

EIR

Executive Intelligence Review

May 15, 1987 • Vol. 14 No. 20

\$10.00

The Soviet role inside Project Democracy
Mars mission spinoff: industrial laser chemistry
Marshal Ogarkov officially resurfaces

Soviets stoke replay of 1961 Berlin crisis



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magazine."**

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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

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
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In Denmark: EIR, Rosenvaengets Alle 20, 2100 Copenhagen OE, Tel. (01) 42-15-00

In Mexico: EIR, Francisco Días 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

The cover photo evokes one of the historical metaphors most relevant to the current, dangerous strategic situation. In the summer of 1961, after Nikita Khrushchov had determined that President John F. Kennedy was a coward, the Soviets began a series of escalating provocations in the enclave of West Berlin. Our photograph shows the building of the infamous Wall in August 1961, supervised by East German "Vopos" who were initially deployed to the site with no bullets in their weapons. They were under orders to withdraw if there was any sign of resistance from the Western allied powers.

No such resistance occurred.

Another chilling parallel to present events, is that at that time, an official of the U.S. embassy in West Berlin was sending daily dispatches, reporting on Soviet provocations against Western air corridors into the city, and atrocious harassment of incoming trains. He received orders from the President of the United States, telling him to desist from such reports, as they were sabotaging Kennedy's "peace" efforts vis-à-vis the Soviet Union.

Today, less than a year after the 25th anniversary of that Berlin Crisis, West Berlin has again become the focus of a "testing" of the West. And again, orders have apparently been issued in Washington to ignore the provocations from the Kremlin. Rather, President Reagan seems to be intent only on salvaging his administration by making a "peace" settlement with the Russians.

Starting on page 30, this week's *International* report details the incredible provocations that have occurred in West Berlin, and the background in the Kremlin, the "Third Period" turn signaled by the official resurfacing of Marshal Ogarkov, the butcher of KAL-7.

Who wants to block out this reality and why? The *Feature* by Lyndon LaRouche (page 22) puts the Soviet role in Project Democracy under the microscope, while on page 54, we begin a series of articles by Jeffrey Steinberg detailing the networks by which Soviet control over the "Irangate" crowd in U.S. intelligence services has been run.

We also draw special attention to the *Science & Technology* section, focused on one of the near-term benefits of a push to colonize Mars by 2027: an industrial revolution through laser chemistry.

Nora Hamerman

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June economic summit: under water in Venice

by David Goldman

No new American policy initiative will surface at next month's summit of the major Western industrial nations in Venice, administration officials are warning the financial press. Washington now concentrates on making it through the week. In the first week of May, Japanese charity postponed a further crash of the dollar and U.S. securities markets, by absorbing more than 40% of U.S. long-term bonds offered at auction May 7. The U.S. Treasury took the unprecedented step of telephoning the major Japanese institutions individually, to persuade them to purchase American long-term paper, whose value has lost about 12% since April 1.

By June, the entire question may be moot, since the Treasury may well run out of funds on May 28, through the expiration of its borrowing ceiling, and default on its obligations. To avoid this, the Treasury and the Fed may take the same sort of fiscal and monetary austerity measures the IMF has imposed on third world debtors, crushing the U.S. financial system.

That the Japanese rescue of the American Treasury was no great source for joy, is evident from the dollar's position on May 8, namely at about 139 yen, or 10% below its position Feb. 21, when the summit countries' finance ministers pledged at a Paris meeting to stabilize currencies. The West German mark is hovering right around its historical low against the dollar, reached on Oct. 31, 1978, during the Carter administration's ebb-tide.

Although it had been feared widely that Japan might boycott the Treasury auction, heavy Japanese participation barely moved the dollar off its all-time lows—which means that everyone who has speculated against the dollar has won heavily, and the central banks who tried to defend the dollar have lost heavily. The dollar is now set for another ratchet-

collapse, perhaps around the May 15 deadline for congressional extension of the federal debt ceiling.

Japan, as the economic leader of the free world, has acted responsibly. Japan's Prime Minister Yasuhiro Nakasone refused American demands to turn on the central bank printing presses, in order to flood the market with yen and depress its value. He also refused to subordinate Japan's foreign economic policy to the International Monetary Fund/World Bank, the institutions which are responsible for the disaster now underway.

There was, in fact, no "interest-rate agreement" between Nakasone and Reagan. Nakasone said only, "I've instructed the Bank of Japan and the Finance Ministry to start operations to lower interest rates, and it has started." A Japanese senior official told U.S. reporters that this was not an order, merely a request; that no timetable was agreed for a lowering of interest rates; and that no specific interest rate was agreed upon.

Secondly, Japan refused American demands to use its promised increase in overseas aid to bail out U.S. banks with bad overseas loans. Asked by a reporter whether "Japan is actually being asked to bail out the U.S. banks" with this fund, a spokesman for Prime Minister Nakasone said, "The purpose is not [to bail out the banks]. The purpose is to assist the recycling process mainly through the development—promoting the development projects." In addition, the spokesman emphasized that the funds would be controlled by the Japan Export-Import Bank and the Japan Overseas Economic Cooperation Fund, rather than the World Bank, as U.S. officials were demanding.

However, according to Japanese press accounts, the finance ministry made an 'unusual' unofficial appeal to indi-

vidual institutions to buy U.S. bonds. Since Japanese news accounts reported in advance precisely how much of the \$29 billion bond offering Japanese institutions would buy, and Japanese brokerage houses informed market participants of their intentions in advance of the auction, it would appear that the institutions were even assigned quotas. Japan conceded nothing on basic policy, but gave Washington breathing room; what will Washington do with the borrowed time?

The May 15 time-bomb

European institutions indicate that the point they may choose to dump their U.S. bond holdings, may come May 15, when the Treasury's authority to borrow expires. Last time the "federal bankruptcy" cliffhanger was enacted, the administration accepted the Gramm-Rudman-Hollings straitjacket on federal spending. GRH has failed hideously, with a budget deficit projected officially at over \$170 billion for Fiscal 1988, when the GRH law dictates a ceiling of \$108 billion; and that doesn't count \$45 billion for the Federal Savings and Loan Insurance Corporation (according to a New York Times report May 8), or even more; or an additional \$6 billion to bail out the bankrupt Farm Credit System, or an additional \$7 billion for the Commodity Credit Corporation, or the costs of higher interest rates—even assuming the administration's ludicrous recovery scenario comes through.

The federal deficit now looks towards a range of \$330 to \$400 billion, according to an estimate to be published in this publication's next *Quarterly Economic Report*. Nonetheless, Senator Warren Rudman (R-N.H.) and colleagues want to use the borrowing-ceiling deadline to force the administration to lie down in the Procrustean bed, *no matter what*. Even the *New York Times* is terrified by the prospect; an editorial May 4 warns, "The time bomb was concocted to give the Treasury no room for fiscal tricks, and to force a showdown in Congress over still another gimmick, the Gramm-Rudman-Hollings law. Its three cosponsors want new teeth in their misguided balanced-budget scheme, which the Supreme Court rightly defanged last spring."

Rudman et al. want new taxes, accompanied by huge cuts in defense spending, which coincides precisely with the published recommendations of the Soviet media. A news analysis by the Soviet press agency Tass April 28 notes the dollar, and concludes, "the ills are also a result of Washington's unfair play with regard to its partners. . . . The U.S. pays for the militaristic intoxication of the present administration with huge budgetary deficits."

It appears that the Democratic-controlled Congress will blow up the Treasury's finances, unless the administration agrees to not merely a tax increase, but further sharp reductions in the federal budget. Corporate tax contributions have already risen 22% over the last fiscal year, entirely due to the front-loading of tax increases into last year's so-called tax reform; these payments came directly out of capital spending. GRH sponsors want more. Defense spending, at a 3% nom-

inal growth rate, is now falling in real terms, after congressional cuts had already eliminated \$33 billion in projected spending during the past two years. GRH sponsors want less.

The interest-rate issue

The International Monetary Fund, the Organization for Economic Cooperation and Development, and the Bank for International Settlements have no confidence that the Administration and Congress will agree on means to treat the United States the way the IMF treats Brazil or Mexico. They demand that Federal Reserve Chairman Paul Volcker accomplish the same thing by raising U.S. interest rates. Among other central bankers, West Germany's Karl-Otto Pöhl made the first public demand that the U.S. tighten monetary policy, as the international organizations prescribe.

"Volcker has no choice left but to tighten," argues an International Monetary Fund consultant. "His options are damned limited. On the two occasions on which finance ministers promised to stabilize exchange rates, they were devastatingly smashed to bits. The credibility of such agreements is nil. *The only instruments left are monetary instruments*. It's a no-win situation, no matter what you do. If Volcker has to protect a fragile domestic and international credit system, I don't know how he can do it. If he doesn't tighten, he faces a run out of the dollar and a financial crash. So he has no choice but a tight but steady monetary policy, and to hope for the best. Not only are the thrift institutions in danger [with tight money], but the brokerage houses, and everyone carrying an inventory of long-term paper. It looks kind of grim."

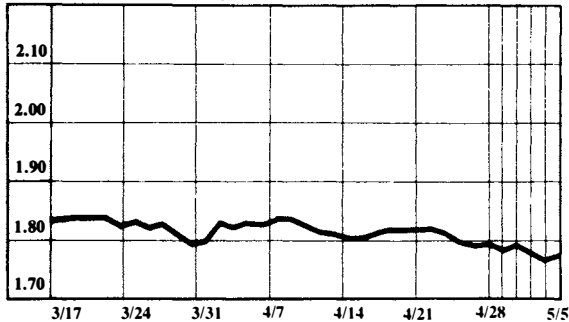
The Secretariat of the Organization for Economic Cooperation and Development, which will sponsor its annual meeting of Western finance ministers May 12, "is screaming, it [Washington's policy] ain't gonna work!" according to an economist close to the Secretariat. Last month the OECD published a report attacking U.S. economic policy, "for the first time since the Secretariat was sat upon by Reagan and Thatcher, and told to keep their mouths shut. Beryl Sprinkel and the British insisted that everyone should mind their own store, and no one should attack domestic economic policy; so the statements of the OECD and IMF have been very bland. This is the first time someone has hoisted the red flag."

If the Fed tightens even another 100 basis points, the entire savings and loan system will collapse; as large deposits run off, it may collapse even with the present level of rates. Volcker, perhaps due to administration pressure, has refused to do more than "snug" short-term interest rates up by about half a percentage point, therefore inviting a new run against the dollar, probably coincident with the peak of debate over the debt ceiling. At that point, Volcker's profile suggests that he will repeat his infamous October 1979 "Columbus Day Massacre," and sharply raise interest rates; and, in the words of Budget Director James Miller, we will all be in "deep soup."

Currency Rates

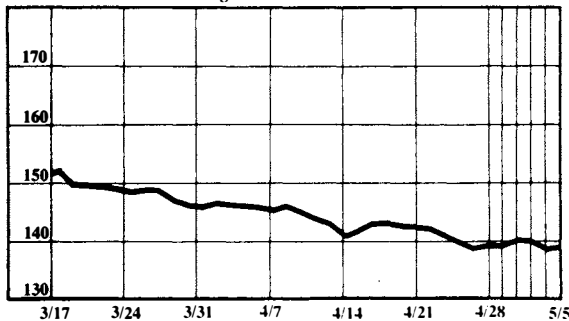
The dollar in deutschemarks

New York late afternoon fixing



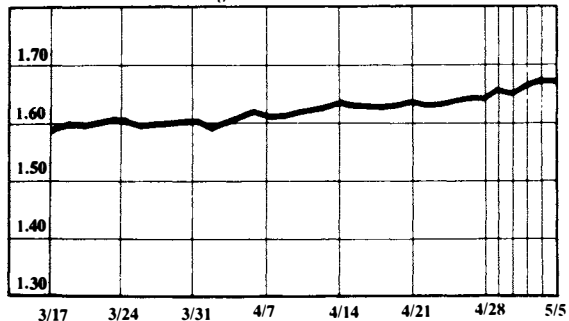
The dollar in yen

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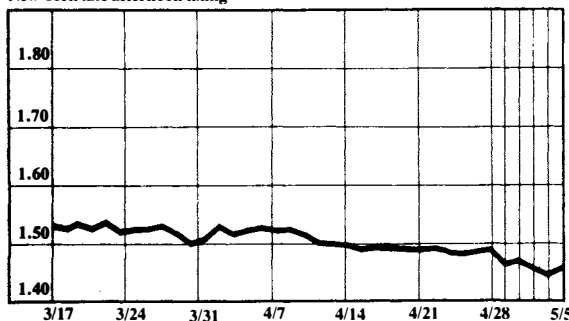
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Peru

Alan García gets the

by Gretchen Small

With Brazil's audacious finance minister, Dilson Funaro, forced out of government, the international banking community—with the active collusion of Moscow—has turned its sights on Peru's President Alan García, the other leader who has dared to challenge the West to radically reform the international financial system.

Events of May 4 exemplify the scope of the military, psychological, and economic war against García. At 8:45 p.m., terrorists blew up, simultaneously, 14 electrical towers, located in three different places in the country, cutting electricity to six departments, including nine cities, one of them the capital. As families sat by candlelight listening to the radio for news, Radio Programas del Peru, whose owners are close to former Peruvian Prime Minister Manuel Ulloa, broadcast a hysterical woman screaming that García was the problem: "Get that crazy man, García, out of here."

Local news agencies controlled by entrenched financial interests allied with foreign banks, have launched a propaganda campaign against García, labeling him "impetuous," "arbitrary," "arrogant," "crazy," a communist Mussolini who intends to break all of Peru's ties to the international world—on a whim. On May 4, someone within the government's own press agency, Andina, reported that García had threatened to stop all international sales of Peruvian oil and fishmeal—two of the country's largest export earners—because Peru was not paid enough for them. The President's office immediately issued a denial, providing the actual text of García's statement. García had simply reiterated his argument that the world financial system must be reordered, so that developing nations receive payments on the product of their labor, sufficient to allow the nations to develop.

The campaign to paint García as an isolated madman tilting at windmills repeats the strategy used against Brazil's Funaro, who had said upon resigning: "Not finding solid reasons to attack the Brazilian position, which they knew to be correct, they mounted against us a campaign of disinformation. This way, the presentation of the truth was characterized as arrogance; the defense of the legitimate interests of a sovereign country was labeled confrontation."

Stop that growth!

The press campaign has taken a toll in Peru, creating cynicism in the political and business elites. But García's

Funaro treatment

enemies have a problem: In his 21 months in office, Peru's economy has grown dramatically. On April 26, Peru's minister of industry and commerce, Manuel Romero Caro, released the statistics for the manufacturing sector for the first quarter of 1987. Manufacturing had grown by 20%, an acceleration of the 17% growth rate achieved in 1986. Within that sector, non-metallic industries grew by 41.4%, while metals manufacturing grew by 94.6%—a sharp contrast to the collapse registered in most other parts of the world.

These levels of growth, combined with a policy of increasing domestic buying power by increasing wages and salaries of all sectors by some 250% since July 1985, have gained García tremendous popular support, providing him the political power to withstand continuous efforts to remove—or eliminate—him.

No private interests will invest in Peru, as long as President Alan García maintains his policy of limiting payments on the foreign debt, Augusto Blacker, former president of Peru's Banco de la Nación, told Lima's *La República* on May 3. Blacker asserted that Peru faces an inflationary explosion and economic crisis, because the country has "a President who [has decided] as a political position, to break all ties with the international financial system."

Blacker's threats were but the latest delivered by members of a powerful circle of local financial interests, centered around former Prime Minister Manuel Ulloa, and Lima's Institute for Liberty and Democracy (ILD). The latter, leading advocates of legalizing the narcotics-financed "black economy," are financed by U.S. taxpayer dollars channeled through the National Endowment for Democracy.

In an interview with *Visión* magazine, released on April 12, Ulloa asserted that "everyone says, inside and outside of Peru, that we can forget any idea of receiving any foreign resources for the next five years . . . neither credits nor investments [will come]. No investment from private interests should be expected either, under current government policies," the former Wall Street banker stated. "Tell me who is going to deposit money so that through the banking system, the development of production can be aided."

Any attempt by the government to attempt to force the private sector to reinvest its capital, will be "totalitarian" and "unconstitutional," Ulloa added. Sooner or later, the government will be forced to "rectify" its policies, and agree to

"streamline the economy," a euphemism for a return to the austerity policies which he implemented in Peru as economic minister and premier in 1980-82.

The same day, Ulloa's newspaper, *Expreso*, ran an interview with a leading ILD ideologue, Felipe Ortiz de Zavallos, which went further. Not only should the private sector not invest, but the time has come to take their money and run, Ortiz de Zavallos declared. The private sector finds itself "in the situation of going tomorrow to Ocaña Street [Lima's "informal Wall Street"], converting their businesses into dollars, and beginning again some place outside of Peru."

This crowd is now churning out the line that domestic growth policies such as that adopted by García's government, can work only in the short term. The "Peruvian model" has reached its end, they argue. To avoid the "inevitable" collapse, they propose a return to the "free market" policies of the last government, which left only the narcotics industry standing in Peru!

Blacker complains bitterly that the problem with the current economic team of the government, is that "it seems it has opted to prioritize economic growth. . . . The Peruvian economy will show signs of stagnation during this year," Blacker insists. Why? "In 1986, the growth of GNP went from a 4% annualized rate in the first quarter, to a 7% rate in the second, 13% in the third, and 19% in the fourth. That is to say, the takeoff of growth was brutal between the first and the fourth quarter!"

On March 11, Lima's *El Comercio*, "leaked" a private World Bank study which purported to *prove* that "the Peruvian plan will wear itself out in the short term." If the government does not devalue its currency and control the public deficit by cutting back investments in infrastructure, "the probability grows daily that the government will have to take recourse to drastic limits on internal demand, and apply either a large devaluation or establish even greater controls on imports, with the aim of containing inflation, and backing up the balance of payments," the World Bank argued. While acknowledging that Peru's economy grew on unprecedented 8.9% in 1986, World Bank specialists have been busy informing local "economists" that Peru should "put more emphasis on preserving its export potential, its ties abroad, and the general efficiency of the economy, instead of seeking autonomous development and the use of investments and direct investment as fundamental instruments of economic policy, as the government has preferred," *El Comercio* reported.

Putting capital to work

García met with leaders of the Small and Medium Textile and Shoe Industries Association on April 29, to urge them to help unite the country behind the "experiment" with growth. "Capital in movement, capital generating work, capital generating production—this capital is defended by the state. Inert capital, rentier capital, this must gradually disappear

from our country. We want people who work, true industrialists, not rentier industrialists . . . great promoters," the President said.

The first week in April, Economics Minister Luis Alva Castro (whose head Ulloa has been demanding as the first sign of a change in government economic policy), announced that a new National Investment and Employment Fund would be created by the government, for priority industrial projects. The private sector, including domestic financial interests, is asked to provide two-thirds of the Fund's projected \$450 million, while one-third will be generated from the sale of government bonds to the private sector, which are required to invest 20% of their 1987 earnings (spread out throughout the year) in the Fund's bonds. As an incentive, companies will be guaranteed 50% earnings on the bonds, which will also worth 3 intis, for every 2 intis invested. In turn, those who invest in priority projects, especially in provinces, will be exonerated from taxes, the minister announced.

At the same time, Alva Castro announced that new exchange controls had been set up, to stop the bleeding of the country's resources through capital flight. A license is now required for anyone seeking to bring in, or send out, foreign currency out of the country, while the government prepares a "budget" allocating foreign exchange by sectors of the economy, to insure sufficient currency is available for priority sectors. The government had detected significant instances of companies receiving tens of millions of dollars for "imports," which were then simply deposited abroad in private accounts.

The free market crowd screamed "dictatorship," and demanded the government cancel the exchange controls and the proposed Fund. Private business opposition to the proposed bonds forced Alva Castro to announce a 30-day extension on the sale of bonds.

Not all, by any means, oppose the government's experiment in growth. Jaime Crosby Russo, president of the National Association of Financial Companies, told *EIR* correspondent Liliana Pazos in early May that the national financial sector which he heads, had not only benefited greatly from the government's growth strategy, but has already communicated to the government willingness to participate in the proposed fund. The *financieras* sector which he heads, provides most medium- and long-term financing in the country. Under the previous government (whose economic policies were set by Ulloa), savings dropped from 12% to 5%, from 1980-85, and the *financieras* almost disappeared, Crosby Russo explained. Now, the savings rate has risen to 13%, despite the fact that inflation is higher than earnings. Our business is to capitalize credit, he said, and the government measures will help us.

For all the talk of disinvestment, thus far, investment has continued to grow, Luis Alva Castro reported in a May 3 interview with *El Comercio*. He said that in the first quarter of 1987, imports of capital goods had doubled over last year's average, reaching a record \$88 million in the month of March.

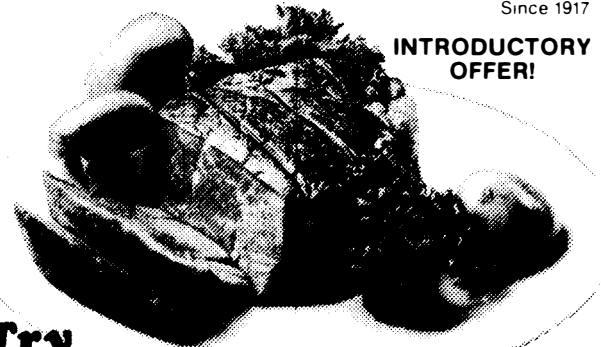
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New document calls for joint debt talks

by Valerie Rush

Five former Presidents and 13 other prominent Ibero-American figures, including former ministers and congressmen, put their names May 4 to a document which in the strongest terms yet calls for a political alliance among Ibero-American debtor nations to force a negotiated solution to the debt crisis. "The debt has become a severe threat to the sovereign decision-making power of our states, and should be rejected through the responsible exercise of self-determination. This necessitates Latin American solidarity and joint negotiation. No other alternative exists," asserts the document.

The statement of the ex-Presidents does not give explicit backing to Peruvian President Alan García, who single-handedly challenged the creditors two years ago by imposing a ceiling of 10% of export income for debt payments. However, it does propose that a similar debt strategy be adopted globally; further, it urges that a debtors' alliance employ the weapon of "cross moratorium," in the event of creditor reprisals against any of the debtor nations subscribing to the alliance.

The debt document was signed by three former Colombian Presidents—Belisario Betancur Cuartas, Misael Pastrana Borrero, and Alfonso López Michelsen—and by the former Presidents of Ecuador and Venezuela, Oswaldo Hurtado and Carlos Andrés Pérez, respectively. A mixed crew, to be sure, but agreed on one overriding point. As the document states, "The patience of our citizens is running out." The document explains:

"Our countries can and should pay for their own errors, but not those of their creditors. The sacrifice of past years cannot be maintained. . . . The counterpart has been more inflation, lower wages, economic stagnation and increasingly more serious social tensions. . . ."

"Latin America's efforts were not compensated by renewal of international financing. . . . International credit serves to maintain the balances of the creditor banks. It takes away from, and does not add to, the available resources in Latin America. What is being discussed today with the lenders is not what they will bring, but what they will take. There

is no perspective of this changing in the foreseeable future. All the creditors' advice pursues the same objective: more adjustment and sacrifice to pay the debt."

The document goes on to present six concrete proposals to the debtor nations, proposals which *EIR* readers will recognize as strikingly like those incorporated in Lyndon LaRouche's 1982 "Operation Juárez" proposal:

"We propose:

"(1) The solidarity of Latin America and joint negotiation as an answer to this crisis. The debtors must do the same as their creditors: negotiate jointly and strengthen their negotiating capacity through unity.

"(2) Fix a limit on payment of the debt in proportion to exports or up to 2% of [gross national] product.

"(3) Regional cooperation with development of smaller and lower-income economies, assisting their participation in the agreements that come out of these proposals. . . . [A] Special Fund could be formed, or existing funds strengthened, with the primary purpose of attending to housing, educational, nutritional, and health plans, and also to buying within Latin America and the Caribbean.

"(4) Immediately call a conference of SELA (Latin American Economic System), at the level of foreign and finance ministers, to formalize the Agreement and to propose debt service within the limits indicated above. . . ."

"(5) Incorporate within the text of the Agreement clauses similar to those of the Paris Club and 'steering committees,' such as crossed moratorium in the event of sanctions against any member of the Agreement.

"(6) Begin global, political negotiations with the creditors, once the Latin American resolution is adopted. . . ."

Colombian escape clause

Two days after the release of the document, one of its signers—Colombian ex-President López Michelsen—issued a "clarification" on his commitment to the contents. Colombia is not proposing joint negotiation of the debt, insisted López. Rather, the Colombian signers consider their country's situation to be different from the rest of the continent, and therefore included an "escape clause" in the document, which offered only "collective support for different negotiating positions."

The Colombian "exception" duly noted, a further observation remains to be made. It is no accident that the release of the ex-Presidents' document comes shortly after Brazilian Finance Minister Dílon Funaro, the acknowledged architect of that country's debt moratorium, was dismissed. The cause of Funaro's departure was lack of continental support for his nationalist posture.

It therefore remains to be seen whether the ex-Presidents' document—unprecedented in its scope and fervor—becomes an instrument of the continent's long-overdue political solidarity with such Ibero-American patriots as Funaro and Alan García, or whether it becomes simply one more statement of intent without the will to back it up by actions.

Sarney gives himself a crisis

Former Finance Minister Dilson Funaro could become a strong contender in early presidential elections.

Brazil's creditor banks and the arrogant International Monetary Fund (IMF) bureaucrats are in flight from reality in their boasting of the April 25 resignation of Brazilian Finance Minister Dilson Funaro as "their" little victory and thinking this would solve their problems.

Funaro's removal caused President José Sarney's government the most serious political crisis since President-elect Tancredo Neves died on the eve of his inauguration in April 1985.

Funaro's policies embodied a rejection of the monetarist policies of the IMF and a strict defense of national sovereignty. From the very moment President Sarney yielded to pressures coming from inside and outside the country to replace Funaro, his credibility fell to zero. This is very dangerous for Sarney at a time of delicate political transition in which the length of his presidency has not yet been set by the Constituent Assembly, nor even by the parties of the Democratic Alliance which form the basis of his government.

Since he took up his post as finance minister, April 30, Luiz Carlos Bresser Pereira, has done nothing but refute every one of the arguments which his predecessor brandished to rescue the country from IMF control and make it into a great developed nation, a model of industrial capitalism. Funaro earned the backing of the majority party in the Democratic Alliance, the Brazilian Democratic Movement Party (PMDB) by fighting for the 7% annual growth called for in the

party's platform. Bresser Pereira, on the other hand, projects this year's growth at only half that, a mere 3 to 3.5%. On May 2, Bresser Pereira declared, "It is not a progressive policy to grow in a disorderly way, . . . thinking about nothing but growth and creating terrible problems for the trade balance."

Bresser Pereira will gradually dismantle the moratorium on Brazil's debts to creditor banks which Sarney declared Feb. 20. Bresser's recessionary plans, his attacks on Funaro's growth policies, and his willingness to talk like a gentleman with the IMF thieves under the fallacious argument that the IMF has changed its perverse face to a more understanding one, unleashed a political storm among industrialists, PMDB leaders and governors elected on the PMDB ticket. Senator Mario Covas, the powerful PMDB leader in the Constituent Assembly, declared that with Bresser Pereira's nomination "everybody will be unhappy. . . . There were many errors in this episode and the final version was the one which brought the greatest damage."

On May 1, the split between President Sarney and his PMDB party took shape. The governor of the northeastern state of Pernambuco, Miguel Arraes, a consistent defender of Funaro's moratorium policies, reacted to Bresser Pereira's turn by announcing his political break with the Sarney government. Other governors from that Africanized part of Brazil explain that the record grain harvest in Brazil's South would itself provide al-

most all the projected 3% increase in the gross national product; the Northeast will be left stagnating in its misery.

Behind Bresser Pereira's desire to limit growth and apparent willingness to reopen Brazil for savage looting are the genocidal designs of his malthusian advisors. This policy endangers democracy. Draconian austerity will bring famine and set off social explosions, starting with the Northeast. That explains the just demands of that region's governors.

In the face of this situation, the oligarchy has shown in various ways its fear that ex-minister Funaro could become a nationalist leader capable of leading discontent toward the noble cause of defense of the Republic. In its Sunday May 3 edition, the pro-monarchical Rio daily *Jornal do Brasil*, obsessively dogging Funaro's footsteps, warned that he could be a strong presidential candidate.

What scared them most was the speech Funaro gave on leaving the finance ministry. Setting all protocol aside, Funaro called for the country to be defended. He said, "This country, which has a long history of deep social inequalities, also has shown an alarming incapacity to change those political and economic structures which accentuate privileges and perpetuate social inequalities." He added, "the creditors know the firmness of the Brazilian position on the foreign debt. They know that our growth is non-negotiable. I would not be surprised if they tested their strength once again, as they have done so many times in the past. What would be a big surprise would be if they stopped their threats and abandoned their destabilizing intents. But those who use such means are fooling themselves. The departure of a minister does not kill the position of a government like that of the New Republic."

Commodity Credit Corp. stops paying

The 1987 monetary collapse will be measured in empty shelves before long.

May 1 was the effective close-of-business day for the Commodity Credit Corporation, which suspended disbursements for farm subsidy payments and support loans, until Congress acts to remedy the situation. The CCC is out of money to operate. A supplemental measure, approving about \$6.6 billion, was passed by the House, but not by the Senate. As of May 7, no concerted action was under way, despite the fact that the timing of the CCC payments suspension hits during the spring crop planting.

In order to plant this year at all, many farmers had to make precarious funding arrangements, which any change—like the CCC suspension—could undermine. Funding from the Farmers Home Administration has all but dried up in most regions.

Demobilizing farmers by interrupting any planting-period cash flow is especially disastrous right now, because of the large amount of land contracted to be out of production this summer, under the Department of Agriculture's huge cropland set-aside program. This season there will be more land set aside than any other year except for the infamous 1983 PIK (Payment in Kind) year. In 1983, a drought started in mid-summer, which, combined with the acreage set-aside, reduced the corn harvest by half, and the soybean harvest even more.

The rationalization for the USDA, Congress, and other policymakers doing nothing to avert a possible repeat crop shortfall this year is that there are food surpluses. This lie is getting harder to repeat in the face of declin-

ing food stocks. For example, the national numbers of cattle and hogs have fallen so low, in terms of meat output potential per person, that even the rigged futures markets in Chicago are showing price rises—the stock isn't out there to slaughter.

Quality soybeans and soybean seeds are not available, despite the publicity about "bin-busting" harvests. The corn in storage—from the perfect growing weather of 1986, and previous years—is beset by record rates of infestation, due to the environmentalist-banning of EDB (ethylenedibromide). So when you go to the grain bin, the pests may have gotten there first.

Army logistics experts advise a one- to two-year food reserve supply, given possible weather and other disasters' for example, the abrupt shortages of nitrogen fertilizer at one point during the rigged energy crisis in the 1970s. The "surplus" of grain now on hand in the United States is only several-months' worth, even in the face of the collapse of exports and domestic livestock consumption needs.

In this context, the inaction in Washington regarding the CCC payments, and the ongoing collapse of the farm credit system, will translate into empty shelves before long, unless the onset of disaster evokes some last-minute emergency measures to restore farm output. Farm debt should be frozen and rescheduled, and new, low-interest production credits issued under authority of the Treasury Department, through the existing farm credit network. This should be combined

with new foreign trade and monetary measures designed to stabilize currencies and resume production and trade levels for allied nations.

The Commodity Credit Corp. began to have suspensions of payments in 1985, after a 20-year record of no significant interruptions in function since 1965. In 1986, there were four suspended-payments periods, during which time Congress had to authorize more money. The CCC was founded in the 1930s to be the mechanism to help farmers stabilize their income despite commodity price swings.

By the end of April, the seventh month of the CCC fiscal year, the agency has already effectively spent its yearly anticipated budget of \$25 billion (referred to as its borrowing authority). Last year the CCC spent a net of \$25.8 billion, and projected spending slightly less this year, but they are already wrong. At the time of suspending payments, the CCC was down to \$1 billion, and spending at the rate of \$80 million a day.

The halted CCC funds stop payments for: crop loans, crop price deficiency payments, acreage diversion, storage and warehouse costs, and dairy diversion.

An April 17 report from the Farmers Home Administration noted that in 21 states, the FmHA had used virtually all their direct operating loan allocations through the third quarter (April 1-June 30) of fiscal 1987, and a number of other states were near the limit. A letter sent in late April to Agriculture Secretary Richard Lyng, by House Agriculture Committee Chairman Kika de la Garza (D-Tex.) said, "As the time for spring planting approaches, thousands of farmers across the nation are facing the very real possibility that they will not obtain sufficient credit to finance their operations this year." This is coming true.

Business Briefs

Agriculture

Brussels EC mafia plans nitrogen ban

The European Commission is preparing a secret plan to force a cut in EC farm production, by introducing a scientifically fraudulent assertion of nitrate damage. According to high-level EC sources, the plan has received the "green light" from the office of the Director General for Agriculture DG VI, Guy Legras of France.

By July, the plan is to have a full 12-member review panel of experts to hammer out final details of the proposal. The initiators of the scheme admit that the attempt to restrict nitrogen fertilizer and nitrates from animal manure, vital inputs into agriculture production, is aimed at cutting food production. "We could not care less about the environment," said one. "This is going to be used to cut food production . . . to meet market demand."

A source intimately involved in the preparation of the controversial new initiative admitted that it has no scientific basis whatsoever. "The initiative is based on no close collaboration [with any scientific research agency]. We based it on the general feeling, as expressed in the literature on nitrate pollution." According to this "general feeling" in Brussels, nitrates from fertilizer and animal manure sources is responsible for 70-80% of nitrates found in ground water! Yet as detailed studies by Danish Agriculture Research Stations have shown, absolutely no such causality can be demonstrated. In fact, quite the opposite.

EC planners expect this formula will hit the Netherlands, West Germany, Denmark, U.K., and parts of France most severely.

Research & Development

British Defense White Paper calls for cuts

The 1987 British Government Defense White Paper has unveiled a new government em-

phasis on withdrawing funds from "unnecessary" R&D in the military sector, and shifting funding focus, instead, to civilian R&D.

Releasing the paper, Defense Minister George Younger noted "concern in some quarters that defense had been preempting too high a share of R&D funds. . . . We will look more closely at defense programs with a large R&D element, to ensure that their government funding is essential."

A "significant reduction" in military R&D spending in two to three years is foreseen by the White Paper.

The demand for such a reduction originated in part with a Soviet-linked group at the Sussex University Science Policy Research Unit (SPRU), headed by "peace movement" influential Mary Kaldor. Kaldor had, in 1986, co-authored a report which purported to prove that economies like Japan and West Germany, with comparatively less money spent on military R&D, were in better shape than those like Britain and the United States.

The *Financial Times* of London reported on May 7, that British ministers argue that one reason for military R&D cutbacks, is that the overall pool of scientists and engineers in Britain is "not inexhaustible," while the May 2 *Times* of London maintained that "too many of Britain's top scientists are concentrating on defense-related projects."

'The Recovery'

Soviet press gloats at dollar collapse

The Soviet news agency TASS on April 28 released an analysis of U.S. economic "vulnerability," in light of the plunging value of the dollar and the collapse of industry.

"The fall in the dollar rate is undoubtedly influenced by the instability of the U.S. economy," TASS wrote, "by the rapid growth of the U.S. trade deficit, by the United States being turned into the biggest debtor in the world.

"But the ills of the dollar are also a result

of Washington's unfair play with regard to its partners. At the recent conferences in Paris and Washington the U.S. representatives swore to take measures to stabilize the dollar. But no sooner had the participants in the conferences gone home, than the Washington administration resumed the practices of lowering the dollar rate. . . .

"The bitter awakening of the U.S., as the *Washington Post* put it, was caused by the realization of the fact that the dollar blackmail is unable to arrest the erosion of the U.S. position in the world economy, the economic vulnerability of the U.S.—without precedent since the Great Depression—the vulnerability which has fundamental reasons. The U.S. is paying for the militaristic intoxication of the present administration with huge budgetary deficit, due to which there is a lack of funds for the modernization of industry."

The Black Economy

U.S., Panama in huge anti-drug crackdown

"Operation Pisces," the most elaborate undercover operation conducted yet by U.S. agents against cocaine traffickers, ended May 6 with the arrest of 58 top U.S. and Colombian drug figures in Los Angeles, Miami, and New York.

As many as 20 undercover agents of the Drug Enforcement Administration (DEA) laundered \$116 million in drug money over the past three years, in an operation Attorney General Edwin Meese called "the largest and most successful undercover investigation in federal drug law enforcement history." José Auli López Chacon, whom the DEA ranked as comparable in importance to Medellín Cartel kingpins Hugo Obando Ochoa or Carlos Lehder, was picked up as he stepped off a jetliner in Miami, where he had been lured from Colombia by DEA agents. Ochoa was also indicted, but remains at large. Also arrested were Anibal Zapata of the Medellín Cartel and Jacobo Wasserman, a Colombian money launderer.

Simultaneously with the arrests May 6,

the Panamanian government, using a new law created to halt drug money laundering in that country, froze 54 accounts in 18 Panamanian banks where proceeds from Operation Pisces were deposited. The traffickers' bank accounts will be opened to U.S. anti-drug agents.

Domestic Credit

Bailout package for FSLIC 'inadequate'

The U.S. House of Representatives voted on May 5 to allow the bankrupt Federal Savings and Loan Insurance Corporation (FSLIC) to borrow \$5 billion over two years, to try to keep its customers afloat. The Senate version allows \$7.5 billion in borrowing.

The Reagan administration had requested that the borrowing authority be set at \$15 billion. This proposal was supported by House Banking Committee chairman Fernand St Germain and House Speaker Jim Wright, but was nevertheless defeated by a 258-153 vote.

Currently 25% of the nation's 3,200 savings and loan institutions are technically insolvent, which means they are losing money every day, and operating only on their day-to-day cash flow. Some experts who oppose the current bailout package as "woefully inadequate," estimate that at least \$45 billion would be required to salvage the FSLIC.

Desperate thrift institutions are increasingly investing in "junk bonds" and other high-yield securities, according to press reports.

Health

Second AIDS virus threatens new epidemic

A "cousin" of the AIDS virus (HIV-I), causing a disease indistinguishable from AIDS, may ignite a new AIDS epidemic, according

to a report by Pasteur Institute researchers published in the May 7 *New England Journal of Medicine*.

The virus, HIV-II, "seems to be localized at the moment" in West Africa, said the Institute's Dr. Francois Clavel. "But there is no reason why this epidemic would not spread over Africa or Europe or other countries like HIV-I did, unless we are very vigilant and can detect carriers of the virus." Dr. Clavel said that while parts of HIV-I and HIV-II are genetically alike, the overall genetic similarity is about 40 percent. Because of this, the test screening for AIDS antibodies will often miss the HIV-II virus, and recommends that the tests, at least in Africa, be modified to include sensitivity to HIV-II.

The Debt Bomb

Zambia announces break with the IMF

Kenneth Kaunda, the President of Zambia, announced on May 1 that his government would no longer follow the economic recipes of the International Monetary Fund. He declared that the IMF's conditions for resuming aid to his country were unacceptable, and that Zambia would embark on a new policy of growth from its own resources.

Kaunda said that debt-service payments on Zambia's \$5.3 billion debt would be limited to about 5% of export earnings—a policy based on the famous "10% solution" of Peru's President Alan García. The decision made Zambia the second African nation to adopt the Peru model, after Zaire's similar announcement last November.

In his nationally televised speech, Kaunda froze prices and imposed import controls, with a specific ban on luxury goods. A fixed parity was established between the national currency and the dollar; loan rates were fixed at 15%; and a new program of public sector investment was announced.

IMF Managing Director Michel Camdessus fired off to Kaunda a telex message, protesting his characterization of the supranational agency.

Briefly

● **PRESIDENT REAGAN** called on Congress May 6 to grant the oil industry two tax breaks, in an effort to increase domestic production. He said that growing dependence on foreign oil has "serious implications for national security." The President rejected a proposal by Energy Secretary John Herrington for more sweeping measures to deal with the crisis among U.S. oil producers.

● **LIZ TAYLOR** is working with "arch-conservative billionaire" Ryoiichi Sasagawa of Japan in her "crusade against AIDS," and this collaboration was firmed up during her recent trip to Japan, the April 25 Norwegian daily *Verdens Gang* reported. Sasagawa is a principal funder of the Reverend Moon sect, and also funded fascist paramilitary gangs in Japan in the 1930s. His closest British collaborator, Soviet-linked millionaire Robert Maxwell, is the head of a new National AIDS Trust in Great Britain.

● **MEXICAN PRESIDENT** Miguel de la Madrid, commenting on U.S. actions against Mexican immigrants under the Simpson-Mazzoli bill, declared on May 5, "We will see what the U.S. does when they no longer have the Mexican labor force." Fidel Velásquez, head of the Mexican Labor Federation, angrily called the bill "racist and inhuman," and said that no employment plan could solve the problem that the deported will cause Mexico.

● **AFRICAN DEBTOR** countries have simply stopped payments on their foreign debt, according to a representative of one of the major African banks in Great Britain. "These countries are simply bankrupt," he said, "but banks cannot write these debts off themselves. There must be government help to do this." Western banks and governments have kept the defaults quiet in hopes of containing the problem, the source reports.

Industrial laser chemistry required for Mars mission

Among the near-term economic benefits of the push to colonize Mars by the year 2027, is the industrial revolution that must occur on Earth. Robert Gallagher reports.

Evaluation of the economic impact of the Mars colonization mission can begin with a listing of those technologies that the mission requires, and must bring into existence on a large industrial scale, in order to accomplish the goal of the establishment of a permanent Mars colony of hundreds of thousands of persons within the next 40 to 50 years. It is such technologies that will bring about an industrial revolution on Earth.

Among these technologies are:

1) High power tunable lasers such as the free electron laser, that will produce coherent radiation in the infrared, visible, and even shorter-wavelength ultraviolet and x-ray regions of the electromagnetic spectrum. These lasers are required by the Mars mission as igniters for one of the two main types of fusion propelled rockets now being designed: inertial confinement fusion (ICF) spacecraft.

In an ICF rocket, lasers will focus a powerful, short pulse of coherent radiation onto a pellet of fusion fuel, which then detonates, releasing approximately a thousand times more energy than that of the laser pulse used to ignite it. This fusion micro-explosion produces the thrust for the rocket.

These lasers will also serve as the principal tool in the production of fusion rocket fuels, such as deuterium and tritium (the heavy isotopes of hydrogen), and in the fabrication of advanced materials required by the Mars program.

The Mars program will require these lasers as early as 2010 for assembly of the first fusion propulsion systems. As a result, its laser development program will in part drive development of new ballistic missile interceptors for strategic defense.

2) Laser chemistry, the use of coherent radiation to drive

chemical processes, such as isotope separation. The Mars colonization's annual needs of tens to hundreds of thousands of tons of fusion fuel, combined with the requirements of terrestrial and lunar fusion power plants, require the establishment of large-scale industrial enterprises occupied with the separation of deuterium and tritium from molecular compounds of hydrogen. These technological advances are only two of the many required by the Mars program, but development of just these two technologies, will force through a revolution in industrial chemical processing.

Isotope separation processes and other applications of laser chemistry, will demonstrate the superiority of what are termed "non-equilibrium" laser and plasma chemistry processes, over conventional thermal equilibrium chemistry. In the "non-equilibrium" chemistry made possible by lasers, ordinary chemical thermodynamics are overridden by directing into a substance coherent radiation tuned to specific wavelengths that act only on that portion of the material where work must be done; the rest of the material remains "cold." In thermal equilibrium chemistry, on the other hand, reactants are heated uniformly; this limits productivity and throughput as is discussed below.

By making tunable high-power lasers widely available, the Mars program will permit the introduction of "non-equilibrium" laser chemistry processes across a broad front in industry; this would not be possible without tunable lasers since the action required to produce specific chemical products requires wavelengths of light specific to each process.

Results to date in experimental laser chemistry are considered surprisingly anomalous by contemporary chemists. This gives us some taste of the revolution ahead.

The National Research Council's Committee to Survey Opportunities in the Chemical Sciences, chaired by George Pimentel, wrote in its 1985 report:

Absorption of light can change the chemistry of a molecule dramatically. After excitation, familiar atoms can have unexpected ideas about what constitutes a comfortable bond angle; functional groups can have drastically different reactivities; acid dissociation constants can change by 5 to 10 orders of magnitude; ease of oxidation-reduction can be drastically altered; and stable structures can be made reactive. The energy absorbed by the molecule puts its chemistry on a high energy "hypersurface" whose reactive terrain can be nothing like the ground state surface below, the one that chemists know so well.

Regarding one area of laser chemistry, Wayne Danen, a laser chemist at Los Alamos National Laboratory, wrote in the journal *Optical Engineering* in 1980: "The ability of a pulsed infrared laser to override the thermodynamics of a system is unique and cannot be duplicated by any type of catalyst or conventional heating."

It is no wonder that the Pimentel report states in the conclusion to its Executive Summary: "In the next two decades there will be dramatic changes in our basic understanding of chemical change and in our ability to marshal that understanding to accomplish deliberate purpose."

Consideration of the atomic vapor laser isotope separation (AVLIS) process developed for uranium enrichment by Avco Research Laboratory and Lawrence Livermore National Laboratory, will suggest something of the quality of these "dramatic changes." AVLIS is the first laser chemistry process being applied on an industrial scale. Construction of a demonstration plant in Livermore is complete. Since there is an existing, industrial-scale uranium isotope separation process, we have the data available for making a thorough-going comparison between the physical economics of present and future processes. Paradoxically, though still very much classified, there is more detailed information available on laser isotope separation of uranium, for the production of nuclear reactor fuel and for military applications, than most other laser chemistry processes, precisely because of the premium the U.S. government has put on its development.

The problem of uranium enrichment

The fission of uranium-235 (that isotope or "variety" of uranium with 235 neutrons and protons) is presently the basis of commercial nuclear power. Unfortunately, it is a rare isotope and occurs with a concentration of only 0.71% in natural uranium, the remainder of which is the more abundant but non-fissile U-238 isotope. The concentration of U-235 must be increased (or enriched) to about 3.2% to produce uranium that will sustain a chain reaction in a power plant. This requires increasing the concentration by a factor of 4.5,

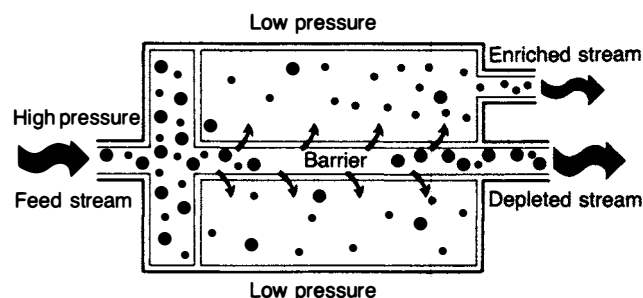
a problem that at first glance, may not appear to be so difficult, until one realizes that these two isotopes whose nuclear characteristics are so different, are almost indistinguishable from the standpoint of conventional chemistry. For example, they differ in mass by only 1%.

Several techniques were discussed and developed for the enrichment of uranium before the action of lasers was considered, but the one that the Atomic Energy Commission settled on in the 1940s was a process of pumping heated uranium hexafluoride gas through diffusion barriers in a series of large separation stages (4 meters in diameter); the process is named "gaseous diffusion" (see **Figure 1**). It is based on the fact that the desired U-235 isotope travels slightly faster through the separation units because it is 3 neutrons lighter. Since the system acts upon the uranium gas as a homogeneous mixture in thermal equilibrium with itself, and does not selectively pump energy into either isotopic species, gaseous diffusion is an example of an equilibrium thermal chemical process.

The theory of gas dynamics predicts that a single stage of gaseous diffusion can enrich uranium in U-235 by only 0.43%. In actual plant operation, the enrichment factor is less than half that value. A simple calculation shows that with such a low single-stage enrichment factor, 1,200 separate stages are required to enrich natural uranium to reactor-grade fuel. From startup, it is necessary to circulate 640 metric tons of uranium hexafluoride through the entire system before 1/6 of a kilogram (0.4 pounds) of enriched uranium is produced.

The gaseous diffusion process employs 2,000-3,000 horsepower electric motors on each separation unit applying a power density of 120-180 kilowatts per meter squared of

FIGURE 1
Schematic of single gaseous diffusion stage



The schematic shows how the high pressure feed stream of heated uranium hexafluoride (UF_6) gas is diffused through pores in a cylindrical barrier. More of the lighter ^{235}U isotopes pass through the pores and more of the heavier ^{238}U isotopes remain within the barrier. The enriched stream is repressurized and reheated, then passed to another stage. A total of 1,200 of these stages is required to achieve the 3% concentration of ^{235}U needed for light water reactors.

Source: Department of Energy, "Gaseous Diffusion Program," 1978.

cross-sectional area of diffusion barrier, a power density about as large as that of a blast furnace. Even with all this power, it takes 15,000 kilowatt-hours to produce a single kilogram (2.2 lbs) of enriched uranium. (Uranium enrichment is quantified in "separative work units." Usually, about 6 SWUs go into producing 1 kilogram of reactor-grade fuel.)

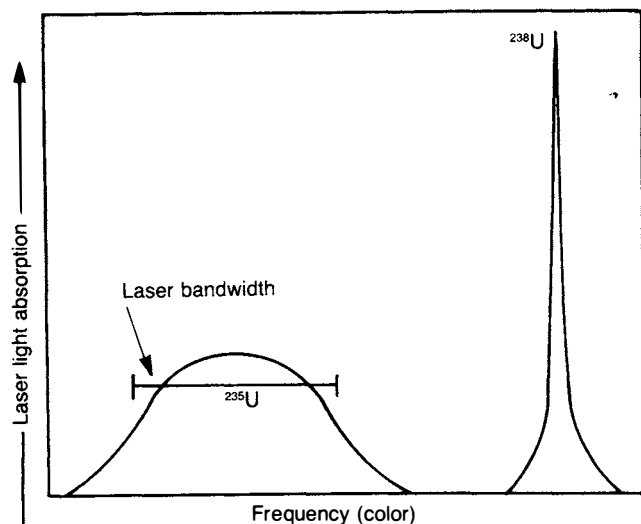
Department of Energy gaseous diffusion plants are spread over 270 acres across three states, and together consume a significant fraction of the output of the Tennessee Valley Authority. Rabelais' Gargantua would have been impressed. It's no wonder that shortly after the discovery of tunable organic dye lasers that operate in the visible part of the electromagnetic spectrum, researchers began to use them to experiment to develop more advanced methods of isotope separation and other chemistry processes.

'Non-equilibrium' processes

According to data published by the Department of Energy, the fully developed atomic vapor laser isotope separation (AVLIS) process requires only 3% of the electric power that gaseous diffusion requires, to produce enriched uranium; in other words, its rate of transformation of electric energy into product is about 30 times greater; and Livermore scientists write that AVLIS can perform the enrichment in a single step, with an expected plant throughput (output per acre) 50% greater than even upgraded gaseous diffusion plants.

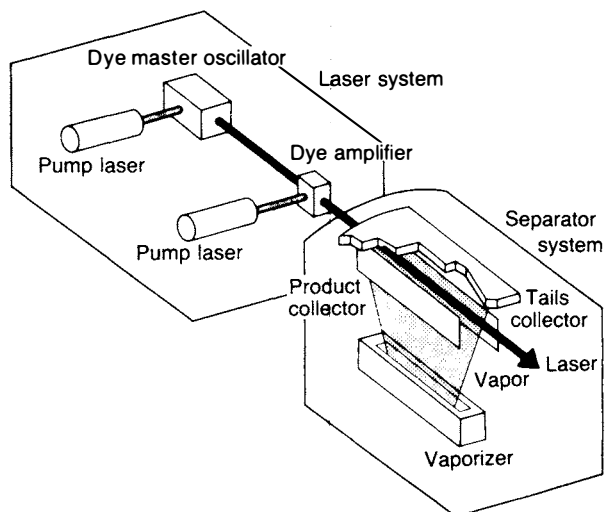
What mode of physical action does AVLIS employ to achieve these results? An electron beam vaporizes natural uranium vapor which is then irradiated by coherent orange light of three distinct wavelengths. Only the U-235 atoms

FIGURE 2
Differences in wavelengths of light absorbed by uranium isotopes



Source: Lawrence Livermore National Laboratory, "Laser Applications: Isotope Separation," 1982.

FIGURE 3
Schematic of AVLIS process



Source: J.I. Davis, "Lasers In Chemical Processing," Lawrence Livermore National Laboratory, April 15, 1982, UCRL-53276.

absorb this light and are excited to ionization, because of the difference or isotope shift in the frequencies (or wavelengths) of light that U-235 and U-238 absorb (see Figure 2). This selective excitation of the desired U-235 isotope, is an example of a "non-equilibrium" process. The laser action excites only the less than one percent of the feed that is U-235. The U-238 atoms remain "cold"; they are transparent to it. The ionized atoms are withdrawn by an electromagnetic field (see Figure 3).

AVLIS is effective because it employs a mode of action that, to use a phrase coined by Lyndon H. LaRouche, Jr., is of greater "relative coherence of least action" than the gaseous diffusion process. The action of the AVLIS lasers results in a greater selectivity of physical action, and thus a greater selectivity of isotope separation.

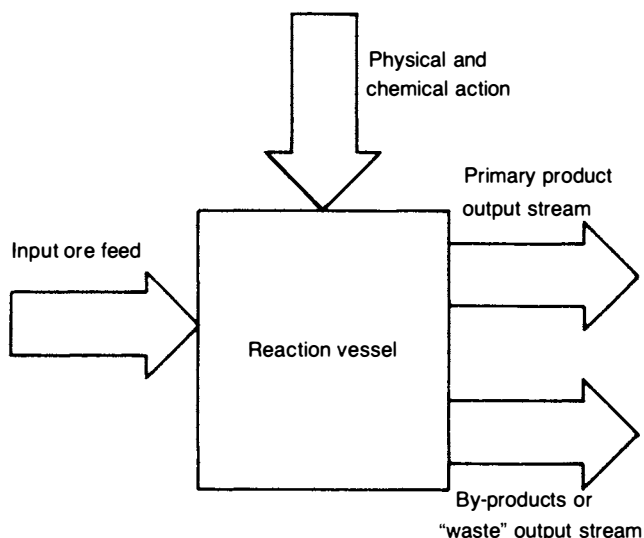
"Selectivity" is a parameter that has been developed out of work on nonlinear laser spectroscopy, to compare the effectiveness of various methods to accomplish a chemical transformation. Livermore scientists report that the theoretical selectivity ($\beta - 1$) of atomic vapor laser isotope separation, is 10 million (compared to 0.0043 for gaseous diffusion), and that selectivities as high as 20,000 have been achieved in the laboratory. In actual uranium enrichment plant operation, a selectivity of about 15 will be used (7,500 times greater than that of gaseous diffusion plant operation) in order to maximize throughput.

An additional metric for the development of technology

Through discussions with several chemists at the national labs, EIR has applied the metric of selectivity developed in

FIGURE 4

Model of physical-chemical action



nonlinear laser spectroscopy, to measure the development of technology in iron reduction and aluminum smelting and other chemical concentration processes. The results further document just how revolutionary will be the changes induced in industrial processes by the widespread introduction of laser and plasma chemistry through the Mars colonization mission.

We begin with a simple model of physical-chemical action (see Figure 4). A material or ore carrying a substance we wish to concentrate (such as U-235), is fed into a reaction vessel in which various modes of physical and chemical action are applied to concentrate it into a primary product output stream, physically separable from by-products or "waste."

For example, in iron reduction, iron ore, pellets and sinter, bearing iron oxides, are fed into the blast furnace (the reaction vessel) with coke whose carbon serves as both a fuel and a reducing agent, and limestone which fluxes impurities out of the iron and forms a slag. Air is blown in at the bottom of the furnace to provide oxygen for combustion of the coke. Molten iron is tapped from the bottom of the furnace and is separable from the molten slag because the slag is lighter and floats on top of it. The principal forms of action are heat, oxidation-reduction reactions, and the fluxing of the impurities. All reactions take place in a condition of thermal equilibrium of the reactants.

Selectivity is defined in this or any other process as the ratio of the purity of the product to the impurity of the input feed material, or more precisely, the ratio of the concentration of the desired material (iron metal) in the primary product output (molten pig iron) to the concentration of all other molecules, elements or isotopes in it, divided by the ratio of the concentration of that desired material to that of all other

molecules, elements or isotopes in the input feed (iron ore).

For example, in 1973 Republic Steel Co.'s Cleveland No. 5 blast furnace produced iron of 93.6% purity, from ore, pellets, and sinter of 62% iron. The ratio of the iron to other elements in the product was 14.7; that of the iron to other elements in the feed was 1.65. The selectivity is the ratio of these ratios, or 8.9.

Table 1 shows that from the Civil War until World War I the selectivity of the blast furnace only doubled, and has remained at that level since 1920. Table 2 shows that the selectivity of aluminum smelting has not even doubled since its commercialization in the 1890s.

Both ironmaking with the blast furnace and aluminum reduction, excite all elements in the input feed equally—the materials are in thermal equilibrium. Under these conditions, little could be done to improve their selectivity by a significant factor. This places a limit on process throughput (as will be made clear in the following section). If the selectivity of iron reduction is not improved, the throughput of the furnace cannot be increased without compromising the quality of the product—unless the ore is fed in pre-concentrated or pre-reduced, and this is exactly what U.S. ironmakers did following World War II, with use of iron ore concentrate pellets and sinter.

Table 3 compares these thermal chemical processes with the two isotope separation processes we have discussed in terms of their primary modes of physical action and reagents. In the case of laser isotope separation, the primary reagent is photons.

As presently understood, the progress of chemical action under conditions of thermal equilibrium is rigidly determined

TABLE 1
Selectivity in iron production, 1867-1970

Blast furnace	Date	Ratio of iron to other elements		Selectivity
		Product	Ore Feed	
Fletcherville, Pa. charcoal	1867	12.9	2.13	6.1
Brazil, Ind. bituminous	1869	11.5	2.13	5.4
Fletcherville, Pa. anthracite	1873	14.5	2.13	6.8
Chicago South No. 6	1919	13.3	1.33	10
Jones & Laughlin	1950	12.3	1.37	9.0
Republic Gadsden No. 2	1970	12.8	1.17	10.9
Republic Cleveland No. 5	1970	14.7	1.65	8.9

Sources: *Journal of the Franklin Institute*, 1892; *American Institute of Mining Engineers, Transactions*, 1873; *Ironmaking Proceedings*, 1950, 1970; *Cox, Geology of Indiana*, 1869; *Carnegie Steel Co., The Making, Shaping and Treating of Steel*, 1920.

TABLE 2

Selectivity of commercial aluminum production, 1896-1970

Date	Ratio of aluminum to other elements		Selectivity
	In Product	In Alumina feed	
1896	24	0.34	72
1925	99	1.1	90
1970	124	1.1	113

Sources: Joseph W. Richards, *Aluminum*, 1896; Robert Anderson, *Metallurgy of Aluminum*, 1925; P.C. Varley, *Technology of Aluminum*, 1970.

TABLE 3

Forms of action in several industrial processes

Process	Action, reagents
Blast furnace iron reduction	Combustion, oxidation-reduction reactions, fluxing
Aluminum reduction	Electric power, cryolite electrolytic catalyst
Gaseous diffusion isotope separation	Pumping and compressing heated gas
Laser isotope separation	Coherent radiation

by reaction pathways, reactivities and other parameters derived from thermodynamics. Laser processes enable us to "override the thermodynamics of a system," as Danen put it, by the selective action of coherent radiation.

If such "non-equilibrium" processes as atomic vapor laser isotope separation represent the technologies of the future, then in the future thermodynamics will be considered irrelevant in science, technology, and industry. The Mars colonists will regard it as outdated.

Indeed, with the use of the non-equilibrium plasma processes described in the Oct. 15, 1985 *EIR Quarterly Economic Report*, the selectivity of ironmaking will exceed 1,000 in plant operations, and productivity and throughput will zoom.

Until the advent of "non-equilibrium" processes, the metric of average energy flux density, the quantity of energy applied per second through a surface or volume where work is performed, served as a good measure of the development of the level of technology of industrial processes based on thermal equilibrium chemistry.

The average energy flux density of the AVLIS process, however, is at most 3% of that of the outdated gaseous diffusion process. The reason for this is simply that the several kilowatts of average power that irradiate the one-meter cross-

section of uranium vapor, is only required to deposit energy on less than one percent of the vapor. Selectivity of action ("relative coherence of least action") must be added to our list of critical parameters of technology.

In addition, with laser industrial processes, we have a significant difference between average and peak energy flux density. In iron reduction, for example, these are the same; the blast furnace operates continuously at the same energy throughput. In AVLIS, however, with an average energy flux density (or power density) of only about four kilowatts per square meter of uranium vapor irradiated, the peak power density of the short laser pulses is 5000 kilowatts per square meter, or about 30 times that of gaseous diffusion.

We proceed now with a more detailed discussion of the basis for the "non-equilibrium" selective action of lasers in chemistry.

Principles of laser isotope separation

Table 4 shows theoretical, laboratory and plant operation values for selectivity for the gaseous diffusion and atomic vapor laser isotope separation methods. For gaseous diffusion, the theoretical value is based on the difference in mass of the two isotopic species of uranium hexafluoride gas pumped through the separation stages. For AVLIS, the theoretical value is based on differences in the absorption spectra of the two species of uranium metal, and on the narrowness of the absorption lines.

Figure 2 illustrates the difference in the ground-state absorption spectra for U-235 and U-238. The U-235 absorption line is broken up into eight narrow, hyperfine absorption lines not shown in the figure. For one transition of U-235 from the ground or unexcited state to a state excited by absorption of a 0.64 micron (orange) photon, the difference or isotope shift between the absorption lines (about 9 gigahertz), and the narrowness of the U-235 hyperfine absorption lines (about 0.25 gigahertz), result in a high theoretical selectivity of over 1,000 for this single step transition discussed in detail by the AVLIS staff in a 1982 article in *Photonics Spectra*. AVLIS uses a series of three steps of photo-excitation of U-235, each step with approximately the same selectivity, resulting in a total theoretical selectivity equal to the product of the selectivities achieved in each individual step, for a total of at least 10 million, they report.

This high selectivity is not unusual for atomic laser isotope separation. V.S. Letokhov reports in his widely praised *Nonlinear Laser Chemistry* (Springer-Verlag, 1983) that the isotope shifts for the lanthanide and actinide groups of elements (of which uranium is one) are so large that total multistep selectivities of 10 billion are theoretically possible. Selective excitation of one isotope from the unexcited to an excited state (where it has absorbed energy), produces an even larger isotope shift between the excited U-235 and the unexcited U-238.

Figure 5 shows the sequence of excitation of U-235 in the AVLIS process, through a ladder of three distinct energy

TABLE 4
Parameters of uranium isotope separation methods

	Gaseous Diffusion	Atomic vapor Laser IS (AVLIS)
Parameters of physical action		
Action of Separation*	Pumping and compression	3 0.6-micron visible photons
Selectivity ($\beta - 1$)		
theoretical	0.0043	10,000,000
lab measurement	NA	20,000
plant operation	0.002	10-20
No. of separation stages required	1,200	1
Output per year (millions of SWUs)	9.3	12
Output per acre (1000 SWU/acre)	100	150
Parameters of energy use		
Average energy flux density (kW/m ²)	120-180	4
Peak energy flux density	120-180	5000
Energy consumed per unit output (kWh/SWU)	2500	65
Energy transformation rate (SWU/1000 kWh)	0.4	15.4
Electric power conversion efficiency	More than 90%	Less than 0.5%

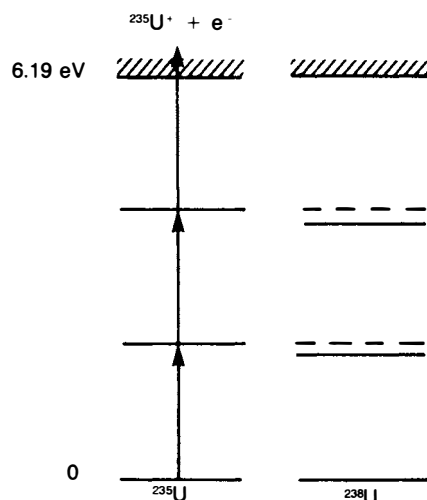
Sources: *Fusion*, December 1981; V.S. Letokhov, *Nonlinear Laser Chemistry*, Springer-Verlag, New York, 1983; Glasstone, *Principles of Nuclear Reactor Engineering*; J. Davis and J. Paisner, "Science, Technology, and the Industrialization of Laser-Driven Processes," Lawrence Livermore National Laboratory, May 1985, UCID-20448; Department of Energy, "Gaseous Diffusion Program," 1978.

* Uranium enrichment is quantified in "separative work units." Usually, 6 SWUs go into producing 1 kilogram of reactor-grade fuel.

transitions, each corresponding to the absorption of a photon of a wavelength specific to the transition. The corresponding transitions for U-238 are also shown. Notice that the heights of the transition differ between U-235 and U-238; the spacings between the dotted and solid lines on the right represent the isotope shifts. If the absorption line spectra and widths remain constant, then theoretically, if the concentrations of U-235 and U-238 in the uranium feed were equal, AVLIS could deliver photons to the uranium vapor so that for every 10 million U-235 atoms in the separated product, only one U-238 atom would be mixed in.

In practice, this large theoretical selectivity is limited by several factors.

FIGURE 5
Baseline process



Source: J. Davis and J. Paisner, "Science, Technology, and the Industrialization of Laser-Driven Processes," Lawrence Livermore National Laboratory, May 1985, UCID-20448.

1) Doppler broadening ("detuning") of the absorption lines. The movement of individual atoms or molecules in a gas shifts their absorption lines relative to the frequencies at which they would absorb light if the atoms or molecules were at rest. This Doppler-shifting of the absorption lines of individual atoms or molecules, results in a broadening of the absorption lines of the gas as a whole. At room temperature, the overlap in the infrared absorption spectra of U-235 hexafluoride and U-238 hexafluoride makes them almost indistinguishable. Scientists at Los Alamos National Laboratory had to cool the gas under low pressure to produce the distinct absorption lines shown in Figure 6 for the two isotopes.

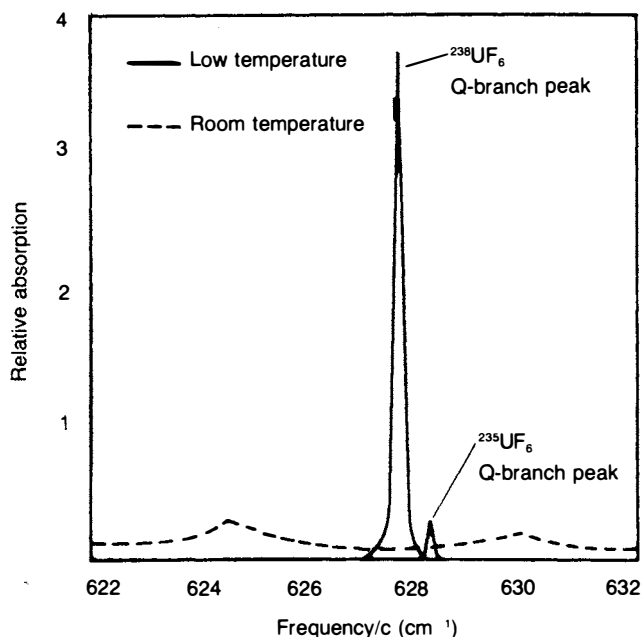
The AVLIS process minimizes Doppler broadening by generating the atomic vapor in a stream that moves perpendicular to the laser radiation, thereby reducing effects from variation in atomic vapor velocity relative to the laser light.

2) The laser bandwidth, the spread of frequencies it produces, should match the width of the absorption line of the isotope desired for excitation. Otherwise, it may excite the undesired isotope. This is entirely a technological problem in the development of the coherence of lasers. The bandwidth of the AVLIS tunable dye lasers is about 1-3 gigahertz.

3) Magnetohydrodynamic effects limit practicable selectivities for high input gas densities. Extracting the ionized U-235 atoms from the feed gas of natural uranium, necessarily pulls many U-238 atoms along as well, as a result of "charge sharing" among the ionized U-235 and the un-ionized U-238.

James Drummond has shown that with only 1% ionization of the aluminum metal in a gas of dissociated aluminum oxide, there is enough "charge sharing" that as much as 90% of the aluminum can be extracted from the aluminum and

FIGURE 6

Absorption lines for two uranium isotopes

The ν_3 absorption band of expansion-cooled natural-assay UF_6 exhibits narrow, distinct Q-branch peaks for $^{238}UF_6$ and $^{235}UF_6$. In contrast, the room-temperature band is broad and the isotopic features are merged. (For clarity the $^{235}UF_6$ peak is increased in height. The Q-branch peak heights for a sample containing the natural mixture of uranium isotopes are in the ratio of about 140 to 1.)

Source: Los Alamos Science, Winter-Spring 1982, Fig. 15, p.22

oxygen stream with magnets (U.S. patent 3,942,975). Atomic physicists call this effect "charge exchange."

Because of Doppler broadening and this MHD effect, selectivities achieved in the laboratory are considerably lower than the theoretical values.

Using waste as ore

At low gas densities, Livermore scientists have measured selectivities of 20,000 (see **Figure 7**, which shows the mass spectrum from such a separation experiment). Since it is only necessary to employ a selectivity of about 4.5, to enrich natural uranium in a single step from 0.71% U-235 to 3.2% U-235 uranium nuclear fuel, AVLIS can draw on the huge potential gradient between the selectivity it has achieved at low densities in the lab and that required in a plant, in order to operate at high gas densities (and therefore throughputs) in producing nuclear fuel. This also permits AVLIS to use as feed, spent uranium ore left over from years of gaseous diffusion plant operation, to produce enriched uranium fuel. The U-235 content of this depleted ore is only 0.2%, but a plant operating at an average selectivity of 15 can produce enriched fuel from this depleted ore, which was previously regarded as waste. Livermore plans for AVLIS to operate in

this mode at a selectivity of about 15. Nonetheless, even at this relatively low operating selectivity (for AVLIS), no photons are wasted in exciting U-238, according to Livermore scientists; the U-238 atoms that constitute 96.8% of the enriched product are drawn into the output stream by "charge sharing."

Another feature of the AVLIS process that shows its effective use of the principle of least action, is its method of ionizing uranium. The cross-section (or probability) for the direct ionization of atoms or photodissociation of molecules is very small, compared to the cross-section for absorption of non-ionizing photons. As a result, a process that directly ionizes atoms with light, will have a low selectivity since selectivity is directly related to reaction cross-section. AVLIS circumvents this problem by driving the atoms to highly excited "Rydberg" states which are then ionized by the action of an electromagnetic field.

It might be argued that since the absolute values of the selectivity of the blast furnace (about 9-11) are not much lower than those of the selectivity expected in plant operation in the atomic vapor laser isotope separation process (15), and indeed the selectivity of aluminum electrolysis is much higher (about 113), that therefore laser chemistry will not introduce a significant advantage to industry.

First of all, AVLIS has shown that it can tune its selectivity up and down from whatever low value to about 20,000. Uranium enrichment plant operation, only requires a selectivity in the range of 5 to 15. Higher selectivities would produce a nuclear fuel product enriched in U-235 more than desired. Some U-238 would have to be mixed in with the product to produce commercial nuclear fuel.

Secondly, the argument overlooks the fact that uranium isotope separation is intrinsically more difficult than either iron or aluminum reduction. We can crudely estimate the comparative difficulty of separating U-235 from U-238 with that of separating iron or aluminum from oxygen by calculating the ratio of the mass differences involved; this is $3/238$ for uranium separation, $40/56$ for iron reduction, and $11/27$ for aluminum reduction. The ratios of these ratios ($40/56$ to $3/238 = 57$; $11/27$ to $3/238 = 32$) provide a rough idea of how much easier the latter two processes are than the former.

Role in Mars colonization

Laser isotope separation is more than a demonstration of the technological revolution that lies ahead of us in industrial chemistry. It will be an integral part of the Mars colonization effort itself. Production of deuterium and tritium fusion fuel in the quantities required, will demonstrably require advanced laser isotope separation technologies to extract them from natural sources, such as water.

Laser deuterium and tritium isotope separation are under development at Atomic Energy of Canada and Ontario Hydro, for the production of heavy water (D_2O) for the Canadian Deuterium-Uranium (CANDU) nuclear power reactor, and for the separation of tritium bred from heavy water in oper-

The Soviet role inside Project Democracy

by Lyndon H. LaRouche, Jr.

As of today, April 27, 1987, we know from the sworn testimony of the pilots, and from corroborating facts, that Lt.-Col. Oliver North's "Contra"-support operations were using known drug traffickers to fly weapons to the "Contras," and to transport drugs sold by the "Contras" back into the United States, and were using U.S. military bases as the points of entry for this drug-smuggling operation. The "Contras" were (and presumably still are) a Soviet-linked drug-running operation. These facts were known to the U.S. intelligence services at the time that the National Security Council under John Poindexter was backing shipments of Soviet and other arms, and other forms of aid, to these "Contras."

Known former U.S. operatives involved in this arms trafficking into the United States include Rafael Quintero, John Hull, Octaviano Cesar, Max Gómez (aka Felix Rodríguez) and Barry Seal, according to accounts of the drugs-for-guns smuggling given by the CBS television program *West 57th Street* and the Long Island newspaper *Newsday*. Drug traffickers Michael Toliver and George Morales were among those interviewed on camera making the charges by CBS, which reported they would testify before Congress. The U.S. military base used for some of these Contra drug shipments was Homestead Air Force Base near Miami, according to the sworn statement of Michael Toliver, one of the pilots.

According to Toliver's eyewitness account, given to Independent Counsel Lawrence Walsh, Toliver landed a DC-6 containing "25,000 pounds of pot," at the Air Force base in mid-March 1986. A few days earlier he had flown the plane from Miami International Airport with 28,500 pounds of "military supplies" to Aguacate, a "Contra" air base in Honduras. A pilot for Morales appearing on *West 57th Street* reported: "I took two loads . . . of weapons to John Hull's ranch in Costa Rica and returned back to Florida with approximately 1,000 kilos of cocaine. . . . The cocaine was on the ground when we off-loaded the weapons."

Former Drug Enforcement Agency informant Bradley Ayers said in March that he had told Senate and House investigators of finding cocaine on five planes at the Miami facilities of the North-connected Southern Air Transport during 1985 and early 1986.



When LaRouche and EIR went after the drug traffickers and the Soviet connection to Project Democracy, the attacks against us escalated—from Moscow directly, and from the U.S. Justice Department.

The U.S. citizen, when faced with massive evidence of the links between the Soviet government and Project Democracy, usually reacts, "This doesn't make any sense to me. I thought these guys [Oliver North, Project Democracy, and so forth] were supposed to be anti-Communists." Similarly, when that citizen is faced with evidence that the Justice Department's raids on Leesburg, carried out published Soviet orders, beginning August 1986, for the Justice Department to take exactly such actions, the perplexed citizen asks, "How can I believe that U.S. Attorney William Weld, or Henry Hudson, are carrying out orders from the Soviet government?"

Although William Weld has documented business connections to Soviet intelligence, as well as ultra-left connections back during the 1970s, I have never thought that he or Alexandria U.S. Attorney Henry Hudson were carbon copies of the Justice Department's Neal M. Sher, acting on orders transmitted directly to them by the Soviet government. Rather, the pressure on them to act so, was transmitted through the channels of the same Project Democracy complex caught red-handed in the arms-drugs trafficking with the Contras. This complex includes an apparatus closely associated both with Soviet agent Armand Hammer, and with the circles of the late W. Averell Harriman.

The key to understanding such seemingly perplexing kinds of Soviet influence in our government, like the large number of high British officials who turned out to be Soviet agents, is a single name, the "Anglo-Soviet Trust" of the 1920s, as revived in a new form beginning the second half of the 1950s.

Harriman and Hammer are key personalities bridging the old "Trust" of the 1920s to the new forms of the "Trust" which have grown up since Bertrand Russell's 1955 London meeting with special representatives of Nikita Khrushchov.

This "Trust" connection is the key to "Irangate," and to Oliver North's connections to Soviet intelligence services in shipping weapons to the Cuba-linked Contras. It is also key to Israeli collaboration with North et al. in running both weapons to Iran and to the Contras, and to the way in which Moscow gained access to U.S. military secrets stolen by Israeli spy Jonathan Pollard.

We continue now with the significance of the North operation's involvement in shipping Contra drugs into the U.S.

It is beyond doubt, that President Ronald Reagan was duped by those National Security Council and other subordinates, who concealed the true character of both the "Contras" and "Contra aid" programs from him. Certainly, neither Admiral Poindexter nor Donald T. Regan ever told President Ronald Reagan explicitly: "The Contras are running drugs into the United States on Southern Air Transport's planes."

However, if Admiral Poindexter himself did not know that, it was only because he refused to heed explicit and repeated warnings of the drug-running operations of the Contras. Certainly, the CIA knew this. It is unbelievable that an Oliver North so deeply involved in the details of major arms transfers did not know it. Officials of Southern Air Transport, a firm at the heart of the obstruction of justice case against officials in the United States Department of Justice, absolutely did know it. Fellows like Major-General Jack Singlaub

also should have known it.

The officials of the Project Democracy arm of the National Endowment for Democracy knew this, and the Democratic and Republican party officials responsible for the National Endowment for Democracy should have known it.

About ninety percent of the slanders, libels, and legal harassment against me and my friends, since May 1978 to the present time, has come from those elements of the Republican and Democratic parties tied into the present organization of Project Democracy. The chief reason this attack was launched then, was my sponsorship of public exposure of those drug-trafficking operations to which the leadership of the Anti-Defamation League (ADL) element of "Iran-gate," and others, were profitably connected. If they have attacked me so long, and so violently, because I went after the drug-traffickers, we must presume that their motive was to defend what I was exposing, especially since my friends' campaign against drugs was the initial, 1978, and continuing, through 1982, subject of attacks by Project Democracy elements and NBC-TV News.

There is a more recent link between Project Democracy and legal and other attacks on me and my friends, the issue of U.S. anti-drug policies in Central and South America. This involves my fight with certain elements of the U.S. Department of State, including both the U.S. Information Agency of Charles Z. Wick, a confederate of Soviet agent Armand Hammer, and USIA-conducted AIFLD, the flagship arm of Project Democracy on the ground in Central and South America.

Here, in connection with Caribbean drug-running, the Soviet connection to Project Democracy is a naked one.

Soviet role in drug-trafficking into the U.S.A.

Soviet organization of international narco-terrorism appears to date from a secret speech given by Nikita Khrushchov in 1962. At this time, the height of the apparent Moscow-Beijing conflict, Khrushchov praised Mao Zedong's genius in using China's opium weapon successfully against the United States. China had penetrated the U.S. massively with such opium shipments during the period of the Korea War, and again at the beginning of the 1960s.

The present form of Soviet international narco-terrorism is known to date from approximately 1967, shortly after Yuri Andropov assumed leadership of the Soviet KGB. All of the East bloc states were ordered to participate in this, on the basis of a memorandum issued on the authority of Andropov. East Germany and Bulgaria are the key Warsaw Pact nations engaged in this, with President Hafez al-Assad's Syrian intelligence services the central control point for coordinating international terrorism since 1967. Also, Syria, in addition to being a coordinating point for international distribution of a large portion of the international narcotics trafficking, con-

trols a large supply of production of drugs through its operations in Lebanon's Bekaa valley.

Soviet narco-terrorist operations from the Caribbean into the U.S.A. zoomed under the permissiveness of the Carter-Mondale administration of 1977-1981, and have continued to climb ever since. Although Soviet drug-running assets in Central and South America receive only a small fraction of the drug-payments originating in the United States itself, the Soviet portion is vast in total, and is the chief source of funds used by Soviet intelligence operations in this hemisphere. No significant Soviet terrorist assets in Central or South America would be able to operate at the level they do, without both drug-trafficking revenues, and without also sympathetic wealthy and politically powerful forces, allied to Project Democracy's AIFLD, which hamper anti-terrorist and anti-drug operations of the local governments.

As is merely symptomized by the recent cocaine-dealing arrests of Wall Street brokerage employees, significant portions of the politically potent U.S. financial community are sympathetic to the drug-traffic. Also, the influential Inter-American Dialogue is on public record as supporting the legalization of the drug export-traffic of Central and South America. In Colombia, for example, USIA's Project Democracy arm, AIFLD, supports local officials who are openly politically allied with the same drug-traffickers the U.S. drug-enforcement agencies have sought to extradite for drug-trafficking crimes in the United States.

The Soviets have two purposes in promoting the Caribbean drug-trafficking into the United States. First, like Mao Zedong, they are using drug-trafficking as a way of subverting the United States morally and economically. Already, in 1978, revenues from the international drug traffic had reached the level of \$200 billion annually, the greatest portion of this revenue originating inside the United States. It is probably more than \$500 billion annually today. It is probable that Americans spend more on drugs than they do for national defense. Secondly, the Soviet assets' share of these revenues funds terrorist and political-subversion operations inside the United States, and within the nations of Central and South America.

Soviet drug-operations are a pre-war stage of irregular warfare against the United States, and were consciously designed for this purpose by Mao Zedong, Khrushchov, and Andropov. The object is to undermine our political system and our economy to the degree that we are either unable to resist Soviet imperial aggression in various parts of the world, or simply lack the will to attempt to resist.

Does Project Democracy know this? Certainly, this is very well known at the highest level. None of the major U.S. financial institutions conducting billions of dollars of hot money annually through cooperation with Swiss bank accounts and Caribbean and other "offshore" banks, could receive such sums year after year, without knowing whence

those amounts are originating.

During 1985, my friends and I collaborated with a Central American government, in helping to set up a model anti-narco-terrorist operation. We did this to assist a friendly government which wished technical assistance, and also to provide the U.S. government with a model of the way in which narco-terrorism could be fought. The operation was most highly successful, and proved its point conclusively. This was the best way for the U.S. government to proceed, in cooperating with Central and South American nations against narco-terrorism. It was very near to being adopted as U.S. policy.

My thesis was this. Since terrorist operations in the Caribbean and adjoining nations depend chiefly upon revenues from drug-trafficking for their logistical support and weapons, if the drug-trafficking is shut down, as we have the means to do this very effectively, the effect of blocking the production, processing, and shipment of drugs will cripple and isolate the terrorists to the point that they disband operations, or are easily mopped up. By assisting these nations in their economic development programs, by means at very little cost to the U.S., we would strengthen the stability of these nations, and thus strengthen their individual and regional security.

This approach was sabotaged by Project Democracy and by the State Department's Elliott Abrams. I have numerous names, dates, and places, showing Project Democracy's direct political collaboration with drug-trafficking interests, and for the purpose of sabotaging the efforts of both U.S. agencies and local governments in the fight against narco-terrorism. This information has been supplied to official, relevant U.S. government agencies, and information to the same effect has been supplied in large quantities by other sources.

This brings us back to the questions: "How is Project Democracy involved in Soviet-directed drug-trafficking into the United States? Is there some financial connection?" A few ABCs of the banking side of drug-money laundering help to explain it: how laundering of OPEC petrodollars was used as a model for laundering billions of drug money through U.S. financial institutions.

Following the formation of OPEC, Swiss banks set up a system of fiduciary accounts. Instead of allowing the funds of OPEC tycoons to be placed in Swiss banks as regular deposits, the shrewd Swiss merely held the money for a while, without including the amounts as deposits for which the banks would be responsible to the OPEC tycoons. The banks accepted a very small percentage, as commissions, for placing the money in these fiduciary accounts with other lenders, such as the New York banks. These special sorts of funds, flowing into New York and other banks through such fiduciary accounts, became known as "petrodollars."

So, today, when OPEC tycoons go to Swiss banks, asking

for return of the money placed in fiduciary accounts, the banks reply, "We don't owe you the money; the New York banks have loaned it to Brazil. You will have to get it from Brazil, if you wish it returned." Actually, the New York banks did not actually loan the money to Brazil; they used it to pay themselves the interest Brazil owed them, and charged this as a new loan to Brazil at inflated, "above LIBOR" interest-rates. Cute, is it not?

Then came the Carter-Mondale administration. Suddenly, there was a flood of hundreds of billions of drug-trafficking dollars on the world market, mainly building up inside the accounts of so-called "offshore," unregulated banks. Some wise guy said, "Let's deregulate U.S. banking, so that we can process this new source of money as easily as we are now processing petrodollars."

The first step toward deregulation, was allowing the drug-traffickers' favorite Far East bank, the HongShang, to operate inside the U.S. This effort was launched in 1978, about the time that the Heritage Foundation and the Anti-Defamation League were co-deployed for operations against my friends and me. After Carter appointed Paul A. Volcker chairman of the Federal Reserve, this deregulation was pushed through. As much as hundreds of billions of dollars annually, from the international narcotics traffic, were now free to flow through U.S. banks and brokerages in much the same way as petrodollars.

These drug-funds, conduited in this way, were politely classed as "Eurodollars," mixed up with other Eurodollar accounts in such a way as to launder the portion otherwise easily traceable to drug-trafficking sources.

In the midst of these operations were the Swiss banking connections of U.S. organized crime's Meyer Lansky, and the Caribbean apparatus which Lansky had built up in Cuba during the long period Lansky owned both Fulgencio Batista and the Communist Party of Cuba. This cut into the U.S. Anti-Defamation League (ADL) through a scam centered around Robert Vesco and the ADL's law firm, Willkie, Farr, and Gallagher. Through a deal with the U.S. government, the ADL's crony, Vesco, was sprung from a Swiss jail, and shipped into the Caribbean, sitting today in Fidel Castro's Cuba, financially in the middle of the Caribbean drug-running into the United States.

The ADL is a Soviet KGB-linked, key component of Project Democracy, with official ties to the U.S. Department of Justice, including the Civil Rights Division and Neil M. Sher's official Soviet conduit in that Department, the OSI. The ADL's links to the Department and the FBI are run chiefly under the covers of the ADL's alleged role in investigating "right-wing organizations," some of which the ADL created and ran through its paid agent Jimmy Rosenberg, and through the ADL's direct links to the KGB and East Germany intelligence arms such as the VVN, in targeting alleged "Nazi war criminals" on the basis of Soviet-forged documents. The

ADL is a key part of Project Democracy, together with the mother-in-law of the State Department's Elliott Abrams—it is a small world.

The ADL is an integral part of the apparatus of former top Soviet intelligence operative Jay Lovestone, the apparatus which created and controls both the AFL-CIO's international department and AIFLD. Other important aspects of the ADL's connection to the offenses documented in the "Iran-gate" scandal are summarized in *EIR's* 341-page *Special Report* on Project Democracy, the major privately-published

The patriotic faction of the Establishment knows that Project Democracy represents a faction committed to a continuing "deal" with Moscow, and knows that the power of Project Democracy's faction must be broken, or the United States can not be saved from the early threat of Moscow's rapid progress to imperial world-domination.

supplement to the Tower Commission Report. By adding the facts in the *EIR* report to the Tower Commission Report, and the reports on the Pollard case, the general picture is clearer.

The new and old 'Trust'

Is Project Democracy's leadership aware, that it is playing the part of a conduit for Soviet influences into the Americas? The answer is a loud "Yes!" There is not the slightest margin for doubting that the complicity is fully conscious.

For example, the key figures at the top of Project Democracy are the circles of former Communist Party U.S.A. leader Jay Lovestone. Lovestone was a high-level Soviet intelligence agent, on the inside of Bukharin's and Stalin's operations against the United States during the 1920s, into the middle of the 1930s. Lovestone and his ex-Livonian cronies from those days, have been very highly placed in U.S. Intelligence since the late 1940s, and have high-ranking positions of influence over U.S. intelligence today. They do not own Project Democracy as a whole, but they are the most highly placed officials in Project Democracy's intelligence apparatus, an apparatus larger than the operations capabilities of the CIA.

Lovestone, operating since the 1930s out of the late David Dubinsky's International Ladies Garment Workers Union (ILGWU), controls the intelligence apparatus of the AFL-CIO, controlling both the industrial department's domestic intelligence capabilities, and the powerful intelligence apparatus deployed by the AFL-CIO's international department. This AFL-CIO component of Lovestone's intelligence empire overlaps the League for Industrial Democracy (LID) of Jeane Kirkpatrick, Michael Novak, et al.

When Project Democracy operates on behalf of Soviet-directed operations in the Western hemisphere, Lovestone's immediate cronies, including the influential Leo Cherne, are fully aware of exactly what they are doing.

During and following the period of the original U.S. branch of the Anglo-Soviet Trust, the U.S. partnership with Moscow operated out of Manhattan's 120 Broadway. Initially, the relationship to Moscow was through Leon Trotsky and Soviet intelligence chief Felix Dzerzhinsky. Later, the relationship shifted to Bukharin, and to Stalin. In the midst of this was the shadowy figure of Vincent Astor and the Astor Trust, the same Astor who created the form of organized crime headed, after the death of Arnold Rothstein, by Rothstein's successor Meyer Lansky. So, the 1920s links between New York financial circles and Soviet Russia, on the one side, and the so-called Mafia, which Lansky controlled top-down until his death, on the other, are part of the background to be understood to recognize the way in which Project Democracy's links to the KGB were set up after 1955.

There was a break between the Anglo-American side of the original "Trust" and Stalin during the period of the 1930s Moscow Trials. The breaking-point came in 1938, after the butchery of Bukharin's circles, and 1938 signs of the anti-West deal between Stalin and Hitler. Up to that time, the Bukharinite Communist International Right Opposition, an intelligence apparatus which had worked with both Soviet and U.S. State Department intelligence since the early 1930s, broke with Stalin, and became integrated into U.S. intelligence as "State Department Socialists."

After Stalin's death in 1953, an effort was made to reestablish the "Trust" partnership with Moscow, an effort spearheaded by Bertrand Russell. Russell reached initial agreements with Khrushchov in 1955, agreements consolidated in the context of the second and third Pugwash Conference, the former held in Quebec, the second in Vienna, in 1958.

The agreements made among these circles during the late 1950s, were centered around the introduction of the doctrines of "nuclear deterrence" and prohibition of development of anti-ballistic missile defense systems. These late 1950s agreements were pushed through the U.S. government, step by step, over the period 1962-1972, becoming known as "détente" and "arms control."

The purpose of these arms agreements was to establish what is sometimes called a "bi-polar world." The proposal was, to place the entire world under the rule of agreements

reached between the two superpowers, plus a special role assigned to the Peoples' Republic of China. The issue of China's role within such a bi-polar arrangement, was the cause of the 1955-1962 rift between Beijing and Moscow. In other words, with the special case of China excepted, the agreement was, that the world was to be divided between the respectively autonomous Eastern and Western divisions of a single world empire, with Moscow ruling the Eastern division, and the Anglo-American Establishments the Western. Both would negotiate agreements on global matters, which both would cooperate to enforce on other nations, but the issue of boundaries between the spheres of influence of the Eastern and Western divisions of the world-empire would be subject to continual "crisis management" negotiations on "regional matters."

The initial agreements of the late 1950s, were supplemented by a new dimension of agreements during the 1960s. Over the 1963-1969 interval, the Eastern and Western partners came to agreement on the promotion of what is often called "neo-malthusianism." The proposals originated with the circles of Bertrand Russell, leading to the establishment of Soviet cooperation in the coordinated founding of the Club of Rome, the Laxenberg, Austria, International Institute for Systems Analysis, and the Moscow KGB section known as the Global Systems Analysis group now under the direction of Ivan Frolov.

Out of this came several shifts in U.S. federal policy during 1966-67. "Population control" was adopted as policy of the U.S. State Department's outlook toward developing nations. The causes of "consumerism" and "environmentalism" were used, under the slogan of "Great Society," to tear down U.S. aerospace research and development, beginning 1967, and to introduce the doctrine of "post-industrial society" to U.S. long-range policy-shaping.

The proposal was Russell's argument since the early 1920s, that the white race faced a strategic danger in the increase of population of darker-skinned races, not only in Africa, Asia, and Ibero-America, but also an alleged "excess" of Mediterranean ethnic stocks, including Arabs, Turks, Greeks, Italians, and Hispanics. "Population control" was to be directed to reduce the world's total population to agreeable, fixed levels, of between one and two billion. Technological progress was to be held back, and industrial development cut drastically in favor of growth of low-paid employment in so-called "service industries."

As part of this, not only was malthusian propaganda used to organize anti-nuclear, anti-technology movements in the West, but the systematic promotion of a rock-drug-sex counterculture was used to undermine traditional, pro-technology, family and individual social values of Western nations. Moscow exploited the promotion of the counterculture within the West, to launch its international narco-terrorism operations.

It is true, that many of the powerful interests which either

sponsored or merely condoned this systematic erosion of Western society are now reconsidering this policy. Many are becoming aware, that Moscow does not intend to honor a bi-polar division of the world indefinitely, but merely to exploit the advantage of "détente" and malthusian agreements, to assist Moscow in bringing the entire world under a single imperial power, and to loot the present nations of the Western industrialized and developing sectors in much the same way Moscow loots Poland, East Germany, Czechoslovakia, Hungary, Romania, and Bulgaria today.

This awakening to the imperial danger to the West, from Moscow, has been heightened by the imminence of the worst financial collapse in history. Eighty percent of the financial holdings of the wealthiest organizations of the West are now at the brink of being wiped out of existence by a new financial crash. The Establishments of the West are now in the process of being ripped apart, into bitterly opposing factions, over these issues. A desire for a return to traditional family values, mixed with a fear of becoming helplessly, virtual Soviet slaves, and bankrupt slaves at that, has aroused a growing number of our Establishment as well as the general citizenry to the sense that perhaps we have made a few major blunders in policy over the past twenty-five years, policies we must change very quickly now, if we are to survive.

This is the key to the "Irangate" scandal. The chief elements of the scandal, the support for Khomeini's Iran and the Contra operations, have been continuous over years, in the case of Iran since Carter backed Khomeini's rise to power in 1978. The Reagan administration merely continued policies established under the Carter-Mondale administration. The "Irangate" crisis erupted, not because someone suddenly discovered what had been ongoing for years, but because the policies involved in these dirty operations were no longer to be tolerated. The motivation for blowing the scandals open, right after the November 1986 elections, was "Enough! The country is in danger. This sort of thing can be tolerated no longer."

This produced a sharp clash between the traditional patriots and more practically-minded Establishment factions, on the one side, and the Project Democracy section of the Establishment, on the opposing side. The patriotic faction knows that Project Democracy represents a faction committed to a continuing "deal" with the Soviet Union, and knows that the power of Project Democracy's faction must be broken, or the United States can not be saved from the early threat of Moscow's rapid progress to imperial world-dominance.

Since many of the patriotic faction of the Establishment are habituated pragmatists, they do not act by coming forth openly to name the name of the game. The factional struggle over the future of the United States takes the form of behind-the-scenes warfare, with only aspects of this behind-the-scenes fighting coming directly into public view.

It is obvious, from the pattern of stepped up legal and

other harassments since August 1986, that I am personally at the center of this fight.

How Moscow directs Project Democracy against me

Beginning April 1983, Moscow officials at the highest level, ordered a campaign to eliminate me from the political scene in any way possible. The immediate issue was the U.S. SDI, which Moscow blamed me for designing. NBC-TV was then negotiating a juicy contract with Moscow, so NBC was chosen to lead a news-media attack on my 1984 Democratic presidential campaign, under the direction of Project Democracy, with the drug-trafficker-linked ADL in the foreground.

Unfortunately, since the Reagan administration was using the ADL both for 1984 election-campaign deals and for its operations in such connections as arming the Contras, the apparatus of government, including Project Democracy elements in the leaderships of both major parties, was used to rig legal problems in my actions against NBC and the ADL, and to pre-rig a major frame-up against me organized through the Boston office of the Department of Justice, planned, by July, to occur immediately after the November elections.

The October 6-7, 1986 raid on Leesburg, was specifically ordered by Moscow, including openly stated specifications for such Justice Department action published in leading Soviet publications during August and September. The most recent operation, to shut down my friends' newspaper, was also directly ordered from Moscow in the same way Moscow ordered the October 6-7 raid.

How does this work? It works in part through Soviet diplomatic channels pressuring the U.S. and other Western governments on the issue of "eliminating LaRouche." This is done through conduits such as Armand Hammer, or as private, off-the-record observations to U.S. diplomats and others. This is backed up by confirming public attacks upon me in the Soviet press, a news-media operation known in intelligence jargon as "signal pieces," published items which show an overt Soviet commitment at the highest level to what is requested privately. The coordination of the action taken, involves the top levels of Project Democracy.

For example, a Soviet agent would never go in the front door of the FBI headquarters, or to U.S. Attorney Henry Hudson, and order "do this and so." Henry Hudson might get his back up in that case.

Rather, highly respected figures, including those associated with prestigious, intelligence-community-linked Washington law firms, move through various channels, moving in on a Hudson, for example, sideways. In effect, they "brainwash" Hudson into believing what they wish him to believe, get him all worked up by pushing on the right psychological buttons, to the point he works out for himself exactly the action desired, at the time Moscow desires it to occur. Hudson knows he is corrupt, of course, in the sense of doing illegal actions out of the malice his manipulators have in-

duced in him; he does not know how he is really controlled, and that as effectively as if he were a programmed zombie. The Project Democracy apparatus arranges the way it is done.

It is Soviet penetration of high levels of our intelligence community, including the CIA, which makes the arrangements on Soviet request.

Naturally, Project Democracy hates my guts, and has tried to "eliminate" me in various ways over the years, especially since my friends successfully defended themselves against Communist goons back in 1973. Certain leading bankers also hate my guts, usually bankers tied to Project Democracy's dirty operations. Let us say that they have their own reasons for not being unenthusiastic about carrying out Moscow's demands.

Moscow made the following explanation of its motives to the highest levels of a certain nation in Europe. "The danger is LaRouche. He is the only political figure in the U.S. who could be a threat to us." For zest, the Soviet diplomat added the scare-theme, "He would be the only President who would push the button." Moscow does not actually believe I intend to push the button. It believes that I am the only 1988 presidential candidate who has the knowledge and will to rebuild the Western economies and defense capabilities up to the level which would prevent Moscow from daring to start World War III, or attempt to grab up Western Europe piecemeal. Moscow wishes me out of the way immediately; Project Democracy, and dupes such as Henry Hudson, are willing to oblige.

That is how things really work.

Does President Reagan understand any of this? I am not certain. I know that Moscow has brought up the "LaRouche question" with the State Department, at the highest levels, repeatedly, and through regular Moscow channels into the U.S. Department of Justice. I would doubt that they would bring up my name explicitly with the President; it is not the way these things are arranged, and is definitely not the way to approach a person as ideological as President Reagan.

Does the President understand Project Democracy? He doesn't like socialists very much, even right-wing ones such as Jeane Kirkpatrick. He knows he has made deals with them, including deals with Lansky's old bunch, and the ADL. I would guess, however, that he doesn't like them personally very much. He knows that he is suffering "Irangate" because of rotten deals he made with Project Democracy, beginning back in 1980; the rest, I think he genuinely does not comprehend.

The President is an amiable, but rather simple man, not long on anything which takes more than two short paragraphs to read through. He is terribly simplistic on economics, as his refusal to recognize the disaster of "Reaganomics" tells us. He is a middle-class populist, who believes that everything has a very simplistic, ideological explanation. The truth is much too complicated for him. That is how Poindexter and others duped him.



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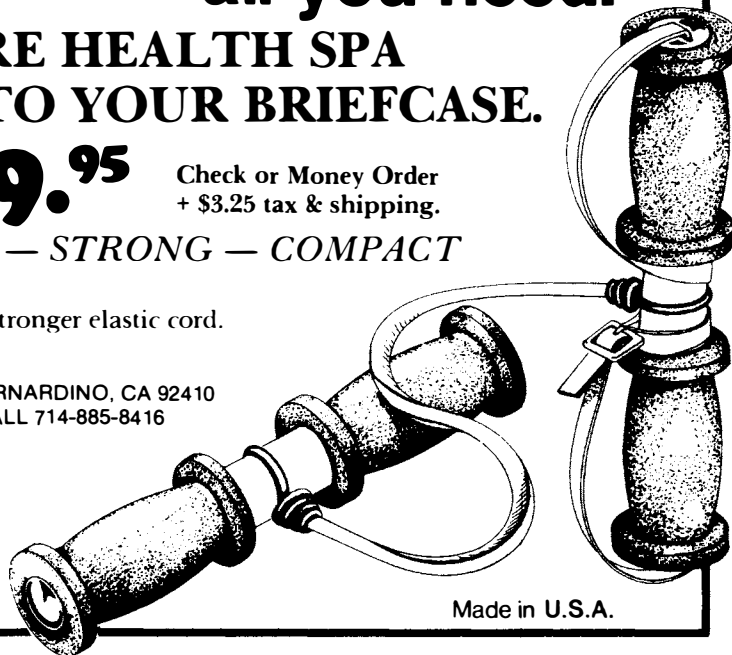
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Soviets stoke replay of 1961 Berlin crisis

by Lyndon H. LaRouche, Jr.

Presidential candidate Lyndon H. LaRouche, Jr. released the following statement on May 3. The statement was widely distributed in Washington.

All signs point toward Moscow's building up a new Berlin crisis, resembling that during the first year of President Kennedy's administration, back in 1961.

The first sign began early last week, as Moscow announced suddenly an "indefinite postponement" of the most prominently scheduled visit to Moscow by West German President Richard von Weizsäcker. Cross-checks showed that the cancellation of von Weizsäcker's visit was only one of many cancellations of Soviet Secretary General Mikhail Gorbachov's travels and Moscow appointments with foreign dignitaries for the months of May and June.

The cancellation of approximately two months' schedule of meetings with foreign dignitaries by a Soviet head of government always means that something very big is about to break. Some Western intelligence channels hinted that perhaps Gorbachov was in trouble at home. Some among the most authoritative Western specialists in Soviet affairs pointed, instead, to signs of a strategic shift by Moscow, away from emphasis on economic "joint ventures" with Western financier interests, toward a more openly confrontationist posture. I agreed with the latter view.

Then, on Friday, May 1, in West Berlin, there was an explosion of rioting, led by the Socialist Unity Party (SEW) of West Berlin. The SEW is the West Berlin branch of the ruling Socialist Unity Party (SED) of East Germany. The riots continued, with increased violence, on Saturday, May 2. Dozens of West Berlin stores were looted, buildings burned, and many combatants on both sides, police and SEW-led

rioters, injured.

Such SEW-led rioting in West Berlin could not occur without direct Soviet orders. Although nominally an arm of the SED, the SEW is directed by the East German secret police ("Stasi") from its Alexanderplatz office in East Berlin. All such East German paramilitary operations in West Berlin and West Germany are run, traditionally, directly by the Soviet military intelligence, GRU; however, operations on the level of the SEW-led riots challenging the Four-Power Agreement, would be coordinated by the office of the East German head of government, under direction from the top level of government in Moscow.

The riot situation in West Berlin this holiday weekend, is a replay of the manner in which Soviet dictator Nikita Khrushchov ordered East German satrap Walter Ulbricht to orchestrate the 1961 Berlin crisis. In no case, would Moscow allow the SEW to be engaged in a two-day riot scenario of the type which occurred, except as a way of directly confronting the Western powers with the fact of a Soviet-directed build-up in the direction of a strategic showdown.

The question is posed: "Is this the reason for the sudden, two-month cancellation of Gorbachov's agenda of meetings with foreign dignitaries?" Without question, the Berlin riots have something to do with that sudden change of schedules. Since 1947-49, Berlin has always been the point at which Moscow tests the political nerve of the U.S. government. Each time the United States has made concessions on Berlin during such crises, Moscow has assumed that Washington has shown a lack of nerve, and has followed the Berlin showdown with a Soviet adventure somewhere else, as it went ahead with the 1962 Cuban Missiles showdown following Kennedy's back-down over Berlin in 1961.

There is no question that Gorbachov has unleashed a new Berlin crisis. The questions to be answered include: 1) How big a Berlin crisis is Moscow committed to build up? 2) What crisis-spots in addition to Berlin are part of Moscow's larger agenda for the coming two months? 3) Why has Moscow made this very sudden shift in strategic posture at this particular time?

For the first two questions, I have no firm answers at this moment. On the third question some answers are already clear.

First, Moscow is trying to play what it considers Gorbachov's "Reagan Card." Since August-October 1986, Moscow has been convinced that President Reagan is so desperate to save the Gramm-Rudman-Hollings policy that the President will pay almost any political price to secure an early "zero-option" agreement with Gorbachov, and to leave the presidency with his economic and "Iran-Contra" failures buried under his reputation of having become "a man of peace."

Moscow has been convinced, since the "Danilov Affair of August 1986," that the President will capitulate to Soviet blackmail, as a price for getting the negotiations which the President desires. The U.S. capitulations on the cases of Kurt Waldheim, Karl Linnaas, and the April 21st raid on my friends' offices, have shown Moscow a Reagan administration willingness to submit to heavy Soviet blackmail pressures on these and other issues. Now, Moscow presses President Reagan to override the objections to the proposed "zero-option" from such sources as the governments of France and Britain. Since the President's most recent capitulations, more Soviet blackmail was inevitable.

If President Reagan were to agree to such a "zero-option" agreement, the result would be worse than Chamberlain's and Daladier's 1938 capitulation to Hitler at Munich. That is bad enough, but there is something worse afoot.

Second, however, some senior Western specialists on Soviet affairs suggest a second reason for the recent sharp turn in Moscow's policies. My own estimates agree with this view.

The event which set off the sudden turn in Moscow, was Moscow's perception that a general financial collapse of the West was about to occur. In Soviet logic, this means that Moscow would tend strongly to repeat what happened in 1929, when Stalin overthrew the Bukharin government and launched a policy of Soviet semi-autarkism known to specialists as the Soviet "Third Period." The best Western Soviet specialists estimate, that what is now happening in Moscow is a fight between the so-called "globalists," those committed to economic "joint ventures" with Western financial interests, and the "nationalists," those who say that the Soviet economy must rely more heavily on its own internal resources during the period of Western financial crisis, just as Stalin did during the 1929-34 period.

This does not mean any automatic dumping of Gorbachov. Although Gorbachov has been able to wear the smiling death-mask of Bukharin, for purposes of dealing with Buk-

harin's admirers among Western financial circles, Gorbachov is a true political grandson of Stalin, and is a highly popular and integral part of the overwhelmingly dominant faction in Moscow now, the faction conducting the present turn. It does mean, that Moscow will turn very nasty, and be more willing to engage in open strategic showdowns, in Berlin and elsewhere.

Both factors come into play in a new Berlin crisis. It is a way of determining whether President Reagan is as weak-willed as Moscow wishfully believes the President to have

Since 1947-49, Berlin has always been the point at which Moscow tests the political nerve of the United States government. Each time the U.S. has made concessions on Berlin during such crises, Moscow has assumed that Washington has shown a lack of nerve, and has followed the Berlin showdown with a Soviet adventure somewhere else.

become over the recent two years. It is also a kind of action in Germany, in which Moscow would not have engaged at this time, unless Moscow were in the process of a turn to something resembling a "Third Period."

If the President shows signs of capitulating in face of the Berlin crisis, this will serve Moscow's design for decoupling a terrified, virtually abandoned West Germany from its alliance with the United States. Moscow's agents hope to lure the United States into choosing an actually strategically pathetic Israel as a strategic replacement for a strategically vital West Germany. In that case, Moscow would have rendered Western Europe nearly defenseless, and could proceed to gobble up most of the world more or less at leisure. Moscow would probably gobble up most of the Middle East almost immediately, and probably move soon to destabilize Pakistan and establish a warm-water puppet-state of Baluchistan, or similar early takeovers.

If the President refuses to yield an inch on the security of West Berlin, Moscow will back away, and direct its aggressiveness to alternative targets.

So far, Moscow's "Cold War" is not yet a solid freeze, but there is a very sudden and very chilly chill in the spring winds blowing into Western Europe from the East.

Moscow signature on Berlin May Day riots

by Rainer Apel

Again, the Kremlin has decided to launch a crisis over Berlin, the most sensitive confrontation-pivot in Europe. On May Day, the western part of the city experienced the heaviest outburst of street-level violence launched by the left-wing underground in recent years.

The riots developed around an "alternate May Day festival," which was arranged by the pro-terrorist (Green) Alternative List and other "initiatives" in Kreuzberg, a section of the city directly bordering on the Berlin Wall. The SEW (Socialist Unity Party of West Berlin), the western section of the East German ruling party SED in the city, plays a central role in this scene—squatters groups, anti-American initiatives and the like. The Alternative List, seated in the municipal parliament, cooperates closely with the non-parliamentary SEW, which receives sizable sums of money from the East for its "work." The money is given by the SED, in close consultations with the Red Army military command at Karlshorst.

The trouble on May Day began during the street-festival, at about 4 p.m., when youth gangs began attacking the police, and destroyed a police car. To disband the riots, police used tear-gas, and pulled together an anti-riot force of 400 policemen. The situation calmed down for the moment, but behind the scene, the left-wing underground massed and equipped its forces for the larger confrontation, beginning two hours later, when a mob of 900, largely masked individuals, went into action.

The mob acted in a concentrated and apparently well-coordinated way. For example, there were special and targeted attacks on the police and the fire brigades, which tried to fight the many fires the mob was starting in more than 50 shops, after plundering them. "This is the worst thing I've ever seen in my life," commented the commander of the fire brigades.

The battle left 70 police cars and several fire-fighting vehicles damaged. During the attacks, steel pellets were fired from sling-shots, and molotov cocktails thrown. More than 40 policemen were injured, some of them seriously, more than 58 small stores plundered and burned down, and numerous private cars were destroyed as well.

The riotous mob was given directions, from 7 p.m. on, via the "Radio 100" station, a private station run by the Alternative List, several homosexual rights groups, the pro-terrorist rag, *tageszeitung*, and a group of left-wing Social Democrats. The station is authorized by the Senate of West Berlin, strangely enough also "in compliance with the [Western] allied powers." A certain co-funding by the SEW, which has an emphasis on "opposition groups" in its political work, can be assumed.

During the whole period of four hours authorized program-time, Radio 100 "reported" on the riot scene, the main confrontation points with the police, and the "results."

The pictures run on television and in the newspapers of the post-riot scene recall the civil war scene in Belfast or Beirut—houses with smoke-stained walls, windows smashed, cars lying upside down, burned out, the streets filled with glass shambles, burned tires, and other trash. The association of shop-owners estimated the material damage caused on its Kreuzberg members alone at between 10 and 15 million deutschemarks.

Soviet attack on Kohl

The same May Day, Soviet and East German media attacked an official event in West Berlin of the evening before, where Bonn Chancellor Helmut Kohl addressed the 750th anniversary of Berlin's city rights. Kohl, who emphasized the political, economic, and cultural ties between Bonn and West Berlin, as they are affirmed by the 1971 Four-Power Agreement, was attacked by the Eastern media for "cold-war confrontationist rhetoric." They charged Kohl with "hysterically maintaining official connections between the city and West Germany, which do not exist."

The media attacks and the riots in Kreuzberg were part of the same confrontation build-up, apparently. Yet, officials of the German administration and of the three Western allied powers played the crisis down. An aide to the Aspen Institute in the city commented to journalists, however, on May 5: "Some people from the East wanted to make a show, timed to coincide with the 750th anniversary meetings in West Berlin, when a lot of dignitaries from around the world would be there."

Police officials, taking the affair more seriously, have pointed to another aspect that should cause concern: President Reagan will visit West Berlin on June 12, to address a rally of 20,000 citizens next to the Berlin Wall. There is evidence that, from the violence-prone underground scene in the Rhine-Main region and in the area around Göttingen, several hundred rioters are being deployed into Berlin especially for planned confrontations around June 12.

In June 1982, Reagan's arrival in Berlin was accompanied by an outburst of violent street riots in the inner city. Quite obviously, the new crisis in Berlin is a Soviet show of force against the United States directly, and poses a live security threat to the U.S. President.

Marshal Ogarkov officially resurfaces

by Luba George

It has been confirmed by Western defense sources, both in Europe and the United States, that Soviet Marshal Nikolai Ogarkov was recently appointed to the newly created post of deputy commander-in-chief of the U.S.S.R. Armed Forces. This places him as number-two, directly under General Secretary Mikhail Gorbachov on the Soviet National Defense Council, the highest combined civilian-military defense organization.

The development occurred shortly before a three-day top-secret Warsaw Pact Military Council meeting April 16-18 in Minsk, the capital of Byelorussia. The meeting was presided over jointly by Gorbachov and Ogarkov. The location of Minsk was not accidental, as Minsk is the Supreme Headquarters for Ogarkov's Western Theater War Command. Ogarkov's new operational command assignment is comparable to when, in the last years of World War II, Marshal Georgi Zhukov was named deputy commander-in-chief to Josef Stalin.

Ogarkov is best known to the Western public for his role in masterminding the shootdown of a Korean Air Lines jet in September 1983, killing all aboard. His fortunes have been the subject of endless speculation by Kremlinologists, who promptly proclaimed him "demoted" when, in September of 1984, he was removed from his position as chief of staff of the Armed Forces. *EIR* insisted, however, that this was no demotion, but that Ogarkov's war-mobilization doctrine had been adopted by the High Command as a whole. In July 1985 he was named Warsaw Pact commander, and then commander of the Western Theater of War, confirming our analysis.

Ogarkov's current appointment signifies the end-phase of what Lyndon LaRouche has called "Plan B"—the Soviet shift to a "crash program" to develop a "Strategic Defense Initiative," with concomitant modernization of the industrial economy and strategic and theater nuclear strike forces. The appointment is the most solid proof that the Soviets have an active war plan against the West, and are now launching provocations and confrontations against the United States and its allies, as shown by the new Berlin Crisis unleashed by Moscow on May 1.

This new dimension of Soviet war mobilization policy, forecast in 1985 by *EIR*, is being acknowledged as such by increasing numbers of Western intelligence personnel. A military analyst working for a British defense ministry think

tank told *EIR* that Ogarkov's promotion means that the Soviets are concentrating on developing a space-based SDI defense system to "revolutionize" warfare. "Ogarkov," he added, "is one of those who are keen on the idea of developing new weapons based on 'new physical principles' instead of relying on increasingly obsolescent weapons technologies." The Kremlin does not care about the obsolete SS-20 missiles, and is perfectly willing to negotiate them away in a "zero option" deal, he added.

Ogarkov's restructuring

As deputy commander-in-chief of the Defense Council, Marshal Ogarkov will guide the *perestroika* (restructuring) underway in the Soviet Union, responding to the pressing requirements of military R&D. "It's not Gorbachov's *perestroika* . . . it's Ogarkov's *perestroika*!" exclaimed a high-ranking defense analyst in West Germany. "The entire restructuring program was engineered by Ogarkov. His first priority is not arms arsenal and military power per se . . . the scientific-technological base takes precedence."

There are two critical phenomena operating in the Soviet Union today: first, an acceleration of the war economy build-up, which captures the essence of Stalin's pre-war preparations of 1938-41; and second, in response to the financial crisis in the West, a push for autarchy in the Comecon bloc, analogous to Stalin's 1929 "Third Period" response to the Great Depression.

But there is a crucial difference today. The *perestroika* is being conducted so as to avoid the errors of Stalin's mobilization. Ogarkov's writings insist that the Soviet Union could never afford to repeat the errors of the last war, when it failed to invest enough in technology, failed to develop adequate logistical capabilities in depth, and failed to adequately disperse war production facilities, among other things.

Today, a quantum leap in exploiting the satellite economies is necessitated. The research and technological capabilities of Comecon countries will be forced to contribute greater input into the Soviet mobilization. War economy-related priorities have been set in the recent Soviet and East bloc "joint ventures," and cooperation agreements include development of lasers and laser technology, microelectronics, microcomputers, robotics, biotechnology, and atomic power.

Knowledgeable Western analysts point to Ogarkov's

“technological chauvinism”—his intolerance of technological dependence on the West. He views the Brezhnev era of détente, in which the Soviet Union relied heavily on importing Western technology, as having eroded the U.S.S.R.’s independent technological base. It is understood that Ogarkov’s *perestroika* will mean further purges of the Brezhnevite military-political elite.

A top Western defense source revealed that at the Minsk Warsaw Pact Military Council meeting, some military figures expressed resistance to Ogarkov’s drive for innovation, demanding instead “more of the same” in military hardware, in view of the alleged “NATO threat.” Ogarkov reportedly dismissed their arguments, saying that no NATO threat exists, and the Soviet Union must prioritize its investments in the SDI and related fields.

The upcoming Central Committee Plenum on economic planning, announced recently by Premier Nikolai Ryzhkov, and rumored to take place in June, promises to be a watershed in the implementation of the Ogarkov war plan. Further, within about a five-week period beginning on May 28, there will be two other significant conferences. On May 28, the Warsaw Pact summit will begin in East Berlin. Then June and early July will almost definitely witness a Comecon summit, to thrash out the implementation of the Ogarkov Plan.

Interview: John Erickson

Soviet ‘Globalists’ will be beaten now

On April 28, EIR spoke to Edinburgh University Soviet expert Professor John Erickson. Erickson had just returned from a several week stay in the United States. The following are extensive excerpts from that discussion.

EIR: Certain breaking developments concerning the U.S.S.R. have caught our attention, and raised questions. For example, the strange, sudden “indefinite postponement” of the trip of West German President Richard von Weizsäcker to the U.S.S.R. What do you make of that? In what context would such a development be occurring?

Erickson: There are *several* of these kinds of things going on. This is one sign, of many. It certainly indicates that there are a great many problems in the Soviet Union. What you have to understand, is that there is a great deal of *improvisation* going on in the U.S.S.R., tactical moves on a day-to-day basis.

The problem I came across in the United States, is people always asking me: “How long will Gorbachov last?” Frankly, it doesn’t matter much. Gorbachov is not irrelevant, but whatever happens to him, the process of change is permanent. Nonetheless, there will be turbulence for a long time. Both Russia and America are operating tactically. I reached a consensus with senior people in the United States, that the Soviets have defined an 18 to 20 month period for achieving crucial aims of the *perestroika*, but one must expect things like this von Weizsäcker development. Many changes are going on. I remember very much, I was in the Soviet Union for a long time during the Khrushchov era, and I met people at a very high level, and there was literally chaos.

EIR: One critical element of all of this, in our view, is the Western financial crisis, which is unfolding very fast, toward a crash. Is this affecting Soviet planning, is this an element in some of the changes we are referencing?

Erickson: This plays a key role *tactically*, in the sense I said about how important tactical considerations are to the Russians, but what the effect of the financial crisis will be *strategically*, that is the *real* problem. Expect more perturbations, as a result of this.

I’ve always argued, that a Soviet leader *has* to work, at the beginning, from a standpoint of autarky. *Then*, this is followed by periods of new revolutionary activism. In the

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latter Brezhnev era, we saw the emergence of *globalism*, what the Soviets call *globalistika*. This involves a strategic problem: the relations between socialism and capitalism. The financial crisis in the West, now, must raise second thoughts about this. Particularly in Eastern Europe, problems will arise. It is causing a fluttering of doves.

It will now be said in the Soviet Union, that the policy advisers were wrong. There will be a great deal of doubt, now, about certain strategies. Let me give you an example. Two months ago, we were in the Soviet Union, and there was also this talk of *joint ventures*. What the hell will now become of *that*? First of all, there was already the problem of the lack of legal underpinnings for joint ventures. Now, with the financial crisis, there's no *basis* for joint ventures! This also affects the *enormous* debate about Soviet relations with the IMF. We have always told them there, that they would have to make the ruble convertible, or else there's no way to join the IMF. But the ruble, you know, is worth about 15 cents.

EIR: So's the dollar these days.

Erickson: Yes, that's the point. The dollar has gone into disarray. They did *not* expect this, this rapid slide of the dollar. Frankly, it caught many of us here by surprise, in Britain. This dollar problem affects a mechanism of two years, between East and West. What is happening to the dollar is not a regulated downturn, but a *slide*. It affects a range of policy options formerly open to the Soviets. The question is not *fiscal*, but primarily *political*. It goes to the heart of the problem. Does socialism cooperate? Or is socialism autarkic and independent? Isolationism is a powerful pull in the Soviet Union. There's another trend, opposed to the Globalists, which doesn't give a damn about anything, except for the Soviet Union, couldn't care less about the United States, the West.

EIR: And what will happen to the Globalists, with the financial crash? You said before, the policy advisers have been wrong on the dollar situation. What happens?

Erickson: The Globalists will get the daylight beaten out of them. Look, what they've been up to is a carefully constructed policy option, that has not been done by isolated individuals, but in coordination with top people in the military and security forces. Now, they see they've been wrong, strategically and politically. But what is involved here, is an interlocking directorate of policy. They had decided, they had about 18 months, 20 months to get their act together. Now, however, there will be extreme turbulence. The situation is not controllable. They can still set the same timetable, but they can't have control over these factors.

EIR: And what about the Soviet offer to discuss protocol on deployment of SDI objects in space among respective military representatives. You were in the United States, during a time when various Soviet military people were saying all

sorts of things in the United States What's this all about?

Erickson: This involves a major debate, a huge debate in the Soviet Union, which some Americans don't see, or understand, but which is very real, involving the nature of Soviet strategic thought. It involves the idea of abandoning *equal parity*, to what in English would translate as *sufficiency-in-defense*. This is what the 18 to 20 month gap I referred to earlier, has to do with. Here's where the big mistake of many people in the U.S. comes in. They say that the Russians are abolishing nuclear weapons, to be able to use conventional weapons. What the Soviets *really* want to do, and what all of *perestroika*, or *globalistika*, have to do with, is to make a quantum leap from intercontinental ballistic missiles, a quantum leap to space warfare. For that, they've got to have *perestroika*. *Perestroika* is needed to enable them to redeploy on the SDI/space side. Military men in the Soviet Union that I met, were actually quite willing to take up discussion of SDI.

EIR: Western SDI, Soviet SDI, both?

Erickson: All of it. Although, they don't call it SDI on their side. They call it *space-strike weapons*, which gives them what they want. Increasing missiles, by 10,000 or whatever, has given them numerical parity, but not global equality, which is what they really want. Equality in space efforts. Which alters ground and naval warfare.

EIR: And that is where all their enthusiasm for the "zero-option" comes in. . . .

Erickson: The zero-option fits in perfectly well with this! They are saying nuclear weapons are useless to them, because, in fact, they *are* useless. They're not pushing the zero-option out of the kindness of their hearts, but because SS-20s do not give them what they want. *Space-based systems* give them what they want! They are developing new techniques, which will affect the operating form of warfare to the year 2050. This will change naval warfare, it will change ground warfare. So-called space-strike weapons, as the Russians call them, will give them a whole new bag of tricks. What has been happening until now, under Gorbachov, is giving them the restructuring of Soviet forces that will carry them till the year 2000. The quantum leap will take them much further. It's very wide-ranging. It's why both the *tactical* and the *strategic* are so important to the Soviets. And, when it comes to *tactical* response, they are doing much better than us. We have no tactical response, that's what I kept telling people in the United States.

. . . . When it comes to questions like this, people in the U.S. are simplistic. They always ask me: "Will Gorbachov stay or go?" That's an overly simplistic interpretation! Gorbachov was *put* there, he didn't move in there by himself. He'll stay in there as long as he has his uses. In my view, he has his uses, many uses, for the people who put him in there. But, if they feel differently, he'll go. That's the way it works.

Grand Alliance for Democracy set to win 50% on May 11

by Linda de Hoyos

As the major international dailies are reporting it, the elections for the 24 seats in the new Philippines Senate on May 11, will be a battle between the administration candidates of President Corazon Aquino and the pro-Marcos loyalists apparently led by former defense minister under both Marcos and Aquino, Juan Ponce Enrile. The race would appear to be a mild-mannered replay of the February 1986 elections, with Aquino this time winning the vote overwhelmingly, and officially.

This characterization of the "news" coming from the Philippines is a danger signal that once again, the Filipino people may be cheated out of their election victory. As we go to press prior to the May 11 election, the news from Manila, as relayed by *EIR*'s special correspondent on the scene, and by the Philippines' own newspapers, does not fall into the pre-arranged categories projected by the international media. The party giving the Aquino administration a run for its money is not Marcos's KBL, but the Grand Alliance for Democracy, whose activities have been blacked out of all the U.S. press, even including the CIA's own Foreign Broadcasting Information Service.

This is the party of Enrile, chaired by Vicente "Teng" Puyat, which has brought together many of the most highly respected nationalist leaders in the Philippines in a 24-man slate against Malacanang. Far from representing pro-Marcos diehards, Puyat, for example, was one of the leaders of the Makati businessmen of Manila, who played a pivotal role in bringing down Marcos in 1985-86. The formation of the coalition slate, including such respected figures as Puyat, Wilson Gamboa, and Eva Kalaw, is a measure of the urgency with which the Philippines nationalists view the crisis facing the country and the inability of Malacanang to provide economic or political solutions.

The international blackout has been clamped on the Grand Alliance in service to the U.S. Project for Democracy's full political (although not economic) backing for the ineffectual Cory Aquino.

More important, the Grand Alliance leadership, especially chairman Puyat, has campaigned on a nationalist economic program demanding that the Philippines follow the

example of Peru, and pin debt service payments to only 10% of the nation's export earnings.

On April 29, Puyat issued a stinging refutation of the government's economic policy, speaking before 2,500 businessmen assembled at the Manila Rotary Club (see text of speech page 38). Puyat demonstrated that the government has substituted a "borrowing policy" for actual economic policy, digging the Philippines deeper and deeper into the debt crisis that was only begun with Ferdinand Marcos's capitulation to the International Monetary Fund and creditor banks.

Puyat's attack has hit Aquino and the coterie of former exiles at Malacanang at their most vulnerable point: the presence in the government of Finance Minister Jaime Ongpin and Central Bank chief Jose "Jobo" Fernandez, the latter installed under Marcos at the IMF's insistence. Within the Philippines, Ongpin and Fernandez are kept in place by the nexus of dirty finance intricately tied to the financial empire of Aquino's own brother and mentor, Peping Cojuangco.

On May 4, Puyat followed his Rotary Club speech with a press conference at the Manila Hotel branding Ongpin and Fernandez "guilty as charged." Puyat, standing with five other candidates of the GAD, reported to 125 gathered reporters that the recent release of the letter of intent to the IMF—signed March 10 by Fernandez, Ongpin, and National Economic and Development Authority director Solita Monsod—proved the GAD's charges that Ongpin et al. had sold the country to the banks and the IMF. The IMF standby agreement, stated Puyat, in combination with the debt renegotiation package signed by Ongpin last month in New York, puts the creditors "above the requirements and needs of the people, and as such violates the preamble of the new constitution." The IMF standby agreement represents the full abrogation of the Philippines' sovereignty, permitting the IMF to interfere in every aspect of government economic policy.

For Filipinos, the agreement to the austerity prescribed by the IMF will mean higher taxes, higher energy prices, and unemployment, the last caused especially by the IMF demands for import liberalization—free trade—and privatization of state enterprises. The IMF agreement, Puyat also said,

makes clear that land reform is by no means secured. The government is relying upon foreign loans—with no lenders forthcoming at the moment—to carry out its program of land reform. Even that program is limited to land redistribution, with no mention of the necessary inputs into the agricultural sector—electricity, fertilizer, and irrigation.

The IMF also demands the abolition of the National Food Authority, which will remove the last remaining safety net for the Philippines' impoverished farmers. Similar demands imposed by the IMF caused food riots in Brazil and Egypt, Puyat pointed out.

The Grand Alliance view of the betrayal of the nation at the hands of Ongpin and Fernandez is shared by most of Manila's daily columnists. On May 6, Art Bojals, the head of the Philippines Press Association, wrote a column that indicates the opprobrium with which Ongpin et al. are being held in the eyes of Filipinos. The column begins by noting Ongpin's high-handed style with the press and Philippine population generally, noting that Filipinos forgive Jimmy his "arrogance. He has the right to be snobbish, cold, and aloof, because after all, he went to Harvard." But a look at the IMF letter of intent, shows that "before the foreign creditors, Jimmy is as meek as a lamb. . . . He could easily become a mendicant." The posture of Ongpin et al. to the banks, charged Bojals, is "like a young child begging for candy" and they have "stripped us all of our pride as a nation."

Bojals points out that while many other debtor nations have taken a nationalist stand, Ongpin et al. have acted as lackeys of the IMF and the World Bank, "and an explanation is in order." There are several proposals on the table to deal with the debt crisis: unilateral suspension of interest payments, as Brazil has done; limiting of debt service to 10% of export earnings, as Peru has done; and selective repudiation. But Ongpin et al. have chosen none of the above. Why not?

This article is indicative of the general coverage of the nation's leading financial officers. But the anger against Ongpin et al. is also exploding within the labor movement, a base of the "people's power" organizations that helped bring Aquino to Malacanang last year. On May Day, the country's labor leaders were brought to the palace to hear Mrs. Aquino's speech to unions. Expecting a concession on the fight for a higher minimum wage, they were instead given nothing but promises. Half-way through the speech, many of the labor leaders walked out and joined the May Day labor rally at Luneta Park. When government Labor Minister Franklin Drilon later attempted to address that rally, he was booed and hissed off the podium.

Even the left nationalists in the cabinet—beginning with presidential secretary Joker Arroyo—are known to be opposed to Ongpin and Fernandez. It is no secret to any Filipino, rich or poor, that the government's economic policy is a continuation of the disasters of the regime of Marcos Finance Minister Cesar Virata—only worse. Nor has removal of Marcos brought any foreign investment to the country, as prom-

ised by the United States. To the contrary, comparing the first quarter of 1986 to the first quarter of 1987, U.S. investment in the Philippines dropped 76%; Japanese investment dropped 63%; and combined Australian and New Zealand was down by 76%. The only category to rise is that of debt-for-equity operations, representing no real investment in the country at all.

The projections

According to government-commissioned studies, the opposition will take 8 out of the top 16 seats, with the KBL taking one seat, and the remaining 7 seats up for grabs between the Aquino slate and the GAD. Anyone will concede the GAD 8 seats. Columnist Emilio Jurado of the *Manila Standard* May 7 placed the GAD's Enrile, Puyat, Eva Kalaw, and Blas Ople, former anti-IMF labor minister under Marcos, among the top 10 winning candidates.

The GAD's own projections are more optimistic. Leaders at the Alliance Convention May 7 reported that polls taken in 73 provinces show that the GAD has the lead in 61. This may not be an exaggeration. According to reports among Filipinos from the area of Subic Bay, the Grand Alliance has given "people new hope." In addition, the old political machinery of the nationalists is behind the GAD, and is prepared to make up for the debacle of 1986.

For Aquino, the stakes are very high. If the GAD has a strong showing and is able to propel Enrile into the presidency of the Senate, then a constitutional crisis would likely emerge in the near term. At the least, Malacanang reportedly fears that the GAD would launch congressional investigations into the financial shenanigans around the palace. But in the longer haul, Aquino and the families backing her, would face a nationalist-dominated senate with public opinion shifting away from Cory the Saint.

The senate elections could therefore mean the survival of the Aquino government itself. With the cover of the international blackout, Aquino will rely upon government money, and the machine of Cardinal Jaime Sin, who has endorsed 10 administration candidates by name on a paid television advertisement.

On the other hand, if the government relies upon fraud, it is playing a very risky game. "Tell the Americans that if we're cheated out of this, there's going to be a bloody revolution here," Filipinos have told our special correspondent. The military has already handed in its absentee ballots. According to one report, in one province, out of 500 votes, 200 soldiers voted for a straight Grand Alliance for Democracy slate. The remaining 300 voted for Juan Ponce Enrile *only*. That is a vote for an all-out war against the Aquino government, and civil war in the Philippines. By putting forward a viable economic policy in opposition to the neo-colonialist pressures of the banks and the IMF, the Grand Alliance for Democracy is offering Filipinos another chance. Bets are that on May 11, many will take it.

The foreign debt and economic recovery

Vicente G. Puyat, chairman of the Grand Alliance for Democracy, gave this speech before the Manila Rotary Club on April 30:

I have stated repeatedly that our current enormous debt service obligations are the single biggest obstacle to in-depth economic recovery. I am proposing a precise and workable approach to remove this obstacle. Put a cap on the amount of debt payments by pegging debt service at 10% of our export earnings.

Most objections I have heard to this approach center on the fear that this would severely cut down on or eliminate our future borrowing potential. My response is threefold. First, the example of Peru has shown that, despite many threats,

such debilitating credit cut-off has not occurred. Two, last year we incurred an additional two billion dollars in foreign debt to balance our budget, finance some economic pump-priming measures, and roll over previously incurred debts. By limiting debt service to 10% of exports, we would have had the same amount of money available without additional borrowing. Three, severe restraints on additional foreign borrowing are a blessing rather than a bane. We will be forced to seriously consider the utilization of our own financial resources, abstain from indiscriminate borrowing without a precise idea of how to repay, and consider only such economic programs as yield a specifiable return on deployment and investment of our resources. I will propose a set of such measures and programs below.

The current medium-term Philippine development plan and other specific programs proposed by the present administration do not even consider such critical return on investment factors. Financing of the programs is based on continuing reliance upon foreign loans and increased taxation. Here are some recently published examples. First, for free secondary education the World Bank will be asked for \$63 million. To implement land reform, initial loans of up to \$500 million are sought from the World Bank and other agencies. Three, over half of our projected 1987 budget deficit is to be financed from foreign sources. In 1987 the government plans to borrow \$600 million, an increase of 60% over the 1986 level of \$375 million, which in turn represented an increase of 196% over the \$130 million borrowed during the final year of the Marcos administration. Our 1986 budget deficit of 27.96 billion pesos was 138% higher than the 1985 11.75 billion peso level.

These figures make one thing crystal clear. This government has no economic policy, it has a borrowing policy. Rather than reducing our dependence on foreign sources, multilateral, governmental and private alike, such dependence is increasing at a faster rate than at any other time in the history of the Republic.

As a nationalist, proud of my political heritage, I reject such begging and cajoling of our friends and of supranational institutions as a substitute for a well-considered economic policy which in its essential aspects we should finance with our own resources. I know that we have within our nation the well-qualified manpower and the rich natural resources to permit us to stand on our own feet. By the beginning of the next century, we will be a nation of close to 100 million people. It is the job of our present generation to build the foundation for their existence as a truly independent people, not just in the nominal sense but also in the essential economic sense. After 20 years of economic dependence and limited sovereignty, the first drastic step must be taken now to break the vicious cycle of lack of self-reliance and ever greater foreign obligations.

My first point then, to repeat, is this: limit debt-service payments to 10% of our earnings from merchandise exports. For 1987 this means paying approximately \$500 million rath-

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er than the \$2.6 billion or the \$2.75 billion projected by the Department of Finance and the Central Bank, respectively. We would thus save in excess of \$2 billion or 40 billion pesos which should be allocated to stimulate short-term economic recovery.

Secondly, we must realize that neither the infrastructure nor the capital structure of the country at this point is ready to accomodate investment in large-scale industrial ventures. This implies a two-fold strategy. To begin the process of recovery by stimulating domestic demand so as to permit industry to get back to reasonable and profitable levels of capacity utilization and to begin at the same time the process of alleviating the worst infrastructural deficiencies, especially by a concerted attack on the energy, communications and transport, or market access, problems. The following two categories of short-term measures and allocations are designed to accomplish this. First, stimulation of domestic demand. 1) Allocation of \$650 million to increase the salaries of government employees by 50%. 2) Allocation of \$150 million to begin implementation of the constitutional provision for free and enhanced secondary education. 3) Allocation of \$400 million for tax relief and investment credits, stimulating private sector recovery and enabling private firms to increase the real wage levels of their employees. Category 2, infrastructure enhancement. 1) Allocation of \$250 million for initial development of new energy resources and for subsidizing of energy prices so that they can be brought in line and be made competitive with the per-kilowatt hour prices prevailing in the other ASEAN nations, Taiwan and South Korea. 2) Allocation of \$50 million for emergency improvements of the transportation and communications infrastructure. 3) Allocation of \$300 million for the initial stages of land reform and enhancement of agricultural productivity. . .

I can confidently forecast that, with the above measures, we will bring our real GNP growth up to 7% or 8% within a year. The measures I am proposing begin to put our economic future in our own hands. Hopes for foreign investment or massive increases in exports may or may not be justified, but let us not just hope and pray for an economic miracle but rather produce it with our own ingenuity and hard work.

Finally, a warning concerning the context of the international economy within which we must chart a course toward recovery. The price of oil is back up to over \$19 per barrel. The dollar is down to below 140 yen. The prime rate and interest rates generally in the United States are going up. World trade remains stagnant. The implications are, first, higher interest rates for foreign loans, and second, a rekindling of inflation which is already reaching 5% in the United States. I thus repeat, we must get away from the present borrowing policy and adopt short-term measures which will in fact put our own house back in order. We must most urgently take energy development measures to protect ourselves from another oil shock and not let recovery be stifled before it begins.

Investigative Leads

German press leaks new Homintern tale

by Mark Burdman

Two West German mass-circulation dailies published a story May 5 on the Homosexual International, or "Homintern," which may have profound repercussions within the East bloc's intelligence services, while, at the same time, providing new political embarrassments for Great Britain's Lord (Victor) Rothschild.

The *Bild Zeitung* and *Hamburger Abendblatt* ran a Springer Foreign News Service story, which claims that Sir Maurice Oldfield, head of Britain's MI-6 intelligence service from 1973-78, and Markus Wolf, head of the East German Stasi intelligence service until his sudden departure in February 1987, had both been homosexual lovers of a British transvestite well known in jet-set circles, one Vikki de Lambray.

The papers claimed that Vikki's death last autumn, apparently from an overdose of heroin, may have been brought about by those wishing to cover up the details of her high-level liaisons. They noted that he (or she) had called the police, immediately before death, pleading that he/she had been targeted for murder.

The fact that the stories were printed in German-language dailies, and not in Great Britain, lends credibility to the hypothesis that the articles were a special signal to the East Germans, that some of the shadier doings of Wolf, and the circumstances of his sudden departure earlier this year, may soon be brought to the surface. Wolf had been the master spy of East Germany for 40 years, and had been responsible for running terrorist operations, penetration of the political leaderships of the West (e.g., the famous Guillaume Affair of West Germany), and various political destabilizations. Jewish-born, he was also believed to have interesting ties to high-level circles in Israel.

According to the *Bild/Abendblatt*/Springer story, Wolf, nicknamed "Mischa" by his transvestite-homosexual lover, had first met Vikki de Lambray in London. In the ensuing years, he would regularly arrange two-week-long "love trips" for Vikki and himself in East Berlin.

Now, the question is being asked in certain quarters, whether "Mischa" is dying of AIDS, and whether that might have to do with his sudden official departure from the Stasi.

'Confidant of Victor Rothschild'

The Vikki de Lambray saga re-opens the dossier of Sir Maurice Oldfield. On April 23, British Prime Minister Margaret Thatcher had sent political shockwaves through the U.K. by officially confirming, in response to a question in the British Parliament, an allegation by British spy writer Chapman Pincher, that Sir Maurice had been a compulsive homosexual during his tenure as MI-6 head. Mrs. Thatcher's statement also pointed to Oldfield's cover-up, and asserted that his behavior had posed a "potential security risk" to the U.K.

It is flabbergasting, to say the least, for a British prime minister to make such an official admission.

Then, on April 26, *The Observer*, the Sunday weekly, reported that in 1980, when rumors about Oldfield's homosexuality were first circulating inside the U.K., Oldfield had confided in only one person other than Cabinet Secretary Robert Armstrong, this "other person" being "a remarkable one—Lord Rothschild. Rothschild had long been one of the inner circle in MI-6, an influence on the then prime minister, Edward Heath, when Oldfield had been given the MI-6 job in 1973."

The Observer added that his Lordship had been "galvanized by the successive humiliation of two of his oldest friends at the hands of MI-5—the homosexual Sir Anthony Blunt in October, 1979, and now Sir Maurice less than six months later," and was therefore determined to get back at his enemies in MI-5.

The following week's *The Observer*, May 3, reported that individuals within MI5 have been prepared, at various moments throughout the past years, to release dossiers on Rothschild's Soviet connections. Indeed, the Byzantine intelligence warfare prevailing within Britain now, and the attempts to pin strange plots on "right wingers in MI-5," may have something to do with his Lordship's desired revenge.

Nonetheless, it is Rothschild himself, who must answer some embarrassing questions, especially now that it is established that his friends include key individuals in the "Homintern." As for Oldfield and Blunt, as published accounts in Britain document, they, along with Soviet spy Guy Burgess, were intent on what is called "rough trade": using down-and-out lower-class boys for their sexual intrigues.

Oldfield, according to Israeli sources, had very good contacts with the Zionist/Israeli intelligence services, from the years before Israel was a state. This didn't stop him from beating up Jews in Palestine, in the immediate post-World War II period, as an officer in the British occupying forces, since, these Israeli sources claim, he was doing this on behalf of his Zionist friends, against these friends' Zionist enemies! The same sources affirm that one of Oldfield's closest buddies was Teddy Kollek, today the mayor of Jerusalem. Kollek, it is interesting to note, had been best man at the first wedding of "Kim" Philby, years before Philby defected to the U.S.S.R.

Record Review

Time to open the Raucheisen file

by Kathy Wolfe

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The recent release by Acanta FonoTeam in Hamburg (Federal Republic of Germany) of the four-disk Beethoven lieder set, masterminded and recorded during World War II by German pianist Michael Raucheisen (1889-1984), is an historical treasure. It should lead music lovers everywhere to ask: Who was Michael Raucheisen, and why have we heard nothing of his voluminous work since the Occupation?

From 1942-45, Raucheisen gathered, at the German State Radio (RRG) in Berlin, dozens of the greatest singers in Europe, and embarked on his grand design, the "Lied der Welt" project, to record all the great lieder of every composer, German and otherwise, as a legacy to history.

The tapes, done for radio broadcast and fortunately on BASF's latest technology at excellent fidelity, were housed at the RRG in Berlin. Many thought them destroyed in the bombing or carted off by the Soviet troops. Acanta has gotten hold of some of the thousands of tapes from East German Radio and other sources, and begun, happily, to issue them in boxed sets, by composer. A Brahms box and boxes of seven other composers are out in Europe, and boxes of Mozart, Schubert, Schumann, and Wolf are in production.

Raucheisen picked his singers for the composition, based on what tone color he believed the composer would have wanted. His 30 singers included all the greats of Europe: Heinrich Schlusnus, Erna Berger, Walther Ludwig, Peter Anders, Anton Dermota, Julius Patzak, Karl Erb, Frieda

Leider, and more.

What was so important about the “Lied der Welt” project? Western civilization may hang on our reviving it today.

It has been said that great classical music unlocks in men the “tears of joy,” the emotion first known to the child when he makes his first creative act of speaking, walking, reading, and writing. The child experiences joy in that creativity which differentiates him from the beasts, and is rewarded with “agapic” love (after the Greek term *agape*, which distinguishes this emotion from erotic love) by his parents. Thus great music increases the human concentration span.

Rosetta Stone

The lied, for its part, is the Rosetta Stone of music, for the lied is the means chosen by Beethoven et al. to provide a permanent document for posterity as to what constitutes literate, human language.

This was meant not only for Germans, but for all nations, as Handel said, in English. By using the joy of music to uplift language, they sought to show citizens, in the era of the American Revolution, how each nation could elevate its literacy rate and the creative powers of its citizens, such that men would no longer grunt like serfs. Men would no longer require kings and queens, and would be qualified to speak and vote, a free people, in a free tongue.

Raucheisen knew this, for he came from a tradition of teachers and performers who prized this agapic method, a tradition stretching directly back to the days of Beethoven and Schubert, handed down, teacher to student. Schubert’s favorite tenor, Walter Vogl, seen in the famous drawing of the Schubertiade, founded the line in the 1850s, producing the great Gustav Walter (1834-1910), whose 1905 singing at age 71 is preserved on wax. Walter taught tenor Julius Stockhausen, for whom Brahms composed his major cycles.

Stockhausen in turn taught Raucheisen’s earliest collaborator, the great singer-teacher Lula Mysz-Gmeiner (1876-1948), who taught Raucheisen what he knew of lieder before World War I. Mysz-Gmeiner in turn produced most of Raucheisen’s other singers including Peter Anders and Raucheisen’s wife Maria Ivogün.

Raucheisen and his wife Ivogün created the young Elisabeth Schwartzkopf from scratch, he with musical instruction, she with technique. It is likely that Raucheisen’s project was intended to present not just the music of his day, but to try to preserve this tradition for posterity.

Besides the tapes, Raucheisen also collected the finest, most extensive library of lieder sheet music in Continental Europe. According to one of his students, it was sequestered but destroyed by the end-war bombing.

Cui bono?

Why is it, though, that not until the 1984 death of Raucheisen in Switzerland, have we had his work made available?

As documented by *The Hitler Book*, (Schiller Institute, 1984), the fact is that the controllers of the Anglo-American Occupation intended to wipe out the surviving performance standards for classical culture in Germany.

The book points out that the Austrian, Hitler, was imposed upon Germany, rather than, say, upon France or Sweden, by those who resented the impact of Mozart, Beethoven, Schiller, and classical culture generally, upon free-thinking men of every nation. Schiller and the great composers inspired the high principles of the American Revolution, by demonstrating the creative individuality of man in *imago viva Dei* (the living image of God), and that was intolerable to the oligarchy. They happened to write in German, and so Germany became a target for Hitler’s destruction.

During the war, in resistance to Hitler’s mind-killing regime, the greatest German performers such as Furtwängler, Raucheisen, and others, fought bravely to maintain German music as a bastion of beauty for their stricken countrymen. Furtwängler and Raucheisen also stayed behind to run an underground network, to help hundreds of Jewish musicians, including Lotte Lehmann, to flee Germany. Raucheisen’s standard concert billboard read: “Lieder Evening: Michael Raucheisen, Piano . . . Madame X, Soprano,” to ensure Jewish singers’ anonymity.

Lehmann survived to promote German lieder, even during the war, in America, until her 1951 retirement. Raucheisen’s close friend baritone Gerhard Hüsch made it to Tokyo, where he created a solid public for lieder.

But after the war, for their reward, the Anglo-American Occupation libeled Furtwängler and other great musicians as “Nazis,” while promoting hacks such as Herbert von Karajan, an actual hard-core Nazi.

Walter Legge, recording director for Britain’s EMI record cartel, descended upon Central Europe during the first days of 1946 to sign and seal contracts with Furtwängler and dozens of other musicians. Furtwängler and others were forced to go through “de-Nazification” hearings, and never were widely recorded. Instead, Legge saw to it that only the likes of von Karajan, who conducted gladly for Hitler in storm trooper dress, was promoted by British EMI as the star.

Something like this must have happened to Raucheisen; else how explain that a robust dynamo of only 56 in 1945, who concertized, broadcast, and recorded so extensively, suddenly shut his grand project and disappeared from the public. Instead, the British hack accompanist Gerald Moore, Legge’s special pal, was imported to Germany to redirect the careers of promising young lieder singers. Legge married Raucheisen’s prize student, Schwartzkopf, and consigned her to work with Moore. She never worked again with her great teacher.

On March 13, 1987, Moore died in his sleep in his mansion at Buckinghamshire. It is time to reopen the Raucheisen file.

Pope John Paul II in Germany, gives moral support to industrial labor

by Rainer Apel

The pontiff's West German tour, which led through 11 cities between April 30 and May 4, made a very specific point about the moral values of a Christian in this world. In a way unprecedented for the Vatican's approach on German affairs, this papal visit also emphasized the importance of a just organization of the economy, as an indispensable precondition for a dignified life of man.

On May 2, Pope John Paul II visited the traditional center of coal mining and steel production in the Ruhr region, Germany's industrial heartland. Unlike the first papal visit to Germany in 1980, which was dedicated to "strictly clerical" questions, this visit was to state moral support for the working people and for industrial labor as such.

The two cities visited by the pontiff, Bottrop and Gelsenkirchen, have an official jobless rate of more than 16%, and all their future depends on the future of mining and steel. The politicians, but also many of the industry managements, have given up on the allegedly "old and obsolete" industries, for the sake of post-industrial values, and more than 20 years of industrial dismantling have broken most of the workers' resistance here. Because of that, the papal visit to this region was highly welcomed by the labor organizations. Thus, Heinz-Werner Meyer, national president of the German Mining Workers Union, said he considered the pontiff's visit "a signal of moral support for the working people of this region."

The Pope did not disappoint labor's expectations. In a public event at the Prosper Haniel coal mine in Bottrop, he addressed about 15,000 workers and their families on the values of labor.

The pontiff began: "The Church, being at the center of the world, cannot pass by the working people. . . . The Church, standing in the succession of Jesus Christ, has a mandate to fight every misuse and threat to human life." The Pontiff explained that God himself has often been presented as an architect, and that working man, being in the image of that same God, was following the example of working God himself. "Labor belongs to man—it is expressing his likeness to God. It is, therefore, an indispensable, central aspect of the dignity of Man."

"Jesus himself," continued the pontiff through the ap-

plause of the working-class audience, "was born the son of a worker, he grew up in a family of workers, learned a craft himself, and called craftsmen into his own circle of followers later on. Every situation which excludes man from labor, is against his dignity." Addressing the problem of current mass unemployment, the pontiff recommended: "Those bearing responsibility in the industry, in the administration and in society, must act to reinstitute work for everybody." He continued: "They cannot be allowed to leave it to so-called mechanisms of the free markets alone, to provide jobs."

Then, the pontiff made a specific point about the fact that labor alone does not make man's dignity; he must have family and religion, culture and the natural sciences, as well. "Only a society that is defined by cultural values," reminded Pope John Paul II, "will be able to wake the creative powers of man—which is his share in the labor of God himself."

More specifically, Pope John Paul II wanted to address the following aspect: "Man needs the sciences, but the sciences must go together with responsibility. They must, most of all, respect the inalienable rights of Man, as bestowed upon Man by God."

This passage of the speech, which concluded the papal visit to Bottrop, took up an aspect mentioned in the pontiff's public prayer the night before, in the city of Muenster: the ongoing euthanasia debate, and the corruption of public morality.

Christians must fight euthanasia

As Pope John Paul II warned in his public prayer at the Cathedral of Münster, a broad mobilization of Christians against the resurfacing debate on "useful life" was required today, as much as it was required in the early 1940s, when the Cardinal of Münster, Clemens August Graf von Galen, opposed the Nazis' euthanasia programs in fiery church speeches.

"There are today in society, strong forces which threaten human life," the pontiff warned. "Again, euthanasia, or so-called mercy-killing, on the basis of apparent compassion, is a frightening, recurring phrase that finds its new misguided defender." Here, Pope John Paul very directly took on the Green movement, which endorses mercy-killing and broad-

scale abortion: "No peace movement deserves this name, if it does not with the same force denounce the war waged against unborn life, and begins to mobilize against this war. No ecological movement can be taken seriously if it avoids mistreatment and extermination in the mother's womb, of innumerable children with the potential of life. Life is the most precious thing on earth, and our civilization must place the respect of human life at its center, again."

This warning was addressed very specifically to the counter-movement in Germany against the pontiff's visit, an unsavory combination of revived pre-Christian cults, such as witchcraft, and the heirs of the Nazis' anti-clerical tradition in today's Green movement of Germany. They all pose, ironically, under the peculiar title of "church from below"—which tells that their origins are not in Heaven, but down in Hell. With his Münster remarks, the pontiff threw a gauntlet before this movement, which was on a nationwide mobilization against his presence in West Germany.

Witches and Satan are stirred up

The "church from below," the new witches, mobilized a march of several hundred witchcraft-worshippers against the pontiff in the city of Cologne April 30. Carrying broomsticks and other tools from the witches' traditional arsenals, they chanted the following slogans: "We wish the Pope a fiery welcome! . . . Fire and flame for this Pope!"

The terroristic character of the movement was illustrated in the early morning of May 1, when police found hateful slogans sprayed on the walls and doors of St. Agnes Cathedral in Cologne, reading: "We like churches, but only when burning!" That same morning, the St. Brictius Chapel in Cologne was destroyed completely by arson. Police did not rule out a direct connection with the protest march of witches and the assassination threat against the pontiff that appeared on a poster in Cologne one week before. The poster showed the face of John Paul II, with a gun-sight superimposed upon it.

The "movement" has prominent sponsors inside the Catholic Church. There are the two Catholic heretics Hans Küng and Norbert Greinacher, who make no secret of their open revolt against the Holy See. In an interview with *Stuttgarter Nachrichten* April 30, Küng said Pope John Paul II had introduced a "climate of repression" inside the Catholic Church, and in a radio interview the same day, Küng even accused the Vatican of being worse than the Kremlin: "The Soviet Union gives a better treatment to its dissidents, than the Vatican gives to its critical priests."

Opposition against the Pope also comes from the Lutherans, who refused to meet officially with Pope John Paul II during his trip, and from Jewish rabbis, who denounced the sanctification of Edith Stein, a Catholic victim of the Nazi regime, in a papal ceremony in Cologne on May 1.

The rabbis' argument was that Edith Stein, who converted from Judaism to Catholicism in 1922, was "a Jew, and not a Catholic," when she died in the Auschwitz concentration

camp on Aug. 9, 1942. More than that, the Jewish community blamed the Catholic Church as responsible for her death, and refused the open hand the Vatican had extended to the Jews for conciliation, by choosing Edith Stein for sanctification. Apparently, the Vatican still has a long way to go, to achieve the unified mobilization of all groups in the Christian-Judaic sphere against the "forces of evil."

Satan does exist

The pontiff dealt again with the old and new Nazis, with the role of the evil in history, in his two speeches in Munich

The pontiff explained that working man, being in the image of God, was following the example of working God himself. "Labor belongs to man—it is expressing his likeness to God. It is, therefore, an indispensable, central aspect of the dignity of Man."

(May 3) and Speyer (May 4). The papal visit to Munich was to officially pronounce the sanctification of Rupert Mayer, a German Jesuit priest active in the resistance movement against the Nazis. In his speech before an audience of more than 82,000 at the Olympic Stadium of Munich, Pope John Paul II warned: "There is no doubt that Satan does exist!" Taking the example of Father Rupert Mayer, who fought the Nazi movement from the early 1920s on, he said, the mandate of God obliged the Christians to "withstand, with courage, the forces of evil, that appear in many shapes also in our time." The pontiff warned of "Satan's deceptive temptation, not to take this challenge seriously and to avoid hardships, which often accompany the fight against the forces of evil." The forces of Satan, the pontiff laid out here in Munich, as also the next day in Speyer, can be located in all places where Christians meet hostility. "There is no difference between the rights of God, and those of Man," said Pope John Paul II, warning: "There is a lot of talk these days about human rights. They are violated in many countries, but nobody talks about the rights of God—the rights of God and the rights of Man belong together, however. Where there is no respect for God and his law, man is deprived of his rights as well."

When the pontiff left Germany in the evening of May 4, to fly back to Rome, he was certain to have set new moral challenges to the community of Catholics in Germany. The papal visit may have done much, to restore public morality, among Christians in the first place, in this country.

1962, déjà vu?

Probably not, recent alarmist scenarios of Sino-Indian border tension notwithstanding.

The Indian government does not currently expect Sino-Indian relations to deteriorate to an open conflict, Foreign Minister N. D. Tiwari reported to the Parliamentary Consultative Committee attached to his ministry on April 23.

On April 22, the government admitted that it made high-level contact with China on the sensitive border issue, but the official spokesman denied allegations made the same day by the Chinese foreign ministry at a weekly briefing in Beijing. The Chinese spokesman had claimed that India was massing its troops on the border, conducting a large-scale military exercise codenamed "Chessboard," and was "nibbling" at Chinese territory. Beijing also denounced Indian press reports of a build-up in Tibet.

Tiwari categorically denied that India had massed any troops on the border with China. No exercises had been carried out in the area, nor was there any question of air violation, he said. Tiwari repeated that India had no interest in border clashes with China, and remained committed to a negotiated settlement of outstanding issues.

A look at events just before the diplomatic flap, suggests that this has less to do with what is happening along the border, than with the fact that another round of border talks is coming up, and India is apparently still in the process of reevaluating its China policy, a process Prime Minister Rajiv Gandhi initiated last fall.

The rupture in relations since China's 1962 invasion remained com-

plete until 1980, when talks were carried out to resolve the border issue—namely, China's claim to a large tract of land in northeast India that has been historically part of India, and India's claim to Aksai Chin in the northwest, a part of Jammu and Kashmir State occupied by China in 1962. But the talks stagnated, since India refused to entertain China's "package deal" legalizing the status quo, yet declined to propose any alternative.

Shifts in the overall Asian scene—the Sino-Soviet rapprochement is but one example—have begun to dramatize the absurdity of keeping up a posture of defensive belligerence vis-à-vis China. At a seminar here recently, there was near-unanimity that bilateral relations should be improved as fast as possible by "decoupling" the border issue and raising overall relations to the political level.

Not surprisingly, the foreign and domestic lobbies on this matter are strong and active. That brings us back to the recent flap. At issue is an April 16 *Times of India* report predicting a Chinese attack across the McMahon Line this summer, along with editorial citing American officials' messages of "warning" from Beijing.

The author, Ravi Rikhey, who first drew attention as a "military analyst" with a book-length scenario of the next Indo-Pakistani war, wove a cloth of fact and fancy including an alleged Tibet build-up, U.S. warnings, Soviet and Chinese denials, and defensive Indian maneuvers codenamed "Checkerboard." In a later interview,

Rikhey charged the Gandhi government with preparing a sellout to China.

A similar report was penned by Kuldit Nayar, the journalist famous for eliciting Pakistani nuclear chief Qadir Khan's admission of his country's nuclear capabilities. Days earlier, the *Far East Economic Review* had reported "a sharp rise in military truck movements" in Tibet.

While Moscow has pointedly conveyed its estimate that there is no threat from China, both Washington and the Kremlin have their own interest in fanning this flame. "The bogey of an imminent war with a formidable adversary, like China, comes in handy to pro-Soviet well-wishers of the ruling party," writes *Sunday Observer* correspondent Kuldeep Kumar in the Indian weekly, "because it confirms their destabilization theory." Meanwhile, it is well known that certain U.S. circles see in the Sino-Soviet rapprochement a chance to recreate the strategic relationship with India enjoyed briefly during the Sino-Indian war.

But China experts here insist that no hard evidence has been put forth to back up "imminent war" reports, and argue that the idea of China "teaching a lesson" to India does not make sense. China's hard line on the border issue is nothing new, they point out.

Otherwise, the density of bilateral contacts in the recent period is noteworthy. Besides the talks in Beijing between the head of the India's pro-Chinese Communist Party of India (Marxist) and Chinese Premier Deng Xiaoping, prior to which the CPM boss received a briefing from Rajiv Gandhi, the stopover in Beijing of a high-power delegation including Defense Minister K. C. Pant and Congress Party Foreign Affairs Director (and former foreign secretary) Romesh Bhandari, for talks en route to North Korea, is significant.

Can a conflict in the Maghreb be avoided?

by Thierry Lalevée

A regional conflict involving Algeria, Morocco, and Mauritania was narrowly avoided, when on May 4, Saudi Arabian King Fahd succeeded in organizing a summit between Algeria's President Chadli Bendjedid and Morocco's King Hassan. Relations are so tense between the two leaders, who had not met since 1983, that they decided to meet right on the border. In a kind of medieval ceremony, each camped his tent on his own territory, and the meeting was held in the tent of King Fahd, straddling the border line. Although planned to last up to 48 hours, the summit was concluded in less than 6 hours. It had been a dialogue of the deaf.

Most immediately, the momentum for war stems from the 11-year-long guerrilla warfare waged by the Algerian-backed Polisario Front, which claims part of Morocco's Saharan desert, decolonized by Spain in 1975. By late April, Morocco completed the construction of its sixth Saharan wall, which seals off its territory from direct guerrilla attacks. It also cuts off the Polisario from any direct access to the Atlantic coast, except by violating Mauritanian territory. The Mauritians have already warned Algiers of the consequences of such an incursion. Though Libya has been the main financial and military supporter of the Polisario Front for years, even during the two years of its friendship treaty with Morocco, still the Polisario maintains its main headquarters in the southern Algerian city of Tindouf.

While the danger of a larger conflict has loomed many times in the last 11 years, last-minute intervention by mediators, especially Saudi Arabia, prevented an explosion. It was for that purpose that King Fahd embarked in March on a Maghreb tour. During his visit to Algiers on March 11, he began planning the Algerian-Moroccan summit. As an enticement, he ordered the creation at the beginning of April of a new Algerian-Saudi bank, with \$300 million in assets, aimed at fostering Algerian agriculture. The Saudi rationale was simple: By helping President Chadli to solve his most immediate economic problems, it could give him enough leverage to impose on his domestic hardliners a compromise with Morocco, avoiding the temptation of using a regional crisis to divert from internal social problems.

This strategy did not take into account, however, the broader aspect of the conflict. Intelligence sources report that

while Algeria has been using the Polisario against Morocco, in their permanent competition for leadership of the region, Moroccan intelligence officers have met the challenge by playing on Algerian separatist tendencies among the Kabyle/Berber community. This was easier during the alliance between Morocco and Libya, since Libya always maintained close ties to the Algerian opposition, represented by the fundamentalist Ahmed Ben Bella and Kabyle leader Ait Ahmed.

The Soviet gameplan

Meanwhile, Moscow was manipulating both sides in the regional dirty game. In the last year, Moscow has been systematically using the destabilization operations against Algeria by Libya, to strengthen the hardliners within Algeria. It has been an easy game for Soviet intelligence agents to provide these hardliners with reports indicating how the Moroccans, not the Libyans, were behind Algeria's troubles. The crisis erupted last November, when for 24 hours, a revolt of workers and students took place in Setif and Constantine. The pretext was Algeria's economic crisis. The revolt was organized by pro-Soviet elements within the ruling Politburo, and was run by Soviet-trained Algerian students, to discredit as "soft," some of Chadli's pro-Western advisers such as Gen. Mustafa Benloucif, who was forced to resign and was replaced by Gen. Abdallah Belkouchet, an officer from the period of President Boumedienne.

Moscow has scored many victories in recent weeks, as there have been several exchanges of high-level Soviet and Algerian delegations. On April 11, the Soviet deputy defense minister and commander-in-chief of the Air Force, Marshal A. Yefimov, began a visit to Algeria. On April 13, Soviet Deputy Foreign Minister Yuli Vorontsov arrived for a 24-hour visit in Algiers. At the same time, Algeria's interior minister was being sent to the Soviet Union for a tour, and on April 21, the secretary general of the defense ministry, General Chelloufi, was arriving in Moscow with a large delegation. Military ties are being strengthened between the two countries, and a \$1 billion military deal was initiated, primarily concerning the Air Force. Algeria was told to prepare for war.

Meanwhile, on April 30, Soviet Foreign Minister Eduard Shevardnadze was meeting in Moscow with Moroccan Foreign Minister Abdel Latif Filali, to discuss Gorbachov's proposal to make the Mediterranean "a lake of peace and cooperation." This also followed the exchange of several, primarily cultural, delegations between the two countries, since the beginning of the year.

The Soviet leaders apparently consider that a Maghreb conflict now could have beneficial consequences in undermining the Southern Flank of NATO, in parallel to operations being run against Turkey. Furthermore, because they have ties to all sides, a conflict would institutionalize the Soviet regional role as "peacemaker," as has already been done in the Middle East and the Persian Gulf regions.

A Colombian May Day

Colombia's labor movement has become a microcosm of the battle for that nation's future.

This year's celebration of May Day in Colombia offered a striking view of the forces that are contending for power in the country. The march of the Unified Workers Confederation (CUT), representing 80% of organized labor, drew 100,000 to Bolívar Plaza in Bogotá, to hear CUT President Jorge Carrillo propose an economic recovery program based on great infrastructural projects such as a new sea-level canal from Atlantic to Pacific, reduction of foreign debt repayment to 10% of Colombian export income, and the active participation of workers in the country's political process. The CUT held May Day marches in 52 other cities, as well.

A second march, with 2,000 participants, was sponsored by the rival UTC/CTC federations, whose ranks were decimated last year when the membership rejected its leaders for delivering their unions to the drug mob, under orders from AFL-CIO's Lane Kirkland and Project Democracy's American Institute for Free Labor Development (AIFLD). A mass walk-out from those federations led to the creation of the CUT.

Joining the UTC/CTC march in Bogotá was congressman Ernesto Lucena Quevedo, a colleague of Liberal Party executive member and notorious mafioso Santofimio Botero. Lucena Quevedo is well remembered among Colombians for his 1983 role in leading a drug mafia-sponsored smear campaign in Congress against then Justice Minister Rodrigo Lara Bonilla. On the eve of May Day, 1984, the anti-drug minister was slain by mafia hit men.

Lucena Quevedo described his participation in the UTC/CTC May Day as a "Liberal Party re-encounter with its old trade union base." While the congressman marched with his mafia allies in Bogotá, his boss, Santofimio Botero, was the honored speaker at the UTC/CTC rally in Tolima province, his home base, where he railed against the country's extradition treaty with the United States—Lara Bonilla's anti-drug legacy to the nation—as "ignominy" against Colombian nationhood.

In March 5 statements to the daily *El Tiempo*, Lucena Quevedo defended his corrupt UTC/CTC friends, charging the CUT with "abandoning its trade union objectives, and becoming a political instrument of former President Belisario Betancur." His mobster friends in the labor movement went further, accusing CUT leader Carrillo of delivering the labor movement to the Communists.

The same day, the death squad called the MAS—which stands for "Death to Kidnappers," and which was founded by the drug mob—threatened Carrillo's life. In a communiqué published in the daily *El Bogotano*, the MAS pledged to exterminate communism, and accused Carrillo, among others, of collaborating with the enemy.

The threat against Carrillo occurs in the midst of the most dramatic resurgence of political and criminal violence since the 1950s experiment in genocide known as "La Violencia." According to the *New York Times*, 11,000 Colombians were murdered in 1986. In the first quarter of 1987 alone,

300 leaders of the Patriotic Union (UP) party have fallen victim to assassins of the MAS and similar para-military squads, plus hundreds from across the political spectrum.

The escalation of violence coincident with the government's offensive against the drug trade is not accidental. The drug traffickers and their political allies rely on the violence and the institutional instability it fosters to maintain their power. They especially depend upon perpetual Communist insurgency to mask their murderous activities, a narco-terrorist symbiosis clearly exemplified by the November 1985 siege of the Bogotá Justice Palace. The UP party has become a special target of these forces, since its members are former guerrilla fighters who accepted a government offer to exchange weapons for the political battlefield.

In this scheme of things, the CUT represents a special threat, for it is the first time in the history of the Colombian labor movement that a single federation has been able to constitute itself out of the ranks of Liberal, Conservative, and Communist trade unions, and keep its independence from all three. Moreover, as Carrillo emphasized in his May Day address, the CUT will take an active part in the first-ever mayoral elections of March 1988, a prelude to the constitution of a Colombian workers' party.

Every political tendency in the country is looking to those mayoral elections as the factor that will determine the 1990 presidential contest. The drug traffickers, who already control a large number of municipalities through a combination of threats and bribery, see those elections as their ticket to power. Thus, there is every reason to anticipate that the coming months will see an intensification of political warfare—and the other kind, as well.

Moscow to change Swedish CP leader?

As Moscow's policy turns rougher, its new favorite in the CP retails Palme murder disinformation.

Rumblings overheard inside the Swedish Communist Party betray the hardening of the Kremlin's stance toward the West. So does the recent launching of a new wave of Soviet disinformation about the year-old murder of Prime Minister Olof Palme, reviving the lying allegations of a connection to associates of U.S. presidential candidate Lyndon H. LaRouche, Jr.

Weeks before the May 23-27 national party congress in Stockholm of the Swedish CP (VPK), an open fight has erupted challenging the party chairmanship held for 12 years by bricklayer Lars Werner. The challenger, leftist academic Jörn Svensson, is being promoted by Moscow's prime party hack in the VPK; Svensson has been the party's loudest mouth on the Palme killing.

The objections raised against Werner include the charge that the VPK has become too uncritically supportive of the Social Democrats. Without support from the 19 VPK parliamentarians, the minority Social Democratic regime would be unable to pass laws against the combined votes of the non-socialist opposition. But such Communist support for the Social Democrats is always smoothly forthcoming on crucial issues, as the VPK has declared as its official policy never to oust a "workers' government" in favor of a non-socialist one.

Thus, the Communists' "critical support" for the Social Democrats, while indeed "critical" to the survival of Sweden's corporatist socialist

system, is viewed by CP members as rather unprincipled.

While Werner personally is not unpopular for a CP leader, enjoying about 20% of general voter confidence, according to polls, as against only 5% voter support for the VPK, the latent discontent inside the party, over his mediocrity and subservience to the Social Democrats, is being exploited in support of Svensson.

The VPK's two vice chairmen belong to the opposition against Werner. Both obtained their positions at the 1984 congress, as a result of discontent similar to, but weaker than today's.

One of them, Bertil Måbrink, is directly sponsoring Svensson's challenge of Werner. Moscow's extended arm inside the VPK, he is a graduate of every relevant party cadre school for Western CPers in the Soviet Union. The other vice chairman, Viola Claesson, has declared that she is resigning from the party leadership, because she thinks—hold your breath—there should be more women in the party leadership! A more credible explanation is that some among Werner's opposition would prefer her to Svensson, a relative outsider, but she has agreed to clear the way for Svensson.

Moscow's open promotion of an outsider's challenge to the current party chairman may be unprecedented, but not inexplicable, given the emerging Soviet policy of confronting the West, and exploiting the Palme murder for disinformation to this same effect. Adding to his own notoriety,

Svensson, a member of parliament, charged in October 1986 that Western interests, probably U.S. intelligence directly, were behind the murder of Palme. While rebuffed at the time by a conservative parliamentarian, who noted that it was at least as likely that the Soviets themselves killed Palme, Svensson has not abandoned his disinformation campaign.

A member of the parliamentary commission to investigate the Palme murder, which held its first meeting on April 14, Svensson is now charging that there is a police conspiracy to mislead the public, centered on the large-caliber bullets found on the scene of the murder. According to Svensson, a smaller-caliber gun was used to shoot Palme, and police have been retailing the story of the large-caliber bullets only to target the Kurdish Workers' Party (PKK).

The large-caliber bullets have never been proven to come from the murder weapon; that story originated immediately after the murder, when Stockholm Police Chief Hans Holmér was avoiding any tracks leading to the PKK, a terrorist organization headquartered in Damascus, Syria, and instead was preparing fraudulent "evidence" to be used in trying to implicate LaRouche.

The PKK terrorists, now defended by Svensson, became important to Holmér only much later, when he orchestrated a raid on their Stockholm offices and homes. The clumsy raid served to discredit the PKK track, which had been used as a diversion from the role of Emma Rothschild, the Palme mistress tied into Soviet-run Western arms-control circles.

Soviet media, in the same breath as accusing LaRouche of the Palme murder, have also faithfully reported the wild charges of Svensson, their new anti-Western favorite in the Swedish CP.

International Intelligence

Strategic crisis set to flare up in Yugoslavia?

Strategic experts from Austria, Great Britain, West Germany, and Italy have told *EIR* that they anticipate a Soviet-manipulated international crisis over Yugoslavia, perhaps within weeks.

The experts point to the country's severe economic crisis—aggravated by the International Monetary Fund's austerity demands—which exacerbates longstanding ethnic conflicts. Yugoslavia's official inflation rate is about 100%, but the sources say it is much higher. Strikes in the coal industry and elsewhere portend serious labor conflict.

One indicator of the crisis atmosphere, is that the April 28-29 Yugoslav Communist Party plenum, which usually is reserved for discussions on ideology or routine matters of the economy, was exclusively devoted to the situation in Kosovo, where there has been unrest among ethnic Albanians.

Sources say the Soviets may make a strategic thrust into the region encompassing the Balkans, the Aegean, and parts of the Middle East. Said one informed military expert: "Watch for historical conflicts, that go back to the ambitions of old czarist Russia, to be reactivated. In Yugoslavia, many things that have been kept under the carpet, will now rise to the surface."

France's Chirac escapes assassination attempt

A planned assassination attempt against French Prime Minister Jacques Chirac was aborted several weeks ago, thanks to close cooperation between French and American intelligence services, revealed Interior Minister Charles Pasqua on May 5. The plot was made known to Chirac during his visit to Washington.

French police have also scored recent successes against Middle Eastern terrorist networks in France. Pasqua, who did not make a direct link between these networks and the operation against Chirac, warned that "if we obtain proof that a state spon-

sored the operation . . . we will take all necessary retaliations."

Gorbachov meets with African front-line states

The foreign affairs ministers of Zambia, Zimbabwe, Tanzania, and Mozambique, and the justice minister of Angola, gathered in Moscow on April 28 for a conference with Soviet leaders Mikhail Gorbachov and Anatoly Dobrynin. That extraordinary meeting took place after the five ministers had jointly toured several East bloc countries, to rally support for the "front-line" states against South Africa.

Nothing of substance has leaked out on Gorbachov's speech, except references in the Soviet Communist Party paper *Pravda* to the fact that he praised the "just cause" of the front-line states.

The summit follows more than two months of very active Soviet diplomacy in the region, with at least three high-level Soviet delegations there and a major arms deal between Zimbabwe and the Soviet Union.

Lord Carrington rejects the 'zero-option' deal

NATO Secretary-General Lord Carrington denounced as "absolutely fatal," the Soviet "double-zero" proposal for abolishing both medium-range and short-range missiles in Europe. Carrington warned in Brussels on May 5 that Europeans "for the first time ever face the real possibility of a Soviet proposal likely to lead to denuclearization, and they do not like it at all."

Lord Carrington has been one of the staunchest defenders of a "New Yalta" deal with the Soviet Union, including an arms-control component which would cripple the U.S. Strategic Defense Initiative program. But he has now joined Henry Kissinger and other "New Yalta" stalwarts, in criticizing the current extreme proposals for nuclear withdrawal from Europe.

Noting that NATO was under pressure to reach a deal before the forthcoming U.S. presidential elections, Carrington warned

against an "agreement at any price." The *Times* of London commented on May 6 that Carrington's statements, coming on the eve of a key West German Cabinet meeting on arms control, will strengthen the position of West German officials who have strong doubts about the double-zero option.

Cuban troops bring AIDS back from Angola

Many of the 300,000 Cuban soldiers who have served a tour of duty in Angola were exposed to AIDS-carrying prostitutes, says Jonathan Mann, the World Health Organization's AIDS director. Mann maintains that 59% of the prostitutes are infected with the disease. According to a report by Cord Meyer published in the *New York Post* on May 6, Cuban wounded received transfusions from African blood banks until the middle of 1986, with as much as 20% of that blood contaminated.

About 15,000 Cuban wounded may have been infected in that manner. Also, the multiple use of syringes for injections is widely practiced in Africa as well as in Cuba itself, creating another route of infection. "Castro's determination . . . to bolster [Angola] against the UNITA guerrillas has forced him to avoid drawing the connection between African service and AIDS," wrote Meyer.

U.S., Soviet to monitor 'nuclear risk' incidents

The United States and the Soviet Union have announced agreement on setting up nuclear-risk-reduction centers in their respective capitals, as proposed during the Geneva summit in 1985. Details of the agreement were not released, pending signing of the agreement by President Reagan and General Secretary Gorbachov.

The scheme initially put forward called for each country to establish observation centers in the other's capital for round-the-clock monitoring of potential "nuclear incidents." The centers would have hot lines to their respective capitals, to facilitate communications in time of crisis, reported the

Baltimore Sun on May 6.

White House spokesman Marlin Fitzwater said, "The administration welcomes this agreement as a practical measure that will reduce the risk of conflict between the United States and the Soviet Union, particularly nuclear conflict that might result from accident, misinterpretation, or miscalculation."

Where Britain's MI-5 gets its intelligence

Private Eye, a British weekly slander-and-gossip sheet widely read by the intelligence community and political insiders, carried a report in its May 1 edition on *EIR*'s April 13 press conference in London on "Project Democracy." After various distortions and slanders typical of the international news media, the article, concluded with the following noteworthy paragraph:

"At the Waldorf press conference it was mentioned that there would soon be a London office of the *EIR*, an announcement that would please no one except the loony right—and, of course, the intelligence services. For MI-5, in particular, holds the *EIR* in high regard. It takes a lot of information from it and has close contacts with its West German personnel: a peculiar arrangement for an intelligence service sworn to uphold the British constitution and protect the Queen."

Kissinger Watch: Henry's travels to Spain

Henry Kissinger arrived in Spain early in May for a full itinerary of "unofficial" meetings with government leaders, on such issues as the Ibero-American debt crisis, U.S.-Spanish military relations, and the future of NATO.

On May 4 he was received by Prime Minister Felipe González. According to the government's official spokesman, they discussed East-West relations, prospects for disarmament, and the problems that the "zero-option" plan for withdrawing Euro-missiles will cause. Kissinger noted that

Gorbachov's arms-control proposal has both "advantages and dangers." They further discussed the debt situation in Ibero-America, and problems of "the consolidation of democracy in the region." Concerning the reduction of U.S. troops in Spain, Kissinger said that he does not believe there will be a real crisis between the two countries over this issue.

Kissinger also met with King Juan Carlos, Foreign Minister Francisco Fernández Ordóñez, and Hernández Mancha, president of the Popular Alliance party.

Terrorists, witches in control of Green party

An openly pro-terrorist faction gained control of the leadership of the West German Green party, with the election of three members of the so-called fundamentalist grouping as the party's new chiefs, during a party convention May 1-2. The move marks a shift toward street violence, such as that which broke out in West Berlin on May Day.

The leaders are Jutta Ditfurth (re-elected), Christian Schmidt, and Regina Michalik. The new Green Party presidium is also under the firm control of the "fundamentalists."

Ditfurth has close "diplomatic contact" to the Soviet leadership, and was among the first, in 1983, to begin sabotage actions against military installations in West Germany.

Schmidt, from Hamburg, represents those who are responsible for the bloody riots, street fights, and arson attacks against 18 department stores in 1986.

Michalik, a radical feminist, advocates abortion up to the seventh or eighth month of pregnancy, and is among those who attacked the Pope for his recent German tour. In one of her presentations to the convention, she said, "I will do what my spirit tells me, which is what was once called the mark of the witch."

Another ranking Green, Hans-Helmut Vogl, presented a proposal to hold the next Green convention in Leningrad, and to have the costs paid by the Communist Party of the Soviet Union.

Briefly

● **THE WEST GERMAN** ambassador to the Soviet Union, Joerg Kastl, has announced his resignation, after criticizing Foreign Minister Hans-Dietrich Genscher for his dealings with Moscow. Kastl, one of the most experienced diplomats in the German foreign service, wrote in the *Frankfurter Allgemeine Zeitung* April 25, that the conditions of Genscher's upcoming visit to Moscow were "more typical of satellite states" than of a Western power.

● **PSYCHIATRIST** Dr. Didier Seux, founder of the French organization to help AIDS patients, AIDE, was murdered by a patient. Dr. Seux, a homosexual, and his assistant, were shot by a patient whom he had treated for two years.

● **DR. JULIUS HACKETHAL**, West Germany's most notorious advocate of the "right to die," called for euthanasia for AIDS patients, in a statement quoted in the newspaper *Bildzeitung* on May 6. He announced that he will perform euthanasia if patients request it.

● **NEW POLLS IN SWEDEN** show that a majority believes the murder of Prime Minister Olof Palme will never be solved. Swedish police have increased the reward for a decisive tip-off to five million kronor, about \$800,000. The reward is tax-free, and may be transferred to a secret Swiss bank account. The informer is also offered a new identity, including plastic surgery.

● **THE BILDERBERG GROUP** of international oligarchs, meeting in Italy at the end of April, discussed plans for an "African Yalta," according to a report published in the journal *Lettre d'Afrique*. Zaire and Zambia would remain in the Western camp; the Cubans would stay in Angola; South Africa would stay in the Western camp, but apartheid would have to go. Western aid to the UNITA rebels in Angola and Soviet aid to the African National Congress would be terminated.

'Secret government' thumbs its nose at the Constitution

by Kathleen Klenetsky

The parallel government which has corrupted U.S. foreign policy for decades, and which orchestrated the Iran-Contra mess, is using the congressional Irangate scandal as a forum to defend its operations against the lawful government of the United States.

The Senate and House special committees probing Project Democracy's Irangate scandal opened their public hearings May 5, taking four days' worth of testimony from retired Air Force major general Richard Secord. Secord, a fanatical admirer of Henry Kissinger's power politics, played an indispensable role in both key aspects of the Iran conspiracy, the sale of American arms to Iran, and the diversion of profits from those sales to the Contras.

Scorning immunity, a defiant Secord defended the entire Project Democracy scheme, insisting repeatedly that what he, Lt. Col. Oliver North, and the other key actors involved had done, was not only well within the confines of the law, but was required to defend U.S. strategic interests.

Secord set the tone for his testimony in his opening statement, lashing out at Attorney-General Edwin Meese for daring to expose the gun-running scheme to the American public last November. "In agreeing to testify, I have returned to the position I embraced at the time he went public with his grossly inaccurate disclosure about our operations," Secord declared. "The decision of Mr. Meese, and possibly others, to succumb to anxiety and ignorance, is particularly unforgivable in my judgment, in light of the fact that had he been receptive, he could have been advised of the facts surrounding these events before his announcement. This reasonable option was rejected and we were instead betrayed, abandoned, and left to defend ourselves."

In subsequent testimony, Secord defended Ollie North and the other principal U.S. actors in Irangate, as well as

other parts of the operation, including the CIA-linked Southern Air Transport, as honorable men who should be hailed as heroes, rather than being subjected to investigation and possible prosecution.

He also described in detail how he tried desperately to persuade President Reagan and Adm. John Poindexter to "keep up the fight" when Irangate first broke last November. In testimony May 6, Secord recounted how, on the day Poindexter resigned as national security adviser, Secord called him "to urge him not to quit, to stand in there and fight and let's get this thing straightened out." But Poindexter said "it was too late." When Secord told Poindexter he wanted to speak to Reagan directly, Poindexter "said it was too late. They'd already built a wall around the President."

Secord said he tried to speak to the President by phone later that same day, but was unsuccessful. Asked what it was he wanted to tell Reagan, Secord replied: "I wanted to tell the President that I'd like to see him and try to bring some rationality back into this matter. There's no reason to back away from these operations. . . . It was a good policy, and was worth a try. But in any case, once you made a decision like this, to back away from it, it was a terrible mistake, in my judgment. . . . And, so my advice would have been, 'Let's stake out our position. Don't cut and run.'"

It is most significant that Secord's testimony was drafted by Edward Bennett Williams. A powerful "insider" Washington attorney, Williams epitomizes the invisible government. He chaired the President's Intelligence Oversight Board during the precise period in which President Reagan was being force-fed the Iran arms policy.

Williams's service to the secret government is made even more clear by his client list: He has, for example, defended fugitive financier Robert Vesco, who is currently enjoying a

safe haven in Cuba, where he is assisting Castro's massive Caribbean drug-running operation to the United States.

But it isn't just the "defendant," Secord, who is defending the parallel government's existence. Despite the fireworks and posturing that have come out of the first week's hearings, the "prosecution," the congressional investigation, is also protecting the apparatus. As *EIR* has previously warned, the congressional investigation was being carefully orchestrated to produce evidence further implicating the President and Vice-President George Bush in the conspiracy, while keeping the heart of the Project Democracy parallel government apparatus intact.

Underscoring the rigged nature of the proceedings, is the fact that the Senate panel's chief counsel, Arthur Liman, is also a secret government insider—and like Edward Bennett Williams, also represented Robert Vesco!

Although in their opening statements May 5, Sen. Daniel Inouye (D-Hawaii) and Rep. Lee Hamilton (D-Ind.) (chairman of the Senate and House Irangate committees, respectively) both hit at the "private diplomacy" aspect of Irangate, the only person who has seriously pursued that point so far is Sen. David Boren (D-Okla.). Chairman of the Senate Intelligence Committee, Boren had publicly labeled the Iran-Contra scheme a product of the "parallel government" several months ago.

Boren pressed Secord on the extra-legal nature of the Iran-Contra operation on May 7: "Did you not wake up some morning and think, 'How did I, as a private individual, start exercising all this responsibility to make foreign policy for the United States of America, in lieu of the Congress, the Secretary of State, the President?' . . . Did you not have even a moment of humility about your judgment in substituting yourself for the constitutional process of this country? . . . Have you ever read the Constitution of the United States? . . . Do you believe in it?"

But thus far, the major "revelations" the hearings have produced concern Secord's allegations about the involvement of top administration officials in the Iran-Contra scheme. The administration's highest levels "knew and approved of my activities" in running the private supply operation to the Contras, and, later, in helping in the transfer of arms to Iran, Secord told the hearings May 5. He also reported that he held three meetings with CIA director William Casey to discuss the private supply network to the Contras, and that Casey was fully "aware" of the operation, and "was in favor of it." Casey died May 6, and so is unable to confirm or deny the truth of Secord's statements.

Next day, Secord strongly implied that President Reagan knew that profits from the Iran arms shipments were being diverted to the Contras—something which Reagan has consistently denied. He also reported that George Bush had not only called Ollie North the day he resigned to offer his support, but also had met with Felix Rodriguez to discuss the Secord-North private Contra supply networks.

Walsh counterattacks

With Congress abandoning its responsibilities, the only official enquiry which is actually going after the upper echelons of the secret government network, is that being run by independent counsel Lawrence Walsh. Key members of the congressional Irangate investigation, most notably Sen. Warren Rudman (R-N.H.), the ranking Republican on the Senate committee, have repeatedly attacked Walsh, and sought to undermine his investigation.

They were joined by Secord, who interrupted his testimony May 7 to bitterly attack Walsh. During questioning about the disposition of some of the Iran arms sale proceeds, Secord shot out: "I'm not focusing on it right now. I've got bigger problems to focus on than that. I've got a special prosecutor over here across the street that's trying to throw all of us in jail for performing our duty as we saw it. . . . This is crazy."

Secord has every reason to be upset. Despite the mass of obstacles strewn in his path, Walsh has compiled an impressive record. Both of the indictments his inquiry has produced so far have resulted in convictions.

The day after the congressional hearings opened, Walsh secured his second conviction. Richard Miller, who was part of Spitz Channell's private Contra fundraising network, pleaded guilty to the same charges Channell had the week before: tax fraud. Like Channell, Miller named Ollie North as part of the conspiracy to defraud the government, and agreed to cooperate fully with Walsh's investigation.

North is not the only person who could get bagged by Walsh's probe into the Channell operation. Miller, in addition to getting \$500,000 in funds from the National Endowment for Democracy—identified in *EIR*'s Special Report, "Project Democracy: The 'Parallel Government' Behind the Iran-Contra Affair," as a key, overt arm of the parallel government's apparatus—also received secret contracts from the State Department, specifically the humanitarian affairs department when it was headed by Elliott Abrams, another key figure in Iranscam.

Earlier in the week, Lewis Tambs, the former U.S. ambassador to Costa Rica, tightened the noose around Abrams's neck, when, in an interview with the *New York Times*, he revealed that he had received orders from Washington to give illegal aid to the Contras. Tambs said his orders came from the Restricted Interagency Group, an informal organization of government officials who helped set Contra policy, and that the three key officers who gave him his instructions were Col. Oliver North; Elliott Abrams, who chaired the group; and the CIA's Alan D. Fiers.

Abrams's well-deserved demise may be right around the corner. According to the May 7 *Wall Street Journal*, Walsh is investigating whether other administration officials who met with Channell, including Abrams, were aware that tax-exempt donations were being used to buy weapons for the Contras.

Lyndon LaRouche's AIDS policy defended in U.S. Senate hearings

Warren J. Hamerman, *EIR* contributing editor and the chairman of the National Democratic Policy Committee (NDPC), testified on May 4 on AIDS policy at the U.S. Senate Appropriations Subcommittee on Labor, Health, Human Services and Education.

Hamerman's testimony was introduced by Sen. Daniel Inouye (D-Hawaii), and Hamerman began by thanking Senator Inouye in the following terms: "You, Senator Inouye, and the entire Committee stand in welcome contrast to those at the Reagan administration's Justice Department who have recently denied Mr. Lyndon H. LaRouche, Jr. and his associates their constitutional rights of free press and speech in large part because of Lyndon LaRouche's outspoken ideas on the need for a full-scale global war on AIDS. Some at the Justice Department have defied our Constitution's guarantee of freedom of the press and illegally seized the national newspaper *New Solidarity* and the internationally renowned science magazine *Fusion* because they are vehicles through which Mr. LaRouche has addressed the nation on the threat and solutions to the AIDS pandemic and other scientific policy issues."

Administration scored

"Today, six months after Proposition 64, more and more authorities admit indirectly or directly in terms of their own policy shift that Lyndon LaRouche was right. Ever since we developed our advanced-science and public health war plan to fight AIDS, we have been challenged in a constant fight by those in the administration who believe that it is 'cost-prohibitive' to fight AIDS. They have fought our campaigns because we represent the center of the fight against AIDS. We will never win the war on AIDS if a climate prevails in which scientists and leading policy advocates are denied the ability to present their work and proposals freely.

"Those budget-cutting-minded sorts in the Reagan administration who have argued that it has been too cost prohibitive to fight AIDS wish to silence Lyndon LaRouche. I thank you and the committee again for setting a different example."

Hamerman was then allowed ample opportunity to present an extensive policy proposal along the same lines as he presented the week before to the House of Representatives on the threefold policy solution to the AIDS crisis: the "Biological SDI" proposal of a Manhattan Project or Apollo Program-scope crash scientific research effort based upon new frontier areas in *optical biophysics*; the implementation of a traditional public health program along the lines of the now-vindicated Proposition 64 policy: the massive upgrading of health care and public health programs and facilities.

How to fund a crash program

In his testimony, Hamerman addressed the cost of a crash program to defeat AIDS in the following terms:

"We can turn the seeming economic crisis needed to fund a full-scale scientific and public health crash program to fight AIDS into its own solution if we invest in high science. We cannot win the war on AIDS utilizing bows and arrows, or their biomedical technological equivalents. This is the essence of our Manhattan-Project scale Biological Strategic Defense Initiative to fight AIDS. Let me explain.

"We must turn to the 21st-century advanced areas of basic optical biophysics or nonlinear biological spectroscopy research and spark the development of an entire new industry: the optical biophysics industry.

"To date, only the Japanese have demonstrated a precise understanding of the economic importance of investing in frontier science. They invest in the manufacture of the machine tools of advanced biophysics scientific research itself. For instance, as 1987 commenced, the Japanese announced that they were embarking upon a multibillion-dollar Life Sciences research project. The publicly stated 'official' research budget was matched yen-for-yen by a policy commitment among high-technology manufacturing companies to build prototype scientific instruments for biophysicists in research facilities in the United States and Western Europe. One of *our* nation's senior biophysicists, a former coordinator of biophysics research in the NASA space program, personally told me that many American scientists have often

been turned down by a succession of U.S. government, military, and commercial institutions uninterested and unwilling to help them build a prototype research instrument for an experiment. They have learned under such circumstances that they will often be assisted by an enthusiastic Japanese industrial company for the same project.

"The investment in manufacturing each prototype pays off handsomely if only one in 50-100 custom-designed scientific instruments leads to a fruitful scientific discovery, since as many as several hundred duplicates of the prototype instrument at, for example, \$70,000 to \$100,000 each, would then be marketed to scientific laboratories around the world. The profit margin is even greater if the original prototype can be assembled from component devices pulled literally off the shelf of the scientific frontiers of instrumentation. Thus, a process approaching rapid technological obsolescence is fostered.

"Therefore, we can embark on a crash scientific program knowing that scientific research will plow back profit into the economy to fuel the further development of the crash program. Science and technology generate profit. As we learned in the space program, they provide technological spinoffs and large profit for further investment.

"The development of an 'optical biophysics industry' depends on the advance of the general research frontiers, rather than any particular line of research per se.

"This is our idea underlying the Biological SDI."

At the conclusion of his testimony Hamerman informed Senator Inouye that as his written testimony he had submitted to the Committee a special written statement by Lyndon H. LaRouche, Jr. which is part of the forthcoming *EIR Quarterly Economic Report*. Mr. LaRouche's statement is entitled "AIDS will change the world's economy drastically."

Senator Inouye acknowledged that it would be entered in the record and then thanked Hamerman for his testimony. The senator added that Committee Chairman Lawton Chiles (D-Fla.) had stated the day before that there would be "full funding for AIDS research requests" and therefore that the committee would act upon the areas of concern presented by Hamerman. While Hamerman testified, the leaders of the following organizations were some of those present in the Senate hearing room waiting for their chance to testify later in the agenda: the American Legion, the American Federation of Government Employees (AFGE), the Interstate Conference of Employment Security Agencies, the American Association of Colleges of Osteopathic Medicine, St. George's University School of Medicine, the American Academy of Family Physicians, the American Academy of Pediatrics, the Society of Teachers of Family Medicine, the Association of University Programs in Health Administration, the American Association of Colleges of Podiatric Medicine, the American Academy of Physician Assistants, the Society for Research and Education in Primary Care Internal Medicine, and the National Association of Community Health Centers.

Friends of OSS mourn William Casey

by Lyndon H. LaRouche, Jr.

Former director of the U.S. Central Intelligence Agency (CIA) William J. Casey passed away on Wednesday, May 6, after a months-long illness.

I never met Bill Casey, although the two of us had an off-on-again personal connection going back 10 years. On most matters of U.S. policy, Bill and I ended up disagreeing; at several points during his six years as CIA Director of Intelligence, Bill transmitted the gist of his side of the disagreements to me by the choice of channels and means appropriate to his style of operating.

On the issues on which we disagreed during his tenure as Director of Intelligence, there were some instances in which Bill was carrying out policies adopted by the Reagan administration, with which he might have had his own private disagreements. In other cases, as in the subject matter of my last written communication to him, there was disagreement on rather fundamental questions respecting the policy-making and organizational policies of a federal intelligence service.

We did find an opportunity for sustained collaboration on one of his projects. During 1982, Bill and other OSS veterans launched an effort to separate the reality from the popularized myths concerning "Wild Bill" Donovan's World War II OSS. The intent was to accomplish this while a sufficient number of OSS veterans, eyewitnesses to events, were still alive and able to clear away the published myths. I was invited to collaborate, and did so most happily, and, I believe, usefully, over the several years preceding Bill's sudden incapacitation.

This project I am committed to assist in bringing to completion, to the degree I am able to do so. I think of Bill, above all, as a veteran of OSS, and I have very good reason to believe it is that for which Bill would wish his position in our nation's public life to be remembered. He was, like my friend Mitchell Livingston WerBell III, one of OSS's old "dogs of war," who continued to fight the battles of the Anglo-American war-time alliance up to the moment he was felled by the illness which took him out of action.

I think my continued work on that project would please Bill; I would be pleased to give such satisfaction to that now-departed curmudgeon, who was my sometimes collaborator and sometimes adversary over the course of the past 10 years.

Has the Soviet Trust steered Project Democracy since 1980?

by Jeffrey Steinberg

Even the most jaded Washington political observers were taken aback during the first week of May, by Gen. Richard Secord's strident defense of the secret parallel government and his equally abrasive attacks on officials of the Reagan administration, including Attorney General Edwin Meese and Special Prosecutor Lawrence Walsh, during his first several days of televised testimony before the congressional special panels on Irangate.

Secord, the retired Air Force general who was effectively the chief logistics officer for the Iran-Contra arms shipments program, not only defended the policy of trading arms to the ayatollah and using the profits to conduct "private" covert operations and foreign policy on a global scale. He insisted that on the basis of legal "opinions" that he had obtained from a prominent Washington D.C. law firm, believed by some sources to be Edward Bennett Williams, the entire program was 100% within the law.

As the result of General Secord's defiant assault against the constitutional instruments of government, the issue of the existence of a secret parallel government has been placed even more at the center of the Iran-Contra stage.

Secord's performance would not have come as a surprise to readers of the *EIR*'s 341-page April 1987 special report on Project Democracy. We documented, in painstaking detail, that the Iran-Contra effort was the culmination of a 20-year program to overturn the Constitution and impose a corporatist, fascist-communist form of rule over the United States—dominated by a right-wing social-democratic apparatus led by former Comintern associates of Bolshevik leaders Nikolai Bukharin and Leon Trotsky, such as Jay Lovestone, Irving Brown, and Armand Hammer, and apologists for Mussolinian "universal fascism" such as Michael Ledeen.

Now, the continuing investigation by the same *EIR* research team has unearthed an even deeper problem within our national security establishment—a problem that has all of the earmarks of a long-term Soviet Trust penetration and takeover of elements in our intelligence community. Not surprisingly, this Trust operation centers out of the very institutions presenting themselves as specialists in Soviet active measures, or *dezinformatsia*, low-intensity conflict, and in-

ternational law. It is precisely this network for which General Secord was speaking when he defended the legality of the secret government's Iran-Contra debacle.

In this first article in a series, we explore how the Iran-Contra bait was set for the Reagan administration, as early as December 1980, and thereby introduce some of the key players and institutions who must be investigated as part of the cleanout of the Trust apparatus from our national security agencies.

The Trust sets the monkey trap

In December 1980, a rather extraordinary series of conferences took place in the Washington, D.C. area. These conferences both set the stage for the escalation of Soviet and Cuban insurgency in Central America and set the ground-rules for the incoming Reagan administration's bungling, and now criminally culpable, response.

First, in the early days of December, the Socialist International gathered to plan its challenge to the incoming Reagan administration. Led by Willy Brandt, François Mitterrand and the late Olof Palme, the predominantly pro-Moscow European-centered socialists focused their attention on luring the incoming Reagan government into a protracted military involvement in Central America, a "monkey trap" that would paralyze the new administration. Spanish Socialist leader Felipe González stopped off in Havana on his way to Washington to coordinate with Fidel Castro the setting up of arms-trafficking routes from European Socialists into the Cuban- and Nicaraguan-backed insurgents in Central America.

On Dec. 5-6, 1980, the fourth of a seven-part series of seminars titled "Intelligence Requirements for the 1980s" took place under the sponsorship of the Consortium for the Study of Intelligence (CSI), a Georgetown University-anchored project launched by Roy Godson, the Jesuit university professor who would play a central role in the Project Democracy debacle.

The consortium was founded in 1979 to serve as a "magnet" for drawing intelligence professionals, many of whom had been purged during the Carter administration from long-time posts with the CIA, into a controlled debate on the future

direction of U.S. intelligence.

In a sense, the CSI was an adjunct to an earlier project, the Nathan Hale Institute, founded in 1976 as a lobby in support of a U.S. intelligence community beset by scandals and purges. As of 1985, the Nathan Hale Institute was co-chaired by Gen. Daniel P. Graham, the ex-Defense Intelligence Agency chief and Eugene Methvin, a senior editor of *Reader's Digest*.

Two features of the Dec. 5-6 colloquium, which centered on "covert operations," stand out. First, Theodore G. Shackley—the former CIA Deputy Director for Operations (DDO), who has been identified by several CIA sources as the person who prepared the "pink slip" list for Stansfield Turner's wholesale purge of the Agency's covert division, and who was deeply implicated in the Terpil-Wilson affair (involving illegal arms supplies to Libya's Qaddafi) along with Irangate figure Thomas Clines—delivered a presentation on the "Use of Paramilitary Covert Action in the 1980s." Shackley's presentation spelled out in detail the program subsequently adopted by the Reagan administration, and particularly by Lt. Col. Oliver North, in its "private" Contra war against the Nicaraguan regime, a war guaranteed from the outset to be an even more dismal replay of Shackley's earlier 1960s CIA Cuban exile fiasco.

Second, Donald Jameson, a career CIA covert operations specialist who went to work for Shackley's Research Associates International after his departure from the Agency, delivered a paper on "Trends in Soviet Covert Operations," in which he inserted an extensive ID format slander against Lyndon H. LaRouche Jr. and *Executive Intelligence Review*, implicitly labeling them as a channel for Soviet disinformation.

This gratuitous attack by Jameson was widely read as a signal that the Godson-centered apparatus was bent on blocking any LaRouche influence on the Reagan administration, particularly influence that might run counter to the "agenda" spelled out at the CSI seminar series. As an *EIR* report on the Heritage Foundation published in early 1981 pointed out, only the Soviet government stood to ultimately benefit from such a blackballing of LaRouche influence on the incoming regime.

In the audience at the Shackley-Jameson panels were: Frank R. Barnett, director of the National Strategy Information Center and an intimate collaborator of Godson; Kenneth deGraffenreid, soon to join the Reagan National Security Council staff; British author Robert Moss; Dr. Allen Weinstein, the architect of the National Endowment for Democracy; Herbert Romerstein, then a staffer on the House Select Committee on Intelligence and a longtime collaborator of British-Mossad spook John Herbert Rees; Samuel Huntington, author of the Trilateral Commission study *The Crisis of Democracy*, which first proposed the Project Democracy "democratic fascism" agenda in 1975; and Professor John Norton Moore, director of the University of Virginia's Center

for the Study of Law and National Security.

Dr. Norton Moore would figure prominently in the third Washington event of December 1980, a conference of the American Bar Association's Commission on National Security, a conference which apparently plotted the legal foundations upon which the Reagan Doctrine of covert operations would be launched. A former international law counsel to the Kissinger-era State Department and NSC, a former ambassador, along with Elliot Richardson, to the Law of the Sea conferences, Norton Moore is now a permanent consultant to the Intelligence Oversight Board, a Reagan administration intelligence panel created in 1981 through National Security Decision Directive 12334. It is this board, according to published testimony by Oliver North, that issued a pair of findings approving the legality of the North-Secord covert Contra arms programs during the period of the Boland amendment.

Constitutional end run

As later articles in this series will detail, Godson, Moore, and other key figures in this tightly knit apparatus of LaRouche-haters, formulated, by no later than the December 1980 gatherings, the "legal" justification for the invisible government's overturning of the Constitution in: unleashing the Iran-Contra operations; involving the United States in support of the British in the Malvinas conflict; reactivating (outlawed) domestic FBI "Cointelpro" dirty tricks, including an alleged string of over 50 break-ins, mainly against groups targeted for opposing the Reagan Contra policy.

As Godson argued in a 1984 book, *Dezinformatsia: The Strategy of Soviet Disinformation*, co-authored by Richard H. Shultz, Western democracies are inherently incapable of responding to the Soviet regime's basic belief that "in a world of differing social systems, war and conflict are the normal state of affairs," so long as they cling to the principles of constitutional rule by law.

Professor Norton Moore, a prominent figure in the International Law Association of Permindex assassination-bureau chief Louis Mortimer Bloomfield, and the recently created U.S. Institute for Peace, was a proponent of the idea that since the signing of the U.N. Charter, there is no longer such a thing as "just wars." Rather, conflicts ranging from acts of terrorism to wars of national liberation should be governed by laws of war that pose limits on permissible escalations of conflict. All of this, Norton Moore casts in an environment defined by neo-malthusian requirements for population control that make limited wars convenient instruments for keeping population levels down, particularly in the Third World.

It is precisely this crowd that sold President Reagan on the "legality" of the Reagan Doctrine, a "legality" that is now being called sharply into question by Special Prosecutor Walsh and members of the Congress such as Sen. Daniel Boren, who pointedly asked General Secord during the third day of televised hearings: "General, when is the last time that you read the U.S. Constitution?"

An unprecedented perversion of law

by Edwin Vieira, Jr., Esq.

The following statement was delivered by attorney Edwin Vieira, Jr., at an April 29, 1987 press conference in Washington, D.C. called by the Commission to Investigate Human Rights Violations in the United States.

Permit me to preface my remarks with an explanation of my participation in the Commission to Investigate Human Rights Violations in the United States that I believe may be applicable to many members of the Commission other than myself.

I have never voted for Mr. Lyndon LaRouche or any person associated with him. I have never contributed money or services to any political campaign of Mr. LaRouche or any of his associates. I have never supported, and do not now necessarily support, the candidacy of Mr. LaRouche or any person allied with Mr. LaRouche for any political office. Moreover, although I agree with many of the political, legal, and moral positions Mr. LaRouche has advocated over the years, I also disagree—and even disagree quite strongly—with other of his positions. For these and other reasons, then, my appearance here today does not betoken any partisan political or ideological alignment with Mr. LaRouche, his associates, or any particular organization or group affiliated with him, either directly or in the public mind. Rather, I have chosen to join the Commission to Investigate Human Rights Violations in the United States, and to attend this press briefing, because of my concern that actions taken ostensibly in the name of the United States government against certain organizations and individuals connected with Mr. LaRouche directly threaten not only the constitutional and other civil rights of those organizations and individuals, but also the rights of every American to engage in political advocacy, free speech and free association, and other fundamental liberties without which our republican form of government and uniquely open society cannot exist.

I and other members of the Commission to Investigate Human Rights Violations in the United States were quick to urge the Commission to petition President Reagan in this matter because of what we perceive as the obvious, blatant, and even openly cynical affront to the First and Fifth Amend-

ments to the Constitution of the United States in the recent seizures of properties by the government, under color of the bankruptcy laws, from the political-advocacy organizations Caucus Distributors, Campaigner Publications, and Fusion Energy Foundation. Indeed, as a direct—and, we believe, as the *intended*—result of these seizures, the latter organizations have been and are even now being forcibly prevented from collecting and publishing political news, analysis, and opinion of immediate and immense public interest.

Even the government's own spokesmen concede that what has transpired here is literally unprecedented under the bankruptcy laws. In addition, the government is aware that its actions have substantially impaired—if those actions were not intended to suppress—the ability of Caucus, Campaigner, and Fusion Energy to engage in political debate and advocacy, to disseminate political analyses and opinions, and otherwise to engage in what Americans know and revere as “freedom of speech,” “freedom of association,” and “freedom of the press” under our Constitution. Furthermore, the government is also aware that its actions have substantially impaired—again, if those actions were not actually intended to destroy—the ability of organizations and individuals other than Caucus, Campaigner, and Fusion Energy not only to engage in political debate, advocacy, and publication, but also to participate in the political process of seeking election to public office—and here, I refer specifically to Mr. Lyndon LaRouche, an individual who (it should be noted) has been formally charged with *no* wrongdoing, either criminal or civil, connected with the present controversy; but who nevertheless has been effectively singled out, at least as a practical matter, as the ultimate target of the government's operations.

Notwithstanding its awareness of all these matters, the government has deliberately and without justification or excuse followed a course of action in these proceedings that directly and unavoidably conflicts with elementary First and Fifth Amendment rights. Indeed, the conflict is so direct and unavoidable, and so patently at odds with well-established principles of constitutional jurisprudence, as to evidence to the Commission a *knowing* intent on the part of the government to *suppress* those fundamental rights.

By way of background, every student of constitutional law knows that no government—national, state, or local—may impair the exercise of a person's First Amendment rights, for even minimal periods of time, unless it *first* establishes that its actions are necessary to achieve a “compelling” public interest, and are the actions “least restrictive” of those rights. Moreover, where the government proposes to take action arguably infringing First Amendment rights, it must provide the persons affected by its actions with timely and adequate notice of, and opportunity to be heard on, the matter—*before* even the slightest loss of First Amendment rights takes place. What has occurred in this case, however, is a travesty of these well-established rules.

First, to date there has been *no* notice and hearing whatsoever. Instead, the government has unilaterally obtained an order—an order not simply infringing, but in fact completely vitiating the First Amendment rights of several organizations and numerous individuals—based on what the Commission believes is legally incompetent “evidence,” and in the total and unexcused absence of any meaningful opportunity for the victims of this suppression to present a defense, or otherwise to challenge the government’s arguments. Furthermore, the Commission understands that no transcript of the *ex parte* proceeding before Bankruptcy Judge Bostetter exists in the court files, although the judge purported to make “findings of fact” in his order as the basis for licensing the seizure of the properties involved in this case.

Second, prior to obtaining its *ex parte* order, the government was or should have been well aware that no “compelling” reason existed to seize the properties now subject to the order. At least as early as 6 October 1986, the government was in possession of extensive documentation detailing the financial and other business arrangements of Caucus, Campaigner, and Fusion Energy. The Commission believes that this documentation strongly tends to prove, if it does not conclusively establish, that the overwhelming majority of the property seized under color of the *ex parte* order is *not* the property of Caucus, Campaigner, or Fusion Energy, or of any other organization or individual involved in the criminal litigation now proceeding in Boston that underlies the involuntary bankruptcy petition—and that therefore this property simply *cannot* be the subject of the present proceeding.

In addition, the government’s rationalization for the seizures—namely, that Caucus, Campaigner, and Fusion Energy would “conceal,” “substantially impair,” improperly “transfer,” “dissipate,” “liquidate,” or otherwise misuse the subject properties—is patently implausible. These organizations are well known for their political advocacy and publications, and other extensive involvement in public political debate. They have defended, and are even now most vigorously defending, several legal actions both civil and criminal, to protect their First Amendment and other constitutional and civil rights to engage in such advocacy, publication, and involvement. To pretend, as does the government, that the organizations are likely literally to destroy themselves, and voluntarily to surrender the rights they are struggling to preserve, lacks any semblance of credibility.

Third, as a result of the *ex parte* order—and, the Commission believes, as a logically and practically necessary result of the order; and, perhaps, even as a knowingly intended result of the order—the political advocacy and publications of Caucus, Campaigner, and Fusion Energy have been, not only impaired, but effectively terminated by outright suppression and censorship. This, the Commission need hardly emphasize, is not a result “least restrictive” of the organizations’ constitutional freedoms, but instead a con-

summation completely destructive of those freedoms.

Fourth and last, as perusal of the terms of the *ex parte* order makes clear, the ultimate—and, indeed, the explicitly admitted—target of the seizures is an individual *not* before the bankruptcy court, *not* a party to the pending criminal prosecution in Boston, *not* previously convicted of any illegal activity, and *not* under indictment by the national government or any state or local government: namely, Mr. Lyndon LaRouche. The *ex parte* order bristles with allegations—irrelevant, in the Commission’s view, to the government’s claims against Caucus, Campaigner, and Fusion Energy—that these supposed “debtors” cooperate and have “management . . . intertwined” with so-called “related LaRouche organizations”; and that Mr. LaRouche supposedly “sets budget for all of the organizations and directs how and where each organization will spend its funds.” Apparently, the government has prevailed on Bankruptcy Judge Bostetter to conclude that mere alleged association with Mr. LaRouche—*association that the government has never even claimed, let alone proven, violates any provision or principle of criminal or civil law*—is *prima facie* evidence justifying the seizure of the properties involved here. That is, Judge Bostetter has apparently ruled that Caucus, Campaigner, and Fusion Energy are somehow culpable—or as he explicitly says, “untrustworthy”—precisely because they are actively associated in political advocacy with Mr. LaRouche.

This course of events is unprecedented under the bankruptcy law. More urgently, it is unprecedented also under the Constitution. Indeed, it is a course of events with which the Constitution cannot coexist and that, if allowed here and encouraged elsewhere, will effectively signal the end of constitutional government in this country, and its replacement with a form of political terrorism, under color of law, which threatens every man and woman who dares to speak out on important political issues, to seek political office, or otherwise to participate in the political process in opposition to incumbent office-holders.

The Constitution commands the President to “take Care that the Laws be faithfully executed” (Art. II, ¶3), and to swear that he will “preserve, protect and defend” the Constitution (Art. II, ¶1, cl. 7). The facts of this case insistently urge that this country’s “Laws”—and, particularly, its supreme law, the Constitution—are not being “faithfully executed,” but instead are being recklessly or even consciously perverted by the President’s subordinates in the Department of Justice for malicious political purposes. For that reason, I and the others here today now call upon and petition the President to meet with representatives of the Commission to Investigate Human Rights Violations in the United States, as part of a thorough review of these proceedings directed toward exposing and ending violations of the Constitution, and appropriately disciplining or punishing the persons responsible therefor.

Boston judge considers dismissing case against LaRouche Campaign

At a one-and-a-half-hour hearing in Federal District Court in Massachusetts on May 4, Judge Robert Keeton heard argument from defense attorneys in the *U.S. v. The LaRouche Campaign et al.* case, that the government's criminal case has been so seriously damaged that either it, or the forced bankruptcy declared against two of the corporate defendants, should be thrown out. Judge Keeton reserved judgment until further papers could be filed.

Due to the obstructions put in the way of the joint defense by the government's seizure of the legal office run by Campaigner Publications, however, Judge Keeton postponed the opening of the trial from June 1 to at least July 8. Assistant U.S. Attorney John Markham, flanked by government officials who were involved in the bankruptcy case, had argued for a one-week extension.

The May 4 hearing

Excerpts from the court transcript of the May 4, 1987 hearing in Boston follow.

The Court: Well, unless other defense counsel wish to be heard first, I think it may be useful to hear your proposals and let me invite reactions to them then from defense counsel.

Mr. Markham: The situation, as I understand it from speaking with defense counsel, is that when the interim trustees asserted control over the premises pursuant to the Court order, various personal papers of individual defendants and various work product papers that their lawyers had developed and some of the discovery materials—the very bulky discovery materials that I had made available to the defendants pursuant to Rule 16 were on the premises.

Now, the trustees take the following position. If there is something on the premises of the bankrupt that is not the lawful property of the bankrupt, they don't want it. That goes for whether it's a sweater, a photograph or a document. The trustees are very happy to return those materials once it can be determined which pieces of paper belong to the defendants.

Now, the problem comes in the following situation. The trustee, while it recognizes its obligation if there is, in fact, anything in those premises that does not belong to the bankrupt, to give it back; it also has an obligation to all of the creditors of the bankrupts not to allow things to disappear that are, in fact, the property of the bankrupt.

I have raised this dilemma with defense counsel because while the trustee is happy to take a look at the materials and if they're not the bankrupt materials to give them back in their original form, obviously this would have to be done pursuant to a Bankruptcy Court order out of Virginia. I have been told by the representative of the trustee that he anticipates no problem whatsoever with such a bankruptcy order since presumably these defendants will join the application for such an order. But in any event, the bankruptcy trustees themselves will seek such an order. Once that order is in place—and any say that can be done even this week—the problem would become that the trustee would have to make some sort of determination about what document is being released.

In the case of Category 1, your Honor, which is the documents that the Government has previously furnished the defense counsel, to the extent that those documents happen to be on the premises, that's easy because the trustee can just take a look at this non-privileged material. They can even hand it to me. If the defense counsel say this is discovery material, I can say, yes, indeed, it's discovery material; and it can be taken out.

The Court: Well, now, let me just express a concern about their handing anything to you. I am quite serious in saying to you that you'd better be building a Chinese wall because there are conflict of interest problems here. And if anything is done that impairs the rights of a defendant in this criminal proceeding, there may not be a remedy for it.

Mr. Markham: Your Honor, I understand that, and I appreciate that. And I can assure you that the United States has and will continue to maintain a wall so that nothing that is privileged or confidential or otherwise private that happens to come under the possession or control of the trustee pur-

suant to that Court order will in any way be transferred to any of the prosecutors on this case.

I led, your Honor, with what I understood from talking to defense counsel was the most bulky part of the materials, which is to say the materials that I have already given them by way of discovery. Those would be bulky, because on those—

The Court: What is concerning me is your suggestion that the trustee or any of the trustee's representatives might confer privately with you about what is to be returned without opposition.

Mr. Markham: No, your Honor. I'm sorry if I left that impression. What I meant to suggest was with respect to that one category of documents, since I have heard from many defense counsel that they are badly in desire of getting those documents back, it would be very simple if defense counsel would point those documents out, go—well, let me do it this way.

What we have in mind—what the trustees would be willing to do, as I understand it, would be to have defense counsel go through the premises with the trustee, point out every scrap of paper that defense counsel say is needed to get this case ready for trial. The United States would be nowhere around.

But your Honor, as I understand it, those documents fall into three categories. Category 1 are documents that the United States, John Markham, has given them copies of, Rule 16 materials, vast quantities of documents. To the extent that the defense counsel identify those documents, if defense counsel are really serious about wanting to get them back to prepare, those documents surely could be easily determined to be non-trustee property, whether because they have some sort of serial number markings on them or because defense counsel could take that limited set of documents to somebody familiar with what has been produced in discovery who can say indeed those are discovery documents which we have provided. I just suggest that as an easy way that cannot possibly compromise a privilege because I gave them those documents so I know what they are.

Now, with respect to the other documents which are the non-Government-provided documents, those, as I understand it, fall into two categories, and I understand this because I have been speaking with defense counsel. Category 1 are correspondence to and from lawyers to clients or related documents such as notes that clients are writing up in order to assist their counsel in preparing for the case. To the extent that those documents are on the premises, it is the urgent wish of the United States prosecutors in this case that they be released forthwith to the defense counsel. We have not looked at them. We do not want to look at them. That has never been the intention or the purpose behind the bankruptcy.

The problem is going to be—and I think it is solvable, but I raise the problem first. The problem is going to be

getting those documents to the trustee so that the trustee can take a look at them and say, yes, indeed, this is not a bankrupt asset document; this looks like something that belongs to an individual or that an attorney has asserted he needs for the defense of the case.

I point out in this regard, your Honor, that the people acting as trustees are not the United States trustee. They are three private lawyers, I believe from downtown Alexandria, Virginia. They are not employed by the United States. I have not ever talked to one of them. They are not an agent of the United States. They are under a Court-ordered obligation to either run the company or finalize it, liquidate it, depending on what is available under bankruptcy law and practice.

Those three individuals could easily meet—and their representative has indicated to me that they are quite willing to do so—meet with the defendants, go through the premises forthwith—not the defendants; the defense counsel—point out the various documents that come under these various categories. And to the extent that the trustee feels comfortable releasing these things without even looking at them because of their nature—i.e., the discovery materials, the xeroxed copies of all the notebooks and the like—that can be easily done.

To the extent that there are handwritten notes or the like that the trustee might want to take a more careful look at before he releases them, something that he has to make a decision on given his interests, which are very divergent from our interests, then perhaps a situation could develop where those limited number of documents, unless the trustee is willing to let them go, can first be copied and given to the defense so that they have access to the copies.

And to facilitate the matter—and I don't mean to try to be breaching the Chinese wall which we had already determined to be a good idea and you have reminded me twice we should continue to think is a good idea—perhaps even the United States could pay for the copying of those documents so the defense counsel could have them forthwith. Thereafter, your Honor, the originals of those documents could perhaps be shipped under the control of the trustee either to a magistrate here or a magistrate in Alexandria who can look at them and say, indeed, these are defendants' property, the originals should be given.

I think we can come up with a procedure that is not going to take too long but, in any event, we ought to embark on right away to identify the numbers of documents that they're talking about, report back to the Court with a plan and then determine the trial date from thereafter.

(Several defense counsel standing.)

(Laughter)

Mr. Reilly: If I could, your Honor. The first place I'd like to start, your Honor, is why we're all jumping up and maybe viewing a little askance Mr. Markham's willingness now to be so cooperative. I think you have to look first at the

timing of the Government's action here.

In April of 1985 they got a civil contempt order. It was their position in Virginia that that civil contempt order alone two years ago was enough to put these organizations into bankruptcy. For two years they sat on it, and five weeks prior to trial they bankrupt these organizations and seize the legal office.

They had full knowledge of what they were doing. They knew from the search they had in October when they searched these very offices that they were legal offices. The FBI agent Mr. Egan has kidded me and every other defense counsel about our going down to Leesburg to work down there. They know from the motions to suppress that we have filed that it is our very strong position that that's a legal office and they have no business being there. And yet they go to the Bankruptcy Court to get an order which specifically authorizes them to seize a legal office. They file discovery in bankruptcy. The Government's request for discovery, interrogatories:

"With regard to any subpoena the debtor may receive, please state whether any of the debtor's employees were moved or transferred to avoid grand jury subpoenas."

That's an interrogatory in this supposedly separate Chinese wall proceeding.

"Whether any employee or associate of the debtor has charged more than the amount authorized by a credit cardholder against a credit card since November 1, 1986." It is clear from the way the Government has operated here that they knew what they were doing and they had a reason for doing it. It's also clear that we have been massively prejudiced by what the Government has done here. The office that was seized was a legal office. I have spent one day a week down there for the last two months. I consider it in that sense my legal office.

I have files and letters from my client to the Government. The concept of me having to go through with a Government attorney through an office that I continue to be mine (sic) and point out to them what I want back from the legal office that I am working into is not one, your Honor, I feel I can go along with. The documents that are down there include things like the legal archives for the last 15 years of my client NCLC. And the Government in this case has made quite a bit about what's been happening the last 15 years against the NCLC and has forced me to spend days plowing through all the various litigation over the last 15 years.

That's down there. I want it back. And I don't want to go through it with a U.S. Attorney or with a representative from the U.S. trustee to argue with them and explain to them why I should get my legal office back. The status of codefendants in this case, your Honor, as to—not as to who is going to be representing them but as to how it affects us, I have an attorney/client relationship with the clients of Mr.

Alcorn and Mr. Feinberg. I have shared attorney/client information with them. I have discussed my strategy with them in this case.

I now understand that their representative is meeting with Mr. Markham and planning with Mr. Markham how we're going to deal with these codefendants and how we're going to release documents to them.

The Court: Whom do you mean by "their representative"?

Mr. Reilly: The representative of the trustees. I understand from Mr. Markham he has met with the representative of the trustee to discuss how they're going to take care of these annoying codefendants. So suddenly somebody who I understood was on my side is now on the Government's side.

I talked to Mr. Lewis, who is the codefendant—who is the trustee for the entity which has the building where the legal office is, last week. I couldn't get any of the information from him that apparently Mr. Markham gets from his representative.

So in terms of a Chinese wall, it's clear that the trustees consider themselves to be much more on the Government's side. And when you look at it, it makes perfect sense. I'm not criticizing the trustee. The trustee's role here is to be a fiduciary for the creditor, and the creditor is the United States Government.

So he is a trustee for the Government. He is supervised by an employee of the Government, the U.S. trustee, and it is clear where his loyalty should lie and has to lie. And the problem is not at all with the trustee. The problem is with the Government choosing at this time to bankrupt these people and creating these problems.

The invasion of the attorney/client privilege here, your Honor, when the Government wants to talk about a Chinese wall, I suggest there will be the necessity for substantial evidentiary hearings. But what we know right now is that the pleadings that were filed by the Virginia bankruptcy Government Attorney are full of and based on material that was seized by the Criminal Division up here in Boston.

We know that when the Government went in to seize these offices, they did not go in based on the affidavit from the man who did the search. They did not go in with a representative of the trustee. They went in with Mr. Schiller, the representative of the Government. That's who did the seizure here, and that's who supervised it.

We know that the trustee is dealing with and is negotiating with Mr. Rasch and Mr. Schiller and that the defendants are unable to get hold of it. The Government has argued that the search was videotaped and, therefore, we shouldn't be concerned. Well, we know or at least we have reason to believe right now that the offices were seized at 7 o'clock in the morning; that until 2 o'clock in the afternoon on the day of the seizure the Government representatives

were in that office, in what I consider to be my legal office, going through what I consider to be my legal documents. And I will be very surprised if they have seven hours of videotapes to assure me and to assure my client that they weren't going through—that they weren't going through the material there. And I also know that when our clients attempted to put observers in there to say, "Allow us to see what you're doing," the observers were excluded.

Finally, your Honor, the defendants' ability in general to represent themselves is being overwhelmed here. And I think it's something the Court has to address itself to. There is a very small group of individuals here who are running these organizations. There's maybe a hundred people. They have had in the last six months this indictment, two state indictments, fourteen state investigations, a grand jury investigation down in Virginia, all of which they have fought. And now five weeks prior to trial they get bankrupt. And what has happened here is that on a very practical level is these people are getting to the point where the Government has overwhelmed their ability to defend themselves.

As I suggest to your Honor there's been documents filed to you showing that in February of last year there was a meeting called by Mr. Weld to coordinate strategy against the LaRouche group, and it's clear from the actions that have happened here that the strategy that has been coordinated is to overwhelm these people. And I can't think of anything more overwhelming than seize the legal office.

Right now, your Honor, I don't—I am unable to come up to you and say this is what I think you should do because I still haven't yet fully digested what's happened, and I think there's going to be a lot more confusion before it gets straightened out. I suggest at a minimum, however, your Honor, to allow this defendant to defend itself and to allow us as attorneys to have some hope of representing our clients, we need a very substantial continuance because the confusion here has been all created by the Government, and it's confusion which has really overwhelmed the defense of this case. So I would ask as a first matter a very substantial trial continuance. . . .

Mr. Collins: Good morning, your Honor. Robert Collins for Robert Greenberg. I am not satisfied with the order in this respect, Judge, not on the talk about continuance. I know that certain matters will not be resolved here today. But I would like before I left here today to know or have a representation by this gentleman Schiller over here who represents the Government or the trustee-in-bankruptcy's representative that he will turn over any files that belong to my client or pertain to him forthwith to me. And I do not want him to examine my client's files. And I ask the Court now to order the trustee not to look at my client's file under any circumstances or any legal papers that I have filed jointly with any of my co-counsel, and I'd like that protective order right now. I think it's gone far enough. When I look at Mr.

Schiller, I see him at a table with Mr. Markham, his association is clear. It's the U.S. Government, U.S. Government. His name appears on papers under the name of Mr. Hudson, who is his boss down in Virginia or represents the district in some manner.

The Court: Well—

Mr. Collins: Judge, I find it very disturbing that my client's files are under the detention of the U.S. Government. Whether or not they represent to you that they have not looked at them or not, I want an order from the Court telling them not to look at it.

The Court: You have made it plain you want the order. You have also asked for me in another motion to enjoin—stay the bankruptcy proceedings. Now, the first problem I have with both the request you have just now made to me and that one is: Show me my jurisdiction. The memorandum that you have filed in support of that motion hasn't addressed the question of jurisdiction.

Now, here is the problem. I think there is a serious question about whether this Court and the criminal matter before it has jurisdiction to enjoin or stay a bankruptcy proceeding in another jurisdiction or to order things to be done in that bankruptcy proceeding. It seems to me it's probable I do not have that kind of jurisdiction, and the jurisdiction I do have is the jurisdiction to protect your clients by appropriate orders with respect to this proceeding if anything is done by them that impairs the rights of the defendants in this proceeding.

Now, if anybody thinks I have jurisdiction to stay that proceeding or to enter the order you have just asked me to enter, Mr. Collins, first show me statute, precedent, whatever, that says that a Court having before it a criminal proceeding has jurisdiction to enjoin or stay bankruptcy proceedings in another court. . . .

The Court: Now, it won't do us any good to have argument without precedent, without authority. If you can show me authority for my doing the kind of thing you are asking me to do, I will consider it. Statutes, decisions, whatever, show me some authority rather than argument; because when it comes to the argument, it seems to me the answer to the arguments you are making about the need for the protection is, of course, the Court has the authority to give you that protection by the ultimate sanction of dismissal if there are such interferences with those interests that that is required.

And if either one branch of the Government or another branch of the Government behaves in a way that makes that necessary, that's the remedy that is always available to this Court. And that makes it at least unnecessary and, absent some other authority to show me jurisdiction, probably inappropriate for me to try to step in with orders that would both give you that protection and preserve this prosecution. . . .

ADL betrays the U.S. once again

by Joseph Brewda

Executive Intelligence Review has caught the Anti-Defamation League of B'nai B'rith once again in support of Soviet intelligence operations directed against the United States. Over the years, the ADL has distinguished itself in its brazen support of Russian-connected narcotic smuggling families, such as the Bronfmans, under the pretext of their Jewish origin. Anyone combating such criminals has been denounced as anti-Semitic. Now the ADL is openly supporting what Russia calls its "legal system," against the U.S. Constitution.

The ADL support of Soviet law first became apparent, when it spearheaded the 1979 formation of the Office of Special Investigations of the U.S. Justice Department, which was nominally charged with pursuing Nazi war criminals residing in the United States. The real story was quite different. One reason for establishing the OSI was to make Soviet "show trial" evidence acceptable in U.S. courts for the first time. The OSI has recently gained notoriety for the deportation of former U.S. citizen Karl Linnas to Moscow, to be shot as a war criminal—all on the basis of Soviet witnesses' videotaped assertions. Since Linnas's deportation, which was largely done as a condition for a new Reagan-Gorbachov summit, OSI director Neil Sher has announced that some 27 U.S. citizens are in the judicial pipeline, to be sent back to the Soviet Union and Eastern Europe, to their deaths, based on the same quality of "evidence."

In an interview on May 5, ADL spokeswoman Rudi Teitel defended the Soviet legal system and the planned judicial assassination of Linnas. "Never once have the Soviets been found to fabricate evidence in these cases," she claimed. The ADL's assertion is rather curious, not the least because claims that the United States has harbored thousands of fugitive Nazis, have been standard Soviet propaganda for decades. Not accidentally, individuals so targeted by Soviet propaganda outlets are usually identified, correctly or incorrectly, as tied to U.S. intelligence. Since the war, the U.S.S.R. has repeatedly characterized the U.S. missile research program at Huntsville, Alabama, as dominated by "Nazis," citing as evidence of their continued "crimes," their involvement in research for the Strategic Defense Initiative.

In the Linnas case, as in all cases of this type, no evidence was ever presented before any U.S. court. Linnas was stripped of his citizenship, and deported to his death, solely on the basis of videotaped interviews of Estonian "witnesses" conducted by Soviet prosecutors, asking questions on events of

45 years ago. In the case of Ivan Demjanjuk, who was deported to Israel last year where he is now on trial, the sole evidence used by the OSI was a photocopy of an alleged World War II-era ID card, shipped by Soviet military intelligence war archives to the United States, and then to Israel, by Soviet agent Armand Hammer.

"We must have agreements with the Soviet Union" to pursue escaped war criminals, the ADL spokeswoman said, while praising the Red Army as the "liberator" of Eastern Europe, and consequently of such Nazi concentration camps as Auschwitz. "What other evidence is there than that gathered by the liberating army?" she asked.

More targets of defamation

The ADL game in defending Soviet execution of denationalized U.S. citizens is part of a bigger package currently being negotiated by narcotics baron Edgar Bronfman, recently in Hungary for a conference of his World Jewish Organization. It was Bronfman and the ADL which led the successful campaign to ban Austrian President Kurt Waldheim from the United States, based on allegations of his wartime role as a lieutenant in the Germany army. The attack against Waldheim, who, of course, was denied the right to confront his accusers in any court, is part of a sophisticated Soviet intelligence operation to decouple West Germany from NATO, through the initial destabilization of Austria.

Meanwhile, the OSI and ADL have stepped up efforts to speed deportation of U.S. citizens to the U.S.S.R., in compliance with Soviet demands. Just how far the ADL and OSI will go is indicated by the case of Lithuanian-American Jozas Kungys, now under appeal before the U.S. Supreme Court. Based on Soviet claims, the World Jewish Congress, ADL, and OSI initiated legal efforts to deport Kungys, but met with repeated failure. Kungys has now been denationalized, on the "charge" that he lied to U.S. immigration authorities, saying he was two years younger than he actually was! Losing this appeal on a civil procedure, Kungys will face a Soviet firing squad!

Commenting on these latest actions of the OSI on behalf of the KGB, one U.S. leader of an ethnic coalition reported, "When we left Eastern Europe 40 years ago, we never thought this is what we'd face, a stab in the back. Reagan and the Republican party have killed their political support among ethnics by kissing Russia's ass. This is simply a 'rush to surrender.'"

In defense of this latest atrocity, the ADL spokeswoman insisted that the 27 people being deported to the Soviet Union are all being shipped out just because they lied on their visa entries. "It would not matter where they are tried for war crimes after that." Insisting that these denationalized U.S. citizens should go nowhere other than Russia, or possibly Germany, she added, "Israel is a nation of victims, and the United States should not dump our displaced garbage on her shores."

What really happened in 1787?

by Anton Chaitkin

Part II of a series.

With the economy in chaos, and the new Union threatened with breakup, the central Revolutionary leaders moved to secure their military victory by the creation of an actual national government.

Those who had guided the war for independence, General George Washington, Dr. Benjamin Franklin, and their small circle of close allies, were now to guide the process by which a nation would define its fundamental law. They would form a strong, energetic government, entirely responsible to the people, committed to industrial progress, with which to challenge the continuing imperial tyranny of the Old World.

Just before the Constitutional Convention met, the Society of the Cincinnati convened in Philadelphia under its president, General Washington, with Colonel Alexander Hamilton the Society's most active organizer. This group of Revolutionary officers, U.S. and foreign, had been formed for the express purpose of promoting an enduring Union of the states. It was the core of the French-American alliance built under Franklin's direction. Its presence in the city at precisely this time showed the assembling Constitutional Convention delegates that the army leaders would not readily tolerate the loss of the liberty they had bled for, through a failure of nerve or duty at the Convention.

Economic policy

During the Constitutional Convention, Benjamin Franklin organized two special meetings to define the political economy of the new nation, the first at Franklin's own house in May, the second at the University of Pennsylvania on Aug. 9. These were gatherings of Franklin's "Society for Political Inquiries," to hear addresses composed by a talented young

merchant named Tench Coxe, on the need for government encouragement of manufacturing and commerce, so America could rapidly industrialize itself.

Under Franklin's sponsorship, with Coxe's writings being regularly published by Franklin's protégé, the printer Matthew Carey, Tench Coxe was to be appointed Assistant Treasury Secretary under Hamilton. Coxe would do much of the detail work for Hamilton's 1791 Report on Manufactures, the official plan for America's industrialization.

During the Constitutional Convention—and later during his two terms as President of the United States—George Washington stayed in the home of Robert Morris, the Financier of the Revolution and organizer of the Bank of North America. Morris nominated Washington as chairman of the Convention; Hamilton nominated his own man, Major William Jackson, as Secretary—Jackson would later be President Washington's private secretary.

During the Convention, the pro-nationalist delegates would caucus at the Indian Queen tavern, conveniently located at Fourth and Market Streets next door to Franklin's home and print shop.

The so-called Virginia Plan was the first outline for a central government brought into the Convention, as a point of departure for the deliberations. According to James Madison, it had been worked out in preliminary discussion between Washington, Madison, and the other five Virginia delegates. The national structure called for in this plan was in many ways analogous to most of the state constitutions already adopted: a two-house legislature, with separate executive and judiciary departments.

The New Jersey delegation countered with a call for a weaker central government. Hamilton came back with a proposal to virtually eliminate state governments, which effec-

tively corraled the delegates toward the “more moderate” nationalist agenda.

The Constitution as agreed to, differed from the Virginia Plan in several important features. Three crucial points in our present scheme of government were chiefly the work of James Wilson, the Philadelphia legal scholar.

Wilson had been the Advocate General for the French allies during the war; and the attorney and spokesman for Morris’s wartime Bank of North America, the model for the Bank of the United States to be established later under President Washington. Wilson was president of the Illinois-Wabash Company, the latest phase of the old Washington-Franklin project to secure the West for the Americans. The 81-year-old delegate Benjamin Franklin gave his own speeches to “my learned colleague” James Wilson to read, adding authority to Wilson’s role as the principal Convention spokesman for the governmental philosophy of the nationalists.

Congress

The preliminary Virginia Plan suggested two branches of legislature, the second branch (later called the Senate) to be appointed by the first (House of Representatives). In the ensuing debate, it was proposed by anti-democratic “states’ rights” advocates, that the House and Senate be appointed by the state legislatures; the Senate was to resemble somewhat the British House of Lords. Wilson and Madison led the successful fight for a popularly elected House, and Wilson defeated the proposal for property ownership to qualify voters in congressional elections.

As to the Senate, James Wilson disagreed that the British government could serve as any model for the USA. “Our manners, our laws, the abolition of entails and primogeniture, the whole genius of the people are opposed to it.” His argument for a Senate directly elected by the people was defeated; the legislatures would appoint Senators, until Wilson’s proposal became law in 1913, in the 17th Amendment to the Constitution.

By Benjamin Franklin’s compromise proposal, each state would have two members of the Senate, but all spending bills must be initiated in the popularly elected House.

The Executive

The Virginia Plan called for an undefined “national executive” to be chosen by Congress. James Wilson proposed that the executive branch be headed by a single person, with strong and clearly defined powers. As a member of the Committee of Detail, Wilson was the principal author of the first draft of the Constitution, in which this executive chief was styled “the President of the United States.”

In his law lectures at the University of Pennsylvania a few years later, Wilson—then Associate Justice of the U.S. Supreme Court—explained the American concept of the Presidency. It is a melancholy lesson for today:

“The British throne is surrounded by counsellors. With regard to their authority, a profound and mysterious silence is observed. One effect, we know, they produce; and we conceive it to be a very pernicious one. Between power and responsibility they interpose an impenetrable barrier. Who possesses the executive power? The king. When its baleful emanations fly over the land, who are responsible for the mischief? His ministers. Amidst their multitude, and the secrecy, with which business, especially that of a perilous kind, is transacted, it will be often difficult to select the culprits; still more so, to punish them. . . .

“What is wanting in authority may be supplied by intrigue; and, in the place of constitutional influence, may be substituted that subtle ascendancy, which is acquired and preserved by deeply dissembled obsequiousness. To so many arts, secrets unceasing, and well directed, can we suppose that a prince, in whose disposition is found anything weak, indolent, or accommodating, will not be frequently induced to yield? Hence springs the evils of a partial, an indecisive, and a disjointed administration.

“In the United States, our first executive magistrate is not obnublated behind the mysterious obscurity of counsellors. . . .”

The Judiciary

The Virginia Plan suggested that Congress be given the power both to appoint, and to dismiss federal judges. James Wilson fought for and won the presidential appointment of the judges, and their continuance in office except in cases of proven malfeasance.

In a law lecture, Wilson warned of the dangers of a judiciary that lacks independence. He speaks clearly to us today, as we observe our Justice Department and their captive judges protecting terrorism and narcotics, and attacking those who expose their crimes:

“Let us suppose a union of the executive and judicial powers: this union might soon be an overbalance for the legislative authority. . . . The laws might be eluded or perverted; and the execution of them might become, in the hands of the magistrate and his minions, an engine of tyranny and injustice. . . . Will redress be found in the courts of justice? In those courts, the very persons who were guilty of the oppression in their administration, sit as judges, to give a sanction to that oppression by their decrees. Nothing is to be more dreaded than maxims of law and reasons of state blended together by judicial authority. Among all the terrible instruments of arbitrary power, decisions of courts, whetted and guided and impelled by considerations of policy, cut with the keenest edge, and inflict the deepest and most deadly wounds.

. . . At Venice, where an aristocracy, jealous and tyrannical, absorbs every power, behold the state inquisitors, and the lion’s mouth, at all times open for the secret accusations of spies and informers. In what a situation must the wretched

subjects be under such a government, all the powers of which are leagued, in awful combination, against the peace and tranquility of their minds!"

The developing nation

In 1775, Benjamin Franklin proposed in the Continental Congress that the original eastern states give up their claims to the frontier western territory, so that new states might be developed with democratic rights equal to the older states. In 1787, James Wilson successfully opposed restrictions in the Constitution, that would have yoked the westerners as quasi-colonists under eastern authority, making for an unstable Union.

Now, with the new U.S. government in place, Supreme Court Justice James Wilson's Illinois-Wabash Company and U.S. Senator Robert Morris's North American Land Company proceeded with plans for the rapid settlement of the west. Wilson, with 60 million acres above the Ohio River, and Morris, with 10 million frontier acres throughout the eastern states, had a common program. European immigrants were to be recruited, and, with Americans migrating westward, were to be installed on new farms and in new, planned towns, through the payment of low monthly installments—what we know today as the ordinary house mortgage. Under various forms of government patronage, only actual settlers, not speculators, were to be qualified to purchase the frontier lands.

This balanced, agro-industrial development would eventually be carried out through the Plains states, reaching its high point of idealism and effectiveness in the era of President Abraham Lincoln.

But in the 1790s British and European feudal financiers launched a violent "war of the elites" against the American nationalist leaders who had led the Revolution and written the Constitution. The American economic development program was tripped up, and many of the Founding Fathers were destroyed.

Robert Morris, former Superintendent of Finances for the Revolution, undertook to purchase land in the District of Columbia, 6,000 lots, and to build houses for the people who were to live in the new capital city of Washington. One of his partners in this enterprise was, it turns out, a secret enemy, one James Greenleaf of Newburyport, Massachusetts. Greenleaf, a former U.S. consul in Amsterdam, was the son of the infamous Boston sheriff who had ordered the rebellious colonists to break up their protest meeting against the landing of East India Company tea. Sheriff Greenleaf, Sr., was thrown out with loud jeers, and the tea was dumped in Boston harbor.

Greenleaf, Jr., the family disgrace rankling in his bosom, visited creditors and potential backers of his partner Robert Morris, lying that Morris was without funds, that his land was worthless, and that Morris intended to rob them. In 1796, the Bank of England sharply curtailed its credit overseas; Morris actually lost some \$600,000 in British and Irish banks.

Morris's creditors now panicked and called in their loans. Financial warfare against Morris became so intense that he was a virtual prisoner in his house, surrounded by creditors and process servers 24 hours a day for a year and a half. The man who had seen the Revolutionary army through its years of struggle was finally taken to jail—for debts, without a trial or a conviction—and stayed there for three and one half years. He was visited in jail by George Washington, then a former President, and by Alexander Hamilton. Morris died a broken and impoverished man.

Justice James Wilson, one of the principal architects of our democratic government, was savagely pursued by creditors in this orchestrated financial terrorism. He fled from town to town, and died of shock. His place on the Supreme Court was taken by Bushrod Washington, nephew of the former President.

Beginning in 1791, James Madison, formerly the strong ally of the principal Founding Fathers, took part in a political attack on the economic program of Treasury Secretary Alexander Hamilton. Under the direction of British spy Aaron Burr, a prostitute successfully trapped Hamilton into a blackmail scenario, and Hamilton eventually resigned after suffering a crescendo of lies and terror against his integrity.

By the late 1790s, it had become apparent to most patriots that the predominant tendency within the party, nominally headed by Hamilton—the "Federalists"—was treasonably pro-British. It was New England "Federalists" such as these who backed Aaron Burr in his later adventures—his shooting of Hamilton and his plot to break up the Union.

The political party that formed around Thomas Jefferson, including James Madison, was eventually joined by most patriots. In the beginning they had to sacrifice the Founding Fathers' national economic program, in order to save the country from treason. But it was these "Jeffersonians" who later developed the Whig Party, and the Republican Party of Lincoln, using Hamiltonian principles! And it was Hamilton himself, after viewing with disgust the treatment of Morris and Wilson, who decided to break the ascendancy of the "Federalists," and put the Jeffersonians into power in the 1800 election.

Isn't it strange that most Americans today have never heard of Robert Morris or James Wilson? That revisionist historians call Alexander Hamilton a pro-monarchist, and declare James Madison, "The Father of the Constitution"?

The revisionism began with Madison himself, who waited 30 years before he published his notes of the otherwise secret Constitutional Convention. By that time he had had a chance to edit the story to fit his own changing political beliefs, however patriotic.

In this Bicentennial of the Constitution, those present-day historians, who are much more consciously unsympathetic with the philosophy of the Founding Fathers, have little excuse to perpetuate ignorance about the origins of our republic.

Hart's downfall benefits Al Gore

Gary Hart's presidential effort has suffered a fatal blow, dealt him by a dirty-tricks operation carried out from the inside of his campaign by moles associated with former DNC chairman Bob Strauss.

Strauss, who recently returned from a trip to Israel and Egypt (he was accompanied by Pamela Harriman, the *Washington Post's* Katharine Graham, and agribusiness magnate Dwayne Andreas), is collaborating closely with a group of New York investment firms linked to Soviet-tainted networks in Israel.

EIR has learned that Hart's involvement with model Donna Rice, which exploded in the media in early May, was part of a set-up designed by Strauss and friends to topple Hart from front-runner status, or to knock him out of the race altogether.

Immediately after the *Miami Herald* broke the story, Strauss piously announced he had no choice but to renege on his offer to help Hart retire his 1984 campaign debt.

Six weeks before, Fr. Frank Haig, a Jesuit priest and brother of Alexander Haig, predicted to a journalist that, despite Hart's high standing in the polls, he would soon be out of the running. The issue was "integrity, character." "The trap has been set," he said, "and it's just waiting to be sprung."

Hart walked right into it. On May 7, the former Colorado Senator announced that he was putting his campaign on hold for several weeks, and it was all but certain that he would soon pull out of the race for good. The final blow was struck by the

Washington Post, which informed Hart May 7 that it was going to publish an article the following day, reporting on his long-time liaison with the wife of a former U.S. senator.

Why would Strauss and company want to bring down someone whose political career has been cut from the Democratic establishment mold? As *EIR* reported last week, Hart's strategy for 1988 was to challenge the party establishment, especially the Carter-Mondale wing of the party, and the AFL-CIO, which has had the knives out for Hart since his 1984 campaign against "special interests"—i.e., organized labor.

Worse, at least from the standpoint of the Strauss crowd, there were suggestions that Hart was considering turning away from the liberal East Coast establishment, and seeking political and financial support instead from the military-industrial complex. That would imply he was also prepared to change his policies, adopting a more pro-defense posture, and advocating the shoring-up of America's sagging industrial base.

Indeed, Hart had begun to shift his economic policies. In 1984, he avidly promoted the post-industrial society. But this time around, he had stressed the need for reviving U.S. basic industry. That lends all the more significance to the fact that the intended beneficiary of Hart's political woes is Albert Gore, the pretty-boy Senator from Tennessee who is a wholly-owned subsidiary of Soviet agent Armand Hammer.

EIR previously reported that Gore's father sits on the board of Hammer's Occidental Petroleum. On May 5, Hammer formally endorsed Al Jr. Speaking to the National Press Club, Hammer announced that Gore would make an excellent President, because he "understands how to deal with the Soviets, and, above all, is Mr. Clean."

If what Hammer means by "deal," is a deal to sell out the United States to Moscow, Gore is amply qualified. He is one of the most fanatical opponents of the Strategic Defense Initiative in Congress; he also has been instrumental in promoting the Midgetman missile to replace the MX—a job for which it is completely inadequate; and he has consistently hammered on President Reagan for abandoning SALT II.

Dole: Israel should join NATO

Propitiating enemies of the United States appears to be the name of the game for most of the current crop of would-be Presidents. Sen. Bob Dole (R-Kan.), a close associate of the man slated to inherit Hammer's mantle as Moscow's favorite American "capitalist," the above-mentioned Dwayne Andreas, endorsed a joint Soviet-Israeli proposal for having Israel replace NATO as the U.S.'s central strategic ally.

Dole staked out this position in a speech to an April 29 meeting of the National Jewish Coalition, a group of Jewish Republican businessmen organized by the organized-crime linked Max Fisher.

Dole proposed a "new initiative" in which Israel would play a pronounced role in NATO. The U.S. should "explore a new level of strategic partnership" with Israel, he said, because tensions between Greece and Turkey have weakened NATO's southern flank.

"We have to establish a more effective way to insure strategic coordination between NATO and Israel," said Dole. "The mechanism for coordination need not—and should not—be highly structured. In fact, the less visible it is, the better."

Armand Hammer: zero-option author

Speaking at the National Press Club May 5, Occidental Petroleum magnate Armand Hammer praised Soviet leader Mikhail Gorbachov as "the most intelligent Soviet leader ever" who, "because he wants nothing but to better the living standards of his population," offers the West a "unique window of opportunity" for an historic arms control treaty.

Hammer brags of his personal friendship with Lenin, and every Soviet leader except Stalin. He refuses to make a value judgment between the U.S. and Soviets. "Let history decide which system is better," he said. As to the Soviet dictatorship, he responded, "The Soviets have their way of choosing their leaders, and we have ours. At least the Soviets have law and order. The streets in Moscow are safer than those in most U.S. cities."

Hammer speaks not as an outsider to the Reagan administration, but, through his friend, Charles Wick of the USIA, this "Commie-symp" is perhaps the single most influential person in shaping the administration zero-option proposal on the table today at Geneva, from the inside.

Hammer, who says he supports Sen. Albert Gore (D-Tenn.) for President and says that oil will cost \$100 a barrel in five years because the government is not subsidizing his investments in oil shale development in the

Rockies, "predicted" that Gorbachov will come to Washington this year to sign an Intermediate Nuclear Forces treaty with Reagan, and get a chance to go on national TV.

He said the Soviets would then invite Reagan to come to Moscow to do the same thing the next year. "Maybe some day, we'll have a world that has the best of both systems," this Reagan insider commented.

SDI chief presents economic 'modeling'

Within a swift overview of developments in the Strategic Defense Initiative program presented to the annual conference of the American Institute of Aeronautics and Astronautics (AIAA) April 29, SDI Director Lt. Gen. James Abrahamson briefly outlined a new project to do a computer model of the industrial base of the entire national economy involved with the SDI.

Abrahamson remarked on the problems that some subcontractors involved in SDI projects have had in meeting their deadlines and dedicating sufficient resources to research in their assigned project area, due to financial constraints.

He said the computer modeling effort is designed to develop a strategy for overcoming such problems. This is critical to the success of the SDI, he said, "Because it is essential that the components we need will be there when we need them."

To make sure the components are of the best quality, he added, there needs to be a thriving environment of competition among the industries producing these components.

What Abrahamson projected, in his usual understated manner, is a strategy for unleashing an industrial

renaissance under the aegis of a national security mobilization.

The model will reveal what kind of credit and monetary policies will be required to maximize the technologies of the future, insuring that they will be ready not only for first-phase deployment of the SDI, but also for virtually limitless spinoff applications to the civilian economy. The model, in short, presumes the kind of conditions that existed during World War II, when monetary and credit policies were subordinated to the need for crash industrial modernization and infrastructure build-up.

By forcing the credit and monetary reforms required to make the SDI operational as soon as technologically possible, the SDI program will fulfill its role as originally conceived by economist Lyndon LaRouche, years before President Reagan announced the program on March 23, 1983, as the "science driver" that will propel mankind toward a new, plasma technology-based industrial revolution.

At this stage in the collapse of the economy, it is also the only pathway to avert a full-blown international monetary crash.

Doing that may require the SDI office to use the new "wafer technology" computers that Air Force Gen. John Chubb described in his talk to the AIAA. Developed in the last two years, they are capable of doing three trillion operations per second, and will soon be able to fit in a coffee can.

Combined with a "new arithmetic" that utilizes "linear filtering," Chubb said, the time required to make the computations to knock down a massive Soviet nuclear launch with kinetic-energy "smart bullets" in the first 60 seconds of boost phase has been reduced from over a month to 20-30 seconds, making even the first generation of an SDI forward deployment technologically feasible.

Dannemeyer introduces two new AIDS bills

Rep. William Dannemeyer (R-Calif.) introduced two new pieces of legislation on May 5, H.R. 2272 and H.R. 2273, designed to combat the AIDS epidemic. The bills were introduced with 48 cosponsors.

The first would mandate reporting of those individuals who are carriers of the AIDS virus. Currently, state laws and the guidelines of the Atlanta Centers for Disease Control (CDC) only require the reporting of individuals who show symptoms of AIDS illness, even though all can infect other persons. Dannemeyer criticized the fact that while "persons with a curable, communicable disease, venereal disease" must be reported to health authorities, "persons with a noncurable, communicable, fatal disease are not reportable to public health authorities and, in fact, are not accountable for their acts at all."

The second bill would require mandatory testing of certain categories of individuals, including federal prisoners, immigrants, applicants for marriage licenses, persons convicted of prostitution and IV drug use, hospital admittees between the ages of 15 and 49, and persons being treated for venereal disease. Dannemeyer said it is essential to give "public health authorities the tools to estimate the magnitude of the problem we now face and assess the proper response to control what is now an uncontrollable problem."

Dannemeyer proposed this narrower testing approach because "these groups represent persons who have routine interaction with health authorities and cases in which it would be economical and efficient to perform a test for presence of the AIDS anti-

body. In other cases, the groups represent high-risk populations which should be tested to protect those who may unknowingly interact with these HIV positive individuals."

These bills were introduced as the House Health and Environment subcommittee began hearings May 1 to determine whether national legislation was required for testing and reportability. Subcommittee chairman Rep. Henry Waxman (D-Calif.) is pushing for voluntary testing programs with strict confidentiality, arguing that mandatory reporting would drive carriers underground.

Dannemeyer condemned this approach. "In my view this is an irresponsible and irrational reaction to a deadly, infectious disease and is contradicted by data," he said. Comparing Colorado, which has mandatory reporting, to California, which does not, Dannemeyer pointed out that Colorado has done 25% more testing per hundred thousand population.

Complaints voiced on immigration law

Rep. Bill Richardson (D-N.M.) attacked the implementation of the Immigration Reform and Control Act of 1986, on May 4. "I voted for this bill with a lot of reservations, as did many others" last year, Richardson said. "What the INS [Immigration and Naturalization Service] is doing is not what the Congress intended, and not what many of us voted for."

Complaints cut across the spectrum, from discrimination, overly burdensome requirements on employers and aliens who are seeking permanent residency and citizenship, to farmers unable to get help. The

administration's definition of "perishable commodities," which determines whether or not many foreign workers can get into the United States, Richardson charged, "excludes many deserving grower groups and farmworkers."

Richardson added that "by charging close to \$700 per family after all expenses, the INS is trying to finance this program on the backs of the immigrants. That was not the intent of Congress."

In a letter to INS Commissioner Alan Nelson on April 21, the Congressional Hispanic Caucus made its views known on several regulations, including what would constitute a continuous residence for aliens applying for status; the documents required to establish such residence; that courses be established to give applicants the knowledge required for citizenship, and that the same standards apply as for someone seeking naturalization through the normal procedure; and that employers' hiring forms indicate what documentation they are relying on for hiring.

Project Democracy facing vote in House

The National Endowment for Democracy, the public side of the "secret government" operation known as Project Democracy, is expected to face another vote to delete its funding on or about the third week in May.

NED funding is directed through the U.S. Information Agency, and is part of the Department of State authorization bill which is currently being considered by the House Rules Committee. An earlier attempt to bring the bill to the floor was met with objections from the Reagan administration,

that the funding level was too low. The NED receives roughly \$30 million per year, which is funneled to the AFL-CIO, the Chamber of Commerce, and the Democratic and Republican National Committees.

Funding for the NED was deleted by the House in 1984, only to be approved by the Senate and restored in conference. In 1986, an amendment by Rep. John Conyers (D-Mich.) was defeated 121 to 228.

But since then, the Iran-Contra scandals have determined that some NED-funded organizations aided the private arms-supply operation.

Congress opts for strategic vulnerability

Congress is moving toward final adoption of restrictions on strategic systems, especially the Strategic Defense Initiative, which will ensure that the United States and the West will become vulnerable to Soviet nuclear blackmail.

The House, which is still considering the Defense Authorization bill H.R. 1748, adopted a provision banning the use of funds for the development, testing, or deployment of any Anti-Ballistic Missile system that is sea-, air-, space-, or mobile land-based.

Rep. Duncan Hunter (R-Calif.) offered an amendment to delete these restrictions, charging that it was an effort to reaffirm only one of 17 ABM Treaty provisions, useful to the Soviets, but which ignores "Agreed Statement D," allowing testing and development of systems based on new physical principles. It is "piecemeal enforcement of agreements," Hunter charged. But his amendment went

down to a 159 to 262 defeat on April 6. The House voted for this restrictive interpretation, despite voting the very next day 418 to 0 for an amendment by Rep. Weldon (R-Pa.) declaring that the Soviet Krasnoyarsk radar puts them "in violation of their legal obligations" of the ABM Treaty.

The Senate Armed Services Committee, chaired by Sam Nunn (D-Ga.) also voted 12 to 8 on May 5 to restrain the SDI program to the narrow interpretation, unless a resolution passed by both houses stipulates otherwise. Offering a trade-off, Nunn said that the \$4.5 billion SDI funding approved by the committee, much higher than the House-passed \$3.6 billion level, would be jeopardized if the administration balked at the testing and development restrictions. The Senate Foreign Relations Committee also included a similar provision, sponsored by Sen. Joseph Biden (D-Del.), in the Department of State authorization bill, by an 11 to 8 vote on May 6.

Senate Republican leaders drafted a letter to President Reagan immediately after the Armed Services Committee action, urging a veto if this restriction remains. Sen. John Warner (R-Va.), ranking member on the committee, charged that the restriction would "represent a unilateral concession by the U.S. at a critical juncture in the arms control negotiations in Geneva."

The House also approved an amendment sponsored by Rep. Norman Dicks (D-Wash.), by a 245 to 181 vote, to ban the use of funds for the deployment of weapons that exceed the numerical limits of the unratified SALT II accord. Rep. William Broomfield (R-Mich.) sponsored an amendment that would abrogate this provision unless the Soviets were in full compliance with SALT II and not

just selective provisions of the Treaty. This was defeated 231 to 189.

Budget dictates defense priorities

On May 5, the House passed a substitute, sponsored by Rep. Les Aspin (D-Wisc.), to the Defense Authorization bill, by a 249 to 172 vote, which made clear that the budget process, not national security considerations, is determining the level of spending.

The Aspin substitute provided \$289 billion for defense, conforming with the House-passed Budget Resolution, replacing the bill put forward by the House Armed Services Committee of \$306 billion. Roughly \$302 billion is needed to cover inflation with zero real growth.

While claiming that he wanted a higher spending figure for defense, Aspin insisted that the budget resolution with its lower figure take precedence.

Rep. Nancy Johnson (R-Conn.), a member of the Budget Committee, said that the committee never considered national defense needs. "I regret to say that we did not debate the issue of the defense number in the context of the needs of our nation's defense structure or our long term defense interests in the international community."

The House action came as Senate Democrats were forced to come up with a second budget resolution, nicknamed "Chiles II" after Budget Committee chairman Lawton Chiles (D-Fla.), which brought defense up to \$302 billion from their earlier \$289 billion proposed figure. A House-Senate compromise, therefore, will mean a defense budget that suffers another year of real cuts.

National News

Supreme Court justice attacks Constitution

U.S. Supreme Court Justice Thurgood Marshall sharply attacked the U.S. Constitution and the Founding Fathers May 6. Marshall urged Americans not to go overboard in celebrating the bicentennial of a document that sanctioned slavery (which the Constitution did not) and denied women the right to vote.

Marshall claimed the Constitution was "defective from the start, requiring several amendments, a civil war, and momentous social transformation to attain the system of constitutional government, and its respect for the individual freedoms and human rights, we hold as fundamental today." He added that he did not "find the wisdom, foresight, and sense of justice exhibited by the framers particularly profound."

Ignoring the republican principles underlying the document, Marshall argued that the first three words of the Preamble, "We the people," were not intended to include "the majority of America's citizens," women and blacks; that such omissions were deliberate; that "moral principles . . . for those who had them, were compromised"; he adopted the argument of revisionist historian Charles Beard, that the framers sacrificed morality to economic gain.

Opening the door wide to those, such as former Carter White House counsel Lloyd Cutler, who have argued that the Constitution should be radically amended, Marshall concluded, that the United States needs "to seek . . . a sensitive understanding of the Constitution's inherent defects, and its promising evolution through 200 years of history."

Reagan orders push for arms agreement

In a statement released by the White House May 4, President Reagan said he had directed U.S. arms negotiator Ronald Lehman to "intensify efforts" to reach an accord with the Soviet Union calling for sharp cuts in

strategic nuclear weapons. He announced that during the current round of arms talks in Geneva, the U.S. would introduce a draft treaty calling for a 50% cut in longer-range missiles within the next seven years, and a seven-year freeze on deployment of the Strategic Defense Initiative.

"We have made great progress in START [Strategic Arms Reductions Talks]. I am firmly convinced that a START agreement is within our grasp, even this year if the Soviets are prepared to resolve the remaining outstanding issues," the President said.

But the next day, the Soviet news agency TASS accused Reagan of putting "new obstacles" in the way of arms control, adding that U.S. proposals to reduce strategic weapons on both sides effectively "rule out" an agreement.

TASS complained that "while talks will be under way on strategic offensive arms reductions, the United States will press along with full-scale preparations for deploying antiballistic missile systems with space-based elements as early as 1994, which will rule out an agreement completely."

Soviets in U.S. to talk 'joint ventures'

The Atlantic Council-sponsored U.S.-Soviet Dialogue, which convenes in Washington May 18-20, will focus on joint U.S.-Soviet economic ventures, a spokesman for the council reported May 7. Robert Means said the Atlantic Council has recently initiated a major policy program on the "Western stake in Soviet economic reforms and *glasnost*."

The U.S. delegation to the meeting includes former West Point commandant Andrew Goodpaster, former CIA analyst Lincoln Gordon, Kissinger Associates' Brent Scowcroft, R. James Woolsey of CSIS, and Leonard Sullivan, of the Systems Planning Corp. The Soviet delegation will be headed up by Georgii Arbatov of the U.S.A.-Canada Institute in Moscow, and will include Gen. Mikhail Milshtein, Vice-Admiral Omelko of the Ministry of Defense; Mr. Shustov, deputy director of North American

Affairs for the Foreign Ministry; Mr. Skaraganev, director of the regional conflict section of the U.S.A.-Canada Institute.

No press will be allowed at the private meeting.

Young, Robb named in cocaine scandals

Atlanta Mayor Andy Young, fresh from meetings with Nicaraguan strongman Daniel Ortega, is scheduled to appear the week of May 11 before a federal grand jury investigating charges that he and his assistant, Eugene Duffy, obstructed police investigation of drug trafficking by members of his political machine. Mrs. Alice Bond, the wife of Georgia political figure Julian Bond who first brought charges against Bond and others in the Young machine to Atlanta police, said today she had reported her husband's drug activity to narcotics police 6 to 12 times before, and no investigation was undertaken.

Meanwhile, the Atlanta Police Department may be suspended from the Georgia State Intelligence Network (GSIC), as a result of charges that Young pressured Atlanta police not to investigate Mrs. Bond's drug charge. Dick Hand, the director of the Georgia Organized Crime Council which runs GSIC, said there is "concern over APD internal security."

According to allegations in a copyrighted story in the May 3 *Richmond-Times Dispatch*, former Virginia Gov. Charles Robb attended beachfront parties where cocaine was used. The charge, made by an unidentified federal official, is part of an ongoing investigation of cocaine dealings in Virginia Beach, in which two indictments were just handed down. Robb has acknowledged that he attended numerous parties and social functions, but denied ever seeing or using illegal drugs. "I'll tell you in no uncertain terms that it ain't so."

Robb, chairman of the Democratic Leadership Council, voiced concern that the rumors about his supposed association with drug users were politically motivated. *The Richmond Times-Dispatch* noted that Henry E. Hudson, the U.S. Attorney for the East-

ern District of Virginia, is a Republican. Robb was also said to be concerned about a "runaway grand jury" in the cocaine investigation case.

'High Frontier' scorned by the Pentagon

General Danny Graham's "High Frontier" program, put forward for years as an "off-the-shelf" alternative to Reagan's and LaRouche's plans for a Strategic Defense Initiative using advanced technologies, was rejected by the U.S. Defense Department years ago as "unrealistic" and "unworkable," according to government documents.

A series of Pentagon and State Department documents written in 1982, which have been acquired by Sen. J. Bennett Johnson (D-La.), show Secretary of Defense Caspar Weinberger's complete rejection of the "High Frontier" program for a kinetic-centered ballistic missile defense system using obsolete technologies. "It is the unanimous opinion of the Air Force technical community that the High Frontier proposals are unrealistic regarding the state of technology, cost, and schedule," stated one memo.

The Heritage Foundation, an important KGB disinformation conduit in U.S. conservative circles, has strongly supported Graham in attacks on LaRouche and Reagan. Graham has conducted a multimillion-dollar fundraising campaign on behalf of "High Frontier."

Syrian drug runner helped North, Contras

Monzer al-Kassar, a member of a Syrian drug trafficking clan, helped Oliver North to arm the Contras, the London *Observer* reported May 3. Al-Kassar has been branded a "terrorist," and has been described by U.S. intelligence sources as a member of "the largest drugs and arms dealing family in Syria," the *Observer* wrote.

Al-Kassar had reportedly arranged for

arms to go from Yugoslavia to the Contras, in a deal put together by Britain's Hall and Watts (Defense Sales) Ltd. According to U.S. reports, al-Kassar was behind a "well-documented shipment of 358 tons of Eastern bloc weaponry, bought for the Contras at a time when Congress had banned military aid" to the Contras. Al-Kassar is also reportedly the one who armed Abul Abbas, mastermind of the 1985 *Achille Lauro* cruise-ship hijacking.

The British Home Office has declared al-Kassar an "undesirable alien," because of his "conduct, character, and associations." He was refused entry to Britain last year, when he arrived in one of his three executive jets, with a Syrian diplomatic passport.

LaRouche Campaign in victory over FEC

Lyndon LaRouche's 1984 presidential primary campaign committee, The LaRouche Campaign (TLC), has won a small but important constitutional victory from the U.S. Court of Appeals for the Second Circuit, when a three-judge panel ordered that a subpoena issued to TLC by the Federal Election Commission must be modified. TLC had challenged the FEC subpoena on grounds that its demand to reveal the names of all persons who volunteered their time to solicit campaign funds was overly broad and a violation of those volunteers' First Amendment associational rights.

The court pointed out in its decision that when First Amendment concerns come into play, deference to administrative agency investigations "is not appropriate." The opinion reads, "protection of the constitutional liberties of the target of the subpoena calls for a more exacting scrutiny of the justification offered by the agency." This determination by a federal appeals court is a significant direction that the FEC cannot be granted unfettered grand jury-like powers.

The court concluded that the FEC had not shown sufficient need for the names, since the "disclosure sought will compromise the privacy of individual political associations, and hence risk a chilling of unencumbered associational choices."

Briefly

● **REP. STEWART MCKINNEY** (R-Conn.) became the first U.S. Congressman to die of AIDS. The 56-year-old McKinney, who died on May 6, reportedly contracted AIDS by receiving tainted blood during an earlier surgical procedure.

● **SEN. ERNEST HOLLINGS** (D-S.C.) threw a monkey-wrench into William Webster's confirmation as CIA director. Hollings said May 6 that he intends to hold up a final vote on Webster's appointment, because the FBI hasn't investigated vigorously enough the State Department's responsibility for the massive security failures at the U.S. embassy in Moscow.

● **SEN. BENNETT JOHNSTON** (D-La.) said May 2 that President Reagan's proposed budget is based on phony statistics and cannot reach deficit-reduction levels required by the Gramm-Rudman law. "The sad truth is, that plan is a fraud," said Johnston in the Democratic response to Reagan's weekly radio address. "It dodged the really tough decisions that have to be made to cut \$68 billion from the deficit. Instead, he used phony economic projections, such as an economic growth rate that is \$15 billion too high."

● **'WOULD JESUS Wear a Rolex on His Television Show?'** is the most requested song on radio stations in the U.S. Bible Belt, the *New York Times* reported May 2.

● **RICHARD THORNBURGH**, the former governor of Pennsylvania, in early May turned down a Reagan administration offer to head the FBI, because, like several other potential nominees, he didn't want to go through the intense scrutiny that would be required for Senate confirmation.

Ogarkov: the implications

Let there be no doubt about the dangers posed by Marshal Nikolai Ogarkov's emergence as the Deputy Commander in Chief of the Soviet Armed Forces: It is a qualitatively new advance in Mother Russia's feverish efforts to position herself for a successful nuclear first strike against the West.

Ogarkov's assignment as Deputy Commander in Chief inside the Soviet Supreme Defense Council, represents a qualitative improvement of the Soviet High Command's "command-and-control" structure, one which dramatically facilitates the conduct of orchestrating a successful first strike.

Nikolai Ogarkov, we have reported in the 1985 "Global Showdown" *EIR Special Report*, together with Yevgeny Velikhov and Dzhermen Gvishiani, is the author of the Soviet "Plan B" wartime economic mobilization. It was this "Ogarkov Plan B" which was renamed *perestroika* and *glasnost* by Mikhail Gorbachov, who is assigned to mobilize the political forces needed to push it through.

The purpose of the mobilization is twofold: to drive the Soviet SDI drive up to maximum speed, and to slow the American SDI to a standstill, to position the Soviets for a successful first strike against the U.S.A.

Moscow's methodical manufacture of a Berlin crisis is orchestrated by this revamped Ogarkov "command-and-control," as it emerged with the creation of the office of "Deputy Commander in Chief." Ogarkov's new position should leave no doubt that he is officially in charge of the Soviet "arms control" operation. Western leaders ought to recall that Ogarkov was the architect of the Soviet successes at SALT I, SALT II, and the ABM Treaty, to which negotiations he was a delegate.

Undoubtedly part of Ogarkov's effort to stop the American SDI, was a November 1986 conference in Moscow of the International Law Association, which drafted legal arguments to brand any activities favoring the Strategic Defense Initiative as "crimes against humanity" punishable by the Nuremberg Codes.

Coordinator and leader of that 400-jurist conference was Professor Pustogarov, the Soviet Justice Ministry official who in the March issue of the Soviet Foreign Ministry magazine *International Affairs*, wrote a seven-page article calling for "legal measures" to stop Lyndon LaRouche, whom he slandered as a "neo-fascist."

The purpose of Pustogarov's November 1986 jurists' conference was to supply a "new analysis of the character of fascism," and to classify the SDI as an expression of "neo-fascism." Pustogarov, who acts on orders from Deputy Commander in Chief Ogarkov, has many friends and collaborators in the Office of Special Investigations and other offices of the U.S. Justice Department.

The latest atrocity against LaRouche's associates by the Department of Justice, on April 21, occurred only days after Ogarkov assumed his new office.

The attack on LaRouche was part of a package that the Soviets worked out with certain Department of Justice officials. This package included the deportation of Karl Linnaeus to the Soviet Union, and the declaration of Austrian President Kurt Waldheim as "persona non grata." There definitely is a network of traitors in the Justice Department, which, carries out actions on orders from the Soviet command, and on matters which, like the latest atrocity against LaRouche's associates, and like the Waldheim and the Linnaeus case, have a direct and immediate impact on the strategic situation.

Justice Department Criminal Division head William Weld and U.S. Attorney Henry Hudson, among others, are definitely parts (witting or unwitting), of this treason network in the DOJ. Those who have protected the Israeli "false flag" spy Jonathan Pollard, and continue to protect scores of other, not yet apprehended "Jonathan Pollards," are certainly parts of this treason network.

It is a simple fact that *EIR* and its founder Lyndon LaRouche represent the only institutional resistance to such treason. If you want to fight the enemies of the United States, you must join our fight.

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