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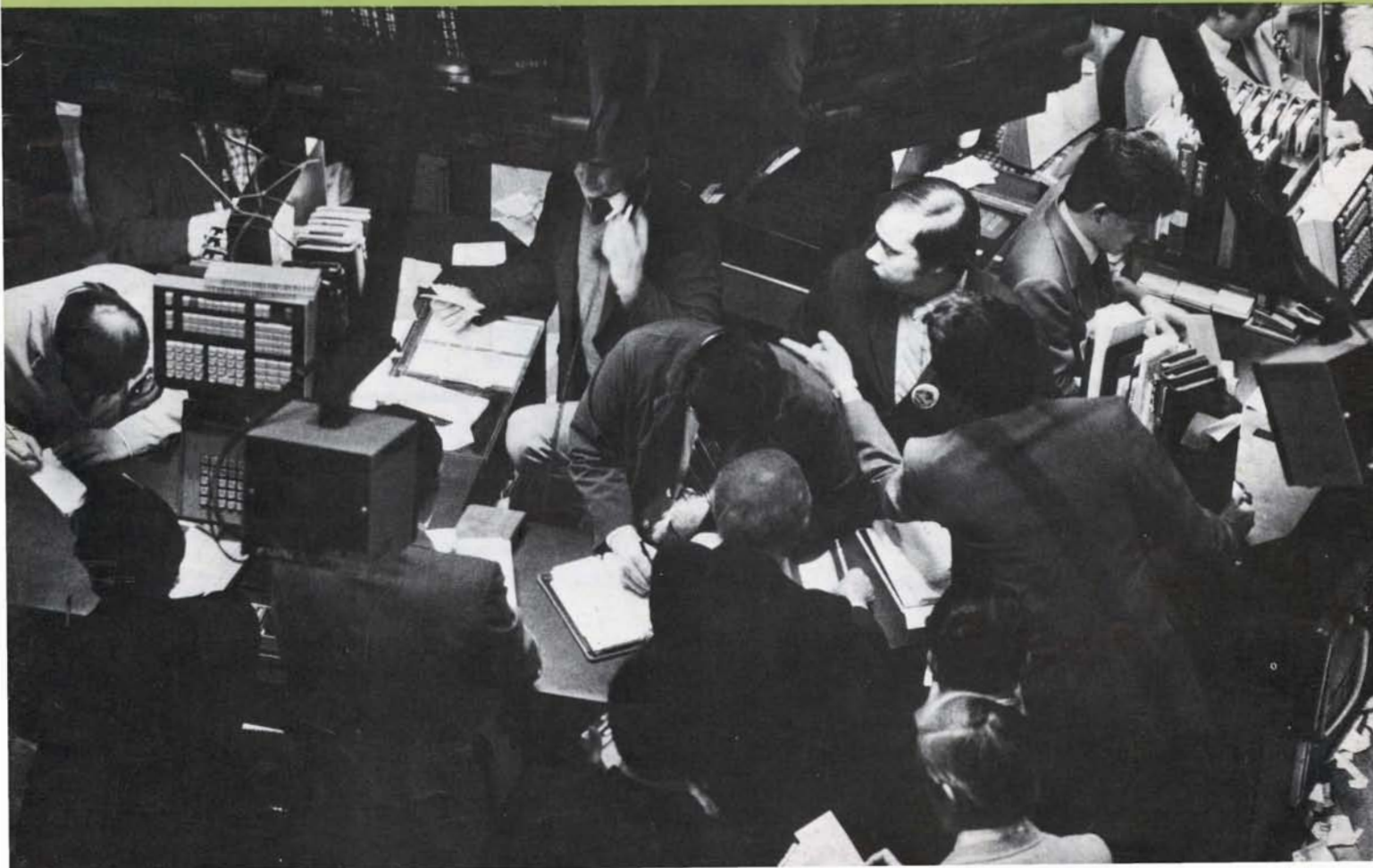
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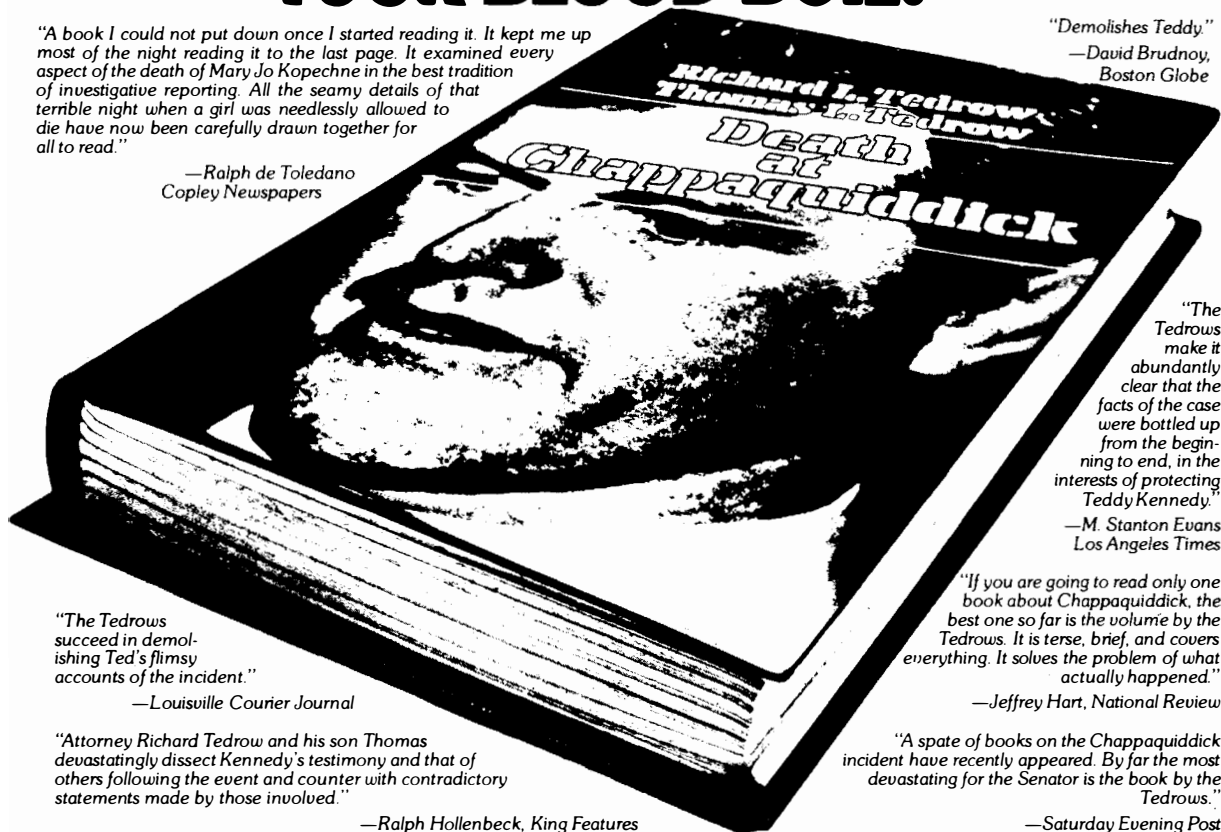


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From the Editor

I would like to draw readers' attention to an "unadvertised special" in this copy of *EIR*, the hair-raising story on page 51, of the growth in power in the Philippines of the Soviet-controlled "New People's Army" since Cory Aquino's weak government came to power. Our report, by Asia editor Linda de Hoyos and our on-the-scenes special correspondent in Manila, proves that the liberal media are lying through their teeth in their efforts to justify the mess our State Department has made in the Philippines, like the mess they made in Iran in the Jimmy Carter days.

What to do about this, is the question. We are privileged this week to present an unusually full picture of the means by which humanity can be rescued from the malicious stupidity of the Liberal Establishment. Pages 4-8 report on the economic initiatives of the French government of Jacques Chirac, and in that context, the victory over Qaddafi in Chad, which we report in the *Economics* section because we think Chirac's bold statements cannot be separated from the events in northern Africa. Take special note of the exclusive report by Jacques Cheminade from Paris, based on his discussions with the French agriculture ministry officials, on how they are viewing the food plan put forward by Chirac in Washington as the first step toward sweeping reforms of the monetary order.

On pages 10-14 you can read about the fight against the International Monetary Fund and for regional economic integration in Ibero-America, starting with the story of how Brazil's debt moratorium faction has held onto power. Pages 16 through 21 comprise a report on public health affairs, from the battle against AIDS and other pandemics in Africa, to the fight against euthanasia.

The cover *Feature* reviews the various assessments of the world financial situation, ranging from the "ostrich" approach of certain Republican presidential candidates, to the "gorilla" approach of Henry Kissinger, to Lyndon LaRouche's emergency program for saving the banking system and world economy. This is set into context by David Goldman's review of the state of the banking system, which leading European banking figures admit is on the brink of an uncontrollable crash.

Frankly, we cannot fathom how anyone in a position of responsibility can get along without reading *EIR*.

Nora Hamerman

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NSFS/Philip Ulanowsky

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French premier offers sane economic policy to U.S.

by Don Baier

Premier Jacques Chirac made it very clear during his March 30-April 1 visit to the United States, that France has broken dramatically with the hegemonic international economic policy of the past 20 years, the policy currently enforced by the Reagan administration and the International Monetary Fund. The U.S.-IMF policy, is geared to extracting maximum loot from developing sector nations, to squeeze out a few more months of life for the bankrupt Western financial system.

"I shed no tears for the banks. They are responsible for the Third World debt problem," Chirac told a press conference at the French embassy in Washington, D.C. April 1. "The International Monetary Fund is imposing constraints which are intolerable," on the developing sector nations, Chirac said later in a radio broadcast beamed back to Western Europe.

France, the first major Western nation to conclude a debt rescheduling agreement with Brazil, after Brazil's Feb. 20 declaration of a debt moratorium, is now moving onto the economic policy track defined by Pope Paul VI's 1967 encyclical *Populorum Progressio*, which set worldwide economic development as mankind's essential task. "Development is the new name for peace," Paul VI proclaimed 20 years ago, in making the case for a new, more just world economic order. Acting in accordance with that conception, France has advanced a proposal for a new Marshall Plan for Africa, beginning with a mechanism to divert advanced-sector food surpluses to the most needy African nations. Chirac said he told President Reagan that Pope John Paul II supports France's proposal.

Chirac added that along with debt rescheduling and food transfers, "there must also be international agreements on pricing on a product by product basis." He pointed out, for example, that the Ivory Coast has been devastated by the

recent collapse in the world price of its chief exports: coffee, cotton, and cocoa. Unfavorable terms of trade have wrecked all attempts at systematic development by Third World nations, especially since U.S. Federal Reserve Board chairman Paul Volcker shot interest rates up to 20% in 1979-80.

Respect for human life at stake

"The selfishness of the richest countries must be halted," Chirac said in his lengthy and emotional statement. "In my discussions with Reagan on arms control, economics, and terrorism, I stressed to him that all these had less relevance than the survival of increasing numbers of people in the world whose incomes are dropping and who cannot bear the debts that they have contracted."

Chirac added, "I told the President that this is tomorrow's greatest political challenge, and that it bears on the political stability of the whole world, based on the moral effect of respect for human life, the human individual, and the defense of freedom. We cannot support these values and remain indifferent and passive in the face of the deterioration of increasing numbers of nations."

Chirac said that he expressed his concern, and his proposal, which has been coined a "Marshall Plan for the Third World," with members of Congress as well as the President, Secretary of State George Shultz, and Treasury Secretary James Baker III.

Asked if the French "Marshall Plan" idea involved writing off Third World debt, Chirac said that it only proposed "loosening the tough conditions of the IMF, and rescheduling. . . . Right now, it is impossible for these countries to comply with the demands to pay their debts," he said. "Even though not even the poorest of these countries is asking for a write-off, I shed no tears for the banks in this situation,

because they are responsible for it by encouraging countries to become indebted in an irresponsible way."

Chirac said he discussed France's Marshall Plan proposal at a March 31 state dinner at the White House with President Reagan, and that the Archbishop of Boston, Cardinal Bernard Law, who was present at the dinner, expressed "considerable interest" in the French proposal. "This is a matter that the Pope is very concerned about," Chirac added, noting that the Vatican has "approved" the French proposal for transferring agricultural surpluses to "where hunger is rampant" without disrupting the economies of the agricultural producing nations.

In an April 1 interview carried on the French national radio station Europe 1, Chirac said he had discussed with Reagan the security of Europe, the "zero option" arms control proposal, and economic relations between Europe and the United States as well, but again put major emphasis on a new deal for the developing countries.

"There is a set of measures which must be taken," Chirac spelled out his agenda. "First, concerning the debt. We have to reschedule the debts, and reschedule them under conditionalities which are tolerable for these countries. You know that today, in order to achieve this rescheduling, the International Monetary Fund is imposing constraints which are intolerable. The first point is therefore giving to the International Monetary Fund, the World Bank, the means of rescheduling without imposing constraints that are inadmissible and unacceptable for these countries."

Chirac called for increasing "bilateral aid of the rich countries toward the developing countries, and also multilateral aid. There is an array of technical measures. For example, those François Guillaume, the agriculture minister, proposed to the Pope, to utilize our own food surpluses and give them to those who need them, without, however, disturbing their own agricultural development. To conclude, a great policy must be undertaken to give back hope for the men and women of these countries. It's our duty. It is a demand that is political and moral at the same time."

Chirac, described Reagan's reaction to his proposal: "To be honest, I found the President of the United States almost dumbfounded a bit, at first, and then interested. I felt his reaction was very positive."

Chirac's optimistic evaluation of Reagan's response notwithstanding, a senior U.S. administration official told reporters at the White House March 31 that Chirac's idea, "goes in exactly the opposite direction we think things should go. We favor allowing market forces to run their course. This proposal involves too much government intervention."

The Reagan official called it a "proposal for a food producers' cartel."

France and Brazil

The French are not just talking, but putting their ideas into action. On March 24, the governments of France and Brazil announced that they had agreed on terms for resched-

uling Brazilian debt to France. The \$650 million due the French government in 1985-86 will now be repaid over six years. Brazil will not pay anything for the first three years. The 4.05% interest rate agreed on for the loan, is far below present market levels.

With that action, France ruined attempts to form a creditors' cartel against Brazil that could force the country to back down on its demand that a new international monetary system be created.

The deal with France "opens the way for the same quality of negotiations with other countries," one of Brazil's negotiators told the Brazilian daily *Gazeta Mercantil*.

The French support for Brazil came at the same time international banks backed down from threats to immediately cut off short-term trade credits to Brazil. Some \$15 billion in short-term credit lines came due March 31, and bankers had initially threatened that if Brazil did not make at least a "token payment" on its debts, and fire its aggressive finance minister, Dilson Funaro, it would be cut off from international trade.

Brazil neither paid a penny, nor fired its economic team—but the banks backed down. "All the short-term lines, without exception, were renewed," Funaro announced on March 31. "The integral renovation of the short-term lines shows that the negotiations should get back on the track of normalcy," Funaro said. The agreement assures Brazil that vital imports will continue for at least 30 days.

A new chance for Africa

In part, France's Marshall Plan proposal, the complement to its debt rescheduling policy, is motivated by the understanding that anything less than a new economic policy will produce new and bigger threats to French national security. Africa is a case in point. The French government is known to be gravely concerned about social and political instability in Egypt, Tunisia, and French-speaking black Africa—part of the reason Interior Minister Charles Pasqua on March 10 denounced IMF policies, for producing revolutionaries and communists by impoverishing Third World nations. The March 22-24 rout of Libyan troops in Chad (see page 9) came only after a three-year occupation of the northern half of the country by Col. Qaddafi's invading forces, and was carried out with French backing against the Soviet client. Quick implementation of the French Marshall Plan approach now, is probably the last chance for the continent. Throughout the 1980s, Africa has been "written off" by the banks, IMF, and other supranational agencies, who contend that the continent is "overpopulated," and watch complacently while millions hover at the edge of starvation, and AIDS spreads like wildfire, putting entire nations at risk.

Chirac's visit to Washington put morality in economics, the principal issue of human survival, squarely before President Reagan and the U.S. government. Now, the task is to make sure that, no matter what the obstacles, that message is understood.

Guillaume's 'Marshall Plan': challenge to malthusianism and looting

by Jacques Cheminade

This article was inspired by two discussions which the author, chairman of the Schiller Institute in France and secretary-general of the European Labor Party-France, held with members of the cabinet of the French agriculture minister, François Guillaume. The author would like to thank them, and express his hope that their efforts may help to advance the cause of justice and peace through mutual economic development.

The proposal for a new "Marshall Plan" on behalf of the Third World, made by François Guillaume and taken up by Jacques Chirac with great enthusiasm, must be considered, quite beyond its own qualities, as the trigger for a return to an economic order defined by mutual growth and justice. It is thus located strictly in the orientation of Gaullist commitment, and the necessity defined by the encyclical *Populorum Progressio* and the position taken up by the Pontifical Commission, "Justitia et Pax," on "an ethical approach to international indebtedness." As a weapon against usury and financial looting, its importance was immediately grasped by the multinational malthusian forces, who are using every means to distort and torpedo it. In explaining here what it is, and the context in which it is set, we hope both to reestablish the truth and to express our support and help to bring it into being.

To understand its deep meaning, one must imagine the young François Guillaume, after World War II, discovering with wonder his first tractor on his parents' farm, in a Lorraine village, and seeing the recovery of production and the return of the joy of life. This tractor, symbol of progress and hence of a more human and less difficult labor, he later learned, had been bought thanks to the Marshall Plan. Forty years later, thinking back on his parents' under-equipped farm, on the "unprofitable" markets of Europe in those years, and on what seemed in those conditions to be an impossible gamble to revive the economy, which was nonetheless tried and won, it came quite naturally to the mind of the agriculture minister to make the comparison with the present situation of the Third World countries. Then, he thought, there was an

America which had built up enormous gains in productivity during the war, and a Europe bled dry. The solution was to carry out a transfer of wealth, in their mutual interest, one sector feeding and simultaneously outfitting the other. A "durable co-prosperity zone" was thus created. So today, it would be a matter of organizing such a "transfer of wealth," with Europe and the United States feeding and outfitting the countries of the South.

This is the "simple" reasoning of a producer seeking to revitalize partners for the common good, which is an immense challenge to the reign of usury in today's international relations. Of course, François Guillaume's entourage at the Agriculture Ministry cannot present an overall plan that would go beyond their administrative competency, and have limited themselves to a proposal of food aid in favor of the most disinherited of the Third World countries. However, on the one hand, this plan is situated in the context of an overall position of France in favor of rescheduling and moratoria on the Third World debt, and of a lasting, substantial lowering of interest rates; on the other hand it is, explicitly, directed against the agriculture and food cartel. Thus it is a first step toward a new economic order based on productive credit and not usury, as Jacques Chirac presented the first elements to his "interlocutor" President Reagan in Washington.

The "Guillaume Proposal" starts from the idea that the Third World countries have two needs: immediate food aid to keep their populations from starving or going hungry, and assistance for developing economically, particularly in agriculture. To oppose one to the other is absurd, say Mr. Guillaume's advisers, and is nothing but a pretext for doing neither. The "take-off" can only be based on both at the same time. To say, then, as some do, that the Guillaume Plan "consists of nothing but massively exporting food to the LDCs," and that "this massive transfer could have perverse effects on the dependency of countries and local development," is thus in bad faith and absurd. The Guillaume Plan must be seen as the first stage of a rocket, of which the second is being built at a more general level of responsibility inside

the Chirac government.

Its aim is first to feed, knowing that the very substance of nation-states and authority of the governments that run them rests primarily on the capacity to assure their people's survival. In the long run, the aim is to allow each country to achieve food self-sufficiency, but in the short run it is necessary to intervene to save human lives from death, and states from disintegration. For immediate intervention, the minister's advisers note that the big grain producers, particularly, have a "surplus" on hand relative to paying demand. Both Canada and the European Community, as well as the United States, Argentina, Australia and New Zealand, therefore have to cut their production. However, at the same time, because of the **price depression**, they have to sell to "solvent" buyers—U.S.S.R., Japan, Saudi Arabia, UAE, Korea, etc.—at prices of around \$75-83/ton on the world market, since the production cost for the highest-profit producers is actually about \$168/ton, and the average production cost is \$200-234/ton, depending on the country.

The group of "richest" countries is hence subsidized by the producers, who sell minimally at half their costs of production! The "poor" countries cannot buy in any case, because they lack "profitable markets"! We are in a total absurdity. Now this absurdity was created and maintained by the world food cartel companies, especially Cargill and Continental Grain, which play off the producer countries against each other. They hope that a "price war," financed by U.S. government resources, over which they exert their dominion, will force the producers to their knees and give them absolute control over the markets. The U.S. agriculture secretaries, who have all, since the 1930s, been linked to the cartels, have very clearly told the Europeans, Argentines, and New Zealanders that they hope for "a knives-drawn battle in which they alone will have the means to hold on to the end." They hope to use the same knife to cut the throats of the Third World countries, consumers, and producers—of course including the American producers!

The Guillaume Plan is a political means to derail their maneuver, while laying the basis for an accord between threatened "victims," i.e., between grain producers penalized by unremunerative prices, and for whom compensatory subsidies (artificial in any case) are lower and lower, and consumer countries which are reduced to famine or want.

It is thus a question of agreeing, among producers, on a "floor price" for grain, which should be set at least at \$168/ton, and imposing this on the "solvent" buyers. This would only be justice, a price corresponding to the remuneration of the production factors. The surplus thus obtained by the producers would be, per ton, equal to \$168 minus \$75-83, or about \$83, which, applied to the annual total of the exports to the "paying" countries, or about 100 million tons, would free up a total of about \$8 billion. This amount would be put into a "Special Fund," which would allow for feeding the regions of the world with the greatest need, at no cost. Thus,

the edible grain stocks (about 160 million tons in the world today) could be cut down by 40 million tons a year, or reabsorbed within four to five years.

The criticisms of this plan are of three types:

1) Distortion of free competition, constituting a "grain producers' OPEC." This reproach is made precisely by the spokesmen of the cartels, who have, themselves, constituted an actual malthusian cartel! "The union of producers and producers" thus made, is but a riposte to their maneuver; hence to denounce it as a "distortion of competition" would be a very bad joke, if it did not imply the deaths of millions of human beings.

2) The claim that under the pretext of aiding the Third World, it would only aim to sell off the European Community's, especially France's, surplus. One can reply to this that if selling the surplus means saving human lives, it is hard to see what is immoral about it! Moreover, the "Fund" constituted by sales of grain at a just price is only aimed at emergency situations: 12 million refugees to feed in the world, countries incapable of food self-sufficiency in the short term and bereft of any resources to buy, and countries which are structurally deficient (for example, Bangladesh). The critics should propose other solutions!

3) "Artificial" competition which would stifle local production and increase "poor" countries' dependency. First of all, it is hard to see how one could compete with that which does not yet exist! Second, the Guillaume Plan, on the one hand, foresees that, step by step, the accumulated "special fund," once food needs are assured, could be oriented toward aiding agricultural development. On the other hand, it does not claim to be an overall solution but an emergency intervention (of which the product, \$8 billion or minimally \$5 billion, would still constitute some 10-15% of the total annual Third World debt service). The minister's advisers stress that they are aware of the plan's inadequacy in itself, and propose a link—which goes beyond their competency—with a second phase: production assistance.

This plan is conceived as resting on five principal pillars, creating an overall logic of "take-off" which would replace the present policy of scattering minimal credits over numerous beneficiaries: 1) aid to development of infrastructure (warehouses to allow products to be preserved and prevent their destruction, for example by rodents, and transport, to link up "enclaves" in the interiors of countries and bring their products onto urban markets). 2) Assistance to agricultural development proper (particularly, providing potable water and irrigation). 3) Assistance to production (farm machinery, farm chemicals, etc.). 4) Making production "profitable," by establishing an aid system to farm income to stabilize populations and repopulate rural spaces often abandoned in the "exodus to the urban ghettos." The aim, Mr. Guillaume's advisers say, would be to set farm prices which would not only repay the costs of production but permit its technical modernization. 5) Help in organizing and educating produc-

ers. Here, the experience of the AFDI [French Farmers and International Development] will be precious in the first steps of this new, North-South cooperation.

In the spirit of Mr. Guillaume and the whole of the French government, the "food flows" will have to be accompanied by financial flows to aid production. Their concept is the opposite of the World Bank and the Brandt Commission's, which proposed "minimum assistance" and the "village pump," claiming that great projects are necessarily "totalitarian and artificial." People in Paris are convinced that this argument is just the hypocritical disguise hiding a refusal to give the massive help needed for take-off. The minister's advisers underline that without great projects, the micro-projects make no sense. They believe that the building of a village pump or a gift of two zebras cannot trigger any growth process, and that if there is a drought, the pump won't work and cannot be repaired, and that undoubtedly the zebras sent as draft animals will be eaten in the desperation and impossibility of feeding them. . . .

As with food aid and assistance to production, great projects and micro-projects cannot be separated; each only makes sense in relation to the other, in a total environment built for progress.

Thus, the Guillaume Plan is really a "detonator" leading to a complete development policy for the Third World, wholly opposed to the order defined by today's International Monetary Fund conditions, which Mr. Chirac so strongly attacked in Washington. Understood in this way, and as the first real effort of a country of the North since the cooperation policy defined by General de Gaulle, this plan has gathered the enthusiastic support of numerous French-speaking African leaders. Mr. Eyadema, of Togo, Mr. Diouf, of Senegal, Mr. Bongo, of Gabon, and Mr. Houphouet Boigny, of Ivory Coast, all welcomed with immense interest the explanations of Cooperation Minister Michel Aurillac on this subject. Even more, as proof of the popular support for this kind of plan in France, the Agriculture Ministry had never received so many letters of support and requests to join!

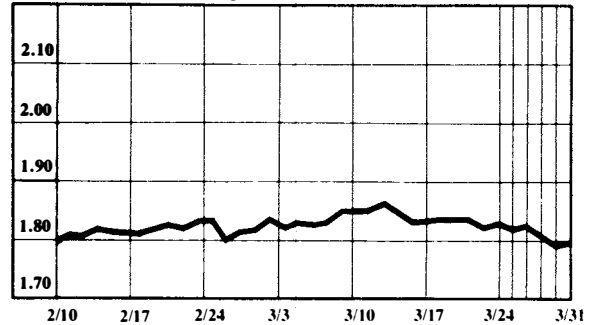
Historically, a great opportunity has thus been brought to the world by France's policy. Support for the Guillaume Plan in the perspective of industrialized countries' summit slated for June in Venice can, in particular, trigger a redefinition of international relations. In fact, the combination of France's policy, in general followed by Italy and Germany, the stance taken by the Vatican, and the efforts of the African and Ibero-American countries, is in the process of creating a viable alternative to the order of pillage and financial genocide which derives from the present International Monetary Fund policy, relayed by a majority of the Brussels European Commission.

Jacques Chirac's U.S. visit could thus define the opening of a new era. The friends of Lyndon LaRouche, in Europe and the United States, are fully committed to fighting for this "new era" and "new deal" to come about as soon as possible. In today's crisis, which would doom the world economy to collapse if nothing were changed, the sooner the better.

Currency Rates

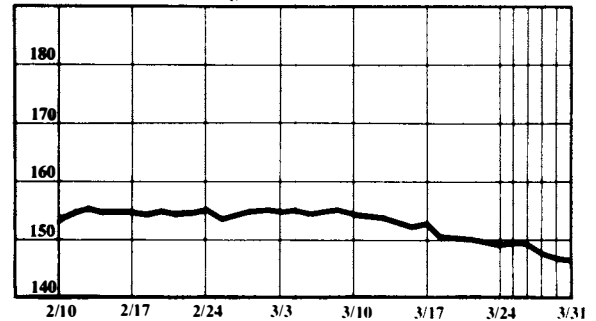
The dollar in deutschemarks

New York late afternoon fixing



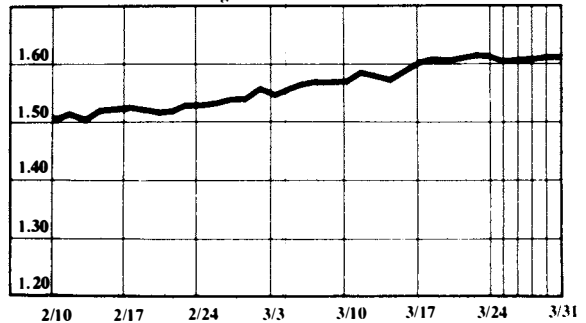
The dollar in yen

New York late afternoon fixing



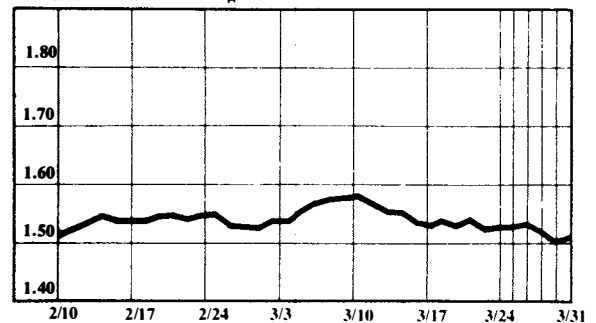
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Hope for an Africa without Qaddafi?

by Mary Lalevée

The military successes by the Chadian army at the end of March have ended 15 years of Libyan efforts to use Chad as a base for operations of destabilization of all of Central Africa.

According to official Chad sources, "All of northern Chad, except for the Aouzou strip, has been cleaned up. The last remaining localities, Wour, Bardai, and Zouar, are all now held by the Chad national forces." Chadian troops have now advanced right up to the Aouzou strip, a strip of territory along Chad's northern border, occupied since 1973 by Libyan troops, and claimed as part of Libyan territory.

Chadian forces, strongly backed by 9,000 Zairean soldiers, simply routed the Libyan dictator Col. Muammar Qaddafi's troops, killing more than 3,000 Libyan soldiers out of a force estimated at between 12,000 and 14,000 men, well-equipped with vastly superior Soviet-supplied weaponry, including even SAM missiles. This is not only a debacle for Qaddafi, but means a significant shift in the strategic situation in Africa.

Libya's efforts to subvert and destabilize countries like Zaire, Nigeria, Ivory Coast, Senegal, Rwanda, and Burundi, just to mention a few of Qaddafi's targets, have occurred in parallel with increasing economic problems in Africa, and pressure from international financial institutions like the International Monetary Fund to submit to stringent "conditionalities."

The French newspaper *Le Matin* commented that the victory of Chad President Hissene Habré and the Chad national armed forces "is an example to the whole continent. . . . The military successes of the Chadians have done more harm to the Libyan regime than the American bombardment of Tripoli. . . . The crushing—by Africans—of an army which has been presented to the Libyans as invincible, will not be without consequences for Qaddafi's peace of mind."

Parallels to debt fight

Parallels may well be drawn in the fight for a solution of the debt crisis and for economic development against the IMF and similar financial institutions.

Now the next step is the re-conquering of the Aouzou strip, and the unification of the whole country. However, the question of the Aouzou strip is complex, and the Chad government has offered to take the case of Libya's claim to the territory, tenuously based on the agreement between Laval and Mussolini in 1935, to the international court at The Hague. Libya has always refused "to produce one single document" proving its claim, said a Chadian source. Although the Chad government insists that they want a negotiated settlement of that conflict, given Libya's refusal to come to the negotiating table, it seems unlikely that the Chad forces will remain on the edge of the Aouzou strip for long.

Qaddafi has continued bombastic threats against Chad, declaring on March 28, "We fear no one. . . . Libya does not want to colonize Chad, we want neither war nor to change the map of Africa. . . . But if we took up the challenge, decided on war and general mobilization, millions of tanks and hundreds of planes would be able to free all French colonies in Africa. The fight will go on until Goukouni Weddei, Ascheik Ibn Oumar, and their forces return to N'djamena. . . . Any anti-Libyan regime in N'djamena should know that they will not have a peaceful night."

Speaking on American television March 29, Qaddafi announced his intention to join the Warsaw Pact, saying he would authorize the deployment of Soviet missiles along the Libyan coast if the Americans continued their "aggression" against his country. The Soviet response was cool, declaring that no official request from Libya to join the Warsaw Pact had been received in Moscow.

Sudanese Premier Sadeq al Mahdi has declared that all Libyan troops in Sudan's western Darfur province must leave, and he ordered Sudanese forces to surround the Libyan column and escort it to the border.

Now that the Soviets can no longer use Libya as a base for subversion of central Africa, other countries may find themselves targeted: Soviet interest in the strategically important Horn of Africa has never abated, with the control of the Red Sea and the Straits of Bab el-Mandeb at stake, and the Soviets would be very willing to win back Somalia as a Soviet ally, as well as Ethiopia.

The fact that the United States has stalled on providing long-promised economic aid to Somalia means that Moscow does not have to use much charm to attract interest. Somali President Siad Barre accused the United States on March 23 of ignoring Somalia's need to defend itself against Ethiopia. "We had an agreement that the U.S. would provide us with \$20 million a year, but now it has been cut to \$7 million."

A look at a map confirms why the victory in Chad could give new hope to Africa, provided U.S. foreign economic policy changes. The key to North and Central African development is the collaboration of three countries: Egypt, Nigeria, and Algeria. Any commercial relations among these three populous countries, as well as the long-overdue project of a trans-African railroad, would necessarily have to cross through Chad.

Brazil renews moratorium impulse

by Mark Sonnenblick

Brazil won the first round with its creditors. The international bankers tried and failed to pull the rug out from under President José Sarney and Finance Minister Dilson Funaro, to bring Brazil to its knees. The plan backfired, making it clear that any Brazilian government which submits itself to the kinds of policies recommended by the International Monetary Fund (IMF) will not remain in power long.

The Sarney-Funaro team has won the total support of the country's dominant political forces and most of the industrialists. Banker attempts to create the specter of insecurity by exacerbating strikes and social conflicts have evoked only strong messages of endorsement for the civilian government from the generals who control the troops.

Political backup

In late March, it looked as if Funaro would go to Washington to face the wrath of creditors at the IMF interim meeting without the requisite political back-up. By early April, there was no doubt that his position on the debt represented that of all Brazil. The creditors' onslaughts had roused into action the majority Brazilian Democratic Movement Party (PMDB). Deputy Luis Henrique's support statement, reported in *EIR* last week, was just the beginning of a process which culminated March 31 with the National Executive Committee of the PMDB, which won 80% of the vote in November, declaring the party's total support for the government's debt policy.

The PMDB declaration (below) offers statistical proof of its assertion that the creditors are giving worse treatment to the two-year-old democracy than they did to the military regime which preceded it. It observes that Brazil's net capital outflow under democracy is 5% of Gross National Product, double that which the Weimar republic paid in reparations in the years leading up to Hitler's putsch.

The party's first secretary, Deputy Euclides Scalco, inserted into the document the PMDB's opposition to the "solution" of trading debt paper for equity ownership of Brazilian companies, first proposed by Henry Kissinger and now favored by forces inside the government, including the number-two man in the foreign ministry Rubens Ricupero, and the ambassador to Washington, Marcilio Marques Moreira. Scalco explains that foreign investors have brought in \$20 billion during the entire history of Brazil. If \$5 billion in unpaid interest were capitalized inside the country each year, Brazilian industry would be denationalized in a mere three years.

As noted in the PMDB declaration, party president Ulysses Guimarães has advocated debt moratorium since August 1983. The party's position is not new, but its reaffirmation in 1987 was vital to bolster Finance Minister Funaro.

Industrialists back Funaro

The biggest surprise for those financiers who had calculated and plotted Funaro's downfall was the total support for "the vigorous and mature position taken by the government in negotiating the foreign debt," granted by the most authoritative representative body of the industrial sector. During a March 31 meeting in Campo Grande, Mato Grosso del Sur, the 22 state presidents of the National Confederation of Industries (CNI) unanimously agreed that Brazil could not accept a recession, and that Brazil must continue to grow by 5-7% annually, as proposed by Funaro.

The industrialists were forced to come to grips with the fact that no debtor country has been allowed to renegotiate its debts without the bankers imposing reductions of production, consumption, and investment. "The IMF proposal calls for orthodox, and therefore recessionary, measures; Brazil cannot take that risk," the CNI president, Sen. Albano Franco, stated. He said the CNI's support for Funaro's debt policy was "to reaffirm the position of the industrial entrepreneur against foreign pressures and for the firm defense of national sovereignty and the real interests of the people."

He added, as a rejoinder to the "businessmen" who have provided grist for the bankers' press mills to grind out stories about industrialists wanting Brazil to retreat, "Once again we see people defending giving up control of our economy. And we know from painful recent experience that the prescriptions of those outside our internal reality usually make the illness worse, generating recession and unemployment."

Finance Minister Funaro welcomed the support from the PMDB, the industrialists' confederation, and a similar message from the governors of Brazil's southern states. Funaro said that such statements "are very important, because the renegotiation of the Brazilian foreign debt is not a government's or a president's problem, but the nation's."

Until both parties agreed to unite around Brazil's debt fight, they were locked in savage conflict and recrimination, leading banker organs such as *Jornal do Brasil* to proclaim

that the political alliance on which Sarney's government rested was dead. The very day in which all sane forces in the country united in support of Brazil's international position, a new alliance between the PMDB and PFL suddenly emerged in the Constituent Assembly, which will finally be able to get to its job of writing a new constitution for a democratic Brazil.

With Sarney appearing to lack a political base, Brazil's bankers and communist union leaders teamed up March 24 to close banks in the country for six banking days, the longest bank strike since the chaotic days of 1964. The strike evoked images of chaos and played into the coup scenarios advocated by the *New York Times* on March 20.

A joint statement by the commanders of the army, navy, and air force on the anniversary of the 1964 coup contrasted: "On the eve of March 31, 1964, the Nation was covered with shadows, dangers and threats. On March 31, 1987, we live freely in a new time of peace, hope, and reconstruction." Many regional troop commanders said strikes were just a normal part of democracy and required no military intervention. Air Force commander, Brigadier Otávio Moreira Lima, joked March 31, "If there is a coup under way, as some foreign newspapers say, I haven't heard about it yet." The bank strike suddenly dissipated.

Any illusions which Wall Street entertained, from reading its own *Journal*, that Funaro was an outcast and Sarney was about to be cast out, have now been shattered. They had planned on breaking Brazil's will to resist within weeks and imposing draconian conditions. Now, they will face Brazil's debt negotiators knowing they have a nation behind them.

Some bankers, faced with this reality, simply opted to postpone a frontal assault. Others, like Morgan Guaranty, are trying to provoke a radicalization of the situation. From what can be seen here in Brazil, that will only generate a larger wave of nationalism in the country. Long-term *EIR* readers may recall that it was Morgan vice president Tony Gebauer, a pudgy dwarf in cigar and suspenders, who served as creditor coordinator and Brazil overlord during the 1983 debt crisis. Gebauer succeeded in rolling ex-Planning Minister Delfim Netto around; but Gebauer is now in jail in New Jersey for stealing \$6 million in flight capital entrusted to Morgan by rich Brazilian friends of the IMF.

Documentation

The National Executive Committee of Brazil's majority party, the Brazilian Democratic Movement Party (PMDB), gave total support to Brazil's moratorium at their March 31 meet-

ing. Excerpts from their document follow:

. . . At the end of the military regime, in the two years of 1983 and 1984 . . . Brazil transferred abroad \$9.8 billion, while in 1985 and 1986, it had to transfer \$24.1 billion, which is a 145.9% increase. The resource drain rose to more than 5% of the Gross National Product, a level never before seen in international relations, since that is double the percentage Germany was condemned to transfer from 1925 to 1932 on account of reparations, after the First World War.

There is thus no basis for questioning the firm conduct of the negotiations on the foreign debt, and, in particular, the work of Minister Dilson Funaro, who had the courage to propose the suspension of interest payments on the debt. The current problems were to a large degree provoked by foreign maneuvers, with the objective of obliging Brazil to give in once again to the interest of the international financial community.

Those pressures were unleashed at the moment the government of democratic transition was inaugurated [in 1985], as proven by the statistics. . . .

By means of the debt, the industrialized nations came to control the development process of the debtors, by unilaterally imposing the interest rates. . . . The PMDB view was first expressed by its president Ulysses Guimarães in August 1983, in his "Travessia" speech. In it, on ruling out the path of submission to the IMF, president Ulysses Guimarães stated, in the name of the country's interest, that the government should declare a moratorium. After reminding us that the creditors increased interest rates from 6% to 21% unilaterally, the PMDB president insisted that "it is now up to the country to, also unilaterally, tell the creditors what conditions would make possible the payment of the debt without irreparable damage to the country's economic growth. . . ."

The PMDB, committed to those postulates, supported from the state the decision of president José Sarney and minister Dilson Funaro to declare a moratorium and reiterates its total political support for them to carry the process to its ultimate consequences.

This political support for President Sarney comes from all sectors of the party. From its leaders, its governors, its congressional delegations, and its members. United with the workers, businessmen, soldiers, students, churches, and the entire Brazilian nation, we reiterate that there is no turning back on the path of dignity. The price of unconditional surrender is implicit in the preaching of those who desire a return to the IMF, and, at the same time bray against recession, forgetting that the Fund's policy is recession.

We have two roads ahead. One is recession by the route of submission to maneuvers and foreign pressures, also articulated by the domestic allies of the international financial community. The other is a hard road which leads to independence. By taking it, we will be fulfilling our duty to bequeath future generations the right to use the fruits of our labor.

Integration in action

García's trip to Mexico was an important step forward in the process of continental integration.

Peru's President Alan García described the \$250 million economic and technical cooperation pact just agreed to with Mexico as "a beautiful example of economic linkage." The agreement, signed March 26 by, among others, the national directors of Petroleos Mexicanos (Pemex) and PetroPeru, will provide the Mexican expertise required to develop Peru's newly discovered oil and natural gas resources, which will give the Andean country an economic boost.

The pact, announced just hours after release of the joint communiqué by the two heads of state, was like a cold shower on those international bankers who had sought until the very last to sabotage the García trip to Mexico, and—failing that—to promote "differences" between the two Presidents, a scenario which President García himself denounced during a press conference outside the Mexican President's Los Pinos residence.

The joint communiqué left no doubt that it was the manifest political will of the two heads of state to give concrete substance to the process of economically integrating all of Spanish- and Portuguese-speaking Ibero-America, starting with that most "political" of all natural resources, oil. The Presidents of Mexico and Peru established in their joint statement that "the foreign debt is one of the main obstacles to the growth of the countries of Latin America," and reaffirmed their commitment to meet those debts "but first assuring the priority right of our people to economic and

social development."

García and de la Madrid also declared, "Today, the mandate to form a community of nations" is more imperative than ever, and therefore it were "indispensable to agree to new phases of coordination to accelerate the integration of the national economies . . . that would allow the region to face the problems which overwhelm them."

In February of this year, Mexico had signed an agreement with Argentina to construct a part of the gas pipeline from Loma de la Lata to Bahía Blanca to Buenos Aires, at a total cost of \$500 million. Of this amount, \$200 million will be financed by Mexican institutions through a counter-trade mechanism, whereby Argentina would pay for these "soft credits" with industrial products. The novelty of the agreement is that Mexico for the first time in recent history has gone beyond the monetarist bounds of only carrying out commercial transactions with other countries willing to use dollars as their currency of trade.

During a press conference given by Alan García upon his return from Mexico, the Peruvian leader announced the financial and technical cooperation of Mexico in the \$26 million construction of the Aguaytia-Pucallpan gas pipeline, and a cryogenic treatment plant; Mexico offered another \$38 million for the repair and expansion of Peru's Talara refinery. Another \$25 million was offered by the Mexicans for the purchase of capital goods needed for the secondary

recovery of petroleum in northern Peru.

PetroPeru's president Jaysuno Abramovich, explained that negotiations are already under way with Pemex for the formation of a binational consortium for investing in oil exploration and exploitation in the Peruvian jungle. Pemex, said Abramovich, is prepared to assume the construction and financing of a gas pipeline that would have to be constructed from the recently discovered vast gas reserves in Ucayali department.

Further, the PetroPeru director announced that Mexican refinery experts had already arrived in Peru, prepared to remain as long as necessary while PetroPeru deploys a team of specialists to Mexico.

Other agreements detailed by President Alan García involve Peru sending 30 thousand tons of unrefined copper to two Mexican refineries, representing for his country an additional \$12 million profit that would allow "placing the mineral on the international market with added value." There is also an agreement for a \$6 million exchange of raw Peruvian iron for Mexican-produced iron bars, and for a pact to increase Peruvian exports to Mexico from \$4 to \$40 million.

García further announced that the Bank of Mexico would open a credit line of \$50 million that would allow Peru to import products it currently purchases for cash from other countries; that Mexico will sell Peru equipment for highway construction; and that there will be increased cooperation in the field of agriculture.

Last but not least, García announced that a "cultural integration effort" would be undertaken with Mexico, so that Peru could benefit from Mexico's publishing expertise, in particular for the mass printing of school and university texts and "to give a major boost to our public libraries."

Colombia debt fears surface

The collapse of basic infrastructure accelerates as fears of an unpayable debt begin to emerge.

The comptroller general's report on Colombian finances for the month of February included a severe warning that the national economy was at "a crossroads" regarding its foreign debt. With nearly \$2.5 billion in debt payments due this year, and faced with the consequences of a dramatic decline in coffee prices—the result of the collapse of the World Coffee Pact—the Colombian government has no other choice but to seek new credits, fast. This from the official who only weeks earlier had warned that the country had to stop sinking itself deeper in debt.

The comptroller's warnings come at a moment when whole chunks of national infrastructure are threatened with collapse, due to lack of financing. The World Bank announced an indefinite suspension of a \$50 million credit to the state-owned railroad company, which paralyzes the purchase of urgently needed new equipment that had been negotiated back in February.

The daily newspaper *El Tiempo* cynically editorialized: "The company's deficit will increase at an accelerating pace every 24 hours, and its recovery will fail, such that it would be easier for the nation to shut down its railroads and keep them in bankruptcy."

The government's National Council of Economic and Social Policy is designing an emergency finance program for the state's nearly bankrupt electricity company, due to lack of an anticipated \$1.3 billion credit for the sector. For servicing the company's

debt this year, \$230 million are required.

Agriculture Minister Parra Buzán told a Latin American-wide forum on agricultural policy March 27 that the continent's difficulties in meeting debt service payments are directly due to deterioration of world prices for its major export products. "A one cent decline per pound [of coffee] on the world market means a loss of \$80 million in the annual income of coffee producers," said the minister, who noted that the fall of export prices was accompanied by a simultaneous increase in interest rates globally.

Comptroller González pointed out in his official statement that the foreign debt has reached unmanageable levels. He reported that total debt service accounted for 26.3% of the GNP in 1970-72, but now represented more than 40%; debt service in that same period went from 24.1% of export income to 36.5%.

As serious is the fact that the composition of the debt has dramatically changed. While in 1970, commercial banks held only 3% of the nation's foreign debt, by 1983 that figure was 44% and rising in inverse proportion to loans from such international development banks as the IDB, World Bank, and Eximbank.

Without new credits, said González, Colombia simply cannot meet its debt obligations. As to its chances of getting those new credits, he observed that "the fact that an economy of the importance of Brazil's could temporarily break the continuity of its payments, constitutes a warning that could

lead the commercial banks to reduce their risk levels in Ibero-America."

González further pointed to the U.S.'s position at the recent Inter-American Development Bank meeting in Miami, where it (unsuccessfully) sought veto power against the Latin American bloc, as proof of growing creditor anxiety surrounding debt refinancing. He might also have pointed to the "model" Mexican refinancing package, which is currently at a standstill for lack of a creditor consensus.

Without new credits, said González, Colombia's reserves will fall to dangerous levels, causing "new import restrictions." In fact, according to a March 27 statement of Finance Minister Gaviria Trujillo, the government is already preparing changes in the official import plan, to bring it more into accordance with "the behavior of the balance of payments." Gaviria's statement contradicts cabinet-level pledges from one week earlier, that current import levels would be protected.

Colombia is indeed at a crossroads. It can either go the Mexican route of keeping the payment myth alive through a never-ending recycling of paper, or it can take the Brazil/Peru path of "life before debt." The opposition Conservative Party has already urged going to the creditors for a renegotiation of the foreign debt. But at least one prominent Conservative figure, Augusto Ramírez Ocampo, has called for a Peruvian-style solution.

In a radio interview March 24, the foreign minister under former President Belisario Betancur urged that a new debtors' summit be held to determine what percentage of export earnings should be allocated for debt payments. He emphasized that debtors should pay their debts in proportion to how much of their export products are purchased by creditor nations, and at improved prices.

Not-so-strange bedfellows

Citibank has forged an alliance with Brazil's ultra-left to try to force the overthrow of pro-moratorium Sarney.

To carry out his threats to "sink" Brazil for having dared to declare a debt moratorium, Citibank president John Reed, in alliance with the *New York Times*, has taken up the slogans of the pro-terrorist ultra-left in Brazil to demand direct elections by November.

In an interview in the April 1 edition of *Veja* magazine, Reed provocatively challenges the "legitimacy" of President José Sarney: "I don't know how the United States, which has a longer history of democracy than Brazil, would react to a President-elect who was unable to take office, leaving a Vice President from another party. . . . It would be difficult. I think there would be tremendous pressure for new elections."

The *New York Times*, similarly, stated in its March 20 editorial that Sarney "is a President with no mandate for making and enforcing tough decisions. He feels continually compelled to adopt populist economic approaches."

Before banker Reed advocated direct elections on the grounds of Sarney's lack of "legitimacy," the ultra-left apparatus inside Brazil had already been preparing the terrain for the same type of demands, but the Citibank-communist alliance only became evident when they joined forces against the moratoria. Ex-President General João Figueiredo joined the alliance in questioning the legitimacy of his successor and attacking the debt moratorium. Figueiredo argues with such passion that some political cir-

cles think he will marry (politically, of course) the ex-governor of Rio de Janeiro Leonel Brizola, an ally of Willy Brandt and the Socialist International.

Brizola responded to the moratorium declaration by running to meet with U.S. ambassador and professional coup-maker, Harry Schlaudeman; they surely renewed the old deals between Brizola and the State Department socialists who protected Brizola when he was an exile in the United States under Jimmy Carter's "human rights" farce. The *New York Times* gave the green light for Brizola's direct elections campaign.

Anti-integration forces around the continent are also hopefully predicting Sarney's decline. Exemplary is the Colombian daily *El Tiempo*, politically associated with one of Project Democracy's favorite ex-presidents Alfonso López Michelsen, which editorialized March 31, "The failure of the economic policy of the current [Brazilian] government has brought to public light the danger of a return to military governments of a more or less totalitarian nature."

An important part of the destabilizing machinery inside Brazil are "liberation theologians," and adulators of Fidel Castro, Leonardo Boff, Frei Betto, and Sao Paulo's cardinal, Evaristo Arns, the controllers of the Workers Party (PT) headed by Lula and his anarcho-syndicalist labor confederation, the CUT. The Brazilian CUT (Unified Workers Central) is responsible for manipulating the current strike

wave with the acquiescence of the Brazilian agents of Project Democracy's American Institute for Free Labor Development (AIFLD).

The entire gamut of forces involved is really the modern replay of the old Bukharinite network which joined the State Department in the 1930s, under the leadership of Communist Party, U.S.A. agent and AIFLD founder Jay Lovestone.

This network attempted two coups against nationalist Brazilian president Getulio Vargas: the 1935 "Communist Putsch" and the 1938 "Integralist Group." Luis Carlos Prestes, now a member of Brizola's party, was until recently the head of the pro-Moscow Brazilian Communist Party. He reappeared in public March 30 to praise the CUT strike and Gorbachov. He was the agent deployed by the Comintern to organize the 1935 communist coup. Prestes was recruited to the Comintern by Bukharinite agent Ernest Ewert, a German and one of the direct protagonists of the coup. Ewert was also a link between Bukharin, Stalin, and Lovestone.

The integralist side served as the political training ground for those who are today the champions of "liberation theology," Dom Helder Camara, later known as the "red bishop," and synarchists such as Leonardo Boff.

The two networks have since merged into one "Nazi-Communist" one. As in the days of Vargas, the operation is oriented toward preventing the government from taking mercantilist economic measures which would finish off the power of usury and assure that Brazil becomes an economic power.

If the destabilization is successful, it will result in a civil war which would turn Brazil into a big Nicaragua. This is what Reed and company, and the "Project Democracy" networks are promoting.

Soybean trade war looms

A dangerous stage show is shaping up between the United States and Europe, and only the food cartels stand to gain.

On April 1, the same day that Prime Minister Jacques Chirac returned to France from his visit to Washington, he announced that he would urge European Commission President Jacques Delors to send a team of European farm policy experts to the United States fast. French officials reported that Chirac felt the U.S. legislators he met with did not understand his explanations of how the proposed EC tariff on vegetable oil imports was not aimed at harming U.S. farmers. During his three-day visit to Washington, trade and protectionism were among the most publicized topics. A "soybean war" is on the horizon.

A few events of recent weeks reveal what a dangerous stage show is in the making. The authors of the drama are the export cartel companies—Archer-Daniels-Midland, Cargill, and others—which have no qualms about political splits created within NATO over needless trade disputes. Here are some of the essential facts.

First, the international food cartel exporters have been positioning themselves to get their hands on *free* U.S. soybean stocks, so they can profit from any soybean sales they can dump on Europe, or anywhere else for that matter.

Earlier this year, an unprecedented policy was announced by the U.S. Department of Agriculture. The American Soybean Association is to receive a free government grant in the form of millions of dollars worth of "generic crop certificates," which can

be redeemed for soybeans from government-held stocks. The government acquires beans from stocks used by farmers as collateral, then forfeited for loan payments.

The rationalization for this giveaway, is to "promote sales of U.S. soybeans." However, who brokers and ships soybean exports? Not the farmer, nor the independent broker or shipping firm. They have been all iced out of the international food trade since approximately 1973, after Henry Kissinger's grain and shipping accord with Moscow paved the way to eliminate traders not connected to the cartel.

The American Soybean Association will turn to its member companies, like the soybean giant Archer-Daniels-Midland, to conduct the export of beans at discount prices. Six European countries are reportedly already lined up to acquire these supplies. The name of this kind of hand-out to the cartel companies is "export enhancement."

Congress has looked the other way on this scandal, and, instead, questioned Chirac on why the EC would place a tax on incoming soybeans. On April 1, Chirac attempted to justify the tariff by pointing to EC plans to remove subsidies of oilseed production. But Congress was not prepared to be convinced of anything. Many were briefed by the grain cartel export lobby on the "political need" to appear belligerent toward Europe.

Chirac's argument is weak in its own right, because in reality farmers

in Western Europe, as in the world over, need to receive production-promoting programs, not penalties. Congressmen are saying that if the EC taxes soybean imports, then Europeans will stop using formerly cheap margarine, and use some of their own "butter mountain." But the food stocks statistics show that both more oilseeds and more animal fats are needed to provide the food products necessary for improved nutrition around the world. If the IMF system of currencies and trade terms were replaced with a proper monetary agency, more food production, not less, could be fostered.

All signs point to a soybean shortage building up in the United States right now. Farmers in the big Midwest soybean states report a low percentage of beans remaining in on-farm storage for this time of year. That is why the USDA gave the cartels *free access* to government-held soybean stocks. There is a total estimated national soybean stock of 2.26 billion bushels, including 635 million bushels on farms, and 749 million bushels off farms.

Farmers also report a problem in acquiring soybean seed stocks. A group of farmers did a survey of availability by calling seed dealers, and asking to obtain enough seed, of one variety and quality, for 1,000 acres. Most dealers laughed, and said the only way they could handle this was to get some payment up front, and take a couple of weeks to obtain the supplies.

Last year's bad weather accounts for much of this tight supply. There is always the possibility of adverse weather again this year; yet the USDA is doing everything to impose the cartel-supported policy of food cutbacks. According to the March 31 USDA report, soybean plantings will be down this year from last by 7%, for a projected total of 56.9 million acres. This is the smallest planting since 50.3 million acres in 1976.

Fighting AIDS: a Pasteurian approach

by Laurent Rosenfeld

At a public workshop on AIDS on March 26 in Paris sponsored by the Schiller Institute and the Fusion Energy Foundation, Professor André Dodin, tropical medicine and cholera expert at the Pasteur Institute, warned of the out-of-control disease matrix in Africa. The spread of AIDS in Africa intersects transmission of other tropical diseases. He underscored that most of these diseases could be wiped out with minimal public health investments, namely, the access of the population to potable water and the elimination of insects and pests.

Eighty very concerned persons attended the meeting, including diplomats, medical journalists, representatives of biological laboratories, medical societies, insurance companies, military officers, and others.

Garance Upham-Phau opened the discussion by focusing on the epidemiological and medical tradition of François Rabelais, Louis Pasteur, and Charles Nicolle which is required to defeat this deadly disease.

Dr. Jonathan Tennenbaum then presented computer models on the spread of AIDS, especially on the way AIDS propagates from the so-called high-risk groups to the overall population. Professor Mathé, a world-famous cancer expert, discussed the role of various co-factors in the onset of AIDS—stressing that the virus could not be found in many people suffering from AIDS, and that many people having the virus do not have AIDS.

In the afternoon, Dr. Rolf Pauls from West Germany, a medical expert for the EIR Biological Holocaust Task Force, reviewed the measures recently adopted by the Bavarian state government against AIDS, showing that they are the minimum that ought to be done elsewhere. Tennenbaum presented the required revolution in medical research, especially in optical biophysics, and Jacques Cheminade, chairman of the Schiller Institute in France, concluded on the economic and public health measures necessary to fight epidemics in the Third World.

Not a 'venereal' disease

But perhaps the most lively discussion came in the morning, after remarks by Dr. John Seale, member of the Royal Society of Medicine of London, on the "condom campaigns" run in most countries. He stressed that while AIDS can probably be transmitted in sexual intercourse, like many diseases, it has not been proven to be a venereal disease, i.e., a disease

that is transmitted only, or at least primarily, through contacts with contaminated genital secretions. Dr. Seale ridiculed the idea of such a condom campaign when it has not even been determined whether AIDS is primarily transmitted through the semen. In fact, he said, the HIV virus was only found in two instances in T4 cells present in the semen, but not in the sperm cells or as cell-free virions—whereas it has been found in rather large quantities in saliva.

Therefore, he said, it may be that AIDS is transmitted during sexual intercourse by exchange of saliva, which would make condom use utterly ridiculous. As an evidence of incoherence by the British medical authorities, he gave the example of a leaflet distributed to more than 20 million British households, in which it was written that AIDS cannot be transmitted by saliva exchanged during "French kisses," but on the next page, it is advised not to share the same toothbrush with a suspected AIDS carrier! It may also be, he said, that AIDS is transmitted through sweat, which is usually abundant during sexual relations; in that case, he concluded, instead of condoms, people may have to end up wearing wet suits, including goggles and flippers.

Various people in the room could hardly believe that the presence of AIDS in semen had been so little studied, and claimed that the studies must have been done. In a private scientific seminar the following day, various virologists and other specialists present had to admit that they could not remember any scientific paper proving the presence of HIV in semen, much less giving its titer (amount), but that it had only been admitted as "common knowledge" without any hard evidence.

Several of the physicians involved in this discussion hinted that, in all cases, the virus could come from blood: Blood cells permeate through the prostate and could be the cause of the two instances of infected T4 cells found in the semen; this is especially the case for homosexual or promiscuous people, people having a large number of sexual contacts, in whom the prostate becomes irritated so much that the semen contains many blood cells, to the point of becoming pink or even red.

The same goes for saliva, since the mouth often contains blood (after tooth brushing, for example), for vaginal secretions which often contain sizable quantities of blood (not only during menstruation), and for the lower intestinal tract of people practicing anal intercourse which, one gastroenterologist reported, is often literally dripping with blood.

Interestingly, the French AIDS "pope," Dr. Luc Montagnier of the Pasteur Institute, indirectly vindicated Dr. Seale's long campaign on the saliva issue. Montagnier advised, in an interview with *Paris-Match* April 3: "Avoid sharing the same toothbrush, the same razor and also avoid exchange of saliva, such as the French kiss," to avoid contamination. Montagnier also confirmed Seale's claim that while the HIV virus has been found in T4 cells present in the semen, *it has not been found in the spermatozoons, i.e., the sperm cells.*

A new tool to eradicate malaria

by Marsha Freeman

If the United States does not succeed in destroying its Earth remote sensing technology system (Landsat), the world will soon have a powerful new weapon in the fight against insect-borne diseases.

A team of specialists in remote sensing at the NASA Ames Research Center, led by project chief Paul Sebesta, is developing a model to track the migration of malaria-carrying mosquitos, using satellite data from Earth orbit. By knowing in detail the ecological niche of many of the more than 85 species of mosquitos that carry malaria, scientists will be able to predict the likely path of spread of the disease, and begin pesticide, water drainage, and other eradication programs before the insects arrive.

According to the World Health Organization, malaria afflicts more than 250 million people worldwide. According to Sebesta, Ames became involved in this project when people there looked at the increase in malaria cases, and found them "alarming." "Many governments have dropped their malaria control programs," he said, "because of limited incomes, and other priorities. It's all political."

Remote sensing data have already been demonstrated to be useful for mapping the areas in Africa where the spread of locusts could be determined by water availability. The National Oceanographic and Atmospheric Administration (NOAA) data show where the locusts are likely to hatch, and where they will go next to find food. Knowing the precise requirements of the insects can lead to preventive measures, and the saving of crops, livestock, and lives.

In addition, scientists have used data from U.S. meteorological satellites to conduct surveillance activities in Kenya for Rift Valley Fever. A 31-month study in 1982 provided data which correlated rainfall followed by flooding, with the proliferation of breeding habitats for Rift Valley Fever-carrying mosquitos.

Developing the model

The Landsat system of remote sensing satellites can not see the insects, but can monitor the key environmental factors which trigger the breeding of malaria-carrying mosquitos. Taking measurements of reflected wavelengths in visible light

and the infrared, the satellite can provide data on rainfall patterns, areas with standing water, irrigation, drainage, temperature, soil characteristics, and general topology. The goal of the program is to ultimately monitor thousands of square miles on a weekly basis, and deliver data within 24-48 hours.

During the first phase of the project, now under way, researchers are studying mosquito breeding patterns in the Sacramento Valley rice fields of California. The insects there do not carry malaria, but are similar to the ones in Mexico, for example, that do. This summer, during the mosquito-breeding season from May to August, Landsat data of California will be analyzed to see how closely the predictive model corresponds to what actually happens on the ground.

From there, the researchers will move to the southwestern oceanic plain of Mexico, near Tapachula in 1988, to test out the remote sensing-based predictive model they have developed. NASA is also considering Costa Rica, Turkey, Pakistan, and China as prime targets for this technology's application.

Next-generation technologies

One of the problems in the quality of Landsat data stems from the fact that neither optical wavelengths nor infrared penetrates clouds. A large portion of Landsat imagery is cloud cover, not the land features the investigator is trying to see.

New wavelengths in the remote sensing field are being developed, however, to overcome this difficulty. This is crucial in the tropics, where clouds and mosquitos are common. New radar instruments, particularly under development for the NASA Magellan mission to Venus (which is always under cloud cover), scheduled for launch in 1989, will be very useful for Earth remote sensing.

Experiments on the Space Shuttle have tested techniques for on-board processing of data, so the pictures of cloud cover could be eliminated on the Landsat satellite itself, and not uselessly transmitted back to Earth.

As well, the space station that NASA and its international partners are trying to have operational by the mid-1990s, will orbit the Earth between 28° North and South latitude, which is precisely the tropical zone with the worst insect-borne diseases. New experimental instruments, as well as operational systems, could be placed on or near the space station, to push forward this vital technology.

Sebesta and the Ames team hope to be able to expand their project geographically, technologically, and also to other insect-borne diseases. These include yellow fever and schistosomiasis, and could also include AIDS, if the insect transmission route is mapped out precisely.

This project should clearly be a top-priority item in the United States and among all other nations, with the timetable accelerated as quickly as the technique can move ahead. But currently the Landsat remote sensing system is in such a state of disarray, it is questionable whether or not it will even exist

over the next few years.

In 1979, the Carter administration made the decision to pull the Landsat system out of the space agency, and put it into the Commerce Department, under the National Oceanographic and Atmospheric Administration. The agency was then ordered to make the operational system "pay for itself" through sale of the data. To attempt to do that, NOAA tripled the price of the satellite data. Sales of the data fell by the same proportion, so the revenue has remained the same.

Closing down Landsat?

To make matters worse, in 1984 President Reagan signed into law the Land Remote-Sensing Commercialization Act. This turned the operating Landsat system over to the private sector, with the promise that the government would continue to fund research and development into new remote sensing technologies, and pay for the construction of two new satellites, which are badly needed.

Every year since then, the portion of the promised \$250 million needed to build Landsat 6 and 7 has been cut out of the budget and put back in, in a tug-of-war between the Office of Management and Budget, and the Congress. Similar penny-pinching has led to cutbacks in NOAA's weather satellite program.

In a 1985 report titled, "Remote Sensing of the Earth from Space: A Program in Crisis," the National Research Council sounded the alarm, stating that the program was "foundering because of limitations placed on federal support."

Earth remote sensing, they stated, is "analogous to census data. The U.S. Census cannot be justified by looking at the revenues generated from the sale of census tapes to the general public," the report states. "It is justified because census data have thousands of uses, permeating all branches of industry, academia, and government, and making definite but unquantifiable contributions to all."

Likewise, the Landsat data are used by industry to find new mineral reserves; by government to plan for economic growth, transportation systems, water development, and other infrastructure; by scientists to study the basic geology, topology and features of the Earth; and now the potential exists to assist medical professionals in eradicating insect-borne diseases, which may include AIDS, according to growing evidence in Africa.

The National Research Council report states that the "value of the program cannot be equated to the revenues derived from direct sales or the fees paid by foreign ground receiving station operators," and that "a private sector operator cannot be relied on to fund and conduct the necessary research."

The March 23 issue of *Aviation Week & Space Technology* quotes Congressman Bill Nelson (D-Fla.), that "Landsat is in its death throes," and recommends that it be "resuscitated by the CIA." A proposal to transfer all weather satellites to the military, to make room in the NOAA budget for the two needed Landsat satellites, is being argued against by the

owner of Landsat, Eosat, which insists that if \$62 million is put back into the FY88 budget for the follow-on satellites, the program can continue.

At the present time, Landsat 5 is the only functioning U.S. remote sensing satellite, and its projected operational lifetime will not carry it to the end of this decade. No user is going to purchase Landsat data, especially when French SPOT remote sensing data are also available, if there is no plan to continue the program, and provide a continuity of information.

The United States pioneered Earth remote sensing technology, starting with the photographs of the planet taken by the astronauts on the Gemini flights of the 1960s, which had agricultural and geological significance. Between 1966 and 1967, five NASA unmanned spacecraft orbited the Moon, to pick out a landing site for the Apollo crews.

The NRC report states, "the instruments used in the Lunar Orbiter were first tested over terrestrial sites that simulated the lunar landscape, and the photographs thus obtained were compared with actual measurements on the ground." Now the United States has competition in the field of remote sensing.

Though the planetary space science program has continued to push the state-of-the-art in sensing technology, the United States is standing at the edge of closing down its operational land remote sensing system.

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The medical aspect of euthanasia

The author, Professor Corrado Manni, is the director of the Institute of Anesthesiology and Intensive Care at the Catholic University of the Sacred Heart in Rome, Italy. He has been president of the Society of International Disaster Medicine since 1982. From 1984 to the present, he has been a member of the Executive Committee of the World Federation Society of Anesthesiologists, and since 1986, a consultant to the Pontifical Health Commission of Vatican City.

The recent presentation of the *European Guide to Medical Ethics* (in January 1987), and its unanimous approval by representatives of the Medical Association of Italy and equivalent organizations from the 12 countries of the European Community, has again brought to everyone's attention the problem of the so-called "passive" euthanasia.

This delicate problem is in fact not dealt with directly in the *European Guide to Medical Ethics*, but indirectly alluded to in Article 12, relative to the care for the dying, in which the following is said:

Medicine carries with it in every circumstance, the unremitting respect for life, the moral autonomy and free choice of the patient. However, the doctor may, in case of incurable disease in terminal phase, limit himself to easing the physical and moral suffering of the patient, providing him with appropriate treatment, and conserving, as much as possible, the quality of the life that is being extinguished.

It is an imperative duty to assist the dying until the end, and to act in such a way to allow him to conserve his dignity.

This article lends itself to multiple interpretations, especially the phrase "however, the doctor may, in the case of an incurable disease in terminal phase, limit himself to easing . . ." which has been rated by some as an invitation to reconsider the viability of passive euthanasia in regard to certain types of patients.

For our part, we interpret the Article not as an invitation to passive euthanasia, but as medical advice to not fall into

certain curative attitudes which may in some fashion lead to a genuinely ruthless therapy, equally censurable. Our interpretation is supported by certain explicit statements in the guide:

"It is the imperative duty to assist the dying until the end . . ." a phrase which clearly excludes any justification whatsoever, of ever leaning toward euthanasia.

In underlining our reservations and our firm opposition to any type of euthanasia whatsoever, we believe that once again the discordant, and at times opposite, interpretations of the cited Article, are to be attributed to an insufficient comprehension of the terms "ruthless therapy," "passive euthanasia," "proportional or disproportional therapy," and "terminal phases of life."

The very definition of the concept of euthanasia is not yet clear; the Declaration of the Sacred Congregation for the Doctrine of the Faith, of the 5 of May, 1980, announces:

By euthanasia is understood an action or omission of such a nature, or intention to cause death, with the aim of eliminating all suffering.

I would like to underline that the document speaks of action, or omission, not euthanasia—passive or active. Even this latter distinction, in fact, though in common usage, is itself not very clear, because in medicine, it is difficult to establish the confines of that which is active from the passive.

Certainly "active" is the behavior of one who suspends therapy aimed at maintaining a vital function; for example, disconnecting mechanical respiratory apparatus with the purpose of interrupting life.

But it is equally "active" to decide to not begin mechanical respiration when this is advisable and indispensable for the survival of the patient.

In practice, when the term "passive euthanasia" is used, it does not seem sufficiently clear whether one is referring to the omission of a valid and necessary therapy, or a disproportionate therapeutic technique.

But abstaining from a disproportionate therapeutic technique is not euthanasia, active or passive; and the judgment

Euthanasia for children proposed in Netherlands

The editors of *EIR* express their categorical opposition to plans for legalizing euthanasia in the Netherlands, which are now far advanced. The Dutch euthanasia guidelines mimic the actions for which Nazi doctors were hanged at Nuremberg after World War II, as war criminals. But today, such "cost-cutting" measures have won "liberal" acquiescence.

On March 30, the Dutch Health Council advised the Netherlands cabinet to change the wording of proposed euthanasia guidelines to allow "terminally ill" children to be killed without parental consent, according to a dispatch from Reuter.

It is advisable, but not mandatory, for doctors to consult parents before performing euthanasia on children, according to the wording of the proposed new law.

A spokesman for the Dutch government said that he could not confirm the accuracy of the Reuter report. But the spokesman, Mr. Robert Haslach, said the Dutch cabinet had requested that the Health Council review all proposals and guidelines for legalized euthanasia that have been submitted to the government, and that this was done March 26.

Euthanasia is now a felony, under articles 293 and 294 of the Dutch Penal Code, he insisted—"just like in the United States."

Already, public officials agree that between 6,000 and 10,000 citizens of the Netherlands are killed with lethal injections in hospitals every year—by doctors. Supposedly, these patients "asked" to die. Physicians report these as "death from natural causes" on the death certificate. If the proposed guidelines are adopted, children aged 1-15 will be able to avail themselves of this privilege.

Last year a Dutch Appeals court sanctioned killing one woman because she "suffered from several mental problems." A liberal Dutch VVD Party member called for the law to include euthanasia for "mental and spiritual illnesses" as well. The Dutch Medical Association recommended in 1986 that 8-year-old children "be allowed to kill themselves or to be killed" should they request it.

In February, the Royal Dutch Pharmacists' Association published a list of the most "efficient" drugs for doctors to use to give their patients a painless death.

regarding the proportionality of the therapy certainly cannot be taken out of the hands of the doctor concerned.

Just for these reasons, we have repeatedly stated that the proponents of euthanasia, even if motivated by sincere humanitarian intentions, have no idea how complex a matter it is to presume to wish to dictate juridical norms in this field.

These difficulties are particularly manifest when, for example, in a specific case, reference is made to a so-called "patient in terminal phase of illness," for whom valid therapies that assure a significant recovery, do not exist, but only therapies that prolong the agony.

The problem can be put in the following terms: Faced with a cancer patient in terminal phase, is it just to practice euthanasia and shorten, with life, also the inevitable suffering; or, resist this temptation and let the disease run its course, limiting ourselves to the use of the palliatives which his condition requires?

There is no doubt that whoever wants to responsibly confront this problem, cannot hide behind agnosticism, nor renounce adopting a code of conduct in accordance with reason. However, to respond to the question cited, it is necessary to take into account the clinical context we are faced with, and the objective situation.

One obligatory consideration is that the evolution of a disease, even in its terminal phases, is generally not gradual, rather it is marked by multiple, acute episodes, one of which becomes the ultimate factor and decisive in death. The image of the cancer patient, tormented by grave suffering, corresponds to the truth, but this suffering derives from other medical complications that accompany the cancer condition. At times it is caused by compression or irritation of a nerve; more often, by intestinal, urinary, pulmonary, and other complications. Faced with a patient who has pain from a specific cause, are we obliged to remove the cause, or are we to let them suffer? If one patient has difficulty urinating, even if he is in a terminal phase, would it be possible to refuse to lend the necessary assistance? And again, faced with a patient afflicted with intestinal occlusion, who vomits and cannot feed himself or keep food down, and asks to have something to relieve his suffering, can we refuse to take into consideration an apposite treatment, even were it merely to relieve the symptoms? If a pulmonary infection breaks out, will it be possible to refrain from administering the suitable drug, only because the patient is not destined to live much longer?

The clinical problem, as concretized in the image of the terminal patient, is the expression of these ineluctable considerations. If a patient is terminal today, and destined to die within a brief period, that is due to the fact that still today, too many aspects of the disease are unknown, and will remain so until the point that our ceaseless efforts cause another chapter in the book of medicine to be written. And it is emphatically not rhetorical to remember that the cure for many illnesses has been found thanks to the efforts to

help the terminally ill.

Moreover, the question of euthanasia does not come up only in regard to those who are afflicted with cancer, but also when it concerns the condition of aging, accompanied by extreme conditions of incompetence.

The senior citizen, still lucid of mind, who must defenselessly watch the loss of the vital organic functions, would he not perhaps prefer a dignified death to this humiliating condition? No one, I believe, apart from the person in question, can give a sincere reply to this question; and it is not to be excluded that some would give an affirmative answer. On the other hand, I would merely observe, that on the subjective plane, it is allowed to all to desire death to put an end to suffering. But is an entirely different problem to want to provoke or favor it. In any case, the duty of society is that of protecting this same "senectus" and to seek for a glimmer of a less drastic prognosis. Certainly, aging can be a matter of extreme gravity—also because it is something from which we cannot flee. Besides, the problem has taken on enormous social proportions, since the progress of medical science, in all its articulation, has so markedly increased the average life span. And this is a curious paradox of our time. The absolute good of promoting life, is accompanied by the growth of specific problems, to which medical science is not equipped to provide a solution.

Faced with a growing number of sick people and their augmented exigencies, our civilization finds itself at a crossroad: Either we favor the strong, securing them the greatest benefits, shunting aside the weak, and letting the final phases of our existence slide into increasingly degraded forms; or we redouble our efforts to attain a different solution to the current problems in health care.

Euthanasia, artificial birth control—achieved by infanticide—and so many other phenomena only made possible by modern life, depend on the choice we make with regard to these two roads. There is, however, an alternative, and that is the choice of solidarity with those who find themselves in the greatest difficulty, such as the sick, the weak, the shunted-aside. This solidarity accompanies the engagement in the task of furthering scientific progress, which will permit finding an actual solution to the chronic illnesses which still today afflict mankind. Unfortunately, those who foresaw fewer medical problems with the prolonging of life, have been proven wrong. It remains, however, true, that most chronic illnesses do not have multiple causes, but the prime cause of all of them is old age. If it is true that a single genetic defect can have multiple consequences, it must also be true that the multiple effects of old age may be modified, without recourse to measures that have no justification whatsoever.

What is needed is a loyal faith in research, and engaging oneself in giving increased support in the direction of research which looms preeminent in biomedical strategy. This has as its objective, not so much the prolonging of life, but more the prevention of the outbreak of innumerable debi-

litating illnesses. Euthanasia is not found in this camp, rather in the camp of surrender.

Life—and this is a consideration which I as a doctor can certainly testify to—is born and affirms itself in the midst of suffering and denial, without that being any reason or justification for killing a human being, who, though he may be conscious, is not in a condition to serenely make decisions about his own person. The concept of euthanasia cannot enter into the task of a doctor, any more than one specializing in intensive care, engaged in so many fronts against death. For him, by his very way of being and thinking, by experience and education received, there is no place for even a passive attitude toward death, even if, naturally, he cannot, and must not, impose therapies which the patient does wish, or refuses to undergo.

When a doctor girds himself to take up the case of incurable patients or those in terminal phases of life, he has in front of him the vision presented by the fact that great conquests of medicine, are often the result of so many battles fought and lost.

These battles, moreover, do not increase—as some people maintain—the suffering of terminal patients. Modern biomedical technology in many cases allows both the prolonging of life and the simultaneous alleviation of suffering.

All we have said induces us to be against "ruthless therapy," but also against "therapeutic abandonment"; we are, instead, in favor of "insistent therapy."

In our judgment, the best political road regarding euthanasia must consist of further plumbing the depths of the phenomena connected with death, in seeking the causes which frequently enter the picture, in confirming the whens and wherefores as the process develops, and finally, the important thing, to put to work all efficacious measures for arresting the process.

Naturally, our activity must correspond to the necessities of our patients.

The suffering which frequently troubles many of those who arrive at terminal stages of their disease, is clearly combatted, not by favoring a serene death, but by having the sick person go on participating in life.

There is no pain that exists today which cannot, be it only partially, be alleviated by analgesics, pharmaceuticals of extraordinary strength, and highly selective techniques can be used against pain with good, and at times optimal, results.

Alleviating pain in these cases is certainly important, as is the imperative of reassuring the patient and ensuring that he closes his existence serenely but spontaneously. In that light, euthanasia is banished from the doctor's purview, because it becomes an absurd practice, that even pain is not capable of justifying.

We do not say that the ill have to live at all costs, but that we do our best so that there be found for them at least a minimal prospect of an existence, through which they can enjoy and suffer the things of this world.

Thailand resists 'privatization' push

by Sophie Tanapura

In the face of growing pressure from the International Monetary Fund and World Bank to privatize state enterprises, the Labor Congress of Thailand and the Thai Trade Union Congress have set up a joint action committee to counter the squeeze. The two unions together represent over 300,000 employees of state enterprises who are in danger of being laid off, if these firms fall into private hands.

At the end of February, the joint labor committee staged a protest rally against privatization plans in front of the National Economic and Social Development Board (NESDB) building, the seat of the key IMF/World Bank-created governmental agency. A seven-page report arguing against the privatization plan, authored by the joint labor committee's economic commission, was recently submitted to Deputy Premier Sontee Boonyachai.

The World Bank has been running the privatization campaign for over five years. One by one, industrialized and developing countries have succumbed. A Merrill Lynch delegation visiting Bangkok in early February praised privatization to the sky. The top investment advisers asserted that privatization of some state enterprises would net funds for Thailand's depleted treasury and add stability to the Prem government. The state enterprises are blamed for 60% of Thailand's overall public sector foreign debt and budgetary shortfall.

To justify the scheme to the public, it is generally publicized that state enterprises are performing poorly because of bad management and corruption of government officials. State enterprises have become the scapegoat for a country's chronic budget deficit, lack of investment capability, and inability to repay its debts.

However, the *EIR* Bangkok office has received a 1985 report on the real state of public enterprises compiled by the prime minister's office, which shatters the cited World Bank arguments. The report shows that state enterprises in 1982 totaled a net profit of 13.06 billion baht, of which 4.86 billion baht went to the government treasury. In 1983, they generated a profit of 15.66 billion, of which 6 billion went to the state. In 1984, the profit margin of Thai state enterprises reached 12.6 billion baht. Needless to say, this report was quickly suppressed.

Precisely because state enterprises are generally far from performing poorly (only 7 out of 67 incur a chronic deficit), they have become targets for privatization. As Andrew Korner, managing director of Merrill Lynch in Asia, put it recently during a visit to Bangkok, "The first privatized company must be high-profiled, well-run, and therefore, profitable to encourage buyers and further privatization." The point of the scheme is to allow the private sector to buy up profitable enterprises dirt cheap and to create a slush fund for the government to repay its foreign debts. Merrill Lynch is especially eyeing the national airline company, THAI International, one of the rare international airlines still registering a profit. Likewise, the Telephone Organization of Thailand is being pressured to privatize the profitable Metropolitan Bangkok sector, leaving the non-performing rural network in the hands of the state company.

Backers of the privatization scheme, notably the World Bank, know full well that they are in for a real deal. A special insider's report of the World Bank admitted that Thai state enterprises are in tip-top financial shape, contrary to general belief. Their revenues increased from the average 12.7% of the Gross Domestic Product during the Fourth Five-Year Plan to 18.2% of the GDP in 1985, at the end of the Fifth Five-Year Plan. Their average deficit of 3.3% of the GDP for the Fourth Plan period dropped to only 1.6% in 1985, and profits were recorded at 10-14.5% of the revenues. On average, self-financing is as high as 35% in 1985.

Debt-for-equity swindle

The "success" of the British example, one of several cases of implementation of the IMF/World Bank privatization schemes since 1980, was flaunted by the visiting Merrill Lynch delegation to Bangkok, which also included Hong Kong-based Merrill Lynch (Asia) chairman M.S. Dobbs-Higginson.

The reality behind the privatization scheme, however, is the international financial institutions' attempt to implement their policy of debt for equity. Governments are being forced to privatize state enterprises in order to repay foreign debts. These enterprises are then usually sold dirt cheap to private representatives of IMF/World Bank interests following devaluation of the national currency advised by those very same international financial institutions. Finally, the new "private" managers are given a free hand in determining the price of public service rendered, according to cost-benefit considerations rather than according to criteria of public utility.

The tug-of-war continues between defenders of the national interest and those representing supranational institutions. Under the Cory Aquino government, whose "legitimacy" is apparently derived from "peoples' power," state enterprises have been liquidated at rock-bottom prices to private persons who turned out to be either relatives of President Cory Aquino or her cronies. The question remains: Are Thailand's state enterprises going to suffer the same fate as those of the Philippines?

What happened to the \$368 billion?

The IMF has a way to deal with the funds "missing" from the world economy: Cook the books!

The following item appeared on March 31 in the British newspaper *The Independent*: "Missing: \$388 billion (or so). If found, please return. And, at the same time: if you ever believed all those financial statistics to be as precise as they sound, now is the chance to be disabused.

"The International Monetary Fund has revealed that, in the first half of the 1980s, \$388 billion of the world's money went missing. Just like that. The world's debits outstripped countries' recorded credits by that amount. The IMF say they know the money has gone. But they add that they do not know how, why or where."

The missing hundreds of billions are not news; they have been a thorn in the IMF's side for years, for two reasons. First, they prove the existence of hundreds of billions of dollars of illegal money flows, which reflect, in large measure, the \$500 billion international narcotics traffic. Second, they show that developing nations have been looted of hundreds of billions of dollars of flight capital, forcing them into the indebtedness that became the pretext for IMF austerity programs.

The news is that an IMF "working party," which worried over the matter for two years, finally released its recommendation: that governments lie about the missing money, to avoid the collapse of the IMF's credibility!

Actually, matters are somewhat worse than the cited figure indicates. The relevant losses from national accounts took the form of *flight capital* and other *illegal funds transfers*, hid-

den in the form of the service accounts, mainly of developing-sector nations. From this vantage point, the missing money on the account of so-called invisible trade comes to \$460 billion during the years 1978-84, as follows:

Year	Missing "invisibles" (billions)
1978	24.7
1979	29.3
1980	49.2
1981	80.6
1982	100.9
1983	78.7
1984	96.4
Total	459.8

Brazil and other debtor nations, which now refuse to pay, point out that only a small part of their debt was accumulated by normal borrowing to finance imports; most was the result of capital flight and related disasters provoked by their bankers, in order to force them into the debt trap. The IMF worries that the missing money proves that the debtor nations are right, and proposes falsification of the data to prevent such embarrassment:

"The global discrepancy, although smaller than in 1982, continues to be large and can *undermine the credibility of experts' analyses of global economic developments. It can also cast doubt on the formulation of appropriate corrective policies.*"

The Fund's recommendation, printed in the March 9 *IMF Survey*, states, "National compilers should be-

gin to use *flexible statistical estimation* where data collection is not feasible."

There is no doubt in anyone's mind that the "discrepancy" reflects flows of dirty money. In the 1986 second edition of the best-selling book on international narcotics traffic, *Dope, Inc.: Boston Bankers and Soviet Commissars*, this writer reported the above facts, noting that a 1983 IMF report "leaves little to the imagination: The origin of the 'statistical discrepancy' is international flight capital and related illegal money flows. The 1983 document states:

"The principal factor accounting for the growth of the world payments asymmetry on current account has been the fairly rapid increase in the negative balance on invisibles. . . . The most readily identifiable part of this large excess of debits over credit is that rooted in the services provided by fleets flying so-called flags of convenience. The payments for services of these fleets are, for the most part, duly recorded in the balance of payments statistics of the countries using such services. The corresponding credits, on the other hand, are typically not entered in any country's balance of payments, that is, they enter the banking system illegally."

The present working-party report is somewhat less expurgated than the 1983 paper, admitting that the missing money was filtered through offshore banks: "The working party found that the newer offshore centers complicate the tracing of funds, thus complicating the measurement of capital flows and related income streams."

Shut down both the International Monetary Fund, and the offshore banks which conspire with it to loot national economies, and the statisticians will have no problem at all accounting for capital flows.

Is there a gold glut?

Contrary to the London Economist's mythologies, more gold production will be needed if international trade is to expand.

The London *Economist* of March 28 warned of an international gold glut, predicting that production will achieve the unprecedented level of 2,000 tons at the end of the century, compared to this year's already unprecedented 1,375 tons. By comparison, only 700 tons a year were mined in the years immediately following World War II.

What the *Economist* points out is by no means irrelevant: "Despairing of an upturn in the price of tin, copper, zinc, and so on, the big international mining companies are turning their attention instead to gold production. . . . The risk for the market is not of scarcity but of so much more of the stuff being mined that gold would begin to lose its rarity value. . . . Gold production is also soaring in some of the developing countries that are shunned by the big mining companies. Peasants digging their own tiny claims have helped Brazil to double its gold production, to nearly 75 tons a year, since 1981. The dangerous honeycombs of mines they create (in Bolivia and Peru as well as Brazil) recover on average only about 30% of the gold available."

One could continue in the same vein, citing the effectiveness of technologies now in the workshop stage, upon limitless amounts of gold-bearing sands in the American West, or, indeed, the implications for refining of direct-reduction metallurgy (through thermonuclear fusion at scores of thousands of degrees centigrade). Indeed, the mining technolo-

gies now on the horizon, regardless of the current investment programs of the mining cartel, promise to eliminate the term "rarity value," from the economic vocabulary for all time.

Why should that have anything to do with the price of gold?

Like most crystal-ball attempts at predicting the future gold price, the *Economist* piece contains an unstated assumption, that there is some definable amount of "demand" to be correlated against a given "supply." Demand, supposedly, constitutes a combination of dental and industrial needs (a few hundred tons a year), and the marginal desire of holders of paper to hedge portfolios, adjusted for the Soviets' (or South Africans') foreign-exchange requirements for that year, and so forth.

None of that has much bearing upon how the gold market has worked since the pound sterling collapse of 1968, or how it is likely to work in the future.

Let us restrict attention to the dollar price of gold. The American economy has doubled its indebtedness since 1979, to approximately \$9 billion; meanwhile its output of steel has fallen by half, of machine-tools by two-thirds, of automobiles by 20%, of farm equipment by 60%, of nonferrous metals by 65%, and so forth. The backing for such debt in tangible-goods production has fallen sharply, while the debt has doubled; it is a fair guess to say that debt-instruments denominated in dollars are worth a bare one-

third of their 1979 value.

However, the underlying devaluation of the dollar has been masked by a subsidy to the United States by other nations, amounting to 25% of America's annual consumption of new capital goods, and 20% of total goods consumption.

Under the most pleasant circumstances, in which the United States undertakes to pay for its goods in hard currency (rather than the IOUs whose dubious value was tested on the disastrous markets at the end of March), would presume a massive devaluation of the American currency, to a hard, i.e., gold-backed value, of no less than \$700 per ounce of gold, and perhaps considerably more.

Under the worst of circumstances, in which holders of American IOUs (e.g., Japan) sought to cash them in for something valuable, the dollar's value in terms of gold would become singular, and there would be no ceiling to the gold price (e.g., if the Japanese cash in \$100 billion of Treasury securities, U.S. banks and savings institutions collapse, and the Federal Reserve prints limitless amounts of money to bail them out).

Assuming that humanity employs gold for sane purposes, under the first alternative, in which the United States rebuilds its industry to back its internal debt, and drastically increases exports to back its foreign debts, more gold will be needed, as a reserve-base of international trade. Even to return to the growth-rates of international trade of the mid-1970s, would require annual growth of 20%; much more is, in fact, required. The *Economist's* supposed scare-number of 2,000 tons' annual production in the year 2000, bespeaks an annual growth rate of less than 4%. In fact, new technologies would have to be introduced much faster, to meet increased demand for central bank gold reserves.

So much for respectable names

There are a lot of interesting names, and some strategic importance, in Giuliani's latest catch of Wall Street crooks.

The U.S. Attorney for New York's Southern District, Rudolph W. Giuliani became a leading figure in world monetary policy in the week of March 21-27, when New York banker Charles Atkins was indicted for tax fraud, and former Treasury Secretary Robert B. Anderson pleaded guilty to tax evasion and related crimes.

Giuliani, who is prosecuting both cases in New York, is mooted as the next director of the Securities and Exchange Commission. His indictment last year of Ivan Boesky, financier for Israeli "Irangate" gun-running networks, had strategic significance. As Lyndon H. LaRouche, Jr., has pointed out, cleaning up the "junk bond" financial markets is an indispensable precondition for world monetary reform.

The end-of-March catch of crooks had a special significance for the future of the world monetary system, for two reasons. First, Atkins's clients are a different breed of tax cheat: They are members of the financial oligarchy which oversees the pandemonium in which such low creatures as Boesky proliferate.

Second, Atkins's Securities Group, and Robert B. Anderson's Economic Action Council, were the sort of forums through which the financial oligarchy seeks to shape global monetary policy.

That, and not Giuliani's alleged "strong-arm tactics," prompted the *Wall Street Journal's* editors April 1 to plead so desperately against his SEC appointment: "There's an opening for chairman of the SEC. . . . The top prospect? Rudi Giuliani, whom we'd

rank as the most dangerous man in America to put in this particular job. . . . Aggressive prosecutors can be public dangers. . . . [Giuliani is] guilty of letting prosecutorial zeal chill the market."

Atkins's group of tax-scammers included not only Michel David-Weill of Lazard Frères investment bankers, William Salomon of Salomon Brothers, U.S. Postmaster General Preston Tisch, and his brother Laurence Tisch, the boss of CBS, and various Hollywood celebrities including producer Norman Lear.

CBS's Larry Tisch funds the Anti-Defamation League of B'nai B'rith, an organized-crime front masquerading as a Jewish-interest organization.

David-Weill invests the personal fortunes of the Kennedy family, *Washington Post* owner Katharine Graham, and other Establishment families. His own family, although publicity-shy, is "several times richer than the Rothschilds," according to family sources, and traces its ancestry back a thousand years. His "take" from the scam was \$4.4 million.

Meanwhile President Eisenhower's treasury secretary, Robert B. Anderson, pleaded guilty March 26 to tax evasion charges and illegally running an offshore bank. Anderson admitted to evading taxes on \$127,500 in undeclared income—much of which was paid to him for lobbying for Sun Myung Moon's Unification Church. The 77-year-old Anderson faces up to 10 years in jail. Anderson was a principal of the Commercial Exchange Bank and Trust, Ltd. of Anguilla in the West Indies for two years ending

in 1985, during which time the bank conducted operations in New York City but failed to register with state and federal banking authorities. Depositors have lost at least \$4 million.

Giuliani also said that Anderson's name showed up three years ago in an investigation of illegal gun-running to Iran's Ayatollah Khomeini.

Daily press accounts left out one feature of tax-scammer Atkins's role at the Securities Group, the Wall Street firm through which he fleeced the IRS. The economist who invented the so-called Reagan Revolution tax cuts—Arthur Laffer of the Laffer Curve, and his guru Robert Mundell—were on Atkins's payroll. In 1980, Atkins formed an "advisory board" composed of Laffer, Mundell, former Rockefeller economist Eugene Birnbaum, Swiss banker Nicholas Krul, and various other "supply-side economists." A meeting of this "advisory board" in August 1980 issued an expensively printed, pompous encomium on behalf of "supply-side economics."

Tax cheat Anderson also dispensed economic advice to the world, through his Moonie-funded Global Economic Action Institute. In 1983, Anderson organized a "World Conference on Economic and Social Order," where bankers and public officials discussed a bailout of the bankrupt world banking system.

In the fall of 1985, this writer lunched with former Reagan economic adviser Norman A. Bailey. Bailey, who resigned as the President's special assistant for international economics to become former CIA director William Colby's business partner, said: "LaRouche's economics is wonderful, but his name is poison around this town; the moment you mention his name, all the doors close. We have to do something through a *respectable* name—so I am working with Robert B. Anderson."

Business Briefs

Ibero-American Integration

Mexico to help in Peruvian pipeline

An agreement signed March 26 by Pemex director Francisco Rojas and Petroperu president Jaysuno Abramovich, commits Mexico to participate in the construction of hydrocarbon processing facilities, off-shore drilling projects, and 600 kilometers of gas pipeline in Peru. Pemex will also aid in refinery enlargements and other Peruvian projects.

The deal, the first such hydrocarbon cooperation program between the two countries, was signed only hours after the visit to Mexico of Peruvian President Alan García.

On March 20, the Peruvians also signed an agreement with Venezuela. Venezuelan Foreign Relations Minister Simon Alberto Consalvi and Peruvian Foreign Relations Minister Allan Wagner agreed to start negotiations on hydrocarbons and mining, to create a bilateral commission for cooperation, and to meet periodically.

On March 21, Wagner gave a luncheon in Consalvi's honor, where they discussed the debt problem and "solidarity between both countries" on debt matters, although they are negotiating with creditors separately.

International Credit

Philippines signs debt deal; banker indicted

Philippines Finance Minister Jaime Ongpin, who is connected to Meyer Lansky circles in the United States, has finalized a deal with his country's foreign creditors for rescheduling the Philippines' \$27 billion foreign debt. Under the new deal, a full 50% of Philippines export earnings will go to debt service.

The banks got everything they wanted. The deal involves rescheduling payment of \$13.2 billion over 17 years with a 7-year grace period on the principal. The interest rates to be paid are 7/8 of the Libor rate. Ongpin, who expressed unmitigated delight

at the deal, had previously said he would resign if the interest rate went over 5/8 of Libor.

The banks also declared Ongpin's debt-for-equity Philippine Investment Notes (PINs) "optional."

The Ongpin deal "places the Philippines at the mercy of the banks for the next 17 years," charged Grand Alliance for Democracy chairman Vicente Puyat on March 31. Puyat heads up the 24-man senate slate in opposition to President Corazon Aquino in the upcoming elections.

Philippines central bank chief Jobo Fernandez, while in New York as part of the negotiations, learned that an indictment had been handed down against him by the Philippines Supreme Court. He is charged with four counts of graft and corruption.

Fernandez pulled the plug on the Pacific Bank—forcing the bank to close without proper notice—in order to eliminate his competitors. Evidence brought by the Pacific Bank employees' union shows that Jobo has not divested his interests in the Far East Bank and Trust, but retains them through a dummy holding company.

Foreign Debt

Bolivia to use drug aid to buy up debt?

Bolivia is currently in negotiations with its major creditors to buy back its \$900 million in foreign debt, currently selling on the secondary markets at 17 cents on the dollar. Should its creditor banks agree, Bolivia need only come up with \$173 million, which is what the debt is currently worth on these markets.

The proposal was agreed to with Bolivia's creditor bank committee in mid-March, and the country's 300 international bank creditors have been approached for approval of the deal.

The only problem is, where will Bolivia get the \$173 million? According to Central Bank head Javier Nogales, Bolivia hopes to use anti-drug aid from the United States to purchase its debt! The United States is reportedly "studying the proposal" to see whether such a conversion of the aid can be

done under U.S. law. Bolivia would reportedly allocate a comparable figure in pesos to finance the anti-drug effort.

Agriculture

Democrats demand lower food output

Democratic Party radicals called for mandatory food-output reduction in a March 31 hearing in the House Agriculture Committee.

These included: Jim Hightower, Texas Agriculture Commissioner; Minnesota Agriculture Commissioner Jim Nicholls; and the sponsors of a mandatory food reduction bill, Sen. Tom Harkin (D-Iowa) and Rep. Richard Gephardt (D-Mo.). The hearing was part of a series in March dedicated to presenting "concepts" for the farm crisis, but committed to retaining existing laws.

Hot rhetoric was exchanged. House Agriculture Committee Chairman Kika De La Garza (D-Texas) said to Nicholls: "Don't come in and say it isn't working [current export and other laws]." As De La Garza rose to leave, Nicholls replied: "You just come to my state. It isn't working."

The Harkin bill calls for farmers to vote for higher prices and reduced output. He said, "Livestock farmers are addicted to low grain prices . . ." and should "kick the habit."

Middle East

Soviets give Egypt debt relief

Egypt and the Soviet Union have agreed to postpone the repayment of Egypt's debts to the Russians for 25 years. Salah Basyuni, the Egyptian ambassador in Moscow, noted that the negotiations had taken full account of Egypt's current economic circumstances.

The two sides drafted guidelines for a trade agreement and long-term payments, including a list of new commodities for export to the Soviet Union. Basyuni said they

Briefly

agreed to restore certain goods to the list, such as rugs, furniture, and hides.

Egypt also announced that the value of the accounting pound sterling will be increased to encourage Egyptian exports.

Biological Holocaust

Reagan, Chirac agree on AIDS cooperation

President Reagan and French Prime Minister Jacques Chirac announced an agreement March 31 for U.S.-French cooperation in finding a vaccine or cure for AIDS, according to UPI.

Reagan said the agreement covering research, education, and technology exchanges had been reached between the Department of Health and Human Services and the Pasteur Institute, resolving a dispute over patent rights to the AIDS antibody test kit.

"The two medical groups will share the patent and each party will contribute 80% of the royalties received to establish and support an international AIDS Research Foundation," Reagan said. "This foundation which will also raise private funds, will sponsor AIDS-related research, and will donate 25% of the funds they receive to education and research problems in less developed countries. This agreement opens a new era in Franco-American cooperation, allowing France and the United States to join their efforts to control this terrible disease. . . ."

Free Enterprise

Colombian cattle ranches laundering drug money

The Barco government in Colombia has just announced an investigation of the drug-money laundering by dozens of cattle ranches across the country. According to Agriculture Minister Luis Guillermo Para, "The liquidity of the cattle market has unfortunately been used as a mechanism for legalizing capital of suspect origin."

Many of these ranches are located in

areas of guerrilla violence, where the former owners were forced to sell. The new owners, mostly absentee drug traffickers, have established a *modus vivendi* with the areas' terrorist groups.

The cattle raisers themselves have not hesitated to admit to the practice. In a study released by the Corporation of Agricultural and Ranching Studies (CEGA), it is stated that cattle raising in Colombia has climbed out of its depression and attained a miraculous recovery, due in large part "to the emergence of a new kind of large-scale cattle ranching, the product of legalization of capital," i.e., money-laundering.

East-West

Russia proposes 'Euroasian zone'

A "Eurasian economic zone from Gibraltar to Siberia," merging the economic potentials of the European Community and the Warsaw Pact, was proposed by leading spokesmen of the Comecon at a symposium at Hamburg University March 23-24. The symposium was sponsored by Jacques Delors, the president of the European Community, and featured, among its guest speakers from the East, Vyatsheslav Sychiev, the secretary-general of the Comecon. The West German government sent three senior officials to the event.

Other prominent guests were Ryszard Mankiewicz of the Polish foreign trade ministry, Prof. Jürgen Nitz of the Institute of Policy and Economic Studies (East Germany), and Gabor Vertes, the vice-president of the Hungarian National Bank.

Nitz described Russian imperial control over the continent of Europe in terms of a future "all-European economic union," to include high-tech cooperation and technology transfer, joint research in the Eureka project, a continental transport and energy grid, and joint ventures for exports all over the world.

The scheme resembles the historic proposal for a "Eurasian Economic Bloc," originally made by geopolitician Karl Haushofer, one of the "fathers" of the Nazi party, at the beginning of this century.

● **THE TRILATERAL** Commission, holding its annual international meeting beginning March 23, debated a report contending that some debt relief, combined with a new flow of money to the Third World, should be considered. The report was prepared by former presidential adviser Martin Feldstein, French banker Herve de Carmoy, Bank of Tokyo adviser Koei Narusawa, and MIT Prof. Paul Krugman.

● **HEALTH AUTHORITIES** in Venezuela, according to a resolution published in the *Official Gazette* March 23, have established a policy of "obligatory reporting of all cases of persons detected carrying antibodies of the HIV [AIDS] virus, to the relevant health authorities."

● **OTIS BOWEN**, Secretary of Health and Human Services, said March 31 that Medicare benefits would have to be reduced by 13% and contributions increased by 15% over the next 25 years to avoid the bankruptcy of the program. The figures were included in the annual report on trust funds under the Social Security Administration and the Health Care Financing Administration.

● **PETROBRAS**, the Brazilian state oil company, has signed an agreement with Kuwait to import 30,000 barrels of oil per day, with payment due 90 days after shipment and no credit requirements. Brazil had stopped importing Kuwaiti oil in 1983, because Kuwait would not buy Brazilian exports. Petrobras signed another deal for 10,000 barrels a day from the Soviet Union.

● **CROP PLANTINGS** will be down for all crops except oats and cotton, says the Department of Agriculture's March 31 crop report. Estimates of lowered plantings include corn 12%, soybeans 7%, winter wheat 11%, sorghum 23%, and barley 16%. The figures, however, are only based on a survey of farmers.

Choices for the U.S. after the death of Reaganomics

by Chris White

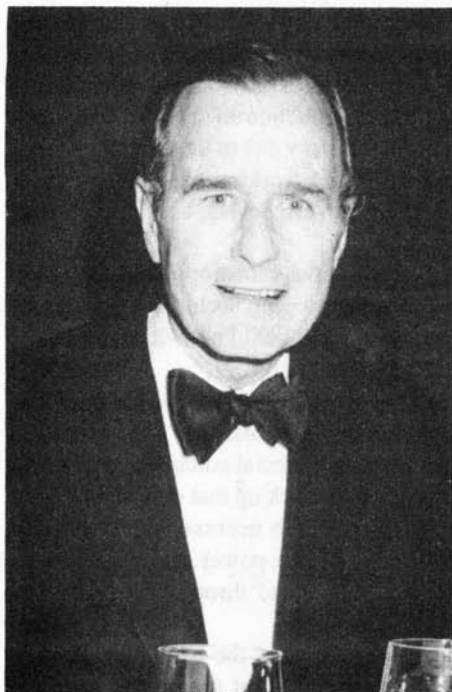
Since Brazil pulled the plug on the bankrupt international financial system on Feb. 20, four tendencies appear to have emerged within the ranks of the present configuration of U.S. policy makers. They are:

- 1) That a financial collapse can be postponed, once again, as it has been before, until after the presidential elections of 1988.
- 2) That collapse is unavoidable, and should be welcomed now, to clear the way for new policies.
- 3) That the New York banks, the only supposedly coherent power in world finance, have the clout to take on the rest of the world and win, provided Paul Volcker prints the money to finance such a war, and that Mikhail Gorbachov agrees to step aside for the duration.
- 4) That a fundamental reorganization of the sort proposed by presidential candidate and economist Lyndon LaRouche must be undertaken now, rather than later.

The first such view is associated with the political aspirations of selected Republican contenders for their party's nomination in 1988, most notably of course, George Bush. It is based on an illusion. Since there is no way anyone associated with the party of Reaganomics, and the depressionary consequences associated with the economic policies covered by that name, will win any election in 1988, never mind the presidency, let's therefore pretend for the interim, these types say, that the real world doesn't exist. This is an attitude which worsens the presently building potentials for financial and economic disaster.

The second is mouthed by political and financial circles typified by the Mellon interests. They no doubt do have utopian racist schemes of what could be done with the world, after \$6-10 trillion of speculative paper and unsecured debt is wiped out. They are still criminally insane.

The third cited view is reported to be that of a faction of the interests associated with the Trilateral Commission. This body held its spring get-together in the AIDS capital of the United States, San Francisco. Henry Kissinger is understood to be the spokesman for the grouping. In this case the New York banks go to war against



Stuart Lewis

Left: George Bush, the man most associated with the illusion that a financial collapse can be postponed until after the 1988 elections. Center: Henry A. Kissinger, principal spokesman for the view that the New York banks can go to war against the world and win. Right: Lyndon LaRouche, who insists that a fundamental reorganization of the financial system must take place now, not later.

Ibero-America and the rest of the developing sector, Western Europe, and Japan and drive them into submission to continued genocidal austerity. Gorbachov, it is presumed, is considered free to pick up whatever pieces of the thus-shattered world economy remain after the confrontations are over. But according to reports, there was no agreement among the participants in the conference on whether to adopt the Kissinger proposal or not; rather there were bitter disputes and recriminations.

Support for the fourth point of view within the United States is strengthened by the political repudiation of the administration's existing economic policies from the majorities of both parties in Congress. The economic policies associated with the so-called Reagan recovery collapsed in the period between June and November of 1986, as the reality of depression hit home inside the United States. That depression reality was what defeated the Republicans in the November elections of 1986, and it is what has fueled successive overrides of presidential vetoes in the new Democratic-majority Congress. The veto overrides are the political burial of the corpse of the policies associated with the so-called recovery.

Clearly, the first purported view, of no account except negative, can be dismissed as dangerously lunatic wishful thinking. The second, motivated by the same insane monetarist outlook which fueled Andrew Mellon's activities in the 1920s, prior to Black Friday 1929, can in practice be assimilated into the third. The proposed confrontation with Ibero-America, and the developing sector, and Europe and Japan, is in fact the fastest route to bring down the proverbial works.

Therefore the line-up within the United States boils down

to LaRouche and his reorganization proposals against the alliance of Trilateralists represented by Kissinger.

Stubborn ignorance

It is to be assumed that the recent provocative stance of the current form of the American administration, is based on a combination of the President's own stubborn ignorance concerning the actual effect of his economic policies, worldwide as well as within the United States, a stubbornness reinforced pathetically by arbitrary assertions of what is supposed to be the power of the presidency, and by the continued influence of the cited grouping of the Trilateral Commission.

This is the political combination which stood behind the failed presidential vetoes of water and highway bills, and which stands behind the confrontationist trade policy reaffirmed against Japan, and simmering within the administration against Western Europe, especially in relation to the question of food production. It is also the faction which stands behind Treasury Secretary Baker's dogged insistence that the United States will not back down one inch in any negotiation with any Third World debtor nation.

It is a faction which asserts that any problem in the real world can be willed out of existence and crushed, by the arbitrary exercise of brutish power, whether by assassination and coup d'état, or by other means including economic warfare. It is a method of statecraft which is self-doomed to extinction, one way or the other, as the successive accelerating eruptions of financial crises since February portend.

Furthermore, if the particular vengeful approach toward Brazil, of banks such as Citibank and Bank of America, two

of the most vulnerable among the largest of the United States banks, is left aside, there is nothing new at all about the policy represented by the Kissinger crowd, and reportedly presented to the Trilateral Commission. It is the same old lunacy which has proven repeatedly to be a failure. It is the policy that was repudiated by the majority of the U.S. electorate in November 1986, and subsequently by the new majority in the Senate and House of Representatives.

Something new, which does function, is obviously required to replace what is being increasingly discredited by the onward march of events. The financial crisis, erupting in London's deregulated capital markets, spilling over against the dollar, against the U.S. stock and bond markets in recent days, is the beginning of the generalized financial crisis warned of by this magazine and its companion publication *EIR Quarterly Economic Report* over the last years.

The physical economy

Those who propose to address that crisis as a financial crisis, however, are doomed to failure and disaster. Physical economic potential, in the form of productive employment and workplaces, has been sacrificed worldwide, in favor of maintaining an increase in the claims of usury and speculation against the declining volume of actual physical wealth produced.

By that rough standard the consequences of the policies insisted on by the opponents of LaRouche will not simply be financial. It has been their intent, openly since the summer of last year, to force Western Europe and Japan to eliminate some portion of their productive capacity that is devoted to United States export markets, and undergo accelerated internal inflation, while increasing what is already in Western Europe, politically intolerable levels of unemployment.

The geniuses who design such schemes no doubt consider that the combination of a self-collapsing United States, together with the threat of Soviet takeover, will be the lever to force the surplus holding nations of Europe and Japan to pile their funds into supporting U.S. government paper, rather than backing production for U.S. export markets. In this scheme the monstrous U.S. trade deficit would be reduced, by the enforced reduction of imports, while the U.S. government deficit could still be financed by inflows of funds from abroad, to prevent the collapse the United States is itself threatening.

Successive efforts were mounted in July and August of 1986, in November, in January of 1987, and again now, as Treasury Secretary Baker repudiated the Paris currency stabilization accords of February, to force especially West Germany and Japan to bow before this approach. The hideous game is played out as the United States encourages its currency to collapse, while Baker, and Volcker over at the Federal Reserve talk about how Germany and Japan have to lower their domestic interest rates, and reflate.

For them, the policy means accelerating internal depression as the export markets, which provide the wealth which

sustains internal economic activity, are shut down. For the United States, it would ensure a rapid rise in unemployment levels, up to the range of 25-30% of the work force, combined with an unparalleled shock reduction of internal consumption, which (government recovery lies to the contrary) is at a level at which one-third of the working-age population, is expected to function below poverty levels, as in the previous depression.

This, on top of the genocidal catastrophe that has been imposed on the so-called developing sector in the name of the same policy. The world order could not withstand such a shock.

LaRouche's solutions were designed, a decade and more ago, to deal precisely with that eventuality.

To reverse the developing financial collapse, new wealth must be generated sufficient to back up that part of the financial system whose survival is both necessary and possible. Only governments dispose of the power and resources to make the required solutions stick, through reversing the downward spiral.

Financially, the indebtedness of the banking system is going to have to be reorganized. That part of the system's liabilities, for example, deposits of individuals, and productive businesses, along with debt which would be performing under conditions of real recovery, must be preserved. Other debts, which would not be viable under any circumstances, will be written off. Better, for obvious reasons of national security, that this be done in an orderly fashion under government control, than by the repellant action of what the fetishists call the "magic of the marketplace." By agreement among governments' international indebtedness can be sorted out according to the same general criteria.

Currency reorganizations, based on pegging the dollar to a gold reserve standard, would accompany such a reorganization of indebtedness.

A reorganized, gold reserve-hardened dollar would permit the extension of credit into the banking system to support bank extensions of credit into prioritized areas of productive economic activity. This will permit idled and unused capacities, both in employment and in terms of plant and equipment, to be put back to use. The objective ought to be to increase productive employment such that the per-capita levels of consumption are doubled, while simultaneously encouraging a flow out of administrative, sales, and parasitical sorts of service employment.

Beyond the implicit backing of prioritized credit, government backing is required in two further areas. The promotion of large-scale infrastructure projects, for the provision of water supplies, transportation grids, and power, projects which are large enough in scope to be beyond the capacities of single corporations or groups of corporations, but on which the healthy growth of a national economy depends. Second, for what LaRouche has called "the science driver" of economic progress.

Since, for the foreseeable future, four principal areas of



1. Reorganize indebtedness of banking system



3. Extend credit to priority areas to re-start production.



2. Peg the dollar to a gold reserve standard.



4. Back infrastructure projects too large for private corporations.

1) Wall Street, with Morgan Guaranty Bank in the foreground (NSIPS/Stuart Lewis). 2) Gold bars hauled into New York Federal Reserve vault (N.Y. Federal Reserve). 3) Last cars off the assembly line at a Ford plant closing in New Jersey in 1980 (NSIPS/Carlos Wesley). 4) The Tenn-Tom Waterway at Aliceville, Alabama, one of the last big U.S. water projects (USDA). 5) Artist's concept of first landing on Mars. When this picture was made in 1969, NASA's goal was to land men on Mars in 1981! (NASA)



5. Make Mars colonization goal "science driver" of economy.

scientific activity—controlled fusion, plasma regimes, optical biophysics, and development of computers toward true parallel processing in the giga-flop range—will delimit achievable technological progress, LaRouche has proposed that the colonization of Mars, by the year 2027, be adopted as the means to force-march develop the potentials of each.

The combined effect of government backing for both large-scale infrastructure projects, and such science-driven, technology-intensive development of industry, would be to create the environment in which the creative contributions of private business could be brought fully into play as rapidly

as possible.

Under these kind of arrangements, the United States could readily absorb 12-15 million productively employed workers; could aim at exporting into markets primarily in the developing sector about \$500 billion worth of production in 1986 prices, or about half of the current volume of world trade; and could support a defense budget of about \$500 billion per year, again in 1986 dollars.

Only a package on such a scale will work. Otherwise there is really no way of stalling, or otherwise averting, the catastrophe that is now being unleashed.

Securitization comes to a timely but horrible end

by David Goldman

What came to an end March 28, with the Reagan administration's announcement of trade war against Japan, was the world banking system's life-after-death, following its actual bankruptcy during the 1982-84 debt crisis. The definitive answer to the often-asked question, "Which sector of the world credit system will collapse first?" is, "All of them at once," thanks to the ingenious methods the bankers employed to disguise their bankruptcy during recent years.

Since the Mexican bank nationalization of August 1982, and the run against Continental Illinois Bank in May 1984—the two signal events of the mid-1980s debt crisis—the banking system has survived through a set of financial practices more reckless than the worst shenanigans of the late 1920s. Collectively, these practices are known as "securitization," and they fall broadly into two categories:

- 1) Substitution of securities-issuance and securities-trading for lending, and
- 2) Substitution of fee-income derived from guarantees, for lending.

Because the banks usually guaranteed the interest- or exchange-rate of a security in which they also traded, both amounted to the same thing: a repetition of the worst speculative excesses of the 1920s, but with a degree of leverage the Wall Street of 1929 never imagined.

Because major banks had on their books, defaulted loans in excess of their shareholders' capital, it is probable that more than their entire reported profits during the 1983-86 period derived from "securitization."

A rough idea of the magnitude of the scam may be imputed from the following piece of data: America's top seven banks, with \$550 billion in assets, accumulated *\$1.4 trillion* in "off-balance-sheet liabilities," i.e., guarantees of all kinds, since 1982. Assuming that the banks' earnings on such guarantees ranged between 1% and 2% of the face amount of the sums guaranteed, their income from "off-balance-sheet activities" during the four years 1983 through 1986 would

amount to \$14-28 billion, comparable to their total dividend payments to shareholders.

What the bankers' trading profits might have been, is hard to estimate, in a market where roughly \$2 trillion in transactions occurs every business day—more than the annual volume of world trade in physical goods. In the foreign exchange market alone (\$300 billion volume in the four major trading centers), the average bank's *daily* turnover of foreign-exchange contracts typically runs to *two or three times the bank's total assets*.

The only indications of how awesome banks' dependency on such speculative trading-profits has become, take the form of recurrent "financial scandals," in which it recently has been found, that the entire profits of Volkswagen AG, or the entire content of the City of Stockholm's employees' pension fund, had been lost in foreign-exchange speculation.

Like the 1929 bubble, the "securitization" hoax had a precondition, namely, that the values of traded securities would keep rising, such that the portfolios of all participants, taken as a whole, would show a net profit. Why should the banks, as a group, continue to accumulate securities, were the posted value of all debt-securities to decline?

In fact, the collapse of the \$200 billion or so floating-rate note (FRN) market offshore, began the end of securitization, as of mid-March, in the wake of Brazil's declaration of a debt moratorium. Each of the players in the securitization game cleverly told himself, "If I buy worthless paper trading on the market, I can protect myself better than if I make worthless loans, because I can always cash the paper in on the open market, just before it goes bad." The obvious problem is, that all the world's financial institutions are buying worthless paper, each expecting to be the first to cash it in when it goes bad. The London *Economist* complained March 28, "The woes in the FRN market show the ravages not only of fierce competition among issuing houses, but also of the securitization of debt. Secondary markets involve quicker suscepti-

bility to financial shocks and investor whims than does the syndicated loan.”

Like the 1929 bubble, the swindle works when securities values rise, but not when they fall. For the past two-and-a-half years, the U.S. Federal Reserve arranged for the post value of debt-securities to increase gradually, by the simple mechanism of bringing interest rates down, such that the Treasury long-term bond interest rate, the benchmark for all debt-securities, stood (at 6.7% at the end of 1986) at barely half its level of early 1984.

Federal Reserve chairman Paul Volcker has been hailed as a financial wizard, for bringing interest rates down, at the same time that the federal government borrowed over \$200 billion a year to meet its revenue shortfall, and U.S. credit markets swallowed about \$400 billion in mortgage-backed bonds, to finance the consumer-bubble masquerading as “economic recovery.” Home mortgage credit, financing not merely housing, but (in the form of second and third mortgages) consumer purchases of imported goods, was the dirty secret of the administration’s “recovery” fraud.

Volcker’s accomplishment appears less impressive, when it is noted that two sources of funds made it possible to peddle what amounts to U.S. government junk bonds:

1) Japanese institutions bought \$100 billion a year, for entirely political reasons, stemming from Prime Minister Yasuhiro Nakasone’s commitment to America’s central role in free-world defense; and

2) International narcotics traffickers, with a global cash flow exceeding \$500 billion, placed a minimum of \$60-80 billion a year in dollar-denominated “bearer bonds” (the least traceable of all financial assets) in offshore accounts, financing U.S. corporations. Since the narcotics-traffickers are more concerned with secrecy than rate of return, Volcker’s job was not as difficult as it seemed.

In addition, although the true, underlying inflation rate of the American dollar continued to skyrocket, the *reported* inflation rate was suppressed, partly by outright statistical fraud, but partly also by the continued looting of developing-nations, through reduced export prices. *EIR* demonstrated in a study published November 1985, that Ibero-American nations’ export prices fell by an astonishing 60% during the three years 1981-83, i.e., the peak of the debt crisis, as their currencies collapsed under International Monetary Fund devaluation programs, and listed commodity prices crashed on international markets. The London *Economist* commodity-price index at the end of 1986 was below its lowest point in the 1980-82 recession. The all-items index stood at 77.7 in fourth quarter 1986, against a 1980 level of 100.

Since the United States continued to shed industrial output throughout the 1982-86 “recovery” period, in favor of wasteful, largely-retail, low-paid “service” employment, the overhead charges on every unit of U.S. physical-goods output continued to rise sharply, indicating an underlying infla-

tion rate of 25% per year. The true inflation rate corresponds, roughly, to the nearly 50% devaluation of the U.S. dollar against the currencies of major industrial countries since the summer of 1985. Of course, the “trade-weighted” devaluation of the dollar was considerably smaller, because the United States treats large portions of the developing world, in precisely the fashion that Nazi Economics Minister Hjalmar Schacht handled Eastern Europe during the first years of the Hitler regime, or Britain treated its imperial “sterling bloc” during the interwar years: as a captive trading bloc, shipping products to the imperial economy at prices below the domestic cost of production.

Now that the political cement of this Schachtian looting arrangement has crumbled, all aspects of the securitization fraud are crumbling simultaneously.

1) The dollar continues to fall despite the best efforts of central banks to contain it, demonstrating, once and for all, what *EIR* has maintained for the past two years, and what *Crédit Suisse* executive Hans-Georg Rudloff told the Swiss Bankers Association March 18: The central banks can no longer control a market, which was first created precisely in order to escape central bank regulation.

2) Long-suffering Japanese investors, who watched the yen-value of their dollar investments crash along with the dollar parity during the past 18 months, are dumping U.S. long-term bonds, creating a self-feeding dollar-collapse spiral, while

3) the Federal Reserve is finally compelled to tighten credit to support the dollar, as the March 31 increase in the prime rate signaled, further reducing bond values, while

4) rising interest rates bankrupt savings and loan associations, which have survived by funding long-term bond purchases with short-term liabilities, forcing the S&Ls to unload a large portion of their nearly \$400 billion portfolio of mortgage-backed bonds, while

5) offshore investors, who moved heavily into U.S. mortgage-backed paper, scramble for liquidity and dump their paper as well, while

6) illiquid commercial banks dump such paper to raise money, in response to the Brazil and related crises.

In short, the general scramble for liquidity portends an uncontrollable crash of securities prices of all kinds, producing trading and portfolio losses at highly vulnerable financial institutions, measuring in the hundreds of billions of dollars. Since the reserves of all central banks taken together come to less than \$300 billion, their capacity to bail out the institutions has no credibility among sophisticated financial observers.

The Japanese pullout

The less acute among future historians may blame the Great Crash of 1987 upon an imbecilic blunder by the Reagan administration, forgetting that incompetent swindles are usu-

ally brought to an end by someone's stupidity: The bankers can hardly complain that, having conducted their dirty business behind the pagan idol of the "invisible hand," they have reduced the unfortunate President Reagan to such damaged intellectual condition, that he may provoke the Japanese into withdrawing their subsidy.

The same bankers who benefited most from Reagan's bedazzlement before the "invisible hand," are most horrified at his present blundering. "Reagan is playing with fire by starting a trade war with the Japanese," one senior London banker fumed. "For all the talk of the magic of the marketplace, what the U.S. is doing is totally illogical, from the standpoint of market economics. If Japan withdraws its bloody funds from the U.S. securities and bond markets, these will be the funds that support the U.S. budget deficit. It's a fabulous sum. If the money is withdrawn, the dollar will collapse. And then, what you will see is an immediate reflex to jack up American interest rates again, up to 20-25%, to attract funds back. If the Japanese pull their money out, who will finance the U.S. deficit? There are zero savings in the U.S., U.S. consumers are in hock, and the rest of the world's savings have already been sucked into the U.S., to finance the U.S. budget and trade deficit."

As Swiss bankers' association spokesman Rudloff warned March 18, the central banks can no longer address the problem: The entire object of "securitization" was to permit bankers to take irresponsible risks, without meeting the normal capitalization and reserve requirements which central banks pretend to insist upon in regulated banking systems. One British banker warned, "A complementary problem, is that the central banks no longer trust each other. Also, none of the central banks have the reserves available, to deal with the footloose capital that is running around, across borders."

Rising interest rates

Citibank's symbolic increase in the prime lending rate from 7.5% to 7.75% on March 31, small as it was, sent an important message, for three reasons: First, it was not justified by any change in the bank's own cost of funds; second, it was the first interest-rate increase of any kind in 30 months; third, it occurred at the conclusion of the Federal Reserve's Open Market Committee meeting in Washington, at which the Fed was widely expected to increase rates, in order to stabilize the dollar.

Citibank's own motivations for raising the prime, resemble those of a cannibal whose tribe has run out of missionaries, and now looks hungrily at his colleagues. Economist Alan Leslie of Discount Corp. points out that strains on Citibank's profits from such disasters as the write-off of the bank's massive loans to Brazil, urge the bank to extract more profits from borrowers. Citibank also leads the banks' (and administration's) demand that Brazil pay its interest no matter what the cost, a bull-headed attitude that horrifies the most

predatory among European and Japanese creditors. Citibank expresses the swinish, self-defeating heteronomy of Calvinist greed in its most extreme form: Ex-chairman Walter Wriston, for example, is telling friends, that Brazil will try to default on whatever reduced interest payments might be offered, so it benefits the banks to take a tough stance from the beginning!

Despite the temporary stabilization of stock and bond markets following the roughly 4% decline of U.S. equity and debt securities on the two trading days March 27 and March 30, the increase in the prime rate places the credit system on automatic pilot, in the direction of a crash.

The great crash of offshore securities

EIR has followed the spreading paralysis of the trillion-dollar offshore securities market since December 1986, when so-called perpetual floating-rate notes issued by banks to increase their capital, stopped trading. Japanese banks, which had been major purchasers of U.S. and British banks' offshore notes, dumped this paper, as the Brazil debt moratorium came into view. Since then, not merely the \$20 billion or so in bankers' floating-rate notes (long-term paper whose interest fluctuates with the overnight rate for bank deposits in London), but the \$170 billion of floating-rate bonds of all kinds, have ceased to trade—including paper to which no credit risk is attached.

The London *Economist* wrote March 28, "Why the collapse? Most blame the latest slump on fears about Latin American debt. Floating issues of American banks heavily exposed to Latin America have sunk particularly deep. However, American banks are not alone. All parts of the dated market, high-quality sovereign paper included, have suffered. . . . Investors began to turn to rival instruments including the simply-named floating-rate collateralized mortgage obligations, which are groups of house mortgages bundled together. . . . They have two advantages over conventional FRNs. First, they are asset-backed and therefore of a generally higher quality. . . . Second, they offer more generous spread above LIBOR."

Mortgage-backed bonds, as noted earlier, flooded the U.S. credit market, with a \$400 billion issue volume during 1986, and financed the U.S. consumer bubble. It is not surprising that offshore investors would move out of the FRNs, and into mortgage bonds; however, they have gone from the frying pan into the fire.

Specifically, they marched right into the insolvency crisis of the American thrift industry. The nation's 3,500 thrifts fall into three categories: 1) the tiny minority with healthy balance-sheets; 2) those who survived on the basis of the Volcker bond-market boom; and 3) those who could not survive, even with help from the Volcker bond-market boom. About 500 of them fall into the third category, and these have already bankrupted the Federal Savings and Loan Insurance

Corporation (FSLIC), the government guarantor for their \$900 billion in deposits.

Most fall into the second category. Finance Corporation of America, with more than \$30 billion in assets, provides an excellent case study. Last summer, the giant S&L, which went to the verge of failure in 1984, borrowed \$5.75 billion in short-term money, at the low interest rate of 6%, thanks to Volcker's successful solicitation of Japanese capital inflows. It used this 6% money to buy an equivalent amount of mortgage-backed securities, yielding nearly 9%, and made profits on the difference.

That sort of speculation shows an extreme case of the problems of the thrift industry, which earns money on the difference between the cost of short-term funds, and the earnings of mortgages or bonds in its portfolio. Since a large portion of thrifts' portfolios are made up of older mortgages with low interest rates, any rise in rates above the 8% or 9% level throws them into an operating loss.

During the great interest crunch of 1980-83, savings banks were crushed between the high rates they paid for deposits, and the low rates they received for mortgages. This time, they decided to be clever. Like the Eurodollar bankers, who decided to buy securities, rather than issue loans to Third World borrowers, they thought, "If we hold mortgage-backed bonds,

rather than long-term mortgages, we can sell them off if interest rates start to go up."

Like the "securitized" offshore banks, each individual S&L cleverly hopes to be the first to jump off the bandwagon, as the bandwagon heads toward the cliff. The howl in the story is that both they and the offshore banks have ended up to the ears in precisely the same paper: the mortgage-backed bonds that account for most of consumer-credit expansion in the U.S. economy.

The result is that problems in any sector of the wobbly world banking system, translate instantly into panic for all other sectors. If the failing Financial Corp. of America folds, or the bankrupt FSLIC cannot meet obligations after depositor-runs at thrift institutions, such an event will trigger a run against the deposits of major London-based Eurodollar banks, as these banks try to unload their mortgage-backed securities, further worsening the position of the thrift institutions, and so forth.

Whether such a run occurs in a matter of days, for example, in the context of the April 17 deadline for Washington's threatened trade sanction against Japan—or creeps up on the banking system through a gradual rise in interest rates—the swindle known as "securitization" has reached the end of the road.

Who Knew A Brazilian Debt Moratorium Was Coming—And Also, What to Do About It?

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Research & development for the next thirty years

Part 29

Ibero-American integration

The capacity for sustained and autonomous development of Ibero-America depends on its being able to reach world stature in the domain of scientific and technological research. Nuclear energy is one crucial area in this regard, both for its immediate productive potential, and for the opportunities for training personnel that it presents.

This installment concludes Chapter 10 of *EIR*'s exclusive translation of the Schiller Institute book,

Ibero-American Integration: 100 Million New Jobs by the Year 2000! published in Spanish in September 1986. It was commissioned from an international team of experts by the Schiller Institute's Ibero-American Trade Union Commission, to elaborate the 1982 proposal by Lyndon LaRouche for an "Operation Juárez" that will transform the huge foreign debt problem into the springboard for a regional economic boom—and an unheralded world recovery.

Numbering of the tables and figures follows that of the book.



The previous installment presented the first part of Chapter 10, dealing with the first phase of organization of R&D in Ibero-America, and nuclear energy.

New industrial technologies

Another priority for Ibero-America is the use of the most advanced technologies in the machine tool area. A commission must be created to survey and establish the precise kinds of machine tools that will be needed, as well as the most rapid way to manufacture and deploy them. It will perhaps be possible to skip certain stages of machine-tool technology and move directly to lasers and other advanced technologies. If feasible, the gains in productivity will be dramatic.

Metal-refining technologies will also be very important. The region contains a large share of the world's mineral resources, and further exploration will no doubt show further deposits. Yet the existing methods for refining most of these minerals are highly capital- and energy-intensive. A whole new range of metallurgical technologies is on the horizon, involving low-temperature plasmas, and Ibero-America must become a world leader in this field. A proper location for an Ibero-American Institute of Advanced Metallurgy would be Peru or Chile, given their importance in this field. Several processes are already operational in pilot projects, and Ibero-America should invite the developers of this technology to apply them in the region. As already mentioned, an offshoot of fusion technology is the fusion torch, which will operate at much higher temperatures, permitting refining by high-temperature plasmas.

A related materials-processing field is that of MHD (mag-

netohydrodynamics), as described in earlier chapters. Little has been done in this area in Ibero-America, but Colombia and Venezuela—given their plentiful deposits of coal and iron ore—would be good locations to set up an MHD Research Institute.

Agricultural, ecological, and hydraulic research

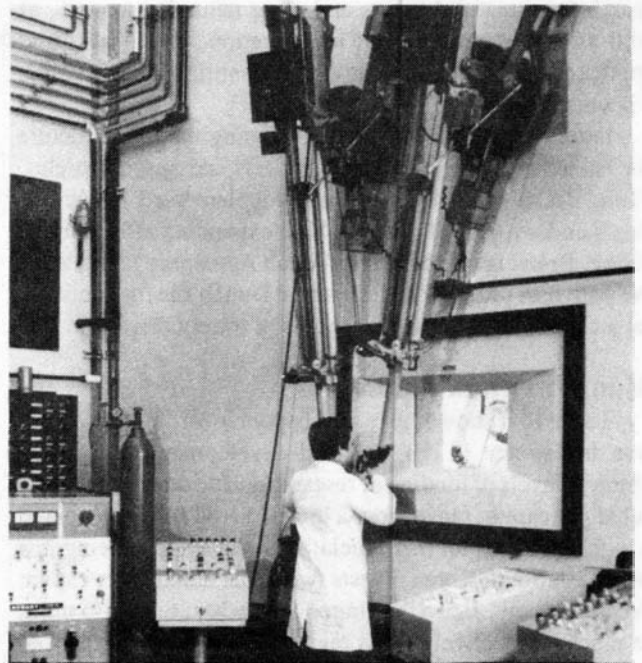
The possibilities of enhanced agricultural productivity with optical biophysics and biotechnology are almost limitless. Optical biophysics promises revolutions in genetic engineering and many other medical and agricultural applications. Not only can yields be raised several-fold, but new breakthroughs in biological pest control, improving the nutritional quality of many farm products will take place.

Given the importance of water-management in Ibero-America, another revolution in agriculture will depend on mastery of the field of hydrodynamics. Mexico would be an excellent location to establish a research institute to study these related fields, and should perhaps be named the Leonardo da Vinci Institute of Advanced Hydrodynamics, in honor of the great Italian scientist's pioneering work in the field of hydrodynamics.

Enhancing utilization of the seas will also be important. Ibero-America already extracts from the sea a considerable portion of the world's fish catch. Yet, very little is known about the dynamics of biomass in the oceans. The present yields of fish from the ocean are not large, and there is a great need for sustained research in the dynamics of marine biomass development. Peru is the Ibero-American leader in fishing, and would be the logical country for an Oceanographic and Marine Biology Center, in close collaboration with Chile. Not only ocean mapping and study of the dynamics of fish populations, but possibilities for coastal and inland fish farming must be investigated as well.

Meteorology—weather and climate research—is also of the greatest import. Ibero-America is one of the most important determinants of the earth's weather and climate, the Amazon rain forest, and is very close to another, the Antarctic. Brazil and Argentina, respectively, must take the lead in scientific investigations of the dynamics of these weather-controlling systems, and should host a Meteorological Center.

The dynamics of the Amazon must be mastered before any further deforestation is permitted to take place. Major portions of the Amazon may eventually be capable of agricultural use, but before any more forest is cleared, broad pilot experiments must be conducted to determine what, if anything, can be safely done to develop the potentials of that region. As for Antarctica, Argentina has long maintained a research station there, and also has weather-monitoring stations in Tierra del Fuego. Unlocking the workings of this region will be important for better understanding world weather and climate patterns.



An Argentine technician handles radioactive cobalt-60 by means of a robot. Nuclear energy is a crucial area for training the scientific personnel Ibero-America needs.

Modern science has to resolve the major problem of earthquakes in Ibero-America. It is common for entire cities to collapse, as the "inevitable" result of earthquakes. An Institute of Seismic Studies must be founded, possibly in Mexico City. Given that the tectonic plates, which exert tremendous pressures against each other, create detectable paramagnetic fields, it is possible to work out methods for predicting tremors. Japanese scientists have done interesting work in this direction.

Aerospace and satellite program

Ibero-America must enter the space age. This entails, immediately, setting up the facilities to utilize existing satellites and become trained in all satellite-related technologies. Most countries should set up satellite monitoring stations to receive direct satellite transmissions, to image them, and to interpret and utilize the results. This is a means to acquire the technologies involved in satellite information, and also to move to the stage of designing and manufacturing satellites.

The use of satellites is critical for the telecommunications industry, which will be an increasingly important element of regional infrastructure. One important function in this regard will be its use in education, both for bringing courses from basic literacy to university level, to outlying areas within countries, and for linking university and research centers across the entire region. Remote sensing technologies will be important for agricultural and land use research, and in the

search for mineral deposits and other natural resources, as well as in meteorological investigation. It will also find application in marine biology and identification of marine resources.

Equally important will be developing the infrastructure for launching the region's own rockets and space vehicles. Here, Brazil's existing program, supplemented by Argentina's endeavors, will be crucial to expanding efforts in the future. Brazil is the logical site for an Aerospace Institute, as the northeast of Brazil is the optimal launch site for continental rockets because of the closeness of the equator.

Manpower and funding

Table 10-1 shows the relatively poor level of Ibero-American investment in research and development today. The absolute levels of funding of research and development, measured per capita, range from a low of \$1.64 for Colombia to a high of \$15.66 for Venezuela, with the average being just over \$10. South Korea invests twice that amount per capita; West Germany, Japan the United States 30, 26, and 35 times as much, respectively. This region is thus much further behind the developed countries in this area than in overall economic development.

The situation in terms of the absolute numbers of scientists in research and development is also very deficient. As an average, Ibero-America has about 250 scientists and engineers per one million of population, compared to the range of 2-4,000 for West Germany, Japan, and the United States.

Since the funding levels are relatively lower in Ibero-America, this means that the expenditures per scientist and engineer in R&D are also lower than in the mentioned developed countries, (see column 6), by a factor of 2 or 3. This deficiency is particularly serious with respect to such areas as nuclear research, where the investments in proper equipment are extremely expensive, and is simply not being incurred in Ibero-America.

It should also be noted that, within Ibero-America, Argentina ironically expends the lowest amount per scientist, while Colombia has by far the smallest total expenditure for R&D and the smallest number of R&D scientists.

South Korea, which started from a position worse than Ibero-America, both in overall economic development and in its educational development, has now surpassed Ibero-America R&D investment. It spends over 1% of its GNP on R&D, and more than \$20 per capita, has as many scientists in R&D as Brazil (which has more than three times the population of South Korea), and has more than three times the number of scientists and engineers in R&D per capita than the Ibero-American average. Moreover, South Korea has trained well over half a million scientists and engineers who are now productively employed in industry and government.

In setting goals for Ibero-America (see **Table 10-2**), we have chosen the rough target of attaining present OECD levels of per capita finding and numbers of personnel in R&D. This provides us with an order-of-magnitude estimation, although it will probably be the case that the expenditure

TABLE 10-1
**Research and development, various countries
1980/82**

	R&D expenses (millions of dollars)	% of GNP for R&D	Per capita R&D expenses (dollars)	Scientists and engineers in R&D	Scientists and engineers per million inhabitants	R&D expenses per scientist and engineer
Argentina	120	0.17	4.25	10,486	369	11,444
Brazil	1,704	0.60	13.44	32,508	256	52,418
Colombia	44	0.11	1.64	1,083	40	40,628
Chile	114	0.45	9.92	4,530	394	25,166
Mexico*	300	0.18	4.10	12,000	164	25,000
Peru	162	0.71	9.31	7,464	429	21,704
Venezuela	262	0.38	15.66	4,584	274	57,155
Ibero-America	3,745	0.49	10.34	90,936	251	41,183
South Korea	798	1.06	20.31	32,117	817	24,847
F.R.G.	19,051	2.48	309.26	128,162	2,081	148,648
Japan	31,219	2.61	263.67	531,612	4,490	58,725
U.S.	82,350	2.70	355.72	728,600	3,147	113,025

* Our own estimates

Sources: UNESCO, World Bank

TABLE 10-2

Research and development projections in Ibero-America 1985-2015

	1985	2000	2015
GNP (billions of dollars)	623	2,604	10,876
R&D expenditures (billions of dollars)	3	39	272
% of GNP dedicated to R&D	0.48	1.5	2.5
Total scientists and engineers	n.a.	1,250,000	5,500,000
Scientists and engineers in R&D	95,000	350,000	1,575,000
Scientists and engineers in R&D per million inhabitants	251	625	2,000
University graduates per year	5,000	2,200,000	3,900,000

per researcher will need to be higher, since the sophistication, and hence the expense, of more kinds of equipment increases with the advance of technology. Nonetheless, Table 10-2 usefully indicates the scale on which Ibero-America must expand its investment in this vital area.

It was projected that Ibero-America would expend by 2015, 2.5% of its GNP on research and development, approximately the level of West Germany, Japan, and the United States today. This will require spending 1.5% of GNP, or \$39 billion, as early as 2000, which represents an 18.6% annual rate of increase between 1985 and 2000. This could slow to a 13.8% annual increase in the second 15 years, which would bring total expenditures to \$272 billion.

If the number of scientists and engineers engaged in R&D grows at a conservative 9.8% per annum for the next 30 years, the region will achieve the per capita levels of West Germany today. It can be seen that this will mean having a pool of 350,000 R&D scientists and engineers by 2000, and 1.5 million by 2015, which is double the number in the United States today.

On this basis, it is possible to estimate that the total number of scientists and engineers in all areas of the Ibero-America economy must rise to the level of 1.25 million by 2000, and 5.5 million by 2015.

One invaluable resource that must be tapped immediately, and which can accelerate the pace of the required R & D programs enormously, is the pool of Ibero-American scientists now living and working outside the region. Most have emigrated for lack of adequate facilities or employment in their native countries, or for political reasons. It is in this respect that the low level of expenditures for R&D per scientist (Table 10-1) has its most disastrous effect.

The quality of research is necessarily strongly affected by the newness or obsolescence of the laboratory and other equipment required. It is sadly the case that in Ibero-America, the vast majority of scientists, including those originally trained abroad, return home only to fall behind the most

advanced foreign developments in their fields for lack of equipment and an encouraging research environment. By attracting back this pool of expatriate scientists and engineers by offering appropriate research facilities and environments, we can in a very short period upgrade the quality of research efforts several-fold. Brazil very successfully applied this approach several years ago when it successfully attracted back to Brazil a number of laser scientists to work on programs in Brazil, by properly funding its own laser effort. A catalogue of scientists and engineers abroad should immediately be compiled, and efforts gotten under way to draw them back.

Otherwise, to achieve these goals requires both an upgrading and expansion of existing college and university-level facilities for natural science training, and a great national effort to interest the students of each country to choose the disciplines, primarily in the natural sciences and mathematics, that are required for the research and development effort and for overall development. As the last line of Table 10-2 indicates, our educational goals mean that there will be over 2 million Ibero-America students graduating from universities every year by 2000, and almost 4 million by 2015, so there will be no shortage of candidates to be trained. But the funding for the laboratory facilities, the scholarships to keep students in school, and the qualified teachers, must come from national and regional sources, to guarantee that the goals of the program are met.

One example that indicates the ability of the region to achieve goals otherwise considered impossible, when national emergency demands it and sufficient national will exists to rise to the challenge, is the case of Pemex, the Mexican national oil company, starting with its nationalization in 1938. Mexico was nearly blockaded as a result of this act of sovereignty, but Pemex—and the country—went on to develop the oil industry to its current world stature.

This kind of effort, multiplied many-fold, can accomplish in the research and development area what today might seem impossible.

Thatcher to broker East-West relations?

by Criton Zoakos

In her report to the British Parliament on the results of her trip to Moscow, Prime Minister Margaret Thatcher rejected categorically the idea of general nuclear disarmament, at least for the foreseeable future. "World peace will depend on nuclear deterrence, for the next 20 years at least," she said.

"Elimination of all nuclear weapons may be a distant dream, and you do not found your defense policies on dreams. You found them on security.

"For the next 20 years at least, the security of this country and the West will be founded on a nuclear deterrence, and that is accepted by the Soviets as well as us," she emphasized in her report on her summit with Soviet General Secretary Mikhail Gorbachov. "I made it clear to Mr. Gorbachov," she went on, "that the United Kingdom would not be prepared to accept *denuclearization of Europe*, which would leave us dangerously exposed to Soviet superiority in conventional and other forces."

Mrs. Thatcher's visit to Moscow at the end of March, had to it "more than meets the eye." Exemplary was the statement quoted above, in which the British prime minister appears to be speaking to the Soviet leaders on behalf of all of Western Europe. In this capacity, Mrs. Thatcher represented to the Kremlin the commonly held Western European view, that any agreement to remove medium-range U.S. nuclear weapons from Europe, must be accompanied by a further agreement to balance out the inequalities in short-range nuclear missiles, follow-up negotiations to redress the Soviet conventional superiority and, finally, an understanding that neither the British nor the French independent nuclear deterrent will be made issues to be negotiated.

Most interesting to study, was Mikhail Gorbachov's and other Soviet leaders' attitude toward Mrs. Thatcher. Despite

her strident and polemical style, Thatcher was accorded the honors and attention implicitly accorded to the American President, the de facto chief of the Western alliance. She lectured her Soviet audiences on SDI, on the subject of Western unity, and on the commonly shared Western concern over Soviet nuclear military superiority.

'Don't try to divide us'

"The mistake is sometimes made," Mrs. Thatcher said, "of believing that Europe can be divided from the United States. But on fundamentals and in our determination to defend our democratic values, we are inseparable." Further, during an unprecedented and sensational appearance on Soviet television, aired during the evening of March 31, Mrs. Thatcher held forth in a 50-minute interview, informing the Soviet audiences on matters they had never been told before:

"You have more inter-continental ballistic missiles than any country in the West, you have more medium-range missiles, you have more short-range weapons than anyone else and yet you say there might be a nuclear accident. . . . You have the only anti-satellite system in the world. You have 20 years more experience than anyone else in this field. Moscow has a very good anti-ballistic missile system around it. It was recently updated. It has 20 years experience taking incoming missiles fired from the ground—more experience than anyone else. You are way ahead of us. . . ."

Mrs. Thatcher also assumed the role of public champion of a purely U.S. program, President Reagan's Strategic Defense Initiative. In her Kremlin banquet speech, she warned General Secretary Gorbachov that it is futile to try to stop the SDI. "You cannot stop such research any more than you can stop the onward march of science in general. Man will always

strive to push forward the frontier of knowledge. And now we know that similar work is being undertaken in the Soviet Union."

Spirit of Churchill

One of the most politically memorable elements of her banquet speech was her deliberate evocation of the spirit of Winston Churchill, Britain's wartime leader who, to this day, commands the admiration of many high ranking officials of the U.S. government, for his having led the pre-war political crusade against appeasement and against the spirit of capitulation at Munich.

Mrs. Thatcher, in opposing "complete elimination of all nuclear weapons," said: "A world without weapons may be a dream. But you cannot base a sure defense on dreams. Without far greater trust and confidence between East and West than exists at present, a world without nuclear weapons would be less stable and more dangerous for all of us. I recall to you some words of Winston Churchill: 'Be careful above all things not to let go of the atomic weapon until you are sure and more than sure, that other means of preserving peace are in your hands.' That is why the government which I lead will not abandon the security provided for our country and for the NATO alliance by nuclear weapons."

Understandably, on the following day, Dr. Georgii Arbatov, one of Moscow's leading experts on the United States and the West, appeared on British television to say that he considers Mrs. Thatcher more of a "hawk" than President Reagan: "I think that, on nuclear issues—and I really never thought I would have to say this—Reagan is more progressive than Thatcher. He, at least, understands that he, humanity, and America can't live forever with nuclear weapons. He understands it is not natural, it is dangerous, and he has to do something. . . . Mrs. Thatcher says it is okay. She does not believe in a denuclearized Europe. If we were to think in the same way, and the Americans were to think in the same way, it opens up the way directly to a holocaust."

The results

To evaluate the results of Mrs. Thatcher's five-day trip to Moscow, one ought to, perhaps, include one crucial factor to that trip—a factor beyond either Moscow, or Mrs. Thatcher. This factor is the actual political situation in Washington at the present time. Moscow, for one, would give anything to gain access to a reliable political evaluation of what is going on in Washington.

Is there paralysis in the U.S. government structure? Is President Reagan a "lame duck" President? Are the financial interests of the Eastern Liberal Establishment in or out of control over policy? Is the "military-industrial complex" in control? With liberals such as Sam Nunn and Les Aspin in control of the Armed Services Committees in Congress, does Weinberger have any influence? If the Liberal Establishment has been kicked out of influence, then who kicked them out? Is this kicking force now in control in Washington?

Decidedly, Moscow is slightly confused in the matter of these tactical questions. For them, the practical question is: With whom must we deal in the West, if we wish to have an arms-control agreement, say over European INF weapons, which would gain us the 12-to-18 months of time that we need? Can Reagan deliver? Does the "Reagan Card" still exist in the same way it had existed at the Reykjavik summit? If Reagan is knocked out and Don Regan out of power, can George Shultz deliver? Is there a power center in Washington, or should the deal be sought elsewhere?

It is indeed a very interesting turn of events when former Secretary of State Henry Kissinger, during a secret presentation at the latest Trilateral Commission meeting in San Francisco, proposed that Prime Minister Margaret Thatcher be supported by the financial powers of the U.S.A., to act, at least in the interim period, as the tacitly recognized spokesman of the Western Alliance toward the Soviets. Kissinger cited the "impasse" in Washington, Thatcher's own virtues, and the contention that Moscow, out of some great respect toward Britain, would be happy to have Thatcher be their interlocutor with the West.

Thatcher as Western spokesman

We are not in a position to evaluate the sincerity of Kissinger's proposal to the Trilateral Commission gathering. We wonder: Would the Soviets themselves, with the precious little that they know of what is occurring in Washington, be in a position to rely on Kissinger's suggestion that Thatcher be taken as the West's designated spokesman? Even if the British Establishment were to be found behind Kissinger's recommendation, and even if Mrs. Thatcher had been so designated, and even if Kissinger's recommendation were to have been accepted—even so, what conclusion would the Soviets draw?

The Bukharinite Dr. Georgii Arbatov is right, from his standpoint, to argue, with his typical dose of hysteria, that President Reagan is "more progressive" on the nuclear weapons issue than Margaret Thatcher. Especially if Arbatov researches the origins of the Winston Churchill quote Mrs. Thatcher employed at her Kremlin banquet. He will discover that Churchill's advice to retain nuclear weapons was offered directly against the proposals of his contemporary, Lord Bertrand Russell, the man who, secretly during 1954-55 negotiations between the Liberal Establishment and Khrushchov, advanced the general anti-nuclear, anti-science, one-world-government package which was put to implementation after the assassination of President John F. Kennedy, under the rubric of "post-industrial society."

Thatcher's evocation of that particular Churchillian quote at the Kremlin, was a very well chosen message to certain Kremlin factions. This was one of the matters to which Arbatov reacted the following day. It was probably a twist that Kissinger had not anticipated. And one which must have been savored by certain Churchill enthusiasts in the Washington administration.

Pentagon report rips basis of Zero Option

by Leo Scanlon

The 1987 issue of the Pentagon's yearly publication, *Soviet Military Power*, makes a simple point: The arms of the Soviet State are poised for offensive action against the West. "Soviet forces are not equipped and trained as a home-based defense force"; the authors state, "rather, they are designed for offensive operations in the enemy's homeland."

This fact is at the heart of the commotion which has erupted in Europe ever since President Reagan indicated that his administration was considering the "Zero Option" for withdrawal of all intermediate-range nuclear missiles from continental Europe. The following simplified description of these systems should make clear the actual issues which are obscured by arms-control jargon.

In Soviet thinking, rocket forces, including ICBMs, are a form of long-range artillery, assigned according to range, in theater, front, and divisional units. The Soviets have, logically, built huge quantities of rockets in order to provide their tank armies with the most massive possible advantage at any level of military combat. Until recently, the accuracy of these missiles was poor, in part creating the need for such large numbers; likewise, the older nuclear systems are characterized by relatively large-yield warheads. If you can only predict accuracy to within several hundred yards, you need a combination of missiles, each with a pretty big explosive power, to guarantee the destruction of any one target.

This poses no problem if you are bombarding airfields and command headquarters deep in enemy territory, and far in advance of your front line of troops. The problem is different if you intend to hit targets close to your forces. In the current Soviet strategy, which calls for lightning strikes by "Operational Maneuver Groups," Soviet forces may even be behind, or surrounding the target on which the missiles are trained. In these circumstances, a large nuclear explosion is too uncontrollable to be of any value, and the more successful the armored forces are, the less protection they are afforded by such a missile.

Therefore, the big issue in design of the shorter-range systems is accuracy, and explosive power. In both areas the Soviets have made enormous advances. Beginning with the

intermediate range SS-20s, and working down to the shortest-range systems, the Soviets are upgrading guidance systems to be the equal of NATO technology. The next development on the horizon is the installation of new generations of extremely powerful conventional explosives, called "air/fuel explosive ordnance" or "improved conventional munitions" (ICM), and sophisticated chemical and biological warheads on this large inventory of more accurate missiles.

The high-power explosive ordnance technology is an area of research which the United States put on the shelf 10 years ago. The Soviets did not, and are now the world leaders in this area. Warheads using this technology can reportedly cause as much destruction as a small nuclear explosion, without the radioactivity which makes subsequent operations in the target area so cumbersome.

The Soviet short-range rocket systems with these technologies begin with the unguided "free rocket over ground" or FROG-7 (70 km range), on through the SS-21 (100 km), SS-1 SCUD B (300 km), SS-23 (500 km) and SCALEBOARD (900 km). The chart shows what these ranges look like on the map of Europe. In addition, the Soviets have a very large number of FENCER bombers which can deliver such ordnance, and also large numbers of the BM-27 multiple rocket launcher which fires salvos of 16 ICM, mines, or chemical munitions over a distance of 40 km. Finally, the almost uncountable number of self-propelled and towed artillery in the Soviet arsenal are all nuclear capable.

As *Soviet Military Power* points out, the Soviets "now believe that both sides possess enormous military capabilities that cannot be rapidly destroyed, even in nuclear conditions; thus, they foresee prolonged theater campaigns. The operations may begin with a bitter struggle to seize the initiative, encompassing extreme destruction and mass casualties. . . ."

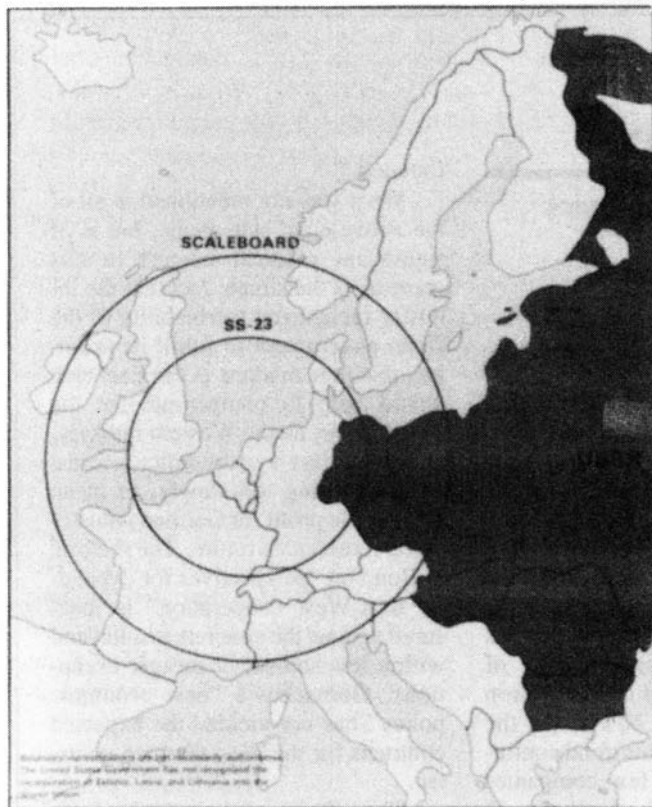
Soviet conventional forces

As a result of the situation described above, Defense Secretary Caspar Weinberger, his West German counterpart Manfred Wörner, and U.K. Prime Minister Margaret Thatcher rushed to demand that President Reagan refuse to discuss the issue of INF (Intermediate Nuclear Forces) and short-range missiles, unless there are discussions about reducing conventional forces in tandem.

Once the U.S. Pershing IIs are reduced in range by the removing of one stage, as is under way, NATO forces will have no artillery threat capable of reaching a target on Soviet territory. This is a great comfort to the waves of tank drivers who will be pouring into Europe, after the NATO missiles have been used up defending against the spearhead of a Soviet assault.

The Soviets are screaming that the Pershings could easily be returned to their original status, and are using this issue to stall the current talks on this matter. Of course, it should be pointed out, that they possess several options for achieving the same result with their SS-20s, which they have offered to

Potential SS-23 and SCALEBOARD Missile Coverage in an Advance Across Europe



restation behind the Urals. They can simply put them into their new CONDOR heavy lift aircraft, and have them on the front in less than an hour; or remove a warhead or two, and increase the range of the missile to reach its original target.

The idea that the Soviets would comply with limits on short-range systems is an even greater joke. Even if they did, there would be at least 1,500 SS-21 missiles plus other missiles not covered in talks, still capable of delivering their ordnance, against practically nothing left for NATO. These weapons would be accompanying Soviet armored forces which would possess a 5-to-1 advantage (conservatively estimated) against the West, and would be delivering both conventional and chemical warheads. Soviet armored units have a fully mobile decontamination capability—something which is nonexistent in the West. This is also an important technological development, since in previous wars chemical weapons have been little used, even when possessed in large numbers, because they were ultimately too messy and uncontrollable. This, and not humanitarian concerns, has restrained these horrible weapons—until now.

Finally, Soviet reserve echelons, the second and third wave of the “prolonged conflict” described by *Soviet Military Power*, will be heavily protected by an interceptor capability which is now second to none. The Soviets are continually reorganizing their air forces to take advantage of the latest



Department of Defense

A chemical protection company can cleanse the vehicles of one regiment with one load of decontaminant. The Soviet TMS-65 shown here uses a jet engine to dispense decontaminant.

technologies being deployed, always increasing the depth and strength of their air defenses. It should not be imagined that these defenses are only to protect “the motherland”—as has been pointed out, they are to protect the offensive forces represented in their tanks, infantry, and artillery. There are now close to 500 of the latest FOXHOUND, FLANKER, and FULCRUM fighters, with a “look-down, shoot-down” radar capability for defense against NATO cruise missiles. These are backed up by the densest SAM system ever deployed, 11 layers in all, which makes the staging ground for the Soviet armored columns nearly invulnerable once the medium-range Pershing missiles are gone.

European response

The picture presented by a Europe denuded of American medium- and short-range missiles, is very grim indeed. European governments are speaking out loudly against the folly being pursued by the Reagan administration, and at the same time are pushing ahead with efforts to develop a defense against the Soviet short- and medium-range missiles, which they fully expect to be deployed, no matter what Gorbachov agrees to. Simultaneously they are racing to develop an anti-aircraft system which will protect against the superior numbers of Soviet fighter bombers. After all, it does little good to stop a missile if an airplane can deliver the same bombload. The best response would be a demand that the Allies desist from double-talk at the bargaining table, and put the SDI and its related Tactical Defense Initiative systems on a crash footing. Then there would be something real to talk about with the Soviets.

Revolt against the 'recovery' hoax

West German Chancellor Kohl has come under heavy attack from farmers, labor, and industry.

The new government in Bonn has come under siege. Whole sections of the economy are in open revolt against Chancellor Helmut Kohl's hoax of "recovery," which is being felt only in the reality of collapsing industrial orders, rising unemployment, and farm bankruptcies.

Alarming news about the real state of the economy makes headlines every day. The powerful boss of the Thyssen Steel Corporation, Dieter Spethmann, called the government's attention to the fact that cutting state subsidies to the critical steel-producing branch meant destroying the central section of the West German metal-working industry.

As Spethmann charged, the Bonn government's plan to reduce the workforce in steel from the current 142,000 jobs to 100,000 over the next two or three years would set off a "chain reaction that won't leave any of the 3.8 million jobs in the whole metal-working branch unaffected." This would cause "social and political turbulences on a scale threatening democracy in this country."

Spethmann's warnings were echoed by alarms from the Association of German Iron and Steel Producers. Reporting on a recent poll among its members, the association documented that given the considerable income losses in 1986, only 5% of the whole branch may employ new workers in 1987, while no less than 25 were definitely planning to lay off some of their work-force during this year. It was also pointed out that short-work

had become a constant pattern in 1986, reaching a total of 115,000 workers in the official unemployment statistics for March 1987.

Also the Association of German Metal-Working Industries raised the alarm bell on March 30, documenting that the changing dollar exchange-rates had worked to the disadvantage of German exporters and caused a drop in foreign orders by 10% since the summer of 1985. As this trend continued in 1986, only a few companies planned to take the risk of investing in new machinery in 1987. This, again, will lead to a drastic decline in domestic orders for the German machine-building sector, which is already hit by decreasing orders from abroad.

Finally, the Association of German Machine-Builders published new alarming statistics on March 30, showing a decline of orders by more than 11% over the three-month period between December 1986 and March 1987. Compared to the statistics for the period December 1985 to March 1986, this is also a drop by 11%, but there is a decisive difference. At the beginning of 1986, foreign orders collapsed by 15%, domestic orders by 5.5%. In the first quarter of 1987 however, foreign orders dropped by 14%, but domestic orders already by almost 8%. The machine-builders' association interpreted this trend with the somewhat sarcastic words: "Earlier expectations that the domestic conjuncture could compensate for the considerable losses on the traditional export markets proved to be rather un-

founded."

What was not mentioned in all of the above-cited statements, but is of significant political interest in this context, is the simple fact that the industry recognized the inability of the Bonn government to fulfill its promises that new markets in the East bloc would help to compensate for the heavy losses on the Western markets.

Gorbachov's economic reforms are proceeding too slowly, to mean any sizable profit for German industry in the foreseeable future. The rhetoric in Bonn on "perspectives for expanded East-West cooperation" is measured against the concrete results, and with a few and rather meager exceptions, Gorbachov's "new economic policy" has not yielded the expected contracts for the West German industry.

The Bonn government faces growing and deep discontent from industrial management and labor, while farmers' protests against the government's disastrous agricultural policy are escalating as well. For several weeks in a row, mass rallies of several thousand farmers have produced bad headlines for the government, and on April 1, 20,000 farmers and steel workers gathered—for the first time ever—in a joint rally of protest on the central market plaza in Bonn.

Besieged by this wave of fully justified mass protest, the government in Bonn escapes into fantasy. Opening the prestigious Hanover Industrial Fair on March 31, Economics Minister Martin Bangemann, spoke of an "unbroken trend of recovery, which is only interrupted by a momentary rest on our route."

Chancellor Kohl should recall the fate of Chancellor Ludwig Erhard, who reacted with the same silly talk on the deepening recession of 1966, and found himself ousted before the end of that year.

Soviets to face LaRouche in court

In the suit filed by the American presidential candidate and the European Labor Party for New Times's defamatory article.

In a surprise move, Soviet authorities, sued before French justice by Lyndon LaRouche and the European Labor Party in France, the Parti Ouvrier Européen (POE), have answered the complaint and taken the main lawyer of the French Communist Party (PCF), Joe Nordmann, as their counsel. Usually the Soviets, when sued here, have the habit of "slipping away" and presenting no legal defense—provided, however, that the relevant subpoenas against them, delivered via somewhat whimsical diplomatic channels, ever reach them at all.

In this case, the diligence of the Quay d'Orsay (French foreign ministry) is as noteworthy as the Soviet reaction, and the prospect of a public debate between the LaRouche party and the Soviet one.

LaRouche and the POE filed a civil suit for defamation before the Paris Court after the publication last September in the French edition of the Soviet weekly *New Times* (published in nine languages) of a violent five-page slander titled "Neo-Nazis Without Swastika." Among other authors, Ernst Henry, alias Semyon Rostovsky, a longstanding KGB expert, described the POE as a tool of the CIA for "subversive and terrorist operations" and paralleled the LaRouche-associated movement in Europe to the "Nazi party": Same "financial contributions from millionaires," same "anti-Soviet, anti-democratic and racist policy," said Henry, but the POE is "even more dangerous than the Nazis with swastika" and is "capable of being used for the assassination of progressive

personalities" such as the late Swedish premier Olof Palme.

The nine individuals and legal entities subpoenaed by LaRouche and his associates include, besides Henry, the co-authors of the slander, L. Bezymenski and K. Issakov; the two main editors of *New Times*, V. Ignatenko and L. Bytchkova; and Trud publications in Moscow. In the event the main defendants had chosen not to answer, writs were also issued against subsidiary entities such as the Aeroflot company in France and the two bookstores distributing the weekly in this country, since press distributors are accountable before the law here when the primary defendants do not show up in court.

In the legal briefs they have submitted, these subsidiary parties have adopted a curious line. The counsel of Aeroflot, the official lawyer of the Soviet embassy in Paris, argued that since Air France transports part of the freight between the Soviet Union and France, Aeroflot cannot be held responsible, even though, as is printed in every issue of the weekly, "Aeroflot transports *New Times* to all the countries in the world."

One of the two news agents claims it has been carrying only one copy of *New Times* every week, "for consultation purposes rather than sale." This store has discontinued the sale of even that single copy: "It is too political," the manager explains. As for the other bookstore, the main distributor of Soviet publications in France, their counsel, also the Communist Party's Joe Nordmann, is pleading for dis-

missal of the case against them now that the *New Times* journalists and editors have answered the complaint. The latter's legal argument is due at the end of April.

While *New Times* has become a hot potato for some in Paris, it is not yet clear why the Soviets have chosen to appear. Their intention should become clearer by June 3, when the hearing takes place before the First Court of the Paris Tribunal. No doubt the case has aroused interest in French diplomatic spheres: In 1984, the POE effort in favor of the Strategic Defense Initiative, its launching of the "France and Its Army" committee to rally French military layers to President Reagan's side, had met hostility from pacifist muddleheads of the foreign ministry. A document describing the POE as KGB-manipulated was circulated by some services of the Quay d'Orsay. Today's pro-SDI Chirac government might have had something to do with the proper delivery of the LaRouche writs in Moscow, and the subsequent blow to such disinformation against the POE.

New Times' lies of last September against LaRouche and his movement, the type of defamation French law treats very harshly, have been aggravated by yet another serious slander which appeared in the first March issue of the Soviet weekly: Returning to the topic of the investigation of the Palme murder, *New Times* mentions the POE "among the possible authors of the crime," next to "isolated fanatics" and "different terrorist grouplets." Such absurd charges were funneled by the Soviets to Swedish press conduits after the murder of Olof Palme and used to feed an international campaign against LaRouche's movement. Several suits have been filed here by the POE against press organs which took up the slander. Judgments are pending.

The Palme case revisited—by Moscow

Soviet media have changed their approach to reporting on the murder, away from their usual slanders of LaRouche.

Soviet press organs have floated new leads to the still unsolved murder of Swedish Prime Minister Olof Palme, differing from their usual ones. In a March 19 article on the "Swedish Echo of Irangate," i.e., illicit Swedish arms shipments to Iran, the official organ of the Soviet Red Army, *Krasnaya Zvezda*, points to a possible involvement in the Palme murder of an international, Israeli-tied arms cartel, and the French-based terrorist band Direct Action.

The floating of such leads signals a departure from the standard Russian propaganda approach of attempting to blame the murder of the Swedish premier on *EIR* founder and 1988 U.S. Presidential candidate Lyndon H. LaRouche, Jr.

Krasnaya Zvezda describes the Swedish arms giant Bofors as part of an international cartel involved in illegal arms sales to Iran, with branches in every major European country. The arms cartel is not limited to Europe: "Israel and South Africa maintain active contact with the cartel."

The arms cartel's Swedish subsidiary, however, "is only the tip of the iceberg. What lies underneath? . . . Whoever in the West tries to interfere with the cartel, and tell the truth, runs a risk to their own security. Palme gave support to those people who were not afraid to come out against these forces."

The killing of the Swedish premier was not the only murder in this context, *Krasnaya Zvezda* goes on. "In

January 1985, French General René-Pierre Audran was murdered. The general was also involved in the problems of arms deals with Iran. He was killed by the French terrorist group, Direct Action."

The Russian army daily proceeds to link the French terrorist outfit to the Palme murder: "On Feb. 21 of this year, four leaders of Direct Action, who earlier had been hiding in Scandinavia, were arrested. Immediately, some people took note that one of the men arrested was very similar to the photo composite of Palme's murderer."

The article was signed by "O. Vakulovsky," the same signature used for a prominent Dec. 12, 1986 article in *Krasnaya Zvezda*, which slanderously blamed Palme's murder on LaRouche. Sources report that the real author disguised behind the Dec. 12 signature is a certain Nikolai Vukolov, Stockholm correspondent for both the Red Army daily and the Soviet news agency TASS. *Krasnaya Zvezda's* employing the same signature for the March 19 article helps to underscore the change of approach.

Stockholm correspondent Vukolov had already co-authored an article on the alleged LaRouche "connection" to the Palme murder in the Soviet weekly *New Times* of September 1986, which is now the subject of a lawsuit in a Paris court, filed by LaRouche and his associates, the European Labor Party in France.

As late as March 9, *New Times*

published another article co-authored by Vukolov, entitled "The Palme Murder: Trails and Theories." The article contained the whole spectrum of standard accusations against "extreme right-wing American organizations," and "the European Working Party," the formulation often used by the Soviets in trying to implicate LaRouche's associates.

But two weeks later, in its March 23 issue, *New Times* published yet another item on Sweden, now conforming to the new approach signaled on March 19 by *Krasnaya Zvezda*.

Entitled "Another Arms Scandal," the new article reviews the role of Swedish arms merchant Karl-Erik Schmitz, whose company, based in Malmö, Sweden has been trading in arms and explosives with Iran. Investigations of this Malmö connection, *New Times* writes, led to clandestine arms deals involving at least eight other countries. As the scandal grew in Sweden, the focus shifted from the arms companies involved "to the politicians and officials whose job it is to enforce arms export control laws."

If Schmitz had no permission from the Swedish authorities, the Soviet weekly asks, "who, then, is behind his operations?" Part of the answer, *New Times* asserts, elaborating one connection just put forth by *Krasnaya Zvezda*, is given by the fact that "Israeli go-betweens were involved in Schmitz's deals."

The Soviet weekly says, "The inquiry will emerge at a political level within the next few weeks, as the Swedish parliament's Constitutional Committee plans to hear evidence from three former foreign trade ministers and a group of high-ranking officials at some of the country's ministries."

The possible links between Palme's murder and illicit arms sales to Iran have already been outlined by *EIR* and some other Western press.

Pope cuts through anti-communist myth

by Valerie Rush

Pope John Paul II's visit to Chile on his current South American tour, has cut through the myth that the only alternative to dictator Augusto Pinochet is "communism." The first non-military head of state to visit Chile since the coup d'état led by Pinochet in 1973, John Paul II defined the intent of his six-day stay with his very first words, pledging that he had come to "promote the victory of good over evil, love over hate . . . and truth over lies. . . . I am here to give new life to your hopes. . . ." The Chilean people responded with pleas to the "pilgrim Pope" to "free us from the tyrant!"

On April 1, John Paul II began a two-week trip to Chile and Argentina, with a ceremonial first-day stopover in Uruguay. The tone for the trip was set in January, when the Vatican's *Justitia et Pax* Commission issued its policy document, "At the Service of the Human Community: An Ethical Approach to the International Debt Question."

The document provided the basis for the Brazilian government's decision to put the economic survival of the nation over debt payment, and for certain European governments, France in particular, to break ranks from the international bankers and come to Brazil's support. The Vatican document, an uncompromising declaration of war on the amoral doctrine of "free enterprise," is setting the agenda for John Paul's eighth pastoral journey to South America.

The dignity of man

Even before the Pontiff landed in Santiago, he had defined the Pinochet regime as in explicit violation of the teaching of the Church that "the dignity of man" is primary. In conversation with journalists on his flight from Rome, John Paul II asserted that the regime in Chile is "dictatorial . . . but one which by its own definition is transitory." He contrasted Chile with his own homeland Poland, saying, "Dictatorships are one thing and dictators are another. One thing is the phenomenon of a dictator who must pass—the return to democracy is guaranteed. A dictatorship as a continuing system is another thing."

In Chile, the Pope was witness to the degradation under which Chile's people have been forced to live. Hearing stories of state-sponsored kidnappings, torture, and murder, and the undeniable poverty; and seeing the violent suppression of basic civil and human rights even around his own speaking engagements, John Paul pledged the Church's active participation in Chile's return to a society that would guarantee "the full and responsible participation of the citizens in the great decisions that affect the life of the nation."

In particular, the Pope urged replacing the yes-or-no "plebiscite" currently scheduled to be held in 1989, with free elections. In the "plebiscite," Pinochet is expected to be the sole candidate for another eight-year term as President of Chile.

Pinochet, a protégé of the Henry Kissinger/Milton Friedman U.S. networks that evolved into the secret government known today as "Project Democracy," is notorious for holding up the specter of "communist aggression" to justify his reign of terror. The Moscow-run Chilean Communist Party has been more than willing to play the part, by openly advocating "the path of armed struggle."

But the Chilean dictator's anti-communist histrionics did not work this time. Pinochet greeted the Pope at the airport with a speech insisting that "few people really appreciate the very serious aggression and siege that Chile has suffered and continues to suffer from the expansionist foreign action of the most extreme materialist and atheist ideology mankind has known. This reality is a central and absolutely unavoidable factor for any analysis or effort to comprehend contemporary Chilean reality."

The unimpressed pontiff rebuffed Pinochet by answering with a "Praised be Jesus Christ!" and the simple reassertion that, "As the herald of Christ . . . I proclaim the inalienable dignity of the human person created in the image and likeness of God."

Although no details of John Paul II's private 45-minute meeting with Pinochet have been released, a senior Vatican official assured that, "Knowing the Pope, he has seized the moment to discuss important ethical principles."

One of the most dramatic implications of the Pope's visit is that for the first time in 13 years, Chileans have been able to hear and read the stirring moral appeal of a world historic leader, without the Pinochet regime daring to impose total censorship. Said Gabriel Valdes, head of the Christian Democratic opposition party, on the eve of the papal visit: "Chile is going to be free for six days." Valdes added that his country would never be the same again after the papal tour.

If it is becoming increasingly evident that the Pinochet regime is coming to an end, it is not so evident what will replace it. Through its puppet Chilean Communist Party, Moscow is prepared to plunge Chile into prolonged civil war. On the other hand, Brazil offers a dramatic example of how an alliance of the Church with nationalist elements in government and the military can combine to impose a new set of priorities—determined by sovereign national interests.

PAN blames LaRouche for media exposure of ties to Colonel North

by D.E. Pettingell

In an official communiqué issued in Mexico City March 27, Mexico's National Action Party (PAN) charged that the Mexican Labor Party (PLM) and Lyndon H. LaRouche are behind articles printed in U.S. dailies exposing the PAN ties to Lt. Col. Oliver North's Project Democracy, the illegal "secret government" that nested inside the U.S. National Security Council. Absurd as it may sound to *EIR* readers who have followed the slanderous media campaign against LaRouche, to credit the PLM and LaRouche for articles printed in the U.S. press, it is apparently the only response the overexposed PAN could come up with.

According to the *Baltimore Sun* on March 26, North's fundraiser, Carl "Spitz" Channell, asked PAN representatives and wealthy backers to help fund the U.S.-backed Nicaraguan Contras in return for "access" to Ronald Reagan and a more pro-PAN policy by the White House. The *Miami Herald* on March 27 gave further details on the Channell-PAN negotiations, revealing that Channell and two of his employees met with PAN representatives on Aug. 14, 1986 at Washington's Hay Adams Hotel. Ricardo Villa Escalera, the Anglophile PAN leader from Puebla, and Alfredo Corella from Monterrey, are the two suspected of having attended the meeting with Channell, the *Herald* reported. Channell and the PAN discussed a major media campaign against the Mexican government.

"You know about one Mexican earthquake, but not about the second earthquake." Pause. "Mexico is going Communist," said a television ad proposed by Channell to the PAN, according to the *Herald*.

LaRouche and the PLM, an independent Mexican political group which promotes the type of debt solutions and economic development policies which have made LaRouche perhaps the man most hated by the Eastern Establishment, indeed can be credited for being the first and, until late March, the only ones, to denounce the PAN connections to the Iran-Contra scam. *EIR* has documented how, on the pretext of "democratizing" Mexico, the PAN was "picked up" by Project Democracy in the early 1980s to try to destroy the Mexican republican system and crumble institutional resistance to further looting by Mexico's international creditors.

Ever since 1985, the PLM published the book *The PAN, the Party of Treason*, identifying the U.S. network behind

the PAN, anyone who criticizes or attacks their ties to the United States is, by definition, working for the PLM or LaRouche.

From 'democracy' to violence

The story on the PAN-Iran-Contra link was the unpleasant welcome that a four-member PAN delegation received when they arrived to Washington March 24 for meetings with the Organization of American States' Human Rights Commission. The PAN group met behind closed doors with the commission members on March 25 and 26 to try to manipulate them into intervening in Mexican internal political affairs. Last September, the same group of individuals filed charges before the commission on "political rights violations" by the Mexican government.

"Our fight is democracy," Guillermo Luján told a group of international reporters gathered at the National Press Club March 27, after the hearings with the OAS. But, if the United States does not impose "democracy" on Mexico, defeated



Chagrined PAN-istas (l. to r.) Rudolfo Elizondo, Clara Torres, and Francisco Barrio, at National Press Club following their appearance at the Human Rights Commission of the OAS.

PAN gubernatorial candidate for Chihuahua state Francico Barrio added, there would be "an eruption of violence" during Mexico's 1988 presidential elections. So much for the PAN's champions of "democracy."

Despite the PAN delegates' efforts to avoid the Iran-Contra issue, reporters questioned them over and over on the subject. Luján, Barrio, and the two others, Rodolfo Elizondo and Clara Torres, claimed ignorance on their party's connections to North, et al. They said that Villa Escalera "lacked" party backing when meeting with people in foreign countries.

PAN controllers know better. Villa Escalera is perhaps the PAN's most clever negotiator: He learned it from the British. Married to the daughter of British Labor leader George Woodcock, Villa Escalera graduated from Oxford in "free trade economics." According to reliable Mexican sources, Villa Escalera started negotiating with the United States on behalf of the PAN through the U.S. embassy in Mexico in 1984.

The Clews clue

The mere visit to Washington is enough to disprove their claims of not knowing who pulls their strings in the United States. As in 1986, the PAN OAS group "hired" the Washington-based Clews Communications, Inc. public relations firm to represent them. The PAN visit was not only promoted by Clews, but the company's president-owner, Carter Clews, announced that he had registered himself with the Department of Justice, under the Foreign Agents Act, as "foreign agent" for the PAN in Washington.

Carter Clews is closely linked to some of the most prominent actors in the Iran-Contra scenario. Clews is a personal friend of Robert Owen, a former North employee in the illegal Contra supply network, who has been granted immunity in return for his testimony. According to U.S. media sources, Owen asked Clews to represent Gen. John Singlaub, a long-time North confidant suspected of wrongdoing in the Contra supply network. Apart from having the same "agent," the PAN and Singlaub enjoyed a common money source: the Council for Inter-American Security, which on Aug. 13, 1986, paid over \$30,000 for a full page pro-PAN ad in the *Washington Post*, and granted at the same time \$20,000 to General Singlaub for aid to the Contras. Singlaub is a CIS advisory board member.

Clews Communications is currently promoting the 1985 book *Mexico, Chaos on our Doorstep*, by Project Democracy's Sol Sanders, known to have been the liaison between Clews and PAN leaders, many of whom helped Sanders in "researching" slanders against Mexico's republican history for his book.

Although the *Miami Herald* reports that nothing "apparently" came out of Channell's offer to the PAN, well-placed Mexico City sources report that Villa Escalera met President Reagan and that there is even a picture of the two. Is this in payment for the PAN campaign to discredit Mexico's institutions?

Volkswagen funds pro-dope schemes

by an EIR Investigative Team

During the February-March period, the Volkswagen Corporation in West Germany came under scrutiny for engaging in hundreds of millions of deutschmarks worth of fraudulent, speculative currency transactions. Insiders in financial centers in Europe have suggested that investigations of these activities may, eventually, implicate the leading members of the Volkswagen board of directors.

As controversial as all this is, investigators may soon find it necessary to open a "second front" in looking at what happens to Volkswagen money. *EIR* has learned that the Volkswagen Foundation, which, through various mechanisms, utilizes financial resources of the corporation for its project grants, has been supporting groups and entities in Ibero-America that serve as fronts for drug-trafficking and its "narco-terrorist" offshoots.

The Volkswagen Foundation is emerging as an important funding arm for projects that would come under the blanket name of "Project Democracy" in the United States.

The capital of the Volkswagen Foundation was DM 1.4 billion, and total funding of projects about DM 130 million. The funds for the foundation are annually collected from the total dividend on the capital share (20%) the state of Lower Saxony keeps in Volkswagen Corporation, and from the total dividend on the capital share (16%) the federal government in Bonn keeps. The rest is provided from 10% of all other profits Volkswagen Corporation makes. All these funds are tax-exempt.

'Democracy,' the Sandinistas, and Adam Smith

EIR has collected the following leads about such VW Foundation funding, all of which come under the overall "program focus area" called, "Fundamental Developments in Latin America, Asia, and Africa":

- A project entitled, "Trade union movement and democracy in Latin America: ideology and politics of the trade union confederation (COB) in the democratic process of Bo-

livia (1977-1985)," carried out jointly by Professor Klaus Meschkat of the Institute for Sociology of the University of Hanover and Dr. J. Dandler, director of the Centro de Estudios de la Realidad Economica y Social, La Paz.

● A so-called "Nicaragua Project," concluded one year ago, directed by the same Professor Meschkat. One of his collaborators, also with the sociology group at the University of Hanover, is Professor Rossbach, a member of an organization of West German academics and political activists, called the "Colombia Seminar," which is integral to the European support-apparatus for the Colombian M-19 narcoterrorist group. Another Hanover-Sociology collaborator in this project, is Eleanora von Oertzen, daughter of Social Democrat Count Peter von Oertzen.

The latter is a senior editor of the SPD party magazine *Vorwärts*, whose Ibero-American correspondent, Michael Stührenberg, is the chief M-19 propagandist in Europe. The man who got Stührenberg that job, former *Vorwärts* publisher Hans Matthöfer, has managed to become a consultant to official agencies in Peru, and is working to undermine the policy and government of Peruvian President Alan García. Matthöfer is an intimate of the AFL-CIO International Department circles in the United States associated with "Project Democracy" insider Jay Lovestone, and frequently sees Lovestone, when he visits the United States.

According to one of Meschkat's assistants, "With this project, we wanted to investigate and criticize the Sandinista government, but from a standpoint of basic solidarity with the Sandinistas. . . . Part of the reason we got the funding was that certain people on the VW Foundation directors' board who might have opposed it, were out of the room, exactly at the moment that funding for the project was being considered."

This individual also reported that the Meschkat group has regularly exchanged information, toward completing this project, with the Göttingen-based "Society for Threatened Peoples," an umbrella organization for anthropologists that is linked, in various ways, to East bloc and neo-Nazi circles in Europe, and which is also key to the European support-apparatus for M-19 and other narco-terrorist groups.

● A project on "The Debt Crisis in Latin American Countries," initiated in autumn 1986 under Prof. Helmut Hesse, of the University of Göttingen's Ibero-American Institute for Economic Research. Hesse, an academic active in the lay, policy-making side of the West German Evangelical (Lutheran) Church, the EKD, is an avowed opponent of the late Pope Paul VI's *Populorum Progressio* encyclical movement. He is the initiator, in the Federal Republic, of a Project Democracy-linked "Economics and Ethics" movement, aimed at defending the ideas of liberal British East India Company economist Adam Smith (see *EIR*, April 4, 1987).

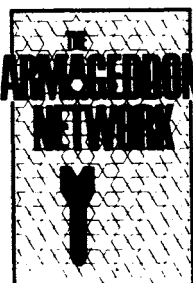
Among Hesse's closest collaborators in Ibero-America, upon whose resources he is drawing for the VW Foundation-funded "debt crisis" work, is the Rio de Janeiro "Getulio

Vargas Institute," especially senior institute advisers Castanetsky and Tyler. The Vargas Institute has encouraged those bankers and economists in Ibero-America, who favor, in one form or another, legalization of drugs.

● A project on the "informal sector in the marginal living areas of the big cities of Venezuela," co-directed by the Institute for Sociology of the University of Giessen, West Germany and the Universidad Central de Venezuela, Centro de Estudios del Desarrollo.

Some political embarrassments?

Should the spotlight be directed on the VW Foundation's funding of these and related projects, it will embarrass some high-level personages in Germany. The directorate of the foundation includes Volkswagen Corp. chief Dr. Carl H. Hahn, already reeling from the currency-fraud scandals. The chairman of the directorate is Dr. Werner Remmers, minister of education of the state of Lower Saxony. His immediate assistants are Dr. Heinz Riesenhuber, federal minister of research and technology, and Dr. Andreas von Bülow, SPD defense policy expert. Others among the directors, include Dr. Kurt Biedenkopf, leading member of the Christian Democratic Party (CDU), and Alois Pfeiffer, a former top official in the West German DGB trade-union confederation and now a European Community commissioner in Brussels.



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New People's Army takes offensive against Philippines government

by Linda de Hoyos

“The Reagan administration’s year-old gamble that Corazon Aquino could rally the Philippines against a growing communist-led insurgency better than Ferdinand Marcos appears to be paying off. President Aquino has not quelled the revolt, which a year ago was an urgent foreign policy problem for Washington. . . . But Mrs. Aquino has succeeded in throwing the guerrillas off balance, establishing herself in public opinion as a moderate interested in social justice. This has significantly slowed the momentum the rebels had been building up against the enfeebled, corrupt Marcos regime.”

This is the word from *Washington Post* correspondent in Manila Jim Hoagland, writing March 16. But to many it will be no surprise, that every proposition stated in the above paragraph is false. Within the last year, even through the 60-day cease-fire period of December-January, the New People’s Army, the military arm of the Communist Party of the Philippines, has taken the offensive.

At the same point that Hoagland was writing, Max V. Soliven filed this story in the *Philippine Star* Feb. 27, under the headline “The Coming Fall of Bicol to the NPA.”

Soliven reported: “While our officials were celebrating on EDSA [the anniversary of the February Revolution] this week, events were taking place in southern Luzon. . . . A stark development unknown to Manilans, and unreported here, is that the Communist New People’s Army has seized virtual control of the Bicol provinces outside its major cities. The government and the military are simply helpless and ineffective. On the main highways, buses and other public transport are halted by NPA bands and any soldiers or military men aboard are dragged off—never to be seen again. The other passengers are so terrified, they never bother to make a ‘report’ about this at the next stop or at their final destination.

“A few days ago, a town in Sorsogon was raided by the NPA in broad daylight—at 2 o’clock in the afternoon. The police station and the municipal building were ransacked—with firearms, ammunition, and office equipment carted away. There were no casualties on the rebel side. The military arrived only after the rebels had left.

“What is chilling is that this exercise was repeated, with brazen impunity in a town barely 15 kilometers away from the capital city of Legaspi. . . . The town of Sto. Domingo is located on the main road along Legaspi Bay, sandwiched between two major population centers . . . where there are big military encampments.

“The boldness of the NPA marauders was highlighted by the fact that if the army of PC [Police Constabulary] had counterattacked in force, the guerrillas would have had no place to run. Their only point of withdrawal would have been up the bare and denuded slopes of Mayon Volcano. Yet, when the military got there belatedly, the NPA raiders had blended into the local population, as if they had vanished into thin air.

“The intrusion into Sto. Domingo, previously regarded as ‘impregnable,’ has sent a wave of panic through the Bicol region. It is now undisputed that the NPA ‘rule’ the countryside there. Candidates of all political persuasions have been rushing to make contact with the NPA regional command, attempting to cut a deal with them. Even a former senator has been seen going on his hands and knees to the Reds.”

Civil war conditions

The official statistics of the civil war in the Philippines back up Soliven’s report. The current level of violence in the Philippines exceeds the levels of 1985, the last year of Fer-

dinand Marcos's rule, when the insurgency was at its highest peak. In 1985, there was an average of 11 incidents a day; in 1986, the level dropped down to an average of 8 incidents per day. In 1987, in the seven weeks since the end of the cease-fire, the number of incidents per day has climbed to 12.2. During the cease-fire itself, the rate was 2 incidents per day. By the end of February, there were 8 incidents a day, with 12.2 incidents a day registered now. There is no indication that the level of violence will subside.

A total of 389 Filipinos has been reported slain since the end of the cease-fire on Feb. 10. This includes 79 soldiers of the Armed Forces of the Philippines (AFP), 23 police, 26 paramilitary, 10 government officials, and 100 civilians. A total of 151 NPA rebels have been reported killed. Out of the total of 389 incidents, the NPA initiated 150.

The level of fighting has now created floods of "refugees" in the Philippines. In late February, some 20,000 people in the three provinces of Maguindano, Sultan Kudarat, and Cotabato in Mindanao have fled their homes and evacuated to different urban centers, to escape the fighting. Thousands have fled into Davao City. Evacuees said they feared the NPA would use them as human "shields" against the government troops. In mid-March, another 30 families left their homes in Burawan, Leyte, after the NPA enforced "kangaroo courts" in their areas. The refugees reported that the NPA concocted criminal charges against those who opposed it, with the sentence of summary execution by the underground. In Camarines Sur, the military reports that every barangay (district) is either influenced or infiltrated by the NPA. An "influenced" barangay, explained a military spokesman, is

The career of 'Kumander S.'

Our special correspondent in Manila last month had the opportunity to travel to Mindanao, where he interviewed "Kumander S.," formerly of the New People's Army. As our correspondent tells his story:

Kumander S. was born in 1960. He attended the Harvardian Colleges in the city of Davao. In 1977 (when he was 17 years old and in his fourth year of high school), he was recruited to the NPA. By and large his teachers were graduates of the University of the Philippines. Most prominent among them was Leo Garcia (alias "Kumander Pikot"), who conducted pro-leftist "teach-ins" right in the classroom. Teach-ins were based on articles promoting the Theology of Liberation, which had been xeroxed and passed out to the students. The teach-ins also featured the "basic party course"—an eclectic menage of Maoist ideology, economics, and guerrilla warfare.

Once recruited to the NPA, Kumander S. was assigned to FGU (Front Guerrilla Unit), Davao Province. FGU Davao was originally organized in Tagum, capital of Davao, by parish priest Father Birondo. Father Birondo has two brothers. The elder, Alex, was appointed in 1986 by Aquino's presidential secretary Joker Arroyo to a top post in the labor ministry; the younger to a top post in the successor organization to Imelda Marcos's Ministry of Human Settlements.

According to Kumander S., Davao City was also the point of origin of the "Sparrow units"—NPA assassina-

tion squads. These units were organized by Rolando Birondo Quintara, first cousin of Father Birondo.

In March-April 1986, NPA rebels in Mindanao received a letter from Alex Birondo of the Labor Ministry, instructing them that this was the right time to come to Manila, but specifying that only those organized into Sparrow units were wanted.

Northern Mindanao is the center of the Philippine wood and mining industries. The logging and mining are done in areas largely controlled by the NPA, who are financing their operations from taxation of logging and mining companies. Any company that does not do business with the NPA must retain a sizable private security force to protect its facilities and personnel.

Since the spring of 1983, the NPA in Mindanao has been receiving training and weapons from three trainers who are either Vietnamese or channeled through Vietnam. These trainers speak Tagalog and brought with them Tagalog manuals. This, however, caused some difficulties because of the pronounced southern Visayan dialect.

In December 1986, 10 more trainers arrived, specifically to give instruction to hard-core NPA units recruited from among the Manchacas mountain tribe. The Manchacas were the first NPA hard-core fighters, trained since 1968 by NPA founder Jose Maria Sison and Rodolfo Salas ("Kumander Bilog"), the latter now in jail in Manila.

The Communist Party of the Philippines (CPP), the National Democratic Front (NDF) with many members from the Catholic clergy, and the New People's Army, the Kumander reports, operate as three parallel organizations. They do not interact directly, but all three are controlled and deployed by the CPP Central Committee. The CPP's open arm, now certified from the May-August national elections, is the Partido ng Bayan.

already under the shadow of the NPA government, which includes the forced collection of "taxes" which are then used to fund NPA operations.

According to the Center for Strategic Studies in Manila, the NPA is supported by 6.7 million out of the 54 million Filipinos—or 25% of the voting-age population. It controls 20% of the territory of the Philippines. Although this control is exerted most strongly in areas of the countryside, in Metro-Manila, the NPA has substantial infiltration in some 159 labor unions, 107 schools, and 98 squatter areas.

Many of the NPA's inroads into the cities took place during the cease-fire, when unarmed NPA cadre were permitted into urban areas. During the cease-fire period in Cebu City, for example, the NPA collected 4 million pesos (U.S.\$200,000) in taxes from local businessmen. Simultaneously, the NPA prepared for its armed offensive upon the cessation of the cease-fire, which is not confined to certain areas, but is being waged in every region. When the cease-fire ended, the NPA withdrew its regular cadre from the cities, leaving behind armed "Sparrow Units"—assassination squads.

NPA strategy

The NPA's nationwide armed offensive emerged immediately upon the end of the 60-day cease-fire Feb. 10. According to documents captured by the Armed Forces, the NPA is operating under a nine-month plan, called Operation Jupiter, which orders NPA cadre to carry out raids on military installations, assassinations, and forced recruitment and collection of taxes in areas penetrated by the guerrillas.

On March 6, Carolina Malay Ocampo, chief of staff of the National Democratic Front "peace panel," told Kyodo news that the NPA was in the process of setting up provisional governments on the islands of Luzon, Cebu, Negros, Panay, and Mindanao, in preparation for the establishment of a national NPA provisional government. This decision, she said, had been made in the first quarter of 1986—before talks for a cease-fire ever began. "We have never concentrated on just one option," Ocampo, wife of the NDF negotiator, explained. "You have to develop several options at a time and your . . . choice is that one where you exercise the most initiative."

Writing in the Feb. 22 *Malaya*, Ocampo indicated that conditions of dual power already exist in certain areas of the Philippines: "Out here in the areas where the NDF exercises political authority in various degrees, the future has already begun to take shape. . . . The NDF councils and committees are fast being set up at the regional, municipal, and community levels. There is a provisional national council, headed by Andres Macias, where 12 member organizations are represented. Decisions are reached by consensus. . . ." Ocampo claimed that, in areas under NDF control, "Land rent has been reduced to affordable levels, farm wages have been raised . . . local money lenders have been obliged to charge lower interest rates."

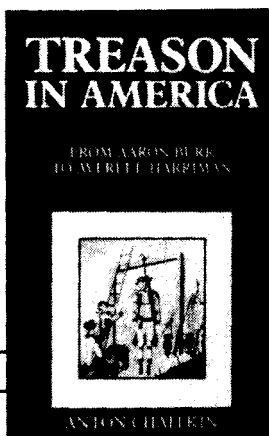
Ocampo asserted in her press conference that the NPA would not engage in regional negotiations, viewing this as divide and conquer tactics, and that the NPA would not (officially at least) participate in May congressional elections. Ocampo also confirmed the presence of armed "partisans" in Metro-Manila. These "Sparrow unit" cadre operate under a plan called "Scorpio Force," whose objective is to kill political targets, create chaos, and discredit the AFP and police through the use of political terror. Since the cease-fire, 20 police or military officers have been murdered on the streets of Manila.

Hoagland's "assessment" of Aquino's achievements *vis-à-vis* the NPA over the last year ignores the reality and the information that has surely been at his disposal. Even Armed Forces Chief of Staff Fidel Ramos, who played a key role in bringing Aquino to power and is known for his close links to the U.S. embassy, has issued dire warnings of the growing threat. On the anniversary of the "February Revolution," Ramos warned against belief in the idea that "people power will solve the insurgency problem" and that the "communists will eventually and voluntarily lay down their arms and participate with the people in the task of nation-building. This is a dangerous half-truth believed by many people, including some government authorities who do not really understand the insurgency problem. It is a dangerous half-truth, an illusion in fact, that carries seeds of destruction."

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A turn in Soviet policy on AIDS

by Konstantin George

Till recently, the Soviet line on AIDS was a repertoire of lies, alleging that AIDS was developed in U.S. bacteriological warfare labs in Ft. Detrick, Maryland, and, in any case, was a problem for the “decadent” West. While in reality, Moscow mobilized huge scientific, research, and institutional resources to both combat the disease and contain its spread, for public and foreign consumption, Soviet public spokesmen downplayed the AIDS threat to the Soviet Union as trivial.

This is now out the window. The Kremlin has recognized that AIDS is a threat to the future existence of Russians, and is acting accordingly. In the March 19 edition of the Soviet government newspaper, *Izvestia*, the director of the Soviet Virology Institute, Viktor Zhdanov, issued an urgent call for “international cooperation” in the fight against AIDS:

“Soviet virologists are pressingly working on vaccines against AIDS. This has proven to be not an easy task, and so far, it has not been solved by world science. AIDS has become *the* major problem of international health, and to solve it, we need international cooperation. Soviet virologists call on the WHO to unite the strength of scientists and health researchers in all countries of the world to fight against this serious illness. We need intensive scientific investigation, an active plan of action and systematic exchange of information. We need an active international program of scientific and practical measures and Soviet scientists are ready to accept a very active part in its development.

“... The problem of actively carrying such an offensive against AIDS is very complicated but even this can be solved by uniting the forces of mankind. I would like to believe that, with the approaching of the 21st century, we’ll have not only a non-nuclear era but an era of victory over AIDS and other serious diseases.”

Zhdanov’s and the Soviet government’s new policy of demanding an international war on AIDS is de facto a Soviet reply to a call made last year by U.S. presidential candidate Lyndon LaRouche, for East-West joint work to combat the AIDS menace. Yet—either because there is still a fight over this, or because someone would like to make it *seem* that there is a fight—the old “Ft. Detrick” charge resurfaced in the *Military Bulletin* of the Soviet press agency Novosti on March 30.

In a curt phrase, Zhdanov disclosed Soviet national-security measures to contain the potential spread of AIDS through high-risk groups such as homosexuals, prostitutes, and drug addicts: “These groups have to be systematically checked and observed.”

Within days of the Zhdanov article, the risk-group theme again emerged in the Soviet media, in a candid manner never before seen.

The March 24 edition of *Moskovsky Komsomolets* (the Moscow edition of the *Komsomol* youth newspaper) carried a nearly full-page article on homosexuality in the Soviet Union, linking the phenomenon to the spread of AIDS. The article stated that under no circumstances can the laws outlawing homosexuality be repealed, because “precisely in this milieu the disease has a tendency to spread,” and, under conditions of unchecked homosexuality, preventive measures against the spread of AIDS “would be impossible.” The paper called for the Soviet school system to begin an educational program against “sexual abnormality.”

The government daily *Izvestia*, in the week of March 16-22, carried a wave of reports on the state-directed crackdown and war on AIDS throughout the East bloc:

Item, Bulgaria: *Izvestia* March 17 reported that in a special appearance on Bulgarian TV, Prof. Ljubimor Shindarov revealed that out of 20,000 people tested, 22 were found to be carriers of AIDS. Of the 22, 19 were “foreigners from countries where the disease is widespread.”

Item, Bulgaria: *Izvestia* March 22 reported a “wide-ranging program in Bulgaria against AIDS.” “In all districts” in Bulgaria, “diagnostic labs” are at work on the AIDS problem, and a “central laboratory has been created” for screening against the disease.

Item, Hungary: The Hungarian media announced that “obligatory screening” was planned for blood donor and various “risk groups” to contain the AIDS epidemic. A network of about 40 laboratories to test for AIDS has been established in various health institutions nationwide.

Item, Poland: *Izvestia*, March 21, reported on how “Polish Doctors are Fighting with Drug Addiction.” An organization called “Monar” (“Youth Movement In Fight Against Drugs”), formed eight years ago under Marek Kotanski of the Warsaw University Psychology Department, committed itself to “the fight against AIDS.” It is receiving financial support from the Polish Ministry of Health. At the end of February, Polish Deputy Health Minister Jerzy Bonnczak announced that Poland was planning to screen 1.5 million people soon, as part of a nationwide AIDS prevention campaign.

World events sometimes contain stunning ironies. While Western leaders fiddle like Nero in the midst of the AIDS pandemic, Moscow, out of the most fundamental national survival considerations, has adopted a program against AIDS, embracing in essence the points included in the defeated California Proposition 64.

A science crisis

India's R&D establishment, a bureaucratized confederation of baronies, is under pressure to perform.

The failure of the ASLV rocket, the latest in India's series of increasingly powerful rockets that was intended to launch a satellite into geostationary orbit, grabbed headlines here on March 23. But as Prime Minister Rajiv Gandhi rightly said at the time, the failure is not a setback for Indian science, but a learning experience.

The real crisis in Indian science—its bureaucratization, mediocrity, and lack of connection to the social and economic fabric of the country—is deeper and more difficult to solve. India's Space Research Organization (ISRO) is more a part of the solution than of the problem. This deeper problem in Indian R&D has been receiving intermittent attention over the past two years, as the Rajiv government turned over one stone after another in the science establishment. Most recently, a stir was provoked in March when a specially appointed review committee, led by Planning Commission member Abid Hussain, submitted its recommendations for overhaul of the Council of Scientific and Industrial Research (CSIR).

CSIR is a network of 39 research laboratories throughout the country, originally established by Jawaharlal Nehru and Shanti Swarup Bhatnagar, the institution's first head. Together with the Indian Institute for Technology and the Department of Atomic Energy, set up at the same time, CSIR was the core of independent India's fledgling R&D capability, and one of the building blocks in Nehru's farsighted program to institutionalize advanced science and technology.

Nearly 40 years later, CSIR has yet to realize its promise. Instead of a dynamic force moving and shaping the economy and society, CSIR has become a stodgy monolith, a kind of bureaucratized confederation of baronies, in which diverse types of R&D go on, of widely varying quality and usefulness. As the Abid Hussain committee emphasized, this was by no means all CSIR's fault. Indian industry (historically dominated by a petty traders' mentality) is notoriously allergic to R&D, and CSIR's potential has been partially aborted on that account. Government policies never addressed this obvious problem.

Though the Hussain committee's report has not yet been made public, the gist of its contents have been leaked to the press. The committee recommended reorganization of the CSIR, including transfer of some labs and an overhaul of the administrative system, to introduce coherence, directionality, and accountability into the institution's functioning. Induction of outsiders into CSIR's management and the separation of administrative and R&D directive functions, are two specific measures suggested. A proposal that CSIR's budget be linked to earnings from external contract work, envisioned at 30% of the budget, has provoked much controversy.

It was recommended that CSIR's research program be divided into three categories: mission-oriented programs, under the direction of CSIR management; research for corporations or other bodies outside CSIR; and exploratory research investiga-

tion. The committee recommended that CSIR develop its own list of 10-15 "technology missions" to be taken up over the next 15 years, with two or three identified for completion in the next several years.

This would be complemented by programs to master certain advanced technologies where progress is rapid, such as microelectronics, instrumentation, genetic engineering, and so forth, for assessment, absorption, and ultimate development of these technologies indigenously.

Though the government has as yet taken no action on the Hussain committee report, the predictable outcry has already been raised from the scientist-administrators whose baronial prerogatives are now under question. It is not the first time the science establishment has had its cage rattled.

One year ago, Rajiv Gandhi summarily abolished the Science Advisory Committee to the Cabinet (SACC), the hub of the country's "science mafia," and replaced it with an eight-man committee of working scientists and technologists. Their job: to advise the prime minister on major issues of science and technology, and to draw up a plan for the 21st century.

As Rajiv Gandhi stated in Bangalore recently, when he inaugurated a new defense research facility, one of India's greatest failures has been in translating science into technology. He has sought to introduce a "mission approach"—borrowing from ISRO's example—into India's overwhelmingly government-run science and technology activities, raising its standards and accountability.

It was, among other things, the old SACC's inability to produce a coherent program of science and technology missions, despite months of prodding, which forced the prime minister to conclude that radical measures were necessary.

International Intelligence

Heads will roll when arrested terrorist 'sings'

After 17 years as a fugitive from justice, Nazi-communist Italian terrorist Stefano Delle Chiaie was arrested by Venezuelan police in Caracas on March 27. Delle Chiaie has been extradited to Bologna, Italy, to stand trial for the terrorist bombing there on Aug. 2, 1980, which claimed the lives of 85 people.

"I have a full dossier with me," the terrorist said, as soon as he set foot on Italian soil, according to sources in Rome.

What names will be found in the terrorist's "dossier"? Delle Chiaie has been one of the top executors for secret organizations like the Propaganda-2 Freemasonic lodge and the related Comité Montecarlo, considered an operative branch of the Trilateral Commission. Other members of this masonic grouping include Alexander Haig, Henry Kissinger, and Michael Ledeen, according to testimony by numerous sources, reported over years in the Italian press.

Delle Chiaie has now joined, in the defendants' dock, Francesco Pazienza, the collaborator of Ledeen, Haig, and P-2 Venerable Master Licio Gelli. "Now they will hear me, especially Alexander Haig. We will talk in front of the court about some political assassinations," screamed Pazienza to the magistrates after his arrest for the Bologna bombing.

Mexican bishops decry 'intolerable' debt burden

Mexico's conference of bishops on March 28 announced the release of a 100-page document supporting recent Vatican statements on the debt, and saying that interest payments could not be made at the expense of living standards. All of Mexico's 100 bishops signed the statement, which was presented at a press conference by the Social Pastoral Commission.

"No country is obligated to destroy or gravely compromise its own fundamental economic levels of subsistence, growth or

social peace," according to the statement. "Mexico has already paid in the last five years, in foreign debt-service, a sum equivalent to half the total capital that we now owe, yet the principal has not diminished, but increased. . . .

"The situation increases the burden to intolerable limits for our people. The internal effort to adjust the economy is exacting a high social cost. . . . The cause of the crisis is found in the fact that the essential connection of economics and politics with morality has not been respected, since politics is reduced to a technique of power, domination and oppression. . . . Mexico cannot overcome the crisis, nor progress to justice and peace, without taking into account the moral values that apply to the situation."

When a country has honorably tried to pay its debt, but "runs up against the impossibility of meeting its obligations, an international, unified, radical remedy is imposed and shared, which does not exclude either total or partial forgiveness, or acceptance of moratoria that help the debtor country recover its solvency."

New accomplice named in Pollard spy scandal

Attorney Howard Katz has been named as the third American member of an Israeli intelligence ring tied to Jonathan Pollard, now serving a life sentence for his espionage. Katz, who has dual citizenship and is a resident of Israel, had purchased the safehouse used by Pollard and Israeli embassy employee Irit Erb to photocopy classified documents.

While the U.S. Justice Department has offered Katz immunity, in an effort to learn more about the Pollard ring and related espionage activities, the Israeli defense ministry has barred Katz from leaving the country.

Katz has long been the director and legal counsel for Healthco International, with offices in Boston, Jerusalem, and cities in the Middle East. Healthco portrays itself as a retailer of dental equipment, a favorite cover for Mossad fronts, since the radioactive ma-

terials found in medical equipment serve to mask radioactive materials designated for different purposes. Healthco was founded and funded by Lehman Brothers, now part of the American Express group, which itself has been deeply implicated in the Irangate scandals.

Great Russian racism targets Uzbekistan

The Soviet collective farm newspaper, *Sel'skaya Zhizn (Rural Life)*, blames the high birthrates in Uzbekistan for the fact that the Soviet Central Asian Muslim Republic has about 1 million unemployed, mostly in the rural areas.

Uzbekistan has a population of 18 million, of which about 11 million live in rural areas.

The article signals the beginning of a drive for "population control" among the Soviet Union's Muslims. The Russian chauvinist campaign against birthrates in Muslim areas began in January with a TASS wire attacking the "very high birthrate" in Tajikistan.

In a related development, the Moscow publication *Sotsialisticheskaya Industriya (Socialist Industry)* reports that the Trans-Caucasian Muslim Republic of Azerbaijan has 250,000 unemployed, and that "tens of thousands" of them are being sent to the "labor deficit" region of Siberia, to work in oilfields and railway construction projects.

Contras are fed up with Elliott Abrams

Leaders of the opposition to the Sandinista government inside Nicaragua are furious at U.S. Assistant Secretary of State for Inter-American Affairs Elliott Abrams, according to a report in the *Baltimore Sun* on March 31.

One Contra figure is quoted: "Abrams told us that he thought we were all very

heroic for staying in Nicaragua, but they had their own plan. . . . I don't know who is more arrogant and imperious, Daniel Ortega or Elliott Abrams. But after being treated like another little brown person who didn't count, I left that meeting feeling more a common bond with my political adversary, Ortega, than with my supposed political ally in Washington. The Yankees want to keep us here in Nicaragua to be a rallying voice for some fantasized insurrection. But the Contras will be just another Bay of Pigs, and we'll be the first ones who are put up against the firing squad wall."

New role for communists in Italy's government?

Since March 3, when Italian Premier Bettino Craxi resigned his post, the country's leaders and political parties have unsuccessfully sought to form a new government, while assiduously avoiding the real issues of the national crisis: the economic situation, the AIDS emergency, and the renewed outbreak of terrorism. The outcome of this floundering could be a communist-supported government, after early elections in June.

Just days after the assassination of Gen. Licio Giorgieri on March 24, President Francesco Cossiga, a Christian Democrat, took the extraordinary step of mandating the communist president of the Chamber of Deputies, Nilde Iotti, to carry out an "explorative assignment." Iotti is the former mistress of Palmiro Togliatti, the postwar head of the Italian Communist Party. She was assigned when former Foreign Minister Giulio Andreotti, a Christian Democrat with close ties to Libya and Syria, failed to form a government. Although an "explorative assignment" does not mean actually forming a government, but only determining what chances of agreement there are, the decision to give a communist this role was a signal coming from the head of the Christian Democratic Party, Ciriaco De Mita, that his party would be ready to form a minority government with the outside support of the communists after early elections.

Craxi, just reconfirmed as general secretary of the Socialist Party at the party congress in Rimini, expects to get his party's mandate to try again to form a new government on April 9, after a month of useless political maneuvers. If he fails to reconstitute the five-party government coalition, early elections would be called for June 14 or 21.

Moscow plays the 'Israeli card'

The Soviet leadership has announced several new initiatives toward Israel, designed to capitalize on the worst crisis in Israeli-American relations since the Suez crisis in 1956. On March 30, the Kremlin declared that it would allow some 10,000 Jews to emigrate to Israel this year, through Romania. Then on April 1, the Soviets said they would soon be sending a consular delegation to Israel, the first since the diplomatic break of 1967, to survey properties belonging to the Russian Orthodox Church.

These moves were prepared by intensive negotiations, including back-channel shuttle diplomacy by World Jewish Congress President Edgar Bronfman and Occidental Petroleum's Armand Hammer.

On March 20, Avraham Tamir, director of the Israeli foreign ministry met with the Soviet ambassador to the United Nations, Aleksandr Bolonogov. A few days later, Prime Minister Yitzhak Shamir announced a change in Israeli policy, saying that the government could consider the issue of diplomatic relations between the two countries separately from the question of Soviet Jewish emigration. Moscow has always insisted that the issue of Soviet Jews is a purely "internal matter." Israel's compromise signaled to Moscow how far Jerusalem was ready to go.

Now the Soviet Union is dispatching diplomatic teams to explain these developments to its Arab allies, starting with the arrival in Amman, Jordan on March 24 of Vladimir Orlov, deputy chairman of the Supreme Soviet, and Sergei Losev, the general director of the TASS news agency.

Briefly

● **DAVID WATT**, the former head of the Royal Institute of International Affairs in London, died under extraordinary circumstances on March 27. Watt was reportedly electrocuted when he touched a power cable that had fallen down in a gale. Watt had just written two highly controversial articles in the London *Times*, one on March 13 attacking the behavior of Israel's Ariel Sharon in the Pollard spy scandal, and the other on March 20 stating that the prevailing mentality in the Soviet Union was not Marxist-Leninist, but Great Russian.

● **CLAES ZEIME**, the Swedish prosecutor who has criticized Stockholm Police Chief Hans Holmér's conduct of the investigation of the murder of Prime Minister Olof Palme, submitted his resignation on March 30. He told the Stockholm daily *Expressen*: "I have for a long time been wondering how long I could keep silent. I will possibly find myself in such a position that I will talk." There are yet no indications yet what Zeime might have to talk about.

● **LOTHAR RUEHL**, the West German deputy defense minister, criticized the "zero-option" proposal for withdrawing nuclear missiles from Europe, in a commentary in the *International Herald Tribune* published March 27. He added that the present Soviet attitude at the Geneva arms talks "does not look promising."

● **OVER 150 ISRAELI** military advisers are permanently based in Iran, at some of the key military airfields, according to Iranian sources opposed to the Khomeini regime. These Israelis are Farsi-speaking and often of Iranian origin.

● **FRANCE** expelled three Soviet diplomats on April 2 "for activities unconnected with their mission and their status." A government spokesman said that France "cannot tolerate diplomats undertaking . . . espionage on French territory."

Disappearing ozone: reality, or another hoax?

Carol Shaffer Cleary and Carol White evaluate the environmentalist claim that the ozone layer is vanishing, and compare this to Carl Sagan's 'nuclear winter' hoax.

On March 9, Dr. Susan Solomon, of the National Oceanic and Atmospheric Administration, gave testimony before the House Subcommittee on Health and the Environment, on the dangerously high level of chlorine dioxide found over Antarctica—an estimated level 20 to 50 times higher than expected. She attributed the rise to the pollution of the atmosphere by chlorofluorocarbons. As she admitted to the congressmen hearing her testimony, there are many questions, yet to be resolved, of how the polar climate affects chemical reactions, yet to be resolved.

Despite the fact that she admitted that it is still premature to conclude on the basis of her findings, that these molecules, popularly known as freons, were the cause of ozone loss in Antarctica, her testimony was used as the basis of a scare article in the next day's *New York Times* "Science" section. Environmentalists claim that freons have led to significant global decreases in the protective ozone layer in the upper atmosphere. Ozone, a colorless gas, guards life from excessive exposure to ultraviolet radiation.

While Dr. F. Sherwood Rowland, a chemist who first in the 1970s predicted destruction of the Earth's ozone layer by freons, was quite unequivocal in interpreting the Antarctica results, other scientists, mainly industry representatives, disagreed. Dr. Rowland himself admitted that there is still a large range of uncertainty built into the mathematical models which are being used to predict ozone loss.

Lee M. Thomas, administrator of the Environmental Protection Agency, said at the hearing that he feels the evidence to be so strong—even without the data on Antarctica—that there should be a freeze and phase-out of chlorofluorocarbons (CFCs).

The United States already bars their use in aerosol sprays,

and has introduced an international protocol which would freeze production to current levels, banning their use entirely within 10-15 years.

Both France and Britain oppose this. Because of pressure from U.S. environmentalists, U.S. and Soviet officials, at a January 1987 meeting in Moscow, discussed possible means of banning or limiting chlorofluorocarbons. We would tend to agree with Yuri Z. Izrael, chairman of the Soviet State Committee for Hydrometeorology and Control of the Natural Environment, who said that the Soviet government did not think there was adequate evidence to warrant limitations on CFCs.

CFCs are a crucial chemical component of industrialized economies, used as an aerosol propellant, as a refrigerant, and as a solvent. The more industrialized an economy is, the greater its use of CFCs. United Nations Environmental Program advocates have been pushing the claim that CFCs catalytically destroy ozone in the upper atmosphere at very rapid rates, to get the United States and U.S.S.R. to mutually police the globe, dictating reduced rates of industrial development to all nations on the basis of this and similar environmentalist issues.

But while United Nations Environmental Program advocates negotiate, scientists have just discovered the "Catch-22" about the hypothesis that the CFCs destroy ozone.

What are the facts?

Data from NASA's Solar Backscatter Ultraviolet instrument (SBUV), which has been in operation since 1979 in the 40-50 kilometer altitude range above Earth, indicate that starting in 1982, the upper atmosphere (40-50 km) has brightened by 5% in three years. The assumption is made that such

brightening is due to a lessening of the protective ozone layer above Earth. According to the model used it would have lessened by 10% in those three years.

A 10% lessening in the protective ozone layer would be catastrophic; in fact it is four to five times greater than the rate of lessening of ozone predicted by the models of CFC destruction of ozone. Unless we are willing to accept such a Chicken Little point of view, we are led to question the model which is being used.

Either the model and the hypothesis are virtually worthless, and science really doesn't understand anything about the catalytic destruction of ozone by CFCs in the upper atmosphere, or science has no way of accurately measuring ozone, and no idea of what the rate of destruction of ozone is, assuming that such destruction exists.

The role of volcanos

A group of scientists at the University of Colorado Laboratory for Atmospheric and Space Physics has come to the conclusion that the problem is that the modelers overlooked the role of volcanic particles. This has resulted in attributing the reported observations to a decrease of ozone, when this many not really be the case.

Since 1982, the SBUV instrument "has been seeing an atmospheric brightening that may be explained by sunlight scattered by aerosols. This brightening is currently being attributed to a large, global decrease in upper stratospheric ozone," researcher Todd Clancy explained. In 1981-82 there were two major volcanic aerosol inputs into the upper stratosphere; one was a mystery cloud in late 1981, of undetermined volcanic origin, and the other the huge El Chichón explosion, which put more volcanic aerosols into the upper

stratosphere than any volcano in the last 100 years. "We're still seeing the effects of El Chichón nearly three years after it erupted in 1982," Clancy said.

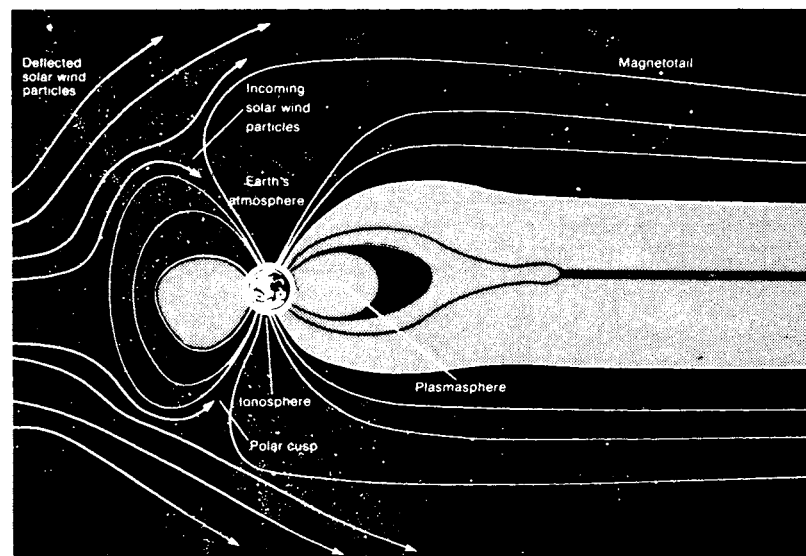
Data from the Solar Mesosphere Explorer satellite, launched in 1981, confirms that a large amount of sulfuric acid droplets was volcanically injected into the upper stratosphere in 1982, and they are still up there, in the 30-50 kilometer range, in a fine haze which is still growing. Sulfuric acid emits thermal radiation which confuses the backscatter ultraviolet equipment by generating additional atmospheric brightness.

The University of Colorado team is currently trying to sort through the Solar Mesosphere Explorer satellite data, to try to determine how much of the observed brightening of the upper atmosphere is due to volcanically injected sulfuric acid haze, and how much might be due to an actual thinning of the protective ozone layer. While this question may be exceedingly difficult to resolve, it is very important, since most scientists will not debate that CFCs can catalytically destroy ozone, but the real question is, do they do so on a level that affects the Earth's ozone level, or is man's intervention, putting CFC in the atmosphere, still very trivial in scale relative to natural processes affecting the atmosphere and climate, such as major storms, volcanos, and fluctuations in solar activity affecting Earth? (See Figure 1.)

The Antarctic ozone hole

A separate, but possibly related occurrence, is the mysterious transient thinning of the ozone layer above Antarctica each spring. This has been seized on by environmentalists as proof that CFCs rapidly destroy global ozone in the upper atmosphere. The media picked up this cry with the enthusi-

FIGURE 1
The solar wind and Earth's atmosphere



Ionized, or corpuscular radiation, the so-called solar wind, comes into the Earth's environment by spiraling down along magnetic field lines that converge on the Earth over the North and South Pole. The environmentalists claim that ozone is disappearing from the Earth's atmosphere at an alarming rate and that the transient "ozone hole" over the South Pole is dangerous.

asm of a science-fiction writer whose fantasy has come true.

The ozone hole that ate the Earth started as a media hit when DuPont, a major global manufacturer of CFCs, called for limitations on production of CFCs. This DuPont announcement occurred just one business day before Antarctic scientists officially released their vague, unquantified results in October 1986.

A small scientific team had gone on a much-publicized trip to Antarctica, to make various experimental measurements, during the Antarctic spring. Their purpose was to further probe the causes of the ozone hole. Was this another example of CFC destruction of the ozone layer?

While the media campaign which followed appeared to prove that the ozone hole will soon devour the whole Earth, like most such campaigns, this did not have much relationship to scientific truth. In fact, scientific circles have been quietly battling over competing hypotheses which claim to give other causal explanations for the transient thinning of ozone over Antarctica.

One of the most interesting hypotheses has been presented by Linwood Callis and Murali Natarajan, who work at NASA's Langley Research Center in Hampton, Virginia. They published two papers, one in the Sept. 20, 1986 issue of the *Journal of Geophysical Research* and another in the Oct. 13, 1986 issue of *Nature*, releasing extensive satellite data, which supported the hypothesis that it was the 1979-80 solar cycle which led to the build-up of odd nitrogen compounds. They contend that it is these which catalytically destroyed ozone over the pole.

The solar cycle

The sun's cycle of solar storms is commonly measured by sunspot activity. The apparent 11-year sunspot cycle is actually a 22-year cycle, with the magnetic field reversing after each 11 years. The strength of the maximum period of sunspot activity within the cycle itself varies. The peak of

solar cycle number 21, which occurred in 1979, was the second-strongest peak in solar disturbances in 250 years (Figure 2).

The 1979-80 period was one of the most intense periods of solar activity in centuries. The build-up of odd nitrogen compounds it triggered is just finally beginning to dissipate three to four years later. Ionized particles, also called corpuscular radiation, from such periods of intense solar activity, spiral down along the Earth's magnetic field lines, creating vortical plasma filaments at the poles.

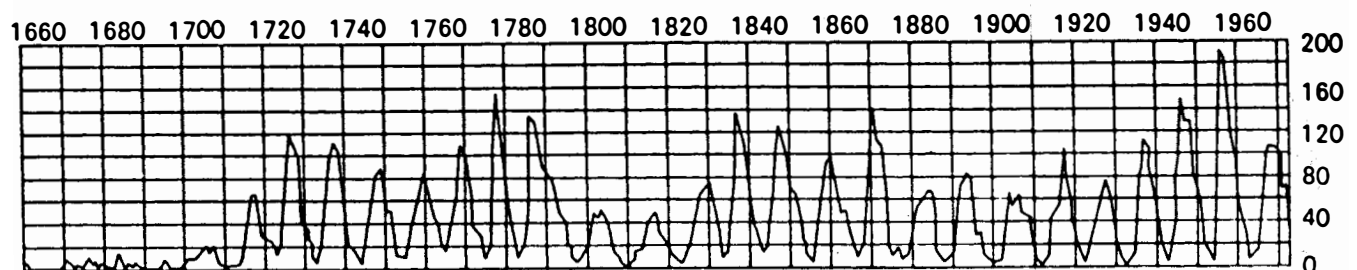
During periods of high solar activity, this corpuscular radiation interacts with the thermosphere (90-130 kilometers above the Earth), producing more than double the amount of odd nitrogen compounds normally produced by cosmic radiation. Odd nitrogen compounds include a whole family of chemical species: NO, NO², NO³, HNO⁴, N²O⁵, etc.

The long polar night vortex, which by convection sweeps cold air down in a vortical motion over Antarctica, during its dark winter, sucks the increase in odd nitrogen compounds down from the thermosphere into the upper stratosphere. As the sun comes up during Antarctica's spring, N²O⁵ photodissociates into NO², which catalytically destroys ozone, until the final warming breaks up the cold winter night polar vortex, cutting off the source of odd nitrogen compounds. Then the ozone hole disappears until the next Antarctic spring.

Preliminary analysis of the latest 1986 satellite data indicates that the South Pole ozone hole was significantly less pronounced in the Antarctic spring in 1986 than it was in 1985, and that mid-latitude ozone levels have recovered by about 3% from previous levels of depletion. This is what would be expected if odd nitrogen compounds were catalytically destroying ozone as a consequence of variations in the sun's activity.

Right now, most scientists are still suspending final judgment on whether Callis is right, that the sun's intense activity generated a temporarily enlarged Antarctic ozone hole, or

FIGURE 2
The sunspot cycle



The Sun's cycle of solar storms is commonly measured by sunspot activity. The apparent 11-year sunspot cycle discernable in the figure is actually a 22-year cycle, with the magnetic field reversing after each 11 years. The strength of the maximum period of sunspot activity within the cycle itself varies. The peak of the solar cycle that occurred in 1979 was the second strongest peak in solar disturbances in 250 years.

whether the environmentalists are right, that CFCs generated the large Antarctic ozone hole as part of a continuing global destruction of ozone. An answer will have to wait at least until additional satellite data come in at the end of 1987. If the hole continues to decrease, and mid-latitude ozone levels continue to recover, then the scientific world would favor Callis's hypothesis; but if the hole gets larger, and mid-latitude ozone levels begin to drop again, then scientists will conclude that the CFC model is basically correct, and 1986 is a transient fluctuation in a larger trend.

The polar night vortex also exists over the North Pole, but nearby orthographic features—bumps, like mountain ranges—allow more transient aerodynamic patterns to move the vortex over the North Pole around and even split it up, so that surrounding warmer ozone-rich, odd nitrogen compound-poor air is frequently mixed in. For this reason, the long dark winter at the North Pole is much warmer than at the South Pole, and no spring ozone hole is found over the North Pole. (See Figure 3.)

While science patiently waits to discover the actual cause of the much-publicized Antarctic ozone hole, United Nations Environmental Program advocates are trying to negotiate a policy of CFC use that closely follows that laid out in a recent World Resources Institute study to ban or drastically limit use of chlorofluorocarbons.

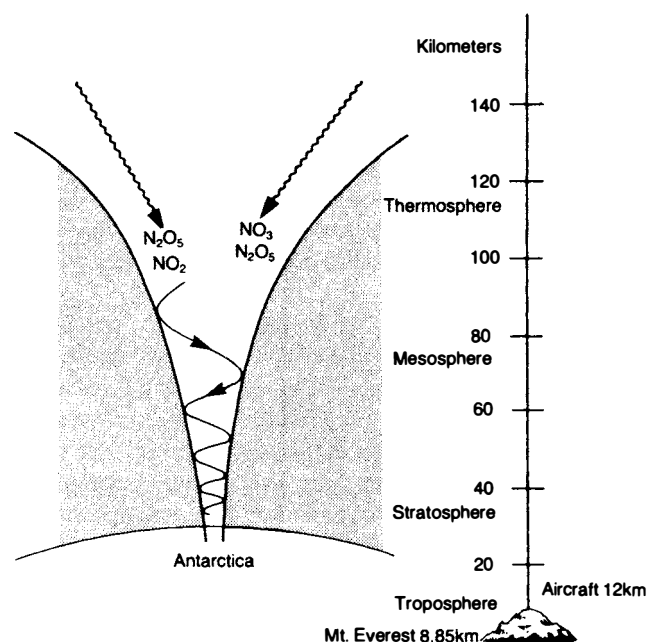
The implications for the economy

This would mean major redesign of all equipment using CFCs, mainly refrigerants. It would affect numerous food processing and chemical industry uses of refrigeration, and even thousands of industrial processes employing CFCs as solvents, refrigerants, or aerosol propellants—even the air conditioning seals and valves of automobiles.

One obvious way to reduce dependence upon CFCs in the area of food processing, would be the widespread introduction of food irradiation for the preservation of food and a certain amount of insect control. The lessons of the Carter administration must not be overlooked in a rush to institute controls. It is no exaggeration to attribute some of the backwardness of American industry, compared to that of Japan for example, to the misapplication of capital investment to the retrofitting of industry in order to cut down on air pollution.

The Carter administration made utilities put expensive and inefficient scrubbers on smokestacks, while using every political means to destroy the more efficient and less polluting nuclear industry. In fact, under the spurious justification of an energy emergency, conversion to coal use was mandated. The situation was similar, in industry at large. In steel production, funds were diverted from investment in the development of plasma furnace and associated technologies such as the Jordan process, which could have cleaned up the coal pollution 100%, and made fertilizer as a by-product at the same time.

FIGURE 3
The South Pole in winter



During winter, corpuscular radiation spirals down along the magnetic field lines that converge over the South Pole, generating odd nitrogen compounds in the upper part of the Earth's atmosphere: the thermosphere and mesosphere. The stable polar night wind vortex that forms in the winter sucks these odd nitrogen compounds from the thermosphere and mesosphere down into the stratosphere, where they partially destroy the protective layer of ozone.

The polar night vortex also exists over the North Pole, but nearby topological features—bumps, like mountain ranges—allow more transient aerodynamic patterns to move the vortex over the North Pole and even split it up, frequently mixing in surrounding warmer ozone-rich air that is poor in odd nitrogen compounds. For this reason, the long dark winter at the North Pole is much warmer than at the South Pole—and no spring ozone hole appears there.

Let us assume for the moment, that the CFCs are indeed depleting the Earth's ozone layer. There is another entirely different approach to the problem which this poses, than that of restructuring industry. Can we develop a means of recreating the ozone layer?

To pose this question is by no means fanciful. It is precisely the kind of problem which must be solved if we are to make planets such as Mars habitable by man. Perhaps the atmosphere of Mars will never (or not within the century) be breathable by man, but we can expect to be able to raise the pressure of the Martian atmosphere from the present 1% of Earth's atmosphere to somewhere nearer the proportion of Mars' gravitational field to that of Earth—38%. We will also wish to replicate the way in which the ozone layer provides a

radiation shield on Earth.

Nuclear winter, or is it summer?

The questions being raised about the ozone level are occurring against a continuing background of "concern" about a general greenhouse effect, said to come from an increase in carbon dioxide and other gases in the upper atmosphere—again by-products of our industrial society. One of the egregious problems in all of these predictions is the fact that the models upon which they are based are flawed, by the current inability of scientists to adequately model weather flows. An ironic side commentary on this involves the "nuclear winter" hoax.

In the fall of 1983, Carl Sagan, a longtime pro-Soviet activist in the "peace movement" and otherwise science publicist and professor at Cornell University, led a coalition of environmentalists who warned that the aftermath of a nuclear war might be the extinction of the human species, due to the abrupt severe temperature drop which would occur. They predicted as much as a 40° centigrade drop in temperatures.

Sagan's predictions assumed a 5,000-megaton nuclear exchange. This would create a cloud of dust and smoke which would encircle the Earth for one to two weeks, shielding the Earth from solar radiation.

In the Dec. 6, 1983 issue of *EIR*, Robert Gallagher, Beth Moore, and Ned Rosinsky published an attack on this scenario, deeming it an unscientific fraud. In particular they criticized the fact that Sagan depended upon a one-dimensional radiative convection model. What they said then, is as true today—even the best weather models fall short because they are unable to represent non-linear processes. (The model used by Sagan, however, was the epitome of bad weather models.)

The whole question was raised again at a meeting of the American Association for the Advancement of Science held in Chicago on Feb. 16. At that time, S. Fred Singer of George Mason University predicted that a global nuclear exchange would result in heating rather than cooling the Earth's atmosphere. His idea—that a smoke blanket would trap heat given off by the Earth—was not generally accepted, but more to the point, Carl Sagan was denounced for fraudulently misrepresenting his weather model, in order to score political points for the nuclear freeze movement. The same oversimplistic methodological error occurs among those scientists who predict dire consequences from running an industrial economy. Is this not conveniently coherent with the point of view of the environmentalist movement?

The Sagan story

Two scientists from the University of Colorado, in Boulder, employed a computer model designed at the National Center for Atmospheric Research (NCAR). According to their findings, a nuclear exchange would at most briefly introduce autumn-like weather in summer. Some areas might

experience a quick freeze, but human life (and food production) would not be threatened with extinction. Their findings were reported upon in the 1986 issue of *Foreign Affairs*, and more recently in the Jan. 16, 1987 issue of *Science* magazine. They were also presented to the American Association for the Advancement of Science in February.

Sagan faced with their results, contends that there is "nothing new" which could make him alter his original description of nuclear winter. He justifies this deliberate disregard for truth by the "higher truth" of his political convictions. His pro-Soviet bias is so obvious that it has caused a falling out between him and his collaborators in the nuclear freeze movement, such as George Rathjens, a professor of political science at MIT. Rathjens is quoted in *Science* magazine as asking the question: "Is this another case of Lysenkoism?" He concludes that it is, and asserts that the original nuclear winter model is "the greatest fraud we've seen in a long time."

The nuclear winter case a paradigm

As long as scientific prediction rests upon a computer study, rather than experimental results, it is inherently flawed by the hereditary assumptions embedded in the model. This in our view is precisely the problem with the modeling now being done to account for the reduction in the ozone layer. It is plausible, but plausibility is not sufficient grounds for the sweeping restrictions being proposed for the use of CFCs.

Russell Seitz, a fellow at Harvard's Center for International Affairs, recently attacked Sagan for cynically presenting doctored results to support his conclusions. He has published articles in a Washington, D.C. quarterly, *National Interest*, and in the *Wall Street Journal*, in which he charged that the nuclear winter fraud was hatched "within the inner circle of the world's disarmament activists," as a way of terrifying the public.

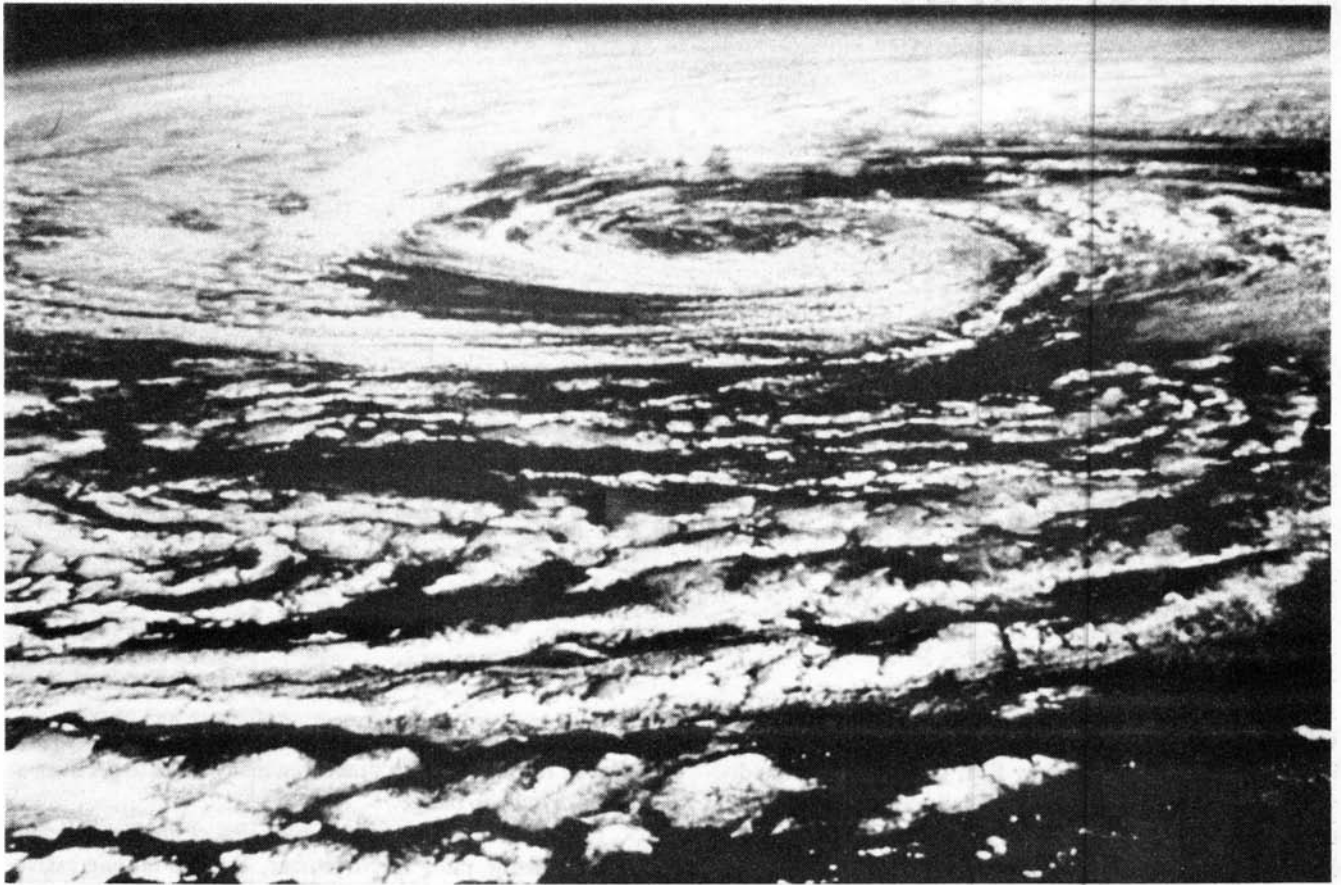
The model

Questions of weather modeling are most relevant to assessing the validity of modeling the spread of particulates through the atmosphere.

Obviously, the nuclear winter model is heavily dependent upon what scenario for a nuclear exchange between the United States and the U.S.S.R. is accepted. Unlike some of his critics, we would not quibble with Sagan on this point. If such a tragic war occurs, it will not be limited in scope.

Science magazine originally supported the Sagan hypothesis (we would assume for reasons not unconnected with their political support of the disarmament cause); however in their Jan. 16 review they raise a number of critical points worth quoting:

For quite a few variables in the nuclear winter equation, choosing a "high" or "low" value can make the difference between a black or a rosy outcome. . . . Some natural events are described by assumptions as



The earth's atmosphere has thousands of singularities, such as the vortical weather structure pictured here from a satellite—nonlinear processes which Sagan's "nuclear winter" weather model never took into consideration.

arbitrary as the bombing scenarios. Furthermore, several pose the same dilemma: Choosing one value wipes out nuclear winter, and choosing another makes it real. Nor is it clear that a midrange between the extremes is in any sense "better" than a high or low value.

Consider how land and atmospheric heat are treated. No experiment can mimic the smoke and turbulence rising from 100 burning cities. Sagan and Turco think it best to assume the atmosphere would behave very differently from what we now experience. Turco says a smoky atmosphere would become "decoupled" from the Earth's surface, with unpredictable results. No model based upon a peaceful environment can give an adequate picture of this. Schneider says this view overstates the effect of smoke cloud, which would not be uniform, but patchy.

On the other side, one of Sagan's collaborators, R.P. Turco, criticizes the above-mentioned Schneider study because it assumes a uniform mixing rate for the smoke, instead of a uniform density. In the original *EIR* study, both such approaches were criticized as violating the actual hydro-

dynamic quality of weather flows, which are governed by vortical action rather than homogeneity, and in which it is the existence of singularities which are key. As *EIR* wrote in 1983:

Let us assume now, for the sake of investigating Sagan's other assumptions, that somehow 225 million tons of smoke particles get up into the troposphere and stratosphere from firestorms ignited by nuclear blasts. Sagan assumes that within one to two weeks this material will distribute itself uniformly around the globe, or at least around the Northern Hemisphere. This is a completely arbitrary assumption.

Such a blanket at tropospheric or stratospheric altitudes would set up a tremendous temperature gradient between the layers of the atmosphere above and below. This in itself would tend to tear the dust-smoke cover apart. It is preposterous to assume that such a cover could remain intact, absorbing energy from the sun, and not begin to exhibit nonlinear collective particle effects that would form structures between which sunlight would pass to the Earth, thereby permitting photosynthesis and some warming.

For Reagan and advisers, day of reckoning has gone

by Nicholas F. Benton

With the United States Senate vote to override President Reagan's veto of the Highway Bill, the odd economic doctrine of Reaganomics has been finally accorded its decent burial. As a result, this country, in the middle of its worst economic crisis, has no economic policy.

The result is one of those vacuums that nature has long been known to abhor. The Senate vote has called attention to a vacuum of policy which only Democratic presidential candidate Lyndon LaRouche knows how to fill. Even though the vote to override in the Senate was by a margin of only one—and that achieved through a crafty manipulation of procedures by Sen. Robert Byrd to effect a vote-switch by a single Senator—the world saw President Reagan literally begging 13 members of his own party for votes. This came only two days after spokesmen for the administration gave a flat “no” to a proposal by visiting French Prime Minister Jacques Chirac to feed the starving Third World with agricultural surpluses from the advanced sector.

As a result of the veto override, the \$88 billion Highway Bill was passed and 800,000 highway construction jobs were preserved. Also, the states are now empowered to raise their speed limits on rural sections of the interstate highways above the present oppressive and unrealistic 55 mile per hour federal norm. The United States, over \$3 trillion in arrears on its national infrastructure maintenance by *EIR* estimates, will now act to ensure that some major bridges and freeway overpasses don't fall down.

The third kick

For President Reagan, it was his third kick in the teeth for picking a fight with the one force he has usually had on his

side—the national consensus. Observers are beginning to wonder: It usually doesn't take that many kicks to get even a stubborn mule to budge.

First, there was the catastrophic defeat the Republicans suffered at the polls in November. Despite an aggressive personal campaign by the President, the Republicans lost control of the Senate, giving the Democrats control of both houses for the first time since Reagan took office. “Reaganomics,” which has accounted for a precipitous collapse in domestic living standards during a heralded “recovery,” was responsible. A record trade deficit, the collapse of farm and industrial sectors, and the growth of domestic consumer debt—all the fruits of “Reaganomics”—led to a revolt at the ballot box.

Second, there was the Clean Water Act, which the 100th Congress took up on day-one. It had passed in September, but Reagan killed it with a “pocket veto”—holding onto it until Congress adjourned. Bent on delivering a swift message to the President, the Congress again passed the bill, and when the President vetoed it again, overrode his veto by an overwhelming margin. It was no “porkbarrel,” as the administration insisted. It was \$19 billion in desperately needed sewage treatment and flood control facilities. The override was only the second on an important bill in the six years of the Reagan presidency.

The Housing Bill, which passed the Senate in early April, promises to be the next confrontation. The President has already said it costs too much, even though it does not include a dime for any new housing.

The week before his devastating setback on the Highway Bill, Reagan was invoking playing-field images and rhetoric,

promising a relentless fight to maintain the Gramm-Rudman-Hollings deficit reduction target, which for the Fiscal Year 1988 budget is supposed to be \$108 billion. On his radio show March 30, Reagan shouted the slogan that cropped up on campaign buttons being passed around the White House the week before, "108 in '88!"

The economic agenda of "Reaganomics" is in a shambles. There was a pall on the faces of White House press spokesman Marlin Fitzwater and his assistants, who were in the middle of a briefing to the White House press corps when the results of the Senate override vote, 67-33, came in at 2:30 p.m. April 2. His President having made a personal visit to Capitol Hill in the morning to appeal to the 13 Republicans who were planning to vote against him, and having stated, publicly, "I beg you for your vote," Fitzwater could only smile half-heartedly and assert that "there was glory in losing in this case," and that "we will be back to fight again."

The President, Fitzwater insisted, did not lose face by failing in his personal appeal to those in his own party who deserted him. "On the contrary," he said, "he gained because he showed his determination to make the fight despite the risk."

No one would have been surprised to see Reagan do this, had Don Regan still been his Chief of Staff. But Regan was gone, and former Senate Majority Leader Howard Baker, a man with great experience at reading the mood of Congress, was in as the President's closest adviser. Baker told the President not to do it. So did the leading Senate Republican, Minority Leader Robert Dole. So, according to sources, did the President's new National Security Adviser, Frank Carlucci, and Secretary of Defense Caspar Weinberger. But Reagan did it, anyway.

Why? When there is no Don Regan to blame for misleading the President, the blame falls on the President himself. Surely, the President's actions on this one, including his eleventh-hour visit to the Hill, demonstrate that, unlike his apparent behavior during the Iran/Contra affair, he knew exactly what he was doing. This is the assessment of insiders: The President is a pure ideologue on economic matters, who is personally convinced that a constitutional amendment to balance the budget is necessary, and that "free market" economics defines how the world ought to be run.

Lacking a Don Regan to guide him this way, he will do it on his own. If he looks around his cabinet room for reinforcement, he is most likely to find it coming from his old friend, Attorney General Ed Meese, the man who wears a necktie with miniatures of Adam Smith scattered over it.

New setbacks

Ronald Reagan stands at a low ebb in his presidency, with more veto overrides to come, and much more yet to come out on the Iran/Contra affair. Weakened further by the reports that he failed to act when defense intelligence experts warned him in 1985 about poor security at the Moscow em-



bassy, Reagan now faces the prospects of having his second nominee for CIA director rejected.

FBI director William Webster, nominated by Reagan to fill the CIA post when he had to withdraw the nomination of Robert Gates because of his association with the Iran/Contra affair, has been called to testify on the affair before the joint Senate-House committee. Webster will prove to be much more vulnerable in the scandal than is Gates, since it was he who joined with Meese and Trott to order, among other things, the quashing of an investigation into Southern Air Transport, the airline used by Col. Oliver North.

The continued inability to find a replacement for Webster to head the FBI reflects both fear that Webster will not be confirmed by the Senate for the CIA job, and that a raging faction fight is ongoing inside the administration which has yet to be resolved.

The President will not survive many more kicks in the head. If the ones he's already suffered haven't been enough to convince him to change policy, along the lines proposed by Chirac and U.S. Democratic presidential candidate Lyndon LaRouche, there are already ominous signals of what the consequences of his demise will be.

For example, the House Armed Services subcommittee voted to decimate the budget for the Strategic Defense Initiative from the requested \$5.2 billion to \$3.3 billion, and this with the absurd proviso that SDI research be contained within the strict limits of the ABM treaty. They also eliminated all funding for the anti-satellite testing program. These votes came barely a week after the Secretary of Defense Weinberger asserted that the Soviets have broken out of the ABM treaty altogether.

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Schmidt reacts violently to Chirac

"It's bullshit!" This was the impulsive reaction of Helmut Schmidt, former Social Democratic chancellor of West Germany, when asked by this reporter April 2 to comment on French Premier Jacques Chirac's proposal to transfer agricultural surpluses from the advanced sector to the most famine-stricken nations.

"Who's going to pay for it? Who's going to pay for it?" Schmidt snapped. "It is just an election balloon by Chirac."

Schmidt regained his composure when I told him that Chirac had made this the most important item on his agenda of talks with the Reagan administration earlier in the week, and that he proposes to finance it through international cooperation, much as the so-called Baker Plan proposes, which Schmidt supports. Schmidt then reverted to the diplomatic language he used in his just-completed symposium with Henry Kissinger, saying, "Well, perhaps I should study it further."

Schmidt was not alone in his violent rejection of Chirac's idea. The Reagan administration is also vigorously opposed, as a senior administration official stressed in two background briefings to the White House press corps during the Chirac visit.

Chirac's proposal "just goes in the opposite direction of the way we think you have to go, which is less government intervention in the markets and less government direct relationships

between payments to farmers and decisions to produce and that kind of thing," the Reagan spokesman said (a more technical way of saying, "It's bullshit").

After Chirac's passionate appeal to "end the selfishness of the richest nations" with the proposal, however, I asked White House spokesman Marlin Fitzwater if the administration had been moved by Chirac to reconsider its position. "I'll stick with what the senior administration official said," Fitzwater said.

Schmidt pushes "Green" agenda

Schmidt was in Washington as part of a lavish promotion by the West German Lufthansa airline, which started direct service to Dulles airport April 1. His only public appearance was a seminar at Georgetown University with his long-time friend, former U.S. National Security Adviser and Secretary of State Henry Kissinger.

Schmidt reflected a shocking accommodation to the Soviet-backed Green party in West Germany, by saying that environmental and population control issues are at the top of the "global agenda" for the future.

Schmidt, who just returned from a trip to the Soviet Union and is working with former French President Valery Giscard d'Estaing in opposition to the growing constellation of nations working with the Vatican, for international debt reform, warned of the "burning off of the ozone layer" and the "greenhouse effect" on the environment, which he said "will become an insurmountable problem within 30 years" unless environmental precautions are taken.

He coupled this with dire warnings about the effects of population growth, noting that "unless something is done, there will be eight billion people by 2025."

He said that he participated in a meeting with leaders of seven world religions and political parties who "arrived at the same ethical basis" on these issues with less than a day of discussions. "They all agreed we need solidarity." On the economic front, he added, "This means equal burden-sharing between the creditor and debtor nations."

Kissinger responds to EIR

After Schmidt spoke, Kissinger pontificated on the virtues of genuine negotiations between East and West, complaining that the current negotiations for a "zero option" in Europe are destined to result in a deadlock.

This reporter was the first person to ask a question from the floor, identifying my affiliation with *EIR*. Kissinger, Schmidt, and the moderator, journalist Henry Trewitt, went into a sudden consultation, and the audience of 500 began to stir with excitement. Confrontations between Kissinger and associates of Lyndon LaRouche are legendary.

I challenged Kissinger to defend his claim of the benefits of negotiating with the Soviets in the face of U.S. Defense Secretary Caspar Weinberger's assertion the week before that the Soviets have broken out of the Anti-Ballistic Missile Treaty. I also asked him to take a stand on Chirac's proposal.

After the whispered exchanges concluded, Kissinger paused. "As a rule, I do not answer questions from the *Executive Intelligence Review*," he said, "But I will this time."

While he answered at great length, he avoided the reference to Weinberger's claim altogether, and said he was unfamiliar with the Chirac proposal.

It was the first time Kissinger had been compelled to respond directly to *EIR* in five years.

Farm-production controls backers gain headway

The House Agriculture subcommittee on Wheat, Soybeans and Feedgrains held hearings on March 31 on proposed changes to the 1985 Farm Bill, including supply management or mandatory production controls. While supporters do not expect the Congress to enact such legislation this year, they feel that with growing farm sector and budget deficit problems, time is on their side.

The "Family Farm Act" sponsored by Sen. Tom Harkin (D-Iowa), S. 658, and Rep. Richard Gephardt (D-Mo.), H.R. 1425, in the Senate and House respectively, is the leading production control bill.

Harkin-Gephardt proposes a 70% of cost of production or parity price for 1988, which would increase 1% per year for five years, with a goal of 80% of parity for farm goods by the year 1998-2000. Seventy-five percent of parity was the average farm price for the 1960s and 1970s, but farmers get 40-50% of parity today. Rather than limiting acreage put into production, their bill would put limits on the units of the commodity which the farmer would be allowed to produce.

While introducing the parity concept, it accepts the dangerous premise that the current collapse in purchasing power and consumption is an over-production glut.

Gephardt's office admits that this approach could affect input industries such as fertilizer, pesticides, etc., already in depression conditions. When acreage is limited, farmers usually increase the energy inputs into their better land. Committee opponents also fear that it could harm exports, increase costs to consumers, and hurt the livestock sector dependent on feed

grains.

The Reagan administration has proposed roughly \$5 billion in farm program cuts, but House Budget Committee Chairman Rep. Bill Gray (D-Pa.) has informally indicated that about \$1 billion in cuts will be required.

Gephardt advocates his farm proposal partly on the basis that it is a "major budget bill" projected to save \$75 billion over 10 years.

Bentley calls for Marshall Plan for U.S.

Rep. Helen Bentley (R-Md.) called for a Marshall Plan for America March 26 "similar to the Marshall Plan that helped our World War II enemies to rebuild their shattered economies and emerge into the postwar, contemporary era as industrial giants."

Bentley has introduced a non-binding House Joint Resolution entitled "To Establish a Committee for the Restoration of the Industrial Base," which she terms a Marshall Plan Commission. The committee would have nine members appointed by the House and Senate, to study and formulate ways to help rebuild the industrial base.

"It is time to recognize we are backing, without direction, into a position of economic and industrial dependence on the rest of the world," Bentley said. "It is time to admit this position is untenable, and that aggressive inspired leadership is necessary to initiate the sweeping changes in national attitudes and policies we so desperately need." Bentley said that "in certain areas of government activity such as taxing, regulatory control, purchasing, trade, etc., new and clear cut policies and priorities must be es-

tablished."

"U.S. tax laws, instead of stimulating domestic investment in new plants, equipment and technology, have encouraged American corporations to move offshore," Bentley said. They got the tax break whether they "built their plants inside the country or abroad."

Bentley urged that an investment tax credit be used to, among other things, promote a "resurgence in research and development."

She criticized the Trade Agreements Act of 1979 for allowing the President to waive any "Buy America" provisions of previous laws. "This myopic policy has led to billions of dollars in purchases of foreign products by the U.S. government—including everything from machine tools to trucks," she said.

Congress struggles for advantage on Contra funds

The Senate failed to stop a filibuster by Contra supporters, allowing the last \$40 million installment of \$100 million in aid voted for the Contras last year to be disbursed. But the 54 votes which Contra opponents mustered (60 being necessary to cut off debate), has set off new efforts to redefine U.S. policy toward Central America and Nicaragua.

Sen. Frank Murkowski (R-Alaska) said March 25 that he voted to honor the \$100 million commitment, but that he had done so "with the understanding that in the future, we are going to have to find a new basis for a national consensus on policy toward Nicaragua." Sen. Larry Pressler (R-S.D.) made a similar statement.

"I suggest that the question should not be the overthrow of the government of Nicaragua," Murkowski said, but a trade-off which he introduced as Sen. Res. 172. "U.S. Contra aid would cease completely if the Soviets, Cubans, and their weapons are withdrawn, not just new Soviet aid suspended."

While Murkowski supports the Arias (President of Costa Rica) peace plan with this modification, 111 Congressmen sent a letter to Reagan March 30 urging a cutoff in military aid for a 90 day ceasefire in the region and bilateral U.S.-Nicaragua talks. Signers included 42 House members who had voted for the \$100 million last year.

Sen. Chris Dodd (D-Conn.) introduced S. 184 on Jan. 6 to provide \$300 million in assistance to Costa Rica, Guatemala, El Salvador, and Honduras, and end Contra funding entirely.

Contagion 'civil rights' faction holds key posts

Several Congressmen who submitted a friend of the court brief to the Supreme Court in the *School Board of Nassau Co., Fla., vs. Arline* decision supporting the court's opinion that people who have contagious diseases are protected as handicapped under the Rehabilitation Act of 1973, hold key committee positions with jurisdiction over the nation's public health laws.

In their *amicus curiae* brief, they argue that Sec. 504 of the Act "unambiguously prohibits discrimination against individuals who have or are perceived to have contagious diseases," consistent with their view that AIDS has civil rights. They claim they

"would oppose any interpretation" of Sec. 504 "that would require exposing school children, or any other individuals to an appreciable risk of contracting a serious disease." Appreciable risk is the key phrase as they argue that "for example, if a disease can be transmitted only by biting, a two-year-old might be excluded from a program but an adult would not."

Sen. Lowell Weicker (R-Conn.) is ranking on the Senate subcommittee on the handicapped. Rep. Augustus Hawkins (D-Cal.) is Chairman and Rep. James Jeffords (R-Vt.) is ranking member of the House Education and Labor Committee, which has jurisdiction over Sec. 504. Rep. Henry Waxman (D-Cal.) is chairman of the House Subcommittee on Health and the Environment with jurisdiction over all public health and health regulatory laws. Sens. Cranston (D-Cal.), Inouye (D-HI.), Kennedy (D-Mass.), Simon (D-Ill.), Stafford (R-Vt.), and 27 other House members signed onto the brief.

LaRouche statements highlight NDPC testimony

The National Democratic Policy Committee (NDPC) has submitted testimony to several committees of the 100th Congress on important issues, and more NDPC appearances are scheduled during April. Policy statements by 1988 Democratic presidential contender Lyndon H. LaRouche have been prominently featured.

The NDPC submitted testimony on the trade issue to the Senate Finance Committee in February, and the House Ways and Means Committee in early

March. Two LaRouche releases, "Treasonous Trilaterals Threaten Trade War," and "Brazil Action Brings Down the IMF," were included, as well as NDPC legislation to the federal government on Emergency Economic Measures, and the Vatican document on debt, which has not been mentioned in Congress.

Testimony was also submitted to the House Foreign Affairs International Operations and the Senate Foreign Relations committees calling for a cutoff of funding to the National Endowment for Democracy, and a full investigation into this secret government apparatus, which has aided the drug lobby and Soviet interests. The NDPC is scheduled to appear before the Appropriations subcommittees that have jurisdiction over NED in early April. Mr. LaRouche's introduction to *EIR's* "Project Democracy" special report was heavily excerpted.

The House and Senate Appropriations Agriculture subcommittees received testimony, including Mr. LaRouche's policy statement "Keep the Local Banks Functioning," which applies to the insolvent Farm Credit System.

The House and Senate Appropriations Energy and Water subcommittees have also received testimony, although only the House heard oral testimony from the NDPC on April 1. LaRouche's statement condemning the Reagan veto of the highway bill and explaining the importance of infrastructure spending to help generate an economic recovery, prompted several questions from the three members at the hearing, an unusually high number. The NDPC is scheduled to testify on defense, NASA, Foreign Operations, AIDS and other issues during April.

National News

GOP candidates favor mandatory AIDS tests

Four Republican presidential contenders said they favored mandatory AIDS testing for certain categories of people, in remarks to a conference of House Republicans in New York on March 27. The issue was raised by Rep. William Dannemeyer (Calif.), a supporter of mandatory tests for all U.S. residents. "It's a political issue now," the congressman said.

According to a report in the *New York Post* on March 28, Vice-President George Bush said he favors mandatory testing "for some groups"—notably prison inmates—and that he might also favor testing for couples seeking marriage licenses, but said he didn't think it appropriate to make a federal law.

Rep. Jack Kemp (R-N.Y.) said couples seeking marriage licenses "definitely should be tested." AIDS "is an epidemic. It should be treated like any other communicable disease," he said.

Former Delaware governor Pierre du Pont said the disease "is not a civil rights issue. It's a medical problem with serious emotional and moral overtones." But he stopped short of endorsing mandatory testing or other public health measures.

Former defense secretary Donald Rumsfeld asked rhetorically whether "clean needles for addicts [is] really the solution for AIDS." He said it was "much more than a public health problem. . . . Values do have consequences."

LaRouche Democrats run first New Hampshire ad

On March 27, the first of a series of paid political advertisements for the LaRouche Democratic Campaign appeared in the New Hampshire press. The ad, headlined "I Support LaRouche for the Presidency" and signed by 200 citizens of the state, was pub-

lished in the *Foster Daily Democrat*.

The advertisement underlines LaRouche's views on three critical issues facing the nation in the 1988 presidential election campaign. First, with respect to the AIDS crisis, LaRouche demands "the application of traditional public health measures, including population screening and quarantine, to halt the spread of the virus."

Second, addressing economic policy, the candidate calls for the "reorganization of world debt" and "the creation of a New World Economic Order. In the LaRouche recovery, citizens can expect to see "exports of high-technology capital goods . . . and other great projects of infrastructure around the world" to end the "unemployment and poverty at home and abroad."

Third, the campaign stresses the necessity for building the Strategic Defense Initiative, and strengthening "our NATO alliance with Europe and our alliances with Japan, South Korea, and other Pacific powers," as well as waging a war against drugs and terrorism.

Aide to N.Y.'s Abrams indicted as tax cheater

Assistant New York State Attorney General Albert Posner was arraigned March 30 on felony charges stemming from a used-car operation he ran on the side. A spokesman said that Posner is accused of cheating on the sales taxes he owed from the business, and was also conducting some of his auto sales work while on state time.

Posner, who earns \$67,000 a year as principal attorney for the office's real property bureau, faces up to four years in prison and a \$5,000 fine if convicted. He was arraigned in Albany Police Court on charges that included offering a false instrument filing, failing to pay sales tax, and falsifying business records. He entered no plea and was released without bail after requesting time to secure an attorney. Abrams said it was not illegal for employees to operate private businesses so long as they report them and they pose no conflict with official du-

ties, according to a report in the *New York Times* published March 31.

Abrams has gained national notoriety since he ordered the arrest of 15 political associates of Lyndon LaRouche on March 17, on charges of "securities violations" which legal analysts describe as extraordinarily flimsy. As *EIR* detailed in its March 27 issue, Abrams's employees include such unsavory types as: 1) official spokesman Nathan Riley, a "gay rights" activist who is on record in a 1986 interview vowing to "indict these guys" in revenge for LaRouche's political victories; 2) Ethan Geto, campaign manager for Abrams's 1986 election campaign, an organizer of the 1984 Gays for Mondale extravaganza at Madison Square Garden, and a funder of the North American Man-Boy Love Association (NAMBLA); and 3) Frank Fiormanti, a member of the board of the pro-dope National Organization for the Reform of Marijuana Laws (NORML).

High Frontier group seeks to wreck SDI

A coalition of organizations and congressmen brought together by Gen. Danny Graham's "High Frontier" has announced a campaign to lobby for an "immediate deployment timetable" for the Strategic Defense Initiative.

Graham's approach would sabotage the Reagan administration's goal of a multi-layered population defense using new technologies like the x-ray laser and particle beam weapons, shifting the program instead toward off-the-shelf "kinetic" technologies, which could be easily countered by the Soviets.

At a March 23 press conference on Capitol Hill, spokesmen from the Heritage Foundation, High Frontier, and the Reserve Officers' Association (ROA) presented their demands that the SDI program mandate deployment of currently existing technologies before 1995. This is the first time that the ROA has involved itself openly in this type of political activity.

Briefly

Sen. Malcolm Wallop (R-Wyo.) denounced President Reagan's famous March 23, 1983 speech which launched the SDI, calling it the start of the "hijacking" of the program by "an administration incompetent to carry it out." Wallop said that the administration is responsible for the allegedly slow pace of the program, and this can only be remedied by congressional action which forces the SDIO to spend two-thirds of its funding on "deployment" and one-third on "research" programs.

This artificial distinction would destroy any long-term research and development of new technologies, and would limit the SDI's effects on the civilian economy, the very element of the program most feared by the Soviets. General Graham has admitted that he opposes the research into new generations of weapons systems.

Presidential directive seeks reform of NSC

President Reagan sent to Congress on March 31 a directive for reform of the National Security Council, implementing recommendations of the now-disbanded Tower Commission which investigated the Iran-congress scandal.

According to the Reuter news agency, the new rules are contained in National Security Decision Directive (NSDD) No. 266, which calls for a "small, highly competent" NSC staff that was "broadly experienced in making of national security policy" and an organization "imposing clear vertical lines of control and accountability." It said the staff should include a legal adviser with access to all information, and that the NSC adviser "shall ensure . . . that a full range of options is considered; that prospects and risks of each are examined . . . ; that legal matters are addressed; and that difficulties in implementation are confirmed."

The national security adviser is also charged with initiating periodic reassessments of policies and operations and ensuring that consultations and presidential decisions are adequately recorded. The adviser

"shall keep the President and chief of staff to the President fully and currently informed on all matters of substance."

The NSC is instructed not to conduct covert activities, and the directive stipulates that use of private individuals and organizations as intermediaries to conduct such activities would be "appropriately limited and subject to close observation." The President has further ordered an NSC review of all covert action programs "to ensure that all such programs are commenced and pursued in accordance with the law and are consistent with United States policy," according to the directive.

Rights commission will tour United States

The Commission to Investigate Human Rights Violations in the United States will tour the United States in April and May, to gather information about human rights violations of associates of Lyndon LaRouche, and to publicize their findings. The group, composed of distinguished international jurists and other figures, was formed after the Oct. 6, 1986 arrest of LaRouche associates in Virginia.

At the end of March, Commission members met with officials of the U.S. Justice Department and lodged a formal complaint concerning the nationwide political witch-hunt against LaRouche and his associates.

The national tour will feature Indian economist Dr. K.D. Sharma and attorney Dr. Frederick Wills, the former foreign minister and justice minister of Guyana. They will travel to Illinois, Indiana, Missouri, Michigan, Texas, New York, New Jersey, Pennsylvania, California, and Washington.

On April 5, the Commission was scheduled to host Dr. S.C. Birla, the counsel to the Supreme Court of India and a founding member of the All-India Bar Association. He is the general secretary and convenor of the All-India Lawyers Conference for 1987, and an expert on attorneys' accountability to the public.

● **MARVIN WARNER**, the U.S. ambassador to Switzerland during the Carter administration, was sentenced on March 30 to three-and-a-half years in prison and fined \$22 million for his role in triggering the biggest banking crisis in Ohio history. Warner's lawyers are appealing both the bond and Warner's conviction on nine banking violations.

● **RABBI MEIR KAHANE**, the Jewish fundamentalist fanatic and terrorist controller, toured the United States at the end of March, accusing those responsible for jailing Israeli spy Jonathan Pollard of "anti-Semitism." He attributed the Pollard affair to the alleged anti-Semitism of "the apostate Jew" Caspar Weinberger.

● **PAT ROBERTSON**, director of the Christian Broadcasting Network, arrived in Israel on March 31. He was received by Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres. One Middle East source wondered whether Robertson were seeking asylum in Israel, in expectation that he will be the next to be hit in the scandals hitting U.S. televangelists.

● **MARK CALNEY**, a political associate of Lyndon LaRouche who was jailed in Los Angeles on March 17 on trumped-up charges brought by New York State Attorney General Robert Abrams, was finally released from prison on April 3, on \$10,000 bail. His bail had originally been set by Judge Glennette Blackwell at the unheard-of sum of \$500,000. Calney has agreed to waive extradition to New York.

● **PRESIDENT REAGAN** has created a new National Drug Policy Board, with Attorney General Edwin Meese as its chairman. The board is charged with concentrating on the "demand side" of drug abuse. All cabinet members except the commerce secretary will participate, along with the CIA director, national security adviser, the President's drug adviser, the head of the Office of Management and the Budget, and others.

Editorial

A message from Lima to Washington

The people of the United States and other industrialized countries will shortly be joining the people of Peru and its President, Alan García, in demanding a new, more just international economic system, U.S. Democratic presidential candidate Lyndon LaRouche told a conference of 450 people in Lima on April 4.

"The most recent developments allow me to hope, that if I live, I shall see the victory at last, during the next year or two ahead," LaRouche said. He added that "the correlation of forces and circumstances favoring success today is vastly better than has existed at any time during the past 40 years."

Paradoxically, the opportunity exists as "the world is sliding rapidly to the brink of the greatest international banking collapse in history," which could come as early as this summer, LaRouche said. At that point most people in the U.S.A. and other industrialized nations, "will be demanding a new system, with more or less as much passion as patriots of Central and South America are demanding today."

Indeed, from late March into the early days of April, a powerful, international movement started to emerge in public, to bury the evil theories of Parson Malthus—"malthusianism"—for good. (The British East India Company's hoaxster Thomas Malthus believed that growth of population causes a nation's poverty; 19th-century improvements in agriculture and industry tossed Malthus into great discredit, only to have his ideas revived by today's liberals.)

We refer to the following milestones:

- Pope John Paul II's Lenten voyage to South America. The agenda of the trip has been set by the January document on a moral approach to the debt problem, issued by the Pontifical Commission "Justitia et Pax," marking the 20th year of the Pope Paul VI's landmark encyclical, *Popolorum Progressio*, (*On the Development of Peoples*), which identified the fight for worldwide economic progress as a moral imperative for mankind.

- The presence of Lyndon LaRouche and Helga Zepp-LaRouche, the foremost political leaders of the movement against malthusianism in the world, in Peru

for an international conference celebrating the *Popolorum Progressio* anniversary in Lima on April 3 and 4, sponsored jointly by the Schiller Institute and the Colegio San Agustín of Lima, and drawing representatives from West Germany, Bolivia, Zaire, India, and Colombia to support the actions of Peru against the International Monetary Fund.

- French Prime Minister Jacques Chirac's challenge, in Washington, D.C. on April 1, to the economic order defined by usury, and his correct insistence that the fact that whole nations are threatened in their very survival by the debt is a far graver threat to every Western value than problems of "arms control, economics, and terrorism."

- The success of Chadian forces in crushing Qaddafi's invading army after a 15-year war, on the eve of Chirac's visit to Washington. Not only may this victory help stop the carnage against darker-skinned peoples which is an acknowledged goal of those who foment wars in the Third World, but it is closely linked to the growing African rebellion against the International Monetary Fund. Zaire, which contributed troops to the Chadian victory, is a leader in the trend toward emulating Brazil's debt moratorium on the African continent.

Yet, some of the world's leading malthusians are asserting their demands to go on deciding policy, in fact more frantically than ever. The *Washington Post* demands editorially on March 12 that Brazil, which has followed Peru's lead in defying the IMF, must cut its population or else. Former German Chancellor Helmut Schmidt, globetrotting in a renewed bid for power, blusters against the world's "excessive population growth" and the "burning off of the ozone layer." Britain's Prince Philip adds that the growth of Africa's black population is spoiling the continent's attractions as a wild game preserve.

The question for Washington is this. Will the moral senility of the Schmidts, Kissingers, and Eastern Establishment banks destroy the United States? Or will our government join the movement to implement *Popolorum Progressio* and bring about a true renaissance of Western freedom?

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