners hold the opinion that there is no such relation between labor and capital . . . and . . . no such thing as a freeman being fatally fixed for life, in the condition of a hired laborer. . . . They hold that labor is prior to, and independent of capital; that, in fact, capital is the fruit of labor, and could never have existed if labor had not first existed. . . . Hence they hold that labor is the superior—greatly the superior of capital.

"The prudent, penniless beginner in the world, labors for wages awhile, saves a surplus with which to buy tools or land, for himself; then labors on his own account another while, and at length hires another new beginner to help him. This, say its advocates, is *free* labor—the just and generous, and prosperous system, which opens the way for all—gives hope to all, and energy, and progress, and improvement of condition to all. . . ."

"The old general rule was that educated people did not perform manual labor. They managed to eat their bread, leaving the toil of producing it to the uneducated. This was not an insupportable evil to the working bees, so long as the class of drones remained very small. But now, especially in these free states, nearly all are educated. . . . Henceforth educated people must labor. . . . No country can sustain, in idleness, more than a small percentage of its numbers. The great majority must labor at something productive. . . ."

"By the 'mud-sill' theory it is assumed that labor and education are incompatible. . . . In fact, it is . . . deemed a misfortune that laborers should have heads at all. Those same heads are regarded as explosive materials, only to be kept safely in damp places, as far as possible from that peculiar sort of fire which ignites them. A Yankee who could invent a strong-handed man without a head would receive the everlasting gratitude of the 'mud-sill' advocates. . . ."

"But free labor says 'no!' . . . free labor insists on universal education.

". . . I know nothing so pleasant to the mind, as the discovery of anything that is at once new and valuable—nothing that so lightens and sweetens toil, as the hopeful pursuit of such discovery. [For the] mind, already trained to thought in the country school, or higher school . . . [every] blade of grass is a study; and to produce two, where there was but one, is both a profit and a pleasure. And not grass

alone; but soils, seed, and seasons—hedged, ditches, and fences, draining, droughts, and irrigation . . . saving crops, pests of crops, diseases of crops, and what will prevent or cure them . . . the thousand things of which these are specimens—each a world of study within itself.

“In all this, book-learning is available. A capacity, and taste, for reading, gives access to whatever has already been discovered by others. It is the key, or one of the keys, to the already solved problems. And not only so. It gives a relish and facility for successfully pursuing the unsolved ones. . . .

“Population must increase rapidly—more rapidly than in former times—and ere long the most valuable of all arts, will be the art of deriving a comfortable subsistence from the smallest area of soil. No community whose every member possesses this art, can ever be the victim of oppression in any of its forms. Such community will be alike independent of crowned-kings, money-kings, and land-kings. . . .

“It is said an Eastern monarch once charged his wise men to invent him a sentence . . . which should be true and appropriate in all times and situations. They presented him the words, ‘And this, too, shall pass away’ . . . And yet, let us hope it is not quite true. Let us hope, rather, that by the best cultivation of the physical world, beneath and around us, and the intellectual and moral world within us, we shall secure an individual, social and political prosperity and happiness, whose course shall be onward and upward, and which, while the earth endures, shall not pass away.”

Justus von Liebig



From Liebig to Lincoln

The natural science, which was to revolutionize American agriculture, was itself the deliberate product of opponents of colonial Malthusian doctrines. This is perhaps best exemplified by the brilliant successes of Justus von Liebig (1803-73), a chemist who grew up in Beethoven's Germany. Liebig identified the mineral nutrients required for the growth of plants; he created the analytical and educational methods that made modern biochemistry and such things as artificial fertilizer possible.

Liebig described his own early mental development as “the reading of books without any system . . . just as they

stood on the shelves” of the library, and “thousands of essays and treatises.” This “developed in me the faculty . . . of thinking in terms of phenomena. . . . Most closely akin is the peculiar power of the musician, who while composing thinks in tones which are as much connected by laws as the logically arranged conceptions in a conclusion or series of conclusions. There is in the chemist a form of thought by which all ideas become visible to the mind as the strains of an imagined piece of music.”

At age 17 he went to Paris, and exhibited his brilliance under the tutelage of Joseph Louis Gay-Lussac and Alexander von Humboldt. By 1820 the French Ecole Polytechnic, whose personnel had virtually founded America's early engineering and military science, was already more or less destroyed. So Humboldt used his influence to set up the young Liebig in his own chair of chemistry at a small German college, at Giessen, in May 1824.

Here organic chemistry was born. This was the first time that teaching was done in the context of a chemical laboratory. As Liebig described it, “a kindly fate brought together the most talented young men from all the countries of Europe [and America!]. . . . Actual teaching in the laboratory . . . was only for the beginners; the progress of my special students depended on themselves. I gave the task and supervised the carrying out of it. . . . I received from each individual [a daily report] upon what he had done . . . [and what] he was engaged upon. I approved or made my criticisms . . . by each participating in the work of all, every one learned from the others. . . . We worked from break of day till nightfall. . . . The only complaint . . . was that of the attendant . . . who could not get the workers out of the laboratory in the evening, when he wanted to clean it.”

Liebig began in 1832 the lifelong editorship of the *Annals of Chemistry and Pharmacy*. He published his world-famous *Chemistry in Its Application to Agriculture and Physiology* in 1840. He then published several editions of *Familiar Letters on Chemistry*, and *Letters On Agriculture*, which brought the new agricultural and pharmaceutical sciences, which he and his associates were inventing, to the notice of a grateful world.

Liebig wrote of “the present conflict between practical agriculture and scientific Chemistry. . . .” It “might justly claim the attention of enlightened statesmen; for it concerns the weightiest material interests and the fundamental prosperity of the state. The most urgent problem which the present day has to solve, is the discovery of the means of producing more bread and meat on a given surface, to supply the wants of a continually increasing population,” a problem “which science is expected to solve.”

Liebig attacks the empiricist, who, with mere practical experience and no understanding of the underlying laws of nature, must of necessity fail.

At the heart of Liebig's method is the understanding of the unique dignity of Man, made in his Creator's image, whose creativity, like God's, is potentially limitless. Man at

first "sees everything around him bound in the chains of invariable, immutable, fixed laws. Within himself alone he recognizes a *something* which may govern these effects, a will which has the power to rule over all natural laws, a spirit which, in its manifestations, is independent of these natural powers, and which, when it is in its conceivable perfection, is subject only to its own laws.

"The mere empirical knowledge of nature forces upon us, irresistibly, the conviction that this *something* within us is not the limit beyond which there exists nothing similar or more perfect [which] affirms the existence of a higher, indeed of an infinitely exalted Being, to contemplate and to comprehend whom our senses are too feeble, and of whom, in his greatness and sublimity, we can only form some conception by the highest cultivation of every faculty of our minds."

This, in a German scientist, corresponds to that combination of faith in God and in man's natural powers of Reason, which was most identified with the American Revolution, and its last great exponent, Abraham Lincoln.

On May 15, 1862, President Lincoln signed into law a bill creating the Department of Agriculture, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture . . . to procure, propagate and distribute . . . new and valuable seeds and plants . . . to acquire . . . all information . . . by means of books and correspondence and by practical and scientific experiments . . . employees [to include] chemists, botanists, entomologists, and other persons skilled in the natural sciences pertaining to Agriculture."

The first scientist appointed by the Department, in 1862, was Justus von Liebig's student, Charles M. Wetherill.

On May 20, 1862, Lincoln signed into law the Homestead Act, giving to any head of a family or to anyone 21 years of age, one-fourth square mile of free land for farming. For the remainder of the century, the Act transferred millions of acres of the public domain to private ownership. With the Lincoln-organized Pacific Railroad completed in 1869, settlers poured into newly opened western lands. Between 1870 and 1880, some 128 million acres were added to U.S. farmland, 49 million acres between the Mississippi River and the Rocky Mountains. The total amount of actually improved farmland increased from 189 million to 285 million acres.

On July 2, 1862, Lincoln signed into law the Land Grant College Act; it had first been introduced by Vermont's Sen. Justin Morrill in 1859, but had been vetoed by "free enterprise" radical President James Buchanan of Pennsylvania. The Act donated federal land which the states would sell, establishing a perpetual endowment for public colleges in each state. The curriculum, besides military tactics, and "other scientific and classical studies," was to "promote the liberal and practical education of the industrial classes," in areas relating to agriculture and the mechanic arts.

The Land Grant schools, such as Iowa State, Ohio State, and Pennsylvania State colleges, and the older universities which shared in the federal largess, such as Yale and Har-

vard, became in the late 19th century the center of potent agriculture-related research.

Evan Pugh, the founder of Penn State, was a student of Liebig. Liebig's student Eben Horsford returned to America to open a pioneering laboratory at Harvard for the teaching of analytical chemistry; his innovations spanned the field from condensed milk to fermentation of bread and alcohol. Horsford's successor at Harvard's Lawrence Scientific School was Professor Oliver Wolcott Gibbs, another Liebig pupil.

Liebig student John A. Porter, the first dean of the Sheffield Scientific School of Yale, helped develop its courses in agriculture and nutrition. Another pupil of Liebig, William H. Brewer, was professor of agriculture in the Sheffield Scientific School from 1864 to 1903.

Brewer's colleague, S. W. Johnson, returned from Europe and his studies with Liebig in 1856. He then began teaching at Sheffield and translating the latest European works on chemical analysis for American chemists. In 1869, with Johnson's urging, Connecticut passed its Fertilizer Law requiring accurate labeling of contents, to be determined by state chemists. This was soon copied by the other states, realizing in America Liebig's proposal for exactly such government regulation of a field that had been entirely unknown to the previous generation. In 1877, Johnson became director of the new Connecticut Experimental Station, emulating the 100 such stations which Liebig's influence had already established in Germany, Italy, and Austria. With Johnson's lobbying, the U.S. Congress passed the Hatch Act in 1887, creating a national network of experimental stations.

The universal mission of American agriculture

For about 35 years after the end of the Civil War in 1865, government-sponsored science and government-protected industry guided an immense increase in American agricultural productivity.

When President Theodore Roosevelt handed the economy over to J. P. Morgan and other British-allied bankers, he simultaneously closed the west to settlement, calling this "conservation." TR's foreign policy imposed the old enemy agricultural form, the plantation system, on certain areas of Latin America. U.S. agriculture went flat.

After World War II's immense economic mobilization, in another generation's war for freedom, America used the agricultural institutions founded by Lincoln to take another quantum leap in farm productivity. Science in fertilizer, breeding, soil analysis, and heavy mechanization caused record crops, and gave promise for the end of world hunger.

In recent years, however, the policies of Lincoln's enemies—the slavocracy of international banking—have dictated a severe reduction in the machine and scientific power available to U.S. farmers. To regain our power to produce; to regain our vanishing family farms; to feed and to teach agriculture to the starving millions in the Third World; we must regain our independence from "crowned-kings, money-kings, and land-kings."

Swiss oligarchs approve 'Cruzado Plan'

The cat is out of the bag: Brazil's "heterodox" economic reforms are an electoral ploy worked out with IMF complicity.

One month since the Brazilian economic plan, called Cruzado, was launched, it has become clear that its real purpose is merely psychological and artificial: to guarantee that the government of President José Sarney gets the popular support that would allow him to win the next elections for the constituent assembly, come November. Once those elections are over, the government will have no obstacles in the way of passing from its so-called "heterodox" reforms to the most "orthodox" and bald-faced austerity measures.

The international banking oligarchy pins its hopes on that process, for Brazil to comply with its backroom promise to sign on with the International Monetary Fund.

The newspaper *O Estado de São Paulo* reports that sources in the Union of Swiss Banks, which is in charge of negotiating the debt with Brazil, revealed in Paris that Brazil promised to come back to the International Monetary Fund (IMF) after the constituent assembly elections, "a promise which was reportedly recently made by the Brazilian monetary authorities during negotiations with the U.S. creditor banks."

According to the same sources, the promise was the basis on which the Swiss banks ratified the deal reached in New York.

The editorial of *O Estado de São Paulo* of April 1 goes on to boast: "The news does not surprise us, since, despite the inflammatory invectives of the government against the interna-

tional agency, people knew of the existence of an understanding with the IMF management, which is used to this political stage-show."

Further, *O Estado* states that Brazil, "after having criticized the institution that emerged from Bretton Woods, is now launching a program which, despite the drapery in which it is dressed, may find itself a lot more austere than that which the orthodox IMF would have demanded, perhaps without furnishing the needed results. . . . And it seems that Mr. Jacques de Larosière accepted playing the role of *whipping boy* so that Brazil should stage its theatrics against IMF imperialism," concludes *O Estado de São Paulo*.

The comedy that has been staged with the Fund's collaboration is based on the experience of the previous stage show put on by the President of Argentina, Raúl Alfonsín, under the name of the Austral Plan. As in the Argentine experience, the government thinks to keep its popular support up to the November elections. At that time, not only the constituent assembly, but also the state governorships are coming before the voters.

Once that test is passed, the government thinks it will have its hands free to work out different kinds of economic measures with the international banks, measures which amount to greater looting of the economy and population of Brazil.

This deception game of the Brazilian government was confirmed by the private statements of another im-

portant Swiss financier, made in mid-March in Freiburg, Switzerland. Referring to the possibility of a joint Ibero-American action toward its creditors, the Swiss banker stated that all the chatter about a debtors' cartel in South America "is an illusion, because the Brazilians want exactly the opposite. The Brazilians are in no way for a general solution to this problem. They believe, and I agree, that each country has its own interests."

The Swiss banker gloated: "The Brazilians have explicitly said, that they will not get involved in any of these generalized initiatives. This was said by the economics minister. This constitutes a declaration of independence from the other countries of South America."

In fact, the economic policy run by the economics minister Dilson Funaro, has been concentrated on haggling to reduce the commissions and interest on Brazil's foreign debt. But Funaro's policy is in no way focused against the unjust conditions on the foreign debt, which, clearly, he rejects only as a rhetorical device to gain popular approval.

EIR was tipped off by sources at the University of Campinas who are close to Minister Funaro, that the economics minister has stopped being concerned with the unjust conditions of the foreign indebtedness, so that he can concentrate his efforts "against the protectionism of the developed economies." Funaro starts from the premise that by keeping up the growth of exports, i.e., the economic looting of Brazil, the country will have the wherewithal to pay its debt.

To shatter this illusion one would only have to confront the minister with the reality of the economic "crack" which the United States economy will be facing, at the very latest in the beginning of 1987.

Business Briefs

Weapons

Investigation launched into Swedish arms firm

Swedish State Prosecutor Stig Aage has initiated an official investigation into charges that Bofors/Nobel industries, the large Swedish arms and explosives multinational owned by the Wallenberg/Gyllenhammer group, is involved in illegal weapons and explosives smuggling. Bofors is being investigated on charges of smuggling missile systems and other weapons to Middle Eastern countries via Singapore and other transshipment points.

Trading in the shares of Bofors was halted on March 27, in anticipation of the signing of an 8 billion Swedish Kroner (over \$1 billion) arms deal with the Indian defense ministry. The deal would be the largest export order in the firm's history. Bofors has been the focus of inquiry recently, in regard to its covert arms dealings with the Khomeini regime in Iran.

Two years ago, Nobel built an explosives factory in Iran. Company spokesmen allege the explosives are for peaceful mining applications.

Bofors President Claes-Ulrik Winberg was forced to resign as chairman of the Swedish Employers' Federation in November 1985, amid a major fight with the government of then-Prime Minister Olof Palme over covert arms sales to Iran via Swiss front companies.

Western intelligence sources report that Palme had clashed with Bofors, which is an integral part of the Soviet-linked Wallenberg-Gyllenhammer industrial espionage apparatus, just prior to his assassination in March.

Debt

Baker admits his plan is a dead letter

U.S. Treasury Secretary James Baker III has publicly announced that his so-called Baker Plan for dealing with the developing sector debt crisis is dead. Baker's plan was unveiled last October at a meeting of the Inter-

national Monetary Fund in Seoul, South Korea. A desperate effort to deal with the Third World debt crisis without precipitating a debtors' revolt, the scheme was attacked both by creditor banks, for extending their risk with no government backing, and by debtor countries, for demanding even more severe IMF control over their economies.

Baker now acknowledges that his plan was, perhaps, "too innovative."

The recent appointment of Baker crony Barber Conable as chairman of the World Bank is regarded in European banking circles as evidence that the Baker Plan had become a "dead letter."

In a related development, U.S. Assistant Undersecretary of the Treasury James Conrow announced on March 28 that no country will get help from the United States unless it shows "a World Bank or IMF document which has the firm support of the government involved."

He emphasized the case of Mexico, saying it "has to face its economic problems with creditworthy programs. . . . The real problem is the commitment to implement policy reforms."

A senior banker quoted by the Reuters wire service said, "Mexico is the make-it-or-break-it test for the Baker Plan."

Labor

Peruvian mines closed; miners threatened

Peruvian Labor Minister Wilfredo Huayta declared on March 30 that the strike that has shut down the nation's copper mines for over a month was threatening "the nation's security." "We will not let the country be brought to its knees by this subversive strategy," he said, "and all necessary measures will be taken to solve the situation."

The closing of the Cerro de Pasco mines is causing Peru to lose \$17 million a day in exports.

Three union officials and one union member who had supported the efforts of President Alan Garcia to settle the strike were murdered by terrorists the week of March 24. The government had granted a substantial pay increase of \$1.90 per day.

According to information revealed by Peruvian War Minister Gen. Jorge Flores, Shining Path (*Sendero Luminoso*) terrorists are threatening striking mine workers that they and their families will be murdered if they agree to the government's proposals and end the strike.

Biological Holocaust

Soviets hold secret meetings on AIDS

Early in April Soviet specialists are convening two top-secret meetings on AIDS. The first will occur in Graz, Austria from April 7-9, under the auspices of the Soviet-controlled World Health Organization Communicable Diseases Division. The Graz conference is being organized by Dr. Brytchenko, the Soviet director of the European office of WHO in Copenhagen, Denmark. Conference attendees are handpicked from Western and Eastern institutions.

The second conference, designated "Exclusively Top Secret," will include only about 10 participants, meeting in Moscow April 9-11. In addition to representatives from the WHO and several Soviet ministries, the invitees include individuals from three Western nations.

Foreign Trade

Peronists submit debt payment proposal

The Peronist Party in Argentina has demanded that only 10-20% of exports be used for debt service. The proposal is modeled on the "10% solution" of Peru's President Alan Garcia, who has refused to pay more than one-tenth of the nation's foreign earnings to international creditors.

The Peronist Party's economics chief, Eduardo Setti, declared that Argentina should not accept austerity demands from the International Monetary Fund, since such impositions violate national sovereignty.

The Argentinian daily newspaper *Clarín*

reports, "In case those proposals provoke a break of financial relations, with trade sanctions, Peronism suggests a system of solidarity between the Latin American and Third World countries which, among other aspects, would guarantee the indispensable minimum of strategic materials. It also suggests appealing to Pope John Paul II and the top hierarchy of other religions practiced in Latin America, to support the just cause of the debtor countries."

The Peronist Party announcements came shortly after the successful general strike staged by the Argentine General Confederation of Labor, using the motto "The debt to the people must be paid."

Automobiles

Will Qaddafi pull his money out of FIAT?

FIAT's Libyan partners have made arrangements to pull out of the Turin-based Italian automaker, according to the Italian economic newspaper *Il Sole 24 Ore* on March 20.

The operation by which FIAT's Libyan partners will sell their 15.19% package of ordinary shares and 13.08% package of privileged shares was reportedly wrapped up in late March. Neither FIAT nor the Libyan foreign investment firm through which the partnership was first arranged in 1976, would confirm or deny the report.

Regional Integration

Ibero-American food security fund proposed

Twenty-six Ibero-American and Caribbean nations attended a meeting on April 1, convened by Argentinian President Raúl Alfonsín, to discuss the problem of hunger in underdeveloped nations, and to consider setting up a "food security fund."

Peruvian Agriculture Minister Remigio Morales Bermudez (the son of the former President) told the conference: "We came to concretize, in the food area, one step for-

ward in the search for effective measures of integration, when hunger, as a universal problem, requires going beyond good intentions. . . . We have to set clear goals of food security, analyzing adequate levels of production, supply and access to consumption."

He called for a regional food financing fund which would "provide timely supply and preferential prices and shipping rates for regional food production." He also called for a regional program to make sure that every child under five years old in the region receives adequate nourishment.

The idea of the regional cooperation on food stems from a meeting in February in Argentina in which President Alfonsín and Uruguayan President Julio Sanguinetti had agreed that such cooperation was essential in Ibero-America. Argentina and Uruguay are the two countries in Ibero-America that produce the largest surpluses of food.

Agriculture

Unrest among farmers in Germany grows

As the agricultural situation in Germany grows more desperate, farmers held large demonstrations in hundreds of West German cities on April 5, organized by the German Farmers' Union.

In Bavaria alone, where the agricultural crisis has hit hardest and the farm vote is almost 20% of the total electorate, demonstrations were scheduled in 70 cities. The Bavarian Farmers' Union forced the union nationally to join this show of force.

In the second week of April, a demonstration is scheduled in Bonn, and the following week there will be an international meeting of farm unions.

Symbolizing the attitude of the current German government to the farmers' problems, Economics Minister Martin Bagemann, addressing a large meeting of the Farmers' Union in southern Germany in early April, when he was forcefully asked by participants to make clear statements about the future of agriculture, replied: "I could have told you 'Kiss my *ss,' when I accepted this invitation. But if you treat me like that, I say it now." He then left the meeting.

Briefly

● **AN IMF TEAM** will visit the Philippines in April to hold talks on the country's debt problem. Public Works and Highways Minister Rogaciano Mercado told reporters in late March that, although there was a "very wide range of opinion," the prevailing view was to adhere to World Bank/IMF terms. The Philippines owes foreign lenders \$26.4 billion and has made no principal repayments since October 1983.

● **NIGERIA** has forced its creditor banks to accept a three-month moratorium on debt repayments. Radio France International reported on March 29 that at a meeting in London between Nigerian government representatives and creditor banks, the Nigerian "ultimatum" calling for a 90-day freeze on payments was accepted by the banks, which have this time to work out a rescheduling arrangement for Nigeria's debt.

● **THE BANK** of New England will appeal its \$1.24 million fine imposed for violating federal currency reporting laws by concealing more than \$700,000 in cash transactions by a suspected bookie. The bank faced a maximum of \$15.5 million in fines for 31 felony convictions returned by a jury in February. Two former bank tellers and the suspected bookie were acquitted. A bank official commented: "The verdict doesn't make any sense; all our employees were found innocent; no company is safe."

● **ENERGY SECRETARY** John Herrington said President Reagan will submit a bill to Congress to deregulate the half of the U.S. supply of natural gas still under price controls.

● **SALES OF NEW** single family homes fell by 3.8% to an annual rate of 685,000 in February, the largest month to month decline since October. An estimated 55,000 new homes were sold in February according to a report by the Commerce Department's Bureau of the Census.

How soon will the lights go out?

The crisis in electrical power generation must be reversed, using superconductivity and nuclear energy. A report by Thoula Frangos, an engineer with the Fusion Energy Foundation.

Brownouts and blackouts in the electrical power system of the United States will become more and more frequent in the near future, if urgent measures are not taken to modernize and expand the nation's power grid. Last year, the Long Island Lighting Company asked Brookhaven National Laboratory if physics experiments would be damaged, if power were suddenly shut off due to shortages in the area. The Nevada Power Company is waiting for the next power outage on the overloaded Pacific Northwest Transmission grid. Presently, transmission lines are operating at full capacity a high percentage of the time, as utilities wheel in power from areas of lower generation costs to areas of higher costs. This short-term solution is lowering the reliability of the electric system and postponing the necessary effort to create new generating capacity.

To turn this situation around, the United States must commercialize superconducting cable to improve transmission efficiency, and must abandon once and for all the environmentalist legacy of the Jimmy Carter years, and begin mass production of nuclear power plants to increase the nation's available power capacity.

Most people take its availability for granted, but our reliable supply of electric power, which is vital to economic growth and national security, will be threatened as early as the end of this decade (Figure 1). According to the North American Electric Reliability Council, "The reliability of electric supply will decline over the next 10 years. By the mid-1990s, electric generating capacity margins will be near minimum acceptable levels in some parts of the U.S., even if electricity demands grow no faster than the present forecast

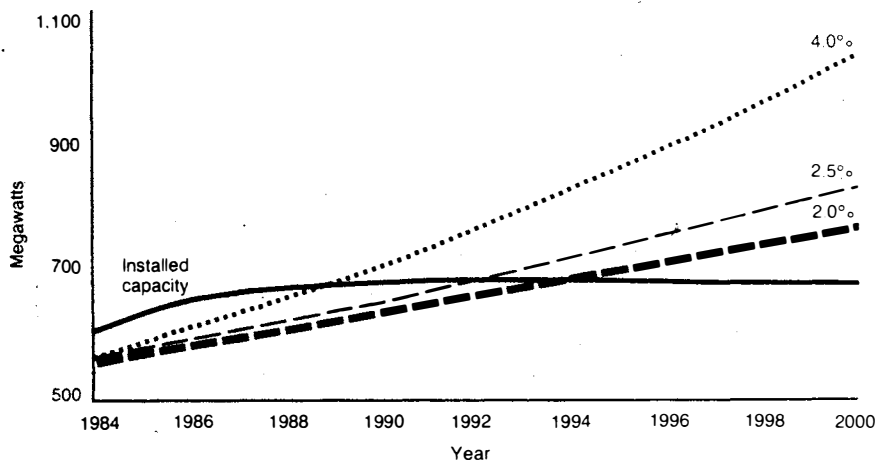


FIGURE 1
U.S. electricity supply and demand

Whether the U.S. demand for electricity grows at a slow 2% or a more optimistic 4%, demand would outstrip current installed capacity by 1992.

Source: Edison Electric Institute



NSIPS/Carlos de Hoyos

The Three-Mile Island nuclear power plant in Pennsylvania. The political sabotage of the nuclear industry over the past 15 years, and particularly after the accident at TMI, means higher electricity costs and a threatened economy.

rate of 2.2% per year. . . . Some of the generating capacity that will be needed 10 years from now has not yet been committed to by utilities. Actual commitments have virtually stopped in the U.S. . . . Thus, the industry is in a precarious position to react to a growth in demand higher than the present forecast." (Figure 2)

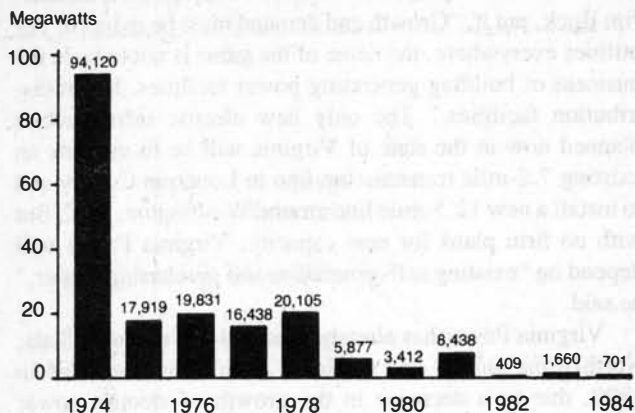
Electricity is unique among energy sources, in that it must be produced at the precise moment that it is required; it cannot be produced in excess at times of low demand and stored for use at times of peak demand. A reliable supply of electricity is vital to the modern economy. But at present there is a

minimum of redundancy, making the system very vulnerable.

Assuming a 3% annual growth in electricity demand, the U.S. generating capacity would have to increase by over 50% of its current capacity by the year 2000. This represents an increase in capacity of 250,000 to 300,000 MW (megawatts, or a million watts) to meet increasing demands, the Department of Energy estimates.

Through 1994 the installed generating capacity "will be near minimum acceptable levels," reports the National Electric Reliability Council. Peak demand is expected to rise from 465,100 MW to 566,800 MW by 1994. In the United States, according to NERC, power companies are planning to install 107,000 MW of capacity by 1994, bringing the total capacity to 704,300 MW. This is a marked reduction from the 175,000 MW of new capacity that were scheduled only two years ago.

FIGURE 2
New orders for U.S. power plants



Source: Edison Electric Institute

Installed capacity has dropped drastically since the early 1970s. By the 1990s, electric generating capacity margins will be near minimum acceptable levels.

Lack of available capacity

The forecasted increase in demand for electricity in the next 10 years is a low 2.2% annually, according to NERC. Already in 1984, the annual electric energy use surprised everyone by increasing by 4.4% over 1983, instead of the forecasted 2.1% for that year. This was said to be an anomaly, probably due to a spurt of economic growth that was not expected to continue through the decade.

Due to this minimal demand forecast, planned capacity additions in the United States made in 1985 for the 10-year period from 1985 to 1994 were about 17,600 MW (or 13.5%) less than reported in 1984. Reductions in plans for coal and nuclear units account for essentially all of the cutback. This means that reserve margins for actual demonstrated capacity will fall below 21%. This is the minimum reserve margin utilities usually need to deal with weather-related spurts in demand, sudden shutdowns, and scheduled maintenance.

Electric power needed for economic growth

A recent study supported by Los Alamos National Laboratory shows a strong correlation between the growth of the national economy and consumption of electricity.

The study, conducted by the National Academy of Sciences for the Department of Energy, examined the relationship between electric demand and Gross National Product. "The objective was to estimate both the effect of GNP on electricity use and the effect of electricity supply on productivity and economic growth," Ronald Sutherland, a Los Alamos economist, reported. "The study concluded that there's a strong cause-and-effect relation in each direction."

The report called for federally sponsored research into new methods of producing electricity and ways to lower production costs. Robert Drake, leader of the Lab's Economics Group, emphasized, "The government has an important role in doing this research, because the cost of supplying electricity has an impact on economic growth."

The Committee on Electricity in Economic Growth included academic researchers and representatives of utilities, regulatory agencies, environmental groups, and the financial community. Its report makes three recommendations:

- Federal and state governments should design policies that stimulate greater efficiency in using electricity, develop and promote new technologies, and remove regulatory barriers to lowering costs.
- The relationship between electricity and productivity should be addressed in making policy decisions, since productivity is a key factor in such areas as the federal budget deficit and balance of trade.
- Further research is needed to identify and measure specific factors affecting the relation between the use of electricity and the economy.

The results of this report overturn the econometric theory, which gained prominence over the last 10 years, that energy consumption could be "decoupled" from economic growth. This view first received widespread political recognition with the 1977 report, "Energy and Economic Growth," by M. H. Ross and R. H. Williams, done at the request of the Joint Economic Committee of the U.S. Congress. This theory was used to promote the idea that the decrease in available power supply caused by the shutdown of nuclear reactors, would not affect economic growth.

"The Industry is in a precarious position to cope with demand that exceeds forecasts for the 1990s," notes NERC. Their analysts adds that, with time, capacity reserves will erode further, because plant efficiencies and availability deteriorate with age.

Utility planners are increasingly worried about brown-outs and blackouts during peak periods of power demand as early as the late 1980s. There is not enough capacity being planned to replace aging plants and to support economic growth. "To avoid trouble in the near future," says William McCollam, Jr., president of the Edison Electric Institute, "utilities must start new projects soon."

U.S. electric utilities canceled 23,000 MW worth of new generating capacity in 1984. They are planning to install 113,200 MW of generating capacity in the 10-year period from 1985 through 1994. Coal and nuclear-fueled capacity additions amount to 42,200 MW and 46,000 MW, respectively.

Planned retirements over 1985-94 total 12,600 MW. The composite age of our fossil-fueled steam electric generating capacity is 17 years and, in 1995, will be 25 years. Even with the addition of all planned units over the next 10 years, the utilities will be entering 1995 with more than 100,000 MW of fossil-fueled steam capacity that is over 30 years old.

Electric utilities, according to NERC, are adopting a "minimum capital outlay" policy and "avoiding commitments to large power projects." Their strategy for resource planning is: 1) maximize availability and utilization of existing resources; 2) purchase power from other utilities, cogenerators, and small power producers; 3) implement load management and conservation programs; 4) install small, short lead-time generating units. It is clear that this approach reduces drastically reliability, by reducing redundancy.

The case of Virginia

This short-sighted approach prevails among all the utilities around the country. The way one Virginia Power official, Jim Buck, put it, "Growth and demand must be reduced. For utilities everywhere, the name of the game is not to be in the business of building generating power facilities, but in distribution facilities." The only new electric infrastructure planned now in the state of Virginia will be to upgrade an existing 7.2-mile transmission line in Loudoun County and to install a new 12.5-mile line around Washington, D.C. But with no firm plans for new capacity, Virginia Power will depend on "existing self-generation and purchasing power," he said.

Virginia Power has already canceled two nuclear plants, North Anna units 3 and 4. North Anna 4 was canceled in 1980, due to a decrease in the growth of electric power demand, which had dropped from a forecasted 10% increase in 1979, to 4% in 1980. North Anna 3 was canceled in 1982, when Virginia Power could no longer take the financial risk involved in redesigning and reworking the plant, as required by new regulations that came into effect after the Three Mile

Island accident in 1979.

In order to compensate for this canceled power capacity, the utility decided to wheel in power from other utilities in the area, like the Appalachian Power Company in Virginia. Though this has made the immediate cost of electricity much less than it would have been with the "risk" of building a new facility, the solution is only short-term.

What Virginia Power is relying on the most, emphasized Buck, is "conservation and load management to reduce demand from now to the year 2000." This is being done by such programs as the "energy-saver home program" and the "dual fuel program." But such "solutions" only put off the time when the real problem of lack of capacity must be faced.

Overloaded transmission lines

Over the past few years, utilities in many regions have resorted to wheeling power among themselves, and from Canada, as a way of minimizing their costs. For example, northeastern utilities rely heavily on imports of electricity from Canada. Southeastern systems transfer large amounts of electricity among subregions. The mid-Atlantic area imports from the central United States, and vast amounts of Pacific northwest hydro-generated energy are transferred to the Pacific southwest.

Based on present estimates of load growths, fuel prices, and generator additions, electric transmission systems will continue to be loaded heavily with economy energy transfers through the mid-1990s. When electric transmission systems are continuously loaded to their maximum safe limits, little

margin remains to handle the unexpected. This is seen in **Figure 3**, which shows actual 1983 and 1984 transmission use in the Mid-Atlantic Area (MAAC, see **Figure 4**) and the Western States area (WSSC), compared to transmission capabilities in those regions.

Such unexpected phenomena can include drastic weather conditions. For example, the state of New York, during a major heat wave in 1984, reached a record level of peak demand of electric power—21,940 MW. The entire New York Power Pool system (NYPP) consists of 30,000 MW of capacity. During the month of June, the NYPP had scheduled 7,900 MW of capacity to be undergoing routine maintenance, leaving 22,100 MW available when the heat wave began. There was then less than 3% of capacity left on reserve, when compared to the federal law requiring a 21% reserve margin to maintain a nationally reliable system. In order to keep at least 8.6% in reserve in case a plant on the system broke down, which is very likely in hot weather, when generators and transformers overheat, power was wheeled in from Canada.

The NERC has emphasized that though this wheeling of electric power has kept East Coast electric rates down, by not burning expensive imported oil, it has also cut down on the flexibility of the U.S. system, and has made states like New York dependent on Canadian power.

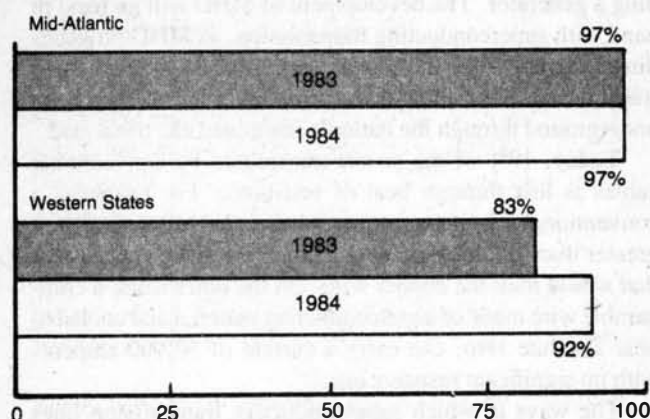
Due to the increasing magnitude of these transfers, and the fact that they are taking place a high percentage of the time, the risk of system disturbance and customer service interruption is greatly increased. In an effort to get more out of existing transmission and generation systems with minimal capital expenditures, utilities are increasing the use of Special Protection Systems to allow them to operate their transmission systems at higher levels than normally considered acceptable.

Economic transfers are causing utilities to expand their transmission capacity. Finding that new transmission lines are more costly in time and money, utilities are taking the strategy of upgrading and uprating their existing transmission lines. Uprating refers to any change that increases the power transmission capacity of a line. This may not be a physical change, but simply allowing the line to run hotter, or it can involve replacing the conductor and strengthening the towers. Upgrading refers to structural modifications, which can be done either for uprating a line or correcting a weakness.

The Electric Power Research Institute (EPRI) has pointed out that it is cheaper and faster to uprate a transmission line and upgrade the tower structures than to build a new one. It is easier and faster to get licenses for an upgrade than for new construction, due to environmentalist obstruction. Such a project can typically be licensed in less than a year, as opposed to the usual two years for getting approval to construct a new transmission line. In addition, uprates and upgrades generally take less time.

EPRI points out that "in rare cases, these projects can be

FIGURE 3
Capacity utilization of transmission lines

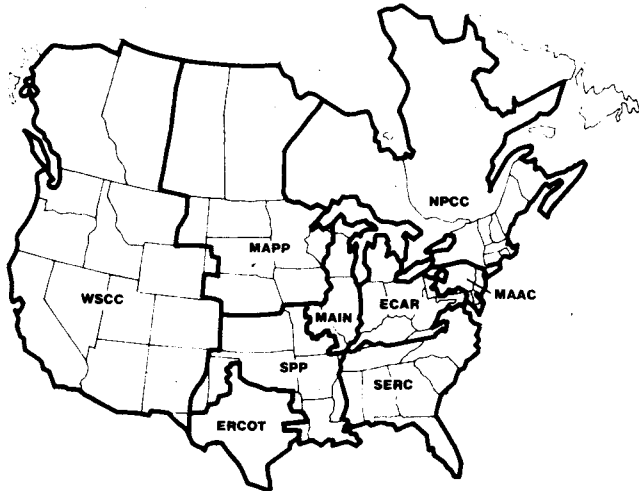


Source: NERC

Many transmission lines around the country are operating continuously at almost full capacity, leaving very little spare for emergencies. Shown here is transmission use in the Mid-Atlantic, and Western States regions, compared to their transmission capabilities.

FIGURE 4

The North American power grid



- | | |
|---|--|
| ECAR—East Central Area Reliability Coordination Agreement | NPCC—Northeast Power Coordinating Council |
| ERCOT—Electric Reliability Council of Texas | SERC—Southeastern Electric Reliability Council |
| MAAC—Mid-Atlantic Area Council | SPP—Southwest Power Pool |
| MAIN—Mid-America Interpool Network | WSCC—Western Systems Coordinating Council |
| MAPP—Mid-Continent Area Power Pool | |

The North American Electric Reliability Council (NERC) was formed by the electric utility industry in 1968 to promote the reliability of bulk power supply in the electric utility systems of North America. NERC consists of nine Regional Reliability Councils and one affiliate encompassing virtually all of the power systems in the United States and Canada.

dramatically cost-effective.” As the result of a \$100,000 upgrade of a short stretch of line from 69 to 115 kv (kilovolts), Niagara Mohawk is saving \$5 million a year because the upgrade allowed it to tap inexpensive Canadian hydroelectric power. In most cases, though, the potential payback is much less. The upgrades don’t always mean less expensive electricity per kilowatt than new construction, but they do require much less capital investment.

Wherever possible, it is necessary to maximize system redundancy, to deal with the unexpected. Building a new parallel line tends to increase system redundancy, whereas an upgrade tends to reduce it. An upgrade cannot increase system capacity as much as a new line, and the remaining life of the modified facility will be less than that of new construction.

The solution, rather than the band-aid measures utilities are currently using, would be to go with the most advanced

technologies available, to meet the future demands on the power system. We will now look at the most effective technologies available.

For the distribution of power, the most efficient known way to transmit large loads of power for long distances, with minimal power loss and placed conveniently underground, is known as *superconductivity*. This has been demonstrated at Brookhaven National Lab, and just needs sufficient funds to complete the last mile of testing. Secondly, to immediately increase electric power capacity and provide clean, abundant, and cheap energy for the long-term future, we must mass-produce nuclear power plants. Nuclear power is still the most efficient and least expensive way of supplying energy. The United States will have the capability to mass-produce small standardized module units very soon. By 1990, based on design plans existing on the drawing boards today, the United States could turn out 300 or more small and medium reactors per year.

Superconductivity

A new kind of underground transmission line has been tested at Brookhaven National Laboratory, exploiting the phenomenon of superconductivity, which creates the equivalent of a world without friction. The principle behind this is an old one, discovered by the Dutch physicist Heike Kamerlingh Onnes, 78 years ago. While experimenting with metals at low temperatures, he confirmed his theory that the electrical resistivity of metals becomes zero, a superconductor, at temperatures close to absolute zero. Onnes realized the tremendous practical significance of his discovery, which promised lossless high-field magnets and electrical machines.

This principle is used in superconducting magnets for magnetohydrodynamics (MHD), which produces electricity directly from heated gases, rather than by mechanically spinning a generator. The development of MHD will go hand in hand with superconducting transmission, as MHD produces direct current from the power plant, and superconductive transmission lines allow it to travel hundreds of kilometers underground through the nation’s integrated electrical grid.

Today, 10% of the power transmitted by conventional cables is lost through heat of resistance. For example, a conventional 12-gauge copper wire cannot carry a current greater than 20 amperes, because the resistance creates heat that would melt the copper wire. On the other hand, a comparable wire made of superconducting material and cooled to near absolute zero, can carry a current of 50,000 amperes with no significant resistive loss.

The ways in which superconductive transmission lines would revolutionize electric power distribution are numerous. The superconducting cable can deliver current, even if it is hundreds of miles long, to remote areas of the country, against a maximum of 15 to 20 miles for today’s oil-filled cable. It can also carry overload currents for many hours, whereas present cables are limited. And while today’s cables dissipate their heat to the surrounding soil, which limits the

power they can carry, superconducting cable is not affected by soil conditions.

Superconducting transmission is much less expensive than conventional underground cable and is the only choice for long distances underground. A study by the Philadelphia Electric Co. compared various transmission line technologies for a proposed 66-mile 10,000 MW-capacity line. The overhead transmission line through this partly urban area was \$600 million. The Brookhaven superconductive line was twice that, \$1.2 billion. If conventional underground cable could reach the length of 66 miles, it would have cost 10 times that of the overhead line. In cases where the distance to be bridged is greater than 15-20 miles, conventional underground cable simply is not technically feasible. This is where superconductive cables fill the "technical gap."

The material used at Brookhaven for superconducting cable, is niobium-tin; it is cooled to temperatures of 6.5 to 8.5° Kelvin (above absolute zero), by pumping liquid helium along the cables. Niobium-tin was chosen because it can carry a very high current and has the highest operating temperature of the easily available superconductors. Since it is very brittle, it must be sandwiched between normal metals to add strength. The Brookhaven tape, shown in Figure 5, is a laminate of stainless steel, niobium-tin, and copper, with a total thickness of 0.125 millimeters. The Power Transmission Project at Brookhaven demonstrated that the test facility's two superconducting cables could carry full power. With each cable carrying 330 megavolt amperes (MVA) the facility had an output equivalent to 1,000 MVA in a three-phase system, or about the output of a nuclear generating plant.

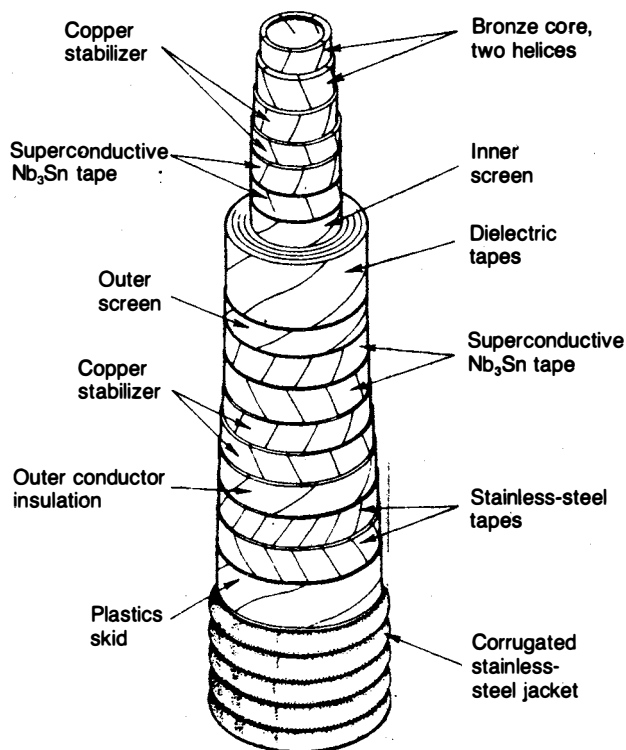
There are only five large research projects for superconductivity in the world today, three in the Soviet Union, one in Graz, Austria, and one in the United States, at Brookhaven National Laboratory. Due to continuing budget cuts, and most recently the effects of the Gramm-Rudman bill, this project has dwindled in size and will probably be closed down next year, according to Eric Forsyth, the project manager. In 1980, there was \$3.5 million for the project, by 1985 this declined to \$1.5 million, in 1986, it was only \$.7 million, and Forsyth expects the project to close down altogether in 1987, due to "Gramm-Rudman's blind cutting of vital research."

The nuclear option

Today, 100 nuclear plants provide almost 16% of America's electric power, representing a total of 84,000 MW. This was as great as the total amount generated by the country's electric power supply system in 1952. It has also proven to be the cheapest form of energy. In the past decade, nuclear power has saved U.S. consumers \$35-65 billion, when compared to the cost of the same amount of electricity generated by oil and coal.

The only way to meet the electric power capacity necessary to ensure reliability and safeguard economic growth, is to expand the use of nuclear power. Nuclear power plants,

FIGURE 5
Brookhaven's superconducting cable



Source: Brookhaven National Lab

Superconducting cable has no power loss and carries five times as much power capacity as conventional cables. The Brookhaven tape, shown here, is a laminate of stainless steel, niobium-tin, and copper with a total thickness of 0.125 millimeters.

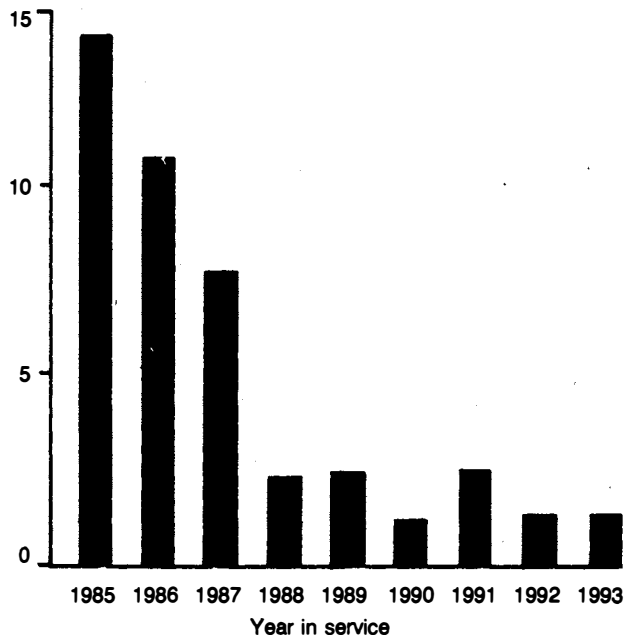
standardized and mass-produced, can supply the cleanest, most abundant energy for the future. To do this, there must be changes in design and procedure that will shorten the construction time to three years, and lessen the financial risk—as is being done in France today.

The capacity to meet future needs is simply not being planned today. If we assume just a 3.3% average annual electricity demand growth, and rely on equal coal and nuclear resources, approximately 346 GW of nuclear capacity will be required by the year 2020. That is about four times the 1985 nuclear capacity.

But today, as Secretary of Energy John Herrington explained, "There are no new orders for nuclear reactors in this country today, and that's very troubling if you're worried about the future of this country. . . . What we're doing, is we're mortgaging what's going to happen after the year 2000. . . . We're going to need nuclear power to move forward into the next century." (Figure 6)

FIGURE 6
Nuclear power units under construction

Thousands of MW



Source: NERC

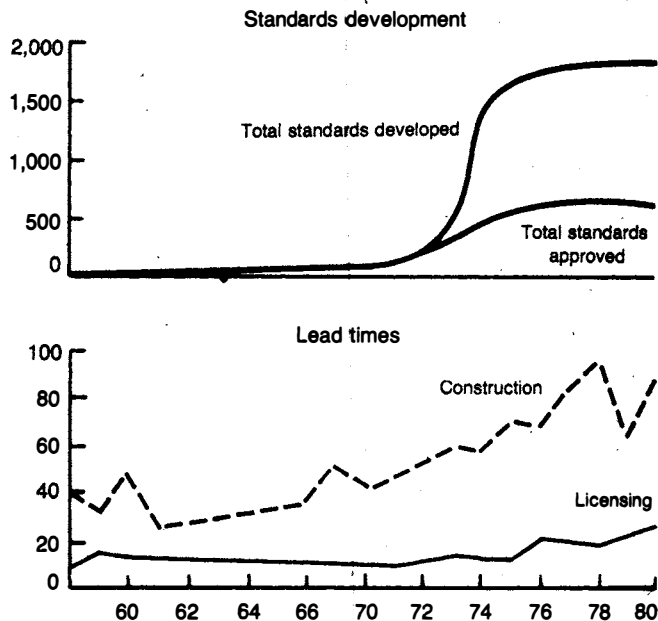
"There are no new orders for nuclear reactors in this country today, and that's very troubling if you're worried about the future, of this country What we're doing is mortgaging what's going to happen after the year 2000 We're going to need nuclear power to move forward into the next century"
—John Herrington, secretary of energy.

Since 1972, one hundred U.S. nuclear power plants have been canceled. That is as many as are operational today in the United States! The consequences of the political sabotage of the nuclear industry over the past 15 years, and particularly after Three Mile Island, are being paid with higher electricity costs and a threatened economy.

Following the Three Mile Island incident in 1979, the Nuclear Regulatory Commission, under pressure of environmentalist protests, implemented major changes in regulation that resulted in increased plant costs and lead times (Figure 7). Design complexity and analysis requirements increased with such items as a greater number of safety systems, more complex seismic design criteria, related pipe support structures, changing standards, and quality assurance requirements. This caused plants, already designed or in the process of construction, to be redesigned and reworked, resulting in increased capital costs and construction times (Figure 8).

For example, in 1984, new nuclear plants went into service after an average licensing and construction time of more

FIGURE 7
Delays mount in nuclear power plant construction



Source: Department of Energy

The number of regulations for nuclear power plants has multiplied in the recent past, causing longer lead times for licensing and construction.

than 13 years, compared with 5 years for nuclear plants in the early 1970s, according to a survey by the Atomic Industrial Forum. During 1984, 3 units totaling 2,383 MW were indefinitely delayed and 8 units totaling 9,040 MW were canceled. In addition, 26 units had their service dates delayed an average of 7 months each. Of the 16 units scheduled for commercial operation that year, only 7 (totaling 7,566 MW) were placed in service.

These regulatory changes and project delays have caused a tenfold increase in capital costs over the past decade. Figure 8 shows that the interest on construction alone has gone from 17% in 1973 to 40% in 1983, and will be 67% for plants which start operation in 1993.

This has caused a situation in the United States where, for the first time, the cost of nuclear electricity, on average, has risen above that of coal. In 1981, the average production cost of nuclear, coal, and oil were 2.7¢, 3.2¢, and 6.9¢ respectively, compared to 1984 costs of 4.1¢, 3.4¢, and 7.4¢. As Carl Walske, president of the Atomic Industrial Forum, emphasized, this is the result of "the impact of the previous decade's nuclear construction stretchouts, high interest rates, inflation, and the escalation of regulatory requirements. . . .

FIGURE 8

Cost composition of a nuclear plant

Cost component	1973	Start of operation	
		1983	1993
Indirect/contingency	13%	17%	12%
Craft labor	14%	14%	8%
Factory equipment/ site material	56%	29%	13%
Escalation/interest on construction	17%	40%	67%

Source: EPRI

Today it takes 10 to 15 years to build a nuclear power plant. Delayed plant construction results in increased costs in escalation and interest on construction.

A nuclear power plant, built in eight years or less and regulated in a business manner, is still the most efficient way known to produce electricity. This is being routinely demonstrated outside the United States."

If U.S. plants were simplified and standardized, as they are in France, then nuclear power would again become the cheapest energy source in the United States. The Electric Power Research Institute made a study to compare U.S. plants with those being built in France. Two significant differences could be seen: The French construction manhours per kW were one-third to one-half of the U.S. experience; and French non-manual manhours per kW were one-fourth to one-sixth of U.S. The reasons for this include the fact that the French design is more complete at the start of the construction and fewer changes are made. The construction process is better organized and benefits from repetitive operations. The replication of identical units on a site and multiple ordering of a series of standardized units, allow fixed-costs contracting and better control of actual cost, manhours, and raw materials.

The United States has the capability of rapidly meeting the urgent demand for new capacity, by ushering in the next generation of nuclear plants. The concept is similar to Henry Ford's plan to produce Model T's: Mass-produce modular nuclear plants, using standardized parts and assembly-line shop fabrication. These units can be transported by rail, barge, or truck, and installed on site with the potential of adding more modular units when the need arises.

The main advantage of these smaller plants is the speed by which they would come on line—three years by estimates of U.S. nuclear suppliers. These smaller reactors would be about 350 MW, compared to today's 1,000 MW plants.

U.S. nuclear suppliers like GA Technologies and General Electric already have on the drawing board designs for smaller, modular plants—from modular light water reactors, to high temperature gas reactors (HTGRs), to breeder reactors that produce enough fuel to supply themselves. The modular

HTGR and breeder are the optimal choices for mass production, because of their increased efficiency and versatility, but initially all designs available should be used.

Some of the advantages of small reactors reported by the International Atomic Energy Agency are: lower absolute capital cost with smaller financial burden, distribution of economic risk through several smaller plants, better-controlled construction schedule due to less on-site work and smaller size components, better past performance records than larger plants, high degree of shop fabrication and potential for series production.

The production and operation of small modular plants will be significantly simpler, resulting in reduced costs. Small reactors allow for greater flexibility of design, and their standardization allows for simplified training of operatives. They can be produced in factories using prestressed concrete or steel containments and standardized subsystems, creating higher rates of production. Greater reliability of operation can also be achieved with the new designs now being pioneered. The present hand-tailored method of construction in the United States, to individual specifications, not only is uneconomical, but also means that safety requirements have to be reviewed on-site. Using one basic design to guide the mass production of reactors, most regulatory questions can be solved at the point of production.

A survey by the Fusion Energy Foundation concluded that 10 firms, including the nuclear giants like General Electric, are preparing a capability, now in the conceptual design phase, to factory-produce reactors ranging from 10 MW to 335 MW. On the basis of these plans alone, it should be possible, by constructing 100 nuclear-plant-producing factories, to turn out 300 or more small and medium reactors per year by 1990.

There is no objective reason why the first factory-produced modules could not start rolling off an assembly-line in the United States at the beginning of the 1990s.



Environmentalist protest against nuclear power in 1980.

Oil price crash: the demise of the Lone Star State

by David Goldman and EIR's Houston Bureau

Texas is celebrating the 150th anniversary of its independence from Mexico with a general bankruptcy of state and public finances. The state's economic crisis began in 1985 with the end of the oil exploration boom, turned into a disaster with the first signs of oil price decline last December, and threatens to dwarf the worst 1930s experiences of any state, now that crude oil is trading at less than \$10 per barrel.

Without emergency measures, which must begin with a protective tariff against cheap imported oil, Texas stands to lose 9 out of 10 of its top banks, 20% of its workforce, and the already-thin structure of essential government services. Not Mexico or Brazil, but America's boom economy of 1981, will be the trigger for a crash of the American financial system and the American economy.

At risk are:

- Texas's 7 million jobs;
- \$172 billion of Texas banks' assets;
- \$22 billion of federal income tax collections;
- 29% of U.S. oil production;
- 36% of U.S. natural gas production; and
- 31% of America's farm acreage.

Just under 10% of Texas jobs are directly related to extraction, refining, and servicing of oil and gas. But a vast financial structure has been built upon oilfield revenues, which is now in the middle of a crash. One of the state's 10 largest banks, BancTexas, is in immediate danger of failure at EIR's deadline, and 8 of the others are in no position to survive an oil price of \$13-15 per barrel—much less today's oil price of less than \$10. Statewide, 81 insurance companies failed last year, largely as a result of the property market crash, and more are expected to this year.

Below, we present the anatomy of a state in deep depression, recalling that the data we present reflect merely the first stage of the oil price crash. The impact of oil priced in single digits will be much, much worse.



The collapse of Houston: the real-estate market is plummeting, while unemployment soars.

No more oil in Texas?

In early March, the Texas Interstate Compact Commission produced estimates of the effect of different price levels on "stripper," or marginal, oil production. The results are remarkable: at \$10 per barrel, the state will lose 210,000 barrels per day of "stripper" oil production, or roughly 10% of its total oil production. That does not count other expensive forms of recovery, including the "secondary" and "tertiary" methods which bring costs to well over \$15 per barrel. The stripper well data are shown in **Table 1**.

A sustained price level in the range of \$15 per barrel would wipe out a minimum of an additional 10% of Texas oil production, according to independent petroleum company sources. A \$10 per-barrel price would shut in more like 20%, bringing the total loss of production to 30% or more of Texas output.

"Offshore drillers have never faced conditions as devastating as those today," said Michael Simmons, drilling editor for Offshore Data Services, which reported a 7-point drop in the offshore rig-utilization rate in the past week to 43.9%. Of the 248 mobile rigs in the Gulf of Mexico, 109 are working and 139 are idle. "For the first time ever, more than 100 jackups are idle," he said. "The number working is almost half that of a year ago." Worldwide, the offshore rig utilization rate dropped 2.5 points, to 68.8%, with 233 rigs idle out of a fleet of 746.

Meanwhile, Hughes Tool Company reports that the domestic onshore rig-utilization rate was at its lowest point since May 21, 1973, with only 1,063 rotary rigs working in the United States in the last week of March 1986. That com-

Table 1
Stripper well data
(indicated units)

Price/bbl	No. wells closed	Bbl/day loss	\$ loss (mn)	Reserves lost (mn bbl)
\$10	51,465	210,343	767.7	860.7
\$15	28,433	91,347	500.1	241.9
\$20	12,658	35,138	256.5	30.6

Table 2
Rotary rig utilization

State	3/31	3/24	1985
Texas	358	386	714
Louisiana	161	185	280
New Mexico	34	36	63
Oklahoma	166	159	259

pared to 1,137 the previous week, and 1,939 for the same period in 1985. The breakdown is shown in **Table 2**.

Meanwhile, the elimination of oil-field investment would wipe out the state's—and the country's—capacity to produce petroleum by early in the 1990s.

Texas stops working

February unemployment figures showed that 161,000 Texans lost their jobs in one month alone: the official unem-

ployment rate went from 6.9% to 8.8%, according to the *Houston Post*.

The Houston unemployment rate jumped from 7.4% in January 1986, to 9.6% in February 1986, as shown in **Table 3**, an astounding 2.2% jump in one month. However, the unemployment rate in the McAllen-Edinburg-Mission area, an agricultural area sensitive to problems in Mexico, jumped from 18.5% to 22.7% during the same period, a 4.2% jump.

The total labor force in the Greater Houston decreased from 1.5 million in March 1982, to 1.4 million in January 1986. By major sector, the casualties include the following:

- In the oil tool business, peak employment in March 1982 was 51,700, compared to 20,900 in January 1986.
- In oil-field services, 54,500 in March 1982, and 37,800

in January 1986.

● In oil drilling, the peak was 60,400 in June 1982, compared to 51,500 in January 1986. Thus, according to Bureau of Labor Force statistics, there were 59,300 fewer oil and gas jobs in Houston in January 1986, than in spring 1982. In the 1982-83 oil and gas tailspin, about 150,000 local jobs disappeared; about 70,000 of those jobs came back after the "recession."

These data do not reflect the wave of oil-related layoffs that is now sweeping Houston, following the last month's events on the oil market.

● **Baker International** is laying off between 800 and 1,000 workers at its seven Houston operating companies, which represent 15-30% of its local employees; by the end of

The urgent need for an 'oil parity tariff'

On Jan. 29, 1986, presidential candidate Lyndon H. LaRouche, Jr., proposed an oil-import tariff to keep domestic petroleum prices at a level high enough to allow domestic production and investment to continue, for obvious national security reasons. The point of such a tariff would not be to raise revenues, but to protect our internal oil industry, which otherwise faces disaster. Even if we did not face a massive reduction of current oil production, we would feel the effect of lowered exploration within about five years, as old fields run dry. Without continued, aggressive development of new sources, the United States will be on the way out of the oil business by the early 1990s.

On April 1, the National Democratic Policy Committee announced its support for the implementation of the emergency oil tax package, as one step in a program to stop a financial blowout in 1986.

At the center of the package is an "oil parity tariff," which would establish a parity price for oil, and impose a revenue tariff on imported oil when oil was below that price. The parity concept is the same as that in farming. It sets a commodity price which takes into account the cost of maintaining current production, and of investing for future production, thus allowing the producer the equivalent of a "living wage," and society the provision of needed resources. The federal government is responsible for guaranteeing parity prices.

The current parity price is minimally \$20 a barrel. But the market price is now hovering around \$10 a barrel. That

is why oil producers in the United States cannot cover their costs of production, and are beginning to fold up their operations. Thus, Alaska and Texas, two of the largest oil producers in the United States, depend for solvency on an oil price of over \$13 to \$15 a barrel. If the current collapse in the price continues, as seems likely, at least 5% of U.S. GNP can be expected to be wiped out in the near term.

Oil production will not be the only casualty, however. As the case of Texas shows, the oil price drop way below parity will trigger a deflationary collapse in real estate, and could pull the entire rotten banking system down with it.

The only way to avoid this disastrous result is for Congress to break from the illusion that the "free market" will save us, and impose an oil parity tariff. Under the tariff, the difference between the current price, and the \$20 a barrel parity price, will be taken as revenue by the federal government. The maintenance of the \$20 price will at the same time protect our oil production and exploration, which are, in fact, vital for national security.

Such a protective tariff, in defense of the national oil supply and the nation's financial health, is one of an array of measures outlined needed to prevent a financial collapse in 1986. It follows in the tradition of Alexander Hamilton, Abraham Lincoln, and the school of American System economists, who built our nation on a program which united workers and industrialists in pursuit of progress, and used governmental powers to implement it.

Opposition to such a program is not only financial lunacy, but in the tradition of those "free traders" who opposed the formation of the United States as a republic, and the preservation of the United States by President Abraham Lincoln.

Table 3

Texas unemployment statistics

(percent)

Area	Feb. 1986	Jan. 1986
Abilene	7.7	5.6
Amarillo	7.3	5.9
Austin	5.4	4.4
Beaumont/Port Arthur	15.7	12.6
Brazoria	11.1	8.9
Brownsville/Harlingen	18.7	13.7
Bryan/College Station	6.2	4.7
Corpus Christi	11.6	9.4
Dallas	5.8	4.7
El Paso	12.0	9.3
Fort Worth/Arlington	6.3	4.9
Galveston/Texas City	12.4	9.8
Houston	9.6	7.4
McAllen/Edinburg/Mission	22.7	18.5

Source: Texas Employment Commission

the year, Baker expects to have only half of the 33,000 people it employed during peak year 1982.

- **Texas Oil & Gas**, the Dallas-based subsidiary of U.S. Steel, has announced company-wide layoffs of 15%. Another U.S. Steel subsidiary, Marathon, is cutting back its capital spending by one-half for the next fiscal year, and cutting the remainder in half the year after.

- **Dresser Industries'** Dresser Atlas unit laid off 100 workers in Houston.

- **Damson Oil** laid off 8% of its Houston workforce.

- **Diamond Shamrock** announced layoffs.

- **Chevron** plans to reduce its worldwide work force by 10 to 15% this year, plus cut other expenses by 30%.

- **Exxon** has announced spending cuts of 26% worldwide and 36% in the United States.

- **Lone Star Steel** has announced plans to lay off over half of its 4,100 employees; all but about 90 of the company's employees work at its major manufacturing facility at Lone Star, Texas (population 2,036). The layoffs are expected to be complete by the end of March, and will be across the board, including management, salaried employees, and production workers. In 1982, Lone Star employed 6,000 and had a booming market for its oil field pipe. Lone Star, Texas is in Morris County, which, according to Texas Employment Commission figures, saw its unemployment rate skyrocket in 1982, from 4.6% to 43.8% in less than a year, when Lone Star laid off 4,000 and virtually shut down operations; over 1,500 workers left the county and the tax base dwindled from \$1.7 billion to \$1 billion.

General Motors Acceptance Corporation, Chrysler Cred-

it Corporation, and the other major auto finance companies hold weekly auctions in Houston, and every other major city in the United States. Houston auctions normally brought about 150 cars to market, sold to local used-car dealers. During the past two months, however, dealers from around the country began flying into Houston, as up to 1,000 cars, predominantly one- and two-year-old vehicles, turned up at the auctions. These included not only cars repossessed from private individuals, but company fleets dumped into the dealer auctions as well. Dealers report that a one-year-old car that sold for \$12,000 new can be had for \$6,000 or less.

The affluent population of Texas is going bankrupt, at a rate that escapes the already-alarming unemployment and other data. The real-estate market in Texas, especially in Houston, continues to collapse, as indicated by the foreclosure rate on homes. At one point last year, Houston alone had more home foreclosures than any *state* apart from Texas; as **Table 4** shows, the foreclosure rate is rapidly accelerating.

Houston's foreclosure total for 1985 of over 17,000 compares with only 9,000 in 1984. At least 47,000 homes are now on the market in Houston, and the figure is rising. This flood of homes has helped drive down home prices considerably, and many homes have lost 25% of their market value over the last year. A growing number of homeowners, seeing that their homes are not worth what is owed on their mortgages, are simply walking away from their homes.

Government lending agencies, including the Federal Home & Loan Mortgage Corp. (Freddie Mac), and the Veterans Administration, have resorted to auctioning houses to offset losses from foreclosure. At one Veterans Administration auction in March, several bidders needed only Visa cards to buy three bedroom houses for less than \$5,000, and one four bedroom house equipped with fire place, sun deck, and Jacuzzi sold for less than \$10,000.

Texans have a different view of their beleaguered commercial banks than they did of the Alamo. Their directors are bailing out before the bailiffs move in. *EIR's* previous issue examined Texas banks' balance sheets, and concluded that the combination of an energy and real-estate collapse would wipe out 9 of the 10 biggest Texas banks.

The boardroom of BancTexas, whose fate may be decided while this issue of *EIR* goes to print, is virtually deserted. Nine directors have resigned in the past six months, leaving the bank with just six directors, four of whom work for the bank. The \$1.8 billion, 12-bank holding company, 10th largest in Texas, lost \$24 million in the fourth quarter of 1985, leaving it with a 5.4% primary capital ratio (primary capital to liabilities), less than the federally required 5.5%. BancTexas has been under a "supervisory agreement" with the Fed since 1984, and currently 5.01% of its assets are listed as non-performing.

Four directors of Texas Commerce Bancshares, the fourth-largest bank company in Texas, have resigned, due to their problems in repaying commercial loans to TCB's Houston

Table 5

Top 10 Texas banks' non-performing assets December 1985

(\$)

Bank	Non-performing	% non-performing
RepublicBank, Dallas	18,603,700	3.54
InterFirst, Dallas	18,959,000	4.87
MCorp, Dallas	18,184,000	3.49
Texas Commerce, Houston	16,985,000	4.90
First City, Houston	14,620,700	4.95
Allied, Houston	8,972,200	4.60
Texas American, Fort Worth	5,380,800	3.48
Cullen/Frost, San Antonio	2,943,800	3.51
National, San Antonio	2,417,900	2.46
BancTexas, Dallas*	1,548,600	5.01

* As of Sept. 30, 1985

bank, the holding company's flagship. Henry F. LeMieux, chairman of Raymond Holdings, stepped down last June, although his resignation was first announced in March. Raymond Holdings owed TCB \$30 million, of which \$18 million has been written off. Robert R. Shelton resigned in August, due to problems with \$37 million in loans to his Shelton Ranch Corp. Resigning last month was oil-and-lumberman Thomas L. Carter, who has about \$6.3 million in problem loans. Carter has been on the board of TCB since 1971, when the holding company was founded; Shelton joined in 1973 and LeMieux in 1977. Another director, Pat Rutherford, resigned last year over bad loans.

According to the Federal Deposit Insurance Corporation's March 24 statement, 563 U.S. banks have lent a collective \$60 billion to more than 600 independent energy producers who stand to be ruined by the collapse in oil prices. This \$60 billion amounts to 25% of the aggregate capital of these banks. However, \$57 billion of these loans were held by large regional banks with assets of more than \$1 billion each. The regional banks which hold the overwhelming majority of energy exposure are concentrated in Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

Federal bank examiners are now treating Texas as a potential disaster area, and the imminent failure of several major banks, including First City National Bank and BancTexas of Houston, has been the subject of widespread speculation.

The Federal Home Loan Board Bank (FHLBB) of Dallas, the Texas agency of the nation's savings-and-loan regulator, has more than doubled the size of its examining staff, bringing in 250 savings and loan examiners from around the country, to supplement its staff of 180 examiners. On top of that, the FHLBB hired Arthur Young & Co., Peat Marwick Mitchell, and Deloitte, Haskins and Sells, in preparation for an "intensive look" at 200 of the region's 488 thrifts. As of Sept.

Table 6

Survey of Houston construction based on value of building permits issued

(million \$)

Category	1981	1982	1983	1984	1985
Residential	665	576	586	343	101
Office/bank/prof.	1,225	1,040	273	284	153
Industrial	146	121	23	30	17
Public works/utilities	38	26	164	25	61
Stores/mercantile	46	88	154	167	114
Total construction	3,056	2,886	1,979	1,614	

Source: Kirksey-Meyers architects, Houston

30, 1985, there were enough troubled S&Ls in Texas alone to drain the Federal Savings and Loan Insurance Corporation (FSLIC), the national insurance agency for S&Ls, of its entire \$3.8 billion in uncommitted funds. The Dallas bank handles a region including Texas, Arkansas, Mississippi, Louisiana, and New Mexico; Texas has 269 of the 488 thrifts.

Paul Horvitz, a director of the Dallas FHLBB, said some insolvent S&Ls will remain open while they try to heal their wounds. "We're forced to do this by necessity," he said. "The FSLIC doesn't have the resources or the people to liquidate all the problems."

Even while oil prices remained at \$28 per barrel, the major Texas banks listed a total of problem loans approaching their shareholders' capital. Oil at \$10 will multiply that total by a factor of three or four. A bank may have non-performing loans in the range of its shareholders capital, but write them off over several years—providing that there is a future stream of profit. With collapsing revenues, the Texas banks' volume of problem loans prior to the oil price collapse represent an inoperable cancer (see Table 5):

But Texas banks have only 11% of their assets in energy, compared to 36% in real estate. In a market where *current* vacancy rates for prime commercial real estate are in the range of 40% *before* the effects of the oil price collapse are fully registered, the real-estate bombshell could take down virtually all of the major Texas banks, producing a situation much worse than that of the 1930s.

In fact, Texas banks reduced their total energy loans from \$13.766 billion in 1982 to \$12.075 billion in 1985. But they drastically increased their exposure in the real-estate sector. Most real-estate ventures involve a limited cash flow ultimately related to oil income, leveraged with a great deal of outside financing. Oil is the small wheel that turns the big wheel of real-estate speculation; when Texas was afloat in cash following the 1979 price increases, the generous write-offs for real-estate investment of the 1981 tax code drew oil money into real estate, typically with a 1 to 4 gearing ratio.

Although the Texas banks have acted prudently in writing off energy loans, they have hardly begun to write off their

real-estate loans. We calculate a 20% loan-delinquency rate on commercial real-estate loans nationally on the basis of hard data reported by the Federal Home Loan Bank Board; numerous interviews in the banking and real-estate industry confirm that this figure is, if anything, an underestimate. We calculate a minimum 30% loan-delinquency figure for Texas, based on the higher (40%) Texas vacancy rate for commercial properties. Assuming that the overall Texas rate for real-estate loan delinquencies, including residential properties, is half of the commercial rate, or 15%, writing off bad real-estate loans would cost the banks 5.25% of their total assets, and virtually their entire shareholders' capital. Energy and Third World loans will cost them at least as much, bankrupting all the banks (except the relatively small Victoria Bank) at least twice over.

New construction spending in Houston has decreased by 60% since 1981, according to a Kirksey-Meyers architects survey of building permits issued by the city:

- \$3.056 billion of construction contracts were issued in 1981, compared to \$1.163 billion in 1985.
- Housing starts in 1985 were only 17% of 1983 levels, by dollar volume.
- Office construction peaked at \$1.225 billion in 1981, and plunged to \$153 million in 1985.
- Retail permits dropped from \$167 million in 1984 to \$114 million in 1985.
- Industrial permits fell from \$146 million in 1981, to \$17 million in 1985.
- Public-works and utility construction more than doubled over 1984, but at \$61 million, fell way short of the peak of \$164 million in 1983, as shown in **Table 6**.

Even at the height of the oil boom, social services in major Texas cities provided threadbare protection for indigents and other severely impoverished sections of the population. Tax and service levels were both low, in keeping with the state's free-enterprising self-image.

Now, the implications for local government finances are devastating. The Texas budget is based on \$20.08 oil for FY1986 and \$15.18 for 1987, while West Texas Intermediate Crude is now hovering around \$10.

Only a fraction of the state's 200 agencies have responded to Gov. Mark White's call for 13% spending cuts. The oil price drop has forced a \$1.3 billion budget cut on the state; thus far, 11 agencies have proposed cuts totaling a mere \$75 million. The state Department of Human Services, one of the larger state agencies, said it would be unable to make the 13% cuts. "There's no way we can find that kind of money without cutting services," said Brian Packard, the agency's associate commissioner for budget issues. "And the governor doesn't want us to cut services. If we come up with half of that, I think we'll be doing good. But I don't know if we can come up with half."

Early in March, Texas senators, in a rare off-year caucus, were told by State Treasurer Ann Richards that Texas may be forced to write "hot checks" to make it through the year.

"Right now, the money is going out faster than it is coming in. By mid-December, we will have paid out almost \$2 billion more than the state's general revenue fund has in the Treasury. This puts the state in a serious financial crunch," Richards said. "Should these measures fail to cover the state's obligations, the Treasury would have to enter into some variation on an old-style arrangement used in the past, which calls for the state's banks to honor 'hot' warrants. I don't like hot checks, I don't write them. I don't want the state of Texas to write them." If oil prices stabilize at \$15 a barrel, she said, the state might be able to "squeak by" through year's end without writing hot checks.

Richards' warning provoked a black comedy in the Senate. Texas State Sen. John Trager (D-Seguin), after a briefing on state finances by treasurer Richards, called for a special legislative session to raise the state's sales tax from 4.125% to 5%. "If the legislature would get up and come down here in June and pass enough taxes—that's heresy, I realize—raise the sales tax to 5%, catastrophe, total catastrophe could be averted. That's the only way it can." A sales tax increase "is as painless, as fair, and as quick a solution as you can find. To hell with politics." Trager, who is retiring, is not up for re-election this year.

Treasurer Richards responded: "In my candid opinion, I don't think it would do you any good," she told the senators. "I think elected officials would be distracted by the fact that they are facing elections back home. . . . On top of that, it's too expensive to call a special session and you don't have the money to pay for it."

Houston Mayor Kathy Whitmire, who campaigned last fall on a platform of "recovery," now admits that the city's revenue will fall \$72 million short in FY 1987, and is planning to cut city services accordingly.

Social service agencies in Houston are straining to keep up with the demand for assistance caused by the collapsing economy. United Way, the umbrella agency for 80 area services, reports an 84% increase in demand since 1981; United Way served 35,094 people in 1985, up 6% from 1984. However, requests in February 1986 exceeded those of February 1985 by 28%. Since 1981, there has been a 1,159% increase in requests for utility-bill assistance, a 214% increase in food requests, and a 93% increase in requests for general financial assistance.

The Texas Crop and Livestock Reporting Service surveyed 3,700 farmers in the Panhandle and Gulf Coast areas, and more than one out of six said this was their last year in business. In the Panhandle, 23% said they would quit, with 87% citing financial reasons. Along the Gulf Coast, 19% will quit. Overall, 68% cited financial reasons as their primary reason for leaving. Texas has about 184,000 farmers and ranchers. The Texas Department of Agriculture said that the Texas percentages are about double the level of Iowa farmers experiencing economic problems, according to a similar survey, and suggest the worst of the farm depression is moving into the Sun Belt.

Western Europe: Financial disaster imperils NATO more

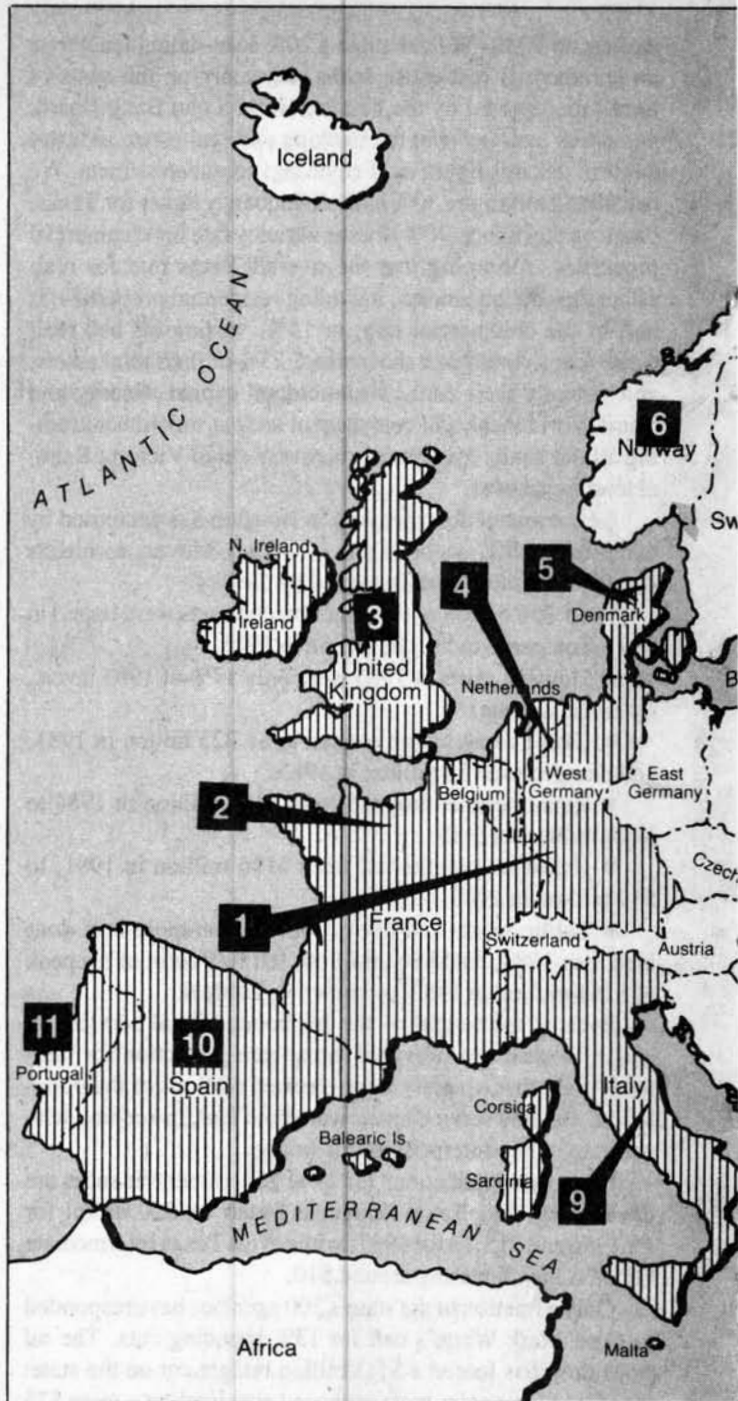
The European Community (EC) Commission announced on April 2 a slide toward budgetary chaos, warning that it will not be able to meet in full this year's commitments in social, regional, and agricultural spending. This is a prelude to the full bankruptcy of the EC budget officially expected by 1987-88, at the latest. The financial crisis heightens the danger that Europe will come under Soviet domination, in the "New Yalta" deal being fashioned by Moscow and Western oligarchist interests. Since 1983 the Soviet Union has spared no efforts in propaganda and military and political blackmail to ensure that Western Europe would not accept repeated U.S. offers to share in the Strategic Defense Initiative and its economic spinoffs.

1. Federal Republic of Germany:

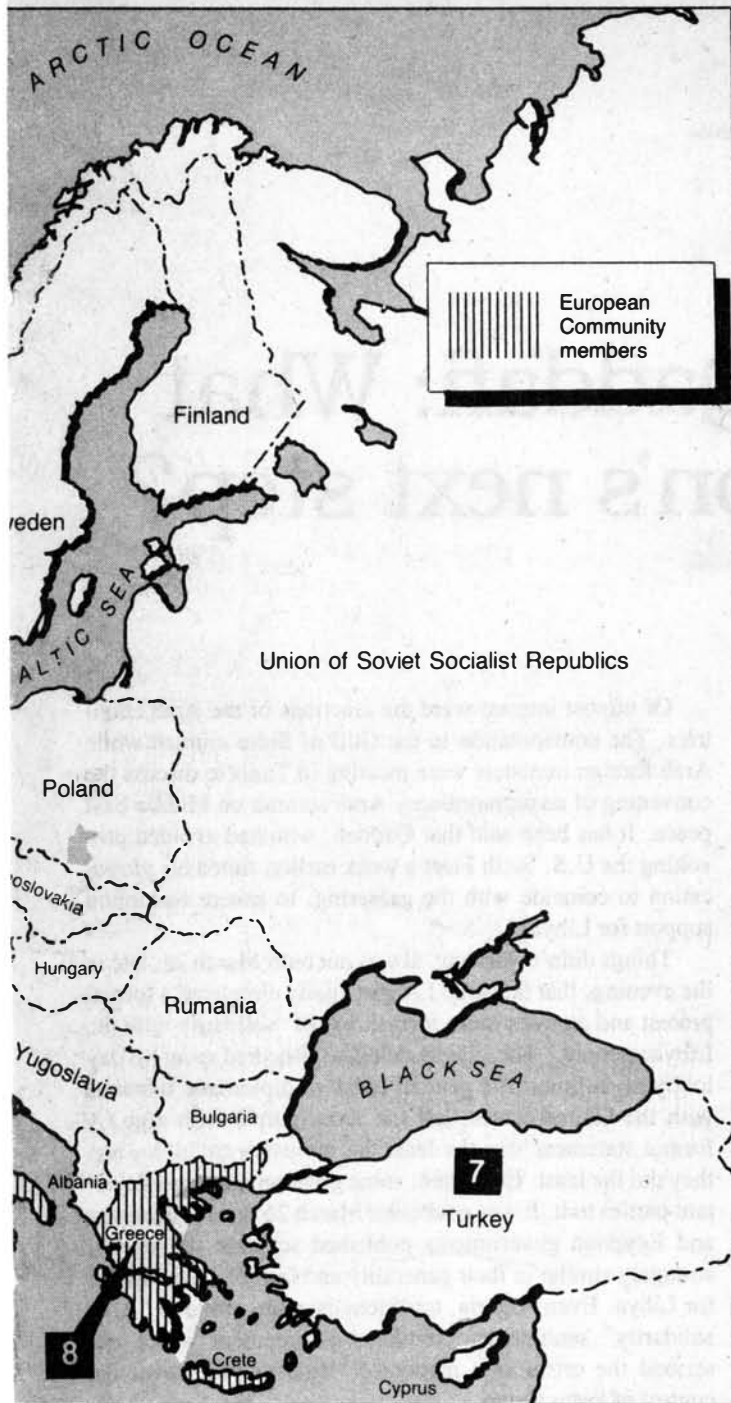
If the ruling Christian Union parties lose badly in the June 15 state elections in Lower Saxony, as they did in the Schleswig-Holstein vote of March 6, it is very doubtful they can hold national power in the January 1987 general elections. Polls show support for the Kohl government has fallen in direct relation to its "free market" economic policies, which are ruining the German agro-industrial sector. The Free Democratic minority partners in the coalition, and the opposition Social Democrats, known for their pro-Soviet, anti-SDI bent, have been playing on Germany's economic weakness to lobby for greater trade with the Soviet bloc. Economics Minister Bangemann, who just negotiated a watered-down SDI accord with Washington, went to Moscow in early April to seek large trade deals.

2. France: On March 16, the conservatives came to power in a "co-habitation" agreement with Socialist President François Mitterrand, shifting France to a strong anti-terrorist stance. The new premier, Jacques Chirac, is sympathetic to the Strategic Defense Initiative. The Achilles Heel of his government is economic policy. Chirac has given himself 100 days to fulfill Phase 1 of his project to return France to a "free market economy."

3. United Kingdom: Margaret Thatcher's government, the first to sign a full SDI collaboration accord with Washington, is buffeted by scandals by the opposition Labor Party and under sharp attack from Moscow. Thatcher's foes are led by a coalition around her ex-foreign minister, NATO Secretary-General Peter Carrington, a key figure in "New Yalta" plans. The oil price crisis has taken away the only prop of an economy which Thatcher long ago brought to its knees with "free market" policies.



4. Netherlands-Belgium-Luxembourg: A net 5% loss of votes for the two government parties in local March 19 Netherlands elections bodes ill for the center-right coalition in the May 21 general elections. Polls show that the only reason the government did not lose more to Labor, despite popular disaffection with an austerity policy that has led to record unemployment, was because Labor leader Joop den Uyl failed to hone in on those issues. Belgium's cabinet held a marathon session in late March to reach agreement on new austerity measures. They agreed to



cut the deficit from the current 12% to 8%. The center-right government of Wilfried Martens will try to do this, even though latest opinion polls show support for the coalition as having plunged from 45% in January, to 29% in late March.

5. Denmark: The narrow victory of the center-right Danish coalition on Feb. 27, in a referendum whose net effect is to keep Denmark inside the EC, was both a victory for NATO and a signal of how precarious the Alliance has become. The Social Democrats' aim in provoking the referendum to withdraw from the EC was, ruling party spokesmen

charged, a first step to a pullout from NATO.

6. Sweden: The Feb. 28 murder of Prime Minister Olof Palme only temporarily halted dramatic conflicts between the government, and the labor unions and the military. One-fifth of Sweden's military officers announced in late March their withdrawal from service because the Social Democrats' military budget has wrecked Sweden's capacity to remain neutral in the face of a massive Soviet buildup. The greatest naval concentration of power in the world is located at Soviet Murmansk, next to Sweden.

7. Turkey: One of the staunchest U.S. allies has been victimized by the U.S. administration's refusal, at the prompting of Secretary of State Shultz, to increase military aid, desperately required to modernize Turkey's large but largely obsolete armed forces. Also, recently, the U.S. removed its old "Honest John" tactical nuclear weapons from Turkey. No plans exist for any replacement with modern tactical nuclear weapons.

8. Greece: The official 1988 deadline proclaimed by Premier Papandreu still exists for the removal of U.S. bases, nuclear weapons, and troops from Greece. Under Papandreu, since 1981, Greece has shifted into a violently anti-American direction, becoming one of the world's main staging bases for terrorism, and working closely with the Soviet Union and Bulgaria, including promoting the Soviet demand for a Balkan "Nuclear Free Zone." Greece is a NATO member in name only.

9. Italy: Bettino Craxi's government, the most stable and long-lived in postwar Italy, is close to signing an accord for SDI collaboration with the United States. Since the U.S.-Libya crisis of March 24-25, Italy has become the target for massive terrorism. For months, Parliament has been debating Craxi's austerity budget. If approved, the budget will further erode an economy of which already 40% is officially estimated to be the black market.

10. Spain: The national election slated for October, will likely consolidate the government of Socialist Felipe González, whose line won in the March 12 NATO referendum. González's version of Spain in NATO featured the gradual pullout of U.S. troops. Yet, the overwhelmingly pro-NATO vote opens the way for Spain to collaborate in the SDI. The stock market is soaring, fed by Latin American cocaine money, but Spain is Western Europe's poorest country, with the highest jobless rate, and under IMF pressure to further cut the budget.

11. Portugal: Socialist International leader Mario Soares was elected President in February, beating right-wing rival Freitas do Amaral, with support from the U.S. State Department, financing from the German Social Democrats, and the votes of the Communist Party. The perilous economic situation of a nation already weakened by the IMF, and the "cohabitation" of Soares with right-wing Premier Carvacco Silva, herald further instability.

A lesson to Qaddafi: What is Washington's next step?

by Thierry Lalevée

The dust had not yet settled on what remained of the radar guidance system at Libya's Gulf of Sidra missile base March 24 when the most obvious question was asked: What would be Washington's next step?

Part of that step, as American officials have often commented, is to keep Muammar Qaddafi guessing and wondering. Many others are guessing and wondering, too. Moscow's Gorbachov is certainly one; others are Qaddafi's bedfellows in international terrorism, and European politicians who, like Italian Foreign Minister Giulio Andreotti or his German counterpart, Hans-Dietrich Genscher, almost choked of outrage on March 24.

The loneliness of Qaddafi

Washington received little support for having taught Qaddafi a badly needed lesson—at least, officially. With diplomatic ambiguity and hypocrisy, European governments, for example, waited up to 24 hours after the beginning of the confrontation to issue statements, then only to call on both parties for restraint. The British government graciously recognized the “right of the United States to hold military maneuvers in international waters,” while Israel's Peres commented on American television (April 1) that the United States had done the “right thing.”

Unofficially, things were otherwise. Italian Prime Minister Bettino Craxi was very pleased indeed. So was the new French government of Premier Jacques Chirac. Former French President Giscard d'Estaing praised the Americans on March 28 and recalled that his original plan to overthrow Qaddafi in September 1980 had unfortunately been foiled by President Carter. A day later, the Spanish government announced that it was fully siding with Washington and considered Qaddafi's ravings about revenge a “threat to the national sovereignty of Spain.”

Of utmost interest were the reactions of the Arab countries. The confrontation in the Gulf of Sidra erupted while Arab foreign ministers were meeting in Tunis to discuss the convening of an extraordinary Arab summit on Middle East peace. It has been said that Qaddafi, who had avoided provoking the U.S. Sixth Fleet a week earlier, timed his provocation to coincide with the gathering, to ensure maximum support for Libya.

Things didn't work out. It was not until March 25, late in the evening, that the Arab League finally circulated a formal protest and an even more formal text of “solidarity with the Libyan people.” The Libyan delegate, who had spent his day lobbying in favor of a general break of diplomatic relations with the United States, left the room purple with rage. A formal statement was the least the ministers could do, and they did the least. Even then, some governments were reluctant parties to it. It was not before March 26 that the Tunisian and Egyptian governments published separate statements, strangely similar in their generality and lack of clear support for Libya. Even Algeria, traditionally more prone to “Arab solidarity” sentiments, circulated a statement which described the crisis as a matter of “legal dispute” over the control of Sidra waters.

In sum, but for Syria, Iran, and their pet-terrorists of the PFLP and Abu Nidal, Qaddafi stood very much alone, the more so as Moscow merely issued a TASS release denouncing the “American aggression,” and trotted out foreign ministry spokesman Vladimir Lomeiko to announce “political and moral support to Libya.”

Washington's dilemma

Many in Europe and the Arab World regretted that American jetfighters had stopped after strikes on the Sidra military base, and were disappointed when the maneuvers were ab-

ruptly ended on March 27, five days ahead of schedule.

In subsequent days, it emerged that the Pentagon has had a contingency plan codenamed "Prairie Fire" since 1985, and this includes two sets of actions against Libya: first, a contingency plan aimed at overthrowing the Qaddafi regime; second, a series of actions to keep Libya under constant military pressure, with punctual retaliation for any provocations.

Such plans have been very openly opposed in the United States by Secretary of State George Shultz and his Kissingerian clique within the National Security Council and American foreign intelligence services, including National Security Adviser John Poindexter and the new deputy director of the CIA, Robert M. Gates. It was no coincidence that the events in the Gulf of Sidra occurred while George Shultz was away from Washington, touring Europe. They consider Qaddafi a useful asset. As soon as the March 24 confrontation erupted, they went into action to bring about an early end to the maneuvers.

As unnamed CIA officials revealed to *Time* magazine on March 31, Prairie Fire can only work with the cooperation of certain European countries, Egypt, and other North African countries. On March 30, the Egyptian government daily, *Al Ahram*, revealed that in March 1985, NSC director Robert MacFarlane had received a rebuke from Egyptian President Hosni Mubarak when he requested military action against Libya. Approached three times more by Washington, Cairo had each time refused. According to *Al Ahram*, Mubarak stated that Egypt would "never invade another Arab country."

The real reasons are otherwise. Confidence between Cairo and Washington has vanished. How can any Egyptian official take seriously an American offer to jointly destroy Qaddafi, while other American envoys tell Egyptian officials to cooperate with the International Monetary Fund and economically destroy themselves? How can there be any confidence, when Cairo only narrowly averted a major embarrassment by revealing in *Al Ahram* first what CIA officials were about to reveal to *Time* magazine. Did anyone in Washington think of the consequences for the Egyptians? This very stupid behavior only feeds the suspicions of many in Europe and the Arab world that American officials like Shultz actually want to build up Qaddafi's credibility.

Notably, *Time* magazine did not publish the names of other North African countries which were approached. Since an "Arab-African Union Treaty" exists between Libya and Morocco, everyone knows that the other unnamed countries are Algeria and Tunisia.

If Qaddafi could not be directly overthrown, Washington could only implement the second part of Prairie Fire: retaliation against Libyan provocations. In that, it succeeded and significantly rebuilt American credibility in the region.

The effect was certainly felt in Moscow, even though it had been forewarned twice: First, in July 1985, the Kremlin was told that the U.S. Navy had standing orders to retaliate,

and would do so. Then, on March 24, before bombardment began, Washington warned Moscow to withdraw its military advisers from the Libyan missile base. The warning was reportedly unnecessary. Moscow, which maintained four surveillance ships in the area, knew what was afoot. As soon as the U.S. vessels had crossed Qaddafi's "line of death," the Libyans had contacted the Soviets to ask for help. Moscow remained noncommittal and is reported to have explicitly warned the Libyans not to attack. This sudden caution stemmed from the fact that they knew that the SAM-5 missiles that they had given Qaddafi last December were not exactly the *Wunderwaffen* they might have claimed at the time, and stood no chance against American military technology. In fact, things turned out even worse than Moscow expected, as U.S. forces tested, for the first time in combat, new missiles such as the air-to-surface Harm and Harpoon. Libya lost more than 220 sailors, not counting casualties at the missile base on shore.

Qaddafi is only the first target

While this, of course was not reported by the Libyan media, Tunisian and Egyptian broadcasts were closely monitored by the Libyan people. Qaddafi mobilized the revolutionary committees, and on March 28, slaughtered a cow with the name Reagan painted on it. Foreign observers present in the Libyan capital, however, reported a sudden disinterest in such antics on the part of the population. His claim to have shot down three U.S. jetfighters provoked little enthusiasm. So Qaddafi went into flight forward. On March 30, he ordered the burning of all French and English books, just as last fall he had ordered the destruction of all "imperialist musical instruments." This may have been another mistake. On April 1, scores of university students were seen saving books from the fires; one department at Tripoli University sent an unprecedented official protest, stating that they needed foreign books.

Admittedly, the explosion aboard the TWA airliner on April 2, killing four Americans, bore Qaddafi's paw-marks, but his repeated threats since January of a wave of suicide commandos hitting the United States, came to nothing! Qaddafi does have suicide commandos at his disposal, but these can only be deployed in coordination with Syria, Iran, and Soviet intelligence. Libya provides financial support and training bases, but it doesn't own the terrorists. Moscow has the first and final word.

These developments prepare what should be Washington's next step. It is ensured of a support it has not previously enjoyed in the region. It should maintain the pressure on Libya, which will provoke a growing dissatisfaction within Libyan army ranks. But since Qaddafi is only one element of international terrorism, his overthrow is an example, not an aim in itself. What Washington must do is restore confidence in Cairo, Tunis, and elsewhere. Either drop support for the IMF, or U.S. military policy is of little import.

Qaddafi forms international terrorist 'front' against U.S.

by EIR's Counterintelligence Staff

At a conference of over 700 representatives of terrorist, separatist, and revolutionary groups from 80 countries in Libya March 14-17, Col. Muammar Qaddafi vowed to create an "international front . . . to fight the world forces of arrogance and state hegemony," a new organization which would supplant the "U.S.-controlled" United Nations. Qaddafi's conference made Hitler's Nuremberg rallies look like Sunday afternoon picnics: A cow, with the name "Ronald Reagan" painted on it, had its throat cut, while demonstrators and soldiers stomped it to death and bathed in its blood. Qaddafi's Revolutionary Committees have begun conducting book-burnings like those of Hitler's brownshirts, with all English and French books relegated to the flames.

Represented at the Tripoli conference were, among others, the Colombian M-19 terrorists, Peru's Shining Path, Louis Farrakhan of the U.S. Nation of Islam, the American Indian Movement, anti-Arafat Palestinians, Pakistani separatists, Kurdish rebels, the New Caledonia Liberation Front, the Moro National Liberation Front, SWAPO, the New Green Movement in Austria, the Egyptian National Front, the Greek Committee for Combatting U.S. Bases, and assorted communist parties and "liberation movements."

Qaddafi was introduced to the gathering, with great fanfare, by Louis Farrakhan, who has received some \$30 million from the Libyan madman, and is reported to have picked up another \$16 million during his latest visit to Tripoli.

Qaddafi's speech included the usual diatribes against the United States, Israel, and South Africa. He then called for an alliance between separatist movements and the Greens in Western Europe: "Every day, satellites and television bring to us pictures of acts of repression against the masses in Western Europe, the masses that reject U.S. hegemony and domination. We are going to enter into an alliance; this front includes, among others, the peoples of Western Europe, the dynamic forces in Western Europe, the alternative movements in Western Europe, the Greens, the new Green movement in Western Europe, which is an extension of us."

Then Qaddafi repeated his demand for American blacks to mutiny against the U.S. armed forces: "I extended an invitation when the Ummat al-Islam convened its conference in Chicago and I addressed them via satellite. I asked the 400,000 blacks in the U.S. Army to mutiny and leave military

services . . . to smuggle their weapons and military gear out and to destroy this barbaric and anti-people military machinery, to destroy it from the inside. U.S. blacks should continue to call, covertly and openly, upon their brothers in the military institutions and the U.S. police to escape from these institutions, destroy them from the inside, and smuggle their weapons out."

The conference passed resolutions on the following matters:

- 1) Support for Libya in its confrontation with the U.S. Sixth Fleet.
- 2) Support for the Sandinista revolution in confronting "U.S. imperialist plots."
- 3) A call for the "destruction" of the South African regime, "which is supported by American imperialism and is in alliance with the racist Zionist regime in occupied Arab Palestine. . . . The year of 1986 should be considered the year of confrontation with apartheid in Africa. The conference calls upon all revolutionaries in the world to volunteer to fight against the racist regime of South Africa."
- 4) Support for the Arabs in occupied Palestine.
- 5) Support for the American Indian Movement.
- 6) Support for the Kurdish separatist movement.
- 7) Support for a popular uprising "to topple the bloody fascist regime of Saddam in Iraq. The conference condemns the criminal war launched by that regime against the Islamic revolution in Iran."
- 8) Support for "popular uprisings" of blacks against "apartheid and racial discrimination in both American and British societies."
- 10) Support for all separatist movements on the small islands that are French possessions, including New Caledonia, Guadeloupe, Martinique, and La Réunion.
- 11) Support for the Soviet Union as the hegemonic revolutionary power in the world: "The conference stresses the importance of consolidating the joint struggle with the socialist family, headed by the Soviet Union, in order to strengthen the cause of the freedom of peoples, to preserve their national independence, and defend their achievements. . . ."
- 14) Support for the peace and disarmament movement.
- 15) A call to abolish the "veto concession" at the United

Nations, or otherwise to reform it.

16) Formation of a united front of separatist and terrorist groups: "An international front including the small peoples and nations, the revolutionary movements, political organizations, progressive regimes, and people's revolutions in the world will be set up to fight the world forces of arrogance and state hegemony."

New terror wave

As these marching orders—and other, more secret ones—went out to the assembled kooks and terrorists in Tripoli, the U.S. Sixth Fleet prematurely ended its maneuvers in the Mediterranean at the end of March, and Western governments braced themselves for Qaddafi's threatened revenge against the United States, for its attack on Libyan SAM missile bases in the town of Surt. The Libyan news agency JANA proclaimed, "We will consider any American target and the American and Mediterranean bases hostile targets which we will confront."

Qaddafi's conference of terrorists and separatists made Hitler's Nuremberg rallies look like Sunday afternoon picnics, while the Libyan wire service bellowed, "We will consider any American target and the American and Mediterranean bases hostile targets which we will confront."

More than 35 U.S. and NATO installations in Europe are being targeted by Libyan-sponsored terrorists, *Newsweek* magazine reported. According to testimony by a Libyan defector, Qaddafi has given orders to his operatives in Belgrade, Paris, Rome, Berlin, Geneva, and Madrid to "launch the operation" against U.S. forces.

Bombs exploded at banks and government buildings across France on March 28, injuring at least two people.

Then on April 2, a TWA passenger airliner bound from Rome to Cairo narrowly escaped disaster, when a bomb exploded in its luggage department as it was making its descent to the Athens airport. The pilot was able to land the plane successfully, but four passengers were killed and 20 seriously wounded. The action was claimed by the Arab Revolutionary Cells. While Qaddafi officially denied involvement, in February he chaired an international conference which explicitly warned civilians not to fly on American airliners, because if they did they would find themselves the targets of terrorism.

'Operation Nightmare': Is it now under way?

by Umberto Pascali

The NATO bases at Sigonella and Torregrossa on the south-east coast of Sicily are on alert, following a threatening phone call received over the Easter period, to the bases' top secret telephone number. The number is known only to a very select number of people in the military command. It was along this coast that the U.S. Sixth Fleet dropped anchor after operations against Libya.

On March 27, Sgt. Walter Thomas of the Sigonella base was shot at by four youth while driving his car a few miles from the base. The day before, an anonymous caller took credit for the burning of two vehicles owned by soldiers working at the Vicenza base in the Veneto region. "Yankees and NATO out of Italy" was the anonymous message. The only daily in Tripoli, Libya, *Al Fajer Al-Jadid*, reported on March 31 that these incidents are "the beginning of vendetta operations against U.S. targets all over the world."

According to the experts in Sicily, the relatively small Torregrossa base is the most probable target for Libyan terrorism or sabotage. Qaddafi has the full support of the Italian Communist Party (PCI), whose CGIL trade union controls the civilian workforce at the bases.

These terrorist threats cannot be viewed in isolation from a massive destabilization project now afoot in Sicily. Sicily has been the scene of a mass rebellion, sponsored by the mafia and led by communists. The pretext for the bloody social explosion is a law passed by the Italian parliament that imposes taxation on illegally built housing. The rebellion is spreading rapidly to other southern Italian regions such as Calabria and Puglia.

Over the last two weeks, several Sicilian cities and towns, including the capital, Palermo, have been closed to the outside, the highways blocked by barricades and transformed into battlefields by well-organized "spontaneous" demonstrators led by both the communists and the neo-fascist Movimento Sociale Italiano (MSI). The powerful mafia's blessings are obvious. The demands include abolition of the illegal-housing tax and of seismic-related building codes—a suicidal move in an area characterized by frequent earthquakes. Where is all this heading?

Operation Nightmare

In the spring of 1982, *EIR* exposed a plan to destabilize Sicily, "Operation Nightmare," which included a separatist insurrection in Sicily, aided by the mafia, and launched by anti-American protests. The trigger for the insurrection was to have been demonstrations in the town of Comiso in south-

east Sicily, where U.S. cruise missiles are to be deployed.

Directly involved was Soviet military intelligence, the GRU, and elements of the British secret service. Large amounts of weapons were being smuggled into Sicily from Spain. Financial and other support was coming from Qaddafi, via the West German Green Party and an assortment of communist, peacenik, lesbian, and other groups, who established a camp near the missile site as a base for demonstrations.

Operation Nightmare was supposed to start with "spontaneous" fights between anti-missile peaceniks and the Italian police, and possibly also U.S. soldiers defending the base. At the point that blood was shed, a generalized revolt was to be unleashed throughout the island, at the direction of the mafia but with a left political cover, rapidly becoming a

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separatist revolution. This is not without precedent: It happened at the end of World War II, when the separatist party was backed by the mafia. Most of the separatists ended up in the Communist Party.

At the time, *EIR* and its friends in Europe immediately informed Sicilian and Italian authorities of the threat. The demonstrations took place, but the plan was aborted. It was not, however, canceled.

For over a year now, Italian Interior Minister Oscar Luigi Scalfaro has devoted much attention to Sicily and its threatened destabilization, not only because of police repression of organized crime. A destabilization of Sicily is a threat to Italian national security. Operational Nightmare is not just the mafia acting to protect itself, but is a form of warfare launched by the Soviets against Italy and the West as a whole through Sicily—a strategic point in the Mediterranean.

In past months, demonstrations of thousands of unemployed in Sicily used the slogan "We Want the Mafia Back, We Want to Work," during a large trial against the mafia bosses in Palermo. On Feb. 17, ca. 30,000 people went to Rome from southern Italy, most from Sicily, led by 400 Sicilian mayors, for a demonstration in front of parliament. From somewhere, the mayors got the money to finance this

expensive enterprise. They protested against the housing law and asked for a general amnesty, without making much distinction between the rich contractors who got their money from illegal building without taxation, and the families who had illegally built their house stone by stone over 5 to 10 years, because there was no other way.

Communists and neo-fascists

There are an estimated 3 million illegally constructed houses in Italy; of these, more than 2 million are in the south, most in Sicily. It is also well documented that one of the ways used by the mafia to launder dirty money from drug traffic, is to "invest" in real estate and the building sector. In Italy, this is known as the "black economy." It is the economic model that the International Monetary Fund recommends, and it is indicative that one of the most determined defenders of IMF austerity dictates in Italy is the Communist Party.

The boss of the Sicilian mayors now leading the social disorders there is a Communist, Paolo Monello, the mayor of Vittoria, a city of 55,000 bordering on Comiso. With 60% of its voters going Communist, it is the "reddest" city in Italy. In Vittoria, 80% of the houses were illegally constructed.

The Communists, despite a few dissidents, immediately endorsed the illegal-house rebellion, as did the neo-fascists of the MSI. MSI parliamentarians proudly marched behind the Communist Monello against the parliament in February. After that test of strength, the well-organized revolt exploded in Sicily.

With Palermo and many other cities and towns isolated by highway barricades, violent battles with police have occurred almost daily, resulting in many wounded and many more arrested for attempted homicide. Because of one barricade that blocked the highway to Palermo in the suburb of Trabia, the prefect of Messina was killed, on March 20, when his car was suddenly hit by a truck because of trees placed on the road.

While the neo-fascists intervene frantically in every hot point, the delegation from Comiso joined the meeting of the mayors in Ragusa displaying a huge banner: "The Only Illegal People Are the Americans: Make Them Pay!" All this happened while the U.S. Navy was bombarding Qaddafi in the Gulf of Sidra.

The disorders expanded to Calabria, and barricades have also now gone up in Puglia. Despite a softening of the law by the government, announced on March 26, Monello and his people state that they will go on until the law is repealed.

Among the motivations attributed to the Communists for conspicuously supporting this mass unrest is the election scheduled on the island for next June. But the fact is, there is little difference between the Communists, the Soviet KGB, the mafia, and the neo-fascists. They are virtually the same people. Not a cynical electoral trick, but a very dangerous attempt to render ungovernable Sicily and the entire Mezzogiorno region in the south of Italy, is under way. With that, Italy becomes ungovernable, and a gaping hole is opened in the Mediterranean on NATO's Southern Flank.

Control Data Corp., the KGB, and 'The Trust': mandate for an inquiry

by Criton Zoakos

A team of *Executive Intelligence Review* investigators, engaged for over a month now in an in-depth inquiry into the role of Soviet secret services in the Feb. 28 Palme assassination and its subsequent coverup, is currently pursuing a trail involving Soviet Ambassador to Stockholm Boris Pankin and certain operations of Minnesota's Control Data Corporation.

Ambassador Pankin, together with Central Committee member Georgi Arbatov and TASS chief Sergei Losev, orchestrated a large-scale disinformation campaign, principally through Western news media which they influence, in an attempt to allege some type of involvement in the killing of Swedish Prime Minister Olof Palme, of organizations associated with U.S. 1988 presidential candidate Lyndon LaRouche. The basic outline of this disinformation campaign and its key players has been published by *EIR* earlier (Vol. 13, Nos. 13 & 14, March 28 and April 14, 1986).

Further inquiries into Pankin's role have raised certain questions of paramount importance for Western security, and have answered certain others. One of these involves the role of Control Data Corporation in the transfer of sensitive technologies to the Soviet Union. A second, involves special features of Soviet assassination capabilities in the West.

Boris Pankin and Greece

The case of Ambassador Boris Pankin or, as some insist, KGB Lieutenant General Pankin, ought to be of paramount interest to U.S. intelligence officialdom, as his career overlaps three areas of vital importance to the United States: 1) large-scale technology theft on behalf of the Soviet military, 2) large-scale Russian penetration and corruption of Western news organizations and, 3) assassinations of senior United States personnel.

However, officials of Mr. William J. Casey's Central Intelligence Agency, presented, repeatedly, with the opportunity to review the matter, have declined "at this time," even though one of them reported to this writer that an inquiry in this area would be within the mandate of that agency. Be that as it may, the following matter still remains for consideration:

During 1982, in the course of events surrounding a celebrated trial, in Athens, Greece, involving Greek publisher George Bombolas and *New York Times* correspondent Paul

Anastasi, certain Western diplomats identified Ambassador Boris Pankin as the chief of the KGB's Disinformation Department. Later, this identification was accepted by investigators as a reasonable research hypothesis and never challenged. The hypothesis was further strengthened again later, during March 1986, when senior intelligence veterans from Sweden and the Federal Republic of Germany identified Ambassador Pankin as one of the "most powerful policy makers of the Soviet Union," one whom people consider more influential, in terms of setting long-term policy vistas, than Mikhail Gorbachov.

Official biographies of Pankin are not available. When he was appointed Soviet ambassador to Sweden in 1982, a terse TASS release identified him as a "high ranking official, who has served the Soviet Union in a number of important positions of the state," adding that he also served as President of VAAP, the All-Union Copyright Agency, which controls all Soviet publications abroad and all foreign publications in the Soviet Union.

Boris Pankin's first public surfacing occurred in 1975, in Greece, in the context of activities associated with the cover of President of VAAP. At that time, his immediate subordinate and deputy was Vassili Romanovits Sitnikov, vice President of VAAP, and, according to Soviet defectors, Deputy Chief of the KGB's Disinformation Department, since its founding by General Aganyats. During the 1960s, Vassili Sitnikov was the KGB case officer who handled the defection of Kim Philby, and was also the KGB's top expert on Austria, having served in Vienna earlier on. When he arrived in Athens in April of 1975, Sitnikov's official cover was to seek cooperation with Greek publishers for the purpose of publishing a Greek language edition of the Great Soviet Encyclopedia. During his stay, he not only laid the basis for a future Soviet-financed publishing empire, but also activated contacts with old Communist guerrilla leaders, in whose millieu Soviet services maintain dedicated, Spetsnaz-type assassination capabilities.

Seven months after Pankin's deputy, Vassili Sitnikov, visited Greece, a series of assassinations took place, which began with the murder, on Christmas Eve 1975, of the Athens Station Chief of the CIA, Richard Welch and ended with the assassination on Aug. 21, 1979, of Ambassador Henry Tas-

ca, who had served as U.S. Ambassador to Greece during the years of the "Colonels' Junta," which was toppled by Henry Kissinger in June 1974. In between the murders of Tasca and Welch, the assassinations of approximately ten other persons occurred, all of whom were of senior rank, and all of whom were involved in a special liaison relationship between the Greek military government and American secret services.

None of these murders has been solved to this day. With the demise of these persons, a tremendous amount of evidence has disappeared, most of it pertaining to Kissinger's November 1973-June 1974 operation to topple the Greek military government.

The disappearance of this evidence was indispensable in turning Greece, from a staunchly pro-U.S.A. country, to a Russian "Trojan Horse" inside the NATO alliance. An essential ingredient which helped significantly in bringing about this transformation of an entire country, was the publishing empire, centered around *To Ethnos*, a daily with circulation greater than that of all other Greek daily newspapers combined, which Boris Pankin and Vassili Sitnikov established in Greece, in cooperation with Greek millionaire businessman George Bombolas and a Greek-American confidant of the present Greek Prime Minister Andreas Papandreou, one Demetrios Philippopoulos from New York.

Together with Philippopoulos, another confidant of Andreas Papandreou is involved in the founding of the Pankin/Sitnikov Greek publishing empire, one John Kapsis, the one time Deputy Foreign Minister for Public Affairs (the same job designation as that of Norway's convicted Soviet spy Arne Treholt), who has served as Papandreou's personal courier to Clair George, now the CIA's Deputy Director for Clandestine Services. More peripherally involved in the affair is Kapsis' friend, Louis Danos, former press attaché of the Greek Embassy in Washington and a well known terrorist.

Control Data Worldtech

After the establishment of the Pankin-Bombolas Athenian publishing venture, the two moved rapidly into the field of technology espionage, by establishing a limited liability partnership with Control Data Corporation, in June 1978, named Worldtech Hellas, Ltd., in which George Bombolas controlled 70% of the stock, along with Control Data Worldtech of Delaware. Business correspondence presented in Greek courts between the Russians and Bombolas demonstrates beyond doubt that the purpose of Worldtech Hellas Ltd. was the theft of militarily relevant American technology for shipment to the Soviet Union. Control Data Corporation, eventually withdrew its participation in the Bombolas-Pankin venture, but only after the December 1982 Athens trial had created major public embarrassments for CDC.

The matter, however, helped in bringing into focus Control Data Corporation's broader cooperation with the Rus-

sians, and, in particular, the Pankin-Sitnikov and Gvishiani combination: The Minnesota company freely acknowledges its interest in promoting high-technology exports to the Soviet Union—in itself a not especially odious undertaking. However, the company's additional "under-the-counter" business dealings with Russia, and its further political affinities, have long made it suspect of being a major conduit of Russian espionage. It should be noted that CDC's business dealings with Moscow were opened up, according to company sources, by Armand Hammer and Cyrus Eaton, two of the oldest members of the original "Trust."

Further, Control Data has maintained a special Swedish conduit for siphoning off technology to Russia, which parallels the Swedish conduit of Gyllenhammer and Wallenberg of American defense technology into the Soviet Union. The Wallenberg family, like Hammer and Eaton, has been among the original members of the 1917 "Trust" which financed the Bolshevik coup d'état. Per Gyllenhammer, of course, is the well-known business partner of Henry Kissinger, the man who in 1974-76 opened up Greece for the Russian takeover of that period.

Given the sheer size of technology theft on behalf of Russia that is carried out in Sweden, it is perhaps not coincidental that the shadowy Boris Pankin was named ambassador there, after the successes of the Pankin-Sitnikov team in Greece. It may also not be a coincidence that it was in Vienna, Austria, Vassili Sitnikov's special KGB assignment, that Control Data Corporation had set up a subsidiary for the purpose of working with the Vienna International Institute of Applied Systems Analysis, whose chairman was Dzhermen Gvishiani, the head of the KGB's technological/scientific espionage division, since at least 1964, the time of Kim Philby's defection (with help from Sitnikov). It will be recalled that President Reagan cut off U.S. funding for IIASA after it was discovered that this Institute was dipping into high-security American computer banks with help of KGB spies in Sweden.

Another loose end, which, if ever explained, will give us a clue as to the reason why American authorities have allowed CDC "get away with murder": In our investigation about the Palme assassination, we came across the information supplied by a Greek member of parliament, once a close collaborator of Andreas Papandreou, according to which, the CIA's (subsequent) Deputy Director of Clandestine Services Clair George, in a plan involving Morton Abramowitz of the State Department, and others, worked together with Papandreou and the late Olof Palme (and John Kapsis, Pankin's promoter), to launch the notorious Papandreou-Palme "peace initiative of the Six" of 1984. Papandreou and Palme, coordinated by the CIA's Clair George, suckered into their scheme Argentina's Raúl Alfonsín, India's Indira Gandhi, Mexico's Miguel de la Madrid, and Spain's Felipe González. The policy reasons for this harebrained scheme were explained in a 1984 speech by then-Senator Charles Percy of Illinois.

The 'Great Russian race' and the 27th Party Congress

by Konstantin George

It was largely overlooked at the time, but, Soviet leader Mikhail Gorbachov, in his interview with the French Communist Party newspaper *L'Humanité* some months ago, let a very significant policy "cat out of the bag." Gorbachov was asked what he considered to be the main problems facing the Soviet leadership. Without hesitation, the Kremlin boss replied: "... the low birth rate among Russians."

The recently concluded Soviet Party Congress rubber-stamped crucial policy decisions addressing this Russian demographic crisis. These policies, motivated by the purest racism, were developed during Gorbachov's first year in power, and reflect the overriding Kremlin concern for the future of the Great Russian race.

Three broad, identifiable features of this domestic Soviet policy to regenerate the Russian race are already in an intense implementation phase. They are:

1) The tempo of Russian and Ukrainian colonization of Siberia, the Soviet Far East, and the far north of European Russia is to be greatly accelerated. This involves massive population resettlement. These areas will receive, almost exclusively, the great bulk of all investments in new industries in the civilian sector.

2) The Muslim Republics of Soviet Central Asia will not receive any big new projects. The final killing of the great river diversion project to shift fresh water from Siberia into Central Asia, highlights this overall policy decision. These Muslim Republics have been bluntly told—both at their own regional party congresses and at the Soviet Party Congress in Moscow—to "make do" with what they have, and expect no further investment help from "Big Brother" in Moscow.

3) Even the fiction of local control over local issues by native Muslim partystooges has been terminated, as we shall document below with the case of Uzbekistan—by far the most heavily populated and most significant of the Soviet Muslim Republics. Now, even nominally speaking, the regional leadership of Uzbekistan is majority Russian.

On April 1, Radio Moscow officially announced the Party's decision to vastly expand the program of resettling Russians and Ukrainians into Siberia and the Far East. The Soviet

radio announced that "three new cities will be created, one in Siberia, and two in the Soviet Far East." In December 1985, the authoritative daily *Sovietskaya Rossiya* had disclosed that guidelines under discussion for the upcoming Party Congress called for at least "an additional 1 million workers" to be relocated to Siberia and the Far East during the 1986-90 Five Year Plan.

Involved are obvious priority considerations of economically developing new areas with energy and mineral deposits, and, necessary pre-war population dispersal programs. But a third crucial policy consideration—the racist demographic one—is involved. Moscow has discovered that resettlement and population growth go together.

In March, a detailed Soviet demographic study on the fertility rates among Russians and Ukrainians who had been resettled to the Far East, in new cities built along with the Baikal-Amur-Magistral (BAM) railway, was released and reported in a West German television documentary on the BAM's "new cities."

The study focused on the new city of Ner Yunggri, located at the current terminus of BAM's northern offshoot, which, when completed, will go all the way into the heart of Yakutsk in far northeast Siberia. Ner Yunggri went from zero population to 110,000 in about five years. It is populated exclusively by resettled Russians and Ukrainians. In 1985, 3,000 children were born in Ner Yunggri—the highest birth rate anywhere in the Russian Republic, a "population explosion" comparing favorably with the last two decades in the Muslim regions.

The across the board rule discovered in the study is that satisfactory birth rates and large families among Russians and Ukrainians are achieved almost exclusively in Eastern Siberia, the Far East, and the "new cities" in the far north of European Russia. Further, what is significant is not the absolute numbers of those resettled, but the numbers compared with the Russian population of prime child-bearing age groups.

Most of the several million to be resettled will be young couples. That a high percentage will not be able to withstand the rigors of Siberian life for more than five years, is of no

concern to Moscow. Even in the cases that permanent resettlement "fails," Moscow's investment has still been a smashing success. Why?

The young couple sent from, say, Moscow to City X in the Far East, would have produced on average no more than one child in Moscow. After five years in City X, this same couple, again on average, would return to European Russia or the Ukraine with three children. The Soviet plan figures thus represent "net resettlement." When one factors in the "failed" cases, one gets much more than several million—net resettlement plus recycling.

From the Soviet military doctrinal standpoint of "acceptable losses" in wartime, these programs are indispensable. Again, the absolute size of the populations in Siberia, the Far East, and the far north of European Russia, are not what is significant, but the fact that these populations are almost exclusively young populations—who can be expected to have the highest survival rates in the event of general war.

Russification in Central Asia

EIR has written much on the 'Great Purge' conducted by Gorbachov since he came to power. Nowhere has this purge been more thorough than in the Muslim Republics of Soviet Central Asia. With the exception of Politburo member and Andropov protégé Geidar Aliyev, a KGB veteran whose status is now higher than ever—the Muslim "mafia" in the Soviet leadership has been eradicated. The retention, for the time being, of the 74-year-old Kazakhstan party boss, Kunayev, on the Politburo, is pure window-dressing to cover the overwhelming Russification.

In 1981, nineteen Muslims were elected as full members of the Central Committee. After the 27th Party Congress, only five remain. This is by far the highest turnover rate of any grouping on the Central Committee.

Kunayev remains on the Politburo, and every "Kremlinologist" will cite this as "proof" that Mikhail Gorbachov "failed" to remove his opposition from the Brezhnev era, and, is "in trouble." Would these "Kremlinologists" honestly put on the table the facts of the Central Committee changes made, it wouldn't be the Soviet Empire that is "crumbling," but their lying analysis. Kunayev is a "boss" without a mafia. Five of his six Kazakh cronies on the Central Committee were unceremoniously removed. These included Baiken Ashimov, the chairman of Kazakhstan's council of ministers; Sattar Imashev, chairman of the presidium of Kazakhstan's Supreme Soviet, and three Kazakhstan regional (Oblast) first secretaries, including Kenes Aukhadiev, only 48 years old, who headed the party in the region embracing the Kazakh capital of Alma Ata.

In the period leading up to the 27th Party Congress, the first secretaries in the Muslim Republics of Turkmenistan, Tadjikistan, and Kirghizia were all removed, and have since been dropped from the Central Committee. Had the long-time leader in Uzbekistan, the candidate Politburo member

Rashidov, not fortuitously died in 1983, he too would have been axed, as has since happened to his entire Uzbek mafia. Gorbachov has also removed the Muslim first secretaries of each of the Muslim "autonomous regions," or ASSRs, located within the Russian Republic; the Tatar ASSR, the Bashkir ASSR, and the Dagestan ASSR.

The end of 'home rule' in Uzbekistan

By far, the most important Muslim Republic is Uzbekistan, the third largest Soviet Republic in population, after Russia and the Ukraine. Every other Republic with a Muslim majority has less than 10 million population, and in most cases less than 5 million (Kazakhstan has a majority European population, and is only nominally a "Muslim" Republic). Thus, it is not surprising that the most devastating sweeps would hit Uzbekistan.

In the first issue of 1986 of the Soviet publication *Party Life*, Uzbekistan's first secretary, Inamzhun Usmankhodzhaev, portrayed the scope of the Gorbachov massacre of the Uzbek leadership. Forty of the 65 oblast (regional) party secretaries had been removed, along with over 260 city and district party secretaries. Of the 177 people elected to the Uzbek central committee in 1981, only 34 were re-elected, and of the 85 candidate central committee members elected in 1981, only 6 were promoted to full membership, while 76 were dumped.

An even more dramatic shake-up hit the Uzbekistan Politburo. At the early February Tashkent party congress, Gorbachov began a total Russification program: 13 full Politburo members were "elected," including 6 Russians, 1 Russified Kazakh, and only 6 Uzbeks. For 'home rule' reasons, this had never been done before. The last Uzbek Politburo consisted of seven Uzbeks and four Russians. Of the five new candidate politburo members, three are Slavs, and two are Uzbeks. Also for the first time, the party first secretary for the Tashkent regional committee is a Russian.

Except for agriculture, economic planning is now under direct Russian control. Three of the six secretariat members are Russian, including the central committee secretaries responsible for industry and construction.

That Russification was coming should have been clear from the Bulgarian developments of the past year. In 1985, Bulgaria began a program to "Bulgarize" and eliminate ethnically the 1 million Turkish minority. This couldn't have been done without the full approval of Gorbachov and company in Moscow. It clearly portended something similar for Russia.

All this is not in conflict with the upgraded importance and influence of Aliyev, who has reached new heights of prominence, meeting regularly with visiting foreign delegations from the Near East and Africa. Inside the Russian Empire, Gorbachov is trying to solve the demographic problem he revealed to *L'Humanité*, by extreme Russification and propagation of the Great Russian Race. With Aliyev, he has a foreign-policy "Muslim Card"—for export only.

New Yalta planners shuffle 'cards' to enact U.S. withdrawal from Asia

by Linda de Hoyos

In January of 1985, during his visit to New Delhi, Henry Kissinger declared that he now considered India the most crucial power in South Asia and one that is crucial to American national security. Of course, it could not be forgotten in New Delhi that Henry Kissinger was the architect of the "Pakistan tilt," a policy by which the United States broke any remaining positive ties to India, in order to build its bridge to Beijing through Pakistan. But Kissinger and his epigones in the State Department are now bending over backwards to present themselves as new-found friends of India. There is even talk of an "India card" for the United States, the same way that Kissinger et al. used to talk about the "China card." It was under the policy umbrella of the "China card," an alleged U.S. strategic alliance with China against the Soviet Union for which Washington was prepared to pay any price, that Soviet agent-of-influence Kissinger launched the current U.S. policy of strategic withdrawal from American allies in Asia. An "India card" now is to function in much the same way.

The content of this policy was laid out in the spring 1986 issue of *Foreign Policy*, a journal spawned out of the Carnegie Endowment for Peace, a notorious back channel to Moscow. *Foreign Policy* has a heavy overlay of the Trilateral Commission, sporting on its editorial board Samuel P. Huntington, who wrote the 1980 Trilateral Commission blueprint for the end of democracy in the United States. In the latest issue, alongside the article penned by economist Francine Frankel—"Play the India Card"—is an overall perspective for U.S. policy toward the region by Carnegie Endowment fellow Selig Harrison, who, unlike Kissinger, has long been considered a "friend of India." Harrison's outline begs the question: With friends such as these, who needs enemies?

For Harrison, the India card is but one step in a process that is to bring about a joint agreement between Moscow and the United States, or more correctly the oligarchs of the West, for dominion over the strategically crucial region of Afghanistan, Pakistan, India—the arena of the empire's "Great Game."

Harrison's article is unambiguously titled "Cut a Region-

al Deal." Beginning with the necessity of the United States to recognize India as a naval power in the Indian Ocean, Harrison lays out a twisted logic of deals laid upon deals by which the New Yalta is to be imposed on the Indian subcontinent.

The first phase is what Harrison calls "a detached American posture toward South Asia." Under this idea, the United States would recognize India's preeminence in the region, but "India should be prepared to provide a *quid pro quo* in the form of unambiguous recognition of the legitimacy of the U.S. naval presence in the Indian Ocean"—specifically the U.S. naval base at Diego Garcia.

The administration should take the following steps to achieve "a detached posture":

1) The United States should redefine its commitments to Pakistan under the 1959 agreement, to limit U.S. military intervention on Pakistan's behalf in the event of aggression from the Soviet Union and/or Afghanistan.

2) The administration should reorient its military assistance to Pakistan, halting delivery of weapons that could be used against India. "The new policy would rule out further sales of F-16s, and new sales of other long-range fighter-bombers, or heavy tanks and 155-millimeter howitzers designed for plains warfare."

3) The U.S. should increase aid to India, and decrease the portion of aid to Pakistan.

4) "The United States should offer to reopen regional arms control negotiations with the Soviet Union. . . . Washington should seek to occupy the diplomatic high ground in dealing with India by offering to discuss a ban on the establishment of nuclear bases by regional or global powers alike in all or part of the Indian Ocean, including Diego Garcia."

5) The United States will continue its anti-nuclear policy toward both India and Pakistan, neither of which has signed the Nuclear Non-Proliferation Treaty. "Even if India should now accept some nuclear limitations in order to get a reduction of the superpower presence in its vicinity, it would no doubt continue to reject the NPT. . . . Instead the United States should intensify efforts to stop the flow of nuclear-

related technology to both countries." This means a continuation of the Carter administration's policy to deny refueling and parts to the Indian Tarapura nuclear plant, a policy which sent Indo-American relations skidding downwards.

An actual reversal of the Kissinger-dominated anti-India policy of the United States, which has at no point served American security or other interests, would be based on the exact opposite: American aid in developing nuclear energy for this region, where lack of energy is the primary bottleneck to achieving industrialization. Without this, more and more millions of the Indian subcontinent are doomed to partial or total unemployment and below-subsistence standards of living, which 20 years down the line will threaten to a total breakdown crisis. But mobilization for infrastructural and industrial development, which would counter the ethnic and separatists centrifugal forces toward disintegration in the region, is not in Harrison's deck of cards.

Down the blind alley

But the "India card" won't work, unless another deal is cut—on Afghanistan. Harrison, who was in Kabul in 1984, implies that the United States must bite the bullet and accept the United Nations negotiating process now ongoing among Moscow, Afghanistan, and Pakistan. Pakistan President Zia ul-Haq is under increasing pressure to achieve a settlement on Afghanistan. These pressures include Soviet threats of military incursion into Pakistan, Soviet-fomented separatism among the Pushtun and Baluch tribes, and the economic strains posed by 3 million Afghan refugees in Pakistan.

Harrison declares that "the United States and other non-communist countries should not prejudge whether the Soviets could or would withdraw their forces under the U.N. scenario, but should focus instead on the *quid pro quos* that would make such a scenario acceptable." Harrison believes the United States should fight for the principle that the Soviets withdraw without adding strategic bases in Afghanistan. After all, he says, "Moscow says flatly that it does not need bases in Afghanistan."

This overlooks the fact that the Soviet Union has already built up Afghanistan into a forward base for actions into both Iran and Pakistan, which would finally bring the Russian Empire down to the sea. The Soviets have already placed 10 big military airbases in Afghanistan. There are three airfields near the southern city of Kandahar, north of the Baluchi area of Pakistan. From these bases, a plane such as the MiG-25 ("Foxbat"), which can fly 900 kilometers before returning home, can reach over all of Pakistan, or across Iran to the Persian Gulf. The Soviets have also installed missiles in Afghanistan. Persistent reports say that these include nuclear-tipped rockets, like the 1,000-km range SS-22. The intermediate range ballistic missile SS-20, which is road-mobile, with a range of 5,000 km, was also reported by Iranian and Afghan mujaheddin sources to have been installed at Shindand. The British publication *Jane's Defence Weekly*, in its May 13 issue, noted that SS-20s located at Shindand could

target the American naval and air base at Diego Garcia.

Harrison's one-worldist obsessions override any other considerations, such as actual Soviet military strength and purpose in the region. Nevertheless, with a settlement to the Afghanistan conflict under his belt, the great appeaser goes on to conquer new ground: "Against the background of a relaxation of tensions of Afghanistan, Iran, and Pakistan, the United States and Soviet Union could begin to confront the overarching long-term challenge of regional arms control." In fact, says Harrison merrily, an Afghan settlement would be the first step in such a pact, "since Moscow would be likely to condition any concessions relating to Soviet bases in Afghanistan on a U.S. *quid pro quo* concerning one or more of its bases in the Persian Gulf and Indian Ocean."

Harrison's model for this is the discussion for a draft treaty between the United States and the Soviet Union in 1977 and 1978, led by then Secretary of State Cyrus Vance. This was the attempt by the Trilateral Commission to induce the Soviets to agree to a freeze on technological development, as the United States was plunging into its post-industrial collapse, and to form a pact to deny nuclear power to the underdeveloped countries. On the second point, there is effective agreement.

For South Asia, the sticking point for Moscow was the deployment of U.S. nuclear submarines into the Indian Ocean. Now Harrison states that "although the U.S. should not foreclose its option of deploying nuclear-missile submarines in times of crisis, it should go as far as possible in limiting its nuclear presence in the Indian Ocean." This proposal assumes that the 1979 overthrow of the Shah of Iran and the destruction of Iran as a U.S. ally; and the Soviet takeover of Cam Ranh Bay naval base and Danang air base in Vietnam; and the Soviet invasion of Afghanistan, all never took place. Harrison has completely mistaken the character of the Soviet Union, in the same self-serving way that Neville Chamberlain appeared not to understand the intentions of Adolf Hitler.

Furthermore, Harrison's call for the United States to "offer to discuss a ban on the establishment of nuclear bases by regional or global powers alike" in the region, echoes the Soviets' own renewed call for a "collective security pact" for Asia—without the United States. As *Pravda* commentator Vsevolod Ovchinnikov explained the "formula for common Asian security," it called for a pledge by the non-nuclear countries of the region not to have or produce nuclear weapons, or allow them to be stationed on their territory; complete cessation of nuclear testing in Asia, the Pacific and Indian oceans; refusal of Asian and Pacific nations to participate in the militarization of space; liquidation of foreign bases in the region. The Soviet call has been rejected by the nations of the region, including India, because the underlying assumption of such an agreement is its policing by the superpowers and the abrogation of the sovereignty of the Asian countries.

Hence, Harrison's rush for appeasement has little basis in the realities of the region; it is useful, however, for exposing the incompetence of the New Yalta players in the West.

Muslim separatist launches new party

Communal politicking has led to incidents of violence in Jammu and Kashmir, Kerala, and other parts of India.

The Indian central government finally acted to remove G. M. Shah as chief minister of the Muslim-minority state of Jammu and Kashmir, which is claimed by Pakistan. One day after his ouster, Shah amply confirmed the view held here that the Indian government's move had been none too soon. Shah glibly declared to the press that secularism was outmoded, and announced his intention to float a new Muslim communal party.

While the move is certainly a measure of Shah's own personal political desperation, it is also a pointer to certain trends in the wake of the Shah Bana verdict concerning divorced Muslim women (see this column, April 4, 1986). A wave of activism has swept the Muslim community. This activity is not necessarily all communalist, but it does present a fertile ground for dangerous political manipulations, whether directed from home or abroad.

G. M. Shah had been installed in the sensitive border state in a dubious July 1984 operation in which the ruling Congress party overthrew the state government led by Dr. Farooq Abdullah and the National Conference.

Though at the time the charge of pandering to "anti-national" and communal elements was laid at Farooq's doorstep, it took less than a year for Shah to prove himself more deserving. It is well known that pro-Pakistan sentiment is wide and deep among the Muslim majority population of the state, many of whom refer to India as a "foreign" land. But early this year, as a direct result of the former chief minister's manipulations, tension be-

tween the Muslims and the state's tiny Hindu community exploded into the first communal bloodbath in the state's history.

In December 1984, after less than six months in office, Shah called a public rally to announce the release from prison of one Syed Ali Shah Gilani, a kingpin in the pro-Pakistan, secessionist Jammata-i-Islami organization. A fundamentalist campaigning against Jammu and Kashmir's accession to India, Gilani predictably issued a call for Muslims to boycott the imminent parliamentary elections, a gambit Shah had calculated to result in an electoral victory for his splinter factor.

As it happened, the gambit failed and Shah's candidate was trounced. But it was three more months before Shah was finally forced to arrest Gilani again, and bust up his secessionist organizing. Gilani had been touring the state, holding cadre schools and eulogies for Maqbool Butt, a leader of the Jammu and Kashmir Liberation Front (JKLF), hanged for hijacking an Indian Airlines plane several years ago.

Numerous such incidents followed over the next year, including one which drew attention in parliament in late November 1985. It seemed the Honorable Chief Minister had sought a regular visa and extension for a JKLF activist, a Pakistani national resident in London who had illegally entered Jammu and Kashmir and was sojourning in a border town, where Pakistani and Indian troops face each other.

Moreover, throughout the year, ongoing law-enforcement operations against the Khalistani terrorists repeatedly led to Jammu and Kashmir as the principal conduit for Pakistani support of the secessionists. The arrest of Mithubain Singh and the so-called Saffron Tigers, an extremist cell operating among Jammu and Kashmir, Punjab and Delhi, and another JKLF cell—al-Jihad—in late 1985 are indicative. Meanwhile, communal politicking has led to anti-national incidents in other parts of the country, most recently in the southern state of Kerala. The large Muslim population there has enjoyed a relationship with the Gulf countries that has made the state an entry point for Arab world intrigues.

Of concern recently was the state government's playing host to two Kuwaiti nationals whose entry into India had been banned by the central government. The two men landed in Trivandrum from Abu Dhabi as part of a delegation headed by a top UAE official.

But unlike the rest of the delegation, the two Kuwaitis—the president of the World Muslim Minorities Brotherhood and his brother—had no travel papers. In fact, the Indian Home Ministry had issued a circular that these individuals were not to be allowed entry in India under any condition, even if they presented valid papers. They are, the Home Ministry stated, vitriolic haters of India who have traveled around the world spreading the lie that Muslims are butchered in India. Their organization has been funneling money into India for a campaign to "Islamicize" the country.

The Home Ministry's orders were apparently overridden by several members of the Muslim League in the state's government, who claimed the delegation was entertained at state expense "on good faith." It was later speculated that as much as \$6 million and smuggled gold bars were distributed by the two illegals.

Dope, Inc. and the insurance business

The Colombian dope mob, buoyed by Betancur's imminent departure, gets ready for the big-time.

Taking their cue from such prestigious institutions as Lloyds of London, the top Colombian mafia families have discovered how to take the risk out of the dope trade—by going into the insurance business.

According to the Colombian daily *El Espectador* of March 29, "The drug trafficker who is going to send a shipment of cocaine to the U.S. buys insurance from the 'capo,' who guarantees him, if caught by the U.S. authorities, restitution of the total value of the investment he made to get the drug to the destination country. If, on the other hand, he manages to get the cocaine to the U.S. distributor, the insurer receives 30%-50% of the profits."

Not a bad deal! And certainly more respectable for would-be shareholders in the next Colombian government, which takes office this Aug. 7. "Capos" like Pablo Escobar Gaviria, Jorge Luis Ochoa, and Carlos Lehder had already made their investments back in 1982, in the form of hefty donations to the presidential campaign of former President Alfonso López Michelsen. López was, however, smashed at the polls by Belisario Betancur, who proceeded to wage war against the criminal networks who had a stranglehold on Colombian politics.

True, López did his best to earn his pay. In May 1984, just after the mafia murder of Justice Minister Rodrigo Lara Bonilla, López attempted to sell the Betancur government and Colombian public on a mafia proposal to

repatriate billions of narco-dollars in return for an amnesty. The proposal was turned down flat by President Betancur, but there is every likelihood that his successor—a frontman from the López Michelsen stable—will conclude the deal in short order.

The crime chieftains have already called a summit meeting to end internecine warfare among their families, cement alliances, and prepare for the bonanza. It will reportedly be hosted by the Nazi/communist cocaine king Carlos Lehder. Pablo Escobar will be sporting a new look, courtesy of his plastic surgeon, and Jorge Luis Ochoa—currently in a Madrid jail cell—is hopeful that his extradition to Colombia will take place in time to permit his attendance as well.

Ochoa's extradition to Colombia, rather than to the United States, was approved March 24 by two of three Spanish magistrates who argued unconvincingly that Ochoa would get a "fairer trial" in Colombia, where he is "familiar with the justice system." The dissenting judge protested that the decision appeared "tailor-made" by Ochoa, whose family has boasted that he will be walking the streets within days of his return. It could also have had something to do with the fact that Barry Seal, the star witness against Ochoa in the United States, was recently killed by a Colombian hit team.

Ochoa faces charges of "bull smuggling" in Colombia, undoubtedly also tailor-made by Ochoa himself.

The dope mob is not waiting for

Betancur's departure to flex its muscles, however. One of the continent's most wanted drug traffickers, Honduran Ramón Matta Ballesteros, avoided pending extradition to the United States by waltzing through seven locked gates at the "Modelo" jail in Bogotá March 19. One week later, he casually turned himself in to Honduran authorities, fully aware that his country's constitution prohibits extradition of nationals.

Matta Ballesteros was accused of being the brains behind last year's torture and murder of Drug Enforcement Administration agent Enrique Camarena in Mexico. After his 1985 capture by Colombian authorities, several escape attempts were thwarted before he succeeded last month in buying his way out of the Colombian jail, reportedly for a cool million dollars in cash.

A disgusted Colombian Justice Minister Enrique Parejo González fired his country's four top prison officials and launched a broad probe of corruption in the jail system, even while noting that "decay and corruption reign in many of the country's jails, which has not been able to be completely solved because, in many cases, it is fed from abroad."

As the Matta Ballesteros case reveals, an anti-drug war pursued on the ground floor will not succeed. As shown by the Colombian thugs' move to the boards of directors of Dope, Inc., high finance is the lifeline of the drug trade. New revelations in the Colombian weekly *Semana* show how imprisoned drug trafficker Rodríguez Orejuela washed his narco-millions through a banking network that stretched from Los Angeles and New York, to Miami and Panama. The main "laundromat" turned out to be the Colombian Banco Cafetero, whose heavy cash flows from coffee sales served to mask Rodríguez's "mere" \$46 million.

Who's behind the casino plot?

Not only the drug traffickers, but the old, hard-core Nazis are in league to impose casino gambling.

Mexican business sources have revealed to *EIR* that a project is taking shape under the auspices of a minority sector of businessmen, to set up casinos on Mexican territory. The casino plan has met with strong objections, but the Mexican authorities have not issued a definitive opinion on the matter. Foes of the plan point out that the casinos would be controlled by the international drug trafficking mafia—for whom the casinos are an excellent laundry for dirty money—and would bring with them crime, prostitution, and the corruption of public morals. The project's defenders argue that the negative aspects must be set aside, because Mexico has to earn hard currency "wherever it may come from."

The casinos' public spokesmen are Roberto Zapata Hill, president of the National Hotel and Motel Association of the Mexican Republic, and Rafael Suárez, president of the Mexico City hotel keepers. According to Zapata, Undersecretary of the Interior Fernando Elias Calles has not said no to the project and is studying its feasibility. This particular official is a scion of the family of Mexican ex-President Plutarco Elias Calles, who was tied, with his family, to the management of various casinos in the 1920s, when they were legal. The casinos were outlawed by President Lázaro Cárdenas in 1938. The Elias Calles family held stock in the Hotel Casino de la Selva in the resort town of Cuernavaca, today owned by Manuel Suárez.

On Feb. 15, the president of the Chamber of Commerce of Acapulco, Zeferino Torreblanca Galindo, stated

that next May, during the national assembly of the National Federation of Chambers of Commerce, President Miguel de la Madrid will be asked to authorize gambling casinos. Torreblanca stated that he and a group of businessmen are doing a study which shows that "casinos would bring great economic benefits to the country because they would capture hard currency," and he warned, "we will not allow speculations or absurd theories" about the setting up of casinos.

Torreblanca's threat is due to the broad opposition to casinos not just in the government but also in the national business community. According to sources, the businessmen have discussed several projects for establishing casinos, and they all agree that they would be hotbeds for crime. One group is proposing to select isolated places for setting up casinos, specifically suggesting the Island of Cozumel, in the Caribbean, and Cape San Lucas, in Baja California South.

On Feb. 14, the mayor of Acapulco, Adm. (ret.) Alfonso Argudin Arcaraz, came out in favor of casinos stating: "I think that Acapulco casinos would be beneficial." The mayoralty of Acapulco is an asset of the political-economic group of the recently deceased ex-President of Mexico Miguel Alemán Véldez, who was considered the owner of Acapulco.

Both Plutarco Elias Calles and Miguel Alemán are considered as the "founders" of modern Acapulco because of the big investments they made there. In the 1940s, Acapulco was turned into the capital of the mafia of

Meyer Lansky, who poured money into tourist facilities in the port via the legendary gangsters Benjamin Siegel, Virginia Hill, and Alfred Cleveland Blumenthal. The personal fortune of former President Alemán flourished as he helped ease the investments of the U.S.-based mafia in Mexico, investments which had the objective of "laundering" drug dollars.

Miguel Alemán had other connections. He was reported by the U.S. intelligence service as a collaborator of Nazi espionage in Mexico during World War II. On Sept. 15, 1941, the official of the Intelligence Division of the Office of Naval Operations of the Navy Department in the U.S. embassy in Mexico, informed his superiors that "the Minister of Government, Miguel Alemán, who was Avila Camachos's campaign manager, and who was always been friendly with the Germans and Japanese, is reported to be now more strongly under Nazi influence, due to his infatuation with Hilda Krueger, German movie actress" (declassified document NN 730032).

All the mayors of Acapulco have been handpicked by Miguel Alemán Véldez, with the sole exception of Jorge Joseph (1960), who only lasted 10 months in the job, when he was ousted by a movement financed by the Aleman crew.

Torreblanca's and Argudin's statements are part of a propaganda campaign to convince the citizenry about how good casinos are. Also part of this strategy are the long reports which started running on Feb. 11 in the country's main newspaper, *Excelsior*, by reporter Victor Payan. Payan used to be chief of "public relations" for drug trafficker Arturo Durazo Moreno, ex-director of the Mexico City police (who is in jail in Los Angeles, California). It seems he still is.

The politics of the Antonov release

How convenient to the Bulgarians and the KGB, that "businessman" Bekir Celenk never made it to the witness stand.

The Italian court ruling of March 29, acquitting three Bulgarians and three Turks charged with masterminding the May 13, 1981 assassination attempt against Pope John Paul II, has stalled allegations that convicted papal assailant, Mehemet Ali Agca, was the frontman in a larger, East bloc conspiracy to kill the first Polish Pope.

Ilario Martella, the judge who first suggested the link, said on Italian TV: "There is evidence, but it is not sufficient to condemn the accused Bulgarians and Turks. . . . In the case of the thesis of the plot, it has to be considered that those who organized it fashioned such a plan that it would be very difficult to identify them now."

Agca had testified that the conspiracy was hatched in the Bulgarian capital of Sofia, that a Soviet diplomat offered \$1.2 million for the shooting; and that it was to be carried out with help from Bulgarian agents. Judge Martella always stressed he had evidence of the link without Agca's testimony.

Under Italian law, two kinds of acquittal are possible: 1) acquittal simply for lack of evidence; and 2) a not-guilty verdict by reason of evidence. The verdict in this case was of the first type.

Four days after the ruling, the only Bulgarian arrested in Italy, Sergei Ivanov Antonov, the former manager of Balkan Air in Rome, got his passport from Italian authorities and left for Sofia. The immediate granting of the passport to Antonov is considered a "political" decision due to pressures

from Sofia and Moscow.

Antonov's detention was a very sensitive issue for the political heirs of Yuri Andropov, the KGB chief, who later became Soviet party leader and President.

The two Turks, Musa Sedar Celebi and Omer Bagci, will not get their passports. Celebi is the former European leader of the Grey Wolves, the fascist Turkish group that is now threatening demonstrations all over Europe and a march of 10,000 people on St. Peter's Square on April 13.

The press is already raising a stink over Antonov's escape, since the verdict will be appealed within a month. Moreover, another inquiry was opened months ago by three magistrates, Imposimato, Priore, and Martella.

Public prosecutor Antonio Marini, who handled the state's case in the nearly 10-month long trial, said, "The sentences confirmed the fear that Agca's behavior would have an impact on the civilian jurors." He asked for prison terms for the three Turks accused in the plot, having earlier recommended that the three Bulgarians be released under a provision in Italian law that does not amount to a complete finding of innocence.

One reason for the "lack of sufficient proof" was the lying of the Bulgarian government on the key question of Bekir Celenk, the Turk mafia boss who, according to Agca, had organized the whole plot in conjunction with Bulgarian secret services out of his suite in Sophia's Vitosha Hotel. Italian Judge Carlo Palermo had is-

sued, immediately after the attempt on the Pope, an arrest warrant against Celenk for international drugs and weapons smuggling.

Later another warrant was issued by the Rome attorney general, Antonio Albano, for complicity in the attempt against the Pope. The powerful Celenk, known for leading his illegal traffics with the open complicity of Bulgarian authorities, was in West Germany in October 1982, when he learned that he was wanted in the case. He hopped on the first plane to Sofia. There, Bulgarian authorities rejected all charges against the "businessman" as they called him, and even organized a press conference where Celenk played the victim of a Western plot.

Prosecutor Marini complained forcefully during the hearings that the Bulgarian authorities did not let Celenk come to the trial. The Bulgarians claimed that they had Celenk under arrest or some not better specified form of detention. When Marini formally asked Sofia the reasons for the detention, Celenk was put on a plane to Turkey, where he was arrested for many pending crimes. He died three months afterward of a providential (for Sofia and Moscow) heart attack.

Three days after the end of the trial, the Bulgarian magistrate, Jordan Ormankov had the impudence to state to Italian TV news that "the request for Celenk's extradition never arrived in Bulgaria"!

In Moscow, the official news agency TASS proclaimed, "The West's reactionary quarters failed to take advantage of the case of the attempted murder of the Pope to further their sordid aims of smearing the Bulgarian nationals and thereby besmirching Socialist countries and of making a 'contribution' of their own to straining relations between East and West."

Report from Bonn by Rainer Apel

Cabal seeks to oust Kohl

With elections upcoming in Lower Saxony, the chancellor's only chance is to mobilize support for the SDI accord.

"The knives are being sharpened against Kohl," wrote Count Nayhaus in the daily *Bildzeitung* April 1. The cabal seeking to oust the chancellor includes, he reported, "first, the media; second, the intellectuals; and third, false friends in the party."

Kohl's popularity, which was at 57% one year ago, has now sunk to only 46%. There is a growing sentiment inside his own party, the Christian Democratic Union, to have him replaced as the chancellor candidate for the national elections in January 1987.

To the extent that this sentiment is based on Kohl's performance on economic, foreign, and defense policy, it is largely justified. But the campaign against the chancellor is now being orchestrated for more insidious reasons.

First, there is that phony court case for bribery and illegal party fundraising, which the Green Party has launched against Kohl. Second, there is a faction inside Kohl's Christian Democratic Union which considers him too soft in enforcing austerity, and too "conservative" in his approach toward the East bloc. Kohl is not the type of chancellor to strike grand deals with the Soviets of the kind the "New Yalta" faction envisages: withdrawal of U.S. troops and missiles from Germany, denuclearization of defense in Central Europe, and economic cooperation with the Soviets in the high-technology sector.

The crucial test for Kohl will be the upcoming state elections in Lower

Saxony on June 15. The opposition Social Democrats, feeling their oats after election victories in the Saarland and North Rhine-Westphalia last year, and in Schleswig-Holstein in March 1986, want to make the Lower Saxony race a trial run for taking power in Bonn in January 1987.

Chancellor Kohl confronts the drifting-away of traditional Christian Democratic constituencies like farmers, engineers, and craftsmen. He will personally participate in 50 election events during the remaining weeks of the Lower Saxony campaign, to try to prevent more desertions.

There is one chance Kohl has to win back votes, and that lies in the cooperation agreement the Bonn government has just signed with the United States on the Strategic Defense Initiative. It is not a real government treaty, but just a "memorandum of understanding" on research cooperation. Due to the obstruction of the Free Democrats, Kohl's minority coalition partner, the agreement has been watered down and does not provide for German entry into the military-strategic aspects of the SDI; it is restricted to "technology cooperation in the civilian sector." But it does give a long-overdue impulse to German industries to jump into the age of laser and computer technologies.

If Kohl makes the SDI a leading topic on his campaign agenda, he may be able to regain some of his waning popularity. This is just what Foreign Minister Hans-Dietrich Genscher and the arms-control mafia are trying to

prevent.

Genscher made it known on March 27, one day after the SDI agreement was signed, that his ministry would do nothing to promote it. What this means, is that Genscher will continue his sabotage of any German-American cooperation on the SDI. Sections of his party, the Free Democrats, have already stated that they will not support the SDI agreement, whether it is the policy of the Bonn government or not. The Social Democrats want a parliamentary debate and vote on the SDI, hoping that some of the Free Democrats will desert the government's parliamentary majority and vote against the agreement.

Moscow immediately escalated its attacks against the Kohl government. The Soviet news agency TASS put out the line that the SDI accord "turned West Germany into a weapons carrier in space for the U.S. first-strike doctrine." The annual German Easter peace marches targeted the SDI agreement. On March 31, the Moscow daily *Pravda* accused the Kohl government of having "proven that the well-known and unforbidden tradition of German militarism" was still "alive." And on April 1, Soviet Deputy Foreign Minister Korniienko warned Kohl at a press briefing in Moscow: "The SDI agreement means that Bonn can no longer count on the good will of the Soviet Union."

If Kohl fails to make the SDI his issue during the coming weeks, he will inevitably be stabbed in the back. The German-American SDI agreement may survive him, but if the Social Democrats win the elections of January 1987 and form the next German government, they have vowed to declare the SDI agreement "null and void." If Kohl wants to prevent that, he has to campaign for the SDI in public now. Time is running out for him.

International Intelligence

Venezuelan police commissioner jailed

The Venezuelan police official responsible for carrying out a raid on *EIR*'s office in Caracas in February 1985, was jailed early this month. Leobijildo Briceno, alias "Amilcar," was fired as commissioner of the DISIP, the Venezuelan political police. He is charged with stealing gold and jewelry from a raid that he and a group of DISIP agents carried out some months ago.

In 1985, Amilcar was assigned the job of arresting, interrogating, and deporting *EIR* correspondents, on orders from the Cisneros family, who feared the circulation of *EIR*'s book *Narcotráfico, SA (Dope, Inc.)* in Venezuela. The book contains a chapter titled, "The Cisneros Family: the Bronfmans of Venezuela").

Amilcar worked with Judge Ana Luisa Gandica, the judge who issued the judicial order against *EIR*'s correspondents. She also ordered the raids against jewelry stores, from which 3 million bolivars worth of jewels are now missing. Amilcar has been charged with the theft, but his lawyer claims that Judge Gandica—who was relieved of her post on March 13 of this year because of inadequate professional credentials—stole the jewels.

Palau will accept U.S. military bases

The tiny island nation of Palau in the western Pacific has agreed to the installation of U.S. military bases, after years of resistance, in exchange for partial independence and an increase in U.S. economic aid. Palau is east of the Philippines and west of the Marshall Islands.

Palau's President Lazarus Salii said that the deal, worth more than \$3 billion in U.S. aid, was "vital" to help turn his island into a "paradise on Earth" in the next decade. But Senate President Isidoro Rudimch was more

critical: "Our people have opened the door for U.S. bases as an unavoidable evil. There is no other alternative. The big fish always eats the small fish."

The deal is intended to compensate for the anticipated loss of the U.S. bases at Clark Field and Subic Bay in the Philippines, through construction of an arc of U.S. defense installations stretching hundreds of miles from the Northern Marinas to Guam, the Marshall Islands, and Palau. But Palau, with a population of only 13,000 and an anti-nuclear provision in its constitution, is scarcely a substitute for the Philippines facilities. "It's a joke," said one intelligence analyst.

Izvestia 'predicts' Gunnarsson's rearrest

The Soviet government daily *Izvestia* on March 23 predicted that Victor Gunnarsson, an individual who was detained briefly as a suspect in the assassination of Sweden's Prime Minister Olof Palme, will be rearrested soon. How is it that *Izvestia* knows what Swedish police do not?

Since Palme's murder on Feb. 28, the Soviet media began to build the case that the assassination was carried out by "right-wing circles linked to the CIA." As *EIR* established in a feature article published March 28 ("The Soviet KGB Tracks to the Palme Assassination"), Moscow's aim was to pin the blame on Lyndon LaRouche. An elaborate disinformation campaign went into operation, virtually overnight. Soon "respectable" Western news media picked up the false Soviet report that suspect Gunnarsson had been a long-time member of the European Labor Party in Sweden, founded by LaRouche associates. When Gunnarsson was released by Swedish authorities for lack of evidence against him, the Soviet press responded with bitter recriminations.

Izvestia now states that there is "circumstantial evidence pointing to his participation in the crime." However, "if experts confirm . . . that the gunpowder particles

found on Gunnarsson's sleeve are identical to that found on Palme . . . then he's going to be rearrested soon."

Greens call for German decoupling from the world

West Germany's Green Party demands withdrawal from NATO and "decoupling" from the world economy, in the official draft platform which will be submitted to the party's convention in Hanover in May. The draft calls for Germany to become "non-aligned"; for "unconditional withdrawal of all nuclear, chemical, and biological weapons from German soil," for the defense budget to be cut, arms production to be given up, and modern defense replaced by what the Greens call "social defense." The Strategic Defense Initiative is rejected as well, naturally.

The platform also calls for "decoupling from the world economic markets" and for "an autonomous economy based on respect for ecology and nature." Industrial production and energy generation are to be decentralized. Mass breeding of cattle and chicken is to be given up, and a ban imposed on the use of fertilizers in agricultural production. Finally, the program calls for an end to "concentration camps for animals."

Gandhi pressures Britain on Sikh terrorist threat

Indian Prime Minister Rajiv Gandhi has been putting pressure on British Foreign Secretary Sir Geoffrey Howe to introduce a new parliamentary bill for the extradition of Sikh extremists and other Indian fugitives living in Britain, the *Sunday Telegraph* of London reported on March 30.

Indian officials are angry that Britain is being used as a refuge for "Khalistan" separatists, including Jagjit Singh Chauhan, who has boasted that his group murdered the late Prime Minister Indira Gandhi, and would assassinate her son Rajiv the first chance it

got. Indian Foreign Minister Bhandari publicly rebuked Britain on March 31 for allowing Sikh terrorists to operate in London "with impunity."

Howe went to India at the beginning of April to meet with Gandhi and Indian External Affairs Minister Bali Ram Bhagat. His press conference in New Delhi on April 1 was dominated by questions about British refusal to crack down on Sikh separatists; he replied that it would "betray democratic principles" to extradite people because they advocated separatism. "We cannot deliver people who have done nothing but express an opinion," he said.

The British government has appointed Timothy Renton, senior minister of state at the Foreign Office, to supervise cooperation with the Indian government against Sikh terrorism.

KGB emigré lauds Soviet return to 'liberalism'

"Liberals" triumphed over hardliners at the Soviet Communist Party's 27th Congress last month—that is, if you believe an article by Israeli Sovietologist Mikhail Agursky, which appeared in the March 26 *Jerusalem Post*.

Agursky, a Russian emigré, currently works at the Soviet and Eastern European Research Center at the Hebrew University in Jerusalem. Such "emigrés" do the KGB great service, by spreading "expert" disinformation about the Soviet Union in the West. A few years ago, Agursky privately told this news service, "I represent one faction of the Soviet KGB, which is working against the other faction."

Agursky now writes, on the Party Congress: "Apparently the bitter struggle among the party leadership is far from being resolved." Heralding the supposed decline of the hardline Suslov-Ponomaryov group in the Party's "ideological branch," Agursky writes, "It is evident that possibilities now exist for a return to the so-called ideological 'liberalism' of the 1965-66 period, which is now regarded as 'the golden age' of [the]

Soviet postwar era. . . . Perhaps the changes promise a certain modernization in the obsolete official ideology such as growing integration resulting from managerialism, systems analysis, sociology, quantitative methods in Soviet social science and new attempts to find a way out of the Soviet economic impasse."

Agursky's report omits to mention the actual result of the Party Congress: the full-scale mobilization of the Party and government apparatus for a war-economy build-up.

Soviet proconsul in Sweden comes under fire

Boris Pankin, the Soviet ambassador to Sweden, has come under attack in the Swedish Parliament. Pankin, a major-general in the KGB, heads the Soviet intelligence services' Disinformation Department, and orchestrated the international media slander campaign against Lyndon LaRouche, in the aftermath of the assassination of Olof Palme.

The text of a letter written by Pankin in February to a group of Swedish parliamentarians has now been released publicly, by some who felt his meddling had gone a bit too far. According to the daily *Svenska Dagbladet*, Pankin attacked Swedish lawmakers for introducing a bill with a "marked anti-Soviet attitude."

Social Democratic parliamentarian Kurt Hugosson issued an angry denunciation of Pankin's unprecedented intervention, saying it is "remarkable that an ambassador expresses his irritation over a motion made in Sweden's Parliament. He is placing himself in the midst of our internal affairs."

Elsewhere on NATO's Northern Flank, a top KGB-linked official, Boris Pastykhov, has been named Soviet ambassador to Denmark. According to a well-informed source, Pastykhov's responsibilities are "linked directly to KGB disinformation." Pastykhov has been a full Central Committee member since 1978, a distinction claimed only by a handful of Soviet ambassadors stationed abroad.

Briefly

● **HENRY KISSINGER** will visit Venezuela in May, reports the Caracas daily *El Nacional*. One motive for the trip is to arrange the purchase by American Express, on whose advisory board Kissinger sits, of Banco de Comercio, which is now under Venezuelan government control.

● **MANGOSUTHU BUTHELEZI**, South Africa's leading black moderate and chief minister of the KwaZulu homeland, appears to be the target of a frame-up. Individuals said to be supporters of his Inkatha movement staged an attack on the National Education Crisis Committee March 29, resulting in at least two deaths. Buthelezi has been seeking to form a multi-racial trade union to counter the Soviet-backed African National Congress (ANC).

● **WEST GERMAN** electronic technicians are working in Libya, under the direction of East German military personnel, according to the March 26 *Die Welt* newspaper. Libya's radar-electronic technology was built by the West German company AEG-Telefunken, which provided its own technicians. The Libyan bases are manned by East German officers.

● **MICHELE SINDONA**, the shadowy Sicilian financier with links to the Propaganda-2 Freemasons and the mafia, died in prison on March 22, apparently as the result of poisoning from cyanide, which was detected by forensic specialists in the remains of his coffee on April 1. Italian Justice Minister Mino Martinazzoli said he would resign if it turns out that his instructions on the guarding of Sindona were disobeyed.

● **POPE JOHN PAUL II** was denounced by Moscow "Vatican expert" Cecilia Kin, in an article in the Soviet journal *Voprosy Literatury* and in an interview to the Italian daily *La Repubblica*. "I consider Pope Wojtyla an integralist and authoritarian Pope," she said, complaining in particular about his treatment of the Jesuits.

A new Renaissance in the concept of Church music

by Steven Simon

Joseph Cardinal Ratzinger's address, "Liturgy and Church Music," was delivered on Nov. 17, 1985, to an obscure audience in Sicily, and published in the English weekly edition of the official Vatican publication, *Osservatore Romano*, on March 4, 1986. Even at the highest levels of the hierarchy of the Catholic Church, Cardinal Ratzinger's friends and enemies have just begun to understand the momentous character of this intervention: It has no precedent in Church doctrine since Cardinal Nicolaus of Cusa's writings in the mid-15th century. He proposes to reconstruct liturgical music on the strength of the great classical composers, whom the Holy Alliance banished from Church music 180 years ago.

Cardinal Ratzinger has spoken out on this subject for two decades, i.e., since the conclusion of the Second Vatican Council, but his present address takes on historical importance in the context of the results of the Synod of Bishops in December.

Although Cardinal Ratzinger situates his view carefully within the continuity of Church doctrine concerning liturgical music, friends and enemies in the Church familiar with these issues recognize in his speech, a new commitment to a broad shift in cultural values, centered in the capacity of classical music to exalt the human spirit.

Rumblings of a great change in liturgical music could be heard in Rome last summer, when Pope John Paul II sponsored the performance of Mozart's *Coronation Mass* at St. Peter's, the first performance of an orchestral mass in the Basilica. In December, the performance of Beethoven's *Missa Solemnis* at the conclusion of the Extraordinary Synod of Bishops confirmed the new direction. Writing in this publication, Lyndon H. LaRouche, Jr. described the Extraordinary Synod as the most important event in our civilization

since the Council of Florence in 1439. If we take music as a measure of our civilization's capacity to exalt the spirit, Cardinal Ratzinger's speech confirms this judgment; he has revived in the Church the outlook of the statesmen of Florence, for the first time in centuries.

He rejects both the "traditional" straitjacket imposed upon liturgical music at the Council of Trent in 1563, as well as the liberal reading of the results of the Second Vatican Council two decades ago, in favor of the Cusan outlook of the Golden Renaissance, mediated to the present day through Bach, Mozart, Beethoven, and Schubert.

It is not surprising that Cardinal Ratzinger, the Prefect of the Sacred Congregation of the Faith (once known as the Holy Office, or the Inquisition), would denounce rock music. He describes it, with perfect accuracy, as a modern version of the orgiastic Dionysian (i.e., satanic) cults. Remarkable is that he rejects the central thesis of the 1563 Council of Trent, the underpinning of Church musical doctrine since the time of Beethoven. Even more remarkable is the standpoint from which he attacks it.

Since 1563, the inflexible criterion for the acceptability of liturgical music, has been the "intelligibility of the text." That was the pretext for the attack on the polyphonic "Flemish school" of Josquin des Prez (d. 1522) and his followers. Counterpoint before Bach had found its high point in the work of Josquin des Prez, who sang at the same Milanese court that patronized Leonardo da Vinci, and da Vinci's friend, Franchino Gaffori, author of the first printed book on music, and a proponent of the equal-tempered musical system. The "Flemish" school, transplanted to the headquarters of the Italian Renaissance, proceeded from Cusa's discovery of the equal-tempered system.

Leonardo, Gaffori, and Josquin died just before the disastrous 1523 Battle of Pavia and the 1526 Sack of Rome, which destroyed the Golden Renaissance. Venice became chief patron of the arts, and twisted the discoveries of the Renaissance to her own purposes. At least with regard to music, the great council of the Counterreformation at Trent became an instrument of the Venetian inquisition.

The Council of Trent at first leaned towards the abolition of polyphony altogether in favor of the monodic Gregorian chant of the Dark Ages for music. It compromised on a formula for simplifying polyphony such that the text might supposedly be "intelligible." The compromise gave the Gregorian chant and so-called strict polyphony a monopoly over liturgical settings; the gifted, unfortunate Palestrina had the task of composing with a ball-and-chain.

Cardinal Ratzinger continues to view the Gregorian chant and Palestrina polyphony as the foundation of liturgical music. But he insists that they should not bar other forms, and rejects the premise upon which they were imposed upon liturgical composers.

However, as one of Cardinal Ratzinger's bitterest enemies in the Church emphasized in private discussion, the Council of Trent was motivated not by religious, but by secular considerations. The emphasis upon monody and supposed "intelligibility of the text" came not from the Church, but from the Venetian and Florentine oligarchy which had dug the grave of the Golden Renaissance, in alliance with the Hapsburg Emperor Charles V. Closely associated with the Catholic Counterreformation, this oligarchy identified itself with the most degenerate paganism of the Roman Empire. Its chosen composer in the generation after the Council of Trent was Claudio Monteverdi, author of the only sympathetic representation of Nero (*L'Incoronazione di Poppea*, 1642) in modern literature.

Monteverdi's early form of expressionism was first defended in the tracts of Girolamo Mei and Vincenzo Galilei (father of Galileo), on the basis of a willful misreading of the ancient Greek musical sources. It is not surprising that their faction in the Counterreformation Church adopted the same view, except with reference to medieval monkish chants.

"Strict counterpoint," the other side of the Council of Trent compromise, has roots as pagan as the revived monodic chant. The families of the Venetian oligarchy, who had sponsored the Counterreformation through Ignatius Loyola, promoted "strict counterpoint" as the "alternative" to Galilei's monody. Venetian counterpoint, as taught by Ludovico Fogliano and Gioseffo Zarlino, rejected the equal-tempered system of Nicolaus of Cusa, and the musicians of Leonardo da Vinci's circle in Milan. Zarlino, a self-professed Cabbalist, offered a sort of number-magic to explain the supposed pleasure-giving properties of consonances based on simple ratios of vibrating strings. His "rules of counterpoint" were published in 1558 as an intervention into the debate at Trent.

Palestrina composed *despite* the "rules of Palestrina

counterpoint." These "rules" were revived in the 18th century by the enemies of J. S. Bach, i.e., Fux, Rameau, and Padre Martini of Bologna, to attack Bach's method of composition, and with the same pretext, i.e., that Bach's complex polyphony obscured the text. After the 1814 Congress of Vienna, the Holy Alliance restored Gregorian chant and "strict counterpoint," to conduct an inquisition against Beethoven and Mozart. Masses with orchestral accompaniment were excluded from the Church liturgy, banning the treasures of sacred music created by Bach, Mozart, Haydn, Beethoven, and Schubert. The revived Benedictine order increased its membership tenfold by the end of the 19th century, and became the standard-bearer of Venetian paganism against classical music.

Our miserable "contemporary music" springs directly from this pagan evil. The 12-tone composer Arnold Schoenberg, in whose music some Church specialists "detect the presence of the Devil," to cite one Benedictine writer, defended his horrible sort of musical numerology on the basis of the "laws of strict counterpoint," and not without reason: 20th-century serialism is the successor, in outlook and method, of 16th-century Venetian Cabbalism in music. Twentieth-century "neo-romanticism" descends, in turn, from Monteverdi's amoral expressionism.

Until the Second Vatican Council concluded two decades ago, the Holy Alliance ban against orchestral masses prevailed in the liturgy. The new Council liberated the liturgy from the old ban, but it opened a Pandora's Box. The worst excreta of degenerate 20th-century culture were admitted into the mass, including the updated Dionysian cult-rites which Cardinal Ratzinger abhors.

That is the origin of the crisis of our music, including liturgical music.

Now, the Prefect of the Sacred Congregation of the Faith has brushed aside the old, seductive formula concerning "the intelligibility of the text," and revived the standpoint of Cardinal Nicolaus of Cusa. When we translate *Logos* from the original Greek of the New Testament, he teaches, we do not mean simply "word," but the "Word" that was "with God, and was God," as in the first lines of the *Gospel of St. John*. The "words" of the Nicene Creed are not the subject of nominalist literalism, as among the fundamentalist Protestants; they are the *Logos*, God's Word-made-flesh, which must be comprehended through the exaltation of the spirit in song.

Only the music of the West, Cardinal Ratzinger specifies, exalts the individual such that he may comprehend the Divine. The spiritual synthesis of the West reaches from Renaissance polyphony to the "late Baroque" (referring to J. S. Bach) "to Bruckner and beyond," including the liturgical works of Mozart, Haydn, Beethoven, and Schubert.

There is already outrage among the Benedictines over Cardinal Ratzinger's "exclusionary" praise of the music of the West, and understandably so. Although he reveres Gre-

gorian chant as a "treasure of sacred music," the monody of the Dark Ages is an Eastern intrusion, based on the Byzantine modal system. The Benedictines, who foresee the crumbling of our musical edifice into the "omega point" simplicity of the monkish chant, readily admit this. They claim that the modal structure of the Gregorian chant derives from certain natural acoustical laws which characterized the music of Babylon and the Solomonic temple, and still characterize the music of primitive pagan peoples. They defend pagan primitivism against the "artificial" constructs of Cusa's equal-tempered system. The Benedictines are, in their own view, and in reality, the immediate heirs of the Venetian inquisition against the Golden Renaissance.

We do not wish to put words into Cardinal Ratzinger's mouth. He considers the Gregorian chant to be a moment in development of sacred music, which should no longer exclude the great composers from the liturgy. We differ, in viewing the reintroduction of Gregorian chant at the Council of Trent as an aberration, directed against the policies of the Council of Florence a century earlier. Nonetheless, he has brushed aside the empty rationalizations through which Gregorian chant returned, and through which polyphony was made lame. He has re-established the theological and philosophical criteria by which liturgical music may be judged. By reviving the Cusan outlook which founded the Golden Renaissance, Cardinal Ratzinger has given immeasurable impetus to the prospects for a new Renaissance in our time.

'The Word made flesh' and creative discovery in music

We print below a condensed version of an address originally titled, "The liturgy and Church music," and delivered by Joseph Cardinal Ratzinger on Nov. 17, 1985 to an audience in Sicily. The full text appeared originally in the English weekly edition of the Vatican publication Osservatore Romano, on March 4, 1986.

1. Outstripping the Council? A new conception of the liturgy

The new phase of liturgical reform efforts is explicitly based not upon the texts of the Second Vatican Council, but upon its "spirit." As symptomatic of this view, I shall use here the informative and clearly conceived article on "Song and Music in the Church" which appeared in the "New Dictionary of the Liturgy" (*Nuovo Dizionario di Liturgia*). Let us attempt to familiarize ourselves briefly with the basic outlines of this new conception. The point of departure for the liturgy

(so we are told) lies in the assembly of two or three who gather in Christ's name. At first hearing, the reference to the promise of Jesus in Matthew 16:20 sounds harmless and quite traditional. However, it acquires a revolutionary impetus through the isolation of this one biblical text, which is viewed in contrast to the entire liturgical tradition. The "two or three" are now set up as the antithesis of an institution with institutional roles, as the antithesis of any kind of "codified programme." This definition of the liturgy therefore means that it is not the Church which takes precedence over the group, but rather that the group is more important than the Church. It is not the Church as a total entity which supports the liturgy of an individual group or congregation, but rather the group itself is the point at which liturgy begins in every instance. Hence, it also follows that liturgy does not grow out of a model shared in common, out of a "rite" (which as a "codified program" now becomes a negative image of constraint): Liturgy rather arises on the spot, out of the creativity of those assembled. On such a sociological view, the sacrament of priestly ordination appears as an institutional role which has created a monopoly for itself and which, by means of the institution (the Church), undoes the pristine unity and community of the group. In this constellation, we are told, both music and the Latin tongue have become a language of the initiates, "the language of another church, namely, of the institution and of its clergy."

It is evident that the isolation of Matthew 16:20 from the entire biblical and ecclesiastical tradition of the Church's common prayer has far-reaching consequences: The Lord's promise to those praying anywhere is transformed into the dogma of the autonomous group. The joint action of praying has been intensified to an egalitarianism which regards the development of spiritual offices as the beginning of a different Church. From this point of view, any guiding postulates derived from the Church as a whole are restraints which must be resisted for the sake of the originality and freedom of the liturgical celebration. It is not obedience to a totality, but rather the creativity of the moment which becomes determinative. . . .

(. . .)

3. The anthropological pattern of the Church's liturgy

The answer to our question is suggested by two fundamental statements in the *New Testament*. St. Paul coined the expression *logike latreia* in Romans 12:1, but this is very difficult to translate because we lack a satisfactory equivalent for the concept of *Logos*. It might perhaps be translated "logos-like worship" or "worship fixed or determined by the Spirit," which would also echo Jesus's statement about adoration in spirit and in truth (John 4:23). But it is also possible to translate it as "adoration stamped or marked by the Word," adding, of course, that in a biblical sense (as well as in the Greek meaning), "word" is more than mere speech or lan-

guage: It is creative reality. To be sure, it is also more than mere thought or spirit: It is spirit which explains and communicates itself. The relationship to a text, the rationality, the intelligibility, and the sobriety of Christian liturgy have always been deduced from this fact and presupposed as the basic norm of liturgical music. But it would be a restrictive and false interpretation to understand this norm as strictly requiring of all liturgical music a very close link with the text, or to declare the intelligibility of the text to be a general requirement for all liturgical music. After all, "word" in the biblical sense is more than "text," and comprehension includes more than the banal perspicuity of what is obvious to everyone, what is to be compressed into the most superficial rationality. It is quite correct, however, that music which serves the adoration "in spirit and in the truth" cannot be rhythmic ecstasy, sensual suggestion or stupefaction, subjective emotional bliss, or superficial entertainment. It is rather subordinated to a message, to a comprehensive spiritual statement which is rational in the highest sense of the word.

Faith becoming music is part of the process of the Word becoming flesh, but simultaneously, the flesh, in the Cross and resurrection, becoming spirit.

In other words, it is quite correct to say that such music must correspond in its innermost nature to this "word" in a comprehensive sense, indeed must serve it.

And so we are quite naturally led to another text which makes the really fundamental biblical statement about worship by clarifying for us the importance of the "word" and its relationship to us. I refer to that sentence in the prologue of St. John's *Gospel*: "And the Word was made flesh, and dwelt among us, and we saw his glory" (John 1:14). First of all, the "word" to which Christian worship refers, is not a text, but living reality: a God who is meaning communicating himself and who communicates himself by becoming man. This incarnation is now the holy tent or tabernacle, the point of reference for all cult, which is a gazing upon God's glory and does him honor. But these statements of St. John's *Prologue* do not convey the complete picture. The passages will be misunderstood unless we take them together with the "farewell speeches" of Jesus, in which he says to his disciples: If I go to prepare a place for you, I will come again. I go away, and I come unto you. It is expedient to you that I go, for if I go not, the Paraclete will not come to you (John 14:2 ff.; 14:18 ff.; 16:5-7 etc.). The Incarnation is only the first step in a longer process which moves to a final and meaningful conclusion in the Cross and the Resurrection. From the Cross, the Lord draws everything to himself and bears what is cor-

poral, i.e., man and the whole created world into God's eternity.

The liturgy is subordinate to this movement, which we might call the basic text to which all liturgical music refers; music must be measured from within by the standard of this line of motion. Liturgical music is a result of the demands and of the dynamism of the Incarnation of the Word, for music means that even among us, the word cannot be mere speech. The principal ways in which the Incarnation continues to operate are of course the sacramental signs themselves. But they are quite misplaced if they are not immersed in a liturgy which as a whole follows this expansion of the Word into the corporeal and into the sphere of all our senses. It is this fact which justifies and indeed renders necessary images, in complete contrast to Jewish and Islamic types of worship. This is also the reason why it is necessary to appeal to those deeper levels of comprehension and response which become accessible through music. Faith becoming music is part of the process of the Word becoming flesh. But at the same time, this "becoming music" is also subordinated in a completely unique way to that inner evolution of the Incarnation event which I tried to hint at earlier: The Word become flesh comes to be, in the Cross and Resurrection, flesh become Word. Both are permeated with each other. The Incarnation is not revoked, but becomes definitive at that instant in which the movement turns around, so to speak: Flesh itself becomes Word, is "logocized," but precisely this transformation brings about a new unity of all reality which was obviously so important to God that he paid for it at the price of his Son's Cross.

When the Word becomes music, there is involved on the one hand perceptible illustration, incarnation, or taking on flesh, attraction of pre-rational and supra-rational powers, a drawing upon the hidden resonance of creation, a discovery of the song which lies at the basis of all things. And so this becoming music is itself the very turning point in the movement: It involves not only the Word becoming flesh, but simultaneously the flesh becoming spirit. Brass and wood becomes sound; what is unconscious and unsettled becomes orderly and meaningful resonance. What takes place is an embodiment or incarnation which is spiritualization, and a spiritualization which is incarnation or em-"body"-ment. Christian "incarnation" or "embodiment" is always simultaneously, spiritualization, and Christian spiritualization is em-"body"-ment into the body of the *Logos* become man.

4. The consequences for liturgical music

a. Basic principles

To the degree that in music, this conjunction of both movements takes place, music serves in the highest degree and in an irreplaceable manner that interior exodus which liturgy always is and wants to be. This means that the propriety of liturgical music is measured by its inner conformity to this basic anthropological and theological model. At first glance, such a statement seems far removed from concrete musical

realities. But the statement becomes very concrete indeed when we consider the antithetical models of cultic music which I mentioned earlier. Or we can recall the Dionysiac type of religion and its music, which Plato discussed on the basis of his religious and philosophical views. In many forms of religion, music is associated with frenzy and ecstasy. The free expansion of human existence, towards which man's own hunger for the Infinite is directed, is supposed to be achieved through sacred delirium induced by frenzied instrumental rhythms. Such music lowers the barriers of individuality and personality, and in it man liberates himself from the burden of consciousness. Music becomes ecstasy, liberation from the ego, amalgamation with the universe. Today we experience the secularized variation of this type in rock and pop music, whose festivals are an anti-cult with the same tendency: desire for destruction, repealing the limitations of the everyday, and the illusion of salvation in liberation from the ego, in the wild ecstasy of a tumultuous crowd. These are measures which involve a form of release related to that achieved through drugs. It is the complete antithesis of Christian faith in the Redemption. Accordingly, it is only logical that in this area diabolical cults and demonic music are on the increase today, and their dangerous power of deliberately destroying personality is not yet taken seriously enough. The dispute between Dionysiac and Apolline music which Plato tried to arbitrate, is not our concern, since Apollo is not Christ. But the question which Plato posed concerns us in a most significant way.

In a way which we could not imagine thirty years ago, music has become the decisive vehicle of a counter-religion and thus calls for a parting of the ways. Since rock music seeks release through liberation from the personality and its responsibility, it can be on the one hand precisely classified among the anarchic ideas of freedom which today predominate more openly in the West than in the East. But that is precisely why rock music is so completely antithetical to the Christian concept of redemption and freedom, indeed its exact opposite. Hence music of this type must be excluded from the Church on principle, and not merely for esthetic reasons, or because of restorative crankiness or historical inflexibility.

If we were to continue our analysis of the anthropological foundations of various types of music, we could render our question even more concrete. There is an agitational type of music which animates man for various collective goals. There is a sensuous type of music which brings man into the realm of the erotic or in some other way essentially tends towards feelings of sensual desire. There is a purely entertaining type of music which desires to express nothing more than an interruption of silence. And there is a rationalistic type of music in which the tones only serve rational constructs, and in which there is no real penetration of spirit and senses. Many dry catechism hymns and many modern songs con-

structed by committees belong to this category. Music truly appropriate to the worship of the incarnate Lord exalted on the cross exists on the strength of a different, a greater, a much more truly comprehensive synthesis of spirit, intuition, and audible sound. We might say that Western music derives from the inner richness of this synthesis, indeed has developed and unfolded it in a fullness of possibilities ranging from Gregorian chant and the music of the cathedrals via the great polyphony and the music of the Renaissance and the Baroque up to Bruckner and beyond. This pre-eminence is found only in the West because it could arise only out of an anthropological foundation which unites the spiritual and the profane in an ultimate human unity. And the pre-eminence disappears to the degree that this anthropology vanishes. For me, the greatness of this music is the most obvious and immediate verification of the Christian image of man and of Christian faith in the Redemption which could be found. Those who are truly impressed by this grandeur somehow realize from their innermost depths that the faith is true, even though they may need to travel some distance in order to carry out this insight with deliberate understanding.

This means that the Church's liturgical music must be adjoined to that integration of human existence which we encounter through faith in the Incarnation. Such redeeming release is more toilsome than that sought in ecstatic frenzy, but this toil is the exertion of truth itself. On the one hand, it must integrate the senses into the spirit, in accord with the impulse of the *Sursum corda*. Pure spiritualization, however, is not the goal, but rather integration of the sensitive powers with the spirit, so that both taken together become the complete person. The spirit is not degraded by taking in the sense faculties, but actually receives thereby the complete richness of creation. And on the other hand, the senses are not rendered less real when they are permeated with the spirit, because thereby they participate in the spirit's infinitude. Very sensuous desire is really quite limited and ultimately incapable of intensification because an act of the senses cannot go beyond a certain limit. Those who expect release from an act of the senses will be disappointed, or "frustrated," as we say today. By being integrated into the spirit, the senses receive a new depth and reach into the endlessness of the spiritual adventure. Only there do they recover themselves completely—on condition, of course, that the spirit too does not remain uncommunicative. In "lifting up your hearts"—*Sursum corda*—music of faith seeks the integration of man, and finds it not within itself, but only by going beyond itself into the Word made flesh. Sacred music which forms a part of this framework of movement thus becomes man's purification, his ascent. Let us remember, though, that this music is not the product of a moment, but participation in history. It cannot be realized by an individual, but only in cooperation with others. And thus such a sacred music also expresses entrance into the history of the faith, and the mutual relation-

ship of all members of Christ's body. Such a sacred music bequeathes joy and a higher type of ecstasy which does not extinguish personality, but unites and thus liberates. Such a sacred music gives us a foretaste of that freedom which does not destroy, but which unites and purifies.

b. Remarks on the current situation

The musician, of course, will ask: How can that be accomplished? In the last analysis, great works of Church music can only be bestowed or presented, since it is a matter of going beyond oneself, which is something man cannot accomplish without help, whereas according to the well-known mechanisms of stupefaction, frenzy of the senses is producible. But all producing ends where the truly Great begins. It is this limitation which we must first of all recognize and acknowledge. To that extent the beginnings of great sacred music necessarily lie in reverence, in receptivity, and in that humility which is prepared to serve and to minister while partaking of already existing greatness. The I is only the person who at the very least lives radically within the inner framework of this image of man, who can create the music appropriate to it.

The Church has posted two additional signposts. In its inner character, liturgical music must fulfill the demands of the great liturgical texts, of the *Kyrie, Gloria, Credo, Sanctus, Agnus Dei*. This by no means implies that it should be strictly limited to expressing the text, as I mentioned earlier. But in the inner direction of these texts, liturgical music finds a guideline for its own statement. And the other signpost is the reference to Gregorian chant and Palestrina. This too does not imply that all Church music must be an imitation of such music. In this respect, there was actually many a restriction in the Church music renewal during the 19th century as well as in the papal documents based upon it. Correctly understood, the reference to Gregorian chant and Palestrina simply means that we find here a standard which provides some orientation. But the results of creatively applying and transforming such orientation cannot of course be determined in advance.

One question remains. Humanly speaking, can we hope that new creative possibilities are still open here? And how is that to come about? The first part of the question is actually easy to answer, because if this concept of man is inexhaustible in contrast to the other one, then it also opens up continually new possibilities for artistic expression in proportion to the degree to which it vivifies the spirit of an age. And therein lies the difficulty for the second part of the question. In our own time, the faith has to a great extent receded as a public formative force. How is the faith supposed to become creative? Has it not been forced back on all fronts into the position of a mere subculture?

By way of reply, we might say that in Africa, Asia, and Latin America, we are apparently on the threshold of a new florescence of the faith which could also give rise to new

cultural forms. But even in the Western world, we should not be frightened by the term "subculture." In the cultural crisis we are currently experiencing, new cultural purification and unification can break forth only from islands of spiritual composure. It is already apparent that Christian culture forms itself anew, wherever new departures of faith occur, and that joint experience inspires and opens new paths which we could not previously see. However, I. F. Doppelbauer has quite rightly pointed out that genuine liturgical music often and not by accident bears the traits of later or mature work and presupposes that growth and ripening have taken place earlier. Here it is important that there exist the "antechambers" of popular piety and its music as well as religious music in the broader sense, which should always remain in fruitful exchange with liturgical music. On the one hand, the "antechambers" will be fructified and purified by liturgical music, while on the other hand, they prepare the way for new forms of liturgical music. Out of such freer forms there can develop elements capable of entering the joint action of the Church's universal worship. Here, too, is the realm in which the group can try out its creativity, in the hope that one day something will emerge which can belong to all.

Conclusion: liturgy, music, and the cosmos

I would like to conclude my remarks with a fine quotation from Mahatma Gandhi which I recently found in a calendar. Gandhi mentions the three "living areas" of the cosmos and notes that each of these involves a specific manner of existing. Fish live in the sea, and they are silent. Animals on earth bellow, bark, and bray. But the birds who inhabit the heavens—they sing. Silence is proper to the sea, braying is proper to the earth, and singing belongs in heaven. But man has a share in all three, for within himself he bears the depths of the sea, the burden of the earth, and the heights of heaven. Hence he possesses all three properties: silence, bellowing, and singing.

Today, I would like to add, we see that for men deprived of transcendence, there remains only braying, because he desires to be earth and nothing more, indeed tries to make the heavens and the ocean deep to be his earth. True liturgy, the liturgy of the communion of saints, gives man once again his completeness. It instructs him once again in silence and in singing by opening for him the depths of the sea and by teaching him to fly—the existence of the angels. By "lifting up the heart," true liturgy allows the buried song to resound in man once again. Indeed, we could now actually say that true liturgy can be recognized by the fact that it liberates from everyday activity and restores to us both the depths and the heights, silence and singing. True liturgy is recognizable because it is cosmic and not limited to a group; true liturgy sings with the angels, and true liturgy is silent with the expectant depths of the universe. And thus true liturgy redeems the earth.

Pentagon report confirms Soviet war-economy buildup

by Leo Scanlon

The recently released edition of the Pentagon's annual review, *Soviet Military Power '86*, could be described as an interim report on the implementation of what *EIR* has characterized as the "Ogarkov Plan." The volume's most important addition over previous years, is its discussion of the in-depth economic capabilities which sustain the Soviet military apparatus. This chapter situates the role of the growing Soviet industrial base as a fundamental factor in the strategic balance. The undeniable importance of this element of Soviet power was brought to public attention with the publication of *EIR's* April 15, 1985 *Quarterly Economic Report*, and was further developed in *EIR's* Special Report *Global Show-down*, released in July of last year.

Soviet Military Power '86 emphasizes the point that modernization of basic industry has been a long-term Soviet commitment, and is given top priority by the Gorbachov leadership. The results are presented in "red vs. blue" tables which compare NATO and Warsaw Pact production rates of basic military goods—a comparison most unfavorable to NATO.

The presentation of this subject-matter in a forum such as this Pentagon report, represents a real advance in the "official" thinking process which shapes Western governments' analysis of the Soviet threat. If such considerations are systematically introduced into policy discussions, and the implications of the facts presented in this report are rigorously accounted for, we may soon end the farce of National Intelligence Estimates which assert that the fastest-growing industrial power on earth can be dismissed as a "crumbling empire."

Any well-constructed report presenting the spectrum of Soviet weapons systems has a dramatic impact, and *Soviet Military Power '86* is such a report. The military component of these developments involves advances in strategic missile forces, decisive improvements in the equipment available to Warsaw Pact ground forces, similar technological improvements in Soviet air defenses, offensive and defensive, chemical and biological warfare capabilities, which cannot be matched in the West, and the continuing expansion of Soviet global naval operations. The space-based component of these developments is treated by the detailed description of the history of the Soviet directed-energy weapon program.

We will briefly review the main new weapons systems presented, and then turn to the economic section of the Pentagon report.

Strategic forces: The deployment of the mobile SS-25 and the SS-X-24 is the most significant development in Soviet strategic missile forces, but by no means the only one. The Soviets are now well on the way to fielding a fully modernized ICBM force which, by the mid-1990s, will be comprised of the SS-25, SS-24, SS-19, and a new heavy ICBM. Currently under development are a more accurate version of the huge SS-18, a solid propellant missile larger and more accurate than the SS-24, and a MIRVed version of the SS-25. These missiles will be deployed in a mix of about 50% mobile, and 50% in silos three times harder than any existing in the United States. The SS-11 silos that are currently being retired are soft silos which will not be modernized. Other existing systems will undergo refurbishing, consistent with

Soviet policy of never mothballing a workable system.

Soviet SLBM improvements will give a hard target capability to their submarine launched weapons systems by the end of this decade. All of this "silo-busting" capability is complemented by the SS-20, now deployed in Europe, which has intercontinental range in certain configurations and will become more accurate in later versions. The SS-20, in addition to being road-mobile, can also be transported by the AN-124 Condor, the world's largest transport aircraft, first deployed this year with Soviet air forces. The SS-20's European mission will be complemented by a new ground-launched cruise missile, now under development, which can cover the SS-20's targets from bases deep within Soviet territory.

Conventional air defense forces are being significantly upgraded by the fielding of a range of fighter aircraft, including the SU-27 Flanker, equipped with look-down shoot-down radar capability, a most formidable obstacle to cruise missiles. As with other weapons systems where the desired total numbers have been deployed, the air forces are now being dramatically modernized with avionics and navigation systems which are the equivalent of their Western counterparts.

Soviet and Warsaw Pact ground forces are undergoing developments which have grave implications for NATO. Certain types of weapons systems are now being deployed by Warsaw Pact forces, which are only in the research phase in the West. Further, it is now admitted that the quality of technology available to the numerically overwhelming Soviet land armies is comparable to its NATO equivalent.

Directed-energy systems, ground and space based, are discussed, and this year's edition points out the historical depth of the Soviet commitment to these weapons. The charts illustrating this point confirm the 1985 predictions that the Soviets would be capable of deploying laser and other systems for strategic defense, defense of air forces, theater forces, and point defense of ships at sea by the late 1980s to early 1990s. The report provides substantial underpinning to back the contention of Dr. Edward Teller that the Soviets have *already* deployed a space based x-ray laser weapon, an assertion which has gained credibility with the March 25 statements of Strategic Defense Initiative director Lt.-Gen. James Abrahamson, that the Soviets conducted tests of x-ray laser weapons in 1982—tests which the United States will not be able to duplicate until 1987.

Soviet chemical-biological warfare command and training infrastructure was described in last year's report; this issue presents the most detailed picture to date of the enormous chemical and biological warfare capabilities of the Soviet military, including the targeting procedures, deployment modes, and dispersal patterns of these weapons. This is a capability which is possessed in its offensive and defensive mode and which, according to a knowledgeable source, "we could not hope to match in the West."

The much touted stories of Soviet technological espionage

capabilities have begged the question of what these technologies are being integrated into. Similarly, the clamor which surrounds the yearly release of the CIA estimate of Soviet military spending is, as Defense Secretary Caspar Weinberger has pointed out, an academic exercise; the real issue is that the Soviets produce enormous amounts of military equipment. How do they do it?

Soviet Military Power '86 reports: "The Soviet leadership has shown the same inclination to upgrade the country's industrial capacity, particularly the military sector, as it has for military systems by the introduction of new technologies. Since the 1960s, a concerted effort has been made to introduce computers and automation. . . . The current emphasis is on applying robotics and sophisticated machine tools as widely as possible. . . . If they succeed, the Soviets will realize increased efficiency in all phases of industrial production." (p. 116)

"The cumulative effect of this trend has been to provide the Soviets with a huge, broad-based R&D capability which can and does provide weapons for all segments of the Soviet arsenal." (p. 111)

"The Soviets are implementing a three-pronged approach for military production. First, there is a thrust to use the huge R&D base they have assembled to upgrade the quality of their weapons and to produce more capable equipment. Second, the Soviet Union is expanding existing factories, building new ones, and providing on a priority basis new and modern manufacturing technologies to those industries that support military related production. Finally, the Soviets are further integrating East European industries into their military-industrial complex." (p. 115)

"Personnel changes General Secretary Gorbachev has implemented have brought more technocrats into positions of power. More than three-fourths of the Politburo and the Council of Ministers have technological backgrounds . . . resolutions provide one-time multiyear approval for the entire duration of the program . . . any state asset—that is, any individual or resource regardless of affiliation—can be coopted to support a particular weapons program. . . ." (p. 111)

Most important, it is pointed out that it is the "technological level of the machinery and equipment manufacturing sector which provides the basis for Soviet economic and military might . . . widespread modernization of the Soviet industrial base will ensure future military production capabilities."

To underline these points, one can refer to a letter issued by the National Machine Tool Builders Association, which reported on the quality machine tools displayed by the Soviet Union at a recent European trade show. In one category of lathe machine, the Soviets are producing over 800 per month—*more than five times the total U.S. yearly output of similar machines!* We ignore such facts at our great peril.

'Jones for Mayor' takes on ADL, media

by Marianna Wertz

The Illinois campaign organization of the National Democratic Policy Committee, which shocked the world on March 18 by winning two statewide Democratic Party nominations for "LaRouche Democrats," set off a second political shock wave on March 28, when Sheila Jones, Midwest director of the NDPC, announced her candidacy for mayor of Chicago against incumbent Harold Washington.

Jones ran for the Democratic nomination for U.S. Senate in the March 18 primary, heading the slate which won the Democratic nomination for Mark Fairchild, lieutenant-governor, and Janice Hart, secretary of state. Jones's announcement of her mayoral campaign for the 1987 election, launched Phase II of the NDPC's campaign to elect hundreds of supporters of leading presidential contender Lyndon LaRouche to the U.S. Congress and state offices in 1986.

On April 3, Jones and Hart held a well-attended press conference at the Bismarck Hotel in Chicago, to launch a series of flanks against the opponents of LaRouche's policy initiatives. They endorsed the Israeli government's recent proposal for a Marshall Plan for the Middle East. They called on Rev. Jesse Jackson, whose Operation PUSH is centered in Chicago, to help convince Black Muslim extremist Louis Farrakhan to surrender to the proper authorities for questioning on charges of sedition against the United States, in relation to his participation in a recent terrorist conference of Libya's mad dictator Muammar Qaddafi.

At the same time, they released a newly published exposé by *Executive Intelligence Review* on the Anti-Defamation League, whose headquarters are in Chicago, titled *Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*. The ADL has run a nationwide campaign of defamation and slander against Mr. LaRouche.

Jones opened the press conference by calling on Jackson to help her get Louis Farrakhan to repudiate what she described as Qaddafi's "declaration of war on the United States." One of the "biggest slanders against the LaRouches and our organization," she said, "is that we are 'anti-Semitic neo-Nazis.' All that goes out the window from now on. It has come to my attention that upon the announcement of this press conference, the Anti-Defamation League made it known that this very afternoon it would release a file, or dossier, proving the 'neo-Nazi, anti-Semitic' charge.

"This charge is being thrown at the very people who are

trying to protect the world from Qaddafi, who praises Hitler on the record, Qaddafi who is at best a Soviet agent, at worst a Nazi—not a 'neo-Nazi'—but a *Nazi!*"

"I am very amused," she said, "being a poet, that on the same day the ADL presents its file, we can present here for the first time the *EIR* report commissioned by LaRouche," which is "tantamount to a nuclear bomb," in exposing the "penny-ante mafiosi ADL" as "terrorist gangsters."

As it turned out, the ADL declined to present its "findings," having been notified that Jones was invited to reply to their charges on the same CBS broadcast.

In her "Open Letter to Jesse Jackson," Jones recounted Qaddafi's numerous crimes against humanity, including his call, reportedly seconded by Farrakhan, for American black servicemen and policemen to mutiny. She scored Farrakhan for "taking Qaddafi's blood money." She appealed to Jackson, whose critical support of Farrakhan gained national notoriety during the 1984 presidential election, to help her "convince Louis Farrakhan to repudiate Qaddafi, which would eliminate any potential charges that he is guilty of sedition, i.e., treason."

Attending the press conference was a reporter from *Final Call*, Farrakhan's newspaper, who called on Jones to think of her "roots" as a black American. She responded, "Libya is an outlaw nation. In 1982, they used Soviet pilots to napalm the black population of Chad. I asked Farrakhan to denounce this, and all I received in answer was death threats from the Fruit of Islam. . . . Roots? My roots are in St. Augustine, the great African bishop who challenged the magicians. Don't identify with race or skin color; racism serves only Moscow."

In her statement, the Democratic Party candidate for Illinois secretary of state, Janice Hart, called for "war" on the international "narco-terrorist mafia," and for American support for the effort of the Peruvian government against the narcotics traffickers and the International Monetary Fund. She denounced the "so-called respectable men in pin-striped suits who oversee powerful banks," which she called the "protection racket" for the drug traffickers. Hart declared, "My job, and the job of the other LaRouche-backed candidates around the country, is to get the United States to join its allies to eliminate the scourge of drugs and money-laundering from the face of the earth. And that's why I'm going to 'roll tanks down State Street.'"

International media attention to the NDPC's Illinois campaign has been unprecedented in recent political history. Asked how she saw the flood of press coverage of the LaRouche candidates, Jones replied, "My heart is just sick to think that, had LaRouche and our candidates gotten this kind of coverage over the past years, millions of lives would have been saved throughout this world. . . . Many children would have been saved from the killing drug trade. Many homeless and starving people of the world, would have been restored to their rightful places of dignity. . . . But instead, because of media prejudices against LaRouche, millions have died."

Adlai Stevenson bombs in Illinois

by Marla Minnicino

No one envies Illinois gubernatorial candidate Adlai Stevenson III these days. The international press covers his feeble attempts to undo the results of the March 18 primary, which paired him with two LaRouche Democrats as running mates in the November election. Stevenson immediately denounced Mark Fairchild and Janice Hart—who won the Democratic primary for lieutenant governor and secretary of state—as “bizarre extremists,” and swore that he would never run on a ticket with them.

With every move, Stevenson commits another act of political hara-kiri. On April 3, the would-be governor met with party leaders in a joint session of the Illinois House-Senate Democratic caucus. Stevenson urged party leaders to back his effort to change state law so that he can run as an independent. He unveiled a new plan under which Democratic voters would be urged to split their ticket, punching the regular party-line lever for every Democratic nominee, then separate levers to vote for governor, lieutenant governor, and secretary of state.

This scheme is going over like a lead balloon. House Speaker Michael Madigan (D-Chicago) said that most Democrats in the legislature do not want Stevenson to force a change in election law permitting a later filing deadline for independent candidates. Stevenson's appeal for support was voted down 67-2 by members of the Democratic joint caucus of the legislature, despite the fact that state Democratic leaders had signed a statement just days before, saying that they would “wholeheartedly support” Stevenson's independent bid. A further problem is that Stevenson cannot even recruit two new running mates. The two candidates floated for the slots have, so far, refused to make a definite commitment.

Failing to win over his own party, Stevenson turned to Republican Gov. Jim Thompson to aid him in changing the election law. Addressing the Illinois Chamber of Commerce April 2, Stevenson urged Thompson to repudiate the LaRouche candidates. “I will not be associated with these candidates,” railed Stevenson. “Where does he [Thompson] stand on the apostles of hate and madness?”

The GOP's response

But Thompson had already made his reply, saying the LaRouche candidates are Adlai's problem. On April 1, the governor said he would not sign any bills designed to help

Stevenson rid himself of the two nominees. “If there is some change that needs to be made in the state election laws, it must be for the good of the state and for the good of the electoral process,” said Thompson. “The quandary that Mr. Stevenson has himself in is a quandary largely of his own making. It is not likely the legislature will rush to relieve one person from the fault of his own campaign.”

Republicans are now apparently setting their political sights on Illinois. A March 30 Evans and Novak column reported that key Illinois Republicans streamed into Washington March 27 for a “hush-hush” conference at national party headquarters, to discuss how Stevenson's embarrassment could be turned into a GOP victory. The strategy session was called by Republican National Committee (RNC) officials and attended by a key adviser to Governor Thompson. Even popular Democratic Sen. Alan Dixon is now considered beatable, and the GOP will pour “big bucks” into the campaign of his Republican opponent, Judy Koehler, a source reports.

There is even some question over whether the Democratic National Committee will come to Stevenson's aid. Stevenson's campaign manager Larry Hansen held emergency talks with DNC officials in Washington March 31, discussing “strategic and financial ideas.” Hansen tried to reassure party officials that the Illinois situation was not a “lost cause” and Stevenson was in the race to stay. DNC chairman Terry Michael was quoted saying it was too early in the year for the party to commit funds, though he agreed it was important for Stevenson to run a strong campaign to defeat Thompson.

Undaunted, Stevenson said he was counting on a federal court decision to nullify the state law requiring all independent candidacies to file by Dec. 5. If this bid fails, his only option would be to form a third party. Third parties can gather petitions until Aug. 4 to qualify for ballot position, but must file a full slate for the 10 statewide posts. Stevenson would then have to field rival candidates to the statewide party slate. Since the state Democratic leadership has made it clear that it won't dissolve the party and reconstitute it under a new name just to bail Stevenson out, the “independent” option—which hinges on overturning state election law—is his only hope for “purging” the LaRouche Democrats.

Of course, there is one other option: Stevenson could run with the LaRouche Democrats. Hart and Fairchild have repeatedly urged him to do so, rather than risk being “driven out of the party by the elite crowd of Gold Coast cocaine-sniffing liberals.” In an open letter to Stevenson, presented at a March 31 meeting of the DuPage County Democratic Committee, Fairchild suggested that Stevenson “start thinking about how to open up those steel mills and machine tool shops,” and “get behind our call for a Roosevelt-style mobilization of the economy by directing cheap credit into production and creating jobs for our citizens. Why don't you put your ego aside and join me and the rest of the LaRouche Democrats in uniting the Democratic Party behind real solutions to real problems? With LaRouche you can be a winner.”

The crimes of the NEA

A \$250 EIR Special Report on the National Education Association merits the attention of all serious educators.

Executive Intelligence Review will soon release a Special Report entitled, *The Libertarian Conspiracy to Destroy American Schools*, by Carol White. The product of six months preparatory work, the report documents in gory detail the role of the National Education Association in destroying American education, over the course of its long history since 1857.

"If we are to ask what institution has been most responsible for the destruction of education in the United States, the answer is unequivocally, the National Education Association," the report states. "With 1.7 million members and the largest bloc of delegates at the last Democratic Convention, the NEA is an impressive force-for-evil. The NEA is the largest government employees union in the nation, second in size only to the Teamsters; and it represents more than half of the nation's 2.1 million classroom teachers."

The NEA is actually an association, not a union, and organizes its members in direct opposition to unions in general, and specifically to the American Federation of Teachers, the AFL-CIO-affiliated teachers' union. The AFT, under the leadership of Albert Shanker, has been battling the NEA for years, most recently on the crucial question of a uniform national teacher competency test, which the AFT wants and the NEA opposes.

Mrs. White's report is must read-

ing for any serious educator, parent, or for that matter, any American patriot. As she documents, the NEA is a radically subversive organization, whose radical left ideology "represents the interests of those who would subvert the United States. . . . It would be simplistic to see the NEA as merely an instrument of KGB subversion, although it admirably serves the interests of those who would allow the Soviets to achieve world hegemony, and reduce the United States to a second-rate power, or worse. The NEA has a history which predates the Bolshevik revolution. It is the expression of British liberalism."

Reading the report literally brought chills to my spine, both because of what Mrs. White reports about the degraded world outlook that our children are getting through NEA-directed education; but also, because it brought back vivid memories of the NEA-directed attempt at brainwashing this writer at the Harvard School of Education, where I had the misfortune of receiving a Masters Degree in teaching in 1971.

No horror stories about the lurid sex education manuals, training for death, or Malthusian indoctrination conducted by NEA-schooled teachers, can accurately replicate the year's "education" to become an NEA teacher that was forced on this writer at the "leading" school of education in America. But Mrs. White's report

comes close.

Just to quote one of many examples in the report, White gives the following account of a "value-free treatment" of drugs offered in an NEA-approved publication, a bulletin of the American School Health Association:

"In the 1800s, the United States had a sizeable population of middle-aged ladies who were opium addicts. They sipped patent medicines—such as Mrs. Winslow's Soothing Syrup and Pierce's Golden Medical Discovery—that were generously laced with opium and morphine. . . . Marijuana, too, was used in patent medicines in the 19th century, promoted as a cure for all cases of consumption, bronchitis, asthma, catarrh, nervous debility and all nervous complaints. Marijuana was not declared illegal until 1937, after an energetic campaign by Bible Belt congressmen armed with lurid tales of sinful acts committed by marijuana drugged men and women."

Any parent wondering why his child comes home from school smoking pot need only examine the texts to find out. Or examine the *NEA Handbook*, which states flatly, "Private possession and use of marijuana should carry no criminal penalties."

If your child is also becoming gay, and you wonder how this could be happening, Mrs. White's report makes this, too, crystal clear. Not only does the *NEA Handbook* denounce "sexual orientation" as a basis for hiring practices, but NEA-produced "sex education" materials explicitly promote homosexuality as an "alternative life style."

I would join Mrs. White in concluding, "The real crime of the NEA is that it continues to exist. Before we can speak of an improvement in our schools, we owe it to our children and their teachers, to get the NEA out of education, once and for all."

Kirk hopes 'The Force' can stop LaRouche

Democratic National Committee chairman Paul Kirk has matched the greatest threat yet to the corrupt, Eastern Establishment control of his party with just what you might expect from his party's current fantasy-ridden leadership, "The Force."

"The Force," that famous irrational feeling-state that blindly propelled Luke Skywalker in the *Star Wars* movies, is what Kirk has titled a corps of 16 sweaty-palmed yuppies trained and deployed around the country to "get the party's act together."

Wearing sweatshirts bearing the message "The Force Is With You" (this is no joke), this team of youths—all but two in their 20s—are called the "Democratic Party Election Force" and apparently are Kirk's answer to the LaRouche revolt in the party that stirred the entire globe when two supporters of Democratic Presidential candidate Lyndon LaRouche won upset victories in the Illinois primary March 18.

In Kirk's mind, however, The Force also has another meaning: more like "The Enforcer." That is, more of the same top-down tyranny and suppression of debate that has splintered the party since 1980. These 16 kids are supposed to spearhead a Democratic fund-raising drive in 16 states in an operation that will cost Kirk \$1.2 million.

Sent out after two weeks' training in Washington, these 16 will be followed by another 16—all earning \$18,000 to \$20,000 a year—to join the first "wave" in the 16 target states with key Senate or gubernatorial races this year: Alabama, Arizona, Colo-

rado, Connecticut, Georgia, Idaho, Louisiana, Maryland, Missouri, Nevada, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, and Vermont.

This program is so flimsy that Kirk even had to get a written promise from the 32 hirees that they won't bolt for the first new better offer that comes along (or leave the job for a career in cocaine sniffing). They have had to solemnly swear they will stay on through 1988.

What does Kirk hope to achieve by this? Behind the amateurish facade is a desperate attempt to tighten control over the party at the state and local level.

The breakdown of the Democratic Party at its grass roots was devastating in the 1980 and 1984 elections. In 1986 the worst fears of this party's leadership began to be fulfilled in the year's first primary with the shocking LaRouche victories in Illinois.

Now Kirk wants to use The Force—composed of 64 fumbling hands and some computer lists—to buy the undying loyalty of local Democrats to the national party leadership.

In exchange for The Force being visited upon their areas, state parties must swear (presumably in the ritual form required for The Force to take you seriously as in the movies) to "work hand-in-hand with the national party," which includes "not to sponsor, condone, support or lend credence to" any candidate (like LaRouche or a LaRouche supporter) or straw vote (which might include LaRouche or a LaRouche supporter) that "might distract from party-building efforts."

Party chairmen in the 16 Force states have also been "Forced" to sign a new loyalty oath—something which has traditionally irked Democrats who have always preferred their party for

its open organizational traditions. The oath obliges them to "insist that Democratic candidates who benefit from this program do not run campaigns against; and instead run with, the national Democratic Party. This means exerting all of the state party's influence and bringing all of the pressure it can to insure that a positive, unified Democratic Party campaign develops. It also means that the state party and state committee shall disavow any remarks by a candidate or campaign that attacks the national party."

The "oath" bans all debate on issues within the party—confirming that Kirk has not learned anything about what's happened to the party since 1980. The party has broken down not because there has been too much dissension within the party, but too little. It has not been willing to open up, in an orderly way, to real debate on real policy issues that are of vital interests to the grass-roots of the party.

If Kirk thinks he can tame the voters of the party with even more repressive measures, he is in for a big surprise. Illinois is exemplary. When Adlai Stevenson III started slinging around the words, "purge" and "discipline," during the course of freaking out over the LaRouche upset, he raised everyone's hackles.

Even the *USA Today* newspaper confirmed this. Below a vicious editorial slandering LaRouche and his movement, it published the "man-on-the-street" views of seven citizens—six of whom said, emphatically, that they oppose any efforts to restrict who can or cannot run for office or be included in a free debate of the issues.

The Force is not going to save you, Paul Kirk! You have already "Forced" too much. The demand for contentless party discipline continues to be the profoundest blunder of the current Democratic leadership.

Aspin backs Gorbachov's nuclear test ban scheme

House Armed Services Committee chairman Les Aspin (D-Wisc.) has attacked the Reagan administration for its failure to embrace a recent Soviet proposal for a moratorium on nuclear weapons testing, a proposal which would prove fatal to the U.S. x-ray laser program.

On March 31, Soviet leader Mikhail Gorbachov had called for a near-term superpower summit to work out an end to testing, and, for the last eight months, has imposed a unilateral moratorium on the Soviet Union itself. Aspin chastised the administration for its abrupt dismissal of the proposal. The target of both the Soviets and of Aspin is the x-ray laser program, which depends on underground nuclear testing to proceed.

According to recent Senate testimony by Lt.-Gen. James Abrahamson, head of the U.S. Strategic Defense Initiative program, the Soviets could be as much as five years ahead of the United States in the testing of x-ray lasers. Abrahamson told the Senate Armed Services Committee, on March 25 that the Soviets conducted an x-ray laser test in 1982 and that the United States "will not be able to do so until 1987."

Aspin, however, assumes that it is the Soviets who have to catch up to the United States. Therefore, it is to their benefit to resume testing so that they can catch up with the U.S. on x-ray lasers, and on the modernization of Soviet nuclear warheads. By rejecting the proposal, Aspin argues, President Reagan allows the Soviets to end their eight-month moratorium and resume testing, thus expanding their knowledge of the x-ray laser.

Aspin is one of the leaders of a group of Democrats, including Sens. Sam Nunn (D-Ga.) and Gary Hart (D-Colo.), who want to prove that they do not have a "knee jerk," liberal bias against a strong defense. Instead, they engage in tortuous and byzantine logic—to end up in the same place as Ted Kennedy.

Senator Moynihan wants to abolish elections

New York State's senior senator, Daniel Patrick Moynihan, continued to lead the pack in the race for the "National Democratic Geek Act of the Year" award, with the entry of an op-ed in the April 1 (!) *New York Times*, entitled "The Links Between LaRouche and New York Corruption." In Moynihan's view, the link is the fact that the voters in Illinois and New York are allowed to vote in primaries. Moynihan says that these should be replaced with conventions, in which the country club and KGB liberals should be allowed to pick candidates in smoke-filled rooms, unimpeded by elections.

Moynihan claims that the "rise of primary elections has weakened the Democratic Party," as witnessed by the recent LaRouche upset in Illinois, and by the fact that Moynihan had to run against LaRouche Democrat Mel Klenetsky in 1982. Moynihan charges that the primary system gives a "discernable advantage . . . to fanatic, single-minded, single-issue campaigns," and also "makes money the primary arbiter of political outcomes." Moynihan neglected to mention that the LaRouche victors in Illinois spent \$200 on their campaigns!

Moynihan says that he hopes it is

"possible . . . that election laws can be changed to give party conventions more of a say in the effective choice of candidates, and to give parties powers to resist intrusion by elements wholly at odds with their own principles."

The rejection of constituency-influence in party and government affairs, coupled with the imposition of top-down party discipline, is the hallmark of the British parliamentary system, which Moynihan seems to prefer. Individuals associated with the Trilateral Commission and the Brookings Institution have called for U.S. constitutional "reform," along these parliamentary lines.

The strangest bedfellows of all may be their wives

Peace Links, the organization of congressional wives which is promoting peace through appeasement, is busy preparing for a 1987 trip to Moscow. Led by Betty Bumpers, Teresa Heinz, Jeanne Simon, Nina Solarz, and Debra Leach, the wives of Sens. Dale Bumpers (D-Ark.), John Heinz (R-Pa.), Paul Simon (D-Ill.), and Reps. Stephen Solarz (D-N.Y.) and James Leach (R-Iowa), the organization is "laying the ground for the trip, raising funds, brushing up on our Soviet studies, and continuing communication with the Soviet Women's Committee members." This will be the second phase of the U.S./U.S.S.R. Women's Exchange.

The first phase was last October's visit of 13 Soviet women to the United States, sponsored by Peace Links. That this was no housewife-to-housewife coffee clatch, was made evident at the formal opening event, on Oct. 16, in

Washington, D.C. The conference was opened by, among others, Irina Dobrynin, wife of Ambassador Anatoly Dobrynin, and William McSweeney, president of Occidental International—the company of Armand Hammer, agent of the Soviets' foreign intelligence capability, the Trust.

Within minutes of arriving in Washington, the Soviet delegation had their hosts singing the "Soviet Peace Song." At Sidwell Friends School in Washington, D.C., several hundred people joined in an ode to Mother Russia, "Let there always be sunshine, let there always be blue skies . . . let there always be Mama, let there always be me."

Simultaneous with the Soviet delegations' visit to Washington, Peace Links dispatched one of its staff members to Geneva, to make sure the superpower summit was adequately monitored. Staff member Karen Sherman was part of a delegation of 34 women representing "Women for a Meaningful Summit."

Among the organizations affiliated with Peace Links are several known Soviet front groups. Without exception, the congressional husbands of the women who are most active in Peace Links, are implacable foes of the Strategic Defense Initiative and a U.S. defense buildup.

If it's Wednesday, we must be overthrowing Bovia

Saudi Arabia returns as the focus of congressional efforts to destabilize key U.S. allies.

Despite the decision of a major pro-Israel group not to lobby against the U.S. sale of missiles to Saudi Arabia,

Sen. Alan Cranston (D-Calif.) and Rep. Mel Levine (D-Calif.) will not be deterred in their effort to halt the sale, and further undermine U.S.-Saudi relations.

The decision by the American Israeli Public Affairs Committee (AIPAC) to oppose the \$354 million sale, but to refrain from carrying out their typical, aggressive lobbying campaign, boosts the administration's chances of completing the sale. Cranston and Levine, however, will go ahead with their opposition to the deal, and introduce a resolution blocking it. According to the *Congressional Quarterly*, an aide to Cranston declared, "Senators don't take orders from lobbyists," referring to the AIPAC pullback.

Quiet battles over the American System

Some congressmen are apparently not satisfied with the pace of collapse of the U.S. economy, and would like to hurry it along. The nuclear industry, the trucking industry, and water infrastructure have come under various forms of attack.

• An effort by Sen. Howard Metzenbaum (D-Ohio) to make Energy Department contractors liable for nuclear accidents was beaten back by the Senate Energy Committee on March 26. The Committee was debating the reauthorization of the Price-Anderson Act, the 30-year-old law which necessarily limits the liability of the nuclear industry. Since nuclear construction in the private sector has collapsed, the contractors are more and more reliant on Energy Department contracts, and the Metzenbaum amendment would have meant pro-

hibitive insurance costs on that remaining business. The Metzenbaum amendment was defeated by a vote of 13 to 3. The opposition was led by Sen. Bennett Johnston (D-La.), the ranking Democrat on the committee, who argued that further harm to the nuclear industry was "like reconquering Grenada . . . I mean the nuclear industry is already down—why kick it again?"

• Senate Finance Committee chairman Bob Packwood (R-Ore.) has introduced legislation to finish off the trucking industry. On March 26, he introduced S. 2240, the Trucking Competition Act of 1986. While conceding that the U.S. trucking industry was decimated by the combined impact of partial deregulation in 1980 and the increase in interest rates, Packwood announced, "The time has come to totally deregulate the trucking industry."

• The Garrison Diversion Project in North Dakota, the Tennessee Tombigbee waterway, and the Tennessee Valley Authority were all the subjects of congressional attack recently. Rep. Berkley Bedell (D-Iowa) announced that he will introduce an amendment to ensure that the project does "not subsidize surplus agricultural production." Despite the loss of 500,000 family farms in the United States, Bedell thinks there is surplus agricultural production and that farmers should not get subsidized water.

Senators Daniel Moynihan (D-N.Y.) and Gordon Humphrey (R-N.H.) attacked the Tennessee Tombigbee water project and the Tennessee Valley Authority, because both projects used projections of economic growth, rather than predictions of depression. As a result, each project is "overbuilt," they said.

National News

Weinberger leaves on Asian tour

Defense Secretary Caspar Weinberger left on March 30 for a two-week tour of Asia that will take him to South Korea, Japan, Thailand, Indonesia, Australia, and the Philippines.

In a statement in Seoul on April 1, he emphasized that South Korea is "pivotal to the peace and stability of northeast Asia, and that is in turn vital to the security of the United States." Weinberger is scheduled to meet senior South Korean officials to discuss what is perceived in Washington as an extremely unpredictable military situation vis-à-vis North Korea.

The defense secretary will meet with Cory Aquino in the Philippines on April 7. According to Pentagon spokesman Robert Sims, the talks will emphasize "our willingness to support the efforts of the new government as it seeks to reform and rebuild its armed forces." Asked whether Weinberger would discuss the Subic Bay and Clark military bases, Sims said, "obviously these bases are important to the security of the Philippines in an economic and political point of view and vitally important to us."

In Thailand and Indonesia, Weinberger will discuss bilateral military ties, the growing Soviet presence in Vietnam, and the presence of more than 100,000 Vietnamese troops in Kampuchea.

ADL reported worried about tax-exempt status

The Anti-Defamation League of B'nai B'rith is worried that its campaign of slanders against Lyndon LaRouche and electoral candidates associated with him might jeopardize its tax-exempt status, reports Edwin Black in the weekly *Jewish World* dated March 28-April 3.

Since the Illinois primary victories of LaRouche Democrats Janice Hart and Mark Fairchild, the ADL has intensified its efforts against LaRouche nationally—a fact which

Black attempts unsuccessfully to veil, in his zeal to make Illinois "LaRouche's first and last such triumph."

Chicago ADL Director Michael Kotzin told Black, "Given our 501c3 tax status, we are restricted from taking steps regarding candidates and being involved in political campaigns." This tax classification gives exemption from income tax to non-profit educational, charitable, religious, and civic organizations. Those qualifying for it are prohibited from endorsing or opposing candidates for elected office.

Black continued, "Said Nate Perlmutter, national director of the ADL: 'If 501c3 says we won't talk about Hart or Fairchild, it's not worth risking the tax-exempt status.' But Perlmutter conceded his group could vigorously publicize information on right-wing organizations tied to such candidacies, as distinct from lobbying directly for or against the candidates.

"'Nothing in that law,' he acknowledged, 'disarms us from discussing the meaning of Lyndon LaRouche and his organization if we see their people running.'

"The fact is, the ADL has pounced on electoral campaigns in the past. . . ."

Black further reports that Jonathan Levine, director of the American Jewish Committee, is throwing all caution to the winds. "I'm not going to worry about 501c3," he said. "Even now a list is being put together of all the LaRouche candidates in races around the country."

Meese charges Soviet role in opium traffic

Attorney-General Edwin Meese said April 1 that the Soviet Union at least tacitly approves of the cultivation of opium poppies in Afghanistan for the production of heroin. Meese recently returned from a trip to the Far East and Europe.

When asked, in an interview on ABC-TV's "Good Morning, America," about his assertion in Pakistan the week before that Moscow allowed Afghan opium and heroin trafficking, he said: "The Soviets are doing absolutely nothing to control it, and indeed stories have been brought out that there is

actual encouragement of it there. . . . It's clear that most of the heroin, most of the opium poppies in that area, are coming from Afghanistan."

Meese also supported President Reagan's contention that Nicaraguan government "Sandinista officials are definitely involved," he declared.

Jeremy Rifkin seeks to cut milk production

New Age "entropy" theorist Jeremy Rifkin announced on April 2 a campaign to stall the commercial application of a bovine growth hormone that could increase U.S. milk production by 20%. Rifkin threatened that if the Food and Drug Administration did not do an Environmental Impact Study on the hormone before allowing its commercial development, "we will bring a major Federal court action."

Rifkin is a frequent guest on fundamentalist Pat Robertson's national cable television show, the "700 Club." A radical left-winger, Rifkin authored a book in 1979 predicting that the evangelical movement would grow into a "fourth great awakening" which would leave behind American belief in progress and high technology.

Andrew Young promotes legalized prostitution

Mayor Andrew Young (D) of Atlanta appointed a commission last year to investigate the problem of prostitution, which has now come out recommending that prostitution be legalized. Mayor Young was formerly President Jimmy Carter's ambassador to the United Nations.

The committee said that prostitutes in Atlanta should be allowed to work out of escort services, bars, and hotels, as long as they do so discreetly and stay off the streets. The committee proposes that prostitution be decriminalized, and that if prostitutes agree to be tested regularly for sexually transmitted diseases, including AIDS, penalties

should be reduced or eliminated.

The recommendation was drafted by Peter Whiteside, a business consultant, who claimed that prostitution is a victimless crime, and also said that Atlanta could reap a tax windfall if it decriminalized prostitution. The mayor's committee finally recommended that prostitution continue to be against the law, but the law be enforced only against prostitutes who publicly make a nuisance of themselves.

AIDS in New Jersey is now an 'epidemic'

An official of the New Jersey State Board of Health has declared that the AIDS outbreak there constitutes a full-fledged epidemic, according to the *News Tribune* of Woodbridge, N.J. March 27. "There are presently 1,064 confirmed cases of AIDS in New Jersey, and authorities said the number will double in a year," the newspaper reports. "And, within another year, the number of AIDS victims is likely to double again. 'The figure will go up, up, up,' said Silas Mosley, Jr. of the state Department of Health. 'This is an epidemic.'"

Mosley emphasized that AIDS "is not a homosexual disease. . . . AIDS does not have any preference for one's sex or sexual preference."

Of the AIDS patients in the state, 40 are teen-agers, 233 are between 20 and 29 years of age; 52% are intravenous drug users, and 31% are homosexuals or bisexuals.

Ohio's Gov. Celeste: rockin' and rollin'

"We're going to send a message all across this country that Cleveland is rocking and rolling today," said Ohio's Democratic Gov. Richard Celeste at a rally for the Hall of Fame of Rock Music on March 31.

Celeste drew cheers as he boogalooed across the stage to a local rock group. Rock pioneers Chubby Checker and Chuck Berry were in Cleveland, which is the leading con-

tender for the hall of fame. Local disc jockey Allan Freed is credited with coining the phrase "rock and roll" 35 years ago. State Sen. Lee I. Fisher (D), who said his favorite rock group was the Turtles, told the crowd that the earthquake that hit Ohio last week was really the Ohio Legislature, shouting "Cleveland Rocks."

Governor Celeste's affection for the rock-drug counterculture is nothing new. He is the man who, along with Democratic Party chairman James Ruvolo, paved the way for the takeover of Ohio savings banks by the money-center drug banks, like David Rockefeller's Chase Manhattan and Carl Lindner's American Financial Corporation.

Celeste is the crony of drug banker Marvin Warner, who contributed and loaned a total of \$300,000 to the governor's election campaigns. His campaign manager and top adviser was Gerald Austin, the registered lobbyist for Warner's Home State Savings Bank. That bank's collapse in March 1985 precipitated the reorganization of banking in the state by the drug-money financiers.

Medicare could go broke in 1996

The Reagan administration announced on March 31 that the Medicare system will become insolvent in 1996, unless something is done to improve the situation of the service. In the annual report on Medicare and Social Security, the trustees of the two programs said it was "essential" that Congress take "early corrective action" to deal with depletion of Medicare funds to avoid "later, potentially precipitous changes."

According to the report, the Medicare trust fund will have to reduce outlays by 22% or raise income by 28% to be balanced. This report, however, is more optimistic than one issued three years ago, which anticipated that the fund would be depleted by 1990. The change is attributed to such "reforms" as the prospective payment system, which has brought down the growth of hospital room costs to the lowest rate since 1964, but which has also thrown many ill and elderly out of the hospital when the funds for their treatment ran out.

Briefly

● **THE AFL-CIO**, for the first time in its history, is calling for absolute reductions in U.S. military spending. With Trilateral Commissioner Lane Kirkland at the helm, the federation has helped form a coalition called Americans for a Common Sense Budget, which announced at a March 27 news conference a three-point program which includes reducing defense outlays.

● **"HAS IT OCCURRED** to all the left-wing liberals, including cock-eyed columnists, that some people who voted for the LaRouche candidates might like to see a bit of radicalism in this country?" wrote an angry reader of the *Chicago Tribune*, in a reply to articles by columnist Mike Royko. The letter, published April 1, continued: "All this rationalizing about how their names were appealing is so much baloney. Guys like you are all alike—poor losers, looking for a reason why everyone doesn't think like you do."

● **HEALTH OFFICIALS** in Queen Anne's County, Maryland have announced that a major effort will be launched at tuberculosis-infested seafood processing houses to convince workers there to submit voluntarily to AIDS tests. Since last summer, 3 people have died of TB in the area, and 45 people have been infected. AIDS and TB outbreaks often occur together.

● **BRONX DEMOCRATIC** Party chairman Stanley Friedman was indicted on March 27 for a scam which involved selling \$23 million of non-existent computers to the city of New York. Friedman is a law partner of Roy Cohn, the kingpin of New York graft. Indicted along with Friedman was former Transportation Commissioner Michael Lazar.

● **THE TRILATERAL** Commission, asked by a caller for its evaluation of the victory of LaRouche Democrats in Illinois, replied, "We are making absolutely no comment. We have decided not to discuss it."

Editorial

Gramm-Rudman hits the Mideast

It is almost a miracle, but Israeli Prime Minister Shimon Peres, with his proposal for a \$25 billion "Marshall Plan" for the Middle East, has given the United States one more chance to secure its vital strategic interests in the Eastern Mediterranean, and save the peoples of the region from bloody warfare prefatory to Soviet imperial domination. And yet, the United States has given Peres the same cold shoulder it gave to earlier peace initiatives by Egypt's Mubarak and Jordan's Hussein.

The combination of "free market" ideological insanity and outright treasonous elements in the Reagan administration appears ready to cast aside what may be the last opportunity to save the Middle East, and, by strategic implication, the continents of Europe and Africa from Moscow's designs.

To be sure, the Peres proposal is not perfect. Political realities being what they are inside Israel, the powerful influence of Ariel Sharon and the Israeli drug-runner friends of Henry Kissinger and the Bronfman family, some of the projects included in the Peres plan are of the casino-gambling "tourist complex" variety pleasing to the likes of Meyer Lansky.

But if imperfect in presented detail, the "Marshall Plan" idea is precisely the strategic framework that ought to govern all U.S. policy and strategic discussions toward peace in the Middle East. Peres has proposed great industrial projects for the co-development of Israel and its moderate Arab neighbors, even to include Soviet satrap Syria, at a time that a precipitous drop in oil prices threatens the stability of those Arab states and the precarious peace of the region. He has also emphasized that the only alternative may be general regional war, and perhaps, thermonuclear war.

This is what *EIR* and its founder LaRouche have insisted upon for more than a decade: an economic-development basis for peace in the region. In 1975, LaRouche mediated certain contacts between Israeli and Arab pro-development forces, traveling to Iraq in this connection. In 1978, among the highlights of this ongoing effort, he published an essay, "A Machiavel-

lian Solution for Israel" (*The Campaigner*, Vol. 11 No. 2, March 1978). In 1984, LaRouche associates traveled to Israel for a series of high-level meetings pressing for a "great economic projects" approach to Israeli-Arab reconciliation. Their interviews with Economics Minister Ya'acobi and others were published as part of an *EIR* cover story, June 19, 1984: "EIR in Israel: Can the 'Great Projects' Vision Return?"

As the Peres proposal recognizes, without a massive economic development program for the region, no political basis for peace exists in the region. Any leading agency which does not accept and support that perspective is in fact inviting general war and Soviet imperial suzerainty over what remains.

Yet, Reagan administration officials, in public, have cited "budgetary constraints" imposed by the lunatic Gramm-Rudman legislation as the reason the United States cannot consider a "Marshall Plan" approach at this time. This refusal to act to protect the stability and sovereignty of the Arab oil producers—Peres's expressed primary concern!—is complemented by a refusal, if Larry Speakes's is the final word, to consider imposing an oil-import tariff to defend U.S. producers from the oil-price collapse, and thus protect United States stability and sovereignty! The reason? "Free market, free market, free market. . . ."

This same "free market" administration turns around and informs Ibero-American debtor nations that they must accept an IMF economic *dictatorship*!

In private, traitors at the State Department, partisans of the Kissingeresque "New Yalta" deal to cede the world outside the Western Hemisphere to a Muscovite Empire, are therefore allies of the Soviet Union's chief asset inside Israel, Ariel Sharon, Peres's enemy and political chief of the "only good Arab is a dead Arab" mafia.

Gramm-Rudman is the economic policy of the "New Yalta," is treason to the United States, and is now proving to mean perfidy and genocide for America's allies, including Israel.

“The two arrested Israeli spies, Jonathan Pollard, and his wife, are merely third-level figures in a ring working under the sponsorship of Israeli bully-boy Ariel Sharon. The ring reaches high into the ranks of the Executive Branch of the U.S. government.

This is not merely an Israeli spy-ring; it is a spy-ring operating under the Israeli flag, but controlled by a network of Soviet agents. . . .”

An EIR Special Report

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