

EIR

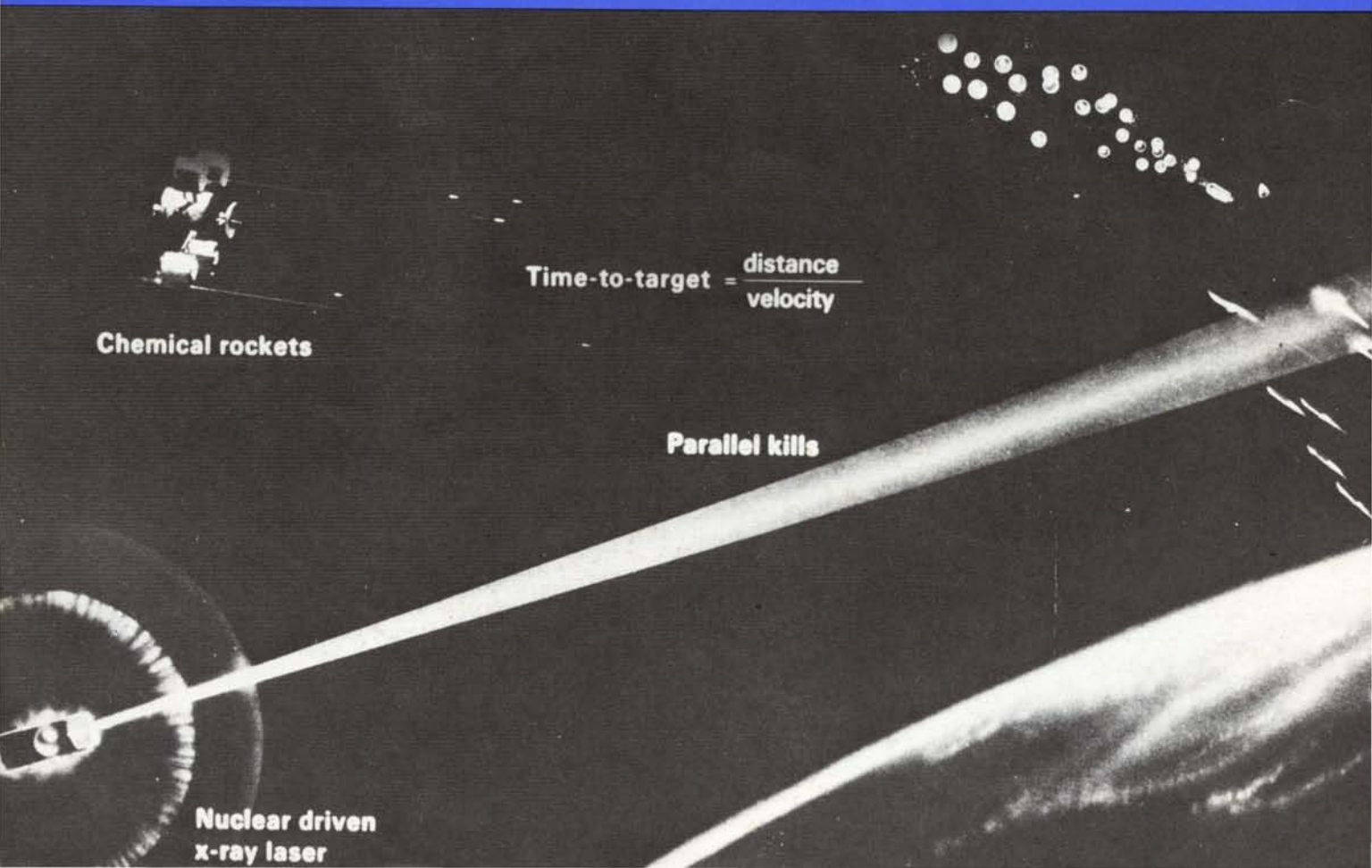
Executive Intelligence Review

May 2, 1986 • Vol. 13 No. 18

\$10.00

Israel nabs top banks for dirty-money schemes
Trilateral panel talks up making dope legal
Expose new moves to cut U.S. troops in Europe

**SDI's revolutionary impact on
the growth of the world economy**



Chemical rockets

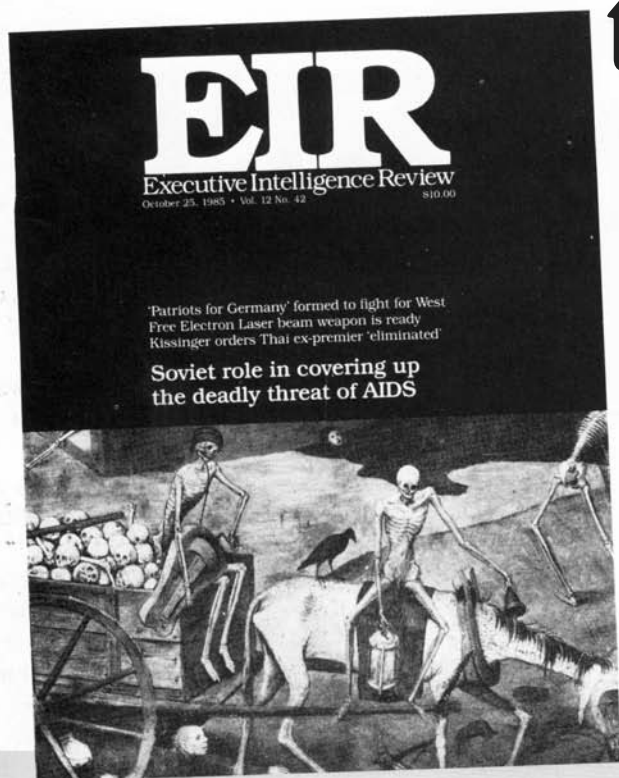
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Parallel kills

Nuclear driven
x-ray laser

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 Managing Editor

As this week's cover story heralds, the battle for the President's Strategic Defense Initiative has been joined in Asia, with a conference on SDI co-sponsored by *EIR* enjoying the attendance of almost 200 top Japanese political, military, and business figures. We report on the many presentations (page 24), and feature the *in absentia* address of Lyndon LaRouche (page 27).

See also the brief profile of Richard Perle (page 58), an assistant secretary of defense, who went to Japan to sabotage Japan's cooperation in SDI. Would this were his only action on behalf of foreign powers!

This week's *Investigation* is focused on the so-called Inter-American Dialogue, headed by Xerox magnate Sol Linowitz and such Establishment luminaries as McGeorge Bundy and Robert McNamara, and their report calling for the legalization of drug traffic. We are not surprised, only happy to have them out in the open as Dope, Inc. These are the "respectable" fellows who brought you Vietnam, the nuclear freeze, and who have otherwise conspired with Moscow for the past three decades to erode U.S. power and cede Europe and Asia to the Soviet Empire. We recall that in 1967, Bundy got together with Alexei Kosygin's son-in-law, the KGB's Dzhermen Gvishiani, to create the International Institute for Applied Systems Analysis in Austria. It crafted Malthusian policies to destroy the economies of the West. Those policies were promoted in the West by the Club of Rome, which the same Gvishiani created a year later. Also in 1967, Yuri Andropov took over the KGB and threw the full resources of the Soviet state into drug-running into the West. Now, Bundy and friends propose to "legalize" the opium war begun by their friends Gvishiani and Andropov.

We have all along stated that drug traffic is not a "social problem," but a national security issue. You be the judge.

Finally, I call your attention to our *Economics* lead (page 4), on the Israeli commission which has called on the country's top bankers to resign for criminal misconduct, and an item (page 40) concerning the arrest of prominent Israeli figures for gun-running to Iran. How these developments are related is spelled out in *EIR's* \$250 Special Report, *Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*.

Vin Berg

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Feature



Shown in this official Department of Defense illustration is a single, neutron-bomb powered x-ray laser module popped up into space, shooting the entire Soviet ballistic missile force in its boost phase. Alternatively, this module could shoot down the 10,000 Soviet warheads at leisure during the 20 minutes it takes them to travel to the U.S.A.

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Israeli bankers cited for corrupt practices

by Mark Burdman

The banking centers of London, Geneva, Zurich, and New York are quaking with terror. An Israeli commission of inquiry, headed by a courageous supreme court justice, has issued a report indicting the heads of all the major Israeli banks for having willfully acted to undermine the Israeli economy, and has called for their resignation by the middle of May of this year.

Two of the banking chieftains, Raphael Recanati, chairman of the board of Israel Discount Bank, and Ernest Japhet, chairman of the board of Bank Leumi and Union Bank, come from centuries-old European families. Although the report does not specifically mention laundering of drug-related dirty-money as the crime investigated, it does urge Israel's attorney-general to set up a committee to investigate banks' illegal activities.

The Commission of Inquiry's 600-page report was compiled by a group of prominent Israelis under the direction of Supreme Court Justice Moshe Bejski, and was released publicly late in the evening of Sunday, April 20. As news of the report spread around the world, sensitive financial centers were quick to react. The April 22 *Financial Times* of London commented, "The earthquake which rocked the Israeli banking system late on Sunday evening probably measured a good 8.5 on the Richter scale." The report was an indictment of the "financial mores and morality of the nation's leading figures," and "nothing quite like" it "has happened before in Israel."

The *Times* of London said the banking community in Israel is "in a state of deep shock after the publication of the devastating findings."

The tremors extend way beyond Israel itself. U.S. sources say that the constantly expanding corruption scandals in New York City are intimately tied to corrupt Israeli banking prac-

tices, particularly by Bank Leumi.

Should the same ruthlessness applied by Bejski in Israel be applied by U.S. authorities, many "respectable" figures, starting with White House Chief of Staff Don Regan and Chase Manhattan's David Rockefeller, may soon find themselves in extraordinary trouble.

At the same time, the commission report opens up greater breathing space for the realization of the Marshall Plan development of the Middle East proposed by Israeli Prime Minister Shimon Peres. Peres's biggest Israeli factional opponent on this question is Minister of Trade and Industry Ariel Sharon; as documented in *Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*, a recently-released EIR Special Report, the dirty banking circles of Recanati, Japhet, and others, are co-extensive with Sharon's international support.

Peres himself, immediately after the issuance of the report, traveled to Paris over the April 22-23 period to speak with the French government, and before the European Parliament in Strasbourg, to make an appeal for European support for his Marshall Plan.

The subject of the Bejski Commission of Inquiry is the Israeli bank-share collapse that occurred in October 1983. During that month, shares held by Israeli depositors in the major banks—Bank Leumi, Discount Bank, Bank Hapoalim, United Mizrahi Bank, and others—collapsed, and the Israeli shekel plummeted.

The Bejski Commission was the outgrowth of an investigation initiated by the Knesset (Parliament) Ethics Committee, headed by David Libai. Libai is said to be a close political ally of Peres.

In simplest terms, the Commission charges the big bank heads with willfully swindling the Israeli population. It claims

that the bank chieftains engineered the bank-share collapse of October 1983, by manipulative insider-trading practices, that allowed the banks to speculate in foreign currency, buying dollars and selling shekels, in some cases by using their special relationships with their own branches in major financial centers abroad. One bank head, Aharon Meir of the National Religious Party-linked United Mizrahi Bank, is also charged with extensive falsification of documents; in the report's actual wording, "We found irregularities at United Mizrahi Bank which were graver than those found at other banks."

London's *Financial Times* reported April 22 that it "calls in the strongest terms for a bevy of the most senior bankers in the country to be banned from banking for life."

On Ernest Japhet, the chairman of the board of Bank Leumi and Union Bank, the report asserts that his activities in connection with manipulation of bank shares were "unacceptable in every way from start to finish, and contributed to the crisis of October 1983." Therefore, "Mr. Japhet is not suitable for his position in Bank Leumi and Union Bank, or for any other senior position in the Israeli banking system, in any of its branches here or abroad." It recommends that he resign from his post.

On Raphael Recanati, chairman of the board of IDB Bankholding Co., and its subsidiary, Israel Discount Bank, the commission says that he "is not suitable for his position in Bank Discount or in IDB, or in any other senior position in the Israeli banking system, in its branches here or abroad."

By April 22, two of the individuals named in the report, Bank Hapoalim head Giora Gazit and Bank of Israel Governor Moshe Mandelbaum, had tendered their resignation. Recanati, Japhet, and Meir have, by contrast, decided to defy the report's recommendation of resignation. Israeli law, as presently constituted, prevents firing of a bank director, and to change the law would require a parliamentary action. Not only would this take a long time, but these three all have what is tantamount to paid operatives in the Knesset, Meir among the National Religious Party parliamentarians, and both Japhet and Recanati among various parliamentarians of the Liberal and Herut blocs of the Likud Party.

Former Finance Minister Yitzhak Modai, a Liberal, is, for example, a close ally of Recanati and reported recipient of Recanati family "political largesse." It is believed by more than one Israeli political observer, that Peres insisted on Modai's sacking earlier in April, precisely to open up the political climate for release of the Bejski document.

The indictment of Recanati will have enormous international repercussions. The Recanati family is an ancient "Hofjuden" ("Court Jews") family, based essentially in Salonika, Greece, but with extensive connections in Venice and other capitals famous for skullduggery. Recanati family-Venetian sponsorship of projects to revive the mystical-gnostic "Cabbala" dates back to the 13th and 16th centuries. The Recanatis today might best be termed "merchants of the New Venice," not only representing the cruel usury excoriated by

Shakespeare, but because they are attempting to turn Israel, today, into a "New Venice" in the Mediterranean.

Said one Jerusalem source, in an April 22 discussion with *EIR*: "The Bejski report will not be pleasant for Raphael Recanati, nor for his reputation in Switzerland. His family appears on the exclusive aristocracy list of European families, the so-called Gotha' list of all the top aristocracy of Europe. His family is large, and has many international connections."

Sholom Aleichem's revenge

Despite the efforts of the Anti-Defamation League of B'nai B'rith and associated extortion rackets to claim that anybody who accuses a Jewish-name banker or gangster of criminal activities is an "anti-Semite," it is historically the case that ever since Moses came down from Mount Sinai and saw the Hebrews worshipping Baal, the greatest indictments of Jewish-name gangsters and usurers have come from Jews themselves.

In modern terms, this is one of the underlying themes in the tradition represented by the author and dramatist of the last century's eastern European, primarily Polish, "Yiddish Renaissance," the great Sholom Aleichem. His plays and short stories were aimed at ennobling the Jewish "common man." It was the type of Jew portrayed by Sholom Aleichem, that has always been despised by the "Hofjuden," or "Court-Jew" bankers.

The "revenge of Sholom Aleichem" might be a clue to the vehemence of the Bejski report. Said a Tel Aviv insider: "You have to understand Bejski. The key to him is not power, it's something else. He's of Polish origin, he's one of those very honest, traditional Polish types."

Another insight into the same mentality is expressed in an April 22 *Jerusalem Post* op-ed, entitled, "A Sacred Cow Slaughtered," written by *Post* finance reporter Pinhas Landau, in the form of a "Thank you" letter to the Bejski Commission: "You . . . got to the heart of the matter: that in a country governed by the rule of law, no group of people, be they bankers, or senior civil servants or whomever, can get away with selling the public an entire financial system based on misrepresentation, distortion, lies, breach of trust, and even fraud, and then, after its collapse, maintain that it was all beyond their control and continue with business as usual. . . . And if, as the optimists among us believe, *this great blow against the economic oligarchy that has ruined us*, and on behalf of freedom and its accompanying rewards and punishments, extends itself throughout our society, and even to the delinquent political system that holds us in its thrall, then that, too, will be partly your doing. . . . For the moment, as we prepare to celebrate the festival of freedom [Passover], there is that unmistakable feeling of being at a turning point, that the moral degeneration at the top has been exposed and will be exorcised, however painful that may be. You, the genuine representatives of the people, have reassured our sovereignty. . . . Thank you."

Soviets, World Bank, and State Dept. caught in joint AIDS war on Africa

by Warren J. Hamerman

The author is the director of EIR's Biological Holocaust Task Force.

Incontrovertible evidence exists that high-level Soviet infectious disease experts, key operatives of the U.S. State Department, and officials of the World Bank are jointly encouraging the rampant spread of AIDS and other lethal diseases in Africa as a means to brutally reduce Black African population levels.

The agency through which the Malthusian population-control operation on Africa is being run is the Soviet-controlled World Health Organization (WHO) based in Geneva, Switzerland. A two-day conference of potential "financial donors" for the WHO's AIDS program began at WHO headquarters in Geneva on April 21. The Soviet-controlled Communicable Diseases Division of the WHO implored several countries—Australia, Austria, Canada, Belgium, Denmark, France, West Germany, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States—for official donor-money for dealing with AIDS. The Soviets are, reportedly, not going to financially contribute to the event but will merely "implement" the program through Dr. Sergei K. Litvinov's operation in the WHO Communicable Diseases Division. A delegation from the World Bank is also attending.

In a 1977 major policy address, then-World Bank president Robert McNamara stated: "There are only two ways of preventing a world with 10 billion inhabitants. Either the birth rate drops, or the death rate will rise. There are, of course, many ways to make the death rate increase. . . . Famine and disease are the two oldest."

At the just-concluded Geneva WHO meeting, the United States was represented by Dr. Kenneth Bart, of the U.S. Agency for International Development (AID) of the U.S. State Department, which, in past years, has developed close relations with, and has even funded programs of, Soviet WHO big-cheese Sergei Litvinov. The U.S. State Department is notorious for pursuing the program known as "Global 2000," which is a blueprint for drastically reducing the world's population by 2 billion inhabitants, beginning with black Africans, by the year 2000.

When caught off-guard by an interviewer, Dr. Bart ad-

mitted that the WHO was deliberately camouflaging the true extent of the AIDS pandemic in Africa:

"In Africa, there are 30 officially reported AIDS cases, but the WHO itself, as repeated today by Dr. Assaad [the Soviet-controlled nominal head of the WHO AIDS Task Force] here, says the number may be one hundred-fold that, and, in some regions of Africa, the situation may be in excess of that now in New York City. Assaad said this, and was supported by Dr. Mann. Maybe *publicly* the WHO chooses to downplay the situation somewhat. . . . And, I think they are deserving of American [financial] support."

Bart also admitted that there was a "consensus" at the WHO meeting that there was no evidence for mosquito-transmission or other environmental factors stemming from economic collapse and the spread of AIDS in Africa and other tropical areas. In fact, the meeting denounced the scientists who have reported on Belle Glade, Florida, an American town where a large incidence of AIDS among the "non-high-risk" population coincides with abysmal living standards and tropical health conditions, as "kooks."

Soviet confessions on Africa

EIR investigators have received new information directly from the head of the European Bureau of the WHO located in Copenhagen, Denmark—a Soviet named Dr. Bytchenko. During the course of a recent investigation, Dr. Bytchenko admitted the following:

"I doubt there will be any kind of bilateral help by the Soviet Republic to African countries to help them on AIDS. For the U.S.S.R., AIDS is not a problem. In Africa, yes, the situation is very alarming, in Zaire, Uganda, Central African Republic. A high percentage of children are infected, because of poor blood and blood products. There is also a severe lack of kits to test for AIDS in Africa. But this problem has not come to the Soviet Union, there are almost no AIDS cases. So, I doubt very much the Soviet Republic will do anything special in the African countries."

During his admission, Dr. Bytchenko lashed out at the published *EIR* charges of Soviet complicity in African genocide: "I've seen these publications, they are nonsense. This type of virus has hardly even reached the U.S.S.R. and the East countries, and when it has, it has come from Africa," he

said. "The virus has been unknown to scientists and researchers, and has only recently been isolated."

One eyewitness in Europe recently overheard officials of the WHO under Soviet control, bragging and chuckling over the way in which they "carve down" the number of reported cases of various diseases, by as much as one-half to two-thirds in some instances.

Leading international medical authorities and scientists on two continents are fully confirming the charges of *EIR*'s Biological Holocaust Task Force, that the Soviets have been caught red-handed in the mass murder of millions of Africans, through encouraging the pandemic spread of AIDS and other diseases. There is also a growing consensus among the same medical and scientific circles, to admit that *EIR* has been right about the causal relationship between widespread economic collapse and the spawning and spread of deadly pandemics.

The WHO's "Communicable Diseases Division," under the Soviet command and control of Dr. Sergei K. Litvinov and his associates, is complicit in the African genocide, by its suppression of facts, its denial of economic realities, and its emphasis on "barefoot medicine." Several world authorities have characterized the Soviet-controlled Communicable Diseases Division of WHO as a "malevolent bureaucracy," which has impeded mass vaccination programs in Africa in particular. In fact, leading Soviet authorities of the WHO have just concluded a meeting on AIDS in Graz, Austria, where these policies were pursued.

Ten million Africans to die

A just-released study shows that, of those who are infected with the AIDS virus, 100% develop immune-system defects which foreshadow full-scale AIDS itself. That is, the disease breaks out in 100% of the infected individuals over time. Given the fact that estimates of the number of Africans infected with the AIDS virus range between 10 and 30 million, the implications are staggering. Over the next five years, more than 10 million Africans will die of AIDS.

In the United States, where approximately 2 million individuals are acknowledged by federal authorities to be infected with AIDS, that number of individuals will suffer from the disease itself within the next decade. Since the disease is 100% lethal, all those who suffer from the disease will die.

In the new study, nearly all of 22 Danish subjects who had AIDS antibodies in 1981, but did not manifest signs of the disease itself at that time, subsequently developed a breakdown of the immune system, according to the April issue of *Annals of Internal Medicine*. In a recent *Boston Globe* interview with one of the study's authors, Dr. James J. Goedert of the National Cancer Institute, Dr. Goedert drew the conclusion that his study demonstrated that over time virtually 100% of those infected with AIDS will develop the disease. A team of Danish and U.S. researchers jointly studied 22 men who had AIDS antibodies in 1981. Eleven of 12 infected men followed carefully for 29 months, manifested a

serious immune defect. Five of seven others studied for a shorter period showed the telltale defect as well. The immunological change "is a strong predictor of the future development of AIDS," according to the report.

Supporting the conclusion that 100% of those infected will manifest some form of the disease, is another study now under way at the New York University School of Medicine. In results soon to be published on a study of 85 individuals infected—namely, having tested positive to antibody presence—over the course of five years, the researchers report that an individual not showing any manifestation of the disease is "an extremely rare occurrence."

Universal screening now

It is against this background that leading doctors are beginning to echo *EIR*'s call for mandatory screening, as the *Boston Globe* of April 4 reported under the headline "Medical Editor Calls for Mandatory AIDS Tests":

People at risk for developing Acquired Immune Deficiency Syndrome should be made to undergo blood tests for antibody to the AIDS virus "to find out who is infected and who is not," the editor of the *New England Journal of Medicine* asserted yesterday. "I think there ought to be mandatory testing now," Dr. Arnold S. Relman said at a Boston meeting on AIDS and public policy sponsored by the American Society of Law and Medicine. . . . Relman urged the federal government to wage "all-out war on this disease" and reminded his audience "that the U.S. Constitution allows restrictions on the activities of those who are a threat to the public health. I'm not suggesting that [those who test positive for AIDS antibodies] be quarantined," Relman said. "But it seems to me that we have to balance our concern for individual freedom and law with our concern for the general welfare. . . ."

According to the *Boston Globe* account, Dr. James Curran of the Atlanta-based Centers for Disease Control (CDC), who was also present, objected on the grounds that screening is "discriminatory" to homosexuals. Curran's statements represented the standard rationale by which the Atlanta CDC has unwholesomely covered up the AIDS threat, and actually deployed itself against the implementation of standard public health procedures. The CDC is the domestic American affiliate institution of the World Health Organization.

The CDC is not alone in its opposition to the United States protecting its citizens from this deadly menace. The Soviets also agree that the U.S. population should not be protected! A leading Soviet official at the World Health Organization privately asserted in April: "Screening the American population would be extremely expensive, costing billions of dollars. It's not necessary to screen everybody, but those who are exposed, should be screened. screening everybody in the U.S. is *not* the correct decision."

The strange business of the European Industrialists Roundtable

by C. Polhem from Brussels

On April 4 in Brussels, Swedish financier and Volvo chairman Pehr G. Gyllenhammer met with European Economic Commission President Jacques Delors. The meeting was curious in a number of ways, even the public portion. The controversial Swedish businessman was in Brussels in his capacity as chairman of a grouping of some of Europe's best-known companies, the so-called Roundtable of European Industrialists.

At the press conference following the private discussion between Gyllenhammer, several other Roundtable heads of European companies, and Delors, the group released a consultancy report prepared by a Rhode Island firm, Telesis. The report, "Promoting and Financing Large-scale Infrastructure Projects in Europe," and a second report issued a few days earlier, "Making Europe Work," were the focus of Gyllenhammer's remarks to the press. He said the studies would form the basis for an "ongoing dialogue" between his Roundtable and the European Community.

That was all. The most significant aspect of the brief press conference was that nothing was said by anybody. It was a "puff" affair, a "photo opportunity," as the media terms it.

The entire affair became doubly curious when framed against the fact that Mr. Gyllenhammer left Volvo's Gothenburg, Sweden headquarters amid a wave of scandals and charges of mismanagement. Stockholder criticism of Gyllenhammer in Sweden has been on page one since the shadowy "Fermenta affair," involving Egyptian imposter El Sayed, and an insider stock-trading scandal involving Gyllenhammer and several cronies, known as the "Leo affair." *Business Week* of March 31 featured a piece titled, "Volvo's 'Emperor' Faces Rebellion in the Ranks." That article quoted one London broker, "Gyllenhammer is just a law unto himself, and he gets rid of anybody who would get rid of him."

Who are the Knights of the Roundtable?

The image cultivated by Gyllenhammer's Roundtable is a group of Europe's most dynamic, far-sighted, and successful entrepreneurs, aided in this by cover stories in such popular journals as *Time* and *Newsweek*. In fact, the group is a tightly knit mafia of stock market manipulators who are systematically targeting European industry for takedown.

The two proposals of the Roundtable presented publicly at Brussels on April 4 are indicative of the game afoot. The study on "Promoting and Financing Large-scale Infrastructure," calls for a "new deal between the public and private sectors" involving not only European governments, but, significantly, the supranational Brussels-based EC. The scheme proposes "new financial instruments" such as tax-exempt bonds, and EC regional development funds. Guarantees would be made by the EC treasury.

A spokesman for Gyllenhammer in Paris told this writer that the proposal is modeled on various New York "public authorities." These authorities float bonds, pyramiding debts, soaking taxpayers for billions to finance bridges and tunnels which remain in a condition of seemingly constant disrepair, although tolls keep climbing, and they have paid for themselves many times over—a kind of medieval "robber baron" system with modern Wall Street trappings. The public assumes all risk, while the private insider firms take all the profits.

But, a series of major transportation projects, as envisioned by the Gyllenhammer group, includes a rail-tunnel linking Scandinavia and continental Europe, a "Balkan Link," more accurately termed a Bulgarian Connection, between Austria and Bulgaria. A third scheme is a bridge linking Sicily with the Italian mainland. The Roundtable wryly calls the grand scheme "Missing Links."

The "full employment" component of the Roundtable strategy is described in "Making Europe Work." The proposals are wittingly drafted as a depression strategy. The report cites "the vigor of the submerged or black economy" as "instructive." "Black" employment, of course, avoids official taxes, and also avoids companies having to pay adequate benefits or provide regulated working conditions. The Gyllenhammer/De Benedetti mafia therefore demands a "redrafting of job protection laws," institution of labor laws "sensitive to the real market," "greater geographic mobility in the labor market," and wage slashing, termed, "increased wage differentials."

In short, like the secretive Mont Pelerin Society of "free market" economist Milton Friedman, they demand that living conditions of the gainfully employed industrial workforce be

cannibalized to prop up select multinationals.

The citation of the "black economy" as a model is not accidental. The April report of the Union Bank of Switzerland notes, "Although in most of the economic sectors of the industrialized world the period of turbulent growth is over, there appears to be one 'sector' that is enjoying unalloyed prosperity everywhere: the underground economy." The report defines the underground economy as both "working black" (legal work which illegally seeks to escape taxes) and "criminal activities such as the production and distribution of illegal drugs."

The Milan stock 'boom'

The spectacular recent rise of shares traded in the once insignificant Milan Bourse is indicative of the Roundtable strategy for Europe, every bit as well as their Schachtian labor policies. There is a giant game going on. Most of it is being run top down by three groups, De Benedetti, Agnelli, and the Venetian insurance giant Assicurazioni Generali.

The affairs of the Roundtable of European Industrialists are as murky as the affairs of its chairman. It was formed in 1983, reportedly after discussions between then-European Community (EC) Industry Commissioner Viscount Etienne Davignon, today chairman of the Belgian royal-family's holding company, Société Générale de Belgique. The official story is that Davignon, author of the notorious "Davignon Plan," which collapsed European steel capacity by almost one-third over a six-year period, wanted a group of some of Europe's more "innovative" businessmen to "galvanize European governments into action on tough industrial policy issues," as one close observer in Brussels put it. So, Davignon proposed this to his friend Gyllenhammer.

The composition of the group is far from random. Gyllenhammer immediately got Umberto Agnelli of Italy's Fiat, the auto company with extensive Soviet ties and 17% owned by Libya's Qaddafi. Carlo De Benedetti, the wheeler-dealer Venetian financier and chairman of Olivetti. Sir Kenneth Durham, head of the Anglo-Dutch food giant Unilever, is also on board, as was Ian MacGregor, now head of the British National Coal Board. MacGregor worked closely with Davignon to destroy British steel capacity, authoring the Lazard Plan, which called for not only shut-down, but dynamiting of blast furnaces to ensure their retirement. Britain's industrial rubble heap today is testimony to his savage austerity and union-busting approach.

Close Gyllenhammer business associate Curt Nicolin, head of ASEA, the Wallenberg Group company, which was involved in illegal transfer of sensitive U.S. electronics technology to the U.S.S.R. in 1984, found time to join. Other chums included Trilateral Commission member Hans Merkle of Robert Bosch GmbH of Germany, Helmut Maucher of Swiss Nestlé, and Klaus Liesen, chairman of Ruhrgas of Germany, the heart of the 1982 Soviet gas pipeline battle. Then there is Karlheinz Kaske of the giant German electron-

ics firm Siemens, Wisse Dekker of Philips Industries, and George Besse of France's Renault, all companies with long-standing involvement in Eastern European markets.

These are the core of European multinationals whose profits stem from looting of state treasuries, as in the case of Renault, which has lost more than 10 billion francs over two years. Or, they are the corporate-takeover wolves, who institute mass layoffs and asset stripping of victim companies, as in the case of Olivetti's De Benedetti.

Banker Roberto Calvi wrote a letter to one Monsignor Hilary of the Vatican asking for an urgent meeting with the Pope to explain details of a plot he had uncovered to destroy the financial base of the Vatican. He cited "De Benedetti and others." In a second letter to Cardinal Palazzini, he implicated Vatican Secretary of State Casaroli. Within days of the letters, Calvi was dead.

These companies also have more than casual involvement with former U.S. Secretary of State Henry Kissinger. Gyllenhammer was a co-founder of Kissinger Associates in 1982. ASEA's Nicolin is a client of Kissinger Associates. Venetian financier De Benedetti is a long-standing intimate of Kissinger. So is Agnelli. Merkle's Bosch Foundation is a funder of Kissinger's Trilateral Commission work. After Kissinger Associates' founding, in 1983, Kissinger was personally involved in organizing his Roundtable friends to create a corporate "countergang" to President Reagan's March 1983 Strategic Defense Initiative. The result was an obscure joint venture based in Holland, named Euroventures BV, funded by money from Fiat, Olivetti, ASEA, Volvo, Bosch, and others to help "strengthen Europe's industrial and technological base," but its capitalization was only \$30 million.

What are they up to?

The Swiss bankers' daily, *Neue Zürcher Zeitung*, on April 17 asked, "Is De Benedetti primarily Olivetti president or a private financier?" They note the Venetian financier's complex web of financial holding companies, including Cofide, Financial Services Holding Company, and Italiana di Servizi Finanziari.

De Benedetti, like Gyllenhammer, is up to his ears in stock-market manipulations, takeover operations, and asset-

stripping operations. In recent months, he has bought Butoni food group and a series of other companies. He is one of the few in Italy with liquidity in the depressed economy.

However, as De Benedetti and Agnelli move to grab up major Italian companies, revelations are coming out in Italian press, unreported elsewhere, that are a potentially explosive indictment of the entire Gyllenhammer/De Benedetti Roundtable network. On April 13, *Panorama*, the Milan weekly, carried revelations from recently released letters of murdered Vatican financier Roberto Calvi of Banco Ambrosiano, who was found hanging Freemasonic cult fashion under Blackfriars Bridge in London in June 1982. Shortly before his death, on June 6, according to *Panorama*, Calvi wrote a letter to one Monsignor Hilary of the Vatican in which the banker asked for an urgent meeting with Pope John Paul II to explain details of a massive plot he had uncovered to destroy the financial base of the Vatican. Calvi, according to the new revelations, explicitly cited "De Benedetti and others who did and are still trying to grab the assets of Banco Ambrosiano." According to the same *Panorama* revelation, Calvi, in a second letter to Cardinal Palazzini, implicated Vatican Secretary of State Casaroli in the De Benedetti plot. Within days of the letters, Calvi was dead.

The day before, on April 12, Calvi associate Umberto Ortolani, told *Europeo* magazine that he has detailed revelations regarding "political and financial warfare which has been fought for years in Italy." Ortolani stated that "a name for all to recognize—Trilateral [Commission]" was behind this warfare and that one purpose was to prevent a feared merger of the two great centers of Vatican finance, Calvi's Banco Ambrosiano and Carlo Pesenti's financial network.

De Benedetti is considered to be "Trilateral" because of his intimate personal friendship with Henry Kissinger and other Trilateral Commission members. De Benedetti had an involvement with Calvi's Banco Ambrosiano as vice chairman in 1981. There are allegations that he stayed just long enough to set up the Vatican-tied bank for failure.

On April 16, Carlo De Benedetti appeared in Paris to announce plans for a French imitation of his Italian financial empire. He will buy major French food industry shares, and build a new European motor parts group around a takeover of the French Valeo company.

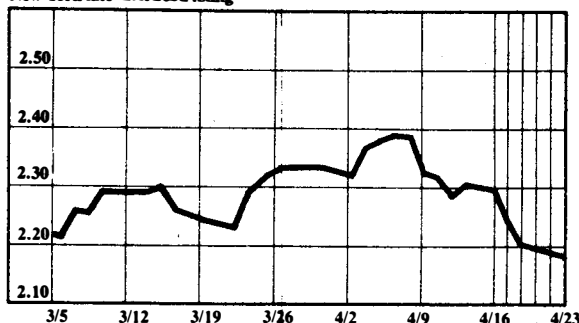
That is interesting, since one demand of the Industrialists' Roundtable is Europe-wide standardization of parts for automobiles and other things, something which could make Valeo enormously profitable.

De Benedetti, coming to Paris the day after French Finance Minister Balladur announced plans for selling off French state industry, also announced that he has formed yet another financial holding company, *Ceres*, owned by his CIR holding company in Italy together with Compagnie Financiere de Suez, Banque Nationale de Paris, UAP insurance, and Banque Worms. "I hope to do in France what I have done in Italy," the Venetian financier boasted. That alone should be reason enough for an investigation by French authorities.

Currency Rates

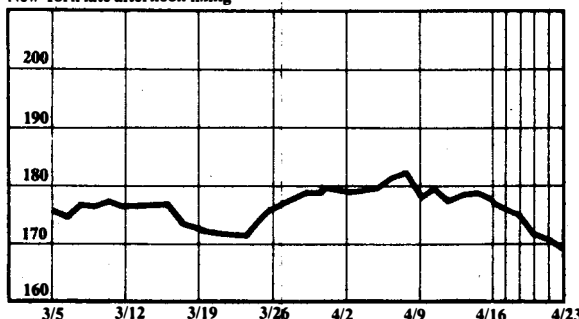
The dollar in deutschmarks

New York late afternoon fixing



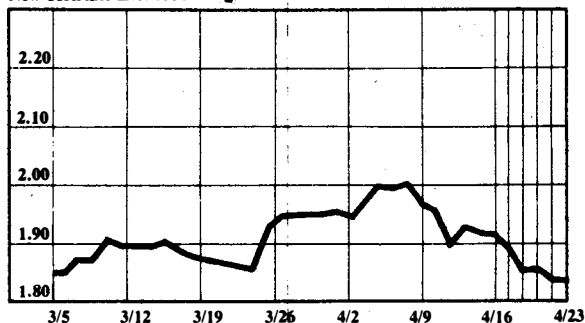
The dollar in yen

New York late afternoon fixing



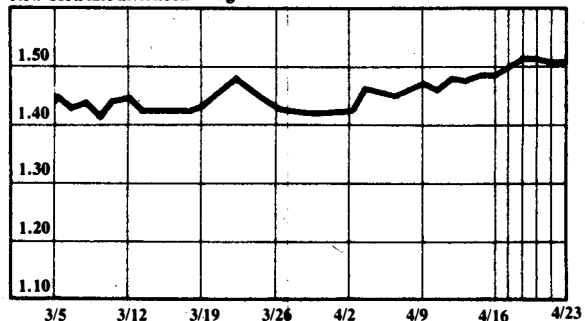
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



A new presidential frontrunner

The unveiling of Del Mazo as energy minister was just the first of the bombshells that have got Wall Street very perturbed.

During the week of April 17-22, a political earthquake shook Mexico's power structures and paved the way for a realignment of forces which may lead to important changes in the disastrous economic programs that have been implemented in this country.

When, the morning of the 17th, it was announced that Secretary of Mining and Energy Francisco Labastida Ochoa would be elected governor of the red-hot state of Sinaloa, the press went into a tizzy in favor of one candidate to assume the important vacancy of this strategic cabinet post: Mario Ramón Beteta, head of the state-owned oil company Pemex, ex-treasury secretary, former presidential candidate, and a good company Pemex, ex-treasury secretary, former presidential candidate, and a good pal of the international financial community. The trio was rounded out by presuming that Beteta would be succeeded at Pemex by Gustavo Petriccioli, now director of Nafinsa, the state-run finance company. His post would go to the current ambassador to the United States, Jorge Espinoza de los Reyes. This team, the media opined, would march in the front door of the presidential succession in 1988.

This script was still being taken for granted by most of the national press on the morning of April 19. But the whole costly campaign fell apart a few hours later, when President Miguel de la Madrid made his surprise announcement, that the new energy secretary would be Alfredo del Mazo, governor of the state of Mexico.

The decision turns Del Mazo into

the frontrunner for the presidential succession in 1988, which has been fought over between the treasury, interior, and budget secretaries. It may even herald changes in economic policy, which has up to now toed the International Monetary Fund line.

It should be noted that Alfredo del Mazo himself is a product of banking and financial networks. He was in the Cremi Bank, was vice-president of the National Banking Commission, and on the public-debt administration of the treasury. He was also adviser to various semi-public and private firms. However, before accepting the state of Mexico governorship, he ran the Banco Obrero (the labor bank) backed by the top leader of the Mexican Confederation of Labor, Fidel Velázquez.

This support, together with that of his friend Miguel de la Madrid, at the time a pre-candidate for President of Mexico, and that of Gustavo Carbajal, then chairman of the ruling PRI party, was what let Del Mazo bring a group different from the Hank González gang then running Mexico state, into that crucial state in 1981. One of Del Mazo's main objectives has been to dismantle, as far as possible, the paramilitary apparatus set up by Carlos Hank González and his predecessor Jiménez Cantu, as their fortress in the state of Mexico.

At that time, Beteta asked for the governorship of the state of Mexico, and was rejected by President José López Portillo and Fidel Velázquez.

Del Mazo is not just a close friend and "compadre" of the President. His main support comes from the labor

unions and the political networks of his father, governor of Mexico state and secretary of agriculture under President Adolfo López Mateos (1958-64). Del Mazo's father was so close to López Mateos that the President became Alfredo's godfather. The elder Del Mazo supported López Mateos in the historic deeds that moved the world: the founding of the Non-Aligned Movement with Nehru of India, Sukarno of Indonesia, Nasser of Egypt, and Tito of Yugoslavia among others. It was also López Mateos, fervently supported by Del Mazo senior, who nationalized the electrical industry, in those days owned by Mexican Light and Power Company, run in Mexico by Gen. Maxwell Taylor of Vietnam infamy.

And it was Adolfo López Mateos who invited the President of France, Gen. Charles de Gaulle, to Mexico. De Gaulle for the first and only time in Mexican history spoke from the presidential balcony to thousands of Mexicans, offering his support to Non-Alignment and to a new world economic order.

Mexico's creditors see in the Del Mazo naming and other political changes the possibility of a shift in the country's attitude toward the foreign debt problem and the conditions of austerity demanded by the International Monetary Fund. As the *Wall Street Journal* put it on April 21, commenting on the new nominations, "Pessimists say it will be nearly impossible for Mexico to implement any truly far reaching new economic program. The *tapadismo* [unveiling of candidates—ed.] works against such drama. Candidates are not supposed to draw any but the most innocent attention to themselves. . . ." In short, facing an electoral season, they might hesitate to impose the IMF's demands.

AIDS: Jenner to the Rescue?

The Vaccinia research shows there is no shortage of ingenious approaches to disease, if the political will exists.

Two recent articles in *Nature* magazine (April 10, 1986) describe expression of the envelope gene of the AIDS virus, HTLV-III/LAV, in a recombinant Vaccinia virus. Vaccinia, a pox virus which used to cause a mild disease of milkmaids called cowpox, was the agent used by the father of immunotherapy, William Jenner, to inoculate people against smallpox. The term vaccination comes from the name Vaccinia given to this virus.

Smallpox vaccination has been discontinued on orders from the communicable diseases division of the World Health Organization, except in the U.S.S.R., which occupies all the senior positions in that division. Nonetheless, researchers at the laboratories of the New York State Department of Health reported some years ago that the Vaccinia virus was capable of being genetically engineered to express multiple viral antigens. The implications of this for vaccine development are enormous.

In principle, the idea of vaccination is to use weakened, or killed, viruses, or parts of viruses, to stimulate the body to make antibodies to a particular virus. The virus or fragment which is used is called an antigen. An antigen is a chemical, usually a protein or a glycoprotein, which stimulates the immune system to make a chemical, called an antibody, which will recognize the antigen and bind to it. If the binding of the antibody to the antigen kills the virus, or inactivates it, the antibody is known as a neutralizing antibody.

Use of live viruses is sometimes associated with eruption of the disease which the vaccine was designed to prevent. This has occurred with the oral polio vaccine, which has been the subject of a number of lawsuits. Use of dead virus tends to eliminate this problem, but ideally one would like to be able to administer only that part of the virus which is needed to stimulate neutralizing antibody production, in sufficient quantity to provoke a good antibody response.

The ability of the Vaccinia virus to express up to eight different viral antigens creates the potential to immunize against multiple viruses with one vaccination, without the risk of getting any of the diseases associated with these viruses, since only the antigens, and not the whole viruses, except for the Vaccinia virus itself, are used. The advantage of a live virus, such as Vaccinia, is production of sufficient antigen to provoke a good antibody response. In this case one gets high production of only the specific genes inserted into the Vaccinia virus. For the AIDS virus, a slow acting virus which directly attacks the immune system, the ability to produce high titers of antibody to the immunogenic envelope protein, without having to use whole virus, is significant.

One way in which the AIDS virus evades the patient's immune system is a very low level of expression outside of cells, so that by the time antibodies are present, virus proliferation is far advanced and the virus is already inside cells, where antibodies are unable

to reach it.

Two groups, one working out of the National Institute of Allergy and Infectious Diseases and the National Cancer Institute, and the other out of the biotech firm Oncogen and the Virology Division of Usamriid in Frederick, Maryland, were able to insert the gene for the outer envelope of the AIDS virus into a Vaccinia virus and then get the gene expressed in infected animals. No other AIDS virus genes were expressed in these animals. Sera from these animals reacted with AIDS virus envelope proteins, and sera from AIDS patients reacted with the Vaccinia product.

While this is a promising avenue toward developing a vaccine which may keep uninfected persons from being infected by the AIDS virus, it will do nothing for those now infected or who will become infected in the meantime. By its very nature, vaccination stimulates the immune system, and evidence is growing that immune stimulation is the trigger that activates AIDS infected cells to produce virus and die. Further, development and testing of such a vaccine would require much larger resources than the present austerity policies of the administration would ever allow. And who knows, maybe the World Health Organization would disapprove?

The point about the Vaccinia research is that there is no shortage of ingenious, and potentially very effective, approaches to AIDS and other diseases, if the political will to confront the problem is present. Jenner was attacked by the spokesman of the drug bankers of his day, the British East India Company's Thomas Malthus, for interfering with God's will by preventing smallpox. The present approach of the Reagan/Regan administration show us that Jenner's adversaries are still with us.

Bundesbank cuts loose from dollar

In a drastic reversal of policy, the West Germans flirt with monetary decoupling.

The dollar has lost 10% against the West German mark since the International Monetary Fund's Interim Committee failed to produce the deal that Treasury Secretary James Baker sought (and is still seeking): a second, coordinated reduction of interest rates among all the central banks.

Although the Japanese followed the Federal Reserve's April 18 drop in the discount rate, the facade of international cooperation was shattered at the IMF meeting.

Bad U.S. economic news merely confirmed the trend already registered in the foreign-exchange markets, as a political perception.

The warning sign came on April 22, when the Dow-Jones bond market index fell a stunning 3%, reportedly due to fears that European and Japanese investors were oversaturated with dollar paper.

That is probably true: The point has arrived at which foreign money managers must reckon up their currency losses in U.S. investments, and make the decision to cut future ones.

Thinking at the Bundesbank appears to reflect a broader pessimism concerning the longevity of the bubble in the dollar markets. The Bundesbank, was reportedly unwilling to cut its 3.5% discount rate at the April 24 meeting of its council, despite the rise of the deutschemark to its highest level since April 27, 1981.

In fact, the governor of West Germany's central bank had already given his answer to the American Treasury's

plea for help in "managing" the dollar decline. That answer, in the form of a drastic reversal of previous West German policy towards the dollar, further eroded hopes for a "soft landing" for the U.S. currency.

Bundesbank chairman Karl Otto Pöhl speaking in Rome on April 18, told press that a "European currency issued and controlled by a European central bank" should be the final goal of monetary integration. He made a strong call for Britain to finally join the 1979 European Monetary System which he said would make a "major contribution to the political and economic integration of Europe."

Pöhl also praised recent dismantling of exchange controls in Italy and "the intention of the French government to liberalize capital movements."

European bank sources emphasize that all the above are prerequisite to the Bundesbank's eventual support for the creation of an actual European Currency Unit currency for Europe, a major part of monetary "decoupling" from the dollar. Until now, Bundesbank legal objections have been the major obstacle to European Community President Jacques Delors' proposals for a full ECU currency.

Previously, the German central bank despised the notion of a unified European currency, as a competitor to the U.S. dollar. That reflected the long-term Atlanticist viewpoint prevailing in West German politics.

U.S. dollar issues made up 85%

of the Eurobond market during the second half of 1981; that proportion fell to 64% by December of 1985. Most of that decline is concentrated in the second half of 1985, that is, the period during which the dollar lost 30% of its value against European currencies.

Understandably, major lenders are reluctant to purchase paper in a currency which is rapidly losing value on the market. The German mark has been the biggest gainer at the dollar's expense; the rest is divided into 5% shares for the pound sterling, the Japanese yen, and the ECU.

As matters stand, the ECU is only a bookkeeping device, representing a mix of the currencies of EC members (excluding Britain). As such, the emergency of an ECU Eurobond market from scratch has been impressive; ECU issues did not exist before the second half of 1984, and now comprise 5% of the total market.

A Salomon Brothers commentary of April 18 suggests that a major European shift away from the dollar has already widened the yield differential between U.S. Treasury and corporate securities: "The dramatic widening of yield differentials from Treasuries in the past month has caused many sectors of the corporate and mortgage markets to sell at record percentage yield inducement over Treasuries. . . . Since late February, yield spreads of corporates and mortgages to Treasuries have increased by 50-70 basis points, placing them in the range of 100 to 250 basis points."

This is due to "a record volume of corporate bond issuance in recent months, totaling nearly \$20 billion in March," but more to "a noticeable slackening of Japanese and European investor interest in the U.S. bond market in the past few months, in contrast to their rather conspicuous presence in the Treasury and higher-grade corporate markets in 1985."

Oil industry girds for depression

The oil price collapse means that very few of the Texas bank loans that were already a problem last year, will pay anything this year or next.

By oil industry standards, Sheikh Yamani's prediction of April 22 that oil prices would take two years to return to \$28 per barrel must have sounded like cockeyed optimism. The "Seven Sisters" are chopping off both capital spending and personnel, on the assumption that oil prices will stay depressed indefinitely.

Exxon has adopted a policy of voluntary departures and early retirements to reduce its workforce by as much as 10% worldwide. One analyst estimates layoffs in the Houston area at 1,500, of a total local workforce of 15,000.

A letter from company president Randall Meyer reads, "The successful adaptation of our strategies and activities to the new business conditions will unfortunately require a significant reduction in staff. This has been a painful decision, but circumstances left us little choice."

Exxon had earlier announced a \$2.8 billion reduction in planned 1986 capital expenditures.

Meanwhile, Shell and Exxon have abandoned a \$3.8 billion North Sea oil project, blaming lower oil prices.

Analysts said it would be only the first of many. Alex Salmond, energy economist at the Royal Bank of Scotland in Edinburgh, told Reuters news service on April 23, "Clearly, if current levels become the basis for future expectations, all new fields will be in jeopardy." The scheme in question, the Gannet project, is not economical at a price of less than \$20 per barrel.

The Geneva meeting of Organi-

zation of Petroleum Exporting Countries (OPEC) oil ministers which concluded on April 22 produced a brief rally in the oil futures market, but prices remain below the \$13-per-barrel level—the point of no return for Alaskan oil, which represents 30% of all domestic U.S. production.

However, the non-results of this Geneva meeting, repeating the conclusion of the last three OPEC meetings, point prices downward, toward the single-digit range.

OPEC ministers failed to reach unanimity in their proposal for a new oil output ceiling. They split 10-3 in favor of a production ceiling of 6.3 million barrels per day in the third quarter of 1986, and 17.28 in the final quarter. This is not significantly greater than OPEC's current official—but widely ignored—ceiling of 16 million barrels per day. As usual, Iran, Libya, and Algeria were the dissenters.

EIR's earlier warning that the oil price crash could knock 7% off the Federal Reserve's industrial production index is bearing out, in the two months of consecutive production declines reported by the Federal Reserve for February and March.

The disaster in the oil belt, visible in layoffs and production declines, has not yet shown up in the balance-sheets of Texas banks, whose entire \$200 billion deposit base is now in danger.

However, figures for the banks' bad loans as of December 1985 demonstrate, once again, that they are in no shape to withstand the present shock.

The top six Texas banks have an average of 44% of their non-performing loans set aside as loan-loss reserves, up from 36% at the end of 1985.

That is a disastrous sign: The collapse of oil prices means that very few of the loans that were already a problem last year, will pay anything this year or next.

But the Texas banks have not had the profits with which to cover their existing portfolio of troubled loans with loss reserves, let alone set aside reserves for new problem loans.

To indicate how far out of line the Texas banks are, the 1985 year-end ratio of loan-loss reserves to total problem loans for U.S. banks as a whole was 53%.

More disaster news is piling up in reports in *EIR's* Houston bureau. More than 23,000 Houston families walked away from their home loans over the past two years, prompting talk among mortgage lenders about getting tough, warning that civil suits might be filed against defaulters.

However, this is mostly noise, since the lenders admit that most people walked out because they were broke.

Home prices in Houston, using 1979 as a base, were up 57% in 1982, but dropped to 27% in 1985, that is, 30% below the 1982 level.

Actual foreclosures jumped from 89 in 1981 to 1,829 in 1986, while posted foreclosures jumped from 400 to 3,097 during the same period.

Nonetheless, the Office of Management and Budget has given Congress a "very, very preliminary" estimate that the oil price collapse will cut the deficit by \$10 billion, through higher economic growth—even though the federal government's direct loss, in the form of lower windfall profit taxes, will be several times the supposed savings.

Merrill Lynch under fire

A new Bank for International Settlements study scolds about certain financial "innovations."

The Bank for International Settlements has issued an extraordinary report which hits at Merrill Lynch and other international investment banks. The "central bank for central banks," based in Basel, Switzerland, entitled the report, "Financial Innovations in International Banking."

The study, carried out by Sam Cross of the New York Federal Reserve, warns that the process of global "financial innovation" transforming world financial markets in the past several years opens a Pandora's Box which threatens the very control of central banks over monetary policy.

"The financial system," the report declares, risks breakdown in regulatory oversight over the "consolidated international operations of non-bank financial" organizations. The report criticizes the rapid and concentrated expansion of such "innovations as interest rate swaps, forward rate agreements and Euronote issuance facilities" by a relatively few large organizations producing unhealthy concentration of credit risk.

A well-placed City of London financial source reports that Merrill Lynch is a principal target of the new BIS report warning against the excesses in world financial "innovations." According to this source, a major target of the BIS alarm signal is certain financial conglomerates involved in so-called "securitization."

The term refers to a practice in which a financial institution agrees to market securities of a borrower without accruing any direct liability.

"Under the 'securitization' process, as U.S. laws now stand," the London source continued, "firms such as Merrill Lynch, Salomon Bros., or Citibank have virtually infinite lending potential as they are not required to hold any contingency reserves by law." Merrill Lynch is one of the largest firms involved in this unregulated off-balance-sheet practice, according to the source.

Other prominent players under fire from the BIS include Salomon Bros. and Goldman Sachs.

The international banking system has created more than \$3 trillion of so-called "off-balance-sheet liabilities" off the books, that is to say, without reserves of capital in the event of loss. These include such obvious forms of risk-taking as guaranteed note issuance facilities, under which the underwriter agrees to buy any paper which its client cannot place among investors; interest-rate and foreign-exchange swaps, in which the underwriter "matches" holders of different currencies, but must stand surety in the event that one of them fails to perform; and an entire bestiary of guarantees against future interest rate shifts.

Known as "caps," "collars," and so on, these forward interest rate agreements amount to a guarantee of a future interest rate, in return for an up-front fee.

Merrill Lynch's \$1.6 billion of market capitalization, impressive by securities industry standards, is nonetheless trivial compared to that institution's level of risk in the market. In

effect, it is functioning with the risk level of a major international bank; its competitors have \$10 billion of capital or more, and are in enough hot water as matters stand.

What is most extraordinary about the BIS pronouncement is that the central bank has taken the extreme measure of preaching the dangers of collapse from a public pulpit, in the midst of the most dangerous financial situation in postwar history, in order to abort the speculative bubble that has run out of control during the past several years.

In addition, the BIS has gone over the head of the U.S. Treasury, whose chief banking regulator, the Comptroller of the Currency, recently issued extremely watered-down guidelines for dealing with the off-balance-sheet monster.

During 1985, Crédit Suisse-First Boston and Merrill Lynch were, respectively, the number-one and number-two underwriters on the Eurobond market. Crédit Suisse handled \$19 billion of Eurobonds, and Merrill Lynch handled \$8 billion. Between them, the two partners control one-seventh of the entire market.

As noted, Merrill Lynch continues to operate in tandem with the Crédit Suisse-First Boston combination, as in the case of Spain. There is a revolving door between the overseas offices of Merrill Lynch and Crédit Suisse. On Jan. 23, 1984, ten top officers, including three board members, of Crédit Suisse-First Boston's London offices shifted to Merrill Lynch's London offices.

The former chairman of Crédit Suisse-First Boston, Eurobond market "founding father" Michael von Clemm, recently resigned from the company he helped found, and turned up shortly afterwards as chief of the London office of Merrill Lynch.

Business Briefs

The 'Recovery'

Durable goods orders go into a tailspin

Durable goods orders fell 2.5% in March, following a revised 0.6% fall in February, the U.S. Commerce Department reported on April 22.

Deducting a 42% rise in defense capital goods, the decline would have been a disastrous 5.7%. New orders for capital goods overall rose 3%, and household durable goods order were up 2.1%, but machinery orders fell by 1.2%, transportation equipment was down 1.9%, and orders for primary metals were down a large 8.7%, the lowest monthly volume since May 1983.

In a deadpan admission of what *EIR* has been insisting for months, UPI commented: "Lackluster performance in the manufacturing sector, which has not responded noticeably to either a dip in interest rates or a collapse in oil prices, has led some private economists to doubt whether the economy will grow at the rate Reagan administration analysts have predicted."

Free Enterprise

Armand Hammer refuses to sell Libyan holdings

In the aftermath of the U.S. bombing of Libya, four out of five major U.S. oil companies still doing business in that country have announced that they intend to sell out their assets as quickly as possible. Amerada Hess Corp., U.S. Steel's Marathon Oil, W. R. Grace & Co., and Conoco all said that they have begun talks to sell off assets.

That leaves only Occidental Petroleum's Armand Hammer, who has refused to say whether or not he will sell. Hammer is a long-time Soviet asset, who prides himself on his personal friendship with every Soviet leader since Vladimir Lenin. Occidental Petroleum has handled as much as 25% of Libyan production, in cooperation with the Libyan National Oil Company.

On Jan. 7, President Reagan announced a ban on U.S. business transactions with Libya, and warned that there would be sanc-

tions against any Americans violating the ban. Treasury Secretary James Baker III, however, granted the U.S. oil companies "temporary licenses" to operate in Libya.

War on Drugs

Ibero-Americans meet to fight drugs

The Organization of American States (OAS) convened a meeting in Rio de Janeiro, Brazil on April 22 to organize the fight against the international drug traffic. The conference was organized in honor of Rodrigo Lara Bonilla, the Colombian justice minister assassinated by the dope mafia in April 1984.

For the first time at any anti-drug conference, the central role of money laundering in maintaining the drug trade was discussed. The justice minister of Venezuela, José Manzo Gonzalez, who presided over the conference work group on money laundering, said in his speech on April 22 that his country wants an effective agreement to come out of the conference. "The biggest obstacle to fighting narcotics traffic in our continent is that the economic context is very bad; there is an enormous foreign debt, misery, and hunger."

A world summit on the drug trade will be held in Argentina on May 9.

Space Exploration

New York Times tries to slam NASA

On the morning of April 23, just hours before Dr. James Fletcher was to face his confirmation hearings as the next head of the National Aeronautics and Space Administration, the *New York Times* blasted both NASA and Fletcher for alleged gross mismanagement, fraud, and lying to the Congress.

The *Times*, in a page-one article headlined "NASA Wasted Billions, Federal Audits Disclose," claimed that internal and external audits have found fraud by contractors and NASA management, that Fletcher and

others lied to the Congress in promising that the Space Shuttle would be "cost effective," that safety was compromised in the program because NASA refused to fix and redesign components that were faulty, etc.

As *EIR* has documented, it was almost exclusively budgetary constraints that prevented NASA from making decisions on the basis of sound engineering and design considerations.

The *Times* accomplished its goal of diverting the hearings, which should have concentrated on the real policy questions facing the agency and the new administrator, such as replacing the *Challenger*, keeping the space station on schedule, and considering the long-range goals laid out recently by the National Commission on Space, which included reviving the program to colonize the Moon and Mars.

Though Sen. Albert Gore, Jr. (D-Tenn.) and others proclaimed that they were "horrified" at the "revelations," there is no doubt that Fletcher's nomination will be quickly confirmed.

Dirty Money

First Jersey Securities under investigation

A federal grand jury and a congressional subcommittee are investigating allegations of stock manipulation and illegal campaign contributions by First Jersey Securities and its owner, Robert Brennan. The investigations complement the Security and Exchange Commission's recent moves against Brennan and his company, for illegal mark-ups on stock transfers, and manipulating stocks to generate profits for the firm.

Brennan is part of the New Jersey dirty money-laundering networks that include First Fidelity Bank, bankers for organized crime, and the Resorts International gambling interests in the state. First Fidelity stole \$200,000 in campaign funds from the presidential campaign committee of Lyndon LaRouche in 1984, two days before the election.

Brennan received tens of millions of dollars from First Fidelity in 1982, to expand his operations in the mafia's horse-racing business.

Brennan had previously been the proprietor of a boiler-room securities business, which got its start in the 1970s by borrowing \$250,000 from one Harold Derber, one of the biggest marijuana importers in the United States. Derber, who used First Jersey to launder his drug profits, according to a series of articles in the *Philadelphia Inquirer* April 6-9, 1986, was scheduled to testify in 1976 before the SEC about Brennan's activities, but instead was found the night before, with eight bullets in his back—one of which had his initials carved in it.

Agriculture

New England dairy farmers close up shop

Four hundred and sixty-one farmers in the New England states have accepted the U.S. Department of Agriculture's offer to leave the dairy business.

Sixty-six Massachusetts farmers, who produce 19% of the state's milk, and 71 New Hampshire farmers, who produce 16%, will end their businesses. Two of the New Hampshire farmers are among the state's largest producers, with more than 300 head each. In Vermont, more than 200 farmers will stop milking and sell out.

This is part of the USDA program to send 1 million cows and calves to the slaughter, in order to remove 12 billion pounds of milk from the 1986 harvest.

Oil Crisis

President Reagan still won't back oil tax

President Ronald Reagan, in a meeting with governors and congressmen representing energy-producing states on April 22, maintained his refusal to introduce an oil-import tariff, on the grounds that this would violate the tenets of free-market economics.

Rep. Mickey Edwards (R-Okla.) said the idea of an oil-import tax was discussed, but "the President, of course, made it clear he doesn't support it." Instead, he offered to

push for repeal of the windfall profits tax on oil companies, in order to ease the plight of the states devastated by the world oil-price decline.

An "energy" summit was convened on April 15 by Texas Gov. Mark White (D), attended by governors from Oklahoma, New Mexico, Wyoming, Kansas, and North Dakota. The governors from Oklahoma, New Mexico, Wyoming, Kansas, and North Dakota. The states' plea for assistance was presented to the President at the April 22 meeting in Washington.

But Governor White was excluded from the session with the President because, the White House said, he's been too "partisan" on the issue. Texas is by far the largest U.S. oil-producer, pumping nearly one-third of total American crude.

Great Projects

Thai parliament supports Kra Canal

The Thai parliament passed a resolution in mid-April stating that a multi-billion-dollar project to build a canal through the Isthmus of Kra is feasible, and should be implemented.

The resolution, based on a study carried out by a parliamentary commission created in July 1985 for that purpose, was directed to the government of Prime Minister Prem Tinsulanond. The committee heard testimony from Pakdee Tanapura of the Fusion Energy Foundation (FEF), members of the Defense College, engineers, and scientists.

The idea of a Kra Canal was originally proposed as early as 1793, and was revived in the 1970s through a study by the Thai Oil Refining Company. The project has received its major impetus recently through the international efforts of the FEF and *EIR* (see *EIR*, Sept. 13, 1983).

"Experts" from the International Monetary Fund and World Bank have attempted to sabotage the canal project, and Henry Kissinger is known to have intervened personally with the government of Thailand, to prevent the realization of the plan, which would foster the rapid economic development of the Pacific and Indian Oceans' basin.

Briefly

● **'SABOTAGE** is something we can't discount," said Major-General Jack L. Watkins, commander of the 1st Strategic Aerospace Division, at a news conference following the explosion of the U.S. Titan 34D rocket in California. "We will be looking at everything. . . ." he said.

● **UNITED KINGDOM** Employment Secretary Lord Young on April 19 released monthly statistics on Britain's unemployment which revealed the largest monthly increase in the number of jobless since September 1981: unemployment is now at 3.2 million, or 13.2% of the labor force.

● **THE JAPANESE** Commission has suggested that Japan become another "import-consuming society," according to Sen. Jay Rockefeller (D-W.Va.). Rockefeller said that the commission called for the Japanese people to spend more, save less, and import more goods. "The pressure, the protectionist bills that have been put out [in the U.S. Congress] have gotten through to Japan's prime minister at least," he said.

● **CONGRESS** is investigating charges that TWA is compromising passenger safety by replacing nearly 6,000 striking flight attendants with inexperienced workers. The Independent Federation of Flight Attendants, which struck March 7, told a House panel on April 10 that the new workers lack a "minimum level of training." A top TWA executive denied the charges. The Federal Aviation Authority has concurred with TWA.

● **PIERRE TRUDEAU**, former Canadian prime minister, arrived in China for a two-week business visit in mid-April. Trudeau, leading a group of industrialists for talks on business prospects and now associated with a top Montreal law firm, was expected to meet top economic officials April 16.

A human life is truly 'cost effective'

Part II in Dr. Wolfgang Lillge's series on the life-saving potential of high-quality, high-technology medical care.

The first article in this two-part series exposed the fallacies of "cost/benefit analysis," as applied to health care by such organizations as the congressional Office of Technology Assessment. We established that the OTA is using its "economic analysis" to justify its real aim, which is to suppress the applications of advanced technology to medical care, as a means, primarily, of controlling population growth. We began a discussion of the most promising medical technologies, which will save millions of dollars in the long-term—and lives immediately. In this article, that analysis is continued.

Vaccines

Preventive medicine is still one of the most effective—and "cost-effective"—ways to prevent disease. This is certainly the case with vaccination against a broad range of infectious agents. Normally, a single dose of vaccine, once introduced on a mass scale, will cost only a few cents, or at most a couple of dollars, and will save millions of dollars in treatment of diseases which once were the major killers of mankind. For several infectious diseases, especially viral diseases, vaccination is the only "treatment," because so far, hardly any drug has been found effective against them.

Recent breakthroughs in vaccine development include:

- Scientists at the New York State Health Department have developed a technique for genetically altering the Vaccinia virus, formerly used by William Jenner to inoculate against smallpox, to express up to eight different antigens, thus enabling vaccination against eight different diseases with a single injection.

- A vaccine against chickenpox, which infects 2-3 million children a year in the United States, and results in 60-100 deaths, has been developed.

- A vaccine against hemophilus influenza, the greatest cause of childhood infections, including pneumonia and meningitis, has been developed and proven effective in infants as young as 18 months. Inoculation of all eligible children could prevent 60% of these infections, which are potentially life threatening.

- An inexpensive vaccine against hepatitis B has been developed from a synthetic protein. This disease effects about 1 million people in the United States and 250-300 million people worldwide, primarily in the developing sector, where it is believed to be the cause of hundreds of thousands of cases of primary liver cancer.

- A new polio vaccine from killed viruses promises to eliminate the last traces of this disease from the United States in the next years. In addition, scientists are developing a polio vaccine that can be administered by inhalation and mass-produced for about 10¢ a dose.

- A breakthrough has occurred in the long effort to develop a vaccine against malaria. Scientists have succeeded in reproducing the genetic material that codes for a protein on the malaria parasite, thus stimulating the body to produce antibodies against the parasite. This genetic material can be inserted into bacteria, which will then produce the protein in large quantities.

One potentially serious problem in the United States is the growth of complacency, as many of the epidemic diseases of the past have now virtually disappeared. For example, many American children are no longer vaccinated against smallpox. But it is necessary to maintain a certain density of application, in order to prevent a single outbreak of the disease from spreading.



March of Dimes

The vaccination program against polio during the 1950s virtually wiped out that dreaded disease in the United States. Such preventive medicine is one of the most effective ways to prevent disease, and yet vaccination of children is now being curtailed.

Another case in point is measles. Licensing of a measles vaccine in 1964 led to a dramatic decline in cases, and sequelae, in the United States (Figure 1). Recent anti-vaccination propaganda has resulted in the development of a large non-immune population and major outbreaks of measles. The disease is spread by infected nose and throat secretions, and if introduced into susceptible populations under conditions of crowding and sanitary breakdown, it can result in devastating epidemics, with a high fatality rate.

The introduction of the polio vaccine in the mid-1950s not only ended one of the most cruel epidemics of this century, but could serve as a paradigm today of the way in which investments into basic biomedical research will save subsequent health dollars.

At the end of the 1970s, Dr. Hugh Fudenberg of the University of California Medical Center in San Francisco made a "cost/benefit" analysis of the research and development that led to the vaccine against polio. He found that the costs of basic research—and the infinitely greater costs of developing the vaccine and conducting field trials—came to little more than \$41 million. But in the first seven years that polio vaccine was available, the economic benefits from savings in hospital costs, medical bills, and lost earnings due to disability totaled more than \$6 billion!

The greatest payoff was, of course, the number of lives saved. From the 1920s through 1950s, 1 person out of every 100,000 died of polio each year in the United States. Individual communities lost up to 1 person out of 20 in polio epidemics. In many epidemics, 10 times as many people were permanently crippled by the polio virus.

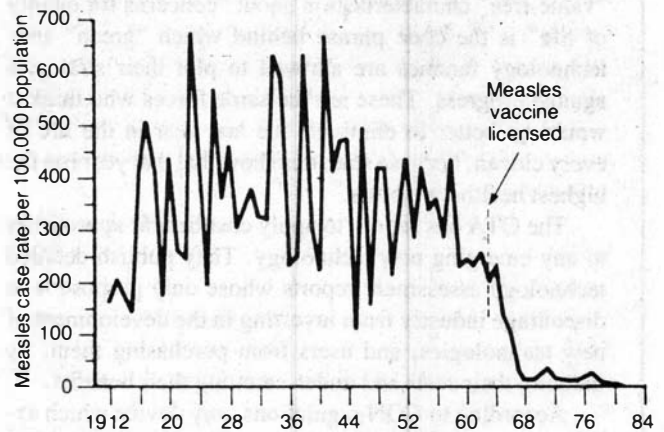
It is a commonplace in medicine to state that the best cure for a patient can be assured when the disease is discovered in

an early stage. Doctors agree that early diagnosis has intangible gains. The patient saves innumerable costs, as well as time in and out of the hospital trying to get a diagnosis for his condition. The cure is less complicated, faster, and less expensive.

In many of the more common medical conditions, only early diagnosis can lead to a cure, whereas later diagnosis leaves the patient with an incurable medical handicap, and leaves the physician with the thankless task of managing a

FIGURE 1

Control of a communicable disease by immunization in the United States



Licensing of a measles vaccine in 1964 led to a dramatic decline in cases.

clinical condition that is irreversible. This is especially true for cancer, where in most cases total cure can only be achieved when the malignant process is eliminated right at its onset. The only society which would not find this advantageous, is the fascist state—the dying society in which life is expendable and no productive future exists for the population.

While vaccination is the most effective method of disease prevention, known as primary prevention, screening programs function as secondary methods of prevention. Effective screening has two principal preconditions: First, the disease itself must be detectable at an early stage; and second, technologies and techniques have to be available that are cheap and efficient, to detect this early stage of the disease. There are a number of such techniques available which have been established as highly effective—both in terms of their cost and their ability to detect disease.

It is clear that the ability to detect a disease in an early stage depends on our scientific knowledge about pathologic processes and on the development of diagnostic techniques. We will now look at some of these capabilities and analyse the question of why mass screening programs are not in as widespread use today as they should be. We begin with the cancer screening programs.

Cervical cancer: Screening for this type of cancer with the Pap test is perhaps the most powerful life-saver in the whole arsenal against cancer. An estimated 20-25 million American women take the Pap test each year, at an average cost of \$5 per test. The Pap test detects cancerous or precancerous cells taken from the cervix, and allows a reliable staging of several cell forms which indicate a later tendency to develop into a cancer.

About 5-10 cases of different pre-stages of the disease

How the bureaucrats are sabotaging health care

The congressional Office of Technology Assessment (OTA), since its creation in 1972, has played a leading role in sabotaging the implementation of advanced medical technology, on grounds that it is not “cost-effective.” One principal way in which such criteria are introduced is through the so-called Certificate-of-Need (CON) programs, operated by the different states through a jungle of anti-science bureaucracies.

The OTA’s main function, according to its own description, is “to help legislative policymakers anticipate and plan for the consequences of technological changes and to examine the many ways, expected and unexpected, in which technology affects people’s lives.” This type of “value-free” characterization about “concerns for quality of life” is the code phrase behind which “green” anti-technology fanatics are allowed to plot their strategies against progress. These are the same forces who think it would be better to eliminate the last year in the life of every citizen, because statistics show that that year has the highest health-care costs.

The OTA has set out to apply cost/benefit approaches to any emerging new technology. They publish detailed technology assessment reports whose only purpose is to discourage industry from investing in the development of new technologies, and users from purchasing them, by inflating their costs and under-counting their benefits.

According to CON regulations, any device which exceeds a cost of \$250,000 becomes automatically subject to review. That means, if a hospital or private practice

plans to purchase a Nuclear Magnetic Resonance (NMR) machine, for example, it has to make an application to the CON board and establish conclusive evidence of “need” for such an investment. The definition of “need” involves diverse criteria which are subject to arbitrary interpretation: consistency of the proposed project with state health plans, consistency of the project with the institutional applicant’s long-range plan, systemwide effects, financial feasibility of the project, access to care, quality of care, availability of services and personnel, construction and architectural considerations, effects on competition, competence, and character of institutional management, and selection of the best alternative means of providing the proposed service.

The CON procedure comes on top of the intricate “premarket approval process” from the Food and Drug Administration, and this FDA procedure alone is well suited to derail or massively delay and raise the costs of even the safest and most efficient technological development.

If such a technology has managed to sneak through the FDA brushwood, its next hurdle is the CON approval process. And if it jumps over that, one can still not be sure that the various third party payers like Blue Cross/Blue Shield, HCFA, private insurers, etc., will include it in their reimbursement policy. A whole new set of review procedures is set into motion.

Here is the OTA’s own favorable description of the certificate-of-need programs:

“A major public policy response to the perceived problem of technology-induced cost inflation has been to attempt restraint of technology diffusion to hospitals. The prime policy instruments have been State certificate-of-need programs. . . . *Although CON programs were not*

are discovered in every 1,000 women examined, and in certain high-risk population groups—such as women between the ages of 30 and 40—the rate may reach 20 cases per thousand.

When cervical cancer is discovered early, cure rates are higher than 90%, and the cost of early surgery varies from less than \$600 to about \$1,200. In later stages of the disease, ultimate costs may run as high as \$50,000.

Dr. W. Ross, Jr. of the U.S. Public Health Service has offered a cost/benefit analysis of the Pap cancer test, which was presented at a conference of the American Cancer Society in 1979, which is still basically valid today. Over a five-year period, he estimated that it would cost \$68 million to bring the Pap test to as many American women as possible through grants to hospitals, clinics, health agencies, and public education programs. At the same time, it would cost \$50.6

million to treat all the newly discovered cases of cervical cancer, bringing total costs of screening and treating to \$118.6 million.

But the benefits, according to Ross, would exceed the costs ninefold: \$998 million saved over the five-year period in earnings by women whose early cure enabled them to return to work, plus \$73 million in expensive treatment costs averted. Thus the total program's benefit would be nearly \$1.1 billion!

As a matter of policy, the bureaucrats of the Office of Technology Assessment (OTA) come to quite a different conclusion. They stated, in a case study about the cost effectiveness of cervical cancer screening: "The results of the analysis show that the costs of screening for cervical cancer are always more than the financial savings of prevented future disease, indicating that private insurers have no direct financial incentive to screen." Obviously they are giving a cost/benefit analysis according to the criteria appropriate to the insurer rather than the patient, or society as a whole.

This is not a naive error. It reflects not only a difference in analytical method: The OTA is adhering to a worldview that axiomatically does not allow decent health care for everybody. In the fantasy-land of systems analysis, every dollar spent for health care is a lost dollar.

A different way of analysing the situation is presented by Dr. Bernhard L. Cohen, in an article in *Fusion* magazine (March-April 1985) addressing the need for spending money for disease prevention directly, rather than trying to figure out what could be saved. This emphasizes the need to develop technologies with increasing effectiveness, i.e., to cover the cost to save a human life. He comes to the conclusion that in the context of a comprehensive cervical cancer screening program, you have to spend \$25,000 to save one life, which is relatively little compared to other screening programs available. Cohen writes that this is not "a study of the value of a human life, which is a moral, philosophical, ethical, and religious question. Rather, it is a matter of collecting observations and performing mathematical transformations on them, which is a straightforward application of scientific techniques."

Breast cancer: Treatment of breast cancer in recent years has developed to a point where this disease can be considered curable, when detected at an early stage. Approximately 85-90% of cases from this category have a survival rate higher than the five-year period which is usually considered equivalent to total remission for cancer. Screening programs include palpation of lumps by the physician and/or mammography with a high degree of sensitivity. According to Cohen, society has to spend \$80,000 in screening costs for breast cancer to save one life.

Lung cancer: This is the cancer with the highest incidence rate, which has become the most frequent cancer in men and, at current growth rates, will soon be the most frequent in women. Screening programs so far have relied

originally intended to constrain the diffusion of medical technology, they have been used for that purpose. To the extent that individual devices had price tags exceeding the established dollar threshold for CON review, new medical technologies became subject to CON regulations. . . . CON agencies frequently play pivotal roles in determining which institutions may acquire new technologies [Health Technology Case Study 27 on NMR imaging technology, September 1984; emphasis added]."

This language barely conceals the liberal, environmentalist wrath against that technological progress which alone can lead the way out of economic stagnation. The incompetence of OTA's and CON's approach to the problem is so undeniable that the same OTA study had to admit:

"The inability of the [CON] planners to evaluate the technology [x-ray CT scanner] constrained its diffusion into medical practice more severely than may have been wise. The lack of available evaluative mechanisms and criteria for review made it difficult for planners to dispel the uncertainty surrounding x-ray CT scanning, thereby leading to many controversial and, at times, seemingly arbitrary decisions on individual CON applications. The net effect was a loss of credibility by the planners, as evidence of the truly revolutionary nature of x-ray CT scanning accumulated over time [emphasis added]."

Why, one has to ask, do we afford the luxury to maintain agencies which are not only useless, but also dangerous, as they admit themselves to be? Decisions on such vital questions as the competent use of high technology in health care must be trusted to people who want to preserve life, unlike our liberal pro-euthanasia congressmen who would even have outlawed the introduction of disinfectants, in order to protect the "civil rights" of bacteria and viruses.

mostly on chest x-ray controls, but when a lung tumor has reached the stage where it becomes visible on the x-ray image, it is in most cases already inoperable or has metastasized into other parts of the body.

As discussed in Part I of this series, a new method of screening for malignant cells in the sputum, as a marker for the existence of a lung tumor in an early stage, has been developed, which promises to be as efficient as the Pap test is for cervical cancer screening.

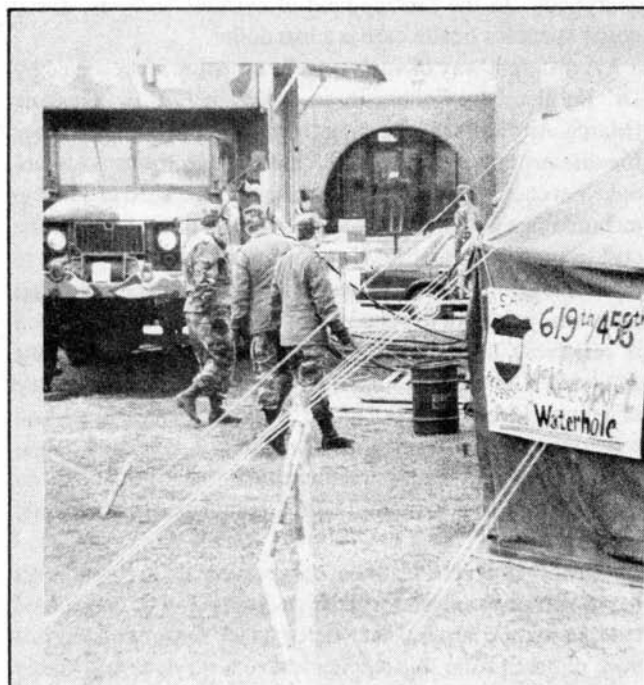
When, in addition, the above-mentioned "photodynamic treatment" for early-stage lung cancer is established as general procedure, cost for surgery (opening the chest and excising a whole lobe), with all its risks, could be reduced drastically. The cost per life saved of \$70,000, which Cohen calculates for lung cancer screening, may be reduced to \$25,000 or less.

Colo-rectal cancer: While colon cancer is not the most frequent human cancer, it is the most common of the "lethal" cancers. About half a million persons currently alive carry the diagnosis of colon cancer, and every year approximately 115,000 people are discovered to have the disease, over half

of whom will eventually die of it.

There are three main screening procedures to detect a malignant lesion in the colon, before a patient will visit the doctor for diagnosis of symptoms: With digital rectal examination, about one-sixth of all colon cancers are within reach of the exploring finger; with sigmoidoscopy, the entire terminal 25 cm of the colon, where about one-half to two-thirds of all cancers are located, can be inspected directly and biopsy material can be taken; with a cheap test, the stool can be tested for occult blood which may have originated from an early colon cancer.

According to Dr. Cohen, the fecal blood test is one of the cheapest screening methods available in order to save lives. Cohen writes, "If males over age 55 were given fecal blood tests to detect cancer of the colon and rectum, the fraction in whom tumors would be found is estimated to be 3 per thousand, and an estimated 20 percent of these would be saved by the early detection. Thus a program of testing 10 million men in this age range should include 3,000 victims, of whom 600 would be saved. A fecal blood test costs \$3, and it is estimated that collecting and delivering a fecal sample in-



NSIPS/Jerry Belsky

FIGURE 2
How water treatment reduced typhoid deaths

	Typhoid death rate per 100,000 population	
	1906	1914
11 cities		
No treatment in 1906 or in 1914	76.8	74.5
16 cities		
No treatment in 1906; treatment in 1914	90.5	15.3

Note: Source of water supply for each of the 27 cities was unchanged between 1906 and 1914.

The most effective of all preventive medicine is to guarantee a safe and pure water supply. The United States today, of course, unlike most of the developing sector, has adequate sanitation and high-quality water available. However, that water system is deteriorating in municipalities throughout the country, as the example of McKeesport, Pennsylvania (pictured here) indicates. The McKeesport water filtration system has deteriorated to the point where there have been three epidemics of Giardiasis since 1984. This intestinal disease is not life-threatening, but such a breach of water safety is a warning that more dangerous epidemics could occur. Control of swamp water and insect-borne disease are also essential aspects of public health.

volves about \$3 worth of inconvenience, making the total cost \$6 per test, or \$6 million for the program. Hence an expenditure of \$6 million for the program would save 600 lives, at an average cost of \$10,000 per life saved."

A simple digital examination would be even cheaper, and a proctoscopic examination would cost \$30,000 per life saved. The only way to increase the rate of early detection of cancers, is to massively increase the number of people being examined.

Screening for non-cancer diseases

Probably the easiest and cheapest screening test is for hypertension, a test which can be carried out by paramedics (and now there are even automated procedures available). Outside of cancer itself, hypertension is one of those insidious diseases which is very widespread and for a long time will not show any symptoms that would cause the patient to see a doctor. When symptoms have developed, they are often so grave (cardio-vascular complications, kidney failure, etc.) that medical intervention may not be very effective any more. On the basis of a mass screening program which involves regular hypertension controls, millions of people with high blood pressure could be detected and given adequate medication.

Cohen estimates that the cost per life saved with a hypertension control program is \$75,000. This is, compared to other similar kinds of inexpensive tests, a lot of money, i.e., there are other costs to be considered, apart from screening, which arise in the successful treatment of the disease. One of the main reasons for this is that the established treatment with anti-hypertensive drugs is based on insufficient knowledge of the etiology of the disease, reflected in the fact that the cause of 99% of all cases of hypertension is unknown. Thus, hypertension is a prime example of the necessity for further basic biomedical research, which ultimately will lead to a massive reduction of the costs per life saved, based on screening for hypertension control.

Rescue helicopters

The development of trauma centers with a parallel operation of rescue helicopters has made it possible in highly populated areas to reduce the number of deaths from traffic accidents and other disasters significantly. The success of this is based primarily on the speed of transport from the site of the accident to the trauma clinic, which is, optimally equipped to save the victims. Dr. Cohen estimates the cost per life saved for using rescue helicopters to be \$65,000—less than must be spent in order to save a life in the hypertension control program.

Screening for eye defects

In the last couple of years, Marshall Space Flight Center in Alabama has developed a photographic test which can detect ocular abnormalities in many cases. The test, called

"generated retinal reflex image system," is intended primarily for the screening of elementary-school children. It exploits the "red-eye effect" that is caused by the reflection of light from the retina and is usually a nuisance in color portrait photography.

A color photograph of the eyes of the subject, taken with a normal 35-mm slide film, is examined for defects of the lens, cornea, anterior chamber, or retina. Given the simplicity of the equipment and the low price for each test (less than 30¢ per person), the procedure could prove very efficient to detect children with eye diseases and provide them with the necessary treatment.

Genetic testing

Regular tests on newborn infants to spot genetically caused diseases—the most frequent of which are those involving lack of an enzyme required in the metabolism of amino acids—can prevent the development of severe symptoms when a special diet is provided for the child.

Together with the rapid development of genetic engineering (especially the technique of growing monoclonal antibodies), such tests will provide the possibility of definite treatment of such genetic defects, but also the development of whole batteries of tests for diseases which are associated with genetic markers. The latest test that emerged out of this kind of research is one that could be used to determine whether someone is prone to heart attacks. The blood tests spots an abnormality in the genes frequently found among those suffering from coronary artery disease, which afflicts about 30% of the population, causing some 500,000 deaths annually.

Why screening is cost effective

Even by current methods for estimating medical costs, screening compares favorably to the costs of educating a skilled worker, a corporate executive, a scientist, etc., and with the productive output (based on GNP) per year per individual in the United States. We can calculate, based on 1983-85 figures from the U.S. Department of Education, that it costs \$39,000 to educate a skilled blue-collar worker; \$63,000 to produce an operative with three years of vocational training and a high school diploma; \$79,000 for a bachelor's degree; \$89,000 for a master's degree, and \$129,000 for a Ph.D. If these sums are spent to educate a person, isn't it "worth" spending an equivalent amount of money to keep that person alive?

With a systematic program in which all citizens are screened simultaneously for all potential illnesses, which a new technology like Nuclear Magnetic Resonance particularly lends itself to, screening program costs would drop significantly. Also, with the increased use of technologies like NMR, the price of such technology would drop considerably, further cheapening the fixed capital costs, while the efficient use of such a machine for mass screening would bring down operating costs.

Japanese elite hear strategic, economic dimensions of SDI

by Linda de Hoyos

On April 23, the cabinet of Japanese Prime Minister Yasuhiro Nakasone began a series of ministerial meetings for formal consideration of Japan's strategic participation in the United States Strategic Defense Initiative. At the first meeting, the Nakasone cabinet heard a report urging cooperation from the third and largest delegation to the United States to survey the SDI program, which had just come back from Tokyo. The Nakasone cabinet—which has internal disagreements on the SDI—is expected to pass out an affirmative answer on Japanese participation in the SDI.

As the Nakasone government was sitting down for its final deliberations on the most crucial strategic issue of the latter half of the 20th century, 180 members of Japan's elite from government agencies, the press, and the top-of-the-line Japanese corporations, were gathered at the Capitol Tokyu Hotel, at a conference sponsored by the Fusion Energy Foundation and the Schiller Institute. The topic: "The Strategic Defense Initiative: Its Strategic, Economic, and Scientific Dimensions." It is the assessment of many of the Japanese participants at the conference that the FEF-Schiller event will have a "major impact"—positively—in determining the view toward the SDI among Japan's leaders, and in shaping the consensus-making process that could lead to the full strategic commitment from Japan to the SDI.

Since 1983—aside from discussions with President Reagan, Secretary of Defense Caspar Weinberger, and SDI program director Lt.-Gen. James Abrahamson, and private briefings by the Fusion Energy Foundation—Japanese military, government, and business officials have been treated to conflicting explanations of the SDI and its feasibility. A concerted effort has been made to present the SDI as the High Frontier program of Kinetic Kill Vehicles, which, compared to beam weapon defense systems, are both grossly inadequate militarily and costly.

The Japanese have also faced constant equivocation coming from both the State Department and Pentagon bureaucracies. Most recently, Assistant Secretary of Defense Richard Perle arrived in Tokyo on the heels of Weinberger's early April trip to Japan. Perle, who operates on behalf of the Israeli Mossad-linked Jewish Institute of National Security Affairs, was caught red-handed by this news



NSIPS/Carlos de Hoyos

Lyndon LaRouche visits a high-energy physics laboratory in Tsukuba City, Japan.

service telling Japanese officials that the SDI may not continue past 1988. This news had the desired effect, from Perle's treasonous standpoint, of "chilling" Japan's commitment to the SDI.

The FEF-Schiller Institute conference went a long way to clearing the air, and giving Japan a full political and scientific overview of the role that SDI can and must play in bringing humanity into the 21st century.

As Lyndon LaRouche stated in his speech read at the conference, under conditions in which the populations of the allied nations are mobilized to solve problems on the frontiers of science associated with the SDI, "We shall accomplish the desired victory of strategic defense over thermonuclear offense, and shall also solve the principal non-military strategic problems of our planet." The presentations at the conference, by American, European, and Japanese representatives proved the point.

The strategic crisis

The two-day conference opened on April 22, by showing that the SDI is required to counter the growing threat from the Soviet Union. Col. Molloy Vaughn (USA-ret.) and French Army Gen. Revault d'Allonnes (ret.) showed that in both the Asian and European theatres, the Soviets have vastly increased their military capabilities, while those of the United States and its allies have undergone a steady erosion. In Western Europe, General d'Allonnes informed the audience, the Soviets are building a first-strike capability. From the floor, a leader of Japan's military further noted that the Soviet claim that they are not carrying out their own beam weapon

defense program is "pure disinformation." The Soviet offensive and defensive military build-up constitutes the gravest threat from Russia to Japan since World War II.

With this strategic crisis fresh in everyone's mind, Kevin Zondervan, manager of the Concept Analysis Department of the Aerospace Corporation in California, presented a detailed overview of what a beam weapons defense system requires and where the current SDI research stands. The first morning's panel was concluded by Professor Makoto Momoi, of the Yomiuri Research Institute, who issued an urgent call for Japan's participation in the SDI. "Every day that Japan does not participate in the SDI, is another day lost" in working to counter the Soviet threat, he said. "We must make a strategic decision to join the SDI based on the strategic realities that we face."

The afternoon panel ended with a similar call by Ozeki Tetsuya, of Jiji Press and the Japan Research Institute, this time motivated by the derivative economic benefits of the SDI. Friedwardt Winterberg of the Desert Research Institute, Dr. John Cox, a laser specialist from the University of Florida, FEF director of research Uwe Henke v. Parpart, and FEF European director Jonathan Tennenbaum informed the audience of the economic spin-off potentials of the SDI. The SDI will not only produce new products and industrial techniques. The SDI, explained Winterberg, will create "super-technologies," new arrays of technologies that will allow humanity to explore the universe and change it in ways we cannot imagine now.

"We are at the verge of the greatest technological revolution in mankind's history," LaRouche's speech empha-

sized. As both Tennenbaum and LaRouche pointed out, this revolution will produce a 100-fold leap in the energy-flux density of technologies. The SDI is the solution to the most critical problem in the U.S. economy, Henke noted—the fact that productivity of U.S. industry has not increased since 1972!

Henke further noted that it is the economic potentialities of the SDI the Soviets most fear. The Soviet economy, and Soviet society in general, are far less capable of realizing the economic spin-offs of beam weapons, than the United States and Japan.

Given the giant strides in science and technology represented by SDI, Mr. Ozeki noted, it is not enough that Japan become a mere commercial partner in the SDI—as West Germany has decided to become. Such a decision would limit Japan to being a subcontractor or producer of components. Japan must enter the SDI as a full strategic partner, enabling Japan to get in on the “bottom floor” of the scientific breakthroughs achieved. This was later seconded by panel speaker Dr. Nobuki Kawashima, of the Aeronautics Institute of Tokyo University. The parallel developments in space and energy research, Kawashima said, will be crucial for bringing about full Japanese participation in the SDI.

The consensus of the Japanese participants was that Japan has the ability to make unique contributions to the SDI, particularly in the fields of command and control; communications; management; and logistics. Dr. Cox, who had visited the Osaka Laser Engineering Institute on April 21, noted that the United States has very little to teach Japan in research and development, perhaps only in the field of diagnostics. Japanese full-scale participation in the SDI will shorten the research time for deployment by a full two years, Henke asserted.

Mutually Assured Survival

The experience of World War II, noted Professor Sakata of the Tokai University, on the second day of the conference, has made it very difficult for people in Japan to speak out on the subject of the SDI. Indeed, the SDI goes to the heart of the crucial problems that remain outstanding from that war, as stated in a speech by West German leader Helga Zepp-LaRouche read to the conference. “One problem, which has certainly befallen most Western nations today,” Mrs. LaRouche said, “is that after the Second World War, we did not succeed, or were only partially successful, in restoring the respective souls of each of our various nations. We have accomplished an enormous amount in terms of conquering technological progress and rendering it useful—and Japan certainly deserves first place in this respect. And yet, the West as a whole seems to have lost something; in part, this is rooted in the mistakes of Allied occupation policy, especially in the Federal Republic of Germany.

“What we need today, more urgently than anything else, is a universal ethical renewal: nothing less than a complete reversal of the process of moral degeneration which has been

under way in Western Europe and North America since approximately the mid-1960s. It is urgent that we introduce the cultural paradigm shift necessary for achieving the total transformation of our thinking; for this is the precondition for realizing the Strategic Defense Initiative, and for passing beyond the barbaric phase of human history.”

How the war was won but the peace lost in World War II was the subject of the speech by Webster Tarpley, a Contributing Editor of *Executive Intelligence Review* and also a candidate for the U.S. Senate in New York, who gave a full exposition of the two factions of American foreign policy. The republican faction is represented by Lyndon LaRouche and Gen. Douglas MacArthur, for whom national development and sovereignty are the keystones of foreign policy, and who would define policies to build up American allies. The other is that of the Harriman faction in the United States, the faction that politically destroyed MacArthur, which follows the British System model of imperialist geopolitics, which carves up the globe into two imperial dominions, the one from the West, the other from Moscow. It is this latter faction, that has struck a deal with Moscow to prevent the U.S. SDI program from going forward.

The Japanese people have to understand, said Professor Sakata, that the SDI represents a change in doctrine from Mutually Assured Destruction—used to terrify the world—to Mutually Assured Survival.

Both Gen. d'Allonnes and Takeo Sasagawa of the Sankei Shimbun asserted that the SDI allows the smaller countries to defend themselves. Western Europe has been impotent in the face of the Soviet build-up, said d'Allonnes, but the SDI now gives the European nations the ability to defend themselves individually and collectively. Sasagawa noted that the basic philosophy of the SDI is Mutually Assured Survival. If Japan and other nations do not join the SDI, the achievement of a strategic defense program by the two superpowers would still be problematic for other nations.

By overturning MAD, the SDI implies, Gen. d'Allonnes told the audience, the creation of a grand alliance of republican nation-states against the Soviet empire.

It was at this point that rumblings from the Soviets in the audience erupted into a growl. To the disbelief of all present, the Soviet science attaché present declared that Russia is using technology only for peaceful purposes, and that any statements to the contrary are just hype from the U.S. military. He railed against the SDI as a plot to “militarize science” and make the United States militarily superior to the Soviets, which Moscow will not allow.

The Soviet attaché had no answers to the question posed by the FEF's Henke in reply—namely, why has the Soviet Union consistently refused the offer for joint and parallel development of the SDI that has come repeatedly from President Reagan and Defense Secretary Weinberger?

Undoubtedly unbeknownst to himself, such ravings served to underline the urgent necessity for Japan's commitment to the U.S. beam weapons defense program.

The revolutionary impact of the SDI on the growth of the world economy

by Lyndon H. LaRouche, Jr.

The following paper was presented to a conference on "The Strategic Defense Initiative: Its Military, Economic, and Scientific Dimensions," cosponsored by the Fusion Energy Foundation and the Schiller Institute in Tokyo April 22-23.

Twenty-four years ago, Soviet Marshal V. D. Sokolovskii wrote his shrewd insight into the flaws of the U.S. ballistic missile defense program then being developed. He foresaw, that high-speed interceptor rockets, and related kinds of so-called kinetic-energy weapons, could never provide an effective kind of strategic defense against ballistic and guided missiles. He foresaw, that only by using what he described as "advanced physics principles," such as laser-weapons, could defense obtain the superiorities in firepower and mobility needed to supersaturate a strategic thermonuclear offense.

Today, although the United States and others are studying the reasons why a system of kinetic-energy weapons is unworkable, we know that the usefulness of such a system is limited to an auxiliary role in ground-based point defense. Yet, stubborn defenders of kinetic weapons systems argue, that their systems could be successful, provided computer-software problems are solved. If one attempts to develop a computer, to cause rabbits to lay chickens' eggs, and the computer programmers' efforts fail, we should not describe this failure as a computer-software problem. No matter how good the computer systems of battle-management might be, a Soviet offense would have at least a three-to-one advantage in firepower and mobility over any kinetic-energy approach to SDI. It is a matter of physics principles, that a strategic defense based upon what are called "new physical principles" will have at least a 10-to-1 superiority in firepower, mobility, and cost, over a ballistic-missile offense.

Therefore, in speaking of a method of defense against thermonuclear offense, we must limit our attention to the workable forms of defense. I shall limit my remarks here, to indicating the way in which the technologies required for that sort of defense will cause a tenfold or greater increase of the productive powers of labor over the period of approximately the coming generation.

When I proposed a strategic defense mobilization, during 1982, I emphasized to both my government and friendly relevant institutions outside the United States, that strategic

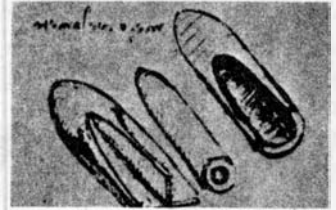
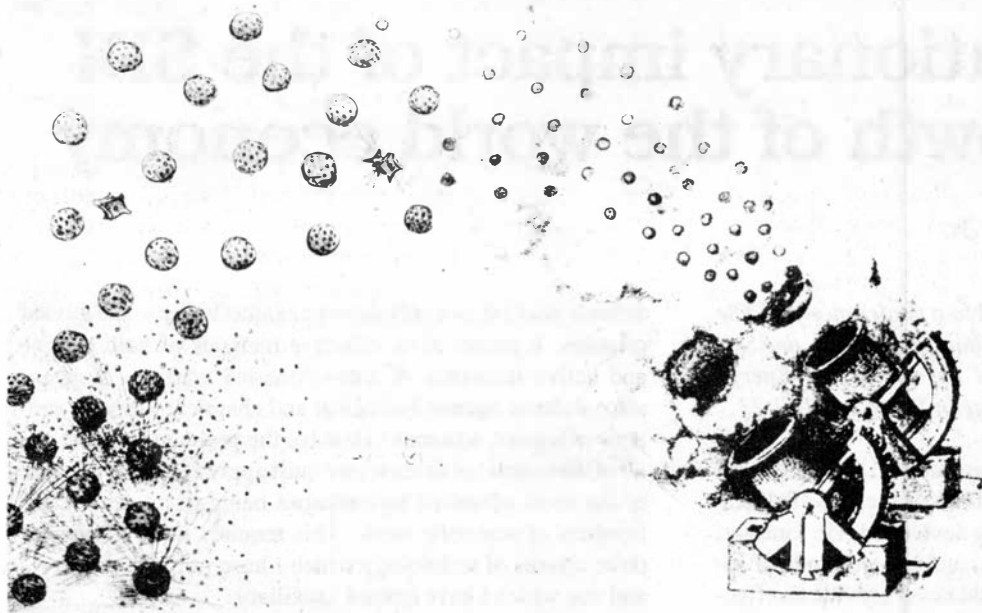
defense must be, not only defense against ballistic and guided missiles. It means also, effective methods of both passive and active measures of anti-submarine warfare. It means also, defense against biological and chemical forms of strategic offensive weapons. To solve the problems in each and all of these areas of defense, we must apply a certain spectrum of the most advanced technologies being developed on the frontiers of scientific work. This requires us to emphasize three classes of technology which I have termed "primary," and one which I have termed "auxiliary."

The frontiers of physics today, are dominated by the exploration and development of three primary areas of technology. The first, is the mastery of organized plasmas with very high energy-density cross-sections, including the development of fusion as a primary energy-source. The second, is the mastery of pulses of very coherent forms of electromagnetic radiation, merely typified by the development of lasers. The third is the emergence of what is called either optical biophysics or "non-linear spectroscopy"; this is a new direction in biological and related research, carrying us way beyond the inherent limitations of so-called biotechnology.

The attempt to master use of these three primary technologies requires rapid improvements in the development of

The increase of national income caused by introducing new technologies into the civilian economies, would add far greater wealth to the nation than the costs of strategic defense.

computer technology. These improvements represent the most important of the auxiliary technologies required for effective strategic defense. For both military-defense and for production generally, we require dedicated computer-modules in the megaflop range; this requires a crash program in development of what is called "parallel processing." Digital computers are inherently defective devices, for treating the kinds of large-scale non-linear processes associated with use of the



The first scientist to establish principles for the use of firearms was Leonardo da Vinci, who situated firearms in terms of applying projective geometry to define fields of fire of offense and defense. By examining the effects of improvements in firearms, in terms of the geometry of fields of fire, we see that certain important changes in warfare occurred, but without changing the basic principles examined by Leonardo. Shown are some of Leonardo's drawings of bombardment and designs for exploding projectiles.

three primary technologies indicated. To overcome this difficulty, we require new species of analog-digital hybrids, incorporating analog modes of solving non-linear functions of differential geometry. At the same time, we must replace the now-traditional computer-systems architecture prescribed by John von Neumann, adopting new architectures, of a sort suited to applications of new types of analog-digital hybrids.

I shall refer briefly to the military applications of these technologies, and then concentrate upon the spill-over of these technologies into the world economy generally.

Without going into areas of discussion which might be official secrets, I shall identify the best thinking among U.S. professionals associated with SDI development.

Unless the Soviet command were to perceive that the United States lacked the will to honor its European and Pacific commitments to defense of its friends, the Soviet command would never engage its own national forces directly in a limited "conventional" or "nuclear" assault. Under all other circumstances, a Soviet direct assault on an ally of the United States would occur only as a subsidiary feature of a full-scale thermonuclear assault against the United States itself. This is Soviet military doctrine, and is also the direction of rapid current development of Soviet military and related capabilities. We may abhor the Soviet motives, but their military doctrine is a highly rational one, in the tradition of 19th-century German military science. Therefore, knowing Soviet doctrine and capabilities, we are able to foresee more or less exactly the kind of problem which strategic ballistic missile defense must master.

Any Soviet-launched nuclear war, will begin with a full-scale, first-strike attack against the United States, with simultaneous attacks upon the friends and allies of the U.S. This means that strategic defense must be capable of inflicting destruction upon a very high percentile of 3,000 to 5,000 Soviet missiles and their warhead complements. We must anticipate 3,000 to 5,000 targets for missile defense in the launch and boost phase, and must also be prepared to detect and destroy Soviet war-heads from among 30,000 to 50,000 objects detected in the mid-course range of war-head deployment.

Kinetic-energy weapons are incapable of dealing with the problems of the mid-course range. Therefore, theoretically, kinetic-energy weapons must be assigned to intercept missiles in their boost phase. For obvious reasons, this indicates launching of interceptor devices from low-orbiting platforms, such that the entire strategic defense would be easily destroyed by existing Soviet technologies, immediately prior to launch of thermonuclear missiles. For these and other reasons, a kinetic-energy mode of space-based defense is unworkable.

Effective defense against missiles means, chiefly, destroying flotillas of missiles and warheads by saturating the "windows" through which their trajectories must pass, with such means as x-ray-laser bursts, or by enhanced-radiation devices which neutralize warheads by such means as adequate densities of neutron fluxes. It requires lasers and so-called particle-beam weapons, to deal with those missiles and warheads which are not destroyed in the windows of coincident trajectories. The firepower and mobility of such

defensive weapons is greater, by four to five orders of magnitude, than kinetic weapons. Taking into account combined factors, of firepower, mobility, and costs, we can fairly estimate that the defense has a 10-to-1, net superiority over the missile offense.

Many techniques for deploying beam-weapons have been discussed, including the techniques of strategic defense which my associates and I first proposed during 1982. During my discussions with French military officials in 1982, those officials asked me, if it were not true, that what I was really proposing, was not any single set of defensive systems, but rather that I was projecting very high rates of technological attrition in defensive systems over the decade ahead. I responded, that the French military's assessment of my proposal was the correct one. As rapidly as one set of defensive weapons-systems is deployed, work will begin, to develop effective countermeasures against such systems. To overcome those countermeasures, improved defensive systems must be deployed. The basic scientific principles of beam-weapon defense will remain the same for a long time to come; but, just as automobiles have changed again and again, without yet replacing the architecture of the internal-combustion-engine-powered vehicle, defense means the deployment of new, improved models of defensive systems during each two to five year interval over the decades ahead.

The case of modern firearms, is a comparable case of technological attrition. The first scientist to establish principles for the use of firearms was Leonardo da Vinci; the revolution in warfare based on use of breech-loaded firearms, was first proposed by Leibniz. The work of Leonardo and, later, Leibniz, situated firearms in terms of applying projective geometry to define fields of fire of offense and defense, as this doctrine was elaborated in France over the period from Vauban through Gaspard Monge's work. Up until the introduction of new physical principles to warfare, during the recent half-century, the technology of warfare was based upon the effects of improved types of firearms, with no change from the basic principles examined by Leonardo and Leibniz. By examining the effects of improvements in firearms, in terms of the geometry of fields of fire, we see that certain important changes in warfare occurred, but without yet changing the basic principles of firearms in general. Over the coming decades, changes in the designs of particular kinds of beam-weapons, will mean changes in the characteristics of fields of fire, for both the offense and the defense; but, the basic principle of design of defensive systems will remain generally the same.

The economic feasibility of the SDI

Since competent strategic defense requires high rates of technological attrition, the most critical feature of my 1982 proposal for a U.S. strategic defense initiative, was my assessment of the economic feasibility of sustaining the costs

of such a defense policy. In general, a few, but not most of the military features of my proposal were not original to me. The Soviets have been committed to their own version of SDI since 1962, and have made rapid progress in developing such weapons-systems since approximately 1970-71. Maj.-Gen. George Keegan proposed that the United States develop a beam-weapon defense program, back during the middle of the 1970s. The unique feature of my proposal, was my demonstration that such a program could be maintained at virtually no net increase of costs of military expenditure. The critical point in my argument, has been that the increase of national income caused by introducing new technologies into the civilian economies, would add far greater wealth to the nation than the costs of strategic defense expenditures.

The starting-point of my economic analysis is not unfamiliar to Japan. My standpoint is broadly identical to that of such exponents of the American System of political-economy, as Alexander Hamilton, the Careys, and Friedrich List. My opponents among economists therefore label me either a "mercantilist" or a "neo-mercantilist." The basis for my own contributions to economic science, is the principles of physical economy first developed by Leibniz. My only original contribution to economic science, is my use of the work of Bernhard Riemann to solve the problem of correlating measurable advances in technology with resulting rates of increase in the productivity of labor. It was this contribution, which has been at the center of my proposals for a U.S. strategic defense initiative. It is this connection, between the new technologies of SDI, and increase of productivity in the economy generally, to which I turn your attention.

In brief, the functional connection between technological progress and productivity, is demonstrated by comparing the potential population of so-called primitive society, of about 10 million individuals at most, with the present population, approaching 5 billion. This increase is due entirely to those kinds of modifications in human behavior, which the past 500 years history associates with scientific and technological progress.

We can sum up the results of economic science, by stating that the possibility of increasing the potential population-density of humanity, depends upon conducting technological progress in an energy-intensive, capital-intensive mode. This means, that the amount of usable energy per-capita and per-square-kilometer must be increased; it also means, that the portion of work allotted to capital improvements in land and work-places, must increase as a percentile of total work. For example: Without development of infrastructure, and without increasing rates of capital investment per operative, no nation is capable of sustaining technological progress in agriculture and industry.

By "economic science," we mean economic science as defined initially by Leibniz. Instead of simply "economic science," we might use the term used to describe the teaching

of Leibniz's economic science in German universities during the 18th and early 19th century, "physical economy."

It may be recalled, that Leibniz's founding of economic science was begun with Leibniz's study of the principles of heat-powered machinery. Leibniz's principles of physical economy, introduced to the United States by Benjamin Franklin and others, form an essential and integral part of what became known as the American System of political-economy. The further elaboration of Leibniz's principles, from the vantage-point of the 19th-century work of Gauss and Riemann, is indispensable to advancing the level of the American System of political economy beyond the level of advancement accomplished by Friedrich List and Henry C. Carey. This further elaboration of Leibniz's principles of

Perhaps the best way of demonstrating the impact of SDI technologies on the economy, is by considering the application of these technologies to the colonization of the Moon and Mars.

physical economy, permits us to define the strategic economic impact of SDI technologies with reasonable precision.

Two propositions were central to Leibniz's definitions of economic science. First, Leibniz examined the correlation between increasing the quantity of heat-power supplied to a machine, and the resulting increase in per-capita output of operatives. Second, Leibniz considered the special case, in which two heat-powered machines, each employed for the same quality of work-output, and each consuming heat-power at the same rate, nonetheless resulted in greater rates of output from the one machine, than from the other. The difference in the internal organization of the latter two machines, introduces the idea of "technology." In other words, the definition of "technology" emphasizes the effect of the internal organization, of a machine or of an analogous process. This assumes, that there is some way of defining the notion of internal organization of machinery's design, so that a directed increase of some form of organization, is, in itself, a cause for an increase in the rate of physical output of the operative.

To define the mathematical principle indispensable to measuring "internal organization" of machinery, or of analogous sorts of processes, Leibniz specified his geometrical Principle of Least Action.

Comparison of the historical changes in productivities of assorted national economies, provides us a clear experimental illustration of the functional interdependency of increases

in energy-throughput and technology. Provided that we recognize, that building of basic economic infrastructure, and of improvements in land, have the same general significance as investments in the machinery, tools, and equipment of production, we can readily show that there are four principal factors correlating with increase of the productive powers of labor:

- 1) The amount of production of capital goods, must increase relative to production of households' goods.
- 2) The amount of usable energy supplied must increase, both per capita and per square kilometer.
- 3) The modal energy-density cross-section, and the relative coherence of energy supplies must be increased.
- 4) Technology, as Leibniz defined technology, must be advanced.

In the history of iron and steel production, for example, the increase of productivity of labor has proceeded by leaps. Each leap is associated with either an improved type of fuel, or an improved method of combustion of fuel. Today, we have two options before us. On the one side, we have new modes of steel-making, already developed, but yet to be introduced into production generally; these are associated with methods of combustion of a notably increased energy-density cross-section. On the other side, we are entering an age in which ceramics will displace steel. The production of ceramics means production at a substantially increased energy-density cross-section, and requires rapid development of the application of lasers as integral parts of machine tools for working of ceramic castings. We can foresee, that over the period ahead, we shall be emphasizing energy-density cross-sections sufficient to transform material into a plasma state, such that methods of controlling energy-dense plasmas now being developed in connection with thermonuclear fusion, will play a crucial role in primary modes of production.

The coming technological revolution

We are at the verge of the greatest technological revolution in mankind's history. This revolution will be based on greatly increasing the volumes of usable energy, both per capita and per square kilometer, with emphasis on leaps in the levels of energy-density cross-section, with increasing emphasis on the electrohydrodynamics of the plasma process, on the role of coherent forms of electromagnetic pulses in production, and on new qualities of robotics, by means of which operators will be enabled to control production processes of such energy-dense characteristics.

Perhaps the best way of demonstrating the impact of SDI technologies on the economy, is by considering the application of these technologies to the colonization of the Moon and Mars.

The establishment of artificial, habitable environments on Mars, and the need for continuously powered flight by flotillas, at one-gravity between Earth-orbit and Mars-orbit,

requires the technologies of controlled thermonuclear fusion, of coherent electromagnetic pulses of very high energy-density self-focusing effects, and of optical biophysics. It also requires dedicated types of parallel-processing computers in the megaflop range. We shall be greatly advantaged to have analog-digital hybrids of the quality indicated. If our planet undertakes such a colonization program seriously, we could begin colonization of Mars during the third decade of the coming century; such a target has already been recommended by the U.S. National Commission on Space.

Obviously, if it is feasible to establish colonies on Mars, it is a much easier task to apply the same technologies to such tasks as developing rich agro-industrial complexes in the middle of the great deserts of Earth. It is even cheaper, to revolutionize the design of new qualities of cities in the more agreeable climates of Earth. With these technologies, the Earth's food-supplies can be produced far more cheaply, more abundantly, by energy-intensive industrial-process methods, aided by applications of optical biophysics.

The connection between the technologies of an SDI system and space-colonization technologies, is so immediate, that the research and development for the one is nearly identical with that for the other. If we could be certain that such technologies could be caused to spill over rapidly, from the military and space-engineering fields, into production generally, we can safely estimate that the productive output of an average operative could be increased by more than tenfold over a period of between one and two generations ahead. In general, we may say, that the firepower and mobility which certain technologies contribute to military capacities, correlate with the increase of productivities in the civilian domain.

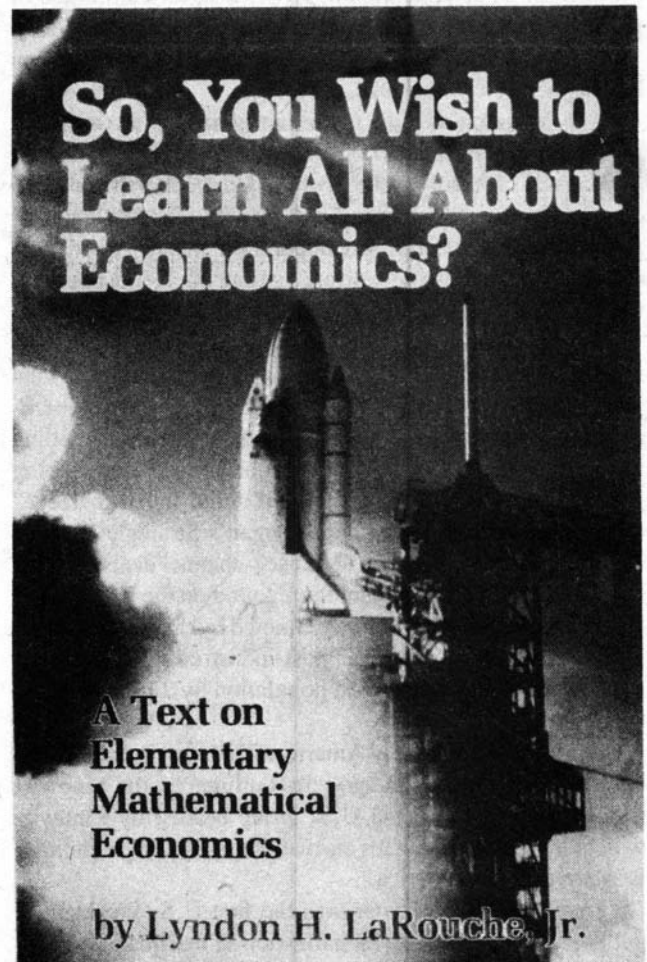
Therefore, the central practical question to be confronted by governments and industries in connection with SDI, is the question of assuring ourselves that this desired kind of spill-over of technologies into the civilian domain does occur.

Technology is transmitted into production chiefly through improvements in the technology of capital-goods produced. The greater the rate of advancement of technology in capital goods produced, and the greater the rate of investment in capital goods per-capita, the greater the rate of increase of productivity generally. Thus, the build-up of the capital-goods sector, for SDI and space development, is the most efficient mechanism by which such technologies are transmitted directly into the civilian domain. It is merely necessary to build up these new capacities on a scale significantly greater than that required for SDI and space requirements, and to cause the excess capacity to spill over rapidly into capital-goods for civilian production.

To ensure that this desired success occurs, we must adopt the policy of increasing greatly the percentiles of employment devoted to scientific and engineering occupations, while increasing significantly the percentile of national output devoted to capital goods production and infrastructure building.

A target of not less than 10% of the national labor-force employed in relevant science and engineering occupations, and a doubling of present percentiles of national incomes allotted to capital-goods and infrastructure, would be a good choice of targets for the coming 10 years. We must shift employment away from emphasis upon non-scientific services and redundant administrative and selling functions, moving these percentiles of the labor-force into either science and engineering, or capital-goods production. This requires obvious adjustments in educational policies, and also in policies governing priorities in preferential tax-rates and in flows of credit.

On condition that we inspire our populations, to associate personal achievement with contributions in these directions, and that we educate our populations to cope with the new technologies I have indicated, we shall accomplish the desired victory of strategic defense over thermonuclear offense, and shall also solve the principal non-military strategic problems of our planet. If we adopt the proper policies, the creative powers of many millions of scientists and individual operatives will do the rest.



Trilateral panel talks up legalizing the dope trade

by Gretchen Small

As Ibero-American representatives meeting in Rio de Janeiro proposed to crush the drug trade by arresting bankers who profit from it, in Washington, D.C., a select committee of those bankers and their supporters, issued a proposal for an "alternative" to winning the War on Drugs in the Western Hemisphere: Legalize dope.

The recommendation is contained in the just-released 1986 *Report of the Inter-American Dialogue*, a group of "concerned citizens" of the Western Hemisphere headed by Xerox Corporation founder, Sol Linowitz. The Dialogue report, entitled "Rebuilding Cooperation in the Americas," outlines a new phase of warfare against the Hemisphere by the international narcotics syndicate, "Dope, Inc."

The cream of America's Liberal Establishment form Linowitz's "concerned citizens" group, together with the men who implement policy for the Liberal Establishment in Ibero-America. They are the same Establishment leaders, including many from the Trilateral Commission elite policy-making group, who can be found at the head of the "nuclear freeze" movement, opposing President Reagan's Strategic Defense Initiative, because it upsets their back-channel deals with the Soviet Union. The same names are found on the list of sponsors of the Global 2000 policy promoted by the Carter administration, the plan to create a "post-industrial society" which reduces the world's projected population by 2 billion by the year 2000.

In essentials, the Inter-American Dialogue's recommendations merely update the policies outlined by the Linowitz Commission in 1976, the U.S. group headed by Linowitz which drew up the policies carried out by the Carter administration in Latin America.

President Jimmy Carter was the first U.S. President to publicly endorse the decriminalization of marijuana, to consider such action for cocaine, and to advocate the legalization

of heroin. With "Dope, Inc." running Washington, turning the Ibero-American economy into an industrialized cocaine machine—producing, shipping, and laundering the proceeds from the trade—came easier. While the dope trade grew, the International Monetary Fund moved in to run the economies of the region, and the Trilateralists and Jesuits invited the Cubans and the Soviets to join their "insurgencies" in Central America. Cycles of war and insurgency in Central America are crucial to Global 2000's population reduction program, Carter administration officials stated, because it is the young, child-bearing-age population that will die.

Ten years later, the new Linowitz commission again proposes minor variations on International Monetary Fund policies, urges that Ibero-America's military institutions be weakened, and demands that the Soviet Union have a say in Western Hemisphere affairs, using Central America as a bargaining chip in U.S.-Soviet global negotiations.

Opening the door to drug legalization in the Western Hemisphere, however, is the key to the whole package. Six months ago, leaders of the drug lobby in the United States reported to investigators they had set out to achieve one objective before the end of the second Reagan administration, to revive discussion of drug legalization as a "legitimate" option. Reagan's promise to carry out a War on Drugs had destroyed all the advances the drug lobby achieved under Carter, these sources complained.

The key to reversing the anti-drug sentiment which swept the United States under Reagan, drug-lobby strategists argued then, is to present dope as too formidable an enemy to beat. Linowitz's 1986 Inter-American Dialogue Report signals that the Eastern Establishment elite has decided that now is the time to implement that strategy.

The Dialogue's Report hammers away at how difficult *defeating* the narcotics business will be, until they arrive at

their desired conclusion.

The war against narcotics in the Hemisphere will be long and difficult. . . . The problem will persist for some time to come, and we had best prepare ourselves for a long battle. . . . Waging the war on drugs costs money. . . . Readiness to explore fresh approaches, including some not now on the political agenda,

is needed, says the Report. A regional body is proposed,

to explore new approaches. Because narcotics is such a formidable problem, the widest range of alternative approaches must be examined, including selective legalization. It may be useful, for example, to consider policies that distinguish between the damage caused by the use of narcotics per se, and the harm that results from the illegality of drugs.

The report acknowledges that legalization could lead to at least 60 million people using cocaine in the United States, and protests that its members "are well aware of the risks of making dangerous drugs available legally, and are not ready ourselves to advocate it." That fig leaf attached, the report then continues to push legalization. It is a study in sophistry.

Because narcotics are illegal, and because of the enormous profit to be made from them, crime and corruption are inevitably associated with drug abuse. . . . Drug addiction is a tragedy for addicts. The illegality of drugs, however, makes the damage greater for both the addicts and the societies of the Americas. Addicts must deal with criminals, and hence run the risk of death from contaminated drugs. Society suffers from the crimes committed to finance drug habits. And Latin America and the United States are wracked by the corruption and organized crime associated with illicit drugs.

If selective legalization of drugs could reduce the enormous profits derived from drug trafficking, it would decrease vice and corruption. It might also shift demand away from *the most harmful drugs* [emphasis added].

To sustain the argument, narco-terrorism, the integrated underworld which threatens civilized life in the Americas, is dismissed briefly. "Drug criminals and anti-government guerrillas often cooperate with one another. *In a few cases,*" they state, "the guerrillas themselves are involved in the narcotics trade. *More typically,* traffickers and guerrillas operate in the same regions, distant from national capitals and beyond the control of central governments—the common enemy against which they are tacitly allied [emphasis added]." Thus swept away by the Dialogue's members is the M-19's assassination of half of Colombia's supreme court in November 1985, on behalf of the cocaine kings.

The bottom line on narcotics for the Dialogue, however, is profits.

The argument is an old one. In 1923, British Lord Inchcape, of P&O Steamship, authored a report for the League of Nations, which argued that the opium trade must be kept legal, in order to "protect the revenues" of the British colonies, so that they could continue to meet debt payments to the British Crown.

"Waging war on drugs cost money," argues the Dialogue, a statement with as much meaning, as, say, the statement, "wearing clothes costs money." The Report then continues:

More important, it will inevitably result in the loss of jobs, income, and *foreign exchange* that the drug trade provides, unless legitimate economic growth provides a decent alternative. . . . To curtail drug production is to destroy the livelihoods of tens of thousands of people, to cripple local economies, and to foment political opposition. Moreover, although only a small fraction of drug profits return to producing countries in Latin America, *the amounts are substantial for strapped economies carrying large burdens of external debt.* In Peru, repatriated drug profits of an estimated \$600 million represent 20% of official export earnings [emphasis added].

Loss of jobs from a war on drugs? Cripple the economy? For 10 years, Dope, Inc. has seized control of ever larger chunks of the Ibero-American economies. Money-flows through Ibero-America have increased with the cocaine boom, but production of real wealth has collapsed to levels of the early 1960s, but which today must sustain a much increased population. Millions more Ibero-Americans are starving than ever before. Credits and inputs have shifted from food production, into the ultimate "cash crop," narcotics. Where governments have successfully raided marijuana plantations, such as those in Chihuahua, Mexico, or the enormous cocaine laboratories in the jungles of Peru and Colombia, no colonies of well-to-do peasants have been uncovered, but slave labor camps, where the local populations, including young children, have been impressed into labor for the mafia.

Like the description of the "tacit alliance" between "guerrillas" and the mob, the Inter-American Dialogue's picture of life in a narcotics economy is a lie.

The jobs that might indeed be lost in a serious war on drugs, are their own. Signing the report are the cream of the Eastern Establishment: Trilateral Commission members McGeorge Bundy, Robert McNamara, Cyrus Vance, and Elliot Richardson; corporate "leaders" such as Ralph Davidson, chairman of Time, Inc., Ford Foundation President Franklin Thomas, IBM's Ralph Pfeiffer; and politicians such as Arizona Gov. Bruce Babbitt and San Antonio, Texas Mayor Henry Cisneros.

"Each member subscribes to the report's overall content and tone, and supports its principal recommendations," states the preface to the report, "except as noted by individual

statements appended to the text." Not one member of the group objected to the report's arguments on narcotics.

Represented on the Commission are the top rosters of Dope, Inc.'s banking houses: the chairman of Marine Midland Bank, John Petty; Chemical Bank's Terence Canavan; co-chairman of First Boston International, Pedro-Pablo Kuczynski, who served as energy and mines Minister in Peru under Prime Minister Manuel Ulloa in 1980-82. Mexican "industrialist" Augustin Legorreta used to be a banker, until Mexican President José López Portillo nationalized the banks.

Leading supporters of liberation theology signed the Dialogue's call. Father Xabier Gorostiaga, a Panamanian Jesuit now working for the Sandinista government in Nicaragua; and the Chase Manhattan bank board member who coordinates the "American Heresy" within the Catholic Church from his post as president of Notre Dame University, Theodore Hesburgh. Panama's Catholic Archbishop Marcos McGrath also signed the report without qualification.

Latin American representatives on the Commission include men whose careers soared in their countries, because of the pro-drug atmosphere in Washington under Carter. Men like Panama's Nicolás Ardito Barletta, the former President of Panama who quit his post in September 1985, rather than defend his nation from the International Monetary Fund. For more than a decade before, Barletta had overseen the operations of Panama's off-shore banking center. Also signing is Rodrigo Botero, the Colombian banker who as finance minister in the presidency of Alfonso López Michelsen created the so-called "sinister window" at Colombia's central bank, which allowed drug money to be deposited, no questions asked.

Counter to the LaRouche plan

Under the 15-point Anti-Drug War Plan drawn up by U.S. presidential candidate Lyndon LaRouche, each of these men could be arrested and tried, for serving our nations' enemies, during time of war. Legalization advocates serve as the fifth column within, undermining the fighting morale of the governments of the region (see box).

LaRouche's proposals for the Americas were the unspoken agenda item of the Dialogue—in fact, its reason for existence. Linowitz established the Dialogue group in 1983, in an attempt to hold together traditional channels of power between the American blue-bloods of Dope, Inc., and their Ibero-American "colonies." The self-assigned task of the Dialogue's participants, calling themselves the "moderate and pragmatic leaders" of the continent, was to determine the priorities and options for action by the nations of the hemisphere, so that no patriotic movement could break the dope bankers' control.

U.S.-Ibero-American relations had suffered their most profound crisis in decades in 1982. U.S. support for Great Britain's colonialist adventure against Argentina in the Malvinas War, violated U.S. treaty obligations with its American neighbors. The debt crisis followed immediately upon the

Malvinas, in August 1982, with the United States insisting that support for the International Monetary Fund be the test of any nation's alliance with the United States.

As Ibero-America's elite considered the effect of U.S. policy upon their historic relations with that nation, LaRouche proposed a strategy for Ibero-America to both defend itself, and tip the scales against the Soviet-allied Liberal Establishment within the United States itself. Written in July 1982, LaRouche's pamphlet, *Operation Juárez*, demonstrated how Ibero-America could rapidly become an economic and political superpower for Good within the world, by forming a science-driven common market. Political will and audaciousness, LaRouche argued, are the only ingredients lacking for such a strategy.

Operation Juárez created a powerful counter-faction in the Americas, which looked to LaRouche's forces in the United States to help them clean Dope, Inc. and the Soviets out of the Hemisphere. In 1983, the "Linowitz Commission take two" was hurriedly created to defend the sway of the banker's pragmatic "Protestant ethic," against the threatened outbreak of optimism about Ibero-America's potential for "greatness."

Soviets, yes; national defense, no

The economic proposals of *Rebuilding Cooperation in the Americas* provide an element of humor. After all, there is a certain irony created when Chicago University's Nicky Barletta, or "PPK," as First Boston's co-chair Kuczynski likes to be called, sign a statement warning that "democratic governments should be helped to overcome their tough economic problems, not taught lessons about particular economic orthodoxies."

The debt crisis has not passed, the Dialogue acknowledges. Nor have the economies in the region recovered from the depression levels to which paying the debt has reduced them. And the Dialogue proposes that a "comprehensive program of inter-American economic cooperation" be drawn up, "to restore economic health to the region."

Presented as going "beyond" the Baker Plan, U.S. Treasury Secretary James Baker's call for a \$20 billion increase in lending to the world's debtors, the Dialogue's five-point "comprehensive program" is still one more variation on IMF austerity. Debt payments and commodity prices have turned Ibero-America into a net exporter of capital, transferring 6% of yearly GNP out to the creditors. That capital drain must be reduced, the Dialogue insists, to equal only 3% of GNP yearly! \$20 billion a year in new monies are needed for Ibero-America alone. Where will such sums come from? Capitalizing interest payments, can be called new money, they propose, as can the value of property titles handed over to Ibero-America's creditors, in payment, under "debt for equity" schemes. Foreign investment can be called new lending, and will increase, as long as "suitable exchange rates" are maintained, so foreigners can buy Ibero-America up cheap.

Perhaps most entertaining is the proposal for the "creation

of a mutual fund, perhaps under the auspices of the World Bank or IDB [Inter-American Development Bank], to attract flight capital and other funds for reinvestment in Latin American countries." Some \$1 to \$2 billion might return a year to Ibero-America, the Dialogue suggests, of the "more than \$100 billion" Latin Americans hold "in assets outside the region."

"Conditions will, and should, be placed on Latin American countries in exchange for new financing," the Dialogue states, and governments should join a "standing group" of bankers and international financiers, to work out a regional "consensus" of the pragmatists accepting the International Monetary Fund rule.

The next task of the Dialogue, they report, will be to set up a special task force to discuss weakening the military institutions of Ibero-America, with Central America's militaries targeted in particular. The task force, to include military and civilian leaders, will issue "detailed recommendations" on how to "institutionalize civilian control of the armed

forces."

The Dialogue speaks of coordinating a "network" of parties, trade unions, women's groups, students, etc., into a sort of Democratic International, which can counter both "communists and the military establishments." Also praised is the U.S. State Department's Project Democracy, financed through the National Endowment for Democracy.

Who does the Dialogue work for? Says the Dialogue, the Soviet Union's right to interfere in Western Hemisphere matters must be institutionalized, and the U.S.-Soviet "talks" on regional matters, first held in 1985, regularized. "We welcome the initiative of the current U.S. administration to discuss issues of regional security with leaders of the Soviet Union," the Dialogue states, because it can "help to prevent superpower competition from intensifying." They suggest, "It is worth exploring whether discussions between the United States and Cuba might advance the cause of peace." Believes the Linowitz Commission, "Neither country stands to gain from escalating conflict in the region."

LaRouche: Prosecute advocates of legalization

At a March 1985 seminar in Mexico City, EIR first presented a 15-point war plan against narcotics for the Western Hemisphere, drawn up by Lyndon LaRouche. Excerpts of the war plan relevant to the signers of the Inter-American Dialogue follow.

1) What we are fighting, is not only the effects of the use of these drugs on their victims. The international drug-traffic has become an evil and powerful government in its own right. It represents today a financial, political, and military power greater than that of entire nations within the Americas. It is a government which is making war against civilized nations, a government upon which we must declare war, a war which we must fight with the weapons of war, and a war which we must win in the same spirit the United States fought for the unconditional defeat of Nazism between 1941 and 1945. . . .

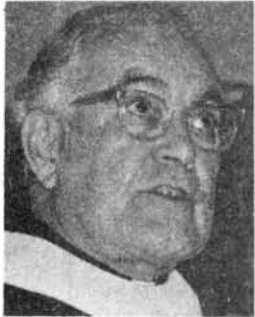
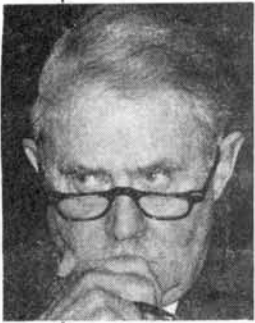
2) Law-enforcement methods must support the military side of the War on Drugs. The mandate given to law-enforcement forces deployed in support of this war, must be the principle that collaboration with the drug-traffic, or with the financier or political forces of the international drug-traffickers, is treason in time of war. . . .

2)b) Any person . . . advocating the legalization of traffic in such substances, or advocating leniency in anti-drug military or law-enforcement policy toward the pro-

duction or trafficking in drugs, is guilty of the crime of giving aid and comfort to the enemy in time of war. . . .

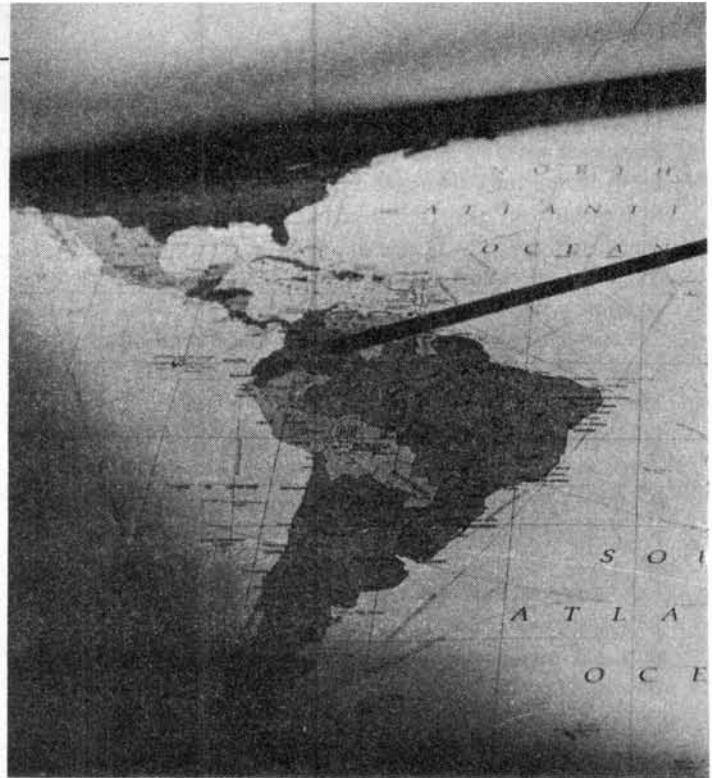
11) The primary objective of the War on Drugs, is military in nature: to destroy the enemy quasi-state, the international drug-trafficking interest, by destroying or confiscating that quasi-state's economic and financial resources, by disbanding business and political associations associated with the drug-trafficking interest, by confiscating the wealth accumulated through complicity with the drug-traffickers' operations, and by detaining, as "prisoners of war" or as traitors or spies, all persons aiding the drug-trafficking interest. . . .

14) One of the worst problems we continue to face in combatting drug-trafficking, especially since political developments of the 1977-81 period, is the increasing corruption of governmental agencies and personnel, as well as influential political factions, by politically powerful financial interests associated with either the drug-trafficking as such, or powerful financial and business interests associated with conducting the revenues of the drug-trafficking. . . . In addition to corruption of governmental agencies, the drug-traffickers are protected by the growth of powerful groups which advocate either legalization of the drug-traffic, or which campaign more or less efficiently to prevent effective forms of enforcement of laws against which the usage and trafficking of drugs. Investigation has shown that the associations engaged in such advocacy are political arms of the financial interests associated with the conducting of revenues from the drug traffic, and that they are therefore to be treated in the manner Nazi-sympathizer operations were treated in the United States during World War II.



United States and Canada

Sol M. Linowitz, Co-Chairman: Former U.S. Ambassador to the Organization of American States and Co-Negotiator of the Panama Canal Treaties; **Peter D. Bell, Co-Vice Chairman:** President, Edna McConnell Clark Foundation; **Bruce Babbitt:** Governor of Arizona; **McGeorge Bundy:** Former National Security Adviser; **Terence C. Canavan:** Executive Vice President, Chemical Bank; **Henry G. Cisneros:** Mayor of San Antonio; **Joan Ganz Cooney:** President, Children's Television Workshop; **Ralph P. Davidson:** Chairman of the Board, Time, Inc.; **Jorge I. Domínguez:** Professor of Government, Harvard University; **Marie-Josée Drouin:** Executive Director, The Hudson Institute, Canada; **Dianne Feinstein:** Mayor of San Francisco; **Maurice A. Ferré:** Former Mayor of Miami; **Albert Fishlow:** Chairman, Department of Economics, University of California, Berkeley; **Douglas A. Fraser:** Former President, United Auto Workers; **Hanna Holborn Gray:** President, University of Chicago; **Ivan L. Head:** President, International Development Research Centre, Canada; **Theodore M. Hesburgh:** President, University of Notre Dame; **Don Johnston:** Chairman, J. Walter Thompson Company; **Juanita M. Kreps:** Former Secretary of Commerce; **Robert S. McNamara:** Former President of the World Bank and Secretary of Defense; **William G. Milliken:** Former Governor of Michigan and Chairman of the National Conference of Governors; **Edmund S. Muskie:** Former Secretary of State and Senator from Maine; **Hernán Padilla:** Former Mayor of San Juan, Puerto Rico, and Chairman of the National Conference of Mayors; **John R. Petty:** Chairman and Chief Executive Officer, Marine Midland Banks, Inc.; **Ralph A. Pfeiffer, Jr.:** Chairman, IBM World Trade Americas/Far East Corp.; **Robert D. Ray:** Chairman, Life Investors Inc. and Former Governor of Iowa; **Elliot L. Richardson:** Former Secretary of Defense and Attorney General; **Franklin A. Thomas:** President, The Ford Foundation; **Cyrus R. Vance:** Former Secretary of State; **Clifton R. Wharton, Jr.:** Chancellor, State University of New York System.



Who's out to m The 'citizens a of 'Inter-Ameri

Left, from top: Every one of these figures is an leading advocate of the Nuclear Freeze movement, a foe of the Strategic Defense Initiative, and a proponent of a "New Yalta" scheme for dividing up the world with the Soviets. **McGeorge Bundy**, "chairman of the Eastern Establishment," architect of the Vietnam War. **Robert S. McNamara**, perpetrator of the Vietnam "body count" as defense secretary under Kennedy and Johnson; population-reduction fanatic, whose policies at World Bank led to genocide. **Cyrus Vance**, secretary of state under Carter who helped Khomeini takeover in Iran; Trilateral Commission member; initiated "Global 2000 Report." **Edmund Muskie**, Jimmy Carter's last secretary of state, issued genocidal "Global 2000 Report" blueprint for cutting world population by 2 billion by the year 2000. **Theodore Hesburgh**, Trilateral Commission; board of Chase Manhattan Bank; under his tutelage Notre Dame Univer-



Make dope legal: above suspicion' the can Dialogue'

sity became center of U.S. opposition to Vatican, focused on population-control and related issues.

Right, from top: **Pedro-Pablo Kuczynski**, indicted in 1986 for illegal oil dealings as Energy and Mining Minister of Peru (1980-82); widely named in connection to drug-money laundering as co-chairman of First Boston International. **Nicolás Ardito Barletta**, as planning minister, oversaw the creation of Panama's notorious offshore banking center; later was vice-president of World Bank. **Israel Klabin**, as mayor of Rio de Janeiro, hosted international board of Center for Strategic and International Studies in 1981 which reportedly discussed developing Amazon as cocaine zone. **Augustín Legorreta**, was board chairman and president of Financiera Banamex, one of the biggest banks nationalized by the Mexican President in 1982 for capital flight and large-scale irregularities.

Latin America and the Caribbean

Galo Plaza, Co-Chairman: Former Secretary General of the Organization of American States and President of Ecuador; **Rodrigo Botero, Co-Vice Chairman:** Former Finance Minister, Colombia; **Peggy Antrobus:** Professor, University of West Indies, Barbados; **Nicolás Ardito Barletta:** Former President of Panama; **Guillermo Bueso:** Former President, Central Bank of Honduras; **Oscar Camilión:** Former Foreign Minister, Argentina; **Fernando Henrique Cardoso:** Senator, State of Sao Paulo, Brazil; **Robert Civita:** President, Editora Abril, Brazil; **Oliver F. Clarke:** Chairman and Managing Director, *The Gleaner*, Jamaica; **José María Dagnino Pastore:** Former Finance Minister, Argentina; **Jorge Fontaine:** President, Federation of Production and Commerce, Chile; **Alejandro Foxley:** President, Corporation for Economic Studies of Latin America, Chile; Professor of Economics, University of Notre Dame; **Carlos Fuentes:** Writer and Former Ambassador, Mexico; **Florángela Gómez Ordoñez:** President, Banco Popular, Colombia; **Xabier Gorostiaga:** Director, Regional Association for Economic and Social Research, Nicaragua; **Oswaldo Hurtado:** Former President of Ecuador; **Elsa Kelly:** Ambassador to UNESCO, Argentina; **Israel Klabin:** Industrial and Former Mayor of Rio de Janeiro, Brazil; **Pedro Pablo Kuczynski:** Co-Chairman, First Boston International and Former Minister of Energy and Mines, Peru; **Augustín F. Legorreta:** Financier and Industrialist, Mexico; **Marcos McGrath:** Archbishop of Panama; **Daniel Oduber:** Former President of Costa Rica; **José Francisco Peña Gómez:** Mayor of Santo Domingo, Dominican Republic; **Alberto Quirós:** Director, Editora *El Nacional*, Venezuela; **Javier Silva Ruete:** Senator and Former Finance Minister, Peru; **Leopoldo Solís:** Chairman, Council of Economic Advisers, Mexico; **Julio Sosa Rodríguez:** Industrialist and Economic Adviser, Venezuela; **Gabriel Valdés:** President of Christian Democratic Party and Former Foreign Minister, Chile; **Mario Vargas Llosa:** Writer and Former President, PEN International, Peru.



Europe joins U.S. terror crackdown, expels Libyans

by Omar al Montasser

Since the March 25 confrontation in the Gulf of Sidra between U.S. planes and Libyan vessels, more than 50 Libyan diplomats and related agents have been expelled from Europe. The bulk of the expulsions was decided after two emergency meetings of the European Community's foreign ministers in Paris on April 17 and in The Hague on April 21, days after the April 15 American raid against terror bases within Libya.

Coupled with the decision on April 21 to drastically reduce the Libyan diplomatic staff throughout Europe, have been measures to curtail the free movement of Libyan nationals on the continent. As a further example of European unity, it was also decided that any Libyan expelled from one country of the 12-nation European Community, should be considered as undesirable in the entire Community. On April 23, at a meeting of the European justice and interior ministers, or Trevi Group as this gathering is called, more practical measures of European police coordination were decided.

Far from an all-out war

These political measures are a far cry from an all-out war against Libyan-sponsored terrorism, which should include economic, political, and military sanctions. They even fell short of the demands made by the British government of Margaret Thatcher for a general break of diplomatic relations between all of the European countries and Libya.

The moves reflected two concerns; first, that even if it wants to stubbornly maintain an illusory "right to differ" with Washington's ways of dealing with terrorism, the Community has to agree to Washington's general drive; secondly, a more painful realization that this "right to differ," and even more violent distancing from American policies, didn't save Europe from Libyan- and Soviet-sponsored terror waves. But

for Greece under Papandreou, not a single European foreign minister dared to say on April 21 that he was not convinced of Libya's involvement in the recent terror wave.

By denouncing and expelling Libyan diplomats, the Europeans have become the targets of Libyan retaliation; but they have not yet given themselves the means to effectively counter such threats, although intelligence sources report that cooperation among European intelligence services and their American associates is more advanced than at the government level. Such cooperation has led to mass expulsion of Libyan diplomats.

Intelligence cooperation with France

Military cooperation between France and the United States falls under the joint direction of Socialist President François Mitterrand and Premier Jacques Chirac. Mitterrand, who, as President, considers military and foreign affairs his "private domain," opposed such cooperation; weakly Chirac agreed. Internal security is, however, another matter, and since early April, French counter-intelligence services have been able to prevent several serious terrorist attacks. At the beginning of April, a Libyan team planned the assassination of the American ambassador to France, another team planned a massacre at the U.S. consulate's queue of tourists waiting for their visas. At the same time, police in Lyon discovered that the French terror group Direct Action and one of its leaders, André Olivier, had signed a financial contract with Libya for the bombing of the U.S. consulate there.

On April 6, Ali Berragoun and Mohammed Kelbash were expelled. Under the cover of press attaché, Kelbash was a Libyan intelligence chief and ran a large network. Both were arrested carrying machine-guns and hand grenades in diplomatic pouches to be used against the U.S. consulate.

Two of their agents were also expelled: a former captain in the Algerian army, Fethi Cherif, who served as the explosive expert of the cell, together with one Roundi Ben Ali, who used a false Tunisian passport. Both are reported to belong to the "Force-17" Palestinian organization—a group which has slipped out of Arafat's control to work on behalf of Libya. They had been recruited in 1985 in Tunis by Libyan official Salem Agil. Reports also indicate that F-17 is being used to discredit Arafat as part of an ongoing political coup within the PLO.

On April 18, a much larger operation took place: Four more Libyans were expelled, including a former diplomat, Moawyah Souairi, ex-ambassador to Ghana. Souairi is reported to have worked in Paris out of the offices of the "Arab People's Congress" of Omar al Hamdi. The APC is one of the main channels of Libyan monies to Arab radical groups throughout the world, and is one of Libya's essential intelligence branches.

French police caught some 53 sympathizers of Direct Action on April 16, and kept 6 in jail, among them an Algerian national, Hamid Lallaoui, who belonged to the international branch of the movement. A second generation Algerian immigrant in France, Lallaoui belonged to the "autonomist" commandos which have close ties with Islamic radical groups associated with Ben Bella, and may represent a vital link between Direct Action and Middle Eastern terrorism.

Bonn shoos Libyan 'diplomats'

Meanwhile, despite the protests of Foreign Minister Hans-Dietrich Genscher, the West German government on April 10 expelled two leading Libyan diplomats in Bonn. Ahmad Omar Issa and Mahmud Ahmed Shibani belonged to the Libyan intelligence branch responsible for watching and assassinating opponents of Qaddafi. Both were reportedly in touch with East Berlin-based Libyan diplomat Elamin Abdullah Elamin, who has been seen as the brain behind the April 5 bombing of the "La Belle" discothèque. While in the Bonn embassy in the spring of 1985, Elamin was responsible for the murder of Qaddafi opponent Gabriel Denali. However, Bonn did not even expel him but merely pleaded for his departure. He left in July 1985 for East Berlin.

Since April 21, the toll has become heavier. On April 22, the British government announced it would expel 21 Libyan students. The bulk are pilot trainees at the Oxford air training school at Kidlington. Among them is Adel Massoud Saad who, on March 28, had told Radio Tripoli that he was ready to fly a kamikaze mission against the British-based U.S. military garrisons. All of those expelled have been members of Libya's revolutionary committees, represented in Britain by the "Libyan Action Committee" led by Bostan Qadiri. More expulsions are under way.

In West Germany itself, the same day Bonn announced it would reduce the Libyan diplomatic staff from 41 to 19. Similar numbers are expected to be expelled from other European countries.

These expulsions can be only the first steps. Libyan opposition leader and former prime minister, Abdel Hamid Bakoush, told the Italian daily *Corriere della Sera* on April 22 that such decisions would be useless unless Libya's airline offices as well as commercial and financial institutions were hit, too. The point had been proven only a day earlier when the Italian police made a breakthrough in the investigation of the spring 1985 plot to assassinate the U.S. ambassador to Rome. On April 21, they had arrested Urabi Mohammed Fitouri, a former Libyan diplomat in Rome, who was the manager of the Libyan Arab Investment Company (LAIC) there. As a banker, Fitouri had personally paid Hamuda Daghdugh for the murder. The arrest brought to light the fact that the LAIC is the Libyan agency which holds 15% of Fiat's shares. Fitouri's associate in the plot was one Musbah Mahmood Werfalli, who is the Libyan cultural attaché in Malta. A search in Fitouri's flat on April 22 uncovered plans for terrorist operations in Italy and abroad.

However spectacular, these expulsions have only scratched the surface of the terror networks. More important discoveries were made through the arrest of Nazir Narwaf Mansur Hindawi, a Jordanian with a Syrian passport. Hindawi was arrested after sending his Irish girlfriend, Anne Murphy, on a London-Tel Aviv plane with a sophisticated explosive device inside her luggage. The bomb was timed to explode above London; Anne Murphy and 400 other passengers were to have died on April 17. Investigations showed that the bomb may have come from Czechoslovakia and, according to certain accounts, was prepared at the Syrian embassy in London.

Then came the discovery on April 19 that Hindawi's natural brother, Ahmed Narwaf Mansur Hasi, was implicated in the "Le Belle" bombing. The West Berlin police interrogation of him after the arrest of his brother, produced evidence of his role in planning the operation. Hasi, who is now known to have spent some time in Libya for training, came to West Berlin in 1975 from East Berlin. Investigations are also bringing to light an international network around Hindawi, operating in Paris, Tunis, Cairo, West Berlin, Rome, Montreal, and Kuwait.

Europe seems to be finally waking up to the danger of international terrorism. Many other police operations have proven the point in recent weeks. A significant operation on which we will have more to report soon, was the expulsion on April 18 of three Syrian diplomats in Rome and the arrests of some 15 Lebanese, Egyptians, and Italian nationals. A joint operation between the Italian government and the American Drug Enforcement Agency, this raid dismantled a lucrative heroin smuggling network linking Lebanon's Bekaa valley to Rome. The three Syrian diplomats carried the heroin by car across Greece and Yugoslavia, and are reported to have built a small refinery within the embassy itself. Coming less than three months after a similar bust in Madrid, this proves the point that drug smuggling is one of the essential means for Syria to finance international terrorist operations.

Mossad agents busted selling arms to Iran

by Joseph Brewda

Seventeen individuals from Greece, Israel, Britain, and France, were indicted on April 22 by U.S. authorities for conspiring to ship over \$2 billion of U.S. anti-tank TOW missiles, F-4 and F-5 combat jets, cluster bombs, and other weaponry to Iran. The indictments, the largest arms-export case in U.S. history, represent a major blow against a penetration operation run by the Sharon faction of the Israeli Mossad into the U.S. military and intelligence community.

According to the criminal complaints filed in the Southern District of New York and intelligence sources, the leaders of this ring were Samuel Evans, an American attorney residing in London, and Israeli Gen. Avraham Bar-Am, a crony of Israeli strong-man Ariel Sharon. Both Bar-Am and Evans are currently in jail in Bermuda, where they had been meeting to work out details of the conspiracy.

According to Dennis Fagan, who headed the investigation of the Bar-Am ring for U.S. Customs, the weapons were apparently to be shipped from Israel to Iran under documents filed for false destinations. The falsified "end-users" of the U.S. weapons were alleged to be Greece, Turkey, Pakistan, and the Philippines. Oversight of the smuggling was to be directed by the Tel Aviv firm of BIT Co., Ltd., whose partners, in addition to Bar-Am, were Guri and Israel Eisenberg, and individuals only identified as Mr. Hermoni and Mr. Humposa, all of whom have been arrested.

Naturally enough, the Israeli embassy in Washington has been screaming, since the morning of the arrest, that General Bar-Am, the number-two officer in the Northern Army command during the Sharon-directed Israeli invasion of Lebanon in 1982, was not acting under Israeli authority. Bar-Am, they claimed, was running a "rogue operation," and the focus on Bar-Am was purely an example of U.S. government "anti-Semitism."

Speaking from his Bermuda jail cell, Bar-Am begged to differ with his Mossad superiors. "The defense establishment [of Israel] knows about this group, of which I was an adviser," he said to Israeli press. "And if the state of Israel does not help us, we will tell all." Bar-Am revealed that he had a letter from Israeli Defense Minister Yitzhak Rabin, authorizing him to be engaged in arms deals. Bar-Am has reportedly

concentrated on Israeli government-sanctioned arms smuggling since his 1984 retirement as the chief of staff of the Israeli Defense Forces' manpower branch.

This is not the first time that the Sharon crowd in Israel government has been caught red-handed in actions hostile to U.S. national security, and has labeled the case a "rogue operation" or an "aberration." In December 1985, Jonathan Pollard, an employee of U.S. Naval Intelligence, was nabbed at the Israeli embassy in Washington with classified U.S. documents. Pollard, who subsequently admitted spying for Israel, had worked directly for Israeli spy-master Rafi Eytan, a Sharon flunky, like Bar-Am.

Shortly after the arrest of Pollard, whom the Israelis identified as a "rogue operative," the New England-based firm Napco was busted smuggling U.S. tank-barrel production-technique innovations to Israel. The arrest was again termed "anti-Semitic."

Last August, the FBI and other law-enforcement agencies arrested a San Jose, California-based smuggling ring which was attempting to smuggle 5,000 TOW missiles to Iran, as part of the same "shopping-list" that Bar-Am was working on. The leader of the ring, Paul Sjeklocha, (a.k.a. Cutter) had been recruited to Israeli arms smuggling networks in 1982 by Ariel Sharon personally, at a meeting held with him for this purpose in Israel.

The gun-running network now being mopped up has been in place since the Carter administration's deal with Iran's Ayatollah Khomeini during the 1979-80 Iranian revolution and the ensuing hostage crisis. It is well established that the Israelis were engaged in massive arms shipments to Iran during the U.S. arms embargo. *EIR* has documented over recent years how the pro-Khomeini terrorist network in the United States being protected by the Carter administration—centering around Iranian banker Cyrus Hashemi—was also the center of the Iranian gun-running operation. The Israeli side of the Hashemi gun-running network has been repeatedly documented by *EIR* since 1983, and has been well known to agencies of the U.S. government during this period.

However, it was not until 1984, when Hashemi and a group of collaborators were indicted, that this network began to be mopped up. The 1985 indictments of Cutter and others continued this clean-up.

Hashemi himself sued *EIR* in 1980 after he was identified as financing Iranian terrorism in the United States. One of his lawyers was former Justice Department official Stanley Pottinger, who was named as an unindicted co-conspirator in the 1984 Hashemi indictments.

Even after this time, Hashemi continued to be protected by a faction of U.S. intelligence which was collaborating with the Israeli Mossad and the KGB in back-door support of Khomeini. Now, it appears that the Mossad network within U.S. intelligence is being cleaned out. That Hashemi was reported to have aided in setting up the recent arrests, only confirms the long-overdue unravelling of this operation.

Gorbachov's secret East German agenda

by Konstantin George

On April 23, the East Germany Communist Party newspaper, *Neues Deutschland*, reported matter of factly that Soviet leader Mikhail Gorbachov—who had left East Germany the day before after a seven-day stay—had been seen off at the Berlin-Schönefeld Airport by the East German Politburo and a Soviet military delegation led by Marshal Nikolai Ogarkov. *Neues Deutschland* then lists in the send-off delegation, the commander in chief of the “Group of Soviet Forces in Germany” (GSFG), Army Gen. Pyotr Lushev, and the other top commanders of the GSFG.

The *Neues Deutschland* signal confirms the reason for Gorbachov's unprecedentedly long stay. Marshal Ogarkov—the Soviet Union's wartime commander in chief for all military operations against the United States and NATO, and simultaneously wartime commander in chief for any “limited” military operations against Western Europe—was in East Germany during Gorbachov's week-long tour, and is staying on for high-level secret military talks. The signal mention of Marshal Ogarkov also confirms that Gorbachov did not stay so long simply to attend the East German party congress. Gorbachov had a hidden agenda, involving both top level military-strategic talks with Ogarkov and the Soviet military leaders on the scene, and, inspecting some of the Soviet front-line formations.

The GSFG—the spearhead for any future invasion of West Germany—contains nearly 500,000 army and air-force troops, and constitutes by far the single most powerful “Group of Forces” in the Soviet order of battle.

Well-placed sources had informed *EIR* before Gorbachov's arrival, that he would use his extended stay to hold such secret meetings with the leadership of the GSFG, and to visit GSFG military installations.

Mikhail Gorbachov arrived on the morning of April 16, and departed late in the day on April 22, for the return flight to Moscow. He departed late in the day on April 22, for the return flight to Moscow. Gorbachov had arrived to attend (and address, on Friday, April 19) the East German Socialist Unity Party's XIth Party Congress, which began on April 17, and ended on April 21. Had the Party Congress been his only consideration, then the Soviet leader could have departed any time after he spoke on Friday, or, on Monday at the latest.

April 22 is Lenin's birthday, and habitually a “must” for any Soviet leader to be in Moscow and deliver the traditional keynote address at the festivities. Gorbachov did not return to Moscow for the occasion. Why?

Gorbachov indeed celebrated Lenin's birthday—in the spirit of a leader dedicated to bringing the Soviet Union to readiness to fight and win a nuclear war by the end of the decade. On April 22, the Soviet military radio, Radio Volga, reported that Gorbachov visited “an officers' club” of the GSFG, to hold meetings with General Lushev, GSFG commander in chief; Col.-Gen. Krivosheyev, GSFG chief of staff; Col.-Gen. Moiseyev, the GSFG's chief political officer; and Moiseyev's deputy, Lt.-Gen. Donskoi. Ogarkov's name was conveniently omitted, while no other Soviet or East German media made any mention of Gorbachov's stay at the “officers' club.”

Other top level meetings of Gorbachov, Ogarkov, and the GSFG military leadership were held. Well-placed sources inside East Berlin stressed to *EIR* that, curiously, Gorbachov did not stay at the traditional residence of Niederschönhausen castle (near Pankow in the northwest quadrant of East Berlin), but at the Socialist Unity Party's Guest House in Klein Machnow (in the southeast quadrant of East Berlin), “just a stone's throw away” from the GSFG headquarters located at Zossen-Wuensdorf, south of Berlin.

EIR's sources report that Gorbachov held meetings with the military leadership over the weekend. On his Sunday visit to Cecilienhof in Potsdam—the site of the July 1945 Potsdam Summit between Truman, Stalin, and Churchill, and the Potsdam Accords—Gorbachov was accompanied by General Lushev.

Gorbachov's secret agenda with its stress on Soviet military readiness in Central Europe dovetailed with his public statements. In his speech before the Party Congress, he delivered a sharp attack on the United States and West Germany. Before his departure, the text of a Gorbachov-Honecker joint declaration was released by TASS and the East German news agency, ADN. The language employed against the United States and West Germany was brutal.

Gorbachov and Honecker declared, “. . . the situation on the European continent could be essentially changed for the better if states like the F.R.G. [West Germany] would adopt the path of détente and good neighborly relations. Unfortunately, the policy of the current West German government is running in the opposite direction.” Bonn is then accused of supporting “American plans to militarize outer space,” allowing the stationing of Pershings and cruise missiles, and favoring “the dangerous revanchist forces” (alleged forces inside West Germany who want to seize former revanchist forces) (alleged forces inside West Germany who want to seize former German territory in Eastern Europe).

Taken together with the fact that most of Europe is living in a fool's paradise concerning the Soviet threat, Gorbachov's hidden agenda and the joint declaration are ominous.

Mexico moves to stop narcoterror coup

by Héctor Apolinar

The naming of Fernando Gutiérrez Barrios as the gubernatorial candidate of the ruling Revolutionary Institutional Party (PRI) for the state of Veracruz on April 22 marks the consolidation of the group inside the government of President Miguel de la Madrid which wants an all-out war against international drug trafficking.

Gutiérrez Barrios is highly respected by the majority of political groups in Mexico. His achievements as director of the Federal Security Administration (the Mexican CIA) and as two-term Undersecretary of the Interior in charge of national security affairs, are recognized inside Mexico and abroad. His nomination routed the "Alemán crowd," named for the late ex-President of Mexico, Miguel Alemán Valdes, who built up a corrupt, immoral and criminal political-economic empire based on drug trafficking and international intrigue.

His son, Miguel Alemán Velasco, intimate and protector of Cuban DGI agent Gabriel García Márquez, tried everything in his power to stop the choice of Gutiérrez Barrios and impose a politician of his stable to perpetuate his family's control over the state, the richest and one of the most populous in Mexico.

Ex-President Alemán was governor of Veracruz in the early 1930s and from then on, all the governors were imposed by his group's interests. Current governor Agustín Acosta Lagunes is such an Alemán clone that his private secretary is ex-President Alemán's sister. The Acosta Lagunes government let dope trafficking thrive throughout the state. Marijuana crops destined for the United States blanketed the south; cocaine traffic from South America reached levels unheard of in recent Mexican history. The heroin traffic from Lebanon also picked up briskly, through Syrian-Lebanese families. The top family in the drug trade is that of Arturo y Graciela Izquierdo Ebrard, whose power dates from his role in the "French Connection" which moved into Mexico via Veracruz at the end of World War II. Arturo and his brother Hugo started their careers as Miguel Alemán's bodyguards.

The rise in dope trafficking unleashed a wave of terrorism in the state. On Nov. 25, 1984, Congressman Roque Espinozo Foglia—a friend of Gutiérrez Barrios—was murdered in an ambush by the Izquierdos' gunmen. On May 12, 70 state judicial policemen kidnaped and killed Felipe Lagunes,

the governor's cousin, because he knew who was behind the Espinozo Foglia murder. Last November, marijuana growers from southern Veracruz ambushed and killed 22 police, a deed unprecedented in Mexican history. Recently, federal highway troopers killed four ranchers in cold blood—one a son of former state governor Fernando López Arias—because they got information from the state government that the four were carrying a cocaine shipment.

The situation became intolerable, because it threatened to turn Veracruz into a state controlled by narco-terrorism. A mass outcry arose for Governor Acosta to step down, and if possible, be arrested for complicity in drug trafficking. But his ouster never happened—the Alemán crowd saw to that.

The Alemán group's clout derives particularly from control of Televisa, a powerful television network, and ownership of an extensive radio network. The National Broadcasting Corporation (NBC) and RCA Victor were prominent in helping Televisa get started in the 1930s. Televisa makes "public opinion" and often wields it against the government, to make and unmake policies.

In short, the naming of Gutiérrez Barrios culminates an effort by the nationalist sectors inside the ruling PRI to fight the takeover of Mexico by narco-terrorism. Just one week before, the PRI named Francisco Labastida Ochoa candidate for governor of Sinaloa, notoriously the main producer state of marijuana and heroin in Mexico. Labastida Ochoa had used his post as Secretary of Energy, Mining and Semi-Public Industry to stimulate industrial development, against the pressures of a faction which claimed that economic growth has to be sacrificed to pay debts. Similar nationalist criteria were used in choosing the candidates for governor of Oaxaca and Durango, also key marijuana and heroin producing states.

Labastida stated in April that "although it will not be easy," his first task will be to fight drug trafficking and the violence in Sinaloa.

Labastida was named shortly after the defense secretary announced "Operation Mangosta 86" against drug trafficking, with participation of 50,000 troops of the national army, the largest number ever involved in the anti-drug war. Simultaneously, the Attorney General's office launched a joint operation with the army to patrol and increase security measures in the state of Sinaloa, in particular the capital Culiacán.

The federal government's measures were a direct, devastating blow against the current governor, Antonio Toledo Corro, who has been accused of protecting the main dope pushers of the country, among them, Miguel Angel Felix Gallardo, one of the masterminds behind the murder of U.S. drug enforcement agent, Enrique Camarena Salazar. In fact, both Toledo Corro and Felix Gallardo are run by Leopoldo Sánchez Celis, governor of the state at the end of the 1960s, when the drug traffic reached its apogee. In turn, Sánchez Celis is a protégé of Carlos Hank González, former governor of the Federal District (Mexican capital), who frequently hosts David Rockefeller at his ranch.

Narcotics mob's agents fear LaRouche associates in Colombia

by Valerie Rush

A leading Colombian asset of the U.S. State Department's Agency for International Development (AID) and of the American Institute for Free Labor Development (AIFLD), part of the international division of the AFL-CIO, recently held a secret meeting with that country's number-one drug trafficker, Carlos Lehder Rivas, according to informed sources. Lehder, a self-confessed admirer of Adolf Hitler and business partner of the Cuban-based Robert Vesco, is sought by Colombian authorities for his role in the May 1984 assassination of Justice Minister Rodrigo Lara Bonilla.

The man who met with him is the president of the Union of Colombian Workers (UTC), Victor Acosta, who also maintains a special relationship with AIFLD executive director William Doherty, Jr., known for years as a stringer for the CIA who funnels monies to assets like Acosta within the Ibero-American labor movement.

Acosta's meeting with Lehder has not made the headlines of the Colombian press—yet—but his open letter to former President of Colombia Alfonso López Michelsen demanding a witchhunt against anti-drug fighter Maximiliano Londoño and against the Schiller Institute, founded by the wife of U.S. presidential candidate Lyndon LaRouche, already has.

Londoño, former vice-president of the Colombian Anti-Drug Coalition and presently the official economic advisor to Labor Minister Jorge Carrillo, is accused by Acosta of being a "slanderer" of Colombia's most prestigious "true democrats" (namely, López and Acosta himself). The Schiller Institute, an international organization active within the Ibero-American labor movement through its Trade Union Commission, is accused of sabotaging the "authentic values of the country and of the world."

An anti-drug 'conspiracy'

On April 22, the widely read newspaper *El Tiempo*, politically associated with ex-President López Michelsen, published the full text of Acosta's letter under the headline, "Ministerial Adviser Runs Campaign Against López." That letter reads, in part:

"[This letter] is to expose the dark maneuvers of a conspiracy orchestrated by foreign forces against individuals and entities who, in the strictest sense, personify represent-

ative democracy. . . . Some time ago, an anonymous mini-group within national life appeared waving banners totally foreign to our environment, preferring to enter labor strata and trying to make the name of a Mr. LaRouche familiar. . . .

"The visible head of that group in Colombia is Maximiliano Londoño, author, actor and promoter of the public campaign against yourself [López Michelsen] and against the Union of Colombian Workers, the UTC, and particularly against the person of its president, and who has reached the extreme affrontery of irresponsibly declaring that you, Mr. President, are linked to the drug trade and to other vile things of that sort. . . ."

"The disruptive work of Londoño has been reinforced by a so-called Schiller Institute to trap the unwary and carry out through false education a slander campaign against the authentic values of the country and of the entire world, such as Queen Elizabeth of England, Dr. Henry Kissinger. . . ."

The letter goes on to present an ultimatum to President Belisario Betancur to purge Londoño or be smeared with the same slanders: "The subject in mention [Londoño] today occupies a government position as ministerial adviser, from which post he continues his subversive activity. You know, Mr. President [López], that such a position requires backing, and I would dare to think that the presidency is not ignorant of this situation. . . ."

Acosta concludes by calling for the destruction of "the conspiracy whose hidden hands control the marionettes of the subject to whom I have referred."

What do Acosta and López fear?

López Michelsen and Acosta have a special reason to want the purge of anti-drug forces, and particularly of LaRouche's influence, from Colombia. The victory of a number of LaRouche associates in several top positions in the Illinois Democratic Party primary last March 18 not only stunned the world political community, but also convinced the top echelons of Dope, Inc. that a LaRouche presidential victory in 1988 is now a distinct possibility.

LaRouche, the author of a proposed military war plan against the drug trade of the Western Hemisphere, has pledged

to put an end to the United States' dirty operations in Ibero-America. He has especially sworn to end the interference of AIFLD's drug-tainted thugs in the Ibero-American labor movement, interference which, by spreading corruption inside the democratic labor confederations, has favored the growth of Communist influence over the trade-unions of the continent. LaRouche's pledges make the likes of Acosta and López very nervous.

López Michelsen's qualifications as "Godfather" of the Colombian drug trade can be traced back at least to 1974, the year he entered the presidency on the coattails of his father's reputation as one of Colombia's best 20th-century Presidents. López Michelsen, however, proved to be cut of very different cloth. One of his first measures in office was to decree an extraordinary "economic emergency" under which tax and monetary legislation favoring the laundering of vast quantities of drug money was rammed through by presidential decree.

The financial entities that sprang up like mushrooms under López's ministrations, according to the July 9, 1982 issue of *Latin America Weekly Report*, "serve as a link between the classically conservative Colombian elites and the parallel underground economy to attract contraband and drug traffic money. They flourish in an atmosphere of high interest rates, lax regulations, and feverish speculation."

López's finance minister at the time, Rodrigo Botero Montoya, is currently a member of Sol Linowitz's Inter-American Dialogue. Its 1986 report advocates consideration of drug legalization as one possible "option" for dealing with the drug problem (see page 32).

And speaking of legalization of drugs. López's political godson, Ernesto Samper Pizano—elected this past March to the Colombian Senate—is notorious in Colombia as a one-man lobbyist for the legalization of drugs. Samper served as treasurer and campaign manager for López's 1982 bid for the presidency, and confessed publicly at the time to accepting campaign contributions from leading drug mobsters Carlos Lehder Rivas and Pablo Escobar Gaviria. Samper is currently being pushed by López's vast media empire as a likely presidential candidate for 1990.

Among his many other presidential initiatives, López legalized the Universal Christian Gnostic Church in Colombia, a pagan cult whose leaders have been publicly accused of involvement in drug trafficking, brainwashing, rape, and sexual abuse, among other things. It was the Universal Christian Gnostic Church which was discovered to be up to its neck in the 1984 kidnap and drugging/brainwashing of Patricia Londoño, the wife of Maximiliano Londoño and an anti-drug activist in her own right.

On July 9, 1984, while Patricia Londoño was still in the hands of her abducters, López gave an interview to the newspaper *El Tiempo* in which he urged President Betancur to grant the drug mob an amnesty and take their proffered billions in exchange.

His proposal had first been aired back in May 1984, just days after the mafia assassination of Justice Minister Lara Bonilla, in the form of a mafia-drafted memorandum to the President, in which the mobsters "in good faith" pledged to dismantle their drug-trafficking apparatus and bring home their smugglers' fortunes in return for a presidential pardon. López's July interview, elaborating on the offer, argued that it would take at least 10 years for the mafia to reconstitute their trafficking capability and that Betancur might as well "take the easy path" to solving the drug problem in Colombia. López insisted that it was a mistake to mix morality and law, since "they are two distinct things," and warned the anti-drug Betancur that "almost all dictatorships are premised on the principle of morality."

López has never relinquished his desire to return to the Colombian presidency, despite his crushing defeat in 1982, and is expected to maneuver a return to power over the figure of the probable next president, Liberal Party candidate Virgilio Barco.

Schiller Institute responds

A press release just released by the Schiller Institute responds to Acosta's "open letter" with the question, "What does Victor Acosta really fear?" and comments that the "high-sounding phrases of the letter are only an attempt to divert the attention of the public. Mr. Acosta wants to blame the Schiller Institute for all his troubles, which have apparently all come upon him at once."

The statement continues: "But, it's not the fault of the Schiller Institute that the Colombian press is reporting on Acosta's complicity in the embezzlement of more than 28 million pesos in Union of Colombian Workers (UTC) funds. It would be more useful for all, if Mr. Acosta were to begin explaining what has been done with the millions of pesos sent him through his CIA contact, William Doherty, executive director of the American Institute for Free Labor Development (AIFLD).

"There are matters which interest the public more, that Mr. Acosta is avoiding. Why doesn't Mr. Acosta clear up the rumors that are circulating about his contact with Carlos Lehder. . . . It is a poor favor Mr. Acosta is doing for the UTC to have his name circulating so irresponsibly. A better favor would be to convince [UTC secretary general] Alfonso Vargas to publicly explain why he traveled to Spain to intercede for the drug trafficker Rodríguez Orejuela."

With Acosta and López showing their hand so boldly in launching an attack on Maximiliano Londoño and the Schiller Institute, it would do well for them to remember the fate of former Peruvian Finance Minister Manuel Ulloa. Ulloa's attempt in the fall of 1985 to sue Luis Vásquez Medina, the head of the Peruvian Anti-Drug Coalition, for libel backfired when the courts of that country reaffirmed Vásquez's public charge that the Peruvian official's financial policies had fostered the flourishing of the drug trade in that country.



Former Argentine President victim of legal witchhunt

by Cynthia Rush

With a good deal of fanfare and international publicity, Argentine President Raúl Alfonsín has tried and sentenced some of his country's top military officers, accused of violations of human rights and illicit activity, during the 1976-83 military regime.

But one thing he has not done is to lift the unjust charges brought against former President Isabel Martínez de Perón, by those same military men who overthrew her constitutional government in March of 1976. After the armed forces toppled Mrs. Perón, the widow of Gen. Juan Domingo Perón, they jailed her for five years, stripped her of both her political rights and personal possessions, and ordered her to pay \$3.9 million for "damages" to the State, allegedly committed under her presidency.

Mrs. Perón was freed from jail in 1981, and left the country to reside in Madrid, Spain. In 1983, the military returned her confiscated goods and lifted the ban on her political activity, with certain stipulations. However, the demand that she pay the \$3.9 million indemnity to the State, has been ruled valid by the presiding judge in the case, and upheld by Argentina's court of appeals, despite the fact that the proceedings were brought by those military men who usurped power 10 years ago.

As one of Mrs. Perón's collaborators and friends, Juan Gabriel Labaké, explains to *EIR* in the following interview, this legal witchhunt is politically motivated. It is intended to guarantee that Mrs. Perón plays no role inside Argentina in shaping the Peronist movement as a united political force, capable of providing a programmatic alternative at a time when the Alfonsín government has allowed the International Monetary Fund to further wreck the nation's economy and sow social chaos.

Perhaps for this reason, Raúl Alfonsín has not gone out of his way to act on Mrs. Perón's behalf, even though he is empowered to do so as the constitutionally elected President who has staked his reputation on returning the nation to "democracy," after six years of military rule. Once the courts issued their rulings, he limited his actions to "promising" never to try to collect the \$3.9 million from Isabel Perón, a promise that has no legal weight, should any subsequent

government decide that Mrs. Perón should pay.

Under these circumstances, as Mr. Labaké emphasizes, the sudden "voluntary" surrender to the Federal Bureau of Investigation in Miami, of Argentina's former Social Welfare Minister José López Rega, is ominous. López Rega, a fugitive from justice, is the Brazilian-trained gnostic priest who directed the infamous "Triple-A" death squad apparatus, as well as drug and weapons trafficking, from his position of power at the Social Welfare ministry, and later as an adviser to Isabel Perón.

As confirmed in subsequent investigation, López Rega's political allies, inside Argentina and internationally, formed part of the drug/gun-trafficking and money-laundering operations run by Licio Gelli's Propaganda 2 Freemasonic lodge. This apparatus placed many of its agents in key positions in the last Peronist government (1974-76), from where they not only carried out illicit activities, but made the decisions that eventually sunk the nation in economic and social chaos, providing the pretext for a military coup.

López Rega's unexpected surrender in Miami, at a time when he might have returned to Switzerland and resided there safely for years, is undoubtedly an effort to implicate Mrs. Perón, as well as several other important Peronists, in the illicit operations run by the López Rega crowd. The Argentine government has initiated extradition proceedings that would bring the gnostic witch back to Buenos Aires, to stand trial for his crimes.

EIR: What is the status of the criminal cases pending against Mrs. Perón?

Labaké: The legal status of Mrs. Perón at this moment is extremely complicated because she is awaiting the outcome of five criminal proceedings initiated against her by the military government, in which she is accused of supposed crimes which, even though they have no serious political basis, caused her to suffer a five-year long judicial process.

Finally, she was sentenced in 1976 to seven and a half years in prison, life-long prohibition from engaging in political activity, and—incredibly—ordered to pay the State the equivalent of a \$3.9 million indemnity for alleged damages

done to the Argentine State. In 1981, the authorities considered that she had fulfilled two-thirds of her sentence, and in accordance with military law, she was given conditional freedom. However, the military government demanded that in exchange for her freedom she exile herself to Spain until 1983.

In 1983, in the last month of the military regime, her confiscated goods were returned to her, at least formally. Her sentence was pronounced served in full, and the ban on political activity lifted. However, it was lifted only *after* the Justicialist (Peronist) Party had chosen their full slate of candidates for the presidency of the Republic and for the new National Council. In other words, the political ban was lifted *only* when it was impossible for her to play any role regarding the October 1983 presidential elections. However, the \$3.9 million indemnity to the State remained pending. When the constitutional process returned, I, in my capacity as a companion and friend of Mrs. Perón, called on the constitutional government to eliminate the absurd and unjust demand that Mrs. Perón pay this amount to the State.

The government of Dr. Alfonsín issued Decree No. 1301 in 1984, by which the State desisted in its effort to collect that indemnity, and, on the basis of this, Mrs. Perón's lawyer and the government's lawyer, went before Judge Giletta, the presiding judge in the case, with the request that he declare collection of that \$3.9 million null and void. To everyone's surprise, in June of 1984, Dr. Giletta ruled that Decree 1301 by which the State desisted in its effort to collect the money, was unconstitutional, and that Mrs. Perón was still liable.

At that same time, the national congress passed a law which did justice to Mrs. Perón and to all those who had suffered political trials at the hands of the military. According to that law, No. 23062, any proceedings that a *de facto* government might initiate against deposed constitutional governments—against Isabel and the others as well—were declared null and void. But, since Dr. Giletta had declared Decree 1301 unconstitutional, it was necessary to go to the Appeals Court, to reaffirm the State's decision not to demand payment from Mrs. Perón. But the court, named by the constitutional government of Dr. Alfonsín, refused to do so, and advised the government that it would even declare Decree 23062 unconstitutional.

Both the government lawyer, and Mrs. Perón's lawyer, were forced to withdraw their joint request regarding the indemnity payment, and since then—August, September of 1984—Mrs. Perón's situation has been very precarious. The demand for payment has no juridical basis, with only the promise of the Alfonsín government not to try to collect it. But if it later decides to collect it, or if the next government, whomever it may be, wishes to juridically threaten Mrs. Perón, it will be able to demand the \$3.9 million.

EIR: What about the civil suits against Mrs. Perón?

Labaké: The second wife of General Perón, Evita, died in 1952. Shortly afterwards, Evita's mother, who according to the law at the time was Evita's only heir, signed an agreement with General Perón known in Argentina as the ceding of rights, or sale of rights by which Evita's mother transferred all claim to her daughter's bequest to General Perón. Perón, then, remained the sole inheritor of Evita's goods, which had been the goods of the Perón couple.

However, in yet another act of political persecution, immediately following Perón's overthrow in 1955, Evita's mother—Mrs. Duarte—initiated a suit to declare null the cession of rights to Perón. During the later government of General Lanusse in 1971, the judges ruled that the cession of rights was null, and Mrs. Duarte was able to demand from Perón 50% of all his possessions. But since the military government in 1955 had stripped Perón of all his possessions, Mrs. Duarte was entitled to 50% of exactly nothing.

In 1973, our constitutional government returned Perón's possessions to him, and paid him an indemnity for all the damages he had suffered from 1955 until 1973. When we returned his possessions, no one doubted that 50% would have to be given to Evita's mother.

Perón asked Isabel to deposit part of that money, equaling some \$8.4 million, to the account of Mrs. Duarte, and in 1975, Isabel deposited 37% of that money, assuming that it was a more than generous amount. Eva's mother and sisters demanded more, but without declaring how much they wanted.

The negotiations with them were under way when the March 1976 coup d'état occurred and Isabel was taken prisoner. She was held *incomunicado* for five years and again, as with Perón in 1955, the military government confiscated all her possessions, *including* the deposit she had made for Eva's sisters, which they had not wanted to draw on because they said it was too small, so the deposit remained in a checking account. It had remained in pesos which at that time were known as *pesos ley* in Argentina, and which underwent the devaluation of the brutal inflation our country suffered between 1976 and 1983.

In November of 1983, on the eve of the military government's departure from office, it returned Isabel's goods to her—among them, these 31 million *pesos ley* that she had deposited to Evita's sisters' account.

Now, on April 11, our Civil Appeals Court just issued a monstrous ruling. First, they ordered Isabel to pay all that Evita's sisters had requested in 1975, which is, instead of 31 million pesos, 42 million *pesos ley*, that is, approximately \$4.2 million, but with the very high interest rates plus the costs of the trial, today equals \$10 million. . . .

EIR: What do you think is really behind this legal offensive against Mrs. Perón?

Labaké: We think that all of this is connected to the sugges-

tive and suspicious appearance of José López Rega [former minister of Social Welfare] and his "voluntary" surrender to the U.S. FBI. The political objective is to prevent Mrs. Perón from returning to political activity, knowing that her return to Argentina and to a full political life, will in large part, determine the reorganization and unification of Peronism.

Therefore, López Rega suddenly reappears to complicate Mrs. Perón's political life, and with all these fictitious debts, she is blocked economically from acting. In Argentina, a person who owes more money than the worth of his or her possessions, can be condemned by what we call here, a "general inhibition of property," a kind of economic sentence. This person cannot conduct trade; any money earned is immediately embargoed in favor of the creditor; similarly, anything purchased immediately becomes the property of the creditor. But, in addition, it is a public dishonor. The person considered a delinquent debtor is morally prevented from political activity. If Mrs. Perón is faced with a moral, even if not juridical, impediment to her return to Argentine politics, this, in my opinion, is an attempt to block her politically.

EIR: What is the current status of Peronism in its efforts to achieve greater unity?

Labaké: Many efforts are being made to achieve unity. I am, however, not optimistic, or at least not very optimistic because Peronism has been, and still remains, very disoriented since the death of the General in 1974, and the overthrow of Isabel in 1976. The internal debate continues over whether Peronism must continue to be a national movement or whether it can simply turn itself into some sort of liberal party. This would call for a fundamental reorganization. On the other hand, there are certain Peronist tendencies which are trying to move us toward a European-style [social-democratic] political party, which would in effect, take away Peronism's popular revolutionary character.

Efforts now under way are purely formal, for a formal unity that would present a single slate of candidates with party authorization, but which still lacks that in-depth unity stemming from ideological and programmatic unity. . . .

EIR: If Mrs. Perón could act freely, without all these problems you've described, what would her role be?

Labaké: Were she totally free at this time, I imagine she would leave the party to reorganize itself from a purely formal viewpoint, without any interference from her, encouraging those groups which are pushing a nationalist and popular approach to establish their leadership. Her approach is to encourage those who are trying to help Peronism recover its national and popular revolutionary role. The purpose of the legal cases against her is to juridically condemn her, and leave her penniless. This is a problem the Alfonsín government has not solved. It would appear that they want to leave her with these unsolvable economic problems.

Trilateral-KGB lobby exposed in Spain

by Mark Burdman and Leonardo Servadio

During the first days of April, the Spanish government let it be known that Prime Minister Felipe González has set definite dates for his long-awaited state visit to Moscow. According to information reported in the Spanish dailies, González will be in Moscow from May 19 to 23.

The prime minister's office failed to draw attention to one curious fact about these dates. From May 17 to 19, immediately before González is scheduled to go, the Trilateral Commission will be holding its international plenary meeting in Madrid, Spain's capital. The "coincidence" may not have been noted officially, but the coincidence between Soviet and Trilateral Commission operations in Spain, has suddenly drawn headline attention in the Spanish press.

In its edition for the week of April 7, the Spanish weekly *Cambio 16*, ran a seven-page feature entitled, "The Spanish Entrepreneurs Sell Gold to Moscow," exposing the most-entrenched links of the Soviet intelligence services to the Spanish business community. On page 21, there is a giant red-background hammer-and-sickle, with a photo underneath of José Carlos March Delgado, the scion of Spain's very influential March banking family and among the most active Spanish members of the Trilateral Commission, who have helped plan for the May 17-19 plenary that precedes González's send-off.

Before reporting some of the details of the *Cambio 16* revelations, and some other details of the Spanish situation known to *EIR*, we should first underline that the "coincidence" of plans of the Commission founded by banker David Rockefeller and the Russian dictatorship, is not entirely a surprise. In mid-March of this year, the Italian weekly *Panorama*, basing itself on Italian Trilateral Commission sources, reported that among the discussions on the agenda of the Madrid meeting, will be the idea of holding the *next* Trilateral plenary in a site where the Trilateral has never met before, most probably Moscow. Since the summer of 1985, when the Soviet Foreign Ministry's *International Affairs* journal hailed the Trilateral Commission's opposition to the Strategic Defense Initiative, the Trilateral-Soviet global love affair has been no secret to the public.

On the Madrid meeting itself, *EIR* has learned that one of the featured speakers will be Jimmy Carter-era U.S. National

Security Adviser Zbigniew Brzezinski, speaking on the status of East-West relations. Brzezinski has become, most recently, familiar to the European public for an article in the French-language journal *Politique Internationale*, calling for the United States to gradually, but unilaterally, withdraw from Western Europe.

Spain's 'Boston Brahmins'

A certain aura of mystery envelopes the central protagonist of the *Cambio 16* story, Juan Garrigues Walker. One day after the appearance of the magazine on the Spanish new-



Spanish Premier Felipe González addresses a meeting of German Social Democrats in 1982.

NSIPS

stands, he suddenly died. A consensus among Spanish sources with whom *EIR* has discussed the matter, is that Juan Garrigues Walker died a natural death, even though he was only 49; there is a family history of early deaths, we are told. Nonetheless, the coincidence is remarkable.

Juan Garrigues Walker was the brother of Antonio Garrigues Walker, another of Spain's most active Trilateral Commission members and, reportedly, a buddy of Henry Kissinger. Together, two brothers had directed a company called J&A Garrigues & Co., nominally a law firm, but, in the view of Spanish insiders, more a "wheeler and dealer" or brokering institution for some very nasty international interests. The Garrigues Walkers, for example, are central to Spain's "Libya connection." According to one Madrid source, "Juan was an important interlocutor for Qaddafi, on the political, economic, and financial planes."

Another of Antonio's ploys has been as a front man for the New York Rockefeller-linked banks, in dealings with Ibero-America, on matters pertaining to international debt. "It's better to have a Spaniard like him go in there and talk to people in South America, than to have a Yankee do it; it works better," is the way a European friend of A. Garrigues Walker puts it.

The revelations in *Cambio 16* could, despite or because of Juan's death, prove embarrassing to brother Antonio, who is angling to become Spain's next foreign minister, some time after the next national elections in October. There could also be some interesting ripple effects hitting the American

Trilateral Commission milieu; as a Madrid insider told *EIR* Apr. 10, "Juan would be considered here what Americans would call a 'Rockefeller left-liberal.' The family here are called Compradors, what Americans would call 'Boston Brahmins.' They have multiple and extensive links to the American Eastern Liberal Establishment."

A marriage of Spanish and British interests (hence "Garrigues Walker"), the family, indeed, has heavily invested in American railroad and other speculative ventures, over the past decades.

Hence, *Cambio 16* had caught a big fish. We report the revelations.

According to the Spanish weekly, Juan had been the major financier of the Spanish-Soviet Association. His links to Moscow blossomed, after he had been introduced, back in 1974, to the man who has since become the dictator of all Russia, Mikhail Gorbachov. The introduction to Gorbachov was made, the journal says, via noted Soviet "crime writer" Julian Semyonov.

(Semyonov, *EIR* has determined, is one of a stable of top-level Soviet KGB journalists, who specialize in profiling organizations in the West. He has been caught in certain dirty tricks, over the years, vis-à-vis the organizations of *EIR* founder LaRouche.)

Cambio 16 further reveals that it was Juan Garrigues Walker who introduced two top-level Soviet KGB agents, Vladimir Polozev and Tatiana Polozova, into Spain. The two were expelled by Spanish authorities from the country in 1981.

Another of Juan Garrigues Walker's activities, beginning in 1977, was to provide millions of dollars, from money obtained from suspicious financial and industrial dealings inside Spain, to the Spanish press, in particular to the weekly *Diario 16* and the daily *El País*, to fund a press campaign against Spain joining NATO.

(Of these two journals, *El País* is most interesting. Its chief editor, Jesus de Polanco, is yet another member of the Trilateral Commission, while the newspaper's ideological mentor, Jesús Aguirre, also known as the Duke of Alba, of the ancient and despised Alba clan, the same anathemized in Friedrich Schiller's drama, *Don Carlos*, joined the Trilateral Commission in October 1984.)

Another interesting connection pointed to by *Cambio 16*, is the close association of Juan Garrigues Walker with Vladimir Petrosov, chief of the Iberian Affairs section of the Communist Party of the Soviet Union.

A Spanish intelligence source informed *EIR* that J. Garrigues Walker was also a close buddy of former Soviet ambassador to Spain, Yuri Dubinin, who is now ambassador to the United Nations.

As critical as Juan Garrigues Walker had been in the Spanish-Soviet nexus, *Cambio 16* asserts that, in the end, he had been nothing but an agent of the interests of the March

family.

One Mediterranean affairs intelligence specialist consulted on this by *EIR*, insisted that, indeed, the Garrigues Walker operations, both politically and financially, are a "facade" for the March family's empire.

The Juan March empire

This gets us to one of the most sensitive, and nasty, realities of Spain during the past seven decades. The now-deceased Juan March, the prominent "old man" of the family,

Juan March embodies the Spanish branch of what EIR has identified as "The Trust," the East-West "joint-stock company" behind the creation of the Bolshevik and fascist movements earlier in this century, and now in control of international terrorism and the drug trade.

had built up his fortune during World War I, in various shady, speculative ventures in shipping, contraband, scrap-metal trading, and related activities. In ensuing years, as World War II approached, he was able to do financial and/or political tricks for, variously, the Churchill interests in Britain, the Bolsheviks, the Franco interests in Spain, the European fascists, and others. In the post-World War II period, through a maze of connections that would take an entire book in itself to unravel, Juan March became a central figure in the control apparatus for international terrorism, drugs, and arms-trafficking, particularly in Ibero-America.

Juan March embodies the Spanish branch of what *EIR* has identified as "The Trust," the East-West "joint-stock company" behind the creation of the Bolshevik and fascist movements earlier in this century, and now in control of international terrorism and the drug trade.

Cambio 16 does not refer to all aspects of this shady history. What it does say, is the following:

The "Grupo Juan March," presided over by family scion José Carlos March Delgado, is the biggest single financial power in trade between Spain and the U.S.S.R. In 1985, the family's holding company, Estudios, Proyectos y Realizaciones, S.A., or the EPYR group, mediated hundreds of millions of dollars worth of steel and machinery exports to the Soviet Union, from Spanish industrial concerns, like the Empresa Nacional de Siderurgia.

Further: EPYR has opened offices in the Soviet Union, and has several Russian employees. Grupo March is among

the key financiers of the Spanish-U.S.S.R. Association, and has been investigated by the CESID, Spanish Military Intelligence, for its connections with Moscow.

These *Cambio 16* revelations should provide for some lively chatter in Madrid during "Trilateral Commission Week." Commission sources report that the Juan March Foundation will be holding a dinner-reception for those attending the international plenary.

A blow to 'convergence'?

Two of the other most notable revelations made by the weekly include:

- Former Generalísimo Franco's friend Eduardo Barreiros, today a friend of Cuba's Fidel Castro, is among the most important Spanish industrialists smuggling Western technology to the U.S.S.R. Barreiros, who built the Cuban diesel-engine industry, ships technological elements to Cuba as "spare parts" for his engine factory, and from there to Moscow. Barreiros himself is quoted: "This way the Cuban government cheats the CIA and the CESID."

- The number two of the Soviet KGB today in Spain is Viktor Pakhomov, who is on the board of several Russian shipping companies operating in Spain, some of which include Spanish private capital and work as conduits for trade with Moscow. The most important of these companies, Sovhispan—owned, until 1982, 50% by the Soviets and the rest by two Spanish private companies, Tabacos de Filipinas and Vapores Suardiaz—has bases in Moscow, Madrid, Tenerife, and Las Palmas. Tenerife and Las Palmas are the two most important Canary Island ports, where Sovhispan provides logistical back-up for the enormous "fishing fleet" the Soviets are running in the area—a fleet that is known to be a cover for Soviet military and intelligence operations in the strategically key Canary Islands. In 1982, the Spanish government compelled Vapores Suardiaz to sell its shares to a state enterprise and reduced the Soviet participation in the operation, which is nonetheless still working. Together with Pakhomov, *Cambio 16* indicates also Vasili Cochelyo, Igor Markovskii, Aleksei Arzamarsev, Valeri Kozbo, and Genadi Petrov, as Soviets, in some cases, KGB people, working in those shipping companies.

Such exposés, in total, might upset a few applecarts in Spain, particularly if they are followed by more, in the weeks leading up to the Trilateral Commission plenary. One group that, undoubtedly, will be affected, is the Spanish Employers' Confederation, which organized a 50-member delegation to Moscow for several days in late March. Shortly before that deployment, a Confederation official had asserted that the visit would aid "convergence between the systems of East and West," through encouraging trade.

Evidently, *Cambio 16* represents some of those Spanish interests, who feel that the "convergence" has already gone too far.

Euthanasia foes try stalling in Holland

by Mark Burdman

Opponents of euthanasia in Holland have decided on a strategy that might be called "permanent stall," in the weeks leading up to the May 21 national elections. This tactic might create the conditions for the Soviet Union's allies in the Dutch Labor Party to win those elections, and make euthanasia state policy in Holland anyway.

EIR learned from anti-euthanasia activists in The Hague and other Dutch cities, that the Christian Democratic Appeal (CDA), the majority party in the ruling coalition, has struck a deal with its coalition partner, the PVD, or Liberals, to *not* make euthanasia an election issue for the coalition. This is despite the fact that the CDA opposes all forms of euthanasia legalization, both the radical pro-euthanasia bill put forward by parliamentarian Wessel-Tuinstra of the small, ultra-liberal "Dem '66" party, and the "moderate" form of legalization proposed by the coalition government itself.

One CDA official confessed privately to this correspondent, that his party was being "blackmailed" by the PVD, "much as the Liberals of Genscher are doing in West Germany." He was referring to Foreign Minister Hans-Dietrich Genscher's Free Democratic Party, which is in a coalition with the conservative Christian Democrats (CDU), and which holds the CDU hostage on many issues, under threat of withdrawing from and collapsing the government.

The CDA is trying to keep the whole issue of euthanasia locked up, for as long as possible, in the deliberations on euthanasia-legalization that have begun in the Dutch Council of State, the "Raad van State." This is a body of lawyers and experts, appointed by the Dutch monarchy, which operates as a separate and independent administrative entity to decide on major national issues. Because this Council of State entity has significant power in such matters, it can, in the views of CDA pragmatists, override pressures for euthanasia legislation to even be discussed in the Dutch parliament in the immediate period.

A sop to the KGB?

There are several dangers, moral and political, in such a pragmatic approach.

First, in Holland, euthanasia is *already* taking place on a

large scale, with an estimated several thousands per year, including cancer patients, the elderly, and very ill children, being subject to this Nazi "mercy-killing." This trend will only increase, as AIDS and other epidemic diseases spread, and the economic collapse worsens. Second, it cannot be ruled out that the coalition will lose the election, and that a Labor Party government, with or without the support of various minor socialist, leftist, and liberal parties, could form the next government, after May 21. That would make this "pragmatic" strategy obsolete, to say the least. The Labor Party, the affiliate of the Socialist International in Holland, would have no interest in the "permanent stall" strategy, and every interest in bringing euthanasia-legalization to parliament, as soon as possible.

A Dutch Roman Catholic television network broadcast on April 21, featured Labor leader Joop den Uyl, who insisted that all delays to bringing euthanasia legalization before the Dutch Parliament be ended.

Sensing the CDA's cowardice, and being subject to such atrocities on television, many voters may abstain, or rally to the opposition in the May 21 votes. This would put a coalition in power similar to what would emerge, if a "Red-Green" Social Democratic-Green Party government were formed in the Federal Republic. Such a result in Holland, on May 21, could have profoundly disturbing effects on Germany.

The Dutch Labor Party, with its advocacy of unilateral disarmament and radical appeasement of the U.S.S.R., is a top Soviet asset in Europe. One can only conclude that the "Death Lobby" and the "KGB Lobby" are the same thing in Holland, and that euthanasia advocacy in the West has become a strong point in the Soviet strategic arsenal.

A Labor Party parliamentarian, Mrs. Hasberger, arose during a parliament session in mid-April, and demanded that young children be allowed to decide whether they want euthanasia or not! As shocking as this was, it only echoes the *official* position of the Dutch Medical Association.

Backlash

Both older Labor Party members, who remember Holland's fight against the Nazis during World War II, and local doctors, opposed to the Medical Association leadership, are beginning to express uneasiness.

During the weekend of April 26-27, pro-life organizations in Holland and abroad, brought together by anti-euthanasia activist Mr. Dorenbos, are holding a meeting against euthanasia in the town of Arnhem. One day later, on April 28, the Club of Life, the organization founded by Mrs. Helga Zepp-LaRouche, scheduled its first-ever press conference in Holland, in The Hague, to present its dossier against euthanasia, and to report on the international mobilization against euthanasia legalization in Holland.

On the night of April 24, Holland's EO Evangelical television station, showed a feature on the mobilization by the Club of Life's American chapter, in Washington, D.C., against euthanasia.

Libya wins elections in Sudan

U.S. backing for the International Monetary Fund has strengthened the hand of Libya, Iran—and the Soviets.

Two weeks after the official closing of the 12-day elections in the Sudan, April 1-12, a government had still not been formed. As most observers predicted, the Umma Party led by Sadiq el Mahdi won the majority of the contested 264 seats (elections in 37 districts in the south were postponed as anarchy reigns there, due to the rebellion by the Southern People's Liberation Army [SPLA]). The Umma party won 48% of the vote, gaining 99 seats, while the Democratic Unionist Party won 63 seats, and the National Islamic Front a surprisingly high score of 51 seats, though its leader, Hassan el Turabi, was defeated in his own constituency in Khartoum.

As we reported in our April 4 issue, el Mahdi has received substantial support from Libya. He was in Tripoli on March 15 to ask for campaign funds. His stop in Tripoli was on his way back from Geneva, where he had attended an international Islamic seminar, with Islamic fundamentalists from Europe and the Middle East. Sadiq el Mahdi's victory means that Libyan involvement in Sudan will increase.

The largest country in Africa in area, Sudan borders Egypt, Libya, Chad, Zaire, Uganda, the Central African Republic, Ethiopia, and Kenya. A strong Libyan position there would increase pressure on the Chad government, already battling against Libyan-backed rebels in the north, and facing a permanent Libyan military occupation of the Aouzou strip along its northern border. Zaire has also been

troubled by Libyan interference, and the Central African Republic has been hit by several bombings in the capital, Bangui, reportedly Libyan work.

The Umma Party's official policies are not particularly extremist. Their manifesto calls for defeat of the Islamic Brotherhood of Hassan el Turabi, the suspension of the Islamic Fundamentalist Sharia laws, and the removal of the remnants of Numayri's regime. A spokesman for El Mahdi said after the elections that he had an "understanding" with the United States, that the party would pursue a "non-aligned" foreign policy, and would not challenge U.S. interests in Africa and the Middle East.

Sadiq el Mahdi has been a leading political figure in Sudan since independence in 1956. His party's support comes from its traditional followers, the Ansar. He was involved in an abortive—Libyan-backed—coup attempt against Numayri in 1976.

The other traditional party, the Democratic Unionist Party (DUP), led by Mohammed Osman el Mirghani, gets its support largely from the Khatmiya Islamic sect (though it is seen as "liberal" compared to the NIF), and from the business and merchant class. The party has called for revision of the Islamic law, and concessions to the Christian and animist parts of the population. The party calls for union with Egypt, which has recently lost it some popularity.

The National Islamic Front (NIF) is the party of the fanatics, strongly backed by Iran. Hassan el Turabi calls

for an Islamic state, and has threatened to declare a holy war if the Sharia legal system is changed. On April 17, just after the elections, el Turabi made a show of strength in Khartoum, bringing 10,000 into the streets in favor of the Sharia and in his support. If the new government does not move against Turabi's Islamic fanaticism, unrest among the non-Islamic communities will rise, especially given the economic crisis. If the government does act, it faces violent actions by the NIF extremists.

The NIF virtually controls Sudan's Islamic banking system, and is reported to have earned \$25 million from helping to arrange the sending of Ethiopian Falashas to Israel. They are also reported to be heavily involved in selling sacks of cereal, given as food aid, on the open market.

Numayri's fall in April 1985 was due to the unpopularity of International Monetary Fund measures being imposed. U.S. backing for the IMF has led to anti-American demonstrations and support for Libya. In the South, Ethiopian-backed SPLA rebels are stepping up their military offensive, expecting the early collapse of an Umma-led government, and hoping to be in control of the entire south of the country when that happens.

Libyan intervention has not only included financial backing for Sadiq el Mahdi, but military aid: Two Soviet-built Tupolev bombers were lent to the Sudanese government for missions against the SPLA rebels. At the beginning of April, 300 trucks crossed the Libyan border into Sudan, bringing food and arms for the demoralized Sudanese army units fighting the rebels. The suspension of Western economic aid after the IMF's declaration that the country was in default, in February, leaves Sudan at the mercy of the Libyans and Iranians, with the Soviets not far behind.

Chauvinists strut in Communist journal

An outburst of Russian blood-and-soil cultism gives the lie to Kremlinologists, who see Gorbachov as a "rational" force.

Jerusalem Sovietologist Mikhail Agursky's claim that the 27th Congress of the Communist Party of the Soviet Union rang a starting-bell for "a return to so-called ideological 'liberalism'" (*EIR*, April 11) is contradicted by the contents of the CPSU's main journal, not to mention the decisions of the 27th Congress.

Though his 1979 book, *The Ideology of National-Bolshevism*, was about the survival and flourishing of Russian "right-wing" nationalist currents, apocalyptic national messianism, and Russian gnosticism in the Soviet period, Agursky insists, in his *Jerusalem Post* columns, that these are nowhere to be found amid the members of the Gorbachov team.

As Agursky has it, General Secretary Mikhail Gorbachov opened the party ideology bureaus chiefly to the rational, possibly "liberal," set from the systems analysis and sociology think-tanks, and no Mother Russia cultists need apply. *EIR* has already reported, to the contrary, how at the 27th Party Congress the Great Russians quashed the huge irrigation projects sought by Central Asian republics and eliminated all but a handful of non-Slavs from the Central Committee.

Turning to *Kommunist*, the CPSU journal of theory and policy, we find these moves backed up in writing. In its first 1986 issue (January), the party mouthpiece featured two articles by authors who have been among the most vocal Russian chauvinists.

Academician D. Likhachov and Corresponding Academician V. Yanin, signing themselves as leaders of the All-Russian Society for the Pres-

ervation of Historical and Cultural Monuments (also known as the Rossiya Society, a mass-based Russian nationalist outfit), wrote "The Russian North as a Monument of Native and World Culture." They called for a vast region, encompassing Arkhangelsk and Vologda provinces, to be designated a cultural monument and preserved as "a huge museum, stretching for thousands of square kilometers."

In part, this was a polemic in favor of what the 27th Congress then did—reject the irrigation scheme to divert the waters of north Russian rivers. Likhachov and Yanin bemoaned "the possibility that territory, where *chefs d'oeuvres* of national, state, and worldwide significance are located, could be drowned as a result . . . of certain projects now under discussion. . . ."

But, beyond that, Mother Russia cultist Likhachov really flew his colors. He and Yanin lingered with affection over each phase of northern Russia's history: peasant migrations, boyar inroads, and the dense construction of monasteries during the 14th-16th centuries. The north, they gushed, bred "a certain type of population. From generation to generation, people here grew up strong, firm in spirit, enterprising, freedom-loving. . . . For centuries, the Russian North and its popular culture played an active role in the formation of all Russia's culture, statehood, and defense capability."

The area, they said, "continues to serve Soviet culture, as witnessed by the 'village prose' of Abramov, Rasputin, Belov, Astafyev and other writ-

ers, connected with the peasant North." The writers, boosted by Likhachov, exude devotion to the soil of Mother Russia.

The second Russian chauvinist's article in *Kommunist*, No. 1, was a more subtle contribution by Yu. Melentyev, entitled "Spiritual Unity." In a carefully worded discussion of "multi-national Soviet culture," he examined "the process of rapprochement (*sblizheniye*) and consolidation of unity (*splocheniye*) of the fraternal peoples of the U.S.S.R."—avoiding the controversial thesis on eventual merger (*sliyaniye*) of the nationalities, which the new CPSU Program also ignores.

But the very choice of Melentyev, minister of culture of the Russian Republic, as *Kommunist's* author on this theme conveyed a sharper message to party insiders. In the early 1970s, Melentyev was head of the Molodaya Gvardiya (Young Guard) publishing house, a hotbed of Great Russian chauvinism. His magazine printed a famous appeal to resist the Westernization of Soviet society, with "Russification of the spirit." Readers aware of that would note that Melentyev's *Kommunist* dissertation on "multi-national" camaraderie was peppered with: a call to protect and value historical monuments for their "aroma of the past" and ability to kindle "the feeling of the Motherland"; a warm reference to poet Valerii Bryusov, a Russian occultist who joined the Bolsheviks in 1920; and a complaint that the Russian language was being treated with scant esteem in some regions of the U.S.S.R.

Since the 27th Congress, *Kommunist* got a new editor—Ivan Frolov, an activist in the radical ecologist movement linked to the Club of Rome. We suspect Agursky will call him a liberal, too.

Soviets seek an ally in Brazil

Mediated by the friends of Henry Kissinger, the Russians are offering "science," "culture," and business deals.

Representatives of the Soviet government have begun an aggressive diplomatic and propaganda drive in Brazil, including the possible visit in the near future of Soviet Foreign Minister Eduard Shevardnadze. According to reports in *Jornal do Brazil*, Shevardnadze will arrive before the next United Nations General Assembly meeting, and may also visit Argentina.

From what is publicly known, the Soviet ambassador in Brazil, who has organized this diplomatic offensive, and a bevy of Soviet journalists who have just left the country, devoted their efforts to vitriolic attacks against the Reagan administration's Strategic Defense Initiative (SDI), while encouraging the environmentalist-pacifist movement here. The representatives of Imperial Russia also tried to take advantage of the crisis caused by International Monetary Fund austerity demands and Brazilian pragmatism to increase trade between Brazil and the U.S.S.R.

The Soviet campaign began with a briefing on the results of the recent 27th Congress of the Soviet Communist Party given by Ambassador Vladimir Chernichov to President José Sarney and to the heads of the two houses of Brazil's Congress. Immediately afterward, Chernichov asked the Foreign Relations Commission of the Chamber of Deputies for Brazilian support for the Soviet program for Western disarmament and fulminated against the "Star Wars" program of the U.S. government.

On April 4, the ambassador showed up at the University of Sao Paulo to speak on the same subject. His proselytizing was so blatant that a group of professors protested, arguing that the university "should not serve as a forum for the policies of either of the two superpowers."

Later, on April 8, a Soviet delegation arrived, made up of cosmonaut Valery Kubasov, director of *Pravda* in Moscow Nikolai Prozhogin, and the Latin American editor for *Pravda*, Sergei Isistnov.

In his tour throughout the country, cosmonaut Kubasov—always flanked by a Russian reporter or diplomat—made the attack on Reagan's defense program his apparent sole purpose on earth. Speaking in a mystical pacifist tone recalling the flower-waving hippies of yesteryear, he gave a lecture at the Institute for Space Research in São José dos Campos, one of the most important centers of the scientific community. His delegation also met with President Sarney and the governors of Sao Paulo and Rio de Janeiro.

As a sequel, a group of Brazilian politicians and scientists—some, disciples of the agnostic pervert Bertrand Russell, and others, like Archbishop Helder Camara, followers of the theocratic doctrines of Integralism—decided to celebrate the 25th anniversary of Soviet cosmonaut Yuri Gagarin's first flight into space by organizing a hookup between the Rio de Janeiro radio network Roquette Pinto and Moscow radio to hear a message that the Mir cosmonauts would be sending

to Brazil. One of them communicated from space that "Brazil appears as an enormous green zone crossed by blue rivers" (i.e., a zone of rich and enormous natural resources.)

The Soviets' sudden interest in Brazil, however, is neither science nor culture. Rather, it is to ready Brazil as a launching pad for Soviet operations on the continent, be they intelligence-related or strategic.

In December 1985, then Brazilian Foreign Minister Olavo Setúbal, a banker close to Henry Kissinger, became the first Brazilian foreign minister to visit Moscow. At that time, the Soviet government expressed interest in opening up Aeroflot operations to Brazil. Brasilia said no.

Brazil has, however, proven more vulnerable to the offer of a "cultural-scientific" interchange, the means typically used by the Soviets to disseminate their feudal culture and expand trade. The appeal to "culture" and "science" has worked well, fed by the bureaucracy of the Brazilian foreign ministry.

The Soviet delegation's Brazil trip dovetailed with the meeting of the Mixed Brazil-Soviet Commission, attended by Soviet Foreign Relations Vice-Minister Aleksei Mazhulo. Some 50 private Brazilian companies attended as observers. Parallel to the meeting, it was announced that the Brazilian company USIMEC and the Soviets' Technopromexport have struck a deal to jointly produce electrical equipment for sale to third countries. Also, the Cacique company agreed to sell Brazilian food to the Soviet company Soyuzplodimport. A Soviet technical delegation will shortly be traveling to the state of Minas Gerais to evaluate mineral production for energy needs. The Soviets are also offering to participate in an irrigation project for Brazil's northeast.

International Intelligence

Strauss blasts the European decouplers

"The Western alliance is facing a litmus test," wrote Franz-Josef Strauss, the leader of the West German Christian Social Union, in the April 26 edition of the weekly newspaper *Bayernkurier*. He singled out Foreign Minister Hans-Dietrich Genscher for being "dishonest and hypocritical" in his criticism of the April 14 U.S. bombing raid on Libya.

"The consequences of the European reactions to the U.S. military strikes against Libya will determine for a long time the discussion in the Atlantic alliance. This discussion will be extraordinarily radical and not at all pleasing. . . . America is not only disappointed, but hurt . . . 380,000 U.S. soldiers are deployed in Europe to defend peace. . . . But if the U.S. wants the Europeans to support them, not only do they find widespread refusal, but also malicious criticism and even hatred and outbreaks of anti-Americanism."

Strauss asked what kind of proof the European critics of the United States are waiting for, that Libya is involved in international terrorism: "Perhaps they want a signed declaration by Qaddafi, authorized by a notary in Bonn?" He asked whether the lives of civilians could have been saved, if the United States had received permission from Spain and France to fly over their territories, rather than making long detours.

South Africa's Botha abolishes racist laws

The South African pro-reform faction, led by President Pieter W. Botha, on April 23 announced the official abolition of the 73-year-old "pass laws," one of the main pillars of apartheid. The laws required blacks to carry a pass, indicating restrictions on where they could live and work, which confined them primarily to impoverished rural areas. Those receiving permission to work in the

cities, had to work for the same employer for 10 years before their families could join them.

The government's move enraged both black and white extremists, who are intent on ripping apart the fabric of the nation and plunging the Republic of South Africa into civil war.

The reform measures mean that blacks will no longer be arrested for moving out of their assigned areas, and those already under arrest for past violation of the pass laws, will be released. The changes are effective immediately, with a common identity document for all South Africans to be issued at a future date.

According to Constitutional Development and Planning Minister Chris Heunis, "The government proposes to repeal or amend no fewer than 34 Acts . . . to ensure that the movement of people will not be subject to discrimination on the ground of color or race."

President Botha, in a speech April 17 before Parliament, said that he would soon move to establish a multi-racial council, that would be the first step toward full political participation by all races, leading to the eventual inclusion of blacks in the cabinet.

Will Philippines face new government crisis?

Philippines Vice-President Salvador Laurel warned on April 19 that the new government faces the prospect of either another military coup or a communist takeover, if President Corazon Aquino does not soon create a constitution "reflective of the will of the people."

Contrary to the predictions of Aquino and the U.S. State Department which installed her in power Feb. 25, the economic problems of the country are intensifying, while the communist insurgency has continued. Hoped-for concessions from the International Monetary Fund and the creditor banks have not been forthcoming.

As a columnist wrote in the *Manila Eve-*

ning Post on April 9, "Already there are faint murmurs of disenchantment and discontent. Prices are going up. Joblessness is spreading, crime goes unabated. And we have the circus of leaders of this 'reform society' quarreling like scavengers over the spoils of power and privilege."

Mrs. Aquino, whose release of all political prisoners has estranged her from many of her supporters, suspended the constitution, dissolved the parliament, and postponed elections. Her government now rules by emergency decree.

LaRouche: Beware new hoax about Qaddafi

In a news release issued April 19, Lyndon LaRouche warned that the U.S. intelligence community is being saturated with a hoax, to the effect that "President Reagan's military action against Libya's Qaddafi was a failure, because it had failed to accomplish the assigned objective of killing Qaddafi in the bombardment."

"I must admit that I blew up when I first heard this report," LaRouche reported. "The idea of attempting to kill Qaddafi by bombing his premises from the air, was such an absurd idea that no competent military or intelligence professional would have ever endorsed basing a military bombing mission upon such a specific objective. . . ."

"The 'leak,' which alleges falsely, that the purpose of the military operation against Libya was to drop a bomb on Qaddafi, is a rumor concocted in an effort to discredit the President. This contorted tale is being spread as part of an effort to show that the operation was a strategic failure comparable to the 'Bay of Pigs.' The purpose is to discredit the President and the U.S. military, and to tip the balance of power in Washington back into the hands of Secretary Shultz and the State Department.

"Curiously, but not surprising, those circulating this false information are insisting that the United States must not strike against Armand Hammer's Libyan oil-fields:

Briefly

● **FRANÇOIS GENOUD**, the Swiss Nazi banker, was linked to Libyan arms smuggling on April 15, during a trial in Lausanne, Switzerland of a former bodyguard of Algerian exile and terrorist controller Ahmed Ben Bella. The bodyguard was arrested a year ago, trying to enter France with weapons which were acquired from the Libyan People's Bureau in Berne, Switzerland. The bodyguard had been in constant touch with Genoud, who introduced him to Ben Bella.

● **WILLY BRANDT**, the head of the Socialist International and chairman of the West German Social Democratic Party, visited South Africa in mid-April. He met with South African Prime Minister P. W. Botha, as well as with union and business leaders, church figures, and opposition figures including Winnie Mandela of the African National Congress.

● **LEONID ZAMYATIN** was officially named ambassador to Britain April 25, as had been mooted for some time, according to TASS. Diplomats in London claimed that some of the statements of the Kremlin's long-time chief spokesman were "not in tune" with Soviet leader Mikhail Gorbachov's public-relations drive in the West, and that, therefore, Zamyatin's appointment is a step down, away from the Moscow hierarchy. Not likely, in *EIR*'s view.

● **U.S. STATE** Department spokesman Charles Redman responded to South Africa's repeal of the infamous "pass laws" April 24 by calling it a "major milestone on the road away from apartheid." However, Redman expressed reservations, particularly over the matter of the tribal "homelands." The reforms regarding freedom of movement must still be negotiated in regard to the homelands, which are considered independent states by Pretoria.

precisely the target which absolutely must be struck should Europeans refuse to go immediately with water-tight sanctions against Qaddafi's dictatorship."

Break-in attempt at EIR office in Rome

Unknown persons attempted to break into the Rome office of *EIR* at about 1:00 a.m. on April 19, in a move which security investigators believe is related to the activation of Libyan-sponsored terrorism against American targets in Europe.

The previous day, *EIR*'s bureau received some anonymous phone calls, whose purpose was evidently to surveil the premises; the afternoon of the break-in attempt, an anonymous caller issued death threats.

These threats followed closely upon the publication of articles hostile to Lyndon LaRouche and his collaborators in Europe, in the daily newspaper *Il Manifesto* and the weekly magazine *L'Europeo*; both articles gave the address of the Rome *EIR* bureau.

Two weeks before, *EIR*'s office in Paris was bombed, sustaining serious damage, although no one was hurt. The action was claimed by a terrorist organization calling itself Black War, affiliated to the French Direct Action group and the Italian Red Brigades.

British plan to upgrade their nuclear arsenal

Great Britain has embarked on the most far-reaching modernization of its nuclear arsenal in a generation, the Reuters news agency reports. The \$14.6 billion program to acquire U.S. Trident missiles will represent a major boost to Britain's nuclear arsenal.

The government has already spent \$730 million on the program and expects to spend \$2.8 billion by 1988, the latest possible date of the next general election. All three major opposition parties have pledged to cancel the Trident program if they win the election.

A major component of the budget will be taken up by construction of four nuclear submarines, the biggest ever built in Britain. "When Polaris came into service in 1967, we had the capacity to send off 48 missiles against what were then undefended Soviet targets," an official said. "With Trident, we will be able to launch 128 missiles against heavily defended targets. The result will be to bring the deterrent effect back to where it was in 1967. We will have the capacity of obliterating the key target area around Moscow."

Green Party makes its Moscow link official

A delegation from the West German Green Party arrived in Moscow on April 13, and was received with great fanfare by top Soviet officials. The Greens, who are committed to ousting the U.S. military presence from Europe, are a key element in Moscow's plan to destabilize the Federal Republic of Germany and draw it out of its alliance with the United States.

The scruffy crew of radical ecologists was met at the airport by Ivan T. Frolov, a member of the Central Committee of the Soviet Communist Party (CPSU) and the new editor of the party journal *Kommunist* as well as a Club of Rome supporter and Soviet liaison with radical environmentalists worldwide, and by V. S. Shaposhnikov, deputy chief of the CC's International Section. The Greens later met with Moscow City Party chief Boris N. Yeltsin, Central Committee Secretary Mikhail Zimyanin, and CC member Vadim Zagladin.

One of the Greens who made the trip, Norbert Kostede, announced on April 22 that the visit had resulted in an agreement for a twice-yearly exchange of visits with the CPSU and a regular "exchange of articles" for their respective publications. The exchange will begin with the next issue of the KGB-run weekly *Literaturnaya Gazeta*: Kostede will contribute a piece entitled, "A Spectre Haunts Europe."

Exposed: new moves to cut American troops in Europe

by Nicholas F. Benton

Washington Post columnist Charles Krauthammer called it "Weinberger's Line," that "sickle-shaped line he drew on the night of the raid tracing the flight path of the U.S. planes that struck Libya." The head of that sickle, he noted, was in Britain, the base of the handle in Tripoli, and the arc extended out into the Atlantic, "repelled," he said, "by France, Spain, and Portugal."

The columnist predicted that the line defining the circumlocutious route that the April 14 U.S. air offensive against Libya was required to take around Western Europe will become a new political boundary within the next year.

Of course, calling it "Weinberger's Line" is a typical *Washington Post* deception. It is not the Libyan incident itself which poses a threat to the NATO compact. That case is being played up by the likes of Krauthammer only to turn public sentiment in the United States against the Europeans. The real danger to the Alliance lies in the budget process currently under way in the U.S. Congress: Gramm-Rudman.

Both the authors, Senators Warren Rudman (R-N.H.) and Phil Gramm (R-Tex.), have stated their personal intent to ensure that their legislation has the effect of cutting back on the U.S. commitment to the Alliance. Rudman lashed out March 18 before the American Defense Preparedness Association at the U.S. military's "country club on the Rhine," as he put it. Gramm, speaking before the American Association of Newspaper Editors in Washington April 9, repeated the same theme.

Now, in a climate of sanctimonious indignation at the failure of our European allies to have "been there" when we raided the "Mad Dog" of Tripoli, Rudman, Gramm, and their cohorts are demanding U.S. decoupling from Europe. Insider reports to *EIR* from Capitol Hill are that the Senate Armed

Services Committee will soon initiate debate on cutting back U.S. troops in Europe. The source said that at least one senator has requested a legal judgment from the Senate's legislative counsel office, identifying possible areas of American assistance to NATO which could be cut or eliminated.

Rumors abound that Sen. Sam Nunn (D-Ga.) is preparing to reintroduce the same legislation he authored two years ago for U.S. troop withdrawal from Europe. That bill, it should be recalled, failed to pass by a margin of only three votes, after a major personal lobbying effort against it by the President, and there were no Gramm-Rudman restraints then.

Sen. Charles Matthias (R-Md.) announced to the West German population that "economizing" on the U.S. budget this year will have consequences for NATO. Coming from Matthias, a man who spent years as a member of the Senate Foreign Relations Committee cultivating a pro-NATO image, these remarks are an ominous sign. They were published in an exclusive interview in the West Germany newspaper *Bild Am Sonntag*.

Rep. Dan Daniels (D-Va.), a longtime member of the House Armed Services Committee, stated of the Libyan incident: "Our next step should be to begin the gradual withdrawal of troops from Europe." Asked if he was merely angry over the lack of European support, he retorted, "I'm, deadly serious."

Rep. Les Hamilton (D-Ind.), head of the House Intelligence Committee, chimed in with "anger on the Hill over the Libyan affair" line to justify what he predicted would be "reduced financing for NATO activities," and Rep. William Hendon (R-N.C.) declared: "I hope all future U.S. assistance goes the same way the U.S. bombers did—right around France."

The future of the 300,000 U.S. troops in Europe could be sealed long before any legislation is passed, however. Congressional inaction might have accomplished the trick even before this edition of *EIR* gets off the press. As of this writing, the Senate was coming within three days of forcing the Defense Department to lay off 500,000 personnel.

A law passed by Congress last year to chisel the military out of pension benefits as a cost-cutting measure included in it a May 1 deadline for congressional implementation of specific pension system revisions. Failure to meet the deadline would require the Pentagon to let go 330,000 active duty and another 170,000 reservists by Oct. 1.

The House passed the required legislation, but the Senate is "twiddling its thumbs," as one observer put it. The Pentagon has been sounding all the alarms at the Senate, but "they just haven't responded," one source said. Unless a last minute law, or postponement of the deadline, is passed, the die will be cast to eliminate almost one-sixth of all U.S. military forces (now 3.3 million including reservists).

Weinberger hits Gramm-Rudman

Whereas the Senate was bringing this technicality down to the wire, Weinberger pointed out in testimony to the House Appropriations Subcommittee on Defense that if the automatic sequestering provisions of Gramm-Rudman go into effect because of the failure of Congress to hit its targets for cuts in the Fiscal Year 1987 budget, the result will be the forced removal of 330,000 U.S. troops—more than 10% of the total including reserves, and almost the exact number the United States has stationed in Europe.

He said that if Gramm-Rudman's automatic provisions had applied to the military in the first round of cuts last March, 280,000 troops would already be gone. "We don't have that personnel exemption in Gramm-Rudman next year," he warned the committee. "If Gramm-Rudman should come into effect without that exemption, 330,000 people will have to be put out on the street."

Weinberger called such a development "a disaster as far as the military, as far as the national security is at stake, to say nothing of what it would do to the economy."

"There are a number of people who now feel that the defense effort must be relaxed, either because they feel it has gone on too long, or because the deficit is too high. Significantly, no one recommends that because the risk is diminishing," he said, "nor are they recommending it because a modern and responsive military capability is unnecessary."

He added, "What is really being asserted is that the United States cannot afford an adequate defense. And that, I think, we cannot accept. . . . People who argue that really are arguing that we must forego a significant increase in our safety, and I think the burden is on them to explain why."

The angry Defense Secretary continued, "Are we really prepared to cut American strength in ways that increase the risks of war? Those who judge that in order to reduce the

deficit the United States must underfund programs previously agreed to by the President and the Congress and just run higher risks should really stand up and say why this is so, particularly in view of the continuing Soviet expansion."

He said, "We are indeed preoccupied with deficits, and I understand all the pressures confronting the Congress. But I have to remind everyone that the risk does not go down as the deficit goes up. It is essential that we make sure that defense not be cut simply because it is easier politically to cut it."

"We can hope the Soviets will slow down as we do, but they never have. . . . I was told two or three times that we should measure the President's budget by what is politically acceptable to the Congress. . . . We have a situation in which almost everyone says that the budget isn't realistic. Nobody has bothered to examine the details of it or say why it isn't realistic, it's just that politically everybody thinks that whatever budget is submitted has to be lower than the previous one. And that is not a very good way to deal with the world as we see it."

He continued: "The risk of war is a risk that depends upon Soviet perception of our strength. . . . If they at any time perceive that we lack the will or the willingness to apply our resources or our very considerable strength to national security, then the risk of war increases enormously, and increases by our own act. So it is essential that we have the kind of insurance that will deter the Soviets from believing that they could have any advantage out of our own failure to provide for our own security."

Weinberger articulated the theory of the administration's defense strategy in an article in the Spring 1986 *Foreign Affairs* magazine, in which he presents his six-point doctrine for the use of U.S. military force, originally spelled out in a November 1984 speech at the Washington Press Club. He denounced the Robert McNamara approach of "limited war" that resulted in the Vietnam fiasco, and placed the development of the Strategic Defense Initiative at the head of a list of what he called "four new military pillars" of defense, which include 1) the SDI and nuclear deterrence, 2) conventional deterrence, 3) arms control (within the context of the first two programs), and 4) competitive strategies to keep the Soviets off balance by technological flanking maneuvers, as it were, to render obsolete areas of their defenses where they have invested heavily.

The doctrine is an optimistic one, based on the prospect that through the SDI, "American science and technology will achieve what appears to some to be an impossible dream," but retains the maintenance of an effective deterrence as the key to preventing war. "The central thread in the Reagan administration's policy is to combine sufficient military strength with such a clear determination to resist aggression that we discourage challenges," he said. And it's that doctrine which is most seriously threatened by the political implications of Gramm-Rudman.

U.S. policy on terrorism stated

Excerpts from the prepared testimony of the Hon. John Whitehead, deputy secretary of state, before the House Foreign Affairs Committee, April 22, 1986:

... Given the recent U.S. military reaction to Libyan terrorism, and the diplomatic activity surrounding our strike, I would like to take this opportunity to apprise the committee on the broader elements of our policy and how we expect it to evolve. I will then address the details of implementing current legislation on aviation security.

I would also like to thank the Chairman and the Committee for their vital support in combating terrorism. U.S. policy in this area must continue to be solidly bipartisan.

Libya is not the only state which supports terrorism, but it is the most flagrant violator of international law—in its organization and direct support of terrorist activities in its use of surrogates, such as Abu Nidal. More than 50 Libyan diplomats have been expelled since 1981 by the United States and its allies for reasons of terrorism, an astonishing statistic. Earlier this year, Libya's support for terrorism was the subject of a State Department White Paper. That White Paper is already outdated due to continuing Libyan terrorist acts with even more direct official involvement, including the bombing of La Belle discothèque in Berlin, probably the shooting of an American embassy employee in Khartoum, and the killing of two British professors who were innocent hostages in Lebanon. We also note the tragic murder of Peter Kilburt, in circumstances yet to be explained, and the continuing plight of the American hostages in Lebanon. The long list of Libyan-inspired threats and actions directed against the United States and Europe demonstrates that Libya is systematically using terrorism as a matter of government policy. Libya's official support for terrorism is underscored by its clear pattern of using its diplomatic representations in more than 35 countries to organize and support this terrorism.

The threat from Libya is not new, but it has increased dramatically in recent months. Our initial reactions were to improve security, and to work with host governments where we faced specific threats. The response from host governments was universally good from these governments—with one exception. In Berlin, we advised both the East German government and the Soviet Union of the activities of Libyan People's Bureau members accredited to East Germany. Both

governments noted our concerns and stated their general opposition to terrorism; but they undertook no actions to curb the activities of the People's Bureau members. And it was that Bureau which delivered the bomb to La Belle discothèque that killed and injured 250 people. I am not accusing the Soviet Union or the East German government of complicity in the bombing of the La Belle discothèque, but these governments did not use their influence and legal position to stop illegal activity on the part of People's Bureau members accredited to East Germany.

Our military response to Libya's continued policy of terrorism against us was measured. It was based on the objectives of demonstrating that Qaddafi's pursuit of his policies

Some of our European allies did not provide the support we would have liked to see. America decided it need no longer stand idly by, that the time had arrived for a carefully designed military action.

would not be without direct cost to Libya; that the United States was prepared to use force to fight terrorism along lines repeatedly and carefully defined by the President; and that the United States reserves the right to defend itself and its citizens against aggression by any state, even when that aggression takes new forms, such as terrorism.

As the President said, our action may not stop Libyan supported terrorism, but it will give Qaddafi pause, and make other Libyans question whether they want their government to support such heinous acts. It will make the Libyan people wonder whether they want their government to support such heinous acts. It will make the Libyan people wonder whether the costs are not greater than the benefits. It will also give moderate governments in the Middle East and our European allies time to undertake new steps toward preventing terrorism.

Our right of self-defense is more than just a right. It is also our duty to protect our citizens. In the months and years preceding our most recent action in Libya, we saw risks increase abroad for our military and diplomatic personnel, for American businessmen, and for tourists. All have been innocent victims of terrorists. We increased security to the utmost where there were specific threats in Europe, the Middle East, Africa, and Latin America, and we put all U.S. official installations abroad on high alert. We increased our outreach programs to the private sector and to tourists to alert them to the threat. From the State Department, we repeatedly urged travelers to use prudence and common sense when traveling, especially to areas where threats were highest.

America is an open and highly mobile society. Millions

of Americans travel abroad each year for business and pleasure. We must not be afraid to travel abroad. Rather, we must provide the proper security so that terrorists cannot strike, so that commerce continues to expand and tourists can continue to learn about each other's societies and cultures. We have made great strides in aircraft and airport security, which I will address in more detail later. But, until terrorism has been stopped, we cannot say that we have done enough.

Cooperation with Europe

We are more convinced than ever that effective prevention of terrorism requires multilateral cooperation. It is no secret that we have had differences with European states over what measures were necessary to deter Libya and other states from supporting terrorism. We have engaged in a long-term effort to deter Libyan support for terrorism through peaceful economic and political measures. In 1979, we designated Libya as a state supporting terrorism. In 1981, we decreed unilateral economic sanctions that decreased U.S.-Libyan trade from \$5 billion to a few hundred million. In January, we invoked legislation that virtually cut all remaining economic and political ties to Libya. In January, I emphasized to European leaders that Qaddafi needed to understand that he could not support terrorism and enjoy normal relations with civilized nations. We recognized that our allies would have to take similar measures for our sanctions to be fully effective. We also recognized that our allies would have to have normal political and economic relations with civilized nations, if peaceful measures were to be effective. The measures adopted were uneven; Qaddafi's attacks increased in number, geographic range and deadlines. As a result, America decided it need no longer stand idly by, that the time had arrived for a carefully designed military action.

Some of our European allies did not provide the support we would have liked to see. However, having just returned from extensive meetings with European leaders at the OECD meeting in Paris and from a meeting with NATO allies in Brussels, I would urge that this is not the time for recrimination. We have had extraordinary contacts on counter-terrorism cooperation with the EC through our ambassador-at-large for counter-terrorism, Robert Oakley, and through Attorney General Edwin Meese. European states agree that multilateral cooperation must be made dramatically more effective. In the past week and a half, EC states have been engaged in intensive sessions on counter-terrorism. We welcome this development and we welcome the invitations we have received to cooperate with European states as a group. Our allies have also gotten the message that the economic costs to them of allowing terrorism to continue can be very high, as American tourists plan their vacations elsewhere. Our strike against Libya may have helped to open a new hopeful chapter in multilateral cooperation between European states and the United States. . . .

Mossad espionage and Richard Perle

by Linda de Hoyos

Recently, the assistant secretary of defense in charge of the Pentagon's Technology Transfer Branch, Richard Perle, visited Japan. While there, he told any who would listen that, in effect, cooperation in the U.S. Strategic Defense Initiative should not be a Japanese priority, because the program was not likely to outlast President Reagan's second term. Such an open act of sabotage would cause any patriotic American to wonder something to the effect: Who is this jerk?

Working under Perle at the Pentagon is Deputy Assistant Secretary of Defense Stephen Bryen. Both Perle and Bryen were aides to the late Sen. Henry Jackson (D-Wash.) on the Senate Foreign Relations Committee. Both Perle and Bryen are members of a nest of Israeli-Mossad agents in the U.S. government. They are associated, in particular, with a section of Israeli intelligence which has had the special duty of providing American secrets to the Soviet Union. They are not simply Israeli agents, but "false flag" Soviet agents.

On Nov. 21, 1985, Jonathan Jay Pollard, a civilian employee of Naval Intelligence, was arrested and charged with spying for Israel. Pollard, it was determined, worked directly under that section of the Mossad supporting the political ambitions of Ariel Sharon. Sharon has an understanding with Moscow. Moscow, periodically, promises to ship Soviet Jews to Israel to populate a West Bank Sharon intends to annex to Israel. In return, Sharon's associates, among other favors, are willing to funnel high-technology American secrets to the Soviet Union.

That is the relevant background to Richard Perle, undersecretary of defense in charge of technology transfer.

Perle and Bryen are both associated with the Jewish Institute of National Security Affairs, an outfit founded in 1976, and based in Washington. Other persons associated with JINSA include:

- John Lehman, secretary of the Navy.
- Yossef Bodansky, former consultant to Perle and Bryen at the Technology Transfer Branch.
- Michael Ledeen, advisor to Alexander Haig during his tenure as secretary of state, now a consultant to the National Security Council on Middle East policy; his wife works under Perle at the Technology Transfer Branch.
- Eugene Rostow, director of the Arms Control and Disarmament Agency (ACDA) in the first Reagan administration.

- Joseph Churba, aide to Rostow at the ACDA for part of the first Reagan administration.
- Max Kampelman, chief Geneva arms negotiator.
- Richard Schifter, aide to former U.N. ambassador Jeane Kirkpatrick.
- Max Raab, U.S. ambassador to Italy.

Richard Perle

Perle was actually caught spying for Israel in 1970. A wiretap of the Israeli embassy in Washington revealed that he was passing classified information to an embassy officer. The NSC-ordered wiretap was released to the press, but, for unexplained reasons, Perle managed to retain his security clearance and his position as Jackson's aide.

During the Carter administration, Perle was an employee of the Abington Corporation, owned by John Lehman. Perle maintained a lucrative contract with Soltam, one of Israel's largest weapons and munitions firms. Soltam was originally formed during the Israeli War of Independence in the 1940s. Its importance rested in the fact that a Finnish firm, Tampella, licensed it to manufacture mortars. The arrangement was one of the ways in which the Soviet Union supplied the Haganah with Czech arms during the War of Independence.

In 1980, Soltam paid Abington a \$90,000 consultant fee for services provided by Perle, including advise on inducing the U.S. Department of Defense to purchase Soltam mortars and ammunition. In March 1981, Perle, already sworn in as assistant secretary of defense, received two additional personal payments from Soltam totaling \$50,000. On March 18, 1982, Perle issued a departmental memo arguing that Soltam equipment was not receiving a fair evaluation. Soltam equipment, however, continued to be regarded as inferior for the price demanded.

Soltam was later absorbed by the giant Israeli corporation, Koor Industries, owned by the Labor Party's Histadrut. Koor has frequently been involved in Mossad arms smuggling and espionage. For example, upon leaving the Mossad directorship in 1976, Israeli spymaster Meir Amit assumed control of Koor.

Six months before the Pollard case broke, on July 31, 1985, the FBI arrested a San Jose, California-based arms smuggling ring which had been entrapped attempting to sell a federal agent 5,000 TOW missiles and other military equipment. Among those arrested were Col. Wayne G. Gillespie of the Army Materiel Command at the Pentagon, Fahrin Sanai, an Iranian arms smuggler, and Amir Hosseni, an officer of Khomeini's intelligence service, the Savama. The ring leader of the operation, which had been in business since 1981, was Paul Sjeklocha, a.k.a. Paul Cutter. On Aug. 20, 1985, Sjeklocha-Cutter and six members of the ring were indicted by a federal grand jury in Orlando, Florida, on several dozen counts of conspiracy, arms trafficking, and wire fraud.

In 1982, Sjeklocha traveled to Israel where he met with Ariel Sharon and a former chief of Israeli military intelligence. The trip was sponsored by JINSA.

Sharon offered him the opportunity to run guns to Iran. Sjeklocha accepted, and was placed on the board of JINSA. His close associate, Lt.-Gen. Eugene Tighe (ret.), director of the Defense Intelligence Agency during the Carter administration, was also placed on the JINSA board.

Stephen Bryen

From April 1, 1978 to Oct. 1, 1979, Stephen Bryen, then attached to the Senate Foreign Relations Committee, was the subject of a criminal investigation by the Department of Justice to determine if he had violated the espionage act. Bryen had been overheard in a 1978 discussion with senior officials of the Israeli embassy on effecting changes in U.S. policy. According to eyewitness testimony, Bryen and the Israelis plotted Israeli activities regarding the U.S. Congress and what had to be done to ensure Israel's continued occupation of the West Bank. Bryen noted that he had access to information pertaining to U.S. arms sales to Arab countries, and that he would make that information available to the Israelis.

The Justice Department and FBI were forced to launch a formal investigation into Bryen. According to documents released under the Freedom of Information Act, the DIA documents which Bryen was overheard discussing with Israeli officials were in his possession at the time. However, the investigation was stonewalled by Justice Department Criminal Division director Phillip Heymann, although departmental investigators continued to believe that Bryen had been involved "in efforts to obtain sensitive information for which he had no apparent legitimate need but which would have been of inestimable value to the Israelis."

The FOIA documents show that government investigators focused on Bryen's relationship with Zvi Rafiah, counselor to the Israeli embassy and also the Mossad station chief in Washington. According to the documents: "The FBI had a good circumstantial case against Mr. Rafiah and it implied that Mr. Rafiah had given Mr. Bryen 'orders,' which he had carried out."

One of the controllers of Jonathan Pollard was identified by the Israeli newspaper *Davar* as Yossef Bodansky, a *Washington Times* reporter. According to several Israeli intelligence sources, Bodansky is a spy for the Lekem, the Science Liaison Bureau, an espionage unit within the Israeli defense ministry run by Rafael "Dirty Rafi" Eytan. Bodansky emigrated to the United States during the Carter administration, and secured a teaching position at Johns Hopkins University. He soon joined Bryen, Perle, and Ledeen as a regular contributor to the JINSA newsletter, and thereafter, as a consultant to Perle's Technology Transfer Branch. He was reportedly let go from that position when his espionage activities became too obvious for even Richard Perle.

NDPC campaigns target the drug lobby behind the liberal Democrats

by Stephen Pepper

On March 18 two so-called unknowns, Janice Hart and Mark Fairchild, delivered the biggest political shock of the decade when they won nomination on the Democratic ticket for the offices of secretary of state and lieutenant-governor of Illinois. The fact that these two candidates were backed by the National Democratic Policy Committee (NDPC), the political action committee associated with the programs of Lyndon LaRouche, transformed these otherwise routine electoral results into worldwide news.

The outcome forced Democratic gubernatorial nominee Adlai Stevenson III to quit the ticket, and in effect the Democratic Party, and to sue the Illinois Board of Elections to change its rule that independents have to declare their intentions by Dec. 16. The Illinois state Central Committee of the Democratic Party took even more extreme steps, when it voted unanimously to request the Board of Elections to remove Hart and Fairchild because they were "hostile" to the Democratic Party, and to allow the Central Committee to toss out the voters' choices and appoint replacements. Board of Elections chairman Richard Cowen indicated that he was not prepared to bail out Stevenson: "I am not sure of any authority or precedent that we have at this juncture to remove anybody from the ballot."

Newspapers from Moscow to Bombay covered the result of an election which under any other circumstance would not have been reported outside of Illinois itself. Clearly the outcome brought to the surface the latent awareness of the significance of LaRouche and his policies, which had hitherto been stoutly denied. Even President Reagan responded. When asked at a White House Correspondents' dinner whether the GOP could beat the Democrats, he responded, "You bet, we can beat Lyndon LaRouche."

The liberals' counterattack

Democratic National Committee chairman Paul Kirk announced a multi-level program to "expose" LaRouche candidates, including mailing dossiers to every state chairman, launching the highly dubious policy of loyalty oaths, and demanding that party officials oversee the "purging" of LaRouche candidates. Despite the fact that the DNC has adopted tactics that would make the late Joe McCarthy blush, the results so far have been more hilarious than menacing. Pennsylvania Democratic state chairman Ed Mezvinsky, in a press conference on April 24, admitted that despite the

party's strenuous efforts it had not been able to identify the "LaRouche Democrats," and has called on them to "step forward and identify themselves" so that he can then throw them off the ballot.

The panic of the Democratic Party hacks has spread to neighboring Delaware, where the party has announced a crash effort to publish and distribute a brochure identifying the LaRouche "threat." There are no announced LaRouche candidates in Delaware. In Kansas too, the party is moving to crush an incipient LaRouche movement. So far, they have not found it. On the other hand, two candidates, one Republican and the other Democrat, from Idaho and Arkansas, have contacted the NDPC offices to learn more about LaRouche, since the press has identified them, to their astonishment, as "the LaRouche candidates." Finally, an Oregon local candidate told the press proudly that LaRouche agrees with *her* 95% of the way.

While at this stage, the Democratic officials' McCarthyite tactics resemble more the Keystone cops than full-blown police-state terror, more ominous efforts are already under way. In Alabama, the Madison County executive committee convened a three-member board which voted to expel Glen Thompson, a member of the party for 32 years, who is backed by the NDPC in his campaign for an executive committee post. The idea is that since only the executive can rule who is a Democrat, if you try to *become* the executive, they will expel you!

Even more dangerous is the role of Sen. Daniel "Pat" Moynihan, the lush from Broadway. In addressing the AFL-CIO awards dinner in Buffalo, New York, the flap-jawed Moynihan called "LaRouche and his neo-Nazi followers . . . as serious a threat as we have dealt with in the last 30 years. . . . We think because we see them as kooks . . . we don't realize that is exactly how the Hitlers and Mussolinis and Lenins were regarded in their day. We have got to take these people on . . . and we have got to smash this thing fast."

Moynihan's threat to LaRouche, who is a target for assassination by terrorist groups such as the Jewish Defense League, reflects the senator's close connections to the drug lobby, and its advocates from the Anti-Defamation League. Kenneth Bialkin, ADL chairman and former business partner of fugitive drug trafficker Robert Vesco, has been one of Moynihan's principal financial backers. It is Bialkin who, on

behalf of the Averell Harriman wing of the Democratic Party, has helped to orchestrate the national response to LaRouche. Bialkin and the Harrimans have suddenly revived interest in the flagging fortunes of Jesse Jackson and his Rainbow Coalition, as a potential alternative to LaRouche for leadership of the mass of discontented Americans.

The victory of NDPC-backed candidates in Illinois represents a direct threat to Dope, Inc., the interlocking directorate of bankers, dope dealers, and gun-runners which owns the present leadership of the Democratic Party. When the voters in Illinois chose the LaRouche candidates to express their discontent, they set off an explosion which is still reverberating. The directors of Dope, Inc., the Bundys, and the Rockefellers recognized this; President Reagan partly grasped it. The former reacted by unleashing Moynihan, Kirk, and company; Reagan drew the correct conclusion that the U.S. population would back him in decisive action against Libyan terrorism, and proceeded to bomb the headquarters of Muammar Qaddafi.

It is possible that the intensity of the slanders that have been injected into the campaigns may intimidate some voters in the coming primaries. But, as LaRouche said in his April 9 address to the National Press Club in Washington, "The genie is out of the bottle and can never be put back again." The battle has been joined, and the survival of Dope, Inc. is the issue in the coming primaries.

Ohio

Candidates battle the dope mafia

by Marianna Wertz

A slate of over 50 Democratic and Republican candidates for federal and state offices is running in the May 6 Ohio primary election, under the banner of the National Democratic Policy Committee. Led by seventh-generation Ohio dairy farmer Donald Scott, opposing incumbent-senator John Glenn in the Democratic primary, the slate has set its sights on repeating the kind of upset victory which two NDPC-backed candidates won in the March 18 Illinois primary.

Fear of such an outcome has been widely expressed by Ohio Democratic Party officials, including Gov. Richard Celeste and party chairman James Ruvolo. The NDPC slate has charged Celeste and Ruvolo with complicity in the massive narcotics traffic in Ohio, through their intimate relationship with reputed drug-money launderer, former Home State

Bank chairman Marvin Warner. Warner was recently indicted by a state grand jury for financial manipulations which resulted in the March 1985 collapse of Home State and pulled the plug on savings-and-loan institutions throughout the state.

The majority of the 13-man congressional slate is made up of working farmers and entrepreneurs, like Democrat Clem Cratty, who is running unopposed in the 4th congressional district for the seat currently held by Republican Michael Oxley. Ohio farmers are facing economic conditions worse than the last great depression, reflected in the 49% drop in the value of Ohio farmland over the past five years. The candidates chose to run, as Don Scott said, "because someone has to get the message out to the American people that the industrial and agricultural production base of the U.S. economy is in a shambles and getting worse every day."

All the candidates in the race except the LaRouche slate are ignoring the crisis. Ohio's total population has been declining since the 1950s, and with it has gone the state's once-proud manufacturing base. The skilled and semi-skilled workers who made Ohio a Lincoln Republican stronghold in the last century are disappearing: Unemployment stands officially at 9.4%; from 1979 to 1982, Ohio lost 8% of its non-agricultural jobs, including a whopping 36.8% decline in manufacturing employment.

The Democratic Party, which today controls all the top elected positions and the majority of the state legislature, is confronted in the NDPC slate with the first serious challenge to its "post-industrial age" economic policy.

The NDPC-backed candidates have targeted those forces in Ohio responsible for the economic collapse. A document released on March 24 identified the following facts behind the "drug mafia takeover" of Ohio's economy and the politicians who run it:

"I. There are the strongest reasons to believe that Marvin Warner was operating a massive drug-money and dirty money-laundering operation (as chairman of Home State Bank).

"Beginning with arrangements made in the 1977-78 period of Warner's nomination as ambassador to Switzerland, the daily cash flow through accounts of ESM Securities of Florida, simply from transactions with Warner's Home State Savings Bank, was on the order of \$.5 billion or more per day, for eight years. Securities companies like ESM, and their banks, are exempt from the federal Bank Secrecy Act, which requires reporting of cash transactions of over \$10,000.

"II. This daily cash flow was increased by contributions of up to \$120 million per day from the bank accounts of the City of Toledo, arranged by the political friends of Warner beneficiary, Ohio State Democratic chairman James Ruvolo.

"III. The ESM-Home State operations were in blatant violation of Ohio state law, and could not have continued without massive political protection in at least the states of Ohio and Florida.

"IV. Marvin Warner contributed, raised, and lent: \$300,000 to the 1982 campaign for governor of Richard

Celeste; \$250,000 to the 1984 presidential campaign of John Glenn (out of a \$3 million bank loan Warner helped to arrange); thousands of dollars to the U.S. Senate campaigns of John Glenn and Howard Metzenbaum; tens of thousands of dollars to the Democratic State Committee under the chairmanship of James Ruvolo."

The impact of the NDPC campaign can perhaps best be measured by the level of hysteria it has created in even the normally placid, if not downright boring, demeanor of former astronaut, now senator, John Glenn. Glenn was asked by a reporter at a recent campaign appearance, how he views the challenge from Don Scott, who won the Democratic primary with 61% of the vote during his first bid for the 7th CD seat in 1984. "I don't take it lightly at all," Glenn responded. He then launched into a tirade against "the LaRouche camp," concluding, "In Illinois, nobody paid attention, and you see what happened. We have to oppose that, obviously. When anybody like that gets loose in this country, we have to be aware of them."

In Illinois, the voters gave a resounding "no" to the Democrats who ignored what LaRouche called "the forgotten majority." The Ohio primary, together with the concurrent North Carolina and Indiana primaries on May 6, will determine whether voters in a broad cross-section of the formerly industrialized heartland of the United States, concur.

North Carolina

Croom for Senate hits defense crisis

Milton Croom, candidate for the Democratic nomination for U.S. Senate in North Carolina, is a political figure in the tradition of the Cincinnatus Society, the grouping of American military officers who had served their country during the Revolutionary War, and who then formed an association to keep alive the ideals for which they had fought. A 75-year-old retired naval commander, Croom is running in the May 6 primary for the seat being vacated by Sen. John East.

This report on Croom's campaign was prepared by *EIR* on the basis of telephone interviews with the Croom for Senate headquarters. While Croom is not a "LaRouche Democrat," he finds many points of agreement with Lyndon LaRouche, whom he hails as "a dedicated American working harder than anybody else to preserve the interests of the United States."

Croom decided to run for public office because of his growing concern at the threat to the national security—from the Soviet war buildup, from those in the West who advocate

appeasement of Moscow, and from those enemies from within the Western nations who are demanding the "decoupling" of the United States from its allies abroad. Croom is a former state commander of the American Legion and former state chairman of the Peace Through Strength group. In 1985, he led the Ad Hoc Commission to stop the appointment of "decoupler" Richard Burt as U.S. ambassador to West Germany.

In a statement released on March 20, jointly with H. Davis Wall, president of Charlotte's Local 7430 of the United Steelworkers of America, Croom called for a national mobilization of labor and industry, "to implement the kind of policies that allowed this nation to win World War II, under the leadership of President Franklin Delano Roosevelt. Most emphatically, this includes a crash program approach to the development of the Strategic Defense Initiative; a gearing up of steel production to make America once again self-sufficient in this critical area of national security; and a firm commitment on the part of the U.S. government not to allow the Soviets and their allies to decouple the U.S. from its Western European allies."

Croom, who has nine opponents in the Democratic primary, has also hit hard at the appeasement policies of liberal Democrats, like former governor Terry Sanford, his principal opponent. Sanford's original approach to the primary race was to keep a low profile, but under pressure of a barrage of radio advertisements and other statements from Croom, he has been forced to address the issues, and in particular to moderate his earlier attacks on the Strategic Defense Initiative. Croom's radio broadcasts have criticized Sanford for his support of the Gramm-Rudman legislation, which is leading to huge cuts in the defense budget. The Gramm-Rudman bill, Croom charged, "threatens to unilaterally disarm our nation" and "will require very serious cuts in our already inadequate defense program, to such an extent that the Soviets may see an opportunity to fulfill Khrushchev's promise to bury us with their enormous military machine."

As the campaign unfolded, the misguided role of Sen. Jesse Helms (R-N.C.) in hemispheric affairs has become an issue. Croom issued a statement criticizing Helms for undermining the government of Panama, and supporting the political ambitions of Arnulfo Arias, the former President who was a Nazi activist during World War II. "The government in Panama, home of the Panama Canal and an ally of the U.S., is scheduled for destabilization by the forces that overthrew President Marcos in the Philippines," he charged. "This is of grave national security concern to me." He called upon Senator Helms to "reappraise his position in this situation."

Croom is filling the political vacuum left by Helms, who has dismayed many conservatives because of his growing involvement with such disreputable individuals as Arias and Israel's Ariel Sharon. Croom's campaign has restored dignity to the conservative movement in North Carolina, and served as a flagship for "citizen soldiers" nationally. This will have importance long after the current election campaign is over.

Georgia Irey emerges as the frontrunner

by Marla Minnicino

After the Texas primary on May 3, the battle between the LaRouche forces in the Democratic Party and those who want to "preserve" what was once the Party of Franklin D. Roosevelt and John F. Kennedy as if it were a private country club for liberals—shifts to Indiana and Pennsylvania. The May 6 Democratic primary in Indiana is shaping up as a test of strength between LaRouche Democrat Georgia Irey and a little-known Party-endorsed candidate named Jill Long. The two are vying for the Democratic nomination for U.S. Senate and the right to challenge Republican Senator Danforth Quayle in November.

Party bureaucrats are silently praying that their strategy of ignoring Irey and relying on the media to "expose" her ties to Lyndon LaRouche will guarantee a victory for Long. A spokesman for "Coy Jill" Long—who could not be reached for comment herself, and seldom appears in public—said he was 95-100% sure that she would win the primary. But Democratic Party officials were less sanguine. Larry McKee, executive director of the Indiana state Democratic Party, told this news service, "We're not taking anything for granted. What happened in neighboring Illinois brought the 'La-Rouche problem' to our attention. This is the first time we've endorsed a candidate before the primary. Of course, our problem is that Long doesn't have a lot of recognition. We've got to get her better known. We're depending on the party to do this and we're banking that the media will expose Irey as a LaRouchite."

State chairman John Livengood and Grant County Democratic Party leader David Maidenbergh share this view. Livengood told the press last month that Irey could win the right to head the Party's slate in November "unless her links to LaRouche are widely known before the primary." Maidenbergh noted recently: "Our only concern is making sure people know she is a LaRouche backer. . . . I think now that they do have people's attention, it's going to be more like cockroaches when you shed light on them. Nobody will pay them any attention."

However, the Party's strategy of letting the media do the work of "exposing" the LaRouche candidates in Indiana is backfiring, and Irey, a spunky 62-year-old veteran political activist, is enjoying every minute of it. She's dubbed herself

"La Cucaracha" and says she hopes the media will scrutinize her campaign even closer, especially on the issues.

Irey, who eschews political labels, says she laughs it off when the media calls her an "ultra-conservative," a "kook" or an "extremist." "What would you call George Washington, Benjamin Franklin, Hamilton, or Lincoln if they were alive and walking the streets today?" she asks. "What kind of title would you give them? If you could figure that out, you can call me the same. If any of them came back today, they'd be outraged that we're still using the same British system of economics that they'd fought to overthrow. They'd start another revolution. That's what I'm doing and that's what the LaRouche candidates' movement is all about."

Irey's campaign has challenged the left-liberal and drug-linked interests in the state, notably the Eli Lilly Endowment, which finances organizations implicated in terrorism. Lilly Endowment stock was used to set up the Plumsock Fund in New York, which gave Mayor Ed Koch his political start.

Bipartisan backing

Irey, who won 49% of the vote in a 1980 Democratic congressional primary bid in California, has widespread bipartisan support in this largely conservative state, especially from what she calls the "outraged voter"—farmers, small businessmen, blue-collar workers, and others who are fed up with the economic "recovery" that has ravaged Indiana's steel and agricultural industries. She has been endorsed by the Indiana Democrats for Life, and has received support from conservative political figures of both parties, including the former mayor of Marion and two state legislators.

Indiana, with its mix of urban centers like Bloomington and Indianapolis, its smaller manufacturing centers, and its farmland, is much like Illinois and other states of the Midwest where the traditional constituency of the Democratic Party sees steel and auto plants closing down and family farms going bankrupt.

The liberal wing of the Democratic Party has not addressed the economic collapse, except to talk about the post-industrial era, says Irey. By this they mean "de-industrialization"—fast-food chains, real-estate boondoggles, the stripping of our country's defense capability. Indiana Democrats don't want any more of this.

Irey, formerly a Republican herself, has offered to help breathe life back into the Democratic Party by reviving the "harmony of interests" among farmers, labor, and industrialists—the "FDR coalition."

Irey has called for an end to farm foreclosures, for reopening the steel plants by emergency infusions of low-interest credit, and for repealing the Gramm-Rudman budget-balancing legislation. She heads a slate which includes: Sandra Smith (C.D. 1); Jerry Bolinger (C.D. 3); Carolyn Williams (C.D. 4); Douglas Smith (C.D. 6); John W. Taylor (C.D. 8); Ronald Bettag (C.D. 9); and Benson Skelton in C.D. 10, plus four candidates for state legislature and several for party positions.

LaRouche Dems take the state by storm

Political firestorms such as Pennsylvania has not seen in decades, have erupted in congressional districts across the state, as the May 20 primary election date approaches. LaRouche Democrats are contending for 18 of the 23 congressional seats up for election. An additional 120 candidates are vying for state assembly, and state and local Democratic Party posts. The slate is headed by gubernatorial candidate Steve Douglas, who polled 20% of the statewide vote in a four-way race for that office in 1982, and George Elder, candidate for U.S. Senate.

From virtually the moment it was known that LaRouche Democrats Janice Hart and Mark Fairchild won their Democratic primary races for secretary of state and lieutenant-governor in Illinois, hysteria has governed the actions of the state's Democratic Party Chairman Ed Mezvinsky and his friends in the media. In most of the C.D.'s, slanders of the LaRouche candidates have been run on almost a daily basis.

On April 24, Mezvinsky held a press conference in Harrisburg, the state capital, to call for a "frontal assault" on candidates associated with LaRouche, claiming that his aim is to bring the candidates "out of the closet." Steve Douglas, speaking for the LaRouche Democrats, said, "We will be happy to issue the entire list of LaRouche candidates in each congressional district at the conclusion of a series of three debates which would be held between the LaRouche Democrats and the Mezvinsky candidates." Douglas asserted that if Mezvinsky means "that he is concerned to bring the issues before the Democratic voters, then we are most delighted with this change of attitude."

The rage of the 'forgotten majority'

The LaRouche Democrats' campaigns for a Public Health Emergency Mobilization Against AIDS, a War on Drugs, a crash program for building beam weapons, an emergency agricultural recovery program, and gold-backed, low-interest credit for hundreds of billions of dollars worth of large-scale agricultural, industrial, and infrastructural projects have reverberated with great impact through the policy void created by Mezvinsky and his cohorts from the Democratic National Committee. Mezvinsky's leadership qualities and policies are so uninspired, that the party leadership did not

even field candidates in 46 state house and senate districts where there are Republican incumbents! That is, in over 20% of the state districts up for election, the Democrats are not fielding any candidates whatsoever.

Mr. Mezvinsky and his minions' hysteria is born of their recognition that Pennsylvania, the state where Lyndon LaRouche campaigned most heavily for the Democratic presidential nomination in 1984, closely resembles Illinois, politically, demographically, and economically. Central Pennsylvania, the state's agricultural heartland, and one of the nation's great dairy centers, is much like the farm belt in downstate Illinois. Pittsburgh and Philadelphia retain the shells of large ethnic and black political machines, much as Chicago does. And Pennsylvania has enormous steel and related manufacturing capacities that are vastly under-utilized, as in Illinois.

The blue-collar laborers that formerly worked the state's factories and farms, are seething with rage at the Democratic Party leadership which has forsaken them. LaRouche Democrats have been propelled by this wave of mass dissatisfaction into positions of prominence, virtually overnight. For example, LaRouche Democrat Jonathan Kulp, a 34-year-old engineer with no political experience, running for the 19th Congressional District seat in the York area, is now referred to as the "most feared politician in the district," by both the media and Democratic Party leaders in the area. Such is likewise the case with Mike Neal, the computer technician, political novice, and LaRouche Democrat running for Congress in the neighboring 16th District in Lancaster. Both the media and Democratic Party leaders who have been slandering him daily, acknowledge that he is the "front-runner," who "would win by a large margin, if the election were held today."

AIDS and drugs

Two issues which have assumed enormous political dimensions in the past few weeks are AIDS and drugs. Recent revelations from the U.S. Public Health Service on the full scope of the AIDS epidemic, and the conditions of economic squalor under which it is bred and spread, have registered their effect. Residents remember, all too vividly, the outbreaks of giardiasis (dysentery), which ravaged the depressed areas around McKeesport and Scranton in 1982. Sewage was present in their drinking water supplies, as a result of increasing budget cuts and shrinking tax bases, that combined to render their water purification systems dysfunctional. Horrified Democrats are flocking to the Public Health Emergency Mobilization program of the LaRouche candidates, having recognized that the inaction of the Democratic Party leadership on this issue could well prove to be the death of them.

The dope-money laundering issue, raised by Mr. LaRouche on April 9, is also hot in Pennsylvania. The *Philadelphia Inquirer*, the *Daily News*, and other newspapers prominently covered LaRouche's charges, while running exposés of money laundering on their own.

Jesse vows to run against LaRouche

by Leo Scanlon

Jesse Jackson kicked off his 1988 bid for the Democratic presidential nomination on April 18, with a firm pledge to be the party establishment's candidate against Lyndon LaRouche. Speaking to an audience of 600 at the founding convention of the Rainbow Coalition, Jackson underlined his support for Muammar Qaddafi, endorsed and was endorsed by leading terrorist spokesmen, and obtained the blessings of radical leftists Vance Hartke, Charles Rangel, and Barry Commoner. The campaign program described in Jackson's speech, is his proposal to build a "structure within the party" to counter the influence of the growing movement of LaRouche Democrats.

Jackson indicated that he has been given the franchise by the Democratic National Committee to create an ersatz organization which will bear the label of "true Democrats" and will be able to bring "discipline and definition to the party . . . discipline so that we won't have situations like Cook County, where the Democrats waged an attack on Harold Washington. . . ."

Jackson's job in the Democratic Party is not, as Mondale's was, to sabotage any particular program, such as support for the Strategic Defense Initiative. According to an outline presented in his speech, Jackson will start a series of legal maneuvers to attempt to lock mainstream Democrats out of the party, proof that the current party leadership will commit political suicide rather than accommodate to the growing insurgency of Democrats gathering behind Lyndon LaRouche. Specifically, Jackson charged the delegates at the convention to undertake the following actions:

" . . . Go out and do what we didn't do before we came here, organize a structure within the party. . . ."

"Create local, district, and state committees. . . . The local committees will be represented on the district committees, the district committees will be represented on the state committees, and the state committees will be represented on the national committee. . . ."

"No local or district committee will deal with state or national candidates. . . . All issues of policy will be worked out during workshops of the convention of the Rainbow Coalition, local committees will concern themselves with issues relevant to the constituency in that area. . . ."

"Each committee will be proportionally representative of

the demographic makeup of its area . . . and will register with the secretary of state as a committee. . . ."

This proposed structure fits the prescriptions of Daniel Moynihan, and other party bosses, who advocate closing the party off from its supporters, and imposing McCarthyite loyalty oaths and membership qualifications as conditions for participation in primary elections. The condition that these committees have demographically proportional representation is also an attempt to extend the McGovern reforms deeper into the electoral process:

The organizational support and money to back this scheme is coming from the Democratic National Committee, via a fund established to promote the development of black candidates. The fund, administered by close Jackson supporter Roland Burris of Chicago, was set up by Paul Kirk, to buy off the Jackson-led opponents of his nomination as DNC chair. As Jackson commented, "I expect to do some serious fundraising after tonight. . . ."

Merle Hansen, spokesman for a delegation of farmers at the convention, pointed out the reason for this elaborate maneuver. "Farmers are going somewhere, it's just a question of where. For a lot of them, if Jesse Jackson wasn't around, the alternative will be LaRouche." Jackson indicated his fear of LaRouche with a slander, equating LaRouche with the KKK, a tactic which will only further discredit him with the black voters of Chicago, who voted in overwhelming numbers for LaRouche candidates in March. It is evident that Jackson has no illusions about gaining popular support for his coalition—he is counting on the legal tricks and the thug apparatus at the disposal of the DNC to make his bid a success.

The Rainbow Coalition, such as it is, is a gathering of the extreme left fringe of the Democratic Party, featuring a collection of "movement" delegations—nuclear freeze, women's liberation, and so on—and representatives of the terrorist apparatus centered in the American Indian Movement and the support groups for the African National Congress.

Jackson himself left no doubt of the importance he places on the role of international terrorism to create the environment for his Rainbow Coalition. His speech was laced with references to the U.S. raid on Libya as "state terrorism." He threatened that the U.S. action in the Mediterranean would have its greatest effect in the nations targeted by Soviet-backed fundamentalists controlled by Qaddafi. Not surprisingly, his homiletics reached a zenith as he made an open pitch to the Soviet Union, equating the U.S. raid on Libya with Hitler's invasion of Russia, and demagogically calling for joint U.S.-Soviet economic ventures, as the only alternative to "fascism."

This reference is no surprise. Jackson recently met with a Soviet delegation led by Russian Orthodox Church leader Metropolitan Filaret—the very group which delivered marching orders to Walter Mondale at the start of his 1984 campaign.

GOP voter base wants LaRouche, too

If you think the Democratic Party leadership is having a hard time trying to keep its constituency away from Lyndon LaRouche and the National Democratic Policy Committee, take a look at what's going on in the ranks of the Republicans.

A Washington insider operating on Republican fund-raising efforts in this city confirmed that the Illinois primary results in March that propelled two LaRouche Democrats to stunning statewide victories was a genuine reflection of the rebellious mood of Americans—but that mood is not limited to the voters of the Democratic Party alone.

He said that Republican fund-raising efforts nationwide from lists of previously solid contributors are running into an unprecedented level of rage and disgust at the lack of solid leadership in Washington.

He characterized a typical response as, "I've tried the Democrats, and I've tried the Republicans. Now I'm just fed up." He said that this response is often accompanied by threats to vote against the party if it dares to disturb him with one more phone call for money. Particularly noteworthy, he said, was the level of disgust with the "sell-outs" of the Reagan administration in foreign policy—especially regarding South Africa and the Philippines.

The source related that he estimated that the highest percentage of this sentiment was coming from "mid-America," where economic factors hitting the farm and energy sectors are adding to the ferment, but "it is definitely not restricted to any one segment." The Republicans are thus faced with a dilemma. If they nominate a

"moderate" for President in 1988, they will lose this solid base of support that gave them victories in the last two elections, but is already "fed up." However, this base will also be very skeptical of any new "hardline" candidate, given their disappointment with Reagan, while many Republicans would fear a "hardliner" would play into the hands of the Democratic opposition.

This makes the "LaRouche factor" absolutely decisive for who will be President in 1988, this source conceded.

Democrats fear they blew Senate majority

The Democrats, meanwhile, are behaving like "Eeyor," the moping donkey in *Winnie the Pooh*.

The culmination of former Illinois Sen. Adlai Stevenson's stupidity in responding to the primary victories of the two LaRouche candidates has the Democratic leadership here in the capital very depressed—led by Illinois Sen. Allen Dixon. This crowd estimates that Dixon is now threatened with defeat by his no-name Republican opponent. That loss could be just the margin that will keep them from claiming a majority in the Senate in 1986.

As Stevenson has proven by taking himself off the ticket, the tendency to self-destruct rather than fight is a very strong impulse among liberals. All in all, it made for a very unhappy evening at socialite Pamela Harriman's annual "Democrats for the 1980s" bash here April 22. Over 40 Senators were present—but there was more commiserating than celebrating. Two LaRouche supporters stood outside bearing signs reading, "LaRouche is here!" and waving to the those going inside, offering free literature. Most who saw it were reduced

to vulgar gesturing. It has still not occurred to any of these creatures that opening up a dialogue to work with the LaRouche movement might solve their electoral woes.

As one seasoned Democratic veteran confided, "All the LaRouche movement needs to do is win in two more primaries this year, and the current leadership will rip apart at the seams." He cited the demoralization and division within the party apparatus, making the party unable to mount an effective anti-LaRouche campaign.

"There is no commitment to principles that people feel are really worth fighting for on the grassroots level of the party where it counts," he said. "There are only the party bureaucrats who are in it for their personal careers, and who are all competing against each other. In this state of affairs, the current leadership cannot hold up against any resolute challenge, either from without or from within, but especially from within the party."

Rep. Jim Wright (D-Tex.), who will replace Tip O'Neill (D-Mass.) as speaker of the house in 1987 only if he can hold onto his seat in Ft. Worth against a challenge by LaRouche Democrat Elizabeth Arnold, reflected the deadening tone of pessimism so characteristic of the incumbent Democratic leaders, in his speech to the Communication Workers of America here April 23.

His sole idea of a solution to the economic depression was the Chrysler company and the massive concessions the union was willing to accept to help bail out the company.

Now, it's unfair to assume that his praise of Chrysler means Wright will be backing Lee Iacocca for President any more than he would be backing Bozo the Clown. They will probably both be running, and Jim Wright certainly won't tip his hand too early now.

House, Senate panels reject Saudi arms sale

Two key congressional panels have rejected the Reagan administration's plan to sell \$354 million in weapons to Saudi Arabia—despite urgent warnings by administration spokesmen that the sale is necessary, both to protect U.S. security interests, and to maintain Washington's credibility with moderate Arab states.

On April 23, the Republican-controlled Senate Foreign Relations Committee voted 11-6 in favor of a resolution sponsored by Sen. Alan Cranston (D-Calif.), blocking the sale. On the same day, the House Foreign Relations Committee approved a similar resolution introduced by another California Democrat, Rep. Mel Levine.

An administration spokesman had made a strong case for the sale prior to the votes. Richard Murphy, assistant secretary of state for the Middle East, told a House Foreign Affairs subcommittee April 22 that the arms would be used for the protection of Saudi oil fields, and to deter Iran from extending its war with Iraq to Saudi Arabia and other key oil-producing states of the Persian Gulf.

Countering foes of the sale, who claim that Saudi Arabia has been an obstacle to Mideast peace by refusing to recognize Israel, Murphy stressed that, "When it comes to maintaining a self-defense capability for other Arab states, we cannot be guided by a condition of those sales, that they have not signed a peace treaty with Israel."

"Are we going to be, as a nation, a credible security partner to the moderate states in the Arab world?" he asked.

Apparently not—at least not if

Congress can help it. Both houses are certain to reject the arms deal. While President Reagan has vowed to veto a rejection, it is considered possible, though not probable, that the Levine-Cranston forces can garner enough votes to override the President's veto.

House committee nixes covert aid to Savimbi

The House Foreign Affairs Committee dealt another blow to pro-Western forces in the Third World, when it voted 22-18 April 23 to prohibit covert aid to the anti-Soviet Angolan rebel forces led by Jonas Savimbi.

Legislation rejecting such aid was also voted up by the House Intelligence Committee, whose chairman, Rep. Lee Hamilton (D-Ind.), is the chief sponsor of the measure.

The Reagan administration has been supplying covert assistance to Savimbi's UNITA organization since early this year.

Hamilton's measure is aimed at changing procedures so that congressional approval for future covert aid would be required. But opponents of the bill say it is actually designed to terminate all American assistance to Savimbi.

Congressional sources have told *EIR* that if Hamilton's measure becomes law, "there's little chance we'd be able to keep military assistance flowing to Savimbi."

Rep. Henry Hyde (R-Mich.) charged that the bill is "Reagan-bashing" and "gratuitously encourages Soviet-Cuban aggression and elevates isolationism and paralysis as Democratic foreign policy."

Hamilton himself freely acknowledges that his bill could temporarily end the flow of assistance to Savimbi, but claims his only purpose is to ensure that Congress isn't excluded from decisions to extend American military assistance to partisan movements in other countries.

Senate to consider tax plan axing deductions

After weeks of sitting in limbo, tax "reform" appears to be back on track, after the Senate Finance Committee met in closed-door session April 24 to consider a new plan by panel chairman Bob Packwood (R-Ore.).

Packwood's proposal would end many current deductions, including those for state and local taxes, plus a slew of business tax breaks. It would also significantly reduce the amount that can be deducted in home mortgage interest—a move that's sure to send chills through the beleaguered housing industry.

About the only major deduction that would be retained, is that for medical expenses.

As far as tax rates are concerned, Packwood's plan calls for a two-tiered system: the low rate would be 15%; the top one, 25%. That contrasts with the current top rate of 50%; and the 35% rate proposed by the administration's tax reform plan.

Finance Committee members who attended the meeting said afterward that prospects for passage of tax-change legislation are now much brighter. "We were dead in the water on tax reform," said Sen. Lloyd Bentsen (D-Tex.), but now "the process is

alive. . . . I think [Packwood] is really trying to revive the concept of true tax reform. It was a pretty good meeting."

But Sen. Bill Bradley (D-N.J.), while calling the session "very productive," cautioned that "it is not going to be easy" to write a final bill.

Hollings to sue over SALT II

President Reagan's decision in late April to continue compliance with the unratified SALT II treaty, by dry docking two Poseidon submarines, drew kudos from the arms-control mafia on Capitol Hill, who had deployed en masse for over a month to ensure precisely such an outcome.

But at least one senator is so angry at the decision that he is now threatening to take the President to court. According to syndicated columnists Evans & Novak, writing in the April 25 *Washington Post*, Sen. Ernest Hollings (D-S.C.) plans to sue Reagan in federal court on grounds that continued compliance with the unratified treaty is unconstitutional.

Bill to fight food irradiation introduced

Liberal California Democrat Rep. Doug Bosco will soon introduce a bill to overturn a recent Food and Drug Administration decision to approve low-level irradiation to kill insects on fresh fruit and vegetables.

As *EIR* has documented, irradiation is an extremely safe technology which has been in existence for dec-

ades. According to a study published by the Fusion Energy Foundation, irradiation would be a tremendous boon to agricultural producers in that it could salvage the 25%-30% of food production that is lost annually in this country to spoilage.

Bosco claims that the FDA "doesn't really know what effect food irradiation has on human health." His measure would direct the Health and Human Services Department and the National Science Foundation to conduct a lengthy study of effects on human health, "including exposure of workers in irradiation plants."

The National Food Processors Association and the Coalition for Food Irradiation said Bosco's bill is unnecessary. "The process has stood up to more than 40 years of study and has proven to be safe and effective," said spokeswoman Ellen Green.

'Who's kidding whom' Dept: Hart pro-defense?

Sen. Gary Hart (D-Colo.), touted by some pundits as the front runner for the Democratic presidential nomination, is trying on all sorts of cosmetic makeovers lately, to see which ones sell best.

The latest one—and let's not all burst out laughing at once—is the "pro-defense" image. Like many of his fellow Democrats, the anti-SDI, anti-MX, pro-defense-cuts Hart has finally figured out that one of the chief reasons for Walter Mondale's resounding defeat in 1984 was the widespread perception that he and most Democrats are a bunch of pro-Moscow traitors bent on dismantling the country's defenses.

Hart is now going through all sorts of contortions to change all that—without much success. Along with longtime aide William Lind, Hart has just published a new book, *America Can Win: The Case for Military Reform*, which promotes Hart's long-time pet project, military "reform."

A joint operation of Georgetown's Center for Strategic and International Studies, the Heritage Foundation, and defense liberals on the Hill like Hart, military reform is simply a dimwitted justification for cutting back U.S. defense capabilities, especially in the high-technology area.

In a recent interview with *The New York Times*, Hart described the movement as a "band of intellectual and political guerrilla fighters" who operate by "ambushing the defense establishment with unexpected questions, unwelcome facts and innovative alternatives."

Hart says his book is designed to persuade the Democratic Party to adopt a "positive" posture on military policy. "The Democratic Party has lacked a defense policy, certainly a positive one, since Vietnam."

How hollow Hart's new "pro-defense" stance is, was underscored by his attack on the American air strike on Libya.

Correction

The Congressional Closeup appearing in the April 25 *EIR* mistakenly reported that Rep. Bill Cobey (R-N.C.) was the author of one letter chiding French President François Mitterrand for refusing to let the United States utilize French airspace for the Libyan raid, and another to Prime Minister Margaret Thatcher thanking her for her assistance. The actual author is Rep. Jim Kolbe (R-Ariz.)

National News

NYU to host Soviet and U.S. news media

Top Soviet and East bloc journalists will meet with handpicked counterparts from the U.S. and European news media, at New York University on May 2. The purpose of the conference is to discuss East-West media coverage of foreign and strategic policy, and to forge "a common ground" in coverage of issues like the Strategic Defense Initiative.

The meeting will be co-sponsored by the Netherlands-based Alerdink Foundation and New York University's Center for War, Peace, and the News Media. The NYU Center is directed by Prof. D. Rubin, and NYU professor McGeorge Bundy is on its board of directors.

Participants will include Larry Grossman of NBC; Vladimir Lomeiko of the Soviet foreign ministry; David Shipler of the *New York Times*; Fred Kaplan of the *Boston Globe*; Aleksandr Bovin of *Izvestia*; Bernard Guetta of *Le Monde*; Hodding Carter, former press spokesman for President Jimmy Carter; and Sergei Baló from Hungary.

The Alerdink Foundation has already had three similar conferences, one in Moscow.

'Non-partisan' groups jeopardize tax status

The League of Women Voters has gone out on a limb with its attacks on electoral candidates associated with Lyndon LaRouche, in coordination with other such hitherto tax-exempt organizations as the Anti-Defamation League of B'nai B'rith (ADL).

The Columbus, Ohio director of the LWV, Irene Probasco, is circulating a "hit list" of LaRouche Democrats in the group's newsletter, which goes out to 4,500 members. Cognizant of her legal predicament, she attempted to assure an interviewer of the "non-partisan" character of the LWV's slanders: "The league is non-partisan, but our biggest concern is that they might do well,

due to voter apathy," she said. "Our aim is to wake up the voters, and let them make the decision."

The newsletter's twisted summary of "what the LaRouche candidates stand for" was compiled in collaboration with Alan Katchen, the ADL director for Ohio, Kentucky, and Indiana. It includes such "one-liners" as: "They believe in the imminent collapse of the world economy, which will be triggered by a drug plot involving international bankers, the Queen of England, and KGB agents including Henry Kissinger. . . ."

Columbus ADL Director Katchen is particularly active in attacking the influence of LaRouche candidates among farm groups in Ohio.

Elsewhere around the country:

- The ADL has pumped \$2 million into the state of Pennsylvania to disrupt the LaRouche movement. A team of lawyers linked to the ADL and the Democratic Party is traveling around the state, pressuring candidates backed by the National Democratic Policy Committee to withdraw from the campaign.

- In New Hampshire, the ADL is working with the *Manchester Union Leader* newspaper, to coordinate a libel campaign against Major Robert Patton, who is seeking the Senate seat of Republican Warren Rudman, co-author of the Gramm-Rudman-Hollings austerity bill.

LaRouche hits crime link of 'crooked' judge

Plato Cacheris, the brother of Alexandria, Virginia federal judge James C. Cacheris, denied that he is tied to Resorts International, Inc. of New Jersey, the flagship of the state's casino gambling industry, in an interview in the *Washington Post* on April 23. He conceded, however, that his law partner, William Hundley, does represent Resorts International "in a limited fashion"—but "I have absolutely nothing to do with them." He further conceded that Resorts International does own casinos.

Cacheris was responding to a charge made by presidential candidate Lyndon LaRouche, in an interview with the "CBS Morning News" the previous day. Interviewer Forrest Sawyer asked LaRouche about a lawsuit in which Judge Cacheris had awarded NBC-TV \$202,000, in a judgment against him. The judge, said Sawyer, rejected LaRouche's testimony that he had received no income for 12 years, and declared him to be "lacking in credibility and living like a millionaire."

LaRouche replied, "After all the judge in that case is Plato Cacheris's brother. And if you know what that means, you can figure it out from there. Plato Cacheris is associated with [certain casino owners], that's Resorts International. . . . This judge is a crook. The judge did not base that opinion, that statement on any fact. He made a statement in absolute defiance of every fact in the case. The judge was a liar."

LaRouche dismissed Sawyer's question about investigations by the Justice Department and other authorities as "all politics." "The whole thing is a fraud," he charged.

Farrakhan aide brandishes terrorism

Khalid Abdul Muhammed, editor of the newspaper *Final Call* and chief spokesman for Black Muslim leader Louis Farrakhan, denounced President Reagan on April 21 as "the No. 1 terrorist on the face of the planet Earth," and said that white Americans would be slaughtered in the streets if the administration prosecutes Farrakhan for defying its ban on travel to Libya. Farrakhan attended a conference of terrorist groups in Tripoli in March. According to sources, he negotiated a contract there with the Abu Nidal organization to increase terrorism in the United States.

"If you attempt to lock up our leader and fine him \$50,000, the people will burn this country to the ground," Muhammed said. "People will walk up to the car where your police officers are taking a break and blow their damn brains out." Farrakhan's son,

Wallace, said that if his father is prosecuted or harmed, "There'll be hell put loose in the streets."

Kissinger 'offended' by President Reagan

The Reagan administration "in many ways has been personally more offensive to me than any others," said Henry Kissinger to a private symposium in Washington at the end of April. "When you meet the President," Kissinger said, "you ask yourself, 'How did it ever occur to anybody that he should be governor, much less President?'"

Although it is "perfectly possible" that history will judge Reagan as "a most significant President," Kissinger opined, it is "also possible that he will be seen as somebody who spent a lot of capital maintaining popularity for eight years." Kissinger also declared that it is impossible to run for President "unless you are a rich, unemployed egomaniac."

Judge gives OK to starve patient at home

Judge Arnold Stein of the Morris County Superior Court in New Jersey handed down a decision on April 23 which will allow families to starve to death sick or disabled patients. This is the first known ruling in the United States, in which a judge has approved removal of nutrition and hydration tubes from a person who is not terminally ill. The decision is being hailed by the murderous "right to die" lobby as a victory for their cause.

Judge Stein ruled that 31-year-old Nancy Ellen Jobes is in a "persistent vegetative state" and that if she were competent to judge her condition, she would not wish to be kept alive by "artificial means." Her husband, therefore, has been granted the authority to remove food and water from her, and to take her home to do it if the Lincoln Park Nursing

and Convalescence Center, where she is now confined, does not wish to carry out the act. Lawyers for the nursing home, which had refused to comply with the family's request to murder Mrs. Jobes, say they will appeal the case.

Reached for comment, the Society for the Right to Die and the Concern For Dying group boasted about this decision, and two other recent decisions in which U.S. courts have upheld a patient's "constitutional right" to starve. California's Elizabeth Bouvia, a cerebral palsy victim, was granted the "right" to starve in a county-run hospital, and Florida courts handed down a similar decision to clarify state law, even though the patient concerned had died weeks before.

JCS chairman warns of Soviet power buildup

The Soviets are committed to the use of "raw power," and the Soviet military buildup, "on sheer momentum alone, will go to the end of the century," Joint Chiefs of Staff chairman Adm. William Crowe told the American Bar Association on April 22.

Calling the Soviet buildup "unprecedented in world history," Crowe said that in trying to cut the deficit, Congress and the U.S. public have lost sight of the connection between military strength and national security. Continued defense cuts, he said, "run the risk of reliving many unhappy days of the past, when forced austerities dangerously reduced our military strength and in turn our national confidence and our ability to pursue our larger foreign policy goals."

Admiral Crowe had testified the previous day before the House Appropriations Subcommittee on Defense, that budget cuts would jeopardize the U.S. defense modernization program. "It should be clearly understood," he said, "that we are still mid-stream in the modernization effort. To falter now would stretch out the entire process and leave many of our units behind the power curve . . . and frankly, prove more expensive in the end, to see the Soviets widen the gap."

Briefly

● **CARDINAL RATZINGER** and Lyndon LaRouche are "similar, in a sense," said Sister Mary Caroline of the Catholic League for Religious and Civil Rights, in a discussion following the Illinois primary. The League is a center of "liberation theology" in the United States. "We feel that the American Catholics are being sold down the river. . . . LaRouche is trying to undo Vatican II; he's attacking the Benedictines because he sees them as a threat, since they're renowned theologians."

● **'NEW JERSEY** is basically a bedroom community for terrorists," said FBI Special Agent Don K. Clark to a seminar on terrorism of 300 law enforcement officers and others at Essex County College in Newark on April 17. New Jersey functions as a safehouse for arms and explosives for use in New York, Washington, and other cities, he said.

● **THE SUPREME COURT** has agreed to rule on whether a person with a contagious disease should be protected by federal laws barring discrimination against the handicapped. The case under review is an appeal by the Nassau County, Florida, School Board, fighting an appeals court ruling that a teacher with tuberculosis can be considered handicapped under the 1973 Rehabilitation Act. The ruling would also have bearing on AIDS cases, which, like TB, are infectious.

● **U.S. ATTORNEY** Thomas W. Greelish declared on April 20 that the Gramm-Rudman budget cuts are having a disastrous impact on the War against Drugs in New Jersey. "We are fighting with limited resources," he said, "and we're going to start losing." The consequences are frightening. "The funding for prosecuting major drug dealers is being cut."

Editorial

Now, the oil fields

EIR's editors concur with the observation of certain figures in both Europe and the United States that the unilateral military action of April 14 by the United States against Muammar Qaddafi's Libya would not have been necessary, had America's European (and Canadian) allies agreed to President Reagan's earlier effort to slap an air-tight embargo and sanctions on the Mad Dog of Tripoli. Moreover, unless U.S. allies now agree to precisely such sanctions, it is almost a foregone conclusion that new U.S. military action will be required.

If so, we desire that, this time, the bombs go to the heart of the matter: Armand Hammer's Libyan oil fields.

Our point is the opposite of those jackals and hyenas in the U.S. Congress who have responded to Europe's relative inaction by treasonously demanding U.S. troop withdrawals from continental Europe. Those congressional jackals' behavior should be measured against the fact that the purpose of Qaddafi's Soviet-sponsored terrorism is precisely to force U.S. troop withdrawals from continental Europe. Those who now demand the ceding of Europe to Soviet domination as a penalty for failure to cooperate against Qaddafi, are in bed with Moscow and Qaddafi himself.

We know what influences have been operating on our European allies in this and similar affairs. It is the same influence represented by the State Department in the U.S. government. European inaction was largely the product of the influence of factional figures, typified by German Foreign Minister Hans-Dietrich Genscher or Italy's Giulio Andreotti, who are Soviet agents of influence, or who have accommodated themselves to a Soviet-sponsored perspective of "decoupling" Europe from the United States. In other words, they are the counterparts of the U.S. State Department mafia under George Shultz, which has hitherto acted to protect Qaddafi, to further "decoupling," and whose power in the United States is the key to the power of the Genschers and Andreottis of Europe.

President Reagan's and Secretary Weinberger's ac-

tions have enabled the better sort of European leader to override this alien influence within their governments to the extent of some first, cautious actions against Libya: expulsion of diplomats, etc. Just so, the President and secretary of defense had to override the treasonous influence of George Shultz and friends, to take a first step in restoring U.S. credibility after a decade of State Department diplomatic sabotage of that credibility in all parts of the world, to the effect of estranging European allies (and others) from the United States, as not being a credible ally.

To date, international news media have been wholly inaccurate in their portrayal of the significance of the U.S. action. As we go to press, terrorist incidents "in retaliation" for the U.S. attack are being reported daily, and blame is being placed on President Reagan's actions. In truth, a massive wave of terrorism in Europe coordinated by East German and Syrian intelligence in cooperation with Qaddafi was mandated at the 27th Congress of the Soviet Communist Party in February. The terrorist actions now afoot were already in motion when the U.S. attack occurred. By knocking out portions of the infrastructure of terrorism represented by Libya, the U.S. attack has had the effect of lessening the terrorism now being experienced in Europe.

By the same token, Qaddafi's dependence on East German-Syrian coordination and Soviet approval means that uprooting his dictatorship will not end international terrorism. But Qaddafi's strategic importance is his role in the destabilization of the four Maghreb nations, Chad, Morocco, and Sicily. By destroying him, the West and its friends in Africa will be acting both to weaken terrorism, and to block an imminent Soviet takeover of northern Africa and the Mediterranean.

The greatest danger now is the failure of the United States and its allies to follow through. As presidential candidate Lyndon LaRouche put it in an April 19 release: "If I had been President, I would have selected the fields of Soviet agent Armand Hammer's Occidental Petroleum."

“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. . . .”

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