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EIR

From the Editor

For several weeks, *EIR's* centerfold (pages 36-37) has been devoted to a graphic display or strategic map that highlights one of our major stories, or gives an overview of news developments. This week's centerfold sets the safety standards of the Western nuclear energy industry (under renewed assault, ironically, from the Soviets' "Green" and "peacenik" friends), against the obsolete technologies used in the Soviet Union. The top nuclear-safety experts were interviewed for our exclusive coverage of the Chernobyl disaster (starting page 34).

We propose that you read the *Science & Technology* section together with the article on the Stalin-style purges being conducted now in the U.S.S.R. (page 44). There is no doubt that the Soviet "accident" at Chernobyl results, ultimately, from the same callous disregard for human life and irrational zeal to wipe out Western, Judeo-Christian civilization that is channeling every aspect of the Soviet economy into a war machine capable—or so Gorbachov and his friends hope—of subjugating the West within this decade.

In the face of this, the leadership of the non-communist "advanced" sector has just rolled over and played dead. Despite the useful services that the Tokyo Summit of May 3-6 performed in the fight against terrorism, and on the matter of nuclear safety, the economic policies it adopted are a disaster, dictated by the International Monetary Fund and the oligarchical creditors of the overindebted U.S. economy (page 4).

The U.S. tax package (page 60) being shepherded through Congress with the administration's blessings, coheres with the Gramm-Rudman budget we reported on last week. It is a measure that will not just destroy the economy, but wreck our national security.

In this landscape, I draw your attention to what might be the greatest peril of all to humanity: the unfolding ecological holocaust in Brazil (page 11) and its implications for the whole continent.

Clearly, a new quality of leadership is required if the United States and the West are to survive. For that reason, we devote this week's *Feature* (page 22) to Lyndon LaRouche and the candidates movement associated with him, which has not been stopped by an estimated 8,000 slander articles in the U.S. press since March 18 alone, and massive extortion of LaRouche supporters by the Dope Lobby.

Nora Hamerman

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Science & Technology



Soviet Life, Detroit Edison.

Mikhail Gorbachov, the Soviet leader (left) faces off against the U.S. nuclear plant, Enrico Fermi 2 in Michigan (right). With their whole economy geared up for war and world domination in this decade, the Soviets fall far, far short of the strict Western nuclear safety standards like those enforced at the Fermi plant—and don't seem to care.

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Interviews with: **Joseph M. Hendrie**, former chairman, U.S. Nuclear Regulatory Commission. **Sue Gagner**, Public-affairs officer for the Nuclear Regulatory Commission. **Paul North**, Manager of Nuclear Reactor Research and Technology for EG&G Idaho at the Department of Energy's Idaho National Engineering Laboratory. **Walter Loewenstein**, deputy director of the nuclear power division, Electric Power Research Institute (EPRI) in Palo Alto, Calif. **Richard Wilson**, Mallinckrodt Professor of Physics, Harvard University; chaired Nuclear Regulatory Commission-sponsored study group of the American Physical Society on "Radiological Consequences of Severe Nuclear Accidents." **Petr Beckmann**, professor of electrical engineering, University of Colorado at Boulder.

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Correction:The final point of Defense Secretary Weinberger's six-point doctrine was cut off due to a paste-up error, in an article on page 61 of our last issue. The paragraph in question should have read: "6) Finally, the commitment of U.S. forces to combat should be a last resort—only after diplomatic, political, and economic and other efforts have been made to protect our vital interests."

Tokyo summit: World leaders abdicate to IMF

by David Goldman

The Tokyo Economic Declaration adopted by the seven heads of state and government on May 6, will spell disaster not only to the economic, but also the strategic interests of the West, if implemented as policy in the next 12 months. Despite the useful services that the Tokyo Summit performed in the fight against terrorism, and on the matter of nuclear safety, the economic policies which it adopted are a disaster.

Whether or not the "surveillance" regime ratified by the heads of state can function in its own terms, is irrelevant. The point is that the world's leaders agreed to *mutually reinforce* the policies which have already taken the West beyond the brink of financial crisis and strategic rout: austerity budgets, dismantling of heavy industry, looting of the economies of the developing world, breaking up the agricultural sector, and fraudulent accounting in the face of a global banking crisis.

The "performance criteria" which shall measure the seven nations' success are now in preparation at the Washington headquarters of the International Monetary Fund, the formal representative of the global creditors' cartel. The International Monetary Fund and its elder sister, the Swiss-based Bank for International Settlements, imposed the post-1979 austerity regime which collapsed prices and volume of world trade. World trade continues below 1980 levels; except for the bloating of American imports, a sign of American distress, not "recovery," world trade has fallen without interruption since 1980. Yet the same IMF policies which substituted ballooning global debt for expanding world trade, are supposed to avert trade war and chaos in the currency markets. They will do no such thing: The ratification of these policies at Tokyo will bring about a wave of national bankruptcies in the industrial world, beginning with the United States.

In fact, the summit merely rubber-stamped the decisions of the IMF's Executive Board after its meeting April 11. IMF Managing Director Jacques de Larosiere said that "we have been asked to work on a set of indicators that would help us assess. . . the different economic policies of the membership at large, and to use those indicators. . . to assess the progress toward a more sustainable pattern, and if there are deviations, to talk to the countries in question."

Here is what the Summit Communiqué proposes:

1) A receivers' committee of creditors for the United States economy: The seven leaders "reaffirm the undertaking at the 1982 Versailles Summit to cooperate with the IMF in strengthening multilateral surveillance. . ."

But the principal target of the IMF, over three years, has been America's budget deficit—i.e., the impact of IMF credit policies on America's tax base. The IMF spent the past three years demanding cuts in the U.S. defense budget, as well as social programs. The creditors' cartel headed by the IMF has been lending the United States \$150 billion per year to finance both the external and internal deficits. Between the April 11 meetings of the International Monetary Fund, and the Tokyo summit, the creditors threatened to withdraw such financing, causing the dollar's price to collapse on currency markets. Under this threat, President Ronald Reagan has agreed to strengthen IMF "surveillance," i.e., receivership at the hands of America's creditors.

2) Uniform commitment to budget slashing: "It remains essential to maintain firm control of public spending . . . excessive fiscal deficits [to be] progressively [reduced]."

As noted, the IMF's principal target has been America's defense budget, especially the Strategic Defense Initiative and associated NASA programs. In the wake of the failure of

four successive space-launches, further spending reductions in the areas specified by the IMF amount to unilateral American disarmament.

3) Continued drift away from traditional smokestack industries and into the post-industrial economics of yuppie-dom: "... effective structural adjustment policies . . . adaptation of industrial structure and expansion of trade and foreign direct investment.

4) Complete and total abandonment of the decimated developing sector: "The pursuit of these policies by the industrialized countries will help the developing countries in so far as it strengthens the world economy."

The collapse of oil prices since November 1985 has left several of the most important debtors, namely Mexico, Nigeria, Indonesia, and Venezuela, in desperate condition. The summit's failure even to mention the ratchet collapse of the developing world's payments capacity represents a *de facto* decision to plunge the world into financial disaster.

5) Endorsement of the ridiculous "Baker Plan" for handling the Third World debt crisis: "We reaffirm the continued importance of the case-by-case approach to international debt problems. We welcome the progress made in developing the cooperative debt strategy, in particular building on the United States' initiative."

6) Increased private looting and debt-for-equity robbery of the Third World: "Private financial flows will continue to play a major role in providing for their development needs."

7) Elimination of what is left of world agriculture: "We note with concern that a situation now exists of global structural surplus for some important agricultural products. . . . Action is needed to redirect policies and adjust the structure of agricultural production."

U.S. national bankruptcy

There is only one difference between the Tokyo declaration, and previous agreements to the same effect: It is one thing to paddle in the wrong direction when several miles away from the falls. It is another thing, when one is only a dozen yards away.

During the week ended April 25, the value of long-term U.S. Treasury securities fell by an all-time record 7%, supposedly on speculation that the Japanese would reduce their previous \$50 billion annual rate of purchases of U.S. government debt. This was associated with fears, voiced most strongly by Federal Reserve chairman Paul Volcker, that the U.S. dollar would fall uncontrollably, leading rapidly to financial breakdown. Supposedly, these events on the financial markets spurred the leaders to take measures to calm international currency markets, and make the dollar's decline controllable.

Both the premises and the conclusions of the above account, repeated through the international media, are entirely false. Japan's \$50 billion of investments of U.S. Treasury securities—corresponding to that nation's trade surplus with

the United States—is not at issue. The Japanese, in fact, rapidly affirmed that they have no intention of pulling the plug on U.S. government debt markets. In fact, Japan has less motivation to disrupt the U.S. currency, and more motivation to stabilize it, than any other nation on earth.

The Japanese account for about one-third of America's current-account financing requirements. The likely source of a run against the dollar, and dollar-denominated securities, arises from the financial cartel which provides the other two-thirds of the requirement, namely, what we have otherwise called "Dope, Inc."

As we reported at year-end, the United States in 1985 derived \$80 billion believed to stem from narcotics traffic, flight capital, tax evasion, and other illicit sources, in the estimate of Federal Reserve and Commerce Department specialists. American corporations raised at least \$30 billion in so-called Eurobonds, i.e., unregistered bearer securities sold to numbered Swiss bank accounts, via U.S. corporations' shell-subidiaries in the Netherlands Antilles. The Eurobond market was formed initially to accommodate international hot money that demanded anonymity above all else, and has grown to an annual issue volume of \$150 billion, while international bank lending has reduced to a trickle.

In addition to the \$30 billion in Eurobonds, America obtained \$50 billion from parties unknown, that is, through so-called "errors and omissions" in the balance of payments data: inflows from sources who took pains not to be reported.

It happens that the American team which negotiated the summit accord are bankers who specialize in managing the investment of dirty money in the United States. Former Treasury Secretary Donald Regan, as *EIR* reported April 25, pushed America into the Eurobond pool, in a 1978 agreement with *Crédit Suisse*, the giant Swiss bank. Regan's job, as White House chief of staff, is to sell various schemes to the President. He left behind at Treasury a banker whom he brought into his old firm, Merrill Lynch, in 1978, Assistant Secretary for International Affairs David C. Mulford. Mulford negotiated the September 1985 "Group of 5" deal which produced the dollar's collapse on international markets. The present treasury secretary, James Baker III, is in agreement with Regan and Mulford.

By no coincidence, the banking crowd at the White House and Treasury has been cheerleading the dollar's fall on international markets, while demanding budgetary austerity to please America's creditors. Despite Federal Reserve chairman Volcker's repeated warnings of a dollar crash and outflows of foreign capital from American markets, Regan and Mulford have persuaded the President that the dollar's fall is good for American exports.

In fact, the Dope, Inc. bankers who run the Treasury have locked the United States into a vicious cycle, in which the threat (or reality) of capital outflows from American markets forces additional massive reductions in U.S. expenditures, with emphasis on military and space programs.

Text of the Tokyo Economic Declaration

Following is the text of the Declaration issued on May 6, 1986 by the leaders of the United States, Japan, West Germany, Britain, France, Italy and Canada at the conclusion of their three-day meeting:

1 We, the heads of state or government of seven major industrialized countries and the representatives of the European Community, meeting in Tokyo for the Twelfth Economic Summit, have reviewed developments in the world economy since our meeting in Bonn a year ago, and have reaffirmed our continuing determination to work together to sustain and improve the prosperity and well-being of the peoples of our own countries, to support the developing countries in their efforts to promote their economic growth and prosperity, and to improve the functioning of the world monetary and trading systems.

2 Developments since our last meeting reflect the effectiveness of the policies to which we have committed ourselves at successive economic summits in recent years. The economies of the industrialized countries are now in their fourth year of expansion. In all our countries, the rate of inflation has been declining. With the continuing pursuit of prudent fiscal and monetary policies, this has permitted a substantial lowering of interest rates. There has been a significant shift in the pattern of exchange rates which better reflects fundamental economic conditions. For the industrialized countries, and indeed for the world economy, the recent decline in oil prices will help to sustain non-inflationary growth and to increase the volume of world trade, despite the difficulties which it creates for certain oil-producing countries. Overall, these developments offer brighter prospects for, and enhance confidence in, the future of the world economy.

3 However, the world economy still faces a number of difficult challenges which could impair sustainability of growth. Among these are high unemployment, large domestic and external imbalances, uncertainty about the future behavior of exchange rates, persistent protectionist pressures, continuing difficulties of many developing countries and severe debt problems for some, and uncertainty about medium-term prospects for the levels of energy prices. If large imbalances and other distortions are allowed to persist for too long, they will present an increasing threat to world economic growth and to the open multilateral trading system. We cannot afford to relax our efforts. In formulating our policies, we need to

look to the medium and longer term, and to have regard to the interrelated and structural character of current problems.

4 We stress the need to implement effective structural adjustment policies in all countries across the whole range of economic activities to promote growth, employment and the integration of domestic economies into the world economy. Such policies include technological innovation, adaptation of industrial structure and expansion of trade and foreign direct investment.

5 In each of our own countries, it remains essential to maintain a firm control of public spending within an appropriate medium-term framework of fiscal and monetary policies. In some of our countries there continue to be excessive fiscal deficits which the governments concerned are resolved progressively to reduce.

6 Since our last meeting, we have had some success in the creation of new jobs to meet additions to the labor force, but unemployment remains excessively high in many of our countries. Non-inflationary growth remains the biggest single contributor to the limitation and reduction of unemployment, but it needs to be reinforced by policies which encourage job creation, particularly in new and high-technology industries, and in small businesses.

7 At the same time, it is important that there should be close and continuous coordination of economic policy among the seven summit countries. We welcome the recent examples of improved coordination among the Group of Five finance ministers and central bankers, which have helped to change the pattern of exchange rates and to lower interest rates on an orderly and non-inflationary basis. We agree, however, that additional measures should be taken to ensure that procedures for effective coordination of international economic policy are strengthened further. To this end, the heads of state or government:

- Agree to form a new Group of Seven finance ministers, including Italy and Canada, which will work together more closely and more frequently in the periods between the annual summit meetings;

- Request the seven finance ministers to review their individual economic objectives and forecasts collectively at least once a year, using the indicators specified below, with a particular view to examining their mutual compatibility.

With the representatives of the European Community:

- State that the purposes of improved coordination should explicitly include promoting non-inflationary economic growth, strengthening market-oriented incentives for employment and productive investment, opening the international trading and investment system, and fostering greater stability in exchange rates:

- Reaffirm the undertaking at the 1982 Versailles Summit to cooperate with the IMF in strengthening multilateral surveillance, particularly among the countries whose curren-

cies constitute the SDR, and request that, in conducting such surveillance and in conjunction with the managing director of the IMF, their individual economic forecasts should be reviewed, taking into account indicators such as GNP growth rates, inflation rates, interest rates, unemployment rates, fiscal deficit ratios, current account and trade balances, monetary growth rates, reserves, and exchange rates:

- Invite the finance ministers and central bankers in conducting multilateral surveillance to make their best efforts to reach an understanding on appropriate remedial measures whenever there are significant deviations from an intended course and recommend that remedial efforts focus first and foremost on underlying policy fundamentals, while reaffirming the 1983 Williamsburg Commitment to intervene in exchange markets when to do so would be helpful.

The heads of state or government:

- Request the Group of Five finance ministers to include Canada and Italy in their meetings whenever the management or the improvement of the international monetary system and related economic policy measures are to be discussed and dealt with;

- Invite finance ministers to report progress at the next economic summit meeting.

These improvements in coordination should be accompanied by similar efforts within the Group of Ten.

8 The pursuit of these policies by the industrialized countries will help the developing countries insofar as it strengthens the world economy, creates conditions for lower interest rates, generates the possibility of increased financial flows to the developing countries, promotes transfer of technology, and improves access to the markets of the industrialized countries. At the same time, developing countries, particularly debtor countries, can fit themselves to play a fuller part in the world economy by adopting effective structural adjustment policies, coupled with measures to mobilize domestic savings, to encourage the repatriation of capital, to improve the environment for foreign investment, and to promote more open trading policies. In this connection, noting in particular the difficult situation facing those countries highly dependent on exports of primary commodities, we agree to continue to support their efforts for further processing of their products and for diversifying their economies, and to take account of their export needs in formulating our own trade and domestic policies.

9 Private financial flows will continue to play a major part in providing for their development needs. We reaffirm our willingness to maintain and, where appropriate, expand official financial flows, both bilateral and multilateral, to developing countries. In this connection, we attach great importance to an early and substantial eighth replenishment of the International Development Association (IDA) and to a general capital increase of the World Bank when appropriate. We look for progress in activating the multilateral investment guar-

antee agency.

10 We reaffirm the continued importance of the case-by-case approach to international debt problems. We welcome the progress made in developing the cooperative debt strategy, in particular building on the United States initiative. The role of the international financial institutions, including the multilateral development banks, will continue to be central, and we welcome moves for closer cooperation among these institutions, and particularly between the IMF and the World Bank. Sound adjustment programs will also need resumed commercial bank lending, flexibility in rescheduling debt and appropriate access to export credits.

11 We welcome the improvement which has occurred in the food situation in Africa. Nonetheless a number of African countries continue to need emergency aid, and we stand ready to assist. More generally, we continue to recognize the high priority to be given to meeting the needs of Africa. Measures identified in the report on aid to Africa adopted and forwarded to us by our foreign ministers should be steadily implemented. Assistance should focus in particular on the medium- and long-term economic development of these countries. In this connection we attach great importance to continued cooperation through countries, early implementation of the newly established structural adjustment facility of the IMF and the use of the IDA. We intend to participate actively in the forthcoming United Nations Special Session on Africa to lay the foundation for the region's long-term development.

12 The open multilateral trading system is one of the keys to the efficiency and expansion of the world economy. We reaffirm our commitment to halting and reversing protectionism, and to reducing and dismantling trade restrictions. We support the strengthening of the system and functioning of the GATT, its adaptation to new developments in world trade and to the international economic environment, and the bringing of new issues under international discipline. The new round should, *inter alia*, address the issues of trade in services and trade-related aspects of intellectual property rights and foreign direct investment. Further liberalization of trade is, we believe, of no less importance for the developing countries than for ourselves, and we are fully committed to the preparatory process in the GATT with a view to the early launching of the new round of multilateral trade negotiations. We shall work at the September ministerial meeting to make decisive progress in this direction.

13 We note with concern that a situation of global structural surplus now exists for some important agricultural products, arising partly from technological improvements, partly from changes in the world market situation, and partly from long-standing policies of domestic subsidy and protection of agriculture in all our countries. This harms the economies of certain developing countries and is likely to aggravate the

risk of wider protectionist pressures. This is a problem which we all share and can be dealt with only in cooperation with each other. We all recognize the importance of agriculture to the well-being of rural communities, but we are agreed that, when there are surpluses, action is needed to redirect policies and adjust structure of agricultural production in the light of world demand. We recognize the importance of understanding these issues and express our determination to give full support to the work of the OECD in this field.

14 Bearing in mind that the recent oil price decline owes much to the cooperative energy policies which we have pursued during the past decade, we recognize the need for continuity of policies for achieving long-term energy market stability and security of supply. We note that the current oil market situation enables countries which wish to do so to increase stock levels.

15 We reaffirm the importance of science and technology for the dynamic growth of the world economy and take note, with appreciation, of the final report of the Working Group on Technology, Growth and Employment. We welcome the progress made by the United States manned space program and the progress made by the autonomous work of the Euro-

pean Space Agency (ESA). We stress the importance for genuine partnership and appropriate exchange of information, experience and technologies among the participating states. We also note with satisfaction the results of the symposium on neuroscience and ethics, hosted by the Federal Republic of Germany, and we appreciate the decision of the Canadian government to host the next meeting.

16 We reaffirm our responsibility, shared with other governments, to preserve the natural environment, and continue to attach importance to international cooperation in the effective prevention and control of pollution and natural resources management. In this regard, we take note of the work of the environmental experts on the improvement and harmonization of the techniques and practices of environmental measurement, and ask them to report as soon as possible. We also recognize the need to strengthen cooperation with developing countries in the area of the environment.

17 We have agreed to meet again in 1987 and have accepted the invitation of the president of the Council of the Italian government to meet in Italy.

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Cooperating to avert disaster

Presented here are excerpts from a speech delivered by Hiroshi Uchida, head of the Ministry of International Trade and Industry, at the Yomiuri Symposium on the International Economy '86, held March 13, in Tokyo.

The speech, entitled "International Cooperation to Avert Disaster," reflects on the state of the actual economy of the United States and the relation of the advanced to the underdeveloped sector. The Yomiuri symposium, which featured European and American speakers, was designated as a message to the Tokyo summit May 4-6 of leaders of the OECD nations.

As we approach the 21st century, we are very fortunate that the intelligence of humankind has worked to rebuild the world economy in the last half of the 20th century from the ruins caused by the many mistakes of the first half, and that we have been able to sustain that rare condition in human history, peace and prosperity for 40 postwar years. However, it can also be said that we have arrived at the present while postponing the reforms necessary to break away from old systems and the proper responses to new technology, reforms and responses that were achieved in the past by such violent means as revolution or war. We must now face up to these difficult problems confronting us and boldly deal with them. . . .

At present, the United States, Western Europe, and Japan together account for two-thirds of the world's total production. They are therefore indeed the three main pillars supporting the economy of the world and willy-nilly shoulder its fate. If one of the economies of the three fails through mistaken management, the interrelationship among the three would deteriorate and cause the spread of protectionism and the stoppage of the organic functioning of the free trading system. If this chaotic condition arises, the developing nations, which bear cumulative debts, would lose their export markets, causing them to refuse to honor their debts and bring

about the collapse of the international financial system, which eventually would lead to the collapse of the world economy.

If this scenario of world economic disaster an unwarranted concern? Would that it were. . . .

The U.S. economy has an overwhelming weight and responsibility, the policies of which have greatly influenced the economy of the world. However, it is not blessed with immortality and cannot be sustained without the cooperation of other nations. . . .

The major problem currently faced by the United States is the reduction of budgetary and trade deficits. However, even if these deficits were successfully reduced for the time being through strong U.S. government action or the large-scale cooperation of other governments, the result would still be only the treatment of the symptoms of the emergency patient and not the basic rebuilding of the patient's physical make-up. As long as this basic make-up of the U.S. economy is not revised, the same problem it faces today could once again arise.

Productivity is a general measure of the capacity to raise the living standard of the people and is especially a measure of the competitive strength of the United States in the world's markets. However, the rate of increase of industrial productivity has been falling off from year to year. If the growth rate of productivity continues to be low for a long time, a great drop in American competitive strength could not be avoided.

The problem of American productivity is widely recognized as being rooted in such basic factors as capital, labor, managerial strength, and labor-management relations. If the United States wishes to reduce its trade deficit, it ought to devote special efforts to the improvement of these factors at the same time that it requests other nations to cooperate. The disadvantages of low productivity growth rate and loss of competitive strength increase the likelihood of seeking easy solutions, such as buttressing the protective walls for industries that have lost their competitiveness and shutting out products o would seem that the United States should use every means available to increase productivity.

Another cause of the trade imbalance is the creation of cavities or "hollowing" in American industry; that is, American manufacturers have moved major portions of their production to locations abroad instead of investing within their own country to improve productivity. We can say that the strong dollar has also contributed to this trend in addition to the problems of productivity in the United States. It would be logical to assume that the blame for increases in imports due to such cavities in American industry ought to be accepted by the Americans themselves instead of their blaming other countries.

However, we see in actual practice a different response. A specific example is the result of the agreement reached by the five-nation finance ministers conference on Sept. 22,

1985. The high value of the dollar was reduced and the yen became higher. In the field of electronics, this caused the Japanese electronic products imported into the United States to rise in price by 5 to over 12%. The complaint voiced over the several past years by Americans that the yen was too low had thus been greatly resolved, and the price differential between Japanese and American products was greatly reduced. American products had now been placed at an advantage, and a breathing spell was provided which the American industry had wanted and which should have allowed the renewal of equipment or the reorganization that the industry needed. However, with the rise in price of Japanese electronic products, the American products also rose in price, almost as though the Americans were sliding their prices along with the Japanese. The result of this trend is clear: In spite of the determined efforts of the Japanese government and the central bank to attain a high yen currency exchange rate, American products seem to have merely ridden on the Japanese price escalator, so that the price differential was not much different from the time before the yen exchange rate changed. The advantage American products could have had was forfeited by the Americans themselves.

The profits accruing from the increased price of these American products could be used to improve quality and implement other production reforms. But if this is not done and the profits are merely distributed as dividends, then all the sacrifice made by Japan to achieve a high yen value would only result in raising prices for the American consumer, and the trade gap between the United States and Japan would not be affected. . . .

There is another matter that would cause serious damage to the world economy if it is mismanaged. That is the cumulative debts of the developing nations that has risen to \$850 billion by the end of 1984. The fact is that the problem is merely being postponed by delaying loan payments and providing additional loans.

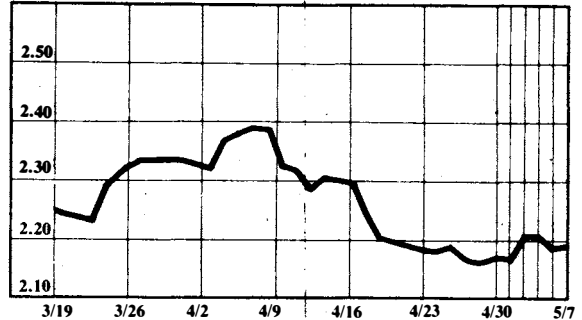
An objective view of the problem shows that the principal has hardly been paid, and the major portion of the interest is being paid in formality only through additional loans from the creditor nations. There seems to be no clear outlook for relief, let alone discovering a basic solution. Because this huge cumulative debt of the developing nations remains on the books, the debtor nations cannot carry out drastic economic reconstruction policies, the creditor nations on the other hand cannot extend long-term loans to the debtor nations for economic reconstruction, and a constant threat of impending instability hangs over the international financial system. . . .

No one can deny that the world economy cannot grow adequately without the growth of the developing nations. Has not the time come for us to consider some drastic policies that can shelve the present book values of loans, notwithstanding past history, and make the developing nations implement new and sound economic policies and help expand the world economy?

Currency Rates

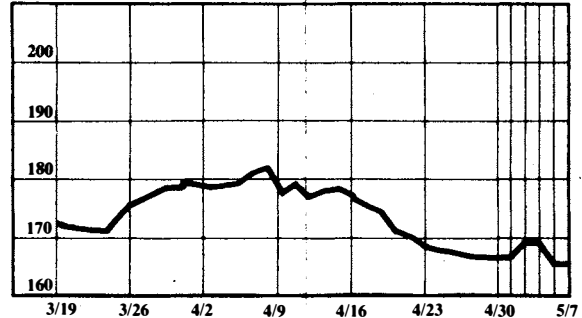
The dollar in deutschemarks

New York late afternoon fixing



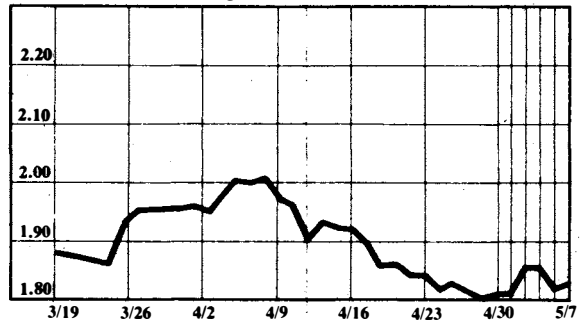
The dollar in yen

New York late afternoon fixing



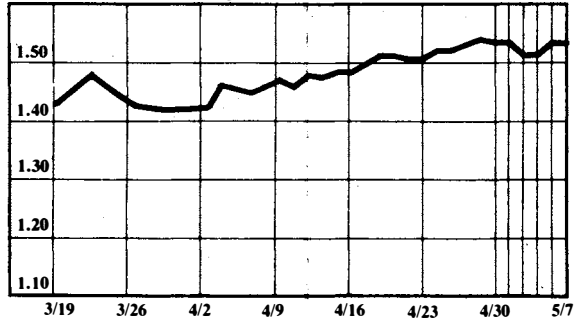
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



New disease epidemics in Brazil show water and sanitation collapse

by John Grauerholz, M.D.

A series of catastrophic events is occurring in South and Central America as the inevitable consequence of the collapse of water management and sanitary infrastructure. Unless major interventions are made into this situation quickly, these catastrophes will have worldwide impact.

Water is essential to life. The human body is approximately 70% water and while the average human can survive for weeks, and sometimes months, without food, total restriction of water will lead to death within one week. Besides physiological requirements for consumption of water, water is essential for numerous hygienic functions, including washing of the body and garments and assisting in the sanitary disposal of solid and liquid wastes. To a great extent, the growth and development of civilized societies has been predicated on the development of infrastructure and institutions designed to separate what we eat from what we excrete. Conversely, when such institutions and infrastructure deteriorate under cultural and economic collapse, the result has been epidemics of disease which accompany the extinction of that society.

The situation in Brazil illustrates all of the interrelated factors in the water-sanitation equation. Brazil has been suffering an ecological holocaust of major proportions due to the biggest drought in the history of the country, concentrated in the south, and the worst flooding in 50 years in the northeast. In the south, where two-thirds of Brazil's food is produced, over 50% of the summer crops were destroyed in the states of Sao Paulo, Parana, Santa Catarina, and Rio Grande de Sul. Over half-million head of cattle died of dehydration and hunger, and over \$6 billion of production was lost.

According to the *Gazeta Mercantil* of Jan. 23, 1986, the CFP company, which finances agriculture, projected that farmers in the south would lose an estimated 10 million tons of grains, including soy, corn, beans, cotton, and rice. Projections at that time predicted losses of up to 70% of the corn crop and 80% of the bean crop. The situation, which had become critical by the beginning of February, has been ameliorated by winter rains since early April, but 50-60% of the summer crops were lost, and the total loss in food production will be about 30%.

In addition to crop losses, water rationing was imposed in 52 cities, and electricity was rationed in 554 cities and towns. Most of the hydroelectric dams in the industrial area around Sao Paulo were operating at 15-20% of normal capacity. The Uruguay River, in fact, dried up. A total of 730 municipalities were affected, with 31 under emergency conditions due to "public calamity."

In the northeast, the traditional drought area, rainfall this year was 353% above normal. Most crops, roads, and bridges were swept away, and hundreds of people were killed. The only infrastructure that remained standing was the new railroad built between Gran Carajas and Sao Luis.

Disease strikes

The role of the International Monetary Fund and World Bank in aggravating conditions that allow for the spread of disease, was highlighted by the recent report that more than 200,000 settlers in the Brazilian Amazon have been struck by a highly virulent form of malaria. These settlers are part of a \$500 million World Bank project to tear down the rainforest and have 500,000 settlers cultivate it by "appropriate technologies." As expected, the project has collapsed and pandemics are spreading. No health or sanitary facilities were built. The disease threatens to spread to Brazil's populated areas as sick or discouraged settlers carry it back to the cities.

When these refugees arrive they will swell the growing "marginal zones" of the major cities, such as Rio de Janeiro and Sao Paulo. These marginal zones have become characteristic of all urban areas in the developing sector and are characterized by high densities of population living under conditions of total lack of water, sanitary, and medical infrastructure. As of 1983, 60 million of Brazil's urban dwellers (67%) had no sanitation, and 13 million (14%) lacked safe water. For rural dwellers, 18 million (47%) had no safe water; while 1983 figures for sanitation were not available, in 1970, 33 million (76%) lacked it.

Typical of the conditions in these zones is the current outbreak of Dengue fever in Rio de Janeiro, which has affected over 20,000 people. Dengue, an infectious tropical disease, manifested by pains in the joints and back, fever,

and rash, originated in Africa. The Brazilian Dengue fever epidemic is centered in the Baixada Fluminense, a sprawling slum and industrial center populated by over 1 million people on the outskirts of Rio. Few of the houses have water or sewer connections.

The state health secretary said the Novo Iguacu epidemic is "just the tip of the iceberg," because the disease is "knocking on the door" of Rio and will spread to other cities. Dengue has spread to Guarulhos, a similar slum located at the edge of Sao Paulo at the point where trucks enter from Rio. The most fearsome aspect of Dengue is that it is spread by the mosquito, *Aedes aegypti*, the same variety of mosquito which carries urban yellow fever. The director of the Rio State Superintendency of Medical Campaigns, Pelagio Parigot, calculated that it would take five years to eradicate the mosquito. Fumigation with Malathion began in January, after four years in which mosquito control activities had been suspended in Brazil because of IMF austerity conditionalities.

Sabotage of water infrastructure

To appreciate the fact that these are not just unfortunate, but unforeseeable, developments, it is necessary to know some of the history of approaches to the problems of water and sanitation in areas such as Brazil by such organizations as the WHO (World Health Organization). On Nov. 10, 1980, the United Nations inaugurated the International Water Supply and Sanitation Decade (1981-90) with the supposed goal of providing readily accessible, safe, reliable community sanitation and water supply by 1990. At that time, it was conservatively estimated that 1.5 billion people lacked access to safe water. This coincided with the adoption of "Health for All by the Year 2000" by the World Health Assembly (the directing authority of WHO). This goal was to be achieved by "primary health care," as defined by the 1978 WHO conference at Alma Ata in the U.S.S.R. Since water supply and sanitation are, by WHO and Unicef definition, a component of "primary health care" (minimal low-cost medical interventions), this meant that the same low-technology, non-capital-intensive approach would be used, i.e., no major capital investment in water or sanitary infrastructure would be made. As a result, 2.5-3 billion people now lack access to safe water.

As much of a farce as "primary health care" is, the real story is that, as far back as 1979, experts at the Rockefeller Foundation had decided that even this pathetic crust was too expensive to throw to all the beggars, and advocated "selective primary health care." In a paper presented at a meeting on Health and Population in Developing Countries, co-sponsored by the Ford Foundation at the notorious Bellagio Study and Conference Center, Kenneth Warren, M.D., of the Rockefeller Foundation, said: "What can be done to help alleviate a nearly unbroken cycle of exposure, disability and

death? The best solution, of course, is comprehensive primary health care, defined at the World Health Organization conference held at Alma Ata in 1978. . . . The goal set at Alma Ata is above reproach, yet its very scope makes it unattainable because of the cost and numbers of trained personnel required. Indeed, the World Bank has estimated that it would cost billions of dollars to provide minimal, basic (not comprehensive) health services by the year 2000 to all the poor in developing countries."

Warren's proposal is a series of limited "high-yield," "cost-effective" interventions which leave the basic underlying problems undisturbed but would produce transient reductions in major diseases susceptible to relatively low-cost measures. Warren comments: "Proper sanitation and clean water make a substantial difference in the amount of disease in an area, *but the financial investment is enormous*. The success of such projects also depends on rigorous maintenance and alteration of engrained cultural habits." Indeed, but the payoff of such an investment would be the conversion of continents, such as Africa or Brazil, which are now breeding grounds for pandemic diseases, into major economic powers—something viewed by the WHO, and their Soviet hosts at Alma Ata, as less than desirable.

The basic premise underlying the WHO approach is that the populations of the developing countries are, in themselves, undesirable, and anything that would materially improve their existence, and thus increase their numbers, is anathema. There is little doubt that, historically, good water and sewer systems have preserved and extended more lives than all the physicians who have populated this planet. Thus the emphasis on "Clean your own latrine" sanitation, in the guise of primary health care, is a way of ensuring that the major water management projects needed to actually deal with the disease and famine rampant in the developing sector will not come into existence.

The Brazilian situation brings all of the issues of water supply, sanitation, water-related diseases, lack of agriculture water-management practices, desertification, and weather disruption together into one infernal cauldron which has the potential to ultimately degrade a great deal of the biosphere existing way beyond the borders of Brazil, or even South America.

Destruction of the rain-forest

Brazil produces close to 30% of its energy from biomass, and several countries such as Peru, Bolivia, and Ecuador have similar ratios. The result of these insane "appropriate technology" policies imposed by the U.N.-IMF-World Bank technocrats is the ecological holocaust taking place in Brazil right now.

The Amazon High (pressure) represents the world's crucial weather moderator, and controls the rest of the world's weather systems. A "high" weather system like Brazil's es-

sentially pumps gigantic amounts of water vapor up, like an inverted funnel (vortex), and circulates it around the world. The Amazon rain-forest is a very efficient "vapor-producing" machine, that sends gigantic amounts of humidity up into the atmosphere. The High, then, functions as a "steam engine," that drives the other major weather systems in the world. The energy produced by this heat exchange is immense. One small hurricane hitting the coast of Florida expends more energy than the United States produces in a year.

The Amazon High has shifted, and collapsed in size as a result of the destruction of part of this "vapor machine," the Amazon. Thermodynamically speaking, there has been an entropic collapse of the system, so that the energy throughput has been lowered. The Amazon rain-forest has been destroyed for the purpose of using wood, charcoal, and biomass for energy, slash-and-burn agricultural methods, and the burning of rain-forest for the creation of pastures for large cattle ranches owned by the European nobility.

The holocaust did not occur suddenly. Over the past 15 years or so, the summer season has become drier and drier. In areas where it used to rain 3-5 feet of water a year, only a few inches are falling now. The famous falls of Iguazu have so little water now, that one can walk from one end to the other. This is equivalent to Niagara Falls drying up. Conversely, areas such as the northeast, that used to have regular droughts, are drowning in rains pouring two to three times the normal amount of water.

Giant deserts are developing in areas where 10 years ago there was lush jungle. Minimally several million hectares have become desertified in the last few years, but the actual number is not known, and has probably been increasing exponentially.

The reason rain-forest becomes a desert quickly is that the volume of rainfall, amounting to several feet per year, leaches out all of the nutrients in the ground. The rain-forest, therefore, lives "off the air." In the United States, a forest is differentiated "horizontally." As one enters the forest, small shrubs are encountered, then small trees, then tall trees. Pine trees will dominate certain areas, while maple and oak trees will dominate other areas.

A rain-forest is completely different. The differentiation is "vertical." There are five canopies of trees, each one with its own specializations. The forest floor is very clean, no leaves or rotting trunks, such as one finds in an American forest. Every nutrient is recycled immediately in a rain-forest, before it is washed away. If a leaf falls, insects and bacteria that live in a symbiotic relationship with the tree roots, will consume it immediately and recycle nutrients required for growth back up the canopy. Therefore it is correct to say the rain-forest "lives in the air."

Under primitive slash-and-burn agriculture methods, a tribe of Indians will move into a spot, burn a small area in a hilltop and cultivate it for two years, three at the most, before

all of the nutrients have been exhausted and they have to move to another hilltop, a mile or two away. The rain-forest can quickly reclaim this small plot of land by creeping vines. With extensive slash-and-burn agriculture, however, the rain-forest cannot possibly reclaim the land. When one of the European nobles, who happen to own most of the land in Brazil and Venezuela, decides to turn his piece of the rain-forest into pasture land for cattle, thousands of hectares of forest will be burnt at once.

After five years, at most, the soil nutrients will be exhausted, and the nobleman goes off and burns another few thousand acres of forest for his cattle. The original area, however, is still receiving several feet of water a year, and every mineral is leached out until all that is left is laterite, an aluminum-silicon oxide that can support no vegetable life, and is harder than brick when it dries. This is how millions of hectares of desert have been created. Moreover, what is happening in many areas in Brazil is that these deserts are acquiring a "life of their own," and spreading to still-existing rain-forest in a way similar to the spread of the Sahel in Africa.

A second major method of turning lush rain-forest into desert is cutting down wood to make charcoal, and cultivation of sugar cane to make gasohol and bagasse. In this case the nutrients are taken away with the trees and the cane, so that again, nutrients are not replaced in the forest economy. The hypocritical charcoal companies can plant as many trees as they want, to replace those they have cut, but as they well know, those trees will not grow because there are no minerals and nutrients to feed on. Most important, it was a specific order of the IMF to Brazil that has forced that country to rely on charcoal to produce steel. Brazil produces very little coke, so that it has to import it, utilizing precious foreign exchange which the IMF wants used to pay debt.

Reversing the biological collapse

Even if the destruction of the rain-forest is stopped right now, it will take many years, possibly decades, for the weather system to return to "normal" again, if we simply allow "nature" to do the job. The best means to increase energy throughput in the biosphere is with massive agro-industrial development and enormous utilization of energy inputs, in the form of electricity, chemicals (fertilizers), and machinery (tractors, etc.). The crash development of nuclear power is imperative for both industrial production and to make up for shortfalls in hydroelectricity production caused by drought.

Key to any attempt to deal with the situation in Brazil, or Africa, or other similar areas in the developing sector, will be construction of large-scale sanitation infrastructure, and comprehensive insect eradication programs, *requiring the enormous financial investment* which the IMF, the World Health Organization, the World Bank, the Rockefeller Foundation, and others find so distressing.

Dirty banker Recanati gets unusual message

by Mark Burdman

Political fireworks began to go off in Israel, as the late April/early-May holiday lull came to an end. The national banking scandal kicked off by the release on April 20 of a special parliamentary commission report excoriating the heads of Israel's major banks for having engineered a collapse of bank shares in October 1983, took some dramatic new turns during the working week beginning Sunday, May 4.

On May 7, Harry Recanati, one scion of the centuries-old Recanati family of Salonika and Venice, placed an advertisement in the mass Hebrew-language daily *Haaretz*, bitterly attacking his brother, Raphael, chairman of Israel Discount Bank, whose forced removal from banking activities for life, has been demanded by the special parliamentary commission headed by Supreme Court Judge Moshe Bejski.

Brother Harry, himself a banker (anchored in the Geneva, Switzerland-based Ralli Bank), charged that the Recanati name had been "stained" by Raphael's banking practices. Going further, Harry pointed to the "hundreds of millions of dollars" Raphael had stashed in various accounts and assets abroad, and called on his wayward brother to dispense these millions to the many people that he had robbed!

Rarely is the intra-family "dirty laundry" of a prominent European-Levantine family hung out so starkly for all to see. The Recanatis are not small fry: They are one of the families listed in the official book of the European aristocracy, the so-called "Gotha." They have been up to many peculiar shenanigans, for centuries, including sponsorship of the mystical-gnostic Cabbala among demoralized Jews in the 13th century in Spain.

Brother Raphael has developed a particularly nasty pedigree, that goes beyond even the allegations of insider trading and illegally regulating the prices of bank shares, as documented in the Bejski report—and these allegations are hardly mild. A Jerusalem source told this correspondent on May 8, "There's enough in that report to bury Bank Leumi and Discount Bank for a long time. We are staggered at the number of laws broken."

Moreover, the Israeli Discount Bank's New York branch was recently discovered to have laundered \$200,000 in co-

caine-derived revenues of one José Stroh, a Colombian drug trafficker living in Miami.

In any case, brother Harry—who fashions himself "an old-style aristocrat, standing above certain kinds of things," according to one Israeli insider—is evidently on to something. Several months back, we have learned, he wrote a semi-autobiographical account, available still only in Hebrew, attacking Raphael for having ruined the Recanati family and the family banks, or funds, the latter the crime of all crimes among such clans. Harry angrily laid claim to the patrimony of father Leon Recanati, the founder of Israel Discount Bank during the 1930s, and essentially accused his brother of being a usurper and a fraud!

Political wars and slanders

One of our sources in Jerusalem reports that a "renewed storm of horror and protest" has broken out in Israel against the Discount Bank chief and against the chairman of Bank Leumi, Ernest Japhet, himself also a scion of an old continental European family. Pressure is mounting among political layers, bank depositors, and the press, for carrying out the Bejski Commission demands that Japhet and Recanati be prevented from practicing banking for life.

The two culprits, however, are reportedly attempting every trick in the book to stay on the job, up to and including making the threat that Israel's economy would be collapsed by the international banks if they were removed. During the week of May 4, they met once with Israeli Premier Shimon Peres, who has remained publicly mum on their fate. An Israeli Cabinet subcommittee formed over the May 3-4 weekend, with the aim of studying how to implement the Bejski recommendations, is reportedly advising nothing more than a slap on the wrist to the bank chiefs, or, alternatively, that the government simply implement the banking reforms suggested by Bejski, but stay away from all matters of "personalities."

This position is less mysterious, given that the subcommittee head, Finance Minister Moshe Nissim, is a member of the Israeli Liberal Party, whose leaders have close political or personal relations with Japhet and Recanati.

As documented in *EIR's* Special Report on *Ariel Sharon and the Israeli Mafia*, Bank Leumi and Discount Bank are central to the financial apparatus that patronizes Ariel Sharon, Israel's current Minister of Industry and Trade. Hitting at Japhet-Recanati, is hitting at a very sensitive raw nerve.

Hence, it is not surprising to hear of a new pattern of violent slanders against *EIR* founder Lyndon LaRouche that have been published, since the mid-April period, in certain Israeli newspapers, particularly those with known links to either the same Soviet intelligence services that have struck a geopolitical deal with Sharon, or to the organized crime front, the Anti-Defamation League of B'nai B'rith. The slander pattern coincided with the three and a half week trip to Israel of ADL national associate director Abe Foxman.

Peres: Economic progress is the key

On April 21, Israeli Prime Minister Shimon Peres was interviewed by four reporters from the *Jerusalem Post*, Israel's leading English-language daily. The interview, under the title: "Peres: Key M.E. Problem is Economics/Prime Minister Fears Violent Arab Collapse," covered the entirety of page 5, in the *Post's* April 23 edition. *EIR* here reprints excerpts from that interview, beginning with a question about what Peres plans to do on the subject of Israel's relations to Jordan and the Palestinians, "What are your plans?"

Peres: My plans are mainly in the field of quiet diplomacy. . . . And I am engaged in quiet diplomacy. I don't think I should give details. And a new, very interesting dimension has been added. I know that it has encountered a lot of skepticism among us, but I am used to this. That is the economic development plan for the Middle East. . . . I have heard encouraging responses from all sides.

I believe that the most critical problem [in the Middle East] today is the economic problem. There is a real danger that it will cause the collapse of a number of states.

Look at the economic situation of Jordan. It is really worrying. Jordan has close to half-a-million workers living abroad. That is the main source of income, some \$1 billion per year. The host countries are beginning to send them home, or they are stopping sending money home. They used to get oil cheaply. Now they don't. They used to export their agricultural produce. That has declined. Tourism has fallen off. It has been a bad year. Foreign currency reserves have dropped to a dangerous level of \$400 million.

One Egyptian told me that Egypt is threatened by the danger of becoming another Bangladesh. Egypt had a GNP of \$39 billion. But this has just fallen by \$4-5 billion. This is dramatic. This includes losses from workers abroad, a drop in revenue from the Suez Canal, the drop in tourism, the decreased revenue from oil. And Egypt is not being allowed to carry out its agricultural development plans. The canal that was to have passed through Sudan has been stopped because of the civil war. . . . The situation is really unbearable. And I believe that without aid, the stability of these countries will be endangered.

Q: Could the economic threat endanger the peace treaty with Egypt?

Peres: The economic situation could threaten the stability in these countries. In the absence of internal stability, there could be instability in the region.

Q: We also know about the difficult economic situation in Syria. Could it have repercussions on the Middle East?

Peres: Syria is more in the Soviet orbit. The Syrians, as far as I know, have only \$50 million in foreign currency reserves. The GNP dropped last year by 10%. There was negative growth in their balance of payments. The Syrians have started rationing electricity, in Damascus. It is a really tragic situation. . . .

Q: Could it influence Syria toward war?

Peres: Anything could. But I think Syria is worried about what happened in Libya. . . . I think the Syrians are now very worried.

Q: There is a tendency on your part now to focus on this economic problem, which is a threat to the Arab countries. But perhaps this is also because there is no possibility now of making a breakthrough towards peace?

Peres: True. But this [the prime minister's "Marshall Plan"] is also a political breakthrough. . . . The Americans have started working to implement the plan. They have contacted all the Middle East states concerned. They are going forward with a lot of energy. I have so far talked about the plan with two or three European leaders, whose reactions were enthusiastic. I have talked with Helmut Kohl and with Italian Prime Minister Bettino Craxi. I will talk about it with Mitterrand and Chirac, and with British Prime Minister Thatcher. I have already talked with the Japanese. It is not good if it [is regarded] as an Israeli plan. It is best presented as a European-American-Japanese plan.

(Later in the interview, Peres is asked about the economic-policy debate *within* Israel, some of the background to his firing of Finance Minister Modai in April, and about charges that he has selectively favored certain sectors, like construction, as a favor to industrial interests linked to his Labor Party.)

Peres: Conceptually, growth means . . . that every year 40,000-50,000 youngsters join the economy. Growth must make places of work for them. There is no economy that doesn't plan years ahead. Then there is the problem of giving credit to the productive sector. . . . There is need to give the productive sector credit to enable it to function [at acceptable rates of interest]. Nobody can pay 60-70% interest. It is madness. . . .

In general, economics is not a mechanical matter, . . . not a matter of two plus two is four. If that was all, anyone could put together an economic plan and implement it. The problem is how to take several groups of people and to get them to work together to make a coalition. . . .

Swiss cartel poisons U.S. dairy cows

by Marcia Merry

In all the national media coverage of the animal feed disaster in the Arkansas region this year, in which feed containing the pesticide heptachlor was wrongly fed to dozens of dairy herds and some other livestock, no attention was focused on the origin of the contamination—Ciba-Geigy, the Swiss pharmaceutical cartel, which “should have known better.”

It takes at least two years for the heptachlor to work itself out of the animal's system, but it shows up right away in the milk produced. Dairy farmers with affected herds have not been indemnified properly, and dairy farmers across three states face a forced shutdown, even faster than the general depression would cause.

Ciba-Geigy, and a few other oligarchy-controlled European giants, like the Swiss company Sandoz, or Royal Dutch Shell, have, in recent years, been buying into a monopoly position in the U.S. seed supply business. Ciba-Geigy owns the former American company, Funk Seeds International, whose hybrid seed corn—treated with heptachlor—was the source of the contamination.

The chain of events went like this. In 1985, a local, independent feed supply company, Valley Feeds of Van Buren, Arkansas, was buying cheap grain for its ethanol still. Valley Feeds, and similar feed suppliers, have started up such side-lines in order to get extra income from the gasoline additive to try to stay solvent. After the ethanol is distilled out of the grain batch, the leftover grain mash is sold as cattle feed—a nutritious mix. At some point, discount seed grain was offered to Valley Feeds, for use in the still.

Seed grain is permitted by government regulation, to be treated with heptachlor—one of the few agricultural uses still allowed in the United States, since heptachlor has been banned for general agricultural use since 1978, after some tests showed it was carcinogenic to animals. By law, all seed grain treated with pesticides that might be toxic is dyed a bright red to prevent accidental livestock poisoning. Seed companies that have leftover seed stock each year arrange to sell it the next season in a “discount blend,” or dispose of it in a land fill, or take measures to make certain it stays out of the food chain. If the seed is planted, germinated and grown, the heptachlor is gone.

The seed grain bought by Valley Feeds was “Funk's G”—the corn hybrid brand of Funk Seeds International, the Bloomington, Illinois company wholly owned by Ciba-Gei-

gy. The distillation process does not remove the heptachlor. So the heptachlor-contaminated “Funk's G” continued into the mash process, and contaminated the animal feed.

The Valley Feeds company should not have let this happen. But the international giant Ciba-Geigy should not have been disposing of their seed corn in this fashion, knowing that there are hundreds of cash-strapped farm supply companies where a slip-up might occur.

Ciba-Geigy has refused to admit any connection to the disaster, in a classic, high-handed manner. This is typical of the functioning of the foreign, oligarchy-controlled seed, food processing, and commodity companies coming to dominate the U.S. farm and food sector. Funk Seeds International, run by Ciba-Geigy out of its original headquarters in Bloomington, claims that a certain “Midwestern broker” was responsible for dumping this treated seed grain in such an irresponsible way.

As of five years ago, the two Swiss chemical cartels—Ciba Geigy and Sandoz—alone controlled most of the U.S. sorghum and alfalfa seed supplies. Between 1968 and 1978, large companies—including most prominently, the European oligarchy-run names, such as Shell, Cargill, Sandoz, and Ciba-Geigy—bought 30 major seed companies.

A 30-year seed sales representative for one of the few remaining independent U.S. seed companies, Pioneer Hybrids, said this kind of careless disposing of the “Funk's G” should not have happened in the proper course of the seed trade.

After Food and Drug Administration (FDA) officials confirmed in early March that Valley Feeds was selling the heptachlor-tainted mash, they closed the plant and tracked down where the contaminated feed went. Valley Feeds had approximately 300 customers, and three bargeloads of the contaminated feed were involved.

At one point, more than 80 dairy herds were quarantined, over several states, including Oklahoma, Missouri, and Arkansas. Dairy products processed from this milk were recalled. Beef products, possibly from this area, were sampled for possible contamination. The heptachlor lodges in the animal's fat cells, and takes up to two years to flush out, meantime tainting her milk.

The total amount needed to indemnify the affected farms is in the range of \$4-6 million. As of April, only \$95,000 was in the federal indemnification fund. Congressional authorization is needed for more.

Eighteen of the dairy farmers, who are members of the Mid-Am section of Associated Milk Producers, Inc. (AMPI), report that during February they marketed \$125,000 worth of milk. If it takes only two years for the heptachlor levels to drop to below tolerance, their total income loss will over \$1.5 million, for just the 18 farmers. The April 25 Mid-Am newsletter said, “Having to dump their milk, not being able to sell their contaminated cattle, and being threatened with lawsuits by animal welfarists, the dairymen have no income; nor do they have hope for any for months.”

Nigeria fights to solve crisis

The current talks with the IMF are evidence of Nigeria's desperate determination to find a solution to its economic crisis.

Talks are being held in the Nigerian capital of Lagos in the first week of May, between officials from the World Bank and the International Monetary Fund and Nigerian Finance Minister Chu Okongwu. Following several months of public debate on whether or not to accept IMF conditions for a \$2 billion standby credit, which included a large-scale devaluation of its currency, the naira, Nigeria officially rejected IMF demands in December 1985.

In the 1986 budget, announced on Jan. 1, the Nigerian head of state, General Babangida, announced that Nigeria was imposing a 30% ceiling on the percentage of export revenue that would be used for repayment of debt service. While the 30% figure is still high, it compared with a level of 44% of export revenue which would otherwise have been used to pay debt service. General Babangida also announced a severe austerity budget, cutting public sector spending, cutting government employees, drastic cuts in imports, and the banning of certain imports such as some food products (Norway for instance is suffering the annual loss of \$250 million of exports of stockfish to Nigeria, banned in January).

Nigeria's economic problems have worsened month by month this year. The dramatic fall in the price of oil, which accounts for 97% of Nigeria's exports, has meant that Nigeria's income this year might be as low as \$5 billion or even less. The budget was based on an already-low estimate of

projected income of \$8 billion, compared to \$25 billion in 1980.

At the end of February, the government was forced to freeze import licenses altogether, and one businessman was quoted in the *Financial Times* saying, "I have written this year off. I will just close my eyes and keep going." Nigerian industry depends on imports of spare parts and raw materials to keep producing, and even with higher import levels last year, it was only operating at an average capacity of 20%.

Nigeria is attempting to reschedule its medium- and long-term external debts, estimated at \$4-7 billion, owed to a group of Western nations (the "Paris Club") and private banks (the "London Club"). Several days of talks with Paris Club representatives in Paris ended on April 26, but the Paris Club is insisting that Nigeria first agree to a deal with the IMF as a precondition to rescheduling. Earlier talks at the end of March in London with the London Club had led to an agreement by the commercial banks to grant a 90-day moratorium on repayments of principal. Okongwu met the steering committee of the London Club on April 22 to resume discussions, and the London Club insisted that the outcome of Nigeria's meeting with the IMF and World Bank should be made available to them.

Keeping up the pressure, the London Club is sending a delegation to Lagos for further talks with Okongwu, and major talks are scheduled for

New York beginning on June 12. The talks with the IMF taking place now are evidence of Nigeria's desperate determination to find a solution to its economic crisis, but there is hardly a chance that the IMF will change its line on calls for a devaluation. For the Babangida government to accept that now, would mean a major loss of face and popularity for the military regime.

Nigerians are already suffering the effects of the austerity program: Bread is scarce, with the price of flour in the shops at twice the official price. A bag of salt used to cost N7, now it costs N20. A bottle of groundnut oil, which used to cost N7, now costs N25.

The one chance for Nigeria to escape from this economic crunch, with the resulting drastic austerity, would be to link up with other debtor countries, not only in Africa but also in Latin America. Organization of African Unity chairman and Senegal's President Abdou Diouf's call for an urgent conference on African debt is still on the agenda, and OAU sources have said that a debt conference will be "far more important" than the planned U.N. emergency session on Africa, to take place May 27-31 in New York. No date has been set for the debt conference, but it could well take place before the summer.

The weekly *African Concord* reported in its issue dated March 13 that "the radical Latin American bloc, headed by Brazil and Peru, could well be joined by Nigeria, which in its present circumstances, could feel it has nothing to lose by unilaterally declaring a debt ceiling." In a recent interview, President Babangida, when asked whether he would consider cooperating with Brazil and Peru, said the situation in Latin America was different, but he did not rule out cooperation "If that's something commonly acceptable to all those involved."

Dollar slide continues after summit

It is not Japanese investments, but dirty money, that threatens the dollar.

The U.S. dollar fell to 164.30 yen May 8, yet another postwar record low against the Japanese currency, and swung wildly on European markets, in the wake of the May 6 declaration of heads of state and government at Tokyo. It appears that the foreign-exchange markets will re-stage the response to the April 10-11 International Monetary Fund meetings, which prepared the Tokyo summit, namely, push the dollar down a further ratchet. The IMF meetings, which made clear that the U.S. had no intention of supporting the dollar on the foreign-exchange markets, and that the Germans and Japanese had even less intention of inflating their economies to help the dollar's supposed fundamentals. This amounted to an agreement to force the dollar down further.

The West Germans and Japanese were reluctant to accept the inane policy guidelines demanded by the Treasury Department, i.e., the "locomotive theory" circulated in 1978 by the Carter administration, the last time the dollar was in deep trouble. According to this, other countries should pump their economies full of hot air, along with the U.S., to help stabilize currencies. The consequences of the Tokyo agreement will hurt them just as badly.

As noted elsewhere in this issue, the Tokyo communiqué screens but thinly a repetition of this perverse agreement. More than that, it makes a matter of international policy, the receivership of the United States at the hands of its creditors. The form of this

receivership is emerging to be an old-fashioned foreign-exchange crisis, in which the falling currency forces the monetary authorities into ever-more-bitter austerity measures.

In the fortnight preceding the summit, most financial press and commentators speculated that the Japanese would cease to invest in U.S. Treasury securities at a \$50 billion annual rate, following the 35% decline of the dollar. Fears of a Japanese withdrawal from U.S. markets were supposedly behind the 7% fall in the value of U.S. long-term government securities during the week ended April 25.

In reality, the Japanese have less intention of withdrawing support for the dollar, and dollar markets, than anyone else in the world. The same institutions that invest in dollar securities are tied to industrial firms who export manufactures to the U.S. They dread a dollar collapse, a point underscored in repeated public statements by Prime Minister Nakasone, for obvious reasons.

In fact, the leading Japanese securities houses have given strong assurances that they will continue to bid for U.S. Treasury securities.

The actual source of problems for U.S. securities markets lies not in Japan's \$50 billion per annum contribution to the financing of the \$150 billion U.S. current-account deficit, but to the \$80 billion in international hot money which finances most of the rest of it.

Since \$50 billion of the \$150 billion shows up in "errors and omis-

sions," i.e., untraceable reflows of narcotics and other criminal revenues, it is hard to tell what the underworld's currency advisers are saying. However, the United States borrows over \$30 billion a year in the Eurobond market, largely from numbered Swiss bank accounts which hide the income of what we call "Dope, Inc."

A subtle shift away from dollar paper has been under way in the Eurobond market for weeks, as the holders of those Swiss bank accounts shy away from the dollar. This is particularly marked in the Floating Rate Note market, i.e., long-term bonds whose interest rate varies according to the current London dollar interest rate. For overseas investors, floating-rate securities represent the purest form of dollar investment. Fixed-rate securities may appreciate when interest rates fall, and therefore may have an additional speculative value, since conventional wisdom associates the falling dollar with lower interest rates. But floating-rate securities lose their worth along with the falling dollar.

During the first quarter of 1986, the issuance of Eurodollar floating-rate notes fell to about \$6 billion, or roughly half of the average quarterly level for 1985. Salomon Brothers commented on April 29, "In particular, U.S. banking institutions shied away from the primary market, as credit considerations forced their debt to trade at substantially depressed levels in the secondary area."

That is, the Swiss bank accounts did not want dollar paper, and least of all did they want the long-term paper of U.S. banks, given the state of the U.S. banking system. These are shots over the Treasury's bow, from America's primary creditors. America is dependent on inflows of dirty money, and the owners of dirty money are sitting at the head of the table at the creditors' committee.

P-9 strike: labor's nightmare

The strike of United Food and Commercial Workers Local P-9 in Austin, Minnesota is more than a bitter labor struggle.

The strike of United Food and Commercial Workers Local P-9 in Austin, Minnesota entered its ninth month in May, further from settlement than ever. The strike, by more than 1,000 Hormel Meat Co. workers, has become the cause célèbre among radical trade unions and the left, attracting attention like flies from the same groups that buzzed around farmworkers organizer Cesar Chavez at the height of his nationwide boycott. Among those vying for control of the strike are Jesse Jackson's Rainbow Coalition, and FBI-controlled neo-Nazi networks involved in radical farm layers in the Midwest.

In an action indicative of the bitterness of the strike, on May 6 Local P-9 filed suit in federal court in Washington, D.C., seeking \$13 million and an injunction to prevent the international union from seizing control of the local by placing it into receivership. In mid-March, after seven desperate months of the strike, UFCW International President William Wynn ordered the strike halted, saying, "The strike is called off as of now," and threatening receivership for the local. Forty dollars a week of strike benefits were also cut.

This strike has become the symbol of two key issues facing the labor movement in the United States, faced with a decline in the organized work force from 1-in-3, 30 years ago, to under 20%—1-in-5—today.

The first issue is whether labor negotiations should be oriented to

concession bargaining, conceding the severe nature of the economic crisis. This is the AFL-CIO's current strategy, under the mis-leadership of Trilateral Commission agent Lane Kirkland. The P-9 strike stands for an end to concessions, replacing conciliation with simple militancy. As Ray Rogers, the professional agitator whom P-9 hired to run its "corporate campaign," says, "You can create a moment in history, so people can turn to Austin and say, 'That's where they turned back the onslaught against the labor movement.'"

The second, more long-term issue, is what degree of control national union leadership should exercise over local affiliates. Kirkland wants more top-down control; P-9 wants independence of action. Both issues will be on the table at the August executive board meeting of the AFL-CIO, when Kirkland will unveil his plan for coping with the ongoing collapse of American trade unions.

The P-9 strike also epitomizes the real nature of the depression in this country. The strike is not only over a wage level of \$10.69 per hour, itself hardly a living wage. It is over whether Hormel will spend the capital to reduce safety hazards in the plant, something they are unwilling to do in face of cutthroat competition from such non-union shops as Armand Hammer's Iowa Beef. P-9 President Jim Guyette calls the "flagship" plant a "walking infirmary." In 1985, over one-third of the workers were off with

a major injury; for 1986, the company projects that 36% of the Austin plant's workers will be disabled due to injury.

Ultimately, the issue confronting trade unions today is the same that confronted those who started trade unions and fought to win union wages and working conditions for the whole work force at the end of the 1930s. Then, too, the question was posed in the context of a pie too small to go around, necessitating "sacrifice" from workers lucky enough to have jobs. Then, too, communists and populists swarmed around and, indeed, often led strikes, with their own ends.

The union movement won, to the extent that it forged an alliance between labor and industry based on a shared commitment to save the nation from the threat posed by fascist takeover of Europe, and an equal commitment to making America a proud industrial nation following World War II.

It took battles, most far bloodier than what P-9 has faced, to forge that alliance.

Today's unions, mere skeletal remains of the unions forged in the battles of the 1930s and '40s, must find a similar solution, shunning both the Jesse Jackson-style empty militancy and Lane Kirkland's capitulationism. That solution lies singularly with the political movement growing daily around the LaRouche presidential campaign and its hundreds of associated candidates.

It has been reliably reported that Jim Guyette voted for Lyndon LaRouche for President in 1980. A man with the intelligence to do that surely can muster sufficient courage to act on his better instincts now, to stop the P-9 struggle from becoming the plaything of the Trilateral-run liberals. This strike could be the rallying point for a real battle against the phony alternatives posed by Kirkland and Jackson.

Business Briefs

Agriculture

Cattle industry: give surplus cows to Europe

The beef-cattle industry wants President Reagan to donate surplus American dairy cattle and beef to Europeans affected by the Soviet nuclear accident, according to UPI.

"We have dairy cows running out of our ears as a result of the dairy extermination program," Donald Butler, president of the National Cattlemen's Association, said on May 7. In the new government herd termination program, approximately 10% of the national dairy inventory will be eliminated—supposedly to eliminate "surpluses."

Explaining his request to the President, Butler said that giving dairy cows and dairy beef to people whose animals may have been harmed by radioactive fallout "not only disposes of the meat without doing further damage to the beef industry, it allows the American people to visibly express their humanitarianism in a meaningful way."

"By donating it to the areas affected by the Chernobyl nuclear disaster, we can avoid filling government warehouses with dairy beef, and by donating live program dairy cows, we can avoid overloading the packing industry with so many additional cattle coming to market."

European Labor

Red/Green alliance will cost jobs

A Social Democratic Party (SPD) and Green Party coalition controlling the Bonn government would kill at least 250,000 jobs, according to private estimates among the German utilities.

Asked by *EIR* on their evaluation of the effects of the realization of the anti-nuclear policy of the SPD and the Greens would have, a spokesman for the National Asso-

ciation of Utilities in Frankfurt said that "several hundred thousand jobs would be affected." With a 36% share of the nuclear power sector in the country's total energy supply, the future of a good portion of 162,000 utility workers and about the same number of workers in the nuclear-building industry would be in severe jeopardy.

Not counted in this estimate are thousands of workers of the nuclear engineering and servicing sector, whose future and income depends on the investment of several billion deutschmarks per year in nuclear power generation.

Nevertheless, the German labor movement continues to support such an alliance. Franz Steinkuehler, acting vice-chairman of the German Metal Workers Federation, said in an interview with *Neue Hannoversche Presse* on May 6 that he "would not principally rule out a red-green government coalition for Bonn in 1987."

He added that the labor movement should not reject the Greens as a partner "just because they are anti-industrialist in their outlooks." Steinkuehler is a prominent member of the labor commission of the German Social Democrats. One of the Metal Workers' national executives, Horst Janssen, attended the February convention of the Green Party as a guest speaker.

Money Laundering

Casino employee under investigation

An employee of Golden Nugget, Inc.'s Atlantic City casino-hotel is currently the target of a federal grand jury investigation concerning a possible \$800,000 money-laundering scheme involving persons convicted of drug trafficking and money laundering in April, according to documents the company filed with the Securities and Exchange Commission.

A Golden Nugget spokesman said in the filing that the grand jury investigation "apparently stems" from a customer who deposited \$1.1 million in small bills at the

firm's Atlantic City casino one night in November 1982. After losing about \$300,000, the unidentified customer was given the approximately \$800,000 balance of his account in larger bills.

Scheduled to testify before a federal grand jury in Newark in May are the otherwise unidentified "important marketing employee" of Golden Nugget's Atlantic City casino; the casino's president, D. Boone Wayson; and Golden Nugget Chairman and President Stephen A. Wynn.

Drug Traffic

Deak & Co. emerges from bankruptcy

Deak & Co. emerged in early May from Chapter 11 bankruptcy-law proceedings under the control of an Australian financial services company.

Under terms of a court-approved reorganization plan, Deak & Co. has become a subsidiary of Deak International, Inc., whose chief businesses are retail foreign currency and precious metal sales, travelers checks and overseas remittances in foreign currencies, and a foreign collection service for businesses.

Nicholas Deak, the gold and foreign-exchange trader, was forced to close two units of his firm, Deak-Perreña, in November 1984 when the President's Commission on Organized Crime revealed his ties to Colombian drug-trafficker Eduardo Orozco, who moved approximately \$97 million through the Deak-Perera New York City branch in the early 1980s. Deak's officers managed to forget to file any reports on the cash deposits.

Arkadi Kuhlmann, formerly executive vice-president of Deak & Co.'s Canadian operations, has been named president and chief executive officer of Deak International. Mr. Kuhlmann, 38-years-old, succeeded a Singapore lawyer, Chan Cher Boon, who was briefly the head of Deak & Co. while he tried to put together a takeover plan, which later was rejected by creditors.

Martin Properties Ltd., a Brisbane, Australia, concern with interests in stock and commodity trading, insurance, and real estate, has bought a 75% stake in Deak International for \$12 million.

Free Enterprise

Colombian drug dealers bid for respectability

Carlos Tulio Gómez, a mafioso awaiting extradition to the United States, gave a press conference in early May in which he said that all the "big cheese" of the Colombian mafia are ready and willing to hand themselves over to the national authorities, but not to the United States.

The criminals pledge to bring with them all their money and set up companies that will in a short period of time create a minimum of 500,000 jobs. They say they want to hold dialogue like that held with former President Alfonso López Michelsen and the attorney general in Panama in 1984. They also said that they will hand over all their cocaine laboratories because, "We don't need them anymore, since we have made all the money we want and now we want to be normal citizens, serious in our businesses and meeting all the legal norms."

Tulio Gómez says that they intend to prove that they had nothing to do with the murder of Justice Minister Rodrigo Lara Bonilla in 1984, and will answer to all charges against them pending in the courts. Tulio Gómez is not himself a "big cheese," but is believed to be a front-man for the capos.

According to the Colombian daily *5 pm* of May 7, the consensus among Colombian government officials is that the mafia proposal elaborated by Tulio Gómez is a straw in the wind to see how the presidential candidates Virgilio Barco (Liberal Party) and Alvaro Gómez Hurtado (Conservative Party) respond. Should either prove favorable in any way, the capos would go into action—presumably pouring money and other such into their last-minute campaigns and vote-buying, and beginning the process of

contacts that would enable them to reintegrate into the "legal" business world as quickly as possible.

Steel

Union attacks threat to national security

The United Steelworkers union charged on May 1 that the decline of the U.S. steel industry—particularly its capacity to produce steel plate—has significantly weakened the country's national defense posture.

The union released federal studies showing that U.S. steelmakers no longer have the capacity to produce enough steel plate to meet national needs in the event of military mobilization. The press conference in Bethlehem, Pennsylvania, was publicized in a full-page ad in the *Washington Post* headlined "Steel Mayday!" The ad said that while 27,000 people worked Bethlehem's mills during World War II, today there are only 4,100 steelworkers there. Since 1983, the industry's overall steelmaking capacity has dropped by 15%. This was the third news conference held by the union as part of its "Communities in Distress" campaign, and featured Rep. Don Ritter (R-Pa.), and 50 community representatives.

In confirmation of the steelworkers union claims, government statistics released in early May showed that unemployment remained high in the first quarter of 1986, with particular weakness in the industrial economic sectors of oil, gas, and manufacturing.

The rise in joblessness between January and February—from 6.7% to 7.3%—was the sharpest increase in six years. It dropped in March only to 7.2%. White House spokesman Larry Speakes commented, "We expect a continued steady downward trend in the unemployment rate." The Government Accounting Office also released a report the same week showing that more than 1 million workers lost their jobs in 1983 and 1984 because their companies either went out of business or fired workers; two-thirds of the job losses were among larger firms in the manufacturing sector.

Briefly

● **PRESIDENT REAGAN**, was asked at an early May press conference about a deadline for companies, especially oil firms, to get out of Libya; he replied, "Yes, we have told those that have a share in oil firms in Libya . . . that they are to dispose of their holdings by June 30."

● **SELA**, the Latin American Economic System, says that steel exports from Brazil, Mexico, and Venezuela are down 16% from 1984 levels because of U.S. protectionism. All three nations have been forced to sign voluntary steel quota agreements with the United States.

● **FIRST BOSTON Corp.** has been charged by the SEC with illegally trading on inside information in the stock and options of client firm Cigna Corporation. First Boston has agreed to give up profits of \$132,000 and pay a fine of \$264,000 to avoid trial, and has also agreed to review its so-called China Wall security procedures. Meanwhile, the Bank has issued an order threatening to fire any employee who discusses the case with outsiders.

● **ARGENTINA** decreed on May 7 that an 8.5% "emergency" wage increase go immediately into effect for private workers and 5% for state employees. The announcement came after reports on May 6 were issued that inflation had risen 4.7% in February, making a total inflation of 14.8% so far this year. The national trade-union, the CGT, rejected the increase, but said it would not break off talks with the government.

● **JAMAICAN PRIME Minister Edward Seaga**, with elections approaching, has staged a public spat with the IMF. Seaga, who has implemented IMF orders to turn Jamaica over to drug trafficking, now rejects IMF recommendations as wrong "after long years of essential but painful adjustments." He added, however, that he had a "contingency plan" ready in case the IMF insist on their policies.

The LaRouche phenomenon in American politics

by Criton Zoakos

The May 3-6 primary elections in Texas, Ohio, and Indiana produced a pattern of votes for candidates associated with Lyndon H. LaRouche, Jr. which was identical to that which was initially seen at the Illinois March 18 primaries, which originally brought the LaRouche candidates' movement to national prominence: The LaRouche candidates command a consistent average 25% of the Democratic vote. In some individual races, the pro-LaRouche vote goes above 50%, as in the now-celebrated races for Illinois lieutenant governor and secretary of state, won by LaRouche-affiliated Mark Fairchild and Janice Hart. In many other individual races, the pro-LaRouche vote may go up to 43%, while in a few others down to 6-7%. The average for all races in which LaRouche candidates have run, so far this year, is about 25% of the Democratic vote.

The important difference between the May 3-6 primaries in Texas, Ohio, and Indiana, on the one hand, and the March 18 Illinois election, is that after Illinois, the LaRouche candidates—and their voters—were subjected to an unprecedented stream of abuse, slander, and intimidation, originating in some very powerful and influential quarters. One politician in Austin, Texas, said: "LaRouche sustained a full frontal assault in Texas, and it didn't slow him down at all."

Reactions at higher levels of the anti-LaRouche camp bordered closer to hysteria after May 6, than they had been during the earlier, Illinois primary. The reason was that the LaRouche vote held its own despite Paul Kirk's Democratic National Committee's extraordinary efforts to intimidate voters. In all instances, LaRouche candidates spent, on the average, between \$50 and \$100 in their campaigns. In all instances, they faced massive hostility from the media and most of the established party leadership. In most instances, they ran against incumbents. For every one dollar spent by LaRouche candidates, there were between \$1,000 and \$5,000 spent by their opponents. In the cases of Texas and Ohio, large-scale vote fraud and vote stealing was observed and documented. The fact that the 25% average for LaRouche candidates held even under these circumstances, demonstrated that the, not-yet-expressed, pro-LaRouche *potential* inside the Democratic Party may run well above 50%.



NSIPS/Stuart Lewis

Lyndon LaRouche, the only declared 1988 presidential candidate, meets the press at the National Press Club on April 9, 1986 in Washington D.C.

This has created a situation in American politics which, according to a dedicated enemy of Mr. LaRouche, "has not existed in American politics in the last 200 years."

After the results were in, on May 7, Terry Michael, the press spokesman of the Democratic National Committee, proclaimed to the press that the DNC policy to contain LaRouche had "worked." As proof, he cited the allegation that "no LaRouche candidate won any 'significant' races, as they had done in Illinois." The DNC, thus implicitly stating that it is happy with a LaRouche vote just below 50%, has acknowledged that LaRouche is its "main opposition." The chairman of the Republican National Committee, Frank Fahrenkopf, had a different interpretation—he pointed out that during the primaries, so far, more Republicans went to the polls than in the past, and fewer Democrats. He further added, "While the Democrats are campaigning to stop the LaRouche candidates in their ranks, the Republicans will be going out campaigning for their candidates."

Mr. Fahrenkopf's observation was just a little bit closer to reality than Michael's, yet not too close: It is a fact, that since March 18, the only campaigning that the old Democratic Party establishment has done, has been against LaRouche rather than the Republican incumbents or challengers. In fact, the Democratic National Committee went on record to state that those LaRouche candidates who have already won positions for the November Democratic party ballots—there are five for U.S. Congress, so far—will not only not receive any official Democratic Party support, but the DNC will advise voters to vote for their Republican opponents.

While the old Democratic establishment is hell-bent on this suicidal course, the Republican Party establishment is displaying a premature smugness. A successful LaRouche onslaught against the entrenched ultra-liberal Democratic Party establishment does not necessarily mean gains in votes for Republican candidates. Mr. Fahrenkopf must, surely, know that it was the traditional Democratic Party voting base of blue-collar workers and farmers who voted President Reagan into office, because their party's liberal establishment had disenfranchised them. This same voting base—which is *the* decisive factor in American politics—is now viewing the anti-LaRouche mobilization of the DNC, as another drive to disenfranchise them.

Also, this same voting base, is profoundly disillusioned with the domestic economic policies of the Republican administration. They are the millions who were never touched by the fake "Reagan recovery." All they see in the DNC's anti-LaRouche antics is the DNC's and the Liberal Establishment's commitment to leave them defenseless against the "structural reform" of the economy, started by President Jimmy Carter and continuing unabated under President Ronald Reagan.

The "LaRouche phenomenon," a mass movement of some one thousand citizen-candidates, cannot be defeated by its rivals, unless it is understood. And it cannot be understood, except in its own terms. Trying to understand it within the frame of reference of its rivals is fruitless labor. To defeat it, one has to understand it. To understand it, one must accept its terms of analysis. To accept its terms is to be defeated by it.

The "secret," so to speak, of the "LaRouche phenomenon," is that it is based on the *reality-orientation*, as distinct from a "*perception orientation*" toward which media and politicians are geared, of the most crucial, blue collar-labor-minority constituency of the U.S. population. To illustrate the point: A "perception-oriented" person is the one who, having been run over by an automobile, will not realize what happened to him until he watches his misfortune on the evening television news. The contrary type, the reality-oriented person, on the other hand, is one who expects an honest pay for an honest day's work, expects his tax dollars to buy him the commensurate public services such as schooling for his kids, sanitation for his town, and defense for his country.

The reality-oriented person, is, as a rule, engaged in the task of raising a family, by means of work, and, as a rule, belongs in the blue collar-farmer-minority constituency. No amount of newspaper, radio and TV, and government assertions of an "economic recovery" will convince him that his self-appointed task of raising a family is not in jeopardy by prevailing economic policies.

The strategic mistake of the anti-LaRouche opposition in the media and political establishment so far has been, to try and stop LaRouche's influence in this layer of "reality-oriented" people, by means of a propaganda campaign, i.e., by means of dominating the "perception game." No doubt, LaRouche opponents can dominate the "perception game." They are discovering that this has no effect on LaRouche's voting base. The voters vote against the perception game itself, not for or against any particular perception per se.

Following Illinois, the media made the mistake of ignoring the solid 20-40% vote average for LaRouche-associated candidates, and instead, focussed almost exclusively on the impressive Fairchild-Hart victory. The media called it a fluke; Paul Kirk and the Democratic National Committee called it a fluke; Adlai Stevenson III called it a fluke; had they tried to understand the consistency of the 20-40% voting average of LaRouche associated candidates, they would not have considered it "a fluke."

It was no fluke

Then, as Adlai Stevenson, heir of the oldest political name in the state of Illinois, drifted out of the Democratic Party, which he once considered a family heirloom, and into oblivion, the Democratic National Committee, in conjunction with the Anti-Defamation League and the National Broadcasting Corporation—the combination commonly known as the Public Relations department of "Dope, Inc."—resolved on a massive slander campaign against both Lyndon LaRouche, the only, so far, officially declared Presidential candidate for 1988, and the candidates movement associated with him.

LaRouche detractors, it turned out, devised a gameplan to "stop LaRouche" at the second tier of the primary elections

scheduled from May 3 to June 2. With a new infusion of money from Pamela Harriman, the DNC, under Paul Kirk, set up a mass mailing operation, a phone bank, and a few additional paraphernalia, to launch a "voter education campaign" against LaRouche. The principal "educational material" was a hysterical, libellous "informational packet" provided by the Anti-Defamation League, an outfit run by Mr. Kenneth Bialkin, the lawyer of international drug dealer Robert Vesco. Most of the anti-LaRouche "educational material" was written by two journalists of the magazine *High Times*, the official advocate of drug legalization.

These scurrilous materials were mailed out to all Democratic Party state chairmen, and the mailings were followed up by lengthy phone calls from Washington, purporting to devise strategies, of sorts, to "stop LaRouche." A certain percentage of state chairmen responded, among whom were James Ruvolo of Ohio and Robert Slagle of Texas. The appropriate number of newspaper and television outlets was enlisted in the effort to "educate the voters against LaRouche." An unprecedented amount of mudslinging was carried out from coast to coast. Mr. LaRouche was called names from "neo-Nazi" to "Soviet KGB agent," to a "snake which eats its tail," (this from Max Lerner of the *New York Post*), to anti-Semite, to new Hitler, new Lenin, and so forth. Thoughtful citizens, subjected to this excessive overdose of hysterical mudslinging, walked away with the conviction that the great variety of wild slander themes cancelled each other out. The average citizen's conclusion, invariably, was: "Mr. LaRouche certainly has some folks very upset." Those "folks," it turned out, had never enjoyed either the confidence, or the sympathy of the average citizen. So the centrally disseminated anti-LaRouche slander campaign, in its original form, fizzled, some time toward the end of April.

Locally, as with Slagle in Texas and Ruvolo in Ohio, a great deal of local money, and locally modified slanders were mobilized against LaRouche candidates. Characteristic was the San Antonio, Texas campaign for county chairman. One week before election day, chairman Slagle arrived there, held a press conference, and denounced LaRouche for having once argued, in one of his books, that Aristotle and Philip of Macedon, in the fourth century B.C., had reached a certain political understanding with the Persian Imperial court of the time. Convinced of his audience's unease with matters of detail of classical scholarship, Party chairman Slagle, pompously boasted that "only those Texas Democrats who were crazy enough to believe that Aristotle and Philip had a deal with the Persians, would vote for the LaRouche candidate." This ludicrous display had a fine ending: 38% of the Democrats of San Antonio's Bexar County voted to elect LaRouche-endorsed Don Varella as their county chairman. He came first in a field of four candidates.

One can safely conclude that Bob Slagle is not more popular in Texas than Aristotle.

Returns for NDPC-backed candidates in Texas, Indiana, and Ohio primaries

The returns listed below were the most complete available as of May 10 on the results of the Democratic primaries held May 3-6. They extend a trend first evident in the March 18 Democratic primary in Illinois: Candidates associated with Lyndon LaRouche command more than 25% of the Democratic primary vote, while the overall vote is falling from 25%-33%. Not only has Democratic National Committee chairman Paul Kirk failed to stop the LaRouche "phenomenon," but this movement is growing.

In the only statewide contests in which NDPC-backed candidates participated in these states—Cowling for Agriculture Commissioner in Texas, Scott for Senate in Ohio, and Irey for Senate in Indiana—a cumulative total of 380,000 votes were cast for them. Noel Cowling's total of 182,000 against a nationally known opponent, who received enormous financial support, is impressive. But no less so is Don Scott against John Glenn in Ohio, and Georgia Irey's result in Indiana is nearly twice the previous highest percentage received by an NDPC-backed candidate in a primary contest for nomination to the Senate.

Texas

For **Agriculture Commissioner**, Noel Cowling polled 182,391 or 18.5% against incumbent Hightower.

In congressional races, in the **5th CD**, Greg Witherspoon received 912 votes, or 6.7% against the incumbent Bryant. In the **6th CD**, Leonard Rinaldo was credited with 6,150 (15%). In the **7th CD**, unopposed candidate Harry Kniffin won the Democratic nomination to Congress. In the **8th CD**, Harley Schlanger got 2,321, 26.4%. In the **12th CD**, Elizabeth Arnold received 1,234, 10.1%, against House Majority leader Jim Wright. In the **18th CD**, Dorothy Stephens received 1,695 or 8.8% against Democratic incumbent Mickey Leland. In the **21st CD**, Terry Lowry received 2,315, or 7.5%. Susan Director, unopposed candidate, won the nomination in the **22nd CD**. In the **24th CD**, Gardell Morehead got 1,438 or 6.8% against Democratic incumbent Frost. In the **25th CD**, Curtis Perry received 985 (5.6%) against Democratic incumbent Andrews. In the **26th CD**, Clyde Riddle ran in the Republican primary against Arney and received 5.6%. In the **27th CD**, Ken Rich won 8,078 (13%) against Democratic incumbent Ortiz.

In Texas county-chair races, LaRouche candidates fared as follows: **Bexar**, Don Varella: 16,332 (38%) (run-off); **El Paso**, Ray Winn: 5,485 (23.8%); **Matagorda**, Robert Smith:

1,897 (35%); **Hood**, Mike Chamberlain: 847 (43%); **Montgomery**, Ty Cobb: 2,630 (46%); **Fort Bend**, Birchel Sizemore: 906 (19%); **Brazoria**, Lee Warren: 2,548 (31%); **Williamson**, James Siba: 1,092 (29%); **Liberty**, Maude Rushing: 1,519 (21%); **Walker**, Jewel Strunk: 373 (10%); **Galveston**, Kirk Weis: 1,692 (14.2%); **Ector**, Anne Brucker: 1,526 (33%); **Midland**, Robert Pollard: 594 (38%); **Dallas**, Coleen Gibson: 6,870 (19.3%); **Travis**, John Day: 7,737 (21%); **Gregg**, Roy Tucker: 1,877 (33%); **Hill**, Gaylen Auten: 724 (22%); **Harris**, Claude Jones: 5.6%.

Ohio

Running for **U.S. Senate** against incumbent John Glenn, Don Scott polled 96,909 (12.53%).

For Congress: **1st CD**, D. MacArthur Douglas: 2,696 (12.53%) against Democratic incumbent Luken; **3rd CD**, Henry Darrel Wilson: 1,096 (3.94%) against Democratic incumbent Hall; **4th CD**, Clem Cratty: 19,282 (100%) (unopposed); **5th CD**, Gerald Buchman (GOP): 3,678 (7.8%) against Latta-(R); **8th CD**, Peter Schuller: 4,266 (22%); **10th CD**, Bill Palmer: 5,825 (21.79%); **11th CD**, Alan Arthur: 2,620 (7.86%) against Democratic incumbent Eckart; **13th CD**, Robert Steward: 2,563 (7.6%) against Democratic incumbent Pease; **14th CD**, Dr. Kenneth Parker: 647 (1.32%) against Democratic incumbent Seiberling; **16th CD**, Cullen Meyer: 5,431 (42%); **18th CD**, Mike Palmer: 5,334 (10%) against Democratic incumbent Applegate; **19th CD**, George Barabas: 1,726 (4%) against Democratic incumbent Feighan; **20th CD**, Les Polgar: 2,571 (6%) against Democratic incumbent Oakar.

Total votes: 67,000 for Congress; 96,909 for Senate; grand total of 162,909.

Indiana

For **U.S. Senate**, NDPC-backed candidate Georgia Irey polled 96,043 (32%) against Jill Long, who won the Democratic nomination with 202,709 out of a total vote of 298,752.

For Congress, the outcomes were: **1st CD**, Sandy Smith: 2,743 (5%) against Democratic incumbent Sharp; **3rd CD**, Gerry Bollinger: 5,100 (16%); **4th CD**, Carolyn Williams: 7,424 (32%) (three-way race); **6th CD**, Doug Smith: 2,819 (11%); **8th CD**, Willie Taylor: 5,888 (11%) against Democratic incumbent McCloskey; **9th CD**, Ron Bettag: 2,021 (8%) against Democratic incumbent Hamilton (three-way); **10th CD**, Benson Skelton: 1,237 (5%) against Democratic incumbent Jacobs in a three-way race.

Lyndon LaRouche on national television

Excerpts follow from the transcript of Lyndon LaRouche's interview on CNN's "Evans and Novak" program aired on May 3. The interviewers were columnists Rowland Evans and Robert Novak.

Evans: My first question is this, sir. Is your long-range plan to absorb or take over the Democratic Party and become the leader of that—make your political mark as the leader of the existing Democratic Party?

LaRouche: In a sense, with a qualification that I don't see it as being particularly me, or people immediately associated with me, but a coalition of the kinds of forces which used to run the Democratic Party before this 1968-72 period.

Novak: Mr. LaRouche, you told my partner that you would like to take over the Democratic Party. Now I'm sure you realize that that's not really possible in the short run; maybe in the long run, who knows. But in the short run, what are you trying to do? You're running hundreds of candidates all over the country. What is your short-term goal?

LaRouche: Well I think that we're in a serious crisis. I don't think that reasoning from past experience will work in this period. I think people who are trying to run trend analysis, a fundamental mistake—we're in a banking crisis: We have a coverup of the degree of our financial economic crisis in the United States. But people out there, the majority of our people, are feeling the effects of reality, contrary to what we're getting in most of the news media. And we are going to face some very tough decisions. We need a new combination unlike the liberal domination of the Congress today, and certain parts of the Executive branch as well—a new combination of political forces which gives the President of the United States new options for decision-making to deal with the kinds of crises we face.

Novak: But there are no combinations at this point willing to coalesce with you, isn't that correct?

LaRouche: Not really. Behind the scenes it's quite different.

Novak: Like who?

LaRouche: Oh I wouldn't name names, because they asked not to be named. But there are many people coming to our back door, who are saying, "Well, if you win two more

primaries"—I don't know if they'd do it then, but they say that—"if you win two more primaries, that is, in perception, then, of course, nobody can object to our coming out openly and working together with you."

Novak: Let me ask you again your tactical goals. You were running a lot of Democrats for Congress against solidly entrenched conservative Republicans, a couple in Texas, a couple in Illinois. Your people are going to get the nominations. But you have no chance to win the elections.

LaRouche: Not necessarily. That's a mistake. That's the same mistake the news media made in ignoring what was a clearly indicated success of at least part of the slate in Illinois.

Novak: All right. But the probabilities are, and I think you can recognize, probabilities are that you won't be defeating entrenched Republicans. What is the—

LaRouche: No, I don't think that's true. I don't think that's true at all.

Novak: Just by winning the nomination do you get a foothold in the Democratic Party?

LaRouche: Yes, you do. See, people confuse the Democratic Party with the DNC—which has some good people—

Novak: That's the Democratic National Committee.

LaRouche: Right. Which is completely divorced from reality in terms of the rank and file. There is no Democratic Party organization any more to speak of, at least not nationally. The Democratic voters are disenfranchised by the Democratic National Committee. The Democratic voters voted for Reagan in large part during the last elections. And the voters who voted for Reagan from the Democratic side are the type of voters, plus others, who would tend to vote for candidates associated with me, particularly as they see the Reagan economic policy becoming a total failure.

Evans: Mr. LaRouche, you have targeted specifically Jim Wright, the Democratic House of Representatives majority leader. The Texas primary is this weekend, it is Saturday. What do you expect to do against Jim Wright? Can you give me an estimate?

LaRouche: No idea. This is a grassroots campaign, and the idea is generally to get as many grassroots representatives elected as possible, that's the objective. We're not targeting Jim Wright in particular.

Evans: You are targeting, as I understand it, Senator Glenn of Ohio, and the Ohio primary is on May 6. Are you planning to remove him from the nomination?

LaRouche: I would hope so.

Evans: Why?

LaRouche: He's a terrible wimp, and he allowed himself to become entangled with this Warner financial operation in the

state of Ohio, and has allowed himself, while he's been good on a number of issues, on most issues he's allowed himself to be dragged along with bad policies.

Evans: I thought he was one of the Marine Corps flying heroes of World War II, and that he was one of our first men in space and was a hero. You call him a wimp?

LaRouche: I would hope he had stayed in the space program where he was not a wimp. In politics, he's a wimp.

Evans: In California, the primary of California is I believe on June 3rd. You have targeted Senator Cranston, who is showing enormous power to get himself reelected and reelected out there in California. Why Cranston?

LaRouche: Well Cranston, I have a certain admiration for the man as intelligent, knowledgeable. But his policies, particularly his left-wing leaning policies, are a danger to the United States.

Evans: So take these three—Wright in Texas, a moderate conservative, . . . John Glenn in Ohio, certainly not a liberal. Cranston in California, a liberal. Now I don't find, I don't find a congealing synthesis here that tells me anything about what you are really after. Why are these three being shot—Democratic policy?

LaRouche: Well you've singled them out, not I. But you can't characterize my approach to politics by singling out only three among many people we would be perfectly happy to displace. You've got to go from my positive standpoint. I'm concerned with two things. I'm concerned with the collapse of Western civilization, which has two aspects. One, an economic and moral collapse, particularly of the United States, as a result of bad policies. And of economic policies toward the developing countries in particular, which is immoral in the extreme. I'm also concerned about the strategic defense of Western civilization, again where we're weak. And it's how politicians stand on these two issues that concern me. We do not have representation of the interests of the United States in the Congress. We may have people who are elected to represent us, but they have not represented the interests of the United States in the Congress, and we've got to have people who do represent those interests.

Novak: Mr. LaRouche, a great triumph so far politically in your movement has been the nomination in the Democratic Party of a Secretary of State and Lieutenant Governor. You've gotten a lot more attention since that has happened. But I find that you spent very little money on those campaigns, less than \$1,000. Can't we say that the people voted for your candidates because they didn't know who they were?

LaRouche: No. That's—that was something in Illinois which—a self-consoling media and liberal myth. The point is, you had this case of, as you are well-acquainted with, J. Michael McKeon's survey. He gave the evidence before that he had last June, before these candidates had spent a nickel

on their campaign, it was indicated that candidates associated with me were going to take election victories, probably in this primary period. The candidates actually to a certain degree were riding the coattails of the influence of the movement, rather than their putting the movement behind them. The voters who voted for them knew what they were voting for.

Novak: Mr. LaRouche, I want to ask you something that's always puzzled me about you. I've read about you for years. And you started out in politics on the far left, with the Students for a Democratic Society, under the name of Lyn Marcus, I believe. You were in the Columbia University protest movement.

LaRouche: 1968.

Novak: 1968. What caused you, and I guess you wouldn't object to being called a part of the right wing right now, would you?

LaRouche: Well, it depends on what they mean by that. As a conservative American, as opposed to the European use of the word conservative, I would accept that. I'm a constitutional traditionalist.

Novak: All right, did you have a change in your whole philosophy, was there some revelation? What happened?

LaRouche: No it was just—well, first of all, the left-wing thing is exaggerated. That's where the problem starts. We went into—we actually slid into SDS not by intent, but as a matter of tactics. Because we were determined, a group of friends of mine and I, were determined to combat the New Left on its home terrain. And to deal with the entire left problem—because many good people were being drawn into the anti-war movement. There were—these were people who were being drawn into this counter-cultural process which SDS was part of. Therefore we said, let's get in there, since I thought the Vietnam War was a travesty. For somewhat different reasons than the Left did, but nonetheless a travesty. Let's get in there, let's represent a positive policy on the Vietnam War question, and let's win people away from what I considered and what we considered at that point a terrible thing.

Novak: You know there are some people who claim that even today you are an agent of the KGB, that they support your operation. And as you know as a student of Bolshevik history, the Bolsheviks and their intelligence apparatus have supported supposedly right-wing groups. The famous Trostnik in Russia—

LaRouche: Or Francois Genoud, the head of the Nazi International in Switzerland is a good example.

Novak: All right. Are you part of that tradition?

LaRouche: No. There are people, apart from idiots in the street, all the people who out of ignorance and paranoia will

suspect that. But there are people like Robert Moss and so forth who spread that nonsense. They ought to know better, because they have enough access to intelligence to know what the Soviets really think about me. The Soviets consider me, perhaps with some exaggeration, the intellectual author of the SDI. And they have screamed about that.

Evans: That's the Strategic Defense Initiative, yes.

LaRouche: And not without reason, but they may exaggerate my influence somewhat on that, being Soviets. They consider me the most dangerous individual not in a government position in the world today, from their standpoint.

Evans: You mentioned Robert Moss, who with Arnaud de Borchgrave wrote a famous book called *The Spike*. You are not sympathetic to Robert Moss, correct?

LaRouche: Neither one of them.

Evans: Or de Borchgrave.

LaRouche: Well, de Borchgrave is easier. Well, de Borchgrave is the fellow who's come under suspicion—

Evans: He's now the publisher of the *Washington Times*.

LaRouche: He's the fellow that comes under suspicion of being your Soviet, right-wing, conservative Soviet agent, because of what he did—all his whole life history is of that type. He actually has been, and Moss has been, agents of Soviets disinformation. Even though they were the authors of *The Spike*. . . .

Evans: Very brutally, very frontally, were you ever a Marxist in your own opinion? Ever?

LaRouche: I don't know.

Evans: All right, let me ask it this way. Are you today a Marxist?

LaRouche: I am an expert on Marx, but I would not be considered a Marxist.

Evans: At what point did you change from the I don't know to no? And what changed you?

LaRouche: Oh, I would say in the 1950s.

Evans: In the '50s. This has nothing to do with the Vietnam War. It was Eisenhower administration, it was what?

LaRouche: No, no. I became involved with the Socialist Workers Party, a Trotskyist organization.

Evans: Right, which is not a right-wing party.

LaRouche: No, hardly. But largely because of my opposition to what we called McCarthyism in that period. Then in 1954 I had a chance to see the leadership of the Socialist Workers Party at somewhat close range, and saw something which I abhorred. And that was the end, essentially, as far as

I was concerned.

Evans: You have said recently . . . "Something has broken loose in the American political process," indicating that you're going to find what that is and exploit it and fix it. What has broken loose in the American political process?

LaRouche: Well, for the past 20 years, increasingly, the American population has been retreating into personal recreational foxholes. The television-watching habits and the content of television programs, the way in which sports activities, habits, are used by the population, indicate a retreat from reality into narrow concerns with immediate personal life and recreation.

. . . What's happened is . . . they went into a foxhole. Because they couldn't cope with the reality. They said, I'm too small to deal with these larger realities, I'm going to take care of my family, I'm going to get by. I'm going to maintain my career, I'll put up with whatever I have to put up with. Somebody began putting hand grenades in those foxholes. The collapse of the economy; they could no longer believe in the illusion of the so-called Reagan economic recovery. Then, along came things like AIDS. And the American people are terrified of AIDS. And that thing is gonna bust loose wildly very soon.

Novak: Mr. LaRouche, I'd like to ask you another question that has always puzzled me. . . . Norman Bailey, who is the former National Security Council official, said that you run a pretty good intelligence operation round the world, that you have good information. If I had the money which I don't have, could I go in to you and pay you money to get intelligence information from your organization?

LaRouche: Well, we don't do it that way. What we do—we will sometimes cooperate with government agencies in terms of discussing things that we're looking into and they're looking into. We will accept what we might call leaks from government agencies, and we will follow those leaks up to see where they lead. But most of our intelligence is in the form of published—we're in the publication business.

Novak: You're not providing private intelligence as a profit-making operation?

LaRouche: That's not the nature of the operation I'm associated with. It's—we're in the publishing business.

Novak: I was reading one of your publications, *The Executive [Intelligence] Review*, and there was a lot of interesting information. I found it interesting. But then I find other things in it that I find difficult to understand. For example, Assistant Secretary of State Alan Wallis, you say was a strong advocate of Hitler's racial theories.

LaRouche: He still is, he's a population nut.

Novak: He's a monetarist, isn't he?

LaRouche: Both, both. He is actually probably one of the most dangerous men in terms of influencing Secretary Shultz's policy on economics.

Novak: But he had no connection with Adolf Hitler.

LaRouche: No, no, but—you know, there was a big fraud committed in part in the Nuremberg trials, is that while we single out some Nazis who were in most part guilty of what they were charged with and justly sentenced, we covered up the large number of people who had been sympathetic with the Nazis and their philosophy in this country, Britain, and elsewhere, during the 1920s and 1930s. We had people in the United States who were just as fanatically racist, just as fanatically eugenicist, as Hitler was. There were people who admired Hitler and publicly so, prominent figures, because of Hitler's racial policies. And Wallis represents that, not the Nazi tradition, but that American tradition.

Novak: Mr. LaRouche, one of your pet peeves is that Chief—one of the most powerful men in America, Chief of Staff of the White House. . . .

LaRouche: I think he's rubbed out on Nancy Reagan, too.

Novak: Donald Regan. And you say that Donald Regan supports operations strategically decisive for the Soviet Union, and contrary to the most vital strategic interests of the United States. How is that possible?

LaRouche: Well, there are several things involved. Donald Regan, as you know, was a Democratic-leaning fellow until Reagan appeared to be winning. And then he became a Reagan treasury secretary by adjustment in his position. But in 1978, he was the chairman of Merrill Lynch as you know. And during that period, Merrill Lynch, under the new elimination of transparency of foreign banking practices in the United States, entered into an agreement with an international firm, White Weld-Crédit Suisse, to set up what became probably today the largest foreign drug money-laundering operation into the United States.

Novak: So when you're talking about contrary to U.S. interests, you're talking about drugs.

Evans: Let me quickly, with one minute left, Mr. LaRouche. Your movement is under investigation right now, sir, by the FBI, Federal Elections Commission, the IRS, we know the tax collector, the Secret Service. All probing your operations. There is an affidavit that has been released from the federal district court in Boston by the U.S. attorney, William F. Weld—

LaRouche: That was not known as an affidavit, that was a representation.

Evans: —representation saying that there is an "extensive nation-wide pattern" of credit-card fraud. I'm not asking you

to tell me if that's accurate or inaccurate, but how does it make you feel, that your movement is the target of this vast kind of federal investigation. It must be based on something.

LaRouche: It's based on the same thing that the Reagan administration's—many officials in the Reagan administration went to prison for doing exactly what the people involved in steering this so-called investigation did. That's a political enemy. . . .

Evans: Nixon administration, you mean?

LaRouche: That's right. But this is exactly what it is. There are complicit elements of the U.S. government involved in this. This is a political enemies operation, a Cointelpro, it's a fraud from beginning to end. And I think that some people in the federal government today, may go to prison as a result of this.

Evans: Bob, have you ever tried to pick up a piece of mercury from a flat surface; I felt that way interviewing LaRouche. He is hard to pin down; yes, he says maybe it's the Democratic Party is the target, he'd like to take that over and use it to run his own program, but what is your program? It's hard to get details from him; I thought he exuded a confidence and a sense of himself that surprised me a little bit. He wasn't bombastic or nasty, but I came out of it wondering how much I learned.

Novak: You know, Rowland, the politicians say that the victories for the LaRouche candidates in Illinois were a fluke, but that's a little bit like whistling past the graveyard. Because I think they're scared to death of Lyndon LaRouche, and the reason is, there are a lot of worried people—there's farmers in Iowa, oil roughnecks in Texas, who just don't know what the future is going to bring. And when he talks about people watching television, too much caught up in leisure, he's going to catch a responsive note with some people. . . .

Evans: And clearly he thinks the process, certainly in the Democratic Party, and I think this would be the Republican Party too, is breaking down; he thinks that it's broken down to the point that somebody like him with an organizational genius perhaps, can begin to put it back together in a different way, pick up pieces. He's got 700 or 800 candidates, Rouchites or Rouchies as they call 'em, running for various offices around the country, even as low as county executive committee. Now, if he . . . we'll know after this election whether he's succeeded.

Novak: . . . I think the problem for Mr. LaRouche is credibility on some of his assertions. We didn't get to have time to get into many of them, but when he says that Don Regan is serving the strategic interests of the Soviet Union because of his connections with the drug traffic—it's a little hard for me and you to believe and I think it's a little hard for Americans to believe. . . .

Meese Justice Dept. backs liberals, organized crime to 'get LaRouche'

Democratic presidential candidate Lyndon H. LaRouche, Jr., replied to an editorial in the April 30, 1986 edition of the ultraliberal *Washington Post*: "The lead articles published in the April 13 *New York Times*, the April 19 *Washington Post*, and today's *Washington Post* editorial, are an integral part of the same kind of government-backed 'political enemies' operation which sent several high-level members of the Nixon administration to prison."

As LaRouche charges, court records show that there is a Justice Department-sanctioned "political enemies" operation against LaRouche, like the "Watergate" operations for which members of the Nixon administration were sent to prison. Legal transactions prove that U.S. Attorney General Edwin Meese has been induced to sanction the continuation of this, so far. The *New York Times* and *Washington Post* are acting, not merely as liberal newspapers, but as witting co-conspirators in this unlawful operation.

So far, investigation shows no evidence of improper use of credit cards by the LaRouche campaign organizations. During the period of the campaign, there were fewer charge-backs than is standard for comparable types of merchants' sales by credit-card transaction. However, despite the small percentage of charge-backs during the campaign, there were several serious kinds of irregularities perpetrated against the campaign's finances. This included acts of attempted extortion against contributors by some officials of banks, and included astonishing recklessness by a company responsible for issuing credit-card payment authorizations.

The major problem with the LaRouche campaign's finances came at the end of the campaign, when a mob-linked New Jersey bank, First Fidelity, stole approximately \$200,000 of campaign funds, a violation of its contract which the bank's officials claimed was triggered by the Boston FBI office. This action effectively shut down the campaign's process of repayment of loans to the campaign. Since then, methods which are either outright extortion, or which, in other instances, border upon extortion, have been used to elicit false statements from intimidated contributors to the campaign. Since then, hundreds of thousands of documents have been presented to the Boston grand jury over a period of 18 months, and yet the Boston office still claims to lack evidence in support of the charges leaked to the *New York Times* and

Washington Post.

By contrast, in the cases of Walter Mondale's and Geraldine Ferraro's campaigns, there were massive violations of federal election law. Mondale's campaign was let off with a slap on the wrist, and the investigation aborted. The strong case against Ferraro, for falsified reporting, was dropped. The 18-months harassment of LaRouche and persons associated with him, is a purely political operation, which the Boston crowd has been running in collusion with a mob-linked bank in New Jersey. Court records show, that the Boston office of the U.S. Department of Justice, has been working in collaboration with forces linked to organized crime, in an 18-months effort to make the federal courts an accomplice in what is nothing but the type of "political enemies" operation of which the Nixon administration was accused.

Attorney General Edwin Meese's guilty part in the operation, has been conducting a cover-up in favor of the notoriously corrupt U.S. Attorney, William Weld, who is at the center of the government's role in this plot. Weld has been exposed by the *National Law Journal* (June 13, 1983), and his actions have been severely denounced by higher federal courts. Weld is notorious for covering up major drug-money-laundering by leading New England banks with which Weld's family has an intimate business connection. Weld is notorious in Massachusetts for his actions, later denounced by the higher courts, in using the U.S. Attorney's office for partisan purposes, against Boston Democratic Mayor Kevin White. In the present case, Weld's office has repeatedly lied, on the legal record, and has been caught in one instance of outright perjury, as well as collaborating with a mob-linked New Jersey bank tied to Resorts International.

Directly involved in the operation with Weld, is Federal Election Commission General Counsel Charles Steele, a long-standing crony of Weld's. Steele became associated with Weld at Harvard, and has been a booster of Weld's political ambitions since. In addition to Weld and Steele, accomplices include the cited, mob-linked First Fidelity Bank of New Jersey, and also Maryland state Attorney General Steven Sachs, the organized-crime-linked Anti-Defamation League, NBC-TV News, and sundry others. The center of the operation is a pattern of continuing acts of extortion perpetrated

against persons and business organizations targeted as suspected of association with LaRouche. This "Cointelpro" operation also includes manipulation of credit-card accounts by banking institutions and others.

In the case of the *Times* item, the *Times* cautiously limits itself to repeating falsehoods "leaked" from the Boston office of U.S. Attorney William Weld. The *Times* also had facts showing that the charges published were false, and knew that Weld's office had violated federal rules of procedure in leaking such false charges; the *Times* suppresses those facts. In the case of the *Post* item, the *Post* went way beyond the falsehoods issued by a perjured assistant U.S. attorney, and then, in the April 30 editorial, declared itself openly an accomplice in an operation which could, potentially, send officials of the U.S. government to federal prison.

The heaviest of the visible political pressure pushing this dirty operation, is coming from Justin Finger and other officials of the organized-crime linked Anti-Defamation League (ADL). According to court decision, the ADL is an organization linked to wanted racketeer and drug-pusher Robert Vesco. Also, according to carefully cross-checked documents received by the international newsweekly *Executive Intelligence Review*, the ADL is allied politically with the narco-terrorist organization which claimed credit for the assassination of India's Prime Minister Indira Gandhi. These and related actions by the ADL are in massive violation of its IRS tax-exempt status, but, so far, the IRS refuses to act against ADL, as the FEC engaged in a politically motivated cover-up of massive federal election violations by both Walter F. Mondale and Geraldine Ferraro.

Visibly, the leading accomplice of the crime-linked ADL is the TV News division of NBC, which helped to set up the credit-card hoax. NBC took these actions in intimate collaboration with terrorist-linked drug-lobbying circles, with which NBC-TV News has been openly allied for several years.

During 1982, NBC-TV News worked closely with the Chicago office of the ADL and with the Chicago drug-lobby organization, *High Times*, in a campaign of extortion and corrupt influence, in which NBC and others used extortionist methods to shut down a previously successful anti-drug educational campaign in Illinois. It is notable, that during 1982, and again during 1984, NBC worked with a former FBI agent, the ADL's Abbot Rosen, and with one John Foster "Chip" Berlet of the violence-prone, drug-promoting Yippies. Berlet, a former activist in Cord Meyer's and Tom Braden's CIA front, the National Student Association (NSA), was formerly the leader of the drug lobby and the gay lobby within NSA. In addition to his connections to the ADL, NBC-TV News, the Yippies, and *High Times*. Berlet also operates under the cover of a drug-lobby front calling itself the Midwest Research Bureau. NBC and the ADL worked closely with another drug-lobbyist, terrorist-linked Dennis King of New York City, a confederate of Berlet's. Berlet's visible collaborators at NBC, have been Mark Nykanen, who wrote

First Fidelity admits ties to criminal elements

On May 7, First Fidelity Bank in New Jersey informed lawyers for The LaRouche Campaign and Independent Democrats for LaRouche that they would withdraw claims that the bank was libeled by a particular sentence in a leaflet issued by IDL. The leaflet, headlined "Major New Jersey Bank Caught in Grand Larceny!" stated, "an exposé will be issued" tying First Fidelity Bank "to criminal elements opposing the 'war on drugs' policy of LaRouche and Reagan." Not 24 hours earlier, IDL lawyer Mark Malone had deposed Benson Apple, former loan officer at the bank's South Jersey branch, regarding \$22 million in loans to one Richard Mamarrella, who deployed the funds for a mob-connected insurance scam. Apple admitted in his deposition that even obvious procedures—obtaining references and financial statements—were neglected in issuing the first \$8 million, and furthermore, that every one of Mamarrella's fraudulent loan requests was approved by South Jersey branch President John Petrycki, who is an official of First Fidelity Bancorporation.

published articles as a drug-lobbyist prior to his employment by NBC, and NBC's Pat Lynch.

These facts, documented in great detail both in court records, and in evidence of the quality of legal evidence, must prompt every intelligent citizen to ask: "What is the reason for so massive an attempted frame-up? Why are government officials at high levels, complicit in such activities, which could, potentially, land each and all of them in federal prison, sooner or later?"

The overwhelming evidence is, that LaRouche's U.S. military policies, his proposals for reform of the international banking system, and his fight against the international drug-traffic, are the motives behind the attempted frame-ups and the libelous news-media campaign. Whenever election campaigns appear, which threaten to increase the influence of LaRouche's policies on these three issues, the liberal news-media have conducted coordinated libel campaigns against him and his associates. Just as the current campaign by NBC-TV, the *New York Times*, and the *Washington Post*, is a direct response to the results of the recent Illinois Democratic primary.

The coordinated activities of the FEC's Charles Steele, of Steele's Boston crony, William Weld, and the mob-linked First Fidelity Bank, were all a direct part of a response to LaRouche's 1984 presidential campaign. The present escalation of that operation, with continued sanction by Attorney General Edwin Meese, is a direct result of the Illinois primary.

Former SDS leader insists that LaRouche 'has never been a Marxist'

What follows is an on-the-record interview for EIR of the "famed" 1960s leader of Students for a Democratic Society (SDS), Carl Oglesby, interviewed by Herb Quinde.

He recently had a letter published in the New York Times stating that, contrary to published reports, Lyndon LaRouche was not part of SDS, but in fact destroyed it. Oglesby is now a Cambridge, Massachusetts-based "writer." Oglesby is the author of The War Between the Yankees and the Cowboys, a book that indicates his peripheral access to the intelligence community.

Q: You sent a letter to the *New York Times* on LaRouche. Why?

A: As an SDSer I wanted to set the record straight that PL [Progressive Labor Party] and NCLC [National Caucus of Labor Committees] whatever they were had nothing to do with SDS as such.

Q: Many say that Lyndon LaRouche was responsible for the destruction of SDS. Is that your assessment?

A: I think that NCLC was negative toward the democratic left, the spontaneous left, and had as its purpose the destruction of the so-called "Movement."

Q: By "Movement" you are speaking of the 1960s New Left?

A: Where New Left means that you organize around democratic ideals rather than socialist ones. You are concentrating your focus of organization in the community rather than the workplace.

Q: When you say "democratic left," do you mean Michael Harrington, etc.?

A: I didn't like Harrington then. I didn't like the whole LID [League for Industrial Democracy] complex. One of the reasons I found sympathy with SDS was its willingness to have a head-on clash with the LID and to pull itself out of that organization.

Q: Wasn't SDS a child of the League for Industrial Democracy?

A: Oh yeah.

Q: This is an important point because Mr. LaRouche says that his detractors today are the same people he was fighting back in the 1960s.

A: I am not going to debate it. NCLC and Lyn Marcus had nothing to do with SDS. For the media to treat it as though it were an offshoot of SDS instead of a disinformation project targeting SDS, is a bloody shame for people to mis-remember. I was in a position to know how it was from direct experience, and I wrote [to the *New York Times*] on a very particular question, which is whether it makes sense to think of the Marcus/LaRouche, Labor Party/PL/NCLC formation as authentic parts of the New Left and SDS, or on the contrary as organized efforts to frustrate, confuse, disrupt, and destroy the New Left.

Q: Do you think LaRouche was coming from the right, left, or center?

A: None of those. I have learned not to use those categories. I was never a leftist. I was never a rightist. I was not a centrist in the sense that I was namby-pamby, hugging to the middle road. I was a centrist in the sense of Zen. I have always thought that this country works best when it has a broad central consensus. I could always understand conservatives. I felt good about the conservatives I knew when I was growing up. The teachers that I had while in high school were good hard American conservatives cut from a hardwood oak. . . .

Q: How do you view Mr. LaRouche, politically?

A: I think that he has been very consistent. I disagree with the mainstream simplicitude at his expense that tries to paint him as someone who just finds the direction or trend and adopts whatever rhetorical coloring is convenient. I don't think this at all. He has operated in different arenas because different arenas are important at different times. In the 1960s, the New Left was the source of an enormous amount of energy and the focus of a great number of social issues.

Q: Do you think LaRouche was Marxist then, that is, what the Heritage Foundation says.

A: No, I don't think he has ever been a Marxist. I think maybe he has been detained by certain metaphors that are

present in a number of 19th-century economists besides Marx. Metaphors of mechanism of rational process of a direction of a historical movement. I think he is a progressive.

Q: The left alleges that LaRouche was working for some government agency against SDS.

A: I don't know, but I have asked myself that question more in terms of PL than in terms of NCLC.

Q: The Heritage Foundation says LaRouche is a left-winger.

A: I don't know why they call him left. He asked to be called left when he was Lyn Marcus and NCLC positioned itself on the left. I thought the reason for this, as I have said in my letter to the *New York Times*, was to destroy the left. To take up a convenient position from which it would be easy to sow all types of confusion and chaos and despair and a good deal of fear in this naive group of people grouped under the term "New Left."

Q: Do you think LaRouche was tied to East bloc?

A: Oh no. Besides, that is something beyond what an average citizen could know. I don't think anyone can answer a question like that. For one thing, when you are on the outside, you don't know anything. When you are on the inside and you get that clearance and see what those secrets are like, then it is a hall of mirrors and infinite regress. Like Howard Hunt said in a different context, but it applies, he says, at a certain level in the intelligence trade, not even the top operative, knows at last, who he is working for.

Q: Could you be more clear in answering the question?

A: I am trying to answer the question. I am saying the guy [LaRouche] could be a dispatched counterintelligence agent of the National Security Agency. If I had to pick one of those kinds of things, I would have had with other alphabet soups, I would have had FBI, CIA. If he is a dispatched counterintelligence agent of an American institution legally operating in this mode, then I would say it was the National Security Agency.

Q: What if Mr. LaRouche is what he says he is?

A: Well, that is another possibility as well. The point I am making is that I look at politics in terms of authoritarianism on one side, as a kind of negative value for me. I think authoritarian systems are bad from an information-theory standpoint. On the other side is the politics of freedom and I favor the politics of freedom. I would call myself, if forced to, a libertarian. But most of these terms cover a lot of garbage. I believe the Constitution is divinely inspired. I think it is one of the great things we have. I believe that democracy is the best of all possible systems. I believe in every citizen's right to be independent of politics and party. I think these are the three classical American virtues and the foundations of our strength, constitutionalism or, in other words, republicanism and democracy and the sense of independence. . . .

As we modernize and keep faith with the mission of technology and science, which I believe is part of our obligation as modern people, we have to remember how good it was for our grandfathers to be independent and free-standing. We should always keep that as a value.

The politics that is authoritarian and introduces paranoid fears of our adversaries, I am against. I am in favor of a politics of non-ideological realism. Like I made a speech at Fort Leavenworth a couple of years ago at the Army General Staff and Command College where I predicted that because of this ideological stuff, we were spending way too much of our effort against the Soviet and East Europe, and this whole new world of fronts—Latin America, the Middle East, and Asia, not far behind—were opening up and we were not ready. I mean, how many people do we have working in Arab cultures? We didn't know enough about that part of the world and it was becoming very important. We had ideological Cold War blinders on. We still don't understand the problems between us and the Japanese. That's the kind of thing I have been trying to talk about.

Q: The "best and the brightest" have either been one-worlders or bi-polarists?

A: If you know my works, you know that I have been one of the few people on the left that has tried to push an awareness of the Trilateral Commission.

Q: An example of how *EIR* differs on analysis of strategic questions is the case of Nicaragua. The country is more of a Jesuit theocracy than a communist state—

A: You have a point there.

Q: On the Soviet Union, Gorbachov is more religious than Jerry Falwell will ever be.

A: I agree with you. I spoke on a similar subject at Fort Leavenworth once also.

Q: Mr. Olgesby, are you working for the CIA? Is Cord Meyer or Tom Braden your control?

A: I don't know sometimes. I wonder who is running me.

Q: Again, do you think Mr. LaRouche is a Yankee or a Cowboy?

A: I think he is an authoritarian.

Q: Do you think he is an authoritarian because he likes Plato?

A: Yes. If LaRouche were on my side he would like Aristotle. I am an Aristotelian.

Q: This issue has recently become prominent in the debate inside the Democratic Party. It would be interesting, don't you think, if this debate were to make it to the Supreme Court?

A: You just may get that chance.

The Soviet disaster: accident—or war push?

Marjorie Mazel Hecht, managing editor of Fusion, reports on how the Soviets fail to measure up to Western nuclear safety standards.

In 1979, the Three Mile Island incident provided the occasion for the antinuclear movement to spread hysteria and fear throughout the American population, making preposterous claims about the dangers of nuclear power. Their aim was to shut down the nuclear power industry in the United States, as a first step to returning the nation, and the rest of the world, to a non-industrial society. Despite the fact that the TMI accident was proven to be much less serious than the hysterical assertions of Greens and the media, the antinuclear propaganda successfully slowed the growth of the nuclear industry, both domestically and for export.

As can be seen in the accompanying articles and interviews on U.S. nuclear safety, nuclear power was the safest energy around before Three Mile Island, and the accident in 1979 spurred a series of upgrades that increased the redundancy and safeguards in the system, improved the training of personnel, and fine-tuned the monitoring of plants.

The Chernobyl accident is a far more serious event than Three Mile Island, including loss of life and the release of lethal amounts of radiation to the environment. Once again, the antinuclear movement here and in Europe is using the accident to rally the fears of the population to the point where the Greens can force the shutdown of the nuclear industry. In West Germany, the Social Democratic Party, led by Willy Brandt, is considering a political coalition on this basis, as Brandt put it, to force the "plutonium generation" to an end.

As this report makes clear, however, there is little basis for comparison between the Soviets' archaic graphite reactor design and the standard light-water reactors found in the United States, West Germany, and other nuclear countries.

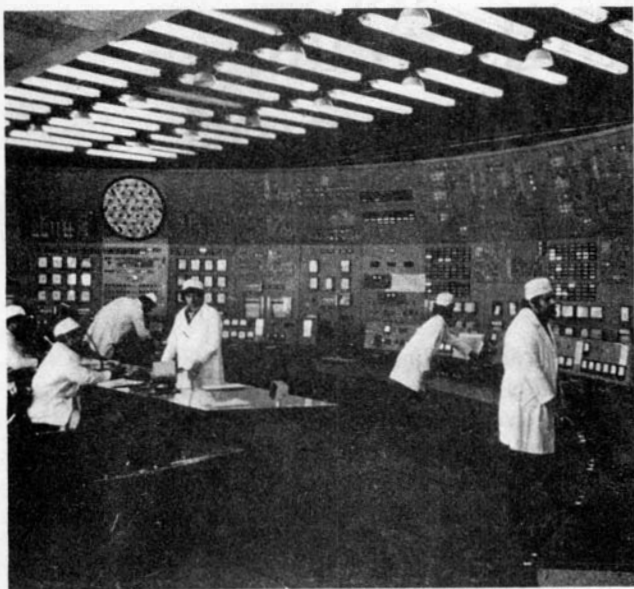
Twelve days after the nuclear accident at Chernobyl, the Soviets acknowledged in a press conference that they had not initially treated the accident as seriously as they should have, and that they had moved too slowly with the appropriate emergency measures.

This underestimation of the disaster is fully consistent with the Soviets' philosophy on nuclear safety. Neither the accident itself nor the inappropriate response to it could have happened in the United States. Although in recent years the Soviets have adopted some of the standard safety measures practiced by the other nuclear nations, the basic attitude toward nuclear safety expressed by the Soviets indicates a stark disregard for human life. Under the gun of a war mobilization that mandated vast and speedy increases in electrical power, the Soviets took shortcuts in nuclear safety.

In part this was because the Soviets lacked the technological skill to build the most advanced type of plants. Thus, in the early 1970s, when it was clear that the Soviets could not achieve mass production of pressurized water reactors, they chose an outmoded but easier to build design for their nuclear power campaign. The water-cooled graphite-moderated reactor at Chernobyl is a 1950s design, discontinued in the West except for the production of military plutonium (see box, p. 37). The Chernobyl reactor could never be licensed here in the United States for power production.

Scoffing at safety

Perhaps the most astounding result of Soviet cost-cutting was to build reactors that had no containment buildings, which is the last line of the U.S. "defense-in-depth" multiple



United Nations/Tass photo by M. Shakbazyan

At a press conference May 6, Soviet officials acknowledged that they had not learned of the disaster earlier because local officials did not realize the seriousness of what was happening. Here the control room of a Soviet nuclear plant in Armenian S.S.R.

safety measures to ensure that no radioactive materials are released from the plant. Unlike reactors in the rest of the nuclear nations, most Soviet reactors look like ordinary factories, with no containment domes.

The first power station to have a containment dome came on line in early 1979 at Novovoronezhskiy, the Soviets' 30th nuclear plant.

Throughout the early years of their nuclear program, the Soviets portrayed their gross deficiencies in safety as a virtue. Soviet nuclear scientists scoffed at the U.S. nuclear safety systems, calling them unnecessarily redundant and implying that Americans are stupid to waste so much effort and expense on safety.

At the same time, the Soviets gloated over small incidents in U.S. power plants, pointing to the superiority of the socialist approach.

Characteristically, the first TASS news release on the Chernobyl accident said little about the disaster but noted that "2,300 accidents, breakdowns, and other faults have been reported in the United States because of poor quality of reactors and other types of equipment, unsatisfactory control over technical conditions, and non-observance of safety regulations."

As the Chernobyl disaster has starkly emphasized, the Soviets keep their civilian nuclear program a secret. One of the few revealing looks at the program occurred in 1978, when a group of U.S. journalists was allowed to tour several Soviet nuclear plants.

The Americans were astounded at what they saw. For example, *Washington Post* science-reporter Thomas O'

Toole noted, "None of the workers in the Soviet nuclear plants wear the dosimeters so familiar elsewhere in the world to measure accidental exposure to radiation."

Peter Stoler of *Time* magazine reported that at the Kurchatov plant the officials insisted that "the West in general and the U.S. in particular make too great a fetish of nuclear safety." The Soviets didn't even put out their cigarettes while walking into the reactor room, he said, and they hung spare fuel rods "loosely on the wall like so many salamis."

Stoler commented, "Existing Soviet reactors operate without concrete containment vessels because, scientists explain, such things are unnecessary (though considering the quality of the Soviet concrete work we saw, they would probably be ineffective as well)."

A 1979 U.S.-authored review of the Soviet energy system notes that the Soviets see redundant safety systems as a burden, quoting one Soviet source as saying, "An excess of such backup systems, where the need or the reliability is not clearly assured, introduces operations complexity and reduces overall safety."

After Three Mile Island

Did the Soviets get more serious about safety after Three Mile Island? Gordon Hurlbert, former president of Westinghouse Power Systems and now a nuclear consultant, said that he thought the answer was yes, although he noted that the Soviets were "willing to take more risks than the United States." Hurlbert visited the Soviet Union in July 1983 and toured several nuclear plants with other members of the World Energy Congress. At the time, he said, he had "grave doubts" about their safety program.

When the Soviets explained how their new pressurized water reactor (PWR) design would have containment buildings because of "world opinion," Hurlbert asked them if they planned to retrofit all the graphite reactors and the older PWRs. He was told, "No, we're not going to have an accident."

The Chernobyl reactor had no containment building, he said, although it did have a three-level safety system. Hurlbert noted that the Soviets depend less on computer controls and more on manual controls, which means that humans make more of the decisions. He also confirmed that Soviet nuclear workers routinely do not wear dosimeters to measure radiation levels in the plant. "Their discipline is substantially inferior" to ours, although their plants are well-monitored, he said. Hurlbert said that he had had many occasions over the years to meet with Soviet technical people—the minister and deputy minister of power and electricity, for example. He called them "world class engineers . . . concerned about safety and human life." But he noted that one had to understand that the Soviets make three kinds of statements, "one for technical people, one for their own population, and one for political reasons."

Western safety standards make nuclear the safest energy around

This report was adapted from an article by nuclear engineer Jon Gilbertson that appeared in Fusion magazine in September 1980.

Critics have tried to claim that Three Mile Island was a "near disaster." The evidence proves just the opposite. Post-TMI studies show that nuclear power is even safer than had previously been thought.

In the words of Edwin Zebroski, head of the Nuclear Safety Analysis Center in Palo Alto, California: "Assertions of a narrowly averted catastrophe at TMI have no foundation. Even if the operators at TMI had continued to misread the condition of the core for several more hours and melting had begun, the addition of water at any subsequent point would have stopped the accident."

The utility-sponsored safety center is part of the Electric Power Research Institute (EPRI) and has done the most comprehensive technical investigation of the TMI incident to date [September 1980]. Zebroski based his statement on the results of EPRI's newly released study, "Nuclear Safety After TMI," June 1980.

Furthermore, the EPRI investigation concluded that no damage would have occurred to the containment building—even if the accident had gone on unchecked for many hours beyond the point of melting.

Although this conclusion has long been accepted, it is only through an actual incident as at TMI that reactor safety analysts have the opportunity to prove it by comparing their smaller-scale experiments and calculations to full-scale operating results. This, in fact, is what the group at EPRI has done in its analysis of the TMI incident. The actual event and EPRI's analysis simulating it have proved that in the real world of reactors, the result of an accident is actually much less severe than predicted from various postulated abnormal operating conditions. The design and construction of reactors are based on very conservative assumptions and calculations about such hypothetical, abnormal operating conditions.

We can confidently state that nuclear power is the safest energy around.

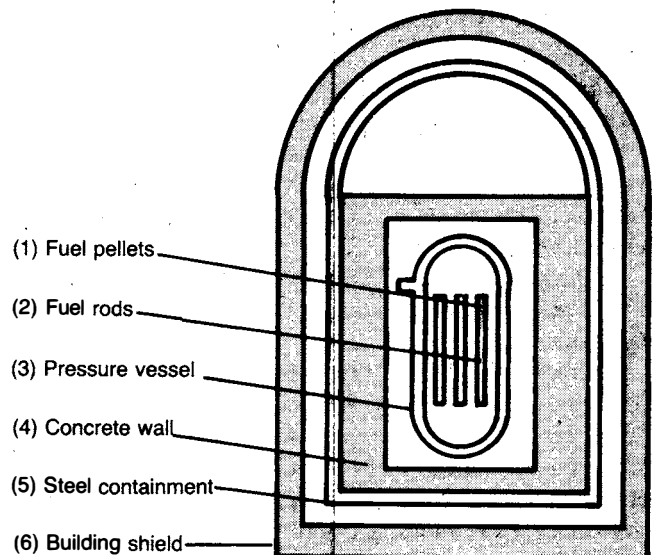
All U.S. reactors are designed around a concept called "defense in depth." The design engineers calculate the worst accident that could possibly occur in the plant, design the plant so it cannot happen, assume that it happens nonetheless, and then design the reactor safety systems to withstand the effects of the worst-case accident while completely protecting the public from any danger. The reactor design provides

many levels of protection in case of the worst event (or "design basis accident" as it is called) using backup systems, backups to backups, and so forth; hence the term defense in depth.

Specifically, the lines of defense include:

- 1) *quality assurance* to guarantee that all components and equipment in the plant have been manufactured and assembled to required design specifications;
- 2) highly redundant and diverse *protective systems* designed to prevent abnormal operating conditions; and
- 3) *engineered safety systems* designed to protect against the consequences of highly unlikely but potentially dangerous accidents, such as loss of coolant, equipment failure, human error, sabotage, and severe natural disasters such as earthquakes, tornadoes, and floods.

Multilevel physical barriers to contain radioactivity



The schematic of a nuclear reactor containment building shows the six levels of containment barriers to prevent any fission products from escaping: 1) the fuel pellet; 2) the fuel rods or tubes; 3) the pressure vessel with 10-inch thick walls; 4) 7-foot to 10-foot concrete shielding; 5) 4-inch thick steel shell; and 6) 3-foot concrete shielding.

Chernobyl: an archaic reactor design

The Chernobyl reactor is a light-water-cooled, graphite-moderated, 1,000-megawatt plant, one of 17 such units operating in the Soviet Union. The design is vintage 1950s, and was considered inappropriate by Western nuclear constructors for development as a civilian power plant. Instead, the West went with the now standard light-water or pressurized water reactor.

According to U.S. nuclear analysts, in the early 1970s, the Soviets were finding it too difficult to keep up with their goal for advancing nuclear power using the conventional light-water reactor used by other nuclear nations. The usual pressurized water reactors were technologically "too difficult" for the Soviets to achieve in a hurry, according to several sources. Their Atommash factory, which was planned to "mass produce" standard pressurized water reactors, ran into trouble. So the Soviets decided, at the time of the oil crisis, to go nuclear using a simpler reactor—a light-water-cooled graphite reactor.

The graphite reactor was originally designed for military use to make plutonium fuel. It is a simple design of blocks of graphite with channels running through it for the fuel rods. The fuel elements are encased in zirconium and are water cooled both inside and out. The Soviets upgraded this military design to commercial-reactor size and began building many, designating them RBMK-1000. Of the 17 such reactors in the Soviet Union of varying size, 12 are 1,000-megawatt-electric plants. Chernobyl has four RBMK-1000s, and there is a similar 4,000-megawatt complex ringing Leningrad, another four-reactor complex at Kurchatov, and a two-reactor complex at Smolensk. A new generation of even larger 1,500-megawatt units is also believed in operation in Lithuanian Russia near the Baltic.

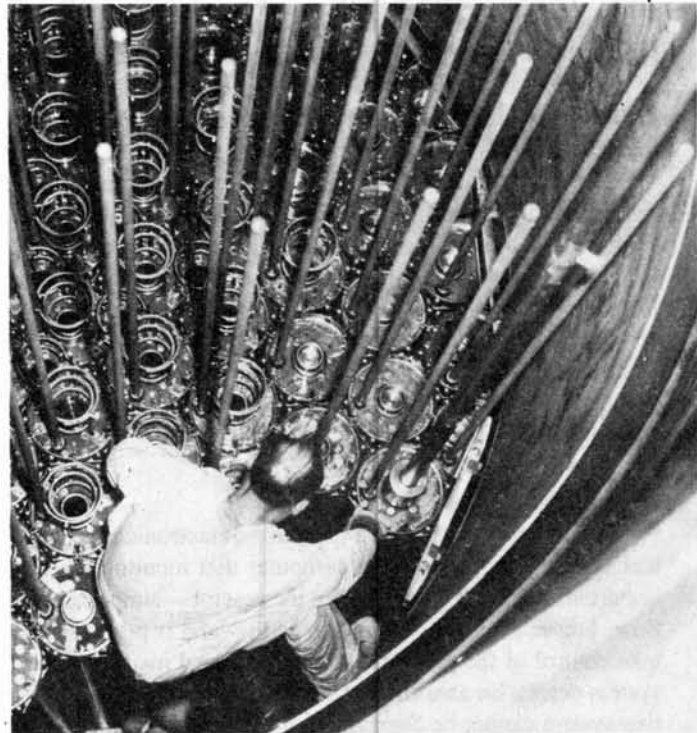
Why graphite?

The special characteristic of graphite, which was used in the Manhattan Project bomb research in the 1940s at Argonne National Laboratory, is that it is a good moderator of the rate of nuclear reaction and relatively cheap. The special problem with graphite is that it has a high chemical affinity for water vapor, carbon dioxide, and metals. Physicists refer to the "Wigner effect" to describe the reaction of graphite under radiation exposure in a reactor. Energy is stored in the graphite crystal lattice in unstable or metastable concentrations. If this stored energy is released suddenly, it causes an enormous release of

thermal energy—a temperature increase. Graphite-moderated reactors, therefore, must follow procedures to allow for controlled and gradual periodic heating of the material so that "annealing" of radiation damage can take place in order to prevent a catastrophic temperature rise.

There cannot be a meltdown in a graphite reactor because the graphite will not get hot enough, even if it is burning. However, if the graphite catches fire, the fire is dangerous and very difficult to put out. If you pour water on it, the water attacks the zirconium, opens the casings of the fuel elements, and lets the fission products out.

The biggest difference between the graphite reactor and conventional nuclear plants in other nuclear nations is that the Soviet design has no containment dome. In addition, the U.S. Department of Energy notes, there are other weak points in comparison to U.S. reactors: The Soviets use long lengths of small piping with numerous valves, for example. The refueling entry ports and bi-metallic joints are subject to potential failure from corrosion. The pressure-tube system is also subject to failure, and the stability of the graphite is aggravated by power changes.



Atoms International

In the early years of nuclear power, graphite reactors were used for research and producing plutonium. In the 1950s, the Western nuclear nations decided not to develop the graphite design for civilian power reactors. Here, a technician works on the graphite moderated reactor core of the Sodium Reactor Experiment at Atoms International in 1956.

What dangers are involved?

Contrary to the claims of antinuclear groups, reactors are not atomic bombs; they cannot undergo critical-mass detonation under any conditions. The enrichment of reactor fuel (that is, concentration of fissionable material) is far lower than in bombs, and hence cannot produce a nuclear explosion.

Explosions of hydrogen gas or other chemical explosions are also not possible within the reactor vessel. This was known before the TMI incident, yet the fraudulent story of an impending hydrogen explosion in the TMI reactor vessel was made into scare headlines for days in early April 1979. As the Nuclear Regulatory Commission later admitted, it was known at the time of the TMI incident that no free oxygen was present and, indeed, that no free oxygen could be present; thus a hydrogen explosion was impossible.

The main concern in reactor safety, in fact, is the large inventory of radioactive material (mostly fission products) that builds up in the reactor's fuel rods during operation. The goal of the reactor safety engineer is to make sure that this radioactive material is contained and controlled under all conceivable operating conditions, normal or accidental, and that only very small quantities are ever released to the outside environment at any given time.

Under normal conditions, the radioactive fission products remain contained within the fuel material itself and are part of every fuel pellet. Over the three-year lifetime of the fuel, the fission products build up to a little over 3% by weight of the pellets.

Radioactive material releases heat along with the radiation; therefore it must be cooled at the same time that it is contained. While the reactor is operating, most of the heat in the fuel is produced from the fissioning of the fuel that results from the neutron chain-reaction. After the reactor is shut down (that is, after neutron bombardment has stopped), heat is still produced from the decay of the radioactive fission products. To remove this heat, the fuel must continue to be cooled while the reactor is shut down.

Prevention of accidents

The protective system is a specialized electronic/mechanical system centralized by a computer that monitors every important operating parameter in the reactor—temperature, flow, pressure, reactivity, and so forth—and is prepared to take control of the plant in a preprogrammed manner if the system detects an abnormality. Actions taken by the protective system cannot be overridden manually by the operator. Once the protective system makes a decision to shut the plant down or to reduce the power output, it will carry out the decision no matter what the plant operators might think. The control-rod drives above the reactor vessel drop the rods to shut down the reactor or drive them in part way to reduce power. Control rods absorb neutrons, thereby slowing or stopping the fission chain reaction that is sustained by neutron bombardment.

There is also an inherent safety mechanism in the reactor arising from the nuclear physics of the core. Anything that causes the fuel and coolant to heat up at a given power level causes the chain reaction to shut down. In a water-cooled reactor, such as pressurized water reactors and boiling water reactors, this is called the *negative temperature coefficient of reactivity*. In fast breeder reactors, another physical principle leads to the same result.

The final feature of defense in depth is the engineered safety systems. Here the designer assumes that accident prevention has failed in spite of everything. He selects the worst conceivable accident that is just on the borderline of being not possible and designs the plant to withstand the effects of such an accident and to prevent harm to the plant personnel and the surrounding area.

This just-short-of-impossible accident is termed the design basis accident. After tens of thousands of manhours of analysis and investigation by hundreds of safety engineers, the conclusion is that the design basis accident for a light water reactor (pressurized water or boiling water) is the loss of coolant accident (LOCA).

In a LOCA, a massive rupture of the primary coolant system causes the water to depressurize, followed by rapid flashing to steam and a blowdown of this steam-water mixture out of the ruptured pipe. Such a massive rupture is not considered possible, even if there were an earthquake, since reactors are also designed to withstand earthquakes. The blowdown of this steam-water mixture would soon cause the reactor core to heat up, the fuel to melt, and radioactive fission products to escape the core—if the reactor safety designer had stopped here.

Multilevel containment barriers

The safety engineer provides as many physical containment barriers as necessary to prevent the release of dangerous levels of radioactivity outside the reactor building. The accompanying figure (page 36) illustrates these barriers, showing six levels of containment.

The first is the fuel pellet itself, made of very hard, close-grained ceramic uranium oxide that traps most of the radioactive fission products within its grain boundaries during normal operations. To back this up, the fuel pellets, less than a half inch in diameter and 1 inch long, are stacked in sealed 12-foot tubes of zirconium alloy. This assembly is called the fuel rod. Under normal operation, the pellets and tubes will contain nearly all of the radioactive fission products during the entire three- to four-year lifetime of the fuel.

A few of the zirconium alloy tubes will leak during normal operation, so that a very small amount of gaseous fission products will escape into the primary coolant water. The primary coolant system is therefore contained in a pressure vessel with walls 10 inches thick and a piping system that acts as the third containment barrier. This barrier will contain any radioactive material that escapes the fuel tubes during normal operation and also will act as the major containment

barrier if an accident damages the fuel rods. This primary system has several filter systems to filter out any radioactive fission products that are released to the coolant and collect them for later disposal.

Under the assumed condition that the primary coolant system containment barrier has been breached in the design basis accident, three more barriers are provided to contain any fission products that escape from the ruptured pipes. First is the 7-foot to 10-foot thick layer of concrete shielding that surrounds the reactor vessel and the primary coolant system. Next is the containment building, which has two barriers: one is a sealed steel shell nearly 4 inches thick designed to a pressure of 60 pounds per square inch. Outside this shell is more than 3 feet of concrete shielding to absorb radiation.

These barriers are designed to protect the public in the case of the design basis accident. The incident at Three Mile Island was similar to what is called a small pipe break in reactor safety terminology, far less severe than the design basis accident. There was never any danger to the public.

Radioactive fission products give off heat long after the reactor is shut off and must always be cooled. To assure that cooling is always available, engineered safety provides redundant core cooling systems to guarantee that water is always available to the reactor core, even under the conditions of the design basis accident. The back-up core cooling systems are designed to keep the fuel from failing and melting under even these severe circumstances, and if there is failure or melting, to prevent so-called core meltdown.

The first line of defense is, of course, the primary cooling system itself. In most loss-of-coolant accidents, as long as the primary pumps (or even one out of the four) keeps running and make-up water is continuously supplied, the fuel will continue to be cooled. The make-up water is automatically supplied to the primary coolant-system by a set of large tanks held at pressures somewhat below normal reactor operating pressure. Thus if a coolant system rupture occurs and the pressure drops, these tanks will automatically inject water into the reactor vessel.

The water make-up system is entirely passive. It requires no pumps or valves to turn it on. The water in these tanks is borated—a boron salt is dissolved in it that absorbs neutrons and shuts down the reactor completely, if for some reason the control rods have not shut it down.

Under certain hypothetical LOCAs, it is necessary to get water into the reactor core faster and at larger volumes than the tanks can supply it. For this purpose there are sets of high-pressure and low-pressure emergency core cooling pumps that automatically turn on when preset pressures in the vessel are detected. The high-pressure pumps are for small ruptures, while the low-pressure ones come on during large ruptures, which require large volume and flows.

The 1979 antinuclear film *The China Syndrome* built an anti-science myth in the tradition of Mary Shelley's novel *Frankenstein*. According to this scare story, in the course of a core meltdown, the molten core forms into a round glob

that melts through the reactor vessel, drops onto the concrete floor below, burns its way through more steel and many feet of concrete into the ground below, and defies gravity to emerge in China. Along the way, of course, the fiery glob gives off fission products, contaminating all ground water and everything else it touches.

Such a process is scientifically and physically impossible, as should be clear from the preceding discussion. A core meltdown could happen only if *no* cooling water got into the reactor core for many hours. The fuel would drip onto the massive steel support structure and perhaps eventually the vessel bottom. The splattered fuel would be cooled by contact and conduction of the thick steel walls.

What the experts say

Dr. Joseph M. Hendrie: It can't happen here

Joseph M. Hendrie, former chairman of the U.S. Nuclear Regulatory Commission, is now a consulting engineer. He served on the NRC from 1977 through mid-1981. In this interview he describes one essential difference between the Soviet graphite reactor and light water reactors.

EIR: How would you assess the state of U.S. nuclear safety, compared to Soviet safety systems?

Hendrie: The U.S. water reactors are simply incapable of producing the sort of gross release that has occurred in Russia. We don't have the flammables in core that would provide the kind of driving force they had there in the fire. Our systems are engineered with more extensive safety provisions and we then encapsulate the whole reactor system in a very strong and tight containment structure.

After Three Mile Island we made a very extensive reassessment of the safety of U.S. plants from all kinds of standpoints and all kinds of accidents and found it appropriate to upgrade a number of areas. We have concentrated attention on operator training and expertise and on a drive to achieve real excellence in operation at all U.S. plants. This is reflected in the industry efforts as well as in the regulatory incentives.

Furthermore, we undertook after Three Mile Island, a very extensive upgrading of the ability both on-site and off-site to take emergency measures in the event of accidents. I think those provisions are particularly notable against the background of the Russian accident.

EIR: Most of the material written in the 1970s on the Soviet safety question indicates that they are scornful of the Amer-

icans for spending so much money on what they consider unnecessarily redundant safety systems.

Hendrie: I think that may have been the attitude in some quarters earlier on. My impression is that in the last five, six, or seven years that there has been a move in the Soviet Union toward safety standards and arrays of safety systems in the plants more like the Western standards. Those are reflected, for instance, in the designs of the new PWR [pressurized water reactor] line, 1,000-megawatt line, which does have emergency core cooling systems similar to U.S. designs and does have containment. Or at least the outline drawings I've seen for what they were regarding as their standard 1,000-megawatt PWR did have a containment on that looked very much like a standard U.S. reinforced concrete prestressed containment. So I think there's been a move in the Soviet Union in the last few years for reactor safety standards more nearly like those in the Western world.

But, of course, these graphite machines are in many ways a design and reactor concept from an earlier time. I think they have a number of features about them which are not desirable from a safety standpoint.

EIR: It's curious, given this, that the Soviets claimed in some of their publications that the graphite reactor was actually safer than the PWR.

Hendrie: I think in part that grew out of a concern on the part of the Soviets that was really one of the bases for the effort they put into the graphite machines: It was a long time before the Soviets were confident about their ability to fabricate large pressure vessels of the necessary quality for a large reactor. That's really a central reason why they went into that pressure tube design—to avoid having to fabricate very large size reactor vessels.

Remember that the 440-megawatt PWR, which has a substantially smaller pressure vessel, and which has been their standard in the water reactor line for many years, and the 1,000-megawatt designs for which the heavy components were to be produced at the Atomash plant (which has so many problems now)—both those designs were early 1980s.

In 1979, after Three Mile Island, I talked to a high-level Russian delegation from the Ministry of Electricity. . . . They showed me a set of drawings of their 1,000-megawatt PWR which they said was going to become their standard power machine. That's the one that had the Western type containment on it and the emergency core cooling systems. But that's 1979. We had been making big pressure vessels since the late 1960s. So, I think that's the reason that they went to graphite.

EIR: So you think that they built the graphite reactors because they did not have the technological sophistication to build PWRs?

Hendrie: I don't know. These graphite machines, even the one at Chernobyl, was finished quite recently. They nevertheless are a design and a concept that is really late '50s sort

of thinking. I'm sure there are some upgrades in the recent ones that reflect more recent technology, but they really in many ways are a technology that we ought to have gone beyond. They have positive void coefficients—

EIR: Can you explain that please.

Hendrie: It means that if the power goes up, the reactivity goes up, because the water is a poison in that system. When you raise the power and boil a little more water and reduce the water density in the fuel channels, that's a positive reactivity. That would really panic us. We don't permit machines with positive coefficients.

Sue Gagner: Safety upgrades after TMI

Sue Gagner is a public affairs officer for the Nuclear Regulatory Commission. She discusses how U.S. safety standards were upgraded after Three Mile Island.

EIR: Can you comment on U.S. nuclear safety standards, in particular how they were upgraded after Three Mile Island?

Gagner: We have a "defense-in-depth" system for nuclear reactors in this country: if one system fails, another system would come in. For example, we have the emergency core cooling system, which would cool the core in case the primary system failed. The final back-up system is, of course, the containment, but there is a series of redundancies and systems that back up other systems.

After Three Mile Island, there was something called the TMI action plan, and that resulted in over 6,400 separate action items, and about 90 percent of those had been done by the end of 1985.

EIR: What do you mean by action items?

Gagner: There were different types of things. Some of them were equipment changes, some were procedural changes. For example, we required greater emphasis on quality assurance in building and operating plants, to make sure that the plants were built as designed. . . .

Emergency planning has been significantly upgraded since Three Mile Island with the requirement of emergency drills, evacuation planning, and notification of local and state officials. The training of personnel, particularly control room operators, has been upgraded. The number of resident inspectors, started before Three Mile Island, was increased. Now there is a resident inspector at every operating plant who works at the plant as his primary duty station.

EIR: What is the NRC's budget for safety tests?

Gagner: Our budget on research, proposed for the next fiscal year, is \$113.5 million.

EIR: Has it been at that level, or higher?

Gagner: The research budget has been decreasing. In fiscal year 1986, it was \$207 million. We would like to spend as much in 1987 as we did in 1986, but our budget is being cut, along with the overall budget decreases, and we do have to put emphasis on inspection and enforcement of plans.

Paul North: experiments in nuclear safety

Paul North is the manager of Nuclear Reactor Research and Technology for EG&G Idaho at the Department of Energy's Idaho National Engineering Laboratory (INEL). He discusses the nuclear safety experimental work that he has been involved with for the past 10 years.

EIR: Can you describe the nuclear safety projects at INEL?

North: A substantial program in safety has been going on for a great many years. There are two major research areas at EG&G Idaho. One relates to thermal hydraulics—the flow of cooling fluids within the reactor and the energy transfer associated with those flows. We have operated a number of experimental projects, two of them being the Semiscale project and the LOFT [loss of fluid test] project, which is aimed at getting a great deal of actual physical data concerning the operation of emergency core cooling systems during a wide range of transients.

The second area is the developing and testing of computer codes, which are designed to predict the behavior of full-scale reactor plants. It is through the comparison of those predictive capabilities with the experiment system results that we learn of possible deficiencies in our modeling capability and make improvements, so that we build confidence that we can predict the full-scale plant behavior in transient conditions—transient means that conditions are varying with time and usually implies that things are not normal.

EIR: Was the LOFT project an actual reactor?

North: It was a 50-megawatt thermal pressurized water reactor with a great many scale features. . . . It tested some of the major flows in the transfer interaction that took place in the transients. The other facility, Semiscale, is literally that—a roughly scaled facility. It has an electrically heated core rather than a nuclear core, and was in the most recent version a 2-megawatt electrically heated core. The heights in the system were full heights, so it was a rather long and slender system. It has run a great many experiments and we have learned a great deal out of that system. Both facilities have given us a lot in terms of thermal hydraulic behavior and reactor transients.

EIR: How is the data that you get from these experiments

translated into use by the nuclear industry?

North: The data that we provide has been used by them in a variety of calculations. But it is primarily produced for the Nuclear Regulatory Commission—either directly to enhance engineering understanding of the behavior of the systems or indirectly by allowing confidence in the terms of the predictive capability of the computer codes.

EIR: Was LOFT the device used in the experiment showing that a reactor could actually stand up much better than previously predicted in a major accident?

North: You may be referring to experiments on the operation of the emergency core cooling system in the event of a very large break in one of the cooling pipes. LOFT did run some experiments along that line and they were very, very instructive. In terms of calculating the behavior of a reactor under those circumstances, when you do safety calculations, you make what are called conservative assumptions. That means you assume things that make matters worse in order to make very sure that the analyses, if they indicate safe behavior, are indeed indicating a safe system.

There was some uncertainty on just how much conservatism there was in those calculations, and without going into all of the details, when a large break was run in LOFT, it turned out that the emergency core cooling systems functioned very much better and that the peak temperatures were significantly lower than would have been predicted by the conservative kind of analysis that is generally used in that approach.

EIR: Were these projects conceived after Three Mile Island, or had they been ongoing before 1979?

North: The system was in progress in the early '70s and in fact even before that, but it really jelled in the days of the hearings on the ECC—emergency core cooling. Back in about 1972 there were big congressional hearings on whether those ECC systems would be effective. I think that was quite influential on the research that was undertaken in the United States in the following decade. LOFT and Semiscale both did experiments that were related to the TMI kind of transient.

EIR: Are there other safety projects at INEL?

North: The other major area where we have done reactor safety research is in the region of the fuel itself, again in nonnormal conditions. . . . There is another facility here on a standby condition, the PBS, which stands for Power Burst Facility, referring to the ability to raise the power quickly. That has been used to do a wide range of experiments on fuel. It simulated the conditions to some degree in the Three Mile Island accident and it damaged the fuel.

Also, under the international program in LOFT, the last experiment was one in which a large fuel module was raised to very high temperatures and damaged. It was the last experiment in the system; the reason is obvious—we burned up

the center fuel module in the core, very deliberately and in a controlled way. Then we shut the thing down, recovered, and we gained a lot of information on fission product release and transport as a result. . . . The international community was very pleased that we were able to conduct the experiment and able to get data that would shed light on the subject.

Richard Wilson: No lethal leaks even in a meltdown

Richard Wilson is Mallinckrodt Professor of Physics at Harvard University. He chaired the Nuclear Regulatory Commission-sponsored study group of the American Physical Society on "Radiological Consequences of Severe Nuclear Accidents," which released a report in February 1985. Here he discusses what happened at Chernobyl's graphite reactor and compares this to a worst-case accident in a U.S. pressurized water reactor.

EIR: What do you see as the major differences between the U.S. and Soviet approaches to nuclear safety?

Wilson: There are two things one should comment on. First, a crucial thing is the different type of reactor the Soviets have. They have a pressure tube reactor with 1,100 or so independent pressure tubes inside a big 5,000-or-so-ton charcoal matrix. They regarded that as fairly good from the point of view of safety, because the whole thing can't get out of control at one time. However, their pressure tubes have a very large amount of zirconium on them, and the reactor has a very large amount of graphite. If they get out of control, and if they are starved of coolant, then they get two very important exothermic chemical reactions that are worse than any we get in our plants by quite a bit.

First is the zirconium-water reaction, meaning hydrogen and zirconium oxide. This also happened at Three Mile Island, but Chernobyl has more than five times as much. The second reaction is the uranium oxide and carbon reaction, meaning uranium-carbon, carbon monoxide, which is also exothermic. So both of those would heat the thing up, and then the hydrogen gas and carbon monoxide gas would put pressure that might explode further up in the system. This would then break open the individual fuel channels, with about 14 pounds per square inch of pressure. That would very quickly blow up the roof of the building.

Something did blow up the roof of the building, so you know that something like this must have happened at one o'clock in the morning on Saturday. That probably could not have happened, according to very rough calculations, with one fuel channel alone going. . . . About 10 of these fuel channels have to go; the hydrogen/carbon monoxide from 10 fuel channels would be enough to cause the roof to blow, by

my rough calculations. They presumably thought it was very unlikely that you would get that at any one time. I suspect there was some operator error allowing that to happen.

The main difference here is that our plants have the big pressure vessel that contains the hydrogen. At one time our pressure vessels were heavily criticized; the question was, would the pressure vessel fail catastrophically. The people who 15 years ago were arguing that it could . . . are now arguing that it can't, having seen the new information on vessel tests. . . .

But the second thing that we have, surrounding the whole reactor vessel, is a containment vessel, which will handle 200 pounds pressure per square inch. It is sufficiently large, a huge volume, so that the pressure [from the chemical reaction] will already be reduced and diluted from the volume. That can hopefully contain everything. And if a fire begins, you would soon exhaust all the oxygen so that it would self-extinguish.

The crucial thing about our reactors then, is will that containment vessel hold in an accident, and for how long? The "how long" gives you time to do all sorts of things—for example, finding a way of boiling water inside to cool things down, to reduce the pressure, and to get some standard things going. The worst moment, according to all the things we calculate, is if you have a meltdown of the reactor that melts through the reactor vessel at the time that it's still at high pressure. You get all this molten fuel, 400 tons of it, and some molten iron and whatnot, all dumped into the containment vessel at the same time. And that is much more pressure than the 200 pounds per square inch; we're talking about several hundred pounds. It will heat up the air very rapidly, and the question is how high.

Fortunately, we don't have as many energy sources as the Russians do. We don't have the uranium-carbon reaction and not as much zirconium. The maximum we think that could possibly go is about 60 or 70 pounds per square inch, and our containment vessels will hold 150 to 200 pounds per square inch. That means that at the critical moment—when all the fuel is molten, when all the aerosols are being released—that the containment vessel will hold. There will be several tons of aerosols released in the vessel, some of them radioactive. They will all be initially produced at the smallest size, a tenth of a micron. If they were produced in a dilute area, out in the air, they would immediately float with the air, because the settling velocity of these aerosols is lower than ordinary wind speed.

The point is, that if the containment vessel is not broken, the aerosols inside, including the radioactive ones, will collide with each other, coagulate, and then settle out. So, if you wait 5 hours, most of those aerosols will be deposited all over the surface inside the containment vessel and are no longer available for release. However, if you do nothing, the heat will still go up in that reactor. The uranium will be interacting with the concrete and liberating hydrogen from it and raising the pressure. Therefore, at some unknown time,

maybe 8 hours, maybe 16 hours, maybe four days, or possibly never, the containment vessel may crack open. Some critics will then say, "but you don't have containment." But, yes you have: you have it for the crucial period for forcing the settling of the aerosols.

The crucial thing about our reactors then, is will that containment vessel hold in an accident, and for how long? The "how long" gives you time to do all sorts of things.

EIR: So, if there is a crack in containment after that crucial point, you are saying that the radioactivity released would be greatly lessened?

Wilson: A lot of the radioactivity will be unavailable for release; not all of it—you never get all of anything anywhere—but you will be down by enough of a factor to make it safe. You wouldn't even bother to evacuate anybody. . . .

I am hoping, and expecting to be invited to visit the Soviet Union. . . . They have that American bone man in there, who will probably be able to save a fair fraction of the ill people. We call the lethal dose of radiation 500 roentgens. You can give a whole body dose of 1,000 roentgens and save three-quarters of the people. That's been done, because people have been cured of leukemia that way. You kill the leukemia with that high dose, replace their marrow, replace their blood, and three-quarters of them survive, and that's quite remarkable.

Walter Loewenstein: Containment is key

Walter Loewenstein, is deputy director of the nuclear power division at the Electric Power Research Institute (EPRI) in Palo Alto, Calif., with 30 years' experience in nuclear development and nuclear safety. EPRI's statement on U.S. versus Soviet nuclear safety stressed the limited redundancy of Soviet back-up power systems and the limited oversight of quality checks and operator training.

EIR: Was there a change in Soviet nuclear safety practices after Three Mile Island?

Loewenstein: I really don't know if there was a change. . . . The obvious point is that they have a very large reactor with what appears to be no containment, which is quite a departure from the normal practice in the Western world.

EPRI's general statement [on the accident] I think certainly points out one of the major differences between safety measures employed most widely in the United States—the presence of containment. This means a substantial structure with 5-foot-thick containment walls and steel liners.

EIR: What has been the general role of the EPRI Safety Analysis Center, in particular since TMI?

Loewenstein: There were a couple of very important reports and guidelines that emerged from TMI. The first one was the Kemeny Report. Then there were two major reports for the Nuclear Regulatory Commission. These required a number of things, involving modifications in plants, training, and hardware, which were generally implemented throughout the country. For example, one of the things that EPRI did, was to develop basic hardware to enable you to see what was going on in the plant. There was also an extensive program testing the nature of the release valves, providing insights on how to make them operate more reliably.

There are multimillion dollar expenditures every year by the industry and by the Nuclear Regulatory Commission to develop the safety procedures and hardware to make plants function more safely.

Dr. Petr Beckmann: Why did it take 36 hours?

Petr Beckmann is a professor of electrical engineering at the University of Colorado at Boulder. He came to the university in 1963 as a visiting lecturer from the Czechoslovak Academy of Sciences, and he did not return to Czechoslovakia. The author of nine books, he publishes a pronuclear monthly newsletter Access to Energy. He comments here on how the accident reflects the defects of Soviet culture, which places human life at low priority.

EIR: Can you comment on the concept of Soviet nuclear safety?

Beckmann: The Soviets have a full-fledged civil defense system in place, with shelters, instructions on radioactivity, chemicals, evacuation plans, etc. Yet it took them 36 hours to put the system that's already in place, to put it in operation.

In 36 hours, you understand that what endangers people is the dose. The dose is directly proportional to the time that you spend there: roentgens per hour times the hours. In those 36 hours, probably hundreds of people will die a death that was definitely avoidable. That means it's not just that they don't care about human life—which they don't—it means that the system is so bureaucratic that it can't even use what's at its disposal. That system will work for war, because it's meant for war. It will not work for another emergency because some bureaucrat failed to think, which is the job of bureaucrats.

Russia under the new Stalin: blood and trials

by Konstantin George

At the beginning of this year, *EIR* had alerted our readers that a new phase of the mass Soviet purges under Mikhail Gorbachov—the new Stalin—was beginning, and that this phase would witness a continual series of bloody show trials and death sentences, under the banner of “anti-corruption.” We were right on the mark. Blood is indeed flowing in the Soviet Empire.

The Chernobyl disaster adds a further dimension to our forecast, in that it will serve to increase the fury of the purge drive in the Soviet Union.

Till now, the purge was more or less strictly focused on removing those functionaries responsible for failing to meet assigned output quotas. When the quota however is fetishized, an endemic problem of another sort appears, and reaches horrendous proportions. It becomes especially aggravated when those who fail to meet assigned, artificially set quotas, are indiscriminately punished, without sorting out the reasons—and the actual blame. The purge produces the phenomenon en masse of functionaries who will “deliver” the assigned quota, by hook or by crook. “By crook” here means, to cite but one endemic example, that projects are completed “on time” with heavy use of substandard—and hence structurally unsafe—materials, which are not returned to suppliers—for fear of thereby experiencing a schedule delay, and thus losing, at a minimum, one’s post.

It is this near universal application of “cutting corners,” and “robbing Peter to pay Paul” which is generically responsible for Chernobyl, and responsible for many other unsafe factories and projects in the U.S.S.R. Even if the result is not a headline-grabbing disaster like Chernobyl, the economy suffers heavily through extremely high rates of equipment breakdowns, and consequent production loss, to say nothing

of the extra investment of men and supplies required for repairs.

Shortly before the Chernobyl disaster, solid indications began to surface in the Soviet media, that those responsible for recklessly ignoring material and equipment standards in order to formally meet quota deadlines, would soon be joining the ranks of purge victims, being deemed as guilty as any laggards. It is quite revealing that two such articles were explicitly devoted to the “mess” at the Chernobyl site, where the same sloppy and incompetent construction standards applied to the first four reactors already built, were being re-applied to meet artificially shortened construction schedules for the fifth and sixth reactors.

The first article appeared in the March 18 edition of the Ukrainian *Pravda*.

The real biting blast then surfaced on March 27 in the journal of the Ukrainian Writers’ Association, *Literaturna Ukraina*. The article, covering half of the front page, was drafted by one Luba Kovalevska, a resident of the town of Pripyat, the largest town near the reactor site.

The front-page article by Kovalevska began with laudatory quotes from Gorbachov’s 27th Party Congress speech in February, where the Soviet general secretary ordered plant managers and functionaries to incorporate the latest in high technology in order “to increase efficiency.” The author also cites parallel quotes from speeches by Soviet Politburo member and Ukrainian party boss Vladimir Shcherbitsky. Then comes the stinging broadside against the Chernobyl nuclear power plant project as a blatant example of an across-the-board failure to meet these guidelines, and a paradigm of a project whose structural and safety standards had gone “out of control” through the formalistic adherence to quotas and

deadlines which bore no relation to reality. The following excerpted passages from the *Liternaturna Ukraina* article speak for themselves:

"Construction work should proceed as an uninterrupted process on the basis of the strictest adherence to construction technology. But this is exactly what is not happening. The problems of the first reactor were inherited by the second, the problems of the second by the third, and so on." Kovalevska then attacks the decision which artificially reduced the construction period for the fifth and sixth reactors "from three to two years," to have the entire project finished by 1988:

"Already in 1985, construction plan targets were not being fulfilled and the construction workers suffered low morale"; the decision to move up the deadline, "strained planning and made it harder to obtain supplies when needed. The accelerated schedule threw the whole project into disarray. Rather than learning from problems with the construction of the first reactor, managers permitted the problems to become worse. This caused indignation among the workers and created a sense of hopelessness in the managers at the plant.

"The inability and impossibility of the engineers to organize the work brigades has weakened the ability to demand efforts from the brigades. As workers tried to meet unrealistic goals, it led to a disorganization of the construction and a total failure of the overall plan.

The purges are a crucial feature of Gorbachov's attempt to enforce the society's conversion into a war economy. Under the heading of a stamping out "corruption," thousands of functionaries have been removed in the purge's first, relatively bloodless phase. That phase has come to an abrupt end.

"In some cases, materials were substandard. . . . for example, 326 tons of spent nuclear fuel from a plant in the Volga region were deficient . . . [and] especially steel and reinforced concrete were always in short supply." Then, Kovalevska says that "the sickness of the construction system" cited at Chernobyl, is "unfortunately typical." Her prophetic conclusion:

"The impossibility and unwillingness of engineering workers to organize teamwork resulted in lowered standards. The failures will be repaid over the decades to come."

The purges are a crucial feature of Gorbachov's attempt to enforce the society's conversion into a war economy running at full steam. Under the heading of stamping out "corruption" and bureaucratic impediments to increased produc-

tion output, thousands of party, government, and management functionaries have been removed in the purge's first—relatively bloodless—phase.

Starting a few months ago, this bloodless phase came to an abrupt end.

Gorbachov has rediscovered an old favorite of Stalin's—the firing squad. For the first time since 1946, when the initial wave of executions of Nazi war criminals and wartime collaborators ended, a woman has been executed by a firing squad in the Soviet Union. The woman, 59 years old, was executed as an example to all women functionaries and managers that they would not be exempt from the death penalty if convicted of serious "corruption" offenses.

Other recent cases of executions by firing squad include two Soviet diplomats from the Russian Embassy in Kabul, Afghanistan. The two, one a Russian, the other a Tadjik, who was formerly the justice minister of Tadjikistan, were executed after being found guilty of having conducted massive black market gold dealings with Afghan rebels.

The breakup of the 'Cotton Mafia'

The biggest single number of arrests in the "anti-corruption" drive anywhere in the Soviet Union, has occurred in the Central Asian Republic of Uzbekistan. The campaign began with the roundup in Uzbekistan, of well over 200 party and government functionaries belonging to the so-called Cotton Mafia, as it's called in the Soviet media. Uzbekistan is one of the leading cotton-producing areas in the world. The regional and local party and government leaderships, in a practice that began during the Brezhnev period, systematically—year in, year out—falsified cotton and cotton product production figures, reaping a whirlwind of extra State cash hand-outs. The cash was used to finance all kinds of smuggling and criminal activities, including a bribery system that had nearly all leading figures in Uzbekistan "on the take."

As we shall see below, hardly any of Uzbekistan's Brezhnev-era leadership has survived the Gorbachov sweep. The former long-time leader of the Uzbekistan party and candidate member of the Soviet politburo, Rashidov, only escaped arrest through his untimely death in 1983.

Already, several leading party functionary members of the "Cotton Mafia" have been executed, and more are expected to follow. An example of the scope of "Mafia" activities is indicated by the following information divulged by Soviet media.

- The party First Secretary of the Bukhara region, who had been a full member of the Soviet Central Committee, was arrested for having accumulated a total of 3.5 million rubles in bribes. In the home of one local party secretary from the Bukhara region arrested, were found 18 million rubles and 200 kilograms (5,280 troy oz.) of gold.

- The entire apparatus of Uzbekistan's interior ministry has been purged for co-participation and cover-up of the wide-ranging Mafia activities. Thirty-seven members of the interior ministry are under house arrest, and four department heads are in jail awaiting trial. The interior minister himself,

and his deputy, have managed to avoid certain death sentences by preemptively committing suicide.

The scope of the Gorbachov purges in Uzbekistan has exceeded anything witnessed in Central Asia, even under Stalin. When the Uzbekistan Party Congress ended in early February, only 34 of the 177 full Central Committee members in Uzbekistan survived the sweep. The Republic of Uzbekistan was also removed from even the nominal trappings of "home rule" on local matters. The newly elected Uzbekistan Politburo contains only 6 Uzbeks among its 13 members, with the majority now consisting of 6 Russians and 1 Russified Kazakh.

A similar total elimination of the old Brezhnev-era leadership "Mafias" has occurred in every other Central Asian Muslim Republic.

The show-trials spotlight will soon move to Moscow. Last Christmas, Gorbachov convened a special meeting of the Moscow City Party to expel Viktor Grishin, Moscow party boss since June 1967, from both his key Moscow post, and from the Soviet Politburo. Since Grishin's expulsion, over 130 Moscow functionaries and managers have been arrested and will soon appear in a big "anti-corruption" show trial. Other spectacular show trials are scheduled to start soon in Leningrad, in the Volga industrial and war production center of Kuibyshev, and in Kishinev, the capital of the Moldavian Republic (the former Romanian province of Bessarabia).

The bloodier secret executions

The "anti-corruption" public trials and publicly reported executions are only the tip of the iceberg of what actually goes in the Soviet Union. Mass executions, which are never even hinted at publicly, also have been occurring. One especially brutal example of this has just been reported by the authoritative Swiss defense publication, *International Defense Review*, published in Geneva. In October 1985, Muslim Tadjik troops stationed in Afghanistan with the Red Army contingent there, mutinied. Russian troops were called in to put down the mutiny, and in the ensuing fighting, over 70 soldiers were killed on both sides. All the hundreds of surviving Tadjik mutineers were then summarily executed.

The same issue of *International Defense Review* also reports that at the beginning of January, a large explosion caused extensive damage at a Soviet missile plant in the town of Biysk, in Western Siberia. The plant produces the 8,300-kilometer range SS-N-20 missile, the missile fired by the 25,000-ton Typhoon Class missile submarines, the most modern in the Soviet navy and the largest submarines in the world. As in all cases of military- and defense-related "accidents" in Russia, a secret investigating commission was constituted. Mistakes and negligence among responsible figures in such cases almost automatically lead to the imposition of death sentences for de facto sabotage of critical war production.

Asia

Political cards reshuffled in Thailand

by Sophie Tanapura

The dissolution of the parliament by the government of Prime Minister Prem Tinsulanonda on the night of May 1 really came as no surprise to those who have been closely watching Thai politics for the past months. Some politicians with a certain foresight had already been preparing their constituency since January for early elections this year.

After a year and a half of repeated failures of the Prem government to correct the accelerated course of economic decline that Thailand has taken since the International Monetary Fund-instigated devaluation of the baht in November 1984, a majority in the lower House of Representatives was reached to defeat a government decree which, if passed, would have increased registration fees for vehicles powered by diesel fuel and liquified natural gas. Thus challenged, Prime Minister Prem had no other choice but to dissolve the parliament and to call for new elections within three months as a last attempt to reshuffle political cards in his favor.

Politicians in Bangkok have noted that the dissolution of the parliament came a little earlier than expected, and will create a favorable situation for the Democrat Party, whose political machine is among the oldest and the most experienced. Unlike other political forces, the Democrat Party still remains relatively intact. It is generally expected that Democrat candidates are likely to supplant many of the incumbents of the Thai Citizens Party (Prachakorn Thai Party of Communications Minister Samak Sundaravej) in metropolitan Bangkok. Deputy Prime Minister and Democrat Party Secretary-General Bichai Rattakul has asked General Prem to run in the elections under the banner of the party. If Prime Minister Prem decides to make a political come-back with increased legitimacy, it is mooted that he might choose to run in Songkhla, his home town in the south of Thailand. To date, Prem has not made his intentions clear.

On all other political fronts, a major realignment of forces

is taking place amid total disarray reigning in most parties. The Social Action Party (SAP) has been whittled down considerably with the departure of former Deputy Prime Minister Boontheng Thongsawasdi and some 40 dissident members of parliament from the party. An "amnesty" call to the dissidents was launched in vain by Air Chief Marshal Siddhi Savetsila, current head of the SAP. Siddhi is also the deputy prime minister and foreign minister of the Prem government.

The existing rifts within the SAP were exacerbated when M. R. Kukrit Pramoj launched a virulent attack in the parliament against the International Monetary Fund and the World Bank in June 1985. The international financial institutions were accused by Kukrit of violating the national sovereignty of Thailand. Kukrit then picked up the fight against IMF-World Bank stooges such as the prime minister's economic adviser, Dr. Virabhongsa Ramangkura, whom Kukrit labeled a "technocratic bitch." The Bangkok *EIR* office was the first to reveal that in order to please the IMF and World Bank, Dr. Virabhongsa was advised by his economics professor, Lawrence Klein of the Wharton School, to devalue the baht by 17% on Nov. 2, 1984. By December 1985, Boonchu Rojanastien, a founding member of the SAP and former deputy prime minister in charge of economic affairs, triggered yet another political shock wave against the IMF when he keynoted an *EIR* economic conference in Bangkok on that theme. He did not mince his words. The IMF was characterized as "the modern-day Shylock" by Boonchu.

That fall, a ferocious fight broke out between Commerce Minister Kosol Krairiksh (SAP) and Dr. Virabhongsa over the question of whether or not the government should maintain the rice price-support program, guaranteeing rice at 3,000 baht per ton. Bangkok Fusion Energy Foundation representative Pakdee Tanapura launched a media campaign in favor of the rice support program as stipulated by the Thai Constitution. In the end, Minister Kosol lost to free-trade advocate Dr. Virabhongsa, and was subsequently forced to resign from the cabinet. However, the free-trade policy of non-intervention of the state drove the price of rice down to approximately 1,700 baht per ton, way below production costs resulting in the bankruptcy of many Thai farmers, the traditional base of the Social Action Party.

U.S. intervention

By this time, the anti-IMF/World Bank trend was building up dangerously, too dangerously for certain vested financial interests. The U.S. embassy reportedly moved swiftly to crack the opposition to its policies within the SAP, the major coalition partner of the Prem government. To muster support for General Prem, U.S. Ambassador William Brown convinced M. R. Kukrit to resign from the party chairmanship and to catapult Foreign Minister Siddhi Savetsila into the leadership position. A relative newcomer in the SAP, Air Chief Marshal Siddhi was sent into the party as a "Prem

mole" in the first place. Air Chief Marshal Siddhi enjoys the support of the Thai Coca-Cola king, Pong Sarasin, whose son Ken is the major shareholder in Jardine Services (Thailand), a company related to the British Dope, Inc. firm of Jardine Matheson. Siddhi is known to get along very well with Henry Kissinger.

Socialist Action dissidents led by Boontheng Thongsawasdi are presently negotiating a merger with the Community Action Party (Kitprachakom), newly founded by Boonchu Rojanastien. Socialist Action defectors have set a condition

The issue in the coming election is whether an economic development program will be put together or whether the austerity policies of the IMF/World Bank will continue to bankrupt the country.

for their affiliation with the CAP: inclusion of the agricultural crop price lifting scheme and protection of national industry in the platform of the party. There will also be an attempt to form an alliance between the CAP and other political parties and groups, namely the Siam Democracy Party (SDP) led by Thavich Klinprathum and Col. Phon Rerngprasertvit, the National Democracy Party of former Prime Minister Gen. Kriangsak Chamonan, the mass party of dissident Democrat Police Capt. Chalerm Yoobamrung, and the group of former Chat Thai Party MPs led by Col. Narong Kittikachorn. As for the Citizens Party, a new party led by former Deputy Army Commander-in-Chief Gen. Tienchai Sirisamphan, known for crushing the Sept. 9 abortive coup last year, it was pulled together to consolidate support for the military establishment.

Political insiders say that this early election will be one of the dirtiest ever seen in Thailand, one in which there will be not only pay-offs and fraud. Intervention of the major powers—United States, Soviet Union, and China—will be more rampant than ever before. Former Supreme Commander Gen. Saiyud Kerdpol has announced the creation of a "watchdog" committee ready to expose any irregularity in the elections.

What is at stake in this legislative election, however, is the economic future of Thailand. The question remains: Will the next winning political combination of forces—whatever it will be—have a serious economic development program for Thailand, one that will challenge the "debt-serving" approach of the IMF, one that will improve the welfare of the Thai nation and people?

Police clean up Golden Temple, again

by Susan Maitra

On April 30 a large posse of Punjab police entered the Golden Temple, the *sanctum sanctorum* of the Sikh religion at Amritsar, to evict the pro-Khalistani elements who have been once again using the shrine as a base for separatist terrorism. According to police reports, several leaders slipped out in anticipation of the raid, but 377 people were arrested and sedition cases have been registered against 54.

The decision to enter the Golden Temple again was proof of Punjab Chief Minister and Akali Dal head Barnala's determination, which had come into question in recent months of apparent inaction in response to mounting terrorist atrocities. The police action culminated a renewed hands-on effort to crack the terrorist menace on the ground in Punjab. The campaign began several months ago with a sealing of the border with Pakistan. At the same time, Julio Rebeiro, the tough former police chief of Bombay, was inducted to take over the demoralized and corrupted—and virtually paralyzed—police force of Punjab.

The Golden Temple evokes the most personal passion among the Sikh community, and has always called the tune of Sikh politics. But the recent move could be expected to meet some resistance, or at least give rope to opportunist politicians to raise their banners.

The day after the raid, a group of Akali Dal leaders, under the banner of the former chief minister, Prakash Singh Bardal, resigned from the party working committee and from the Barnala government. According to Bardal, who makes no secret of his ambition to become the chief minister once again, at least 29 assemblymen out of 72 have joined him in protest against the police action.

The dissidents complain that Barnala did not consult them about his plans to raid the Temple. But Barnala had been mandated by Sikh community leaders assembled in mid-February to take all necessary steps to recapture the shrine from the extremists.

On April 29 a five-member "Panthic committee" had made a declaration from the Golden Temple establishing "Khalistan." The "Panthic committee," which controls the Sikh congregation, had been taken over by the separatists in an organized coup in January, who then re-occupied the Golden Temple. A campaign was simultaneously launched to take over many local *gurdwaras* across the state.

Since then, their campaign of killings has numbed the citizens of Punjab. Most recently, the terrorists targeted the Hindu population in Punjab for assassination, with Hindu chauvinist groups arming themselves to carry out reprisals.

The Sikh extremists have demonstrated a singular lack of concern for any political issue, including most the still-unsettled major points of the Rajiv-Longowal accord. The August 1985 accord, which paved the way for placing the state back into elected hands, called for the transfer of Chandigarh to Punjab in return for a few Punjabi villages to the neighboring state of Haryana, rehabilitating the Sikh army men who deserted their ranks in the wake of the 1984 army action at the Golden Temple, and a sharing of the river waters with neighboring states.

As a former parliamentarian who visited Punjab in early April reported, he was told by separatists at the Golden Temple that they have no interest in the Punjab accord. They care only for the "Sikh demand"—a separate constitution, a separate president, and a separate flag. Their fight, they told him, is against "Hindu imperialism, economist colonization, Brahminic ideology, and *Bania* [trader] exploitation."

The Pakistan hand

When the separatists declared the state of "Khalistan" from the Golden Temple right before the sweep, they called for immediate recognition from the governments of Great Britain, Canada, the United States, West Germany, and Pakistan. The *EIR* book *Derivative Assassination: Who Killed Indira Gandhi?* detailed how sections of the first four governments have been aided and abetted the Sikh terrorists safehoused within their territory. Many of the ties between the Khalistanis outside India and the Sikh separatists inside Punjab, Indian sources say, have been successfully severed. In early April, Minister of State for Internal Security (MSIS) Arun Nehru informed the Parliament that the government had "clear evidence" of Pakistan involvement in Punjab. Since then the seive-like border with Pakistan has been clamped shut—in just a month a number of illegal travelers going both ways were summarily shot.

The terrorists are not only safehoused in Pakistan, a report in *India Today* stated, but also given intense indoctrination. As one arrested terrorist, Gurvinder Singh, stated: "Pakistani officers would come and talk to us every day and tell us that we had to create Khalistan. We were told that we must make sure that we kill Hindus only, so that there would be communal riots in Punjab. They said there must be a complete havoc, a bloodbath, because that was the only way we would get Khalistan."

Indian security authorities sought confidential discussions with their Pakistani counterparts on the evidence gleaned from extremists arrested recently of Pakistani aid and comfort to the Khalistan cause. But, Indian Foreign Secretary Venkateswaran told foreign correspondents on April 30, this initiative was scuffled when it was leaked to the press on the Pakistani side.

Herr Genscher's message for Assad

by Thierry Lalevée

Though the final resolution on international terrorism from the Tokyo summit on May 5 singled out Libya as being one of the "states sponsoring terrorism," Syria, too, has come under the spotlight. That point was driven home by President Reagan, in an interview May 6 shortly before leaving Tokyo, when he was asked what would happen if other countries—say Syria—were also proven to be involved in international terrorism. President Reagan replied that they would "receive the same treatment" as Libya.

A similar statement from the President shortly before the April 15 raid on Tripoli, when he warned that both Syria and Iran could become America's next targets, left Secretary of State George Shultz near apoplexy. Shultz rushed to go on record that there was "no proof" directly linking Syria and Iran to terrorist acts similar to Libya. Unofficial White House sources were even quoted that Reagan had made the statement because he had been "pushed too far" by the journalists he was meeting with.

So far, Shultz personally has said nothing more about Reagan's May 6 comment on Syria. Even so, on May 5, a State Department official made public a call to Damascus to "get rid of Abu Nidal." "The Syrian government is aware of our concern about its involvement in international terrorism, including the presence within Syria and within Syrian-controlled Lebanese territories of bases and personnel belonging to the Abu Nidal organization," read the statement.

Genscher delivers U.S. warnings to Syria

Syrian President Hafez al-Assad, meeting on May 2 in Belgrade (Yugoslavia) with West German Foreign Minister Hans-Dietrich Genscher, was warned to expect both the State Department and Reagan's declarations. Much to his displeasure, Genscher was bearing an American ultimatum to Syria to immediately drop any connections to international terrorists operating in the West, and moreover, he warned Assad against any further actions against Jordan's King Hussein—a message timed to coincide with Assad's visit to Jordan on May 5.

Up to the April 14 U.S. raid on Libya, Genscher had played a key role in turning West Germany into a safehouse

for numerous Iranian and Libyan terrorists; the pro-Libyan German-Arab Friendship Association was created under his sponsorship.

Strengthening the American message, only days before his meeting with Assad, Genscher reportedly received a lengthy report from the French foreign ministry detailing how Libya, Iran, and Syria operated as a "single unit, both in the planning and financing" of terrorist operations. Genscher needn't have been reminded of these facts, but the transmission of such official documents did bring additional pressure.

Indicating how much he disliked his mission, Genscher apologized to Assad for having expelled Libyan diplomats from Bonn, insisting, reported *Der Spiegel*, that these actions were not retaliation for Libyan terrorism, but because "the freedom of movement of German diplomats in Tripoli had been curtailed." In response, Assad promised he would advise his pet-terrorists to "concentrate on the fight in the Occupied Territories," a concession for which the Israelis can certainly thank Genscher.

In any case, it is appropriate that the warning of possible American operations against Syria should come from Genscher. Recent inquiries indicate that Syria, like Libya, has used the Russian Occupied Zone of East Berlin to run terrorist operations in West Berlin and in London.

On May 5, British police officially requested the Syrian ambassador in London to permit interrogation of some of his diplomats. According to British sources, there is increasing evidence that Nezar Nawaf Mansur Hindawi, arrested on April 18 for trying to blow up an El Al plane out of London's Heathrow Airport, was working with Syrian diplomats. He was in any case carrying a Syrian passport, and according to Israeli sources, his bomb may have been fabricated in the Syrian embassy. On May 6, West German police—who had also arrested Hindawi's brother, Ahmed Nawaf Mansur Hazi, on April 18—arrested two of Hazi's associates, Fayeza Saahanweh and Farouk Salameh, and charged them with a March 29 bombing in West Berlin. Their interrogations revealed that the explosives may have come from the Syrian embassy in East Berlin. Hazi was found to have been involved in planning the April 5 bombing of West Berlin's "La Belle" discothèque.

On April 20, Italy expelled three Syrian diplomats from Rome, in a clear warning that the net was closing around Damascus. In an operation with the U.S. Drug Enforcement Administration, Italian police dismantled a large heroin-smuggling network coming directly from Syria through diplomatic cars, arresting 20 Italians, Egyptians, and Lebanese. However, the Syrian embassy was the headquarters of the operation, as in the similar case of a heroin-smuggling network in Spain last November, in which several Syrian diplomats were also exposed and expelled. Syria exports hashish and heroin to finance its terrorist operations abroad in the same way Iran and Libya use their oil-export revenues to finance theirs. Hitting at the Middle Eastern drug networks is a clear requisite in the fight against terrorism.

Norway turns socialist

With the resignation of the conservatives, the party of Soviet spy Treholt has been charged with the defense of Norway.

Failing to ram his austerity package through parliament, Premier Kaare Willoch of Norway's conservative Høyre party officially resigned on May 2, advising King Olav to assign the Norwegian Labor Party, Arbeiderpartiet, the task of forming a new government.

By a proverbial pen stroke, Willoch decided that his adherence to conservative budget-cutting mania had to prevail over safeguarding the integrity of NATO's northern flank.

The socialist government of Norwegian Labor leader Gro Harlem Brundtland will be a minority regime, facing a four-party non-socialist opposition comprising 80 of the 157 seats of the Storting, Norway's parliament. The inability of Willoch to unify the non-socialist majority coalition around a viable economic policy has prompted this majority to prefer becoming the opposition, abandoning its governmental responsibilities.

But the new socialist minority regime does not only have just as poor a notion of the economic policy required to deal with Norway's staggering balance of payments deficit, incurred as a result of the oil price collapse. It is also heavily biased against meeting the Soviet military buildup on the northern flank by a strong NATO defense position.

The Norwegian branch of the Socialist International, Mrs. Brundtland's Arbeiderpartiet, has never clearly distanced itself from the activities of convicted spy Arne Treholt, who was a prominent representative of the new generation of Norwegian

Labor Party leaders until his arrest in 1984 as a top Soviet KGB spy.

Just two weeks before Willoch's resignation, the Soviet Northern Fleet, headquartered in Murmansk on the Kola Peninsula, conducted large-scale maneuvers off the Norwegian coast. The maneuvers included landing of a reinforced marine infantry brigade—about 4,000 elite combat troops, with tanks, armored vehicles, artillery, and other military hardware—packed on board four amphibious landing ships, escorted by a large task force led by the aircraft carrier *Kiev*, and backed by strong air support.

The Soviet forces simulated a wartime invasion and occupation operation against the fjord terrain of the poorly defended, but strategically crucial ports and airports in northern Norway.

The heavily armed and equipped Soviet marine-infantry brigade provocatively landed in the Volkovojafjord, a mere eight miles away from the border of Finnmark, Norway's northernmost province—which the Norwegians, in attempted appeasement of the gloating Russians, have virtually declared a unilaterally demilitarized zone!

Shortly after the Soviet invasion exercises, as the Willoch regime announced that it was making the April 30 parliamentary vote on its austerity package a vote of confidence for the non-socialist government coalition, Norwegian military commanders released new information about the strength and tasks of Soviet forces near Norway, including a first-ever map of

the Soviet naval bases on the Kola Peninsula.

According to the new information, contained in the just-released Norwegian edition of *The Military Balance* magazine, published by the Norwegian Atlantic Committee, the Soviets have secretly stationed another marine-infantry brigade on the Norwegian border. This new Soviet elite force, which has been trained for strictly offensive tasks, is equipped with tanks, assault helicopter gun ships, and landing vessels.

"We should not be surprised," emphasized Maj.-Gen. Martin Vadseth, the commander of the northern Norwegian forces, "if in an eventual attack, we suddenly face this secret brigade. Properly speaking, what is already known should be more than enough."

The commander was referring to the Spetsnaz units of at least 1,000 special commando forces and the 3,000-plus troops of Russian marine infantry already known to be stationed near the Norwegian border.

All reinforcements taken into account, this means that nearly 10,000 heavily armed and equipped Soviet elite troops have been brought into "jumping off" positions along the border, facing the Norwegian border patrol of about 100 men.

According to the map of Soviet bases on the Kola Peninsula, within a range of about 100 miles from the Norwegian border, the Russians have built no less than 12 large naval bases plus 16 airfields. At the Gremikha naval base, the Soviet Northern Fleet's four strategic submarines of the new Typhoon class are reportedly stationed, carrying long-range nuclear-tipped missiles that can reach targets in the United States from their firing positions anywhere in the Barents Sea, including under the Arctic ice-cap.

Kohl missed a great opportunity

The facts of the Chernobyl accident speak against the Soviet lobby in West Germany.

With the next national elections only seven months ahead, Germany's Chancellor Helmut Kohl should be more than concerned about his popularity. The latest opinion polls show a meager 41 points for him, but 53 points for Johannes Rau, the Social Democrats' candidate for chancellor in 1987.

The Chernobyl disaster discredited all of Moscow's political co-thinkers in Germany, such as the Social Democrats (SPD) and the appeasers inside Kohl's Christian Democrats (CDU). The facts on the catastrophe, and the way the Soviet authorities handled the case, offered a great opportunity to Kohl to launch a counter-offensive against the political opposition.

He could have made the Chernobyl accident a case-study of Gorbachov's cynicism and untrustworthiness. Kohl could have capitalized politically on the affair, at a clear distance from the appeasers. He could have denounced the Social Democrats and the Green Party for their revealing silence on the Chernobyl affair.

Discrediting the Greens, and their SPD partners, would not have been even difficult. The Greens exposed themselves as Soviet agents by condoning Moscow's obscene, lying behavior in the aftermath of the accident. Why? "We didn't want to join the anti-Soviet campaign," said a Green Party spokesman in Bonn May 5. After contacting the Soviet embassy for private talks when the accident was reported, the Greens announced a renewed campaign against "the main political target, which is nuclear power in the

West."

There is no doubt that Kohl's own party base in the Christian Democratic Party was waiting for the chancellor, who is also their party chairman, to move. But Kohl missed the big chance, and lost the game to the media and the opposition, which took all efforts to re-interpret the Chernobyl case into an issue of mere anti-nuclear hysteria.

Especially the farmers were hit by the anti-nuclear hysteria which was whipped up by the media and the Social Democrats. SPD party chairman Willy Brandt took the lead on this campaign on May 3, when he said at an election rally in Hanover—the Lower Saxon capital—that "Chernobyl proved we must get out of the plutonium cycle economy and of nuclear power in general."

The party heads of the different SPD sections followed suit, stating that a Social Democratic Bonn government in 1987 would make sure Germany got "out of nuclear power as soon as possible." The SPD-Green government of the state of Hesse, led by Social Democrat Holger Börner, even marched ahead with official bans on the sale of agricultural products, alleging, "All fresh milk, salad, and vegetables are susceptible to the radioactive fall-out from Chernobyl." The Hesse Ministry of Environmental Affairs, led by Green Party member Joschka Fischer, sent out its "surveillance teams," harassing the consumers with scare stories of "intoxicated food."

To make the case worse, the other state governments, including those

ruled by Christian Democrats, also took such measures.

Chancellor Kohl and his Christian Democratic leadership let all of this happen, without intervening. The public rage against this scare campaign was highest among the farmers, many of whom listed income losses of up to 50%, due to the drop of sales of fresh agricultural products.

It is estimated that German farmers lost some 10 to 20 million deutschmarks total income per day during the first phase of artificial anti-nuclear hysteria.

The farmers were obviously waiting for Kohl to come out in defense of their income interests. The chancellor could have restored his own shattered image among farmers, who are up in arms against Bonn because of the government's disinterest in the bad income situation in the agricultural sector anyway. Kohl's failure to defend the farmers against the SPD-led hysteria campaign is certain to cost his Christian Democrats additional votes in the farming sector, now.

All of this will undermine the chances of Kohl's Christian Democrats to win the state elections in Lower Saxony on June 15, which can be considered quasi-primaries for the national elections of Jan. 25, 1987. With Kohl's popularity down to the record low of 41 points, he is not certain to survive June 15. The party will rather leave Kohl, like the proverbial rats jumping from the sinking ship, and look for another Christian Democrat for chancellor candidate.

The political tradition in West Germany does not allow such "changing of horses" mid-stream in the pre-election race, however. It would even accelerate the decline of the Christian Democrats, improving the chances of the Social Democrats to win the national elections in 1987.

Patriot, engineer, entrepreneur

"In order to fly well, an aircraft first has to be beautiful." — Marcel Dassault.

On April 18, French aeronautical engineer and entrepreneur Marcel Dassault died, at the age of 94—a figure one might have labeled, based on his last years, as an eccentric billionaire who sometimes used his fortune in odd ways. Yet, Marcel Dassault could be seen as the most important European innovator in aircraft design and construction in the last 40 years. To cite only one plane which made him world-famous, his Mirage-III has been one of the most successful jet fighters of the recent period.

Dassault was an engineering genius, a bold entrepreneur, and a staunch French patriot. His work, for 60 years, has been a locomotive for European and world aeronautical progress, and remains an example for future generations.

Born in 1892 in Paris, Marcel Bloch (his real name), was the son of a Jewish doctor who had left Alsace after the Prussians annexed that province in the wake of the Franco-Prussian War of 1870. After graduating as an electrical engineer, Bloch became intrigued by airplanes in World War I. In 1916, he designed a new model of propeller, the Helice-Eclair, fitted for two aircraft of the period, the Caudron-G3 and the Farman F-40. He then designed a two-seat fighter interceptor, the SEA-4, of which 1,000 were ordered by the French army in December 1917. With the end of World War I, however, that order was canceled, forcing Marcel Bloch to end his career as a aeronautical engineer for about 20 years.

In the 1930s, however, he came

back to what was to make him famous: designing and building aircraft. The creation of an Air Ministry induced him to sell his estate to build another aircraft company. He thus created one of the first commercial twin-engine planes, as well as other models. The Popular Front in 1936 nationalized his company, but he stayed on as an "adviser," and designed several fighter-interceptors, the Bloch-150, Bloch-200, and Bloch-220, which had some success in the first phase of World War II, and a public transportation quadrimotor, the Languedoc-161. The latter's prototype was ready just before the French defeat in 1940. When Bloch refused to deliver the plans to the Luftwaffe and to collaborate with Nazi Germany's engineers, he was deported to Buchenwald.

Surviving the death camp, Bloch converted to Catholicism just after the Liberation and assumed the name he had carried in his episodic Resistance activities, Dassault, and created a new company with that name. While the German aeronautical engineers, earlier the best in Europe and perhaps in the world, were either forbidden to work on armaments or went to work for the United States or the Soviet Union, he became the man of European aeronautical progress. He designed the first European jet-engine aircraft after the war, the Ouragan, which flew at Mach 0.75 (1949). Soon after, he built the Mystère IV, the first European aircraft ever to pass the sound barrier; the United States bought 240 of them in 1954, and to offered them to the French Army (as part of

the "offshore agreements" of the Marshall Plan, to aid the rebirth of European industry).

By 1956, he had become powerful enough to build entirely at his own risk the Mirage-III, the first interceptor able to fly at (and above) Mach 2. Another novelty of the Mirage-III was its delta wings—a design copied by all major aircraft makers because of its flying qualities at supersonic speeds. More than 1,400 of these planes were sold in more than 30 countries. On a Mirage-III, Jacqueline Auriol, the French President's daughter, became the first woman to pass the sound barrier; she later set a record of 2,738 km/h, which held for more than 20 years. The French strategic bomber, the Mirage-IV, is derived from the same basic design.

Dassault designed many other aircraft whose names are still making news—the Jaguar (in collaboration with the British), the Etendard and the Super-Etendard aero-naval fighter-bombers, the Dassault-Breguet-Atlantique reconnaissance plane, the Alpha-Jet training plane, and several civilian airplanes: the Mystère-20, the Falcon, and the Mercure.

Close to 1,000 of the Mirage F1 (derived from the first European vertical take-off aircraft, the Balzac) have been sold. Today, the Mirage 2000, although not matching planes like the F-16, remains one of the top three fighters in the world. After disagreement between various countries in Europe (especially France and Great Britain), Dassault has offered the Rafale fighter, whose first prototype is due to fly in May. Even though his company was nationalized for the second time by the Mitterrand regime in 1981-82, Dassault took up a new challenge: he designed the Hermes project of hypersonic space glider, a kind of mini-shuttle that France wants to build with its European partners.

Italian scientific tradition revived

"From Leonardo da Vinci to hypersonic flight: Italy's contribution to economics and defense" was the theme.

Hotel Universo in Rome was on April 29 the site of a historic event. Meeting again, after almost 40 years, were many members of the military and scientific network which first experimented with supersonic flight and did original experiments on vortices in water and in the air, at the Guidonia aerodynamic center near Rome.

This work led first to Antonio Ferri's discoveries on supersonic flight, and later to his project for a hypersonic airplane in the United States.

Many of the 100 participants in the conference, organized by the Schiller Institute and the Fusion Energy Foundation, were generals, colonels, or admirals who had either studied at Guidonia or came indirectly from that tradition. Other participants, including aeronautical engineers, spokesmen for the space and military industries, researchers, and representatives of the general staffs, came because they agreed with the Schiller Institute that Italy's participation in the U.S. Strategic Defense Initiative will only be fruitful if this scientific tradition is revived.

Particularly impressive to everybody, since Ferri and his projects are much more known in the United States than in Italy, was the moment when Prof. Bernardino Lattanzi, one of the first researchers at the Guidonia school in the 1930s, gave his "eyewitness report" on the scientific breakthroughs in Guidonia. He explained that when it was inaugurated by Gen. Gaetano Arturo Crocco in 1936, Guidonia included "one building for the radio, one

for chemistry, one for hydrodynamics with the second-longest tank in the world, one for aerodynamics, which contained four normal wind tunnels as well as a vertical one, and a building for the supersonic wind tunnel, the fastest in the world."

"I saw all this," Lattanzi continued, "when I arrived there in 1938 for a period which was supposed to last three months, and instead lasted until Oct. 8, 1943." Lattanzi, who himself experimented with aircraft, reported on how Guidonia's publications were translated by the American NACA, the predecessor of NASA, and how Lieutenant Ferri, "later on a professor and dean at Brooklyn Technical College, managed to prove that all American experiments on supersonic flight were wrong, because the model airplanes reflected shock waves coming from the wind tunnel" and solved the problem for the first time.

How the Guidonia school was not at all built by fascism, but was the outcome of a long tradition of scientific breakthroughs going back to Leonardo da Vinci's hydrodynamic studies in the Renaissance, and particularly the Italian collaborators of the German 19th-century scientist Bernhard Riemann, was made clear by Giuseppe Filipponi, director of the Fusion Energy Foundation in Italy, and by Dino de Paoli, who spoke on Leonardo da Vinci and Riemann's networks in Italy. The Guidonia breakthroughs resulted from Leonardo da Vinci's superior method, which allowed experimentation on the propa-

gation of air shock waves in water or the other way around, since these phenomena appear in all fluids, including gas and plasma.

The patriotic pride evoked by the first three speeches peaked when two messages to the conference were read: the first from the world-famous German aerodynamicist Adolf Busemann, who recalled his year in Rome in 1935 as the "best in my life," and the second from American presidential candidate Lyndon LaRouche, who wrote that "through the influence of the circle of [Riemann's Italian students] Betti and Beltrami, Italy returned to the foundations laid by Cusa and Leonardo, to emerge as a world leader in application of hydrodynamic principles to electrodynamic and aerodynamics."

The second part of the conference dealt with the SDI project in the United States, outlined by Fusion Energy Foundation executive director Paul Gallagher, and in Europe, discussed by Heinz Horeis of the German FEF. Horeis had just returned from the first-ever conference on the SDI in Japan, also sponsored by the Schiller Institute. Fiorella Operto, president of the Schiller Institute in Italy, concluded the conference by saying, "I think I speak for everybody in this room when I say that what we discussed must now become government policy. Cooperation between Italy and the United States on the SDI must be based on this scientific foundation. We should not look at it as an attempt to sell the Colosseum to the Americans, and we should not misinterpret the economic spin-offs as money coming into the industrialists' pockets from U.S. contracts. Only through a university reform, and building scientific laboratories like Betti's, Brioschi's, or the ones in Guidonia, will we be able to really contribute to the SDI research."

The PRI and economic policy

The party does not like the pro-IMF dictatorship of the "economic cabinet," but will it do anything about it?

The Revolutionary Institutional Party (PRI), Mexico's dominant party, will convene an emergency meeting of its national, regional, and local leaders of the whole country, with the aim of discussing the grave economic crisis Mexico is undergoing, and to propose an alternative economic policy to the one being implemented by the so-called economic cabinet of President Miguel de la Madrid.

The meeting will take place on May 22-24 in Mexico City, and according to information received by *EIR*, the PRI will criticize the current economic policy which is based on paying the foreign debt at the cost of sacrificing the national economy, and will propose as an alternative that Mexico dedicate only 25% of its export revenues to foreign debt payment.

The PRI leaders, led by the party chairman, Adolfo Lugo Verduzco (a man very close to Miguel de la Madrid), have constantly clashed with the views of the economic cabinet members, the "troika" headed by Treasury Secretary Jesús Silva Herzog, Budget and Planning Secretary Carlos Salinas de Gortari, and Miguel Mancera, president of Central Bank, who demand that the party leaders and government bow to the policy of financial and economic shrinkage.

This has produced an enormous discontent among the ranks of peasants, workers, and the middle class who are active inside the PRI. One electoral official of the party privately commented, "What are we going to tell our members if they have no mon-

ey to go to the movies?" The situation has allowed gains by the anti-government parties led by the alliance of the National Action Party (PAN) (the former Nazi party of Mexico), and the Unified Socialist Party (PSUM), the former Communist Party of Mexico.

In addition, the financial policy has turned into a political dictatorship which extends not only over the "governing" party (sic) but also over the legislative branch of the federal government. The PRI majority in the House and Senate of Mexican has no power to censure the actions taken by the economic cabinet, which is under the Executive branch of the government. Moreover, these economic cabinet officials are not and never have been party officials.

The extreme case of this process of dictatorship was manifested during a forum of consultation and analysis on the foreign debt convened by the House of Deputies last November. The first consultation sessions resulted in an across-the-board rejection of the debt payment policy of the government by civic groups, and organizations of industrialists, farmers, economists, and so forth. The consensus was that Mexico should put a ceiling on the debt payments, as is being done by the government of Alan García in Peru.

Only two hearings were held and then they were abruptly suspended, without explanation. According to what the organizers of the sessions had announced, the results were supposed to be presented to President de la Madrid, who would decide what actions

to take on the basis of the consultation. However, that day will never come, because the hearings were cancelled under pressures from the treasury secretary and his agents in the House, such as Dep. Luis Orci Gancara, who represent the viewpoint of the creditor banks within the national political apparatus.

In fact, going in exactly the opposite direction, late last year the treasury department presented a bill to set up dollar accounts inside the national banking system, which would be against the law because of exchange controls. However, despite the serious irregularities which were committed, the House was convened for an extraordinary series of sessions in March only to approve the bill to open dollar accounts—even though some PRI congressmen were against the measure.

Such goings-on have produced rumblings of discontent inside the PRI against the aforementioned cabinet members and the pro-International Monetary Fund stance of the government. Privately and in public, the President of Mexico has been presented with a replacement of that economic policy by another which would stimulate economic growth, and hence, a replacement of the officials which have been carrying it out.

If the PRI comes up with an alternative policy to the present one, we will probably see the sun set on the power of Jesús Silva Herzog and Carlos Salinas de Gortari. That, in turn, would eliminate them from the heated contention for President of Mexico when the next six-year term comes up for election, in 1988.

If instead, the PRI backs down as it has up to now, then Mexico will enter a period of economic and social chaos. And the PRI will have sealed its own doom.

Debt-for-equity urged in Venezuela

The president of Venezuela's Chamber of Commerce pushes Kissinger's asset-grabbing "solution."

We shouldn't waste time in seeing how the foreign debt was acquired, how it was invested, or how it was refinanced. It is a debt that we have to pay, and we should do it on the basis of work." This statement, made April 22 by Rafael Marcial Garmendia, president of Venezuela's Fedecámaras (Federation of Chambers of Commerce), raises anew the debt-for-equity scenario which, in the case of Venezuela, means nothing less than selling off its oil resources to pay its debt.

On March 21, Fedecámaras presented Venezuelan President Jaime Lusinchi with a document containing proposals on how to deal with the joint crisis of the nation's pressing foreign debt and the fall in oil income. The proposals included:

1) "Use the capacity of oil production ruthlessly"; that is, auction off Venezuela's oil "without imposing limits on how much to export."

2) "Pay the debt at discount"; that is, repurchase the foreign debt at below face value, as some Venezuelan businessmen have been speculatively doing with the preferential dollars offered by the government.

3) "Open the doors to foreign investment, eliminating the controls imposed by the Foreign Investment Superintendency."

4) And the last and most important: "Capitalize the debt, proposing that the creditor banks acquire stocks in state property determined accessible to foreign investment."

This last petition is neither new nor original to Fedecámaras. In fact, it appears very similar to an earlier proposal by the so-called Roraima Group. It was also proposed by Henry Kissinger at an infamous meeting in Vail, Colorado in August 1983. And since then it has been ceaselessly repeated by men like Oscar Echevarría, the Cuban-Venezuelan economic adviser to Fedecámaras, who has suggested that the country pay its debt by handing over to its creditors property from basic industry and nationalized businesses.

What must be asked is, whether the proposal issued by Fedecámaras' president was formulated in consultation with the organization's membership, or whether it was a decision taken solely by the gang at the top, as occurred in mid-1984.

At that time, some of the leaders of Fedecámaras circulated a proposal urging that the New York investment house Goldman Sachs & Co. advise Venezuela's private debtors in their negotiations with international creditors. The proposal was motivated with the statement that Goldman Sachs & Co. "have at their disposal the talent of such members of its advisory board as Henry Kissinger, Robert McNamara, and Henry J. Fowler, with whom all the international business ventures of the company can consult."

When it first appeared, the 1984 proposal was discovered to be unfamiliar to approximately 99% of the members of Fedecámaras. One can

only ask if the new proposal of Fedecámaras president Rafael Marcial Garmendia was inspired by the prestigious advisers of Goldman Sachs & Co, since it is nearly identical to Kissinger's 1983 Vail, Colorado "recommendations."

As their premise for the proposed denationalization of the Venezuelan economy, these representatives of the nation's business community demand the restitution of "economic guarantees," that is, the return of the law of the jungle of free-market economics, eliminating laws which regulate prices, wages, monopolies, and lay-offs.

About the \$35 billion in Venezuelan flight capital over the past few years, as denounced by the recent statement of the Venezuela bishops on unemployment, the Fedecámaras document has nothing to say. Instead, the cause of unemployment is explained as "population growth." This Malthusian argument is truly absurd in a country like Venezuela, whose vast natural resources are still largely unexplored and whose extensive territory remains to be conquered.

The document indicts as another cause of unemployment "the obstacles, licenses, freedoms, and unnecessary controls that turn Venezuelans into dispirited and unproductive citizens."

The implied "solution" to unemployment being offered here was more fully explained during a visit to Venezuela by the Peruvian expert on the "informal economy," Fernando de Soto. It means legitimizing a vast pool of underemployed, while the international bankers take over the country's productive wealth. Instead of highly skilled and well-paid jobs, the informal economy encourages the proliferation of street vendors, smugglers, chimney sweeps, and, of course, drug traffickers.

Six AIDS cases turn up in Tamil Nadu

A systematic surveillance effort has turned up the first indication of the deadly virus in India.

On April 29, Union Health Minister Mohsina Kidwai told the Parliament that nation-wide surveillance studies initiated by the Indian Council of Medical Research (ICMR) had identified six women in the southern state of Tamil Nadu who have been infected by the AIDS virus. The women, known for promiscuous heterosexual behavior, tested positive for the antibodies to the AIDS virus, a sign that the virus has made an appearance.

Mrs. Kidwai also announced that instructions had been issued to stop the import of blood and blood products without certification of freedom from AIDS contamination.

At the meeting of the National Development Council on the same day to consider the government's new education policy, Prime Minister Rajiv Gandhi drew the attention of the assembled representatives of all the states to the AIDS threat, and exhorted them to exercise extreme care and take all steps needed to apprehend and deal with the problem immediately.

As Minister Kidwai emphasized, the situation in Tamil Nadu is under close surveillance. Whether the infected women are actually carrying the virus or whether any or all of them will actually succumb to the disease is not yet known.

Mrs. Kidwai reported to the legislators that the ICMR had already established AIDS surveillance centers in seven cities—Pune, Vellore, New Delhi, Delhi, Srinagar, Madras, and Calcutta—and that the number would be immediately increased to cover all

parts of the country. A separate cell was being established in the Directorate-General of Health Services to work in close coordination with the national task force headquartered at ICMR.

Detection of the six cases in Tamil Nadu was the result of an aggressive program adopted by Indian medical authorities in October 1985, when the ICMR set up a national task force on the AIDS threat, headed by ICMR director V. Ramalingaswami.

A three-level strategy devised at that time put a surveillance system into motion through the medical colleges and medical professions to produce regular reports for the central task force on any condition which resembled AIDS from different parts of the country. This system will be expanded now to include 25 centers.

The second level of the strategy involves establishment of a laboratory testing capability initially centered in the National Institution of Virology (NIV) in Pune and the Christian Medical College at Vellore, and later extending to other institutions.

A serological survey for AIDS antibodies was begun by early 1986 among members of the "high-risk" groups—homosexuals, drug users, prostitutes, blood donors, hemophiliacs, etc. This work, initiated in Madras, led to the recent detection of the six cases.

In Tamil Nadu, blood samples were collected from 600 persons. Of the 126 samples subjected to intensive examination at the Christian Medical Colleges, 11 tested positive. These

samples were referred to the ICMR in Delhi, which in turn referred them to the U.S. National Institute of Health, where six of the cases were verified as positive for the AIDS infection.

The third aspect of the national strategy is an educational drive aimed most at mobilizing medical personnel and alerting the general public.

As Dr. Ramalingaswami recently pointed out, an important part of the overall strategy is the fact that ICMR scientists have made AIDS a "thrust area" for research. Indian medical professionals are collaborating with their U.S. and European counterparts to develop the most effective methods for testing and identification of the disease, as well as analysis and understanding of its properties, etiology, and potential antidote. India will soon begin manufacturing test kits, which have so far been imported, for use in the surveillance centers.

Newspaper reports from Madras indicate that the surveillance team in the state will now be taking up a larger-scale screening program there. If this is now also done in centers such as Bombay, Calcutta, and Delhi, doctors say, it is quite possible that more cases will come to light. Also, according to the same reports, a special effort is now underway to trace the possible sources which brought this infection into India.

The Indian effort is being coordinated in the subcontinent with a similar national task force set up in Bangladesh by the Institute of Post-Graduate Medical Research there, headed by Prof. N. Islam. The Indian task force keeps itself abreast of development in the rest of Asia, in particular. To date, the only cases identified in the region were in Bangkok, Thailand, involving five foreigners and two Thais who had been in close contact with the foreigners.

The new countdown has begun

Cornered, Qaddafi is reportedly increasing his daily intake of drugs, but has promised that his "prestige" will be avenged.

The beginning of May brought bad news for Libya's Muammar Qaddafi. On May 3, his month-long efforts to force the Arab League to denounce the United States, fell apart. After several days of sessions among Arab foreign ministers, a new consensus emerged: No Arab country was willing to denounce the United States or to even moot retaliations in Libya's defense.

As a last-minute face-saving operation, Qaddafi announced that if an Arab summit were convened in Fez (Morocco), he could not attend for security reasons; the summit would have been held in Tripoli. This irked Libya's Moroccan partners, who signed an "Arabo-African unity pact" with Libya only last year. Then, on May 5, the seven heads of government at the Tokyo summit voted a resolution against international terrorism which singled out Libya. Qaddafi's hopes that some of the European countries would veto such a statement, were dashed.

Muammar Qaddafi has been ostracized, and he knows it. His friends can be counted on the fingers of one hand—Syria, Iran, and the U.S.S.R. The support given to the Libyan resolutions at the Fez conference by Algeria and South Yemen can hardly comfort Libya. Algeria deliberately did it to annoy Morocco, while South Yemen's support meant little else than that Moscow had told Aden to do so.

Even Libya's closest friends look like summer soldiers. Syria spoke loud and clear in support of Libya, but from Damascus; it didn't bother to send anyone from the foreign ministry to Fez. Only Iran made the gesture of

dispatching on April 30 two high-level ministers to convey its moral support, Foreign Minister Ali Akhbar Veilayati and minister for the Pasdaran, Mohsen Rafiq-Dust.

From Fez to Tokyo, a new countdown has begun. Libya is expected to retaliate spectacularly against the United States and its allies. Already on May 6, Qaddafi called for a general *Jihad* (holy war) against the West. While swallowing one diplomatic defeat after the other, the Libyans have held meetings with their terrorist friends, and they are expecting Syria and Iran to pitch in.

On April 27, Col. Abu Bakr Yunis Jabr Ali, Libya's chief of staff, met with Abu Musa and Ahmed Jibril as well as a few of their underlings, Abu Khaled al Umlah, Abu Majdi, and Fadl Sharah Fines. Meanwhile, terrorist Abu Nidal was announcing retaliations against the U.S. government and some American figures. The very fact that Abu Bakr Yunis chaired the conferences pointed up the Libyan mood. Usually such gatherings are run by Libya's number-two, Maj. Abdelsalam Jalloud. By sending a lower ranking member of the Revolutionary Command, Qaddafi conveyed his rage that the Palestinian radicals were not doing enough to "defend the Jamariyaah."

Whatever form the new Libyan terror takes, Tripoli has little doubt that it will lead to more American reprisals, and is trying to guess what means will be used by the United States next time. Qaddafi cares little about the human casualties or material dam-

age a raid may provoke, but has serious worries about its aftermath. After the April 15 raid, it took three days for the Revolutionary Command to reassess its control over the army and quell local rebellions. Moreover, the army refused to mobilize during the air raid. According to British intelligence sources, as early as April 9, five days after the West Berlin terrorist bombing that led to the U.S. raids, the Libyan leaders, together with KGB Gen. Mikhail Bakov, had made a contingency plan in case of American retaliation. Reportedly, the plan included security measures for East bloc personnel, as well as the special deployment of East German and Czech troops, together with members of the Revolutionary Committees, at key infrastructure sites to prevent a coup. There was no coup, but this deployment proved unable to prevent a military revolt.

Abu Bakr Yunis was reportedly the only Libyan of any standing to exert influence on an army getting more and more restless at the Revolutionary Committees' insanity. It proved not to be enough. In late April, Qaddafi recalled to Tripoli Col. Abdel Hafiz Messaoud, the governor of the Fezzan region and military commander of the Sebha military base. Messaoud was put in charge of reorganizing the army, both to overcome the failures shown during the American raid, and to defuse any threat of rebellion—meaning wide-scale execution of potential opponents.

In charge of deploying the Libyan army in Chad for several years, Messaoud at least has a military record, contrary to the other Libyan leaders. But Messaoud may himself have some second thoughts about the task; his predecessor, Col. Hassan Skhal, was assassinated last November by Qaddafi, who considered him a potential rival.

International Intelligence

London AIDS conference hears of 'nightmare'

"New AIDS nightmare," headlined the May 7 *London Daily Express*, reporting on a May 6 conference on AIDS there at which British government expert Dr. Philip Mortimer warned that AIDS would be killing 5,000 people a year in Britain by the year 1990, and that this death toll will be as high as casualties from traffic accidents.

Should present trends continue unabated, or worsen, Dr. Mortimer warned, Britain itself could be depopulated by the next century.

While he and other doctors warned of worldwide and national-British calamities from AIDS spread, from the publicized accounts, none went beyond recommendations that homosexual activity be limited, that people abstain from promiscuous sex, and that drug addicts use clean intravenous needles.

3,000 riot in So. Korea after student's death

About 3,000 students clashed with riot police in Seoul, South Korea during memorial services for a student who died after setting himself afire in an anti-government demonstration. Calling Kim Se-jin, 21, who died May 3, "a martyr for democracy," the students staged a series of demonstrations on campus.

Police said that one policeman was killed and three others were injured when an anti-riot vehicle burst into flames after being hit by gasoline bombs during the student demonstration at the state-run Seoul University campus.

At least 500 gasoline bombs were used by the protesters during the clash. No student casualties were reported.

South Korean opposition leaders, with the clear help of the U.S. State Department, have proclaimed it their goal to make the country into "another Philippines."

Soviets threaten SDI 'countermeasures'

Soviet analyst Vasily Morozov said in an article from Novosti news service in early May that Soviet "responses" to President Reagan's Strategic Defense Initiative (SDI) could include decoy weapons, submarine-launched ballistic missiles, and cruise missiles. Morozov said that if the SDI went ahead, the Soviet Union would not be bound by the 1972 ABM treaty or the SALT-II accord limiting numbers of ICBMs.

Morozov said: "In this case, the U.S.S.R. will have broader opportunities to use its ICBMs in massive retaliation, making it more difficult for an American space-based ABM system to detect and intercept them."

The Soviets have never paid any attention to either treaty, are already engaged in massive new missile deployments, and are ahead of the United States in SDI-type research and development.

He stated: "Deployment of relatively cheap 'decoys' equipped with a simplified control system and without warheads is a simple and effective countermeasure"—but SDI systems now under development will be able to detect these, and some systems, which effect a "mass kill," will not even have to.

He also said that many other options were open, including building up the potential of weapons which current defensive systems are not capable of intercepting. "Such offensive weapons include submarine ballistic missiles launched on flat trajectories . . . as well as cruise missiles of different basing modes. Not one of the space weapons now being developed in the U.S. can reliably detect and intercept low-flying small cruise missiles," he said. "For this reason, a massive deployment of such relatively cheap missiles may be very effective against SDI."

Morozov said the Soviets could also seek to wear out a space-based defense system by launching ICBMs that would force it into early action. "This will also lead to the discharge of x-ray lasers and electromagnetic

railguns and to other premature losses in the firepower of an ABM system," he stated, concluding: "The material, scientific, and technical potentialities of the U.S.S.R. are strong enough to parry any U.S. challenge, SDI included."

In truth, one nuclear-powered x-ray laser system could knock out the entire Soviet ICBM fleet in a matter of minutes.

AJC seeks tribunal in Waldheim case

The American Jewish Committee on May 6 called for establishment of an international tribunal to examine Kurt Waldheim's role as a German officer during World War II. Waldheim is accused by the AJC of war crimes on behalf of the Nazis.

A Committee statement said that the tribunal would "pursue justice, not vengeance, and it could well provide an important vehicle for uncovering the full truth of this sad chapter."

Waldheim, former U.N. secretary general, fell short of winning an absolute majority in Austria's presidential elections recently, gaining 49.6% of the vote.

The AJC, headed by Edgar Bronfman, called on Austrian voters to "carefully weigh the damaging historic and international implications of their votes."

Shultz: U.S. to curtail aid to Philippines

U.S. Secretary of State George Shultz said Washington would not give more than \$500 million to Corazon Aquino's government in the Philippines this year. He blamed the Gramm-Rudman bill and budget restraints for the inability of the United States to provide more aid, calling cuts in planned aid "much too deep and not in the interest of national security."

Yet, he supported the International Monetary Fund (IMF), which has put massive pressure on the Filipino economy, say-

ing: "The big thing is what people do themselves. We support your efforts to resolve outstanding financial problems and to enhance economic development." This apparently meant, capitulate to IMF conditionalities and destroy your economy. He urged the Philippines to open up to "private investment."

West German Foreign Minister Hans-Dietrich Genscher, who met with Philippines leader Corazon Aquino in Manila May 7, advertised promises of economic and financial aid to the Philippines regime. Aquino told Genscher she welcomed this support because the Bonn government had "showed the flag against Marcos" when her rebel forces, at the direction of the U.S. State Department, ousted the elected President in February. Genscher's ministry was among the first to recognize Aquino as the new President, even before Marcos had resigned.

Colombian drug-fighter welcomes new *Dope, Inc.*

Patricia Londono, a leader of the National Anti-Drug Coalition of Colombia, was kidnapped in 1984 by thugs linked to the drug mafias, following several months of harassment and threats. She issued the following statement on May 6:

"I am very happy to learn that a second English edition of the book *Dope, Inc.* has just come off the press. This book reveals who organized and directed the infamous narcotics business from its origins until today, how this international emporium works, and what are its political and strategic dimensions. . . .

She stated that she was particularly pleased that the book had been published on the second anniversary of the death of Rodrigo Lara Bonilla, who, as Colombia's Justice Minister, who was murdered by the drug mafia. She relates how he told her and her friends, "I've known what it is like to be threatened, therefore I give my complete solidarity to you and I offer you my complete willingness to cooperate and help."

"Especially important is the treatment the book gives to certain gnostic networks coordinated from Bulgaria and represented in Colombia by the Universal Christian Gnostic Church. Members of that so-called 'church'—among them Oscar Jimenez, the lawyer Arturo Cortes Cadena and Jose Vicente Marquez, the gnostic church's 'bishop'—were implicated in the abduction of which I was the victim on July 26, 1984. . . .

"On that occasion . . . I was subjected to psychological procedures indistinguishable from brainwashing. The gnostics' objective to break my loyalty to the anti-drug cause failed, thanks to the world-wide mobilization of the Anti-Drug Coalitions to obtain my freedom. I recuperated from these abuses in the hospital of the University of Valle, in Cali, Colombia.

"Crimes such as these, and many others committed by the narcotics mafias and their peons of all sorts, are given in the new edition of *Dope Inc.* the kind of treatment so that in a not so distant future, these enemies of the human race will receive their due punishment."

Mexico, Uruguay make joint statement on debt

The Presidents of Mexico and Uruguay issued a joint communiqué at the end of Uruguayan President Julio Sanguinetti's official visit to Mexico in early May. The statement signed by Sanguinetti and Mexico's Miguel de la Madrid expressed their "great concern" that no progress had been made toward a solution to the problem of Ibero-American nations' foreign debt.

They warn that the policies of "adjustment"—brutal austerity—proposed by international financial institutions are "inadequate," limiting Ibero-America's growth capacity and creating serious political and economic risks.

The statement proposes adjusting debt service to the real capacity of the developing nations to pay, maintaining an adequate growth rate, effective financing mechanisms, and a reduction in interest rates.

Briefly

● **U.S. SPACE** setbacks have thrown into disarray Indian plans to expand badly-needed telephone and television facilities, sources have told *EIR*. The Delta rocket mishap, the failure of a Titan rocket, and the Shuttle tragedy mean a delay of at least two years in launching India's next satellite, the Insat 1-C. It was planned for launch in September 1986 by a U.S. Delta rocket. Also India's second astronaut was scheduled to travel on a *Challenger* mission in September.

● **PANAMA** has asked the U.N. Economic and Social Commission to pay more "attention to the situation of transit countries on the operations routes for drug shipments," not just the situation of drug-producing countries. On May 8, Panamanian government official Leonardo Kam told the U.N. authorities: "In the struggle against the organized crime of illicit drug traffic, Panama has dismantled clandestine laboratories, has taken energetic actions against banking entities used for 'laundering' money, has confiscated shipments of ethylene ether, and has captured and broken up national and foreign gangs."

● **ITALIAN POLICE** raided several Libyan organizations in early May, and ordered more than 20 Libyans found to be in Rome illegally to leave the country, police sources said May 8. Officers from the aliens office and intelligence branch raided an organization called "Appeal for Islam" that helped illegal North African immigrants and was believed to be financed by Libya. The police raided a radio station in another area of Rome believed to be financed by Libya.

● **NARCO-TERRORISTS** in Peru, presumed to be Sendero Luminoso guerrillas, killed a rear-admiral of the Peruvian navy, Carlos Ponce Canessa, in a grenade attack on May 5. He is the highest-ranking military official to have died since the beginning of guerrilla warfare in Peru.

Tax reform: Merrill Lynch rides Buffalo Bill

by David Goldman

Sen. Robert Packwood (R-Oreg.) has emerged as the unfortunate frontman for a conspiracy to crash American real-estate and securities values, and permit overseas hot money to buy up the pieces at pennies on the dollar. The Senate Finance Committee's new tax legislation, unanimously passed out of committee on May 7, proposes to shift \$100 billion in personal taxes onto business taxes, over the next five years. The maximum tax rate would be reduced from 50% to 27%, and the government would pay for this by throwing out the Investment Tax Credit, accelerated depreciation for real-estate investment, and a host of other deductions.

That fits nicely into the President's own ideological bias, as promoted by the "supply-side" presidential candidate, Rep. Jack Kemp (R-N.Y.). Sources close to Kemp acknowledge a good working understanding between Kemp and White House Chief of Staff Donald Regan, former chairman of Merrill Lynch securities. The former chief of the thundering herd and the former Buffalo Bills quarterback have manipulated the President into backing an utterly monstrous exercise in economic sabotage.

Jack Kemp's job is to exude the aura of popular support for "supply-side" tax cuts, and feed the President's own ideological weaknesses; Regan's role is to appear as the President's biggest sycophant, and force the required policies through the Senate. But the beneficiaries of the tax reform will not be taxpayers, too many of whom will be unemployed to enjoy lower tax rates.

The tax bill will pull the plug on the American banking system, for reasons which ought to be obvious. The near-doubling of U.S. indebtedness to the \$8.5 trillion level between 1980 and the present is largely a function of the 1981 tax code, which told business and individuals to borrow as much as they could, and speculate in real estate and financial markets. Investors lined up for real-estate deals based on \$20 in equity for \$100 in debt, "leveraging" the generous accel-

erated-depreciation advantages of real-estate investments under the 1981 tax code.

The result is a massive overbuilding, leading to a 25% nation-wide vacancy rate for commercial real estate, a 15% reduction in commercial construction levels between March 1985 and March 1986, and a loan-delinquency rate in commercial real estate in the range of 20%, by *EIR's* own calculations.

Particularly in states hit hard by collapsing oil prices, the real-estate disaster already threatens to bring down the financial system, starting with savings and loan associations. What the Senate proposes, and what will undoubtedly emerge from conference discussions with the House of Representatives, will make the crash uncontrollable, by eliminating the tax breaks that made real-estate speculation attractive in the first place.

The stock-market bubble runs on the same principles. During the past five quarters, U.S. corporations borrowed roughly \$120 billion on the bond market, and used almost all of it to buy up their own stock, through mergers, acquisitions, takeovers, and leveraged buyouts. In other words, corporations were told by their accountants to issue as much debt as possible, since the interest payments could be written off as a business expense; and to use the debt to purchase securities, since dividends and capital gains are taxed at a much lower rate than straight income.

The \$100 billion reduction in the amount of corporate equity outstanding is the source of the last year's stock-market boom. In contrast, virtually none of the funds borrowed by the corporate sector got to within hailing distance of a machine tool. The "recovery" took place strictly in the securities markets, while the economy's industrial base continued to decline.

The closing-down of business tax deductions does not have the same immediate, devastating impact that the elimi-

nation of accelerated depreciation for real estate implies. Nonetheless, it signals a narrowing of corporations' field in which to use tax gimmicks, and the end of the corporate sector's grand plunge into stock speculation.

Real estate and the banking system

Savings and loan institutions reported last September that about \$32 billion of their \$648 billion of mortgage loans is in trouble. Almost all of this is concentrated in commercial real-estate lending, into which the S&Ls were forced by Paul Volcker's banking deregulation of the early 1980s. The S&Ls took a plunge into high-risk lending, often obtaining 2% or more off the top of the loan as a fee, and used such one-shot income to stave off disaster during 1983, 1984, and 1985. Now the same high-risk loans are failing to earn income, and the crisis has arrived with a vengeance. We obtain a delinquency rate on commercial and multi-family residential mortgages of 19%, as of September 1985.

How much bank debt is at risk? The value of commercial real estate may be calculated as follows: Approximately 1.5 billion square feet of prime office buildings exist in the 24 top market areas surveyed by the Office Network. At \$22 per square foot average rent, their income-production capacity is \$33 billion annually. According to a Price Waterhouse formula of \$.855 in rent for every \$10 of property, we can estimate a market value in the major market areas of about \$386 billion. That corresponds roughly to the existing numbers for outstanding commercial mortgages.

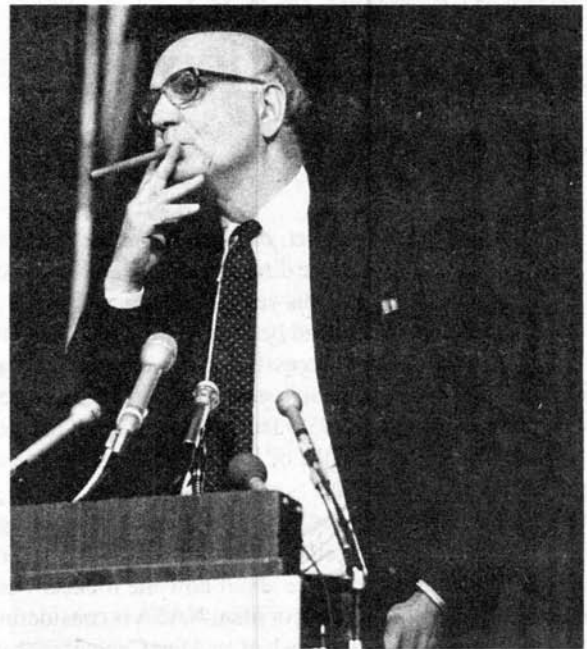
A bad-loan rate of 15% to 20% translates into a \$57 to \$77 billion loss for the banking system. However, the current vacancy rate of 25% suggests that the loss will escalate, to \$96 billion.

The bad news is that nearly \$100 billion of bad real-estate debt was on bankers' books by the end of last year. Even worse news is that the Packwood tax plan will devalue most commercial real estate by about 40%. That translates into an additional loss of at least \$154 billion. The present losses plus future loan losses we can anticipate—as a matter of pure arithmetic—are more than \$250 billion, divided about equally between savings institutions and commercial banks. This is sufficient to wipe out the entire banking system.

According to a Price Waterhouse study published in July 1985, when tax reform was still a leer in Don Regan's eye, eliminating accelerated depreciation tax-benefits would wipe out 40% of the value of an 80%-debt-based real-estate transaction, the most typical case for commercial deals.

That is what the tax disaster will set in motion. Who stands to benefit? Donald Regan's Merrill Lynch became a leading conduit for international dirty money seeking havens in the United States, as *EIR* reported in our April 25 cover story. \$500 billion in global narcotics traffic is already about two-fifths of world trade. Under crash conditions, it can buy what it wants. Regan and his old Merrill Lynch associate David C. Mulford, now the treasury's assistant secretary for international affairs, are also talking down the dollar—giv-

ing overseas hot money both a currency and a price advantage in buying up bankrupted U.S. assets.



NSIPS/Stuart Lewis

Volcker speaking at the Society for International Development.

Volcker won't deny he'd legalize dope

Federal Reserve chairman Paul Volcker refused to deny that he supported the legalization of drugs in developing-sector countries before a shocked audience at the annual meeting of the Society for International Development in Washington, D.C. on May 8. After delivering a half-hour diatribe against the evils of "nationalism" in the name of "painful adjustment, competition and free markets," Volcker was questioned by *EIR*'s correspondent: "The 1986 report of the Inter-American Dialogue, headed by Sol Linowitz, and including the likes of McGeorge Bundy, Robert McNamara, and Cyrus Vance, in supporting the Baker Plan, has called for the selective legalization of drugs in certain developing-sector countries. Do you support that policy?" Volcker threw his arms up. "That's way out of my league. I don't want to get into that," Volcker stumbled. "But do you denounce the policy or not?" our reporter insisted. "I would have to do an awful lot of thinking about it," Volcker, clearly embarrassed, said. "Then that means you would consider it," our reporter retorted. "I just don't want to get into that. Next question," Volcker stammered. A majority of the audience of over 300 were representatives of Third World countries. Cable Network News filmed the exchange.

Delta explosion: another accident?

by Carol White

The explosion of a Delta rocket, on May 3, was the fourth in the series of highly improbable disasters which have occurred to U.S. launches into space this year.

Of the 177 Deltas launched before the May 3 failure, the previous 43 in a row were successful. The program in all had only 11 previous failures, which meant that the program had a proven reliability, with a 95% launch success rate. Indeed, the odds against the sequence of four explosions are calculated at greater than 10,000:1.

Under the circumstances, the hypothesis that sabotage has played a part in these accidents is now being investigated. Even so, without firm evidence about how the rockets were destroyed, whether by accident or plan, NASA is considering postponing the next NASA launch of an Atlas Centaur rocket, planned to occur on May 22.

The April 18 failure of a Titan 3D rocket was reportedly caused by an explosion of one of its two solid fuel booster rockets. The first Titan accident, last August, was presumably caused by a turbo-pump failure. NASA reports that the Delta failure may have been triggered by an electrical short-circuit. The rocket's first-stage engine shut off two and one-half minutes early, throwing the rocket out of control. It was then exploded by NASA.

According to William Russell, Delta project manager at NASA's Goddard Space Flight Center, data beamed down from the speeding rocket indicated a sharp drop of voltage from the engine's battery, which took place 71 seconds after launch. Just before the shutdown, another spike of about the same amplitude was observed, which occurred for about 14 or 15 milliseconds. Russell told reporters that sabotage has not been ruled out.

On May 4, White House Chief of Staff Donald Regan told the press the possibility of sabotage is being officially considered, and, according to one NASA source, described the failure as "if someone had thrown a switch."

NASA disclaims any evidence of radio interference with the Delta. Any inadvertent activation of the Titan range safety system on the failed booster has also been ruled out.

The nation's space program is now seriously threatened. Only three Deltas are left in NASA's inventory, along with three Atlas Centaurs. Even before this latest accident, *Aviation Week* was warning that, without a crash program to build a fourth Space Shuttle orbiter, at least 45 Defense Department Shuttle loads would be backed up for launch by 1992. This

estimate depended upon the shifting of certain Shuttle loads to expendable-launch vehicles.

After the Titan accident, it was announced that the Titan is expected to be grounded for from 6 to 12 months. The earliest date being given for another Shuttle flight is July 1987. At the time of the Titan crash, the Air Force was not characterizing the situation as a crisis. But, with the Delta accident, the situation has clearly developed into one of national emergency.

There are plans in the works for upgrading the nation's space program. The Air Force plans to procure 13 additional Tital 34D-7 boosters. The field launch capability of Vandenberg Air Force Base in California is to be expanded. And NASA is requesting a replacement Shuttle orbiter, which could be ready as early as 1989.

According to estimates made before the latest accident by Air Force spokesman Maj. Gen. Donald J. Kutyna, who directs the USAF Space Systems, and Command, Control and Communications, the defense program could be back on line no earlier than 1995. Now, the situation has changed for the worse.

Whether or not there was direct sabotage to some or all of the four rockets, the space program itself has been consistently sabotaged by the cost-cutting policies which have been imposed upon NASA. Were the program operating as it should, the likelihood of four such accidents would be discounted. But, of course, under present circumstances, with the attrition of trained personnel (not least the forced resignation of former NASA head James Beggs), it is possible that the accidents reflect the destruction of U.S. capabilities to mount an effective space program. More to the point, the budget constraints mean that there is no redundancy. By making cost-reduction a priority, we have eliminated the redundancies and backup systems which would have allowed us flexibility, even in the face of deliberate sabotage.

Under present circumstances, it is overdue that acting head of NASA, William Graham, is finally to be replaced. James Fletcher has been approved by the Senate to resume the position which he held in NASA during the '70s. What is outrageous is the role of the *New York Times*, and the media which followed their lead, in lying that Fletcher mismanaged NASA's funds by deliberately under-representing costs. This is part of a more general campaign to demoralize the American population about the nation's future in space. Some TV commentators have even gone so far as to denounce NASA as a mere public relations sham since the days of the Apollo program.

What is needed now is firm leadership to put the NASA program back on track. This can only be accomplished if it is understood that the presently reduced NASA inventory is a national emergency. Whether or not the recent spate of accidents are the result of Soviet sabotage, any attempt to spread demoralization about the space program is sabotage of the nation's defense effort.

NBC: friend of Moscow, terrorists

by Kathleen Klenetsky

If an award for "Treason in Journalism" exists, the National Broadcasting Corporation more than earned it May 5, when the "NBC Nightly News" broadcast an interview with Abul Abbas, in which the international terrorist vowed to bring terrorist violence to American soil.

In the course of the interview, Abbas told NBC Correspondent Henry Champ that President Reagan "has now placed himself as enemy No. 1," and threatened: "We . . . have to respond against America in America itself."

Worse than NBC's decision to provide Abbas—who is wanted by the United States and other Western nations for masterminding the *Achille Lauro* hijacking—with a national forum to air his threats, was the agreement the network made not to reveal his whereabouts.

This drew an immediate condemnation from the Reagan administration—and even from some media. Robert Oakley, head of the State Department's counterterror unit, called the interview "reprehensible" and added: "When news organizations make arrangements to keep secret the whereabouts of a terrorist suspect in exchange for an interview, they are saying: 'We've become his accomplice in order to give him publicity.'"

But NBC's executives were unfazed. Lawrence Grossman, president of NBC News, said he was "dismayed" by the criticism, while his deputy, Timothy Russert, a former top aide to Sen. Daniel Patrick Moynihan (D-N.Y.), accused media critics of "competitive envy."

NBC's decision to protect Abbas is in keeping with the network's standard practice. Of the three major American broadcasting networks, NBC has been the most brazen in its contempt for U.S. national security. It has also been the network with the closest ties to the Soviet Union. As *EIR* documented in its Oct. 16, 1984 issue, NBC reached an agreement with Moscow several years ago, to work with the Soviet Union to "change the perceptions of the American population about the Soviet Union," as one of the parties involved in the negotiations put it.

One channel being used to that end is the Alerdinck Foundation, a Netherlands-based entity with close ties to the Soviet hierarchy, which has sponsored several conferences on East-West media relations, one of which took place in Moscow last year. Established by Dutch moneybags Frans Lurvink, Alerdinck's stated aim is to promote convergence be-

tween Eastern and Western coverage of such issues as the Strategic Defense Initiative. Obviously, since the Soviets aren't going to adopt a pro-Western position on these issues, what Alerdinck is really working for is to have the Western media become even more of an outlet for Soviet propaganda.

This became apparent at a conference which Alerdinck held in New York May 2. Co-sponsored by the New York University Center for War, Peace, and the News Media—whose board of directors includes such anti-SDI luminaries as McGeorge Bundy, Hans Bethe, and Kostas Tsipis—the meeting brought together NBC's Larry Grossman, David Shipler of the *New York Times*, Leonid Kravchenko, first deputy chairman of the Soviet State Committee for Television and Radio, and Vladimir Lomeiko, the chief Soviet Foreign Ministry spokesman, among others, to discuss how to end Western press "distortions" of Soviet society, the most appropriate ways for journalists East and West to cover arms control, and so forth.

Not one representative from the U.S. side criticized the Soviet delegates, when they launched into venomous attacks against the SDI, or when they insisted, as Lomeiko did at the press conference, that the real "disaster" is not the Chernobyl accident, but continued U.S. underground nuclear testing! Instead, the Americans leveled one criticism after another at their own country. For example, the *Times'* Shipler, claiming that "Soviet society has changed immensely since Stalin's time," blasted American textbooks for failing to portray the supposedly positive changes that have taken place.

NBC's Grossman not only participated in one of the conference's major panels, but also appeared at a press conference, where he came to the defense of the Soviet handling of the Chernobyl disaster. This was not unusual, according to Alerdinck's executive director Gerd Ruge. Ruge said that NBC "has been involved with the Alerdinck process from the beginning." Although Alerdinck works with the other major U.S. networks, "NBC has by far been the most involved," Ruge said. NBC "would like to do some major things with the Soviet Union. NBC is looking for more direct contact with the Soviet Union."

Ruge said the two individuals at NBC most involved in the Moscow back-channel are Grossman and his deputy, John Angotti. Grossman is one of four members of the U.S. board of the Alerdinck Foundation. Angotti belongs to Alerdinck's East/West Media Board, a distinction he shares with G. Yuskevitchus, vice-president of Soviet TV.

Although the Soviet delegates lied about the Chernobyl incident, claiming that Moscow had fulfilled its international responsibilities, and accusing the West of fomenting "anti-Soviet hysteria" and "disinformation," their behavior did nothing to dissuade Alerdinck's Western sponsors from going ahead with plans for further "dialogues," Ruge privately disclosed that Alerdinck has scheduled a conference to work out television co-production schemes, where NBC is expected to be heavily represented.

Democrats scurry in all 'directions'

by Nicholas F. Benton

The fractured Democratic Party scurried off into four or five different directions in early May, depending on whether you count walking out of the party altogether, as former Illinois Sen. Adlai Stevenson did.

The other four directions included: 1) a trade union-based "New Directions" amalgam of McGovern-era holdovers protesting the right-leaning trends in the party which gathered in Washington D.C. on May 3-4; 2) the "Democratic Policy Commission," which met in Atlanta the same weekend under the leadership of Democratic National Committee chairman Paul Kirk for another contentless display of party "unity"; 3) the "Coalition for a New Democratic Majority," which gave its Henry M. Jackson Friend of Freedom Award to former Virginia Gov. Charles Robb May 6, and 4) the "Populist Forum," which convened in Washington on May 9, a grouping of radical libertarian elements.

● In Washington, 10 trade unions spent \$50,000 to gather about 1,000 liberal Democrats to protest what they feel is a "shift to the right" in the party. Bringing together the unions with old feminist, homosexual, anti-nuclear, environmentalist and related "special interest" groups that arose under the 1972 McGovern party reforms, the "New Directions" group heard from Jesse Jackson and Michael Harrington, co-chairman of the Democratic Socialists for America. Jackson complained that "the Democratic Party is producing schizophrenic leaders who want to look like John Kennedy with hair flowing to the left and act like Ronald Reagan with behavior flowing to the right."

Anne Lewis, national director of Americans for Democratic Action, a vintage ultra-liberal organization, warned against what she saw as the party's growing neglect of minorities, feminists, and organized labor by saying, "History tell us that no political party moves forward by penalizing its most consistent supporters." "One Republican Party is more than enough," asserted Harrington. "We are all profoundly disturbed by the rightward drift of the Democratic Party."

The United Auto Workers, the International Association of Machinists and Communication Workers Union were the key among the 10 unions that pitched in to sponsor the event, which drew fewer than 1,000 at the same time that evangelist Billy Graham was drawing over 20,000 to a different area of the same convention center.

● In Atlanta, DNC Chairman Kirk was elated with what he called "the peaceful and upbeat nature" of the Democratic Policy Commission meeting. There was "scarcely a ripple of dissent" in the gathering—just the way Kirk says he likes things, even if less than half the elected members of the Policy Commission bothered to show up. The meeting was supposed to begin drawing up a detailed policy agenda for Democratic candidates for national office. Task force leaders presented the commission with draft reports that generated "little discussion or feedback," according to reports.

Kirk hailed the lack of "special interests" at the meeting, implying that the party would no longer be "pressured" by the demands of its constituency base, and he seemed particularly pleased that he was introduced to speak by Georgia Gov. Joe Frank Harris, a conservative Democrat who in 1984 snubbed the Mondale-Ferraro ticket.

Although their task was to draw up a policy document, the Policy Commission's chairman, former Utah Gov. Scott Matheson, said the group was determined, in the name of unity, "not to get involved in current issues on the legislative agenda in Washington," such as the Gramm-Rudman budget, or the radical Packwood tax reform. "It is not our business," Matheson said.

● Virginia's Governor Robb told the right-leaning Coalition for a Democratic Majority that the Democratic Party "must adopt a strong and assertive foreign policy" as he received that group's Scoop Jackson award. Robb, married into the Lyndon Johnson family and reportedly backed by the *Washington Post's* Katharine Graham as a presidential hopeful, said that the party "has to abandon the neo-isolationism that has dominated the party since the McGovern nomination in 1972." Ben Wattenberg, chairman of the Coalition, and head of the American Enterprise Institute, praised Robb who, he said, with Sen. Sam Nunn (D-Ga.) and Rep. Les Aspin (D-Wisc.), are "three major figures who are sounding the most like" the late Scoop Jackson on foreign policy. Despite this pro-defense posturing, Nunn and Aspin are calling for decoupling the U.S. from Western Europe and slashing funding for the SDI in Congress.

● The "New Populist Forum" in Washington, D.C. on May 9 drew from both parties, ranging from Texas Agricultural Commissioner Jim Hightower on one side, to right-wing zealot Rep. Newt Gingrich (R-Ga.) on the other. Hightower is the founder of the operation, which is based on simplistic "little guy versus the big interests" rhetoric. A particularly noxious figure to anyone who recalls how he metamorphosed from a mousy Ralph Nader "raider" into a Will Rogers caricature, complete with cowboy hat, boots, and a twang, Hightower has become a driving force for a bi-partisan reactionary movement that has former Heritage Foundation operative Paul Weyrich tinkering behind it. It encompasses the "sun-belt realist Democrats" like Colorado's Sen. Gary Hart and Gov. Richard Lamm, and, on the Republican side, TV evangelist Pat Robertson.

Media gets license to lie—for now

by Sanford Roberts

Last month's Supreme Court decision in the case of *Philadelphia Newspapers v. Hepps* provoked a justifiably outraged reaction from many persons who believe that the courts have become too deferential to the rights and privileges of this nation's news media. In the Hepps case, the Court ruled that private figures in defamation suits must shoulder the burden of proving the falsity of allegations made against them. This burden of proof has been shouldered by public figures, i.e., public officials or persons who have otherwise attained prominence in public affairs, since the 1964 landmark Supreme Court ruling in *New York Times v. Sullivan*.

The importance of the burden of proof in defamation cases can be seen in the factual circumstances of the Hepps case itself. In Hepps, the principal stockholder of a chain of stores and the corporation itself sued the *Philadelphia Inquirer* for alleging connections between Mr. Hepps, his corporation, and certain figures allegedly tied to organized crime. The chief sources of these allegations were federal agents whom the *Inquirer* refused to identify under the Pennsylvania shield law, a law which allows journalists to "shield" their sources from public disclosure and makes a libel plaintiff's ability to prove falsity an exercise in futility.

Under the common law, once a plaintiff demonstrated that a statement was legally defamatory, the burden of proof shifted to the defendant to prove the truth of his or her allegations. This common-law principle governed the American law of libel until the *New York Times v. Sullivan* decision just two decades ago. In that case, the Court decided that libel suits were encroaching on protected First Amendment interests and shifted the burden to the plaintiff to prove falsity. Further, the *New York Times* Court ruled the plaintiff must also prove something called "actual malice," that is the journalist knew the contested allegation was false or acted with reckless disregard for the truth, a standard of proof which virtually wiped out successful public-figure libel suits.

While the moral outrage provoked by the Hepps case is understandable and appropriate, it is also short-sighted. The Hepps ruling, when viewed in tandem with other recent Supreme Court decisions in the libel area, demonstrates that the

present Court is badly divided on questions of libel law and there is a growing coalition among the Justices to overturn or substantially modify the precedent set in *New York Times v. Sullivan*.

The Hepps case produced a dissenting opinion signed by four Justices which characterized the majority view as a "blueprint for character assassination." The dissent, authored by Associate Justice John Paul Stevens, notes the extraordinary burden which Mr. Hepps, a private figure plaintiff, must carry when the media defendant shields his sources. The crux of the newspaper's allegations against Hepps were based on a supposed relationship between Hepps, his corporation, and a third party. Stevens wrote, "[t]he truth or falsity of that statement depends on the character and conduct of that third party—a matter which the jury may well have resolved against the plaintiffs on the ground that they could not disprove the allegation on which they bore the burden of proof."

The dissent emphatically asserts that private figure plaintiffs should not have to prove falsity to recover damages in defamation cases. In a more subtle way, the opinion also contends that public figure plaintiffs should not have to prove falsity either. In a footnote tucked away near the end of the opinion, Stevens claims, "[i]f the issue were properly before us, I would be inclined to the view that public figures should not bear the burden of disproving the veracity of accusations made against them with 'actual malice' as the *New York Times* Court used that term."

If the Hepps dissenters want an opportunity to overturn or modify the *New York Times* doctrine, they have an immediate chance before them. Attorneys for Democratic presidential candidate, Lyndon H. LaRouche, Jr., are preparing a petition to the Supreme Court to review Mr. LaRouche's libel suit against the National Broadcasting Company. In the early part of 1984, NBC broadcast two defamatory programs accusing Mr. LaRouche of plotting to assassinate President Carter and other criminal acts. NBC principally relied upon sources which it refused to disclose during the course of the trial.

The trial court judge, James Cacheris, refused LaRouche motions to disclose the sources or preclude this evidence from being presented. Based upon the tainted and prejudicial evidence submitted, the jury ruled that none of the allegations were proven false by convincing clarity. This verdict was rendered despite the fact that NBC had not offered one piece of competent evidence to support their truth defense. They didn't have to, since under *New York Times*, the entire burden was on the plaintiff.

The Hepps dissenters may find support for a case involving confidential sources from the majority side. Associate Justice Sandra Day O'Connor's majority opinion specifically held that the issue of confidential sources, the heart of the LaRouche appeal, was not appropriately before the Court in Hepps and is left open for another day. If the Supreme Court accepts the LaRouche petition, the case will be orally argued next autumn.

Taiwan braces for the Solarz treatment

Another U.S. economic and strategic ally in the Asian theater has been targeted by Rep. Stephen Solarz (D-N.Y.) for the same treatment of harassment and intimidation that has already caused the fall of the government of the Philippines and is closing in on the same achievement for South Korea.

Solarz's chief political backers are Syrian-mafia families based in Brooklyn with ties to the Soviet KGB. On May 7, Solarz announced that he, in collaboration with liberal Republican Jim Leach of Iowa, has introduced a House Concurrent Resolution demanding "human rights"—namely, the legalization of opposition parties—in Taiwan.

Currently, while independents are allowed to run for public office in Taiwan and there are independent newspapers which criticize government policy, new political parties are not allowed because in almost every case, serious opposition to the ruling government has been run by agents-of-influence of the People's Republic of China.

This is a security question for this tiny island, given that P.R.C. officials are on record repeatedly stating that a military invasion of Taiwan is "not out of the question" for them.

Rep. Mark Siljander (R-Mich.) testified at the hearing, raising in particular concern about the anticipated sale of an "avionics modernization

package" to the P.R.C., which, while it would not significantly enhance the P.R.C.'s military balance with the Soviet Union, would represent a tip in their favor in the narrow Formosa Strait that separates Taiwan from the Chinese mainland by less than 100 miles.

This pending \$500 million arms sale would enhance China's F-8, a twin-engined, delta-wing, high-altitude interceptor, and would include airborne radar, navigation equipment, a heads-up display, mission computer, air-data computer and data bus, and would give the P.R.C. the capabilities of 50 all-weather, day-night modified F-8s.

All U.S. allies in the region fiercely oppose the sale, including Japan, South Korea, the ASEAN nations, and, of course, Taiwan.

In addition, since this would represent a security threat to Taiwan, American business confidence in Taiwan would be undermined. Taiwan is the U.S.'s sixth-largest trading partner, engaged in \$22 billion of two-way sales last year. This has helped fuel the so-called economic miracle in Taiwan which has seen the tiny island enjoy annual growth rates close to 10%.

It is vital to the U.S. farm sector, for example, that Taiwan consumes more soybean and corn per capita from the United States than any other nation in the world.

Siljander said that he tried to block the arms deal to the P.R.C. by introducing two resolutions into Congress, one calling for stopping the sale altogether, and the other calling for giving Taiwan an equivalent arms package to balance out the effect.

He said he had dropped his legislation after a visit from the State Department, which provided him with "classified information," that, he said, satisfied him that Taiwan's security would not be undermined by the deal.

He confessed that he "didn't get everything he wanted" out of the discussion, but went along with it.

Kicking our friends in the teeth

The relevant question was put to Solarz by Rep. Don Burton (R-Ind.), "Why, since the so-called human-rights violations in Taiwan are not nearly as egregious as those in the P.R.C., shouldn't it be more of a priority to pass a resolution condemning the P.R.C.'s record, than to harass Taiwan?"

Solarz said that resolutions have limited power, but that they do bear more weight on our allies than on our enemies.

"Exactly the point," Burton replied, "and because of this policy, we are finding ourselves with fewer and fewer allies. We kick them in the teeth, and let the totalitarian regimes go untouched."

"I happen to believe that the more democratic a government is, the more stable it is," Solarz replied.

Representative Toby Roth (R-Wisc.) then chimed in, noting that the most stable government in the world is the most totalitarian—namely, the Soviet Union.

Solarz exposed his true disdain for democracy, when he denigrated the pro-Marcos demonstrations that have been occurring in the Philippines by saying they were the protests of people attending a shoe-sales convention, who were upset that they had lost their number-one client.

Finally, Roth pointed out that the new Solarz-Leach resolution against Taiwan was completely politically motivated, since Congress had already fully expressed its concern for human rights in that country in a resolution passed as part of the Foreign Aid Authorization Act last July.

Kissinger Watch by M.T. Upharsin

Cruising East with the doges of the future

What future is there for Henry Kissinger and his ilk?

That question might have arisen during the weekend of May 2-4, among those with the dubious privilege of witnessing events at the newly restored Palazzo Grassi and environs in the ancient and decadent city of Venice.

As the London *Economist* of the week of May 3 put it, "everybody who is anybody—from the Rothschilds and the Aga Khan to Mr Henry Kissinger and Europe's more decorative royals," was gathering in Venice during these days. The occasion was the reopening of a restored Palazzo Grassi, an erstwhile plotting place for the Venetian oligarchy, which had recently been purchased for \$15 million by Kissinger intimate Gianni Agnelli of the Fiat Corporation in Turin.

Sr. Agnelli, notes the *Economist*, wants to turn the Palazzo into a "cultural and technological centre." His first escapade, co-funded by his Fiat and by the United Technologies Corporation, is a new exhibition on "Futurism and Futurists." Judging from this event, the "future" of Kissinger, Agnelli, and the "more decorative royals" is to take the world back in time to some of the darkest moment of this and other centuries, or, forward into a world of Soviet imperial rule.

Before the event, Agnelli had told the Italian weekly *Panorama*, that "futurism" was the movement that would, uniquely, link East and West.

As the exhibition began on May 3, the Fiat magnate said:

"Futurism is the only Italian cultural movement that spread in this century, and it is the art and poetry of motion and of technology."

Sr. Agnelli's mistruths, half-truths, and obfuscations hide one simple fact. As Italian author Fiorella Oporto documents in an article soon to be published in the cultural journal *Machiavellico*, "futurism" was a Russian concoction in the first place, which was exported into the West in the early decades in this century, and which became the rage in those Italian philosophical, ideological, and artistic circles which produced the intelligentsia of Mussolinian fascism. For our shorter purposes here, futurism could be seen as the mother-ideology of both Bolshevism and Nazism; today, its mother is, indeed, "Mother Russia," and whether consciously or not, that was what Kissinger and the jet-set nobility with him were consecrating, as they sailed down Venice's waters on the lavishly decked-out *Orient Express* boat, on the night of May 2, to inaugurate the events of the coming days.

Indeed, for Henry Kissinger, the whole experience was more a return to "the roots," than a trip into "the future." Kissinger's whole geopolitical ideology was concocted in Venice, among the old families of the misnamed Venice Republic. Venice became the center of intrigue, assassination, chicanery, double-dealing, etc.—the kinds of practices that Kissinger has become notorious for, albeit practicing them in a much cruder way than his ancestors.

In his Harvard doctoral thesis, *A World Restored*, written in the 1950s, Kissinger more or less admits this, in his praise for the Venice-manipulated 1815 Congress of Vienna. Similarly today, Kissinger is one among many

would-be "grand strategists" in the United States who would hope to see the United States adopt "Venetian methods" in the conduct of its foreign policy and intelligence evaluations.

Resurrecting the doges

Whether play-acting or not, there was also a considerable revival of the role of the Venetian "Doge" during the days of Kissinger's stay. The "Doge," historically, was the *primus inter pares* in plotting strategy and governing, on behalf of the Venetian oligarchical families.

Agnelli's *La Stampa* daily reported on May 4, for example, that Kissinger was consulting with Italian President Cossiga, on "the situation in the Mediterranean." During this encounter, and throughout the events of May 2-3, Cossiga "assumed for the moment the role of the Doge" of Venice.

As for Agnelli himself: the *Economist*, in its account of his activities in Venice, writes, that there is a growing sense among Venetians that "Mr. Agnelli, already enthroned in the upper left-hand corner of Italy as a sort of Grand Duke of Piedmont, wants to usurp the Doge's throne, vacant since 1797. Venice needs a new Doge, or at least a business-like manager."

The article is entitled, "Rebirth of Venice." Indeed, efforts are underway once again, to make this city the center of strategic intrigue. *EIR* has learned that from Sept. 14-21, Venice will be the site of a giant "European Peoples" conference, featuring participation of many nations of Eastern Europe. The director of that conference for Italy's Veneto Region (where Venice is located) spent a week in the Soviet Union during the last days of April and the first days of May, coordinating arrangements with Soviet academies and institutions for this event.

'Military reform' measure wins unanimous approval

The U.S. Senate May 7 endorsed the most sweeping reorganization of the defense establishment since the end of World War II.

Sponsored chiefly by Senate Armed Services Committee chairman Barry Goldwater (R-Ariz.) and Sen. Sam Nunn (D-Ga.), the measure won by a vote of 95-0, despite harsh criticism from present and former military leaders.

Senate liberals were besides themselves with joy over the bill's passage. Senate Minority Leader Robert Byrd (D-W.Va.) referred to the bill as "landmark legislation."

Goldwater, who, for as-yet-unknown reasons, somehow got hooked into backing an unmitigated assault on the U.S. military, called the bill "The only . . . thing I've done in the Senate that's worth a damn."

Closely paralleling legislation which passed the House last year, and the recommendations of the President's Blue Ribbon Commission on Defense Management (the Packard Commission), the Nunn-Goldwater bill would do the following:

- Emasculate the Joint Chief of Staff. The bill designates the JCS chairman as the "principal military adviser to the President, the national security adviser and the secretary of defense." The chairman would no longer be required to have unanimous agreement among the heads of the four services who comprise the JCS before making a recommendation to the President, and would have the authority to state his position on any issue, whether or not the four service chiefs agree with him. The legislation also creates a position of vice-chairman, and designates him as the nation's second

highest ranking military officer.

- Establish a procurement czar with sweeping powers over Pentagon acquisition policy.

- Grant significantly enhanced authority to military theater commanders, by, among other things, giving them a voice, through the new vice-chairman, in draft budget recommendations and decisions on weapons procurement.

- Eliminate approximately 18,000 Defense Department employees.

Supporters claim the measure would, in Goldwater's words, remedy problems "that have plagued our national defense for decades."

But critics contend that it represents the same kind of "systems analysis" approach to warfighting advocated by former Defense Secretary Robert McNamara, a system which owes far more to cost-accounting methodology than to the science of strategic doctrine.

This point was hammered home by syndicated columnists Evans and Novak, who, in a March 7 column, excoriated Goldwater for making an alliance with "the heirs of his nemesis of over 20 years ago, Robert S. McNamara. . . . Although the reform debate is ostensibly about how the defense establishment should be run, it actually is an inquest on how the military have run it."

Saudi sale rejected by both houses

For the first time in history, the Congress has rejected a weapons sale to a foreign country—in this case, to Saudi Arabia.

The administration's proposal to sell \$354 million of much-needed defensive weaponry to a staunch ally of the United States was vetoed in the Senate May 6 by a vote of 73-22. The House followed suit the next day, voting 356-62 against the package.

"By this action, the Congress has endangered our long-standing security ties to Saudi Arabia, called into question the validity of U.S. security commitments to its friends, and undermined U.S. interests and policy throughout the Middle East," the White House declared in a statement issued May 7.

President Reagan has already vowed to fight Congress's rejection of the sale. "The President will not allow this to happen," White House spokesman Larry Speakes told reporters May 7, confirming that Reagan would veto the disapproval resolution and work actively to sustain the veto.

In disapproving the sale—claiming that Saudi Arabia is a threat to Israel, and supports terrorism—Congress chose to turn a deaf ear to the urgent warnings emanating from the administration and other sources, that denying Saudi Arabia these defensive weapons would go a long way to destabilizing one of the few remaining moderate states in the Arab world.

In a *Washington Post* commentary May 7, National Security Adviser John Poindexter emphasized the necessity for the United States to provide Saudi Arabia with the support—military and political—it requires to continue its crucial, stabilizing, role in the region.

"Our interests require that we help the Saudis meet their legitimate security needs in the face of growing regional threats," wrote Poindexter. "Completion of the sale at this time . . . provides a clear and important

political demonstration of U.S. commitment to Saudi self-defense. It helps deter Iran from expanding the Gulf war, bolsters the resolve of other Arab moderates, and diminishes the possibility that U.S. troops may eventually have to be used to protect our interests in the Persian Gulf."

House committee gouges \$35 billion from Pentagon

The House Budget Committee approved a \$994 billion budget for FY1987 on May 8 that would chop military spending by a whopping \$35 billion, and hike taxes by \$13 billion.

The budget passed the Democratic-dominated panel on a vote of 21-11, on straight party lines.

The proposal allocates \$285 billion to the Pentagon, \$35 billion less than the President's request, and \$16 billion less than the budget which the Senate passed the previous week. In effect, it would freeze military spending, with no allowance for inflation.

Pentagon spokesman Bob Sims told reporters that Secretary of Defense Caspar Weinberger believes the defense cuts contained in the Budget Committee proposal "would destroy the recent and impressive momentum we have made in rearming America by squandering part of the dollars invested in defense in the past five years."

During the final day before the vote, Democrats on the committee beat back Republican-sponsored amendments to increase the money for the military, one of which would have brought up the defense spending level to that approved by the Senate.

Although some of the cuts may be

restored in the House-Senate conference, one Congressional insider believes that the Pentagon "will be damn lucky if it escapes with only \$30 billion in reductions."

Volcker promotes bank buy-up bill

Federal Reserve chairman Paul Volcker has thrown his considerable weight behind legislation that would permit big money-center banks to gobble up troubled financial institutions, particularly in the economically depressed oil-producing states.

Known as the "Regulators Bill," the measure expands the Omnibus Banking Act of 1982, which permits acquisitions across state lines of failed banks with assets of \$500 million or more, to allow for the buy-up of such banks with assets over \$250 million.

Testifying before a House Banking subcommittee May 7, Volcker came to the assistance of his cronies in the New York banking community, by urging that the legislation be passed intact.

The whole point of the bill, he said, is to make it easier for big banks to buy troubled banks in other states, and that adding restrictions, as some members of Congress and state banking supervisors have urged, would discourage big banks from doing so.

"Out-of-state purchasers of failed or very troubled institutions will simply not be available, or available only at very heavy cost to the Federal Deposit Insurance Corp., unless the acquired banks can be operated profitably in highly competitive markets," said Volcker.

In other words, don't make the big

boys pay more than 5¢ on the dollar—or they won't come in and "rescue" local banks!

A whole contingent of large money-center banks sent representatives to the hearings to bolster Volcker's blackmail.

For example, Hans Angermueller, vice chairman of Citicorp, told the panel that certain "disincentives" must be removed from the bill, namely, limitations on expansion rights in a new state and a built-in preference for bids from an in-state institution, in order to attract takeover bids from the large banks.

The proposed legislation, called the "Regulators Bill," get big banks to buy up smaller ones and keep them operating.

Deaver hearings set before a House panel

Former Deputy White House Chief of Staff Michael Deaver, embroiled in a controversy for his lobbying activities for the Canadian government, has agreed to testify on the issue before a House panel, probably on May 16.

Deaver will appear before the House Energy and Commerce Subcommittee on Oversight and Investigation, which will take testimony on May 12 from General Accounting Office officials, who are expected to recommend a Justice Department criminal investigation of Deaver.

The subcommittee, headed by Rep. John Dingell (D-Mich.), is investigating allegations that Deaver may have violated federal ethics laws by representing the United States as a government official and Canada as a private lobbyist on the acid-rain issue.

NASA postpones Centaur launch

The National Aeronautics and Space Administration (NASA) announced shortly after the Delta rocket explosion on May 3 that it is postponing "for approximately four weeks" the launch of an Atlas Centaur rocket, whose engines are similar in design to the Delta rocket that failed, and is made by the same company, Rocketdyne.

"The delay will provide time to review the manufacture, handling, transportation, and assembly history of the Atlas Centaur vehicle and its spacecraft to insure that all items critical to a successful launch have been thoroughly analyzed prior to a commitment to launch," a NASA spokesman said.

Only three Atlas Centaurs are left in NASA's inventory, along with three Deltas. The Shuttle, Delta, and Titan programs are all grounded for accident investigations and, with the temporary grounding of the Atlas Centaur, the United States has no major satellite launchers on flight-ready status.

The Atlas Centaur's payload is to be an Air Force-Navy communications satellite built by TRW called FleetSatCom F-6.

Stevenson begins independent campaign

Vowing to make Jane Spigel a "household word," Adlai Stevenson formally kicked off his Illinois campaign as an "independent" candidate for governor, even though courts have not yet determined the legality of such a candidacy, and announced his two new running mates: Du Page County board member Jane Spigel for secretary of state and Cook County Associate Judge Michael Howlett, Jr. for the lieutenant-governor slot.

Stevenson recently withdrew from the Democratic ticket to avoid running on the

same slate with followers of Lyndon H. LaRouche, the National Democratic Policy Committee (NDPC) candidates Mark Fairchild and Janice Hart, who won the Democratic primary nominations for lieutenant governor and secretary of state, respectively.

Howlett is the son of popular former Illinois secretary of state Michael Howlett, who won four statewide elections by wide margins. Spigel is the only survivor of four Democrats elected to the DuPage County board in 1974 in the aftermath of Watergate. She is described by colleagues as "not a mainstream Democrat," as someone who "works for herself."

Acknowledging that he had "lost some ground" since the LaRouche/NDPC victories, Stevenson said that it "won't happen again." The outcome of Stevenson's lawsuit to change Illinois electoral laws and to extend the filing deadline to August is still in doubt, but a ruling on the suit is expected in mid-May.

Gary Hart positioning as 'front runner'

Sen. Gary Hart (D-Colo.), liberal Democrat-cum-conservative, is clearly positioning himself to be the "Democratic front-runner" for the 1986 presidential nomination. In addition to his new book on military reform, which has gotten reams of publicity in the major press, he will be giving a series of speeches on strategic policy at Georgetown University throughout the month of May.

Also, his think-tank, the Center for a New Democracy, is awash with various projects and seminars, ranging from one on military reform, to one on international trade, and includes a series of upcoming seminars on the "New American Community," the first of which will take place in Detroit on May 19. Speakers will include, among others, Robert Lawrence of the Brookings Institution and Barry Bluestone and Stanley

Friedman of the United Auto Workers.

Hart is also being promoted by Paul Weyrich, the Benedictine-linked founder of the American "New Right," claiming that Senator Hart is the only candidate on the scene capable of reflecting the deep desire of the blue-collar electorate for a resurrection of fundamental Judeo-Christian values.

Weyrich made this bizarre claim in a *Washington Post* commentary May 4, in which he attacked free-market economics, criticized the "new right" social agenda for being too shallow, and asserted that the person who can buck the established party bureaucracy and revive "cultural conservatism" will win the presidency in 1988. Weyrich was clearly attempting to think up an alternative to Lyndon LaRouche.

Weyrich points to an article by William Lind as proof of his contention. Hart's major aide on military issues, and co-author of Hart's new book promoting "military reform," Lind is an avowed monarchist, who claims that the German classic poet and historian Friedrich Schiller, who championed the American Revolution, was a precursor to the proto-Nazi philosopher Friedrich Nietzsche.

Teller and Bundy on Russian ABM efforts

At a conference on high technology and war sponsored by the New York Academy of Sciences on May 8, American physicist Edward Teller and former National Security Council head McGeorge Bundy polarized a group of leading scientists and political scholars.

"The Soviets have been working on this [strategic defense] system for at least 20 years," Teller said. "To assume that we are necessarily ahead is unjustified, and, in my opinion, completely wrong."

McGeorge Bundy, unofficially known as the "head" of the Eastern Establishment and currently a professor at New York University, countered that U.S. technology was

ahead in many areas including computers, radar, propulsion, electro-optical systems, guidance systems, and software. "Fearing the Soviets obsessively is something we've done before and we should not do it in this case," Bundy said.

Bundy did concede that the Soviets had built an anti-ballistic missile system to protect Moscow, but added, "I know of no one who thinks that's impenetrable."

Leading liberal media under investigation

The *Washington Post*, *New York Times*, *Newsweek*, *Washington Times*, and *Time* magazine may be the first news media to be prosecuted under a 1950 statute prohibiting disclosure of classified information.

CIA Director William Casey told the *Washington Post* that he discussed the possibility of criminal prosecution with Deputy Attorney-General D. Lowell Jensen at a Justice Department meeting on May 2. Casey cited the *Post* and *Newsweek* for reporting on U.S. intercepts of messages between the Libyan People's Bureau in East Berlin and Libyan authorities in Tripoli. He did not specify the stories that led him to consider prosecution of the other three.

The administration is planning to invoke section 798 of Title 18 of the U.S. Code, the "Comint statute," which prohibits the publishing of classified information about U.S. communications intelligence activities dealing with ciphers and codes. The 1950 law prohibits "knowingly and willfully" disclosing classified information about "communications intelligence activities of the U.S. or any foreign government."

The maximum penalty is 10 years in prison and a \$10,000 fine. Casey also warned the *Washington Post* not to publish a story they were currently working on.

In a related story, the Richard Burt file may well be reopened as the Reagan administration considers the prosecution of news organizations that have leaked classified information derived from U.S. communica-

tions intelligence activities. Prior to his appointment as U.S. ambassador to West Germany, Burt was a reporter for the *New York Times* and leaked extensive details about a highly classified operational intelligence satellite system.

Burt's disclosure clearly violated the Comint statute, but Secretary of State George Schultz defended Burt by saying that the government official who leaked the information was at fault—not Burt.

Anti-terrorist head ties M-19 to narcotics

Robert Oakley, U.S. head of counter-terrorism for the State Department, testifying at hearings on terrorism before the Senate Foreign Relations Committee on May 6, stated that the United States now has irrefutable proof that the M-19 terrorists who stormed the Judicial Palace in Bogota, Colombia last November were paid to do so by the cocaine traffickers, and that the escalation of terrorism in Colombia is completely a function of cocaine-traffickers' anger over extraditions to the United States.

This is the first time that a U.S. official has claimed to have proof that narco-traffickers were behind the storming of the Palace, which claimed over 100 lives, and is flatly contradictory of the claims of FBI Director William Webster that there is no connection between terrorism and narco-trafficking.

In response to a question from Sen. Richard G. Lugar (R-Ind.), Oakley said:

"We discovered, after the fact, very solid evidence that the people who carried out the attack against the Palace of Justice were paid \$5 million by one of the chief narcotics groups down there for the precise purpose of destroying the legal records and intimidating the judges so that there wouldn't be any more extradition."

He added that this is "one example of where you get the peculiar combination of narcotics trafficking, terrorism and extradition."

● **ARMAND HAMMER**, the billionaire oil man, was asked at his 88th birthday party his opinion of the Libyan bombing by the United States. The octogenarian replied: "I won't know until I'm in Russia on May 15."

● **THE JUSTICE** Department has found no foundation for charges that large numbers of Nicaraguan rebels and private American supporters were involved in gunrunning and drug trafficking, department officials said on May 6. A senior official, who asked not to be identified, said agents of the Federal Bureau of Investigation had conducted interviews in several states and Costa Rica and had been unable to verify the allegations.

● **CRIMINAL CHARGES** will not be filed against Geraldine Ferraro and her husband, John Zaccaro, the Justice Department concluded in early May after a lengthy investigation. Department spokesman John Russell said: "We have closed the case as far as taking any criminal action. But it's being referred to our civil division for them to take a look at it. . . . I don't know what they'll decide."

● **CONGRESSMAN** William E. Dannemeyer's United Families Foundation has sent out a direct-mail questionnaire titled "AIDS Awareness Project," using mailing lists purchased for the purpose, according to an aide. The flyer asks various questions about how AIDS victims should be handled, and is accompanied by a fund-raising pitch, saying the results of the survey will be released to the public, Congress, etc. The flyer concludes: "AIDS could become the deadliest disease in the history of mankind. So please return your survey today with a generous contribution of whatever you can afford."

Editorial

LaRouche and the Civil Rights Commission

Before there existed the Civil Rights Commission, there was the Civil Rights Movement of the 1960s, which ultimately produced legislation making the existence of the Civil Rights Commission possible. And before there existed a Civil Rights Movement, there existed a Bill of Rights and a First Amendment of the Constitution of the United States of America, which made the Civil Rights Movement of the 1960s possible. Before there existed either a Bill of Rights or a Constitution of the United States, there existed a very, very protracted struggle of humankind against the tyranny of the arbitrary political power of the oligarchy. It was this protracted struggle of mankind which, ultimately, made possible the existence of the United States, its Constitution, its Bill of Rights, its Civil Rights Movement, and its Commission on Civil Rights.

The centuries-old struggle against the arbitrary power of the oligarchy, always and invariably, took the form of the struggle to be free to express views contrary to prevailing opinion. Indeed, tyranny is directly derived from the oligarchy's ability, in most pre-U.S. societies, to dominate and shape "prevailing opinion." The essence of the First Amendment is located in guaranteeing the freedom to express views not merely contrary to "prevailing opinion," but views which are being put forward for the explicit and articulated purpose of serving society's Common Good. The matter has been best argued in the great Milton's *Areopagitica*. We urge the U.S. Commission on Civil Rights, to master the arguments and the spirit of Milton's *Areopagitica*, to better serve the Republic in their appointed task.

This, in the context of an action which the Commission took on May 9, 1986, which is contrary to its mandate, in violation of its own explicit rules, and in wanton defiance of the Constitution of the United States. We refer to a "hearing" the Commission held, on whether it should take action against Lyndon H. LaRouche, Jr. and organizations associated with him. The hearing consisted of presentations by three notorious

slanderrers of Mr. LaRouche, Irving Suall, Dennis King, and John Rees—the latter day Anytus, Meletus, and Lycon.

As a result of the "hearing," the Commissioners instructed their staff to "continue monitoring the activities of the LaRouche organizations, and to recommend, not later than June 2, "whether or not the Commission has any jurisdiction over the matter, and whether or not the Commission should take any action against Mr. LaRouche."

We have two observations: First, the Commission has failed, continuously over the recent years, to safeguard, affirm or otherwise protect the civil rights of Mr. LaRouche and his friends. Yet, his political movement in the American Republic is, by a long margin, the most vilified, attacked, oppressed and persecuted of all existing legitimate political movements. There is, in federal courts, the accumulated evidence of 20 years of abuse of power by the FBI and associated entities against Lyndon LaRouche. There is other massive evidence of powerful financial groups, including the dope running Bank of Boston and the organized crime-linked First Fidelity Bank of New Jersey, stealing outright hundreds of thousands of dollars of political contributions of LaRouche supporters; there are massive illegalities of disenfranchisement, ostracism, vote stealing and what not, against the LaRouche movement over the years.

The task of the U.S. Civil Rights Commission is to act to prevent such abuses. Instead, it chose to hear wild, hysterical slanders and fabrications of three persons known to be stringers in the FBI's exercise of abuse of power, Suall, King, and Rees. All three are or have been on the payroll of the same FBI which is about to be indicted along with Jackie Presser. The Commission's mandate is to protect Civil Rights from the abuse and the arrogance of power, the power which fears any and all challenges to "prevailing opinion."

And one reminder to the Commission: A.D. 1986 is not 399 B.C.

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