

# EIR

Executive Intelligence Review

May 1, 1987 • Vol. 14 No. 18

\$10.00

Justice Dept. rips up Bill of Rights  
Weinberger: You can't trust the Russians  
Social Democrat Schmidt wants people killed

**LaRouche: no freedom without  
freedom to search for truth**



**REALITY  
CATCHES  
UP WITH  
THE  
MYTH-  
MAKERS**



- **“One-third of a nation,”** to use FDR’s famous phrase, “is ill-clothed, ill-housed, and ill-fed” again today, as in the 1930s. The good news about the “Reagan recovery” is that the official unemployment rate is way down. The bad news is that the figures are faked, and represent displacement of the workforce into low-pay, low-benefit jobs, or involuntary part-time jobs. It represents personal credit-card debt, jobless workers without unemployment benefits, hungry persons without food stamps, underemployed or unemployed workers seeking food charity, homeless persons, and rapidly growing poverty.
- **One year ago,** *EIR* warned that the U.S. physical economy would begin a 15-25% annual rate of decline sometime in 1986. We argued that such a decline could be slowed, by available political means, but even if slowed, would not be held back beyond the last quarter of the year. In June, the first evidence came in confirming our prediction. In December, again, we were right on the button.
- **The political climate** in which the administration has been able to peddle the lies that underpinned the recovery myth has itself changed. November’s mid-term elections were a crushing defeat for candidates, especially Republican Party senatorial candidates, who were identified by the electorate as supporters of the administration’s economic policies.

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100 pp.  
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Order from:  
**EIR News Service** P.O. Box 17390,  
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*EIR/Executive Intelligence Review* (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930

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**In Mexico:** EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

**Japan subscription sales:** O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

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**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 955-5930

# EIR

## From the Editor

On April 24, as the previous issue of *Executive Intelligence Review* went into circulation with its cover story on the “World debt and the social-democracy,” by Lyndon H. LaRouche, Jr., *EIR*'s Washington, D.C. main office was seized by federal marshals and padlocked in the latest brazen police-state action attempting to silence publications linked to LaRouche. The *Washington Post* and AP wire service went so far as to falsely boast that *EIR* had ceased publication. Individuals who cherish civil liberties, including many who disagree with this review's ideas, were profoundly shaken by these events.

Contributing Editor Webster Tarpley held a press conference outside the padlocked office and stated to the press: “Three blocks from the White House, the Constitution has been trampled on with police-state methods in the heart of Washington by the invisible government.”

Two weeks earlier, at our Washington office, we released the new 341-page Special Report, “Project Democracy and the secret government behind the Iran-Contra affair,” which, thanks to the generosity of numerous patriots, has now been distributed to 1,000 congressional offices, investigators, and government officials in the nation's capital.

Despite the April 24 action, *EIR* will continue to publish, and print the views of LaRouche on the unfolding economic crisis. In that regard, I direct readers' attention to the three lead stories on pages 4, 40, and 60, defining the imminent possibility of a world financial crash, LaRouche's guidelines for a solution, and the scope and nature of the forces deployed against him (see also page 64 for the Soviet side of that).

In *Science and Technology*, we present “Science Policy in the U.S.A.: There is no freedom without the freedom to search for truth,” a writing by Mr. LaRouche which was prompted by the alarms raised by concerned U.S. scientists at the forefront of their research fields. Those of you acquainted with the millennia-long history of our philosophical tendency, will not have any difficulty understanding why the cover picture, a famous rendering of “The Death of Socrates,” was selected to illustrate the deeper issues in the present battle.

Nora Hamerman

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## Science & Technology



The death of Socrates, one of the most dramatic moments in the history of our civilization, when a great thinker was judicially murdered solely to stop the search for truth. (The painting, by J. L. David, dates from the period around the French Revolution, which also murdered its great scientists.)

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## Will there be a world financial crash by May 15?

by David Goldman and EIR's European Economics Staff

Treasury Secretary Baker, Budget Director James Miller, and White House Chief of Staff Howard Baker succeeded, in a Chinese fire drill April 17, in convincing the world that a general financial catastrophe would emerge sooner, rather than later, and perhaps as early as the middle of May.

Budget Director Miller, who called reporters into his office to warn that rising interest rates would put the United States into "deep soup," was right; as *EIR* reported last week, a rise of U.S. interest rates by another 2% or so will bankrupt the entire \$1.2 trillion savings system, triggering a chain-reaction run against bank deposits, collapse of bond prices, and a general banking crisis. The bankruptcy of the world banking system since Mexico's August 1982 de facto moratorium, and the May 1984 collapse of Continental Illinois, has been covered by lower interest rates, which permitted the entire banking system to earn securities-trading profits, to replace the income on bum loans. Rising rates will take the thrifts out first, and bring the rest of the system down with it.

The events of April 22-23, on which the dollar fell to new record lows against the Japanese yen despite an estimated \$3-\$4 billion worth of currency intervention, and long-term bond prices fell by almost 3% of their total value, may well have marked the turning point at which everything went out of control.

Top London bankers are convinced that a general crisis may emerge by May 15. "Unless the U.S. acts very soon, we will have a catastrophe," a spokesman for one of London's leading international banks said. He pointed to the midnight May 15 expiration of the U.S. government debt ceiling. "If Congress fails to approve a new ceiling by then, it reverts automatically to last year's lower ceiling. This hits at the time of the next quarterly Treasury bond auction, which needs to raise \$28 billion between May 6 and May 15. Then, if, under present pressures, Japan is not a major buyer in those Treas-

ury sales, U.S. bond primary dealers holding the bonds could be forced to unload their paper. This could trigger a real fall in bond markets."

What a "real fall in bond markets" may signify, must be judged from the fact that the Treasury 30-year bond, the benchmark for the market, has lost 11% of its value since the end of March, the most rapid collapse of U.S. government bond prices in history; that is a rough index of the credibility of Washington's non-policy. Since not only U.S. thrift institutions, but the banking system in general, have "securitized" their portfolios extensively during the past five years, a 30-50% collapse of the Treasury bond market will eliminate the equity position of the entire dollar-based banking system.

Washington's trade pressure against Japan appears to have backfired; the dollar is now falling out of control, despite Secretary Baker's belated efforts to "talk the dollar up." In an April 20 television appearance, Baker went as far as to say that Washington would tolerate higher interest rates, in order to keep money flowing into the dollar.

The dollar proceeded to collapse to its lowest levels ever against the Japanese yen regardless, watching Washington's hands—i.e., the trade sanctions against Japan—rather than its mouth. European central banks intervened in early trading with an estimated \$3-4 billion in order to prevent a dollar fall following the abrupt breakdown of talks in Tokyo and Washington. U.S. Trade Negotiator Clayton Yeutter and Agriculture Secretary Lyng left Tokyo April 22 telling reporters they were "very disappointed at the stance taken by the Japanese." According to European financial dealers, this sparked renewed selling of dollars. News of the Japan-U.S. breakdown was reported in London to be behind the 51-point fall in the New York stock exchange after close of trading hours in London on Wednesday April 22.

The stock market's whipsaw on April 21 and 22—up 66

points, then down 51—convince Western European financiers that a market crash is at hand. “These markets have become so volatile in the last days that the financial community is expecting a major crack to occur,” emphasized a spokesman for a major West German bank today. London financial sources say the 51 point fall on Wall Street, following the roller coaster up/down fluctuation of the previous week, “is significant not so much for its size, but that it indicates a major direction shift. The bull market is over.”

Europe views the debate between higher interest rates and a stable dollar with undisguised horror. “It is argued that unless interest rates go up, the dollar will go down, down, down,” said a prominent London banker. “But, if the U.S. does increase interest rates, this could bring about a slump of horrendous dimensions. Look at the scale of indebtedness in the U.S. Now, add to that an increase in the cost of debt. Companies who have to borrow will go bust. Banks that have high debts tied up in these companies, will also go bust. It’s an open question, if major American corporations and banks can survive this. My estimation is that, what has already happened in the U.S. farm sector and in the U.S. energy sector, will multiply into the U.S. industrial heartland, where we will see the next collapse process in the U.S.”

### Gold at \$800?

“Capital is flowing out of the dollar; the question is, ‘where is it going?’” said an officer of a major Swiss bank. “It’s not going into Eurobonds. Not into Japanese stocks or D-marks. If the German economy even had some good news, it would be easier, but it is all bad, so it’s not going there. Gold? People are trying to hedge, or get into cash. The only market not being hit by this volatility is the foreign exchange, and only because of concerted central bank intervention.”

The Swiss banker added, “For six weeks, we have been advising our clients to get out of dollar-denominated stocks and bonds.” Not only the Swiss are blowing the whistle; reportedly, E.F. Hutton told clients during the third week of April to “get out of U.S. equities.” Hutton is reportedly advising clients to diversify into a portfolio with “35% cash and 10% gold,” because of the extraordinary market uncertainty.

On March 18, Swiss Bankers’ Association official Hans-Georg Rudloff warned that the world stood at the brink of history’s worst financial crash. One of his most prominent colleagues, Hans Vontobel of the bank bearing his family name, now advises investors to put money only into best-rated banks, treating others as if already bankrupt. Vontobel states that “all United States banks are in a bad situation, because of their high Latin American debts.” The one exception he makes is J.P. Morgan Bank, which is given the exclusive “A”-rating, together with five others—the three leading Swiss Banks, Deutsche Bank and National Westminster Bank.

All the other banks follow, in Vontobel’s rating-system, in due distance: Chase Manhattan Bank, for example, is rated

in the fourth category only, together with Germany’s bankrupt Bank für Gemeinwirtschaft. In the fifth category, Vontobel places Banco do Brasil and Banco di Roma, and Bank of America is found in the sixth category—no good sign, as the seventh category is already reserved for banks “gone beyond the brink.”

Gold has already reached a four-year high of about \$450 an ounce, and the panic rush out of dollars may push it much higher very soon. “There simply is not enough physical gold out there to be gotten” in the event of a flood of panic money into precious metals, according to one of London’s leading gold analysts. “At present there may be some 50 tons total to play with in the whole world. At today’s price, this represents only 2.5% of the present capitalization of IBM. If gold goes over \$500, it could really go through the roof, because people will really start stampeding to buy.”

### Misestimating the Japanese

Japanese investors’ apparent boycott of the U.S. bond market appears to have been left out of Washington’s calculations. The U.S. Federal Reserve is in a struggle ‘almost like a game of chicken’ with Japan, the *Wall Street Journal* European edition reported April 23, confirming what *EIR* has said for months. The Fed is refraining from “nudging U.S. interest rates higher because it doesn’t want to take pressure off of the Bank of Japan to ease credit, according to U.S. officials.”

Rather than be bled, the Japanese have decided to throw their financial weight around. The British government has already backed off, tail between legs, from an emerging trade confrontation with Japan. Said one knowledgeable British source: “The British buckled in, not the Japanese, and suddenly the Thatcher government has abandoned its confrontationist stance, of threatening to close down Japanese financial institutions operating in London. The British sent a minister to Tokyo, to threaten and badger the Japanese. The Japanese responded: ‘You’d better pack your bags and go. We don’t talk under threats.’ Since then, people in the City of London have put great pressure on Margaret Thatcher, not to do anything to alienate the Japanese, because there is great fear of losing Japanese funds, which are holding up the equity markets.”

The U.S. securities market is far more dependent on Japanese funds than London’s, and Washington officials may find themselves with nothing left in their pension funds if the confrontation continues.

However, Japan’s special envoy, Shintaro Abe, visiting Washington April 22, did offer Washington a way out: Japan will put \$30 billion over three years into a special fund for Third World debtor nations. Informed Washington sources translate Japan’s offer: If you adopt a sensible plan for the Third World debt crisis, we will offer substantial help; if you continue to act irrationally, we can take these markets for ourselves.

# Which people does social democrat Schmidt propose to kill?

by Don Baier

Helmut Schmidt, the former Chancellor of West Germany, has traveled to the Soviet Union, to the United States, and to an international forum in Malaysia, during the month of April, playing the role of international elder statesman taking a farsighted view of world problems—a cool, calm, collected crisis-manager, dispensing rational advice. On one subject, however, Schmidt is anything but rational. He is a fervent advocate of malthusian population control, which is to say that he condones mass murder, as long as he doesn't have to call it that.

How else is one to interpret Schmidt's remarks in a mid-April interview with the Soviet weekly *Literaturnaya Gazeta*, where the leading light of German Social Democracy made so much of the "very high birth rates" in the developing sector? "There are 4 billion people living in the developing countries. South America, Africa, the entire Arab world, South-, Southwest-, and Southeast Asia—all are characterized by a very high birth rate," Schmidt noted. For example, in a country like Egypt, which is not very big, "the population increases annually by 1.2 million," complained Schmidt. He concluded, "There are already 5 billion people living on this planet and by 2000 it will go up to 6 billion. The developing sector especially is suffering because here the increase in population is running ahead of economic progress."

On this subject, Schmidt does not speak differently in the United States than he does in the Soviet Union. Earlier, on April 2, when Schmidt conducted a public dialogue with Henry Kissinger at Georgetown University in Washington, he labeled "the problem of the population explosion" the cause "behind" a whole laundry list of limits-to-growth, "environmentalist" conundrums respecting mankind's use of increasing amounts of energy. Schmidt betrayed a thinly veiled contempt for the wholly legitimate desire of the peoples of the developing sector for economic growth.

Schmidt said in part, "... A host of developing countries are asking for a new economic order of the world. I ask myself, 'What do they mean by "new?"' Does there exist an old order, or a present order? Do we call the present constellation of the world's economy an 'order?' I would rather call

it a disorder.

"At best, it's a floating constellation, floating not only due to floating exchange rates. We have lost monetary stability since the late '60s all over the world. We are about to lose the openness of our markets all over the world.

"Then there are the power problems of the globe as a whole: maintenance of peace. There is the great question of how to bring about greater pace of development in 125 developing countries, and there is the enormous problem of the environment, which can never be solved on a national basis.

"Look at this ozone problem. It is a small problem. It could be solved by an international treaty of most of the industrialized countries who would subscribe and adhere to such a treaty. But then there comes the carbon dioxide problem in the outer atmosphere, which seems to be insoluble right now. All of us are burning coal, all of us are burning petrol, all of us are burning natural gas. Some of us use nuclear powerhouses, instead, but they have—see Three Mile Island, see Chernobyl—some risks. There is no country in the world so far that has a solution so far of what to do with the rest of your nuclear fuel. There is no solution to that right now. But if we go to burn more oil and more coal and if the people in the south and in the Sahel zone burn the rest of the wood, then the 'greenhouse effect' will certainly arrive, and very quickly, within the lifetime of the young students in this hall. It will become pressing within the next 15 years, and may become insurmountable within the next 30 years. So it can only be solved in international cooperation.

"Behind all these problems we have the problem of the population explosion. When I first attended school in 1925 I learned that we had 2 billion people in the world then. It was an unimaginable figure for me. I don't know how many zeros, nine zeros behind the two. Nowadays, it's more than 5 billion, only two generations later. It will be 6.2 billion by the end of the century, which is just 13 years ahead. This is inevitable. It might be that we change course in a number of nations, but if we don't we will end up with 8 billion people by the year 2020, or 2025, which means a quadrupling of the world's population in one century, which exacerbates the



development problems, exacerbates especially the environmental problem. Now, all these problems cannot be solved by issuing orders or prescriptions. They need a sense of solidarity.”

Leaving aside for the moment, what Schmidt means by “solidarity,” it is clear that he does not really consider economic growth, based on scientific and technological development, as in any sense a solution to these “problems.” And this became quite clear in the critical way he spoke of Japan, the industrial nation which above all, in the post-World War II world, has operated most according to the traditional American System principles of Hamiltonian economy, focusing on increase in labor power, based on massive investments in energy and infrastructure, and rapid assimilation of technological and scientific progress in the workforce.

“Japan doesn’t really have friends in the region,” Schmidt announced, adding parenthetically “There’s almost nobody in the region that does have friends.” But, he added, “The Japanese really don’t understand that they don’t have friends, and now you sense in this country here, and also to some degree in Europe, a new anti-Japanese attitude which will make it very difficult in the future. They have not understood that their economic success is just too big for the rest of the world to swallow.”

Thus Schmidt is quite prepared to condemn Japan for refusing the path of the “post-industrial society” taken by the United States and so much of Western Europe. And in place of a new credit and monetary system designed to create “new Japans” by promoting American System economic expansion worldwide, as LaRouche proposes, Schmidt offers “solidarity” as the answer to the economic and monetary “disorder” he identifies. What is this “solidarity?” The closest Schmidt came to a definition in Washington was this: “. . . If all the people and all the nations, including the poorest ones, and including the richest, of course, if all of them would share the burdens . . .”

That is how Schmidt described the thinking at a meeting of some 70 former world leaders, representing 15 nations, headed by Schmidt, which convened in Rome on March 9-10. Subsequently, from April 19-21, another malthusian grouping led by Schmidt’s “Inter-Action Council” met in Kuala Lumpur, Malaysia, for a conference on “the interrelation between population, environment, and development.” (Among those on the Policy Board of this malthusian organization are Peru’s Manuel Ulloa, whom his country’s courts refused to clear of the published charge that his economic policies were responsible for the development of multibillion-dollar narcotics trafficking in Peru.) From April 23 onward, Schmidt was scheduled for engagements in Los Angeles, Nebraska, Denver, and New York, as part of “Population Awareness Week.” Perhaps Schmidt will be good enough to tell Americans during that time, exactly which persons he proposes to eliminate in the interest of reducing world population.

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## Mexico

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# Malthusians use TV to brainwash

by D.E. Pettingell

Miguel Alemán, president of Mexico’s private television conglomerate Televisa, and part of Henry Kissinger’s Acapulco clique, was “honored” with the first “Outstanding Broadcaster Medal” in Washington, D.C. on April 22 by the malthusian Center for Population Communications-International for “achievements” in brainwashing backward Mexican women into sterilization and other birth control methods through “soap operas.”

In 1977, Alemán’s Televisa aired the first “family planning” soap opera ever produced. Titled “Acompáñame” (Accompany Me), during the 9 months that the 180 half-hour episodes of the soap opera were aired in Mexico, half a million women enrolled in “family planning” clinics while the contraceptive companies increased their sales three-fold. Due largely to “Acompáñame,” in less than three years the population growth rate of Mexico had dropped from 3.1% to 2.7%, the most dramatic drop by any country in recent history. The Televisa “experiment” was carried out with the total support of the Mexican government. In the mid-1970s, the Club of Rome sold then-President Luis Echeverría the lie that Mexico was overpopulated and needed to adopt an aggressive demographic policy of population reduction. The policy was consolidated and expanded by the succeeding administrations. The government’s goal is to cut population growth to 1% by the year 2000.

If this trend is allowed to continue, the consequences may be devastating. Thanks to the massive anti-population campaign that the world has been subjected to in the past decades, the “perception” exists that the world is overpopulated, when the opposite is in fact the case. If Mexico, or any other developing nation, is to achieve the levels of economic growth and security needed to employ and satisfy the already existing population, the population will have to triple by the beginning of the next century. History has demonstrated that any real economic growth must be accompanied with high rates of population growth. A clear example is South Korea, where the economic boom of the 1960s demanded a population density of 433 people per square kilometer. Ibero-America

has an average of less than 50 per square kilometer. The fact that Televisa and its malthusian U.S. sponsors are trying to do the opposite, only demonstrates their commitment to regression and death. The Mexican case is not the only place where mass brainwashing through soap operas is taking place. In recent years the genocidal Population Institute, whose board of directors include such avowed racists as George Ball, Sol Linowitz, Maurice Strong, and Lord Caradon, asked Televisa to make its soap opera "technology" available to other "overpopulated" nations such as Kenya, Nigeria, Egypt, Bangladesh, and India. Paid by the Agency for International Development, Televisa sent a team of "experts" to those countries to train nationals in the brainwashing technique.

The first birth control soap operas will be aired in Kenya and India this summer. The mastermind of the birth control brainwashing technique is José Sabido, Televisa's vice president and adviser to the Mexican government. Sabido, who works hand in hand with the Center for Population communications director David Poindexter, heads up teams of sociologists, psychiatrists, demographers, and communications experts who carry out detailed studies and profiles of the lower to middle class housewives, the soap operas' main target. The gimmick is to present "life" as "real" as possible to the woman, so she can emotionally and psychologically identify with the melodrama being developed. The message is always that children are an economic and social burden to the family, the community, and the nation. Many of the targeted women are illiterate, so television is the best and most effective "means" to get through to their minds, a Center for Population Communications spokesman explained.

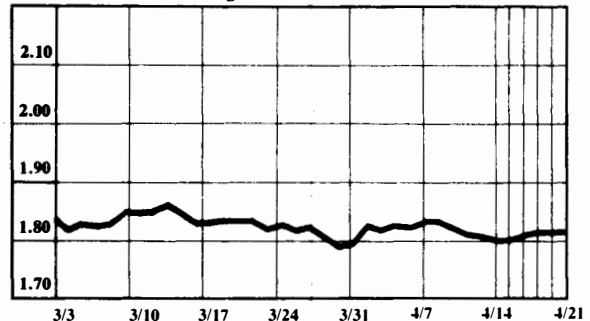
In the case of Mexico, other interested parties were "consulted" and their views taken into consideration such as the the Mexican Catholic Church and the Communist Party (PSUM). A "consensus" was reached with the Mexican Church, according to the Center spokesman, accepting the need for lessening the number of people but through "natural means."

"Acompañame" has a scene of a woman going to Church for confession where the following exchange takes place: "Father, my children believe that I'm irresponsible because I have had too many children." "They are right," the father replies. "But Father, my children are God's gifts," she adds. "But you have asked for them," the priest concluded. Regardless of priests' individual postures on the subject, the Catholic Church's absolute condemnation of malthusianism and defense of life has been made clear in 2,000 years of Christian culture. More recently, Pope John Paul II, speaking in Chile on April 5, quoted Pope Paul VI's famous speech in 1970 before the Food and Agriculture Organization in Rome, where he said: "It's clear that because of economic difficulties, which we are facing, there is a strong temptation to utilize authority in order to diminish the number of eaters. Instead, we have to multiply the bread, and not to diminish the eaters."

## Currency Rates

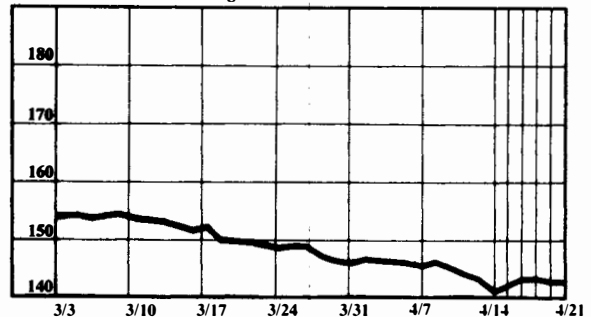
### The dollar in deutschemarks

New York late afternoon fixing



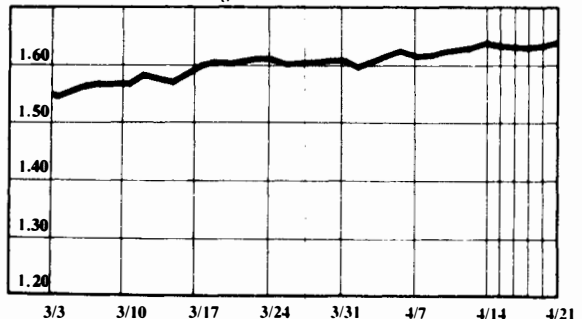
### The dollar in yen

New York late afternoon fixing



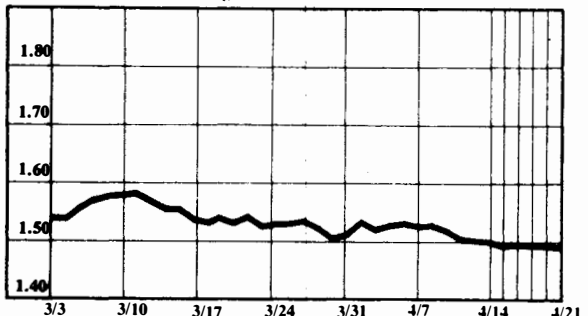
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Mancera bankrupts Mexican banking

by Carlos Cota

Not long ago, the Mexican financial daily *El Financiero* leaked the existence of a new financial institution in Mexico, about which the government had maintained "discretion," in order to avoid "misinterpretations." According to *El Financiero*, officials of the Finance Ministry and the nationalized banks said that the new National Prevention Fund (Fonapre) has been operating since the start of this year and that its purpose is to "prevent" financial problems for banks with low profits and a high growth of bad loans.

Technical language aside, Fonapre's function—under the Finance Ministry, the Banco de México and the National Banking and Securities Commission—is to try to prevent a massive bankruptcy of banks, which have been reduced to insolvency by the financial policy of Banco de México (central bank) director Miguel Mancera. According to National Banking Commission figures, by December 1986 the non-performing loan share of the total debt portfolio of Banco Mercantil de México was 7.64%; that of Crédito Mexicano, 5.74%; Banpás, 5.65%; Banca Confía, 4.60%; Central Hipotecario, 3.76%; Banca Cremi, 3.42%.

For their part, the "octupuses" (from before the banking nationalization of 1982), Banamex and Bancomer, only had bad debts of 0.70 and 0.40% respectively, and recorded annual profits of 105 and 107 billion pesos respectively, having managed between them, 69.2% of the profits of the entire Mexican banking system. Banks such as Mercantil de México recorded profits of barely 92.9 million pesos in the same period; Banpás, 9.9 million; Bancrese, 80.1 million; Crédito Mexicano, 174.4; and Somex, which has been a state bank since before the nationalization, had only 2.5 million pesos in profits.

Officials of the nationalized banks have stated that the profits of these banks continued to fall in the first months of 1987 due to the drop in capture of savings.

There are various official explanations for how this situation came about, all valid. Banamex and Bancomer officials say that the banks with low profits are those that "only attracted cheap resources, such as savings deposits and checking accounts, but did not participate in other financial or credit activities, where the higher priced resources are attracted. . . . It is a matter of institutional tradition." I.e., the banks with problems did not have much of a role in the speculative game.

Others say the problems of these banks go back to the "forced mergers" decreed by the Banco de México during the first three years of the present government, when they absorbed huge debts of regional banks that have since vanished. Added to this was the credit squeeze decreed by Banco de México since October 1985, which practically strangled the deposit banks.

According to an analysis of the Inverlat brokerage house, the above-named banks' troubles are because the government has "favored financial above productive investment." Preliminary data from Banco de México for 1986, show that with the tight credit policy there was a repatriation of private capital of some \$1.568 billion, and that \$900 million returned in the first quarter of 1987. Yet, this capital went into speculative financial investment, such as buying government bonds traded on the stock exchange (Treasury Certificates, petrobonds, etc.). Hence, repatriation and "conversion of debt into capital," have provoked an "oversupply of money, while the demand and capture of it by the banking system" have continued to plummet. The figures from the Mexican Banking Association and Banco de México indicate that in December 1985 the commercial banks were running 82.04% of the economy; investment and development banks 7.65%, and the money market (brokerage houses), 10.21%. By December 1986, the proportions were lowered to 72.45% for the first-named, and 8.03% for the second, while the money market climbed to 16.83%. By March 31, 1987, the official preliminary figures indicate a new lowering for commercial banking and investment banking, and an increase for the money markets, which grew to 19.52%.

From the outset of this government, Banco de México director Miguel Mancera's policy has been to give the nationalized banks back to the ex-bankers, or create new institutions for reprivatization in the future. Given the windy protests from the ex-bankers about the creation of Fonapre, it seems that Mancera opposed its creation, since its function "would be to financially subsidize" the "new state companies," which are the "nationalized banks," according to the ex-bankers. In reality, the creation of Fonapre is a measure taken by those who seeing the chain-reaction collapse of the entire financial strategy followed by the Miguel de al Madrid government, already coming down the pike. The Banco de México director wants to bankrupt the nationalized banks, unleashing financial speculation to leave Banamex and Bancomer as the two central commercial banks.

Yet, as the economists at ITAM (a Mancera coven) state, the bullish fever of the stock market is going to cool fast, given its "great vulnerability due to lack of prospects in the real economy which could sustain it." These economists want the government to invent more and more securities for the money market to prop it up. ITAM's analysis starts with the question, "What next?" Various government officials already know that what is next, is the crumbling of the house of cards built by Miguel Mancera.

## Ulloa scandal spreads

*The dirty dealings of the "Man from the Bahamas" continue to surface; some are charging he's already abandoned Peru.*

**T**he furor over the Bancoper/Bertello case (see *EIR*, April 24, 1987) had barely begun to subside when yet another scandal broke inside Peru around former Finance Minister Manuel Ulloa, who decided April 16 that he had an urgent meeting of the genocide lobby's Inter-Action Council to attend—in Malaysia! One Peruvian congressman has already warned that some of the principals under investigation in the Bertello case appear to be "abandoning the country."

The newest wrinkle to appear on Ulloa's public brow comes from the FOCOMI scandal. FOCOMI (Fund for Mining Consolidation) was a \$160 million credit line established by Ulloa and his colleague, then Mines and Energy Minister Pedro-Pablo Kuczynski, at the state-owned Banco Minero. FOCOMI was created for the alleged purpose of helping to complete urgent investment projects by mining companies afflicted with the 1981 collapse of minerals prices on the international market.

Although FOCOMI funds were originally prohibited from being used to pay creditors of the mining companies, Ulloa and Kuczynski called a "council of ministers" with a third conspirator—Industry and Tourism Minister Gonzalo de la Puente—to lift the prohibition.

At least \$80 million of the FOCOMI funds went to Wiese Bank, one of the mining companies' most important creditors. Wiese Bank was in desperate shape as a result of the world collapse of mineral prices; its stock had plummeted to one-tenth its value in just two years, from 3,500 soles per

share in 1980 to 344 in 1982.

Why Wiese got the lion's share of the FOCOMI funds is perhaps explained by the fact that Industry Minister Gonzalo de la Puente was—and remains to this day—a director of that bank. Mines Minister Kuczynski was rewarded for his part in the affair with a highly lucrative directorship with Wiese as well. In fact, despite his departure from Peru to work as vice president of First Boston International, Pedro-Pablo Kuczynski earned \$3 million as an absentee director at Wiese Bank through February 1986.

The extent of Wiese's gratitude to Ulloa has not yet been determined.

A further scandalous aspect of the FOCOMI case is that the interest charged the mining companies on the Banco Minero/FOCOMI loans was so low that the central reserve bank was forced to lend \$10 million to the Banco Minero to pay the financial costs of its \$160 million loan from the state. Despite a stipulation that the mining companies had to set aside 5% of their export earnings to repay the FOCOMI loans, virtually none of the money has been recovered.

As if that were not bad enough, it turns out that Kuczynski and Ulloa created a special committee at the Banco Minero to substitute for the bank directors in administering the FOCOMI funds. Included on that committee were: Moises Heresi, president of the bank at that time and currently a fugitive from Peruvian law; and Alfonso Brazzini Díaz Ufano and Alvaro Chirino Stein, both linked to several of the major mining companies involved in the scam. It was this com-

mittee which decided to whom the loans would be granted—and in what quantities. Thus, not only did the private banks receive a generous bailout from state funds, but the private mining companies also received virtually free subsidization by the state.

Through two separate decrees which altered both state banking and mining legislation, Ulloa and Kuczynski sought to cover themselves with the official determination that 1) the Banco Minero was not required to demand guarantees for its loans to the mining companies, and that 2) neither the directorship nor the special administrative committee of the Banco Minero would bear any responsibility for losses incurred by the bank through the FOCOMI loans.

Kuczynski, himself a fugitive from Peruvian justice stemming from 1986 charges that he defrauded the state in favor of the oil multinationals, has issued no comment yet on these latest revelations.

Ulloa has not been present in Peru to respond to the FOCOMI revelations, but we presume he will stand by the same "explanation" he gave regarding the multi-million dollar state bailout he orchestrated for the bankrupt Bertello bank, namely that he was, "just like the other Latin American countries, trying to avoid the bankruptcy of the banking institutions."

The Banco Minero is today demanding that the state assume the unpaid FOCOMI debt. Banco Minero president Luis Brousset says that the fundamental misconception behind the creation of FOCOMI was its "extreme flexibility." Brousset also notes that loss of the FOCOMI funds stemmed from the state's inability to directly supervise them, due to the International Monetary Fund's stipulation that such a role by the state would have violated the conditions of its stand-by loan with the Fund.

## Itamaraty's anti-Funaro intrigues

*Will the Brazilian Foreign Ministry once again sabotage national sovereignty and continental integration?*

A faction of the Brazilian Foreign Ministry, Itamaraty, represented by Ambassador Rubens Ricupero, an international affairs adviser to President José Sarney, has dreamed up every step of the campaign to dump Finance Minister Dilson Funaro and replace him with an ally of the creditor banks. While President Sarney and his finance minister are vigorously defending the national sovereignty and self-interest of "Brazilian grandeur," resisting enormous international pressures, Ricupero and his band are carrying out guerrilla warfare against them.

For his passion for Marxism and for being one of Itamaraty's experts on U.S. politics, Ricupero could be considered Brazil's "Arbatov"; he is the promoter of the trade and cultural openings to the Soviet Union, a task for which he can count on such allies as Helio Jaguaribe, the only Brazilian in the Club of Rome, and Cândido Mendez.

The latter, a "practicing Catholic" like Ricupero (but pretty distant from the Vatican's formulations on the debt), organized a symposium last year to which he invited jurists from the Academy of Sciences of the U.S.S.R., to hear suggestions for the new Constitution being discussed for Brazil.

Besides fomenting the pro-Soviet policy, Ricupero is working to boycott serious efforts at integrating the Ibero-American countries that could lead to creation of a New International Economic Order. He has systematically stated that on the foreign debt question, "the problem is for each

try"; this explains why, at the timid meeting of the eight Ibero-American foreign ministers from the Contadora Group and its Support Group, held in Barioloche, Argentina, the Itamaraty apparat refused to approve holding a continental meeting, as proposed by Mexico and Peru.

For these reasons, the Brazilian press, which is hostile to the debt moratorium Brazil declared on Feb. 20, has been playing up Ricupero. His name was raised to become presidential chief of staff, an important cabinet position, before the current chief, Marcos Maciel, stepped down. The leader of the Liberal Front Party (PFL) in the House of Deputies, the obscure José Lourenzo, publicly asked for Ricupero to be nominated; he also asked for Funaro's head and for Brazil's reentry into the International Monetary Fund.

Interviewed in the magazine *Veja* on April 8, while he was attacking Funaro and demanding his replacement by a minister "with good contacts with the bankers," he lauded Gorbachov and Albania as representing "civilized Marxism."

Before the U.S. State Department, through U.S. Information Agency director Charles Wick and the "O Globo" TV channel which belongs to tycoon Roberto Marinho, launched their international campaign to denigrate Funaro, Ricupero had already moved his domestic pawns. It was he, together with businessman Matias Machline, who owns Sharp of Brazil, who organized the businessmen's meeting in São Paulo with President

Sarney, outside the Government Palace; this started the first wave of rumors about Funaro's imminent demise.

Ricupero's Itamaraty faction has centered its efforts on putting an international financiers' puppet into the Finance Ministry, who will turn the moratorium into a cadaver or a mere bargaining chip with the banks. One of their favorites is Brazil's Ambassador to the United States, banker Marcilio Marques Moreira, a Unibanco shareholder and partner of David Rockefeller, who is very stuck on the globalist financial reorganization schemes of the Trilateral Commission. On March 21 he attended a Trilateral Commission meeting in California, alongside a group of bankers and the Peruvian writer, Mario Vargas Llosa. Helping the ambassador is veteran Itamaraty diplomat Walter Moreira Sales, the top shareholder of Unibanco who has been the connection between the Brazilian oligarchy and the U.S. Eastern Establishment for decades.

In the domestic factional brawl, this crowd has already been denounced. On April 21 an influential columnist of *Jornal do Brasil* revealed that in the remote possibility Funaro were replaced, "under no hypothesis" should he be replaced by a banker—starting "with Ambassador Marcilio Marques."

Yet, the Ricupero faction continues to have full powers, and is pledged to keeping the moratorium from being extended into a continent-wide political action. It remains to be seen whether the intrigues will culminate like the old story of the "ABC" integration accord among Argentina, Brazil, and Chile, signed by Brazil's Getulio Vargas and Argentina's Juan Domingo Perón during the decade of the 1950s. Itamaraty boycotted it, thus causing its failure.

# Hanover Fair reflects world depression

by William Engdahl

The Hanover Industrial Fair, held April 1-8 in this northern German city, is one of the most remarkable events in the world for anyone concerned with the latest research and application of industrial production technology. Begun immediately after the war, it has grown to become the world's largest and most important trade fair. Buyers and sellers of technology from all over the globe gather to show their wares, and talk.

This year, more than 6,000 companies from throughout Western Europe, North America, and select developing countries presented exhibits of their newest and most impressive technological production tools and machinery.

First, some positive observations: Only last year, commercial development of a six-axis industrial robot in conjunction with a laser driver was a major new advance displayed by two German firms. This year, six-axis robotics was evident to a degree that it has become accepted "state of the art." The British company now owned by Westinghouse, Puma, displayed a "mini-robot," marketed through Westinghouse's Unimation subsidiary. The PUMA 260 is a six-axis unit with a payload capable of just less than a kilogram and a reach of 0.4 meters. The machine has been developed for specific application in the automated creation of computer chips. In new generation microchips, air purity control is one of the most persistent problems. Human operators, even with high sanitation garb, masks and such, achieve an air purity level of "Class 1000." Normal robots typically achieve Class 100. Puma's new unit claims air purity clean-room specification to Class 10.

The world leader in overall robotics for several years has been the Swedish company, ASEA. This year, too, they featured a number of new, larger units. Other firms had interesting combinations of new robotics as well.

Something was clearly absent, however. The explosive enthusiasm and optimistic technology-push of the previous several years was gone. One leading robotics spokesman told the author, "The bottom has fallen out of the world robotics market in the last few months. The worst hit came with GM in the States announcing cancellation of plans to add 1,000 robots to its production facilities." Alternative markets under present conditions of dollar uncertainty, simply are not evident. Much of the boom was based on the promise of expanding U.S. markets, under the rhetoric of the Reagan "recovery," combined with the extraordinarily favorable terms of trade for West European exporters, especially German

exporters, through the end of 1986. But the "mini-boom" of 1985-86 in this vital area has collapsed.

## Austerity is the buzz word

The most telling reflection of economic pessimism came in the opening remarks of the president of the West German Employers Federation, Dr. Klaus Murmann. Murmann expressed concern over "radical changes taking place in international trading patterns. Almost all countries have been affected by the dramatic fall in the dollar. . . . The dollar area, which extends far beyond the U.S.A., accounts for approximately 30% of world exports and 35% of world imports."

So far, he is correct. But this important European industrialist, speaking before the world's most important exhibit of industrial technology—the path out of any industrial depression—could only think in terms of depression, not how to get out of it.

In sharp contrast to similar keynotes in previous years, which stressed development of the frontiers of technology for the automated "factory of the future," Murmann spent the greater part of his remarks calling for three desperate economic austerity measures. He called for "top priority to . . . balancing the budget and cutting public expenditures." For the Western European economy, this would mean inducing severe depression by slashing vital state support for steel, coal, shipbuilding, and many other strategic sectors of the fragile economy. He then turned to the vital area of medical care. At a time when the exploding AIDS epidemic is demanding exponential expansion of medical and biological expenditure, Murmann called for a structural reform of West Germany's still functioning medical insurance system in order to "prevent social spending from exceeding all limits." Ironically, two minutes later, Murmann cited medical technology as one of the areas where Europe "leads the world." And finally, he foolishly attacked the high wage-cost of European industry.

All of this made the impact of the feature exhibit of this year's Hanover Fair a bit anti-climactic. The theme, chosen each year to illustrate the most important new frontier in industrial technology development, was appropriately "Systems Integration—the Key to the Factory of the Future." This was a special exhibit on production automation under direction of Prof. Hans-Jürgen Warnecke of the West German Fraunhofer Institute for Production Technology and Automation, located outside the industrial city of Stuttgart. It demonstrated a DEC/Vax-compatible system for sequential multiple-product assembly lines for achieving optimal production control, planning, and monitoring. It contained numerous features which would be standard industrial technology in an expanding world market.

But so long as industrial spokesmen who should know better call for industrial austerity, there will be no expanding market. Depression will only deepen.

## The rise of corporatism

*The corporatists here favor loosening economic ties to the West, and an economic axis with Moscow.*

In West Germany, corporatism made a step forward over the Easter Weekend. One of the first news items was the collapse of the Maximilianshütte Steel Plant—the only big facility in that industry in South Germany—with 4,500 jobs. The company had been known to be in deep trouble before. The reasons management gave for filing Chapter 11 bankruptcy were very peculiar, however. They spoke of a “preemptive bankruptcy, saving most jobs, to avoid a full bankruptcy expected later this year.” This statement was also supported by the shop-stewards.

The action came at a time that the metalworkers union was close to a national strike.

The riddle was solved on Easter Sunday, when one of the country's most high-profile corporatists, former Minister of Economics Karl Schiller, warned in an interview with the mass-tabloid *Bild am Sonntag*: “A strike now would be dangerous.” A national strike in the metal industry would, said Schiller, push the country into “real danger, throwing an already weakened recovery off-balance completely.” He recommended that metalworkers and management sit down in a round-table and solve the problems “on a reasonable basis.”

This “round-table reason” was originally invented by Schiller, a Social Democrat, in 1966, when he was cabinet minister in the grand coalition government. This historic period was characterized by wage freezes and fiscal austerity. Even a special “conjunctural tax” was invented to fund costly job creation and adjustment pro-

grams. At the same time, the corporatist regime promoted extended economic cooperation with Moscow as “politically reasonable.”

Queried on his anti-strike statement by journalists, Schiller said his ideas were “becoming very popular among the labor unions now.”

As if to illustrate this, the metalworkers union signed a wage agreement the same day, late Tuesday night, April 21. A meagre increase of 3.5% for 1987, another 2.0% in 1988, and another 2.5% in 1989 was signed. New wage talks are not planned before the spring of 1990. Given the inflation rate, this contract amounts to a wage freeze over the three-year period.

What makes the agreement even worse, is the fact that it also sets a timetable for a further reduction of weekly working-hours from 38.5 now to 37 hours by spring 1989. For 3.8 million workers in the metal industry, this means less work, and therefore less income. Why did a labor union that had just spoken of a big strike, sign such a contract?

The answer is to be found in the German banks, the core of corporatism in the country. The banks encouraged industry to adapt itself to the loss of export markets, especially in Ibero-America, and to reduce investments in highly indebted countries of the Western Hemisphere generally. The banks have been telling industrialists to seek “joint projects” with the Soviet Union to secure future revenues.

The banks also have a handle on the labor unions, because they hold the thin thread by which the bankrupt,

formerly powerful economic empire of the labor movement hangs. Neue Heimat, the labor unions' construction and public housing giant, now burdened with a total debt of 17 billion deutschemarks, is run by the creditor banks under a tight trusteeship. Just a few days before Easter, the banks agreed to delay the Neue Heimat bankruptcy by another year until the end of 1988. Was labor's price for that favor the decision to stop the metal strike?

It goes without saying that the banks also played a decisive role in the Maximilianshütte affair.

Here, at the end of the metal strike before it began, and with the “look to the East,” the corporatist wheel comes full circle. All of the big German banks will participate in an East-West seminar on the financing of joint ventures, to take place in Moscow at the end of May. And the same day the metalworkers dumped their strike, Minister of Technology and Research Heinz Riesenhuber signed a long-term cooperation agreement in Moscow on “industrial application of nuclear technology.” As Riesenhuber said: “This involves the modernization of 78 Soviet nuclear reactors, meaning contracts in the range of several billions. This also secures jobs.”

German corporatism wants deals with Gorbachov, who has already responded appropriately, by having his spokesmen term the visit of German State President Richard von Weizsäcker (May 17-22) “an event that bears political importance far beyond the merely bilateral relations between Bonn and Moscow.” Weizsäcker's trip is to create a political climate favorable to bankers' meetings in Moscow a week later. There is a risk in the game, however: Gorbachov won't play by the rules, and this will discredit the plot sooner than many in the corporatist cabal may wish.

## New herpes virus found in Africa

*The geographical separation of the two cases would suggest that the new T-lymphotrophic virus is already widespread in Africa.*

**W**hile politicians and public health officials continue to fiddle, the AIDS conflagration is spreading in new, and unexpected, ways which more and more confirm the original 1974 predictions of economist Lyndon H. LaRouche and his Biological Holocaust Task Force. According to an article published in the *Sunday Express* of London, a new herpes virus capable of infecting T-cells could be involved in many AIDS cases as a direct cause or co-factor.

In a conversation with Prof. Walter Becker, of the Stellenbosch University in Cape Town, South Africa, about the new Human T-Lymphotropic Herpes Virus (HTLHV) causing AIDS-like disease, whose discovery was attributed to Becker, he confirmed the report, and added:

The new herpes virus was found in two patients showing "otherwise unexplainable illnesses." Both were whites, one from Cape Town and the other a Norwegian living for many years in Central Africa, an earlier member of U.N. peacekeeping forces. The former showed no sign of HIV infection; the latter had apparently picked up HIV from his African wife. The Cape Town man had hairy-cell leukemia which mysteriously did not respond to treatment, leading to suspicion of AIDS. No signs of HIV were found; but instead a herpes virus was found in electron micrographs of lymphoid tissues. The Norwegian was found to be infected with HIV, but also a herpes virus was found, again associated with T-cells, which Becker thinks caused his illness.

Becker reported that he had repli-

cated the new virus in T-cell cultures and that "it shows exactly the same cytopathic effects as the AIDS virus," and is definitely different from the B-cell trophic herpes virus discovered by Gallo et al. last year.

Becker stressed the following points: 1) Assuming that the two isolated viruses are the same, as appears to be the case, *the geographical separation of the two cases would suggest that the new virus is already widespread in Africa.* 2) Since the new virus appears to be immunosuppressing, it may already be involved at least as a co-factor in many AIDS cases. 3) We should expect that the new HTLHV virus is *more infectious* than the ordinary AIDS virus HIV, especially by casual contact including saliva. 4) We should take the possibility of rapid spread of this new virus very seriously. 5) If HTLHV is involved in many AIDS cases, then this may open up new possibilities for treatment.

The most immediate task, Becker stressed, is to get laboratory probes out to test for prevalence of the new virus. U.S. AIDS researcher Robert Gallo, he said, is keeping the probes for his B-trophic herpes virus secret. Becker stressed the need to find out if HTLHV is involved in AIDS cases.

In a discussion with a British virologist who works in Lyon, France, this scientist said he had not heard of the new virus yet, but "there is nothing inconceivable about the idea of a T-cell trophic herpes virus, just as Gallo found one that infects B-cells. Most herpes viruses are selective, tending more toward B-cells than T-cells. So, for example, the Epstein-Barr virus

attacks B-cells. Some of these herpes viruses, particularly herpes simplex, are "incredibly variable."

This virologist thought it "quite conceivable" that viruses other than HIV could cause AIDS-like syndromes of T-cell malfunction. When asked the question, "Why are we seeing within a short period of time the appearance of a series of new viruses attacking the immune system—the lentiviruses HIV, HIV2 in humans, the new feline AIDS virus, and the new herpes viruses," he volunteered the idea that "something else is happening, *some environmental element*, which is causing these viruses, which probably were dormant before, to become active. It could be anything from some pollution of the environment, to a change in background radiation, or even psychosomatic factors. Who knows?" Asked for a known example of activation of dormant virus, he cited the case of certain chicken retroviruses which are normally endogenous (incorporated in normal cell genetic material), but whose emergence in the form of infective and replicating virus can be triggered by poisons or other extreme stress.

This is yet another confirmation of the prediction by LaRouche's Biological Holocaust Task Force, that the conditions of impoverishment enforced in Africa, and other developing sector areas, would not only lead to resurgence of the classic epidemic diseases but would result in the evolution of new diseases in large immunosuppressed populations. The current epidemic of AIDS and chronic mononucleosis-like disease, associated with chronic infection by some strains of herpes viruses, which now appears widespread in the United States also underlines the prediction that such pestilences, like the cholera pandemics of the last century, would not remain confined to their area of origin.



## **USDA offers farmers . . . ‘sympathy’**

*Losing your farm? What you need is “counseling,” says the Department of Agriculture.*

**T**hings have only changed for the worse in recent weeks for the U.S. farm sector. More than 1,000 farms a week are going under. But in Washington, D.C., policymakers only know how to talk.

There is a new twist of the knife from the U.S. Department of Agriculture. They now stress “assistance,” “dignity,” and “sympathy.” In a recent *Agriculture Information Bulletin* (No. 508, March 1987), titled “Assistance to Displaced Farmers,” the USDA recommends that farmers get counseling as they lose their farms, and that they look for a “financial bridge” so they can eat while they look for non-farm jobs.

The rhetoric is deadly: “Many farmers, unable to cope with heavy debts, have had to give up farming in the past few years. More are expected to leave agriculture over the next few years. Evolving federal, state and local government programs, some described in this paper, are helping these farmers and their families salvage as much equity and dignity as they can and find other ways to make a living.”

This is cynical, fantasy talk about what is really happening in our national farm sector—which is the world’s largest food supplier. When it goes, we go.

In reality, farmers have been resorting to scrambling for any means to continue to operate. There has been no action taken to freeze debt, and shore up the national agriculture credit network (Farm Credit System, banks, Farmers Home Administration, and

others) in a way to restore farm operations.

Thousands of farmers have filed for the new “Chapter 12” bankruptcy status, supposedly designed by Congress (passed last year) to permit farmers to maintain operations and stretch out their debts over 30 years. Other farmers, who are already farming as serfs for the mortgage holder or trustee of their farm, are filing for Chapter 7, and angling to get some government crop price-deficiency payment that will keep them in operating cash to continue farming. Some farmers have been forced by the crazy USDA system of deficiency and other payments, to resort to virtual charlatan procedures, merely to continue producing food.

But these measures—by government design, aren’t working. On the Chapter 12 filing, there is a Catch 22. Congress, on the one hand, says, it wants to help with a Chapter 12 reorganization, but it makes no arrangements for a source of credit following a reorganization approval.

There are two possible sources of credit, neither one of which is working. On the one hand, the federal government, through the Farmers Home Administration, can authorize a farmer’s loans, but the FmHA doesn’t have any money. For example, in one southern state, there are applications approved for \$15 million in direct FHA farm loans. But there is only \$7 million available, and this will not be obtainable until the fourth quarter, after the planting year!

Furthermore, in the pipeline are requests for \$40 million from farmers to the FHA—and this does not include the estimated \$13 million needed in the Chapter 12 reorganization plans being worked up for bankruptcy proceedings approval, by the farmers who have filed since last November.

In terms of the other type of loan for the farmer, the local commercial bank loan, the Catch 22 scenario is that money is not available because the Federal Deposit Insurance Corp. is leaning on the banks not to make such loans. The FDIC will only approve such a loan if the bank shows acceptable liquidity levels—which farm banks are not now doing because of the general depression.

For those who do not live in a farm area, here’s what this looks like:

Thousands of farmers are not going to produce any crop—whatever stage they are in in the fight to remain farming. No cash flow is going into the local community for supplies, services, and farm inputs. Debt of local suppliers who can still take it is increasing.

Even the USDA estimates that 17% of national corn acreage will not be planted. At least 10% of national soybean acreage will not be planted. This will be exceeded in many regions, for example, the state of Louisiana, where one observer said, “Acres and acres will not have a plough put in the field because the farmers cannot afford it.”

In one small, northern Louisiana community, two drug stores have closed, not because people have stopped buying due to the drug store mark-up and sales rate on sundries, but because people have stopped buying the medicines and prescription drugs they need, because of their low earned income. In the same area, three furniture stores and two radio stations have gone out of business in the last 30 days.

# Business Briefs

## Speculation

### Stock market boom prelude to crash

An article in the *Financial Times* of April 18 considers the "perplexing lack of correlation between the performance of stock markets and the performance of the world's leading economies."

The article notes an "uncoupling of bourses from economic reality," an uncoupling that *EIR* founder Lyndon H. LaRouche has been calling attention to for a number of years. While the real economy stagnates, the paper markets are booming.

The *Financial Times* quotes the latest issue of *Bank Credit Analyst*, a monthly review of the U.S. investment markets, which warns that the "benchmarks of rationality" are disappearing, and fears that the coming international crash may begin in Tokyo, which is experiencing the wildest speculative boom since 1929.

The article ends by asking, is the world going toward a boom, such as that which followed the 1953-58 stockmarket boom, or toward another Crash of '29, which followed the boom of that year?

On the following Sunday, April 19, the *New York Times* argued, in its blinkering "what, me worry?" style, that "a 1929-style crash followed by a collapse in economic output is highly unlikely," citing the ability of governments to quickly shore up banking systems and immediately restore consumer purchasing power.

## Public Health

### Incidence of TB increasing among blacks

The rate of tuberculosis infection among blacks far surpasses that among whites, according to Dr. Richard O'Brien, chief of clinical research at the Centers for Disease Control's TB division.

Dr. O'Brien stated that blacks are con-

tracting TB and dying of lung diseases at "disturbingly" higher rates than whites. Among some age groups, the black rate is 9 times higher than among whites, and the death rate 16 times higher. This disparity "is in large part a reflection of the continuing and perhaps widening difference in socioeconomic status. . . . This disparity . . . calls for an intensified effort to close this gap and thereby prevent unnecessary disease and death," O'Brien said.

In 1985, the incidence rate among blacks was 26.7 per 100,000; among whites, 5.7 per 100,000. Cases among blacks were concentrated in the southeast, the eastern seaboard, and California. Cases among whites are most common among the elderly.

## Arms Traffic

### Bribery charged in Indian-Swedish deal

On April 17, Swedish State Radio claimed that Indian ministry of defense officials had accepted \$8.4 million in bribes to award a contract for just over \$1 billion to Bofors, a subsidiary of Nobel Chemicals that is also implicated in arms smuggling to Iran. Swedish radio claimed the money was paid to members of India's ruling Congress Party, and that \$5 million had been paid in late 1986 into Swiss Bank Corporation accounts that have been traced back to Indian officials.

The Indian defense ministry, the Swedish government, and Bofors have all denied that bribery took place. Former Bofors managing director Martin Ardbo told *Aftonbladet*, the newspaper of the Swedish Social Democratic Party, that Swedish Prime Minister Olof Palme had been instrumental in getting Bofors a multimillion-dollar order from the Indian government in January 1986, shortly before Palme was assassinated.

The government of Prime Minister Rajiv Gandhi denounced the allegations on April 18. The government said the allegations were "one more link in the chain of denigration and destabilization of our political system." Following a meeting of the

council of ministers, the Indian government called the Swedish claims "false, baseless, and mischievous."

## International Credit

### Lending to Asian nations low in 1986

According to the Asian Development Bank report released on April 20, lending to Asian nations was "less than anticipated." Although the value of loans approved by the bank rose 4.9%, to \$1.4 billion, the amount actually disbursed fell 1.3%, to \$612 million, because of "an unusually large" number of cancellations.

The bank said the decline "reflected high debt levels and budgetary constraints in some developing member countries as well as generally low commodity prices worldwide, which depressed their export earnings." In 1986, the net transfer of resources—net loan dispersal minus interest and principal repayments—by the bank to Asian nations fell to \$237.4 million, from \$421.3 million in 1985, a decrease of approximately 43%. The fall was explained as resulting from net increase of repayments in relation to dispersals and the effect of currency exchange losses.

## Fascist Economists

### 'Techno-corporatism' the wave of the future?

"Enlightened techno-corporatism" is the name being given by Austrian economists and politicians to the system that currently rules there. One Vienna source said, "Our policy is consensus among social partners, which is sometimes given the name of neo-corporatism. . . . It is a system that is unique to Austria, but with international applicability."

Since corporatism was one of the pillars of both Nazi and fascist economic and social policy, our source hastened to distance his enlightened conceptions from the earlier

forms: "It's different from fascism because fascism seeks to fit everything under one corporation, all under one solidarity. But society is composed of many solidarities. There is freedom for the individual to form his own solidarity. Solidarities are problem-solving mechanisms, one way to solve problems. . . ."

Meanwhile, in Germany, one German economist, a corporatist, noted, "My ideas are getting popular among the labor unions." Reflecting the truth of his statement, the Metal Workers Union signed a wage agreement on April 21 that meets all the basic tenets of the corporatist school of economists in Germany (see *Report from Bonn*).

## Development

### Japanese prime minister reveals aid plan

Japanese Prime Minister Yasuhiro Nakasone will reportedly unveil a new \$30 billion Ibero-American loan plan during his meetings with President Ronald Reagan scheduled for April 29-May 2.

Former Foreign Minister Shintaro Abe, who was in Washington, D.C. preparing for Nakasone's meetings with the President, said that the funds for the loans would be drawn from the trade surpluses Japan has with other nations, and that some of the loans would be guaranteed through the Japanese Export-Import Bank.

The *Washington Post* reported that the "new loans and investments in Latin America over three years would be a major stimulus to the economies . . . would ease pressure on the world financial system, and could stimulate U.S. exports to those Latin nations."

Simultaneously in Washington, a group of U.S. senators, including Majority Leader Robert Byrd (D-W. Va.) and Minority Leader Robert Dole (R-Kan.) sent Prime Minister Nakasone a letter threatening more trade problems if Japan does not agree to import U.S. products such as super computers, farm products, and telecommunications equipment. The letter was released following Abe's visit to the Senate on April 21.

## The Recovery

### FCA earnings fall, bankruptcy threatened

The \$30 billion Finance Corporation of America, America's largest thrift institution, is ready to collapse, after announcing an 81% fall in its first-quarter net income, and a major operating loss due to the collapse of mortgage-backed securities in its portfolio.

The more than 10% collapse of these securities since March 31 guarantees a much worse loss during the second quarter, which the shaky savings and loan cannot sustain.

Last summer, FCA borrowed \$6 billion short-term to buy long-term mortgage-backed securities, in a desperate effort to make money.

In addition, loan losses are mounting on FCA's real-estate portfolio, especially in the stricken oil patch.

## Free Enterprise

### Another Colombian dope king may be deported

Gilberto Rodríguez Orejuela, the only Colombian drug kingpin now in jail aside from Carlos Lehder, may be extradited to the United States after all.

Rodríguez Orejuela, the drug banker exposed by *EIR* as working with Project Democracy's American Institute for Free Labor Development (AIFLD) in Colombia, had nearly succeeded in getting U.S. charges against him dismissed by a Colombian court "for lack of evidence." But someone apparently gave the judge hearing the case a kick in the pants.

U.S. evidence against Rodríguez that had remained untranslated is now being translated. New evidence has now arrived from the United States, and Rodríguez is sweating again.

Meanwhile, Carlos Lehder's U.S. trial has again been postponed at the request of defense lawyers, this time until September 8.

● **THE STEEL SECTOR** collapse has continued as Sharon Steel, the 12th-largest steelmaker in the United States, filed for Chapter 11 bankruptcy reorganization on April 10. LTV, number two in the United States, and Wheeling-Pittsburg, number eight, are already in bankruptcy, and Bethlehem, the numberthree company, is reportedly close to filing.

● **CUBA** has quarantined all individuals who test sero-positive for the AIDS virus. Three Cubans have died of AIDS so far, and of the 7% of the population tested to date, 108 have the virus, all of whom were put into quarantine. Of 20,000 foreign students tested, 107 tested positive and were deported to their home countries.

● **THE WALL STREET** Journal recommends use of U.S. government bonds "denominated in gold" as a way of easing America's debt burden. "U.S. bonds denominated would no doubt be welcomed by foreign lenders," the *Journal* stated on April 20. Appropriately enough, the same article announced that Disneyland will begin issuing its own money in May—Mousca-money.

● **CITIBANK** lost an estimated \$50 million on Brazilian loans in the first trimester of 1987, and estimates are that it will lose \$190 million by the end of the year. Analysts estimate that, overall, U.S. banks will lose \$900 million in profits by Dec. 31.

● **PRESCRIPTION DRUG** prices rose by more than four times the rate of inflation during the last two years, according to a congressional study released in mid-April. Charged with gouging the public, pharmaceutical companies responded that R&D costs were responsible, but the House Committee on Health and the Environment claims that such costs could not possibly justify the increases.

## Currency reform and replacing the IMF

### Part 32

#### Ibero-American integration

This installment concludes Chapter 11, the final chapter 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.

The "García solution," to politically break with the IMF and not pay more than 10% of export revenues for debt service, is a step toward forming a "debtors' club" and an Ibero-American Common Market. Since the book was written, Brazil's government has followed Peru's President Alan García, with its courageous declaration of a debt moratorium on Feb. 20, 1987.

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

[The previous installment quoted from Lyndon LaRouche's 1982 writing, *Operation Juárez*, on the specific monetary and credit measures to be taken by an Ibero-American Common Market.]

#### The 'peso de oro'

It is worth reviewing what LaRouche has said on national monetary reforms, since various countries have already undertaken such reforms in the name of fighting inflation, but the truth is that they have accomplished precisely the opposite. Such is the case of the Austral Plan in Argentina, the Cruzado Plan in Brazil, and a possible Aztec Plan which the IMF wants to impose in Mexico, against the will of that nation.

The primary purpose of a correct monetary reform is to take sovereign control of the national currency, under conditions of galloping inflation in which the state has lost control of its money, either because the central bank is not owned by the state and is in the hands of private interests (as in the case of Venezuela, for example); because the drug mafia has flooded the country with dollars that they have exclusive control over (for example, Bolivia and Colombia); or because another nation has direct control of the national currency (as in Panama). In all of these cases, a central bank owned by the state must be established, and then it must do what Jacques Rueff did for President Charles de Gaulle of France several decades ago: He issued a strong, or heavy, new currency, to replace the old one, and established a new, stronger parity vis-à-vis the dollar.

The Austral and Cruzado Plans go in the opposite direction. While the governments of Argentina and Brazil may have replaced the existing currency, they have put in its place a weaker one, more dependent on the dollar. In the case of



*Fighting for a new world economic order: Colombia's Unified Labor Confederation at its founding meeting in November 1986. At the center of the table is former Labor Minister Jorge Carrillo, who addressed the conference where the Schiller Institute Trade Union Commission was launched in 1984.*

the Austral Plan, the parity of the austral and the permissible volume of new money in circulation depends directly on the quantity of *dollar* reserves the country has, such that Argentina has lost sovereign control over its own currency.

Not only that. The Austral Plan involves sharp reductions in the living standards of the population and in levels of industrial activity, with the argument that this is the only means of combating inflation. But inflation, despite the typical arguments of the IMF, was never defeated through destruction of the productive capacity of an economy. In Ibero-America, inflation is 90% imported, in the sense that it is the result of forced devaluations imposed by the IMF, and of the collapse of productive investment, again as demanded by the IMF. Eliminate these deadly policies, and there will be a substantial reduction of inflation, just as happened during the first year of Alan García's presidency in Peru, where inflation fell from 250% annually to 60%, while nominal salaries rose 95% and buying power increased 23%.

The fact is that all the Ibero-American currencies are incredibly *under-valued* by the IMF's financial warfare, and new parities must be established among them and with the major international currencies. The best way to do this is through the creation of a common Ibero-American currency, which could be called the "peso de oro," and whose value would be fixed at approximately 750 pesos de oro per troy ounce of gold. The value of each Ibero-American currency should be defined in relation to this peso de oro and not in direct relation to the dollar. If the dollar returns, as it should, to fix its value with respect to gold, at around \$750 per troy ounce of gold, then the peso de oro and the dollar could be interchanged at the rate of one-to-one.

To determine the correct parities of the Ibero-American currencies, we have proceeded from the simple premise that the true value of a currency is defined by its power to buy a normal market basket of consumer and producer goods. A list of 20 such basic products was prepared, and a census taken to define the Aug. 1, 1986 prices of these products, in

national currencies, in each of the nations under study, including the United States. An average price for the different products was then arrived at, and then the cost of the market basket as a whole for each Ibero-American nation was determined, converting it into dollars at the standing free-market exchange rate of each currency.

Put another way, if the basic market basket costs \$100 in the United States, it was discovered that that same basket costs only \$33 in Brazil; or rather, that the Brazilian currency was *under-valued* by 67%. Instead of having an exchange rate of 22.0 cruzados to the dollar, the exchange should be 7.3 cruzados per dollar, given that at this exchange rate the same physical quantities of consumer and producer goods could be purchased in the two countries.

The results of the calculations are reviewed in **Table 11-5**, and are truly impressive. The Mexican peso is undervalued by 54%; its correct exchange rate as of Aug. 1, 1986 should have been 294 pesos/dollar instead of the 639 pesos/dollar it was on the free market. The Argentine austral is undervalued by 41%; the Colombian peso by 42%; the Venezuelan bolivar by 58%, and the Peruvian inti by 46%.

### IMF or development

Until now we have presented our explanation of the monetary and fiscal measures that would have to be adopted to facilitate the creation of the Ibero-American Common Market—or better put "the sphere of co-development"—that Ibero-American integration would bring about. These Operation Juárez-style measures are reviewed in **Table 11-6**.

Of the four points, all except the last are steps that can be taken within Ibero-America, by Ibero-America, and without having to ask permission of or convince anyone. Only point 4 of Operation Juárez, which poses the advantage of reactivating the economies of the advanced sector through cooperative projects, depends on a political decision that must be made outside of Ibero-America.

These distinct policy decisions in turn define two variants

TABLE 11-5

**Real value of Ibero-American currencies with respect to the dollar**

(as of August 1, 1986)

	Currency	Free-market exchange rate	Official exchange rate	Real value*	Real undervaluation (%)†
Argentina	austral	0.91	0.91	0.54	41
Brazil	cruzado	22.00	13.85	7.30	67
Colombia	peso	202.00	196.98	117.91	42
Mexico	peso	639.00	622.00	293.68	54
Peru	inti	17.60	13.98	9.43	46
Venezuela	bolívar	19.00	7.50	8.04	58
Ibero-America	peso de oro	—	1.00	1.00	—

\*Calculated on the basis of national prices for a market basket of 20 products selected from the different countries, and compared with the price of the same products in the United States (prices taken in the capital city of each country).

†Undervaluation calculated with respect to free-market exchange rate.

of Operation Juárez that must be evaluated separately. First, "Operation Juárez A" (points 1-4), in which the advanced sector actively participates in the creation of a New International Economic Order, and provides in the coming decades a substantial flow of credits to help finance the great projects of infrastructural, industrial, and agricultural development in Ibero-America.

And second, "Operation Juárez B" (points 1-3), in which historical blindness continues to prevail in the United States and other countries of the North, and they refuse to collaborate in the development of the South. In this case, the developed sector nations respond to the formation of the Debtors Club and the Ibero-American Common Market by declaring financial and trade warfare.

Ibero-America must be perfectly prepared for either of these two possibilities.

What we wish to emphasize is that *either* of the two versions of Operation Juárez is preferable—by far—to what it would cost Ibero-America to continue under the current guidelines of the International Monetary Fund (IMF). In the following figures, we have made approximate comparative projections of what will happen to Ibero-America if it adopts either Operation Juárez A or Operation Juárez B, and what will occur if it continues to enforce IMF measures.

What will happen with the total foreign debt? As can be seen in **Figure 11-2**, the *IMF* plan (which for our purposes we have taken as identical to the previously mentioned Kissinger proposal) rises from \$370 billion in 1985 to \$429 billion in 1990. Under Operation Juárez B, Ibero-America only recognizes its legitimate debt of \$20.5 billion, and there is neither technology transfer nor new loans in the years that follow. By fully applying Operation Juárez A, however, the \$370 billion of the current debt is recognized and reorga-

nized, but then the advanced sector makes new loans of \$100 billion per year between 1985 and 1990. We estimate that that amount would increase to \$140 billion a year between 1990 and 1995, and would drop back to \$120 billion annually from 1995 to the year 2000, to add up to a total of \$1.8 trillion over the next 15 years—the necessary level of foreign financing that we identified in Chapter 5. This means, as can be seen in **Figure 11-2**, a substantial increase in Ibero-America's foreign debt. The reader might perhaps be tempted to conclude that this is bad, but the fact is that the new debt, in this case, is simply a vehicle for transfer of tangible capital, and not a vehicle for looting, as it is under the current international monetary system.

**Figure 11-3** shows the interest payments that Ibero-America would make under each of the three options. In the case of the *IMF*, even assuming the more generous version that Kissinger proposes, there would only be a 3-point reduction in interest rates charged. This means that, in the first year, interest payments would fall from \$36.4 billion to \$26.7 billion; but then this quantity would slowly increase and, by 1990, annual payments would again be at \$30 billion.

With Operation Juárez B, an interest rate of only 6.8% would be paid on the legitimate debt of \$20.5 billion; as we have said, this would reduce annual interest payments to only \$1.4 billion. With Operation Juárez A, annual interest payments would only be \$7.4 billion (2% on the reorganized old debt of \$370 billion). Although the total debt would increase in the manner indicated in the previous figure, there would be a grace period of 15 years on principal and interest charges on this new debt, and therefore it would not yet affect projected interest payments from 1985 to 1990.

In **Figure 11-4** one can see what the three options under discussion really mean, in terms of the GNP projections for

TABLE 11-6

**LaRouche's "Operation Juárez" proposal**

**I. Reorganize the Ibero-American foreign debt through collective negotiation**

1. Capitalize or "purchase" the current Ibero-American foreign debt through emission of new bonds on the part of the Ibero-American countries (at 2% interest, payable in 30 years, with 15 years grace on principal).
2. Dump the IMF and World Bank.

**II. Form an Ibero-American Common Market**

1. Establish a customs union to stimulate intra-regional trade.
2. Reestablish the real value of Ibero-American exports, both for intra-regional as well as extra-regional trade, based on the concept of "guaranteed prices" (the real cost of production plus a fixed profit percentage).
3. Dump the GATT.
4. Form an inter-republic bank among the Ibero-American nations, which would serve as:
  - a) a central bank for settlements, to facilitate trade and other agreements of the Common Market;
  - b) to establish an Ibero-American common currency, a "golden peso," with a new exchange rate to the dollar, defended by exchange controls; and
  - c) to create an Ibero-American development bank to facilitate financing of the indicated projects.

**III. Reform the national monetary systems of Ibero-America**

1. Establish state-owned national banks, which would issue loans solely for productive purposes.
2. Impose capital and exchange controls, to the extent necessary to maintain the currency exchange rate.
3. Institute, where necessary, major monetary reforms to eliminate the drug and black markets through substituting the existing currency with a new one.

**IV. Reactivate the advanced-sector economies**

1. Ibero-America should import from the developed sector between \$100 and \$140 billion worth of capital goods per year, to invest in continental infrastructure projects. This should be financed through new net credits issued for this amount, negotiated at 2% interest, payable in 30 years and with 15 years grace on principal and interest.
2. Nationalize the U.S. Federal Reserve; return the dollar to the gold standard (at approximately \$500 per ounce of gold); drastically lower the interest rates; and encourage loans solely for productive purposes.
3. Encourage the U.S. defense program, based on beam weapons and other advanced technologies.

Ibero-America. With Operation Juárez A, for example, there is an average annual growth of 10%, which brings us to the year 1990 with a GNP of \$1.141 trillion.

In the case of Operation Juárez B, there is no doubt that a trade embargo would cause damage to the Ibero-American economy, especially during the first two years, in which an approximate 15% fall in GNP would take place overall. But the fact that, despite the trade embargo, Ibero-America would put a halt to the looting of the continent, and would productively employ the 35% of the work force which today is unemployed, means that the economic recession could be quickly halted, and a trajectory of growth restored, although definitively at a slower rate than that of option A. By 1990, the total GNP would again be equal to that of 1985: \$708 billion.

FIGURE 11-2

**Projections of Ibero-American debt: three options 1985-1990**

(billions of dollars)

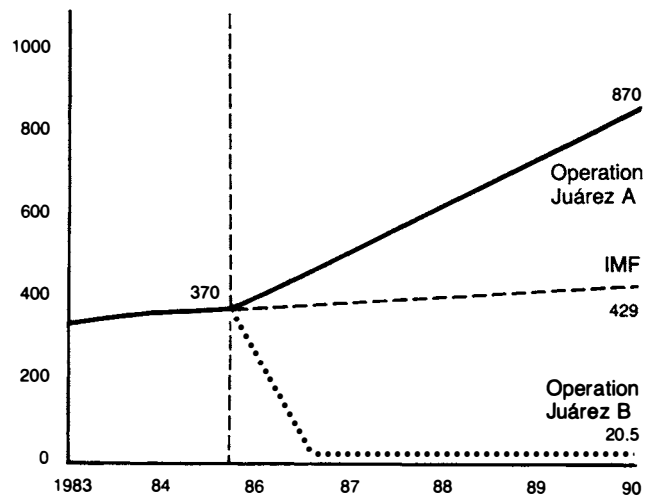
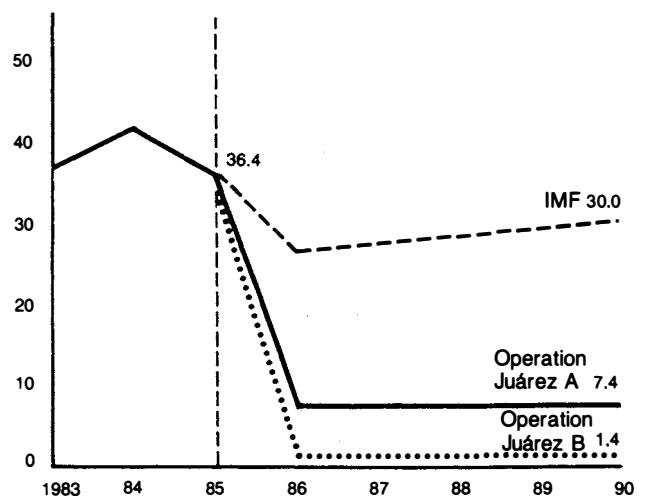


FIGURE 11-3

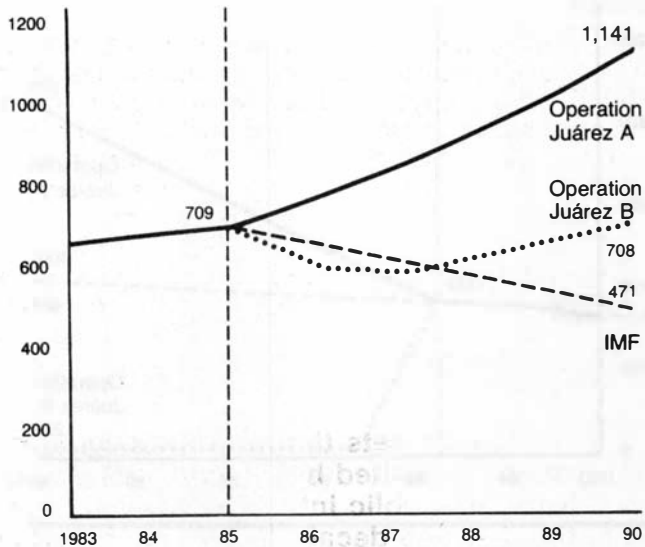
**Projections of Ibero-American interest payments: three options 1985-1990**

(billions of dollars)



The worst option for Ibero-America is *that of the IMF*. We have estimated that, by following the recessionist policies of the IMF, the Ibero-American economy would collapse at an accelerating rate of 5% in 1985, going to 10% in 1990 . . . if such policies do not first trigger an economic and social catastrophe of incalculable dimensions, which would bring Ibero-America to African-like conditions in a matter of a few years.

FIGURE 11-4  
**Projections of Ibero-American GNP: three options 1985-1990**  
 (billions of dollars)



This doesn't have to be the future of the continent. Ibero-American integration offers a way out of the crisis, based on development and sovereignty, a way out that would turn Ibero-America into an economic superpower in less than a generation.

There are those who will argue that our integration project is impractical, that it is too ambitious, that it breaks all the rules of the game. They will explain to us, patiently, that it is time that we learned that "politics is the science of the possible."

But this is untrue. True politics is the science of what is *necessary*, not what is possible. And, as Perón said, integration is necessary, and therefore must be achieved, even if it appears impossible. In any case, it is this quality, of doing the near-impossible, which defines us as human beings. In this historic integrationist task, Ibero-America should make its own the words of the great German patriot and world citizen, Friedrich Schiller, when he said:

Man must be greater than his circumstances; he must be greater than his destiny.

Or, as President Alan García expressed it more recently, during his July 28, 1985 inaugural address to the Peruvian nation:

There remains something much greater to be done: the moral works of faith, which make each of us great in the face of difficulty, and as great as history demands.

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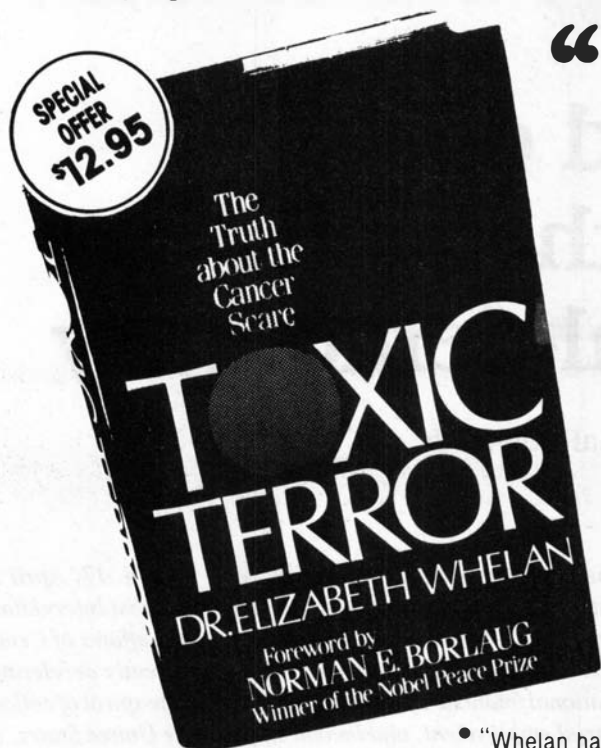
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# “IS IT ANY WONDER QUACKS TRIUMPH ?...\*



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\* ... Whelan sets the record straight on issues exploited by environmental and Naderite public interest movements of the last two decades. Fills an important gap between the scientific consensus and the ‘media consensus.’ ”

— Rael Jean Isaac,  
*The American Spectator.*

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— *Edison Electric Institute*

• “This reviewer, for one, hopes that *Toxic Terror* outsells those two environmental polemics, Paul Ehrlich’s *The Population Bomb* and Rachel Carson’s *Silent Spring*, combined.”

— *The Detroit News*

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— *Issues in Science and Technology, National Academy of Sciences*

• “Her argument builds to the book’s final, excoriating chapter on the unhappy affiliation between environmentally extremist scientists and sensation-seeking ‘media.’ ”

— *The Wall Street Journal*

• “The message she tries to put out to businessmen, scientists, environmentalists, housewives, and anyone who’ll listen is exactly the opposite: calm down.”

— *The MacNeill/Lehrer News Hour*

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## World debt and the world social-democracy

by Lyndon H. LaRouche, Jr.

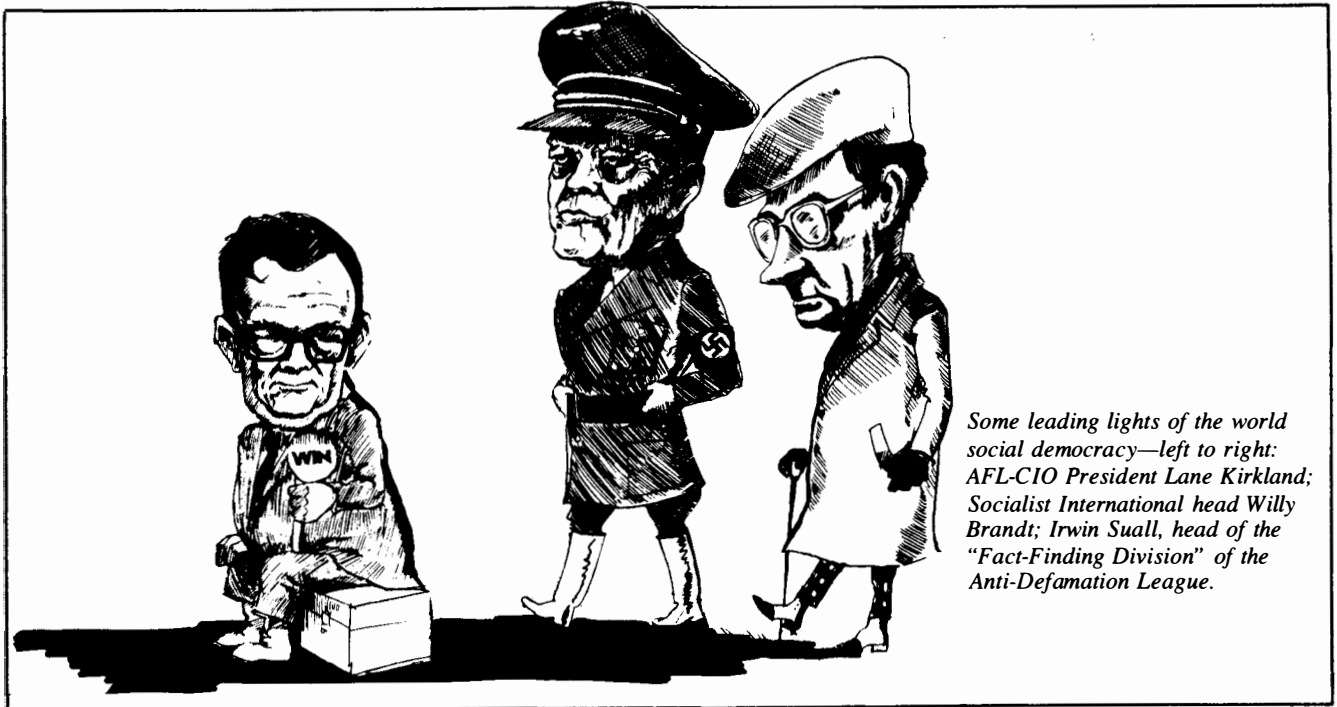
**Editor's Note:** *In the first part of this article (EIR, Vol. 14, No. 17, April 24, 1987), the author stated: "The current and past role of the Socialist International inside the government of the United States, and in the internal affairs of Central and South America, is a major contributing cause for the presently accelerating collapse of the international financial system. If we are to stop the spiral of collapse in agriculture, industrial employment, and incomes, inside the United States, our citizens must understand the wicked role of the social-democrats in U.S. domestic and foreign policy, and eliminate that dangerous factor from the shaping of our national policy."*

*LaRouche then outlined the urgent steps that must be taken to reverse the present economic depression. What follows is the second and final part of the article.*

### **Economic recovery as such**

The domestic and foreign measures just listed are the essential adjustments in monetary and related policies needed as preconditions for halting the financial collapse and beginning a general economic recovery. The needed economic measures begin with an urgent repeal of the Gramm-Rudman-Hollings legislation and repeal of the recently adopted, catastrophic tax bill.

The principal error of Gramm-Rudman-Hollings was that it addressed a symptom, rather than the cause of the problem. The expansion of the federal budget deficit under the Reagan administration, was a legacy of the Carter-Volcker measures inaugurated during October 1979, and of President Reagan's adoption of this mistaken "Volcker" policy. The result of Volcker's policy, in the context of a "post-industrial" orientation, was to collapse the real tax-revenue base more rapidly than government expenditures were being cut. At the point that further cuts in federal expenditures could have only a disastrous impact on the economy, and a catastrophic impact on national defense, Gramm-Rudman mandated cutting the budgets further. Thus, the collapse of the tax-revenue base was accelerated by Gramm-Rudman, so that Gramm-Rudman proved to be a cure worse than the disease.



What should have been done, was to address the cause of the deficit problem, the collapse of the tax-revenue base, a collapse caused, in turn, by the collapse of the economy. Unfortunately, the President and others were so zealous to maintain the reputation of a “Reagan economic recovery” which was nonexistent in fact, that the very mention of collapse of the economy was prohibited in those circles which should have been addressing this problem. So, the illusion of Gramm-Rudman was introduced to foster the conceit that a recovery was already in progress.

This paradoxical situation was promoted by a combination of both misreading published statistics, and some politically influenced cosmetic adjustments contained in the statistics reported as “official.” One had the compelling sense, that the President’s economic advisers were reading the charts while standing on their heads. The optimistic reports of the past four years have been what the presently depressed state of the economy now states so plainly, illusions manufactured and credulously adopted, in defense of a misguided, rather obsessive desire to believe that the President’s “economic agenda” was “working.”

The administration and Congress should have looked back to the success of the Kennedy investment tax-credit reform. Instead, a tax-reform was adopted which explicitly denounced, as well as thereby rejected, the principles which had made the Kennedy tax-reform a great success. Tax incentives for investment in that which promotes general prosperity, is not a matter of coddling some “special interest.” Overall, the adopted tax-reform was even more of a national disaster than the unworkable Gramm-Rudman-Hollings policy.

The time has come and passed, that our nation could

tolerate the substitution of special ideologies for common sense in the shaping of economic policies. By “common sense,” we should mean that a nation whose constitution commits government to promote the general welfare for present generations and posterity alike, can not regard as hallmarks of prosperity such conditions as we see in most of our major cities, in the looting of our farmers, the collapse of our industrial potential, the collapse into rot of our basic economic infrastructure, a continuing collapse in the general levels of real buying-power of our households, and a savage oppression of our senior citizens. To take a low-paid service job, to replace a skilled operative’s position lost, is not maintenance of employment-levels. To import cheaper foreign products, just because they are cheaper than domestic products, is not consistent with elementary notions of national security.

For 20 years, our drift in economic and monetary policy has been a catastrophic error. The ideologues have insisted that an orgy of “free trade,” if continued long enough, would be the only way to true prosperity. Our Founding Fathers were of the directly opposite persuasion, and rightly so. If we chose to ignore the writings of Hamilton, Carey, and others, today’s reality should teach us what we should have known from history. “Free trade” has brought us to ruin, yet the ideologues say that our current economic policy will bring prosperity, because it is consistent with ideologues’ dogmas of “free trade.”

We were told that Hong Kong was a model of prosperity, and, surely, we have given more and more of our citizens a taste of the conditions of life of the coolies of Hong Kong. Perhaps our citizens do not wish to be Hong Kong coolies; they seemed to have delivered such a message to President

Reagan during the November 1986 congressional elections, although until now he seems not to have received the communication.

The first measure of economic policy must be an immediate revision of the tax code, to provide a substantial margin of advantage to those savers and lenders who promote employment of operatives in energy-intensive, capital-intensive modes of use of advanced productive technologies. Every job so created increases the tax-revenue base, lowers unemployment, raises average incomes of households, and increases national productivity. Those whose investments best serve the national interest lessen our tax-burdens, and should be encouraged accordingly.

An investment tax-credit policy, which shifts a significant margin of tax-burden from incomes invested in priority categories to those which compete with scientific and productive investments, has always proven successful, as it did during the early 1960s. Moderate Democrats, as distinct from the more radical, social-democratic currents, should insist that this be Democratic and national policy for promoting recovery.

The leading problem in our national economy today, is a lack of physical productivity, a deficit in per capita physical output. This problem has two chief causes. First, too small a ration of our labor-force is employed in production of physical goods, as opposed to too high a ration employed in administration, sales occupations, and low-skilled services. Second, too low a level of average productivity among industrial operatives; this is caused chiefly by an accumulation of technological obsolescence and related wear-and-tear in our industries and basic economic infrastructure.

We should adopt the following employment objectives:

- 1) A rapid increase of employed operatives by about 5 million, with progressive increases of the employed-operatives percentage of the labor-force toward 50% of the total labor-force. This, by itself, will mean a very substantial and continuing increase in average per capita productivity of the labor-force as a whole, and will bring our ability to produce physical output into conformity with our urgent needs.

- 2) A policy of increasing the percentage of the labor-force employed in various forms of technologically progressive research and development, from a reestablished base level of 5% to a medium-term target-level of 10%.

- 3) A policy of discouraging growth of employment in categories of administration, sales, and services, except in science, engineering, production management, education, and health.

- 4) A program for shifting marginally employable youth into large-scale employment-training programs in connection with development of urgently needed, larger-scale infrastructure building projects.

Our educational system is increasingly a disaster at all levels. We are producing larger and larger rations of graduates who are either virtually unemployable, or trained for

occupations which are variously marginal or useless, social services-oriented and kindred types. Our youth are being deprived of the developed capacity for rational thinking, and lack the developed capacity for efficient assimilation of the technologies associated with the productive work-places of today and tomorrow. We must shift human resources from redundant administrative and service occupations, into education and health.

The growing AIDS-pandemic crisis points up the catastrophic collapse in our health-care system over the past dozen years. We must build up to the levels this pandemic implies, very rapidly, and plan to maintain a mobilizable reserve capacity of health-delivery and combined medical and biological research consistent with that. We can not pretend that adequate anti-AIDS measures are "cost-prohibitive" when many millions are faced with probable doom and great suffering because of this rapidly mutating infection. We can not say, "We can not afford it." We must increase our national income to levels at which we can meet our moral and constitutional obligations to the general welfare.

Except among senior industrial managers and engineering professionals, the relationship between investment and increase of productivity is very little understood today. The subject is almost unknown among most professional economists, because the university economics curricula and professional journals have emphasized monetary theories, to the virtual exclusion of study of principles of physical economy. Therefore, I must "pull rank" and identify those rules of thumb, already more or less emphasized by Hamilton and others, which are generally unknown to most economics professionals today.

There are six conditions which must be satisfied, to ensure that investment policies in a national economy are those which promote sustainable rates of growth of average productivity. Physicists and mathematical economists would label these six preconditions "constraints."

- 1) The quantity and quality of the per capita market-basket of combined physical goods, science and engineering services, education, and health-care must rise only less slowly than advances in both the levels of technology and productivity. Otherwise, growth of productivity can not be sustained in a general way. This was first pointed out in Leibniz's first of many contributions to economic science, his 1672 *Society and Economy*, and is proven valid over the centuries since.

- 2) The quantity of usable energy, both per capita and per hectare, must increase in correspondence with advances in the levels of technology and productivity. Given two economies at the same level of technology, such as the U.S.A., Japan, and West Germany of the early 1970s, the energy required per capita shrinks in proportion to the increase of population-density, chiefly because of the factor of energy-consumption measured in energy per unit-area developed. The two factors, per capita and per hectare, can be measured together, as energy-density per per-capita unit of population-

density, which gives approximately the correct estimate for economies of varying population-density. At the same level of technology, this per capita value is approximately constant.

3) The level of temperature-equivalent of energy applied must increase secularly, in correspondence to advances in general levels of technology and productivity. The past 500 years of history of productivity in the iron and steel industry is the textbook illustration of this point. Carnot's famous rule of thumb is another textbook illustration. Today, we say that the relative "energy flux density" and "coherence" of applied energy-stocks must be increased. A standard quantum of

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some selected frequency of coherent electromagnetic radiation, is the best yardstick for use, from a physics standpoint.

4) The agricultural percentage of the total number of labor-force operatives must decrease, on condition that the food and fiber production per capita for the entire population is increased. This was stressed in Hamilton's 1791 Report to the Congress, "On The Subject of Manufactures."

5) The percentage of the number of urban operatives employed in production of producers' goods, must increase, on condition that per capita production of households' goods increases for the population as a whole.

6) Technology, as Leibniz first defines the meaning of this term, must advance.

These are the constraints which must be satisfied by combined investment and employment patterns, to achieve sustainable growth of productivity in a technologically progressive, energy-intensive, capital-intensive mode. Investment in any other mode will lead to a fall in productivity. Investment in this mode which fails to satisfy these six constraints, will tend to be unsuccessful in producing the desired, optimal

result. This assumes that the rations of employment in sales, administration, and unskilled services do not expand excessively.

Government has three inalienable responsibilities in promoting such economic progress.

1) Government is responsible for basic economic infrastructure, either through direct government investments, or regulated public utilities. These include the social infrastructure of education and health-delivery institutions. They include, otherwise, fresh-water management, general transportation systems, generation and distribution of energy-stocks, general communications, and urban-industrial infrastructure.

Infrastructure is properly classed as part of the basic capital investment of a national economy, and is integral to other capital investment, functionally, since agriculture and industry can not develop and function unless infrastructure is developed and maintained at an adequate corresponding level of technology. Infrastructure is a very large ration of the total capital stock of a national economy. The rates of improvement of infrastructure determine, by a lag-factor of 12 to 18 months, the rates of growth or decline of productivity in the postwar U.S. economy.

2) Government must elaborate its monetary and tax policies, as well as expenditures, in ways which promote flows of money, credit, and debt into the relatively more desirable aspects of private investments.

3) Government must take leading responsibility for promoting scientific and technological progress in the economy. Traditionally, this role of government in the U.S. economy has been concentrated in three areas: a) education and research, b) development of improved infrastructure, and c) technological progress transmitted into general production through military research and procurement. The case of the Apollo space program provides an excellent example of a non-military program which amplifies the role traditionally assigned to military procurement. The SDI advanced-technologies program is an example of a model military program of this type. The Mars colonization project is the new Apollo program of the coming 50 years.

Respecting scientific and technological progress, government functions properly as a key participant in shaping a national consensus on long-range technological perspectives for the economy as a whole. Industry and agriculture must be assured that government's combined monetary, taxation, educational, infrastructural, and technology programs and policies, over the span of approximately a coming generation, will continue to favor a certain direction in national technological progress. If that assurance is given in a credible way, private investment is able to commit itself to medium-term to longer-terms risks in those directions.

During the initial period of recovery from the present economic catastrophe, the President of the United States must be qualified and disposed to devote a large ration of his

time to working with scientists and entrepreneurs on medium- to long-range technology policies. If elected President, I intend to make this a major included function of the National Security Council's staff, and to recruit scientists and leading engineers to that section of the staff, to coordinate the Executive Branch's work with committees of representative entrepreneurs and research institutions. The consensus on national technological and related employment and educational goals developed through such channels, must be incorporated in the deliberations of the relevant committees of the Congress, as well as the Executive Branch as a whole.

It is clearly foreseeable, that the main science-driver of the U.S. economy over the coming 50 years should be the Mars colonization project. Apart from the massive astrophysics and related economic benefits which the completion of that project will bring to Earth, beginning 40 years from now, each step of the project's completion will mean sweeping advances of technology (and productivity) on Earth about every five years.

The reason for this economic "chemistry" of the Mars project, is that once we recognize that man can not safely travel in space at less than a large fraction of one Earth gravity, we are forced to recognize that every frontier of scientific progress being developed on Earth today, will be an integral part of the Mars project. This centers on four areas of technology now in various stages of development:

1) Very, very energetic controlled electromagnetic plasmas, both as new sources of power for general use, and as a revolution in metallurgy and production of vastly improved qualities of materials for all kinds of uses.

Using the standard deuterium/helium-3 fusion model, we have the means, now in development, to create engines with the power of trillions of watts, more than 1,000 times the largest power station on Earth today. This is the necessary technology for manned exploration as far as Mars and Saturn, the necessary technology for colonies on Mars, and a giant leap in productivity on Earth. All limits to growth within our solar system, are smashed by the development of such engines.

In the meantime, far short of the terawatt engines used for manned travel to Mars (in about two days' travel as opposed to a two-year round-trip with rocket technology), the same methods will begin to pay off on Earth during the 1990s, both as sources of power and as the basis for a revolution in metallurgy.

2) Very energetic, coherent electromagnetic radiation, such as high-powered lasers. We are already entering a phase of building new types of machine-tools using laser principles for cutting, surface-treating, and so forth. This is the machine-tool industry of the coming 40 to 50 years, beginning now.

3) Optical biophysics. This is a branch of science actually begun by Leonardo da Vinci and his friends, nearly 500 years ago, revived and advanced by Louis Pasteur, and now being

revived as the biological science of the present and future. Space exploration will depend upon it. Modern optical biophysics is an indispensable part of the biologist's battle to conquer AIDS today, and is the key to revolutions in medicine during the next decade.

4) Two revolutions in design of computers and related control devices. Present designs of digital computers and of the architecture of such systems, are far short of the capabilities we need for many applications, including aspects of AIDS research today. We need a technology now being brought toward success: "parallel processing," to produce computer modules capable of performing a billion, or many more floating-point-arithmetic operations per second. For more advanced problems, including those arising in instrumentation of ultra-high-temperature production processes, we need a revolutionary new type of analog computer, an optical computer capable of solving nonlinear problems directly (explicitly). The first prototype of an optical-analog/digital hybrid computer is just a few years or more down the pike, if we force development in this direction.

Science can conceive no masterable problems during the immediate decades ahead, which do not lie within one or a combination of these four branches of technology. (Possibly, the development of the more advanced matter-antimatter technologies must wait until Mars-based astrophysics helps us break through some rather fundamental problems of physics-knowledge.) All four are required for the Mars colonization project.

My proposal is to use the Mars project as a way of developing these technologies, providing efficient channels for delivering each new discovery to industry rapidly, as each is developed. That ensures that our industries would always have available the most advanced technologies possible.

This means a carefully thought-out approach, by both the President and the Congress, to the purpose of ensuring that government expenditures on the Mars project promote the emergence of new branches of industry in all regions of the United States, such that private industries working with Mars-project technologies are able to transmit those technologies broadly throughout the private sector in each region.

### **Those troublesome social-democrats**

The Russians have always been opposed to rapid economic development of the developing sector, because Moscow sees such development as strengthening the economies of the United States and its friends. Obviously, the sooner we collapse, the happier the ghost of Nikita "we will bury you" Khrushchev will be; so, anything good for the United States is not pleasing to Moscow. The social-democrats, not all of whom exactly like the Russians, are a different kettle of fish.

Obviously, as I said earlier, I am emphasizing the so-called social-democratic "intellectuals," the "bankers' socialists," and not necessarily the typical rank-and-filer of a

European mass-based social-democratic party. I mean, in our own country, the "Project Democracy" crew: Jay Lovestone's gang of cutthroats, the League for Industrial Democracy, the Anti-Defamation League cronies of Robert Vesco, and the AFL-CIO's international department and its nest inside Charles Wick's U. S. Information Agency, among others of that collection. In Western Europe, I mean the leadership of the SPD, the Friedrich Ebert Foundation, the left offshoots of the Adorno-Horkheimer-Marcuse Frankfurt School, the Brussels staff of the International Committee of Free Trade Unions, and the British Fabians.

The ideology of the British Fabians is fairly symptomatic of these so-called "social-democratic intellectuals" as a whole.

British socialism was a creation of Oxford University's John Ruskin and his circles. The avowedly pro-feudalist Pre-Raphaelite Brotherhood was the center of this operation, the mother-cult for legions of socialists, spoon-benders, necromantics, back-to-nature freaks, and curious religions, of the English-speaking world, down to the present day. Ruskin spawned British socialism as "guild socialism," signifying thus a return to the guild societies of the feudal period, as well as rejecting every bit of political, scientific, and artistic development in Europe since approximately 1420.

Out of the combined influence of Ruskin and the British East India Company's John Stuart Mill, came that curious collection of theosophical mystics and "guild socialists" known as George Bernard Shaw's Fabian Society. The general dedication of the Fabians, as professed socialists, was to mobilize the working class and lower middle class of Britain into a force dedicated to destroying both industrial entrepreneurship and technological progress. That is the essence of social-democratic ideology generally today.

In the case of the mass-based social-democratic parties of Europe, the day-to-day image of the social-democratic leader may seem to deviate from Fabian kookishness. This ostensible difference reflects the fact, that having captured a trade-union constituency, the social-democratic leaders must adjust to what the traffic will bear among these adherents. So, the smaller the social-democratic organization, the higher the percentage of kooks, and the more nakedly Fabian it is. In the larger such organization, overt kookishness is the specialized craft of a handful of kept, academically oriented, more overtly leftist "intellectuals," such as the Frankfurt School types around Marcuse, Horkheimer, and Adorno. "Intellectuals" who succeed in rising to positions within the trade-union or mainstream party apparatus, are essentially political thugs, whose thuggery distracts attention slightly from the kookishness beneath the surface. Hence, the social-democratic apparatus is an instrument of Fabian, or Fabian-like, feudalistic ideology. It is this combination of social-democratic academics and apparatus figures upon which we focus here.

This stratum of the social-democracy functions in the mode of an intelligence organization. A significant number

of these were intelligence operatives or assets of government agencies (not necessarily their own country's) in the past, and some key such, like Jay Lovestone and his old 1930s cronies of the International Rescue Committee vintage, were trained in Stalin's secret-intelligence service over a number of years.

In the United States, social-democrats were given official respectability around the U.S. government about the time of Theodore Roosevelt's presidency, notably in connection with the U.S. branch of the British Fabians' Round Table organization, the National Civic Federation (predecessor to the New York Council on Foreign Relations). Since approximately the period of World War I, the leading strata of such U.S. social-democrats, like Walter Lippmann, functioned as "State Department socialists."

I am not implying that financier circles associated with the National Civic Federation were infected with Fabianism through their opportunistic adoption of social-democratic strata. British Fabianism, for example, like Bertrand Russell himself, was a late-19th-century outgrowth of the same aspect of British liberalism which spawned the system of Hell Fire Clubs under Walpole.

The origin of this inside England, was the Venice-centered Lombard banking interest associated with the Venice-Genoa Levant Company, which took over the government of England over the period 1589-1603, and again, most emphatically, with the accession of William of Orange, and became deeply embedded in British society with the 1716 accession of George of Hannover, following the 1714-16 defeat of the English Tory nationalists under Queen Anne. This Levant Company spun off, most notably, the East India companies of Britain, the Netherlands, and Denmark.

During the Napoleonic Wars, Britain's liberals established much closer relations to Venice, as expressed by the wildly kookish influence of the Actons, Bulwer-Lytton, John Ruskin, et al. during the 19th century.

As Anton Chaitkin has documented key details of this process, the roots of Fabianism were introduced to the United States during the 1830s and 1840s, through the establishment of the Harvard-based "Young America" offshoot of Mazzini's radical "Young Europe" insurgency at Concord and in South Carolina. Through the plottings of Swiss Jacobin insurrectionary and sometime U.S. Treasury Secretary Albert Gallatin, the Smithsonian Institution and the later-founded American Museum of Natural History on Central Park West in New York, became the center for spread of the Fabian kookery among wealthy Eastern Establishment families.

Social-democracy developed as a by-product of the effort to mobilize labor as a mass battering-ram for advancement of Fabian goals. So, it would be an error to suggest that social-democratic labor-based organizations "infected" rentier circles with socialism; the virus of "socialism" had already been spread to labor organizing from these wealthy strata.

The significance of the U.S. social-democrats' represen-

tation in the National Civic Federation, is rightly seen as consistent with the fascist movement already then spreading in Europe, in the form of "corporatism," a form of fascism directly, intentionally modeled on the feudal guild system, and rooted in the famous "socialist" decrees of the Eastern Roman Emperor Diocletian.

Since approximately 1974, the Socialist International's leadership has openly professed its commitment to fascist society. Especially after the events of 1936-38, the Hitler regime, and Mussolini's submitting to client-status under Hitler, the very word "corporatism" was so closely associated with Hitler's fascism, that social-democratic "intellectuals" discreetly kept the word tucked in their closets. Only since 1974, have social-democrats ventured to present corporatism openly with such qualifying observations as that it was "fascism with a human face," or "democratic fascism."

Today, the Socialist International is campaigning full tilt for the establishment of such a fascist transformation. The arguments they advance, to indicate that such a fascist transformation is a timely one, show their motives for seeking to overthrow those developing-sector governments sharing the current views of such figures as Peru's President Alan García and Brazil's President José Sarney.

The social-democrats argue, that as long as society was committed to economic growth, relations between capital and labor were defined in terms of equitable apportionment of the benefits of such growth. The difference now, they insist, is that we must accept, and adapt to the reality of negative growth in population and economy. The difference now, they insist, is that "co-determination" by capital and labor must have the purpose of negotiating "equitable" forms of sacrifices of income and freedoms. This is a copy of the "corporatism" of Austria's Dollfuss, Italy's Mussolini, and Germany's Hitler.

In German-speaking Western Europe, the social-democratic drive toward fascist transformation takes the current form, inevitably, of a negotiated convergence of Protestant and Catholic-sponsored varieties of "corporatism," in which the nominally Catholic model for such fascist transformation is the Austrian "corporatist" model of Dollfuss et al. Not accidentally, the professedly Catholic fascists are the leading opponents of *Populorum Progressio* and of Joseph Cardinal Ratzinger's November 1985 address to the "economists." The two, Protestant and Catholic adversaries of Cardinal Ratzinger and Pope John Paul II, are united in a current effort to defend Adam Smith against the Vatican's denunciations of the immorality of "economic liberalism," by means of purporting to show that there is an acceptable "bio-ethics" substitute for morality in Smith's 1759-76 dogma of irrationalist hedonism as the rule for political and political-economic behavior and policy-shaping.

This social-democratic fascism is threatened in an obvious way by any prospect for return to equitable allotment of the benefits of significant rates of economic growth. Fas-

cism breeds upon austerity, and "equitable sharing" of sacrifices of both incomes and freedoms. Thus, the August 1976 and March 1983 resolutions, on equitable access to means of economic growth, and the policies of Presidents García and Sarney, are a deadly threat to the policies of the social-democracy. So are the relevant declarations on morality in economy, in Paul VI's *Populorum Progressio*, Cardinal Ratzinger's November 1985 address, the recent document of *Justitia et Pax*, and the efforts of John Paul II.

The core of the social-democracy's "intellectuals" is composed of "Nordic racists," who view the bleak-skinned populations of Northern Europe, from Muscovy westward, as a superior race, which must not be compelled to share scarce resources of the planet with the darker-skinned populations, from Spain and Italy southward. This is the stated policy of a leading founder of the malthusian Club of Rome, Dr. Alexander King, as it was the frequently stated policy of Britain's socialist Earl Bertrand Russell since the early 1920s.

Since rejecting malthusian methods of genocide requires a generalized resumption of technological progress and economic growth, the Vatican's denunciations of malthusianism and of economic injustice against developing nations, drives the social-democratic fascists (and racialists) into a hate-filled frenzy.

The social-democratic intelligence organizations, operating behind a Venetian-style mask of "leftism" and liberalism, are the mass-based social battering-ram through which this hate-filled, racist frenzy against the Vatican, Sarney, García, et al. is deployed most efficiently. These social-democrats, already key factors in every bloody coup in South and Central America since 1949, continue to slip in as purported friends of mass-based political forces of developing nations, the better to set up preparations for new political assassinations and coups.

Lately, the most important new aspect to these social-democratic subversions is the extraordinary activation of the Interaction Council, a Helmut Schmidt-linked body explicitly committed to malthusian "population reduction" of darker-skinned populations, and to Dollfuss-Mussolini-style corporatist approaches, in the name of "democratic fascism," to a more rational sharing of sacrifices in incomes and freedoms.

For such ideological motives, social-democratic intelligence operations are directed hysterically against generalized technological progress, against resumption of high rates of average economic growth, and, most emphatically, against any large-scale sharing of technological progress and economic growth with developing nations. In aid of this, they seek to befuddle the minds of patriots of developing nations, and others, by reasserting the old Fabian lie, that "technology takes away jobs."

In short, modern fascism is "bankers' socialism," social-democratic fascism. This is the face of humanity's most influential enemy within Western civilization.



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## There is no freedom without freedom to search for truth

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*Lyndon H. LaRouche, Jr. raises the alarm about the shutdown of private research crucial to defeating AIDS, in a new statement about science policy in the U.S.A.*

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Today, except, chiefly, for the laboratories of the Switzerland-centered international pharmaceutical giants, much of the private biological research essential to defeating AIDS is being shut down systematically and rapidly inside the United States.

Unless unusually powerful institutions, or the U.S. government itself gives protecting sponsorship to such private research programs, under present trends, most of the still existing smaller private research programs are presently doomed. However, there is the added difficulty, that in the case that the government provides limited sponsorship for some existing programs, research work is regulated by either direct government censorship, or by the threat of cut-off of sponsorship should laboratories report facts, or even follow a line of scientific inquiry which incumbent governmental bureaucratic authorities find displeasing.

Not only is some of the independent research of greatest importance to conquering AIDS suffering in this way. Some of the most important advanced work in physics is suffering in the same way. True scientific freedom is being quietly but systematically crushed out of existence in today's U.S.A.; the day is approaching, in which scientists are not permitted to speak the truth, because they are no longer permitted to discover it. Many of the best laboratories are already on their last legs; only a government-approved, blinkered, and homogenized sort of research will exist if this trend is not halted.

Scientific freedom is like freedom of the press; in both cases, this freedom is limited to those who have the income to maintain their institutions, and the political power to prevent that income from being destroyed by governmental in-

tervention. In science today, the continuing collapse of independent farms and independent industrial entrepreneurship, has concentrated the power to determine what research lives and dies, in the hands of a few powerful international financial cartels and governments. As the continuation of private research depends more and more upon either government funding or at least formal approval by governmental agencies, a Washington bureaucrat can act arbitrarily, even without need of any legislated authority to do so, to order that research he dislikes be shut down.

Although this report is focused upon the issue of scientific freedom, we can not discuss this matter competently without a glance at what is occurring inside leading political parties, both in the United States and in parts of Western Europe. In West Germany, in Britain, and in the U.S.A., among other places, we are now headed rapidly into the kind of fascist form of government which existed in pre-Hitler Austria and Mussolini's Italy, the so-called "corporate state." This is not an exaggeration in the slightest degree; I explain.

The main political impetus for this revival of fascism comes from both Willy Brandt's Socialist International, and inside the U.S.A., from a force tightly integrated with that Socialist International, the social-democratic machinery centered around the League for Industrial Democracy and Lane Kirkland's circles in the leadership of the AFL-CIO. This campaign came to the surface during 1974-76, with the Socialist forces' announcement of what they called "fascism with a human face," and with the Huntington report of the Trilateral Commission. The key facts are presented in *EIR's* Special Report on "Irangate," "Project Democracy: The 'Par-

allel Government' Behind the Iran-Contra Affair."

There is now rapidly in progress, in West Germany, in Britain, and the United States, a process of fusing the leading parties of each nation into what is effectively a one-party state. The "super-Tuesday" primaries, now scheduled for 1988, are a step in this direction.

Since January 1987, former West German Chancellor Helmut Schmidt, for example, has taken a leading role for establishing a coalition of the three great parties of that country into a new coalition government. In Britain, the same tendency is already evident, in the possibility that Britain's Conservative Party might be forced into a coalition government with the trade-union-based successor to the collapsing Labour Party, the Social Democratic Party. Since 1982, with the establishment of the "Irangate"-centered National Endowment for Democracy (NED), the corporate arm behind Lt. Col. Oliver North's Project Democracy accomplices, the leaderships of both Frank Fahrenkopf's Republican Party and Kennedyite Paul Kirk's Democratic Party, is developing, step by step, the preparations for a one-party dictatorship here.

I foresee no immediate prospect of actually dissolving the major parties of West Germany, Britain, and the U.S.A. into a single political party under a single party name. The public is not ready to accept so sudden and overt a development. The immediate danger, is that the collaboration at the top between the two major parties of each country becomes so much integrated, through vehicles such as the social-democratic National Endowment for Democracy, that the two major parties are effectively a national one-party dictatorship at the top, while maintaining competing electoral machines on the state and local levels.

This trend toward such a thinly disguised form of one-party dictatorship is key to understanding the way in which independent scientific research is being strangled to death inside the U.S.A.

I have had the opportunity to study rather closely the conditions of research under Mussolini's fascist regime. The horror stories I have learned from the mouths and documents of some prominent Italian scientists who worked during Mussolini's regime are all the more horrifying, because they are an echo of what is happening to scientific research in the United States today.

For example, during World War II, Britain's Spitfires and Hurricanes used to use the Italian air force for turkey-shoots. The basic Italian fighter plane was a biplane armed with two synchronized machine-guns, firing through the plane's single propeller. Italy's airframe designs of the 1920s and 1930s were the best in the world, as typified by a famous early 1930s seaplane, the fastest propeller aircraft ever flown to the present day, and built around the most sophisticated power-plant design ever flown for a piston-powered propeller aircraft. Italy was the first nation to produce, during the mid-1930s a supersonic wind-tunnel, and to work on problems of



*The author addressing a conference on AIDS in Italy, in February 1987.*

design of supersonic aircraft. The Italian combat biplane was perhaps the best fighter of its type at the time it was developed, on the basis of 1920s designs! During the war, Italy designed and produced one of the world's best fighters, but produced a total of about 35 of them! In other aircraft designs, for combat and other purposes, Italy produced some of the best in the world, but usually about one such operational prototype!

Italy was unable to design suitable engines for its aircraft. It relied on German engine designs, because Italy lacked the relevant investment in metallurgy and so forth, to develop needed engine-designs. Mussolini was a first-rank faker, personally. Having only 15 fighter-planes of a certain modern design, he would have these 15 fly from base to base, ahead of the visiting foreign and other parties to whom he exhibited his powerful, modern air force.

Fascist Italy inherited from the mid-19th century circles of Cavour one of the world's greatest scientific potentials in electronics, hydrodynamics, and aerodynamics. Some of Italy's economic and military circles fought hard to maintain the bare existence of this inherited potential, and a significant sampling of this scientific capability survived under the somewhat reluctant, penny-pinching patronage of the fascist state, much as Adolf Hitler despised and cut back Peenemünde until defeats of 1942 and 1943 prompted the fascist

dictator to scrape around for so-called "wonder weapons."

The social-democracy, together with its coalitions of the National Endowment for Democracy type, have the same policy toward economic development and scientific research today, as Italy had under the Mussolini from which the social-democracy today copies much of its "neo-corporatist" fascism. The direction in research policy of practice in the United States today, is shifting rapidly toward the kinds of conditions characteristic of 1930s Italy.

The foreseeable direction is this. First, cut back on inde-

pendent research, limiting it to the internal research programs of a few international financial cartels plus government-controlled research. University research would be cut back essentially to that backed by government or major financial cartels. Second, in the name of budgetary cut-backs, cut back on government-approved research programs. Then, we have conditions like those in Mussolini's fascist Italy, or even worse.

### AIDS, for example

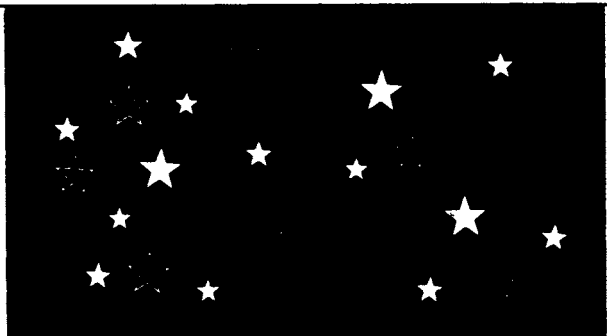
Under those conditions, a cure for AIDS could never be expected in the West; if that were the case, sometime during the first half of the next century, the United States could be among the nations which had vanished from the map, as biologically extinct.

My associates and I have been coordinating international research activities around AIDS since early 1985, bringing together experts from various relevant scientific specialties, accelerating the international transmission of relevant information among some of the world's leading specialists, and convening conferences and seminars around the presentations and round-table discussions among such specialists. Consequently, my associates and I have been one or two years ahead of most government-backed statements on the nature and transmission of AIDS. For example, much of what my associates and I warned during the period from spring 1985 through November 1986, is presently being reluctantly admitted to be true by a growing number of governmental and other authoritative institutions.

The nature of, and cure for AIDS could not be discovered, except almost accidentally, without intensive and massive research into what is called the "non-linear spectroscopy of the mitotic process." Since AIDS buries itself in the chromosomes of the infected tissues, the infection reproduces itself in the normal process of reproduction of those infected tissues, and breaks out from those infected cells' chromosomes into the system, under conditions which are known to occur, but which are not yet adequately understood. If we are to dig out and destroy this infection, without also destroying the infected tissue, we must trap and destroy the AIDS component of genetic material during the mitotic process, thus causing the tissue to return to an uninfected state.

The AIDS-infection process has some analogies to viral cancer, but AIDS functions in a way directly opposite to the behavior of the cancer process. Human AIDS is a new kind of disease-problem, and demands a new kind of solution, and a correspondingly new kind of understanding of the mitotic process.

This needed understanding of the mitotic process and related biological events, can not be accomplished through medical research. Medical research is necessary for certain aspects of investigation and ameliorative treatments, but defeating AIDS lies in the domain of the research biologist, not the customary range of practice of the physician. Medical



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practice, as narrowly defined, knows little more than the pathologist reports from the autopsies of deceased AIDS carriers.

Investigation of the mitotic process demands research instruments which can detect, record, and process information respecting such events as the emission of a single quantum-pulse of some frequency of ultraviolet emission from a DNA molecule in certain of its modes. It must trace the way in which various such small electromagnetic emissions, over an entire range inclusive of relevant frequencies, are assimilated or generated by various components of the mitotic process, and in the state of cells prior to, during, and following the events presently associated with mitosis as narrowly defined.

Prototypes of such instruments exist. New work, to develop such kinds of instruments in ways needed, is on the drawing boards, but funding is essentially cut off by the bureaucracy. Meanwhile, the most promising laboratory research work, in Italy, Germany, France, and the United States hangs by a fragile thread. In the United States, these are precisely the lines of independent research now being cut back most savagely.

The specific attacks on independent AIDS and related kinds of research are coming from two sources, governments and the homosexual AIDS lobby organizations typified by the late Terry Dolan's "conservative" NCPAC lobby, including the AIDS lobby operating through the office of New York State Attorney General Robert Abrams. Governments argue, as U.S. Surgeon General C. Everett Koop has repeatedly, that the necessary public health and other measures required for halting the spread of AIDs are "cost-prohibitive," and that therefore governments must lie about AIDS, to prevent the public from being "panicked" into demanding the necessary, costly actions. The homosexual and pro-drug lobbies argue, that allowing the truth about AIDS to be known, would result in measures which cut back severely upon the influence of homosexuals and drug-users in government and other institutions. Therefore, these combined interests are lying their heads off about AIDS, and are moving in to cut back on any independent research, whose reports are not under censorship by government, to prevent the truth from leaking out through independently authoritative researchers.

The hysterical efforts of governments and certain lobbies, to suppress presentation of evidence on the true nature of the AIDS pandemic, and of means to check the spread of that infection, are to be seen as an extension of the earlier policy-influence of the malthusian and countercultural lobbies on governments' policy-making.

Although the beginnings of the present-day malthusian and countercultural movements were established during earlier periods, these influences began to take over the policies of the governments of the United States and other nations, beginning the 1963-66 period, an influence which accelerated at a rapid pace as the relics of the 1960s anti-war move-

ments were steered into forming the activist hard core of the left-liberal anti-nuclear, anti-technology movements. During the 1977-81 period, as marked by the role of James R. Schlesinger in that administration, the anti-energy, anti-technology policies of the so-called "neo-malthusian environmentalists" were consolidated as the policy of the United States' federal and many local governments.

The gutting of U.S. biological research began during the 1969-72 period, through National Security Adviser Henry A. Kissinger's role in the negotiation of the Soviet anti-biological-warfare agreements. Since the "biological agents" component of biological warfare are by-products of the same research required to develop better defenses of the public against new and old types of infectious diseases, the implementation of this U.S. agreement with Moscow meant that Moscow, as usual, stepped up its work in developing biological-warfare agents, while the U.S. cut back drastically, not only on study of biological agents of warfare (and countermeasures against newly developed Soviet agents of this kind), but also cut deeply into the research needed simply for civilian populations' defense against new and old varieties of epidemic diseases. Thus, cutbacks hurt us badly as soon as the AIDS pandemic presented urgent needs for accelerated biological research.

The developments of this kind, over the 1970s and early 1980s, coincided with effects of lowered real incomes of independent farmers, industrial corporations, and persons in the U.S. and Western Europe. Reduced incomes meant cutting back on normal levels of spending for maintenance, and cutbacks in most research programs. The lack of tax-incentives to promote private research and development, and lack of credit at reasonable borrowing-costs for this purpose, ensured such cutbacks. Also, trends in legislation and court decisions make all research and development an increasingly risky venture.

The actions of government and others, to wipe out whole sectors of biological research, just at the time the AIDS crisis makes this research desperately urgent, is to be seen, at least in large part, as a reflection of a continuing anti-science and anti-technology trend since about 1967.

## **Relationship to freedom in general**

A culture which is oriented to scientific and technological progress is a rational culture. Such a culture is devoted to discovering God's lawful ordering of nature and living processes, and to making decisions consistent with those discoveries. This pro-science cultural outlook, encourages members of that society to view all persons as equal under God's universal justice, and prompts us to recognize that man-made constitutions, legislative acts, and decisions by judges, are of inferior authority relative to a rational comprehension of God's natural law.

The notion that the nation is obliged to promote the general welfare for all sections of the population and their pos-

terities in a rational way, consistent with God's law, and that no man or woman must be judged in legal or related actions except in a rational way consistent with our best knowledge of God's law. This is the foundation of a durable system of political freedom in general.

When that standpoint is rejected, in favor of an anti-scientific "back to nature" policy, such as the Nazis' "back to nature" cult-dogmas, irrationality prevails, and justice must soon vanish, as it did under the Nazis. The arbitrary will of any merely momentary, irrationalist majority, or a powerful such minority, replaces rational conceptions of law and personal political freedom. Since opinion is no longer subjected to scientific standards of proof, any opinion becomes law, simply because it is the momentarily chosen opinion of a majority or of a powerful minority.

For example, the AIDS lobby today insists, first, that AIDS is a venereal disease, spread either by sex or by direct transmission of contaminated blood. So, official doctrine applies to AIDS the same classification, "casual contact," which public health law earlier reserved for use only in the case of venereal diseases (e.g., the so-called "one-night stand.") Medical science and biological research show that AIDS is not a venereal disease, but a blood disease carried in various kinds of human secretions, including tears and saliva. Indeed, so far, the concentration of AIDS virus in saliva, among AIDS carriers, is far greater than in semen, indicating

that biting and kissing might prove to be more likely modes of transmission than normal sexual intercourse!

In the instance of most of the popularized assertions by the AIDS lobby and governmental agencies, assertions about AIDS are based chiefly on mere assertions of fact, without any supporting evidence from biological research. Indeed, generally, governments do not organize any of the often elementary biological research studies which would show, more or less conclusively, what the true facts of these matters are. Government refuses to back research which would settle such questions, and then insists, like the person asking clemency, as an orphan, when accused of murdering his parents, that there is no scientific evidence existing to refute the government's bald, unsupported assertion!

In a rational society, truth is not forced to the surface by mere debating of opinions. Truth is established by rigorous scientific investigation, a truth which may be different than any of the popular or official opinions offered. Thus, science may show that the judgment of a handful of persons is nearest to the truth, and all contrary, popular and official, opinion factually absurd. It is the right of the individual to stand up for truth, even alone, and to be judged by scientific truth, rather than prevailing opinion, which is the bed-rock of the principle of individual political freedom.

We have seen, often enough, in the past, how a radical democracy leads inevitably to the most tyrannical forms of dictatorship. The famous case of the Trial of Socrates is the model example of this. The case of the French Jacobins is a more recent famous example. Neither true individual freedom, nor a commitment to rigorous scientific inquiry, can be durable, unless each exist to support the other reciprocally.

We have come into a time, in our nation's history, in which the irrational, merely "felt" opinion of a liberal-radical pressure group has enjoyed the authority of a legal fact, even in the most outrageous opposition to readily verifiable scientific fact. This tyranny of irrational, merely "felt" opinion, is destroying our society, and threatens, at least, to bring our nation to biological extinction, in the instance of the AIDS pandemic.

In these respects, the interdependency of scientific freedom and individual political freedom is vastly greater than the connection to so-called freedom of the press. Any extensive cutback on independent scientific research, portends a society which is turning its back on scientific freedom, and thus also individual freedom, and is thus a society on its way to becoming the kind of tyranny which the social-democrats' fascist impulses toward "neo-corporatism" are pushing Western civilization to become.

This same connection functions in a complementary way.

The material well-being, and life-expectancies of persons generally, depends absolutely on scientific and technological progress. If we turn away from the course of fostering of technological progress in employment for the production of physical goods, the real incomes of society must fall after a



*Henry A. Kissinger's role in negotiating anti-biological warfare agreements with the Soviets in the 1969-72 period, began the gutting of U.S. biological research.*



NSIPS/Stuart K. Lewis

*A father and son study an advanced helicopter at an airshow in Virginia, 1986. A culture which is oriented to scientific and technological progress is a rational culture.*

relatively short span of a decade or more. This was what caused the fall of Rome, and also the fall of Byzantium after it. Both empires, and others as well, fell because the levels of populations fell under what we must regard retrospectively, today, as malthusian policies of practice.

The effect of the fall of rates of real incomes, and of technologically progressive modes of investment in employment for production of physical goods, has brought about increasing rates of austerity in most of the world. The argument of the pro-fascist leaders among social-democrats today, is that a form of corporatism modeled upon the 1920s-30s models of fascist Austria and fascist Italy, must be established as a mechanism for inducing populations to adopt, democratically, the forms of cuts in living-standards and political freedoms "made necessary" by the progress of a "post-industrial society." Minus the term "post-industrial society," this was the same argument used by the fascists of Austria, Italy, and Germany, during the 1920s and 1930s.

Political freedom requires that the needs of the populations be met. If existing production is not sufficient to do this, scientific progress, in the form of technological advances, will increase the quality and quantity of the productive powers of labor to produce sufficient amounts.

Today, at present rates of spread of the AIDS infection, even if reasonable public-health standards are belatedly implemented, and even if biological research is expanded to produce a cure within about ten years, the cost of AIDS may run as high as 20% of gross national incomes of industrialized

nations, much larger than today's U.S. defense expenditure. Unless we intend to put AIDS carriers in death-camp-like hospices, or allow physicians and nurses to "terminate" them with cost-saving lethal injections, the costs of quarantining infected persons in a manner consistent with our moral standards of care for the ill, and treating their sicknesses as best we may be able to do so, will require many tens of billions of 1987 dollars annually, at some point during the 1990s. Those are our alternatives. There are no others, unless we are prepared to let the United States vanish from the map by biological extinction.

To meet those and other urgent needs, we must increase our productivity by very large amounts. This can not be done without high rates of investment of advanced technologies in workplaces, and the needed technological progress will not be available—nor will a cure for AIDS—without greatly expanded scientific research.

### **Science, AIDS, economy, and individual freedom**

Although many scientists and engineering-trained production managers have a good rule-of-thumb understanding of the functional relationship between scientific research and technological progress, this connection is unknown in the vocabulary of most among today's leading economists, as well as economics ideologues generally.

Working backward from industrial production, new technologies are transmitted to production chiefly through im-

proved machine-tools and similar kinds of capital goods. These improved machine-tools are developed in an imitation of the way the research scientist works with his instrument-builders to construct an experimental apparatus. Working forward, from scientific research, the rapid transfer of knowledge from successful work with such experimental apparatus, to the new designs of the machine-tool builders, is the chief pathway through which scientific progress becomes general technological progress.

Generally, effective scientific work is highly individualistic. No matter how much a scientist depends upon scientific

communications and direct collaboration with co-workers, the hypotheses which led to scientific progress, are, in each case, either the work of an individual mind, or close interaction among a few scientific collaborators. Similarly, the effective machine-tool-builder's shop is either a small enterprise, or an element within a large enterprise, to which element prudent corporate managements afford a very wide latitude of decentralized, independent decision-making on development of new product lines. In both cases, it is the independence of the individual or small group of specialists which promotes the highest average rate of effective devel-

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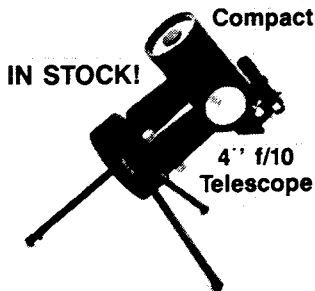
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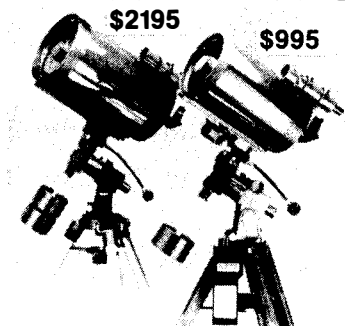


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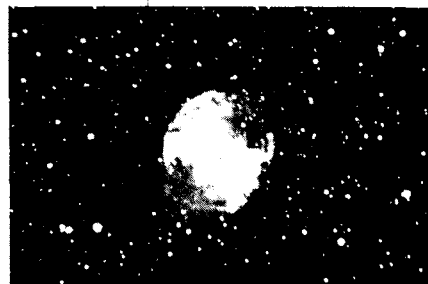
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opment. Bureaucratic overview, and related sorts of overreaching pre-judgment of innovative work, usually result in a minimum of genuine, effective innovation.

Scientific work may be fairly described philosophically, as the interaction between freedom and necessity. Necessity is a matter of scientific method, combined with knowledge of the lawful ordering of the universe up to that point. True individual freedom in science, is expressed by innovations which tend to overturn previously established opinions about necessity, but are innovations which prove to be consistent with a broader grasp of what is lawfully necessary in God's universe. In other words, what science believes at any point is imperfect, although at that time nothing less imperfect than present science might be known. The object of research is to render science's knowledge for practice less imperfect, by noting something outside the present limits of knowledge which leads us to a less-imperfect comprehension of what the laws of the universe define as necessary.

Bureaucracy overemphasizes old habituated ideas of necessity, usually on the level of the lowest common denominator of bureaucratic opinion about science. Bureaucracy and science are incompatibles; the former stifles the freedom on which the existence of the latter depends.

Therefore, let all men of conscience rally to the cause of those often small, independent institutions of scientific re-

search. Let us preserve, foster, and defend them. Let us work to cause such institutions to proliferate. Let men and women of conscience do so, not only for the sake of science, but also for the sake of political freedom itself. If such a change in direction is not forced through quickly, we shall begin to lose scientific progress, and political freedom as well. As AIDS portends, we could lose not only these most valuable things, but virtually everything.

AIDS is going to become one of the major growth industries of the coming decade, and forms of biological research related to mastering all that pertains to AIDS and its prospective cure is essential. Current estimates are that the AIDS infection doubles its number of victims approximately each eight to twelve months, perhaps faster. New mutations of the infection are appearing. There is absolutely no time to waste.

In this connection, as I have indicated, the spectroscopy of the process of mitosis exemplifies the new directions of biological research without which the prospect of a cure may be virtually non-existent. These branches of research, in addition to their invaluable contribution to the fight against AIDS, have seemingly limitless benefits to offer in many other ways. Let us begin our war to save science and freedom at this immediate rallying point, and then, so rallied, to undertake other urgent, related causes, as our capabilities permit.

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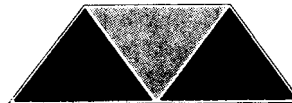
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## LaRouche views capitalism's future after the 1987 crash

After Vice-President George Bush and former President Jimmy Carter, Democrat Lyndon H. LaRouche, Jr. is today the best known name internationally among leading candidates for the 1988 U.S. presidential nomination.

LaRouche's international recognition began with a Bonn press conference he held in April 1975, where he said that the "floating exchange-rate" monetary system was leading the world in the direction of history's biggest financial collapse. He proposed the establishment of a new, gold-reserve-based monetary system, as the only basis for promoting a durable worldwide growth in production and world trade.

Since 1977, he has been made controversial by his enemies, because of his exposure of financial institutions' complicity in laundering funds of the international narcotics trafficking: he was, curiously, charged by the drug-trafficker-linked U.S. Anti-Defamation League (ADL) with being an "anti-Semite," because of his attacks on well-known U.S. organized-crime figures' role in promoting this drug-trafficking. Since 1982, he has come under heavy attack for his role in designing and promoting the U.S. Strategic Defense Initiative (SDI). Since 1985, he has been under massive attack for his insistence on both emergency public-health measures and massive research programs against the AIDS pandemic.

Increasingly frequent, and often wild news-media attacks on LaRouche in the U.S.A., the Soviet Union, Western Europe, and elsewhere, have made his among the more easily recognized U.S. names in world politics today.

Since the beginning of 1987, the rapid worsening of the international economic and financial crises, have pushed LaRouche to new prominence as a leading authority in economics. Although few leading bankers have any liking for LaRouche personally, growing numbers of them concede that LaRouche's analysis is essentially correct, and that his

proposals might be the only ones capable of stopping the collapse now in progress. Others, especially in New York City and Boston, are demanding, hysterically, that LaRouche be eliminated from the political scene immediately, lest the worsening of the financial crisis should bring him into a position of power. Meanwhile, Moscow has labelled him "Soviet enemy number one," and has repeatedly demanded that Western governments act to eliminate his political existence.

Since 1985, he has been the object of hatred by an international homosexuals' lobby, for proposing a combination of public-health and research programs, to stop the spread of the AIDS pandemic. The homosexuals' lobby included AIDS-victim Terry Dolan's NCPAC faction of the U.S. Republican Party. The U.S. government joined this attack on LaRouche, on grounds that LaRouche's proposals were "cost-prohibitive." Generally, about 90% of LaRouche's U.S. adversaries have recently been exposed as key figures in the "Irangate" scandal.

Among many so-called conservative ideologues, such as the U.S. Heritage Foundation, LaRouche's economic reforms are generally hated. "Free trade" ideologues denounce his policies as variously "dirigistic" or "neo-mercantilist," and term his proposals for reform of developing-sector debts as "left-wing."

The U.S. presidential candidate is a specialist in the science of "physical economy" established by Gottfried Leibniz, and is a follower of Alexander Hamilton, the Careys, and Friedrich List in political-economy. So, "free trade" ideologues in the footsteps of Adam Smith and Friedrich von Hayek, rightly recognize LaRouche as a political opponent. However, since LaRouche demolished Keynesian Abba Lerner in a major New York City debate during autumn 1971,

none of LaRouche's opponents among economists has been willing to debate the Democratic candidate either on the public platform or in literary forums. Wild slanders and libels, conduited through gossip circles and the international news-media, have been used as substitutes for debating the actual issues involved.

### LaRouche's kind of 'capitalism'

In a recent interview, the candidate has responded to the allegations that he is an "anti-capitalist." He said, "That depends upon how you define the word 'capitalism.'" He explained his point in the following way.

"By my kind of 'capitalism,' I mean private entrepreneurship among farmers, industrialists, and resellers. I mean what Treasury Secretary Alexander Hamilton first described in 1791 as 'the American System of political-economy.' I mean what Germany's Friedrich List described as a national system of political-economy.

"Others usually mean something different, such as the doctrines of the British East India Company's economists, beginning with Adam Smith's *Wealth of Nations*. The difference is, that we who adhere to the American System place the emphasis on technological progress in production of physical goods, whereas today's 'free enterprise' ideologues mean a kind of pre-capitalist rentier-finance system of usury, a system at least as old as the Philistines, the system best known in feudal Europe as the Lombard system.

"The leading American economist, Henry C. Carey, was, I believe, the first to describe the 19th-century British economy as a 'mixed economy,' a combination of capitalist entrepreneurship in industry with carried-over feudal elements of land-owning and rentier-finance, but with the rentier interest on top, economically and politically. With the legislation of the U.S. Specie Resumption Act of the 1870s, the U.S. economy shifted away from the American System of political-economy, toward adopting the British system of mixed economy. So, by about the time of the 1878 Treaty of Berlin, the economic power of the industrialized nations was concentrated in the hands of the rentier interest.

"On this particular question, Lenin's famous *Imperialism* was a mixture of technical incompetence and factitious fraud. Lenin, like the Fabians, hated agro-industrial capitalism, and sought to place the blame for most of the world's evils on the industrial entrepreneurs. So, both Lenin and the Fabians argued that late 19th and 20th century imperialism was a natural outgrowth of the evolution of industrial capitalism. In fact, if Lenin had studied history a bit better, and had been more honest, he would have recognized that imperialism was consciously copied as a policy from studies of the Roman empire, and that the driving economic force inside imperialism is an anti-entrepreneurial, rentier relic of pre-capitalist feudalism.

"The Vatican's usual criticism of the evils of 'liberal capitalism' is morally correct, but may tend to suggest an erroneous view of economic history. Certainly, British Liberalism and its continental and U.S. co-thinkers base them-

selves on the same kind of arguments made by David Hume and Adam Smith. Liberalism insists that morality, at least as Christian natural law defines morality, must be kept out of political-economy, in favor of egoistical impulses rooted in hedonistic irrationalism. On this, the Vatican is completely correct in identifying the principal causes of the cruelest modern injustices done in the name of 'liberal capitalism.' The only flaw in the Vatican's usual presentation of the point, is that the Vatican seems to have overlooked the fact that modern 'liberal capitalism' of this sort is a direct outgrowth of that pre-capitalist, feudal rentier-finance system of usury which the modern sovereign state never fully succeeded in overcoming.

"In fact, the American System of political-economy is essentially an outgrowth of the 1439 Council of Florence. The new kind of modern, sovereign republic, imperfectly outlined in Dante Alighieri's *De Monarchia*, and defined more rigorously by Nicolaus of Cusa's *Concordantia Catholica*, is the origin of the modern national republic, and the source of the impetus for replacing the system of serfdom and feudal guilds with free and technologically progressive entrepreneurship in farming and industry.

"Historically, we have such examples as Leonardo da Vinci's work at Florence and Milan, the establishment of the first such modern political-economy in Louis XI's France, and the influence of the circles of Erasmus of Rotterdam in introducing modern forms of state and political-economy to 16th-century England. These and other developments broke the political and economic monopoly of power by the feudal interests, but those feudal interests have so far managed to maintain great power, and to increase it since key developments during the 1870s.

"From these points of modern origin, what became the American System of political-economy was always governed by very definite moral principles, directly contrary to 18th and 19th century British Liberalism. In fact, that was the central issue in the American War of Independence.

"Hamilton's 1791 Report to the U.S. Congress, *On the Subject of Manufactures*, emphasizes this connection clearly enough. The function and moral responsibility of the state in political-economy, is to promote the increase of the general welfare of the whole population through technological progress fostering increase of the physical productive powers of labor, as Leibniz had defined the principles of economy earlier. Under the American System, the government must maintain a monopoly on issuance of credit, must invest in improvements in what we call today 'basic economic infrastructure,' and must foster technological progress in trade and investments by private entrepreneurs, to foster increase of the productive powers of labor. The morality of political-economic practice is measured more or less exactly in terms of these ways of promoting the general welfare of all members of present and future generations.

"The Vatican would be right to argue, that the curse of modern government is the degree to which the adoption of

liberalism has banned such elementary yardsticks of morality from the deliberations of political parties, courts, and legislatures.

“Look at the reality of the policies which had brought the world to the brink of the biggest financial collapse in history. Look, for example, at the vanishing price-earnings ratios of the equities of leading industrial corporations. Look at the vanishing ratio of export-earnings to the current debt-service obligations of nations. Look at the accelerating collapse in the ratio of collapse of real incomes of governments, to pyramiding of governmental indebtedness. Look at the effects of this on the ratio of liabilities to reserves of financial institutions. We will be most fortunate if only 50% of the values of leading common stocks internationally are wiped out by the end of the coming summer.

“Make a simple calculation. For each industrialized nation, compare the amount of physical product per member of the population as a whole, with both the stagnation in productivity of industrial operatives, and the shrinking percentages of the labor-force employed as operatives in production of agricultural and industrial goods. Include the margins of growing obsolescence and outright collapse in such items of basic economic infrastructure, as shipping and ship-building, in railroads, in highways and bridges, in production and distribution of electrical energy supplies, in fresh-water and sanitary systems, in numbers of hospital beds available per capita, and in quality of education in schools.

“What has been happening to these figures over the past ten years? The amount of financial debt per capita has been skyrocketing, while the amount of employment in production and infrastructure-building per capita, has been falling in nearly all categories in every nation. In other words, the amount of nominal values in the financial sector has been growing like a tumor, while the margin of income from production of physical goods has been collapsing. So, we have a classical sort of ‘John Law’ financial bubble on our hands, a bubble which has reached the bursting-point.

“This is the result of a combination of monetarist and post-industrial policies, which have measured public happiness in the size of the delusions of rentier interests’ bookkeepers, while ignoring the fact that all debts must finally be paid out of physical production.

“We have reached the point, that the so-called capitalist world has three choices. The first choice of some hysterically desperate rentier circles, is to keep the financial bubble growing a few more months or so, by inflationary methods like those which caused the 1923 Weimar inflation. The second choice of some rentier circles, is to copy the austerity measures which Hjalmar Schacht introduced in late Weimar Germany, and under Hitler. The third choice is my alternative, to freeze all potentially salvageable financial assets, while building up our economies by a return to Hamiltonian methods.

“My object is to freeze the growth of reorganized rentier assets, to return to Hamiltonian methods of agricultural and

industrial banking, and to keep the lid on frozen financial assets, until the level of physical output in the economies can generate sufficient surplus to permit the rollover of the frozen financial assets. We have these three choices, and no other choice but chaos beyond imagination.

“In other words, we have a choice between Leibniz, Hamilton, and List, on the one side, and Adam Smith, Schacht, and von Hayek on the other. The first is the road to securing political freedom; the second is the sure road to the kinds of fascist or bolshevist forms of extremes of corporatist tyrannies which might make even Adolf Hitler blush.”

### ‘Socialism versus capitalism’

On the subject of “socialism versus capitalism,” the candidate said the following.

“The political conflict between socialism and capitalism must be seen on three rather distinct levels.

“First, if one man believes he is a socialist, and the other man believes he is a capitalist, and both believe that socialists and capitalists are adversaries, the two will tend to engage in a brawl, if for no other reason than that they choose to adopt such labels for themselves.

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*The practical fact is that the system of political-economy associated with Leibniz, Franklin, Hamilton, and List, is the best system of economy yet devised, and the one which best promotes both the general welfare and political freedom.*

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“Secondly, what is often called ‘capitalism’ today, ‘post-industrial’ rentier capitalism, is much closer to the Soviet system than to the American System of entrepreneurship. Both the rentier and Soviet systems are ruled by an oligarchical class, the one associated with rentier ‘nobilities’ along traditional Venetian lines, the other with a Byzantine-like ruling class, the Soviet *Nomenklatura*. Except for Soviet technological progress motivated chiefly by military requirements of world conquest, the Soviet state is an echo of the famous socialist decrees of the Roman emperor Diocletian, and Soviet society today is becoming rapidly a copy of Byzantium under such clever tyrants as Photius.

“The conflicts between the ‘pro-malthusian’ rentier interests and Soviet interests is more a matter of national and cultural conflicts, than any insurmountable problems of conflicts in economic policies. Hence, there is a tendency for accommodation and convergence with Soviet society, not only among avowedly socialist currents of the West, but also

liberal currents of political parties generally.

"Thirdly, the injustices, both real and imagined, which are suffered under what most believe to be a system of industrial entrepreneurship, causes that entrepreneurship to be the target of hostility. So, as in the case of the mass-based social-democracies of Western Europe, the name of 'socialist' has been adopted by many ordinary folk because socialist organizations, or trade-unions linked to socialist parties are seen as the credible force available for negotiating with entrepreneurial and governmental forces.

"Nonetheless, many of those who come to regard themselves as socialist or pro-socialist in this way, are governed by personal moral beliefs not inconsistent with those governing a Hamiltonian sort of entrepreneurship. Some of these may even regard themselves as 'Marxists,' when they would abhor Marx if they really understood him clearly; they read into Marx that which they wish to see, and overlook what they do not wish to embrace.

"If a man tells me he is an ostrich, I am not obliged to accept this as a fact, although I must not overlook the significance of the fact that he appears to believe he is an ostrich. The same must be said of those who tell me either that they are 'socialists' or 'capitalists,' or who say, simply, that they are 'left-wingers' or 'right-wingers.'

"For me, the practical fact is that the system of political-economy associated with Leibniz, Franklin, Hamilton, and List, is the best system of economy yet devised, and the one which best promotes both the general welfare and political freedom. I propose that we rescue it from today's financial and economic catastrophe, for the sake of ourselves and our descendants. Let us get to production for human needs, and to the fostering of technological progress, on which depends our ability to meet the elementary needs of each nation, and of the human family as a whole.

"I propose we become less concerned with empty word-play with the ambiguous and confusing appellation, 'capitalism,' and think simply of the promotion of progress in agro-industrial entrepreneurship instead. Let us stop playing word-games on the subject of capitalist 'chickens' and socialist 'foxes,' and use instead terms which have a more sensible and real physical meaning than these two so-often misused and almost meaningless ones.

"Let us say that we are horrified by famine and other miseries abounding in today's world, and that through proper forms of technological progressive entrepreneurship, and governments absolutely committed to the general welfare, we have the means at hand to remedy the evils about us.

"I concede that it is not inaccurate to describe me as the Soviet press has done, as an 'ideologue of late-capitalism.' However, I am disgusted by the widespread practice of using and repeating mere labels, in the usual thoughtless, gossipy way, as a substitute for knowing actually what one is talking about. Don't fuss too much about which silly label to put on me. Simply understand, concretely, how I see the present situation, and what I propose we do about it."

## Homintern is under spotlight in Britain

by Mark Burdman

According to a news item in the April 21 edition of the British daily *The Independent*, British spy-thriller author John Le Carre, famous for his *The Spy Who Came in from the Cold* and other fictional accounts of spy-master "George Smiley," will be making his first trip to the Soviet Union in May 1987, at the invitation of the Soviet writers' union. Informed rumor has it, notes *The Independent's* "Diary" columnist, that Le Carre will meet Raisa Gorbachova, head of the Soviet Culture Foundation, and "apparently one of his most enthusiastic readers."

The trip could not come at a more interesting time for Le Carre. On April 19, explosive revelations were made in the British press by espionage-affairs expert Chapman Pincher, claiming that the suspected real-life model for George Smiley, Sir Maurice Oldfield, head of Britain's MI-6 intelligence service from 1973-78, had been a particularly degenerate homosexual, and a potential security risk. Sir Maurice's obsession, claims Pincher, was what is referred to in Britain as "rough trade": lower-class, down-and-out young males.

One could only guess what Madame Gorbachova could or would tell Mr. Le Carre about such matters. But one thing is certain. As already has emerged in the known cases of British spies like Anthony Blunt and Guy Burgess, both members of the secretive "Cambridge Apostles" set, Soviet penetration of British elites has been greatly expedited, over a period of decades, by the rampant homosexuality prevalent in leading British circles, by what one lover of Burgess has referred to as "a sort of gay intellectual freemasonry."

And, in the "Age of AIDS," such matters have become of British national security concern, way beyond just the matter of espionage.

We don't know if, or how, Madame Gorbachova would want to comment on such matters. But, in Britain, it seems that some people want to clean up the British branch of "The Homintern."

### 'Disgusting behavior'

Pincher's revelations about Sir Maurice Oldfield, are contained in a new book, soon to be released, entitled, *Traitors: The Labyrinths of Treason*. Introducing an analysis

piece by Pincher previewing the new book, the April 19 *The Mail on Sunday* weekly commented that Oldfield was evidently involved in the “desperately seamy side of homosexuality,” obsessed with “rough trade . . . rent boys and down-and-outs.” The revelations are all the more devastating because Oldfield, “unquestionably brilliant, . . . has always been presented as the modern father figure of British intelligence. And despite author John Le Carre’s denials, Sir Maurice was frequently described as the model for his famous fictional spymaster, George Smiley. . . . Now, he joins that long list of homosexuals whose scandals have haunted the intelligence community, involving men like Guy Burgess, Anthony Blunt, and others.”

Pincher himself then writes in *The Mail on Sunday*:

Oldfield’s “clearly compulsive homosexuality came to official notice after the Yard assumed responsibility for his protection in 1978. Detectives became worried by the number and types of men who frequently visited his flat.

“They included waiters of various nationalities and young men who obviously had no connection with intelligence matters. One was such a down-and-out that he was barred from the property after creating various scenes.

“Some of these men were followed and interviewed and turned out to be male prostitutes. . . .

“While alone in Oldfield’s flat, a police bodyguard found books and magazines on sexual perversions and photographs of nude young men. . . .

“His case highlighted the continuing danger of having homosexuals in such sensitive positions. . . .

“Precautions to prevent the accession of homosexuals to such sensitive positions have now been tightened. . . .”

Pincher’s claims caused a giant brouhaha. Labour Party member of parliament Ted Leadbitter, the man who had exposed Anthony Blunt as a Soviet agent, declared that an investigation should be carried out to determine if Oldfield’s alleged “disgusting behavior” were true; if so, Oldfield had been “a disgrace to this country.” Oldfield biographer Richard Deacon and former colleagues of Oldfield, however, stormed in anger that Pincher’s charges were a “load of rubbish.”

The rampancy of homosexual perversion in British leading circles in this century is notorious, however. One representative book on the matter, *Conspiracy of Silence: The Secret Life of Anthony Blunt*, authored by *London Sunday Times* writers Barrie Penrose and Simon Freeman, and published in 1986, presents the story in some detail. Of “rough trade,” practiced by Blunt, for example, the authors write, quoting former associates of the late Blunt:

“. . . Working-class trade. That was what Anthony really enjoyed. Scruffy, dirty things. He liked sailors the best of all. . . .

“. . . I know about the working-class men. For men of Blunt’s generation, that was the only way they were able to get satisfaction. These were not love affairs. The window-

cleaners, or the painters, the soldiers and the sailors. Men like this would agree to whatever was required because they were being paid. . . .”

But the Pincher revelations were not an isolated event by any means. As his story stirred up various hornets’ nests in Britain, other leaks in the British press shed light on “Hom-intern” activities:

● The same day’s *Mail on Sunday* reported that Scotland Yard had broken up a large “gay escort” prostitution ring, which worked by supplying black male homosexuals to leading personalities. “Well-known clients,” the paper noted, include a list of “politicians, showbiz personalities, and businessmen who will be interviewed in the next few weeks.” This ring is believed to be the biggest discovered to date in Europe, involving more than 120 male prostitutes, working for an agency called BABE, which stands for “Black and Beautiful Escorts.”

● “Childwatch,” a British organization investigating widespread homosexuality and child abuse in the Church of England, has made an appeal to meet with Archbishop Runcie, to discuss allegations that some clergymen are sexually abusing children. Childwatch founder Mrs. Dianne Core has compiled dossiers on 10 clergymen, and claims that the information gathered by her group is “very disturbing, although we believe it is only the tip of the iceberg. The clergy involved are in a position of trust and a lot of innocent young children are falling into the hands of these unscrupulous people.” She has charged that some church leaders are attempting to “cover up the scandal,” which is linked to a “severe problem of homosexuality in the Church.”

As of our going to print, primate Runcie had not given a public response to Mrs. Core. Certain British sources believe that the pro-Russian favorite of Queen Elizabeth II has personal reasons for not wanting a search under “the tip of the iceberg” on such matters.

● On April 22, the *Daily Mail*, under the banner headline, “Why do the upper classes dress their **boys as girls?**” displayed photos of Princess Diana and son Prince William, wearing lookalike dresses, and other bizarre photos of young male royals dressed up as girls. This practice, noted the *Mail*, has transformed babies into “unisex objects: a ‘child’ was a neuter, and little boys were dressed exactly like their sisters, as you can see from the picture of Diana’s forebears, Lavinia, Countess Spencer, with her little boy in a silly frock. . . . The English upper classes are monumentally slow to change. . . .”

A warning-shot aimed at Buckingham Palace? After all, the Blunt case involved such a degenerate and traitor working as art historian for the Queen. And, as the April 20 *Times of London* reminded its readers, the issue of homosexual behavior by higher-ups in Britain’s secret services “was given clear focus in 1982, when Commander Michael Trestrail, the Queen’s personal bodyguard, resigned after allegations that he had had a relationship with a male prostitute.”

# Philippines rejects Ongpin's IMF deal

by Linda de Hoyos

Philippines Finance Minister Jaime Ongpin was sent packing back to New York April 20 to renegotiate with the country's creditors the seven-year \$13 billion debt repayment package Ongpin had brought home only three weeks before. The purpose of his trip, Ongpin claimed, was to win the banks' agreement for an interest rate 13/16 over the London interbank offered rate (LIBOR), after Mexico and Argentina had "won" that rate. Ongpin had brought back only a 7/8 over LIBOR rate. "It is not a question of money," Ongpin told the Filipino nation. "There are a lot of principles involved."

This was the finance minister's claim. In reality, Ongpin was kicked back to New York by a rising tide of protest against the entire sell-out deal he and Central Bank chief Jose Fernandez had worked out with the banks. The protest has caused a significant political problem for President Corazon Aquino and the coterie at Malacanang Palace; the demand to reject Ongpin's deal is led by the opposition Grand Alliance for Democracy, specifically its chairman, Vicente "Teng" Puyat.

In early April, Puyat demanded that the Philippines follow the example of Brazil and Peru, and pay only that portion of the country's revenue it can afford without decimating the national economy. Puyat proposed debt service at \$500 million per annum, 20% of Ongpin's agreement that the Philippines will hand over \$2.6 billion a year—a full 45% of current export revenues. The savings of revenue, Puyat stated, will be used to rebuild the economy and create productive jobs—after three years of International Monetary Fund austerity. Ongpin's "high-falluting statements," Puyat charged, are meant to hide the fact "that he has surrendered national sovereignty."

The fight against the banks and the IMF has become the centerpiece of the Grand Alliance electoral campaign for the new Philippines senate. Elections are May 11. Puyat, the Alliance's leader in the 24-man slate, has himself distributed 50,000 posters across the country that read:

**Wanted: Puyat for Senator**  
**Public Enemy #1 of the Banks and IMF**  
**Reward: \$28 Billion Returned to Our Country**

In the last two weeks, nearly all of Manila's columnists—spanning the entire political spectrum—have backed Puyat's stance against the Ongpin deal, and against the IMF austerity conditionalities upon which the deal is predicated.

Puyat—who has also demanded that the government end its appeasement policy with the insurgent New People's Army and launch a nation-building counterinsurgency program—was hailed in the leftist *Malaya* for his stance against Ongpin's deal. Heretofore, the fight against the banks had been left as an issue to be picked up by the National Democratic Front and Communist Party as an issue.

The *Malaya* April 9 denounced Ongpin and Central Bank chief Jobo Fernandez as "agents of the IMF." Citing the July 26, 1986, *EIR*, *Malaya* called Ongpin a "straw man" for Charles Allen & Co., the investment house of the Meyer Lansky Dope, Inc. syndicate. Allen & Co. installed Ongpin as president of Benguet Mining Co., the Philippines' largest mining firm, from where he moved directly to the finance ministry. The ties to Allen & Co. still appear to hold; Allen will be the primary agency for Ongpin's proposed Philippine Investment Notes (PINs), for debt-for-equity swaps.

Even more dangerous to Aquino, the Grand Alliance campaign is beginning a process of erosion into Aquino's own base, coalesced around her "Lakas ng Bansa" (People's Power) slate. The Grand Alliance campaign is making particular headway in the labor movement. The Labor Federation of the Philippines has endorsed Puyat for Senator. On April 13, a meeting of all labor groups—including the May 1st Movement, the Federation of Free Workers, and the Lakas Ngmanggagawas, called upon the Aquino government to repudiate the debt and halt import liberalization. The Ongpin agreement with the banks, the unions' joint declaration stated, has "disastrous consequences for the working man. Creditors must also assume responsibility. . . . The government economic program is anti-Filipino and anti-worker."

On the strength of hitting the reality of the economic crisis in the country, the Grand Alliance is gaining substantially in the polls. A month ago, the Alliance was assured 30% of the Senate seats. Now reports Jesus Bigornia in the *Manila Bulletin* April 18, "Government-commissioned political surveys indicate the election of a strong opposition sector in the revived Senate. The rosier of three studies on country-wide political trends showed the first 16 slots in the 'Winners' circle' equally split between the pro-administration Lakas ng Bansa coalition bets and the candidates of the Grand Alliance." In addition, one candidate from Marcos's KBL is expected to win a seat, with the remaining seven seats a toss-up between the Alliance and the administration. "The prospect is not at all pleasing in the eyes of President Aquino."

If the opposition succeeds in winning the majority in the Senate, Aquino will find herself between a rock and a hard place—a population mobilized behind the Alliance rejection of the banks and IMF, and her own family ties to the pro-IMF oligarchy of the country.

# Palestinian National Council: Soviets win

by Thierry Lalevée

Heralded as a personal victory for PLO chairman Yasser Arafat, the Palestinian National Council which gathered in Algiers beginning April 20, was a milestone in the Soviet drive to become the power-broker in the Middle Eastern conflicts. It was a victory for Arafat, in that despite many assassination attempts sponsored by Syria's Hafez al Assad, he is alive; and despite Assad's attempts to create an ersatz PLO called the "Palestinian National Salvation Front" (PNSF), he remains PLO chairman. But for the future of the Palestinian movement and peace in the region, the victory was worse than pyrrhic, and Arafat's own political future is in doubt.

To celebrate this show of Palestinian unity, wide-ranging concessions were made, in which Moscow alone called the shots. The brutality of Soviet blackmail was exerted behind the scenes while the public side took a more diplomatic mien, sponsored by Algeria and Libya's Muammar Qaddafi. Days before the congress, the PLO leadership was forced to hold direct talks with international terrorist Abu Nidal. Though only a public meeting between PLO number-two man Abu Jihad and Abu Nidal was acknowledged, Yasser Arafat himself met the man he had personally condemned to death 15 years ago, and who was responsible for executing all of Arafat's associates in Europe. Bitter pro-Palestinian activists questioned the reconciliation between Arafat and the killer of his associate Sartawi, who had worked for an Arab-Israeli peace settlement: "Will it mean that Abu Nidal will only kill Palestinian moderates in the West Bank?"

Of course, Abu Nidal didn't attend the PNC; his presence would have totally discredited the PLO, and that's not Moscow's immediate aim. Moscow desires a Palestinian movement under its control, mobilizable at will, but credible enough for its propaganda in favor of an International Peace Conference. For the same reason, international terrorist Abul Abbas was also dismissed from the leadership. Through the election to the PLO Executive Committee of the Palestinian Communist Party, despite its total lack of credentials because of its inactivity in the occupied territories, Moscow will have its agents in place. This will complement the pressures exerted on Arafat by the presence of George Habash's PFLP and Nayef Hawatmeh's PDFLP, the two founding organizations of the Damascus-based PNSF. In an inexpensive good-

will gesture, Habash had announced the dissolution of the PNSF, hours before the holding of PNC.

## The Arab strategy

If there had been any doubts as to Moscow's clout in the region, the Syrian lack of reaction days before the PNC made the point. Assad's Syria, on the front line of the anti-Arafat campaigns, saw its Damascus-based Palestinian puppets leaving its capital, one after the other, without complaints. No doubt Assad's pride was hurt that the Soviet leadership had so abruptly shifted gears. However, he still has power over Lebanon, hence over its Palestinian camp. He could also appreciate, that under Soviet advice, Libya's Qaddafi decided not to attend the PNC—as a gesture to Damascus. Assad was then summoned to Moscow on April 23. The Soviet media heralded the convergences of views between the two countries, including on the need for an International Peace Conference.

Also intriguing has been the silence of Jordan's King Hussein who was one of the sticking-points between Arafat and his former enemies. Though Hussein had himself denounced the February 1986 agreement with the PLO last year, Arafat had held back from doing likewise. Days before the PNC, he bowed to the radicals' demands, but this provoked no particular reaction in Amman. King Hussein and Assad had consulted extensively over recent weeks, and it was announced that less than 10 days after Assad, Hussein will fly with half of his cabinet to Moscow.

A deliberate provocation from Arafat over the Polisario "liberation" movement caused a Moroccan walkout from the PNC, and Morocco to announce the next day it was closing down the PLO office in Morocco. Only two weeks earlier, King Hassan had reiterated his willingness to help mediate the conflict with Israel. Clearly, the alliance heralded by the July 1986 summit in Morocco, around then Israeli Premier Shimon Peres's idea of a Marshall Plan for the region, is one of Moscow's main targets. As the PNC met, violence rocked the West Bank, paralleled by two attempts of Fatah guerrillas to cross the Lebanese borders into Israel, and renewed rocket attacks against Israeli settlements.

An immediate victim has been Shimon Peres, whose last two years of peace efforts were denounced by Israeli hardliners for having "weakened Israel." In a special cabinet meeting on April 19, Defense Minister Yitzhak Rabin forced the issue and got full powers to launch retaliation at will in Lebanon, against the Palestinians.

Rabin has at the same time welcomed the Syrian move to the Awali river around Sidon, as "expected and necessary" to control the Palestinian movement. Just as the U.S. State Department is said to have thrown its weight behind a Rabin-led coalition, Moscow is doing the same through Assad. Yet, Moscow's control over the Palestinian movement keeps them both in check. Ultimately, each of the players will be played as a puppet one against the other to Moscow's benefit; that's the price that Arafat has paid to retain his nominal position.



## Officers challenge IMF democracy

by Cynthia Rush

On April 17, just a few days after the government of Argentine President Raúl Alfonsín signed a deal for \$1.9 billion with its international creditor banks, a group of nationalist army officers rebelled against the leadership of Army chief of staff, Gen. Héctor Ríos Erenu. Col. Aldo Rico, a hero of the 1982 Malvinas conflict with Great Britain, traveled to the Campo de Mayo military base in Buenos Aires, took over the Army infantry school with a group of young, nationalist officers, and issued a series of demands to the army leadership regarding treatment of middle-ranking officers charged with human rights violations during the late 1970s "dirty war against subversion."

The international press immediately characterized the uprising as a coup attempt against Alfonsín and rushed to the defense of the three-year-old Radical Party administration. From Santa Barbara, California, the White House issued a statement calling on officers to "desist in their defiant attitude and abide by the law," adding that under Alfonsín, impressive gains "have been made in the consolidation of democracy and the economic development" of the country. The State Department issued hourly bulletins glorifying Alfonsín's "democracy," as did U.S. television stations, and on April 19, Tass news agency happily reported that the attempt to "set the stage for a military coup hatched by reactionary military has come to an inglorious end. . . ."

Alfonsín initially responded with a strident, nationally televised speech on April 17, warning that "our democracy will not be negotiated," and calling on citizens to rally around his government. Over a three-day period, the international press filled its pages with pictures of Argentine citizens in the streets, showing Alfonsín flanked by opposition Peronist leaders who had reportedly gathered to defend his government.

When the conflict was resolved on April 20, columnist William Pfaff wrote in the April 23 edition of the *New York Times*, that "Argentines . . . energetically rejected the rebels and went to the streets to support Alfonsín's government. . . . [T]hese officers . . . are ultra-nationalist, they hate the left. They often make a quasi-mystical ideological amalgam of Argentine nationalism with Christianity and anti-communism. . . . They believe that they are the scapegoat for the atrocities carried out under the military dictator-

ship. . . . They are [Argentina's] most dangerous men."

Why all the hoopla? For the U.S. State Department, and the international banking community, the "danger" represented by the army rebels is not that they are fascist reactionaries; rather, their nationalism, and disgust with Alfonsín over his capitulation to the banks, and trampling on national sovereignty on issues such as the Malvinas, reflects the thinking of much of the population. Colonel Rico has stated privately that he believes that Henry Kissinger's associate, former finance minister José Martínez de Hoz, should be tried for treason, for his role in overseeing both economic policy and military repression between 1976-1981.

In October 1983, 53% of the voting population elected Alfonsín on the belief that he would punish the representatives of the hated "Patria financiera," who quadrupled the country's foreign debt, and destroyed its industrial capabilities during the 1976-83 "Proceso." But, since Alfonsín has pursued exactly the same economic policy as Martínez de Hoz, exacerbating conditions for political and social upheaval, the population is increasingly reluctant to swallow rhetoric about "democracy."

Middle-ranking army officers are enraged at the President's conscious assault on the institution of the armed forces, in which their ranks have been prosecuted on charges of violating human rights during the "war against subversion," while leaving the Martínez de Hoz crowd and its military allies largely unscathed. Colonel Rico and his troops demanded that Alfonsín remove Gen. Ríos Erenu from his post, that a legal limit be placed on the trials of younger army officers, and that a significant portion of the senior officer corps be passed into retirement.

On Easter Sunday, April 19, Alfonsín flew to Campo de Mayo by helicopter to meet personally with Rico, and then returned to waiting crowds outside the presidential palace to announce that an agreement had been reached. The tone of Alfonsín's Sunday speech was far less strident than that of the previous Thursday, and with good reason. After three years of accepting International Monetary Fund policy, and denigrating the armed forces, Alfonsín could negotiate only from a position of weakness. He accepted every demand made by Colonel Rico, quickly replacing Gen. Ríos Erenu, and passing ten generals into retirement. The national courts have postponed any further trials of military officers, pending Supreme Court debate on the issue of whether younger officers were operating on the basis of "due obedience" in carrying out orders of their superiors during the 1970s.

Nor is the crisis over. Observers in Buenos Aires describe the situation as "extremely tense." On April 21, an army engineering unit in the northern province of Salta, and an infantry regiment in neighboring Tucumán, briefly rebelled to protest the naming of the new chief of staff, Gen. José Caridi, known to be associated with the discredited senior officer corps. Caridi has indicated that he may soon retire as well, to be replaced by a younger general, more acceptable to middle-ranking officers.

# India's new education policy seen as 'a unique investment'

by Susan Maitra

Within days of the landslide December 1984 election which gave Prime Minister Rajiv Gandhi a direct mandate, the government of India announced that a new education policy for the nation would be formulated.

For the first time education was raised to cabinet status, and is now incorporated in the new Ministry of Human Resources Development. A national debate on educational reform was launched in early 1985, and during the course of the year discussion continued among the general public as well as educational professionals. To focus the debate the education ministry produced a draft document, "The Challenge of Education—A Policy Perspective," an analysis of the state of education and the problems to be solved that pulled few punches.

In early 1986 the National Policy on Education (NPE) was submitted to the parliament, and following its acceptance in May, a series of 23 task forces began work to hammer out a plan of action for implementing the ambitious policy. During late 1986, the various action plans were submitted to parliament, and state education ministers were mobilized to press ahead with implementation.

## At the crossroads

The new policy calls, on the one hand, for a sweeping overhaul of the existing educational setup from the standpoint of a national standard of excellence, cultural values and development of a work ethic. On the other, the policy projects a determined effort to extend quality education to the whole population. In particular, the policy resolves that by 1990, every child of 11 years will have had no less than 5 years of schooling, and by 1995, all children will be provided free and compulsory education up to 14 years of age.

The policy initiative was motivated by urgency, as indicated in the NPE's introductory section (excerpts of which are reprinted here). In nearly 40 years since independence, India has not come close to fulfilling the mandate of Article 45 of the Directive Policy of the Constitution to provide free and compulsory education for all children through the age of 14 by 1960. Today some 60% of India's population, or 450 million individuals, remain illiterate. Nearly half of the so-called primary schools, mostly in the rural areas, lack even rudimentary facilities such as buildings, teachers, and teaching aids. Sixty percent lack drinking water. In some 200,000 towns of 200 population or more, according to the Fourth

All-India Survey of 1978-79, there are no schools at all. On the other end of the scale, serving less than 2% of the population on a mostly hereditary basis, are universities and other centers of higher learning which are of widely varying quality.

It is not that there has been no effort over the years, or that the problem came up suddenly. There has been no lack of forthright studies documenting the chaos and deplorable conditions in education, and the resultant terrific waste of human potential. It is striking to note that the 1968 education policy directives, which are largely the basis for the new policy, themselves echo many points made in the 1904 education review conducted by Lord Curzon for the British colonial regime. The colonialists had their own cynical motives for sabotaging education in India, but even since independence—primarily for lack of tough political leadership in the face of admittedly awesome resource constraints and a host of problems from the colonial legacy—entreaties to remedy the problem have been implemented only nominally.

Whatever the cause, the result from every angle is now recognized to be disastrous for the nation. There is no correlation between the manpower requirements for a growing economy and the organization of the educational institutions. Efforts to introduce vocational education starting in 1976 have been singularly unsuccessful, with poor quality and management of the programs reinforcing a pernicious cultural bias against the dignity of labor. Typically, there is in India a surplus of engineers and managers and an absolute shortage of skilled production-line men and technicians.

More fundamentally, the educational failure is a failure to build the country's citizenry as a literate and informed population, constantly absorbing and discovering new ideas, which is at the heart of the question of national identity. For a country like India with a rich cultural, linguistic, and religious diversity overlaid historically with a succession of imperial conquests, the issue becomes all the more complex and politically charged, but at the same time, essential to tackle decisively.

All of these considerations motivated the launching of the NPE.

## 'Operation Blackboard'

Though the NPE is broad in its scope, there are several elements of the package which, if carried through, can be

expected to have a decisive impact: the commitment to elementary education, the establishment of a pace-setting school in every district of the country, a concentrated effort to institutionalize vocational education, and the evolution of a genuinely "national system" of education.

The most powerful aspects of the policy are reflected in "Operation Blackboard," a phased drive for immediate improvement of primary schools across the country. The aim is to ensure provision of minimally essential facilities, starting with a school consisting of two reasonably large rooms that are usable in all weather, blackboards and chalk, maps and charts, toys and games, and other learning materials. Proceeding block by block and district by district, it is planned to cover 20% of the schools by 1988. School construction will have first claim on two of the larger government programs for rural employment, and designs have already been finalized for standard schools costing about \$6,000 each to construct.

The new thrust in elementary education will emphasize both universal enrollment and, as important, *universal retention of children* in the schools up to 14 years of age, as well as a substantial improvement in the quality of education. Indian educational planners have acknowledged that the nicely climbing enrollment figures they have achieved in the past mean nothing in the face of intractably high dropout rates that correlate, not surprisingly, with poverty levels. Of 100 children enrolled in Class I, it is estimated only 23 make it to Class VIII.

To actually achieve universal primary education, the NPE relies very heavily on extending various schemes for "non-formal education" (NFE) initiated several years ago into a large and systematic program spanning the entire country. A network of NFE centers, relying on the support of the voluntary agencies and local village governments, will be set up for dropouts, working children, and girls who cannot attend school for the whole day. Though a systematic evaluation of these schemes has yet to be made, in some projects the dropout rate has been reduced to 10%.

At the secondary level the thrust is on improving the educational stream leading to higher studies, on the one hand, and systematically introducing quality vocational and technical education, on the other. To broaden the base for higher education, and excellence and creativity generally, a program to set up one "model school" (*Navodaya Vidyalaya*) in each district of the nation by 1990 has been taken up. These schools will make quality education available to mostly rural children irrespective of their parents' ability to pay or their social status. Education, including room and board, will be free, with admission based on a standardized aptitude test geared to account for diversities in language, and lack of formal training and other idiosyncracies of status and geography in otherwise gifted children.

The basic commitment of the NPE is to evolve in a deliberate fashion a "national system of education," with a common educational structure, a national curricular framework

and national norms, and coherent institutional and administrative framework rooted in the local communities and districts. The Central Advisory Board of Education, which includes all of the state education ministers, is being upgraded to play a pivotal role in moving the strategy forward nationally. At the same time, District Boards of Education will be created to manage education up to the higher secondary level, with direct accountability both to the local communities and to the state education office. An Institute of Education and Training will also be established in each district to focus on training and in-service courses for elementary teachers and personnel working in the NFE and adult education programs.

This and other measures for teacher training aim to systematically upgrade the quality and accountability of education at every level. The establishment of an Indian Education Service as an all-India service will help to bring a national perspective to education administration and management.

### **The resource challenge**

Whether the goals of the NPE will be reached at this critical juncture depends on one thing: leadership. The challenge is daunting, not the least because of a cumulative record of failure to take decisive action, and the pernicious pressure of the international malthusian lobby, whose influence is seen in the NPE's clause stating that population growth must be brought down. Although in absolute terms the government expenditure on education has been consistently high and steadily increasing, it continues to fall far short of recommended levels, not to speak of actual requirements. In this respect, education has been the victim of a planning process which ranked it "one among many" priorities. As a result, education has consistently claimed 10-13% of the plan budget—second only to defense—just enough to qualify it as a "going concern," but not enough to make the needed breakthrough in establishing a viable national system.

From about 1.2% of national income in 1950, educational expenditure rose to about 3% of GNP in 1965, and has been stuck there ever since—recommendations from the 1966 National Education Commission that it should reach 6% by the 1980s notwithstanding. Moreover, 85-90% of the education budget—and in some cases fully 98%—is eaten up by teachers' salaries and salary administration alone!

Even now, the NPE is locked into an education budget for the Seventh Five Year Plan (1985-90) that was finalized before its adoption. The government has vowed that the Eighth Plan, beginning in 1991, educational spending will be doubled to the level of 6% of GNP. But for the next three years, apart from furthering the considerable effort to mobilize and orient the educational bureaucracy and mobilize the necessary political push behind the program at all levels, with the exception of the model schools program, implementation of the NPE will rely on doing what can be done with existing funds and *ad hoc* efforts at supplementary fundraising. Already, the 1987-88 budget has come up with an additional \$50 million for education, more than 20% of which will go

to elementary education and "Operation Blackboard" in particular.

An international comparison of educational investment on a per capita basis puts the magnitude of the challenge to India's leaders in the most dramatic light. The Indian education budget rose from 3.2 rupees per capita in 1950, to 12.1 rupees per capita by 1965—about 1/100th that spent in, for instance, the United States. But then India's school-age population at any given time is about the size of the total American population! In 1989-90, according to the Planning Commission's Expert Committee on Population Projections, India's elementary school-age population will be more than 100 million—nearly twice the total population of most of the European nations! The cost of schoolhouses alone is a formidable figure.

The resource constraint itself poses a political challenge quite apart from the need, recognized in the NPE, to elicit mass demand for, and participation in, making the new education plan work. The predicament of Indian education is bound up with the problems in the economy and the lack of sufficient economic surplus generation; at the same time, it is one of the keys to unlocking the country's economic potential.

### Other hurdles

In the first place, education is largely the responsibility of the various state governments, which have over the years jealously guarded their plums and prerogatives in this area. In a developing country where cash is always short, politics is one of the more lucrative professions, and everything—including education—is highly politicized. Since in India the states are generally language-based, and in a broad sense culture-based, establishing a truly national education system is a qualitatively more complex proposition. In 1976, the parliament took a bold and controversial decision to place education on the "concurrent list," making it a matter of both state and central government responsibility.

Besides the sheer magnitude of the numbers, the resource constraints and political-administrative challenges, the linguistic and cultural-religious diversity of India introduces a range of highly charged conundrums into educational policy-making that would make any professional educator shudder. One of the most serious and intractable problems, for instance, has been the issue of the medium of instruction at the various levels of schooling. Should it be the local or vernacular language?—there are 15 modern languages in India with fully developed literatures recognized in the Constitution, and more than 1,500 dialects. Should it be Hindi?—a language of the primarily northern majority population, declared in 1947 to be the nation's "official" language, but which is rejected outright in the south. Or, should it be English, the language imposed by the colonial rulers to, in Lord Macaulay's words, create a class of individuals Indian in appearance but English in tastes, opinions, and values?

The so-called three-language formula, devised in 1956

and accepted by consensus over the years as a solution to this problem, has yet to be really implemented on a nationwide basis. In this formula, education up to Class IV is strictly in the vernacular. In Class V, in addition to the mother-tongue, either Hindi or English is introduced. Thereafter, both Hindi and English are required, and, in Hindi-speaking areas, another modern Indian language, for instance, the southern Tamil language, is to be added. Any two of the three languages must be carried through to the 12th Class.

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## Documentation

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# 'National Policy on Education'

*Following are Parts I and II of the National Policy on Education, 1986 approved by the Parliament of India in May 1986.*

### Introductory

Education has continued to evolve, diversify, and extend its reach and coverage since the dawn of human history. Every country develops its system of education to express and promote its unique socio-cultural identity and also to meet the challenges of the times. There are moments in history when a new direction has to be given to an age-old process. That moment is today.

The country has reached a stage in its economic and technical development when a major effort must be made to derive the maximum benefit from the assets already created and to ensure that the fruits of change reach all sections. Education is the highway to that goal.

With this aim in view, the Government of India announced in January 1985 that a new Education Policy would be formulated for the country. A comprehensive appraisal of the existing educational scene was made, followed by a countrywide debate. The views and suggestions received from different quarters were carefully studied.

### The 1968 education policy and after

The National Policy of 1968 marked a significant step in the history of education in post-Independence India. It aimed to promote national progress, a sense of common citizenship and culture, and to strengthen national integration. It laid stress on the need for a radical reconstruction of the education system, to improve its quality at all stages, and gave much greater attention to science and technology, the

cultivation of moral values, and a closer relation between education and the life of the people.

Since the adoption of the 1968 Policy, there has been considerable expansion in educational facilities all over the country at all levels. More than 90% of the country's rural habitations now have school facilities within a radius of one kilometer. There has been sizeable augmentation of facilities at other stages also.

Perhaps the most notable development has been the acceptance of a common structure of education throughout the country and the introduction of the 10 + 2 + 3 + system by most States. In the school curricula, in addition to laying down a common scheme of studies for boys and girls, science and mathematics were incorporated as compulsory subjects and work experience assigned a place of importance.

A beginning was also made in restructuring of courses at the undergraduate level. Centres of Advanced Studies were set up for post-graduate education and research. And we have been able to meet our requirements of educated manpower.

While these achievements are impressive by themselves, the general formulations incorporated in the 1968 Policy did not, however, get translated into a detailed strategy of implementation, accompanied by the assignment of specific responsibilities and financial and organisational support. As a result, problems of access, quality, quantity, utility, and financial outlay, accumulated over the years, have now assumed such massive proportions that they must be tackled with the utmost urgency.

Education in India stands at the crossroads today. Neither normal linear expansion nor the existing pace and nature of improvement can meet the needs of the situation.

In the Indian way of thinking, a human being is a positive asset and a precious national resource which needs to be cherished, nurtured, and developed with tenderness and care, coupled with dynamism. Each individual's growth presents a different range of problems and requirements, at every stage—from the womb to the tomb. The catalytic action of Education in this complex and dynamic growth process needs to be planned meticulously and executed with great sensitivity.

India's political and social life is passing through a phase which poses the danger of erosion to long-accepted values. The goals of secularism, socialism, democracy, and professional ethics are coming under increasing strain.

The rural areas, with poor infrastructure and social services, will not get the benefit of trained and educated youth, unless rural-urban disparities are reduced and determined measures are taken to promote diversification and dispersal of employment opportunities.

The growth of our population needs to be brought down significantly over the coming decades. The largest single factor that could help achieve this is the spread of literacy and education among women.

Life in the coming decades is likely to bring new tensions together with unprecedented opportunities. To enable the

people to benefit in the new environment will require new designs of human resource development. The coming generations should have the ability to internalise new ideas constantly and creatively. They have to be imbued with a strong commitment to humane values and to social justice. All this implies better education.

Besides, a variety of new challenges and social needs make it imperative for the Government to formulate and implement a new Education Policy for the country. Nothing short of this will meet the situation.

## The essence and role of education

In our national perception, education is essentially for all. This is fundamental to our all-round development, material and spiritual.

Education has an acculturating role. It refines sensitivities and perceptions that contribute to national cohesion, a scientific temper and independence of mind and spirit—thus furthering the goals of socialism, secularism, and democracy enshrined in our Constitution.

Education develops manpower for different levels of the economy. It is also the substrate on which research and development flourish, being the ultimate guarantee of national self-reliance.

In sum, Education is a unique investment in the present and the future. This cardinal principle is the key to the National Policy on Education.

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# Together let us defeat the drug trade, the new slavery

by General (ret.) Lucio Añez

*General Añez is the former chief of staff of the Bolivian Armed Forces, and former vice president of the Inter-American Defense Board. We excerpt here his speech to the Schiller Institute's conference on the 20th anniversary of Populorum Progressio in the Washington, D.C. area on March 26.*

In reviewing what has occurred in these last 20 years, since Pope Paul VI issued his historic encyclical which we commemorate today, we cannot fail to emphasize one of the leading consequences of not having paid attention to the warnings of *Populorum Progressio*: the proliferation of the drug trade.

From the rubble that the economic crisis made of Ibero-America, a powerful business has emerged in these last few years: Dope, Inc.

It emerged as a direct product of the misnamed "free enterprise" economy which, as Paul VI said in his memorable encyclical, represents "a system that considers profit the essential motor of economic progress, competition as the supreme law of economics, private ownership of the means of production as an absolute right, with neither limits nor corresponding social obligations. This unrestricted liberalism, which leads to dictatorship, was justly denounced by Pius XI as the cause of 'the international imperialism of money.'" (Liberal Capitalism. *Populorum Progressio*, 1967)

His Holiness John Paul II emphasized this question during his pilgrimage through Colombia last year. "To be free Christ liberated us," said the Pope, citing the Bible (Galatians 5:11), during his visit to Cartagena de Indias. "Slavery," stated John Paul on this occasion, "has been abolished throughout the world, But, at the same time, new and more subtle forms of slavery have emerged because 'the mystery of iniquity' does not cease to act upon man and upon the world. The ambition of money captures the heart of many and turns them, through the drug trade, into traffickers in the freedom of their brothers who are enslaved by a far worse slavery, at times, than that of the negro slaves. The slave traders denied their victims the exercise of freedom. The drug

traffickers lead theirs to the very destruction of the personality." John Paul II urged each of us that, "As free men whom Christ has called to live in freedom, we should fight decisively against this new form of slavery which has subjugated so many in so many parts of the world."

To do away once and for all with this new form of slave trading is the task of all civilized nations. It is crucial that we undertake a genuine war on the drug trade, a war which not only will combat the effects that drug consumption has on its victims, but which directly attacks the cause of the evil and its origins.

## **Dope, Inc.: threat to the West**

The drug trade has grown to the point of becoming a state unto itself, which has declared war against all the civilized nations of the West. Today, the drug trade represents a financial, political, and military power that threatens all the democracies of the world. As Democratic presidential pre-candidate Lyndon H. LaRouche stated in 1985, we must respond in accordance with this reality: The civilized nations must declare war on the drug trade, and wage it with the weapons of war.

If we look back, during recent years the only beneficiaries of the infamous austerity programs imposed on the nations of Ibero-America as a condition for rescheduling the foreign debt, have been the drug traffickers. To the same extent that we have witnessed the constant growth of unemployment, the bankruptcy of agriculture and of our incipient industry, so have we seen the power of the drug traffickers grow.

For the impoverished nations of Ibero-America, this situation is truly dramatic. In Bolivia, it is already a tragedy. Years of blocking productive investments to channel export earnings into payment of the debt, have submerged the country, not in stagnation, but in economic regression.

Thousands of peasants have been impoverished in the past few years, due to the fall in their products' prices. The collapse of the price of tin has caused unprecedented levels of unemployment in the country. There is not—and I don't

speak of surplus to pay interest on the debt—there is not even the minimum necessary to sustain the population in a dignified way. In the midst of all this, the drug mafia arrives, offering thousands of dollars to peasants to grow coca.

### **Threat to national security**

The drug traffickers use their billions in profits to pay terrorist armies and to attract corrupt military men into rightist coup plots, betimes headed by former officials of the German Nazi regime. This is where the greatest threat to democracy comes from. The capacity of the governments to confront these bloody threats is undermined by the growing number of officials from government, political parties, and private institutions who are bribed by the drug traffickers.

Cocaine and marijuana produced in the clandestine fields and laboratories of South America must be transported thousands of kilometers until reaching its destination in the United States or Europe. In crossing the border into the United States—be it by land, air, or sea—it still has to be transported thousands of kilometers more. Then it must pass many customs houses, state borders, and cargo review stations. Then it remains for months in warehouses until it is brought to street distributors to be sold retail. They will collect small-denomination dollar bills, which will then follow an ascending chain until they land in the most internationally reputable banks, without anyone questioning the origin of the enormous quantities of dollars deposited in bags or cardboard boxes. In all of this organized chain are politicians, security officers, financiers, and promoters of “free enterprise,” under one chain of command.

It is impossible to crush the growing political power of the drug traffickers anywhere—including the United States of America—without seizing the billions of dollars from the drug trade that move through corrupt banking institutions.

Moreover, within the same civil society we frequently meet prominent institutions and individuals who, acting as the drug mafia’s fifth column, promote a thousand variants of legalizing the drug trade. Perhaps if we were to trace back a few case studies, we would find ourselves with those same institutions and individuals who a century ago insisted on the horrendous legalization of slavery.

Given the nature of the problem, it is clear that no single nation—alone—could do away with the drug trade, not even on its own soil. No republic on its own could defeat that monstrous complex of criminal, financial, and political forces that runs the international drug trade. I believe that the nations of the Americas must show the world a good example of our commitment to our democratic traditions, to defense of our liberties, and to our noblest traditions. We must act, together and seriously, to stop this threat that hangs over us.

Consequently, we must begin to formalize serious agreements for the continent-wide eradication of any unauthorized cultivation of marijuana, poppy, or coca; destroying the laboratories and clandestine warehouses; shutting down all the

routes of illegal trafficking and distributing of drugs; and eliminating any drug mafia control over the economy.

There must be collaboration and coordination among governments of those nations which accept the challenge of wiping out this scourge, based on mutual respect for national sovereignty. In general, the nations of Ibero-America have enough trained personnel to carry out this fight, but they lack the means to do it effectively, such as airplanes, helicopters, radar, and other modern systems of detection. Collaboration with the United States would remedy this situation.

This collaboration should not be conditioned, because you cannot set conditions on a war against the drug trade. By itself, the war on drugs is to the benefit of all the nations of the hemisphere.

Further, there should be agreements to precisely regulate the activities of financial institutions, so as to be able to automatically detect deposits and transfers of funds in any direction by those suspected of involvement with the drug trade. The proper authorities should immediately take over and confiscate whatever financial, commercial, or real estate institutions, as well as the personal funds, of those who are proven to have been employed in the cultivation, processing, transport, or sale of illegal drugs.

The economic and financial resources of the drug traffickers must be confiscated, dismantling every commercial or political group associated with the drug trafficking consortium.

Special attention should be paid to the banks, securities houses, and other commercial institutions which *de facto* form part of the international financial cartel which coordinates the flow of hundreds of billions dollars a year in illegal drug profits.

We must reach agreements for disposing of the billions of dollars confiscated as the property of the drug trafficking consortium, assigning them to useful purposes, for economic development, in infrastructure, agriculture, and the manufacture of useful goods. There should also be international collaboration, so that the right of sovereign states to take possession of the properties of their citizens can be exercised, be they within national territory or abroad, based on the obligations of those citizens to the state.

I conclude with another quote from Pope John Paul II during his visit to our continent last year. On his trip through Bucaramanga, Colombia, John Paul II gave a homily in which he emphasized the responsibility of Christians “to assure the economic, social, cultural, and religious conditions that favor the unity and stability of the families, that reinforce the sense of respect for life, that attack the deep causes of violence and of terrorism, that combat all these forms of corruption of the social fabric.” As he called then, we call now to end “the extant contradiction between the underlying Catholic culture among the people and within the nation, and those social, economic, and political ‘structures’ expressing and generating injustices derived from sin.”

# Is KGB sabotaging French nuclear?

by Laurent Rosenfeld

In a matter of just a few days or weeks, both the French and international press have reported with banner headlines several incidents which have plagued various utilities of the French civilian electronuclear program. Most of these so-called nuclear accidents were of "the monkey wrench falling on the ingrown toe nail of the clumsy worker's foot" type, with the added flavor, of course, that they took place in a nuclear power plant—in other words were pure media hype for non-events.

There were, however, three incidents perhaps worth reporting down the 27th page of the local papers: A minor non-radioactive steam leak in the second unit of the Tricastin power plant, another non-radioactive steam leak in the second unit of Fessenheim, and the loss of a few pounds of uranium hexafluoride, a gaseous compound of natural uranium, used in the gas diffusion enrichment plant of Pierrelatte, which caused minor inconvenience for a few workers, not so much because of the very weak radioactivity of the hexafluoride, but simply because of its chemical toxicity.

All these incidents would have passed unnoticed if it were not for another incident, itself raising absolutely no danger to safety, but which took on importance because it happened in the largest fast breeder in the world, the 1200 MWe Superphénix reactor of Creys-Malville. There, about 20 tons of melted sodium leaked out of the barrel, i.e., a lock-chamber in the secondary coolant loop through which the fuel elements can be introduced into or removed from the reactor itself. The spilled sodium was not radioactive, and is contained in an armored vessel under an inert atmosphere. Clearly, safety is not impaired by this technical failure, which did not even force the utility to stop the reactor, but fixing the problem may turn out to be quite costly.

## Chernobyl anniversary

In fact, the most remarkable feature of all these unprecedented incidents and the other non-events is that they all came a few weeks before the first anniversary of the accident of the Ukrainian Chernobyl plant, which the environmentalist movements in Western Europe intended to use as a mobilization argument to support their campaign, not against the Russian nuclear program, but against nuclear power in

the West. The time coincidences in these incidents raise the question of sabotage.

According to intelligence and anti-terrorist specialists from several NATO countries and from Switzerland, Moscow has decided to launch a new form of insurgency in Western Europe: environmental sabotage. Indeed, several European countries, especially Britain and France, having shown clear hostility toward Gorbachov's "zero option" serial-manufactured "offers," the KGB and other Eastern intelligence services have decided to whip up the ecology and peace movement and to entertain the confusion between nuclear weapons and nuclear power to arouse the population against "nukes."

Less than a month ago, attendees at a strange conference of the Cini Foundation in Venice came to the conclusion that France was going to be the prime target of "nuclear terrorism."

## Possible industrial sabotage

The first case of possible sabotage was the fire at the Sandoz chemical factory in Basel last fall, which caused considerable pollution of the Rhine river. Some intelligence specialists believe that it could well have been sabotage aimed at stirring up part of the European population against the Swiss chemical industry—an act which could jeopardize an effective civil defense program against chemical and bacteriological weapons. At the time when the Sandoz fire had whipped up much hysteria in the media, there were several instances of "greenies" voluntarily pouring poisonous substances into the Rhine in order to better stimulate panic!

The second element is the revelations of Werner Stiller, a high-ranking East German officer who defected to the West. He reported that the East German secret service, the Stasi, had commissioned some of its agents to spill small quantities of radioactive materials in the vicinity of Western nuclear facilities, to set off the radioactivity control instruments and thus whip up the West German and other West European "Greens."

Let us be clear. We have currently no hard evidence of sabotage in the Superphénix or other French incidents. But two things are known: 1) The Soviets have decided to sabotage the French nuclear program in order to better jeopardize the pro-nuclear weapons consensus of the French political scene; 2) the French counterintelligence agency, the DST, has just revealed that at least 244 French companies—including 10 in the energy sector—were infiltrated by Eastern secret services. Moreover, several Soviet spies were recently unmasked around the Ariane rocket program, just a few months after the partly unexplained failure of a launch.

Former French Defense Minister Charles Hernu, who is no doubt well-informed on these matters, recently stated the point: "It is certain that we will be subjected to pressures [from the Soviets]. France is going to be the point of convergence for the efforts of all the so-called 'pacifists,' anti-militarists, and anti-security elements. This could even lay us open to terrorist actions."



## Report from Paris by Claude Albert

### Defense officials reject Soviet ploy

*Warning of Gorbachov's "tremendous sleight of hand," the French pinpoint Russia's desire to stop European defense efforts.*

**M**ikhail Gorbachov's latest offer to eliminate short and intermediate range nuclear weapons in Europe, the "super zero option," would leave Europe deprived of its only weapons capable of countering Soviet conventional and chemical superiority: Such is the prevailing view in French defense circles. This is why Moscow is proposing to gradually eliminate these forces, military officials believe here, without, other than verbally, touching the Soviet strategic nuclear arsenal and enormous conventional forces.

How could France and Britain long resist combined U.S. and Soviet pressures to eliminate their nuclear forces, once the superpowers have dismantled their intermediate and short-range weapons in Europe, military experts warn. "Mr. Gorbachov is a brilliant card sharp, who gives the impression he is flinging all of his game on the table, while he keeps, hidden in the other hand, some master trumps," a French Defense Ministry spokesman is quoted in *Le Monde* on April 18.

"France has nothing to negotiate," former Defense Minister Charles Hernu, a Socialist leader, points out in an interview to *Le Quotidien de Paris*, April 17. But "it is certain," he added, "that we will be subjected to pressures. France is going to be the point where the efforts of all the so-called 'pacifists,' anti-militarists, and anti-security will converge. This could even lay us open to terrorist actions."

Moscow's new proposals are "what I feared most," said the chairman of the National Defense Commis-

sion of the French Assembly, Gaullist François Fillon, to the same newspaper, since short-range weapons "are the weapons which forbid 'surprise,' massive attacks by the Soviet army." The French nuclear deterrent force might not be affected now by disarmament talks, but "this will inevitably be the next step," and "in France, numerous voices will call for a freeze, for non-modernization of our forces, and the present consensus on defense will fly into pieces," Fillon warned.

Were the Americans to be tempted to accept the Soviet proposals, "it would be a great folly," said Fillon, as "it would further accentuate the danger of a decoupling. One cannot bet Europe's security on Gorbachov's nice looks."

Gaullist deputy Jacques Baumel, vice chairman of the Defense Commission, interviewed by the same newspaper on April 18, called the Soviet offer a "tremendous sleight of hand" which would "leave Europe naked" and "in danger of death." The danger of Gorbachov's proposals, he stressed, lies in that "they appear as a contribution to peace while, in fact, they would result in dangerously weakening the Western Alliance and especially in reducing Europe's defense possibilities, while preserving the enormous superiority of the Soviet Union in terms of conventional forces."

No longer protected by the U.S. nuclear umbrella, "Germany, inevitably, will tend to drift toward a sort of active neutralism which will lead to its

finlandization, and, beyond, to that of Europe as a whole," Baumel said. Fillon stressed that "what must be achieved is a reinforced Franco-German axis"; former Minister Charles Hernu has similarly called for the "reinforcement of Franco-German defense pillar."

Obviously this idea is not to Mikhail Gorbachov's taste. French military circles, *Le Monde* reported, think that behind the latest proposals, the Soviets are racing to prevent, or at least slow down, efforts toward a European defense. In the next few years, according to a Defense Ministry spokesman, a "historic opportunity" could exist, due to the relative stability of West European governments, which would give those governments the basis to set up a European defense "pillar," standing by the American ally. Moscow's "piling on the pressure" is aimed at destroying such an opportunity, the spokesman said.

The current nuclear scare campaign in France, launched by various leftist quarters including the radical wing of the Socialist party (backed, curiously, by the right-wing extremist party National Front), after minor incidents in two nuclear plants, bears the hallmark of Soviet disinformation. Strangely enough, these incidents took place nearly at the same time, at the "Superphénix" fast-breeder site in Creys-Malville and at the Pierrelatte site, producing plutonium for military purposes; despite the fact they presented no danger, "voices" are rising to denounce the "corrosion of the whole nuclear circuit," targeting nuclear power in both its civilian and military applications. While such a campaign is not likely to have much effect on the French, largely supportive of nuclear energy, it is just what the Green and pacifist movement in West Germany needs to agitate against a Franco-German axis.

## Liberals accused of 'political AIDS'

by Valerie Rush

Colombian political society was stunned by the April 12 statements of Sen. Iván Marulanda Gómez, one of the five directors of the New Liberation faction inside the ruling Liberal Party. In an interview with the anti-drug daily *El Espectador*, Marulanda declared that the drug trade had successfully closed the mouths of Colombia's political parties, the Church, the judicial branch of government, and private enterprise. He specifically named Ernesto Samper Pizano, head of the Liberal Party's National Directorate (DLN) and mooted presidential candidate for 1990, as "the son of political decadence" in Colombia, and accused the entirety of the mafia-linked DLN of having "political AIDS, for which there is no antidote."

Marulanda pulled no punches in identifying Samper's links to the drug mob: "Samper is a child of crisis, of political decadence. . . . He's the type that sits down with contrabandists when it is in vogue and helps them to protect their business. And when the drug traffickers are in fashion, he goes to a five-star hotel and meets with them. . . . To the marijuana growers, he says legalize. . . ."

Samper's sole response to Marulanda's accusations thus far has taken the form of an appeal to "Liberal dignity" and a warning to presidential hopeful Luis Carlos Galán, head of New Liberalism, against adopting Marulanda's views. Samper's gangster colleague on the DNL, Alberto Santofimio Botero, similarly blustered that "the dignity of the Liberal Party is not negotiable." Marulanda answered: "It is the dignity of the nation which is at stake."

### Violating the pact

Marulanda's accusations have landed like a ton of bricks on a decrepit political structure renowned for its "mutual non-aggression pact." Other leaders of New Liberalism expressed horror at Marulanda's breaking of the rules, and rushed to issue a statement insisting that he was speaking solely in his own name. Galán, the man for whom Marulanda's moral challenge was in fact intended, is in Europe and has not yet commented.

Marulanda's denunciations appear at a moment of unprecedented political crisis in the country. Leaders of the new leftist political party, Political Union (UP), are being assassinated literally by the hundreds, driving many of the amnesiated guerrillas that make up its ranks back into armed insur-

rection. The cynical Conservative Party, like the Democrats in the United States, is sitting with folded arms, in hopes that the Barco government's problems will give them a better shot at the presidency in 1990.

The "official" Liberal Party, ruled behind the scenes by former president and mafia godfather Alfonso López Michelsen, boasts a five-man directorate made up of the country's most degenerate political gangsters and mafia public relations mouthpieces.

Unable to exercise total control over President Virgilio Barco, who has waged an anti-drug war against deadly odds, López has determined to put his political heir, drug legalization lobbyist Samper, into the presidency in 1990. López has also reportedly tried to woo New Liberalism's Galán back into the official Liberal Party fold, with offers of a Galán presidency in 1994. To that mooted possibility, Marulanda declared:

"There is a norm here which says, 'This is all true, but one cannot say so.' We have a hypocritical establishment which does not allow the country to face up to its crisis. Identifying the problem is the first step toward its solution. . . . [Galán] is the key and foundation of this whole process. We are now trying to come to power under conditions that will allow the transformation of this society. . . . Taking power so that things remain the same is not worth the effort."

### Bravery in isolation?

Marulanda's courageous statements, which have made him a high-profile target for mafia assassins, have been compared by some with those of Rodrigo Lara Bonilla, the anti-drug justice minister and collaborator of Galán who was murdered by the drug mafia in April 1984. *El Espectador* columnist María Jimena Dusan observed April 21 that, like Marulanda, "Rodrigo Lara Bonilla remained alone in his fight because he said what he thought. . . . This open, frank attitude did not find sufficient backup within his own movement. Yet today, his solitary denunciations are one of the battle cries of New Liberalism. . . . Iván Marulanda's statements are inopportune for certain members of New Liberalism, who have very concrete bureaucratic aspirations. . . ."

However, Marulanda's efforts to purge the country of mafia influence are not alone. In early April, President Barco granted legal status to the newly formed Unified Workers Confederation (CUT), thus putting an end to the stalling tactics of two consecutive labor ministers who had yielded to mafia pressures. The CUT, representing 80% of Colombia's organized labor, was founded in 1986 as an alternative to the mafia-corrupted federations financed by the U.S.-based Project Democracy's American Institute for Free Labor Development (AIFLD). It has already announced plans to form a "workers party" to combat mafia influence in politics. In granting legitimacy to the CUT and its president, former Labor Minister Jorge Carrillo, Barco was sending a message to the López/Samper forces that the field is no longer theirs.

## A healthy initiative

*Otis Bowen's visit helps advance what is already the most active focus of Indo-U.S. joint research.*

**T**he ten-day tour of U.S. Health and Human Services Secretary Otis Bowen, at the invitation of India's Minister for Human Resource Development Narasimha Rao, ended April 22. Dr. Bowen is the first American health secretary to visit India in spite of the fact that Indo-U.S. cooperation in health and biomedical sciences is extensive and longstanding.

Bowen's aim was to review and formulate further joint projects in consultation with his counterpart and medical professionals here. Talks with Mr. Rao, whose charge includes Health and Family Welfare, produced a joint statement outlining stepped-up cooperation in three areas: AIDS, vaccines, drug and alcohol abuse.

Bowen also signed a memorandum of understanding on the Vaccine Action Program (VAP), in particular, with Minister of State for Science and Technology K.R. Narayanan and visited the Indian Council of Medical Research, the All-India Institute of Medical Sciences, and the National Institute of Immunology in Delhi. He also visited Madras and Bombay, where he toured health service units, hospitals, and research centers for cancer and tuberculosis.

Three areas of collaboration are due for a new thrust, according to reports of the visit. First, India and the

U.S. have agreed to coordinate efforts to combat AIDS. Joint work, the details of which are to be developed in subsequent meetings, is expected to include surveillance for AIDS cases, development of improved diagnostics and confirmatory tests, and development of protocols to investigate the epidemiology and risk factors for the infection as well as cooperation in treatment, including improving the immune process and developing a vaccine. Bowen later emphasized that one of the first tasks would involve determining the character of the AIDS virus, whether it was the same the world over or had distinct regional variations.

The indications that serious epidemiological studies form a leading part in the collaboration is most promising. Indian medical professionals are well aware that the environmental factors prevalent in poor tropical developing countries have been written out of most studies of the disease in Europe and the U.S., with the result that the conclusions of such studies are of dubious value here.

It is not known how seriously Indian officials took Dr. Bowen's advice, offered to reporters at least, that a policy of testing visitors and immigrants to keep AIDS carriers out of the country was "impractical." The Indi-

an government has already begun implementing a policy of mandatory testing of foreign students, 80% of whom are from Africa and a total of 10 foreign students and tourists with the disease have been deported.

Some 100 cases of AIDS have already been identified within the country, in spite of an extremely limited screening capability and virtually no means to handle a rapid spread of the disease.

The VAP is also a priority focus of joint work, as part of the Science and Technology Initiative (STI) for accelerated collaboration in health, agriculture, and energy that was launched by President Reagan and the late Prime Minister Indira Gandhi in 1982. VAP was made a centerpiece of the joint research agenda in 1985, when President Reagan and Rajiv Gandhi renewed the STI for three more years.

The VAP will sponsor joint research and development of technologies for new and improved vaccines and provide support for quality control in expanded production and utilization of the vaccine. Areas of focus will be diarrheal diseases—still the most potent killers of infants and children in India and other developing nations—acute respiratory infection, malaria, hepatitis, and rabies. A group of experts is to be formed to identify specific projects.

Bowen's visit was preceded by a three-day trip to Washington in November by Prof. A.S. Paintal, the new director general of the Indian Council of Medical Research, India's premier medical institution. Paintal had been invited by U.S. Surgeon General C. Everett Koop to follow up on the recommendation for collaboration in health and biomedical sciences outlined during the last meeting of the Indo-U.S. Science and Technology Subcommittee in Washington last September.

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# International Intelligence

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## ***AIDS threat comes to Asia***

Asia is "the last frontier for AIDS," said World Health Organization director for the Western Pacific, Hiroshi Nakajima, according to the *International Herald Tribune*.

- Indonesia reported its first AIDS death this month. The victim was a Dutch tourist.

- Singapore also reported its first AIDS death in April. The victim, a citizen of Singapore, was infected from blood transfusions abroad, officials said.

- In March, a Zairean diplomat based in China died of AIDS in Hong Kong, where he had gone for treatment.

- Health authorities in Japan and Australia both say they are concerned at the way AIDS is spreading from "high risk groups" to heterosexual men and women.

- Australian Health Minister Neal Blewett announced that he is inviting health ministers and advisers from the Asia-Pacific region to a World Health Organization conference in Sydney or Melbourne in July, to cooperate on measures to prevent the spread of AIDS.

- Dr. Ian Gust, director of virology at the Fairfield Infectious Diseases Hospital in Melbourne, told the *International Herald Tribune* that mass travel and tourism were making it very difficult to control the spread of AIDS.

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## ***Foresee leftist takeover of Labour***

Whatever the outcome of Britain's upcoming general elections, the internal composition of the British Labour Party will shift dramatically toward control by hardcore leftist elements, writes the magazine *Social Democrat*, organ of Dr. David Owen's Social Democratic Party.

"One fact is incontrovertible," says the magazine. "The moderate parliamentary party that sustained Labour throughout three

major periods of government since the war has gone for good."

The magazine says many of Labour's new recruits are allied to the Trotskyist Socialist Workers Party, and support both the "Committee for Nuclear Disarmament" demand for British withdrawal from NATO, and proposals for closer Labour relations with the Irish Republican Army.

The *Times* of London emphasizes that Owen's Social Democrats hope to capitalize electorally on the left takeover of the Labour Party.

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## ***Reagan to participate in drug conference***

"President Reagan is to take part in a summit conference of Latin American presidents later this year to discuss his campaign against the international drug trade," reported London *Times* correspondent Geoffrey Matthews from Bogota, Colombia April 24. The summit is likely to be in Bogota, with Colombian President Virgilio Barco as host.

According to Matthews, "Although the drug trade is the main motive for the meeting, participants will also discuss other topics including Latin America's foreign debt and economic development. . . . Latin American presidents are likely to tell Mr. Reagan that the drug trade fuels corruption and violence in their countries, with mounting evidence in Colombia and Peru, in particular, that drug racketeers finance and run arms to guerrilla groups."

Meanwhile, Mexican Defense Minister Gen. Juan Arevalo Gardoqui met with his U.S. counterpart, Caspar Weinberger, in Washington April 22, and gave him an extensive report on Mexico's anti-drug efforts over the past four years. Arevalo then told the press that "it would not be smart" to disrupt good relations between the two countries.

Weinberger publicly agreed that "the most important aspect of this necessary mutual collaboration is respect for the principles and sentiments" of the two nations.

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## ***British scientists being murdered?***

Eleven British defense scientists have either disappeared, "committed suicide," attempted suicide, or died under mysterious circumstances over the recent period.

The April 18 *Daily Express*, in a feature entitled, "Conspiracy or Coincidence," reports on the most recent case, involving a defense salesman, Robert Greenhalgh, who is in stable condition in Reading Hospital "after apparently attempting suicide." Greenhalgh fell 40 feet onto a railway line near his ICL office in Reading.

Greenhalgh works with the defense division of the ICL company, which has confirmed that he has access to "sensitive" NATO information.

Each of the 11 individuals, says the *Express*, "had been involved in work for the Ministry of Defense." The Defense Ministry, however, is refusing a request for a parliamentary investigation.

The *Express* concludes that the events represent "an extraordinary sequence," with some in Britain believing it "demands more than a terse dismissal."

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## ***Cardinal Ratzinger to travel with Pope***

Joseph Cardinal Ratzinger, Prefect of the Congregation for the Doctrine of the Faith, will accompany Pope John Paul II to Germany for a one-week visit beginning April 29. Ratzinger does not usually travel with the Pope's entourage outside of Italy, and the announcement created a small storm among liberal Catholics in Germany.

Ratzinger became the bane of the liberals in the period leading up to the Pope's Extraordinary Synod of Bishops in Rome in November 1985. He has attacked economic policies which are detached from morality, and orchestrated the disciplining of "dissi-

dents" who believe it their right to teach any private opinion as if it were part of Catholicism.

The Pope's decision may be read as a warning to the German liberals, a warning underscored by recent statements of Bishop Joachim Degenhardt of the important Paderborn diocese. Degenhardt denounced the government's "use condoms" campaign around AIDS as "pushing aside all moral values." He accused the government of failing on such fundamental values as family and marital relationships, of refusing to change the "libertinist sexual morality, which has become the fashion today."

The archbishop also called on "all those who bear responsibility in society and politics" to address the "necessity of a radical change, after the so-called liberal image of man has proven to be a misleading and false track."

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### **Thurn und Taxis confab celebrates Russian church**

A five-day conference under the title, "1000 Years Between the Volga and the Rhine," bankrolled by the fabulously wealthy Prince Johannes von Thurn und Taxis, was held April 21-26 in Regensburg, Bavaria at the Benedictine Ostkirchliche Institut. The Prince's castle is located there, and contains a Benedictine monastery.

Officially sponsored by the Ecumenical Commission of the German Catholic Bishops Conference, the conference will celebrate the 1,000th anniversary of the Russian Orthodox Church.

A delegation from the Moscow Patriarchate was to be headed by Metropolitan Filaret of Kiev and Metropolitan Pitirim, and was to include leading European members of the Russian Orthodox Church Outside Russia, like Father Graf (Count) Ignatiev, descendant of the notorious Czarist secret police (Okhrana) family. Papers prepared focused on "One thousand years of relations between the Russians and the Germans" on

the "cultural, political, economic, and religious levels."

A source close to the Vatican said the conference celebrating the "Russian" millennium is a "slap in the face" to Pope John Paul II, who has asked Soviet authorities for permission to visit Kiev, not Moscow, to celebrate the millennium of Kievan Rus. The Thurn und Taxis faction wants the Catholic Church in West Germany to conform to Moscow's agenda—allowing the Pope to visit only Moscow for the celebrations.

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### **Bilderberg Group convenes in Italy**

There's lots of conspiring going on in the tiny town of Cernobbio, Italy these days. The annual summit of the Bilderberg Group began there on April 22, in the Lake Como area of Italy.

An account published on the front-page of Italy's *Il Giornale* the following day, said expected attendees include Henry Kissinger, Paul Volcker, David Rockefeller, Queen Beatrix of the Netherlands, Fiat magnate Gianni Agnelli, and possibly Guido Carli, former Bank of Italy governor.

The proceedings of the second day were to begin with a panel on "Strategy Toward the U.S.S.R.," while April 25, was to begin with a panel led by Rockefeller, on "The Public Sector and Economic Growth."

*Il Giornale* headlines its coverage of the Bilderberg meeting, "How to Get Together the Kings of the World Without Any Publicity." The "secret meeting," it says, is being guarded by 1,000 police and carabinieri at the Hotel Villa d'Este in Cernobbio.

The same news report calls the Bilderberg Group a "secret society," a "kind of masonry," which is thought by the right wing to be a group of financiers who lend money to communists, and by the left wing to be a bunch of people who make coups d'état.

A mainstream view, the paper concludes, is that the Bilderbergers want to "reinforce the technocratic component of governments."

## Briefly

● **ITALY** is now governed by a minority, one-party caretaker government, under Christian-Democratic president of the Senate, Amintore Fanfani. The government was voted down April 20, in preparation for general elections in June. Attempts by outgoing Prime Minister Craxi and Foreign Minister Andreotti to form a stable government to last until scheduled elections in 1988, were unsuccessful.

● **AFGHANISTAN'S** former king is reported ready to return to Kabul to consider leading a government of "National Unity," says Soviet-agent billionaire Armand Hammer. The French paper *Liberation* April 18 quotes Hammer saying that he has held a series of discussions with the king.

● **TWO BRITONS** were arrested at Paris's Charles de Gaulle Airport, carrying five kilos of cocaine, worth three-quarters of a million pounds-sterling. Simultaneously, Scotland Yard began raiding the London addresses of associates of the two, and found 200,000 pounds-worth of drugs.

● **NATO MANEUVERS** have been set for June, it was announced April 21 at Supreme Allied HQ in Brussels. The maneuvers, code-named "Aurora Express," will test the rapid deployment capabilities of NATO's Allied Mobile Force. Five thousand troops representing seven NATO member nations including the United States, Turkey, Belgium, Britain, Italy, and West Germany, will participate.

● **'SPY MANIA'** in France, leading to the expulsion of Soviet "diplomats" and the revelation that hundreds of important French firms are infiltrated by the KGB, is a "provocation" by "conservative and reactionary elements in France . . . looking for ways of discrediting the Soviets," says the latest issue of the Soviet publication, *New Times*.

## Police state methods used on LaRouche associates—again

by Jeffrey Steinberg

In this, the bicentennial anniversary of the 1787 signing of the U.S. Constitution, officials of the Department of Justice have once again demonstrated that, at least in the case of Lyndon H. LaRouche, Jr. and his friends, that most sacred document of the nation's republican tradition is a meaningless piece of stained parchment.

On Tuesday, April 21, U.S. Marshals, acting under orders from the Department of Justice and a federal bankruptcy court, staged the sixth police-state raid since last October against companies and political organizations associated with presidential candidate LaRouche in Leesburg, Va. and a dozen other cities around the United States. The previous day, in a flagrantly illegal move, Henry Hudson, U.S. Attorney for the Eastern District of Virginia, secretly appeared before federal bankruptcy judge Martin V.B. Bostetter to obtain involuntary bankruptcy orders against Campaigner Publications, Caucus Distributors, Inc. and the Fusion Energy Foundation under Chapter 7 of the federal bankruptcy statutes.

In a seven-page Order Directing Appointment of Interim Trustees, Hudson petitioned the court to seize the three companies to enable the government to collect over \$16 million in contempt fines imposed beginning in early 1985 by Federal District Court Judge A. David Mazzone in Boston, Mass. These fines, themselves a flagrantly unconstitutional financial warfare action aimed at silencing the LaRouche political movement in the United States, are still the subject of court proceedings before the First Circuit U.S. Court of Appeals in Boston, and therefore are not legally subject to collection.

By their actions on Monday, Hudson and his superiors at

the Department of Justice, including Criminal Division head William Weld, have moved to bankrupt and shut down LaRouche-linked publications months before they ever get their day in court.

Papers now filed before the First Circuit Court show that the original contempt fines, totaling \$21 million, were illegally imposed in the first place on the basis of false claims by then U.S. Attorney Weld that the three entities, plus the National Democratic Policy Committee, a political action committee registered with the Federal Election Commission, failed to comply with subpoenas for corporate financial records. In fact, as government attorneys have now admitted in court, hundreds of thousands of documents were submitted to the grand jury during 1985.

So outrageous and politically motivated were the initial fines, that attorneys for the LaRouche associated groups discovered only in March 1987 that during the January to June 1986 period, the grand jury, which had been investigating media-foisted allegations of credit card fraud by the 1984 LaRouche campaign committees, had been dissolved with no charges brought. The \$21 million figure reflects running fines that were maintained for each of the four entities throughout the period that there was no standing grand jury, and throughout the subsequent five months in which a separate but unrelated grand jury was convened.

### Legally unprecedented

Even government officials have acknowledged that the April 20-21 action is the first time ever that a Chapter 7

involuntary bankruptcy petition was used to collect court fines. Under Chapter 7, government-appointed trustees are ordered to liquidate all corporate assets and terminate all corporate activities. By every reading of the statute, the Chapter 7 procedure only applies to business corporations engaged in profit-making activities. Two of the three entities targeted by the Hudson-Weld action this week are not-for-profit. Fusion Energy Foundation, a federally approved tax exempt foundation, publishes *Fusion* magazine and the *International Journal of Fusion Energy*. Caucus Distributors is a not-for-profit membership corporation formed to distribute literature and promote certain political and philosophical ideas. Campaigner Publications, the only "business" corporation, is the publisher of the twice-weekly, 200,000 circulation *New Solidarity* newspaper.

Thus, as attorneys for the publication charged in court in Alexandria, Va. on April 21, the bankruptcy action is a flagrant assault against the First Amendment right to free speech. "This is a highly irregular one-of-a-kind procedure with frightening implications for the press," attorney Daniel Alcorn told the *New York Times* on April 21, adding that the government's failure to even inform the defendants of the pending court action and thus provide them with a right to a hearing was a sharp violation of the U.S. Constitution's Sixth Amendment guarantee of due process.

### The strategic crisis

On learning of the federal bankruptcy order and the seizure of the publishing and sales offices, Lyndon LaRouche issued a statement on April 23 which identified the broader motives and strategic context for the wildly unconstitutional move:

"This Tuesday (April 21) Federal agencies staged the sixth police-state style raid on my friends in Leesburg, Va. since the virtual military occupation of that small town back during Oct. 6 and Oct. 7, 1986. The fact that federal authorities admitted that Tuesday's action was without legal precedent, and that the action was used in fact to prevent the publication of a newspaper, is sufficient evidence of the corrupt political motives behind this action.

"The latest atrocity, like the police-state action by the same federal offices last Oct. 6, occurred following massive Soviet demands issued from the highest level, demanding that my political influence be eliminated in the United States.

"The most recent barrage of Soviet demands for action against me include a featured attack in the March edition of the Soviet leading political journal *International Affairs* and more recent attacks on Radio Moscow. The last time such a barrage of Soviet attacks occurred was during the weeks preceding the Oct. 6 raid on Leesburg, in the context of preparations for President Reagan's meeting with Soviet General Secretary Gorbachov at Reykjavik. Tuesday's atrocity occurred in the midst of preparations for a new Reagan-

Gorbachov summit, over the same 'zero-option' issues presented at Reykjavik.

"This Soviet pressure on the U.S. government is a very important factor in the occurrence and timing of these raids, but there are also others complicit in the Iran-Contra scandal, and certain others, who are more directly involved than Soviet channels in pressuring corruptible officials into taking these actions. There is also a very special factor: The international banking system and stock markets are teetering at this moment on the brink of a collapse worse than 1929-1931."

Elaborating on the critical policy battle brewing around the imminent monetary blowout, LaRouche continued, "Some of you may have read the *New York Times*' headlined April article 'The Crash of 87?' The European financial press, and leading banking officials speaking privately to my associates, are much more explicit. Financial authorities are saying, that the international financial system is at the brink of a collapse which could collapse stock prices by as much as 50% or more during a short period. Some are advising their customers to dump dollar holdings for cash and gold, predicting that gold may zoom to between \$800 and \$1,000 an ounce during the near future.

"What the U.S. government is doing right now, starting a trade war with Japan and other allies, and pushing up interest-rates, are the worst possible policies our government could adopt at this time. The trade-war with Japan is already undermining the market in U.S. government bonds, with the ominous May 15 date for a vote on raising the U.S. debt-limit coming up. Raising interest-rates, will promote a crisis in the 'junk bonds' market, setting off a crisis which must tend to crush the already sagging bond markets, and a collapse in the rotten-ripe stock markets. The best guess among European experts is, that the 'Crash of 87' will surface about mid-May, if present policy-trends are not changed immediately.

"This looming financial crisis accelerates the continuing police-state actions against my friends and me in two ways. First, there is a faction on Wall Street which is wildly hysterical about me, fearing that in the case of a 'crash,' government might turn to adopt my policies out of lack of any workable alternative in sight. Second, there are others, including Moscow and certain leading factions around Paul Kirk's Democratic National Committee, which are not so much concerned with my economic-recovery proposals as such, as the fear that my importance under conditions of economic crisis might catapult me to a leading position in the 1988 presidential campaign.

"In short," LaRouche concluded, "these circles, and Moscow, wish me and my friends out of the way by the time the 'crash' hits. That, and not the phony accusations 'leaked' to the news media as pretexts for new police-state raids and arrests, are what it is all about."

In the 72-hour period following the April 21 move to padlock the offices of the LaRouche-linked publications, officials of the U.S. Attorney's office for the Eastern District of Virginia have even further flaunted their contempt for the U.S. Constitution. Appearing at an emergency hearing before Judge Bostetter late in the afternoon of April 21, Assistant U.S. Attorney David Schiller falsely claimed that the government had no intention of shutting down the publications—"unless it were to publish libelous material." He simultaneously submitted an exhaustive list of interrogatory questions to the officers of the three companies, ignoring the fact that all three are under federal and state indictments, and that the answering of those detailed financial and personnel probes would be an abrogation of Fifth and Sixth Amendment rights.

Increasingly, with the public unraveling of the "secret government" behind the Iran-Contra affair, the American public is being exposed to the harsh reality that the U.S. Constitution has been de facto suspended. While no other political organization has yet been subjected to the level of outright government criminality equaling that to which LaRouche and his friends have been subjected since Oct. 6, 1986, the message is clear: If the Wall Street-Weld cabal gets away with the elimination of LaRouche, no one is safe. And the greatest experiment in democratic-republican rule of law, our own American Constitution, will have been buried under a tombstone reading, "1787-1987 R.I.P."

### The constitutional violations

According to legal specialists, the action of the U.S. Justice Department in throwing three LaRouche-identified organizations into "involuntary bankruptcy" on April 20 was completely unprecedented, and represents such a fundamental invasion of constitutional rights that it is potentially fatal to constitutional rule in the United States.

It is not just that the use of involuntary bankruptcy is unprecedented as an effort to collect a government fines, but that the procedure is being used against defendants who have been indicted and are awaiting trial in a *criminal* case. As such, the procedure constitutes "execution before trial," in that the defendant corporations will be liquidated before they ever have an opportunity to go to trial and prove their innocence.

The most egregious constitutional violations involved are as follows:

**First Amendment:** By shutting down two publications—*New Solidarity* newspaper and *Fusion* magazine—and severely hampering a third—*EIR*—the United States government has silenced voices which have been at the center of major policy controversies over the past decade and more. The seizure of their editorial offices, throwing writers and editors out onto the street, and the impending liquidation of the companies, constitutes the grossest type of "prior restraint" of publications—impermissible under a long line of

Supreme Court rulings over the past 50 years.

**Fourth Amendment:** The Fourth Amendment prohibits "unreasonable searches and seizures" and says that search and seizure, when permitted, must be particular and exacting; in this case the government has illegally seized offices and property not only of the three organizations named—Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation—but also offices and property of legally distinct corporations such as that which publishes *EIR*.

**Fifth Amendment:** (a) The Fifth Amendment declares that no person shall be compelled to be a witness against himself. Yet, the nature of a bankruptcy proceeding is such that officers and principals of a "debtor" company must disclose information to the trustees and the bankruptcy court. In this situation, when the companies and many of its officers and employees are under criminal indictments, most criminal attorneys will not permit individuals to make any statements to government authorities. Such "failure to cooperate" ensures immediate liquidation of the companies.

(b) The Fifth Amendment also provides that no person (which includes a corporation) shall be deprived of life, liberty, or property without due process of law. The involuntary bankruptcy petition was filed, and seizures ordered, in a secret, *ex parte* (only one side present) proceeding, in blatant violation of even the statutory requirement of notice and hearing. Offices were seized, employees thrown out, and corporations shut down, without any hearing or due process whatsoever. The first that any of the companies or their lawyers knew of the proceedings was when federal marshalls appeared at 7:00 a.m. to seize and seal off their offices.

**Sixth Amendment:** The Sixth Amendment, governing criminal prosecutions, provides the following:

(a) The right to trial, and to trial by jury: Here, corporations which were indicted and awaiting trial, are now being "executed" before trial. The involuntary bankruptcy petition relies heavily upon the "criminal" nature of these companies; yet by the time they would have a chance to go to trial, defend themselves, and prove their innocence, they will have been liquidated in the bankruptcy proceeding.

(b) The right to confront witnesses: The *ex parte*, Star Chamber nature of the seizure of the companies denied this fundamental right. Further, the justification for this *ex parte* proceeding was provided by other *ex parte* proceedings such as the issuing of "Cease and Desist" orders by various state securities commissions and the *ex parte* attachment of the "PANIC" (anti-AIDS initiative) bank account in California last summer. Each Star Chamber proceeding justifies the next one.

(c) The right to the assistance of counsel: In a bankruptcy proceeding, the lawyer for the debtor is obligated to provide information to the court, and can be ordered to waive the attorney-client privilege. When the debtor is simultaneously a defendant in a criminal proceeding, this creates an insurmountable constitutional conflict.



# Linnas deportation: pre-summit sacrifice

by Joseph Brewda

In its rush to accommodate Moscow and set up the preconditions for a Reagan-Gorbachov summit, the U.S. State Department deported U.S. citizen Karl Linnas to the U.S.S.R. on April 20, where he is expected to be summarily executed for alleged war crimes.

The deportation, like the police-state effort against LaRouche-affiliated publications reported elsewhere in this issue, indicates the degree to which a longstanding Soviet gameplan to destroy the U.S. Constitution has progressed. Preparations for the deportation of Linnas, and the onslaught against LaRouche, were directly overseen by General Milshtein of Soviet military intelligence—now in Washington—and were brokered by several Soviet and Israeli assets in the U.S. Zionist lobby, who have had shared motives for undermining U.S. law.

A Long Island resident for decades, Linnas had been accused by an Estonian court in 1962 of overseeing a Nazi concentration camp during the war. The show trial nature of the case is illustrated by the fact that Linnas's conviction and sentencing to death in absentia, were widely reported in the Soviet press—fully two weeks prior to his actual conviction by what are called Soviet courts. One year ago, Linnas was abruptly seized by the Office of Special Investigations (OSI) of the U.S. Justice Department, and thrown in jail, on the formal basis of the Soviet court action. Linnas was subsequently denaturalized in a U.S. civil procedure, and ordered deported in another civil hearing. The U.S. Supreme Court refused to hear arguments by Linnas's attorneys.

The charge that Linnas was a war criminal was never actually heard before any U.S. court. Linnas was simply deported based on the videotaped testimony of a handful of Soviet witnesses, who were interviewed by the notorious Soviet Procurator General's office, on their alleged 45-year old memories. Even if one could accept the astonishing claim that such Soviet "evidence" is admissible in U.S. courts, Linnas was not allowed the constitutional right of cross-examination of his accusers, nor the right to a jury in what the U.S. Justice Department fraudulently classified as a civil procedure.

The political preparation for the judicial murder of Linnas, was the recent deportation of Cleveland autoworker John Demjanjuk to Israel, to face charges of being a concentration camp guard in Nazi-occupied Ukraine. The ongoing "Moscow show-trial" of Demjanjuk is being used to create the hysterical atmosphere in Israel required to bring Soviet-allied

strongman Ariel Sharon into power. The evidence against Demjanjuk solely originates from Soviet intelligence archives.

## Pre-summit deals

Over the last month, U.S. Zionist delegations led by liquor and narcotics magnate Edgar Bronfman and American Jewish Committee operative Morris Abram, traveled to Moscow, offering to broker negotiations for a U.S.-Soviet summit, in exchange for concessions to Israel, and to the U.S. Zionist lobby more broadly. Abram and Bronfman have offered to lobby for the repeal of the Jackson-Vanik Amendment, which restricts U.S. trade of strategic technologies to Russia, in exchange for the release of some 10,000 Jews to Israel. The delegates also covertly offered Moscow assistance in mobilizing the U.S. public against the SDI, and for Moscow's favorite candidates in the race for Democratic presidential nomination. Sources report that the elimination of LaRouche, both politically and physically, was an included, high priority item for discussion, for both the Bronfman team and the Soviets.

Moscow's response might be partially read from extraordinary remarks made by Soviet intelligence's General Milshtein in Washington, on April 21, as he began a eight-day U.S. tour sponsored by the Center for Defense Information, together with five other active and retired Soviet intelligence officers. Milshtein remarked that all Soviet Jews who desired could now leave Russia for Israel, except those, such as himself, in crucial national security posts. The raid against LaRouche-affiliated publications and the deportation of Linnas that day, would appear to be counter-signals by the State and Justice Departments, that the alleged conditions for the summit would be met. Renewed Soviet coverage of Anti-Defamation League-conducted slanders in the Swedish press that LaRouche's friends were suspects in the 1986 murder of Swedish Premier Olof Palme, were also part of the pattern of intelligence signals relating to the reported deal.

Immediately prior to these moves, Soviet assets in the U.S. Zionist lobby, led by former U.S. Rep. Elizabeth Holtzman, directed a mobilization against Attorney General Edwin Meese, effectively pinning down any elements in the Justice Department that might have opposed blatantly unconstitutional actions like the Linnas deportation or the attempted silencing of publications that issue LaRouche's writings. Meese has been under escalating attack through the Wedtech corruption scandal in New York, which has implicated his associates in graft, and in the Iran-Contra affair.

One week prior to the Linnas deportation, Meese had quietly worked out for Linnas to be deported to Panama, rather than to the Soviet Union. As news of this arrangement leaked out, the World Jewish Congress, chaired by Edgar Bronfman, and Holtzman violently denounced Meese and arm-twisted the Panamanian government so severely that it soon rejected accepting Linnas.

# Soviet diatribes targeted LaRouche

by Konstantin George

The April 21 U.S. government seizure of Leesburg, Va. entities politically associated with U.S. presidential candidate Lyndon LaRouche, followed a wave of “telegraphed” Soviet demands from the highest level that LaRouche’s political influence in the United States be eliminated. The Soviet demands were transmitted via a barrage of slanders in the Soviet media against LaRouche.

The attacks began in the March edition of the leading Soviet journal, *International Affairs*, with a seven-page feature libeling LaRouche as a “neo-fascist.” The article was authored by Vladimir Pustogarov, an intimate collaborator of former U.S. Attorney General Ramsey Clark and corrupt networks in the U.S. Department of Justice (cf. *EIR*, April 24, 1987). On April 21, the day of the raid, both Radio Moscow in Russian (domestic) and English (overseas), and Soviet military radio stations such as Radio Volga (East Germany) began what has become a daily outpouring of slanders against LaRouche. Here, Moscow reactivated the 1986 slanders accusing LaRouche’s friends of responsibility for the murder of Swedish Prime Minister Olof Palme, and then progressed into “covering the news” of the Leesburg seizures.

Prior to the earlier Oct. 6, 1986 raid on Leesburg, Moscow had issued a six-page calumny against LaRouche in its multi-language international weekly, *New Times*, calling him “most dangerous” and a “Nazi without swastika.” Three days before that earlier raid, Soviet leader Gorbachov, speaking in Moscow, in a code-phrase call to destroy LaRouche, delivered a long tirade against “Nazis without swastikas” as being “by far more dangerous” than the swastika variety.

In October, when the raid occurred just prior to the Reykjavik summit, and now, the Soviet attacks and the raids come at a time when President Reagan is under strong pressure to adopt a “zero option” INF agreement with the Kremlin. After Secretary of State Shultz returned from Moscow April 16, the pressure on the President to approve an INF treaty with Moscow to be concluded this year became intense. The danger of a zero option sell-out, and its “New Yalta” redrawing of the map of Europe in Moscow’s favor, is again very much alive.

This brings us to April 21, and the latest Soviet slander barrage. Radio Moscow reactivated the Palme assassination slanders against LaRouche with broadcasts beginning at 3

p.m. Central European Time, i.e., 9 a.m. Eastern Daylight Time, after the Leesburg seizures occurred—so tightly coordinated was the timing.

## The barrage

Radio Moscow April 21 highlighted an April 19 anti-LaRouche slander from the Swedish daily *Aftonbladet*, saying: “Swedish police still suspect the extremist right-wing European Labor Party [EAP] in the Palme investigation. After the crime, the party went underground. It is believed that some members left for the United States. The case might have involved foreign service agents from the CIA, South African, and Israeli secret services.” The EAP are co-thinkers of LaRouche.

Radio Moscow, citing *Aftonbladet*, said that “inquiries continue into the circumstances of the assassination of Swedish Prime Minister Olof Palme. . . . The police are giving the greatest attention to the right-wing extremist group, the European Workers’ Party (EAP) in the crime. . . . For a number of years this group has conducted a campaign of hatred and hostility . . . in Stockholm and abroad.”

The *Aftonbladet* slander was concocted in cooperation with the U.S.-based organization of thugs with Jewish surnames, the so-called Anti-Defamation League or ADL. The co-author of the slander, one Stefan Borg, is a close collaborator of ADL leaders, including Irwin Suall, head of the ADL “Fact-Finding Division” and unofficial ADL case officer against LaRouche.

The *Aftonbladet* report was submitted to Radio Moscow by Stockholm Tass correspondent Vukolov. Vukolov, himself a case officer against LaRouche’s Swedish associates, was one of the authors of a September *New Times* slander against LaRouche and his organization.

A nearly identical broadcast was sent out April 21 on the Soviet military radio station in East Germany, Radio Volga.

Radio Moscow, in its Russian-language morning news program April 21—before the raid and continuing through the morning—employed the *International Affairs* “neo-fascist” slander against LaRouche. The “Leesburg raid” story (quoting an AP wire) was added on to the *Aftonbladet* slander in the next morning’s (April 22) broadcasts.

A signal that this barrage was coming appeared in the April 17 *Izvestia*, which carried an article by Soviet “LaRouche-watcher” A. Sichev, titled “They Hated O. Palme.” Sichev, author of past articles in *Izvestia* slandering LaRouche, wrote: “Investigations into the murder . . . of Swedish Prime Minister Olof Palme, now carried out for over a year, have called Swedish authorities’ attention to the activities of neo-fascist groups.”

Which “neo-fascist” group *Izvestia* had in mind, was unmistakably communicated by attacking “those circles who last year blamed Palme for trying to ‘sell out Sweden to the USSR.’” This was the phrase carried in earlier 1986 Soviet slanders against LaRouche and the Swedish EAP.

# Cap: Don't trust Russian 'openness'

*Remarks prepared for delivery by the Honorable Caspar Weinberger, Secretary of Defense, to the Navy League of the United States, Washington, D.C., Thursday, April 16, 1987.*

## Openness: theirs and ours

. . . [T]wo aspects of Soviet political behavior have become apparent to anyone who is willing to learn: First, the Kremlin, under General Secretary Gorbachov, has undertaken a major campaign of "openness" or what they call "*glasnost*." They have publicized a number of seemingly very radical initiatives ostensibly designed to liberalize their society and to stimulate better relations with the West. But at the same time, a second, more sinister and far more dangerous element of Soviet behavior is equally apparent. That is the continuation of a massive Soviet espionage campaign, which persists on a heavy scale here in the United States, in our diplomatic properties in the Soviet Union, and elsewhere throughout the world. This espionage campaign is designed to penetrate our most secure communications systems, steal our most secret plans, acquire our most important technologies, and, most ominously, to give the Soviets a decisive strategic advantage for surprise in the event of conflict. The American public must interpret Soviet public statements and the ongoing Soviet public relations campaign to demonstrate a most un-Soviet-like openness, in light of their massive espionage campaign. . . .

In February of this year, General Secretary Gorbachov addressed a so-called peace conference in Moscow. At this conference, politicians, scholars, journalists, and other glitterati gathered from around the world with free transportation provided by the Soviets' public relations apparatus, for what Mr. Gorbachov terms a "forum . . . of world opinion." In his opening remarks, Mr. Gorbachov called for a broad "democratization" of Soviet society. In this call for "openness," he stressed that his desire to make the Soviet Union better would hurt no one, with only the world gaining from this effort. The General Secretary then went on to catalogue the seemingly radical changes in Soviet internal and external policies which would implement "openness." He stated that revolutionary changes were occurring in the Soviet Union, including greater personal freedoms. He also urged increased international

cooperation and understanding, and a lessening of international tensions, for example, in the Middle East. At the same time, the Kremlin has offered a number of new arms control proposals and removed some obstacles from others. These proposals appear designed to further public perceptions of the Soviet Union as peaceful in its intentions and willing to negotiate.

What is behind all these calls for openness? Are we really seeing something different? Or does this public "offensive" have a somewhat more sinister cast? . . .

As a result of the systemic problems of Soviet society, Moscow today has been unable to adapt its economy to absorb high technology. Because of what they see and what they have stolen, the Soviet leadership recognizes that they are falling further and further behind the West in almost every measure of technological competitiveness. A most essential element of current Soviet strategy, then, is to lessen tensions with the West and thereby soften Western resistance to sharing with them the modern technologies which they so desperately need for economic modernization. . . .

This Soviet strategy also hopes to decelerate the pace of technological modernization of the West's military capabilities, and especially they hope to kill our Strategic Defense Initiative before we can deploy. Their goal is to appeal to wishful, *détentist* elements in the West, by posing the rhetorical question: "Why should you spend such burdensome sums of money when we are slowing the rate of military build-up?" Not surprisingly, Mr. Gorbachov's speech included a plea to "demilitarize the world." Finally, this Soviet strategy deliberately is designed to make it far more difficult for those of us in the West who strongly advocate the strengthening of our defenses. . . .

For Mr. Gorbachov's plan to be successful, for the new spirit of "*glasnost*" to work, for the Soviets to acquire and apply more of our new technologies to their modernization, and, most important, for the Soviets to ensure they will keep their military advantages secure during this process, they must know what the West is up to in order to compete. They must know our plans and policies. They must know and try to influence our positions on such sensitive issues as arms control and our military programs. And, in the event of conflict, they would want to administer a fatally disarming blow to us with little prospect of danger to themselves.

In their own policy councils the Soviets refer to us as the "main enemy." As a result of this perspective, which I believe is a far more accurate assessment of the way the Soviets really view the West than many of our people view the Soviets, they have mounted a massive espionage campaign against the United States and every other Western democracy. It extends from the roof of their embassy in Washington, to Silicon Valley in California, and from the administrative office of one of our aircraft carriers to some of the most sensitive rooms in our embassy in Moscow. They have stolen, they have seduced, and they have bought some of our

most sensitive secrets.

Soviet espionage is not new. It is, rather, the product of the Russian past, which, since the time of Peter the Great, has demanded absolute security. Every Western nation has felt the outrage of arrogant, intrusive Soviet espionage. . . .

Our democracy . . . depends on continuous criticism and the clash of ideas; on tolerance of different opinions and ideas, however unpopular or absurd or radical; and on open and spirited debate. This democratic debate, in turn, depends on the widest circulation of news, information, and opinion from all sources, and on the presumption that until proven otherwise, all participants are people of good will and honest intent.

There is, nevertheless, a dangerous tendency in the West to disregard the explicit evidence of Soviet espionage, as exceptions to the rules by which nations conduct their affairs, or as just one of the games all nations play with one another. Indeed, particularly egregious acts of Soviet espionage are frequently offset with timely supposed revelations, by the Soviets and those willing always to believe the worst about America, of seemingly analogous Western acts. All too often carefully chosen Soviet commentators are given direct access to U.S. television audiences immediately after the revelation to explain the Soviet case. While advertised as “independent, non-affiliated experts” or “newsmen,” they are in reality hand-picked state employees. . . . [M]ilitary attachés at an embassy are there to discover all they can about their host nation’s armed forces, and that their inquiries will probably not be limited to official channels or reference books. Similarly, diplomats assigned to embassies, consulates, and international organizations like the United Nations are expected to conduct the affairs of state in accordance with acceptable standards. But there is a world of difference between this diplomatically sanctioned activity, and the KGB’s undermining the prestige of diplomacy by systematically staffing their embassies and legations with trained spies, whose chief occupation is the subversion and bribery of citizens of their host country.

Similarly, as the Soviets know, the United States and other nations of the West give great access to journalists. Here in Washington, Soviet journalists—an oxymoron if I have ever heard one—have always been given broad access to Congress and the Pentagon, and the White House press rooms. In the Soviet Union, our journalists, who are anything but government employees, are harassed and arrested.

The freedoms of Western democracies are based on the moral principle that the conditions of man will be improved only by the free clash of ideas or ideas expressed and that only from this freedom will truth emerge. But the sense of trust in our fellow man on which this is based can become a dangerous vulnerability when it is betrayed. Nowhere has this been more evident than in the John Walker spy case. . . .

The harm caused to our national security by the Walker spy ring is of the gravest nature. We now know that the KGB

considered the Walker operation to be the most important operation in their history. The information stolen by Walker enabled the KGB to decipher more than 1 million messages. Averaged over John Walker’s career, this equates to Soviet decryption of more than 150 messages a day. The Walker case was handled by Department Sixteen of the First Chief Directorate of the KGB, which handles only the most sensitive exploitation of communications. So important was the Walker ring to the Soviets that KGB officers were assigned to the Soviet embassy in Washington solely to receive the information Walker was passing on to them. The KGB believed that the information obtained from Walker would have been “devastating” to the United States in time of war. This Soviet intelligence operation ranks as one of the greatest espionage losses in intelligence history.

John Walker’s greed provided the Soviets the keys to our message encryption systems, which revealed to the Soviets our future plans, ship locations and transit routes, military operations, intelligence activities, and the information on which we based our intelligence judgments. The Soviets gained access to weapons and sensor data, naval tactics, terrorist threats, surface, submarine and airborne training, readiness, and tactics. Most dangerously, they may easily have learned how we might plan to employ the U.S. Navy worldwide in the event of crisis or conflict.

John Walker’s violation, over almost two decades, of every value this nation holds dear, provided the Soviets insights into the very heart of our nation’s political and military objectives. The information he furnished, as well as that stolen by his friend Whitworth and his son, Michael, provided the Soviets with sufficient data to permit them to gauge the true capabilities and vulnerabilities of the U.S. Navy. We have clear signals of dramatic Soviet gains in all areas of naval warfare, which must now be interpreted in light of the Walker conspiracy. Beyond any doubt, they gave the Soviets an appreciation of our technological superiority, and the motivation to improve dramatically and positively their military posture with respect to U.S. capabilities. And the acquisition of our technology to improve their military posture is one of the goals of their “*glasnost*” campaign.

While the Walker conspiracy was a traitorous violation of the trust we place in our fellow Americans, the massive Soviet intrusion into our embassy in Moscow violated the established rules for the way nations conduct themselves. What is especially revealing about this Soviet intrusion into our embassy, which is by treaty inviolable for the nation which occupies it, is its massive nature. It seems to me to be quite comparable to Iran’s actions in seizing our embassy in Teheran. But as has been the case of Soviet disregard for other treaties—certain key provisions of the SALT II and ABM treaties come immediately to mind—the Soviets seem to believe that diplomacy is merely another form of espionage or at least a cover for it, and that espionage is the rightful adjunct to diplomacy. . . .

## Pentagon report 'horseshit': Soviet

Dr. Henry Trofimenko, a spokesman of the Soviets' U.S.-Canada Institute, was provoked by this reporter into accusing the Pentagon's annual *Soviet Military Power* report of being "horseshit" before a stunned audience of 150 and national C-SPAN cameras during the plenary session of the annual International Studies Conference here April 17.

Trofimenko flew into a rage when I quoted from the 1987 edition of the Pentagon report to challenge some absurd statements he made about arms control during his speech.

Testing his skills at the new Soviet policy of *glasnost*, which is supposed to include smiles and jokes, Trofimenko proved he still has a long way to go. He was on a panel with a colleague, Sergei Rogov, and two U.S. counterparts, Helmut Sonnenfeldt and Raymond Garthoff, who did their best to encourage the congenial mood that characterized Soviet leader Gorbachov's recent meeting with U.S. Secretary of State Shultz in Moscow.

While both Sonnenfeldt, who worked under Henry Kissinger at the National Security Council and State Department in the 1970s, and Garthoff, who is a "State Department liberal" and former ambassador to Bulgaria, sought to accommodate the Soviet panelists' attempts at *glasnost*, they could not keep the Russians' boorish totalitarian personalities from erupting.

Trofimenko's opening speech was salted with weak attempts at humor, especially ridicule of the Strategic Defense Initiative (he called it the "ideal

Astrodome"). The substance of his remarks was that U.S. administration policy is based on a will to maintain a strategic preponderance, or superiority, and that this is behind the push for the SDI. This must be abandoned, he argued, for arms control to succeed.

Rogov followed Trofimenko by enumerating the specific proposals that Gorbachov had set forth to Shultz in Moscow in the "spirit of new thinking that now exists in Moscow."

Sonnenfeldt and Garthoff read written statements in monotonous tones that had little apparent relevance to the issues at hand.

I led off the question period with a three-part question, which drew out revealing responses from the two Soviet spokesmen:

1) Did the statement by Soviet Dr. Zhdanov in the March 19 *Izvestia*, calling for a cooperative, crash effort to find a cure for AIDS, represent official Soviet policy? Trofimenko answered scornfully, "I am not a medical expert, but I am sure that Dr. Zhdanov meant what he said. We, of course, do not have any significant problem with this virus in the Soviet Union, but it is a very serious matter, and, of course, we would cooperate. I believe there is already some cooperation with the Europeans, and it would be good to work with the Americans, too."

2) You claim the United States seeks superiority, yet Soviet military doctrine from Sokolovskii to Ogarkov is a "war-winning" military doctrine, and U.S. Defense Secretary Weinberger, when he released the latest edition of *Soviet Military Power*, said the Soviets have not just violated, but broken out of the Anti-Ballistic Missile (ABM) treaty, with 17 years of research into lasers, the deployment of battle-management, phased-array radars across the U.S.S.R., and battle-field lasers that were seen in action in

Afghanistan last year. Your own publication, *Red Star*, admits now that you have deployed an operational anti-satellite (ASAT) capability. Is this not true?

Trofimenko became enraged. "As to this *Soviet Military Power* you speak of, this is horseshit," he snorted. "It is public relations," he growled, "It is not substantiated."

Comrade Rogov tried to salvage *glasnost* with a little levity. "You know," he chimed in, "last year's edition of that report was printed in Russian, and my young son was reading a copy of it, and he came to me and said, 'Daddy, now I know we're number one!'" Nobody laughed.

Trofimenko was now strident. "As to the idea of military supremacy, it is true, of course, that this was our doctrine at a time when we were faced with an overwhelming U.S. superiority, surrounding us on all sides. But war-winning doctrines tend to be adopted when nations feel they have no possibility of winning. When that is not the case, they stop talking about it."

3) If you were a European nation, what would you think of a nuclear-free Europe (as Gorbachov proposes) given the massive Soviet conventional force advantage bearing down on you? It was Rogov's turn to get agitated. "First you complain that we have intermediate-range missiles, and we agree to remove them. Then you complain about short-range missiles, and we agree to remove them. And what do you do? Now you complain about conventional forces."

The encounter emboldened two others who had been hidden in the predominantly liberal audience to follow me to the microphone and confront the Russians. *Glasnost* may have worked on Shultz, but it became a bust at this affair.

## Byrd, Dole, Hollings rip 'cosmetic' INF agreement

Senate Majority Leader Robert Byrd (D-W.Va.), Senate Minority Leader Robert Dole (R-Kan.), and Sen. Ernest Hollings (D-S.C.) all took to the Senate floor on April 21 to caution against a hasty arms-control agreement on intermediate-range nuclear weapons (INF). Their statements echoed many of the concerns raised by U.S. NATO allies.

Byrd cited Gen. Brent Scowcroft who had written the day before in the *Washington Post* that the "administration erred in the first place by proposing the zero option in 1981." "Such an agreement may pose political risks for the NATO Alliance," Byrd said, pointing out Soviet conventional superiority. "Without the deterrent pledge of nuclear weapons, and without the credible threat of NATO first use of nuclear weapons in the event of a Warsaw Pact invasion, our European allies could be subjected to intense political pressure."

"I would caution the administration against racing into an agreement which is cosmetically attractive but works against the cohesion and steadfastness of the Atlantic alliance," Byrd said. "To have a chance for Senate approval, any agreement must advance our national security, and must make Europe more secure."

Hollings warned that racing to an agreement in the next 18 months was "not either in our best interests or that of our allies." Our deterrent relies on both conventional and nuclear forces, and if we reduce our nuclear capability, we must be prepared to build up conventionally. "I seriously question whether we are prepared to meet such needs," Hollings said.

He pointed out three major obstacles to any agreement: Soviet viola-

tion of existing treaties; the need for verification; and "the maintenance of the strongest U.S. technological base possible. It should be remembered that the main thrust of the Soviet Union in essentially every recent arms treaty has been to stop or slow down American technology."

Dole demanded that all short- and medium-range INF weapons be included in any agreement, and it should eliminate such weapons entirely to enhance verification, (the zero-zero option).

Sen. Sam Nunn (D-Ga.) gave a speech in Brussels, however, proposing that NATO consider major new arms-control proposals, obviously to ease the way to an INF agreement. Nunn suggested that NATO renounce first use of nuclear weapons in exchange for the Soviets pulling their tank armies away from the front, and that 2 U.S. divisions be pulled out of Europe in exchange for roughly 11 Soviet divisions pulled out of East Germany, Poland, and Czechoslovakia. Moving Soviet troops a few hundred miles is obviously easier than returning U.S. troops and equipment to Europe. But such proposals fit in with Nunn's troop pullout, decoupling initiatives.

## Broomfield: Abrogate the embassy accords

William Broomfield (R-Mich.) introduced House Joint Resolution 230 on April 6 to terminate the current U.S.-Soviet agreement allowing each nation a new embassy.

The move follows extensive criticism of the State Department handling of the construction of the new U.S. embassy in Moscow where portions of the building were constructed off site

and were implanted with Soviet electronic listening devices. A presidential team is currently evaluating whether the building will have to be torn down and rebuilt.

The move also follows criticism that the Soviets were allowed a choice, high-elevation location in Washington, D.C. by Henry Kissinger under Nixon, for their new embassy, giving them sweeping electronic surveillance capabilities.

The resolution directs the Secretary of State to notify the Soviet Union within five days that we are pulling out of the agreement signed on May 16, 1969, the "Reciprocal Allocation for Use Free of Charge of Plots of Land in Moscow and Washington," and renegotiate where the embassies will be. "The effect of my legislation is to wipe the slate clean," Broomfield said.

Broomfield said that recent events indicate that "we are facing a security, diplomatic, and intelligence disaster that is unparalleled in recent history. . . . I have introduced legislation to counter the Soviet electronic surveillance of the U.S. embassy in Moscow and to reverse the unsettling and flippant attitude of the bureaucracy to the threat of the Soviet espionage. . . ."

Broomfield may attempt to add the resolution to the State Department authorization which is ready for floor action.

## Glenn, Humphrey, Markey put NRC under fire

At the moment that the Nuclear Regulatory Commission has been nearing startup authorization for the Seabrook, N.H. and Shoreham, N.Y. nuclear plants, a gaggle of anti-nuclear

congressmen have launched a wave of attacks against the NRC. The same left-right combination of liberal environmentalists and fiscal conservatives that united to kill the Clinch River Breeder Reactor and nuclear power in the United States, is once again in evidence.

At a House Energy and Commerce subcommittee hearing on April 21, Rep. Ed Markey (D-Mass.), one of the more notorious anti-nuclear environmentalists, accused NRC executive director Victor Stello of "coaching" the owners of the Seabrook nuclear plant on how to get an operating license and that he "virtually implored" them to submit a 10-mile evacuation plan.

NRC Chairman Lando Zech told Markey and the committee that Stello was simply telling the utility "the facts of life," that the NRC was not going to approve a 1-mile evacuation plan as the owners have been fighting for.

Sen. Gordon Humphrey (R-N.H.) blasted the NRC for allegedly attempting to water down the emergency evacuation planning, complaining that the indication that evacuation not only can but "will" take place is missing from the NRC's statement. The NRC rule would make an evacuation plan acceptable if protective measures can be taken if there were "reasonable State or local governmental cooperation."

Sen. John Glenn (D-Ohio), called for the resignation of another NRC board member, Thomas M. Roberts. NRC documents showing safety defects at the Waterford Nuclear Plant near New Orleans were leaked from Robert's office and found in the company's files. "I have done no wrong, and I have no intention of resigning," Roberts said. "I welcome a review of these matters by the Justice Dept."

## **R&D facility proposed for highway building**

Rep. Dan Glickman (D-Kan.) introduced H.R. 1621 on March 24 to provide a research and development facility for materials related to bridge and highway construction.

The bill would direct the Secretary of Transportation to put \$30 million per year for three years into a fund, in consultation with the National Research Council, the National Academy of Sciences, and the National Academy of Engineers, "to establish a highway research and development program focused on increasing the quality and durability of high-cost highways.

The bill specifically refers to seeking ways to improve asphaltic materials, concrete, the long-term performance of paved surfaces, procedures for administration and control of maintenance, methods to reduce the use of salt on highways and chloride contamination of bridge decks.

"It has been estimated that relatively small technological improvements made in such materials can save billions of dollars and more importantly, lives," Glickman said. "The National Research Council has estimated that nearly 40% of our nation's bridges are nearing the end of their 50 year design life, and over 20% have already been identified as structurally deficient. By 1995, an estimated 26,000 miles or 56% of our interstate highways will need resurfacing or major repair work," he said. The FHA recently told Congress that \$50 billion is needed, \$13 billion of that immediately, to ensure the safety of the nation's bridges.

Despite the huge size of the construction industry, it has had virtually no R&D program. The Glickman bill is a small part of more widespread and

growing interest relating to all areas of the construction industry on the Hill.

## **Senate committee rejects funds cut to Pakistan**

The Senate Foreign Relations Committee voted 11 to 8 on April 23 to reject a cut in aid to Pakistan, an important U.S. ally.

The vote was a key rejection of efforts carried on by the anti-nuclear and pro-disarmament crowd to penalize Pakistan for reportedly attempting to acquire nuclear weapons. Both the Senate Foreign Relations and the House Foreign Affairs Committees have previously voted to warn Pakistan that an aid cutoff would have "adverse consequences" on its relationship with the U.S.

In the debate, Sen. Jesse Helms (R-N.C.) warned that an aid cut "undoubtedly would be seen by Pakistan as a hostile act" by a formerly reliable ally.

Two liberal Democrats joined Republicans in the vote. Sen. Chris Dodd (D-Conn.) rejected the aid cut on the basis that such cutoffs are not effective policy. It "hasn't worked with India and won't work with Pakistan," Dodd said. He has said that encouraging a warming of relations between India and Pakistan is the best way to approach the proliferation issue. Sen. Kerry (D-Mass.) later told press that if Pakistan acquires a nuclear device, U.S. aid would be cut off anyway.

Sen. Alan Cranston (D-Calif.), a major advocate of cutting \$100 million out of the \$625 million in aid to Pakistan proposed for FY88, claimed that the Pakistanis were "breaking statements made to the President and moving forward to a nuclear weapons capacity."

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# National News

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## Administration sells computers to Iran

The Reagan administration has okayed the sale of computers to Iran. Despite objections by Defense Secretary Caspar Weinberger, the administration gave final approval to sell \$900,000 worth of equipment containing U.S.-made computers to Khomeini's outlaw regime, say news reports of April 22.

Administration and computer industry officials said that the National Security Council, which had been asked to mediate a dispute over the sale within the administration, gave the go-ahead for the sale in mid-April.

Secretary Weinberger argued that the United States should not be providing any aid whatsoever to the Iranian regime, but Commerce Secretary Malcolm Baldrige and Secretary of State George Shultz approved of the proposed sale, and won the day. Shultz and Baldrige argued that the computers involved had no military applications.

There were no immediate reports on whether Lt. Col. Oliver North was consulted.

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## Kennedy endorses Dukakis, attacks SDI

Sen. Edward Kennedy (D-Mass.) endorsed Massachusetts Gov. Michael Dukakis for the Democratic Party's presidential nomination on April 16, while speaking to the World Affairs Council in Los Angeles. Kennedy also said Democrats should oppose early deployment of the Strategic Defense Initiative.

"I will work to see to it that the Democratic Party and the Democratic platform of 1988 will repudiate any such deployment," he said.

Kennedy labeled the economy the overriding election issue for 1988. "As President Kennedy used to say, the most impor-

tant social program is a sound economy. If that's wrong, nothing else is right," he said. "You limit yourself in terms of security interests if you limit yourself in trying to meet the areas of human needs. So that has to be the issue."

A Dukakis candidacy is obviously a stalking horse. Foreshadowing his possible acceptance of a draft candidacy, Kennedy said, "These days, I don't think about running for President any more . . . but I don't think about it any less either."

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## Rights investigator protests Hansen arrest

A leading Indian lawyer, S.C. Birla, has sent a telegram to the White House protesting the arrest of former U.S. Congressman George Hansen (R-Idaho). Hansen, who calls himself a "political prisoner," is the author of *To Harass Our People*, an exposé of the way the Internal Revenue Service violates fundamental constitutional rights. He served six months in federal penitentiary last year, after being prosecuted by the Justice Department for not listing his spouse's income on his own financial disclosure—the same "violation" of income reporting for which Geraldine Ferraro was cited but never prosecuted.

Hansen was arrested for violating the provisions of his parole the weekend before Easter, six days before a scheduled meeting with the parole board to discuss his protest of the highly restrictive provisions. His violation consisted of leaving the Washington, D.C. area for a speaking engagement.

After meeting with Hansen, S.C. Birla, chairman of the All-India Bar Association, pledged to investigate Hansen's case, commenting that it appeared to be "another case of political harassment against a dissident in this country." Birla is a member of the Commission to Investigate Human Rights Violations in the United States, and has already condemned political persecution of Lyndon LaRouche and his associates.

During a 1979 trip to Teheran, Hansen,

then a congressman, called a press conference at the American embassy to declared, "The people who should be in jail here are Henry Kissinger and David Rockefeller."

Hansen's recent campaign to expose the horrible conditions in the nation's prisons, including the potential spread of AIDS, has put him nose-to-nose with the Justice Department and what he calls "their foreign style of law enforcement."

He told his supporters in a recent appeal, "The threat of jail doesn't frighten me, but the threat of damnation for cowardly compromise of God's principles does. . . . Heavy-handed government might bruise us up and often throw us in jail, but that doesn't stop freedom-loving citizens from standing up and fighting back."

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## PANIC group files for material's return

Robert Levy, attorney for California's Prevent AIDS Now Initiative Committee (PANIC), filed a Writ of Mandate April 17 with the Superior Court of California to demand the return of materials seized in a raid on PANIC offices by state authorities over five months ago. The Nov. 19, 1986 raid followed the organization's success in placing on the state's November ballot the famous "Proposition 64," mandating public-health measures against AIDS.

The court fight now is basically over whether law enforcement authorities can hold such materials indefinitely while charging no one with a crime.

Attorney Levy's action contests an adverse ruling a week earlier that would turn over PANIC materials now in possession of the state to Los Angeles District Attorney Ira Reiner's office for "continued investigation." Judge Harold Schwab had denied a motion for return of property, despite the argument that retention of the materials for five months with no criminal charges is totally unreasonable and in violation of constitutional rights.

The materials were seized by Attorney General John Van de Kamp's office, after



what PANIC spokesmen termed a "bogus investigation" into the method of gathering signatures to place Proposition 64 on the ballot.

Schwab ruled that he does not believe that five months is unreasonable as long as the authorities have probable cause. He did, however, stay his ruling for 10 days to allow for appeal.

The Writ filed April 17 makes the point that authorities are clearly reviewing the material for months on end, in the absence of a crime, "looking for a crime." Levy concluded that if the relief sought is not granted, then the California courts are saying that seized materials can be held indefinitely.

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## More Wall Street drug busts coming

There are more big-name drug arrests coming on Wall Street, according to informed sources. The April 16 arrests of 16 stock brokers, including a senior partner at Wall Street's Brooks, Weinger, Robbins, and Leeds firm, on drug-related charges including trafficking and insider-trading, is just the beginning of U.S. Attorney Rudolph Giuliani's crackdown, *EIR* has been told.

The April 16 arrests were preceded by a three-year investigation into the connection of various Brooklyn mafia families to Wall Street's top brokers, said the source.

Related is the New York Police Department's announcement that 114 drug dealers had been arrested over a recent period in streets, parks, and bars near Wall Street. The sweep will allow prosecutors to turn numerous users and dealers into informants, thereby reaching into the higher levels of Wall Street.

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## AIDS: They're all sounding like LaRouche

More than a year ago, presidential candidate Lyndon H. LaRouche, Jr. coined the slogan

"AIDS Is More Dangerous Than Nuclear War," and forecast that it would be the number-one political issue of 1988. Some months ago, he authored a piece warning that if government inaction continued, there would be vigilante actions, with homosexuals particularly targeted. For this, LaRouche was vilified.

LaRouche's villifiers of that time are now sounding exactly like him. Three more cases in point:

- AIDS is the number-one threat to the national security of the United States, according to counterterrorism expert Robert Kupperman of the Center for Strategic and International Studies. In a presentation before the U.S. Naval Academy in mid-April, he called for an emergency national debate and predicted an outbreak of mass vigilante actions against homosexuals and drug addicts in response to fear of the disease. He also called for professionals to develop medical, security, and political action plans if civil liberties are to be protected and a military state of siege avoided.

- In a *New York Times Magazine* feature entitled, "The Terrifying Normalcy of AIDS," Harvard biologist Stephen Jay Gould announced that AIDS is "potentially the greatest natural tragedy in human history," and could kill off "over a quarter of us. . . . AIDS ranks with nuclear weaponry as the greatest danger of our era. . . . The exponential spread of AIDS underscores the tragedy of our delay in fighting one of nature's plagues."

- "AIDS is going to end up changing America and American politics," the *Philadelphia Inquirer* quotes California assemblyman Art Agnos, a furious opponent of LaRouche on the AIDS issue. "At first we didn't do anything because we thought AIDS was going to go away or the magic bullet would show up. AIDS isn't going to go away. Not next year, not in 5 years, not in 25 years and maybe not in 50 years. It's no longer projections. It is now a full-blown catastrophe, right now. . . . From now on AIDS will be mainly a political story. The major debate, I predict, will be cost. . . . By next year voters may very well be choosing candidates based on their position on those particular issues of costs."

## Briefly

- **THE SPACE SHUTTLE** launch has been delayed again by NASA, which declared that it cannot meet the Feb. 18, 1988 due date for the first post-Challenger launch. No new date was set. Shuttle program head Richard Truly said it had been decided to conduct two major tests before the launch, and they "will result in a new target launch date."

- **BRUCE BABBITT**, former Arizona governor and presidential hopeful, told a Cable News Network interviewer April 19 that "it might be wise" to "seriously examine limited proposals" to do something about AIDS, like testing marriage license applicants. Broad testing, however, wouldn't survive cost-benefit analysis, he added.

- **THE PENTAGON** is accelerating a project codenamed "Prometheus" that aims to develop what the *Washington Times* terms a "nuclear shotgun." The weapon pinpoints warheads during a nuclear attack, and fires an atomic warhead into space to form a killer-barrier to missiles. It might be ready for the first phases of SDI deployment.

- **U.S. EMBASSIES** in seven Mideast nations and the Soviet Union were designed by firms that had no security clearance, says a report by the General Accounting Office. The GAO also indicated that the State Department "did not know how many copies of blueprints were in existence for their overseas projects."

- **SEN. WARREN RUDMAN** wants former CIA Director William Casey examined by a doctor to determine his precise medical condition before congressional hearings on the Iran-Contra affair begin. He says he believes Casey is truly ill; "I don't think anybody has any doubt, but I think . . . since Casey potentially is such an important witness . . . there ought to be some corroboration."

# Editorial

## *An open letter to the President*

To: President Ronald Reagan, Attorney General Edwin Meese  
Sirs:

The headquarters and offices of this publication have been seized by members of your administration, without any legal justification, grounds, arguments, or court action anywhere in the U.S.A. Such actions are only known to take place in totalitarian states.

Below is the partial text of a document you were sworn to uphold when you took your oath of office. Read it and weep.

### **Article I**

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

### **Article II**

A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

### **Article III**

No soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.

### **Article IV**

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

### **Article V**

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual

service in time of War or in public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any Criminal Case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

### **Article VI**

In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining Witnesses in his favor, and to have the Assistance of Counsel for his defence.

### **Article VII**

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

### **Article VIII**

Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

### **Article IX**

The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

### **Article X**

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Sincerely,  
Criton M. Zoakos

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