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EIR

From the Editor

To single out the most exciting development internationally first: For the first time in postwar history, a new major party has come into being in the Federal Republic of Germany that is *not* the product of the postwar Occupation, but represents the fight by German patriots to reaffirm and defend the great heritage of science, classical art, philosophy, and republican political thought which Germany has bequeathed, indelibly, to all of mankind. On page 28-30 we present our first coverage of the Patriots for Germany political party, which has assembled a full slate of 100 candidates, one in every electoral district, for the upcoming June state elections in Lower Saxony, one of the 11 states (Länder) of the Federal Republic.

The world-scale necessity for such a bold initiative is developed in our other major articles:

The *Economics* lead presents the story of the ongoing, deliberate destruction of the U.S. economy by Paul Volcker and his backers; and the report on Lyndon LaRouche's analysis of the Tokyo summit which follows it on page 6, presents the ideological flaws in President Reagan which are allowing this treason to be carried out. In the *International* lead story, we feature Henry Kissinger's most blatant bid to date to decouple Western Europe strategically from the United States (page 24). In the related, *National* lead article, the U.S. military "reform" dictated by the insane budget-cutting demands of Gramm-Rudman is analyzed in depth.

The *Feature* is based on a sampling of the findings of EIR's newest Special Report, *The Libertarian Conspiracy to Destroy America's Schools*. As Helga Zepp-LaRouche, a co-founder of Patriots for Germany, writes in her introduction to the report: "If the West does not want to give up voluntarily, then it is urgent that we change our current educational policy, and connect our traditional knowledge with the challenges of the future.

"Otherwise, Moscow will only need to wait until our next generation becomes utterly destroyed by drug consumption and by an education which promotes wretchedness. And then, very soon, everyone will have forgotten what the values of the Western world actually were, along with the fundamental difference between East and West, and the reason why there do indeed exist values which must be defended at all costs."

Nora Hamerman

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A former member of the board of the Retail Traders' Association of Osnabruck-Emsland and a member of the Chamber of Industry and Commerce of Osnabruck, Mr. Derbfuss is a co-founder of Patriots for Germany and is running as a candidate on the new party's slate in Lower Saxony.

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Mr. Gräper, a Christian Democratic Union member throughout his political life, was for 18 years the CDU mayor of his hometown of Garstedt. He is now a candidate for office on the Patriots for Germany slate in Lower Saxony.

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NSIPS/Stuart Lewis

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What Volcker really meant by 'controlled disintegration'

by David Goldman

Back in 1978, soon-to-be Federal Reserve chairman Paul Volcker endorsed the concept of "controlled disintegration" as "a legitimate objective for the 1980s," in a speech before Warwick University in England. In the light of recent events, an ordinary fellow might suspect that he was doing it on purpose:

First, the Donald Regan cabal in the White House persuaded President Reagan that he need take no action against the impact of collapsing oil prices on the U.S. economy, despite the mortal danger to the entire Southwestern banking system.

Secondly, Regan and Co. persuaded the President to rubber-stamp the April 11 dictates of the International Monetary Fund, at the May 2 Tokyo Summit, leaving the IMF as recognized referee in an international system based on multilateral cheating.

Third, Regan convinced the President to endorse tax legislation which penalizes precisely those sectors of the economy which threaten to bring down most of the international banking system.

Finally, Federal Reserve chairman Paul Volcker May 13 demanded emergency powers to arrange shotgun takeovers of failing regional banks. The undertaker, it appears, has taken extraordinary measures to increase the supply of corpses. The major money-center banks are taking advantage of the relatively faster disintegration of domestic real estate, energy, and farm debt, compared to the disintegration of their own holdings of Third World paper, to stage a takeover of the regional banking system. If they succeed, the United States will look like Britain or Canada, where a handful of megabanks have monopoly power over the financial system. This will not avert a crisis: The far-worse position of the megabanks will come to the surface in short order. It will

simply crush political opposition to whatever "solutions" the megabanks decide to employ.

Volcker's usual channel for leaks, Salomon Brothers' Henry Kaufman, indicated what sort of financial environment these people expect, in a May 6 talk before the National Press Club:

"... Strong bond performance has been weaned on lackluster economic growth. . . . This market behavior also suggests an unquantifiable speculative participation in the rally, which has undoubtedly helped to boost prices and to lower interest rates beyond levels that might have prevailed without such speculation. Wide daily price swings reflect the volume of this speculative activity. Consider the explosion in trading activity in some key sectors. The average daily volume of trading in the Treasury bond future was \$23 billion in the first four months of 1986. In the comparable periods in 1985 and 1984, this daily volume averaged only \$15 billion and \$10 billion, respectively. . . . The capacity-to leverage in the financial markets is far greater today than at any time in the past 50 years. The pleasant side of speculation is that it can reinforce a bullish trend. The dark side is that the unwinding of speculation contributes to quick, and dramatic, market reversals."

With this in mind, the Senate Banking Committee, in a special session May 13, heard the pleadings of Paul Volcker and other federal regulators, seeking emergency powers to save failing financial institutions by means of bank takeovers. The hearings occurred as two more agriculture-based banks collapsed in Idaho, bringing the number of farm-bank failures this year to 42. The emergency powers which Volcker sought in the Senate are centered on a scheme to allow takeovers of failing banks by out-of-state financial institutions—primarily Citibank and Chase Manhattan. Volcker stated,

"Banks heavily dependent on agriculture and energy have been hit particularly hard and bank failures could damage the entire economies of states and regions." He then added, "The failure of a few important institutions could raise . . . concern about others, basically sound banks, and lead to a contagious and spreading loss of confidence."

At the same hearing, Comptroller of the Currency Robert Clarke stated for the record: "There are currently 300 national banks on the problem list, up almost 300% from 1983."

The tax falls

At least 6 of the 10 largest Texas banks are represented in the Comptroller's list of 300. We reported previously that the Texas big 10 are less endangered by their energy loans, which amount to roughly 150% of shareholders' capital, than by their real-estate loans, which amount to about 500% of shareholders' capital. The washout of the Southwestern real-estate boom had already brought the proportion of delinquent loans to the level of those banks' capital, i.e., threatening their solvency. That was before the oil price collapsed.

In January, *EIR* warned that tax reform proposals formulated by the House of Representatives could knock down the value of most commercial real estate by a solid 40%, since the pricing of such properties depends heavily on tax advantages. The Packwood legislation in the Senate, supported by the White House, is actually worse than the worst-case scenario we examined at the time. It is a prescription for a real-estate market crash. Not that such a crash is not long overdue, and perhaps even beneficial under the right circumstances. But under present conditions, Packwood is in the position of the firemen in the old British wheezer, *Pure Hell at St. Trinians*, who mistakenly attach their hoses to a gasoline truck.

Both commercial and residential properties can now be written off in 19 years; the new legislation stretches this out to 27.5 years for residential properties and 31.5 years for commercial property. Depreciation would also be subject to the alternative minimum tax. Even investors who take a more active role would be limited in the amount of losses that could be claimed. Landlords could use up to only \$25,000 in losses to offset other income. That wipes out the unlimited deduction for interest expenses, which was the secret of successful real-estate speculation under the 1981 tax bill.

The designers of the tax legislation are not merely aiming at the real-estate bubble, but at the speculative bubble in all markets. Paul Volcker's recent jeremiads concerning the \$8.5 trillion in domestic debt he is responsible for creating were a crude hint to this effect. As a whole, the tax package proposes a \$22 billion tax *increase*, a classic deflationary measure, for fiscal-year 1987, due to the time gap between the elimination of tax deductions, and the phasing-in of a lower general tax rate.

Because of the elimination of the special 20% tax on capital gains, many stockholders will sell investments before July 1, 1987, to take advantage of the lower current rate.

After that, capital gains would be taxed at the ordinary income rates, which would be 15% and 27%. Regan, Volcker, et al. have called a general profit-taking.

What's next for the banking system?

Despite the recent advance in oil prices, from the \$11-12 level to the \$14-15 level, there is little hope of a price increase, for the simple reason that we are continuing our slide into depression. Gasoline demand actually fell in the United States between March and April, despite lower prices. In London May 15, the directors of Shell Oil warned stockholders at the company's annual meeting that oil prices would continue downward from the \$15 level, further reducing oil company revenues.

The stricken oil-producing regions of the country are producing little else than a wave of business failures. Tulsa's Bank of Commerce failed May 8 after panicky depositors withdrew \$5 million the previous day. Bank of Commerce's failure marked the second depositors' run against an Oklahoma bank, and this year's fourth failure. On May 1, the First National Bank of Carter became the year's third banking failure.

Oklahoma banks have lost an estimated \$200 million in capital during the past two years, even before the crashing oil price put their energy loan-paper through the shredder. The state's three largest banks are all posting losses for the first quarter of this year—even before the full impact of the oil price crash hit. Bank of Mid-America, the state's largest, showed a \$5.9 million loss; BancOklahoma showed a \$4 million loss; and First Oklahoma Bancorp projects a loss of up to \$67 million.

These are banks that have already had to scramble for cash, borrowing funds from out-of-state banks under tough conditions. First Oklahoma's capital has already fallen below the minimum agreed to with its creditors, who may now force the bank into a distress sellout.

New York buyout

In desperation, the Oklahoma State Legislature is in the process of passing a bill permitting out-of-state banks to take over failing Oklahoma institutions. The bill, supported by the state bankers' association, passed on May 7. In effect, the Wall Street mafia headed by White House chief of staff Donald Regan, the former head of Merrill Lynch, will start buying out regional institutions at garage-sale prices. Texas is the next target, where crashing oil prices and a dissolving real-estate market endanger the state's \$200 billion in banking assets.

Texas suffered another billion-dollar failure earlier this month, when Houston's Mainland Savings was shut down by regulators, and several more are expected during the next several weeks. The fallout from the Southwest banking collapse has already produced a contraction in bank lending nationally, as of the first quarter of 1986. That is the first time bank lending has contracted since the Great Depression.

LaRouche characterizes summit as 'unmitigated disaster' for economy

In a release datelined May 7, declared Democratic presidential contender Lyndon H. LaRouche, Jr. congratulated President Reagan on achieving a "new spirit of cooperation" with allies in the war on terrorism, but otherwise characterized the Tokyo Summit (May 3-6) as "an absolute disaster."

"The economic and monetary proposals adopted by the Summit must be described without fear of exaggeration, as 'an unmitigated disaster,'" wrote LaRouche. "All around, President Reagan earned a straight 'F' for his performance on monetary and economic issues. . . . Compared to the 'success' of the Tokyo monetary summit, the Soviet's Chernobyl disaster was a glorious economic achievement for Moscow."

LaRouche also said: "President Reagan failed to honor the United States' implied commitment to Israel's Prime Minister Shimon Peres, to present Peres's proposal for a new Middle East peace-initiative at the Summit. If the United States is serious about isolating international terrorist forces in the Arab world, the President must give strong support to Peres's proposal. . . . There is no likelihood of Arab-Israeli peace without international sponsorship of an economic development policy for both Israel and Arab nations, especially Egypt, Jordan, and Lebanon."

LaRouche is considered a leading expert on terrorism by many security agencies, and on performance, he is the world's leading economist. His May 7 release was devoted to both topics, and he linked them.

"International terrorism," he wrote, "was launched by former KGB chief Yuri Andropov during 1967-69. This occurred as part of the Soviet KGB's decision to take over growing portions of the international narcotics traffic. The channel used by the KGB for organizing international terrorism, was Syrian intelligence."

Calling the Palestinian part in international terrorism "a complex one," he made a sharp distinction between "desperate Palestinian forces" who have been coopted to sections of Syrian intelligence involved in terrorism, citing Abu Nidal's forces and those of "the Abu Abbas recently featured on NBC-TV News," and those PLO elements loyal to Yasser

Arafat. Admittedly, a state of war continues to exist between Israel and Arafat's forces, too, of détente, leading toward peace, between Israel and the Palestinians, could be established, the threat of terrorist-like actions against Israel would be limited to Syrian-controlled groups."

Responsible criticism

LaRouche characterized President Reagan as "a pretty good President on every issue excepting economic policy," of which, he said, "Mr. Reagan is ignorant of even the simplest principles. . . . Since the time he was closely associated with the General Electric Company, he has been drilled in what he calls 'the magic of the marketplace.' Like many Republicans today, his ideological shibboleths have impaired his ability to think economic issues through in a rational way."

LaRouche said that it was necessary to analyze the President's problems in economics, even though many might say: "Look, his policies stink. Who cares why he has adopted them. The problem is, just to get rid of them." Replied LaRouche: "The error in that simplistic argument, is the basic fact, that Ronald Reagan will be President until January 1989. Between now and January 1989, the U.S. will be confronted with the most dangerous economic crises in our history; unless Ronald Reagan makes the right decisions, our republic is in grave danger. It would be irresponsible behavior, simply to damn the President for his bad mistakes in economic policy. The only responsible behavior, is to analyze the President's decision-making processes, to the practical purpose of discovering how he might be persuaded to change his way of thinking on this subject.

"The duty of the responsible citizen, is not only to work to change the President's views on this matter; we must work to give the President the kinds of political-power options he will need, to push through the needed kinds of changed policies. This means reshaping the Congress, and reshaping the Democratic Party as an effective 'loyal opposition' on these issues."

President Reagan, "like most Americans living today, knows nothing more than a few isolated and distorted facts about the history of the United States," said LaRouche. "For that reason, he is able to believe such silly things, as asserting that the U.S. economy was founded upon the principles of Adam Smith's *Wealth of Nations*. In fact, the American Revolution was fought to free the United States from the policies which Adam Smith proposed. For example, the founders of Abraham Lincoln's Republican Party would be sick to their stomachs, to hear a Republican President denouncing 'protectionism.'"

LaRouche then described the President's circle—and most professional politicians around Washington—as persons who "were processed, like so much cheese, through the 'diplomatic-mill' tracks of the Ivy League universities. . . . It never occurred to them to check original sources, to discover whether the textbook or lecturer were babbling nonsense.

". . . They succeeded in politics, because they were sold to the voters like a brand of breakfast cereal or toothpaste; they were 'packaged' and promoted. The purpose of modern packaging, is to conceal the product inside the package, or to divert attention from it; this is especially so, in the packaging of political campaigns. Most such political careerists have very little confidence in what they are, inside the package; defending the outer packaging, is their sense of self-interest.

"There are members of Congress in both parties who are better than that privately, but we have given a fair picture of the majority. . . .

"It is commonplace opinion, that the President imagines himself the chairman of the board of a public corporation, and thinks that government ought to be run as he imagines a successful business ought to be run. The trouble is, that while a number of the President's intimates are successful businessmen, they are not producers of wealth, but are men who made their wealth in buying and selling what was produced by others; buy cheap and sell at a profit, is about the limit of what they know. They do not understand, for example:

"1) That the quality (productivity) of labor in production depends upon both quality of education and household standard of living. They believe in 'social Darwinism,' a 'Horatio Alger' view of 'rags to riches.'

"2) They do not understand the fact that all wealth is ultimately, produced physical wealth. They see no distinction between profits from production of wealth, and profits from those forms of speculative trading in which production of wealth has no bearing upon profit margins.

"3) Many of them, including the President, admire technological progress, but they have not the slightest comprehension of how to foster technological progress. They simply do not understand the standpoint of the production executive and his engineering staff.

"4) They are stubbornly ignorant of the fact, that investments by government and public utilities, in creating and maintaining improved basic economic infrastructure, is an

indispensable and very large part of the cost of production of every good manufactured by private entrepreneurs."

The United States, said LaRouche, has suffered disastrously every time a policy of "free market" economics has been adopted by an administration—and there have been many.

"The center of the folly of the President's circle," he wrote, "is this. In the history of modern economy, the simultaneous lowering of the direct cost of production of goods, and increase of goods' quality, is the result of technological progress. This technological progress can occur only if the amount of energy produced and consumed, per-capita and per-hectare, is increasing, and only if production is becoming increasingly capital-intensive. To obtain this result, the tax policies and credit policies of governments, must provide incentives for such forms of investment, and also provide disincentives for other forms of investment. . . .

"In U.S. history, every time the United States has adopted Adam Smith's "free market" policies, the economy has slipped toward a new depression or general banking collapse. This happened under Presidents Thomas Jefferson and James Madison. It happened under Jackson, Van Buren, Polk, Pierce, Buchanan, Grant, Cleveland, Theodore Roosevelt, Coolidge, Hoover, Johnson, Nixon, Ford, Carter, and Reagan. Every time the United States has rejected Adam Smith's doctrine, as under Washington, Monroe, Quincy Adams, and Lincoln, or in major economic mobilizations for national defense, the economy has boomed. These booms were caused by the Federal government's adoption of 'dirigist' policies of infrastructure-building, and of tax and credit policies which directed flows of investment and credit into technologically progressive forms of productive ventures.

"President Reagan, like Nixon, Ford, and Carter, has tried to get the government out of the economy, to turn the economy over to the powerful rentier-financier bankers who actually control, and rig, the so-called 'free market.' President has ignored every scientific standard of measurement of economic growth, and has measured growth only in terms of the paper profits of the financial operators.

"The farm crisis and the skyrocketing of the U.S. foreign trade deficits, are the clearest, simplest examples of the President's blundering on economic policy.

"The President asserts, that the cause of the farm crisis is overproduction by farmers, despite the fact that the quality of diet of the average American household has been dropping at an accelerating rate, and that the world is ravaged by starvation levels of hunger. The levels of production of food in the U.S. have been cut back to about 1954 levels, and are now falling toward 1933-34 levels; the U.S. consumer is depending more and more on cheap imported food, mostly from nations in which starvation already exists, and food-shortages in the U.S. are looming for the years ahead.

". . . The U.S. imports deficit is skyrocketing, not because foreigners have unfair prices, but because our government's tax and credit policies have shut down the farms and

factories needed to produce for our own domestic needs.

“That is a repetition of what happened under Jefferson and Madison, through Albert Gallatin’s ‘free market’ policies, causing the great depression of the 1815-18 period. That is what happened under Jackson, causing the Great Panic of 1837. That is what happened under Polk, Pierce, and Buchanan; that is what happened under the ‘free market’ policies of the second Grant administration, leading into the disaster crises of the 1872-86 period. That was the cause of the depression of the 1890s, the great Panic of 1905-07, and the collapse of the U.S. economy under Coolidge and Hoover. Every time the U.S. adopted ‘free market’ policies, foreign financier interests gobbled up large chunks of our economy at bargain prices.

“What Treasury Secretary Alexander Hamilton . . . elaborated in his famous reports to the Congress, were the economic principles for which the United States fought its war of independence against the British monarchy, a total rejection of the ‘free market’ dogmas of Adam Smith’s *Wealth of Nations*. Every achievement of the U.S. economy has been the result either of the government’s adoption and implementation of that American System, or of the continuation of those economic ideas as an embedded part of our national character and culture. Every economic disaster we have suffered over the past 185 years, has been the result of government’s adoption of so-called ‘free market’ dogmas.

“Unfortunately, President Reagan exhibits total ignorance of the American System of Political-Economy, and of the economic history of the fight between the American economists and the supporters of Adam Smith’s policies over the past 223 years.”

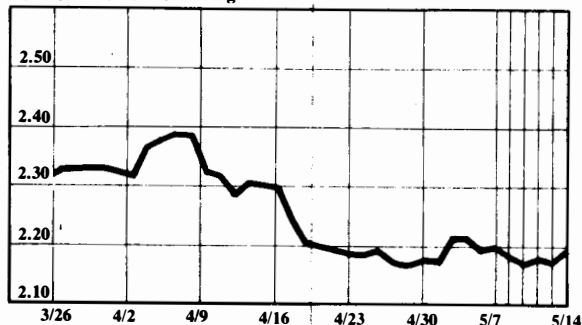
LaRouche then stated that it was necessary to understand Adam Smith’s dogma of the “Invisible Hand,” as not actually an economic idea, but a “moral dogma,” i.e., an attempt to remove all morality and accountability from economic policy, to appreciate President Reagan’s blindness to the true state of the economy.

“The President insists, that we must not impose moral goals upon the shaping of our economic policies. He insists, that no good will come to the average citizen, or the average nation, except as a long-term benefit of submitting to the dogma of the ‘Invisible Hand.’ Only if we understand the perverse nature of Smith’s dogma, can we understand why an otherwise moral individual, such as the President, could see the economic cruelty of his policies, for farmers, industrialists, minorities, and labor generally, as a symptom of an ‘economic recovery.’ Only when these same economic policies threaten to destroy national defense, the President becomes a bit restive; but, so far, he has preferred to defend Adam Smith, rather than the nation, whenever Smith and national defense come directly into fundamental conflict. Since he is a patriot, we must assume that there is a breaking-point, at which the President would dump Adam Smith for sake of survival of our republic; so far, that breakingpoint has not been reached. . . .”

Currency Rates

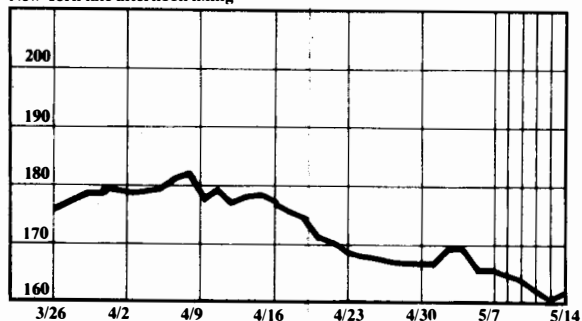
The dollar in deutschemarks

New York late afternoon fixing



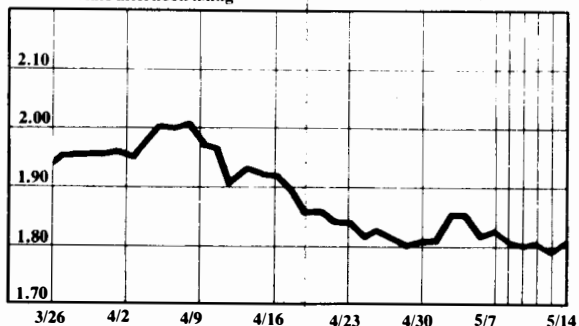
The dollar in yen

New York late afternoon fixing



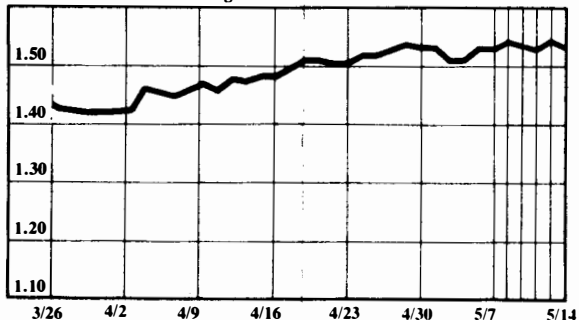
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The Austral and Cruzado Plans: wrecking the economy to be popular

by Lorenzo Carrasco

The International Monetary Fund (IMF) and the international banking oligarchy have found a new, more effective way of imposing their austerity measures on our most indebted allies in Ibero-America. Regimes previously weakened by the monetary policy are accepting turning their economies and countries over to usurious capital, in exchange for a fleeting political popularity based on demagogic wage-price control programs. This new cosmetic treatment has been accepted by Argentina and Brazil, with their respective Austral Plan and Cruzado Plan. Now, a big movement is afoot in international financial circles to convince Mexico to apply the so-called Azteca Plan.

The new model is not even new; it is patterned on the policy which the League of Nations—which in the past played the role of the IMF—imposed on the countries of Central Europe after World War I. The new monetarist prescription is only greasepaint covering the actual “economic adjustment,” or contracting 25-30% of the physical activity of the economy at one fell swoop. The reduction of wages and public and private investment is part of this shrinkage.

A wage-price freeze—while one fails to take effective measures against domestic high interest rates, and tolerates the drain of vital resources in the form of debt service payment—is nothing more than a short-term measure. It is as short-term as the popularity in the public-opinion polls it is bringing to Presidents Alfonsín of Argentina, and José Sarney of Brazil.

In Argentina, President Alfonsín was induced to adopt the plan in the face of the parliamentary elections late last year, while President Sarney adopted the Cruzado Plan to stave off the imminent destruction of his government, with elections to the National Constituent Assembly coming up. Sarney hopes that the psychological effect of the plan will help him in the November elections. In Mexico's case, the IMF and its disciples have convinced certain financial authorities to adopt an Azteca Plan to finally tear the heart out of the suffering Mexican economy. The political effect here is a bit different. As MIT economist Ruder Dornbusch pointed out at a recent seminar in Rio de Janeiro: “The adoption of the Azteca Plan would make Treasury Secretary Jesús Silva Herzog the next President of Mexico.” He stressed that “President de la Madrid is so weak that the Azteca Plan is

necessary.”

But, aside from the immediate political aspect, the new plans have already started to show their true results. Under the Austral Plan, the longest in effect up to now, the decomposition of the Argentine physical economy has gotten so bad that Argentina is on the verge of losing its famed food-producing capacity.

Parallel negotiations with the IMF

As the cases of Argentina and Brazil show, the plans were put into effect through parallel negotiations with the IMF, while the “official” negotiations continued their course. It is as if nations' dealings with the IMF were modeled on the behavior of devalued Ibero-American currencies: The “official” market is obeyed by nobody, and all transactions occur in the parallel “black” market.

Thus, the “official” negotiations continued normally, while the “black market” negotiations with the IMF, in accord with the true conditions of “economic adjustments,” went on in absolute secrecy. In this “heterodox” way, the Alfonsín and Sarney governments vaunted their freedom from signing up with the IMF, and basked in the luxury of public clashes and even threats of breaking with the Fund. The only purpose of this charade was apparently to build up the popularity of the economic programs they imposed in their own name—the same measures the IMF had demanded.

The governor of the U.S. Federal Reserve, Paul Volcker, advised and personally supervised the parallel negotiations and the implementation of these plans. It was for this purpose that Volcker visited Argentina in November 1985. As former Argentine Chancellor Oscar Camilión pointed out—at the cited seminar in Rio de Janeiro—the Austral Plan was imposed by the bankers. Camilión was very explicit and mentioned Henry Kissinger: “Good relations with the United States constituted an implicit condition of recognition of the whole scheme, which, moreover, had been negotiated concretely with the Federal Reserve Bank.”

Turning over economic sovereignty

Under the agreed-upon conditions, the Austral and Cruzado Plans start from the premise of “adjusting to what exists,” in available external resources, causing the whole plan

to revolve around the religious payment of debt service, which today means about 60% of the trade surplus of both countries. Besides this measure, the programs try to reduce the federal budget deficit through cuts in investment and increased utility rates.

Up to now, the most outrageous case is Argentina's, where the State gave up all its remaining sovereignty over credit. The text of the Austral Plan, made public on June 14, 1985, expressly prohibited the State from issuing money or credit not backed up in foreign currencies. Alfonsín said at that time: "The central bank would not require more currency to satisfy the requirements of the Treasury. . . . Public spending should only have genuine financing, which should absolutely not rely on the possibility of issuing [currency]. The credit capacity of the economy will be the product of a genuine monetarization; i.e., credit will also not be the consequence of printing money."

Minister Sourouille is the one who defined what Alfonsín meant by "genuine": "The government proposes to achieve a fiscal deficit of about 2.5% of Gross Domestic Product (GDP) in the second half of the year. This figure includes the deficit of the central bank and will be financed by the use of foreign credit granted by international institutions and banks. Starting now, the public sector will have to meet its expenses with genuine resources—taxes and tariffs—and with external financing. Therefore it will not be necessary to require credits from the central bank."

"In other words, there will be no need to issue currency to finance the public sector. The government is convinced that the success of the policy being initiated depends decisively on control over fiscal accounts. This is its conviction and also its commitment."

This policy meant subjugating the economy and the currency directly to the dollar, and converting the central bank into a mere branch of the U.S. Federal Reserve, a policy which reached the ridiculous when the Argentine Treasury had to issue payments in dollars to its own central bank to cover pending internal debts. Brazil has been adopting a similar policy since the Bank of Brazil lost its capacity to issue credit for economic development purposes, when the "transfer-accounts" were shut down.

Interest rates rise

By limiting the issue of money and credit, the Alfonsín government guaranteed the most wretchedly recessive economics, which are today suffocating Argentina in the worst economic crisis of its history. The credit austerity provoked a brutal rise in domestic interest rates, doubling them in real terms. While nominally the interest rates fell from about 30% in May 1985, to 8.9% in June and 7.2% in July, in reality, monthly interest rates jumped from 1.8% on the controlled market and 2.6% on the free market, to 3.6% and 5.8% respectively in the same period. For starters, the packet doubled interest rates to producers. And in Brazil, the story will

not be very different.

In sum, these monetary measures provoked the flight of productive investments toward financial investments. While Argentina is undergoing total economic paralysis, the stock market has gone up by 300% since the Austral Plan has been in effect.

Wage reductions

The reduction of the public deficit is being achieved by cuts in productive investment, tax hikes and the creation of new taxes, increases in public service tariffs, and above all, by cutting wages. As was to be expected, the first months of the Austral Plan produced an increase in tax revenues, but less than a year after its adoption, and as a sequel to production collapse, the tax revenues are falling to below the levels collected before the Plan.

But the most scandalous aspect of both plans is wage robbery by decree. At the moment of the wage freeze, both countries' unions were fighting to gain back the cumulative loss in wages since 1983. At the time of the freeze in Argentina, wages were 30%-35% below the levels of January 1984; in Brazil, the minimum wages stayed frozen at the equivalent of \$56 monthly, the lowest in Ibero-America and the lowest in Brazil itself since the end of World War II. To carry out the same plan, Mexico would freeze real wages at 67% of the 1983 levels.

As a direct effect of the adopted policy, the jobless rate in Argentina has risen 1.5% over 1984 and underemployment to a similar extent: in both cases, the highest rate in modern Argentine history. In Brazil, the unemployment and underemployment rate is higher than in 1978. Although we cannot yet evaluate the increases provoked directly by the Cruzado Plan, it is clear that the great epidemic diseases were not frozen by the packet, and, today, all the great industrial cities of Brazil are in a state of alert because of pandemic outbreaks.

Economy shrinks by 30%

The "economic adjustments" are the reduction of the physical economy by 20-30%. Thus, we have in Argentina, between 1980 and 1985, a more than 10% drop in total production, and 20% in industrial production. The general standard of living is 10% below that of 1980, while investment has fallen by more than 50%. In the last five years, capital-goods investment in Argentina has been negative. With the collapse of at least 25% of grain production—the mainstay of the Argentine economy—the Austral Plan is reaching its end.

The international financial institutions hope that Argentina will become more and more docile, to apply the final solution to its own economy. Will Brazil follow the same suicidal path as Argentina? Will Mexico be willing to impose the final Aztec sacrifice? Or will all three join the policy of Peru's President Alan García, to limit payments on interest on foreign debt?

Drumbeat for an 'Azteca Plan'

by Juan Cedilla and Carlos Cota

There is a growing drumbeat, both inside Mexico and abroad, for Mexico to implement an "Azteca Plan" to deal with its atrocious economic crisis. Like the Austral of Argentina and the Cruzado of Brazil, this is not an economic program but a psychological warfare plan against Mexicans in general and the trade unions in particular, to make them accept greater austerity in the face of the impossibility of continuing to pay the foreign debt.

An Azteca Plan for Mexico would mean human sacrifices as in the pre-Colombian era, when the Aztecs lived by sacking other peoples and decimating their populations. The plan has been the brainchild of the Monterrey Group, a conspiratorial group of "businessmen," since last year. Monterrey Group spokesmen have described it as consisting of: a) substantially reducing the public deficit through spending cuts and tax hikes; b) total suspension of loans by the central bank of the government; and c) depreciation and stabilization of exchange. The complementary measures would be, they say, eliminating the system of indexing between wages and prices, eliminating foreign credit for the transition period, and adoption of a new monetary unit.

After three years of insisting that the International Monetary Fund's program was helping Mexico's economy to recover, suddenly the Mexican government has admitted that the economy is not only not on the upswing but collapsing in an deafening fiasco. The official recognition came in the *Annual Report* of the Bank of Mexico on the national economy. Despite a violent faction fight inside the economic cabinet for the report not to come out in that form, the director of the Bank of Mexico, Miguel Mancera Aguayo, blamed Treasury Secretary Jesús Silva Herzog and Budget and Planning Secretary Carlos Salinas de Gortari for the fiasco.

The report says the drop in tax revenues, in the international reserves, and in the savings deposits of banks, along with skyrocketing interest rates, capital flight, the unmanageable mess of the foreign debt, and the runaway domestic debt, are due to "errors of instrumentation, laxity, and errors in foresight" of the two above-named secretaries. Although they *are* responsible for the disaster perpetrated by the IMF, Mancera Aguayo has been complicit in the whole mess.

In reality, what is happening to the Mexican economy is

what had to happen under the International Monetary Fund (IMF) programs. All the negative indices which the government now recognizes have been negative since 1982-83, when the oil prices had not fallen. The disaster was created by the monetarists in the cabinet, who now want to blame everything on the oil price crisis in order to continue to destroy the economy, since the only remedy they propose is more austerity and continued debt payment.

What does the fall in oil prices and the fall in hard currency revenues mean? Originally a total amount of exports of \$22 billion was foreseen, and imports for a total of \$14 billion—or a surplus of \$8 billion. Debt service payments for this year added up to \$9 billion. With the oil price drop, all Mexico has lost is its capacity to pay the foreign debt. This has nothing to do with the domestic economy, which went under long ago.

For example, the loss in tax revenues of the government is due to the fact that the fiscal policy has been one more element of de-capitalization of the economy, which has both fomented tax evasion and added one more cost of production together with the burden of interest rates which now top 130%. In turn, the zooming interest rates result from the measures the government has resorted to, to finance its public deficit by "self-loaning" itself its savings deposits, in order not to print money or take on more foreign debt. This has led to a severe credit squeeze, since not only are interest rates rising, but the reserve requirement has gone up for the commercial banks. As a result, the interest the government has to pay for its internal debt for 1986 totals 8 trillion pesos—a substantial part of the budget.

Chain reaction

The budget cuts have also forced the state and semi-public sector of the economy to suspend payments to their private vendors, who, in turn, are suspending payments to the commercial banks, tottering under the increase in overdue paper and bad debt. Making things worse, the government, to avoid chain bankruptcies of both banks and businesses, is privately negotiating tax exemptions with the businessmen so that they don't declare themselves insolvent. This is of course another blow to fiscal revenues.

This is why Planning and Budget Secretary Salinas de Gortari announced a budget cut of "only" 500 billion pesos, arguing that more cannot be cut because of the risk that the economic apparatus will fall apart. When the 1986 budget was approved, it was said that it "cannot be less nor can it be more." Officially it is recognized that as far as budget cuts go, "We've arrived at the bone marrow." The domestic economy is exhausted and the drop in oil prices only sped up the recognition of the failure on the part of the government. The only meaningful thing about this new cutback is that, as always, it does not touch payments on domestic and foreign debt, which adds up to 47% of the federal budget. And this is where the "Azteca Plan" comes in.

Drought could be the last straw

Added to the unprecedented acreage cuts, the drought hitting many farm states equals a crop emergency looming this year.

The drought that has parched much of the U.S. south, plus the huge 1986 food acreage cutbacks and cropland retirement programs this year, add up to a foreseeable emergency food situation that needs action now. Farmers are already laboring under an impossible burden of debt and income short-fall, and they cannot withstand the added pressure of bad weather. Yet, Washington policymakers are ignoring the food supply consequences so clearly ahead, and instead, fixating on international food trade warfare.

The climatic problem is the high pressure system that has been sitting over the southeastern part of the North American continent, and blocking out moisture from the Gulf of Mexico that usually circulates in late winter and spring. For some regions, this continues many previous months of subnormal precipitation.

The National Weather Service (Department of Commerce) in Atlanta, reports that less than eight inches of rain has fallen there since January—12 inches below normal. The first four months of this year were the driest ever recorded. In the multi-state Tennessee Valley Authority area, a 23-month dry spell has transformed the Tennessee River into a “pea green” flow of algae-filled, low water.

The dry region extends all the way into Virginia, where 97% of the soils have a reduced moisture level. Hardest hit are the southeastern, and south-central states. The USDA list of the farm states most affected includes: 1) the southeast—Florida, Georgia, South Carolina, North Carolina, Alabama, eastern Kentucky and Tennessee, and parts of Virginia and West

Virginia; and 2) the south-central states—west Texas, the Oklahoma panhandle, western Kansas, and eastern Colorado.

Farmers have held up planting in the parched southeastern region, until the point that almost guarantees a crop failure.

The general endangerment to all crops caused by the early-in-the-year bad weather is shown clearly in the national picture for wheat (three-fourths of which is winter wheat, planted in the fall).

The USDA crop projections—known to commonly overstate crop estimates, in deference to the food cartel interest in justifying low payments to farmers—already have been revised downward for the 1986 season. The national projection is that the U.S. wheat crop will drop this year to 59.3 million tons, 10% below last year's 66.0 million tons, and 16% below 1984's 70.6 million tons. Corn is expected to be down by 14% from last year, to 235.3 million tons. And these are only early estimates.

The drought has destroyed half of Alabama's \$50 million wheat crop, and the same percentage of South Carolina's. Alabama Gov. George Wallace has called for federal disaster emergency assistance. Because of the ever-present possibility of bad weather, government food and farm policy should always serve the national interest in buffering farmers financially, when needed, and in maintaining a national livestock inventory and crop base large enough to guarantee food security and “bounce-back.”

The latest four-year farm law, the Food Security Act of 1985, does just

the opposite. The measures it imposes on U.S. farmers marginalize an already failing farm sector, and thus drastically worsen the impact of the current bad weather. The farm law mandates significantly lower price supports—but offers financial inducements to a desperate farmer for contracting to remove large amounts of crop land into the set-aside programs. Then there is the unprecedented “Conservation Reserve,” that induces farmers to retire cropland from food production for 10 years—in fact, permanently.

This year, U.S. farmers have contracted with the government to take 43.9 million acres out of grain and cotton production. This is quite a bit more than last year's set-aside of 34 million acres. In the “Conservation Reserve” plan, 5 million acres are targeted to be taken out of production this year, of which, so far, about 889,000 acres have been contracted for retirement from food production.

The following are the USDA's conservative estimates of wheat crop reductions in top wheat states (based on May 1 conditions):

Kansas down to 330 million bushels, from last year's 433 million.

Colorado down to 110.2 million bushels from last year's 134.55 million.

Texas down to 119.6 million bushels from 1985's 187.2 million.

Oklahoma down to 145 million bushels from last year's 165 million.

In 1983, under the USDA's PIK—Payment-in-Kind—program, there was an unprecedented land set-aside of close to 75 million acres of grain and cotton. A severe drought hit the farm belt in mid-summer, and parched the corn, soybeans, fodder, and other crops. The corn harvest was reduced by 50%. And the soybean crop was cut by almost a similar amount. That should have taught a lesson.

The NDPC labor candidates

Many trade unionists are among the nearly 1,000 candidates running on the slate of the LaRouche-linked action group.

Many leading candidates seeking election in Democratic primaries as part of the National Democratic Policy Committee slate this year are active officials or members of trade unions. Their campaigns are receiving plentiful media attention, partly because they are running in the face of staunch opposition from the "official" bureaucracy of the AFL-CIO, the United Auto Workers, and other unions, whose allegiance to the corrupt liberals who run the Democratic Party has driven working people out of the party in droves. Their campaigns are taking the economic and defense policies formulated by the leading traditional Democrat, Lyndon LaRouche, and the NDPC directly to the population, including trade unionists, despite the efforts of Lane Kirkland and his cronies to squelch any real solution to the depression.

Henry "Hank" Wilson, a 32-year veteran of the United Auto Workers, is running an aggressive campaign for governor of Michigan. Wilson, currently on medical leave, is a member of the UAW Local 600 General Council, and former president of the Dearborn Assembly Plant UAW Local. His years in auto work began in the 1950s heyday of Walter Reuther; Wilson was one of the union founder's earliest protégés.

Wilson has made himself a household word in Detroit, with numerous appearances in the media and on talk shows. He challenged Governor James Blanchard (D) to debate such crucial issues as the AIDS epidemic and the role of Detroit's auto industry in the

Strategic Defense Initiative. When Blanchard refused, Wilson announced that he's nicknaming the governor "Ducky," since he's always "ducking the issues." The Michigan primary is Aug. 5.

Juan Cortez is a candidate for the Democratic nomination for U.S. Senate in Iowa, where the primary is June 3. A lifelong trade-union and black leader, Cortez was, until recently, president of the A. Philip Randolph Institute Cedar Rapids Chapter, and is an active member of the Cedar Rapids Human Rights Commission. Despite his years of work on behalf of the Democratic Party and trade-union causes, Cortez has had to battle for the right to bring his program to audiences in Iowa, facing what he has termed "tyrannical" opposition from the Iowa AFL-CIO. Cortez, also active in his church, was recently written up as a "model Catholic" in a feature article in the *National Catholic Register*.

In California, more than 120 candidates are running for state and federal office on the NDPC slate, in the June 3 primary. A leading candidate is **Jim Legare**, in the 6th District, encompassing Oakland and other industrial sections of the Bay Area. Legare, former financial secretary of Oilers and Firemen Local 486, San Francisco, is active as a rail worker and unionist. After the March 18 victory of two LaRouche Democrats in statewide races in Illinois, Legare's campaign for Congress is being taken "very seriously," according to his opponent, liberal Democratic incumbent Barbara Boxer, an advocate of the Nucle-

ar Freeze.

In Idaho, where a right-to-work bill is pending before the state legislature, **Marvin Sawyer** is running unopposed in the Democratic primary for state representative in the 13th District, Seat A, Nampa. The Idaho primary election is May 27. Sawyer is an active member of the United Food and Commercial Workers Union, working as a beef boner for one of the larger meat processors in the west. Sawyer is opposing the main sponsor of the right-to-work legislation, Republican Mike Strasser. He is fighting, he says, to change Idaho's anti-progress economic policies. A big sign greets travelers in Boise, the state capital: "Welcome to Idaho. Set your clock back 16 years."

Kent Herschbach, a truck driver, is shop steward in the International Brotherhood of Teamsters local in St. Paul, Minnesota. His campaign for U.S. Congress in the Fourth District is part of a statewide "harmony of interest" slate, headed by farmer Andy Olsen for governor, which also includes two other farmers, a housewife, and a physician, among more than a dozen announced candidates for the Sept. 9 primary.

Herschbach has been particularly concerned with giving direction to the Hormel meatcutters strike of Local P-9 in Austin, which has gained national attention as a rallying point against austerity. Herschbach called on the strikers to join him in working for an "international movement against austerity," targeting the International Monetary Fund's policies, to avoid the pitfalls of localism and empty militancy into which the strike has fallen. Only that solution, Herschbach says, "can rally the 'forgotten majority' of Americans" to fight for their "harmony of interest" in expanding the world economy.

Business Briefs

Bio-Technology

EPA approves use of bacteria against frost

The Environmental Protection Agency announced in mid-May the approval of a long-delayed experiment by the University of California to reduce frost damage to potatoes by releasing gene-altered bacteria into the soil.

Jack Moor, assistant administrator for pesticides and toxic substances for the EPA, said scientific review shows the bacteria "pose minimal risk to public health or the environment."

Jeremy Rifkin, the leftist whose anti-progress, anti-Christian conceptions have gained much support from misguided fundamentalists and whose suit caused the original delay of this experiment, said he would again sue the EPA, this time for not requiring University of California at Berkeley and other experimenters to have liability insurance against a remote possibility accidents may occur.

Rifkin, "president of the Foundation on Economic Trends," also said he wanted to build local pressure to persuade local officials to ban the experiments.

Earlier this year, a similar experiment on strawberries was banned by an ordinance in Monterey County, California.

International Trade

Craxi seeks foreign purchase restrictions

When Italian Prime Minister Bettino Craxi arrived back in Italy on May 7 from the Tokyo summit, he announced that he would be seeking legislation to require the government and parliament to be "at least informed" when Italian industries or sales networks were sold to foreign buyers.

"I only discovered from the newspapers that Libya had bought 1,700 filling stations in Italy," Craxi said.

The press, which took a critical attitude

toward Foreign Minister Giulio Andreotti, had reported a deal under which the Libyan Arab Foreign Investment Company (Lafico) last January bought 70% of Tamoil, the former Italian branch of the U.S. oil company Amoco.

Lafico also owns a 15% interest in Fiat. The vendor was First Arabian Corporation, a company run by Mr. Roger Tamraz, a Lebanese entrepreneur close to the Gemayel family and backed by Saudi interests.

Twenty percent was bought by the Swiss-based company Seasa, which is linked to Socialist Party member Giorgio Mazzanti, former president of ENI, the state-controlled oil company. Mazzanti who was appointed as head of Tamoil, is a close friend of Andreotti.

The Invisible Hand

Two bankers down—but one refuses to go

Ernest Japhet, chairman and chief executive officer of Israel's leading bank, Bank Leumi, announced his resignation on May 12. A statement issued by Bank Leumi said that Japhet resigned "with great regret."

The resignation comes as the result of the report released in mid-April by an Israeli commission of inquiry, headed by Supreme Court Justice Moshe Bejski, that was an indictment of banking practices in numerous major Israeli banks—Bank Leumi, Discount Bank, Bank Hapoalim, United Mizrahi Bank, and others. The report demanded the resignation of the bank heads, including Japhet.

Japhet's resignation statement attacked the Bejski report for having "failed to seriously relate to the country's economic conditions and the changes in the domestic capital markets" during the past years.

The reaction of another bank president, Israeli Discount Bank chairman Raphael Recanati, is, according to the Israeli press of May 12, a hysterical, "I refuse to go!"

"It could get hot for Recanati," a Jerusalem source told *EIR* on May 13. "First, he's the only one resisting: Bank Leumi head Japhet resigned yesterday, and the reports

are that United Mizrahi Bank head Meir will resign tomorrow.

"Second, his brother has put an ad in the papers calling Recanati a bastard, and saying that what Raphael is doing now is only confirmation of the unethical behavior that led his brother to cut off contacts years back. Third, the word here is that his behavior, if it continues, could be of great harm to his own bank."

International Trade

German Exports to U.S.S.R. dropping

Export orders to the Soviet Union are rapidly disappearing, according to discussions with leading West German industry sources.

The National Statistics Office released figures on May 14 showing that German exports to the U.S.S.R. had dropped 9% for the first quarter of this year.

German Economics Minister Martin Bangemann's highly touted trip to Moscow in April, resulted in no new orders. In fact, according to industry sources, long-discussed talks for export of multi-billion-mark industrial projects from VW, UHDE, and Lurgi are all either being scaled drastically down or frozen. Bangemann has privately argued that export orders to the U.S.S.R. would be jeopardized by collaboration with the U.S. Strategic Defense Initiative program.

Debt Crisis

Mexican government scraps steel plant

Mexico is scrapping Fundidora Monterrey, an old steel rolling plant which employees 11,000 workers, and provides indirect employment to 77,000 others.

The *Wall Street Journal* quoted a U.S. banker that the move "is a quantum leap forward from all those diddly state companies they were selling a few months ago."

Briefly

The *Journal* concludes, "While unions have remained quiet so far, the massive layoffs that any industrial reconversion will bring threaten to shatter that peace."

This is the first time in Mexico's history, according to the Mexican newspaper *El Financiero* on May 9, that the government has officially declared the bankruptcy of a state company.

A total of 8,000 workers from Fundidora will be "relocated" as a result of the closure.

On May 13, steel workers from the plant held a demonstration in front of the state capital, chanting, "We want work, not severance pay."

The union claims that the declaration of bankruptcy, made by the government on May 2, is technically flawed.

Finance minister Jesus Silva Herzog said the government was scrapping the plant and refusing to honor its debts in order "to continue with the program of internal rationalization of our industrial apparatus. . . ."

Space

The U.S. to create a 'Highway to Space'?

A presidential commission will soon release a report recommending a bold, 50-year plan that will pave a "Highway to Space." Entitled *Pioneering the Space Frontier*, the report calls for permanent human settlements on the moon by 2017 and on Mars by 2027.

The study urges Americans to spend \$700 billion on space between 1995 and 2020. Thomas O. Paine, head of the 15-member National Commission on Space, told reporters in mid-May, "The United States should be the country that leads mankind into space."

"The popular feeling out there is to be bold," said Paine, commenting on public reaction at hearings held by his commission around the nation in the past year.

In a related development, Jesco von Puttkamer, a long-range planner at NASA's headquarters in Washington, stated: "If you want to fly to Mars in 2011 and land in 2012, you have to start related advanced technol-

ogy work on the space station in 1993 or 1994."

There is no question that a Mars mission—an estimated 700-day round-trip journey given present propulsion systems—would require technology not yet developed. "The mission duration will be an order of magnitude greater than any previous mission or any other near-term future mission and will require new levels of reliability and maintainability," a NASA report said in 1985.

The Russians have suggested the United States join them in a Martian sample mission. However, Barney B. Roberts, a planner in NASA's Houston office, said the Soviets may be using a Mars proposal as a way of trying to deflect U.S. technology away from the Strategic Defense Initiative.

Agriculture

Secretary Lyng's 'message to Europe'

Agriculture Secretary Richard Lyng says that he still plans to retaliate against Europe's quota policies, even though the Tokyo summit produced an historic agreement to reduce farm subsidies.

"We will take some harsh action, and I know there's widespread support for that, and I hope the Europeans are getting the message," Lyng said on May 8.

"From an agricultural standpoint, something necessary and different, and I think historic" emerged from the Tokyo summit, Lyng said to the Commodity Club in Washington, D.C. At the same time, however, he accused the Europeans of having a "rather self-centered agricultural policy" of increasing incentives to production, overproduction, and dumping exports.

American unwillingness to do the same thing, he said, "is bringing these major powers to the bargaining table." The new U.S. farm program, which lowers U.S. prices, is causing concern among rice producers such as Indonesia and Thailand, and among grain exporters such as Canada, Australia, Argentina, and the European Community.

● **THE EUROPEAN** Community is demanding that Spain further cut its production of steel by more than 3 million tons, for a 30% cut overall. This will mean the loss of between 10,000 and 20,000 more jobs. Installed capacity is about 21 million tons, present production stands at under 14 million tons.

● **ATLANTIC CITY** casinos will be allowed to have 24-hour per day gambling for an experimental period of 15 months if the New Jersey State Assembly adopts legislation (A-1946) passed on May 8 by the assembly's committee on Independent and Regional Authorities.

● **THE PHILADELPHIA** Naval Shipyard has slated about 8,000 jobs for elimination over the next 16 months, according to a U.S. Navy memorandum. Six of 18 ships assigned to be overhauled at the yard during the next three years are being dropped, and the work force could drop from 9,211 to 6,200 by the end of September 1987.

● **FORD MOTOR CO.**, the second-largest auto company in the world, plans to eliminate up to 25% of its salaried employees in North America by 1990. The cuts could affect 13,000 jobs, company officials stated on May 8. Since 1983, Ford has closed 15 plants and eliminated about 20% of its white-collar workforce worldwide. The firm is currently expanding joint-product work with the Japanese firm Mazda, allowing the lay-off of further engineers.

● **PEKING** will freeze oil exports to support OPEC efforts to stabilize the world oil market, a senior Chinese official, state councilman Zhang Jingfu, told the *Kuwait Times* in early May. He said that China, Asia's biggest crude producer, would hold oil exports in 1986 at last year's level of 30 million tons, equivalent to 600,000 barrels per day.

Italy's role in the coming scientific revolution

Giuseppe Filipponi, physicist and director of Italy's Fusion Energy Foundation, traces the Italian hydrodynamics school from Beltrami's vortices to the hypersonic airplane of Ferri.

What follows is the speech Dr. Filipponi delivered to the conference on "From Leonardo da Vinci to Hypersonic Flight: Italy's Contribution to Economics and Defense," on April 29, 1986. The conference was held in Rome under the sponsorship of the Schiller Institute and the Fusion Energy Foundation.

As is clearly shown by the role of Leonardo da Vinci in the Italian Renaissance and Leibniz's activities between the 17th and 18th centuries, the European hydrodynamic school is historically linked to political activities directed toward the constitution of republican states based on scientific and technological progress, and hence on the cultural advancement of the citizens.

This is precisely the case of the great hydrodynamic school that developed in Italy in the middle of the 19th century with the decisive contribution of Bernhard Riemann, who moved from Göttingen in Germany to Italy and spent the last years of his life between Pisa and Lago Maggiore.

Enrico Betti, Francesco Brioschi, Eugenio Beltrami, Felice Casorati, Luigi Cremona, Mossotti, and Carlo Matteucci were the main spokesmen of this school, which played a decisive role in the political and military battles of the Risorgimento that led to the formation of the Italian nation-state.

It is no accident that between 1840 and 1860 the "Annual Congress of Italian Scientists" became a focus of patriotic conspiracy, so dangerous that in 1850 two orders were issued, one by the Austrian governor of the Lombardo-Veneto territory, and the other by the Vatican Curia, forbidding their subjects to participate.

This was the period in which the Count of Cavour had imposed a program of forced industrialization on Piedmont, the so-called Cavour Decade. This program, tenaciously pursued despite the opposition of the ruling House of Savoy, put

Piedmont in the position of being able to militarily sustain the campaign to unify Italy.

Hence, despite the history books which continue to claim that Italy was liberated from foreign domination and unified by gnostic freemasons like Mazzini or by Garibaldi's military prowess, the truth is that the modern Italian state was founded thanks to the combination of the political capacities of Camillo Benso di Cavour and the aspirations of this network of republican scientists, whose ideas were made accessible even to the most humble strata of the population by the music of Giuseppe Verdi.

Betti, Cremona, Casorati, Brioschi, and the others not only organized corps of volunteers from all over Italy in support of the Piedmontese army, but they themselves, when the need arose, became military leaders, organizing the famous "Five Days of Milan," the defense of Venice, and distinguishing themselves in the most violent Risorgimento battles and insurrections. Their role was especially crucial after unification, when, as Cavour said, "having made Italy, we must now make the Italians."

Cavour's plan was to build up, after unification, the main educational centers, and hence start the accelerated industrialization of the country, basing it on the use of the most advanced technologies of the time, such as electrical energy. "Italy has more energy in the power of its waters falling from the Alps than England has with the coal in its mines," Cavour said in his celebrated speech to the Piedmontese parliament in 1855, the occasion when he announced the great project of the tunnel of Moncenisio. These scientists were exactly the people who could turn Cavour's plans into reality, putting together educational, research, and industrial centers, and thus making Italy the first country of the world to generate electrical energy industrially. The contribution the Italian scientists made in those years to the development of the

technology of electricity was decisive; it is because of them that an energy source, previously used only for lighting, became available as a power source for industry.

It is said that the then very young Antonio Pacinotti, a student of Mossotti in Pisa, had invented, during the Battle of Goito of the Piedmontese against the Austrians, the so-called Pacinotti Ring; that is, the collector that permits an efficient transformation of mechanical energy into alternating electrical energy. Since the principle of the transformer was already known, alternating electrical energy produced by hydroelectric or thermoelectrical power, could then be efficiently transported even to a distance of several tens of kilometers, but still missing was an efficient system to retransform such alternating energy into motor power. The motors developed were all very inefficient, and it was also not found very fruitful to retransform electrical energy from alternating to direct current for use. For this reason, electricity was used only for lighting.

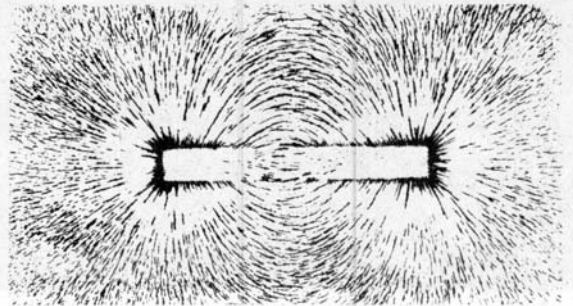
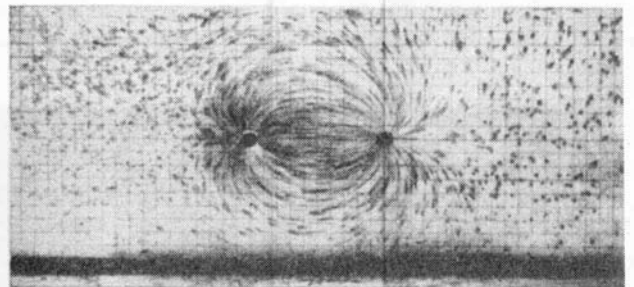
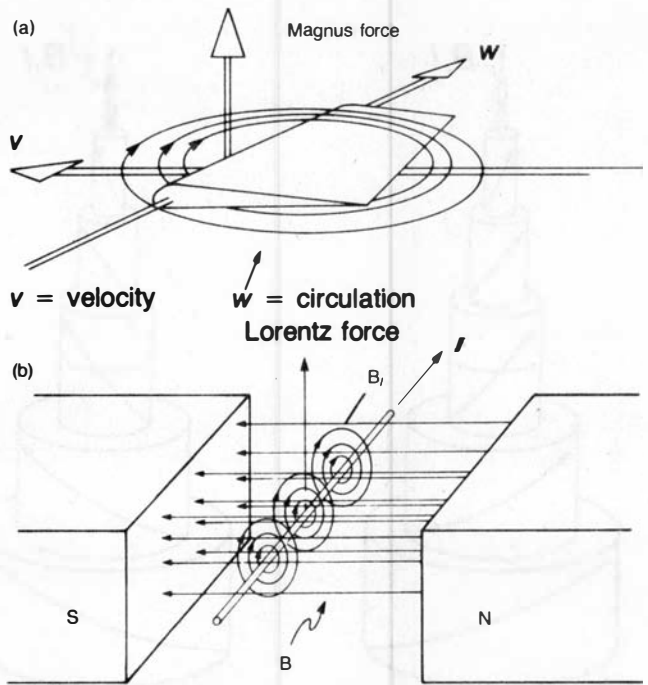
The various attempts to develop an efficient electrical motor were also often impeded by strident arguments. Lord Kelvin, for example, opposed any research in this direction, stating that all use of alternating current other than for lighting, would be harmful to the human body—the same objections that today's ecologists raise against nuclear energy. Despite the technical difficulties and the backwardness of the scientific world of the day, an Italian scientist, Galileo Ferraris, a student of Enrico Betti, thought up the concept of the rotating magnetic field, from which was derived the technology that made it possible to build an efficient motor fed by alternating electrical energy—the modern electric motor.

Unfortunately, because of Cavour's death right after Italian unification, the project of developing a basic steel and mechanical industry in Italy that could put the country on the level of the most advanced in Europe, failed. From the financial and economic standpoint, the new Italian state quickly fell into the clutches of the Anglo-Venetian oligarchy of the Rothschilds, who prevented any attempt at industrialization. Nonetheless, Enrico Betti soon became general secretary of the Ministry of Education and Luigi Cremona became its minister; Casorati and Brioschi were elected senators, and thus they took education policy in hand.

Under their direction, the Naples Polytechnic Institute was founded and that of Turin expanded, together with that of Bologna and the University of Pavia. Brioschi founded the Milan Polytechnic, Cremona the Engineering School of Roma, and Betti the Normal School of Pisa.

The scientific and technical potentialities created by these institutions were soon considerable; hence, when the Giolitti government in the 1890s and the first decade of the 20th century, impressed a relatively more patriotic direction on the national economy than before, the Milan and Turin Polytechnics, in particular, became driving centers for industrial and technological development. Just to give one example: In 1883 near Milan, Brioschi's successor, Giuseppe Colombo, built the first European electric power plant.

FIGURE 1
Analogy between fluid-dynamic and electrodynamic phenomena

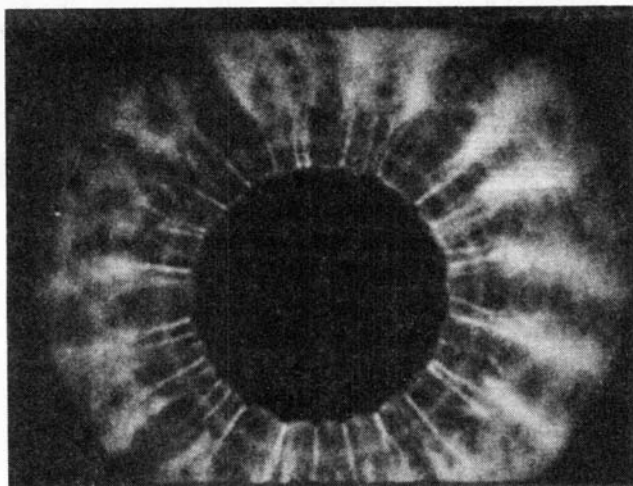
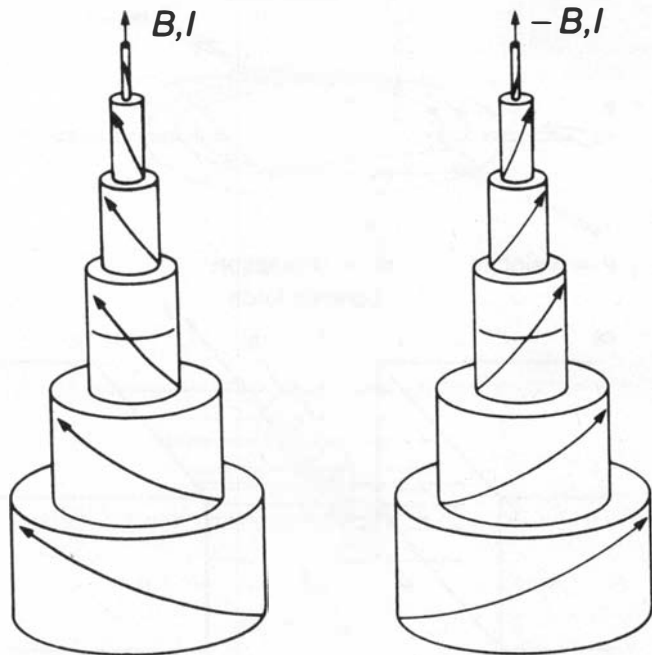


(a) Beltrami's depiction of the analogy between the action of fluid dynamic vortices (top) and the electromagnetic action of electrical currents. v is velocity, w is circulation, I is electrical current, B is the magnetic field due to the current, and B_1 is the magnetic field due to the current.

(b) Photos showing the similar patterns of streamlines in water (top) and magnetic field lines created by a magnet applied to iron filings. Crystals of potassium permanganate dropped into the water make the streamlines visible.

FIGURE 2

Formation of a pair of force-free filaments in magnetic plasma



The counterrotating pairs of vortical filaments of a plasma diagrammed here were discovered by fusion scientist Winston Bostick in 1966, and are the same as those described by Beltrami. The photo, courtesy of Dr. Bostick, shows a plasma filament in Bostick's plasma focus machine at Stevens Institute. The five-nanosecond axial-view photo shows the vortex filaments lying in the grooves of the corrugations of the current sheath.

This historical overview is important to locate the work of Eugenio Beltrami, student and then colleague of Betti and Riemann and perhaps the most gifted exponent of this school.

As Betti explicitly reports, the contribution of Bernhard Riemann to the Italian hydrodynamics school was decisive for burning all the bridges with the algebraic methods that the Jesuits had imposed on Italy's system of schools and universities. It is important to realize that the Jesuits controlled practically the whole educational system of the various states before national unity, where algebraicists like Ruffini and other personal friends of Baron Augustin Cauchy, who had corrupted the Ecole Polytechnique of Paris after Lazare Carnot was chased out, were pervasive. The role of Riemann was therefore fundamental in pushing Betti, Brioschi, Casorati, and Cremona toward synthetic geometry and mathematical physics.

Ironically, in official histories of science, Betti and Beltrami are remembered as teachers of the theory of elasticity. What is not reported, however, is that Betti and Beltrami in particular developed this theory to be able to demonstrate that Maxwell's interpretation of electrical and magnetic phenomena, like tension and pressure in an elastic medium, was wrong. In his paper "On the Mechanical Interpretation of Maxwell's Equations," Beltrami demonstrated that with Maxwell's hypothesis of elastic ether, the propagation of electrical and magnetic potential can be explained only if such potential is of the type generated by systems whose geometrical configuration can be reduced to a single (simply connected) point. For every more complicated case, however, it fails.

Thus did Beltrami dismantle Maxwell's mechanistic hypothesis of an elastic medium as a "conductor" of electromagnetic phenomena.

What is Beltrami's hypothesis on electromagnetic phenomena? The hypothesis is presented implicitly in the first researches into hydrodynamics presented by Beltrami from 1871 to 1874 at the Academy of Sciences of Bologna. According to Beltrami, electromagnetic phenomena can be explained as hydrodynamic phenomena, and vice versa.

In these papers, which are collected under the title "Researches into the Kinematics of Fluids," Beltrami develops in the three-dimensional field the theory of the potential generated by fluid-dynamic vortices and hence the analogy between the action of vortices and the electromagnetic action of electrical currents (Figure 1).

This conception is not original with Beltrami. Riemann developed the theory of complex-variable functions precisely to deal in a unified way with hydrodynamic and electrodynamic phenomena and those related to the transmission of heat in the two-dimensional field.

While Helmholtz in 1858 published the well-known article on vortices in which he pointed out that analogy with the electromagnetic potential of electrical currents, there is an important difference in approach between Helmholtz and Beltrami. Helmholtz developed his theory basing himself on

the principle of conservation of the energy of vortical motion. He was not in the least concerned with explaining why the vortex forms and what its successive evolution is. Beltrami, however, concentrated his research on the various possible configurations which fluid-dynamic vortices may have, with the aim of investigating the principles of the functioning of such systems. In other words, Beltrami studied the hydrodynamic vortices just as the first technicians of flight experimented in water and then in air with the behavior of fluids around the profile of the wings, with the aim of identifying the laws of aerodynamics.

From this standpoint, we can understand why Beltrami, instead of concentrating on the laws of conservation as Helmholtz does, is mainly interested in research into the configurations in which the fluid and, hence, the electrical currents, are subjected to the most particular and extreme conditions.

In the paper published in 1889 entitled "Hydrodynamic Considerations," Beltrami probed the hydrodynamic configurations in which the lines of flux and the vortical lines are always parallel; that is, an electromagnetic system in which the Lorenz force is zero and the electrical current, free from forces, must not do any work against the magnetic field.

Beltrami demonstrated that this case is not purely speculative but real, and described accurately the geometry of these configurations, which he called helicoid.

Beltrami's morphology of filaments is recognizable today in the magnetic geometry of the spheromak configurations and the reversed field pinch [fusion reactors—ed.]. Moreover, Prof. Winston Bostick of the Stevens Institute of Technology in New Jersey discovered the formation of force-free pairs of vortical filaments in plasma, as long ago as 1966 (Figure 2).

Nature thus shows that it has a high degree of capacity to organize itself according to configurations that correspond to force-free systems and operate according to the principle of least action. Research into these conditions can give us the key to understanding physical phenomena such as the electron, the proton, the neutron, and the other so-called subatomic particles, considered not as elementary particles but as complex electrodynamic systems. We can say the same thing about those phenomena such as superconductivity, in which resistance is close to zero and efficiency is maximal.

Particles as electromagnetic singularities

Beltrami's research, even though it did not lead to a general theory capable of explaining all electrodynamic phenomena, was always carried out in this spirit. In one of his first papers, in fact, "The Mathematical Theory of Electrodynamic Solenoids," Beltrami described the typical configurations of the machines that are being used to reach break-even in thermonuclear fusion, such as the tokamaks, stellarators, and compact tori used to magnetically confine superheated plasmas.

Beltrami called these configurations "neutral solenoids" because the magnetic action is completely confined within

the configuration, whereas outside it is zero. In this research, Beltrami was moved by the idea of finding all the possible analogies between electrostatics and electrostatics. In the case of the "neutral solenoid," this analogy is obtained with the distribution of electrical charges on the surface of a conductor, for which the electrostatic action is exerted only on the outside of the conductor, while it is zero on the inside.

The search for analogies between electrostatics and electrostatics takes us directly to what we said before on the interpretation of the so-called elementary particles as electrodynamic force-free systems, subject to least action.

In fact, by combining the work done by Riemann on shock waves in 1859, "The Propagation of Plane Waves of Finite Amplitude," with the study done by Beltrami on force-free vortices in 1889, "Hydrodynamic Considerations," we have the key to resolving the paradox between waves and particles in the theory of Maxwell.

In other words, the most scientifically interesting aspect of physical processes are the so-called singular phenomena; that is, the points in space-time in which the physical phenomenon is no longer linear.

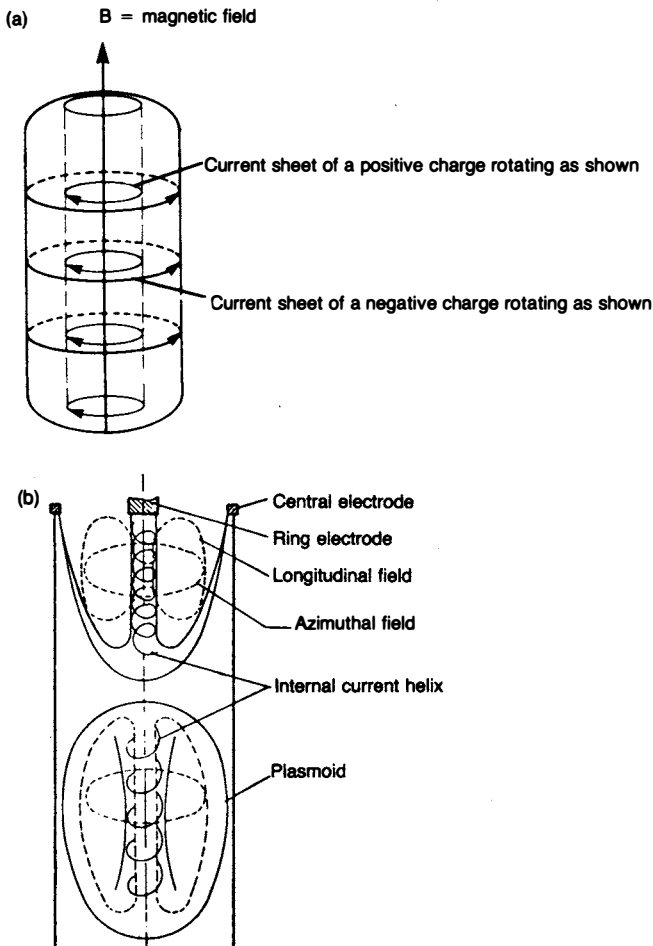
Precisely through nonlinear transformations, in fact, physical systems organize themselves according to distinct and well-defined physical-geometrical configurations, thus passing through states of greater complexity and energy density. The so-called elementary particles, such as the neutron and the electron, hence represent a certain level of organization of electromagnetic energy. Nuclei, atoms, and molecules represent a further self-organization of these particles; and even life does nothing but multiply the structural organization of such molecules in ever more complex and beautiful forms. Thus nature seems to behave in a way exactly contrary to the Second Law of Thermodynamics.

Riemann, in the cited work, demonstrated that such passages from one stage to the next are in general nonlinear and that the singularities created by this discontinuous process, are not ephemeral but profoundly real, just as the shock wave created by a jet in supersonic flight is real.

Beltrami then showed, in his "Hydrodynamic Considerations," the geometric form that such singularities generally assume: a geometric form, however, which has a very important physical meaning, by allowing the self-organization of the physical system according to a force-free system subject to the principle of least action. Hence, a configuration in which the electrical current and the magnetic field are parallel or such that, as in the case of fluid dynamics, it is the speed of the flux that is parallel to the axis of rotation of the flow itself.

A proof of the validity of the conceptions both of Riemann and of Beltrami was only given as late as 1936, when Prof. Luigi Crocco, having built the supersonic wind tunnel at Guidonia with Antonio Ferri, set about studying the formation of shock waves around various wing profiles. In his 1939 work, "A New Function of Current for the Study of the Rotational Movement of Gas," Crocco showed that the or-

FIGURE 3
Electrodynamic model of the neutron



In (a) the two flows of positive and negative charges are very close and move in opposite directions. Since their magnetic momenta are parallel, they are added together, while the total charges is zero. It would be important to investigate the characteristics of the neutron according to a force-free, least-action system. Such a system is shown in (b) and (c), which are examples of plasmoids that self-form in the hot plasma. Such an investigation can give us a deeper knowledge about phenomena like beta decay and nuclear physics in general. In (b) the circulation of the cells produced by a "fountain-like pinch." The cells of circulation are thought to be force-free configurations. In (c), a plasma nodule, a toroidal solenoid is wrapped in a force-free wire.

ganization of air generated by a supersonic shock-front is that of a vortex, with its axis of rotation parallel to the speed of the flow of the air itself—a vortex, therefore, similar to the one described by Beltrami.

The first significant attempt to explain the formation of the so-called elementary particles according to the conceptions of Riemann and Beltrami, was made by Dr. Winston H. Bostick, in the *International Journal of Fusion Energy*, Vol. 3, No. 1, January 1985. Bostick's study, titled "The Morphology of the Electron," provides the basis on which an electron is depicted as an electrical Beltrami vortical filament, whose mass is made up of the confined electrical energy. Bostick showed that all the properties and characteristics of the electron are explicable with such a model. Following his example, one could develop a model also for the neutron and the other "particles."

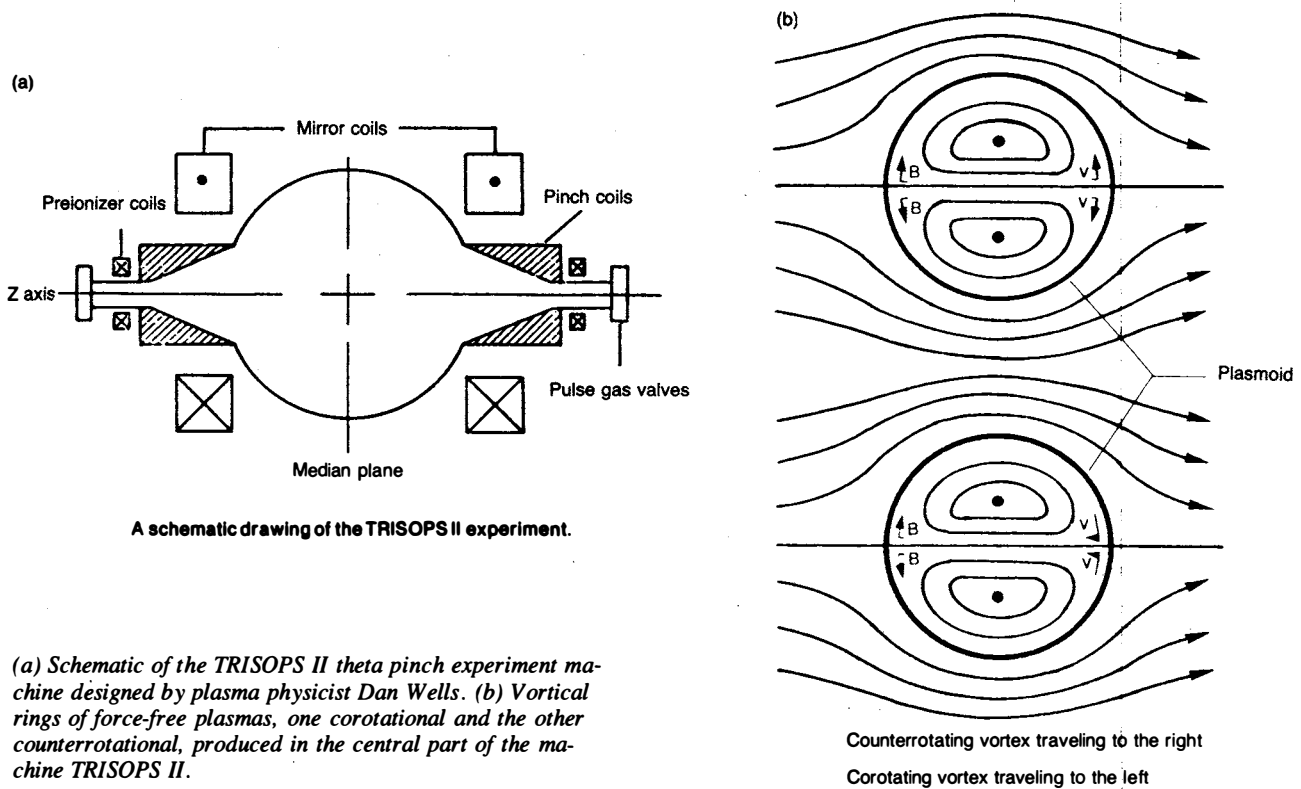
The idea of developing a model of the electrodynamic of the neutron, among other things, is also not completely original. Right after the neutron was discovered in 1932, in

fact, various indirect experiments on "scattering" were carried out, with the goal of determining its form. Although the entire scientific community thought the neutron could be described through the usual banal model of Rutherford—the positive charge in the middle and the negative one circulating around it—the experiments quickly showed that there was no charge in the middle of the particle, but empty space. For this reason, some effort was made to develop an electrodynamic model of the neutron, as exemplified by the essay by Donald J. Hughes, "The Neutron Story." This attempt was abandoned when the esoteric methods of statistical mechanics and quark theory got the upper hand.

The first electrodynamic models of the neutron were mainly based on the flow of two parallel electrical currents, one of positive charges and the other negative, around a toroidal configuration. According to this configuration, the electrical and magnetic fields completely encircle the outside of the toroidal configuration with the exception of the axis of the torus, where the magnetic momenta of the two currents

FIGURE 4

Schematic of a theta pinch machine and corotating and counterrotating vortices



A schematic drawing of the TRISOPS II experiment.

(a) Schematic of the TRISOPS II theta pinch experiment machine designed by plasma physicist Dan Wells. (b) Vortical rings of force-free plasmas, one corotational and the other counterrotational, produced in the central part of the machine TRISOPS II.

are added together. The neutron, in fact, even though electrically neutral, has a magnetic momentum (Figure 3).

Aerodynamic approach to plasma physics

The main difficulty plasma physicists run into is that of not being able to put in the right light the vortical phenomena that occur in a hot plasma. In the plasma we find combined both fluid-dynamic and electrodynamic phenomena, resulting in the formation of vortices that are free from both Magnus and Lorenz forces. Such phenomena, however, are generally treated as unimportant "marginal effects," principally because the education of modern physicists, based on quantum mechanics and quantum physics, often literally does not allow them to "see" such processes, which nonetheless have a considerable physical importance.

Thus, just as Prof. Luigi Crocco demonstrated that a shock wave generates a vortex, similar to the force-free Beltrami vortices, in a hot plasma these kinds of vortices are very frequent and are generated by the phenomenon called theta pinch. This "pinch" in the column of plasma, even though it is still a controversial phenomenon among physicists, is reported to be due to the electrical currents in motion in a plasma in opposition to the electrostatic repulsion, such that the faster the charges, the stronger the pinch is, and such

that at the speed of light the pinch would equal the electrostatic repulsion.

Since such a pinch effect generates vortical structures in the plasma similar to those described by Beltrami, free of either Lorenz or Magnus forces or both, a study would be necessary to investigate to what point such a pinch could be assimilated to a discontinuity such as that of a shock wave in aerodynamics (Figure 4).

For these studies on plasma physics to proceed adequately, it would be important not only for the physicists to acquire a certain familiarity with aerodynamic problems, but also for a certain number of skilled aerodynamicists, accustomed to dealing with vortices and shock waves, to concern themselves with plasma physics.

Just to give one example: One of the best treatises on the generation of vortices is a critical essay of 1936 by Gen. Gaetano Arturo Crocco, one of the founding fathers of Italian and world aeronautics. In this essay, "Aerodynamics in Aviation," Crocco treats in a masterly way the formation of vortices around a wing in subsonic flight, the circulation, and then the harmonic generation of vortices in the opposite direction at the tail. Crocco also showed the formation of a Beltrami vortex on the end part of a wing in flight, something to which only marginal importance is given, even today. The

construction of an airplane, according to Crocco, should give maximum consideration to the generation of vortices. "It often has occurred," he reports, "that the tail of an airplane in flight was suddenly destroyed because its structure was resonant with the regular generation of vortices behind the wings, and hence it acquired part of their energy in the form of vibrations."

Today in plasma physics, we need such an attention, such a capacity to intuit and resolve problems from a fluid-dynamic standpoint, as we saw before in the physics of elementary particles.

Again in the paper "Aerodynamics in Aviation," Crocco said, "Aerodynamics has pulled down from Olympus and humanized, by studying their generation and extinction, the vortices that Helmholtz had described as eternal Gods, without birth and without death." We could say the same thing today for the elementary particles and plasma physics, using the ideas of Riemann and Beltrami.

The basis for supersonic flight

"It was 1903 and the Wright Brothers had not yet flown, but in Italy General Moris in Rome had already set up the first aerodynamic wind tunnel. In 1914 then, the big double-return wind tunnel was built on Lungotevere Michelangelo in Rome. Out of its mouth, 2 meters in diameter, came a wind of 200 kilometers an hour. No airplane had ever flown yet at that velocity. It became the object of visits by technicians from all over the world, who, when they came to Rome, used to note down its address in their notebooks together with that of St. Peter's and the Colosseum." So wrote Gen. Gaetano Arturo Crocco in an essay on the history of aeronautics in Italy, to demonstrate the international supremacy of Italy in aerodynamic studies in those years and up to the Second World War.

In 1919, 1920, and 1921 Italian hydroplanes repeatedly won the international Sneider Cup for high velocity. Together with Ferrari in Torino and Pistolesi in Pisa, Gaetano Arturo Crocco was the father of the Italian aerodynamic school, which, together with that of Ludwig Prandtl and Adolf Busemann in Germany, laid, in the 1930s, the bases for supersonic flight.

In 1935, Gaetano Arturo Crocco organized the Volta Congress on high velocities in Rome, to which the greatest world experts in aerodynamics came. Prandtl spoke of lift in supersonic flight, Busemann presented the supersonic wing, "slender as a Gillette razor blade," reports Crocco.

The centerpiece of the conference was the visit to the Center of Aerodynamic Studies and Experimentation of Guidonia (near Rome), where the Italian Air Force, under the direction of General Crocco, had just completed the outfitting of the world's most important center of aerodynamic research, as it was then recognized internationally.

In the Center there were four big subsonic wind tunnels, a stratospheric tunnel, a big hydrodynamic tank, other smaller tunnels, and—the crowning touch—the most powerful

supersonic wind tunnel then existing in the world. That tunnel had been built on the model of the Hackerett Tunnel of Zurich, but with a continuous electrical current motor of about 2,850 kilowatt power, while the one in Zurich had a maximum power of only 900 kilowatts.

The wind tunnel had been built by Antonio Ferri and Luigi Crocco (the son of Gaetano Arturo Crocco), and Ferri ran experiments at it until 1943, when as a result of the war, the center was closed and subsequently dismantled.

In those years, Ferri utilized the supersonic wind tunnel in Guidonia to study the various supersonic wing profiles, with very interesting results. He found, in fact, that the classical theoretical scheme of the formation of a shock wave systematically failed to agree with the experimental data, and he showed that this discrepancy vanished when one corrected the theory on the basis of the 1936 study by Luigi Crocco on the generation of a global vortex of the fluid generated by the shock wave.

Few in Italy today realize how important the participation of Italian scientists and technicians was to the development of world aeronautics. But the Americans knew it very well—so well that Luigi Crocco was immediately invited to teach at Princeton University, and Antonio Ferri moved in 1945 first to the aeronautics research center in Langley, Virginia, and then to Brooklyn Polytechnical Institute in New York City.

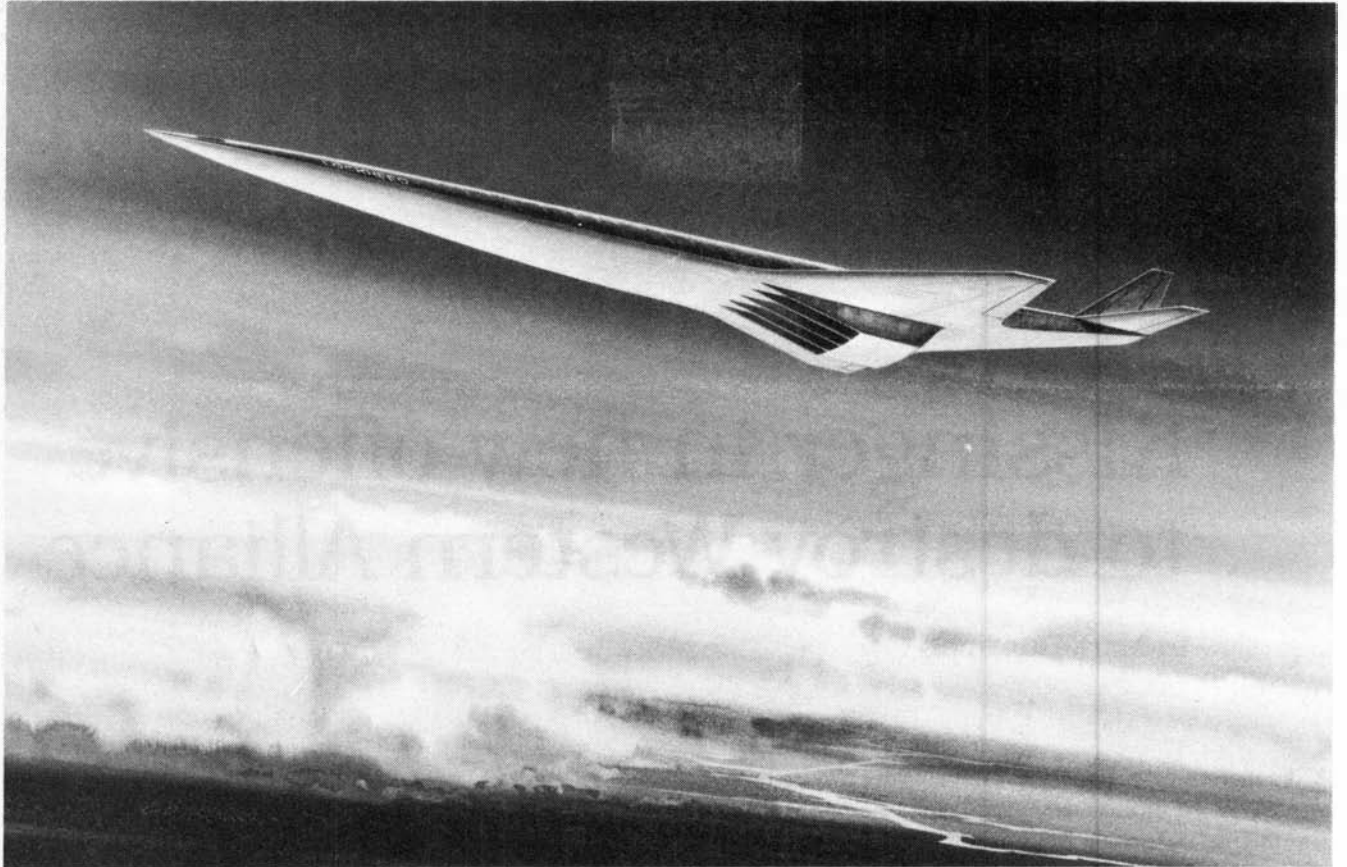
In the United States, Ferri found a situation somewhat behind in the aerodynamic field, and so he immediately went to work writing what was then the world's first book on supersonic flight, *Supersonic Aerodynamics*, making great use of the experiments done with the Guidonia wind tunnels, which are reported in the book by the dozen. He then imposed on the Americans—not without having to overcome considerable resistance—the construction of discontinuous supersonic wind tunnels, thus giving the U.S.A. world supremacy in aeronautics for years to come.

At the end of the 1960s, Ferri engaged in a new battle to convince NASA, the Pentagon, and other American governmental institutions of the need to fund a project to develop a transatmospheric aircraft capable of reaching hypersonic speeds up to Mach 12—the plane that would have given the U.S.A. aeronautic supremacy even into the 21st century.

Such an airplane, according to Ferri's project, would have had to operate both inside and outside the atmosphere, and, propelled by small rockets, also reach the lower Earth-orbits. As Ferri summarized in a speech to a conference of the American Institute of Aeronautics in 1975, such a hypersonic airplane, capable of landing and taking off horizontally like a normal airplane, of reaching to the lower orbits, and flying from Tokyo to Washington in two hours, could offer innumerable benefits both civilian and military:

1) The construction of a fleet of hypersonic bombers which at Mach 12 could traverse 1,600 kilometers in 10 minutes, carrying a load of megatonnage far superior to any fleet of missiles, would be a very important deterrent weapon

FIGURE 5



At the end of the 1960s, Antonio Ferri proposed to U.S. authorities the development of a supersonic airplane, which would have assured the United States supremacy in the aerodynamic and space field into the next century. The illustration shows a Lockheed design for a passenger airliner of the sort Ferri proposed. The concept includes a dual propulsion system with both conventional turbojet engines and supersonic combustion ram jet engines fueled by liquid hydrogen. The flight time from Los Angeles to Tokyo would be 2 hours and 18 minutes.

vis-à-vis the U.S.S.R.

2) The full accessibility from Earth to the space stations deployed in low orbits, as well as the reduction of flying times from the present air transports on trips of 7,000 to 9,000 miles, from 18-20 hours to about 2-3 hours.

The main motivation with which Ferri supported his project before the U.S. government, Congress, and public opinion, was based on cultural optimism.

In the previously cited speech of 1975, Ferri presented a graphic showing that most of the world population lives at a distance of 7,000 to 9,000 miles from the United States in the very poor zones of Asia, Latin America, and southern Africa. In the future, Ferri said, industrialization and the economic development of these areas would lead to an exponential increase in travel between these nations and the United States. Think of India with 800 million people, think of China which is about to surpass a billion, he said. Therefore, the project for a plane that would shorten these trips from 20 to 3 hours, even if initially very costly, would be in

the medium and long term extremely profitable. In short, good business, in the best tradition of the American economic system, and proposed, obviously, by a first generation Italo-American!

Unfortunately, the American government found Ferri's plan incompatible with its budget, and therefore what was adopted as a result was a much more economical and obviously limited version—the Space Shuttle as we know it today.

Despite the advantages the Shuttle offers relative to traditional launching rockets, it clearly cannot be compared to what Ferri proposed in terms of possible civilian and military applications. Anyway, recently, after two American governmental agencies, the Defense Research Projects (DARPA) and the President's Office of Science and Technology Policy, had maintained the need to develop a hypersonic plane in the framework of the Strategic Defense Initiative, President Reagan in his 1986 State of the Union message in early February announced the launching of the project (Figure 5).

So, Ferri's ideas have also won their last battle.

Kissinger in new offensive to destroy Western Alliance

by Mark Burdman

A dramatic escalation in the campaign by Soviet fellow-travelers in the United States and Western Europe to "decouple" the two continents and transform Europe into a Soviet sphere of influence, has been initiated by the syndicated column authored by Henry Kissinger, appearing in newspapers around the world during the May 9-12 period, calling for "a major reassessment of the Atlantic Alliance."

The piece followed a literal "Kissinger invasion" of the European continent and Great Britain. From April 25, through approximately May 8, Kissinger was in Europe, beginning with attendance at a meeting of the secretive "Bilderberg Group" in Scotland over the April 25-27 weekend, and then continuing with stopovers in Rome, Florence, Milan, and Venice, Italy; Bonn, West Germany; and Stockholm, Sweden.

This might be considered "Phase Two" in Kissinger's personal onslaught against the NATO alliance. In March 1984, in a piece written for *Time* magazine, the former U.S. Secretary of State demanded a phased withdrawal of American forces from Europe. Now, as then, strategists across Europe are, in private, evaluating his proposals as tantamount to a call for the dissolution of NATO, only now more blatantly. It comes at a dangerous juncture, in a policy-context defined by the Gramm-Rudman legislation's budget-cutting in the United States, and by a Soviet-authored U.S. media campaign to play up European-American tensions after the U.S. bombardment of Libya.

The best thing that can be said about the Kissinger piece is that it provides full confirmation of the charge made by

EIR founder Lyndon LaRouche that Kissinger is a "Soviet agent of influence," since the piece is entirely based on one giant lie: that "the process of dissociation" in NATO is "accelerating," and that "the U.S. as well as its allies would make a mistake to paper over the cracks in the alliance that recent events have made explicit." In fact, in the wake of the early-May Tokyo summit of advanced-sector nations, the relations between the allies, on the strategic front, has become better than ever, particularly concerning cooperation against international terrorism. Kissinger's piece is targeted to disrupt and undermine this new era of cooperation.

From his lying premise, Kissinger argues that "the political and military arrangements within the alliance will have to be adjusted. . . . The conclusion, I believe, is unavoidable: Some of the American forces now in Europe would contribute more effectively to global defense if they were redeployed as strategic reserves based in the U.S. and able to be moved to world trouble spots." Not only should the F-111s now in Britain be redeployed to the United States, to avoid the political controversies that erupted when British Prime Minister Thatcher agreed to F-111s stationed in Britain for use in the Libya raid, but "similar principles could be applied to other forces suitable for a strategic reserve, forces such as certain long-range fighter planes and air-transportable ground forces. The objective should be to distinguish clearly between those American forces earmarked exclusively for Europe and those available for other areas."

The second lying premise, immersed in a long-winded Kissingerian historiography over the history of NATO, is

that "the fear of Soviet invasion [of Europe] has diminished. . . . The practical consequence is that a major portion of America's armed forces is tied up where governments will permit its use only against the least likely threat, an all-out Soviet attack on the central front." Instead, he argues, remove an unspecified array of American "forces" from Europe, and deploy them, free of European political pressure, from within the United States, to fight neo-colonial brushfire wars in the Third World.

The folly of all this has not escaped European strategists. From the standpoint of "budget-cutting," the "strategic reserve" idea is ridiculous: As there do not exist adequate barracks and other facilities for such a redeployment in the United States, it would cost *more* to do what Kissinger says, than to keep the troops in Europe! More fundamentally, any literate and rational European strategist, knows that what Kissinger is saying, undermines the very foundations of NATO itself; were his proposal to be implemented, NATO would disintegrate faster than the reactor core in Chernobyl.

'Kissinger is completely crazy'

Within a week of the Kissinger article's first appearance, he had become the subject of much bitter *private* criticism in Europe, although, with one interesting partial exception, no official had yet summoned up the intestinal fortitude to take Kissinger on publicly.

The partial exception was West German Defense Minister Manfred Wörner, speaking before a May 14 conference on security policy in Bonn, West Germany, hosted by the West German Christian Democratic Union at their Bonn headquarters. Wörner, who had reportedly met Kissinger approximately one week earlier during Kissinger's stopover in Bonn, began by criticizing the opposing Social Democratic Party in the Federal Republic for wanting to "send the Americans home," and, thereby, "doing the work of the Soviets, surrendering us to their dictatorship." Then, departing from his text, and speaking in a somewhat lowered voice, the defense minister said: "I am very concerned that there is a drifting apart occurring both in Europe and the U.S. People, some of them prominent, are calling for the withdrawal of American troops, important people like Henry Kissinger. I know that the American administration does not share this view, but if we expect the Americans to stand by us, we have to stand by them."

CDU loyalists in the audience objected that Wörner was being too much of a milksop on the issue, and one challenged him to respond to "Henry Kissinger's message," by "celebrating what the Americans are doing to defend us," particularly the actions by American pilots "who flew the Berlin blockade of the Russians."

At NATO headquarters on May 14, a spokesman told this correspondent, "We've read the Kissinger article, and are offering no comment." Another source, however, commented that the reaction was "unfavorable" to the piece, and that

"Kissinger's NATO proposals, over time, have created many difficulties for us."

In Britain, France, and Italy, strategic planners were seething. "Absolute nonsense!" is how one senior British civil servant described the Kissinger thesis. "What he's saying amounts to a major element in decoupling. The fact that somebody as eminent as Kissinger would say this, I find very surprising and very disturbing. . . . The single most important factor in *coupling* is the conventional presence of Americans on European soil. Any significant movement that would undermine the components of rapid flexible response, and lower the threshold for intercontinental nuclear war, is a bad thing. Militarily, what he's saying is no good. The political repercussions are no good. I don't accept the analysis, and the remedy he proposes is a disaster."

A senior French source was blunt: "Henry Kissinger is completely crazy. We don't like his proposals for NATO. His diagnosis of NATO is largely exaggerated, his solutions completely wrong, reflecting a fundamental lack of reality. We have no sympathy for what he's saying. Over the past year, France has become staunchly Atlanticist, and Frenchmen hate anything which is said against NATO, especially against the American presence in Europe."

An Italian NATO planner, during a May 12 discussion, attacked Kissinger for "increasing resentments on both sides of the Atlantic."

Speaking only for himself?

One element of the anxiety, is speculation about the extent to which Kissinger is reflecting a wider view in the United States, whether it be in the U.S. Congress, the Reagan administration, or in American "public opinion." The *Neue Zürcher Zeitung* of Switzerland, in a May 15 feature on the Kissinger article written from Washington, reported that the tendency in Congress and in the administration to consider the Western Alliance a high priority, had "dissipated considerably." It speculated on a nightmare coalition, of "neo-conservative" Kissingerians in the Republican and Democratic parties, allying with liberal Democrats opposed to all forms of U.S. military intervention, in which case "an unholy alliance with considerable clout will have emerged on Capitol Hill," united by common opposition to the American military presence in Europe.

One West German source told *EIR* on May 15 that the evaluation in the Federal Republic is that "Kissinger is angling for a job in the *next* U.S. administration, which, we understand, he believes will be Democratic." Some political experts wonder if he is trying to link up with the ambitions of Gary Hart, whose advisory circles are known to favor a U.S. withdrawal from Europe.

In the meantime, rumors are spreading fast in West Germany, that some form of U.S. withdrawal from Europe is in the works. These rumors began in earnest, with a report in the April 21 Hamburg *Bild*, immediately following the mid-

April trip to Washington of West German Foreign Minister Hans-Dietrich Genscher. The Hamburg tabloid reported that Genscher had picked up a strong mood in the United States favorable to pulling out of Europe.

Bonn sources inform *EIR* that Genscher is on an all-points decoupling campaign. "It won't go unnoticed that he absolutely refused to criticize the Soviets at all over Chernobyl, but will attack the United States on the slightest pretext. He is the chief of the decoupling lobby in Bonn," one source commented March 13.

On March 12, the Sunday weekly *Welt Am Sonntag*, reported that the West German Embassy in the United States had authored a memorandum, signed by Ambassador von Well, warning that the combined pressures of budget-cutting and the fallout from the Libya affair, were creating significant momentum for phasing out the U.S. presence in Europe. The memorandum reported an item from the U.S. publication, *Defense Daily*, that the U.S. Third Armored Division would be withdrawn from West Germany.

On May 16, the tabloid *Bild Zeitung* claimed to have obtained the von Well memorandum, and included a comment from an unnamed Bonn official, warning that tendencies toward decoupling in the United States were being taken "very seriously," especially as the withdrawal of U.S. troops would mean a "weakening of our defenses," and that "nuclear weapons would have to be used earlier" in case of war.

The Trilateral offensive

A major forum for the decouplers will be established when approximately 200 Trilateral Commission members arrive in Madrid May 16, for the May 17-19 annual "international plenary" of the Commission. The May 19 sessions will be dominated by a report, "Towards Perspectives for East-West Relations," prepared by William Hyland, editor of the Council on Foreign Relations' *Foreign Affairs* journal and former Kissinger aide at the U.S. National Security Council, and Karl Kaiser, research director at the German Society for Foreign Relations, the Bonn affiliate of the CFR.

Following this, Commission mentor Zbigniew Brzezinski, former national security adviser to Jimmy Carter, will give a presentation on "The Political Objectives of the Trilateral Commission." In a recent interview with the French magazine, *Politique Internationale*, he recommended the unilateral withdrawal of U.S. troops from Europe.

The meeting is receiving an incredible boost from the Spanish elite. Dinner receptions are to be held at the Royal Palace, hosted by the King and Queen of Spain, on Monday evening, May 19, and there will also be dinners hosted by Prime Minister Felipe González, on Saturday, May 17, and a lunch hosted by opposition Alianza Popular leader Manuel Fraga on the same day. Remarkably, González himself will leave, immediately thereafter on May 19, for a state visit to Moscow, accompanied by 29 Spanish government officials and businessmen.

OAS sees red at U.S. meddling in Mexico

by Valerie Rush

The United States' allies in the Western Hemisphere are outraged that Mexico has become the latest target for the joint "democratization" campaign of Sen. Jesse Helms (R-N.C.) and the liberal State Department establishment. The view of the Organization of American States, according to sources quoted in the Mexico City daily *Excelsior* on May 15, is that Mexico has been set up, in hearings staged by Helms on May 13, for the "Marcos treatment."

The OAS sources minced no words: "It is totally unacceptable that Washington should arrogate to itself the inalienable right of every nation to rule itself. It appears that Washington believes that all the world is like the Philippines, but Latin America, at least, is not and we are prepared to prove it."

In a packed hearing room on Capitol Hill on May 13, witnesses at hearings called by Senator Helms alleged that "massive corruption" at the highest levels of the Mexican government—including even the family of President Miguel de la Madrid—had led to the downfall of democracy in that country, and predicted more and more instability unless the ruling PRI party yields power to the drug-trafficking National Action Party (PAN).

The Mexican government responded to the Helms-State Department assault with what has been described as "one of the bitterest statements" ever. Charging violation of national sovereignty and blatant interventionism which threatens to "mutilate the climate of harmony and understanding sought" by the two nations, a "strong and formal" protest was sent by the Mexican government to Secretary of State George Shultz. The statement charged that the Helms hearings, "apart from adulterating the truth and presenting a distorted view of Mexican reality, are a clear and unacceptable violation of Mexico's sovereignty. The government of Mexico does not accept that U.S. officials take it upon themselves to make statements on Mexico's internal affairs, as these affairs concern only the Mexican people and no government has the right to pass judgement. . . .

The State Department answered Mexico's formal complaint by insisting that the hearings were "a candid, public, balanced review" and by otherwise refusing to comment on the contents of the Mexican protest.

The Helms-sponsored hearings on Mexico take place in the context of a drive by the State Department and friends to force developing-sector nations, one by one, to fork over their wealth to the world financial elite. The State Department-inspired overthrow of Ferdinand Marcos was but the first such destabilization. Jesse Helms was all too ready to lend his good offices to an attempted repeat performance in the strategically critical nation of Panama.

While that effort has not ended, patriotic forces inside Panama have stalled the operation by applying *EIR*'s polemical method—in a way Mexico would do well to study. They printed, in the Panamanian newspapers, reams of documentation on the Nazi past and drug-pushing present of the folks Helms and the State Department were touting as the “democratic opposition.”

Helms's Panama hearings of March and April were the prelude to his Mexico “corruption” hearings on May 13. Feigning concern for the effects of “flight of capital, flight of workers, and flight of drugs,” the senator insisted, “When we see the flight of drugs, we know . . . the corruption which always accompanies this breakdown of the social order in the producing countries. We know that corruption seldom comes in one kind, that disregard of the law in one area begets a general breakdown of freedom. . . . I have a feeling that, at the root of the problems we have been outlining, is the failure of the democratic system in Mexico.”

Also addressing the May 13 hearings was U.S. Customs Commissioner William von Raab, who testified that the governor of the northwestern state of Sonora, Felix Valdes, was not only protecting the fugitive drug trafficker and murderer Felix Gallardo in his home, but that he owned four ranches in Sonora state where opium and marijuana were cultivated. The U.S. consul in Sonora admitted to the Mexican press, “My government has no information available to back up in any way the allegations” made against Valdes, and offered an apology to the Sonora governor. Governor Valdes responded that he didn't own “a square kilometer of land in Sonora, much less four ranches,” and was considering filing a libel suit against von Raab for “political and personal damages.”

The May 13 hearings were but the open end of a two-day “Mexico-bashing” festival. The previous day, CIA and other officials of the U.S. intelligence community reportedly testified behind closed doors on the “massive” and “irrefutable” evidence of electoral fraud allegedly committed by the PRI party against the insurgent National Action Party (PAN) during last year's elections in Sonora, Sinaloa, and Nuevo León. The intelligence agents brought in their “experts” on Mexico who, according to some sources, included members of the PAN party and, according to Helms staffers, “did an excellent job.”

The Mexican government's angry demand for a Reagan administration explanation of the Helms-sponsored slanders of Mexico was a diplomatic hint of the very large storm

brewing in that country. A denunciation of the hearings was issued by the Mexican Congress and signed by all congressional representatives, except for the PAN whose spokesman, Jesús González Schmall, insisted weakly, “This is not interventionism.”

Mexican Labor Confederation (CTM) leader Rafael Riva Palacio declared, “The labor movement repudiates the methods of espionage and interventionism of certain sectors of the United States, and supports the government in its energetic protest.” Industrial leader Fernández Barajas said, “Mexican industrialists insist before the entire community that we are Mexican patriots first, and businessmen second, and that we are ready to defend Mexico with everything at our disposal.”

The governor of every Mexican state expressed his rejection of the Helms slanders. Querétaro governor Mariano Palacios Alcocer said that dignity could not be exchanged for economic health; Tabasco's governor González Pedrero said that national sovereignty was up for neither discussion nor sale; Tlaxcala's governor Tulio Hernández said that Mexico is “a neighbor, not a slave,” to the United States, and so on.

Worth underlining was the assertion by Mexican embassy spokesman Leonardo French that the Helms hearings served as a boost to the drug mafia. “By publicly criticizing the efforts of countries which share identical objectives in the area of combating narcotics, all it does is strengthen the position of the drug traffickers themselves. . . .” The semi-official Mexican daily *El Nacional* gave banner headlines to the story that “The United States promotes drug production with approximately \$118 billion each year. This is the amount which its 25 million consumers spend. . . .” Mexico's state-run television news network included a 10-minute report May 14 on how there are more than 600,000 hectares of illegal drugs cultivated on U.S. territory.

The drug-pushing PAN

Not openly mentioned, however, is the fact that the biggest boost to the drug mafia provided by the Helms hearings was its virtual endorsement of the Nazi-communist PAN party's drive for power. Top leaders of the PAN party have been repeatedly charged with collaboration with the international drug mafia. It is a well-documented fact that the funds of PAN electoral campaigns are derived from the illegal-drug trade. Yet Helms said, “Is the PRI just like the Communist Party that runs Russia? . . . The PAN does not have the slightest chance to take over the country because the PRI will not allow it.”

Although criminal stupidity regarding our allies continues to reign in Washington, there are some dissenters. John Gavin, outgoing U.S. ambassador to Mexico who reportedly opposes the heavy-handed method of the Helms hearings, was quoted by wire services labeling the hearings “sanctimonious posturing” that does more harm than good and insisting that “corruption exists . . . on both sides of the border, wherever the merchants of slow death do their business.”

Patriots for Germany launch election drive in Lower Saxony

Just before the election offices closed on May 12 in the state of Lower Saxony, a new political party was born in the Federal Republic of Germany. To the shock of the nation's predominantly liberal news media, the Patriots for Germany stepped forward to officially file 100 candidates for the June 15 state legislative elections, with all the petitions and other legal requirements signed and sealed. That is one candidate for each of the state's 100 election districts.

The new party has vowed to rally the population of West Germany to reject the pressures of both Moscow and the Western "decouplers," and to uphold the Western alliance. At the same time, the Patriots will mobilize for urgent measures to restore the world economy.

We can be sure that these developments in Lower Saxony are being watched in Moscow with about as much anxiety as the latest reports from the Chernobyl "disaster zone."

At the party's election congress in the state capital of Hanover on May 4, Renate Müller, the top candidate on the Patriots' slate, explained that the weakness of the ruling Christian Democratic Union (CDU) and the treachery of the opposition Social Democratic Party (SPD) have necessitated the founding of the Patriots at this time. The CDU is under constant blackmail pressure from the tiny Free Democratic Party (FDP) of "decoupler" Hans-Dietrich Genscher, the foreign minister. The SPD, on the other hand, is obscenely courting the environmentalist-fascist Greens, in hopes of regaining the government and breaking off all collaboration with the U.S. Strategic Defense Initiative—as Moscow has ordered. Müller described the policies of the Patriots: No decoupling from the U.S.A., no neutralization of Germany, yes to NATO, extensive collaboration with the Strategic Defense Initiative, and work on a European Defense Initiative.

She emphasized that the economic problems of Lower Saxony, a largely agrarian state that has been devastated by the agricultural crisis, can only be solved on an international basis. "The world economic crisis is our chief security problem," she said. "The budget cuts in the United States under the Gramm-Rudman law are endangering NATO, and sooner or later will lead to the withdrawal of American troops from Europe. And here, the economic crisis is hitting the 'forgotten majority,' those who in Illinois nominated the two La-Rouche Democrats, Mark Fairchild and Janice Hart. The solution to the crisis is simple and international: long-term,

low-interest credits to the debt-strapped developing countries as well as to hard-pressed farms and factories; a global debt adjustment; destruction of the International Monetary Fund and the establishment of a new just economic order in the world."

The importance of Lower Saxony

The June 15 elections in Lower Saxony are important for a number of reasons. First, they will be widely interpreted as a preview of federal elections throughout West Germany next year. Current polls give Christian Democratic Chancellor Helmut Kohl a very poor chance of remaining in office. He would probably be replaced by Johannes Rau of the SPD, with the backing of the Green Party.

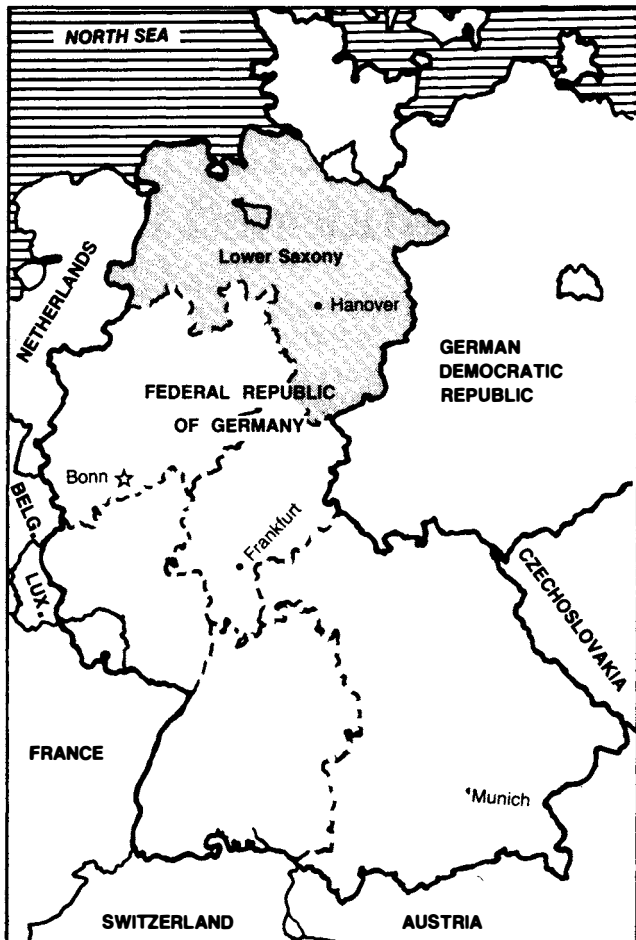
Already, this arrangement is being described as a "Watermelon Coalition"—green on the outside, red on the inside. If Kohl is replaced with such a coalition, that government would implement a promise the SPD-Green leaders have already made—to join the Soviet bloc in a "nuclear-free zone," making Russia the dominant force in Western Europe.

This plan has the approval of traitors in the United States. A number of U.S. State Department officials have privately confided that they have already "written Germany off," and so-called American conservatives around the Heritage Foundation, are pushing for a U.S. troop withdrawal, to "punish the ungrateful Europeans" by leaving them to Moscow's mercy. This is a gameplan for the speedy collapse of the United States, which is too weak economically, militarily, and culturally to face Russia without support from Europe.

Lower Saxony is situated on West Germany's northern plains, only a few kilometers from the Warsaw Pact tanks and missile-carriers. For Americans, the Russians may seem far away at times; but for these citizens, the concentration camp which is East Germany is all too real.

But because Chancellor Kohl and other pro-American West German leaders have embraced the "free market" stupidities of the Reagan administration, the country is in the throes of a devastating economic crisis. Lower Saxony is predominantly agricultural, and thousands of farmers—who up to now have supported the ruling conservative coalition—are quitting in disgust as they see their government doing nothing to halt the wave of farm shutdowns.

According to the present forecasts, the conservative CDU



state government of Ernst Albrecht will probably lose to a Watermelon Coalition.

As late as six months ago, there seemed no possibility of changing that outcome. However, in November 1985, a series of advertisements appeared in West Germany's major national-circulation newspapers, signed by the Patriots for Germany, and calling for a new movement to save West Germany from being "decoupled" from the West. In what some observers described as an "underground political earthquake," word of the new initiative spread rapidly. Members of middle-size industry and middle-class entrepreneurs driven into bankruptcy, conservative politicians disgusted with their government's capitulation to East bloc pressure on such issues as participation in the Strategic Defense Initiative, outraged farmers, and Social Democrats disenfranchised by their pro-Moscow party leadership responded enthusiastically, flooding the Patriots' office with letters and telephone calls.

The Soviet KGB responded with a barrage of threats and intimidation. But the achievement of a full slate now makes the Patriots into a major party in the elections. According to German election law, the party will enter the state legislature if it wins at least 5% of the total vote in the state. But its spokesmen say it aims at much more than that.

Interview: Karlheinz Derbfuss

'The middle class is being wiped out'

Karlheinz Derbfuss ran a supermarket in Melle before his retirement. He was a member of the board of the Retail Traders' Association of Osnabruck-Emsland and is a member of the Chamber of Industry and Commerce of Osnabruck. He was a co-founder of Patriots for Germany, and is now a member of its state executive committee. Here are excerpts from an interview published in the weekly newspaper Neue Solidarität.

Q: Mr. Derbfuss, you are a member of the state executive committee of the Patriots for Germany in Lower Saxony and a candidate in the 81st election district, in Melle. How did you come to join the Patriots for Germany?

Derbfuss: A couple of months ago, I met two of my current colleagues organizing in the street, and discovered that their views corresponded to a large extent with my own. I set about to find out more about these ideas. After long consideration, reading newspapers and books, especially those of Mrs. Helga Zepp-LaRouche, I came to the conclusion that the only way to end the misery which we find in Germany and in the world, is for us to come forward publicly as patriots. After much discussion, we finally decided on the founding of a party on March 23, 1986, since only a party can really take part in political life and realize political conceptions.

Q: You are first of all opposed to the SPD [Social Democrats] and the Greens?

Derbfuss: Yes, I am convinced that both of these parties are on Moscow's line. When I think, for example, about Gerhard Schröder of the Lower Saxony SPD—who wants to become governor of the state, who had previously participated in the riots of the political leftists in Berlin, and who, according to what I have heard, worked in the office of lawyer Schily for many years [Otto Schily, Green Party leader and lawyer for terrorists—ed]—that's enough for me. And then when I find out about his numerous trips to the G.D.R. [East Germany], particularly his meetings with Erich Honecker [East German party chief], then I really get the feeling that he is trying to sell us out to the East.

Q: What about the CDU [Christian Democratic Union]?

Derbfuss: Oh, the CDU! When I look at the list of candidates that the CDU in Lower Saxony has put forward for the

state legislature, then I get the feeling that everyone in the CDU who represents the ideas of Mr. Todenhöfer or Mr. Dregger [Jürgen Todenhöfer and Alfred Dregger are pro-defense leaders of the CDU—ed.] has either decided not to run for office at all, or is sticking to those posts which do not involve these ideas at all any more.

Q: Does this apply to the area of defense policy?

Derbfuss: Yes. The CDU is departing more and more from its earlier strong tie to America and the Strategic Defense Initiative program. Because, if we are not in the position, to counterpose something equivalent to the East in the defense policy area, then we are quickly out of the window—we've surrendered to the Russians. The Soviets only accept: equal strength, equal power.

Q: What do you find wrong with the CDU's economic policy?

Derbfuss: That it has so neglected the middle class. This is my own experience—for over 40 years I ran a food store. I have seen that, during the recent years, nothing is being done any more for the middle class, which composes a third of the population, so that many of these people are being ruined. Whole occupational groups are being virtually wiped out, for example, the food handlers. In the last 20 years, 170,000 food shops have been closed—more than half of those previously existing. . . .

Q: What are the principles of tax and credit policy, that you want to have the Lower Saxony legislature adopt?

Derbfuss: The basic principle is a "two-tiered credit policy," with lower interest rates for productive investment, of 1-2%, whereas speculators would have to pay higher interest rates. This would mean that most money would return into the economy itself, and all parts of the economy would benefit.

Q: The hot phase of the election campaign is now beginning. How do you see the chances of the Patriots to enter the legislature?

Derbfuss: I think that the chances are decidedly good. The time could not be more favorable. The experiences of my work of the last weeks, in signing up members on the streets, talking with people, have convinced me that more and more people are saying: Things cannot go on in this way, there must be a change, and thank God that finally there are people who are saying the truth!

And when in North Rhine-Westphalia and Schleswig-Holstein, over 30% did not vote, and when the latest polls in Lower Saxony indicate that the number of non-voters will be even higher, it tells me that our primary task is to talk to this hitherto silent, or forgotten part of our population, and say to them how we can find the way out of our misery. If we do that, I think that 5% will prove to be a trifle.

Interview: Robert Gräper

'It was the CDU that abandoned us'

Mr. Gräper has been a CDU member throughout his political life; for 18 years he was the CDU mayor of his hometown of Garstedt. He is deputy chairman of the Evangelical Working Group of Lower Saxony. A co-founder of Patriots for Germany, he is a member of its state executive committee and a candidate for the third spot on its state-wide slate.

Q: Mr. Gräper, for 40 years you have been a CDU member; you were mayor of your hometown of Garstedt; and now you are running in the coming state elections in Lower Saxony with the Patriots for Germany. Why?

Gräper: Why? That's an easy question to answer: It was not I who left the CDU, but the CDU which left me—that is, it abandoned its own founding program. My views have not changed. I want our middle class to function properly again, and with the CDU this is simply no longer possible. After reading a book by Mrs. Zepp-LaRouche, it became clear to me that the Patriots, as far as the middle class is concerned, have not only the right national concept, but also the right international one.

Q: So you say that the CDU has left the middle class in the lurch?

Gräper: Yes, we know from the federal statistical office, that every year 14,000-16,000 middle class people go bankrupt. This means, that every day, 50-60 businesses are forced to close their doors.

For years in the CDU I fought for the social market economy; I believed that the "change" [the CDU's campaign slogan during the Schmidt government—ed.] would finally do something for the middle class, but this was unfortunately not the case. All my petitions were in vain. . . .

Q: Where do the Patriots for Germany stand on the SPD?

Gräper: I knew Mr. Schumacher [Kurt Schumacher, the staunch anti-communist postwar leader of the Social Democrats], and respected him a great deal. And I even had a bit of respect for Helmut Schmidt. . . . But Willy Brandt's SPD has sunk so low, that you can't take them seriously at all. The SPD is drifting toward the East.

We do not want to be a satellite of the East; we do not want to be neutralized either; we must therefore take care to keep the American Army here for our protection. And we should send a resolution to America saying that no troops should be pulled out. Our policy means: The Federal Republic is fully a part of the Western alliance!

Colombian drug traffickers make a bid to control the next government

by Valerie Rush

With presidential elections coming up on May 25, the god-fathers of the Colombian drug trade have made an offer “too good to refuse” to the next government. While couched in careful, “patriotic” declarations, the mafia proposal is an unmistakable threat to the two contending presidential candidates: Which of you will legalize the drug trade, and which of you wants to die?

The mafia offer (full text below) formally consists of a demand that Colombia’s extradition treaty with the United States be overturned and the 20 fugitive narco-chiefs be allowed to return to Colombia—with guarantees. In exchange, the mobsters pledge to end their trade in illegal narcotics, and bring home enough of their ill-gotten fortunes stashed abroad to pay the Colombian foreign debt and start up “legal businesses” that will allegedly generate thousands of jobs.

Neither Alvaro Gómez Hurtado, candidate of the ruling Conservative Party, nor Virgilio Barco Vargas of the Liberal Party, have publicly commented on the proposal. President Belisario Betancur—asked to respond to the mafia offer—threw the ball into his potential successor’s court with the reply, “That’s a proposal to be presented to Alvaro Gómez.” Justice Minister Enrique Parejo González, who succeeded the murdered anti-drug fighter Rodrigo Lara Bonilla, spoke for the Betancur government in publicly denouncing the mafia proposal as “absurd” and “unnegotiable.”

‘Dope, Inc.’ charges surface

And yet the question of legalizing the drug trade in some form has become the issue of the day, and could define the outcome of the presidential elections. On May 9, the Conservative Bogotá daily *La República* devoted its front page to lengthy excerpts from the Spanish-language edition of the best-seller *Dope, Inc.*, written by an *EIR* investigative team. The excerpts were taken from the Colombia chapter of the book which focused on the mafia links of former President Alfonso López Michelsen, his cousin, the fugitive drug-banker, Jaime Michelsen Uribe, and their “joint project” for

the 1990 presidency, drug-legalization lobbyist Ernesto Samper Pizano. *La República* titled its page-one exposé “López, Michelsen, Samper: Colombian Trilogy of ‘Citizens Above Suspicion.’”

The major Liberal Party mouthpiece, *El Tiempo*, was quick to point out that *La República*’s choice of coverage was overt political opportunism: López, Michelsen, and Samper are all important figures—political and financial—in the top-down control of the Liberal Party. Not bothering to deny the charge, *La República*’s editors answered their critics by challenging them to a debate on the published charges—with *EIR*!

The Conservatives have their own rotten apples, of course, as exemplified by the column of Bertha Ospina, widow of former President (1966-70) Mariano Ospina Pérez, in the May 11 edition of *La República*. Attacking Justice Minister Parejo González for his rejection of the mafia proposal, the crusty matriarch of the Ospina family writes:

“I think that everyone in this country knows that the most reprehensible act of which the drug traffickers are accused is the vile assassination of Dr. Rodrigo Lara Bonilla. But the guerrillas who today have been given all sorts of guarantees have assassinated, not in a day but over months and years, thousands. . . .

“For these people there are houses, cars, scholarships, freedom, but for the drug traffickers there cannot even be conversation over proposals that would end that criminal activity based on the right to be judged in their own country and not by a strange country where they would be judged and treated in the midst of prejudices against Colombians comparable to those suffered by the Jews under Hitler’s Germany. I think that if in Colombia there be justice for guerrillas, then there should also be for the drug traffickers.”

Of course, Bertha Ospina does not mention that two of her grandchildren were recruited to the drug trade by Severo Escobar, one of the signers of the mafia petition, and were arrested last year in Florida on cocaine trafficking charges.

López Michelsen and his Liberal friends have not, of course, gone after their cohorts in the Conservative Party, but have instead tried to smear the anti-drug elements in both political parties. Thus, anti-drug fighter Jorge Carrillo, Betancur's labor minister and a Liberal Party member, has come under violent attack in the López-dominated media, as has his economic adviser Maximiliano Londoño, former vice-president of the Colombian Anti-Drug Coalition (See *EIR*, May 2, 1986).

Similarly targeted has been President Belisario Betancur. On April 30, the scandal sheet *El Bogotano* owned by Jaime Michelsen Uribe charged Betancur with violating Colombian exchange controls and illegal laundering of fortunes from abroad. The same charge was then televised nationally by kook presidential candidate Regina Once, a self-proclaimed witch.

The most prominent anti-drug spokesman in Betancur's cabinet, Justice Minister Enrique Parejo González, has been under the most intense pressure to resign. Since the M-19 assault on the Justice Palace in Bogotá last November, enemies of the Betancur administration have alternately blamed Betancur and Parejo for the narco-terrorist massacre of half the Supreme Court and destruction of the nation's legal files. The March escape of drug trafficker José Ramón Matta Ballesteros from a Colombian jail with the complicity of unknown but powerful "citizens above suspicion" and the corruption of numerous prison officials, were also laid at Parejo's doorstep, even though the minister had repeatedly denounced and sought remedy for the rampant corruption of the prison and court system.

The efforts of the mafia-linked Attorney General Carlos Jiménez Gómez to force Parejo's ouster have gone public. A bitter exchange of accusations between the two, triggered by Parejo's denunciation of the attorney general's office for sabotaging the war on drugs, led to Jiménez demanding a presidential censure of the justice minister. Betancur thus far has refused to yield to the attorney general's pressures, but rumors of Parejo's resignation were so widespread May 12 that a presidential communiqué had to be issued to quash them.

While the mafia seeks to buy a foothold in the next government, its media mouthpieces are busy creating the popular environment for some form of legalization of the dope trade. TV journalist German Castro Caicedo of the López Michelsen-owned station Caracol spent time in New York in April with the U.S. dope lobby NORML (National Organization for the Reform of Marijuana Laws), apparently comparing notes and drafting campaign strategy. The first result of that cooperation was a television show produced by Castro and broadcast nationally in Colombia which argued that since the United States was growing more marijuana than Colombia, the herbicide eradication programs "imposed" on Colombia were unfair. The hidden argument was that Colombia's only opportunity for a competitive edge on the U.S. dope market was legalization.

Documentation

The mafia's bid to legalize drug money

What follows is the full text, in EIR's exclusive English translation, of the document presented to the Colombian news media by the fugitive "godfathers" of that country's drug trade, and published in El Tiempo on May 9, 1986:

May 6, 1986

To: Colombian reporters and communications media
We,

Lukas Evangelista Gómez Van Grieken, Carlos Gómez González, Emiro de Jesús Mejía Romero, Mario Otoyá Robón, Alberto Escobar, Jovani de Jesús Cano, Armando Jaramillo Marulanda, Beatriz Helena de Tamayo, Mario Ochoa, Julian Otoyá Tobón, Linda Gómez Otoyá, Carmenza Valenzuela Martínez, Gonzalo Rodríguez Gacha, Carlos Enrique Lehder Rivas, Marlene Navarro, Pablo Escobar Gaviña, Jorge Sauma Ramírez, Fabio Ochoa Vásquez, Carlos Ferreira Camargo, and Carlos Tulio Gómez Gutiérrez, who act in our own name and are today pursued by the DEA [U.S. Drug Enforcement Administration], and who thanks to God find ourselves free and therefore are presenting the current communiqué, in solidarity with our comrades, friends and compatriots:

Hernán Botero Moreno, Said Alberto Pabón Jatter, Nayib Ricardo Pabón Jatter, Marcos Cadavid, Carlos Humberto Gómez Zapata, Berta Yolanda Páez de González, Severo Escobar Ortega, José Antonio Cabrera Sarmiento, Evidalina Garzón de Escobar, José Jatter Alvarez, Bernardo Peláez Roldan, Luis A. García Uribe, Marlene Orejuela, Gilberto Rodríguez Orejuela, and Jorge Luis Ochoa, who are currently prisoners in different jails in the U.S. and Spain. All because of the poorly named "Extradition Treaty," "Law 27 of 1980," which only in a moment of servility, slavery, and insanity could have been signed by then President of the Republic, Julio Cesar Turbay Ayala, and then minister of foreign relations, Diego Uribe Vargas. We declare our firm, total and self-sacrificing position against said treaty, asserting the following points:

1) We don't understand how Colombia, being a sovereign, democratic, and independent nation, had to resort to foreign and alien laws to judge its children, since as can be clearly seen with the signing of this extradition treaty and the handing over of nationals to the U.S. government, we are allowing Colombia national sovereignty to be violated;

2) It is almost incredible to have to accept that with the

mere say-so of some people who have infiltrated our country (DEA agents), we are to be turned over to foreign judges, so that they can satisfy their thirst for vengeance on us Colombians;

3) It is clearly demonstrated that that treaty is unconstitutional and in clear violation of human rights. In making this reference, we base ourselves on the already tested and proven thesis that after five long years of study of the extradition treaty on the part of the honorable Supreme Court of Justice, that body has been unable to openly rule on the constitutionality or not of said treaty.

4) Reviewing a little history and from memory, we can observe that in an act of patriotism and independence in the name of our country, the President of the Republic, Belisario Betancur Cuartas, and the then-justice minister, Rodrigo Lara Bonilla (R.I.P.), at the end of 1983 ruled unfavorably on the extradition request that the U.S. government had made against Colombians Lukas Gómez and Emiro Mejía, at the same time that the President made Colombia's position on extradition clear, and indicated that none of its nationals would be handed over in extradition. At that time, the Colombian people unified in support of their President;

5) We cannot explain the causes or reasons that led to President Betancur's change of mind regarding the extradition of nationals, and in a moment of anger to favorably sign the first extradition requests, except to adduce as the only cause the lamentable death of then Minister of Justice Dr. Rodrigo Lara Bonilla, which also led the President to declare that from that moment on the Colombian government declared open and all-out war on the so-called drug traffickers;

6) It is inconceivable and even infantile to think that at that time we, the so-called drug traffickers, who were at the time the beneficiaries of the measure adopted by the government in regard to non-extradition of nationals, could be so ignorant and naive as to hang ourselves by taking the life of Justice Minister Rodrigo Lara Bonilla (R.I.P.). Our position is so truthful that if at this moment we were given procedural guarantees, we the so-called drug traffickers could clearly demonstrate that neither Pablo Escobar Gaviria nor any of us had anything to do with that tragic event;

7) At the end of 1984, a group of us headed by our protector and spokesman Carlos Tulio Gómez Gutiérrez, in a private meeting held in Mexico City, had the pleasure of dialoguing with the ex-President of the Republic, Dr. Alfonso López Michelsen. In that meeting, we asked ex-President López to serve as our mediator with the President of the Republic Belisario Betancur. To facilitate cordial dialogue between the conflicting parties, we offered to appear, as long as we were given indispensable guarantees, before the Colombian courts, to respond to the charges against us, and thus to clarify our image before the nation and public opinion. We similarly offered in a very disinterested way and without expecting anything in return, to pay off the entirety of the Colombian foreign debt, which at that time amounted to the not inconsiderable amount of approximately \$11 billion, but,

as we expected, the government's answer was a flat no to our proposals;

8) In view of the fact that we achieved nothing with our first offer, we decided to invite the attorney general of the Republic, Dr. Carlos Jiménez Gómez, with the purpose of carrying out a new dialogue which would permit a good understanding with the Colombian government. That meeting was held in Panama City. The attorney general accepted despite warning that at no time did he attend as mediator or as attorney general, but only to hear us and, in case our proposal was viable, to transmit it to the President. Once we met with the attorney general, we made it clear to him that our principal concern was to collaborate in reestablishing social peace and national tranquility, to which end we would formally, genuinely, and materially surrender all elements and raw materials used for producing cocaine. At the same time, we would make ourselves available to justice in order to clarify our juridical situation. The attorney general listened to us very attentively, but we never received a response. Today, nearly two years later, we still accept in good faith that a decision will be made on our proposals;

9) It is impossible to accept the true reality of our country since after seeing what is going on here, we confirm once more our conviction that we are inhabitants of the land of the sacred heart of Jesus. Glancing at our current situation, we find ourselves with the signing of the so-called peace treaty, where there is neither treaty nor peace, since the signers have not re-joined the social life of the country and continue killing and robbing, protected by the amnesty laws;

10) It is clearly proven that we the so-called drug traffickers have nothing to do with the so-called narco-guerrillas, as we are friends of true democracy, which is being trampled on in our country. For all of the above reasons, we proceed to request the following from the government:

a) The right to be judged in the Republic of Colombia, by Colombian judges, in Colombian jails.

b) The right to prove that none of us, the so-called drug traffickers, had any connection to the death of the Justice Minister Rodrigo Lara Bonilla (R.I.P.)

c) That a national plebiscite be immediately held for the purpose of carrying out a total revision of the so-called Extradition Treaty.

d) That we be granted the right to bring back into the country our capital, which is currently in foreign countries. In truth, these resources could generate employment by paying taxes and generating foreign exchange that could help to relieve our weakened national economy.

e) To demonstrate that in reality we are neither bandits nor criminals, as Justice would have the resigned and tolerant public opinion of this beautiful country believe.

Thanking you once for the attention you give us, we sign ourselves (signatures in first paragraph follow).

Summit may have ruined Nakasone

by Linda de Hoyos

Japan is postponing its decision on participation in the U.S. Strategic Defense Initiative, Foreign Minister Shintaro Abe announced May 13. The discussions of leading cabinet members and military leaders—to deliberate on the reports of Japan's third and largest delegation to the United States to investigate the SDI program—failed to reach a final decision, although the delegation had returned with their thumbs up for Japan's strategic commitment to the SDI.

The displacement of the SDI to the "back burner" in Japan is a direct result of the Tokyo summit of the heads of state of the OECD nations, May 4-6. At that summit, the Reagan administration "sunk" the chances of Prime Minister Yasuhiro Nakasone to succeed in his bid for a third term, and "sunk" with him the chances for an early decision on the SDI. Just before the summit, in an interview with NHK television May 2, Nakasone issued his own personal commitment to the SDI, saying: "What is called SDI is . . . a new weapons system that opens the way to ending nuclear weapons. . . . Mr. Reagan is trying to create such a system. He is saying that when it becomes available, he will show it to the Soviet Union and tell them to have the same thing. When both sides have it, they will eventually dismantle their nuclear weapons. The SDI is thus dedicated to an ideal."

Although the betrayal of Prime Minister Nakasone, at the hands of the Reagan administration and with the acquiescence of President Ronald Reagan, is far less dramatic than that administration's betrayal of Philippines President Ferdinand Marcos, the premises of the policy were the same: forego all strategic considerations to enforce the Trilateral Commission economic policy, on behalf of the New York and allied banks, no matter the consequences to the allied nation.

In the case of Japan, the State Department—as if acting on orders from Moscow, which has howled with rage at the prospects that Japan might become involved in the SDI—has been waging a protectionist trade war against its export industries and against its currency, the yen.

The tenor of U.S. economic policy toward Japan was put forward aptly enough by Trade Representative Clayton Yeutter before the summit: "Japan is playing a very dangerous game in the conduct of international law. A nation cannot be all exports and no imports. Something has to change, and if it isn't done voluntarily with Japan, it will inevitably provoke

protectionist responses from some of its trading partners." In late April, Sen. Jay Rockefeller (D-W.Va.), echoing the demands of the State Department, recommended that Japan become an "import-consuming society"—a call to turn Japan into the same kind of industrial scrapheap as the United States. The Japanese people should spend more, save less, and import more goods, he said. "The pressure, the protectionist bills that have been put out [by the U.S.]," he said, in a kiss of death, "have gotten through to Japan's Prime Minister at least."

The free fall of the dollar over the last months, putting a plug on the flow of Japanese exports, has brought the economy "to the point of no return," in the words of one Japanese observer, as manufacturing firms and export companies go belly-up in the face of decreasing orders. The yen went as high as 164 to the dollar, with Don Regan's Merrill Lynch citing 135 as the still higher rate desired. Aside from the trend for yen revaluation, the fluctuations alone have wreaked havoc on trading.

With Nakasone's failure to impress his colleagues at the summit with the necessity to stabilize currencies, Japan's banking and corporate leaders have reportedly withdrawn their support for him. According to Kyodo news service, corporate leaders had a "deepened apprehension over the future direction of the yen as a result of the summit talks." Rectifying the yen's high exchange rate, said Yutaka Hirata, president of Unitika, Ltd., "is a life or death matter." Prime Minister Nakasone in the view of these leaders, must take responsibility for the summit's failure. The corporate community's view is expected to "kick off a general reaction" in the ruling Liberal Democratic Party against the prime minister.

The summit, therefore, has killed Nakasone's plan to dissolve parliament and press for general elections along with the Upper House elections scheduled for this June. This was Nakasone's only chance to remain in power for a third term—by outflanking the LDP leaders opposed to his tenure with a clear victory in general elections. Despite the problems with the economy, Nakasone has enjoyed increasing personal popularity, the result of his insistence that now, 40 years after the defeat in World War II, Japan begin to take its place as a leader in world politics, in keeping with its economic achievements.

The crucial turning point now for Japan will be the Upper House elections, slated for June. If the LDP wins a strong showing in those elections, according to a well-placed Japanese observer, then Nakasone will stay in office until LDP party elections in late October (the LDP president automatically becomes the party's candidate for prime minister). In that case, a decision on the SDI will be likely before Nakasone steps down next winter. If, however, the LDP registers a poor showing, then Nakasone will be forced to leave office immediately, and a caretaker government will take over. In that case, the decision for Japan's participation in the SDI "might become extremely difficult."

Laborites' 'Fortress Australia' plan means clear sailing for the Soviets

by Allen Douglas and Col. Molloy Vaughn, U.S. Army Ret.

In late May, Australian Defense Minister Kim Beazley will release the highly classified "Dibb Report," on Australia's military doctrine. One year in the making, the report proposes radical shifts in defense policies and force structures. From the previous policy of forward defense and close collaboration with its allies, in particular with the United States, in the ANZUS Pact, Australia's Socialist International government proposes to retrench toward "self-reliance" in a 1,100 kilometer zone around Australia's coast. The proposed changes, together with the rejection of the U.S. offer to participate in the Strategic Defense Initiative (SDI), signal the complete disintegration of the ANZUS alliance, among Australia, New Zealand, and the United States.

Commissioned by the 38-year-old former Rhodes scholar Beazley from Australian National University's Paul Dibb, the report betrays a quality of strategic thinking, that exceeds the follies of the French Maginot Line. It not only contracts Australia's own defense capabilities, but jeopardizes key U.S. bases as well.

'The 10-year warning time'

All competent strategic thinking in the world today recognizes a reality which Dibb ignores: the awesome Soviet military buildup and drive for world domination, as documented in *EIR's* Special Report, *Global Showdown: The Russian Imperial War Plan for 1988*. As Dibb stated to *The Bulletin* magazine of Australia, on April 8, "One of the things I thought very important in intelligence was the concept of warning time—that we would have 10 years' warning of a major assault on Australia because it would take any country other than the superpowers at least that long to prepare the sort of forces necessary."

Even apart from this elimination of the Soviet threat with one pen stroke, Dibb's idea of a 10-year warning time is ludicrous. As one leading U.S. strategic thinker commented, after noting the extensive Soviet military buildup in the Pacific and the existence of Vietnam's 1-million-man, highly equipped, battle-tested army, "What universe are these guys [Beazley, Dibb] living in? What this report really says is

The ANZAC Corridor

The ANZAC Corridor of the Pentagon enshrines the long tradition of cooperation among the U.S., Australian, and New Zealand forces, which Dibb seeks to end.

The first U.S. and ANZAC force contacts began during the U.S. fleet visit "down under" of 1907-08. The display, "Europe 1917-18," points out how, in summer 1918, regiments of the untrained U.S. 80th Division were trained by, and went under their first fire with, the New Zealand Division. The 131st and 132nd Regiment of the U.S. 33rd Division were "trained by and received their baptismal fire" with the Fourth Australian Division.

In the crucial battle of Sundu Straits in February 1942, as the Japanese rolled down through the Pacific Islands toward Australia, the *USS Houston* and the Australian ship, *HMAS Perth*, fought side by side until both ships went down, guns still firing, with both captains and 800 men, having made a major contribution to slowing the Japanese advance.

Gen. Douglas MacArthur's field commander, Lt. Gen. Harmon, had "only the greatest praise" for the 3rd New Zealand Division commanded by Maj. Gen. Barrowclough, for their campaigns of Vella Vanda, the Treasury Islands, the bitter fighting at Bougainville, and elsewhere. As a top U.S. officer, also with MacArthur in the Pacific, recently put it, "There is no way an American soldier will ever forget the valor of these people. Their units were decorated almost every day."

The same qualities were exhibited by the ANZAC troops during the fighting alongside American units in Korea and Vietnam.

'We're not going to have the capability to bother you, so we hope you won't bother us.'" Even Beazley admitted, during a trip to Indonesia in March, "Vietnam poses a major strategic problem for Australia."

From the wishful premise of "10 years' warning time," Dobb proceeds to recommend dismantling Australia's armed forces. First, the "self-reliance" doctrine reorients Australia's army, navy, and air force away from integrated deployments with their opposite numbers in the services of the Western alliance, toward "working with each other." This change in C³ (command, communication, and control) structure, together with changes in equipment, will make unified deployment with the Western alliance very difficult in case of emergency, a de facto decision to scrap the ANZUS alliance. In addition, the Army and Navy are substantially downgraded:

Army: It is to be largely stripped of its tanks, artillery, and APCs (armored personnel carriers). Some existing Leopard tanks and APCs will be mothballed, and no new ones will be ordered, in favor of lighter, smaller, helicopter-borne units. This sort of unit is for counterinsurgency, with no capability for sustained battles against armored and mechanized divisions.

Navy: The six River frigates the Navy has will be replaced by smaller, slower Corvettes. The Navy will be a smaller, slower force operating only within the 1,170 km interceptor range of air cover of the Air Force's F/A-18s. This will result in essentially a coast guard function—to catch smugglers, infiltrators, etc.

Air Force: While the Air Force is assigned the major role of protecting Australia from invasion, and so is slightly upgraded, even it will have only a fraction of the necessary capability. The 58 older Mirage III O/Ds will be replaced by 71 F/A-18s. But since half of the F/A-18s will be assigned to maritime strike functions, there will be only some 30-35 F/A-18s (given maintenance time) functioning as interceptors, for all of Australia. Dobb's "Fortress Australia" will also lack a balanced air defense, like the new Patriot going into all the Nato countries and Japan: a modern ground-based SAM missile system, able to knock down enemy bombers, cruise missiles, and with a limited ABM capability.

A real defense for Australia: the SDI

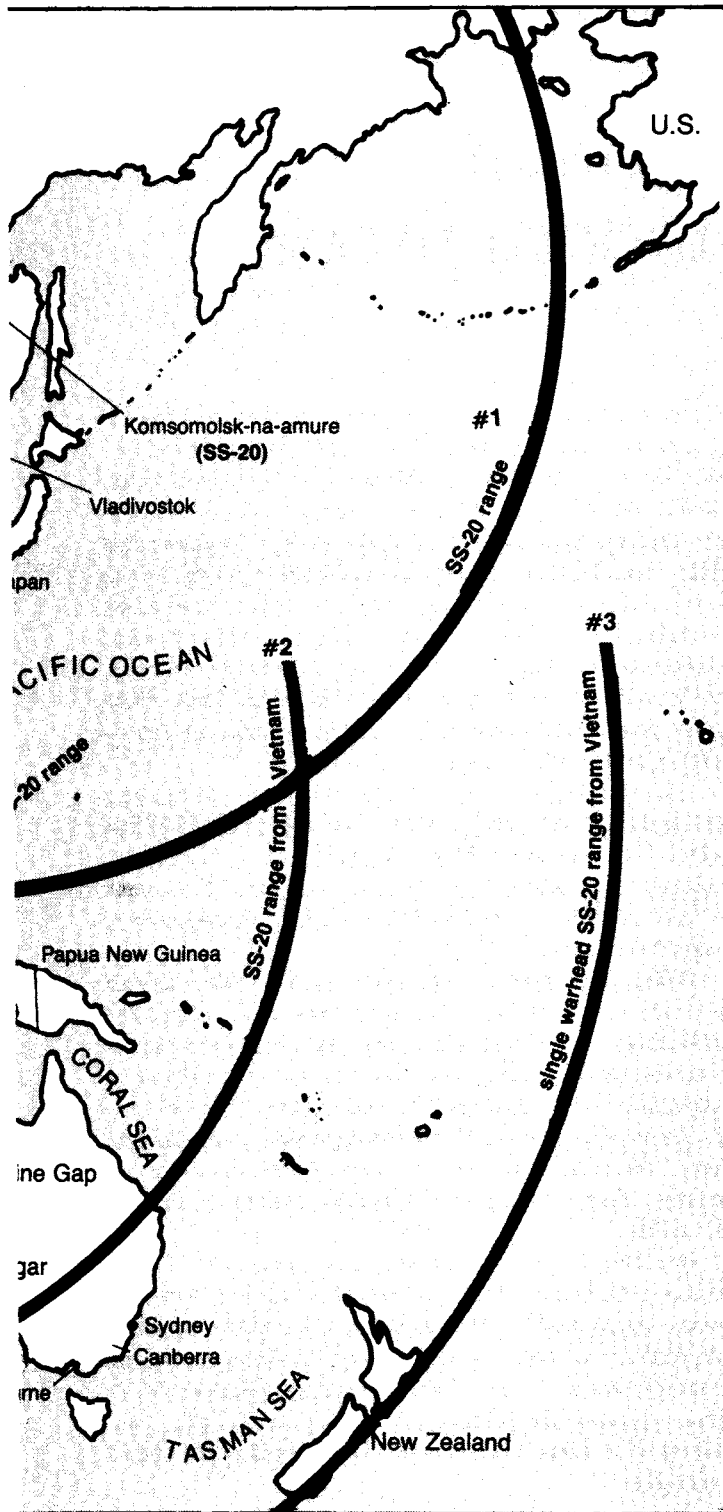
Air defense is essential, for reasons of strategic reality, which Dobb and his patron, Beazley, studiously avoid: Australia is not exempt from Soviet strategy and planning for global showdown with the West. By virtue of its physical location, the country is a prime target for Soviet strikes. A Soviet commander, looking at the map, as Soviet commanders do, sees that Australia represents a base of control over both the naval choke-points of the Straits of Malacca and adjacent straits - the transit route from the Pacific to the Indian Ocean - as well as the alternative route south of Australia. The Soviet officer also observes, that the United States maintains three important C³I bases at NW Cape, Pine Gap, and

The Pacific theatre



★ U.S. base facilities by agreement with Australia

Australian Defense Minister Kim Beazley's "10 year warning time" shows the range of Soviet SS-20 missiles when fired from their present mobile SS-20s can be quickly moved by ship or air to Cam Ranh Bay in Australia (#2). Single warhead SS-20s can reach a further 3,300 km, a target. Since the SS-20s can be launched from non-prepared sites (literally hit the ground in Vietnam). As well, Soviet Backfire and Bear H bombers, on familiarization flights into Da Nang.



' for an attack on Australia, drops to 10 days, or even 10 hours. Map 'locations in the Soviet Far East Theater Military Command (#1). The zval base or Da Nang air base, bringing them within range of most of naking every point in Australia (and New Zealand as well) a potential 'ly, by the side of the road), they can begin firing almost as soon as they rmed with 3,000-km-range cruise missiles, have already been observed

Nurrungar. And, Australia is a possible resort for U.S. bombers needing to land and submarines to refuel, a capability the U.S.S.R. would want to knock out in a conflict. The Soviets have not only the motive, but the capability, to "take out" Australia, using either submarine-fired missiles, or, as the accompanying map shows, the SS-20 IRBM. This missile can be rapidly transported from the Soviet Far East to Vietnam, and from there can hit any Australian target (and most of New Zealand), in its one-warhead modification.

But Beazley and Dibb, as they prepare to dismantle the capability to deal with conventional threats, rule out the one defense made-to-order for the actual threats to the continent—the SDI. Beazley crowed, in early April during his Indonesia visit, "We do not support SDI both in terms of its workability and in terms of the strategic balance. . . . We will pursue our views with the American government and our views are all discouraging."

The New Yalta and the 10-year warning

After a first round peddling his cardboard "Fortress Australia" to Australia's military traditionalists, Dibb stated, "I think the warning time concept is critically important and I'm disappointed the wider defense community sometimes doesn't seem to grasp it very well," admitting further, "If warning is less than the 10 years specified in the guidance *then we would need a completely different kind of force structure.*" (emphasis added). Since, as even Beazley has indirectly admitted, there is no 10-year warning time, what, precisely, is motivating this insane report? The answer may be found in the decision of powerful Western financial forces, for a "New Yalta" accord with the Soviets: the decision to hand them Western Europe, the Middle East, and the Pacific Rim, besides Eastern Europe, already ceded in 1945.

The Socialist International, which runs the Australian and New Zealand Labor Parties, was originally sponsored by these same Western circles as a battering ram against industrial nation-states. But now, under the New Yalta arrangements, it is de facto deployed by the Soviet High Command in its global showdown with the West, pushing the same force restructuring, nuclear-free zone schemes, as the West German Social Democracy.

Fortunately, the pro-Soviet Laborites are not the only show in town. Australian Opposition Leader John Howard has repeatedly called for full Australian participation in the SDI, as in a speech to a Liberal Party gathering last year: "Opponents of President Reagan's Strategic Defense Initiative conveniently overlook the fact that the U.S.S.R. is currently developing its own strategic defenses. . . . If the opponents of President Reagan's SDI have their way, the U.S.S.R. will have an absolute monopoly on anti-missile defence systems. Such an eventuality would not assist the cause of peace. It is quite obvious why Moscow is vehemently opposed to the SDI. But it is far from clear why the Hawke Government has effectively lined up with the Soviet Union and against the United States on this key issue."

García introduces economic development to Contadora process

by Gretchen Small

With a proposal that Ibero-American countries assume the task of funding economic development in war-torn countries such as Nicaragua and El Salvador, Peruvian President Alan García has added a crucial economic feature to the hectic diplomacy leading into the June 6 signing of the Contadora Peace Accord by the nations of Central America.

García has led the fight, at the governmental level, for the formation of an independent Ibero-American power bloc which could wield sufficient power to break international usury's grip on world credit flows. By connecting that effort with the principle of sovereignty defended in the Contadora pact, García has opened a new flank in the fight to bring stability to Ibero-America, through its economic integration.

Economic aid to Central America, as García is proposing, is the right idea at the right time. With Soviet leader Mikhail Gorbachov escalating the Soviet push for confrontation with the West, a Central American crisis which diverts U.S. troops from the front lines in Europe and the Pacific, takes on added urgency in Soviet calculations. Economic reconstruction, such as that proposed by García, is the single quickest measure to seal the region against Soviet destabilization.

The García initiative

García detailed his Central American fund proposal to Mexican journalists, while attending the inauguration of Costa Rican President Oscar Arias May 8. The interviews kicked off a new round of regional diplomacy by García, with Salvadoran President José Napoleón Duarte invited to visit Peru from May 9-12, and García scheduled to visit Panama on May 28, and Mexico sometime thereafter.

"If some want to help with arms and guns, I am fully convinced that Latin America could, concretely and conclusively, help with tools of development, food," García told Mexico's *Excelsior* newspaper. García criticized the U.S. insistence on sending \$100 million to arm the Nicaraguan Contras. "The region could help the economic reconstruction of Nicaragua concretely. Not with guns or other kinds of arms of war as the U.S. does, but with tractors, trucks, fertilizer, with tools for work."

As Ibero-America was able to establish Contadora and its Support Group to present a proposal and a formula for Central American peace, García argued, "We believe that Latin America can also aid development, growth, and the econom-

ic reconstruction of the nations involved in problems of war."

Peru will take the first step to putting the plan into action, he promised. "I believe that my country, despite its poverty, could contribute to an initial fund, making available a long-term credit line, at low interest rates, so that Nicaragua could obtain from Peru the resources which it needs for its growth or economic survival." Every member of the eight-nation Contadora and Support Group—which includes Mexico, Colombia, Panama, Venezuela, Peru, Argentina, Uruguay, and Brazil—is "in the position to open credit lines which could mean a fund of capital goods and manufactured products," García told Mexico City's *Novedades*.

The next day, García announced that Peru will extend a \$10 million credit line for Nicaragua, saying its \$7 billion debt to Peru would be refinanced, payable in 20 years, at 3% interest instead of 9%. García called those terms an example to "usurious banks of the world, banks which charge 9% or even 10% interest."

After meeting with Salvadoran President Duarte, García extended his proposal to El Salvador. "The fund is not limited to Nicaragua. . . . It can also go to El Salvador, for example, to complement and aid the development of its economy in agriculture and production," he told the press. "In addition to opening new markets, this is the first step towards integration of the Latin American economy. In this way, we can become independent of other economic systems, foreign to our reality."

President Duarte echoed García's arguments. "Contadora is vital to the search for peace" in Central America, Duarte stated May 11, "but to reach it, we must strengthen the political will of the parties involved," and combine it with economic aid to develop Central America. The two Presidents supported the formation of a "Latin American Community of Nations," in a communiqué issued at the end of their talks.

Contras prop up Sandinistas

At the last Contadora meeting May 2-4, Ibero-American nations decided to force the issue on signing of the treaty, setting June 6 as the date by which remaining details of the Contadora Peace Treaty are to be resolved, and the Treaty signed. Contadora's principles are simple: Domestic conflicts in Central America must be separated from the inter-

national strategic crisis, by securing agreements which protect national sovereignty, forbid aid by any nation for "irregular forces" operating against another nation, and ensure that national borders are inviolable.

The Treaty freezes the crisis; measures to return peace to the area—economic aid and allied military operations against drug-traffic—then must follow.

Locked within its borders, with lucrative drug-and-arms routes sealed off, the Sandinista fanatics will be unable to wave the excuse of a "foreign" threat to silence the hatred of the Nicaraguan population against them. With an integrated Ibero-America, Nicaraguan nationalists have an alternative to choosing between Soviet and U.S. rule.

But neither the Reagan administration nor Soviet-client state Nicaragua, has shown any interest in respecting sovereignty in the region, nor supporting Contadora. Under the terms of the "New Yalta" agreement which the Soviets and the one-worlders within the West are negotiating, Central America is a useful pawn. The Soviets can well "allow" the United States to send troops to "fight communism" in Central America; that way, the United States loses its Ibero-American allies, while Soviet forces dominate Asia, Europe, and the Pacific. For six years, such advocates of the "decoupling" of the Western Alliance as Jeane Kirkpatrick, have argued that the United States will sooner or later have to withdraw its troops from Europe, to "fight" Nicaragua.

Former U.N. Ambassador Kirkpatrick played a key role in developing the strategy of financing the Contras, a rag-tag group of squabbling mercenaries financed by the regional drug-trade, who have neither the political, nor military, might to overthrow the Sandinistas. Current U.S. efforts to "clean up their image," by handing direct control over Contra financing and campaigns to the United States, as Abrams' favorite Contra leader, former United Brands lawyer Arturo Cruz insists, only worsens the stink of a return to Teddy Roosevelt-style "gunboat diplomacy." In those days, U.S. officers created, and ran, such armies in the region as Somoza's "National" Guard.

In the past year, U.S. policy toward the entirety of Ibero-America has been reduced to backing the Nicaraguan Contras, with efforts to overthrow allied governments which oppose that suicidal strategy, as officials in Panama and Mexico can testify. Until now, U.S. pressure upon the small Central American countries, including outright economic blackmail, has successfully stalled the implementation of the Peace Accord, giving Soviet-allied Nicaragua a free hand to deal roughly with its Ibero-American neighbors.

But with new Presidents assuming office in Honduras, Costa Rica, and Guatemala in 1986, and the expansion of Ibero-American involvement in Contadora through the Contadora Support Group, Contadora's insistence that the seemingly no-win conflict in the region can end, found new receptivity in the region. The possibility that a regional accord could finally be reached, sent the "decouplers" in Washington scrambling.

What most scared them, was that Nicaragua might not continue to play the game. The bankruptcy of U.S. policy was displayed most crudely in a column in the *Washington Post* on May 13, written by a team generally close to the American intelligence community, Rowland Evans and Robert Novak. Warning that the Sandinistas might actually sign the Contadora Accord, Evans and Novak complained that State Department officials had stated they would respect the Accord—including its provisions against support for "irregular forces." If Nicaragua signs, Reagan will "have to scramble to find some credible way out" of that commitment, the two wrote.

"Thus is the Reagan Doctrine reduced to hope," Evans and Novak concluded their article, "a hope that Ortega's revolutionary stubbornness" will lead him to refuse to sign the accord.

The Sandinistas seem quite prepared to oblige "the Reagan Doctrine." Nicaraguan dictator Daniel Ortega continues to insist that Nicaragua will sign no agreement, until the United States stops aid for the Contras. White House spokesman Larry Speakes announced May 14 that the signing of the Contadora Accord will not be sufficient for the U.S. to stop aid to the Contras. Thus does U.S. and Nicaraguan policy serve Soviet global aims.

Meanwhile, U.S. negotiations with the Soviet Union on "regional matters" continue uninterrupted. On May 20, Assistant Secretary of State Elliot Abrams flew over to Moscow for the latest round of "discussions."

Nations, not pawns

The combination of U.S. sabotage of the Contadora effort, and U.S. refusal to aid its American allies in defeating the two, principal causes of instability in Ibero-America—murderous austerity ordered by the International Monetary Fund, and the international drug trade—has created a dramatic crisis of confidence between the United States and Ibero-America. U.S. "scrambling" for a credible way to violate the June 6 deadline, is rapidly escalating the crisis.

In a guest column in the *Washington Post* May 12, Nicaraguan Cardinal Miguel Obando y Bravo, who heads the persecuted Nicaraguan Catholic Church, urged that a different strategy be adopted. "It is urgent and essential that the Nicaraguan people, free of foreign interference or ideologies, find a way out of the situation of conflict that our country is experiencing," the Cardinal wrote.

The Sandinistas deny "both the idea that an East-West conflict has made of our country a disposable card, a pawn in the game between the superpowers, and the reality of a civil war," he argued, but the Church insists there must be a path towards national reconciliation. He quoted from the Bishops' pastoral letter of April 22, 1984: "We feel that any form of assistance, regardless of the source, which causes the destruction, suffering and death of our families, or which sows hatred and discord among the Nicaraguan people is reprehensible."

LaRouche slanderer arrested in Holland

by Dean Andromidas

The Dutch Secret Service has arrested and charged with masterminding a terrorist plot the editor-in-chief of *De Knipselkrant*, the Dutch journal that has slandered *EIR* founder and presidential candidate Lyndon LaRouche. The editor, Paul Moussault, was arrested on May 4 for his involvement with Japanese terrorist U. Kikumura, who was arrested on April 28 at Amsterdam's Schiphol airport while in possession of one kilo of TNT and six electronic detonators.

De Knipselkrant, a Groningen-based weekly, was identified by *EIR*'s German language investigative journal, *Spuren und Motive*, as being directly linked to the three most active and dangerous European terrorist movements, the West German Red Army Faction, the French Direct Action, and the Belgian Communist Combatant Cells. *De Knipselkrant*, according to the West German State Attorney's office, functions as the news and information service for the international terrorist movement. *De Knipselkrant* reprinted a libelous article appearing in the April 7 issue of *Newsweek*. The slander appeared in the Dutch journal the same week as the April 6 fire bombing of *EIR*'s Paris office by the Direct Action-linked "Black War" group. Black War also took responsibility for the April 29 bombing of the offices of Laissez-les Vivre, the leading French anti-abortion organization, which has cooperated for many years with the Club of Life, headed by Lyndon LaRouche's wife, Mrs. Helga Zepp-LaRouche. Security experts point to the reprinting of the article as the signal to the international terrorist movement to "get LaRouche."

Terror alert in Europe

The arrest of both individuals comes in the midst of the heightened international terror alert throughout Europe. The arrest of the Japanese terrorist U. Kikumura was the result of increased security measures at Amsterdam's Schiphol Airport implemented 10 days earlier. According to Dutch press reports, Kikumura was a member of the Kuro Heru, or Black Helmets, organization that had cooperated with the Japanese Red Army in a 1971 bombing of the Tokyo Police headquarters. Kikumura is said to have been trained in bomb production at the time in a location northeast of Tokyo. In September

1974 he traveled from Lebanon to Athens, where he established a bookstore from which point he had been shadowed by Israeli intelligence services since 1975. It was the Japanese Red Army which in the early and mid-1970s conducted several of the most infamous terrorist incidents including the Lod Airport massacre of 1972. One of its leaders, Fusako Shigenobu, is currently living in Lebanon's Bekaa Valley, training Islamic terrorists. Other remnants of the organization are said to be engaging in similar activities in Teheran and North Korea.

Security experts believe that the involvement of Kikumura in a terror plot could signal a re-emergence of the Japanese Red Army on the international terrorist scene. This is in fact supported by *De Knipselkrant* itself, in that the April 30 issue reprints a Japanese Red Army communiqué to ASALA, the Armenian terrorist organization, on the occasion of ASALA'S conference held in Athens on April 30, commemorating the 71th anniversary of the massacre of Armenians by Turkish troops. Significantly, the communiqué attacks Japanese Prime Minister Yasuhiro Nakasone for his support of the Strategic Defense Initiative, charging Nakasone with trying to "increase its aggressive activities against the Asiatic peoples."

Moussault's attorney, Pieter Bakkershut, a lawyer who specializes in defending terrorists and narcotics smugglers and who has been heavily involved in support operations for the West German Red Army faction, issued a press release claiming the police had committed irregularities. Bakkershut admitted that his client's passport indicated he had traveled to Belgrade, Yugoslavia, on April 17 and 18, which would have enabled him to meet Kikumura who was also in Belgrade during the same period. Police also found in Moussault's home electronics parts believed to be part of a bomb.

Moussault and his associates at *Knipselkrant* are not newcomers to terrorism. They are said to be active in the so-called Kraakers, a movement that seeks to illegally occupy abandoned houses in the major cities of the Netherlands, particularly Amsterdam. The Kraakers were the model for similar movements in West Germany, particularly West Berlin, and France. These "house occupier movements" served as spawning grounds for the terrorist Revolutionary Cells and Direct Action. *Spuren und Motive* in its March 1986 issue reported that representatives of *De Knipselkrant* attended the Anti-Imperialist and Anti-Capitalist Resistance in Western Europe Conference, a gathering of the international terrorists and their supporters held Jan. 30 to Feb. 1, 1986 in Frankfurt, West Germany. They distributed a publication there made up of German translations of all the communiqués of the Belgium Communist Combatant Cells (CCCs). It was published in cooperation with the Belgian anarchist weekly, *Ligne Rouge*, whose chief editor, Pascal Vandegeerde, now resides in a Belgian maximum security prisons, accused of being one of the top leaders of the CCCs.

Gorbachov prepares South Africa crisis

by Konstantin George

While the eyes of the world are fixed on the Chernobyl disaster, Soviet leader Mikhail Gorbachov is methodically laying the groundwork for future Soviet confrontationist moves in various strategically vital theaters. For over two weeks, the Western media were bombarded with dozens of articles and commentaries speculating on the "silence" of Gorbachov. Until his May 14 twenty-five-minute televised address on the Chernobyl disaster, Gorbachov was indeed "silent"—but only concerning the nuclear power plant disaster.

Otherwise, Gorbachov not only was in high profile in the Soviet media, but also had announced major initiatives in Soviet power projection in the international arena, focusing on southern Africa. Two of his dramatic moves include an announcement he plans to visit Angola, and a Warsaw Pact summit which he will lead in the Hungarian capital of Budapest, June 10 and 11.

From May 6 through May 10, a large Angolan delegation led by Angolan President, Eduardo Dos Santos, visited the Soviet Union. Dos Santos held at least two lengthy meetings with Gorbachov, besides talks with Foreign Minister Eduard Shevardnadze; the new head of the Soviet Central Committee International Department, Anatoli Dobrynin; and Defense Minister Sergei Sokolov.

On May 11, Radio Moscow announced that Gorbachov had "accepted an invitation to visit Angola" from Dos Santos. In March, while visiting Moscow, the leader of Mozambique, Samora Machel, had also extended an invitation to Gorbachov to visit Mozambique; he accepted.

In short, later this year or in 1987, for the first time in history, a general secretary of the Soviet Union will stage a grand tour of the "Front Line States" of southern Africa. Both Gorbachov's grand tour initiative and disturbing phrases from the Soviet-Angolan joint communiqué broadcast by the Soviet media on May 11, portend an upcoming Soviet-backed offensive by the Cubans and Angolans against Jonas Savimbi's pro-Western UNITA. This would be designed to force a military counter-offensive by South Africa to bail out UNITA, and thus set the stage for a Soviet move against South Africa, which could escalate into a superpower showdown.

The joint communiqué declared: "Both sides analyzed the situation in the south of Africa, characterizing it as 'ex-

plosive.' . . . Both sides restated the principles of the Tripartite Soviet-Cuban-Angolan consultations as occurred in Moscow during January of this year." This refers to the upgraded military assistance pact worked out in the January meetings in Moscow of the Soviet, Cuban, and Angolan defense ministers. After the meetings, a Soviet general and counterinsurgency specialist named Petrov, was sent to Angola to lay the groundwork for an all-out offensive against UNITA.

The joint communiqué also made explicit that Moscow is preparing an escalation in SWAPO guerrilla attacks in Namibia and African National Congress terrorism in South Africa: "The Pretoria racists are illegally occupying Namibia. . . . The United States is encouraging an undeclared war against Angola and Mozambique. . . . The Soviet Union and Angola call upon all governments and forces to mobilize aid for the peoples of Angola, Namibia, and South Africa."

Raising the heat on Norway

A historical "first" of a different sort—with ominous implications for NATO's northern flank—was evident from a front-page announcement in the Soviet military newspaper, *Krasnaya Zvezda* (*Red Star*) of May 9. Announced was the promotion of Col.-Gen. Boris Vasilyevich Snetkov to the rank of army general. Snetkov is the commander of the Leningrad Military District, which extends from south of Leningrad, through Karelia opposite Finland, to the Kola Peninsula and Soviet territory bordering on Norway. In time of war, Snetkov would be the commander of the Soviet forces earmarked for the invasion and seizure of northern Norway.

The promotion provides an irrefutable signal of a major buildup among the Soviet forces assigned to the Leningrad Military District. Most Soviet Military Districts are commanded by colonel generals. Those commanded by army generals are Category I priority districts, with large forces, and crucial invasion tasks, such as: The "Group of Soviet Forces in Germany," as the Russian forces in East Germany are called, who are the spearhead invasion forces deployed against West Germany; the Far East Military District, facing Japan and Manchuria; the Belorussian Military District, which contains the bulk of the second echelon invasion troops against Western Europe.

Snetkov's promotion came two weeks after the mid-April large-scale Soviet maneuvers 13 kilometers (8 miles) from the Norwegian border—maneuvers which rehearsed the wartime seizure of northern Norway by the Red Army on the first day of war. Snetkov was identified in the March 28 *EIR* as an officer marked for promotion, following his appointment as a candidate Central Committee member at the 27th Party Congress. The promotion of Snetkov is yet another dramatic signal from Moscow that an offensive, beginning with the murder of Swedish Premier Olof Palme, has been geared up against the entire northern flank.

On the brink in Thailand

Hopes for general elections are dim as it becomes clear that to govern another year, Prem might pull a "coup" on himself.

Only two weeks after the dissolution of parliament, coup rumors are rampant as never before in Bangkok.

Most sources report that friction is mounting between Supreme Commander and Commander-in-Chief of the Army Gen. Arthit Kamlang-ek and Prime Minister Gen. Prem Tinsulanonda. No sooner had General Arthit issued a six-point guideline for military neutrality in the general elections scheduled for July 27, than some 70 combat unit commanders led by special warfare commander Lt.-Gen. Sunthorn Khongsompong called on General Prem on May 13 unexpectedly, in what was interpreted by many as a show of support for the caretaker government.

The gesture of the special warfare forces was seen as defiance of General Arthit's orders. Given Lt.-Gen. Sunthorn's long friendship with Army Chief of Staff Gen. Chaovalit Yongchaiyuth, both being graduates of Chulachomkhalao Royal Academy class one, it is suspected that General Chaovalit, a close aide to General Prem, was, in fact, behind the show of force.

Two days after the show of support for Chaovalit, Third Army Region Deputy Commander Lt.-Gen. Chaichana Thareechat led another group of army combat unit commanders to "boost Prem's morale." Meanwhile, General Chaovalit canceled his birthday party for fear that such a gathering of top military officers would aggravate already rising tensions. However, a group of senior officers May 15 visited General Chaovalit to celebrate anyway.

The constitutional crisis was

sparked in Thailand soon after Prime Minister Prem denied an extension of Arthit's tenure in the armed forces, thereby setting the stage for Chaovalit to take over as Supreme Commander. This crisis within the military overlaps the country's economic crisis; annual debt service is now inching towards 30% of export earnings or South American levels. Prem's inability to cope with the economy has earned him not only the enmity of many in the military, but also of those politicians with power bases in the farm sector, which has been hit by falling rice prices.

Hopes for general elections, according to certain observers, are dwindling as it becomes increasingly clear that to govern another year, Prem might have to launch phase two of his political survival plan, phase one being the dissolution of the parliament. A top cabinet official candidly commented privately: "What elections? There won't be any elections."

If one were to lend credence to the rumors, General Arthit and his men could be orchestrating a coup tomorrow. However, funnily enough, all coup rumors can be traced back to Prem himself, be it a military, media, or embassy channel of information. A scapegoat and a pretext had to be found and "a coup by Arthit" was convenient.

Calculated guesses of political insiders are that it would be in the interest of Prem to make a political preemptive move, which could be a coup against himself. With so much political fluctuation, with existing parties disintegrating and new ones being formed, it is conceivable that

Prem may decide to set up a "national salvation government" with an appointed national assembly. Amid the coup rumors, it is plausible that such a phase two could be implemented and even publicly accepted as a "legitimate" effort by Prem to stabilize a volatile political situation.

Any person who has been in power for a certain period can become too accustomed to that position to leave without wishing to linger on a little longer. Actually, it is of lesser import whether Prem politically survives or not. The fact is that there is international interest in maintaining the Prem government—not because of Prem—but because this is likely to ensure the continuation of the status quo of pro-International Monetary Fund economic policies of debt repayment, free trade, and other economic measures to loot the already bankrupt economy of Thailand. To support this "democratic process of stability" is also present U.S. State Department policy.

If Prem succeeds and stays on for one more year or so before scheduled general elections next year, then the questions to be asked are: 1) Does Prem realize that his eventual momentary political success would be severely hit by the looming world economic depression? 2) Does Prem realize that further kowtowing to the International Monetary Fund and the World Bank will compromise not only his own government but will eventually bring down the vital institutions that hold the country together? 3) Does Prem realize that, in the meantime, Moscow is playing a carrot-and-stick game with Thailand by offering to buy Thai rice, tapioca, and textiles at a giveaway price, while at the same time building up amphibious landing capabilities in Kompong Som, a major port in Kam-puchea, four to five hours by car to Bangkok?

Libyan terror opens election season

It will be hard to stop the drug traffic and terrorism without defeating a certain Libya-linked financial nexus.

A powerful 20-kilo bomb, placed in a car parked on Principe de Vergara street in downtown Madrid, went off as a bus carrying police of the Civil Guard passed by on Friday morning, April 25. On board were nine Civil Guards, who had been picked up at the U.S. and Italian embassies after their night patrol. Five died at once, and three were hospitalized in critical condition. As in the Dec. 20, 1973, assassination of Adm. Carrero Blanco, the bomb was triggered with a remote-control mechanism.

The newspapers reported that a few days before the massacre, the police secret service had reported that the Basque separatist gang ETA was planning a terrorist hit in that area of Madrid against military targets. Hence, accepted wisdom here is that the bombing was a purely internal affair, long in the planning, and probably linked to the upcoming election—as per ETA's tradition of making its electoral statements with bombs. But the fact that the Civil Guard bus took the same route every day at the same hour, raises questions on the credibility of the alleged warning.

In reality, there is a Libyan-supported terror wave throughout Europe against American targets, and those Civil Guards were coming from duty at the U.S. embassy. Credit for the bomb was claimed by an anonymous caller to the daily ABC, the night of the attack. A male voice with Arab accent said: "All means, of communication as well as of other kinds, which support the assassin campaign of Reagan in Central America, Libya,

etc., will bear the consequences of their stand. This morning we took an action. We are watching various Americans who hide in the center of Madrid. They will suffer the same consequences." The executors of the terror attack may be ETA members, but the actions of ETA are run from outside Spain, by the strategic command allegedly hiding in France, a member of ETA arrested late in April confessed.

On April 27, Ilturbe Abasolo "Txomin," described as ETA's top leader, was arrested in Hendaye, on the French side of the Basque region. Amazingly, the Spanish government has not demanded Abasolo's extradition, even though ETA had claimed responsibility for murdering five Civil Guards.

The day of the attack, the foreign ministry had announced the decision to expel 11 Libyans: 1 diplomat, 2 embassy employees, 3 students, and 5 professors. Foreign Minister Barionuevo declared that there is proof of the connections between Spanish terrorists and Libya. Among those expelled, the "diplomat," Ramadam Mohamed Ruheim, had been implicated in attempts to disrupt an EIR-sponsored public conference in Madrid, together with elements of the ultra-left-wing party PASOC, a party which sources describe as Libyan-funded. It is likely that the PASOC is not the only "leftist" party financed by Libya, which seems to have had a role in favoring the whole coalition, which at the time of the referendum on Spain's participation in NATO, fought

to take Spain out of NATO.

The parties of the anti-NATO coalition have now created an electoral pact for the political elections next June 22. The bloc will include the Spanish Communist Party, which the ultra-pro-Russian elements around Gen. Enrique Lister joined in late April; the PASOC; the Communist Party of the Peoples of Spain; the Progressive Federation, and others. The Progressive Federation is the equivalent of the Green Party in West Germany.

The tight links between these parties and the Libyans are underlined by the fact that writer Gala, who headed the anti-NATO coalition in the referendum, is president of the Hispano-Arab Friendship Association, where Libyan money plays an important role. Libya's investments in Spain are massive. Seventy percent of the Banco Atlantico, one of the biggest in Spain, and once of the big Rumasa holding company, was sold cheap by the Spanish government to the Arab Banking Corporation, while 5% went to the Banco Arabe Español, controlled by the Libyan-Arab Foreign Bank. On the board of Banco Atlantico and the Libyan Arab Foreign Bank sit Abdullah Saudi, Qaddafi's renowned financial *factotum*, and Salem Zenaty, director of Aresbank in Spain. Aresbank helps fund Gala's Hispano-Arabic group.

In 1982, Rumasa was declared bankrupt by Finance Minister Boyer, a member of the Socialist Party and the Trilateral Commission, and, with a swift and very unusual operation, nationalized and re-sold in a few months to other private interests. Some say that the sale of Banco Atlantico and Galerías Preciadas, two of Rumasa's many subsidiaries, to Libyan and drug-related interests, has something to do with the financial operations that are behind the ruling Socialist Party of Premier Felipe González.

A blow struck for democracy

The Bangladesh parliamentary elections are a step to rebuilding the country's political process.

The final results of the first parliamentary election in seven years will not be known until at least May 19, when the polling is completed in 36 constituencies where "irregularities" prevented completion of the vote on election day, May 7. But one thing is certain: Politics is alive and well in this tiny, densely populated nation ruled by martial law under "dictator" Lt.-Gen. H. M. Ershad since 1982.

Nearly 1,500 candidates contested for 300 parliamentary seats. About 1,100 candidates represented some 28 out of Bangladesh's 120-odd political parties (92 parties chose to boycott the elections), and about 400 independents ran. The percentage turnout of Bangladesh's 47.6 million voters is not known, but the aggressive campaign against *the elections led by the opposition Bangladesh National Party* (BNP) included violence and hooliganism and may have blunted participation.

Of the 264 seats counted, the pro-Ershad government Jatiya Party front was credited with 132, the Awami League-led opposition front with 90, the Jamaat-i-Islami and Muslim League with 10 and 3 seats respectively. Independents won the balance of 27 seats. This has left Ershad's party 19 seats short of an absolute majority, but some of the re-pollled seats, together with some of the independents, are expected to give his party a working government.

Vote-fraud allegations against the Jatiya Party by a British parliamentary team invited to observe by the Awami

League's "People's Commission for Free Elections" have been used to give an aura of the "Philippines syndrome" to the election. But by the typically chaotic, rough-and-tumble standards of Third World electoral politics—and politics in Bangladesh in particular—the election does not appear to have been out of bounds.

It is not unlikely, in fact, that the most mischief was actually done by the BNP-led boycotters. The BNP had the most to lose from successful elections, no matter the outcome. Lacking the political organization and depth to mount an election campaign, the BNP is, as Awami League leader Hasina Wajed has pointed out, beholden to a new military coup to bring it to power.

Founded by the late Gen. Ziaur Rahman when he was President of Bangladesh (1975-81), the BNP is backed by a section of the Army. The party and its seven-member alliance, including assorted Maoist sects, are led by Khaleda Zia, Rahman's wife. Khaleda Zia, who peppers her speeches with references to the threat of an "Indo-Soviet axis," operates from within the Army cantonment, where she resides.

The elections were an important step from martial law back to democracy in Bangladesh. The credit goes equally to General Ershad, who has been trying for three years in the face of cynicism and political irresponsibility to make this step, and to Awami League leader Sheikh Hasina Wajed, who had the courage and political maturity to take up the challenge.

The daughter of Bangladesh's 1971 liberation hero and first President Sheikh Mujibur Rhaman, Hasina took over the party her father had founded after his murder in a 1975 coup. The party has come to be associated with a "pro-India" and "pro-Soviet" stance.

Hasina's 1986 decision to abandon the boycott and participate in the elections led to the break-up of the opposition coalition with the BNP-led group as well as the eventual split-up of her own 15-party alliance. The BNP combine re-aligned with various leftist and other parties and the powerful Dhaka University radical student community against the Awami League. Hasina brooked charges of a "secret deal" with President Ershad and a "sell-out" of the anti-martial law campaign.

"We have accepted the election as a challenge to add a new dimension to the anti-martial movement," Hasina countered the charges. "In fact, we are going to take part in the polls not for power," she said, explaining that the elections would be a referendum to end martial law and establish a representative government.

Interestingly, reports here are that the tiny but influential Communist Party of Bangladesh, a member of the Awami League combine, was one of the key voices in persuading Hasina to take up the poll challenge. The opposition alliance had been insisting on five demands, including repeal of martial law and establishment of a neutral, caretaker government, as pre-conditions for elections.

President Ershad steadfastly refused the latter demand, but abandoned his insistence on a presidential probe preceding the parliamentary elections. He also agreed to lift large chunks of martial-law authority to facilitate vigorous and full electoral politicking.

The meltdown of Kohl's popularity

The revived anti-nuclear campaign caught the Bonn government off guard.

The German Social Democrats have decided to revive the dormant anti-nuclear movement as a tool to win the 1987 elections. All stops of demagoguery against nuclear power are being pulled out, to terrorize the West German population with invented news about post-Chernobyl radiation. A specific target of this scare campaign is, however, the farm and food sector in the country, which happens to be a sizeable traditional constituency of the Christian Democrats of Chancellor Helmut Kohl.

The scare campaign caught the Kohl government off guard. For two weeks after the Chernobyl accident became known, the government of Chancellor Kohl remained inactive. This left the field to the demagogues of the Green Party, the Social Democrats and the media, who put out the line that all fresh food had been poisoned by the radioactive fall-out from Chernobyl. The result was a dramatic drop in food sales for farmers, and in the food stores. The losses were reported to be around 25% or even 30% of the average income from sales of fresh food, and in several regions, losses of even up to 50% were witnessed. Lacking authoritative information from Bonn whether there was a fall-out effect or not, consumers tended not take any risks, and not to buy fresh food, therefore.

Especially the "vegetable belts" in the regions along the rivers Rhine and Main, and the milk farming regions of South Germany, were hit hard by the scare campaign. The first 12 days of

the anti-nuclear scare campaign cost the German farmers an estimated total of between 700 and 1,000 million deutschemarks. These are losses in sales; not counted are the springtime investments farmers have made in the "vegetable belts" which can largely be considered to be lost now. Many farmers won't be able to pay their debt, or their debt service.

Preliminary reports from the 83,000 food stores in West Germany show a loss of about the same dimension, and this in a situation of generally escalating bankruptcy figures in that sector. Like the farmers, the food store owners have largely been voters for the Christian Democrats of Chancellor Kohl. They witnessed, however, that the Bonn economic policy is not run by Kohl, but by his minister of finance, Gerhard Stoltenberg, also known as the "austerity pope of Bonn."

Stoltenberg declared he had no money for the farmers, nor for the food stores, and that he would not "violate principles of budgetary policy" because of Kohl's fears that votes in the farm and food sectors might be lost. Rumors in Bonn have it that Stoltenberg refused to help Kohl out, because he hopes to capitalize on the chancellor's problems and become the next chancellor candidate of the Christian Democrats himself.

Thus, the farmers and food store owners were rudely repudiated by the Christian Democratic leadership. To make the case worse, the CDU leaders passed a program "for the farmers" on May 13 which encourages the shrink-

age of agricultural production by granting bonuses for "reduced acreage in production." This is a German version of the USDA's "payment in kind" program. The hand of Stoltenberg and his pro-austerity faction inside the Christian Democratic leadership was becoming visible.

"This means that the CDU leaders decided to keep their eyes closed on reality," a spokesman for the German Farmers Association told *EIR* on May 14, expressing that the farmers felt "tricked by the Christian Democrats." Pointing to the upcoming, crucial June 15 state elections in Lower Saxony, the same spokesman added: "It may well turn out on June 15 that the voter will wake up these politicians to reality."

A similar statement was given by an official of the German Food Store Owners Association. This means that the calculations of the Social Democrats and of the Green movement worked out well, so far: The anti-nuclear campaign would create pressure on Kohl and his party from the constituencies among farmers and food store owners, and a failure of Kohl to do something for them would lead to political disappointment and an escalated drain of the vote for the Christian Democrats. The Social Democrats know they can't win the farm vote, but they count on the erosion of the Christian Democrats' constituency.

Since Chancellor Kohl and his party don't challenge the Social Democrats, they feel safe and hope to ruin the Christian Democrats irreparably. Thus, the result of the black propaganda and scare campaign, which was launched from Moscow after the Chernobyl accident and transferred into West Germany through the Greens and the Social Democrats, has been a total "melt-down" of Kohl's authority and popularity.

The Palme murder and the KGB

Uncomfortable questions must be asked as to who is really shaping the police investigation into the Palme murder.

A public brawl has erupted among Swedish law enforcement officials probing the Palme murder, with charges of gross incompetence against Stockholm Police Chief Hans Holmér. This coincides with attacks by the government on its own security police, SÄPO, for leaking the expulsion of five Czech spies.

A severe rift has emerged between Holmér, who heads the Palme murder investigation, and Stockholm Chief Prosecutor K. G. Svensson, the prosecutor in charge of the case, who challenges the extraordinary powers usurped by Holmér. According to reliable sources, Holmér, whose career has not suffered from his intimacy with the ruling Social Democrats, is attempting to wield such extraordinary powers against the European Labor Party in Sweden, the most vocal critic of the regime now headed by Palme successor Ingvar Carlsson.

The Carlsson regime, closely watching Holmér's work through two government representatives in the 12-man body directing the inquiry, has intervened to back Holmér. Learning of the Holmér-Svensson rift, Justice Minister Sten Wickbom had his undersecretary make an urgent phone call April 26 to the home of Svensson's superior, National Chief Prosecutor Magnus Sjöberg, insisting that Svensson be restrained.

This followed by one week Carlsson's return from Moscow, when a new turn in the investigation was announced, toward looking for a crazy,

lone assassin. Breaching usual protocol, Soviet Ambassador to Sweden Boris Pankin, and TASS Director Sergei Losev, two top KGB disinformation specialists, took part in Carlsson's Moscow talks.

A central issue of the rift is Holmér's insistence on cultivating some tiny bit of suspicion against Viktor Gunnarsson, the original suspect, who was released on March 19. Holmér has had Gunnarsson cooperate in innumerable—and increasingly meaningless—encounters with alleged witnesses, to establish whether Gunnarsson was on the scene of the crime.

In early March, a KGB-tainted circle of journalists was tipped off by Swedish police sources to exploit Gunnarsson's arrest for a series of wild libels against the European Labor Party (ELP), based on reports that Gunnarsson, carrying all the characteristics of an agent provocateur, had briefly surfaced in the periphery of the ELP in 1984. The libels were halted upon Gunnarsson's release, after Svensson had determined that evidence was lacking even to keep him in custody.

On April 28, no fewer than 22 new encounters of Gunnarsson with "witnesses" began, after reluctant approval by Svensson—with no results. Two days later, Svensson's superior Sjöberg, after government intervention, overruled Svensson, approving another 28 encounters. This blatant interference provoked an uproar. The vice chairman of the parliament's Constitutional Committee, Anders

Björck, announced that the justice minister will be called before the committee to explain himself. Several police officials openly regard the Gunnarsson investigation as a red herring: "The more we dig into [the Gunnarsson track], the more suspicion has weakened." Added another: "But Holmér clings on to [Gunnarsson] like a shipwrecked man to a life raft."

"Several of the most seasoned police officials accuse Holmér of directing the work like a dictator, that he is paralyzing initiatives . . . and that he is more of a liability than an asset to the investigation," *Expressen* wrote on May 9. "I cannot cooperate with an amateur. There is no longer any reason for me to talk to the Police Chief," one SÄPO official stated.

SÄPO rage over government meddling was fueled as Foreign Minister Sten Andersson publicly rebuked the security police for leaking the story of five Czech spies, expelled on April 30, and brazenly denied their spying for the Soviet KGB—ignoring how the spies from Czechoslovakia, a landlocked country, targeted the Swedish Navy's new anti-submarine torpedo, Swedish port entrances, and locations along the Swedish coast suitable for amphibious landing parties.

Some sources say the decision to bust the Czech spies originated outside Sweden, with SÄPO cooperation, to counteract KGB disinformation around the Palme case. Inadvertently implying such a connection, the insider column of the Social-Democratic *Aftonbladet* on May 10 raved against the conspiratorial politicizing of SÄPO behind the Czech expulsion: "Maybe time has come for a SÄPO-SÄPO, a security police to check the security police? . . . Maybe in this context, there is a retirement post for Holmér, after he has finally failed to solve the bloodiest SÄPO blunder ever."

A not so 'holy' foreign policy

What hath been wrought by the Secretariat of State of the Holy See?

The hyperactive Vatican "foreign minister," Mons. Achille Silvestrini, after his Mideast adventures, has won new friends among the shy and difficult Arabs. Why, even the turbulent Druze leader Jumblatt, no sooner had he arrived in Rome, did not hesitate to rush to the monsignor's office to have his wounds licked, after Prime Minister Bettino Craxi and Foreign Minister Giulio Andreotti refused to meet with him. Of course, the gnostic leader Jumblatt, not satisfied despite the notoriously affable Vatican diplomacy, went to seek further consolation in the arms of the wife of the existentialist writer, Alberto Moravia.

Moving from the Arab world to the East bloc, the dynamic Monsignor Silvestrini did not miss the opportunity offered by a convention of intellectuals meeting in Warsaw to talk about peace. When old Prof. Bogdan Suchodolski, ex-Catholic, ex-atheist, now communist, sent a letter to the Pope, as organizer of the convention, to inform him about the initiative, the industrious archbishop took pen and paper in hand and dashed off a letter of warm greetings to the conventioners.

In the letter, Monsignor Silvestrini thanked, in the Pope's name, Professor Suchodolski, the organizer of the convention of intellectuals in defense of a peaceful future of the world, and offered words of gratitude and encouragement from John Paul II to him and the spokesmen of the world of science, art, and culture.

"I am pleased," Silvestrini writes, "to transmit to you, with the Pope's authorization, expressions of gratitude for the contents formulated in your letter." The Pope, the archbishop noted, looks with special care upon all noble efforts for justice and peace in the world.

May this congress, continued Silvestrini, lead to effective results which will reinforce new relations based on true human solidarity, and may it lead to a fruitful dialogue. The letter closes by sending best wishes and expressions of deep respect for the important convention.

Warsaw political authorities took the message of Monsignor Silvestrini, in the Pope's name, as manna from heaven, since more than 200 Polish Catholic scientists had sent a protest note to the convention, denouncing it as a government propaganda maneuver, with the clear intent of using the popular topic of peace to hide the injustices and systematic denial of human rights perpetrated in Poland.

But, for the Polish government, only the message from Rome existed. On Jan. 21, Polish radio broadcast the following note, commenting on the convention's work: "We have succeeded in broadening the platform of dialogue among men in the most important affairs of the globe; it is significant that the scientists congress in Warsaw received greetings from Gorbachov and from John Paul II."

The Polish government's spokesman on the same day praised the War-

saw convention for having drawn out new ideas on peace, seeking what unifies men of diverse opinions, and mentioned that it had received an explicit message of support from the Pope, via the Secretariat of State.

The Polish government had at one blow promoted Archbishop Silvestrini to the rank of Secretary of State. Back in Rome, it was pouring denials: The message of greetings had *not* been undersigned by the Pope, who had not even been informed. Practically speaking, it was a forgery.

Bygones were soon bygones, as far as Monsignor Silvestrini's operations went. It was not the first time that the shrewd and prudent officers of Vatican diplomacy let something get out of hand, above all in the recent period.

The reason for the various diplomatic *faux pas* can be imputed to the close ties between the Secretariat of State's foreign policy and that of the U.S. State Department, which is carrying out a New Yalta project for a separate accord with Moscow, heedless of nationalities and creeds.

Nor is it accidental that the Italian foreign ministry went a bit too far in encouraging a possible official visit by General Jaruzelski, the Polish strongman, to Italy, which would imply an "obligatory" visit to the Pope. Likewise, the Vatican Secretariat of State is angling for a new papal visit to Poland—although the Polish government had laid down many roadblocks to the places the Pope wants to visit—with the aim of feeding the false image of a Polish government as an outpost of Moscow's "peace proposals."

Prisoners of their own game, the heads of Vatican diplomacy don't realize the strategic significance of the U.S. intervention in the Mediterranean, and the damage to the image of a peaceloving Russia done by the Chernobyl disaster.

International Intelligence

LaRouche interview by Saudis called 'significant'

The interview with *EIR* founder and Democratic presidential candidate Lyndon LaRouche that appeared in the overseas Saudi newspaper *As Sharq al Awsat* has been assessed as "very significant" by Israeli sources.

The Arabic-language daily newspaper, based in London, quoted LaRouche in support of Israeli Prime Minister Shimon Peres's proposal for a "new Marshall Plan" for the Middle East. Peres's proposal envisages a \$25 billion fund for co-development of Arab and Israel nations as an economic foundation for peace in the region.

The newspaper is published by the Saudi Research Marketing Corporation which controls most of the Kingdom's press. It frequently carries news items and comment which could not be printed within the Kingdom itself.

No Saudi Arabian press had previously reported on Peres's proposal.

Future of a French ambassador in doubt

Heated discussions are said to be taking place between the offices of the President and Prime Minister in France concerning Paris's ambassador to Tunisia, Eric Rouleau.

Following an *EIR* exposé which was reprinted in Tunisian and French media, accusing Rouleau, a former founder of the Egyptian Communist Party, with plotting the overthrow of the Tunisian government, Premier Jacques Chirac took the decision to withdraw Rouleau as ambassador. According to the *V.S.D.* weekly and *Magazine Hebdo*, however, Mitterrand personally intervened to keep Rouleau in his position. However, according to *Le Figaro*, Chirac has taken the final decision to purge Rouleau.

Whatever the outcome, the personal status of Rouleau in Tunis has received a major

setback and most of his activities have been neutralized. Rouleau himself is said to be hopeful of a new appointment.

Mideast terrorist linked to French Socialists

Naji Allouche, better known as Middle East terror chief "Abu Ibrahim," has been closely associated with the French Socialist Party for the past five years, according to Middle East intelligence sources. The Damascus-based Allouche-Ibrahim is the leader of the "May-15" terrorist organization, to which Tunisian terrorist Habib Maamar, arrested in the first week of May in Nancy, France, belonged.

Maamar has been charged with terrorist acts as well as murder covering operations on Abu Ibrahim's behalf in the last two years.

Allouche-Ibrahim has for years been a leading figure in the Athens-based Union of Palestinian Writers and Journalists, and is known to have been regularly received in his "academic capacity" by the international department of the French Socialist Party.

A former member of al-Fatah, Allouche-Ibrahim broke with PLO leader Yasser Arafat in 1978 to join Abu Nidal in Baghdad, Iraq; they then separated, but both moved to Damascus, Syria as the base for their terrorist operations. The KGB has run such terrorists through Syrian intelligence since 1967, when Yuri Andropov became KGB chief.

Saudi tankers hit in Persian Gulf

U.S. officials have expressed alarm over a pattern of neutral ships being fired on by Iranian naval vessels in the Persian Gulf.

"Within the last eight days, two Saudi tankers have been struck by Iranian aircraft in what appears to be an intensification of strikes on neutral ships operating peacefully in the Gulf," White House press spokesman Larry Speakes stated on May 12.

"We are concerned that the recent action

of Congress in rejecting an arms sale may have created the misconception that the U.S. commitment to freedom of navigation in the Gulf and Saudi self-defense has diminished. Any such view would be gravely mistaken. We strongly support Saudi Arabian self-defense."

Sen. Alan Cranston (D-Calif.), who has been a leader in the effort to block the sale of arms to the Saudis, called the White House statement "silly." It was pointed out by Speakes, however, that these were the first Iranian attacks on Saudi ships since July 1984, when Saudi fighter jets downed an Iranian F-4 Phantom Jet that had been attacking a Saudi ship.

A third attack by Iran on a Saudi ship not mentioned by Speakes, came on April 5.

Warn of terrorist activation in France

More than 200 underground terrorists are about to be activated in France, terrorist Habib Maamar has reportedly confessed to French police.

This confirmed earlier information received by *EIR*. Most of these would be like Maamar himself—underground terrorists deployed for one operation at a time, but otherwise engaged in no political activities whatsoever in France.

Maamar, arrested in Nancy, France deserted the Tunisian army in late 1981 and went to Libya. He was then sent to South Lebanon and to Damascus to join Abu Ibrahim's "May 15" organization, which sent him back to France.

Since late 1982, Maamar was quietly based in Nancy, with no employment or residence permit. He received \$3,000 a month from Abu Ibrahim. During that period, he traveled to the Middle East five times to bring back explosives which were used in four different bombings in Paris and London.

The bombs were pre-timed in Damascus for detonation, and he was told only to put them in a certain place at a certain time, not their time of detonation. Failure to follow

Briefly

● **U.N. SECRETARY** Xavier Perez de Cuellar, during a recent visit to Spain, told *El Pais* newspaper that the U.S. attack on Libya was "deplorable" and could not be justified as legitimate defense. He was in Spain to inaugurate a foundation to the memory of murdered Swedish Premier Olof Palme in Barcelona.

● **GRÉAT BRITAIN** will cut defense spending for the first time in seven years, the first time since Margaret Thatcher took office, the British government announced May 12. The government's annual defense "white paper" says that defense expenditures would fall by about 6% over the next three years. It put the 1986-87 budget at \$28.7 billion.

● **THE INDIAN** government on May 1 extended a ban on two extremist Sikh organizations, the Dal Khalsa and the National Council of Khalistan, for another two years. The ban imposed on the two organizations in 1984 was to have expired on April 30, 1986. The organizations have been charged with preaching and encouraging Punjab secessionist and violent activities.

● **DEMONSTRATORS** tried to blockade a U.S. Army Pershing-2 missile base in Mutlangen, West Germany on May 9, for the second straight day. Police arrested 37 people, raising the two-day arrest total to 54. All were later released. Involved were about 100 people, many of them elderly. A group called Civil Disobedience Campaign for Disarmament had asked elderly people to turn out.

● **HARRY SCHLAUDEMANN** was named U.S. ambassador to Brazil, the White House announced on May 8. Schlaudeman, nicknamed "slaughter" in Ibero-America, is an expert in coups and destabilization for the State Department circles associated with Henry Kissinger, and has been "ambassador" to numerous South American countries.

orders would have meant that, the next time, the bomb would have exploded while still in his possession.

Greenpeace lawyer advised Bonn on SDI

According to the Washington, D.C., correspondent of the *Frankfurter Rundschau*, the West German economics ministry consulted the U.S. law firm of Wilmer, Cutler & Pickering, to influence the U.S. side during negotiations on the German-American cooperation agreement for President Reagan's Strategic Defense Initiative.

Lloyd Cutler, partner in the law firm, former chief counsel to President Carter and a member of the Trilateral Commission, made headlines when he represented the radical anti-nuclear Greenpeace organization in a court case against the French government. Cutler is an avowed enemy of the SDI, and of the U.S. Constitution, for that matter.

Having him play a role in the German-American SDI agreement is like hiring Mikhail Gorbachov to advise NATO. Who in Bonn was responsible for selection of the legal advisers is not known at this time.

Norwegian government a threat to NATO

On May 9, Norway officially installed a Labor Party minority government. Prime Minister Gro Harlem Brundtland began by telling a new conference: "Austerity is an inadequate term for the vast economic restructuring that must take place." Her Labor Party would call for much tougher austerity measures than those whose rejection in parliament prompted the resignation of her Conservative predecessor.

Her government, with its generally pro-Soviet posture, poses a serious threat to the cohesion of the Western Alliance. Exemplary is the appointment of Johan Jørgen Holst as defense minister.

Holst was a close personal friend of con-

victed KGB spy, Arne Treholt. He also belonged for years to both the "Palme Commission" on East-West relations and David Rockefeller's pro-Soviet Trilateral Commission. He is a strong supporter of Soviet policies for "nuclear free zones" in Scandinavia and Central Europe.

Immediately after the assassination of Swedish Prime Minister Olof Palme, Holst emerged in the center of a Soviet KGB disinformation campaign which vainly attempted to pin the blame on European associates of *EIR* founder Lyndon LaRouche. He told journalists in "background discussions," that LaRouche and the European Labor Party, headed in Germany by his wife, Helga Zepp-LaRouche, "helped in the creation . . . [of the] atmosphere of hatred" in Sweden, which was "ultimately responsible" for the killing of Palme.

Israeli gun-runners plan counterattack

Israeli intelligence sources have told *EIR* to expect a counterattack on U.S. security agencies from Israeli mafia-linked gun-runners whose operations into Iran were recently busted up by the arrest of some 17 of their number in Bermuda.

Most prominent among those arrested in April for planning to smuggle billions in U.S. arms to Iran was retired Israeli Gen. Avraham Bar-Am. Whether he and his associates are extradited to Israel or the United States is now the subject of negotiations between the two countries.

Bar-Am, implying that his operations had the full approval of at least some elements in the Israeli government, at one point threatened to "tell all" if Israel allowed him to be extradited to the United States.

Israeli intelligence sources say that a press campaign is soon to be launched against the American FBI, blaming it for the arrest of confessed Mossad spy Jonathan Jay Pollard in December 1985, and for the Bar-Am affair, accusing the agency of being "still under the control of the traditionally anti-Semitic faction of J. Edgar Hoover."

Who subverted America's schools?

by an EIR Research Team

This article is based on some highlights from EIR's new Special Report, The Libertarian Conspiracy to Destroy America's Schools, released on April 30. The report was prepared by Carol White and Carol Cleary, with a special appendix by Lyndon H. LaRouche, Jr. It is available from EIR for \$250.

The American educational system is in the deepest crisis of its history. While at the time of the American Revolution we had the highest literacy rate in the world, today the teachers themselves are failing basic literacy tests. Science and mathematics have virtually been eliminated from school curricula, and in their place we find courses in "alternative sexual lifestyles."

Consider the following shocking statistics:

- On 19 academic tests given to students in the industrialized nations, Americans ranked last 17 times, and were never either first or second in performance. Thirteen percent of all 17-year-olds were found to be functionally illiterate: They could read words, but could not discern their meaning. Two-thirds of 17-year-olds could not solve mathematics problems requiring several steps.

- In Baltimore, 20% of the teachers hired in the fall of 1985 failed a written examination which required them to write a short paragraph inviting parents to an open house. The test was designed to measure rudimentary mastery of the English language, such as sentence structure, spelling, and punctuation.

- In Arkansas, a curriculum for junior high school students calls for students to play a "values clarification" game. They draw a card from a deck of cards and discuss the topic indicated on the card. The subjects include: masturbation, group sex, oral-genital sex, and homosexuality. One manual suggested for use in Arkansas schools had the following words of wisdom to offer students in the way of "sex education": "Other boys, about one in ten, are interested some time before puberty in the idea of putting another boy's penis in their mouth."

- American students spend one-half to one-third as much time learning science as students in Japan, West Germany, or the Soviet Union. The 10th grade is the last time the majority of American high school students take a science course.



NSIPS/Stuart Lewis



The grandfathers of the Aquarian kookery in today's schools: John Dewey (top) and Julian Huxley (bottom). Also shown is a parade in New York City.

Fewer than one-fifth of our high school students take even a one-year physics course, while in the Soviet Union all secondary school students take a compulsory five-year sequence of physics courses. The total number of physics teachers in the United States is less than 10,000 and shrinking rapidly, whereas in the Soviet Union there are 123,000, with 8,500 more being trained every year.

This collapse in the quantity and quality of education has chiefly two, interrelated but somewhat distinct, causes. The first cause, is the accelerating, post-1966 slide of the United States into a "post-industrial society" scrap-heap, with the shrinking of the value of the per capita tax-revenue base accompanying that slide. The second cause, is the progress of a campaign of radical revision of the goals and content of education, the insistent intrusion of the "post-industrial counterculture," to the point that some spokesmen for the National Education Association (NEA) openly avow that the goals of education include destroying the institution of the "nuclear family."

Leftists and libertarians

The NEA and kindred organizations of the left-wing counterculture promote the fraud of "value-free" education, encouraging students to "do their own thing," however perverse that might be. A right-wing backlash has recently developed against this, centered in the Washington, D.C.-based Heritage Foundation and assorted libertarian and Christian fundamentalist groups. What is their battle cry? "Close the public schools!" Rejecting the benefits of two centuries of public education in the United States, they would have those

parents wealthy enough to afford private schooling determine the curriculum of their children's schools—and to hell with everybody else.

As this report will document, the opposition between these "left" and "right" groupings is only superficial, since their crusade against universal quality education is based upon the same assumptions: those of British liberalism and pluralism.

These assumptions are the very opposite of the traditional Judeo-Christian standpoint which the educational system of the United States should be duty-bound to uphold. Lyndon H. LaRouche, Jr., in an open letter to United Federation of Teachers President Albert Shanker published in *EIR's* Special Report, identifies the following values as the postulates of our culture:

"1) Belief that individual human reason converges, by degrees of decreasing imperfection, upon congruence with the lawful ordering of the universe;

"2) Belief that hedonistic impulses must be checked by counsel of reason respecting the consequences of both actions and policies of practice;

"3) Belief in the desirability of scientific and technological progress;

"4) Belief in the heterosexual "nuclear family"; and, also, that the protection of these four principles requires the addition of a fifth:

"5) Belief in the constitutional form of republican nation-state.

"Then, if these five postulates are replaced by five opposing assumptions, the population so affected will gradually

alter its entire belief-structure away from the Judeo-Christian norms of Western civilization, to adopt a directly opposite belief-structure."

The way out of the crisis

What can we propose to remedy the crisis in education? The basis for a solution can be found in the reforms which Wilhelm von Humboldt introduced into Prussia in the 19th century.

Every future citizen has the right to a universal classical-humanist education in arts and science through the 12th grade. Except for remedial programs, there should be no "tracking."

In primary schools, it is not necessary that children spend several years drawing ugly blotches, in which blotches both parents and teachers must discern "artistic talent" by some mysterious agency. Albertian perspective can be introduced to the educational play of young children, thus affording the child a means for discriminating "rightness" from "wrongness" in drawing. Later, on the secondary level, the student can be introduced to Leonardo da Vinci's correction of Albertian perspective: projections of convex hemispherical mirrors, and know of his or her own independent judgment, why Leonardo's perspective corrects an error inherent in Albertian perspective.

The benchmark objective of secondary education should be the fostering of future leading scientific discoverers. The essence of scientific progress, is the discovery of some axiomatic fallacy permeating some aspect of currently accepted

Even more insidious than the NEA's left-wing political postures and its encouragement of sexual perversion in the name of "sex education," is the method which it has introduced into the school system: "group dynamics."

scientific opinion. The essential requirements for such discoveries, are clearly two. First, scientific discovery demands developed powers of independent judgment, and confidence in those powers. Second, those powers must be competent; the power of independent judgment must be made rigorous, especially with respect to comprehension of axiomatics.

The cornerstone of classical education until the present century, was the pupil's learning of classical Greek republican literature in the original—and rightly so. If the pupil is to comprehend the internal features of the 2,500 years of persisting conflict between republican and oligarchical forces and ideas, he must begin by mastering these issues in the earliest setting in known history in which the conflict is documented. The arguments posed in the classical Greek litera-

ture continue, to the present day, as the characteristic feature of the unfolding of history. The foundations of Judeo-Christian republican culture, and European physical science, are Platonic—not Aristotelean.

Another point of curriculum must be an accurate history of the origins and development of the American republic, with an emphasis on primary sources—the works of Franklin, Washington, Hamilton, John Adams, John Quincy Adams, and so forth.

The primary and secondary school mathematics curriculum should be developed entirely from the premises of synthetic geometry, to equip graduates to cope with a world which will be dominated by the technologies now emerging from the frontiers of science: controlled thermonuclear plasmas, directed-energy physics, and non-linear spectroscopy of living processes.

The NEA and Jeremy Bentham

We now proceed to expose the role of the National Education Association in the destruction of American schooling, and to investigate the evil ideological underpinnings of its belief-structure.

The NEA was founded in 1857 in Philadelphia. It was originally organized by the presidents of 10 state teachers' colleges, as a political organization to determine educational policy. In 1885, the NEA had only 625 members; now, with 1.7 million members (out of a total of 2.1 million U.S. teachers), the association controls the field of American education. Its delegates constituted the largest bloc at the 1984 Democratic Party convention, which nominated Walter Mondale as the party's ill-fated presidential candidate. It is the largest government employees union in the country, and is second in size only to the Teamsters. It extends its influence through control of the National Training Laboratories, a clearinghouse for the imposition of "sensitivity training," therapy group sessions on government and industrial leaders, as well as on teachers.

The NEA supports environmentalism, the nuclear freeze, one-world government, and the legalization of drugs; it opposes nuclear power and population growth, and demands "gay rights" and the preferential hiring of homosexuals. According to recent editions of its official *Handbook*:

NEA urges the United States and all other nations to adopt a freeze of the testing, development, production, emplacement, and deployment of nuclear weapons and all systems designed to deliver nuclear weapons. . . .

Private possession and use of marijuana should not carry criminal penalties. . . .

The National Educational Association believes that personnel policies and practices must guarantee that no person be employed, retained, paid, dismissed, suspended, demoted, transferred, or retired because of race, color, national origin, religious beliefs, residence, physical disability, political activities, profes-

sional association, activity, age, marital status, family relationship, sex, or *sexual orientation* [emphasis added].

Even more insidious than the NEA's left-wing political postures and its encouragement of sexual perversion and "sex education," is the method which it has introduced into the school system: "group dynamics." This hideous practice of sensitivity sessions and ego-stripping has fostered the "other-directed" character of today's youth, which deprives the individual of any scientific and moral criteria of judgment. What is "good," is what the peer group demands. All values are "relative": After all, what our society may esteem, may be repudiated by the Eskimos, and vice versa. There is no absolute difference between sanity and insanity: The man judged insane by one society or social grouping might be hailed as a genius and a prophet by another.

The "sex education" perversions of the current decade merely provide the excuse and the vehicle for introducing such "touchy-feely" group-dynamics brainwashing into the school system.

This belief structure was shaped most immediately by John Dewey. But the real "godfather" of the association would have to be Jeremy Bentham, the British sodomist and Satanist whose 1785 essay "Pederasty" (in defense of that practice, naturally) contained the following statement of what could be the NEA's credo: "It may be asked indeed, if pleasure is not good, what is life good for, and what is the purpose of preserving it?"

In his *Introduction to the Principles of Morals and Legislation*, Bentham laid out the principles which are taught in the "values clarification" curricula of today:

Nature has placed mankind under the governance of two sovereign masters, *pain and pleasure*. It is for them alone to point out what we ought to do, as well as to determine what we shall do. On the one hand, the standard of right and wrong, on the other the chain of cause and effects, are fastened to their throne. They govern us in all we do, in all we say, in all we think; every effort we make to throw off our subjection, will serve but to demonstrate and confirm it.

This rejection of universal moral values forms the belief-structure of both the NEA and associated "gay liberation" movement, and of the "right-wing" countergangs like the Heritage Foundation.

The evil influence of John Dewey

The single most pernicious influence in the destruction of American education has been John Dewey, one of the founders, with William James, of the pragmatist school of philosophy. Dewey was an important American member of the British Round Table conspiracy, whose purpose was to reasimilate the United States into the British Empire. Two others of this grouping were Bertrand Russell and H. G. Wells, the

"liberals" whose ideology is fascist to the core.

In his 1920 book, *Reconstruction in Philosophy*, Dewey outlined the foundation of his philosophy: If truth does not exist, students can be led to accept pragmatic justification for immoral acts. What is "good," is what is encouraged by the social group. Dewey wrote:

If ideas, meanings, conceptions, notions, theories, systems are instrumental to an active reorganization of the given environment, to a removal of some specific trouble or perplexity, then the test of their validity and value lies in accomplishing this work. If they succeed in their office, they are reliable, sound, valid, good, true. . . . Would not this further application [of the method to morality] demand precisely that we advance to a belief in a plurality of changing, moving, and individualized goods and ends, and to a belief that principles, criteria, laws are intellectual instruments for analyzing individual unique situations? . . . They are tools, and as in the case of all tools, their value resides not in themselves, but in their capacity to work shown in the consequences of their use.

In his book *The Moral Principles of Education*, Dewey elaborated on this new "social" determination of values:

A study is to be considered as a means of bringing the child to realize the social scene of action. Thus considered it gives a criterion for selection of material and for judgment of values. We have at present three independent values set up: one of culture, one of information, and another of discipline. In reality, these refer only to three phases of social interpretation.

By 1918, Dewey and his self-proclaimed Progressives had control of the NEA, which issued a document, *The Cardinal Principles of Secondary Education*, modeled on his educational precepts. His program, which was ultimately adopted throughout the U.S. educational system, attacked the notion of classical academic education, defining the classroom in terms of a group-therapy setting. Contrary to the crudest behaviorist theories, Dewey asserted that social group approval is the essential mediator in learning.

In 1933, thirty-four individuals led by John Dewey published a fascist manifesto, for which they appropriated the name of "humanism," in an effort to confuse those who barely remembered that humanism was a concept of the Renaissance. In 1941, the American Humanist Association was founded, and its *Manifesto* pledged the "humanists" to the following:

- a. Deny God as Creator and accept the evolutionary theory of man's origin as fact.
- b. Label traditional religious concepts as inadequate.
- c. Believe there is no life after death.
- d. Do not tolerate worship or prayer.
- e. Formulate values by means of "scientific in-

quiry.”

f. Strive for control of all human institutions, in order to impose their philosophy.

g. Assert that man is essentially a product of his environment.

h. View the free enterprise system as grossly inadequate and believe a socialized and cooperative economic order must be established for the common good.

The *Manifesto* was updated in 1973 to include an attack on the sovereign nation-state:

We deplore the division of humankind on nationalistic grounds. We have reached a turning point in human history where the best option is to *transcend the limits of national sovereignty* and to move toward the building of a world community in which all sectors of the human family can participate. Thus we look to the development of a system of world law and a world order based upon the transnational federal government.

This is precisely the program supported today by the National Education Association.

The Tavistock brainwashers

The NEA National Training Laboratories were a focal point for the dissemination of methods of group therapy into the United States in the postwar period. They were modeled upon the British Tavistock Institute, which combined the development of group therapy with the profiling and manipulation of whole populations, on behalf of British intelligence services. Established in 1946 as an offshoot of the NEA, the National Training Laboratories' first director was Kurt Lewin. The methods of the earlier behavioral scientists were to be refined and the whole American population, not just the schools, was to become a laboratory for these mind controllers.

Lewin was an expert in psychological warfare, who collaborated closely with the Tavistock Institute. He is considered to be the father of "group dynamics," the theory which guides the practice of group therapy. The idea is to substitute peer-group pressure, often reinforced by "touchy-feely" techniques of public sexual foreplay, for the family and its values. The group becomes a surrogate family, which has an antithetical set of values to those upon which the individual had based his or her own previous standard of judgment. This is the modus operandi of most effective brainwashing, and is

UNESCO's subversion of the nation-state

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) functions as the international extension of the National Education Association. Like the NEA, it is dedicated to imposing a Malthusian world-federalist dictatorship which will eliminate the nation-state.

UNESCO founder Julian Huxley, a British racist and colonialist par excellence, described his organization as an internationalization of the ideas of John Dewey's NEA. In his 1947 work, *UNESCO: Its Purpose and Its Philosophy*, he elaborated this assault against the nation, and his racist theory of education. For 40 years now, this is the philosophy which has governed one of the United Nations' largest bureaucracies:

"The moral for UNESCO is clear. The task laid upon it of promoting peace and security can never be wholly realized through the means assigned to it—education, science, and culture. It must envisage some form of world political unity, through a single world government or otherwise, as the only means for avoiding war. However, world political unity is, unfortunately, a remote ideal, and

in any case does not fall within the field of UNESCO's competence. This does not mean that UNESCO cannot do a great deal towards promoting peace and security. Specifically, in its educational programme it can stress the ultimate need for world political unity and familiarize all peoples with the implications of the transfer of full sovereignty from separate nations to a world organization. . . . It would be wrong, for instance, if UNESCO were to throw all its efforts into the task of raising the educational level of the least advanced sections of the world's population. . . .

"Here it will be necessary quite soon to face the fact that only a certain fraction of any human population is equipped by heredity to be able to take full or even reasonable advantage of a full higher or professional function of a world society, in addition to its functions in relation to national societies, to regional or religious or intellectual groups, or to local communities. . . .

"It is well known, for instance, that mathematical and musical aptitudes have a genetic basis; and the proper analysis will undoubtedly confirm this, though perhaps less obviously, for other types of aptitude, such as for the visual arts, for natural history, for mechanical science, and so on. It will be important for UNESCO to aid in the working out of proper methods for determining degrees of special aptitudes of this sort, and later in the development of educational systems to fit the facts thus to be discovered. . . ."

also the method of workshops used in sensitivity training, such as that attended by State Department personnel, teachers, industrial administrators, church officials, and even the armed forces.

Tavistock, like the NEA, is opposed to the spread of technology. In the mid-1960s, the institute did a profile of the United States, attacking the influence of the space program upon the American population. NASA's Apollo program had catalyzed a mood of cultural optimism, and faith in the possibility of progress, which the Tavistock Institute found unacceptable.

Following upon this report, new curriculum packets were designed by the NEA, utilizing techniques taken directly from group therapy sessions. Many of the teachers using them were put through sensitivity training, workshops in "human relations," or directly under the auspices of the National Training Laboratories. In this way, they were prepared to implement the curriculum material designed to lead the student to question the "value" of technology.

Is it any wonder that a school system in which these belief-structures become hegemonic, eliminates science courses? The creative, inquiring scientific mind obviously has no role to play in the group-dynamics session, which forces the individual to accommodate to the "consensus" of the group.

The NEA's brainwashing program

The most potent technique for transforming the child into a raving "value-free" libertarian, is to encourage him to express his or her most infantile sexual impulses. The fact that the NEA, along with Jeremy Bentham and William Buckley, support the rights of pederasts to practice their perversion by giving them a privileged position as teachers, only makes the situation that much worse. And the same individuals who now indoctrinate children with the notion that homosexuality is an "alternative life-style," are also propagandizing for limiting population growth, liberalizing drug use, and ending scientific and technological progress.

Sex education: As early as 1969, the NEA produced a "Sex Education Series" which was distributed to schools for children between the ages of 12 and 13. It was approved and published by the American Medical Association. The description of the sexual organs and the process of orgasm was written in a style sufficiently explicit to be pornographic. But since then, the NEA's program has become even more extreme. For example in New Jersey, parents rejected what was to be mandatory co-educational "sex ed" classes, which extended throughout elementary school until the senior year in high school. Among the elements of this curriculum was an exercise in which students were asked to strip before a mirror (at home) and write an essay describing their bodies. Condoms were to be blown up and treated as balloons. Older children were not only told to accept homosexuality as an "alternative life-style," but to question in what way women were different from prostitutes if they were supported by their

husbands. *The students were told now to reveal class discussions to their parents, who were bound to be shocked by them!*

While New Jersey parents were able to prevent these courses from being made mandatory in the school system, Idaho parents suffered a defeat. They lost a vote on a bill which was introduced into the legislature which would have made it "unlawful for any employee of a school district to teach or imply in any way during the employee's working hours in the school district, that the manifestation of sexual desire toward a member of one's own sex or that erotic activity with a member of one's own sex is a normal or acceptable form of behavior." The NEA had opposed this bill on grounds it violated "free speech."

Drug use: The NEA's literature features a "value-free" treatment of narcotic drugs, including such statements as the following: "Marijuana was not declared illegal until 1937, after an energetic campaign by Bible Belt congressmen armed with lurid tales of sinful acts committed by marijuana drugged men and women."

Zero growth: The Washington-based Zero Population Growth Foundation has developed 20 curriculum guides for use with children from kindergarten to sixth grade. These are now in use in the Baltimore school system. Here are some of the "games" the children are taught:

1) The children are given a set of poker chips representing food, shelter, and water. Each child plays the role of a country, and is told to grab up as many chips as possible. Then the children are asked: "If you don't have enough food do you think your country should grow in population?"

2) Children are taken on a field trip to a cemetery, and are asked whether there are "high rise" burial sites. "Doesn't this signal overcrowding inside and outside the cemetery? . . . What caused the deaths? Epidemics? Disasters? Where there any genetic diseases that were inherited?"

3) In a game called "Popumonsters," children entangle themselves so that they form a 1,000-legged monster—"and discover how hard it is to move around in crowded conditions."

4) Children are introduced to "the idea of thinning out the garden by pulling out young vegetable plants so that room is made for the young plants that already exist. Get the children to see who can grow the largest radish. Have each child role-play being a seedling. Have the child try to 'sprout' while other children are crowding all over him. . . . Ask the child, 'How did you feel if you did not have enough room to sprout and grow?'"

Pacifism: Schools in New York City, Pittsburgh, Milwaukee, Los Angeles, Baltimore, and San Francisco now include courses in "peace studies." One impetus spurring the introduction of this material into the curriculum was the televised showing of the film *The Day After*, in November 1983. Advisers to the NEA on "peace" classes include the Union of Concerned Scientists, a principal lobby group against the U.S. Strategic Defense Initiative.

The libertarian backlash

The campaign against the NEA which has been launched by the Heritage Foundation and other libertarian groups, is a fraud. These groups also trace their philosophic lineage to Jeremy Bentham, and, despite their rhetoric, are in agreement with the NEA on a more fundamental level: They believe in pluralistic values, rather than the objective existence of truth. From this standpoint, they have launched their subversive drive to close down public education altogether.

In the chapter, "Public and Private Schools" in Heritage's *A New Agenda for Education*, Alan Snyder writes:

From the time of the early colonies to the conclusion of the War between the States, private schooling was the most prevalent form of education in the United States. . . . An early rationale for public education was espoused by Horace Mann, the "Father of the Common Schools." He sought to overcome the potential for social strife by mixing the rich and poor in a public system that would instill each child with nonsectarian thinking.

This is a distortion of the history of education in the United States. Snyder goes on to defend "privatization" of education, because it guarantees the right of parents to see that their children are taught according to whatever values system they hold. While no one would deny the right and obligation of parents to supervise the education of their children, and to instill moral values in them, it is a perversion of the Judeo-Christian tradition to extend that "right" to allow parents to educate their children in evil. Snyder would leave the education of the child completely in the control of his parents, without regard to their level of morality, or to whether they have a sufficiently informed judgment to be able to choose a teaching program for their child. He would allow the libertarian the same latitude. To continue Snyder's argument:

The question to be asked today is: How can an education system meet the needs of a free and pluralist society? Perhaps an educational monopoly could have been justified in the 19th century, when people honestly believed that education would become an exact science and when there seemed to be a consensus on American values. If this were true then, it certainly is not now. . . .

The only way to meet the educational needs of diverse groups is to encourage considerable local initiative in the educational process. This will require reversing the loss of local control over education. . . . Today, the idea that parents are the primary educators of their children and they delegate this responsibility to teachers bears little resemblance to reality. The state appoints the teachers, and the parents merely accept what is provided.

The notion that the primary right of every individual is

that of "free choice" was the leading theme of Milton Friedman's book,

Free to Choose. Friedman, of course, is the major economist for the radical right. In this book, he endorses decriminalization of drugs—in full agreement with the "left-wing" radicals of the NEA leadership.

Another leading "right-wing" deschooler is Samuel L. Blumenfeld, whose book *Is Public Education Necessary?* is a venomous attack on the institution of the public schools. His oligarchical view of the poor and minorities is a flat rejection of the American republican ideal, and would be soundly endorsed by the late British racist Julian Huxley, the founder of UNESCO (see box):

The most commonly held view of public education—the view that persuades many of us to preserve

The 'new age' of satanism in America

The destruction of moral values and scientific criteria of judgment in the American school system has led to the shocking proliferation of satanic cults among school-age children. A parent wakes up to find that his child has been murdered, the victim of some local peer-group-based satanic cult, or that he committed murder or suicide while involved in role playing during some magical cult activity.

Deweyism, and its modern versions, has taught the child that no truths, no universals, no higher purpose for man exists. When even the perversions of the National Education Association's "sex education" classes become too "boring" for the jaded youngster, he reaches for even more outrageous obscenities, and for a feeling of "belonging," an illusion of status and power, through the mystical world of the occult, and elaborate fantasy rituals like the game *Dungeons and Dragons*.

Satanism is officially recognized by the United Nations, through an operation known as the Lucis Trust, which operates as a nongovernmental cooperating agency and is assigned an official "meditating" room. The Lucis Trust is a principal controller of satanic cults in the United States. Its name was changed from the more revealing Lucifer Trust, in order to give it some respectability. Its supporters have included such notables as Max Lerner, Robert McNamara, Margaret Sanger, and Norman Thomas. The occultist, futuristic building which houses its official headquarters in Washington, D.C., the Temple of Understanding, is frequently referred to as the "spiritual

it—is, without doubt, the least accurate, in that it tells us very little about the realities of public education. It is based on a collection of myths which most Americans are quite reluctant to give up. The first myth is that public education is a great democratic institution fundamental to America's prosperity and well-being. . . .

Why are these myths so hard to discard? Because it requires discarding an even greater myth that props up the whole edifice: that all men are created equal and that government, as the great equalizer, is the most benevolent dispenser of human goodness, generosity, and justice on earth. . . .

The Heritage Foundation echoes the same oligarchic attitude. In the introduction to the *New Agenda*, they com-

plain, "The unattainable ideal of manifest equality has been converted into a 'right.' "

In fact, the tax breaks and other benefits which these authors demand for private education, would undermine whatever is left of the foundations of public education, and poorer parents would be driven to provide cut-rate education for their children.

The State has an important role to play in fostering universal quality education. But it is not just a question of money; the key is to rediscover the methodological superiority of classical education, in the tradition of the Humboldt reforms of the 19th century in Germany. Only once this is done by an impassioned movement of parents, educators, and others, can the NEA and its libertarian counter gangs be effectively put out of commission.

United Nations." It is designed with six rays, indicating the religions of Christianity, Judaism, Islam, Buddhism, Confucianism, and Hinduism, which are synthetically amalgamated into one amoral global religion, just as the sovereign nation-state is to be replaced by one world government.

The Lucis Trust supports the United Lodge of Theosophists in New York, which produces *Lucis* (formerly *Lucifer*) magazine, published in London. Support comes from the United Nations, the Council on Foreign Relations, communists, secular humanists, and the American Friends Service Committee.

The kind of satanical cultural paradigm shift this conspiracy has begun implementing is spelled out in one of its books, first printed in 1954, *Education in a New Age*, by Alice A. Bailey:

"The Piscean Age dealt with the details of the endeavour to measure up to a sensed ideal. . . . The conquests of science, the conquests of nations, and the conquests of territory are all indicative of the Piscean method, with its idealism, its militancy, and its separateness in all fields—religious, political, and economic. But the age of synthesis, of inclusiveness, and of understanding is upon us, and the new education of the Aquarian Age must begin very gently to penetrate the human aura. . . ."

The nuclear family as such is a special target for attack by the Lucifer cultists. Bailey continues:

"The family group (like all else in human affairs) has shared in the general separateness, selfishness, and individual, isolated exclusiveness, based on class distinctions, inherited traditions, racial attitudes and national custom. . . . The grip of the past upon families is a factor which is largely responsible for the revolt of modern youth against parental control, though other factors—such as

rebellion against enforced religion and old outworn standards and philosophies—are equally responsible. However, under the coming world order, educators will prepare the young people in schools and college for participation in an active and consciously realized group life."

The group's "new age" philosophy calls for imposition of a one-world, Malthusian government:

"Our problem is to attain the kind of overall synthesis that Marxism and neo-Scholasticism provide for their followers, but to get this by the freely chosen cooperative methods that Dewey advocated. . . . We need not only the political synthesis of a World Federation in which the Eastern and Western hemispheres function like the right and left lobes of man's brain, with the seat of the World Brain serving as the point of decussation of the planetary nerves, but we need also a planetary way of life, a planetary ethics, and a planetary way of feeling to supply the powerful drive we shall require for the great tasks that lie ahead of us. . . ."

Bailey specifies the way education must be shaped by Malthusian doctrines in the new Aquarian Age of Lucifer:

"(1) The emphasis in the future will shift from the urge to produce large families to that of producing quality and intelligence in the offspring. This will include that science of which eugenics is the distorted and exoteric indication. . . .

"(2) The need of an increasing birthrate will be eventually regarded as erroneous. . . . The economic situation will make it necessary that certain physical restrictions should be imposed, because it is now evident that beyond a certain point the planet cannot support humanity. . . .

"(3) The science of eugenics and of sex hygiene and the development of mentally controlled relationships will steadily grow."

How the press runs extortion for the ADL

by Michele Steinberg

In a May 12 appearance on ABC-TV's "Good Morning America," 1988 presidential candidate Lyndon H. LaRouche, Jr. told interviewer David Hartman that Associated Press is assisting the international drug lobby in an extortion operation against his supporters.

Asked "To what extent do [the news media] represent you correctly or incorrectly?" LaRouche replied:

"I sampled 6,500 pieces of coverage of me in print media, around the country, during a period of approximately the last 30 days. In most cases there was very little coverage of anything I actually said. . . . But there was a tremendous amount of repeat of wild, fictitious, sometimes outright lying reports emanating and traceable to the drug lobby, Dennis King and company. So the news media . . . has not given the American people a direct representation of anything I stand for. . . . For example, Associated Press recently—an AP reporter was caught in assisting an extortion operation—Willie Welch—against my organization and supporters."

LaRouche was referring to a national pattern of threats, slanders, and harassment, directed by the Anti-Defamation League of B'nai B'rith, with Dennis King, a reporter for the drug lobby's house organ, *High Times* magazine, and run as a "private" arm of the corrupt U.S. Attorney's office in Boston, Massachusetts, headed by William Weld, offspring of the drug money-tainted Weld banking family. The primary targets of this extortion have been supporters of Lyndon LaRouche's Presidential campaigns, and candidates who are running for elected office on the program of the National Democratic Policy Committee, the political action committee associated with LaRouche.

Most recently, this drug lobby apparatus, working with the San Antonio, Texas Democratic Party, turned its venom on Donald Varella, an NDPC-backed candidate who received the highest vote total in the election for chairman of the county Democratic Party, and was expected to win easily in

the upcoming run-off election. After threats against his family, Varella announced his withdrawal from the race, saying that he had been informed that the "smears would continue." The operation against Varella has been traced to top Democrats such as San Antonio Mayor Henry Cisneros, who pushes legalizing drug economies in Ibero-America.

But the most blatant case of extortion in this anti-LaRouche campaign is the case of Charles R. Zimmerman of Sarasota, Florida, an elderly man who was threatened because of his support for LaRouche. Zimmerman financially contributed to LaRouche's 1984 presidential campaign, and to the Fusion Energy Foundation, a scientific organization which advocates "Manhattan project" crash programs for the development of fusion energy, and the Strategic Defense Initiative. LaRouche helped to found FEF.

On April 26, the 79-year-old Zimmerman was the subject of a national wire story by Welch, a story, which was in fact designed by the Anti-Defamation League's Irwin Suall. Because of his support for LaRouche, Zimmerman had been pressured, under threat of being hauled to court by his bankers for an action to declare him "incompetent," to turn control of his finances over to his bank. The bank, North Carolina National Bank of Florida, which is described in the publication *American Banker* as operating with "the fury of a bank robber given five minutes alone in the vaults at Fort Knox," has been implicated in questionable campaign contributions to Florida bank regulator Gerald Lewis, cousin of the Florida and Ohio-based drug banker Marvin Warner.

How the ADL operates

According to sources close to the Anti-Defamation League, a systematic financial warfare operation against LaRouche associates was activated in late 1985, when the ADL concluded that a Boston grand jury witchhunt against LaRouche's campaign committees, and his political associ-

ates, run by Weld for the last 19 months, was failing. The ADL operation has several stages and centers of activity, which work closely with the Boston U.S. Attorney's office:

First, large contributors are identified by agents working for the ADL, through Federal Election Commission records, and from information from attorneys working for drug-linked institutions such as First Fidelity Bank of New Jersey, and the National Broadcasting Company. Names of contributors are cross-checked with several anti-LaRouche operatives, including Dennis King and other *High Times* reporters, for further information and identification. King is a stringer for the ADL's Irwin Suall, who has attempted to insert himself as an "expert witness" into the Boston Weld investigation.

ADL lawyers and personnel are deployed to harass relatives of contributors, spreading the ADL-concocted lies that LaRouche is a "neo-Nazi" and the like. The relatives are told to pressure contributors to withdraw support from LaRouche. Similar contact is made with contributors' bankers and attorneys. The contributors' names are fed to a stable of reporters, such as the above-mentioned AP reporter Welch, for public exposure and further pressure.

On April 13, the *New York Times* carried a front page story, purporting to report on the "finances" of 1988 presidential candidate LaRouche, in the wake of the victory of LaRouche supporters Janice Hart and Mark Fairchild in the Illinois Democratic primary.

The source for the *Times* story was the Boston U.S. Attorney's office, and a so-called public document filed by Dan Small, the prosecutor in the fruitless Boston grand jury investigation. The article, which resulted in federal ethics complaints against Small for illegally leaking grand jury information, was a "signal" for the start of a media drumbeat accusing LaRouche and associates of fraud.

On April 26, William Welch surfaced a national wire story on the case of Charles R. Zimmerman, alleging that Zimmerman had been pressured by the FEF.

Investigations show that it was actually Welch's collaborators in the story who did the pressuring.

According to confidential sources, Welch is working directly with the ADL's Irwin Suall, and with Dennis King, to target financial contributors to political organizations and companies that they say are connected to LaRouche. Sources close to the ADL report that Welch has been "fed" the names of a list of "substantial" financial supporters and gears his interviews to "poisoning the well." Several days after his story on Zimmerman, Welch reported on his travels to Oklahoma to interview Nick Anderson, another LaRouche supporter.

Welch is now working with the North Carolina National Bank of Florida, which extorted a "voluntary" agreement that gave them control over Zimmerman's finances, to prepare legal action against the Fusion Energy Foundation. The NCNB has Zimmerman under "house arrest," but set up the interview with him for Welch as part of the financial warfare operation against LaRouche.

Zimmerman, who has been described by FEF personnel as an energetic thinker who fully supports the FEF's international campaign to organize allies' support for the SDI, now lives under virtual prison conditions imposed by the bank. His mail is intercepted and read by his bankers. Telephone calls are screened at a switchboard; unfamiliar callers are reported to bank officials.

Organized crime links

All the operatives in this anti-LaRouche campaign are connected to drug traffic and money laundering. Kenneth Bialkin, chairman of the Anti-Defamation League, is the former partner and attorney for Robert Vesco, a fugitive who now runs a cocaine empire for Fidel Castro out of Cuba. Bialkin is also the attorney for the ADL's bank, Sterling National, which has been implicated in fraud. Another of Bialkin's preferred clients is Israeli mafia figure Shaul Eisenberg.

U.S. Attorney Weld is tied through family interests to the international drug laundromat *Crédit Suisse*, and covered up its connection to the Bank of Boston. Investigations into Zimmerman's bank, the NCNB, show that this bank may be in league with similar forces.

According to Penny Lernoux's book *In Banks We Trust*, the NCNB was approached for a dubious \$40,000 campaign contribution to Gerald Lewis, candidate for the Florida State Comptroller (who regulates banking) in 1982.

Gerald Lewis is the cousin of Marvin Warner, the former ambassador to Switzerland, whose drug financing and fraud resulted in the collapse of a string of Ohio-based savings and loan associations. In the early 1980s, Lewis attempted to block the Drug Enforcement Administration's "Operation Greenback" that nailed Warner's Miami holding, the Great American Bank, for laundering cocaine money from Colombia's Isaac Kattin-Kassin. Warner was never charged in the case. The same year that Lernoux reports the soliciting of dubious campaign contributions from NCNB, and the bank they were acquiring, Exchange Bank of Florida, NCNB won federal and state approval to become the *first* interstate bank to operate in Florida. That deal was a bonanza which made the institution the largest and fastest-growing bank in the southeast United States.

Southern banking insiders say that the race for interstate banks such as NCNB to get into Florida was directly related to the impact of the Florida dope trade that brought billions into the state banks—the worst centers of money laundering in the United States. There is good reason to believe the NCNB benefited from that drug-money influx. One of the banks NCNB acquired in Florida is the Pan American Bank, which laundered funds for Hernán and Roberto Botero, a prominent Colombian cocaine family. The manager of international operations for Pan American, Dalia Rosales, testified in June 1985 that she had transferred the Botero funds to four South American banks. In December 1985, NCNB ownership of Pan American was concluded.

An idea whose time has passed?

by Edward Spannaus

On Friday, May 9, the U.S. Commission on Civil Rights turned its facilities over to three of the most discredited opponents of Lyndon H. LaRouche, permitting them to mount a vicious attack of lies and falsehoods against the only announced Democratic presidential candidate. Billed as an "informational briefing," the Commission took testimony from Dennis King, a writer for the drug-pushing *High Times* magazine, Irwin Suall, an official of the organized-crime connected Anti-Defamation League of B'nai B'rith (ADL), and John Rees, a fruity British intelligence stringer.

Reviewing the Commission's recent history, it is not surprising that it has become a dirty-tricks operation of the ADL and the Israeli mafia in the United States. Under the Reagan "reorganization" of 1983, the Commission has abandoned its traditional civil-rights concerns, to the point where Rep. Don Edwards (D-Calif.), chairman of the House subcommittee on civil and constitutional rights, recently said: "There isn't a traditional civil rights group in this country that doesn't think this commission should be done away with."

The current round of attacks on the Commission and its chairman, Clarence Pendleton, are bi-partisan, coming from black Republicans as well as civil-rights groups. The Leadership Conference on Civil Rights, the umbrella organization of all mainstream civil-rights groups, is calling for the Commission's funds to be cut, and a bill has been introduced into the House calling for its abolition altogether.

The U.S. Civil Rights Commission was originally created in 1957 to investigate and make legislative recommendations with respect to voting rights and discrimination. But in 1983, Reagan fired three of the six Commissioners, in order to replace them with conservatives who were opposed to quotas and busing. One of Reagan's new nominees was Morris Abram, former president of the American Jewish Committee (of mobster Max Fisher) and of Brandeis University (sometimes known as "Meyer Lansky University"). Shortly thereafter, ADL National Director Nathan Perlmutter jumped to Reagan's defense. In fact, it was only because of the "pro-civil-rights" cover presented by the ADL and the American Jewish Congress that Reagan's reorganization finally limped through Congress, in a compromise vote which expanded the

number of Commission members to eight.

Abram was made vice-chairman of the Commission, and Linda Chavez was made staff director. Chavez's husband, Christopher Gerson, is the political director of the American Israel Public Affairs Committee, the official Israel lobby in the United States. (Chavez was replaced by Al Latham as staff director last November.)

Reagan had appointed Clarence Pendleton, a black Republican San Diego businessman, as chairman of the Commission in 1982, after he fired the then-director Arthur Fleming and another commissioner. Pendleton had sat on the board of a bank which allowed Attorney-General Ed Meese to fall 15 months behind in payments on mortgages worth \$423,000. Pendleton is under investigation by the California attorney-general and the Small Business Administration, and was sued for over \$100,000 by the Urban League of San Diego. The General Accounting Office is also investigating the Commission for mismanagement, and a congressional committee is following up the GAO investigation.

On April 16, twenty-eight black Republicans called on Pendleton to resign immediately from the Civil Rights Commission. They said that Pendleton "has no constituency and no license to speak for black Republicans." And on April 21, another conservative Reagan appointee to the Commission, John Bunzel, also called upon Pendleton to resign.

On May 12, a letter was delivered to President Reagan on behalf of candidate LaRouche, calling upon the President to dismiss the current members of the U.S. Commission on Civil Rights. The letter demanded the firing of the Commissioners for gross malfeasance and violations of the statutes and regulations governing the operations of the Commission, particularly the clear violation of the statutes governing the Commission (42 U.S.C. 1975 *et seq.*) which prohibit the Commission from taking evidence in a hearing which would tend to "defame or degrade" any person, without offering that person the opportunity to appear and respond.

The letter from the LaRouche Democratic Campaign to President Reagan stated: "The Anti-Defamation League and Dennis King are known to be currently involved in a massive operation of harassment and attempted extortion against persons who have made financial contributions to Mr. LaRouche's campaign and organizations associated with him. By giving these individuals a government-sponsored forum, the Civil Rights Commission gives the appearance of putting the imprimatur of your administration on this campaign of illegal harassment and extortion."

The LaRouche letter also reminds the Commission that it knows the ADL to be an unreliable source of information. In 1982 (before the Reagan "reorganization"), the Civil Rights Commission rejected as "not suitable for publication," a report prepared for it under contract by the ADL, saying the report used "inaccurate" and "unverified" information.

The letter concludes with a call for the President to dismiss the responsible commissioners, and to constitute a new Commission "true to its intended purpose."

Why are KGB, ADL spying on LaRouche?

by Jeffrey Steinberg

They're now becoming regular dance partners in a macabre tango involving espionage and political assassinations.

First, court evidence came out during the week ending May 10 in a San Francisco courtroom suggesting that KGB spy John Walker may have been on the payroll of the Anti-Defamation League of B'nai B'rith (ADL) at the same time that he was selling U.S. government secrets to the Soviet KGB. The suggestion is being made by Walker's subordinates in his spy ring, who believed that they were working for Walker on legitimate investigations. Among his assignments under the cover of being a "private investigator" reportedly was infiltrating the Ku Klux Klan for the ADL. Later came the attempted infiltration of the National Democratic Policy Committee, a registered political action committee founded in 1980 by Lyndon H. LaRouche, Jr., the only declared candidate for the 1988 Democratic Party presidential nomination.

Then, sources in Stockholm reported that ADL officials, led by Fact-Finding Division boss Irwin Suall, were active in a KGB disinformation campaign to cover up Moscow's hand in the assassination of Swedish Prime Minister Olof Palme last Feb. 28, by peddling a phony trail of connections linking political associates of Lyndon LaRouche to the murder through Victor Gunnarsson. Gunnarsson, a one-time subscriber to a Scandinavian LaRouche-tied publication, has been recently dropped by Swedish authorities as a suspect. According to sources in U.S. intelligence, the Swedish foreign ministry, and the Israeli diplomatic corps, Suall was the most active perpetrator of the anti-LaRouche fraud, next to Soviet Ambassador Boris Pankin, a top KGB disinformation specialist.

ADL/Jewish terrorist links

Now, in its May 6 edition, the *Village Voice*, a New York City weekly, has picked up and elaborated on charges first published in *EIR* that both the ADL and the KGB have a sizable stake in the Jewish terrorist underground—both inside Israel and in the New York metropolitan area.

According to Robert I. Friedman, the author of the 3,000-word dossier on the Jewish Defense League (JDL) and its offshoots, the Jewish Defense Organization (JDO) and Jewish Direct Action (JDA), featured as the front-page story in the *Voice*, at least one leading JDL figure, Mordechai Levy, functioned as an informant to the Anti-Defamation League.

Levy has been closely linked to two recent assassination-bomb plots in the New York-New Jersey area and another assassination in California.

The *Voice* published statements by Gail Gans, special assistant to Irwin Suall at the Fact-Finding Division of ADL headquarters, according to which Mordechai Levy was a source of information on Lyndon LaRouche to the ADL for a number of years. Affidavits to this effect had been submitted to the FBI in November 1984 when Levy was caught jury-tampering in a federal civil case in Alexandria, Virginia on behalf of the ADL and its co-defendant, the National Broadcasting Corp. Even after Levy was implicated in a gun assault against the home of a LaRouche associate, no action was taken against Levy by the FBI.

The same New York-area JDL, according to Friedman, is heavily under the sway of the Soviet KGB—in part through a 15-person JDL chapter in Brighton Beach, Brooklyn made up exclusively of Russian emigrés. Among the JDL-Soviet members are several veterans of the Red Army.

Federal law-enforcement agents believe that the Brighton Beach JDL cell is run by a KGB agent who came to the United States 15 years ago and has been working at giving the Soviet secret police an inside control over the Russian Jewish emigré community in Brooklyn—one of the largest in the world. Identified by Friedman only as "Alexi," the JDL figure has been associated with shakedown operations in the New York City taxi industry and other more violent criminal activities. At least one federal agent has identified members of the Brighton Beach "all Russian" JDL cell as the primary suspects in the assassination of Tscherrim Soobzokov, a Patterson, New Jersey based Russian emigré and U.S. intelligence asset who was killed last year when a booby trapped bomb blew up as he opened the front door of his home. Soobzokov had been targeted for an intense public harassment campaign by Mordechai Levy just before his murder.

This JDL/KGB pattern also crops up in the terrorist underground in Israel. According to *EIR's Special Report, Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*, Avigdor Eskin, a Russian emigré, is one of the leading operatives of the "Temple Mount plot." Eskin, the son of a Russian intelligence officer, emigrated to Israel, after forming Moscow's first chapter of the JDL, and translating Kahane's *Never Again* into Russian. Eskin organizes funds for the terrorist groups plotting to blow up the Al Aqsa mosque on Temple Mount in Jerusalem.

The two recent cases of Irwin Suall dancing to a Soviet tune in defense of KGB hit squads form part of a pattern that *EIR* has had occasion to report over a longer period. Suall "just happened to be on the scene" at a Socialist International conference in Lisbon a few years ago when a leading Palestine Liberation Organization moderate, Issam Sartawi, was brutally gunned down in a hotel lobby. Late in 1984, Suall and the ADL were deeply implicated in the Soviet-run Sikh separatist networks that assassinated Indian Prime Minister Indira Gandhi.

Gramm-Rudman haunts military reform debate

by Leo Scanlon

On May 7, the Senate passed the Goldwater-Nunn defense reorganization bill, and signaled a step-up in congressional efforts to shape and control the national security organization of the U. S. government. Behind the thin facade of "military reform," there stands the stated policy of the Military Reform Caucus, its leaders Gary Hart (D-Colo.) and Sam Nunn (D-Ga.), and its dupe, Barry Goldwater (R-Ariz.): Steer defense policy away from the SDI, and abandon our European allies to the Soviet Empire.

The Goldwater-Nunn reform bill is a somewhat more specific version of the recommendations contained in the Packard Commission report, but both measures have been roundly denounced by military professionals. Like the Goldwater bill, the Packard report targets the policy planning and procurement apparatus of the Pentagon, and would have no more importance than any of the numerous ill-advised schemes produced by the Congress in each session—if their proponents were not carrying the club of the Gramm-Rudman budget-cutting amendment, as enforcement.

The Goldwater-Nunn bill and the Packard Commission recommendations have their roots in the strategic policies imposed on the U.S. government by Robert McNamara, Henry Kissinger, and others who were persuaded that the United States would no longer be the premier industrial power in the postwar world, and would be unable to meet its political or military responsibilities as a "superpower." The war cry of McNamara was "cost-benefit analysis"; today we hear the more direct demand for austerity. The fundamental fact of the matter was described by Gen. Maxwell D. Taylor in 1960: "The determination of U.S. strategy has become a more or less incidental by-product of the administrative process of the defense budget."

McNamara and his policies are still hated among military professionals who today conduct vigorous doctrinal debate,

in the hope that vigilance will prevent a repeat of the disaster in Vietnam. This sentiment is expressed in the vehement and bureaucratically insightful attacks on the current round of reform measures which have come from the military quarters at the Pentagon. The bitter fact remains that there was no successful opposition to McNamara in the 1960s because no one fought the "post-industrial society" economic policies which made McNamara's reforms acceptable from a pragmatic standpoint. If Pentagon officials don't draw this lesson, and mount a charge against the Gramm-Rudman austerity, then Goldwater, Nunn, Packard, and the reformers will do to Europe what McNamara did to Vietnam.

Vietnamize Europe?

The demand for decoupling from Europe is the prime subject of every document ever produced by the "military reform movement." In 1978, a White Paper on Defense was issued by Sens. Robert Taft (R-Ohio) and Gary Hart, written by Taft's adviser, William Lind. Lind is now the military adviser to Hart, and is the guru of the "military reform caucus." He is also the central figure in a network of so-called conservative organizations associated with Paul Weyrich and the Heritage Foundation. These organizations, nominally in support of the Strategic Defense Initiative (SDI), have recently begun to stump for Gary Hart and his critiques of U.S. military policy. Therefore, Hart's 1978 document is worth quoting at some length because it situates the real issues in the current debate very precisely.

"Only a few years ago the United States could contemplate a world in which American power far surpassed that of any adversary, a world in which our economic resources and our military capabilities seemed endless. . . . Shortages of basic commodities and slackening industrial production have cut into our wealth, and domestic problems have claimed an

increasing share of our resources. Rising prices have added to the cost of our armed forces. . . . Strategic realignments in Asia, the Middle East and elsewhere, have shown that America can no longer afford to play a predominant military role throughout the world.

"Any discussion of committing funds and manpower must begin with the basic reality that resources are limited. . . . Every member of Congress is aware of the need to make choices . . . in allocating resources. . . . Responsibility also extends [to] the allocation of resources among competing groups within the defense establishment itself.

"The Congress has attempted to carry out its duty . . . by setting manpower levels for the different services and by funding, or refusing to fund, the research, development, and procurement of specific weapons systems. Nevertheless, it has generally failed to exert firm influence on our defense posture. . . . The Congress thus has both a legal and a practical obligation to debate new options for strategy and force structure. . . . This is particularly important in relation to Congress's attempt to recover its legitimate role in determining foreign policy. Congress has, in recent years, made a determined effort to restore the constitutional place of the legislative branch in setting foreign policy."

The authors then identify the Guam Doctrine as the turning point in U.S. postwar policy—and so it was, announcing the end of the U.S. commitment to our allies in Southeast Asia. The next phase change in U.S. policy is targeted by the paper:

"The Department of Defense has apparently adopted a European continental strategy. . . . It is focusing the bulk of its interest on the problems of land warfare in central Europe."

That is the substance of the debate over military reform from 1978 until today. Hart developed this theme in subsequent papers, attacking those weapons systems which are necessary to pursue global war, such as the aircraft carrier and heavy cruisers, the 82nd Airborne Division (which he proposes to eliminate, since infantry divisions designed to fight in Europe are archaic), and high-technology electronic warfare weapons, especially aircraft fighter platforms designed for anti-air and anti-cruise missile missions relevant to the European battlefield. Consistent with their opposition to the SDI, Hart and his Heritage Foundation backers propose a stripped-down military which could never threaten Soviet land armies in Europe.

The most lurid expression of this strategy comes from the Romanian-born Edward Luttwak, identified by Admiral Watkins as one of "those critics with foreign accents who have never served their country. . . ." Speaking on behalf of the Georgetown CSIS, Luttwak proposes that the United States must adopt the corrupt model of the Roman Empire as a model for its military strategy in the global confrontation with the Soviet Union. Luttwak's hatred of republican military strategy is common to all the so-called reformers.

By utilizing the power of the Congress to reorganize the

defense department structure, and putting the Gramm-Rudman clout behind their de-coupling policy, Hart and his colleagues intend to impose their policies on the Executive branch. To see how the Packard Commission and Goldwater bill facilitate this intention, one must sketch the process which shapes military policy.

Chaotic process

Ever since Robert McNamara reorganized the Pentagon and imposed his "Planning, Programming, and Budgeting System" or PPBS, cost-benefit analysis has been applied to every aspect of military procurement, with results that have grown more disastrous by the year. McNamara's reforms created a situation in which none of the subheads of the Pentagon's Five-Year Plan are matched with the actual ap-

The 'structural reforms' don't address a single real issue—they are entirely oriented to "political" concerns, and premised on the austerity assumptions of the Gramm-Rudman Congress. From that standpoint, the Goldwater-Nunn and Packard Commission reports are just more of the same old music from McNamara's band.

propriations subheads used by Congress for the appropriations for DoD and the services. As a result, a sniping war goes on daily in the halls of Congress, as staffers alter nearly every line of the budgets submitted by the military. Each alteration requires questions answered and studies re-done. Not surprisingly, the paperwork demands this puts on the staffs of the services and the Joint Chiefs has increased 1,200% in the last decade. The reformers turn around and point to this as evidence of Pentagon inefficiency, and propose to radically re-structure the staff apparatus which present the military's needs to the Congress.

In turn, this chaos hits the service Secretaries and chiefs of staff of the individual services, who are responsible for training and equipping the armed forces; their staffs are unable to make any long-term plans, since the budget they develop, based on the "Defense Guidance" document prepared by the secretary of defense and the Defense Resources Board, may or may not have any relation to the budget passed by Congress.

Likewise, the requests of the Unified and Specified Commanders, the flag officers who are responsible to deploy forces in battle, are subject to the same anarchic process.

These commanders report directly to the secretary of defense and the President, and can be ordered into battle by those authorities only. Their budget requests, for staff, training missions, and so forth, are submitted through the Joint Chiefs. (The Chiefs of Staff, of course, do not have the authority to deploy troops—they are responsible to convert their intimate knowledge of their services' capabilities, the requirements of the unified and specified commands, the budget process, and national policy into sound military advice to the President, through the chairman of the Joint Chiefs of Staff.)

The July proposal of Goldwater-Nunn, to make the field commanders directly responsible for their own budgeting, would vastly increase the control Congress has over the direct fighting forces in the field, and would in no way "increase the authority of the field commanders" as its proponents claim.

Weapons procurement

The big control lever that everyone fights to have a hand on, naturally, is weapons procurement. Here the political implications of policy choices are very direct. On the big issues, like funding the SDI, the effect of the budget on the implementation of the policy is transparent. On most issues it is not.

The Packard Commission report begins with a statement describing this political guerrilla war:

"Today, there is no rational system whereby the Executive Branch and the Congress reach coherent and enduring agreement on national military strategy, the forces to carry it out, and the funding that should be provided—in light of the overall economy and competing claims on national resources . . . planning must be . . . fiscally constrained, forward looking, and fully integrated. . . ."

In typical bureaucratic fashion, the report then suggests a series of "modifications . . . in our defense establishment," most of which are vaguely in line with reforms already carried out by Secretary Weinberger which have streamlined the internal functioning of the Pentagon.

There are two points, considered controversial, which open the door to Congress's real intentions. The first is the matter of elevating the chairman of the Joint Chiefs of Staff to the post of principal military adviser to the President. This is opposed by the chiefs for the simple reason that it destroys the deliberative value of the current system, in which policy disagreements among the chiefs must, by law, be presented to the President. Likewise, a single military adviser is subject to greater "political" pressures than the corporate Joint Chiefs.

The more interesting element of the report, is a proposal to create a new organization designed to centralize control over acquisitions and procurement. This would be accomplished by the creation of an undersecretary of defense for acquisition, who would have the same authority as a service Secretary. Although sketchy in the commission report, the proposed organization is in the direction of a paper presented in 1985 by James P. Wade, assistant secretary of defense for

acquisition and logistics.

Wade proposed to create, either directly, or by steps, an "acquisition corps" modeled along the lines of the Foreign Service—based on education, experience, and examination. The corps should have a pay scale and employment conditions (subject to demotions, firings, etc.) comparable to private industry. Military officers who become part of the corps would be on a "career track" independent of their particular service promotion boards, and would be a new service. There would be established a "Defense Acquisition University" encompassing all the existing acquisition-related defense schools and specializations such as contracting and acquisition, logistics, quality, program management, systems engineering. It perhaps should be named "McNamara U."

The concerns of critics of this and related, less radical proposals, are that the attempt to remove acquisition authority from the services, only opens the process up to greater congressional meddling and further reduces the input of the services and field commands into the process of weapons design—which, of course, is what Hart, Lind, Luttwak, and other opponents of the military want to do.

The Goldwater-Nunn proposals carry this and many other issues to a grave extreme, with such proposals as the above-mentioned elevation of the Unified and Specified Commands to direct responsibility for planning and budgeting—a move which would eliminate the staff of the Joint Chiefs, and would also make the Chiefs of Staff and service Secretaries ceremonial positions. What Goldwater and Nunn don't mention is that this proposal could not function at all—now. Of course, such a radical move could function *once* the PPBS and acquisition process are isolated entirely from the military, as the Packard Commission and Wade proposals suggest: The commands would then be directly at the mercy of the congressional budget process, and the nation would be at the mercy of Gary Hart and his Soviet friends. At last we would have an "enduring agreement between Congress and the Executive."

Finally, this whole scheme leaves out any consideration of the subject of defense industrial base policy. What industries are we actually going to have left to procure from? What country are they going to be in? To what extent are we going to be dependent on foreign sources for raw materials? And what policies do we have, to secure a thriving base of smaller contractors and sub-contractors? This is the real basis of determining how effective acquisitions will be. The "structural reforms" don't address a single real issue—they are entirely oriented to "political" concerns, and are premised on the austerity assumptions of the Gramm-Rudman Congress. A real re-organization would scrap the heritage of McNamara, by placing the SDI on a crash footing, and using the resulting relationship between national labs, contractors, and the military as a model for the rest of the defense industry. From that standpoint, the Goldwater-Nunn and Packard Commission reports are just more of the same old music from McNamara's band.

Would the Democrats rather die than win?

by Stephen Pepper

From Paul Kirk, Democratic Party national chairman, to state chairmen Bob Slagle in Texas, Ed Mezvinsky in Pennsylvania, Jim Ruvolo in Ohio, and many more party officials is heard one repeated litany: LaRouche can't happen here. To hear these gentlemen devote most of their public statements to LaRouche and what the media now calls the "LaRouche phenomenon," it would appear that the Republican Party has ceased to exist. Indeed, as Republican National Chairman Frank Fahrenkopf was quick to point out shortly after the primaries of May 3 and 6, the Republicans are in far better shape than he expected because the Democrats have spent all their time and money trying to hunt down LaRouche candidates in their midst. He and others are confidently predicting that the GOP will hold on to the Senate in November.

What the Republicans are looking at is the sharp drop in Democratic vote totals of which the Texas primary is the best case in point. In Texas, the Democrats drew barely 1 million voters, one of the lowest totals in recent times. In 1982, the Democratic gubernatorial race drew 1.3 million voters. In Houston, an unbelievably low 5.9% of the eligible voters turned out, actually below the Republican total in this Democratic stronghold. The major contributing factor to this collapse was none other than state chairman Slagle and the *Houston Post*. Slagle, in an obvious attack on the "LaRouche phenomenon," urged voters to stay home unless they "knew" the candidates, as if voting had suddenly become slightly more intimate than holy matrimony. The *Houston Post* made the same point in an editorial, and then abetted the vote dissuasion movement by mixing the addresses of the Republican and Democratic polling places. This disenfranchised a large part of the black vote in Houston, because in the black wards there are no Republicans; so the newspaper indicated no contest in what were actually contested Democratic primaries.

Although Slagle and company were so fixated on "preventing another Illinois" that they depressed the Democratic vote, the result was that the candidates backed by the National Democratic Policy Committee drew their highest totals ever. Statewide, Noel Cowling received 182,000 for agriculture commissioner against a well-entrenched incumbent. In congressional races where there were no incumbents, the NDPC candidates polled consistently above 20%.

In black wards and Hispanic areas, the results were even higher. Harley Schlanger, running in the 8th CD in Texas, polled over 26% district-wide, but in the black wards where he campaigned, he ran from 29% to 48%. No wonder the Slagle organization wanted to disenfranchise the blacks. In two key Hispanic areas—Brownsville and San Antonio—NDPC-backed candidates scored significantly higher than their totals across the state. Cowling ran above 18% across the state, but in Cameron Co. (Brownsville) he ran 32% and in Bexar Co. (San Antonio), 27%. In the race for Democratic County chairman in Bexar County, NDPC-backed candidate Don Varela pulled off a little Illinois, coming in first in a field of five with 39% of the vote.

The Bexar County saga exposes just how deeply corrupt and impotent the Democratic "regular" organization is. Slagle went to San Antonio to warn against the danger of the LaRouche phenomenon. The voters listened, took down Varela's name, and then voted for him and Cowling. The Democrats reacted with their usual grace under pressure. They attacked Varela as if he were an Orangeman at a Catholic wake. Mayor Henry Cisneros, linked to drug-lobby advocates nationally and locally, announced that the "regulars" would bolt the party, and the current county chairman swore that Varela would not have a penny even to keep an office open. The DNC nationally was directly involved, and a fund of \$40,000 to defeat Varela was planned. Under this pressure, Varela withdrew because he and his family were not prepared to face the "smear" campaign, as he said in his statement of withdrawal.

Slagle, Cisneros, and the local Democrats breathed a sigh of relief, but their glee is both misplaced and short-lived. Varela was the only Hispanic in the race. By forcing him out, the DNC and the Texas organization have given an eloquent signal to minority voters. In November, Democratic Gov. Mark White will need every black and Hispanic vote he can find. But who will turn them out for him? Slagle? The man who orchestrated the lowest voter turnout in years in black wards? Cisneros, whose allegiance to the Anti-Defamation League is stronger than his ties to fellow Hispanics?

The only Democratic bloc that has shown it can excite the voters that Lyndon LaRouche has called the Forgotten Majority, is the NDPC. The laid-off blue-collar workers of Ft. Worth, Indiana, the debt-strapped farmers of western Ohio, just as the impoverished of southern Illinois, have turned out to vote the NDPC in the face of a storm of slanders. But the Democratic "regular" organization is either so corrupt or so stupid—or both—that it does not get the message. These blind fools are convincing the voters that only the NDPC will respond. The votes of the Forgotten Majority are indispensable to the Democratic Party. The pathetic performance of the party in national elections since 1968 is directly attributable to the alienation these voters experience. They will not stick to the party out of loyalty, as they proved when they swung behind Ronald Reagan. Could it be that the present pack of Democrats would rather die than win?

Incumbents fear 'LaRouche lightning'

by Marla Minnicino

"I am not taking any chances . . . the LaRouche 'lightning' might strike my district. . . . We're taking nothing for granted." These remarks were made, not by a nervous Democratic committeeman, but by three-term incumbent Congressman Mervyn Dymally (D-Calif.). Dymally is one of 11 Democratic Congressmen in California being challenged in the June 3 primary by candidates associated with 1988 presidential candidate Lyndon H. LaRouche. According to sources, many of these incumbents are "running scared," from the LaRouche forces' growing constituency machine.

Over 150 LaRouche candidates are on the June 3 ballot in California, one for U.S. Senate, 16 for Congress, 7 for state assembly and a least 120 running for state Democratic (and Republican) central committee. Four state assembly candidates and one congressional candidate are running as LaRouche Republicans. The bipartisan slate is led by Brian Lantz, Northern California coordinator for the National Democratic Policy Committee.

The NDPC has endorsed the California LaRouche candidates as part of a national drive to "take back Congress" from the liberals and "appeasers" whose policies are sabotaging U.S. economic development and undermining America's relationship with its key allies.

NDPC candidates have distributed over 50,000 pieces of literature, in a campaign to educate voters on the treasonous activities of their elected legislators, and to present a sane approach to economic and foreign policy. Many of them have made slide presentations before civic associations and Democratic clubs on the "fraud of the recovery," the Soviet drive toward a "global showdown," and on "AIDS: More Dangerous Than Nuclear War."

The LaRouche candidates are heading a drive for a public-health approach to AIDS, by petitioning to place a referendum on the November ballot mandating state authorities to label AIDS an infectious disease and take emergency measures to prevent its spread. Working with PANIC (the Prevent AIDS Now Initiative Committee), the candidates are mobilizing grassroots groups to collect 400,000 signatures required to put the measure on the ballot. Over 1,000 churches and civic organizations are involved in the petitioning effort. The initiative directly challenges advocates of "civil rights" for the AIDS virus.

Brian Lantz, LaRouche candidate for the Democratic nomination for U.S. Senate and co-chairman of PANIC, maintains that there is "no better way to overturn California's drug-rock-sex counterculture" than by backing this initiative. Lantz is challenging the very liberal Sen. Alan Cranston, who works with "civil libertarians" behind the AIDS Lobby.

Rep. Mervyn Dymally faces opposition from LaRouche Democrat Kevin Zondervan in the 31st Congressional District. An aerospace engineer, Zondervan recently returned from Japan where he spoke at the first conference ever held there on the Strategic Defense Initiative, sponsored by the Fusion Energy Foundation and the Schiller Institute. Just before the primary, Zondervan will release what he calls the "Dymally Dossier,"—a documentary report on Dymally's treasonous track record on issues which directly affect his constituents. The dossier points to Dymally's support for suicide-cult leader Jim Jones, his pro-Cuban leanings, his connections to organized crime, and his "sympathy" for Libyan dictator Muammar Qaddafi. It will show that his activities make him an accomplice to the drug mafia and its terrorist networks. Dymally is "taking nothing for granted."

Democratic incumbents Barbara Boxer, Ron Dellums, Leon Panetta, Ed Roybal, and Fortney Stark are also facing powerful opposition from LaRouche candidates. In the 16th CD, Monterey businessman Art Dunn has thrown down the gauntlet to Republican-turned Democrat Leon Panetta, a supporter of the Gramm-Rudman budget-balancing law. Dunn, a lifelong Democrat, won substantial support when he ran for state legislature in New York.

In the 8th CD (Oakland-Berkeley area), LaRouche candidate Ruth Williams has put together a machine of volunteer campaign workers to mobilize the "forgotten voters" who oppose Soviet-run incumbent Ron Dellums. In the 5th CD, Andrew Klein, who left the district because of high concentration of AIDS cases in San Francisco, vows that the AIDS risk can be reduced if the PANIC initiative is passed. Klein has made support for Israeli Prime Minister Shimon Peres's "Marshall Plan" for Mideast development a plank in his campaign program. His opponent is Rep. Sala Burton. The campaign of LaRouche candidate Jim Legare, in the 6th CD, is also being taken "very seriously" by his opponent, Rep. Barbara Boxer.

The LaRouche slate, which also includes five congressional candidates running against non-incumbents, has caused great consternation in the Democratic camp. The state party has mobilized its local apparatus to "identify the LaRouchians" on the ballot. In April, Los Angeles County Supervisor Mike Antonovich asked the state Human Rights Committee to "investigate" the LaRouche group. And Democrats in the 40th CD mobilized a frantic effort to recruit a write-in candidate when they realized that LaRouche candidate Art Hoffman was running unopposed. Their choice was Orange County Democratic party chairman Judge Bruce Sumner, whose links to organized crime and the dope mafia make him the perfect foil for Hoffman.

Shultz blows kisses back at Kissinger

When I asked Secretary of State George Shultz on May 14 what he thought of Henry Kissinger's latest syndicated column calling for a redeployment of U.S. troops and F-111s out of Europe, Shultz waxed effusive in praise for Henry's "thoughtful and comprehensive treatment of the problems of out-of-area NATO deployment, which he has raised and deserves to be discussed."

Shultz's remarks, made after a speech to the Overseas Writers Association, were almost as noxious as the sugary praise Kissinger heaped on Shultz in the column itself, referring to his "several thoughtful and eloquent speeches" on the subject of terrorism.

One wonders if these two shouldn't think of some way to carry on this flowering relationship other than working at digging the grave of the Western alliance.

Noose tightens around administration

Former Reagan special adviser Michael K. Deaver has coughed up his White House pass, and former Teamster President and FBI informant Jackie Presser now faces indictment following a scandal over the FBI's role in protecting him from a Grand Jury investigation.

The two cases add up to the fact that the Reagan administration is under an escalated siege aimed at doing what many have thought impossible—tainting it with a stain of corruption recalling Watergate.

The design: not only to make the President feel he is even more at the mercy of the "Establishment" wing of his cabinet (Don Regan and George Shultz), but also to shape the succession fight to ensure the Strategic Defense Initiative is buried by the end of 1988.

Dr. Teller: Manhattan Project method crucial

Testifying before the Senate Appropriations Committee on May 9, Dr. Edward Teller gave an alarming assessment of Soviet superiority in the development of a strategic defense capability using "new physical principles" such as lasers.

His concern was in particular with the x-ray laser. Soviet research into this technology was published until the early 1970s and then abruptly stopped. Does this mean the Soviets are on to something? Dr. Teller asks this ominous question every chance he gets.

In an exclusive interview with *EIR* after his testimony, Teller said the x-ray laser is key because, of all the programs under study in the SDI, it is the only one that is novel from the standpoint of basic physics. Therefore, in his view, it holds the greatest potential for fundamental new breakthroughs.

Dr. Teller recounted his experience in the Manhattan Project, the crash effort to build an atomic bomb during World War II. He said that it was a breakthrough by Emilio Segre in late 1943, in fundamental scientific research into the atom, demonstrating the nature of "spontaneous fission-emitting neutrons," which led to an

overhaul of the method of assembling what they were then working on for a bomb. This breakthrough in basic physics research, he said, then enabled himself in collaboration with the late John von Neumann to propose a new, more efficient assembly, requiring less plutonium, and the bomb became a physical possibility.

The lesson concerns the indispensable role of free, flexible basic research in achieving rapid, crucial breakthroughs. This, he indicated, must proceed through exploration of the potentials in the x-ray laser, some of which the Soviets may have already struck upon.

Funding constraints which have narrowed options in the U.S. SDI program are a great hazard from this standpoint, he said.

Garn: Let's get back on track for Mars

An angry Sen. Jake Garn (R-Utah), the first Congressman to ride into space aboard the Shuttle, made an appeal for getting the U.S. space program back on track swiftly, despite the last four launch mishaps.

He called for President Reagan to get off the dime and push for the additional funding to build a new orbiter to replace the *Challenger*. "We've already gone three months with no decision," he said. "We must have a replacement to be able to service the space station that we must build. And once we get the shackles off, we must get back on the track to go to Mars."

He said that despite his "fiscal conservative from Utah" profile, he was "personally embarrassed that we didn't have a probe up to study Halley's Comet," and that the science that will come out of the space program makes its rapid recovery "indispensable for our nation."

Chappell: Pulling troops from Europe a mistake

In the midst of a spate of new demands for the decoupling of the United States and Western Europe, the new chairman of the House Defense Appropriations Subcommittee has issued a strong warning against proposals to withdraw or cut the number of American troops now based in Western Europe.

In an interview with Reuters May 13, Rep. Bill Chappell (D-Fla.), said a troop withdrawal or cut "would send the wrong signal. . . . It would indicate a reduction in our own will to stand prepared and stand willing against an aggressor."

Chappell sounded a very different theme from many of his colleagues, who went on an anti-NATO binge after most Western European governments failed to give public backing to the U.S. military strike against Libya May 15.

NATO "is almost daily improving," said Chappell. "We're learning better how to work together as a community of nations. . . . I think we're beginning to be more cohesive. . . . I think we're learning how to exchange technology better than we have in the past."

Chappell, whose influence over the defense budget rose significantly with his takeover of the subcommittee, indicated he will take the Pentagon's side in the dispute over the proposed Midgeman missile. Chappell told Reuters he believes the missile should be transformed from a single-warhead launcher—as originally envisioned by Henry Kissinger, Brent Scowcroft, and the Trilateral Commission crowd—into a multiple-warhead missile.

But on the issue of the SDI, Chap-

pell proved a disappointment. Citing budget restraints, he said that the full \$4.8 billion which the administration has requested for the program could not be supported.

House to Moscow: 'You've got a friend in D.C.'

Soviet warplans may have been dealt a setback by the Chernobyl disaster, but the U.S. Congress is doing its darndest to compensate for the loss.

On May 15, the House of Representatives delivered up a budget that must have brought tears of relief to Moscow's rulers. A product of the House Budget Committee, the plan proposes to cut the administration's FY87 military spending plan by a gigantic \$35 billion—\$16 billion more than the underfunded budget approved by the Senate earlier in May.

That's not all that's wrong with the plan. It increases taxes by \$7 billion, and specifies that the new revenues can be used only for debt repayment, whereas the Senate budget, which also hikes taxes, asks that they be invested in the military. The House bill also slashes U.S. foreign aid by 10%.

House endorsement of the measure came despite impassioned pleas by President Reagan not to "cripple" the U.S. military.

Reagan had fired off a letter to the House Republican leadership prior to the vote, charging that the "radical anti-defense" Democratic budget would "cripple the combat readiness of our conventional forces and take unacceptable risks with our national security."

"It would be wasteful and irresponsible to cut short this program by denying the funding necessary to car-

ry it out," the President wrote.

But House Budget Committee chairman Bill Gray (D-Pa.) called the White House criticism "mindless poppycock. . . . No one in their right mind thinks that the Russians are coming up the Potomac."

To which we can only reply: You may be in for a helluva surprise, Congressman.

Congress takes up cudgels against strategic defense

Given Chappell's generally strong pro-defense posture, his claim that the Strategic Defense Initiative doesn't stand a chance for full funding is a surefire indicator that the program is heading into some extremely rough waters.

With the SDI budget now being debated on the Hill, the "Better Red than Dead" crowd has launched a frenzied mobilization aimed at influencing how much money Congress allocates to the program.

In early May, a coalition of over 100 labor, anti-nuclear, church, environmentalist, and assorted nuclear-freeze groups, sent off a letter to Congress calling for SDI spending levels to be held down, on the grounds that "the Star Wars program . . . [will] be ruinously expensive . . . destroy the entire fabric of arms control and expand the arms race into outer space."

A week later, the announcement came that 6,500 engineers and scientists have taken a pledge not to participate in the program. Their action—frighteningly reminiscent of the 1930s, when the appeasement faction of that day protected Hitler's war preparations by promoting the so-called "Oxford Pledge"—was unveiled at a Cap-

itol Hill press conference hosted by Rep. George Brown, the California Democrat whose close friend and ally in the anti-SDI movement, Carol Rosin, was unmasked as a KGB agent two years ago. Brown said the "pledge of resistance . . . represents one of the most compelling statements yet made against" the SDI.

Meanwhile, the Defense Department's plan to establish an independent think-tank to provide advice on the development of the SDI has drawn fire from another vehement foe of strategic defense, Sen. Carl Levin. The Michigan Democrat is charging that the Pentagon is jeopardizing the independence of the new institute by inviting only pro-SDI scientists to join, and by insisting on a voice in choosing senior personnel.

What really has Levin so upset, sources tell *EIR*, is the prospect that the creation of such a think-tank would build up an SDI lobby so strong, that shutting the program down or financially starving it would become impossible.

Congress fears 'radical actions' on debt

The Joint Economic Committee issued a study May 10 on Third World indebtedness reflecting the growing concern in some quarters that Ibero-America may soon be compelled to take "radical action" to deal with its debt.

The study charges that the Reagan administration, in attempting to deal with the debt problem, has pursued policies which reward the big American banks "whose unwise lending policies helped precipitate the crisis," while penalizing American agricul-

ture and industry.

U.S. farmers, the report asserts, have been badly hurt by a dramatic decline in exports to Latin American countries, which tumbled from \$6.9 billion in 1981 to \$4.5 billion last year, while the Latin American debt crisis "has also contributed to the collapse of numerous farm banks" in the United States.

But the study's most interesting feature is its sharp warning that unless the United States agrees to some form of debt restructuring, the whole international financial system could be turned on its head.

The report dismisses the administration's Baker Plan as entirely inadequate, saying it does not differ "significantly" from existing policy "aside from changing the rhetoric from austerity to growth and shifting responsibility from the [IMF] to the World Bank."

Instead, it proposes two alternative policies: decreasing or eliminating the spread which U.S. banks charge on loans to financially troubled debtor nations; and, far more politically significant, limiting interest payments to 25% of each debtor-nation's export earnings.

The latter proposal, in particular, indicates just how frightened certain policy-making circles are that Ibero-America may simply decide to follow Peru's Alan García and stand up to the IMF.

"In the future," the report ominously concludes, "some negotiated arrangement limiting debt service payments may be the best way to avoid more radical, unilateral actions by Latin American debtors. During his 1985 inaugural address . . . Peruvian President Alan García announced that his country would devote only 10% of

its export earnings to interest payments. As the debt crisis continues to fester, with no permanent solution in sight, additional Latin American leaders might conclude that this sort of solution is the only way to restore growth and improve standards of living. If they unilaterally begin to limit their country's interest payments to 10%, or even 15%, of export earnings, the impact on bank profits, capital, and solvency will be even more severe."

Byrd tries new 'war powers' tactic

Senate Minority Leader Robert Byrd (D-W.Va.), still whining about President Reagan's alleged failure to sufficiently consult Congress before ordering the U.S. retaliatory strike against Libyan targets last month, has introduced a bill to prevent Presidents from having such freedom in the future.

Joined by Sens. Claiborne Pell (D-R.I.), Sam Nunn (D-Ga.) and Patrick Leahy (D-Vt.), Byrd introduced a "Counter-Terrorism and War Powers Resolution," to create an 18-member group of lawmakers with whom U.S. Presidents would have to consult before taking military action abroad.

Byrd said that it is obvious that Reagan cannot consult with all 535 members of Congress and this makes it necessary for Congress to clarify in legislation "what consultation should be and should not be." The proposed group would include the Speaker of the House, the Senate Pro Tempore, the majority and minority leaders of both chambers, and the House and Senate chairmen of the intelligence, armed services, and foreign relations committees.

National News

District mandates insurance for AIDS

The Washington, D.C. City Council approved a bill May 13 to prohibit health and life insurance companies from denying coverage to persons who test positive for exposure to AIDS.

The bill was opposed by the national insurance industry, which used a \$200,000 media campaign to warn that its enactment would result in higher insurance premiums for everyone else.

The bill prohibits insurers from denying coverage to anyone on the basis of a positive medical test for exposure to the AIDS virus. For five years, the companies cannot charge higher rates to those who test positive for exposure to AIDS. At the end of that period, insurers can petition the superintendent of insurance to allow higher premiums for AIDS victims.

Hart calls for law on money laundering

Janice Hart, the Democratic nominee for Illinois secretary of state, has called on the state's party chairman to aid her in passing a bill that would outlaw dirty money-laundering by the state's financial institutions.

A local UPI wire datelined Galesburg, Illinois reports that Hart, the "LaRouche Democrat" whose upset victory in the March 18 primaries created nationwide headlines, has sent a letter to state Democratic chairman Vincent DeMuzio urging his support for the money-laundering bill.

In the letter, Hart told DeMuzio that "as the chairman of the Democratic Party and a leading [state] senator, your sponsorship of a bill to prevent drug-money laundering in the state's financial institutions will make passage of this urgently needed legislation almost fully assured. . . . The key to destroying the drug traffic is breaking the financial nexus that allows it to operate."

To date, DeMuzio has made no reply.

American taxpayers subsidize Hammer

The \$2 billion in taxes which the five U.S. oil companies operating in Libya pay Qaddafi's government accounts for one-quarter of that country's yearly operating budget, which includes funds devoted to carrying out terrorist attacks on U.S. interests.

By contrast, the U.S. government collects little or nothing from these same corporations—W. R. Grace, Occidental Petroleum, Marathon, et al.—according to a recent congressional study.

"I doubt very much that the American people, if they knew, would want to subsidize Qaddafi's terrorism," Rep. David Obey (D-Wisc.) says. "Yet that is what they're being forced to do." And Rep. Fortney Stark (D-Calif.) remarks: "Peter Grace loves to talk about government waste. I suggest his company stop paying taxes to Qaddafi so the U.S. government can 'waste' less on airport security."

Education cut for military kids

The Gramm-Rudman budget-cuts are wreaking havoc with the education of children of members of the U.S. armed services, statistics show.

Even before the latest cuts, army schools were running on a per-capita budget \$915 below the national average. Gramm-Rudman will mean an additional 4.9% cutback. Jack Anderson's column in the May 13 *Washington Post* lays out what this will mean to the children of service personnel—the nation's best source for future career military personnel:

- One of every three teachers leaving the system will not be replaced.
- A freeze will be imposed on hiring of art, music, physical education, and other "specialty" teachers.
- A moratorium will be imposed on

purchases of new texts and equipment.

- There will be no 1986 summer school.
- There will be no field trips.
- There will be a 25% reduction in purchase of audio-visual equipment.
- The opening of the 1986-87 school year will be delayed until Sept. 5.

These cuts will affect more than 156,000 students of military families overseas.

More Mossad agents leaving government?

Noel Koch, the Department of Defense's top counter-terrorism official and a suspected agent of the Israeli Mossad, will be leaving his post at the end of May.

Koch is a close associate of Michael Pillsbury, a believed Mossad officer fired from the State Department in early May. He is also close to Richard Perle, the Assistant Secretary of State for Technology Transfer, who has recently come under attack, and who is identified as a Mossad spy in *EIR's* recent *Special Report, Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*.

The reasons for Koch's apparent purge are unclear. The *Washington Post* reports that Koch will "take his talents to the private sector. He and several others plan to form a security and counterterrorism consulting firm with offices in D.C. and other countries."

Dole: Reagan veto could be overridden

Senate Majority Leader Robert Dole (R-Kan.) stated on May 14 that President Reagan faces an uphill battle to reverse congressional rejection of U.S. arms sales to Saudi Arabia. "He wants us to sustain a veto [of a Resolution of Disapproval of the sale passed by both Houses] and we need 12 votes," Dole told reporters after a GOP leadership

Briefly

meeting at the White House.

At that meeting, Reagan stated: "There is no region in the world so pivotal to the course of events as in the Middle East." Denial of the sale would "undermine the credibility of all our security commitments in this critical region of the world," he added.

The arms deal would involve air-to-air, surface-to-air, and anti-ship missiles to restock the Saudi arsenal. The United States last sold military hardware—AWACS planes—to the Saudis in 1981.

After the meeting, Sen. Richard Lugar (R-Ind.) announced that the number of votes had narrowed to 11, with Sen. Nancy Kassebaum (R-Kan.) prepared to support the arms deal.

LaRouche: 'I can solve problems in 48 hours'

Declared Democratic presidential contender Lyndon LaRouche, Jr. told interviewer David Hartman of CBS's "Good Morning America" show that only he could solve the nation's problems: "Within 48 to 72 hours of my being President, we would have fundamental changes" in a number of crucial areas.

LaRouche said that none of the potential presidential candidates has "any competence whatsoever to deal with any of the issues" plaguing America. Therefore, he said, "I think I have to be President."

According to a national UPI wire, "As for his qualifications, LaRouche said in an interview on the 'ABC Good Morning America' program, 'I'm an economist, probably the best one living today. In terms of the problems, I understand the issues. I've dealt with foreign governments, particularly the developing sector. I'm very close to many of them. I've consulted with all of them. I know what they want. I know what they're willing to do. Therefore when it comes to foreign agreements, I know how to get them.

"There are people in foreign government, if I were President, who would come to Washington and I guarantee you, within

a matter of 48 to 72 hours we'd have agreements that would change the world.'

"Asked to elaborate, LaRouche said he could quickly get pacts with the non-aligned nations, most nations in Africa, South America, and Southeast Asia, and with Japan and forces in Europe.

"Forty-eight to 72 hours of my being President, we would have fundamental changes in monetary policy, in strategic policy, in trade policy and these would be very beneficial to the United States,' he said, adding he would push for a 'new Marshall Plan in the Middle East.'

"LaRouche said only Reagan has been partially successful in finding solutions to the many problems.

"Reagan, I think, has been a better President than his predecessors but there were some very bad stages there and he too has ducked and failed to face the issues,' he said."

Pentagon: Space program faces shutdown

The U.S. space program faces a possible shutdown unless the government encourages private industry to enter the space launch business, Frank Gaffney, the deputy assistant defense secretary for nuclear forces and arms control policy, stated on May 13 at a breakfast meeting in Washington, D.C.

He said: "I think we're run NASA in a way that has made it commercially unattractive for people to get into this business to compete. . . . What we clearly need is an ability to reduce costs in getting our payloads into space," he said.

"The only way is competition. We have to get the government out of the business" of building rockets, ignoring the fact that the entire history of rocketry has depended on government support for development because of the tremendous capital investments involved.

He ended by suggesting that the United States should follow the Soviet example and build more rockets that are less technically sophisticated.

● **A FEDERAL JURY** May 10 acquitted Louisiana Gov. Edwin Edwards, his brother, and three associates in their retrial on charges that they made \$10 million by selling state hospital construction permits. After the verdict, Edwards blasted U.S. Attorney for Louisiana John Volz for a politically motivated vendetta against him. "John Volz started this thing over a year ago with a political mission. It shows you how far he was willing to go with his unbridled use of his political power."

● **GEORGE SHULTZ** during May 14 remarks to the Overseas Writers Association in Washington, was asked by NBC's Daniel Schorr about reported prosecution of news media who publish "leaks" of U.S. communications intelligence. *EIR* correspondent Nicholas F. Benton then denounced NBC's refusal to identify the location of terrorist Abu Abbas, whom NBC interviewed. The secretary of state called the leaks "a disgusting gusher," but said jurisdiction lay with the Justice Department, not the State Department.

● **JACKIE PRESSER**, president of the Teamsters union, will be indicted by federal prosecutors on charges of hiring "ghost workers" for a Teamsters local in Cleveland, Ohio. The *New York Times* reports that prosecutors were also expected to indict at least one FBI agent who they said used Presser as an informant. Previously, the case against Presser had been dropped because of FBI opposition.

● **THE REAGAN** administration will ask Congress to change the Davis-Bacon Act in ways that building trade unions say that would come close to demolishing prevailing wage protections for federally funded construction. The administration will propose to exclude all military construction contracts of less than \$1 million and non-military construction of less than \$100,000 from Davis-Bacon Act coverage. It presently applies to all contracts over \$2,000.

Editorial

The arrogance of arbitrary power

The Eastern Establishment, in 1986, encountered its worst nightmare: A mass-based political movement inspired by the ideas of Lyndon LaRouche has, at last, emerged in the land. What the Establishment knows, and has kept secret from the public, is the fact that the LaRouche movement did not simply "emerge," in any mystical, spontaneous fashion, but took shape, through arduous and persistent work over the years, in defiance of the most repressive campaign the Establishment had ever launched.

The story goes back to 1968, when the "elected Chairman of the Establishment," Mr. McGeorge Bundy, was President of the Ford Foundation, pouring billions of dollars into a project to create the terrorist New Left. From that distant date to the present, the tightly-knit families of the Establishment have poured billions of dollars to contain, silence, and destroy the ideas of LaRouche. In instances too numerous to itemize—all documented through FOIA government releases—the Establishment used, liberally, the services of various branches of our federal government to carry out its vendetta against LaRouche. Numerous so-called Cointelpro operations were launched, involving, unlawfully, government personnel. Yet, after 18 years of harassment, intimidation, "dirty tricks," physical assaults, financial warfare, wild rumor campaigns, and every other conceivable violation of civil and political rights imaginable, the mass political movement of LaRouche's ideas erupted, beyond their control, across the United States during the 1986 mid-term electoral campaigns.

According to the Eastern Establishment's wits, it should not have happened. Nothing, which they wish to stop, is supposed to happen; and no idea, which the Eastern Establishment considers "absurd," is supposed to take hold in the public. And yet it happened!

Our Eastern Liberal Establishment has not taken kindly to the fact. They filled the land with wild slanders, allegations, insults, and other lies, trying to defame everybody even remotely associated with La-

Rouche. They have been caught stealing the money of political contributors—we mean literal, non-metaphorical, outright stealing, as in the case of the First Fidelity Bank in New Jersey; they have been caught committing outright physical violence against LaRouche supporters, as in the case of Phil Donahue of NBC; they have been caught committing large-scale, outright extortion, as in the case of Irwin Suall of the Anti-Defamation League and William Welch of Associated Press; they have corrupted judges and civil servants to enlist them in their anti-LaRouche crusade.

The entire Eastern Establishment is displaying all the classical symptoms of the most violent, hysterical, crystal-throwing fit ever thrown by any petulant, dried-up old spinster since Kate Graham's husband died violently under highly suspicious circumstances, and she inherited the *Washington Post*.

Now, the fitful old spinster is vowing to unleash a "legal" lynching against the LaRouche movement. In an April 30 *Washington Post* editorial, the Eastern Establishment signaled that since "Lyndon LaRouche's followers have won unexpected victories in primaries this year, and may win more," "investigations," conducted against associates of LaRouche, by the Justice Department, the Federal Election Commission, and a Boston federal grand jury, "ought to be resolved before the 1988 campaign in which Mr. LaRouche says he will again be a candidate for the Democratic presidential nomination . . . with a view to bringing prosecutions wherever the evidence warrants."

The *Washington Post's* "evidence," is the paid fabrications of discredited drug-pushing advocates of the Dennis King and Irwin Suall variety. The "respectable" Eastern Establishment has linked up with street-level extortionists to manufacture evidence which only corrupted judges would view.

We shall take up this fight, too. The law of the land cannot be made the servant of any power group, however arrogant, however petulant. The rule of law shall prevail over the arrogance of arbitrary power.

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