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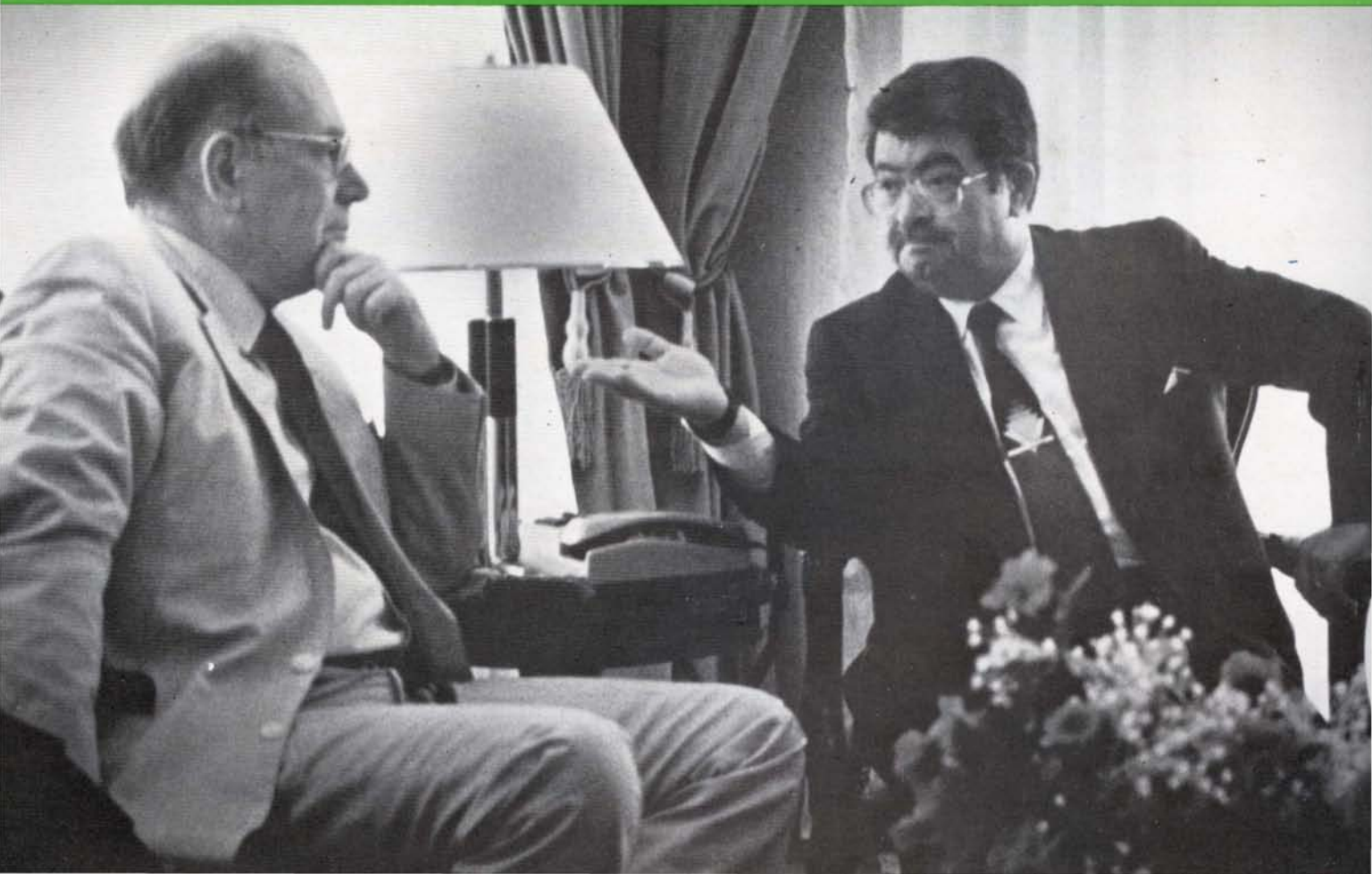
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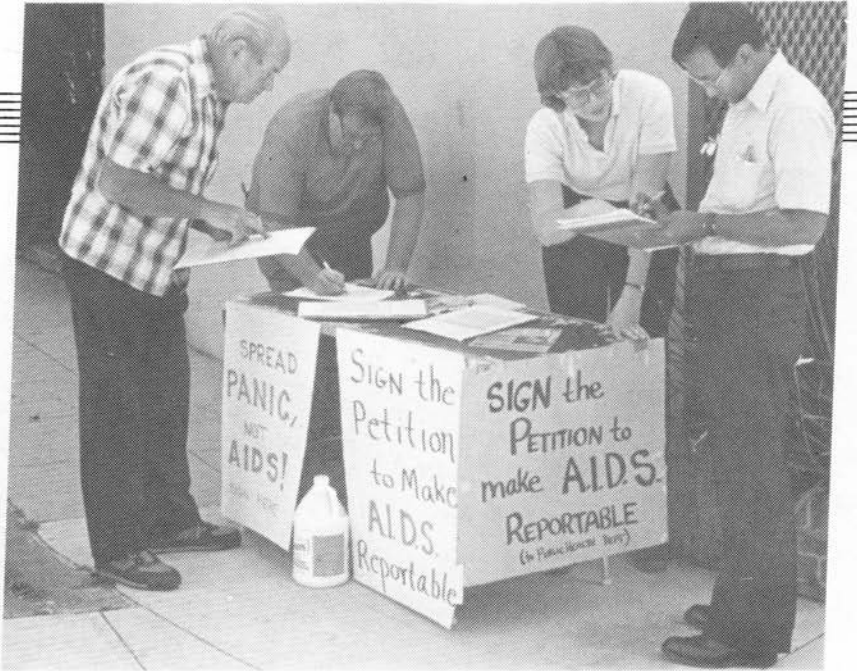
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U.S. backs drug bankers against Noriega  
The high strategic stakes in the Gulf  
LaRouche case may turn into 'Reagangate'

**LaRouches express solidarity  
with NATO ally Turkey**



# AIDS WILL CHANGE THE WORLD'S ECONOMY, AND DRASTICALLY.



Surgeon General Koop and former White House Chief of Staff Donald Regan said fighting AIDS with anything more than condoms and dirty pictures given to school children was "cost-prohibitive." Now, the Everest-high cost of fighting AIDS is going to transform the economies of virtually every nation on Earth. It will be spent, because there is no choice but to spend it.

## EIR QUARTERLY ECONOMIC REPORT

First  
Quarter  
1987

### How to reverse the economic policy blunders that led to 'Irangate'

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- An international financial blow-out: the real story behind 'Irangate'
- The technology-driver of the new economic upsurge: the forty-year Mars-colonization project
- The explosive impact of AIDS on the world economy

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Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

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Editor: *Nora Hamerman*

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**European Headquarters:** Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic  
of Germany  
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich,  
Michael Liebig

**In Denmark:** EIR, Rosenvaengets Alle 20, 2100 Copenhagen  
OE, Tel. (01) 42-15-00

**In Mexico:** EIR, Francisco Días Covarrubias 54 A-3  
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# EIR

## From the Editor

Some pictures really are worth a thousand words, and our cover photo goes quite a long way to poke fun of the blatant lies spread by certain Western news outlets. Reuters, for example, reported that U.S. Democratic presidential contender Lyndon LaRouche's meetings with the Turkish prime minister and other cabinet members, at the end of July, were some kind of "mistake." Therefore, we really enjoy this closeup shot showing the meeting LaRouche held with Prime Minister Özal, during the trip which is covered in our exciting *Feature* on page 26.

Like the great father of Western civilization whom he admires, St. Augustine, LaRouche is a bitter foe of any sort of "imperialism." His remarks about his deep respect for the sovereignty of every nation-state, expressed on various occasions during the Turkish visit, make clear how he sees American power ought to be exerted in the world.

In a statement on the U.S. strategic mission in Central and South American conflict with the U.S.S.R., issued on Aug. 6, LaRouche put it this way: "The principal means of our conduct of irregular warfare against the Russian Empire, its allies, and its actual or potential assets, is our vigorous affirmation of the culture, political principles, and economic development upon which the achievements of Western European Judeo-Christian civilization have been founded."

That's the core of our policy-fight against the promulgators of the "Contra" policy and the evil clique of drug bankers whom the State Department is wittingly and deliberately trying to hoist into power in Panama.

In that regard, the efforts of the State Department diplomatic corps are decidedly negative. Not to mention those of the "ayatollahs" in the U.S. Congress, who are trying to invoke the War Powers Act against the U.S. military intervention in the Persian Gulf.

We agree with the observations of this week's Bonn columnist on page 53—an article we enthusiastically recommend to readers—that the Ramstein air show in West Germany did more for NATO solidarity than a whole flock of State Department diplomats. This issue as a whole draws sharply the battle lines between two kinds of U.S. presence in the world.

*Nora Hamerman*

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## Brazilian government faces opposition to its IMF deals

by Mark Sonnenblick

Former Brazilian Finance Minister Dilson Funaro is accusing his successor of implementing International Monetary Fund austerity conditionalities, while claiming he has not made any agreements with the IMF. According to the *Jornal do Brasil*, Funaro will “drop a new bomb in Brasilia” with that allegation Aug. 11. The Rio daily says Funaro will contend that the debt negotiations he launched, which were the “locomotive” for the debtor countries, have been “derailed,” throwing all the debtors off track. He will argue that Finance Minister Luiz Carlos Bresser Pereira’s debt stance is “incoherent” with the program of the ruling Brazilian Democratic Movement Party (PMDB).

Funaro was ousted May 30 by President Jose Sarney’s “Palace Guard,” precisely because he was intransigent on the principle that “the debtor nations must recover their dignity.” Funaro sought to persuade creditor nations that only a new world monetary system oriented toward financing rapid development of the Third World would solve the debt crisis. Funaro’s stance irritated creditors like Citibank who were willing to take large losses to maintain their policy of confrontation with debtors. It also disturbed the Reagan administration, which refuses any such global financial reform. Funaro charged July 8 that State Department Brazil Desk officer, Elkin Taylor, “was in Brazil last March telling several contacts that the United States would not negotiate Brazil’s foreign debt if I continued in the ministry.” “Funaro’s fall was decided at the IMF,” Brazil’s top anti-communist labor leader, Joaquim dos Santos Andrade, declared after meeting with its new executive director, Michel Camdessus.

Bresser, on the contrary, is a Brazilian pragmatist. Like former Planning Minister Delfim Netto, Bresser is fixated on bargaining some short-term arrangement within the context of the debt crisis. The “Macroeconomic Plan” Bresser is now

implementing is hard to distinguish from the seven successive letters of intent which Delfim Netto wrote to keep Brazil in the good graces of the IMF.

### **Brazil’s political choice**

During his July 22-26 meetings in New York and Washington, Bresser assured bankers he was ready to play by their rules, but they sent him back to obtain the political backing needed to make such a deal stick. In a haughty editorial, the *Washington Post* opined Aug. 2, that Bresser’s week of talks ended “on an inconclusive and un reassuring note.” “When Brazil says that it wants to negotiate with the banks first and the IMF later (if at all), it is saying that it wants new loans but is not prepared to proceed with the other half of the deal—the economic reforms. . . . The real issue here is not a matter of financial technicalities. It is a political choice and the choice is Brazil’s.”

Brazilian politics today revolves around that choice. Funaro and his patriotic allies inside and outside the government are fighting tooth and nail to prevent Brazil from succumbing to another, and more savage, round of IMF-directed looting. The banks have given Sarney until September to crush those Brazilian forces resisting conversion of their paper debts into control over Brazil’s fabulously rich domestic resources.

### **Is Bresser a veritable tiger?**

Finance Minister Bresser held a cordial five-hour meeting July 22 with representatives of the 14 banks on the bank advisory committee, the IMF, and the World Bank. The next day, the advisory committee sent a telex to Brazil’s 600 creditor banks, formalizing two ultimatums. It declared that Brazil must “develop a program which would use all possible sources of funds,” a euphemism for a stand-by agreement

with the IMF. It also ordered: "Brazil has to make a payment on account, a good will payment which would facilitate its return to the economic world." The Brazilian press reported that the banks concretely demanded a "symbolic" payment of about \$340 million, 20% of interest payments which have been withheld since Sarney declared a debt moratorium, Feb. 20. Bankers and the Treasury are reportedly willing to ignore the Aug. 20 date on which banks have to set aside loan loss reserves on most of their \$25 billion non-performing Brazilian debt. A Treasury official specified Sarney has until Sept. 30 to promise that Brazil will break the moratorium and until mid-October to do so, or face reprisals.

Bresser told the bankers that was fine with him, but "I don't have the support of my party, or of my President" for a return to the IMF. The weekly *Istoe* noted July 29, "The [bank advisory] committee is fully convinced that the impasse is political and comes from a clear veto by the PMDB to an understanding with the Fund. Thus, they say, the committee is really waiting for a change in the political support structure for President Sarney as the necessary basis for a change in the Brazilian attitude. . . ." The creditor banks main question seems to be: Would Bresser Pereira survive a change in the Sarney government's political basis?

Bresser, caught between a rock and a hard place, is struggling for PMDB backing, which is vital because its members make up 80% of the Congress and Constituent Assembly. Bresser is taking the path of Mexican Finance Minister Gustavo Petriccioli who last year claimed he had "fought like a tiger" and won provisions "guaranteeing" Mexico 3% annual growth in a deal with the IMF. (Mexico has paid its debts by further reducing output and real wages, while increasing non-oil exports.)

Bresser performed his tiger act Aug. 3. He said, "I feel sorry for the international bankers who think Brazil should first obtain an accord with the Fund to later solve the debt renegotiation . . . because they will get nothing if they stick with that idea. The Fund is for later and I will have the necessary support when there is going to be a deal."

Bresser's strategy is to win the confidence of the PMDB by squeezing from the bankers what look like generous terms, without harsh conditionalities, on a small part of Brazil's debt, that maturing in 1987 and 1988. He has repeatedly stated that Brazil needs the banks to loan \$4.3 billion this year and \$3 billion next year to cover part of the interest payments due them, and that this money must be lent at interest rates of zero "spread" over the prime or LIBOR rates at which the big banks themselves borrow funds.

That "victory" would win Bresser political backing for accepting "economic reforms" enforced by the IMF or the World Bank as part of what he calls a "heroic" solution for the bulk of Brazil's outstanding debts.

During a July 28 interview on Radio Globo, President Jose Sarney showed he is softening his rejection of the IMF. He said, "We are members of the Fund. We have no bias

against the Fund." He stressed, "We are not going to submit to any surveillance on the terms made in the past," but he claimed that since the IMF threw Brazil into its worst depression in history starting 1982, "the Fund has changed."

### **PMDB: IMF has not changed**

"Anyone who thinks the Fund is going to change, just because Brazil wants it to, is fooling themselves," former Funaro aide Paulo Nogueira Batista retorted. Nogueira insisted Brazil had to hold to Funaro's hard line if it hoped to obtain a reasonable deal from private creditors without IMF conditionalities. "To suspend the moratorium now and pay part of the interest, just to get a goodwill sign from the IMF, as Bresser says, is a pure waste of political time and space. It would throw out the window everything we have gained so far."

On his return from his American sojourn, Bresser met resistance from the PMDB party leaders who had reportedly selected him as Funaro's replacement two months ago. PMDB president Ulysses Guimarães called the IMF a "scarecrow" and noted that it is "almost a dirty word for us." Guimarães pulled together a meeting of party leaders at which Bresser was given a mandate to go ahead and negotiate with the banks along the "tough" lines he had presented, but no party backing for any IMF deals.

The real world has made the fight in the majority party quite intense. A sobering reminder of what IMF austerity involves was provided in early July when a 50% increase in Rio bus fares led to rioting throughout the downtown area; 100 buses were reportedly burned. Almost daily food riots and supermarket looting are a harbinger of social disintegration. Under Bresser's program, the government projects that by the end of the year, real wages will fall by 7.1-16.2% from those of April. At the same time, Bresser rewarded speculators with real interest rates on the government's local debt that would give a 100% return on an annual basis.

President Sarney's political strategists are putting the heat on PMDB leaders by threatening to split the party. They are negotiating for opposition groups favoring an IMF deal, such as Delfim Netto's Democratic Social Party, to replace the nationalist half of the PMDB as the government's base. Sarney's aides went so far as to seek out Ronaldo Caiado, the leader of the feudal landlord lobby and opponent of every social reform Sarney has advocated, to ask his price for giving Sarney the 35 votes he controls in the Constituent Assembly.

Many bankers are betting on the PMDB yielding under the pressure. A senior British member of the bank advisory committee, however, told *EIR*, "The Brazil situation won't be resolved by October," the point at which U.S. banks would have no choice but to write off their Brazil exposure. If they really believed in the free market, they would have to depreciate Brazilian debts by the 46.5% discount they are selling for on the secondary market.

# Cover-up persists on AIDS co-factors

by Warren J. Hamerman

Despite the AIDS biological holocaust unfolding in Africa, the Reagan administration continues to maintain its genocidal cover-up on AIDS—particularly in tropical areas—for budgetary reasons.

- Within the next few weeks, the Office of Technology Assessment (OTA) is expected to release a distorted report on its recent hearing on insect transmission and environmental co-factors to AIDS. Sources say the OTA report will entirely misrepresent the evidence to make it appear that AIDS transmission by insects is virtually impossible and environmental co-factors are irrelevant, despite the extensive testimony to the contrary given at the OTA meeting.

- The hypocritical Dr. Robert Gallo, behaving more like a junior secretary in the population control section of the State Department than a scientist, is trying to “take back” his quoted comments on the recent experiments conducted by scientists in his own laboratory! The experiments demonstrated that the AIDS virus persists in mosquitoes which ingest AIDS-infected blood for at least 48 hours. Gallo has been ordered to close the door on environmental co-factors because the administration does not want to arouse developing-sector militancy against the brutal socioeconomic conditions they face.

- The World Health Organization’s Jonathan Mann peddled shameless lies about AIDS in Asia at a conference in Sydney, Australia of 27 Asia-Pacific nations the week of July 20. Mann not only opposed screening. He made a direct attack on the warnings of tropical disease experts that AIDS transmission or transmission of AIDS-associated infections by insects has not been disproven by any scientific experiment.

The overall effect of these recent developments adds up to the Reagan administration’s consciously dooming millions in the developing sector and impoverished populations in the United States to certain death from AIDS.

## Seek mass testing in U.K.

Ten eminent British medical authorities have joined together in an extraordinary effort to demand that mass routine testing for AIDS be automatically given to all hospital patients and personnel. On July 18 the *Times* of London printed

a letter to the editor which laid out the case for such testing.

The 10 medical experts who co-signed the letter are: John Seale, MD, formerly Consultant Venereologist, Middlesex Hospital and St Thomas’ Hospital, London; Reginald Murrey, KBE, TD, MS, FRCS, past president, Royal College of Surgeons, England; Huw Bevan Griffith, FRCS, FRCP, Senior Neurosurgeon, Frenchay Hospital, Bristol; Ivor Slee, FFARCS, Consultant Anaesthetist, Charing Cross Hospital, and Director, Intensive Care Unit, St. Stephen’s Hospital, London; Christopher Earl, MD, FRCP, Senior Consultant Physician, Neurological Department, Middlesex Hospital and National Hospital, Queen Square, London; Celia Oakley, MD, FRCP, Senior Cardiologist, Hammersmith Hospital, London; Edward Coomes, MD, FRCP, Senior Consultant Physician, St. Stephen’s Hospital, London; Ronald Pridie, FRCR, FACC, Consultant Radiologist, Harefield Hospital; David Powell, FRCP, FRC Path., Senior Pathologist, Princess of Wales Hospital, Bridgend; Lesley Kay, MRCP, MRC Path., Consultant Haematologist, Royal Infirmary, Sunderland.

The letter to the *Times* states:

“Routine testing of some hospital patients for antibodies to HIV (the AIDS virus) which you suggest (leading article, July 3) would help to clarify the various means by which it is being transmitted and the rate of its spread into the general population. Three female health-care workers infected with HIV in 1986 by minor contamination of their hands and face with blood on a single occasion, were recently reported by the U.S. Public Health Service. Two of them were detected only because they were blood donors and routinely checked every time they donated blood. Similarly, a mother infected by her sick one-year-old son was discovered because she was a blood donor.

“It was only the mass routine screening, already compulsory for all blood donors in the United States and Western Europe, which picked out three of these four cases. This routine testing has provided compelling direct evidence, which would not otherwise have been available, of the real danger to nurses of infection by blood soiling their skin and mothers caring for their own sick children. In the light of this new evidence the medical profession must now give the public a clear lead on testing.

“We suggest, first, that all hospital patients whose blood is tested for any purpose should also be screened automatically for HIV antibodies, provided that they have not already recently tested negative. Second, hospital personnel who have direct contact with patients, including all doctors and nurses, should be tested routinely each year. Individuals should be informed of the results of their tests and the public health services be notified. Is it right, and is it fair, that doctors and government should have imposed routine testing and notification on all blood donors for nearly two years, but meanwhile have failed to introduce routine testing for the rest of the population?”



# Philippine senators call for Peru solution to debt crisis

by Linda de Hoyos

Philippines President Corazon Aquino startled the Western press and banking community July 27, when in her inaugural speech before the newly elected Congress of the Philippines, she charged that the Philippines' international creditors had "coerced" the country out of \$13 billion. "Under the continued threat of a cut-off in trade credits which would have given new vigor to the enemies of democracy and given them a signal to seize the moment, we had to relent and sign the agreement." At this point, Mrs. Aquino received a five-minute standing ovation, for a speech that was otherwise greeted with lukewarm response.

The agreement with the banks, negotiated by Finance Minister Jaime Ongpin with Central Bank chief Jose "Jobo" Fernandez, signed over 45% of the Philippines' export earnings to the banks as debt service on the country's \$28 billion debt, for the next seven years. It further opened the door for a massive buy-out of Philippines capacity with the acceptance of Ongpin's Philippine Investment Notes (PINs), under which creditors would gain title in exchange for debt write-offs.

Aquino stopped short of calling for debt repudiation against the banks or for a ceiling on debt-service payment. Given her background as the daughter of one of the Philippines' biggest landowning families, she is unlikely to do so on her own initiative. However, behind her words, a campaign for a Peruvian solution to the Philippines debt burden is now gathering steam, spanning the entire political spectrum.

On July 28, Sen. Alberto Romulo, Aquino's former budget director, introduced a bill to limit the country's payment on debt to 20% of its merchandise trade and commodity export receipts, and to 10% between now and 1992. "First and foremost is our economic recovery," said Romulo, who is vice-chairman of the Senate Finance Committee, "Most of our income should go to that. Our foreign debt should take a back seat."

The entire Senate also passed a resolution calling for a full review of the debt package signed by Ongpin et al. in New York.

On the other side of the Congress, the House passed a resolution supporting Aquino's attack on the banks, and House Speaker Ramon Mitra has created a special committee to explore the possibility of debt repudiation. "Her statement

was unusually strong and candid and she could just as well have called for repudiation," Mitra said. He has further convened special sessions of the House Banks and Foreign Relations Committees to determine what actions to take in support of Aquino's complaints against the banks. Mitra was seconded by Assistant House Majority Leader Raul Daza, who declared that payments on the loan for the now-inoperative Bataan nuclear plant, and on other questionable projects, should be suspended. "It is high time we showed to foreign creditors that we can stand on our own feet," he said.

From the Senate, Teodoro Guingona, chairman of the powerful Finance Committee, called upon the Philippines to join the debtors' cartel, and to immediately send delegations to Peru and Brazil for that purpose. "We borrowed from you," Guingona said in his speech, referring to the banks. "We intend to pay you. Give us better terms to allow us to grow and to pay you—not stunt us with the burden."

It is believed that up to two-thirds of the Congress will vote for Romulo's bill, or some version thereof, worried the *Asian Wall Street Journal* July 31.

## Target Fernandez and Ongpin

The Romulo bill is nearly a direct copy of the program put forward by the Grand Alliance for Democracy in the May 11 elections for the Congress. Hitting at the International Monetary Fund and its henchmen in Manila, Fernandez and Ongpin, GAD chairman Vicente Puyat had called for the Philippines to carry out the Peru solution to the debt crisis: Limit debt service to 10% and embark on a program of national economic reconstruction, centered on infrastructural development. During the debates between the GAD and Aquino slate candidates, few of Aquino's men were willing to defend Ongpin, Fernandez, or the government's economic program, but instead proffered their agreement to Puyat's assessment. The GAD slate was nearly wiped out in the May 11 elections, through a computer-run fraud operation that gave 10,000 extra votes per district to every Aquino candidate.

Nevertheless, that has not stemmed the anti-bank tide among the country's leaders. The outcry against the banks has added significance, because the Senate is designated by both the Constitution and tradition as a policymaking body that is not to be ignored.

Within Malacanang Palace itself, the campaign against the banks is being led by presidential secretary Joker Arroyo, a "left-wing" nationalist who has stated his belief that economic development is the only pathway to defeating the New People's Army insurgency. The recent land reform decree signed by Aquino is inoperable unless funds are made available to farmers for fertilizer, high-grade seed, and irrigation and energy development.

Arroyo, who has publicly targeted Ongpin and Fernandez, is believed to have "put the words in Cory's mouth," according to reports from Manila. "The signals to Congress" from Aquino's speech "were very, very clear," remarked presidential press secretary Teodoro Benigno, "and Congress should bear that resolutely in mind." He told the press that Aquino had "insisted" on revealing the circumstances surrounding the restructuring of the loans, because her government's credibility was at stake. Aquino had been "silently seething" over the gap between the "expression of support, paeans of admiration" from the United States, and what they "were doing."

A key issue that will determine whether the complaints coming from Aquino et al., and from the Congress, will be realized in action, is the continued presence of Ongpin and Fernandez in positions of power. Signs are emerging that their days may be numbered.

Senate Finance chairman Guingona, Senator Romulo, and Sen. Aquilino Pimentel have all called for Fernandez's resignation as Central Bank chief. The Senate Finance Committee also notified Fernandez that he must prepare to testify for as long as five days before the entire Senate, on the details of the debt pact signed with the banks and the Central Bank's financial conduct.

From the House, Speaker Ramon Mitra asked Fernandez for all the details on the debt situation and the agreement with the banks. When Fernandez sent back six volumes of notes and memoranda, Mitra returned the pile, with the message that he wanted specific answers to the specific questions raised.

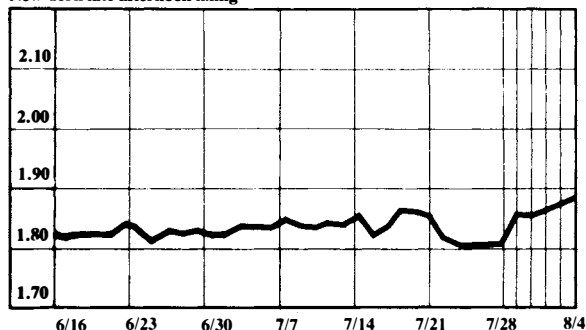
Another signal that the days of Ongpin and Fernandez may be numbered is that Aquino has "postponed indefinitely" the denationalization of the state-owned Philippine National Oil Co. (PNOC) "in view of objections" by the company's board. The board members argued that sale of the company would destroy national control of a crucial resource. (British Petroleum and Kuwait Petroleum were reportedly the most interested potential buyers.) The sale of PNOC was the linchpin of Ongpin's debt-for-equity Philippines Investment Notes.

The halting of Ongpin's schemes indicates that it is becoming increasingly difficult for Aquino to do anything but follow the nationalist line of others of her advisers, of Congress, and the GAD opposition. The pressure for action against the banks—now unhampered by the loyalty to the United States retained by Ferdinand Marcos—can be expected to increase rapidly over the next weeks.

## Currency Rates

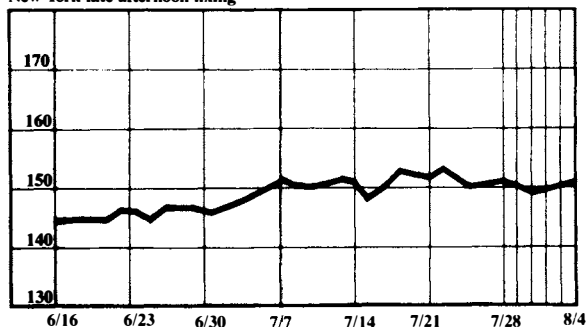
### The dollar in deutschemarks

New York late afternoon fixing



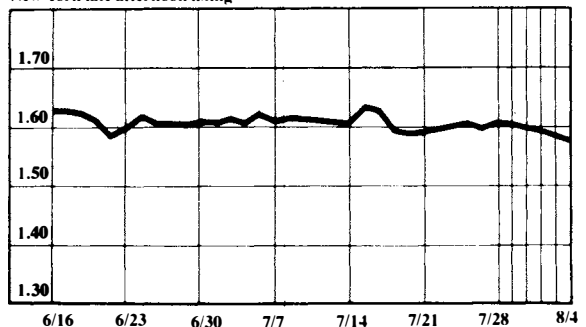
### The dollar in yen

New York late afternoon fixing



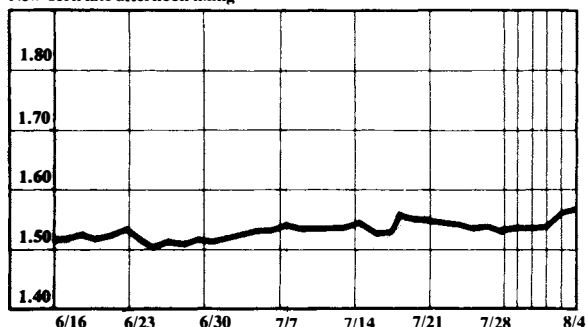
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## The end of the dollar bloc

*The colonial currency arrangements which propped up the U.S. dollar have come to an end.*

On Dec. 12, 1986, this column announced, "The 'dollar bloc' crumbles," noting that the link between the U.S. dollar and the currencies of the emerging Asian nations was about to end, with disastrous consequences for the United States, on two grounds.

First, "the so-called 'dollar bloc,' including such diverse nations as Canada, Brazil, and Taiwan, provides us with a subsidy of physical goods at still-affordable prices," despite the devaluation of the United States dollar against leading trading currencies like the Japanese yen, we wrote.

Second, speculation in the Taiwan dollar provided an enormous rush of funds into that currency, enabling the Taiwanese to become the largest overseas purchasers of United States Treasury securities during 1986.

Foreign exchange reserves of trade-surplus countries increased as follows during 1986: Taiwan +\$17.5 billion; Japan +\$14.6 billion; France +\$6.7 billion; Britain +\$5.5 billion; West Germany +\$4.2 billion; Italy +\$3.5 billion; Spain +\$3.5 billion; Korea +\$1 billion. Taiwan's reserve increase was more than half its Gross National Product.

The Taiwanese, to maintain export competitiveness, sold their own currency into the market, buying dollars, and putting those dollars into Treasury securities—building up a net creditor position vis-à-vis the United States.

Seven months after *EIR's* report, Wall Street has begun to notice that the end of the dollar bloc may have

consequences for the American economy.

"Now the U.S. dollar is declining against the NIC's [newly industrialized countries]," reports Salomon Brothers in its July inflation monitor.

"While the financial markets continue to focus on the modestly strengthening U.S. dollar versus the Japanese yen and the deutschemark, inflationwatchers should take note of its recent declines against the currencies of the Asia's NICs. During the past year, for example, the dollar has depreciated by more than 18% against the New Taiwan dollar and by 4.4% against the Korean won. Together, these moves signal a greater pass-through of exchange rate movements to U.S. import prices in the months ahead.

"The restraint that the price-competitive NICs have placed on Japanese export prices of consumer electronics and other goods should begin to wane. . . . We expect non-oil import prices to be increasing by more than 10% by year-end."

The nature of the problem still has not dawned upon Salomon's army of analysts.

Taiwan's trade surplus reached a record \$15.6 billion last year, up from \$10.62 billion in 1985. In January, Taiwan cut import tariffs on some 1,700 foreign products by up to 50%.

Washington has been pressing Taiwan to open its market to American products as a way of cutting its deficit with the island.

Washington's brilliant trade dip-

lomats announced a new agreement with Taiwan late last year, of which the White House said proudly, "This agreement will provide significant access in Taiwan for these U.S. commodities, and should mean close to \$150 million in the first year for the beer, wine, and cigarette industries of the United States."

The revaluation of the Taiwan dollar alone, however, will cost the United States over \$3 billion a year in higher import prices for Taiwanese goods, or \$250 million per month—and the Taiwan dollar has much farther to rise.

The United States Treasury, of course, pressed for this revaluation as hard as the trade officials pressed for the opening of markets.

Political instability in South Korea has limited the rise of the Korean currency, but that may also rise much further.

Another consideration is America's trade subsidy from South America. According to a 1985 study published by *Executive Intelligence Review*, the continent's export prices to the United States fell by almost 60% during the period 1981-83, when most of the region's economies fell under International Monetary Fund dictatorship.

But Brazil's debt moratorium, announced last February, amounts to a decision to limit the flow of cut-priced exports to the United States, for which Brazil has bled its internal economy dry.

Added to the continuing effect of the devaluation-to-date of the U.S. dollar against the leading industrial nations' currencies, the collapse of the dollar bloc implies a much higher import-price increase than Salomon suggests, likely in the range of 30% for 1987 as a whole, adding perhaps 5% to the overall U.S. inflation rate—even in the unlikely event that the dollar were to stabilize at current levels.

## Venezuela and the banks

*Venezuela toughens its bargaining stance with its creditors, as IMF conditionalities trigger social crises.*

**D**uring Venezuelan President Jaime Lusinchi's late July visit to Mexico, to meet with President Miguel de la Madrid, the two heads of state dedicated much verbiage to decrying the Ibero-American foreign debt as "a burden for our people," and demanding "co-responsibility" from the creditor banks. All rhetoric aside, the two Presidents are well aware that their populations are fast reaching the breaking point.

Even as Lusinchi was in Mexico, his government back in Caracas was stalling on signing a new debt refinancing deal until it is formally reassured of the more than \$3 billion in new credit from the lending banks. Venezuela's presentation of a tougher front, according to insiders, has as much to do with the growing social tensions inside the country as it has to do with the recent bank nationalization decreed by Peru's President Alan García.

At the end of February, just after Brazil declared its debt moratorium, the steering committee of creditor banks struck a series of deals with Venezuelan negotiators for the explicit purpose of staving off joint debt action continentally. Those agreements were already approved by the Venezuelan central bank for signing at the end of July, but leaders of the ruling Democratic Action party are now saying that the deal—as constituted—should not be signed.

The main reason they give is that there has not been reciprocity on the part of the banks. According to official figures, Venezuela has paid more than

\$20 billion to its creditors over the past three years, as part of Finance Minister Manuel Azpúrua's determination to turn Venezuela into the continent's "best debtor," in order to win preferential treatment in obtaining new credit. In exchange for its "good behavior," Venezuela has received nothing, except for some short-term credit lines adding up to approximately \$1.5 billion.

In order to have paid the \$20 billion over three years—under conditions of a more than 50% collapse in oil prices since the beginning of 1986—the country has been handing over its international reserves, shrinking its imports at the expense of internal production, and devaluing its currency. But this brute-force looting has now reached its limit. According to official sources, if Azpúrua's policies hold at the present rate, operating reserves will be exhausted by the end of 1987. At the same time, internal inflation and shortages are creating an explosive political and social crisis. While many sectors are demanding that the government declare a debt moratorium, the official position is to seek new credit to cover the fiscal deficit.

The IMF and World Bank missions that visited Venezuela last June have clearly stated that Venezuela has received no new bank credit because it has not followed bank recommendations to the letter: fiscal austerity, internal savings, and a unified exchange rate. The last effort to unify the various exchange rates was made last December, when the official rate went from 7.5 to 14.5 bolívares to the

dollar, representing a 93% devaluation.

To deal with the wave of strikes and popular protests against the inflation unleashed by that devaluation—in a country which for more than 20 years has had a stable parity of 4.3 bolívares to the dollar—the Lusinchi government was forced to decree a 20-30% wage hike, price controls, and a four-month job freeze, to prevent mass layoffs. Despite this, prices have continued to rise, to the point that inflation for the first half of 1987 reached 19%. The Venezuelan Workers Federation, controlled by the ruling party, announced that it would move into the streets to demand an extension of price controls, at least through the end of the year.

Venezuela's business sector is also opposed to the IMF and World Bank recommendations. "Fiscal austerity" for them means paralysis of many contracts, and "internal savings" means a hike in bank interest rates. The National Association of Small and Medium Industrialists (Fedeindustria) and national chambers of construction, commerce, real estate, and savings and loans are up-in-arms over the interest rate hike the central bank wants to impose. These same businessmen have recently begun to attack the head of Banco Latino, Pedro Tinoco, for being the IMF's waterboy.

The Venezuelan Labor Party (PLV) has taken the accusations a step further, noting that the Tinoco-Planchart law firm represents the interests of Venezuela's main creditor, Rockefeller's Chase Manhattan Bank. The PLV also points out that the head of the World Bank mission just sent to Venezuela is Bella Balassa, co-author of a notorious manual on how to pay the debt, which Rockefeller and his Venezuelan lackey, Gustavo Cisneros, were promoting throughout the region last January.

# García mobilizes Peru as drug banks fight nationalization

by Valerie Rush

President Alan García has turned directly to the Peruvian population to mobilize support for the war he unleashed July 28 against the narco-financiers, who have held Peru hostage for over a decade. García's executive decree to nationalize the banking system, as a means of recovering control of credit for productive purposes, triggered an immediate counter-offensive, as Peru's "powerful economic groups," which García identified with the international drug trade, moved to recoup their losses.

In a series of pedagogical interventions following his July 28 bombshell, García explained that it must be "the government which rules the economy, and not the drug traffickers." Answering the bankers, who protested that the nationalization decree was a "violation" of private property and free enterprise, García declared that his measure will actually "defend the industrialist, free the businessman from the tyranny of those who have financial control and use it for usurious purposes. . . . I propose to leave all credit, financial and insurance activities to the state, as the first step toward real democratization of our economy."

The association of small and medium industrialists in Peru responded to García's appeal with a declaration of unconditional support, saying that "democratization of credit is an award for productive effort."

Major industrialists, clearly free of links to the narco-banks, have also come to García's defense. For example, prominent industrialist and financier Vittorio de Ferrari sent an open letter to the President offering solidarity: "I do not doubt that the modern industrialist will gradually identify with the opening the government has made toward controlling credit. . . . I am certain that Peru will achieve its new destiny, with you at the helm."

García is not unaware of the enemy's power, however. In a July 31 interview with Mexican television, García sent a message as pertinent to Mexicans as to Peruvians: "Peru and its people should know that a revolution is not made on a bed of roses . . . that there are consequences to taking essential measures for justice. If we want to pay the price of those consequences, we have the right to be free. . . ."

There will be efforts to block and sabotage our measures, said García, but the democratization process is "irreversible."

## A narco challenge

Even as García spoke, the narco-bankers were launching their counterattack. Guillermo Wiese, the owner of Wiese Bank, secured a legal injunction against the bank nationalizations from 20th district civil judge Eduardo Raffo Otero. Raffo, a former manager of the Banco de Crédito—the same bank exposed by the government news station for laundering \$600,000 of drug profits in one day in its Uchiza jungle branch—leaked his ruling suspending the nationalization to the anti-government media, which began trumpeting García's "defeat."

However, a second civil court judge, hearing a similar plea from another nationalized financier, upheld García's decree as fully constitutional. The government issued a communiqué on the matter, noting that since it had received no official notification of the Raffo ruling, and since there was a contradiction between the two judges' findings, it would call upon the Supreme Court to issue a single ruling on the matter. "Meanwhile," stated the communiqué, "the nationalization will be maintained."

A chagrined Judge Raffo, asked in an interview if it were true that his former bank, the Banco de Crédito, had a branch in the notorious narco-center of Uchiza, confessed: "Yes, we have a branch in Uchiza, and in 200 other places as well."

On Monday morning, Aug. 3, Peru's banks opened on time, with government-appointed teams of administrators guaranteeing that business proceeded as usual. Efforts by directors of the Banco de Crédito and Wiese Bank to occupy their bank offices and keep out the government trustees, prompted another government communiqué which observed that any and all actions signed by the bank directors was "null and void." The bankers tried to organize anti-government demonstrations at the banks, but were met with the pledge by Finance Minister Saberbein that "those who use force and provoke problems will be evicted."

The opposition is in a rage. The daily *Expreso*, associated with former prime minister Manuel Ulloa, accused the ruling APRA party of seeking to control "all power for the APRistas, through total control of the financial system." The president of the banking association warned that investment in the country would collapse, and pledged to "fight to the end." Ulloa himself charged that the decree was "an assault on private property" and on such "families of humble origin" as the owners of Wiese Bank.

The opposition's media and legal campaigns notwithstanding, García's appeal to Peruvian patriotism has drawn spontaneous demonstrations in the interior of the country. A massive turnout in defense of the government measures was expected on Aug. 7, in the central Plaza de Armas in Lima.

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## Documentation

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### García's speeches

*In a series of interviews and speeches in the aftermath of his nationalization decree, President Alan García explains the purpose of his dramatic initiative:*

**To Mexican national television, July 31:** Social redistribution goes by way of the nationalization of the most powerful instruments which permit economic accumulation by a small sector of the population. . . . What are the banks in a poor economy like Peru? When an economy is poor and unproductive, the factories produce little. The true wealth then lies in credit, in the capacity to receive the national savings, the people's savings, and direct it toward the companies owned by the bank's owners, or by those who they want to dominate and subordinate or enslave through credit. . . .

We want a very democratic credit system and the way to get it is reserved for the state; the right to receive the national savings and direct it to the economic activities of development. . . .

We have included the concept of credit in the nationalization decree. We encourage production. We need the small, medium, and large industrialists to produce materially. We need to promote material growth, but we could not encourage usurious rentier activities. Taking somebody's money and loaning it to another is an intermediation activity which makes production costs more expensive. . . .

. . . Some groups of the Marxist left have approved the measure. There are other much more radical political parties . . . which will always demand utopias and irrationalities. And, a little further out, are the terrorists, those who have

fallen into homicidal violence. They are too far out of their minds to think of this as an advance, and I think they will continue in their acts of criminality and violence.

[Asked if the opposition will conspire to destabilize García, the President responded:]

Of course. It is clear that many things have to be feared, and he who stops fearing the consequences of his actions is irresponsible; but he who limits himself to fearing those consequences is a coward. . . . All this is a risk. Peru and its people should know that a revolution is not made on a bed of roses. Peru and its people should know that there are consequences to taking essential measures for justice. If we want to pay the price of those consequences, we have the right to be free. If we don't want to pay the consequences . . . we will remain chained to the International Monetary Fund. We will keep paying the foreign debt, we will remain submissive to great power groups inside the country. We will remain submissive to injustice and domination. . . .

**To journalists in Villa El Salvador, Peru, Aug. 1:** I have said that I have no weapon with me and no defense, only the law and the Constitution. It is true that the right to own property exists in Peru, but only to own property in harmony with social interests. . . . The Constitution itself stipulates that the state can reserve activities for the state and government to conduct itself; for example, banking, so that banking does not become a way to dominate, by means of the money from national savings, those who produce the merchants, forcing them to pay interests and commissions, or dominate large productive sectors through the banks.

We need, therefore, to make it very clear that this is not an act of a totalitarian government that has come in through the back door into the palace of government. . . . The people, through their parliamentary representatives, will approve or disapprove this measure. . . .

An injunction has been filed regarding this temporary measure, and we will see what the judicial proceedings conclude. But I reiterate before all of you that our decision concerning democracy, concerning the quality of Peruvians, concerning a deep transformation of Peru so that it will not belong only to the very few rich, is irreversible. It is my will and my decision to bring about a democratic revolution in this country. I say that democracy has to be revolutionary, democracy must be daring. We cannot live in fear, we cannot live by respecting injustice. Peruvians have not elected me for that. . . .

Now I have heard that this measure, the nationalization of credit and banking, will result in there being no more investments in Peru. This is really an erroneous and I would say ill-intentioned argument; this is the way in which the affected interests—which are very few, but very big—are trying to use tens of thousands of merchants and industrialists as a shield. This measure is, on the contrary, seeking to liberate the producers, the industrialists, the merchants, from the domination of the large financial institutions. . . .

# Governors release reports on the economy: They don't know what to do

by Marcia Merry

On July 25, the National Governors Association conference released two reports making recommendations on how to revitalize the economy and create job opportunities. Meeting in Traverse City, Michigan July 24-27, governors associated with producing the reports made a big effort to publicize the contents. The reports present summary statistics on how the United States is declining in technology, output, and trade; and how debilitated the population has become—illiteracy, teenage pregnancy, joblessness.

The prevailing sentiment at the meeting was that Washington is doing nothing, so initiative must come from the state level. Governors Association head James J. Blanchard said, "Very little has been done in Washington. These reports will set the agenda."

However, the nature of the recommendations showed that the governors may mean well, but they have no idea what distinguishes a healthy economy from a sick one. So, they don't know what to do.

One of the featured speakers, Chrysler Chairman Lee Iacocca, warned the governors, "Without a coherent national policy, you are competing for a smaller and smaller piece of the pie. I fear that eventually you may be fighting for crumbs."

The names of the two reports—under the banner title of the conference, "Making People Work: Productive People, Productive Policies"—are: "Bringing Down the Barriers," and "Jobs, Growth and Competitiveness." Together, the reports are 216 pages long, and present an array of state-level initiatives in areas ranging from education to tourist industry employment, that probably total over 100 different programs. For example, there is the Ben Franklin Partnership in Pennsylvania, to encourage small business; California has the "Rural Renaissance" program to promote economic development in rural areas; Florida has the Model School Adjustment Program, to develop ways to prevent school dropouts.

The reports were produced by six task forces, made up of governors from all 50 states and from Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Marianas. The governors' official press statement on the reports said, "The governors believe that the states have a unique role in the quest to revitalize America's economy and prepare

America's people. The states have been laboratories for change and experimentation in our country. Increasingly, the impetus for domestic policy is shifting back to the states. They have been on the front line in developing, implementing, and adapting the policies needed to respond to the new economic reality. . . . Not all ideas are appropriate or even possible for every state. 'Making America Work,' provides ideas for states, with individual components that can be combined in new and innovative ways to address critical issues." Arkansas Gov. Bill Clinton, chairman of the Governors Conference, said, "Together, these components will help us prepare our people for jobs, at the same time we are preparing jobs for our people."

The "components" referred to—the various programs and initiatives—unfortunately amount to nothing because they are not part of a realistic view of a healthy economy that is based on a foundation of physical output in agriculture, industry, and infrastructure. The governors' unstated viewpoint is that a "post-industrial society" now prevails, and jobs and trade can be encouraged in this environment—no matter how low the pay, or backward the conditions. They never criticize the devastation caused by the "Reagan recovery." Instead, they praise the fact that 10 million new jobs have been created in the last five years, even if they are underpaid, fast-food wonder-jobs.

In other words, the governors are recommending ways that people should "adjust" to the deterioration in the U.S. economy.

Without realizing that there is a connection between the decline in the physical economic base of the nation, and the decay of people's lives, the governors can merely state their opposition to teen pregnancy, school dropouts, and joblessness—in a vacuum.

The same naive view prevails in their recommendations for state and federal action internationally. The reports recommend that the international exchange rate and monetary relations be stabilized, and that foreign debtor nations be aided by the United States to stabilize their debt. The report ignores the fact that the United States is the biggest debtor nation in the world, and that all world trade is shrinking drastically under the austerity, terms-of-trade, and debt ser-

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vice, imposed by the International Monetary Fund. The report never mentions the IMF. It simply repeats the homily that the federal deficit should be reduced, without mentioning the fact that the economy and tax base themselves are shrinking.

Because of this view of the condition of the United States and other Western economies, the report unintentionally advocates coolie-labor as the way to "get competitive" on the national and international scale. To solve joblessness, the recommendation is that welfare mothers should go to work when a child is six weeks old. Training and child care facilities should be provided, but welfare roles can be cleared in this process. Programs should exist to "dry-out" the individual should they get on drugs or alcohol.

The governors fail to see that the reason for the degradation of human potential—which they document—is the decline of the productive base of the economy—which they also document, but they regard industry and agriculture as optional to service sector, tourist and related "post-industrial" activity.

The only conclusion to be drawn is, the governors don't know what they're doing, any more than Washington does.

## The contents

In the report, "Bringing Down the Barriers," statistics are given that show millions of Americans now dependent on government programs for minimal subsistence, and how the family is disintegrating under the stress of economic and cultural breakdown.

In 1940, the Aid to Dependent Children Program gave benefits to 360,000 families. In 1986, the average monthly caseload for the program, now called Aid to Families with Dependent Children (AFDC) was 3,747,000. In 1969, 28% of AFDC adults were never married; in 1986, 46% were never married. In 1969, 43% of AFDC adults were divorced or separated and needed help; in 1986, 36% were divorced or separated. The family itself is disappearing. The increase in births to teenagers reflects this decline.

More than 1 million teenagers become pregnant each year and 470,000 give birth. Babies born to teenage mothers are more likely to have low birthweights than the general population (9.5 births per 1,000 versus 6.8 per 1,000). Lower birthweight babies are 20 times more likely to die in their first year of life than those of normal birthweight, and they have a significantly greater risk of developing permanently handicapped conditions, such as retardation, cerebral palsy, and autism.

More than one in seven youths fail to graduate from high school, and these dropouts are two-and-one-half times more likely to be unemployed than high school graduates. Ten percent of the workforce suffers from serious alcohol or drug abuse problems.

The current costs involved in some of the assistance programs are likewise growing. Federal and state governments spend almost \$41 billion annually for Aid to Families with



Dependent Children, general assistance, Medicaid, state health programs, and food stamps to support families.

Presented in a separate part of the report, "Jobs, Growth and Competitiveness," it is stated that the real average weekly earnings of American workers peaked in 1973, and by 1986, had declined by 17% from that level. The Bureau of Labor Statistics estimates that total compensation of West German production workers is 20% above those in the United States. The compensation of Japanese workers, which was estimated to be 50% of that of U.S. workers two years ago, is now 80%. Other studies estimate that it exceeds the U.S. level.

Ten to fifteen years ago, there was no significant U.S. trade deficit. In 1983, it shot up to \$69 billion. In 1986, the trade deficit jumped up 17% from a year earlier to \$174 billion. The deterioration is most pronounced in manufactured products, which account for three-fourths of all recorded U.S. trade. In 1986, the United States registered the first deficit ever in high-technology manufactured products. Data released since the governors report show that in 1986, West Germany exceeded the United States in value of exports. The United States exported \$217.2 billion of goods, and West Germany exported \$243.3 billion.

### The post-technology era

In a section entitled, "How Did We Get Here? Slow Productivity," the issue of technological decline is raised: "Both Japan and West Germany target a greater percentage of the gross national product on civilian research and development than the United States. Most important, the United States does not translate its scientific breakthroughs into commercially successful products as effectively as its competitors."

But the report then drops the issue, and nowhere defines the pathways of advanced technologies needed to restore economic growth. The governors implicitly rank technologies to make trinkets on the same plane as technologies to make steel.

Therefore, many of the proposals on how to deal with the shutdown of industrial manufacturing, simply advise that workers should be encouraged to buy bankrupt factories and run them themselves. Former industrial workers should be retrained for non-industrial, local crafts and other occupations. Parallel proposals are made for farm families, now being forced off their farms in mass numbers. The governors assert these newly unemployed should simply be "retrained," and work to create "rural development in alternative economic activities."

For the millions of those still on welfare, the governors propose drastic workfare projects, as in the new legislation by Sen. Daniel Patrick Moynihan (D-N.Y.). The federally mandated, obligatory workfare does nothing to promote the industrial and agricultural base of the nation. Oblivious to all this, New Hampshire Gov. John Sununu typified his colleagues by bragging that his state has reduced their welfare rolls by 46% under the new perspective.

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# Re-run of 1979 'oil shock' ahead?

by William Engdahl

Since the first week of July, according to reliable West European oil trading sources, Mideast OPEC producers have increased their sales of oil by at least 2 million barrels/day to the major oil multinational companies and others. Despite this apparent "oversupply" given present world demand, the market price of crude has steadily risen by slightly more than \$2/barrel. With the July 31 Iranian riots in the Saudi holy city of Mecca, world oil traders rapidly bid the price up an additional \$1/bbl to the highest level in 18 months, \$21, for North Sea Brent, September delivery.

Within hours of the Mecca riots, Japanese trading companies began predicting a possible return to the 1980 levels of \$40/bbl should the crisis escalate to threatened Iranian sinking of tankers attempting to pass through the narrow Strait of Hormuz. World press has been featuring various diagrams showing why tankers needed to briefly enter Iranian territorial waters before leaving the vulnerable Arabian Gulf for open waters of the Gulf of Oman. By week's end, prices had sunk again to the \$20 level just prior to the Mecca riots. The critical question being analyzed around the world, is the extent to which world oil price markets are vulnerable to threatened supply disruption, as in 1979.

## Supply situation has changed

Many important factors have changed since the Khomeini coup of 1979. According to trading sources in Switzerland and Britain, between 6.5 and 7.5 million barrels/day of crude oil are delivered out of the Strait of Hormuz. This represents some 15% of the present non-communist world daily consumption of 45 million barrels per day, enough to trigger the automatic 19-nation International Energy Agency emergency rationing and reserve-sharing agreements, which go into effect at 7%. On the surface, it would seem serious grounds for alarm and price rises.

But this does not account for a number of developments. Most important perhaps is the fact that Saudi Arabia, the largest potential oil producer, with estimated capacities to pump from 10.4 to even 11 million bpd, has immense underutilized reserve pipeline capacity running to the western Red Sea. Best estimates are that Saudi pipeline output, combined with a new .5 million bpd Iraq-Turkey pipeline which began operation in late July, could quickly replace almost 50% of any Gulf losses, or 3.5 million bpd. In addition, traders report

a substantial Saudi "floating reserve" as well as tanker terminal storage in the region around Yanbu on the Red Sea—how big, is classified information.

Estimates range into the millions of barrels for this reserve stock. The major Western oil companies, for the past month, are reported to have significantly increased their purchases from the Gulf OPEC producers. One report is that the Saudi government has in effect given long-time Aramco partner Texaco a de facto "letter of credit" to make large purchases of Saudi crude at bargain contract prices during the recent market rise. This has allowed the U.S. major to buy the bargain oil despite its current bankruptcy imbroglio with Pennzoil.

"There's a lot of oil floating on the high seas right now," one well-informed Swiss trader confirmed to *EIR*. "The major companies have plenty of oil in the pipes. World stocks are estimated at higher than a 100-day supply right now." In addition, a "worst-case scenario" of prolonged Persian Gulf disruption, would increase supply from a variety of other regions.

Instead of supply disruption, we may see unprecedented price disruption. Many traders peg a relative price jump level of at least \$30/bbl. Some, like the Japanese traders, calculate a return to the all-time high of \$40. Why?

## 'The Wall Street refiners'

"The difference today from 1979 is the complete change in form of world oil trade," one leading trader emphasized. "In 1979, all but about 3% of world oil trade was done in fixed long-term contracts between largely the major companies and suppliers like Saudi Arabia or Iran. Today, more than 70% of all oil is traded on speculative spot or futures markets. These markets do not deal in physical cargoes of crude, but in hedges and speculation about future market price conditions. This situation allows huge speculators to move the price market. The NYMEX pulls today's price of oil," he stressed.

A spokesman for the authoritative *Petroleum Argus*, a London-based trading monitor, predicted that in event of any supply disruption, "the market would simply go wild. There will be hoarding, companies will sit on stocks in anticipation of selling at far higher prices. The new danger, is the percentage of oil now traded on spot and commodity futures markets is far higher than in 1979. No one can predict how these new markets will react to a supply disruption. This is the million dollar question."

The price is falling again because, "so far nothing has concretely yet happened to disrupt oil supplies," as one London broker put it. As soon as it does, it could rise far more than any temporary supply disruption would warrant. This would mean a brief windfall for Chase Manhattan, Citibank, and a few others. But the ability to sustain such price levels is even far less than the brief 18 months or so of 1979-80, when "oil was king."

## Drama of U.S. oil producers

*Oil prices may soar, but without the rigs, America will be out of business once again.*

**O**il prices have hit record highs over the past few weeks, going as high as \$22 per barrel; but thanks to the "great recovery," American oil men will have limited access to the market. The situation in the Gulf of Mexico is simply the most dramatic in what will become an increasingly common phenomenon: American industry in its death throes.

Even though current offshore drilling activity remains drastically below peak levels of a few years ago, equipment utilization rates have begun to recover from the lows of last year, signaling a "revival" of sorts in offshore oil and gas exploration. At present 48.1% of the Gulf of Mexico fleet is at work, compared with 25.4% a year ago. Contract rates have improved to slightly above break-even cash-costs, but they still remain about 75% below the rates of the early 1980s. Offshore rigs are now in relatively short supply.

The additional problem is that the Interior Department has issued a warning that valuable leases are in danger of expiring for the Gulf of Mexico, because drilling has not taken place within the time period of the lease.

This warning drew attention to a problem that has plagued the oil industry for some time: The dozens of mammoth offshore drilling rigs that have been "stacked," or placed in storage, along the Gulf Coast during the oil industry's severe drilling slump.

Never to be daunted in their optimism, the "great recovery" ideologues have decided that the shortage of active drilling rigs could increase

long-depressed contract rates and thereby provide relief for the pressured contractors. This is actually a potential mechanism to swell business and prod oil companies, through imminent lease deadlines, into action.

The contractors, however, hard-pressed by the depressed rates as well as lack of rigs, have long hoped that oil producers will choose to drill on the hundreds of unexplored leases in the Gulf of Mexico; if not, the leases will expire. About 75 unexplored leases are due to expire at the end of 1987, while an additional 737 will expire in 1988.

The danger of these leases expiring unexplored is not an unwarranted concern. Although a few have been judged to be poor prospects, the majority expire by default. And as to the question of extension of leases by the government to give the contractors a break, William D. Bettenberg, director of the Minerals Management Service, has insisted on a policy of refusing to accept a shortage of drilling rigs as a valid reason to extend the terms of any offshore leases.

"Unnecessary delays in drilling may result in expiration of leases," according to Bettenberg. "The low number of available operating rigs, and the high number of undrilled leases, could result in a shortage of drilling rigs in the near future." The cavalier tone belies the tragedy facing the American economy. Ripple effects will reach supplier industries, bringing the impact down even further on the heads of the American citizens.

Similarly, the Energy Department refuses to consider the fact that a Per-

sian Gulf upheaval could endanger oil supplies. David B. Waller, assistant secretary of energy for international affairs and energy emergencies, said, "I think we're in good shape to respond to a disruption." The calculations upon which this estimate is based do not include oil utilization rates for rapid economic growth, and certainly not for a mobilization-in-depth in case of military emergency.

Yet individual instances of orders are used to perpetuate the myth of a turnaround. On July 31, Varco International, Inc. of Orange, California received seven orders for a \$700,000 piece of drilling hardware from offshore contractors. Because these orders, by bringing to 15 the number of systems sold by them in one month, nearly doubled the number of sales recorded by the company for the second quarter, this was touted by Shearson Lehman Brothers analysts as a definite indication of the turnaround in store for the business.

No one mentioned that the pathetic number for the second quarter was indicative of the crash that has hit the American economy. A one-month "record" has absolutely no significance in this situation.

Another not inconsequential factor, brought about by the international turmoil, is the uncertainty regarding the future of natural gas prices, which haven't climbed nearly as quickly as even the (unpredictable) oil prices. After three years of depressed business, most offshore vendors are hesitant to proclaim any kind of turnaround, particularly in view of the crisis facing the overall economy.

Richard Kerston, vice president of finance for Shearson Lehman's example company, made his caution known: "After what's happened in this industry, we're not eager to predict what the business will do in the future."

# Business Briefs

## Insurance

### AIDS costs seen soaring

Insurance companies around the United States have already been engaged in heavy legal battles over the issue of life and medical insurance for AIDS victims, and a new report is not likely to do much to calm the storm.

According to a detailed study by the Society of Actuaries released Aug. 4, AIDS deaths will cost U.S. insurance companies \$50 billion by the year 2000.

According to the study, \$30 billion will be paid out to AIDS victims with insurance policies currently in force. Another estimated \$20 billion will be paid out to those who do not now have insurance or the disease, but will eventually come down with AIDS, and take out an insurance policy in the meantime. Some firms could be paying out far more than 20% of their claims for AIDS-related deaths.

Harold Ingraham, president of the Society of Actuaries, said researchers have underestimated the damage that AIDS will do. "They have been underestimating, I think, the proportion of people that carry the virus and . . . the speed at which [those people] are going to get AIDS," Ingraham said.

## Agriculture

### India facing worst drought

The Indian Subcontinent is facing the worst drought in nearly a century. Crash programs to tap subsoil water, to plant alternative crops, and to distribute seeds are now being developed by a committee headed by Prime Minister Rajiv Gandhi.

The monsoons this year have reached only parts of northeast India, leaving northwest, central, and southern India dry.

The government has a buffer stock of 22 million tons of grain for use in such emergencies. The greatest problem, however, is transporting food and seeds to the stricken

regions, and the only "textbook" for such emergencies is the century-old "famine code" prepared under British rule.

In 1942-43, thousands of civilians starved in British India due to a shortage of transportation for food supplies. The British rulers blamed the shortage on the war.

## Famine

### Locusts swarming in Ethiopia

Swarms of locusts in Tigray, northern Ethiopia, are ready to fly, according to news reports. The swarms could threaten Mali to the west or the Indian Subcontinent to the east, the Relief Society of Tigray said in London Aug. 5.

The society has called on the Ethiopian government to allow spraying planes to operate in the area, most of which is controlled by the Tigray People's Liberation Front. The guerrilla organization has agreed to give the planes free passage. The government has yet to allow the planes to fly.

Seven large locust swarms have already been seen in Tigray, and a famine as bad as 1984-85 is feared unless spraying is undertaken. The Desert Locust Control Organization said the swarms would move south within two weeks, and conditions are good for a second breeding season along the Red Sea coast.

## AIDS

### New York 'research study' in October

The first of 100,000 New Yorkers to be tested for AIDS in "a blind, scientific research study" will be tested in October, reported the Aug. 5 *New York Times*.

City Health Department spokesman Peter Slocum said the study would take from six months to a year and would cost \$3.4 million. He said the blood would be taken anonymously from the specimens of hospital patients who would not be told that they were being tested or whether they tested

positive for the virus.

"It's a blind, scientific research study," he said, "not a screening program under which persons are told if their blood tested positive."

Governor Cuomo announced the program at a news conference from his office at the World Trade Center. "Present evidence indicates the disorder is not jumping dramatically to the general population," he claimed. "But we need more solid information, and this study will give public health officials a better understanding of how extensively the AIDS virus has spread through different population groups and different regions of the state and how it's communicated."

## Finance

### Kemp introduces loan control legislation

Republican presidential hopeful Jack Kemp of New York will introduce a bill requiring that bank loans to a "controlled country" be reported, and that the President be given broad powers to regulate these loans. A "controlled country," for example, the Soviet Union, could then be prohibited from buying a U.S. bank or similar maneuvers.

Kemp pointed out: "The Soviet bloc now receives low-interest-rate loans for nonspecific projects or trade transactions at a rate lower than a small businessman in America would pay. . . . These loans can be used for any purpose, including financing military aggression abroad and oppression at home."

President Reagan and the State Department oppose the bill.

## Defense

### SDIO plans space tests

The Strategic Defense Initiative Organization plans 13 major space tests over the next five years, according to documents released Aug. 4. At least seven involve missile inter-

ceptions, another pair deal with the launch of new, state-of-the-art satellites to detect and track Soviet missiles.

According to an SDI spokesman, the documents provide the first official glimpse of technologies needed for the initial phase of a missile defense.

In addition to sensor satellites, the system would include space- and ground-based interceptor rockets, a ground-based sensor rocket, and an elaborate communications network.

All the experiments have been designed to comply with the "narrow" interpretation of the 1972 ABM Treaty.

One SDIO plan calls for the launch of four to seven Minuteman missiles from Vandenberg Air Force Base in California, and an attack on them by ground-based interceptor rockets launched from Kwajalein Atoll in the Pacific.

## **Banking**

### **Senate passes S&L bailout**

The U.S. Senate gave final congressional approval to the Competitive Equality Banking Act of 1987 by a vote of 96-2, and sent it to President Reagan, who has promised to sign it into law. Reduced to essentials, the legislation provides a terribly inadequate sum of about \$11 billion to the Federal Savings and Loan Deposit Insurance Corporation (FSLIC) with which to bail out the nation's bankrupted thrift institutions.

The bill had been approved by the House Aug. 3 by a vote of 382-12. It bails out the penniless FSLIC to the tune of \$10.8 billion over the next three years. The bill also:

- Prohibits creation of any more limited-service banks and curtails the growth of existing ones;

- Stops commercial banks from offering new security issues, insurance, and real estate products.

In a flight of fancy, Sen. Phil Gramm (R-Tex.) proclaimed: "Depositors from all over the country with money in savings and loans can be confident that those deposits are now good."

On the contrary, realistic estimates of the S&L crisis suggest that three to four

times the sum provided FSLIC would be needed to secure depositors' funds.

## **Labor Force**

### **Administration claims lower joblessness**

The report of the President's Council of Economic Advisers said that the unemployment rate for 1987 will be lower than 1986, and lower than previously thought, in a report issued Aug. 6. The claim was part of the council's annual revisions of official administration forecasts.

The CEA forecast said that the unemployment rate would average 6.2% this year, lower than the 6.7% forecast for 1987 last January. Between January and July, said the report, unemployment fell from 6.6% to 6.1%.

The chairman of the CEA, Beryl W. Sprinkel, said he was "squeamish" about some of the decline, which may have reflected seasonal factors. He forecast that unemployment figures for July, which were to be released later, would register a slightly higher unemployment rate.

## **Stocks**

### **London exchange drops 40 points**

The London stock exchange dropped 40 points in trading Aug. 3, as nervousness set in over a 6 billion pound stock-exchange settlements backlog. The official deadline for the settlements has now passed.

Under new City of London regulations, brokers must clear all buy-sell transactions each 14-day "settlement" period or their names and unsettled amounts will be made public. Presently, it can take some three months to fully clear records of who bought or sold what stocks.

Insiders report growing anxiety inside Britain over the fact that a significant percentage of London stock dealings since the October 1986 "Big Bang" deregulation are based on fraud or inadequate financial positions by brokers.

# *Briefly*

● **THE SPACE SHUTTLE** Discovery was tested Aug. 4, for the first time in more than a year, meeting a deadline set last January. "Significantly, we have reached our first milestone here in returning the Shuttle fleet to flight status," said launch director Bob Sieck. Discovery has undergone 84 of 190 planned modifications, with the rest to be done during flight processing.

● **THE SENATE** Environment Committee Aug. 4 approved a bill that would set a new cap on nuclear industry liability at \$6.7 billion and extend the Price-Anderson Act—covering existing plants and those under construction at a limit of \$705 million—for 30 more years. The House version, approved a week earlier, set a cap of \$7 billion for new plants and extended Price-Anderson for 10 years.

● **MEXICAN** manufactures fell 6.1% IN 1986 and another 8.3% in the first half of 1987, the planning ministry belatedly reported. The pattern is similar to Argentina, which also got a "special deal" from its creditors in 1986. By contrast, in Peru, manufactures grew by 12% last year and are still growing this year.

● **A JAPANESE** plan for a \$20 billion debt bailout for underdeveloped nations has not been finalized, say London sources, but it is believed that it will work through the International Monetary Fund and World Bank. The sources said that Japan is demanding Brazil sign with the IMF as precondition to get any money.

● **M. DANNY WALL**, the new chairman of Federal Home Loan Bank Board, said savings bank executives are going to have less influence over his agency than in the past. The FHLBB is the federal agency responsible for regulating the thrift industry. "It's going to be . . . hard for the agency to continue to be perceived to be too close to the industry it regulates," he said.

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## Advanced nuclear-pulsed propulsion for space travel

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*In the second part of Charles B. Stevens's report, he outlines the history of nuclear-pulsed rocket ship design and the potential for terrestrial technological spin-offs.*

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*Part I of this report on space transportation needs for Mars colonization (see EIR, Vol. 14, No. 31, Aug. 7, 1987), reviewed the general requirements and the most recent designs for interplanetary rocketships.*

Hermann Ganswindt, a German engineer, was the first to publish the concept of utilizing a series of explosions to propel a rocket. Ganswindt used dynamite as his rocket fuel. R.B. Gostkowski, a physicist, published a scientific review of this proposal in 1900. Dynamite charges were to be exploded one after the other in a chamber open on one side. Ganswindt, quite correctly, projected that the design was capable of reaching Mars and Venus, though the transit times would have to be in the range of several years for practical scale fuel loadings.

The first public proposal for nuclear-pulsed rockets was presented in 1946-47 Los Alamos Laboratory reports by Stanislaus Ulam, a leading mathematician working at the Los Alamos Laboratory, of Manhattan Project fame.

The Ulam concept utilized small fission bombs with yields equivalent to about one thousand tons of TNT—therefore, a kiloton bomb. The fission charges were to be ejected out the rear of the rocket at one a second and detonated at a distance of 50 meters from the base of the saucer-shaped ship. This “stand-off” distance permits the utilization of material reflectors which can withstand many such blasts, while simultaneously protecting the ship's occupants from being exposed to radiation doses.

Other early studies were carried out at the Lawrence Livermore Lab on internal systems in which the charge was exploded inside a spherical chamber connected to an exhaust nozzle. This led to the 1960s Livermore Helios design.

### Project Orion

The largest effort along these lines was carried out from 1957 to 1965 as Project Orion. The effort was first under the direction of the DOD Advanced Research Projects Agency (ARPA), then the Air Force, and finally NASA. The program was chiefly located at General Dynamics. The project was one of the first victims of the malthusian “post-industrial” policy, which fully blossomed in the late 1960s with the rise of its concomitant rock-drug counterculture. Project Orion was closed down in 1965 after spending a total of \$10 million. (Most other advanced space programs were shut down by the late 1960s to early 1970s, such as the NERVA space nuclear fission reactor rocket design. In fact, even before the Apollo landing on the Moon, the Johnson administration had moved to ban all significant NASA planning for a continued manned space program.)

The official reasons given for the shutdown were: 1) the recently signed nuclear test ban treaty excluded testing in the atmosphere or in space; 2) the inherently very large scale of the system made it difficult and costly to test; 3) the argument that the NERVA solid-core nuclear fission reactor engine was sufficient for both extended scientific robot probes and small, manned interplanetary missions; and finally, 4) the fact that only interplanetary colonization and interstellar probes demanded such high performance capabilities and these types of missions were no longer of interest.

Based on his work on Project Orion, Dr. Freeman Dyson took off-the-shelf technology, circa 1965, and designed a spaceship for interstellar travel. Dr. Dyson is currently at the Princeton Institute for Advanced Studies. He presented his interstellar design in an article for *Physics Today* in 1968.

The original Orion Project was based on designing a high

performance, small nuclear-pulse propelled probe for the solar system. The publicly released designs were based on ordinary types of atomic bombs. The main working components of the Orion ship consisted of a pusher plate and piston assembly, and payload compartment and shield. A small fission bomb would be injected every second or so to a position some distance from the backface of a large pusher plate. A portion of the spherical output of the fission bomb impacts on the pusher plate. This energy, consisting first of x-rays and then plasma bomb debris causes the pusher plate to move toward the rocket payload compartment. Large pistons connecting the payload to the pusher plate even out this explosive push forward and the resulting impulse to the rocket is conveyed in a time increment determined by the minimum piston length. The compressed pistons retain sufficient impulse to "push" the pusher plate back out to a maximum extended position, at which time another fission bomb is detonated and the cycle begins all over again. (See **Figure 1**.)

Nuclear bomb-driven pusher plate-pulsed propulsion suffers from three drawbacks: 1) The system must be relatively large in order to absorb a significant portion of the potential impulse available from the bomb output; 2) The fission devices must be relatively small and, therefore, in general, not achieve a high degree of "burn-up" of the fission fuel being utilized to achieve critical mass; 3) Only a small fraction of the total bomb output—that fraction represented by the solid angle created between the circular pusher plate and the point of detonation of the bomb—is transformed into impulse.

Ted Taylor and others developed innovative designs to decrease these drawbacks significantly. One example, as seen in the Los Alamos "Putt-Putt" design, was that of the utilization of nuclear-fission, fusion boosted shaped charges. These shaped devices produced greater burn-up—due to a small deuterium-tritium fusion fuel charge—together with an asymmetrical bomb output which permits a greater fraction of the total energy being converted into rocket impulse.

Actual scale-model tests were carried out with Putt-Putt designs utilizing chemical shaped explosive charges. Because these designs and tests were, and are still classified top secret, it is not possible to fully exclude the nuclear bomb-pulsed rocket as a practical option for early Mars exploration and colonization. A wide range of nuclear bomb rocket designs carried out in the 1950s and 1960s must be reviewed in light of recent developments to make any competent judgment in this regard.

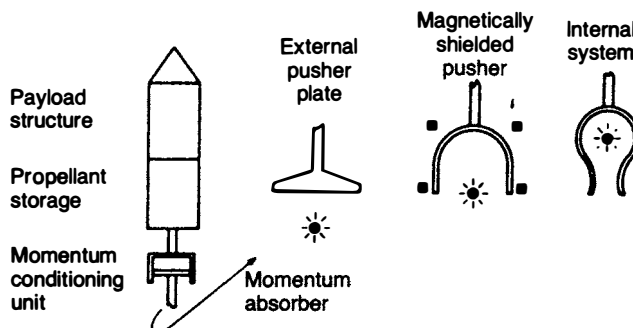
### Micropulse laser fusion rockets

With the realization that intense laser and/or particle beams could be substituted for nuclear fission explosions as a means of igniting nuclear fusion fuels, the possibility arose of efficiently making nuclear microexplosions, millions of times smaller than the minimum for high burn-up nuclear fission explosives, and obviously nuclear fission-triggered hydrogen bombs. (See **Figure 2**.)

This new possibility not only raised prospects for greatly decreasing rocket fuel costs through utilizing the readily available and quite economical heavy isotope of heavy water, deuterium, as the primary fusion fuel, but it also permitted consideration of utilizing magnetic lenses for capturing and directing the spherical output of the nuclear microexplosion. This greatly increases the fraction of the total nuclear burst energy being transformed into rocket thrust.

But magnet technology limits and rocket heating considerations determine a maximum size microfusion pulse that can be effectively utilized. In order to achieve better performance in this case, the pulse rate must be increased from the second-scale of the nuclear bomb pusher plate to hundreds through thousands of pulses per second. The maximum pulse rate will generally be determined by the essential characteristics of the fusion driver technology—the laser and/or particle beam—and its interface with rocket heating. The Strategic Defense Initiative program has already seen the realization of pulsed power technology permitting up to a hundred pulses per second of high energy, high power. Designs exist

**FIGURE 1**  
**Nuclear pulse rocket design concepts**

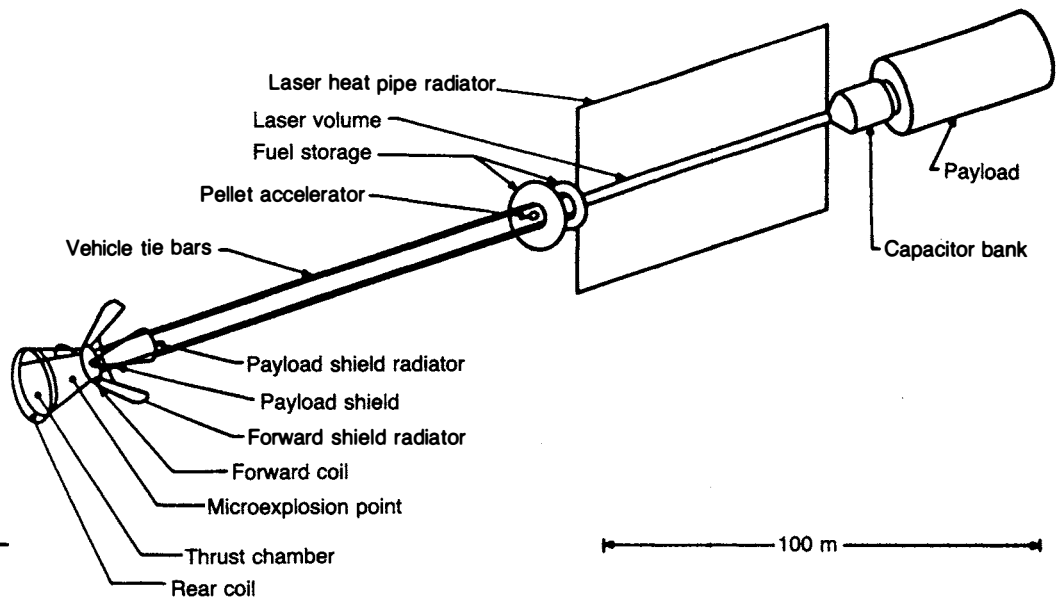


Three designs for nuclear pulse rockets have been proposed. These are shown above. In all of them, the main vehicle is assumed to consist of the payload and structure, the propellant, a momentum conditioning unit, and a momentum absorber. The designs vary in that the configuration of the momentum absorber is different in each case. It is assumed that an individual explosive device is ejected from the vehicle and detonated at the correct location. In the resulting nuclear explosion, a quantity of propellant is heated by the released energy and expands as a high-energy plasma, with some fraction interacting with the vehicle and giving it momentum. A large number of explosions take place, probably at equal intervals. The first to be developed is that of the external pusher plate, usually connected to a hydraulic system to smooth out the momentum. The next is that of a magnetically shielded pusher which, in general, must utilize microexplosions like those developed by laser fusion. The last, is an internal system in which the entire fusion detonation is contained and nozzled like a conventional chemical rocket.

Source: *Journal of the British Interplanetary Society*.

FIGURE 2

**Schematic layout of early Lawrence Livermore Laboratory laser fusion rocket**



*In this early Livermore design, the explosion frequency was 500 per second.*

Source: *Journal of the British Interplanetary Society.*

on the drawing boards for extending pulsed power technology to the kilohertz range.

The upgraded Hyde-Livermore design, utilizing fission multiplication and shaping of the original fusion pulse, as discussed in the Fuel Section of this report, could provide the baseline requirements for Mars colonization—above 70% g constant acceleration with a 486 ton rocket delivering a 50-ton payload to Mars within three days for close orbital positions.

**Basic requirements for nuclear-pulsed, high thrust interplanetary rockets**

Given an energy source which produces a thermal velocity in excess of the maximum required exhaust velocity of several thousand kilometers per second needed for 1 g, constant acceleration flight with reaction rockets to any point within the solar system, the chief parameter of rocket performance is given by the power-to-mass ratio of the rocket engine. This determines the payload that can be delivered at some given distance.

In general, to achieve maximum energy efficiency (which is the same as vehicle performance for a given rocket engine power-to-mass ratio) the rocket engine would generate an exhaust with minimal mass requirements, with an exhaust velocity matched to the velocity of the rocket between the two points of travel at 1 g, directly out the rear end with no resulting heating of the rocket itself.

Nuclear fusion and fission reactions have the required specific energies to achieve this goal quite comfortably within the confines of the solar system. The chief problems are:

- 1) scale; 2) heating; 3) generating a directed thrust; 4) minimizing the mass for ignition of the nuclear fuel; 5) nuclear fuel economy.

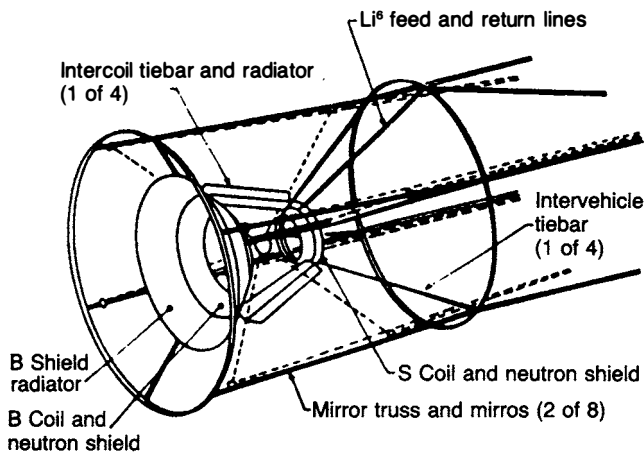
The first is indicated by the Dyson Orion design which can meet the performance requirements with technology circa 1968 and the entire Soviet inventory of hydrogen bombs. It would deliver hundreds of thousands of tons of payload to Mars at a constant 1 g. But it is too large and utilizes the nuclear fuel too inefficiently. (However, more detailed study of this is required to make a complete determination.)

The heating problem consists of keeping the temperature of the exhaust low to prevent copious amounts of x-ray generation (*bremmstrahlung*)—railgun accelerated kinetic energy weapons (KEWs) would be ideal if two conditions could be met: 1) sufficiently high velocities; 2) low heating of the railgun during projectile acceleration—keeping the fraction of escaped neutrons and gamma rays to as low a fraction as possible.

Directed thrust is intertwined with all of these major questions. For a spherical, thermal plasma exhaust source magnetic nozzling is apparently most efficient, according to Hyde's analysis. But in the case of nuclear explosives, the minimal pulse size is too large. Hyde extrapolated superconducting technology to its maximum scale and found a maximum spherical pulse size of 2 gigajoules. (There is a lot of room for improvement here with magnetic plasmas replacing the magnets and the possibilities of new room temperature superconductors, though it is not yet clear whether they will provide better peak fields.) This is far less than the kiloton (4,000 gigajoules) of Ulam and the more recent British Dae-



FIGURE 3



Blow-up of early Lawrence Livermore Laboratory laser fusion rocket, showing magnetic thrust chamber configuration.

dalus interstellar spaceship study, and, the megaton-scale of Dyson. Dyson and Ulam therefore utilize lower efficiency pusher plates. (See Figure 3.)

The size of a single magnetic coil is limited by the peak field. Otherwise the pulse would scale, as a first approximation, as the square root of the mass, of the magnet. Adding more magnets, adds a geometrically significant increase in heat load and the pulse scale would then tend to scale as the mass, giving little net benefit when all other considerations are reviewed.

Laser fusion plasmas must generally have a spherically symmetric output if high gain is to be maintained. Any shaping of the fusion output would incur greater losses from lower gain-performance. There are possibilities with high gain shaped outputs from spin polarized fusion fuels. (All atoms and nuclei have spins, like that of the earth's daily rotation. Only nuclei which have proper spins can undergo nuclear fusion. By aligning the spins of the fusion fuel, it therefore follows that the reactivity of the fuel can be substantially increased. Also, the fusion reaction products come out in a more directed, that is, not isotropic, fashion. Spin polarization can be achieved either with low-energy laser pulses and/or high magnetic fields and cryogenic temperatures.)

Spin polarized fusion targets are just now beginning to be realized and their full impact cannot be known until crucial experiments have been carried out. A second major, potential impact of spin polarized fusion, besides that of asymmetrical, "shaped-charge" outputs, would be the suppression of neutron-generating fusion reactions. This could substantially reduce the waste heat problem and lead to the use of deuterium-helium-3 fuel. Proposals for mining helium-3 on the Moon

are currently being evaluated. The prospects for utilizing this approach to "neutronless" terrestrial fusion power plants at the beginning of the next century look quite feasible, as the initial studies have shown. Fission explosives can be shaped in terms of output, but this incurs even a higher fuel efficiency penalty than the penalty of utilizing small fission charges to begin with—i.e., even less of the fission fuel is burned up.

The question of minimum mass needed to ignite the nuclear fuel is a crucial one. The Hyde rocket could be increased in performance by simply increasing the pulse rate from 100 to 1,000—which is about the maximum for ICF pellet explosions in magnetically nozzled rockets. But for the frontier-of-the-art design, circa 1983, that Hyde utilized for his ICF laser driver (a KrF excimer laser system), increasing the pulse rate requires increasing the number of lasers, and they constitute a significant fraction of the rocket engine weight, so no major benefit results.

ICF was first demonstrated with the realization of the hydrogen bomb in the early 1950s. But the H-bomb requires relatively large outputs from an atomic fission bomb. This large "driver" input requires a large fusion output in order to achieve high gain. By substituting a small, though higher power-density, laser or particle beam pulse for the atom bomb, minute quantities of fusion fuel can be "burned up" with significant energy gains.

Micro-ICF has made substantial progress in the past few years, as noted by the recent National Academy of Sciences ICF review. This report notes that experiments to demonstrate high gain ICF pellets needed for power plants will be carried out over the next four years. Apparently, these experiments utilize small fission bomb detonations, contained within a vacuum vessel. The lasers and particle beams needed to produce the equivalent driver outputs are being developed by the SDI program, and will also be ready within the next five years.

New, electron-beam sustained discharge-pumped KrF technology may provide the key advance for both power plants and ICF rockets, though this system is at a preliminary stage of development for terrestrial laser fusion reactor applications. We have not yet reviewed their specific features for providing low mass, high operating temperature ICF rocket drivers. Another possibility is that of light ion, pulsed power accelerators being developed at Sandia. Within the coming year, the Sandia program should be capable of demonstrating low gain pellets and maybe even high gain ones.

In terms of fuel economy, deuterium is quite cheap and readily available. Fissile fuel is also relatively cheap and will get cheaper with the advent of fusion hybrid fission fuel breeders. But if the fissile fuel is not efficiently burned and converted into thrust, fuel economy becomes a bottleneck.

### Estimates on the Hyde classified design

The most glaring omission from the Hyde paper is any evidence of looking at the possibilities of shaping the exhaust

output through energy deposition into the non-fuel exhaust mass. John Nuckolls of Lawrence Livermore National Laboratory first discussed the possibility of utilizing the "results of four decades of weapons work" for achieving more advanced laser fusion power plants in the fall of 1983, long after Hyde's paper was put together and received clearance for publication.

Nuckolls's chief point was that the fusion pellet could be placed inside a pill-shaped mass of lithium. The geometry of the pill and the resulting deposition of most of the fusion energy in the form of neutrons would produce two, oppositely directed plasma streams. And this would be ideal for more advanced MHD electric conversion systems.

The same concept directly applies to nuclear pulse spacecraft—even more so—and has been discussed publicly by the former weapon designer, Ted Taylor, for fission bomb powered rockets.

One possible key to this omission and other anomalies in the Hyde and the later Orth et al. paper could be readily resolved by assuming that the classified Hyde design utilizes primary fission energy in shaped charges driven by a low yield DD pellet.

The characteristics of such a modification probably implies a net increase in performance of the rocket, the power-to-mass ratio, by an order of magnitude or more. It also explains why Hyde decided to add a large shield mass to supposedly breed tritium; why Hyde assumes a thousand gain, when about 200 is the present projected maximum at 2 megajoules laser inputs for DD pellets; why Hyde does not discuss shaping the energy distribution in the non-fuel exhaust added mass.

Designs for high energy gain fission blankets to be placed around fusion plasmas are widely discussed in great detail in the open literature. Gains of 100 or more are readily obtainable—i.e., 100 times more fission energy than fusion energy generated. In this case the thrust energy of the rocket would be 100 parts fission to one part fusion.

Utilizing geometric shaping of the fissile material, the spherical output of the fusion energy can be transformed into a directional output and multiplied at the same time. In this way the thrust can be increased by orders of magnitude per pulse without going beyond the magnetic field nozzle's limits. Also, numerous nuclear weapon tricks abound to improve the performance of this type of approach.

Contrary to the specifications given above for a pure fusion pulsed rocket, in this case, maximizing the neutron output and having a large x-ray output are quite beneficial. DD gives the largest neutron output in terms of numbers of neutrons per yield energy. It also produces copious x-rays.

### **Outline of ICF-driven fission pulsed rocket design**

We begin with a small, spherical ICF DD fusion plasma. The initial energy output that objects with a significant stand-

off—tens of centimeters—see, is the x-ray output. This is quite useful. The x-rays provide a means of ablatively compressing materials to higher densities and in particular, light neutron moderating materials like hydrogen. This compression to higher densities increases the "rho-r" of the material and thus leads to much higher performance per unit mass of the material at a rate proportional to the density squared.

A conical-shaped blanket for fission energy gain and shaping is placed in position behind the pellet—to the rear of the ship. This cone consists of layers of: 1) beryllium which multiplies the neutrons through (n,2n) reactions; 2) hydrogen for moderating neutrons to lower energies; 3) plutonium for producing the fission yield. The performance of each of these layers per unit mass is vastly improved through ablative shock compression with the fusion plasma x-ray output. It is not essential that the layers have a direct line-of-sight to the fusion plasma in order to achieve the maximal shock ablation at the proper time. As Friedwardt Winterberg's book, *Physical Principles of Thermonuclear Explosive Devices*, Fusion Energy Foundation, 1981, gives in detail, one can shape and reflect x-ray pulses to some extent.

On the side toward the rocket, the surrounding layers are made up of materials designed to first moderate and then maximally reflect the neutrons back through the fusion plasma and into the conical fission gain blanket.

The net result is a high overall, directed energy output achieved with a high fissile fuel burn-up without the need of utilizing large fissile fuel masses needed for critical assembly. It is the fusion multiplied neutron flux which burns up the plutonium, though a significant portion of the gain is due to secondary fission generated neutrons.

The magnetic nozzle, despite an overall thrust increase per pulse of 25 or more, is not stressed since this increased output is shaped to go out the rear of the rocket.

The one significant penalty which this configuration incurs is a major increase in the gamma ray energy fraction due to neutron induced gamma outputs. But this could explain the large shield that Hyde adds to his rocket to breed tritium. It appears to be more than sufficient for bearing the increased gamma load. It may even be that the classified version includes some measure breeding of fissile fuel, though, at first glance this seems unlikely.

The performance of the rocket could be greatly enhanced. For example, up to 1 g average accelerations with 50-ton payloads to Mars at a range of 100 million kilometers could be a realistic capability. Larger payloads at smaller accelerations, or shorter ranges would also result.

### **Terrestrial applications**

Given that the Hyde-Daedalus debate has led us to this new possibility, what are its implications, if any, for terrestrial applications of fusion? The implications are immense. In the first approximation, the greater output provides more raw energy per unit of laser fusion driver. But far more

significantly, the fission output can be shaped and directed into high temperature plasma jets. This provides the immediate basis for very efficient, readily achieved MHD conversion. And this means that we are increasing the output per unit of laser fusion driver without increasing the load on other plant elements. In fact we could eliminate other plant elements such as primitive thermal cycle turbines.

Overall this could lead to much greater gains in economy than projected publicly by John Nuckolls for pure fusion-pill shaping. He projected that fusion would cost up to 50% less than existing nuclear fission and coal sources.

Detailed reactor designs must be complete before a full estimate is given. The one thing that appears immediately possible is to breed more fissile fuel than one burns. In this way the overall economic cost of processing the nuclear debris, once its energy has been extracted through MHD, could be greatly reduced. Another preliminary and general observation would be that the shaping of the output would permit plant module units on the order of that of the rocket—5 terawatts-thermal, 3 or more terawatt-electric.

### **Reactor design considerations**

Dr. John Nuckolls, currently Associate Director for Physics of Lawrence Livermore National Laboratory in California and one of the leading pioneers of inertial confinement fusion, notes in passing, in his review of the 1983 projections for the ultimate potential of fusion energy, that if the fusion microexplosion could be transformed into a directed plasma burst, as opposed to a spherical output, important technological and economic benefits could be derived. One way suggested by Dr. Nuckolls for achieving this was to surround each fusion pellet with a pill-shaped configuration of lithium. The advanced, high gain classified fusion pellets are already designed to be in an enclosed chamber, which is called a hohlraum and/or cannonball. A few holes to the interior of these enclosures provide one-way paths for incident laser beams. Therefore, it is generally regarded that a further enclosure within a lithium pill will not encounter any significant penalty.

The pill shape leads to the transformation of the spherical fusion energy output, which is primarily in the form of neutrons for DT pellets, into two oppositely directed plasma jets. Geometrically, the deposition of the neutrons within the pill leads directly to this shaping of the fusion energy. This also leads to a reduction in the neutron flux hitting the reactor's first wall. And neutron fluxes cause significant materials damage in the first wall which necessitates costly replacements of these first wall, during the lifetime of the reactor.

Livermore has developed a lithium "waterfall" and other similar designs which place a layer of lithium between the pellet microburst and the first wall. This greatly reduces the neutron flux and resulting wall damage leading to first wall lifetimes on the order of that of the power plant—about 30 years. The shaping pill further decreases this neutron damage

and may increase the performance of such reactor designs in the following way. The directed plasma output of the shaped pill could permit reestablishment of the lithium "waterfall" configuration over shorter increments of time. This reestablishment of the "waterfall" controlled flow is one of the major factors limiting repetition rates—number of fusion microbursts per second—within the reactor chamber. Doubling the repetition rate, holding everything else equal, leads to a doubling of the power plant output.

Nuckolls has also noted that the shaping can greatly enhance the efficiency and technological feasibility of MHD conversion cycles. Normally MHD channels utilize "thermal" plasmas. With a large portion of the fusion energy residing in the macroscopic velocity of the plasma jet, MHD conversion can be greatly improved. Less plasma intersects and corrodes the MHD channel wall. Nonlinear effects permit greater extraction rates. The net result is a much more efficient, economic, and technologically feasible direct conversion of fusion energy output into electricity. Entire sections of what constitutes electric power plants today—such as the thermal cycle turbines and heat exchangers—can be removed. As Nuckolls details, a significant reduction in power plant capital cost per kilowatt electricity generated can be achieved.

### **Fusion driven fission shaping and multiplication for terrestrial power plants**

With consideration of the fission shaping and multiplication modification considered for the Hyde rocket above, the possibilities raised by Dr. Nuckolls for shaped microfusion-power plants increase by leaps and bounds. The fact that one is multiplying while shaping greatly increases the degree of directedness that can be attained. And when it is considered that within a terrestrial power plant, breeding of fissile fuel can be achieved at the same time, the entire actual energy output then derives from fusion. The shaped fusion-fission hybrid microexplosion would simultaneously generate sufficient tritium and fission fuel to keep itself and possibly others well stocked. The chief fuel inputs would then be cheap deuterium, and cheap, readily available uranium-238 and/or thorium.

The greater degree of directedness could substantially reduce the required capital-inputs per kilowatt of electric output of these types of power plants. In terms of the optimal scaling discussed for the case of rocket engines—DD pellets driven with two megajoule laser pulses and generating 160 megajoule fusion burst outputs—the optimal-size power plants would run in the region of terawatt electric outputs. This is about equal to the energy being generated by the entire world's stock of power plants today!

Conceivably, the single fusion-driven fission hybrid could be constructed at a cost roughly equal to today's gigawatt-scale plants. More realistically, the electric power costs would only be reduced by a factor between 10 and 100.

# LaRouches express solidarity with NATO ally Turkey

by Thierry Lalevée

A 72-hour visit to Ankara, Turkey, which began on July 28, by U.S. presidential candidate Lyndon H. LaRouche and Helga Zepp-LaRouche, chairwoman of the Schiller Institute, opened the way for better relations between the United States and Turkey, the most important country of NATO's Southern Flank. "Turkey has been a heroic nation since the times of Kemal Atatürk; it is an important state," said LaRouche in an interview with a Turkish paper. "I thought it important for some people of influence from the United States to come here and express solidarity with Turkey," he told another interviewer. "The strength of Turkey's economy, the stability of Turkey's culture, the influence of Turkish-Islamic culture throughout the entire region as a moderating force . . . are in the interest of the United States to protect."

During their stay, the LaRouches held a series of private discussions with Prime Minister Turgut Özal, Minister of Foreign Affairs Vahit Halefoğlu, Defense Minister Zaki Yavuztürk, and other officials. They also gave several interviews to Turkish publications, and visited the mausoleum dedicated to the founder of the modern Turkish state, Mustafa Kemal Atatürk.

The visit concluded on July 30 with one of the best-attended press conferences ever in Ankara's Grand Hotel. More than 30 journalists, representing all of the Turkish media and numerous international agencies, gathered to hear LaRouche sum up his trip.

The visit occurred only a few hours after the departure from Ankara, for Athens, of U.S. Undersecretary of State Michael Armacost and State Department Cyprus specialist James Wilkinson. The timing of the LaRouche visit served to underline the message that Turkish officials wanted to send loud and clear to Washington. Armacost refused to make any commitments on any of the fundamental issues affecting the two countries, and especially on the economic and military assistance which had been cut by Congress.

As one journalist told LaRouche, as soon as his visit became known, by July 29, phones started to ring nonstop between the State Department and the U.S. embassy in Ankara, headed up by Ambassador Robert Strausz-Hupé, all express-



Turkish Prime Minister Turgut Özal (second from right) receives Lyndon LaRouche and Helga Zepp-LaRouche in Ankara. LaRouche commented after the meeting: Even if we had said nothing to one another, it would still have created an uproar in capitals around the world.

ing shock and amazement at the visit. Networks and contacts were mobilized to find out what LaRouche was up to. Hours prior to the LaRouche press conference, his visit received front-page coverage in the Turkish press. On July 30, the daily *Hurriyet* announced, "LaRouche Meets with Özal, Hal-efoğlu", while the daily *Milliyet* announced that LaRouche had come to Turkey on "a fact-finding mission on American-Turkish relations and the situation of the Southern Flank of NATO."

### LaRouche's press conference

*We publish here the text of LaRouche's opening remarks at the July 30 press conference, followed by excerpts from the question and answer period. In our initial coverage of the visit last week, we selected highlights from LaRouche's interchange with the press concerning Greek Prime Minister Andreas Papandreou and the "Greek Lobby" in the United States. Now, we take up some of the other issues raised in the question period as well.*

I cannot discuss what I said to Prime Minister Özal, the foreign minister or the defense minister, or in some private meetings. It would not be proper for me to discuss the contents of them. But the circumstances under which I am here, I can discuss and shall discuss.

But I would like to say first of all one thing, which, I think, many of you will understand, and I shall speak with as much delicacy . . . on the internal affairs of this country, for I do not want to meddle in the relations of this country's government to my State Department. However, as a pres-

idential candidate, I am free to say some things and I should say them. You understand me.

On the subject of Prime Minister Andreas Papandreou: I have a dossier, which includes material on Andreas Papandreou, which covers a period of about 50 years. The name of this dossier is the name of one Michel Raptis, R-A-P-T-I-S, also known as Michel Pablo. Michel Pablo was for some time and still is supposed to be a leader of an international Trotskyist organization. He met Trotsky on the boat, coming out of Russia from exile in 1930. He has been the controller of Andreas Papandreou since the 1930s. Both of them come from Alexandria, Egypt, where George Papandreou was a British agent; Andreas is of a different nature.

In 1967, as you recall, as it always happens in postwar history of Greece, there was a Cyprus crisis. The way you change the government of Greece, is to have a Cyprus crisis. This led to the junta. Andreas Papandreou was left in Canada, sucking on whiskey bottles, which were temporarily full, at the time when he began sucking on them. The whiskey bottles were provided by Mr. Raptis and his organization. Mr. Raptis's organization was then known as the Greek Communist Party of the exterior, the KKE. This included people like George Votsis, the Arsenis brothers, Theodorakis, the actress Melina Mercouri, and others, who are now featured in the government of Mr. Papandreou. I knew at the time, that this organization, Mr. Papandreou's organization, was controlled by the Soviet KGB. Thus we know, that the government of Mr. Papandreou in Greece is controlled by the Soviet KGB, by a certain section. I don't

want to go into technical details.

We know, that we are now in the process of another round of attempted destabilization of the entire eastern Mediterranean, which includes the prospects of certain powers' attempts to create incidents, which would destabilize Cyprus as a part of a chain reaction in the Middle East. We also know, the same powers are involved in efforts to escalate a destabilization of Yugoslavia to create a new Balkan crisis. At this time, therefore, with a crisis in the Persian Gulf, Turkey is in the middle of a very dangerous situation in the Middle East. I thought it very important, particularly because of the confusion which temporarily exists in my own government, that presidential candidates of the United States, who put great value on the continued cooperation between Turkey and the United States, should if possible be present in Turkey to demonstrate, that there are some people who may be shaping the future foreign policy of the United States, who are committed to a close relationship to Turkey. That's the reason I'm here.

I wish other presidential candidates, who also believe in that policy, would also be here, to demonstrate the friendship of the future government of the United States to Turkey.

**Ankara News Agency:** Regarding your allegations against Mr. Papandreou, and knowing from what I have read in the United States, that you are very anti-Soviet, do you plan, in the future, to be a sort of spokesman for Turkish interests in the United States?

**LaRouche:** No, not particularly. Not as a lobbyist for Turkey. I would represent, to the degree I'm able to, as a U.S. political figure, I would represent what I understand to be Turkey's interests, in a sense that the United States must understand Turkish interests, as it must understand also those of every other nation in the world. And the United States must recognize certain things which are in Turkey's interest, *because* they are in Turkey's interest, are in the interest of the United States. For example, let me get very concrete in this respect.

Everybody knows about the military question. So I don't have to concentrate on that. People are talking about military questions too much these days. In war and conflict, 80% or 90% of even a full-scale war, of the effort, is not lethal force; 80% or 90% of the effort in war or guerrilla war is devoted to cultural efforts, political efforts, economic efforts. . . . But the problem is, that even where people in the United States understand Turkey's military needs, we do not understand adequately, that Turkey has cultural needs in the region, has political interests in the region, has economic interests in the region. The strength of Turkey's economy, the stability of Turkey's culture, the influence of Turkish-Islamic culture throughout the entire region as a moderating force—throughout a region that is being destabilized by what is called Islamic fundamentalism—is in the interest of the United States to protect. . . .

Yes, everybody is talking about the fact that we don't ship weapons, or we don't supply this kind or that of military aid. I agree that we are derelict in that. But where we are really derelict, is in this 80-90% culture, politics, economics. And our government has recently not understood the importance of culture, politics, and economics in the strategic equation.

**Toronto Star:** What is your position on the Queen and drugs, and the IMF [International Monetary Fund] and AIDS?

**LaRouche:** You throw out a lot of questions all at once. They're not a package, they're all quite different. . . .

The only question on AIDS, is that it is being misrepresented as a sexual disease. It is not a sexual disease. It is a blood disease, transmitted by one of several varieties of human-specific retroviruses. The thing is rapidly evolving, so we don't know how many more we're going to be getting. The disease spreads, as any other highly deadly communicable disease spreads. If you add up all the vectors involved in spreading AIDS, you come down to the fact that poor nutrition and poor sanitation and poor conditions of public health in general are the factor in spreading AIDS.

So it comes down to the same old thing as with diphtheria, or any other highly communicable deadly disease. The dirtier the area, the more poorly fed the people, the poorer the medical services, the greater the spread of the disease. And in a tropical disease belt, where the factors are bad, then you have a lightning spread of the disease. If you live in a modern industrialized country or, like here, in the upland, with decent sanitation, and you are well fed, you are less likely to catch the disease.

The policies of conditionalities of the IMF, which have gone beyond the normal rights of lenders and have gone into areas which were taken up in Shakespeare's "Merchant of Venice," of looking for the pound of flesh and blood together, of nations, by dictating their policies to them, have imposed upon developing-sector nations, in particular black African nations, conditions which have fostered the spread of all kinds of epidemics, as well as famine conditions.

A state of affairs now exists in black Africa, that probably within the first generation of the next century, the black African population could very well be extinct from a combination of about three varieties of AIDS, or three species of AIDS infection, and various other kinds of diseases. Among the urban educated strata of a number of black African countries, we have 30% infected! This is among professionals, military professionals, and so forth. Thirty percent infected! This means that these countries are doomed, biologically doomed, and while AIDS is not caused by the IMF, IMF conditionalities and similar conditions have brought about conditions of famine and epidemics, which have fostered the spread of AIDS. People are dying of AIDS who would not have died of AIDS, but for these kinds of conditions.

It's an old principle—some Calvinists don't agree with me, particularly radical Calvinists, and of course those who don't agree with me believe in Adam Smith, who of course, was one of the first drug lobbyists. But I believe that we are, each of us, accountable to God for the condition of mankind. And we are specifically accountable to God for those actions or omissions which are within our power, such that if I adopt or support a policy which leads to increasing the death rate in a certain country, I am as guilty of murder as Adolf Hitler, because I should have known better.

And when the IMF demands conditionalities policies, which impose upon countries increased death rates, through poverty and lack of sanitation, then I say the IMF, and the IMF officials involved, are going to have to face the standard of Nuremberg. They are officials. They should have known and could have known that the policies they promote create increased death rates in developing countries. And therefore, as we say in the United States, they are as guilty as hell, in that sense.

I find nothing ridiculous in that. As a matter of fact, I would find it criminal and immoral for anyone to deny that the IMF is fostering the spread of AIDS. Because we have the history of public health, in European history, which shows us that whoever supports policies like the IMF conditionalities policies is a mass-murderer in that specific sense, as Adolf Hitler. . . .

**Washington Post:** Are you planning to visit other countries? Are you on a swing through the area?

**LaRouche:** I do not play this kind of game, like the other candidates. You know, when they call the other Democratic Party candidates the Seven Dwarfs, I think it's an insult to dwarfs! I do not believe in these kinds of relations, I'm a serious statesman. I came here, because I thought there are certain countries that I have to visit, but it is on very specific business. I am in no sense on a general swing, and I do not believe in those kind of publicity stunts. Besides, it is much more fun for me to do things quietly, and let people find out that I have done it afterward, as in this case, than to run these publicity stunts.

Don't you realize, what fun it is? The prime minister and I meet, we are sitting in a room and we realize that if we had said nothing, we would cause a turmoil in capitals; the Soviet government would be asking questions; other people, news people, would be asking questions; we could have sat there and said nothing to each other, and we could have the greatest fun imaginable. And I do think that way, as you may have divined in following earlier aspects of my travel.

No, there is no general plan. I have a number of specific countries that I should visit during the course of the summer, but it is on very specific, concrete pieces of business. This thing came up because, as I indicated in my opening statement, there is a very special situation here, and I thought

somebody ought to stand up on their hind legs and say, "Well, there are some people in the United States who believe in the Turkish relationship."

**Anatolian News Agency:** You have called for an increase in American presence in Turkey. Would you also like to see American radio stations operating in this country?

**LaRouche:** No, radio stations and TV stations, no. I think our radio and TV are terrible! I think it would do damage to the cultural. . . .

**Anatolian News Agency:** No, I mean operating in this country, but broadcasting for the Soviet Union. . . .

**LaRouche:** Don't let me mislead you with my answer. You see, I don't think that the United States ought to have an empire. I don't believe in empires. Anybody who wants to start an empire, is going to have a lot of trouble with me. I don't like empires. I believe in a system of sovereign nation-states. As far as I am concerned, I don't want the United States dictating to the government of any other country what its policies should be—except to enemy countries. If an enemy country wants to attack the United States, then I'll dictate, like we do to Mr. Khomeini, that there are certain things that we won't put up with.

But a legitimate country, it should do everything for itself. I don't want more U.S. military forces here, unless Turkey wishes them to assist them. I don't want more U.S. presence here, in terms of corporate or government presence, unless the Turkish government requires that, as a friend requiring of a friend, some kind of cooperation.

I'm concerned with Turkey, in particular, to strengthen Turkey's ability to take care of all of its own problems. But we, as the United States, have the right and obligation to offer Turkey technology transfers, for example, capital equipment, access to modern technologies, the favorable conditions of borrowing for projects which are necessary for Turkey's future, things of that sort, and to assist Turkey in various ways. I think we should have an increased U.S. presence, but not an increased imperial presence, but an increased U.S. cooperative presence in the region.

**Turkish journalist:** Where will you be traveling from here?

**LaRouche:** Oh, I'll go back to Europe, back to Germany, perhaps—never know where I'll turn up, from week to week over the course of the summer. I've got a full intensive schedule of campaigning in the United States, beginning after Labor Day of this year—the first Monday in September—so I'll be in the United States, and I'll be campaigning—my style—not like the other fellows, who are mostly running as stand-ins for Ted Kennedy. Gephardt is running for Kennedy, Dukakis is running for Kennedy, Gore is running for Armand Hammer!

But anyway, I'll be out there, talking to American citizens, as a presidential candidate is supposed to.

# Will the U.S. State Department wreck relations with Turkey?

by Thierry Lalevée

Not only did the July 25 visit of Undersecretary Michael Armacost to Turkey *not* help to better relations between the two countries; it had the direct result of worsening the regional crisis. Turkish officials have been stressing recently that American-Turkish relations are fundamentally good, but that “alien factors” have been intervening in recent months, leading to a steady deterioration. These factors include:

- the decision of the U.S. Senate in May to pass a resolution in favor of an “Armenian Day,” condemning the alleged massacre of Armenians by Turks during World War I;
- Congress’s rejection of a \$125 million additional package of economic aid to the country;
- the systematic reduction of yearly economic and military assistance to Turkey, down to \$579 million, with more cuts expected.

Such recent developments, which led to the cancellation of the state visit of Turkish President Kenan Evren to Washington, are calling into question long-term agreements between the two countries. At stake is the economic and military future of Turkey as a sovereign and independent nation, as well as NATO’s entire strategy for its Southern Flank.

## ‘The forgotten ally’

A study recently published by the New York Council on Foreign Relations was titled “America’s Forgotten Ally: Turkey,” and that is unfortunately the case. Despite efforts by the Turkish government, including the invitation of some 85 congressmen and congressional aides to the country, little is actually known either in the United States or in Europe about Turkey and its relation to the region. In particular, there is little understanding of the war of independence, which was fought from 1919 to 1923 by Gen. Mustafa Kemal, later called Atatürk (“Father of the Turks”), to transform the former center of the Ottoman Empire into a modern nation. An Ottoman general, Kemal had opposed the decision of the “Young Turks” who seized political power in 1909, to lead the country into World War I on the side of Germany. He insisted at the beginning of the war, that this was a British plot, aiming at paving the way for the dismemberment of the country.

The 1916 Sykes-Picot agreement had mapped out the dismantling of the Ottoman Empire and its division among France, Britain, and Russia. According to the 1919 Treaty of Sevres, the Turkish coasts were to be shared by Greece and

Britain; Armenian and Kurdish entities were to be created as buffer zones between Russia and Britain. The Turks were to remain within the Anatolian hinterland. As the terms of the Treaty became known, and were to be accepted by the Ottoman Caliph, Mustafa Kemal launched a war of independence, both against the Ottomans and the remains of the “Young Turk” movement—most of whom had fled into exile—as well as against the British and Greek combined military forces. After four years of war, the powers of the Entente were defeated. A new treaty, the Treaty of Lausanne, was imposed in 1923 by Atatürk. It confirmed Turkey within its present borders, underlining the Turkish right not only to control both sides of the Bosphorus, but to concretize its commitment to Europe by retaining the eastern part of Thrace.

All of the countries in Europe which had accepted the terms of the post-World War I imperial treaties, from the Treaty of Versailles to the Treaty of Neuilly, plunged into further crisis. Within a decade, Italy, Central Europe, and the Balkans were led by fascist dictatorships. Turkey alone retained and developed a new democratic system. Together with Iran’s Reza Shah and Afghanistan’s Nadir Shah, it shared a commitment to lift the region out of the backwardness that centuries of decadent Ottoman rule had imposed, notably to break with religious fundamentalism.

A crucial step was achieved in 1928, when Atatürk launched his linguistic reforms, abandoning the Arabic script in favor of the Roman alphabet—a move which is still protested today by the followers of Ayatollah Khomeini. Indicative of the anger that Atatürk still provokes among the fundamentalists, was the refusal of Iranian Prime Minister Moussawi to lay a wreath at Atatürk’s mausoleum during his June visit to Turkey!

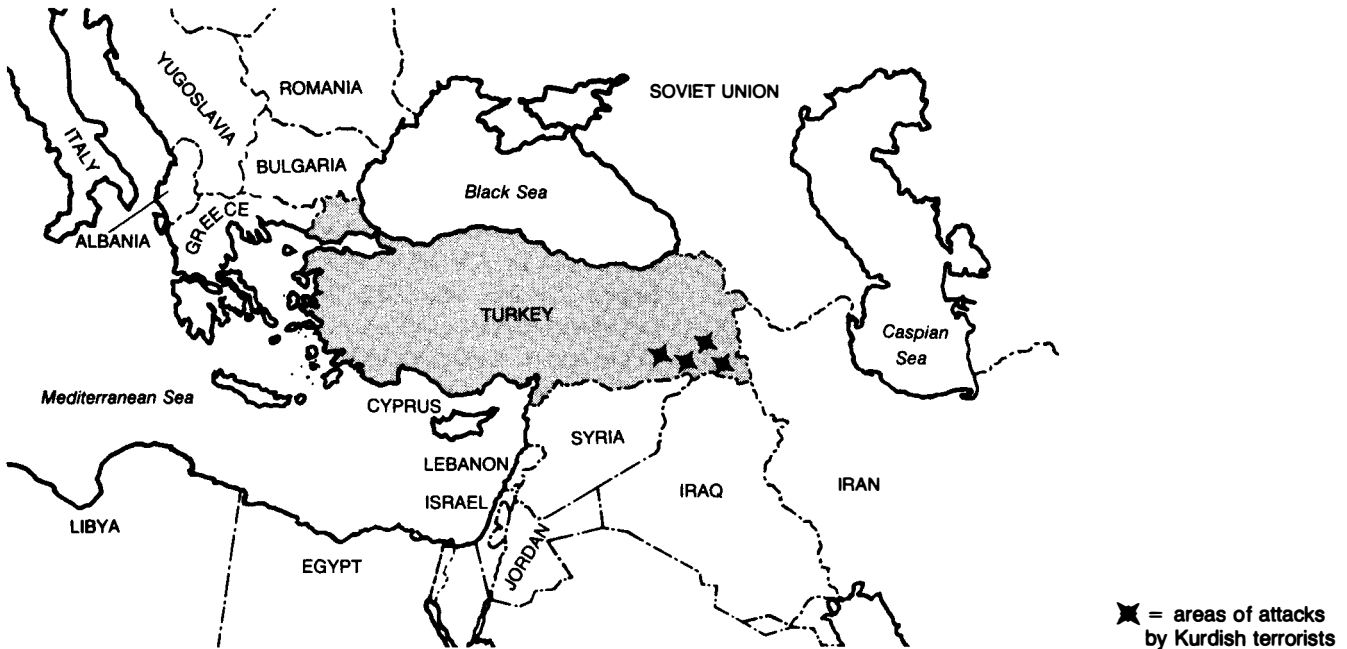
Turkey is a poor country, with a per capita income lower than Portugal’s. However, the war of independence led by Atatürk instilled in the population a sense of national identity and national destiny. This was displayed during the Korean War, when the Turkish contingent sacrificed itself to prevent the American troops from being overwhelmed in the last offensives, and when Turkish soldiers proved that they, alone, had successfully resisted Korean brainwashing methods.

## Turkey’s strategic position

This history is directly relevant to the present situation. Because of its geographic location, Turkey would have been



## Turkey's strategic position



a natural choice to become a neutral state between East and West, or to fall under a status of "Finlandization." Its land border with the Soviet Union of 610 kilometers is complemented by its sea borders along the Black Sea, close to 2,000 km in length. It has an additional 269 km of borders with Warsaw Pact member Bulgaria, and 877 km with Syria. Its borders with Iran and Iraq are also insecure, as the two countries are embroiled in a war which is continuously spilling over their respective borders. It shares a 212 km border with Greece, a nominal member of NATO, which, however, announced on July 10 that it was withdrawing two armored brigades from its borders with Bulgaria, because the threat "doesn't come from the North, but from the East"—meaning Turkey! Yet, because of Turkey's commitment to Western Europe, which was one of Atatürk's fundamental choices, it has been a member of NATO since the beginning. A look at a map underlines the importance of that alliance, and how, more than any other member of NATO's Southern Flank, Turkey stands between Russia and its imperial dream of making the Mediterranean into a Russian *Mare Nostrum*.

For the very same reasons, Turkey has become the target for multifaceted destabilizations which are run directly or indirectly by the Soviet Union. Throughout the late 1960s, until the Sept. 12, 1980 military coup, Turkey was the theater of one of the bloodiest terror campaigns in the West. With seemingly no other rationale than sheer violence, the terror wave actually achieved two aims: disrupting and almost paralyzing the economic development of the country, and thereby weakening Turkey's ability to defend itself. Since 1984, it has been faced with renewed Kurdish insurgency led by the

Kurdish Workers' Party" (PKK) of Abdallah Ocalan. More than 200 civilians have been killed since January of this year, in bloody massacres reminiscent of the *modus operandi* of the Shining Path in Peru. A typical example of Soviet-sponsored irregular warfare against a NATO member, this terrorism is still considered "purely internal" by most NATO members, which are blind to the fact that the creation of a Kurdish entity would give Russia its centuries-long dream of a direct overland connection with Jerusalem, through Syria. Worse still, members of the European Parliament voted in mid-June in favor of a resolution warning that Turkey would not be admitted in the European Community, unless it recognized the "Armenian genocide" and began "respecting the human rights" of the Kurds! Two days later, on June 20, PKK terrorists lined up and executed 30 villagers from Pinarcik in southern Turkey. As President Evren rightly commented, European MPs have "blood on their hands."

Just as important has been the systematic deterioration of the situation on Turkey's western front with Greece and Bulgaria. As Turkish officials reminded us, Turkish-Greek relations have not always been that bad. In 1930, the Treaty of Montreux on the Dardanelles stabilized bilateral relations, with an organized exchange of Greek and Turkish populations, as well as the demilitarization of the Aegean islands. Throughout the 1930s until the mid-1950s, the two countries enjoyed good neighborly relations, reaching a peak in 1952 with an exchange of foreign ministers. It was the Cyprus question which developed as a thorn between the two countries.

The island of Cyprus, with an 85% Greek ethnic majority

and 15% Turkish minority, was a British Crown Colony from 1878 until 1959. Britain acquired the island during the Congress of Berlin by means of outright purchase for money. After the Second World War, Greek Cypriot Col. George Grivas led an anti-colonialist guerrilla war against the British. Colonel Grivas's guerrilla movement was demanding outright union of Cyprus with Greece. Turkey viewed such union as a threat to the Turkish Cypriot minority. Britain eventually manipulated traditional Turkish-Greek frictions and produced the 1959 Zurich Agreements, which became the basis for the formation of an independent Republic of Cyprus under the pro-Soviet Archbishop Makarios as President and the Turkish Cypriot Dr. Rauf Denktaş as Vice President. The British-dictated Constitution of Cyprus proved unworkable, in the sense that, by design, it fed Greek-Turkish rivalries instead of healing them.

During 1964, with Greece ruled by the anti-NATO government of George Papandreu, the father of Greece's present prime minister, and with Cyprus ruled by the pro-Soviet Archbishop Makarios, a massive political crisis on Cyprus ripped apart the Cypriot Constitution. Since then, the island has been ruled by a thinly veiled anarchy in which the intelligence services of East and West thrive at the expense of Turkish Greek and Cypriot national interests alike. Turkey was fortunate in having been endowed with statesmen who understood that the British-authored Constitution of Cyprus would not function.

This ultimately led to the 1974 crisis, in which Israeli intelligence and Henry Kissinger used Greek-Cypriot elements in an elaborate plot to overthrow the Greek military government in Athens. The Turkish army then intervened to protect the Turkish community. Since then, Cyprus has been divided by a Green Line, splitting the island into a Greek and a Turkish Republic. As a result, an immediate arms embargo was imposed by the U.S. government against Turkey; its status within NATO was frozen, with the Congress voting up a law in 1978 to forbid military assistance to communist countries, countries supporting international terrorism—and Turkey! Not until 1980 was the embargo lifted, with a new Defense and Economic Cooperation Agreement (DECA) signed between Washington and Ankara.

Since the election of Greek Prime Minister Andreas Papandreu in 1981, Turkey has been increasingly facing a hostile Athens-Sofia axis on its western borders. Both capitals, which are lobbying in favor of a Balkan Nuclear Free Zone, have welcomed Turkish terrorists, from the Armenian Secret Army (ASALA) to the PKK and others. Sofia is the main center for drug and arms smuggling.

Timed with the new Kurdish assault against Turkey, Sofia launched a systematic repression against the Turkish community in Bulgaria, which has been the subject of several treaties, granting it the status of a national minority. Still, the Turkish community has been used as a political pawn by the Bulgarians. In December 1984, for example, the government began a process of "Bulgarization" of the Turkish commu-

nity, including forcing Turkish Muslims to change their names. Several hundred Turks were killed during the repression which accompanied that decision. In 1986, Bulgaria announced that there was no national minority anymore!

## Between Moscow and Washington

Watching Turkey embroiled in regional crisis, Russia has not changed its policies. Only a few months after the election of Mikhail Gorbachov, the Soviet army held a week-long series of maneuvers in the Caucasus in August 1985, testing its ability to invade Turkey. This was simultaneous with the publication by *EIR* of its first *Global Showdown* Special Report. On Oct. 28, 1985, Soviet Ambassador Vladimir Lavrov held a press conference in Ankara to deny the contents of our report, stating, according to Turkish media accounts, that Moscow has no "intent to invade Turkey in 1988." This denial left little impression on Turkish officials, as shown by the accompanying interview with Defense Minister Zeki Yavuztürk. However, coherent with its global foreign policy thrust, Moscow is courting Ankara. One of its chief weapons is economic cooperation. In June 1987, the first section of a Russian natural gas pipeline was inaugurated in Thrace. Earlier, negotiations had opened the way for Soviet investments into Turkey's steel and iron industries. However small, these investments have been welcomed by a country which needs any help it can get, since the United States is not only reducing aid, but is adding obstacles to Turkish exports. For example, a Turkish proposal to sign a Free Trade Zone agreement with the United States, similar to the one signed between Washington and Jerusalem, was flatly rejected.

Many in Turkey know that their country has become a pawn in the broader American-Soviet negotiations. This was, unfortunately, strikingly clear during the recent visit of Michael Armacost and his associate, James Wilkinson, the State Department specialist on Cyprus. Armacost's visit was prompted by the political crisis between the two countries. However, Armacost could not come up with anything new. Arguing that the Senate and House are dominated by the Democrats, he pleaded that the administration was totally committed to Turkey, but that there could be no guarantees of increased economic and military assistance. The visit ended bitterly on July 28. Ankara decided to stick to its position that the DECA would be ratified only after economic aid is voted by Congress. As a gesture, the State Department announced mildly on Aug. 5 that it opposed a resolution in favor of Armenia Day voted by a House Committee, because it would "endanger American-Turkish relations."

It is not only Turkey that is harmed by the current crisis in relations with the United States. American and NATO facilities in Turkey are absolutely crucial to the alliance. Besides the NATO air bases, Turkish territory includes several military facilities, such as a Black Sea listening station and a space monitoring station. For maintaining these facilities, which are leased to NATO, Turkey spends some \$600 million a year!

## The Cyprus gambit

One result of Armacost's visit may be to throw the entire region into a deepened crisis around Cyprus. Joining with those Europeans who are arguing that Turkey's membership in the European Community should be linked to withdrawal from Cyprus, the State Department is calling for "further Turkish concessions" on the issue. On July 23, the Ankara-based *Turkish Daily News* quoted sources close to Armacost, arguing that unless Turkey made further concessions, Washington would "be forced to accept the Soviet proposal." Since January 1986, the Soviets have been calling for a U.N. Security Council-sponsored international conference on Cyprus. The conference would discuss withdrawal of "all foreign troops," meaning the Turkish forces and the two British military bases on the Greek part of the island. In Moscow's own words, the Soviet Union, a "neighbor of Cyprus," has a *droit de regard* over the fate of the island. Not surprisingly, the proposal has the full support of Greece's Prime Minister Papandreou, and has received backing from Cypriot President Kyprianou. Against Moscow's initiative, Turkey supports the March 1986 U.N. resolution calling for direct negotiations between the two republics. Papandreou opposes such negotiations.

In recent months, East bloc delegations have been parading through Nicosia. Most spectacular was the late-May visit of a large East German military delegation, including the defense minister and the entire military leadership. Diplomacy is only the public side of more sinister operations. Since September 1986, there have been several Libyan-sponsored terrorist actions against the British bases. In the spring, the Cyprus Communist Party began agitating against the British, while Communist-connected "pacifists" tried to cross the Green Line.

On another level, it is known that some 8,000 Greek troops have been included within the 25,000-strong army of Cyprus, and that Athens is contemplating sending two additional armored brigades to "face the Turkish threat." Additionally, the agreements regulating the water and energy supplies of both republics have been violated by Nicosia. While the Turkish republic supplies water to the southern part of the island, the Greeks are to supply electricity from the power plants built by both communities before partition. In recent months, there has been a systematic disruption of the energy supplies which have affected industrial production in the north.

Obviously a new Cyprus crisis would give the Soviets the perfect pretext to impose their initiative and for the State Department to accept it as "a gesture of goodwill" to Moscow. Armacost made a step in that direction during his trip to Greece on July 29. Not yet acknowledged publicly, the Armacost-Papandreou deal implies that Washington will support Greece's position on Cyprus, in exchange for Greece allowing the United States to keep its facilities in Greece. If that were to be concretized, it would be the last straw for American-Turkish relations, with disastrous consequences.

## The Kurdish terrorists: Soviet irregular warfare

The Kurdish Workers' Party (PKK), which has carried out systematic massacres of Turkish villagers since the beginning of this year, was created in 1975 as a splinter from the Kurdish Socialist Party. After the Sept. 12, 1980 military coup, PKK members in Turkey were either arrested or driven into exile.

It then established bases in Stockholm, West Berlin, Stuttgart, the Netherlands, and France. According to a mid-July 1987 release from government sources in Ankara, some 70 organizations in Europe are presently giving logistical help to the PKK, including the German Green Party. By 1982, PKK leader Abdullah Ocalan established his new political headquarters in Damascus. In the spring of 1984, meetings were held in Damascus between Ocalan and the Bulgarian ambassador, leading to the establishment of a PKK training camp in Bulgaria. By late 1984, the PKK began hit-and-run operations against Turkish forces, from its bases in northern Iran, northern Iraq, and Syria. In mid-January 1987, it began its massacres of Kurdish villagers in southeast Anatolia. In June 1987, it held its political congress in Latakia, Syria, and announced the creation of a Kurdish National Liberation Army.

The PKK is not a "national liberation movement," but a primary component of Soviet-sponsored terrorism. Since the late 1970s, its main source of financing has been the drugs-for-arms "Bulgarian Connection." It works with the Turkish Communist Party-Marxist Leninist (TKP-ML), West Germany's Red Army Faction, and France's Direct Action. Through the TKP-ML and a shadowy Revolutionary International Movement, established in 1984, it even has ties with the Peruvian Communist Party-Shining Path.

The PKK has military training bases in Lebanon's Syrian-controlled Bekaa Valley. It also maintains political offices and training bases in Athens and Sofia. Terror operations are also controlled through Cyprus, where the PKK and the Armenian terrorist group ASALA share camps in the Trodos Mountains, with members of the Abu Nidal terrorist organization.

On July 23, Turkish Prime Minister Turgut Özal revealed that weapons used in Anatolia by the PKK were shipped from Cyprus. Intelligence reports indicate that an important part of the arms-smuggling operation is run by former EOKA-B terrorist Nikos Sampson, whose name surfaced in 1983 in France in connection with an ASALA terror bombing.

# LaRouche talks to the Turkish press

*The following are excerpts from an interview given by Lyndon H. LaRouche, Jr. to Turan Yavuz of the daily Milliyet on July 29 in Ankara. The tape was transcribed by EIR; the text has not yet appeared in Milliyet as we go to press, but we publish sections here in order to give our international readers the fullest understanding of the issues underlying LaRouche's trip.*

**Milliyet:** It was a big surprise for me to find you here. Why are you in Turkey?

**LaRouche:** . . . I was well aware of the situation which was developing, in terms of U.S. policy toward the Eastern Mediterranean, and Turkey in particular. I am a presidential candidate for Democratic nomination. I am a little more than that, as you know, and therefore I thought it would be very useful that I would be physically here to demonstrate that there are people inside the United States, of influence, whose position may be independent . . . who are committed that the next President of the United States should have a different view, one that Turkey may find much more reasonable, than some of the things which have been discussed over the last week. . . .

**Milliyet:** Mr. LaRouche, today, when I heard you were here, I called the Turkish foreign ministry, I called the American embassy, and both of them said, "We didn't arrange anything, we don't know why he is here." Then I called the Turkish embassy in Washington, and they said, "We don't know." I called the State Department Turkish Desk, and they said, "We don't know." How did you get to meet with the prime minister?

**LaRouche:** I just transmitted the word that I would be happy to appear here, if somebody wanted me to, and I would like to appear, to meet people. That was stated in June.

**Milliyet:** Who transmitted the message?

**LaRouche:** You can imagine, I am well known to the Turkish government. You may remember that the previous Soviet ambassador [Vladimir Lavrov—ed.] gave a press conference

here [Oct. 28, 1985—ed.] denouncing a document called "Global Showdown," saying that the Soviet Union would not invade Turkey before 1988. . . . The work of my associates is very well scrutinized by political, military, and counter-intelligence specialists in various countries. Hence it was through political party channels in Turkey. A lot of people know us personally.

**Milliyet:** That's what surprised me. I have been calling all these people, and they said: "We don't have the slightest idea."

**LaRouche:** We just work through official channels as a matter of diplomacy, but I just communicate privately to people, and we pick a channel through which to do something, and we just do it. . . . The element of surprise is such great fun, because then you find out what the people really think. . . .

**Milliyet:** What did you discuss with [Prime Minister Turgut] Özal?

**LaRouche:** You can just imagine what the areas are. He knows what I have done. Actually you can imagine, that he and I are sitting, and both of us are quietly laughing because if we had said nothing . . . just sat there, with Mr. Armacost just leaving town and so forth, you could have imagined what the effect would be. I think that both he and I were aware, that though we had some interesting things to discuss, such as development projects, security questions, etc., they were interested in my perception of what's going on in Washington. I think that our friends have the right to know that we are in a mess in Washington. Do not believe the cover stories; we are not just in a mess in the government, we are in a mess behind the scenes. . . .

**Milliyet:** [Tape garbled; question concerns Soviet political intentions.]

**LaRouche:** Moscow will not share power. It will share your dinner; it will share your wife; it will share your clothes; it will take what it wants and pay you as they are paying the East European countries. Moscow is not stupid; they won't grab Greece, they already have it. Why should they grab Iran? They already have Iran. . . . Why should they make a fight for Greece? If they go into Greece too harshly, too quickly, then the right-wingers will revolt. If they don't do that, then the right-wingers will sit and complain and cry on how they are losing power.

Moscow's game is a strategic game, they are not playing for Greece. They want Yugoslavia. They want to create a situation in Yugoslavia under which the Serbians will dominate the country, with the consent of everybody else, then the Serbian officers who are pro-Gorbachov, will tilt Yugoslavia, not into the Warsaw Pact, but toward it. Then you have Greece, Syria which is a Sufi empire, and Bulgaria which is the Bogomils.

The Soviets can play any kind of game they want. They

do not want to bring the game toward an end-game; they want to keep the middle game going until the time is ripe. Therefore it seems that [Greek Prime Minister Andreas] Papan-dreou is negotiating; he is not negotiating, Moscow is negotiating, Moscow wants concessions from the U.S. . . . What about? Why did [Undersecretary of State Michael] Armacost go there with the Cyprus specialist? You'd like to keep the U.S. bases? But we are very upset about Cyprus.

**Milliyet:** I am going to ask your thinking about a series of political leaders. What do you think of Özal?

**LaRouche:** My impression of him, is that he is a superior quality of political leader, in a different sense that other members of his government. I have met his foreign minister, who is a very highly qualified man, in depth. I do not know if I agree with him on everything, because we didn't discuss everything; but he is a man who is really a qualified foreign minister. He has strategic intelligence. The defense minister impressed me as a man who knows what he is doing. I am favorably impressed by the quality of the government.

**Milliyet:** What about the President?

**LaRouche:** Well, I didn't meet him. I know of him from some years ago. He is the symbol of a fighting Turk. There are other aspects that I do not know. I generally tend to have an automatic respect for him.

**Milliyet:** what about [Syrian President] Hafez al Assad?

**LaRouche:** Hafez al Assad, the Sufi magician, is a very clever and extremely dangerous man. I think that I would know how to deal with him, that is not by negotiations, but I could handle the problem, because I understand the Sufi problem and how that works. . . . You see, Sufis believe in magic, of one kind or another. I do not believe in magic. All you have to do is to expose the magician's tricks.

He comes from a long history. These fellows, when they were children, they read the life and works of Hassan Ibn Sabbah, Sheikh al Jebbel, Sheikh al Ghazali, and so forth. They read the Sufi love poems as children; then they go into politics. They become magicians, and not bad magicians at that, just like the old magis.

Then you have some American who went to Harvard, and studied history, and thinks he knows how to deal with these fellows. He doesn't know how their minds work. They can outwit him every time.

**Milliyet:** What about [Iraqi President] Saddam Hussein?

**LaRouche:** I briefly met him once, back in 1975. He is a wild man. There are two types of Iraqis. Those I can work with, are modern Iraqis dedicated to building their nations. The situation has been frustrating. I have always tried to be correct with him, because of his position within his nation. I care about the nation. I want his nation stable, to develop. He is a very wild man. . . .

## 'Surprises' in Ankara

More than 20 articles appeared in the Turkish and international press concerning LaRouche's visit to Ankara. On the advice of the U.S. embassy, led by Ambassador Robert Strausz-Hupé, an attempt was made by Reuter to depict the visit as a "mistake." On July 31, a Reuter dispatch in the *International Herald Tribune* reported, "If they had known his background, they would not have received him." This slander was picked up by other media internationally.

Insulting to the Turkish government, the ploy fell flat. On Aug. 3, the daily *Hurriyet* ran two articles on how the visit was actually organized, quoting an adviser to Prime Minister Turgut Özal, acknowledging that he had mediated the visit, which was organized by the prime minister directly. Said one official of the foreign ministry: "We didn't know about it, but three days before, we were informed by the office of the prime minister." The same article described the U.S. embassy as "anxious" about the issue.

A second article was headlined, "An American in Ankara: Meeting Between American Presidential Candidate Lyndon H. LaRouche and Özal Creates Maelstrom." According to the report, "How was the meeting organized? . . . Journalists of the *Executive Intelligence Review* came to Ankara and met with Adnan Kahveci. The journalists said that LaRouche, presently in Europe, wanted to come to Ankara to meet with Özal. Kahveci transmitted their request to the prime minister, [who] agreed. . . . Someone from the prime minister's office called the U.S. embassy, and asked, 'Can we meet with LaRouche?' The ambassador answered: 'That's not good.' . . . Later three or four journalists also called the U.S. embassy and were told that LaRouche 'is not good.' . . . The prime minister said that Turkey welcomes all visitors. It is not necessary to ask the U.S. embassy. We have received people like Arthur Miller. We do not need to ask them."

Other coverage in Turkish dailies included:

*Gunaydin*, July 30, front page: "U.S. Democrat LaRouche Spends Two Days in Ankara, Meets Özal, Halefoğlu."

*Tercuman*, July 31, front page: "U.S. Presidential Candidate LaRouche in Ankara: Papan-dreou Is a Spy, an Alcoholic, For Many Years on the Side of the KGB."

*Gunes*, July 31: "LaRouche Holds Press Conference in Ankara, With Lots of Fun and Enjoyment."

*Bulvar*, July 31: "Turkey, Northern Cyprus—New Crisis About to Erupt, LaRouche Declares in Ankara."

## Look who gains, if Turkey is weakened

*Webster Tarpley and Thierry Lalevée interviewed Turkish Defense Minister Zaki Yavuztürk, in Ankara on July 28.*

**EIR:** We would like first to ask you for your evaluation of the overall strategic situation of Turkey.

**Yavuztürk:** I would like first to stress the geopolitical position of Turkey. If we look at a map, Turkey is a historical bridge between the West, the Middle East, and the East. . . . For thousands of years, many civilizations have developed here; they have established very powerful governments. . . . From a historical point of view, this land has always been important for the European countries, for the big powers. . . .

The Ottoman Empire extended up to Austria, from the Alps to the east of Persia. The whole of the Mediterranean became a lake of the Ottoman Empire, the Black Sea, the borders of the Black Sea, the Crimean, the Caucasus. Today, there are more than 17 states on the borders of the Ottoman Empire. This means that the area is strategically very important as a bridge between East and West, North and South. That's the first point.

Second, we historically have a long border with Russia, and we have had some disputes in the past. The main aim of Russia has been to reach warm waters. Historically, from the times of the czars to now, this has been the main idea of the Russian Empire. Today we are part of the Western alliance, a full member of NATO, a defense organization based on the democratic way of life. Turkey is the only democratic country in that part of the world. There is no other country, except Greece, in that area, which is ruled by democracy.

As our country is developing further, many of our neighbors do not like having a strong Turkey in that part of the world, because Turkey is a key to the stability of the area. A stable Turkey contributes to the stability of the Middle Eastern countries.

Among the constellation of our neighbors, we have Bulgaria. Bulgaria is a member of the Warsaw Pact, a strong ally of Russia. We then have a border with Russia, along the Black Sea coast, which can be considered as a border, and the land border with Russia, around 200 miles in the Eastern part of Turkey. We have borders with Iran, Iraq, and Syria. This southeastern region is very unstable, because of the war between Iran and Iraq, and the very close and developed relations between Syria and Russia. This is a factor we have

to take into account.

On the western side, there is Greece. We count them as an ally member of NATO, but the recent positions taken by the Greek people have undermined NATO; they are not participating in the maneuvers, in the joint training; there are not participating in joint efforts; . . . they are becoming something neutral within NATO, not as a full member. That is the overall picture.

**EIR:** In August 1985, the Soviets held seven days of maneuvers in the Caucasus to test their ability to invade Turkey. There has been also a dramatic increase in Soviet irregular warfare against Turkey through Kurdish terrorism. What's your evaluation?

**Yavuztürk:** Turkey is a member of the Western alliance. Until Sept. 12, 1980 [date of Turkey's military coup], we suffered a high level of terrorist actions. Now it has ceased. But, as I mentioned before, many external forces do not like to have a strong and stable Turkey. Instability in Turkey is to the benefit of the enemies of the Western alliance. . . . I do not want to name any of these external forces, but they are well known to the Western public. We have to be very careful, we have to go to the roots of these terrorist organizations.

**EIR:** Have you seen any change in Soviet policy since Gorbachov came to power?

**Yavuztürk:** The Soviet position in the world of politics never changes; Gorbachov and all others before, have the same views. The policies of the Soviets have never changed since the czars. Their main aim is to have this huge land under control and to reach warm waters; because their country is very cold, they have to have some outlets to the warm waters.

**EIR:** What about the Kurdish attacks, do you think that one aim of those manipulating the Kurds is to create a war-like situation between Syria and Turkey?

**Yavuztürk:** The Kurdish guerrillas—we call them gangs—are attacking villages at night, in remote areas. For the time being, we will take the necessary measures.

Our prime minister was in Syria 10 days ago, where he was warmly received by very high Syrian officials. The situation between Turkey and Syria is developing positively. However, the relationship between Syria and Russia should be looked at with a serious consideration. But for the time being, our relations are developing.

**EIR:** As you know, one crucial aspect of the war plans of Marshal Ogarkov is the use of irregular warfare. In the United States, an irregular warfare command, under the control of the Pentagon, has been established. Do you plan the same?

**Yavuztürk:** This is now becoming a new subject for our military people. This should be taught in the academies, they

should be trained according to irregular warfare, but we do not have any special unit.

For these gangs, we have special civilian groups, policemen groups called “special teams,” specially trained. They are not part of the army, but of the police forces.

**EIR:** There is a general weakening of the Southern Flank of NATO. Spain is negotiating the withdrawal of the F-16s at Torrejón base. Greece is a very weak member. How does that affect Turkey?

**Yavuztürk:** The Southern Flank has been an important question since the beginning of NATO, because it has different aspects and different culture. For example, Spain now just took a democratic regime. In Greece, for a very long time, they were under military rule.

The Southern Flank should be much more cohesive, keeping all members at the same level. Also, there should be a commitment to develop the least-militarily-developed countries like Portugal, Greece, and Turkey. NATO is taking special care of the matter. There are some minor misunderstandings, or rather different understanding. Some countries do not follow what has to be done, what is scheduled to be done by NATO authorities. From our side, we are trying to fulfill our commitments, to modernize our armed forces, all of them—land, air, and sea. We also have a new military development program out of our fiscal budget.

But as far as the relations between neighbors, there might be some different understanding, but I would not like to make any judgment about it. Joint training, joint exercises should be held. Through the participation of all neighboring countries and a continuous dialogue, many problems can be solved, because the main philosophy behind the NATO organization is the democratic way of life and respect for the U.N. Charter. All the other issues among neighbors are very minor. They should be solved by bilateral dialogue.

**EIR:** We wanted to ask you about the zero option.

**Yavuztürk:** The zero option is becoming a different option these days, because the Russians are insisting on the withdrawal of the German Pershing IAs, which means that the discussions have to start from the beginning again. The zero option on all nuclear weapons was supported by the Turkish government at the NATO meeting, but there are many problems, and the Russians are creating difficulties. . . . That means that it will have to start from zero again. It is becoming a new zero option.

**EIR:** What is the Turkish view of SDI?

**Yavuztürk:** The first invitation was made by the U.S. in the spring of 1985 at the Luxembourg meeting of the Nuclear Planning Group. Since that time, there has been some technological development of the SDI. Countries like Turkey are just following on the technological level. We also have sent some experts . . . to get some knowledge of what is going

on. In Turkey, there are no companies which can participate in this kind of project. We are following SDI on a theoretical basis.

**EIR:** There is much talk about decoupling Europe from the United States, by people like Kissinger and others, who are saying that it is time for an American disengagement from Europe. How do you see that?

**Yavuztürk:** This is a point of view from the American public, also from the Congress and the Senate; there are also some Europeans who have these ideas. . . . Without the United States, the defense of Europe is impossible. But you also have to take into account the French position, which is very important, also the British. . . . It is impossible to decouple Europe from the United States. We have to live together. Instead of speaking about decoupling, we have to speak about strong coupling, or rather a double-coupling.

**EIR:** You were in France recently?

**Yavuztürk:** Some two months ago, I visited officially the new government. They have a very important point of view on matters of defense; they are acting like we are, like other Europeans. I have a very good colleague over there. The French defense minister [André Giraud] is a very good friend of ours, and we also want to have French companies participate in our modernization program.

**EIR:** What is the scope of the modernization of the Turkish army?

**Yavuztürk:** We have a modernization program for our land, air, and naval forces. For the Air Force, we have the F-16s, and joint programs for the manufacture of the F-16 in Turkey, a modernization of our communication system, as well as of our low-air defense. For the land forces, that involves the modernization of our tanks and APCs, as well as communications. For our Navy, we have plans for the joint production with West Germany of frigates as well as of submarines.

The Defense and Economic Cooperation Agreement [with the U.S.] is providing some \$500 million annually for joint ventures and joint production. To bring the Turkish armed forces to the present level of the other NATO forces, the modernization program will cost \$30 billion for a 10-year period.

**EIR:** What would you like to see the Americans do to make the alliance stronger?

**Yavuztürk:** . . . I received Undersecretary Michael Armacost, we had a good discussion. I told him of our gratitude to the American taxpayers, who are spending a lot of money in keeping NATO together, through the aid program. The American administration also faces budgetary problems, but I think that the administration and the Europeans have to convince the U.S. Congress and Senate of the necessity of the aid program.

## 'The earth is always moving in Turkey'

*Mr. Giray is Turkey's Minister of Housing and Construction. This interview was conducted by EIR correspondents Webster Tarpley and Thierry Lalevée in Ankara on July 27.*

*"The earth is always moving in Turkey," Giray said, in conclusion of the discussion. More than 100,000 workers are involved in some of Turkey's major projects which are handled by his ministry, such as the construction of the world's sixth-largest bridge, across the Bosphorus, or the world's third-largest dam, the Atatürk Dam, which is part of the "Grand Anatolian Project."*

**EIR:** Can you give us an idea of the scope of the projects in which you are involved?

**Giray:** We have several major projects in southeast Anatolia. We have two big and historic rivers, the Euphrates and the Tigris. They collect the waters from the mountains and go down through Syria and Iraq, converging around Basra in the famous Shatt al Arab. The area between the two rivers is Mesopotamia. It is a historic area, with old civilizations, like Sumer. When the land is irrigated, the area is very fertile. The whole Mesopotamian region was under Ottoman rule. Now, upper Mesopotamia is in Turkey. It is an area of approximately 4 million hectares of land.

Through these waters, we can irrigate approximately 1.6 million hectares of land. To do this, we have to build some 21 dams, and a lot of canals on both rivers. So far, we have one large dam, the Karakaya Dam [on the Euphrates River—ed.], two small ones, and we have begun work on five others. The Karakaya Dam is not for irrigation, but is a hydro-power plant which will produce 7.5 billion kilowatt hours (kwh). We have finished the dam, and two of the units [of a total of six—ed] which are working, will produce 700 million kwh in four months. The construction had started in 1976, but because of financial difficulties, nothing much was done. By 1983, 10%, or perhaps 15%, of the work had been completed only. We have since completed the remaining parts. . . .

We have some 13 different projects. One of these is the Atatürk Dam. It is a very large one, with 85 million cubic meters of embankment, with a lake of some 50 billion cubic

meters, or approximately the equivalent of two years of the waters of the Euphrates. It will produce 9 billion kwh. For the irrigation, we are excavating two canals, each 26 km in length, with a 9-meter diameter—the longest in the world. Some 53% of the work has been completed. It is a very large job. Through these canals, we will transport the waters to Upper Mesopotamia. Approximately 800,000 hectares of land will be irrigated by the canals—half of the land wanted.

Since we are going to bring the waters to Upper Mesopotamia, we could also irrigate the lower portion of Mesopotamia. We can give some water to Syria. That will depend, of course, on our mutual agreement. During the recent visit there of Prime Minister Turgut Özal, we discussed the matter. They could receive up to 10 billion cubic meters of water through these canals. That water can be used in all the area. If we do not reach an agreement, some 2 billion cubic meters will pass through the region. Today, there is nothing there [in northern Syria—ed.], it is totally desertified. They only get water through the Euphrates River, but there is no irrigation.

**EIR:** What is the timeframe for the Atatürk Dam?

**Giray:** We will begin to fill the dam at the end of next year [November 1988—ed.]. While we do so, we will finish the construction up to 65 million cubic meters. The power station will begin to operate by 1991, and the dam should be completed by 1992. The canals will take a little longer to be completed.

**EIR:** How much electricity will be produced, and what will be the proportion to Turkey's needs?

**Giray:** It will produce approximately 8 billion kwh. Turkey consumes right now 46 billion, with an increase of 5-6 billion per year. We need 10 billion more by 1995. By the year 2000, our consumption will be around 200 billion. We have some 120 billion kwh in potential production from our hydroelectric power plants. Today we are producing approximately 18 billion kwh. Next year, with the Karakaya Dam, we will have an additional 10 billion.

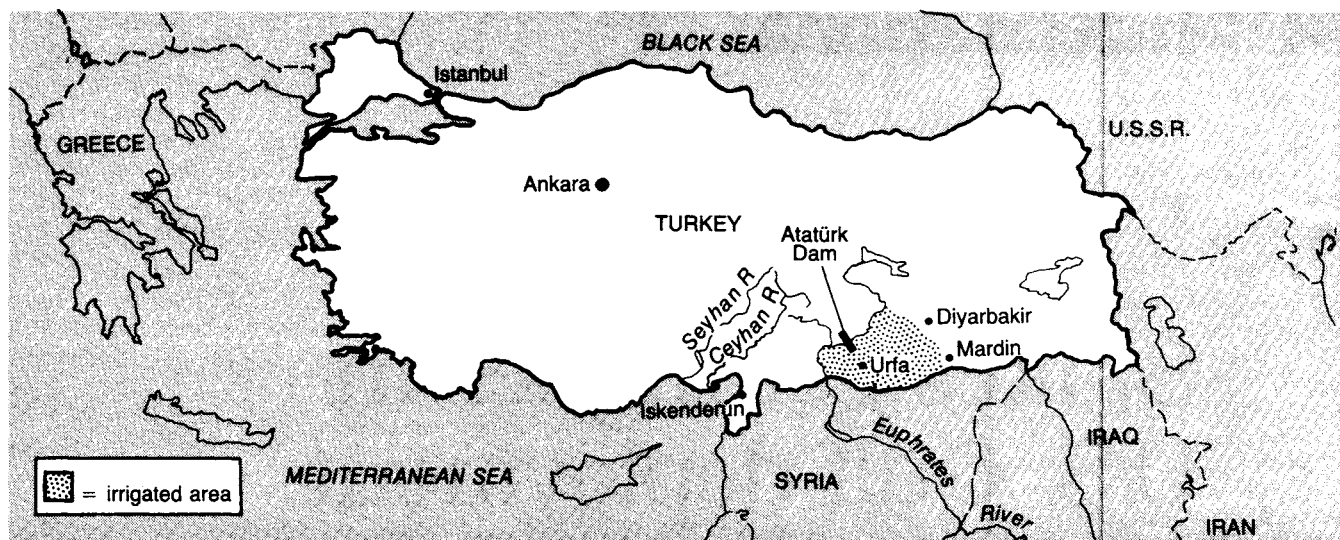
**EIR:** Do you plan a nuclear program?

**Giray:** Yes, we have, but not under the control of this ministry. Because of various negotiations, we do not have a nuclear power plant yet. But first we have an enormous potential in hydro-power, around 120 billion, as I mentioned. We also produce energy through fuel and gas. We just inaugurated a natural gas pipeline with the Soviet Union, in the Thrace region.

**EIR:** What is the outlook for the country for the next decades?

**Giray:** Today, we have 900 kwh per capita consumption. By the end of the century, we think it will have to be around 3,000. By then, we will be approximately some 70 million [people]. Right now, we have an 11-12% average growth in





energy, and an average GNP growth of some 6%. Last year it was 8%. This year we are trying to slow it down to 5.5%, but it will probably be 7%.

This new energy will go into industry. Our economic philosophy is based on Liberalism. The private sector will create the industries. We think that what the government has to do, is to build the infrastructure, especially in the energy sector; its production should be in proportion to consumption. Today, we are making large-scale investments in highways, dams, power stations, and communications, or railways whenever feasible and necessary, seaports, and airports. We have already given to contractors more than 1,050 km of roads to be built. We just inaugurated a highway project last night [in Istanbul—ed.]. By the end of the century, Turkey must have 3,000 km of highways. Ultimately, it will need between 10,000 and 12,000 km.

**EIR:** What is the financial mechanism behind these projects?

**Giray:** They are mainly financed by our own budget, but of course, also with international credit. For the Karakaya Dam, which cost 1,300 billion Turkish lira, we paid some 900 billion; the rest came from credit. For the Atatürk Dam, we are financing it ourselves, but the building of the power stations will be financed by government and private investors in Switzerland.

**EIR:** Have you come under any pressure from the IMF and the World Bank to cut down the size of these projects?

**Giray:** To me directly, I say no, but on our Budget and Treasury Department, there has been some. But they never come to me; I only hear rumors. Of course, if you get a credit for a feasible project, there is no difficulty. Most of the credits will be paid back in less than 10 years. For example, if you take Karakaya Dam, which will produce 7.5 billion kwh: If

the energy price is 3¢ per kwh, that means approximately \$225 million per year. In your country, it is perhaps 5 or 6¢. That means that in a few years, we can pay back the credit.

**EIR:** Can you tell us about the “Water for Peace” pipeline project?

**Giray:** It is a very interesting project, I like the idea very much. It is still at the stage of negotiations, at the level of the prime minister’s office, with countries like Saudi Arabia, Syria, Jordan, etc. In southern Turkey, we have the two rivers, the Seyhan and the Ceyhan, which irrigate the region and carry excess waters to the Mediterranean [into the bay of Iskenderun—ed.].

We think that we can give some of the water to the Arab countries. This will involve the construction of a 2,600-km-long pipeline to Saudi Arabia and another one up to the Emirates. They are paying too much for their water, around \$6 per cubic meter, but they need water, otherwise they cannot live there. With our project, the cost will be around \$3.

This is one aspect of our project. The other important aspect is to have peace among these countries, from Turkey on to the Middle East. A water-line which is mutually owned by all of these countries will foster peace, and we think it will bring them together. It is water, nothing more, but is very important.

**EIR:** Have you considered broader development schemes in the region?

**Giray:** We think that a plan can be worked out. The development of mutual infrastructure will help the countries in the region. We have to have good connecting roads between Turkey and its neighbors, and the Middle East, so that people can travel back and forth, like between France and Germany or Belgium in Europe, either by car, train, or plane. . . .

## Stakes get higher in U.S. Gulf deployment

by Jeffrey Steinberg

For the first time since the U.S. Marines were withdrawn in disgrace from Beirut, Lebanon, American credibility is once again on the rise within leading Arab political ranks. From Riyadh to Cairo, early anxiety about the durability of American commitment to secure the Persian Gulf shipping lanes against Iranian military threats has been replaced in recent days with a building confidence that the United States is back to stay, and that Moscow's drive to assert Russian superpower hegemony over the Middle East will no longer go unchallenged.

According to Gulf sources, the most significant message to come out of the mining of the *Bridgeton*, one of the first two Kuwaiti oil tankers to be reflagged as American vessels, was the fact that the United States has no intention of retreating from its commitment to secure the Gulf—despite the mounting threat of Iranian attack.

In a breakfast meeting with reporters at the Pentagon on Aug. 4, Secretary of Defense Caspar Weinberger underscored the message. In response to questions as to the duration and level of U.S. military commitment in the Gulf, Weinberger stated:

"I didn't say it was closed-ended or open-ended or anything of the kind. What I said was, that we'd do what is required to carry out the mission and we would continue to do what is required as long as there's a mission. . . . We're doing what we agreed to do and we'll continue to do it, and if conditions become such that it's no longer necessary to do it, we won't do it. It's just that simple. . . . The basic rule is that we try to commit the resources that we feel are essential to the task—and that's what we're trying to do. . . . We're going to take the tankers through when we're ready and on our own schedule, which will not be announced in advance."

Even as Weinberger was restating Reagan administration policy to the Pentagon press corp, U.S. and Saudi minesweeping ships and helicopters and American special forces personnel were joining the Gulf contingent.

### British and French join in

In a reversal of her initial rejection of an American request for assistance in the minesweeping effort, British Prime Minister Margaret Thatcher announced on Aug. 5 that her government was now "reconsidering" sending military support into the Gulf.

Adding to the growing chorus of support for a strong and unified Western stand against the terrorist Khomeini regime, French Prime Minister Jacques Chirac, in an Aug. 2 live television interview, attacked West German Foreign Minister Hans-Dietrich Genscher by name for his indiscreet public meeting with Iranian Foreign Minister Ali Akbar Velayati in Bonn on July 23, at the very moment that France was breaking off diplomatic relations with Teheran over Iran's involvement in terrorist activities inside France.

Chirac carefully differentiated between his criticisms of Genscher, who is notorious as the leading friend and protector of Sadegh Tabatabai, nephew of Khomeini and a leading figure in Iranian terrorist activities worldwide, and his overall solid relations with the West German government of Chancellor Helmut Kohl. France has now also announced plans to join with the United States and Great Britain in the Gulf mission, thus laying the basis for a unified Western intervention.

U.S. intelligence sources have emphasized to *EIR* for weeks now that the Reagan administration's Gulf policy is firmly under the control of Weinberger, who has in turn

closely coordinated his moves with the Chirac and Thatcher governments. According to these sources, even the initial British refusal to send additional minesweepers into the Gulf following the *Bridgeton* explosion, was nothing more than a tactical dispute between London and Washington over the U.S. failure to develop adequate contingency plans for assuring continued commitment to the Gulf mission. Reportedly the British had initially floated the idea of a Western blockade of belligerent Iran.

### **Mecca coup plot hardens lines**

Up until the United States began its reflagging effort last month, the Soviet Union had been making inroads with some of America's leading Gulf allies, while at the same time deepening its ties to Teheran and even opening direct diplomatic channels to Israel. In short, Moscow was increasingly cutting the figure of the "new bully" in the Middle East—with no apparent challenger in sight. Moscow's superpower/satrap game of playing all sides in the complex Middle East arena has now been significantly complicated as a result of the July 31 Mecca riots in which at least 400 pilgrims attending the annual Hajj celebration were killed.

According to preliminary reports from Riyadh, Saudi Arabian intelligence has determined that the Iranian-instigated riots were actually part of a broader Khomeini-directed plot to overthrow the Saudi royal family, through the sacking and burning of Kaaba Grand Mosque, the assassination of the Imam of the Grand Mosque, and the forcing of the religious pilgrims to declare their loyalty to Khomeini and to the Shi'ite shrine at Qom in Iran.

Swift response to the initial phase of the plot by Saudi police foiled the overall effort, but not until hundreds of mostly Iranian worshipers were killed in the stampede and possible shootings. Further reports coming out of the region suggest that top officials of the Iranian government were present in Mecca to oversee the destabilization effort.

Whether all of the details so far released prove to be accurate or not, Iran's unmistakable hand in the Mecca disturbances, and Khomeini's subsequent harsh verbal attacks against the Saudi regime, constitute a de facto declaration of war by the Iranian government against Saudi Arabia, adding to Khomeini and Parliamentary Speaker Hashemi Rafsanjani's earlier declarations of war against the United States, Britain, and Kuwait.

### **Russians bearing gifts**

It was in this context that Soviet First Deputy Foreign Minister Yuli Vorontsov arrived in Teheran on Aug. 4 for three days of high-level meetings with Iranian officials, including President Ali Khamenei, Prime Minister Hussein Moussavi, and Foreign Minister Velayati. According to a TASS release the next day, Vorontsov and his Iranian counterparts issued a joint statement condemning the "unprecedented build-up of U.S. military presence in the area."

In the same release, TASS announced new large-scale Soviet-Iranian joint economic ventures, including oil pipeline construction and railroad building.

Although Vorontsov traveled directly from Teheran to Baghdad, Moscow's siding with Teheran in the Gulf war of nerves will not go unnoticed. As long as the United States and its Western European partners live up to their military commitments and continue to treat the Khomeini regime as a belligerent, Moscow's diplomatic games will increasingly fall on deaf ears and the Gorbachov command will be increasingly forced to place its cards on the table.

High-level U.S. intelligence sources report mounting concerns that Soviet-Iranian Friendship Treaty clauses, providing for Soviet troops to be "invited" into northern Iran, will be invoked. As a result, these sources report, the United States is now negotiating possible terms for a similar friendship treaty with the member states of the Gulf Cooperation Council.

### **A LaRouche card**

These same sources report that the recent Ankara meeting between Turkish Prime Minister Özal and Democratic Party presidential candidate Lyndon H. LaRouche, Jr. is being widely read as a signal by the Turkish government that it favors a hardline stance by Washington against both the renegade Khomeini regime and the Gorbachov-Ogarkov regime in Moscow.

LaRouche is known internationally for his longstanding call for an all-out effort to crush Khomeini's fundamentalist regime and for his repeated warnings about Moscow's true intentions to consolidate a global empire under the guise of its *glasnost* and *perestroika* policies. Turkey, as the one NATO country bordering on the Soviet Union, Iran, and Syria, will necessarily play a central role in any Western response to Soviet maneuvers in and around Iran.

### **Political economy of warfare**

As the Reagan White House and the Congress continue with their suicidal horse-trading to keep the Gramm-Rudman-Hollings budget guidelines intact through the 1988 presidential election campaign, while at the same time averting a financial blowout, increasingly the administration will be confronted with a series of impossible choices, brought on by the demands of continuing resource commitments to the Gulf military mission and similar commitments elsewhere.

Sources close to Defense Secretary Weinberger confirm that it is hoped that one outcome of the U.S. assertion of its traditional role in the Gulf will be to force President Reagan to face up to the economic requirements of America's revived global commitment. In effect to introduce through a national security "back door," the kind of industrial mobilization that President Roosevelt launched in 1939 when the threat of Nazi conquest of Europe forced the United States to turn around a decade of depression collapse.

# Documents show State Dept. backs cocaine traffickers against Noriega

by Valerie Rush

Documents seized by Panamanian law enforcement officers in early August contain air-tight proof that the U.S. State Department is working with the so-called Medellín Cartel, the world's largest drug-trafficking organization, responsible for 90% or more of the cocaine inundating American cities.

This is the same U.S. State Department which has been working to oust the commander of Panama's Defense Forces (PDF), Gen. Manuel Antonio Noriega, on charges which include alleged links to drug trafficking—and it is now clear, that they are doing this in cahoots with the Medellín Cartel.

Further, *EIR* has just obtained a copy, under the Freedom of Information Act, of a March 4, 1985 telex from the office of the U.S. ambassador to Panama to the U.S. State Department, which shows that the State Department *knew* the Medellín Cartel was bent on revenge against the Panamanian Defense Forces for their role in shutting down the First Interamericas Bank that year.

Since the State Department has so brazenly made the Medellín Cartel's bankers the basis of their Panama policy, it is no surprise that Colombia is retreating under the mob assault. On July 23, Colombia's justice minister made the devastating announcement that all outstanding arrest warrants against the Cartel's leaders were revoked, from cocaine king Pablo Escobar on down.

## Drug plot uncovered

A government-ordered raid Aug. 4 on the offices of the Panama Chamber of Commerce, headquarters of the opposition's so-called "Civic Crusade," turned up extensive evidence, not only that its leaders were plotting the overthrow of the constitutionally elected Panamanian government, but that the State Department, through its embassy in Panama City, had offered the post of defense minister in a U.S.-imposed regime to former PDF chief Gen. (ret.) Rubén Paredes, one of the top Medellín Cartel links to Panama.

Further, the U.S. Justice Department is currently sponsoring a farcical Miami grand jury investigation into opposition charges that General Noriega is involved in drug trafficking. The star witness against Noriega is the former bookkeeper of the Medellín Cartel—busted in 1983 thanks to the joint efforts of the U.S. Drug Enforcement Administration and then-Colonel Noriega.

To top it off, the *cause célèbre* of the Panamanian opposition forces—the unhinged former number-two man in the Panama Defense Forces, Col. Roberto Díaz Herrera—is being defended in the courts by one Alvin Weeden, a Panamanian lawyer exposed by *EIR* in 1986 as a courier who laundered more than half a million dollars for the drug syndicate.

## The 'democratic' opposition

The government raid on the Chamber of Commerce, deplored as a violation of civil rights during a press conference by U.S. Secretary of State George Shultz, occurred after it was learned that opposition forces based there were circulating leaflets advising acts of violence during a planned demonstration on Aug. 7. Boxes of materials confiscated reportedly included leaflets describing how to construct molotov cocktails, how to shoot down police helicopters from apartment rooftops, etc. Copies of telegrams sent to top officials in the U.S., France, Israel, and Japan, requesting a suspension of aid to the present Delvalle government, were seized. A timetable for a coup d'état was also discovered, including the following elements:

- ouster of Noriega and close military associates;
- ouster of President Delvalle, Vice President Esquivel, and their replacement with a governing junta;
- eliminating the supreme court and electoral tribunal, to be replaced with elected magistrates;
- eliminating the national assembly, and replacing it with a constituent assembly to write a new constitution;
- holding presidential elections one year after coup.

Perhaps the most incriminating discovery was a memorandum on a meeting between a Chamber of Commerce staffer and former PDF commander Rubén Darío Paredes. The staffer, according to the memo, reportedly spoke for U.S. embassy political attaché John Maisto in offering the retired general the post of defense minister in the new government being plotted. Maisto, formerly the State Department desk officer on the Philippines and a key coordinator of Marcos's overthrow there before his deployment to Panama, has been denounced virtually daily in the Panamanian government press as the point man for U.S. destabilization efforts in the country. He also reportedly channeled \$20 million to the Panamanian private sector, as reimbursement for the costs of

the lock-outs of the Civic Crusade.

The Panamanian daily paper *Crítica* reported that U.S. Ambassador Davis showed up at the Chamber of Commerce during the raid. News reports the next morning were claiming that Panama's foreign minister has been provided sufficient evidence from the raid to force Davis's expulsion from the country.

Six key opposition figures, among them Chamber of Commerce president and Maisto collaborator Aurelio Barria, have gone into hiding after learning of arrest warrants against them following the raid. The octogenarian former President and Nazi Arnulfo Arias—boosted by the State Department as a possible replacement for President Delvalle—went to the U.S. just before the raid, and is now reportedly in the Miami area.

### **The Medellín connection**

Just who is the man the State Department would impose in Panama in place of General Noriega? General Paredes's ties to the cocaine-running Ochoa family in Colombia, who are co-partners of the Medellín Cartel, surfaced in March 1986, when his son was first kidnaped and then murdered by the Cartel as "payment" for bungling a cocaine shipment for which Paredes, Jr. was responsible. Three hundred four kilos of nearly pure cocaine were seized by Colombian authorities aboard the luxury yacht *Krill*, whose owner was listed as Crystal Sky Investments, which listed Paredes as its attorney.

When Paredes, Jr. first disappeared, Paredes contacted the Ochoas, who reportedly assured the general that they did not have his son. When Paredes, Jr. was dug up in a Medellín grave with his two missing Panamanian associates, shot Mafia-style with a single bullet through the head, the grieving general excused his son as "an adventurer . . . [who] paid dearly for his lack of experience."

Paredes, Jr. was not the only Paredes working with the cocaine cartel. In 1986, the Panamanian government published a report, *Sixteen Years of Fighting Drug Traffic*, which reported that the Ochoa mob had given a "former National Guard commander" specially bred pacing horses, in return for a promise to turn Panama into a cocaine-processing center. Shortly thereafter, *El Tiempo* of Bogota named General Paredes as the recipient.

General Paredes also provided protection for the operations in Panama of the Cartel's terrorist army, the Colombian M-19, according to reports from law-enforcement officials of several countries. The reports specify that Paredes was known to have invited M-19ers to his home, and under his protection the narco-terrorists used Panama for money-laundering, weapons procurement, and as a safe haven from Colombian military campaigns.

The Miami grand jury investigating drug-trafficking charges against Noriega has based itself on the testimony of one Ramón Millian Rodríguez, the Medellín Cartel's former accountant who is currently serving a 35-year sentence for drug trafficking. He was arrested on May 5, 1983, when he

tried to leave Fort Lauderdale, Florida with \$54 million in cash.

On July 20 of this year, the Panamanian Department of National Investigations (DENI) released to the public a photocopy of a letter signed by one James L. Bramble, special agent of the U.S. Justice Department, which expressed gratitude to then-Col. Manuel Antonio Noriega for his cooperation, "without which the investigation and arrest of Millian Rodríguez would have been impossible." Noriega was head of the PDF's anti-narcotics office for 12 years.

Another angle on the drug mob's control over the anti-Noriega campaign is the role of Alvin Weeden, who signed on as attorney for Col. Díaz Herrera, the nut case whose now-retracted accusations against Noriega served to trigger the opposition's present drive to overthrow the Panama government.

Alvin and his brother George are partners in Banco Weeden Internacional, located in San José, Costa Rica. According to investigators in Costa Rica, the Weeden bank and several other "shell companies" owned by the brothers in Costa Rica and Miami, serve to launder drug-money. According to reliable reports, the two laundered \$10 million in 1985, \$2 million of that in the month of June alone! In September 1985, 11 checks worth more than \$4 million were laundered through the Weeden corporation Cocrefisa, personally transported to Miami by one of the Weeden brothers.

### **Mob's revenge**

*EIR* has received a State Department document showing that the U.S. government has known for two years at least, that Manuel Antonio Noriega was the target of a vendetta by the savage Colombian drug mafia.

In March 1985 the U.S. Embassy in Panama sent a telex to the Secretary of State, the Drug Enforcement Administration, and the embassies of Madrid and Bogota, advising them that the Defense Forces were targeted for "retaliation" after they shut down First Interamericas Bank for laundering drug proceeds. First Interamericas was the joint property of cocaine czar Jorge Ochoa, and Gilberto Rodríguez Orejuela, described in U.S. judicial archives as head of one of the world's most powerful drug-trafficking networks.

The telex states: "The seizure of a bank in Panama for laundering drug proceeds was the first ever by the GOP and was the result of a cooperative investigation between the DEA/PCO, NYDETF (FP5), the U.S. Attorneys Office of the Eastern District of N.Y., and the Panamanian Defense Force (PDF). . . . To date, the PDF has received numerous telephone calls of retaliation. On March 2, 1985, the PDF developed information that Jesus Balderama-Vasquez, Jorge Alonso, and Maiquel Nulfo would arrive in Panama from Colombia on March 4, 1985. The PDF informed DEA/PCO that the suspects' motive for traveling to Panama may be in retaliation for the seizure. The PDF and DEA/PCO will monitor the activity of the suspects while they are in Panama."

# Sri Lanka and India avert regional war

by Linda de Hoyos

On Aug. 5, the guerrilla fighters of the Liberation Tigers of the Tamil Eelam (LTTE) surrendered their weapons to Indian troops in Jaffna, the northern city of Sri Lanka. The surrender was the result of high-pressure negotiations between Sri Lankan President Junius Jayewardene, Indian Prime Minister Rajiv Gandhi, and LTTE leader Vellupillai Prabhakaran. Although many pressures will be exerted to break the accord among these three leaders, the pact is unique in breaking the pattern of exacerbated ethnic-religious separatist conflicts throughout the continents of Africa and Asia.

The accord has, at least temporarily, arrested the escalating war between the majority Sinhalese Buddhists of Sri Lanka and the minority Hindu Tamils. On July 27, New Delhi and Colombo announced that they had reached an agreement that would grant the Tamil population an autonomous region in the merged north and eastern provinces, re-establish Tamil as a national language, and amnesty Tamil political prisoners. In return for these concessions, the Tamil guerrillas, with the LTTE as the most powerful, would lay down their arms.

The accord further specified that its implementation would be protected by India. On Aug. 3, 4,000 Indian troops were dispatched to Jaffna to disarm the Tamils. The Indian troops also escorted the Sri Lankan armed forces back to Colombo. India is now patrolling the Palk Strait, which joins Sri Lanka with India, to prevent supplies reaching the Tamil guerrillas from India.

The accord and its implementation was also coordinated with the United States, which had reportedly urged Jayewardene to agree to take a diplomatic-political route to ending the war. On July 30, State Department spokesman Charles Redman confirmed a Reuters report that the Sri Lankan government had asked the United States for logistical military support in carrying out the pact. The request, he confirmed, had been made with the understanding of the Indian government.

LTTE leader Prabhakaran was brought to New Delhi from Jaffna during the final stage of the negotiations. When the accord was first announced, Prabhakaran had rejected it, although the other guerrilla organizations stated their readi-

ness to lay down their arms. Prabhakaran was kept in the India-state-owned Ashoka Hotel, amid a full guard suggesting house arrest, and was escorted back to Sri Lanka by Indian armed forces after he finally agreed to surrender his fighters' arms. Also present in New Delhi over this four-day period was Palestine Liberation Organization chairman Yasser Arafat. The PLO has supported the Tamil insurgency with weapons and supplies, and clearance from that channel was likely necessary for Prabhakaran's agreement. The guerrilla leader stated he finally agreed to the pact because he had been left by "stronger powers" with no other choice.

In the Sri Lankan conflict, India has taken the role of the protector of the Tamils, who originated in southern India and were transported to Sri Lanka by the British who used them as the administrators of their colony. After Sri Lankan independence, the Tamils were systematically downgraded until today they represent an oppressed minority with second-class citizen status. Since the mid-1970s, the chauvinism of the Sinhalese Buddhists has in turn produced powerful Tamil separatist-terrorist organizations based in the northern provinces of the island, supplied and aided by Tamil sympathizers in southern India.

The primary danger to the agreement remains from the Sinhalese. On July 30, Sinhalese radicals, led by Buddhist monks, rampaged through Colombo in protest against the accords. By the time police had quelled the riots, over 30 people had been killed. "Jayewardene the dictator is going against our whole country," declared Sinhala Balamanda Laya, who participated in the riots. "We can't trust Gandhi. This is not Jayewardene's land to give away."

The danger is now acute that Jayewardene will be assassinated by Sinhalese chauvinists, who have called for wars of "extermination" against the Tamils. In 1959, then-Sri Lankan Prime Minister Solomon Bandaranaike was murdered for even mooted such concessions as Jayewardene has now executed. Bandaranaike's wife, also a former prime minister, is now leading the Sinhalese opposition against Jayewardene. The prime minister is now under the security protection of Indian commandos.

The negotiated agreement staved off a likely Sri Lankan military assault on Jaffna and the guerrillas controlling much of northern Sri Lanka, resulting in a bloody and possibly protracted civil war, which would have divided the entire region. Not only was Sri Lanka relying for its counterinsurgency on Israeli security forces operating out of an Israeli interest section of the U.S. embassy in Colombo, but Sri Lankan Security Minister Lalith Athulathmudali visited his counterparts in Pakistan in June, immediately after India had carried out a military airlift of humanitarian aid to the war-stricken Tamils in the north. The Sri Lankan ethnic-religious conflict was thus on the brink of becoming a regional war that would divide the subcontinent against itself. This prospect has now, for the moment, been averted by the diplomacy and determination of Jayewardene and Gandhi.

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# Catholic, 'New Age' forces battle for control of Italian government

by Leonardo Servadio

In the weeks following the June 14 Italian elections, a fight broke out between the Vatican daily *Osservatore Romano*, and socialist former Prime Minister Bettino Craxi. Craxi scolded the Church for having interfered in political affairs during the electoral campaign, and also lashed out against the judiciary of Florence in the wake of the indictments of a number of members of Craxi's Italian Socialist Party. Craxi said he will "take care of" the magistrates, in a tone it would be hard not to consider threatening.

*Osservatore Romano* replied by writing that the Church will not allow itself to be gagged and criticized Craxi's attitude toward the judiciary.

This clash between Craxi and the Catholic world is not some internal Italian affair, but the Italian reflection of a larger war in which Russia and Wall Street's "Project Democracy" crowd, now notorious for selling arms to Khomeini in the illegal "Oliver North" operation, are on the same side. The other side is most strongly represented in Italy by the anti-malthusian, pro-economic growth faction in the Catholic Church.

These are the forces battling for control over the newly formed government of Christian Democrat Giovanni Gorla. Not counting the caretaker government of Amintore Fanfani, instituted after Craxi fell last March, the Gorla cabinet is the first one headed by a premier from the Catholic party since Craxi began his three-and-a-half year rule in 1983. Before that, since 1947, the Christian Democracy, Italy's largest party, had headed all of Italy's postwar coalition governments.

The Gorla government is coming into being in the wake of the Church's recent statements against international usury, and only a few weeks after the Pope received Austria's President Waldheim, at the very moment when U.S. policy was working to alienate Austria from the West and throw it into the arms of Moscow. Needless to say, not all nominally Catholic forces are with the Pope against Moscow and Project Democracy. Christian Democrat Giulio Andreotti, who returns as foreign minister in the Gorla government, and the Vatican Secretary of State Agostino Casaroli and his aide Silvestrini, are emphatically on the side of the Iran-Contra "secret government" and its plans for a "New Yalta" redivision of the world with the Soviet empire.

The Church was indeed active during the electoral campaign. It called upon Catholics to defend basic moral values and stressed that this is also done through the ballot box.

A vexed Craxi sidled up to the Italian Green Party and the Radicals, and started talking up the idea of a "lay-socialist" bloc that would include those two parties—best known in Italy for dressing up as clowns or American Indians and promoting referendums to liberalize divorce, legalize abortion, uphold "gay rights," and ban nuclear power—in short, to peddle every imaginable evil of the "New Age" counter-culture which has been unleashed to destroy Western industrial civilization.

The Socialist Party repeatedly pressured Italy's new premier, Giovanni Gorla, to include the two fringe parties in his cabinet. Gorla said no, emphasizing that the party of Ciciolina—the Hungarian prostitute who headed the Radical slate—could not enter the coalition. It is likely that the Socialists, the strongest of the Christian Democrats' coalition partners, only agreed to keep the Green-Radical lunatics out of the government in return for a *quid pro quo*—a promise to hold an anti-nuclear referendum as soon as possible.

It was the Socialist Party which relaunched anti-nuclear politics in Italy, after Claudio Martelli, Craxi's "fair-haired boy" and the number-two man in the party, went to get his political line from Willy Brandt at the German Social Democracy's congress last year. Ironically, the Socialists and Radicals have been the big pushers of referendums, even though both have delegations in Parliament, which has the function of proposing legislation. The referendum was designed to be the instrument of those who have no such representation. The misuse of the referendum, above all as a weapon against industrial development, is aimed at unhooking the nation's growth potential and corroding its institutions.

## Bringing the Communists in

Not only has Craxi launched an alliance with the Greens and Radicals, but he has pulled the Social Democratic Party, notoriously linked to "Project Democracy" in the United States, into the pact. The strategy toward the Communist Party appears to complement this.

At the Communist Party's post-election Central Com-



mittee meeting of June 27, the old guard of party secretary Giorgio Napolitano was ousted for its failed strategy of trying to sneak the Communist Party into the government by following a "national" line. The national executive committee was cut from nine people to five, and Achille Occhetto, a Gorbachov man, was voted in as vice secretary. He will become party chief by the end of the year.

Socialist leader Martelli and Communist leader Occhetto then granted a *joint* interview to the weekly *Espresso*, in which they affably discussed the possibility of one big "left" party in Italy, including the Greens and Radicals along with the Communists and Socialists.

The creation of a "dissent bloc" inside the Italian Communist Party—the largest in the West and Italy's second-biggest party despite electoral slippage—clearly works as the driver for setting up this Italian "rainbow coalition," whose only real function is to attack the Church. The scenarios by which the Communists could get into the government are various: a split in which a "left" and "right" party emerges; or, in not-unlikely early elections, a hemorrhage of Communist votes into Craxi's party. Both scenarios would produce the indispensable prerequisite for the "lay bloc" to take over the government: a scaled-down Communist Party, kept "under control" by the Socialists, which would become the biggest left party.

How much Moscow is in on this game can be seen in the *Pravda* commentaries wishfully predicting a very short life for the Goria government, in the hopes of eroding further the independence of the Italian Catholic world.

### **The Marcinkus case**

Such schemes may have been set back when the Italian Supreme Court recently absolved Archbishop Paul Marcinkus for the financial scandal around the Banco Ambrosiano and the Vatican-linked Istitute per le Opere di Religione (IOR), after a months-long campaign of attacks on the Vatican. The anti-Marcinkus drive was launched by the self-styled "lay" print media which used the case as a political weapon to discredit the Church.

The Marcinkus case came back into the limelight exactly *one day* after Brazil had declared a moratorium on its foreign debt last February. Brazilian President José Sarney, in announcing the measure, relied heavily upon the document put out by Vatican's "Justitia et Pax" commission, which attacked the policy of enslaving Third World countries by means of conditions on credit, and explicitly named the International Monetary Fund.

This issue—defiance of the International Monetary Fund—defines precisely where Prime Minister Giovanni Goria would have his best chance to keep his cabinet from sinking with the rotting hulk of "Irangate." When then-Brazilian Finance Minister Dilson Funaro came to Italy last March, then-Treasury Minister Goria supported Brazil's debt moratorium.

# The meteoric rise of Gen. V.N. Lobov

by Rachel Douglas

Expect to hear a lot more about V.N. Lobov, a Soviet military officer who currently has the rank of general colonel (three-star general) and is first deputy chief of the General Staff of the Soviet Armed Forces. He has zoomed to the upper echelon of the Soviet military leadership in as short a time as any of the new generation of the Soviet high command, schooled under Marshal Nikolai V. Ogarkov. Like Ogarkov, he is a specialist in strategic deception.

The elevation of General Lobov to the post of first deputy chief of staff became known in April 1987. Already on June 15, he was dispatched on a sensitive diplomatic assignment—to Syria. He conferred with Syrian Minister of Defense Tlas and Chief of Staff Shehabi, being the highest-level Soviet representative on the scene as a major Middle East crisis began to boil in the Persian Gulf.

On June 28, less than a fortnight after his return from Syria, Lobov published a lengthy article in the Soviet military daily *Krasnaya Zvezda*. From this officer, who for the previous three years commanded the land-locked Central Asian Military District, Russian military readers received an authoritative treatise on the importance of *naval* operations in the global strategic showdown.

Complaining particularly about the global reach of United States aircraft carrier groups, Lobov admonished, "The world's oceans are turning more and more into the starting point for the unleashing of aggression against the Soviet Union . . . and into a springboard from which a first nuclear strike will be launched." He did not, naturally, say anything about such developments as the stepped-up deployment of Soviet Delta Class ballistic missile submarines, not to mention Victor Class and Alpha Class subs armed with cruise missiles, off the U.S. coast; or the Soviet Navy's acquisition of two more Typhoon Class and four of the new Delta-IV Class strategic ballistic missile submarines, just in the past two years.

General Lobov zeroed in on current events: "Particular alarm is caused these days by the expansion of the American naval presence in the Persian Gulf and the northern part of the Arabian Sea. Using the shelling of the frigate Stark as a pretext, Washington has sent additional warships into an already explosive region, is keeping the carrier Constellation on combat standby in the region, is threatening to strike against Iran, and is seeking the right to base its aircraft on the

territories of a number of coastal Arab states.”

The Soviet Union, revealed Lobov, has a whole agenda in the wings, for bringing global naval operations under the umbrella of arms control negotiations. Why not agree on limiting anti-submarine warfare (ASW) activity in parts of the Pacific? Why not set up “zones of peace” in the Indian Ocean or South Pacific? In party chief Mikhail Gorbachov’s July 1986 speech in Vladivostok, Lobov recalled, “It was stressed that if the United States would renounce its military presence in, say, the Philippines, we would not fail to reciprocate.” This is quite an offer—a modest hint that the Soviets might consider a halt to the massive build-up at Vietnam’s Cam Ranh Bay, once the United States had cleared out of the Pacific altogether! Meanwhile, the Soviet Union would retain its more than 50 divisions based on Soviet territory in the Far East.

### Strategic sneakiness

As recently as 1984, it was General Lieutenant V.N. Lobov (two stars), first deputy commander of the Leningrad Military District. He arrived there in 1981, when he was 46 years old, and served under Leningrad Military District Commander Gen. B. V. Snetkov (who today is the only one of the 20 Soviet district and force group commanders to have been in his present location for more than three years) until mid-1984. The Leningrad Military District is a component of what the Soviets define as the Western Theater of War, which is commanded by Ogarkov. It boasts a heavy contingent of ground forces, and the headquarters of two of the four fleets of the Soviet Navy lie within its bounds—the Baltic Fleet (Leningrad) and the powerhouse of strategic nuclear forces, the Northern Fleet (Severomorsk).

In 1984, Lobov succeeded Gen. Dmitri T. Yazov, the future defense minister, as commander of the Central Asian Military District. This occurred as part of an extraordinary overhaul of the U.S.S.R.’s military command, as Soviet forces were reorganized according to Ogarkov’s prescription, for wartime command-and-control to be fully in place before hostilities are overt. Yazov became commander of the Far East Military District, whose previous commander, Gen. Ivan M. Tretyak, took charge of High Command Far East, one of the wartime super-districts mandated by Ogarkov.

While he was in the Central Asia Military District, Lobov prepared himself for bigger things. Between July 1986 and March 1987, Lobov published three articles in the main Soviet military journals—rather prolific for a Soviet officer. In two of these, he marked himself as a specialist in disinformation and deception, by addressing the theme he calls *voyennaya khitrost*, or “military cunning.” The word *khitrost* is a very powerful one in the Russian language, because of historical associations. It may be translated as “cunning,” “know-how,” “sneakiness,” or “guile”; it is cognate with the Greek *tekhnikos*, which gives the root for “technology.” Its most famous use in Russian, appropriately highlighted by

James H. Billington in his *The Icon and the Axe*, was in the phrase *zamorskaya khitrost*, or “cleverness from overseas,” by which the Russian monks at the time of the 17th-century Old Believers’ schism referred to the influx of foreign technologies that they hated.

The monks counterposed piety to *khitrost*, but as far as General Lobov is concerned, sneakiness is a fine, powerful military method. “This concept,” he writes about *khitrost*, “unfortunately has not yet received the theoretical development it deserves. The concept of ‘military *khitrost*’ is not in the *Soviet Military Encyclopedia*. . . . But the experience of the past irrefutably testifies, about the importance that military *khitrost* has had in various periods of history. . . . The development of scientific and technical progress leads to the creation of more modern equipment and weapons, and the emergence of new forms and means of armed struggle.”

In this article, in the March 1987 issue of *Voyenno-istorichesky zhurnal* (*Military-Historical Journal*), Lobov stressed the decisive importance throughout military history of all types of *khitrost*—*maskirovka* (camouflage), deception and related techniques of military art—for securing victory by hitting the enemy when he least expects it.

The last sentence quoted above, about new types of weapons, marks Lobov as one of the military modernizers of Ogarkov’s school, who are grouped around Deputy Chief of Staff General Colonel M.A. Gareyev and the Voroshilov Academy of the General Staff. General Lobov has now moved to the front of this group: Leaping to the post of first deputy chief of staff (one of three), he filled the slot formerly occupied by General I.A. Gashkov. The latter had succeeded Marshal Sergei Akhromeyev in that position, when Akhromeyev followed Ogarkov as chief of staff of the Armed Forces. Thus, Lobov may be in line to become chief of the General Staff in the future.

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# Mikhail Gorbachov's stable of Great Russian racist writers

by Luba George

Our contemporary literature of the "village prose school" is extremely significant for understanding the idea of a "people" [*narod*]. The people, through our artists and thinkers, can critically judge ourselves, reproach ourselves, and portray our lives more severely than anyone else. Dostoevsky portrayed such images in his *Crime and Punishment*, in the *Possessed*. . . . Today [Viktor] Astafyev, and also [Valentin] Rasputin are doing the same, because today, as never before, the higher artistic ideal of the "people" and its earthly mission are in danger of disappearing.

—Sergei Zalygin, in "The National Roots of a Writer," in *Literaturnaya Gazeta*, March 18, 1987.

On May 6, over 400 members of a group called the "Pamyat Society" demonstrated near the Kremlin, with placards reading, "Down with the Enemies of *Perestroika*" (restructuring). The May 6 demonstration, covered in the Western press, brought this hitherto obscure group into the international limelight. What exactly is Pamyat?

Pamyat (the word means "memory") is a Great Russian racist society which propagates the idea that "World Zionism and Freemasonry" threaten *Matushka Rus* (Mother Russia). It calls for a "Russian national rebirth," based on a mixture of Russian Orthodoxy and a return to the old pre-Christian pagan beliefs—away from Christianity, branded "the Jewish religion."

An extremist fringe group in Russia? Hardly. The day after the May 6 Kremlin demonstration, on May 7, a Pamyat delegation was received by Soviet candidate Politburo member and Moscow city party boss Boris Yeltsin.

How is it possible that a group like Pamyat, with a program that is a bizarre mixture of environmentalism, Russian chauvinism, and anti-Semitism, finds support in high-level Communist Party circles?

This question, asked so often in the West after May 6-7, is just one more reflection of the abysmal lack of understanding of Russian culture in the West. The core of Pamyat's ideology is coherent with that of the ruling Russian *nomenklatura*. In point of fact, the leaders of Pamyat and the associated literary cultural milieu are the favorites of the Soviet leadership under Gorbachov.

Pamyat's leaders represent a virtual "who's who" of the

literary elite sponsored and feted by the state over recent decades. They include the Moscow photographer D. Vasilyev, a close collaborator of the popular Moscow artist and icon painter, Ilya Glazunov. Glazunov is a Dostoevskian mystic and one of the leading figures in the "Russian National Rebirth" occurring under Gorbachov's war-economy mobilization, called *perestroika*. The initiators of this chauvinist movement also include well-known Soviet writers, the *derevenshchiki* (Village Prose) school of writers, the "men of the soil," such as Viktor Astafyev, Yevgenii Nosov, Vladimir Krupin, Chengiz Aitmatov, Yuri Bondaryov, Vasilii Belov, as well as the internationally known Siberian writer, Valentin Rasputin. Rasputin and Aitmatov are among the leaders of the Soviet Culture Fund, created in August 1986, under the direct patronage of Raisa Gorbachova.

It is noteworthy that West German President Richard von Weizsäcker, prior to his Moscow visit, explicitly asked that time be reserved for him to meet with Rasputin and other eminents of the Village Prose variety of Russian chauvinist author. Von Weizsäcker is not exactly a paragon of Western cultural values himself. He is known for propagating the myth of German "collective guilt" for the crimes of the Nazi leadership. We wonder if he knew that his Russian writer idols are, as Great Russian chauvinists, violently anti-Semitic—in fact, today's Nazis.

In an exchange of correspondence with the Jewish literary historian Nathan Eidelmann, recently made public in the Paris-based literary publication *Sintaxis* (Vol. 17, 1987), Village Prose writer Viktor Astafyev attacked Jews for claiming "a cultural monopoly." In defense of Russian "purity," Astafyev presents the Jews in Third Reich "enemy image" fashion.

"Every national re-awakening, and especially the Russian, must have enemies and opponents," he wrote. "In our renewal [i.e., *perestroika*], we could circle the world, singing our songs . . . write in our mother tongue . . . and ourselves comment on the diaries of Dostoevsky."

If that is less than clear, note that in Dostoevsky's *Diary of a Writer*, he explicitly spelled out his racialist theory that it is the "destiny" and "mission" of the "Great Russian race" to exercise world domination.

The Jewish writer Eidelmann, who was critical of the new Russian chauvinist cultural trends, was subjected to

personal abuse for allegedly exhibiting “not only evilness, but also the overboiling zeal of Jewish, high-brow intellectual arrogance.”

It would not be quite correct to say that Astafyev, like Pamyat “Führer” Vasilyev, has adopted an unabashed copy of classical fascist ideology. It is true that, for them, like Hitler, the “Russian race” is the “chosen people” of the “Great Aryan Race,” threatened by the “cultures” of “enemy,” “inferior” races. And it is true that, as in the writings of the Third Reich, the “enemies” are “Zionism” and “Freemasonry,” who want to destroy traditional Russian society, and the Russian Orthodox Church. But then, Hitler got those ideas originally from Russia, from the godfather of 20th-century fascism, Fyodor Dostoevsky.

Another “village” writer, Vasili Belov, in his book, *All Lies Before Us*, chose as the main character of his novel an evil genius with the Jewish name of “Brish,” who, out of pure malice, ruins a simple Russian family. In a review of the book in the Soviet Komsomol youth magazine, *Molodaya Gvardiya* (*Young Guard*, No. 3, 1987), the reviewer writes that Soviet Russians at the time of the book’s events lived under the spell of an “evil force” which disturbed their society and was responsible for their misfortunes. This “force” is referred to as “fascism” (Western fascism), “Zionism,” “Freemasonry,” and “Cosmopolitanism”—all labels frequently used to describe the Jews by Great Russian chauvinists.

These *derevenshchiki* form the core of the “new *pochvennichestvo* (*pochva* = soil) which could be translated as “back to roots” or “blood and soil” movement, a “fundamentalist” movement. The *derevenshchiki* are something of a modern version of the *raskolniki* (old believers) so dear to Dostoevsky, with their anti-Semitism, glorification of the Russian “village commune” (*mir*), and “collective soul” ideology. These were the repository of “raw spiritual values.” (The Russian word *mir* means “village,” but also, “world.” There is an old Russian saying: *Rossiya—eto mir*; Russia encompasses both Village and World.)

This current in Russian culture has a Khomeini-like hatred of Western European civilization, a hatred which has been the leading factor in Moscow’s policy toward the West for centuries.

Through their works of the 1970s, published in many of the semi-official and official publications like *Veche*, *Molodaya Gvardiya*, *Nash Sovremennik*, the Village Prose writers shaped the “new *pochvennichestvo*,” the movement which has become the cultural backbone in support of the *nomenklatura*’s “Russian Party.” These include Mikhail Gorbachov, and more important, his wife, Raisa. They include Marshal Nikolai Ogarkov. Hand-in-hand with this Soviet oligarchy’s preparation for the war build-up of the 1980s (*perestroika*), the Village Prose writers were greatly promoted. Many were awarded the State Prize for Literature—for example, Valentin Rasputin for his novel *Zhivi i*

*ponmi* (*Live and Remember*). Also given this highest literary prize were Chingiz Aitmatov (1977) and Vasili Belov (1981). In November 1984, Rasputin and others were honored with the Order of Lenin.

Today, these Russian Nazis—most in their 40s and 50s—adorn the board of Raisa Gorbachova’s Soviet Culture Fund.

### Dostoevskian pagans

The head of the Soviet Culture Fund’s presidium, Dmitri S. Likhachov, 81, is an arch-Russian chauvinist and propagandist of the superior virtues of Old Russia. He was prominently featured in a 1981 Pamyat publication as the movement’s “spiritual father.” Likhachov, as a leading historian-ideologue of the Russian Party, understands that Marshal Ogarkov’s *perestroika* requires the enlistment of a “Great Russian” ideology among the population, if they are to make the sacrifices necessary for Soviet Russia to enter the Third Millennium ruling the world.

Village writer and editor-in-chief of the literary magazine *Novy Mir*, Sergei Zalygin, 73, has been credited by Likhachov with single-handedly “saving the Ob,” one of the major rivers of Siberia, with his campaign to stop a huge river-diversion project drawn up in the last years of the Brezhnev era. The project would have provided Siberian water to arid Central Asia—home of “inferior,” non-Russian Soviet peoples.

Under the aegis of these two gurus, Likhachov and Zalygin, a “Save Lake Baikal” (Siberia) campaign was also gotten under way, among other demands that *Matushka Rus* be protected from the ravages of pollution and mining. In June this year, Zalygin helped found (and subsequently has become the head of) a new environmental protection group, called, appropriately, Greenpeace, after the KGB-controlled group in the West. This Muscovite version of Greenpeace is now closely collaborating with the KGB front organization, the Soviet Peace Committee.

Do not think that this “environmentalism” is being used to cripple the Soviet economy, as it is the economies of the West. Great Russian chauvinist “environmentalism” is *no way* comparable to the Green phenomena the KGB promotes in West Germany and other parts of the Western world. Rather, resources are being selectively diverted for Marshal Ogarkov’s *perestroika*. True, under cover of this “protect the environment of Mother Russia” campaign, all large-scale river diversion and canal construction has been stopped by the *nomenklatura*. The pollution of Siberia’s Lake Baikal, the largest repository of fresh water in the world, and of Lake Ladoga, the source of Leningrad’s water supply, has been brought under control, through the closing of pulp and paper plants, and the *modernization* of chemical and other industrial facilities.

The Russian Party’s environmentalist movement is run in strict conformity with *perestroika*’s industrial modernization. *It places major emphasis on nuclear power*, which is at

the core of Ogarkov/Gorbachov's pre-war war-economy mobilization.

Thus, the Russian Party "environmentalists" are only against pollution caused by *outmoded technology*. They want the fastest possible *replacement* of obsolete, polluting technology with the most modern plant and equipment possible. They are thus an integral part of *perestroika* and the "technological attrition" policy of Ogarkov's Soviet military high command.

### The case of Valentin Rasputin

One of the most popular Village Prose propagandists for the "ecologist" point of view is the avowed Dostoevskian mystic, Valentin Rasputin. "The genius of Dostoevsky is unique in all of world literature. He realized a spiritual transformation, whose true significance possibly may first be fully understood only in the next century," wrote Rasputin in *Sowjetunion Heute*, (*Soviet Union Today*), the monthly magazine distributed by the Soviet embassy in Bonn.

Rasputin, at age 50, has refused to move from the "nature" of Siberia to Moscow, the bustling capital. His hut, his desk, stand on the very shore of Lake Baikal, the "clear eye of Russia," as he calls it, "gazing unblinking into eternity." Rasputin believes that the lake, to him literally a pagan god, gives him his artistic powers. Such commonplace and banal themes as people coming from the town to gather berries in the *taiga*, the endless marshy forest land south of the tundra, are elevated to high metaphysics by Rasputin's pen—in, for example, his *Vek zhivi—vek lyubi* (*Live Forever, Love Forever*).

Back in January 1986, Rasputin wrote: "For us there is no destiny, no word, except Russia. . . . The 'village' prose of the '60's and '70's repaid an essential debt to the Russia of our parents . . . through living, grateful memory, and showed how their national soul was strengthened and what it has carried from the depths of history. . . ."

In the Spanish paper, *El País*, after the Eighth Congress of Soviet Writers, Rasputin was quoted: "I believe that it is better to return to the caves than to build nuclear power plants in such a way that our earth continues to be destroyed." This, however, as the following quotes show, was an attack, *not* on nuclear power, but on outmoded, unsafe models.

In an interview with the West German conservative Christian weekly, *Rheinischer Merkur*, during his visit to Dortmund in March this year for the Oekologie-Symposium, Rasputin declared his total support for Gorbachov's *perestroika*, saying that the "changes this time will be borne from above and from below—which thus makes the prospects of success so realistic." Many Green faces in West Germany turned red when their invited guest, Rasputin, emphatically declared that the U.S.S.R. has not the least intention of giving up its nuclear power, "because there exists today no alternative."

Later, in an interview with *Der Spiegel*, April 1987,

Rasputin admitted:

"Without technology, forget about it. There is, of course, no going back to the old peasant Russia. . . . One should rather strive to safeguard the roots of the people in every nation, and in every person."

### 'Cruel imperial goals'

In his time, the exiled Alexander Solzhenitsyn wrote about the "unnatural merger of the 'Russian' and the 'Communist' "—this "cross-breed of a mongrel dog and a pig."

But it is precisely because this "hybrid" is not "unnatural," as political "communism" is only a continuation of the "collective soul" tradition of Byzantine Russia, that this "hybrid" has not only survived, but under Gorbachov, is displaying manifest determination to turn into an apocalyptic Dostoevskian beast.

On another point, Solzhenitsyn was insightfully on the mark when he warned America that the Soviet regime's definite intention is "to exploit Russian nationalist feelings, suppressed by [the regime] itself, *for the sake of a new war, for its own cruel imperialist goals*, and thus, the more convulsively and desperately it does so, the deeper communism will sink in ideologically, in order to gain from national feelings the physical and spiritual strength that it lacks. True, there is such a danger."

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## Papal 'law' in Brazil

*The Vatican has escalated its campaign against the "theolib" heretics, choosing Brazil as the battleground.*

The naming of Brazilian bishop Lucas Moreira Neves to the archbishopric of the city of Salvador, and thereby the new Primate of Brazil, is the culmination of a series of measures that Pope John Paul II has adopted in Brazil—the largest Catholic country in the world, with 350 bishops—to contain the activities of that new heresy, the twisted Theology of Liberation.

The Vatican has been so relentless on the question that the leaders of the so-called Marxist-Christian dialogue, like Leonardo Boff, Fr. Betto, and some of the bishops who support them, have resorted to outright blackmail, threatening to lead a schism within the Church.

Boff and Betto were in Moscow in early July, where they praised the Russian Orthodox Church and insisted that they had found "signs of the City of God" in the Soviet Union.

They say they plan to be back in the Soviet Union next year, to participate in a celebration of the 1,000 years of Christianization of old Russia, a date which the Soviet hierarchy has set as the beginning of a new era that would convert Moscow into the capital of the Third and Final Roman Empire.

Determined to confront this threat, the Vatican has moved, after an eight-month vacancy in the historic archdiocese of Salvador, to nominate Bishop Moreira Neves to the post. Salvador's cultural importance resides in the fact that it was the first diocese created in the country, in 1551; it is both the origin of all Brazilian cardinals and a symbol of Catholic

evangelization for the Ibero-American continent.

Bishop Moreira Neves, cousin and collaborator of the deceased president-elect Tancredo Neves, has tremendous support and respect throughout Brazil. Prior to his new appointment, he held the post of secretary of the Congregation of Bishops at the Vatican.

An ally of Pope Paul VI and John Paul II, he remained at the Holy See for 13 years. In 1974, by the mandate of Paul VI, he assumed the vice-presidency of the Lay Council, and after 1979 worked in the Congregation of Bishops.

As a representative of the opinions of both Popes, Moreira Neves defined his new mission in an interview with the daily *O Estado de São Paulo* thusly: "The Pope told me: There must be law in Brazil. Not that very long ago, Pope Paul VI had told me: I need law in Rome."

The future Primate of Brazil was explicit in establishing the method whereby he expected to contend with the liberationists' new challenge. In unison with Joseph Cardinal Ratzinger and with John Paul II, Moreira Neves declared:

"There are two tendencies in the Theology of Liberation. There is one which the Pope considers opportune and necessary, and which is proper to the doctrine of the Church, and then there is the tendency which is proper to Marxist analysis, and therefore unacceptable."

The reforms and changes undertaken by the Church in Brazil began earlier. The clearest case was in July

of 1985, when Bishop Helder Camara, of the important northeastern city of Recife, was replaced by Bishop José Cardoso Sobrinho, who is much closer to the Pope in his battle to protect the values of Western culture so despised by the theologians who flock to Moscow.

In the various messages that the Pope has sent to the Brazilian bishops council, his purpose is clear. One of the most renowned—which prompted outrage from Leonardo Boff and company—was delivered to a meeting of the Brazilian National Bishops' Conference (CNBE) in the village of Itaiaci, in 1986.

Through a personal emissary, John Paul II enumerated the challenges facing the bishops gathered there. One of these was the proliferation of fundamentalist, non-Christian sects, whose promoters, from Teddy Roosevelt to the Rockefeller banking family, were earlier identified by Cardinal Ratzinger. Another was the misery and poverty in which Brazilians live.

There was also a third: the correct interpretation of the so-called theology of liberation: "The theology of liberation, as a theology for all time, and in full adherence to the theology of the Church, offers preferential love that neither excludes nor is exclusive of the poor."

By contrast, the so-called "People's Church" promoted by Boff's "theolibbers" zealously seeks to provoke class hatred.

While this "church" of the Marxist-Christian dialogue still has its protectors in Cardinals Aloísio Lorscheider and Paulo Evaristo Arns, with these latest measures of the Vatican, the proponents of the "People's Church" who have turned Brazil into a center of cultural subversion against genuine Christian faith, are steadily losing ground.

## Air show draws 250-300,000

*The Ramstein "Flugtag" does more for NATO's solidarity than an army of State Department diplomats ever could.*

The largest peace demonstration this year was held at Ramstein Air Base, the home of the U.S. Air Force in West Germany, where over 250,000 West German citizens as well as large numbers of Belgians, Dutch, French, and Americans attended the annual Ramstein Air Show. Despite heavy rains and below-normal temperatures, the huge crowd was a testimony to the popular support for NATO's defense effort and especially America's vital participation.

The annual event, a postwar tradition, has become a target of Gramm-Rudman budget cutters in Congress, who are seeking a withdrawal of American forces from Western Europe, and the "Moscow faction" among German political parties. The circles eager for an arms control deal with Moscow find these displays of pro-American, pro-NATO popular support intolerable, a fact underscored by the near blackout of the event in the liberal media here.

The Ramstein Air Show, *Flugtag* in German, is an annual event sponsored by the U.S. Air Force's 86th Tactical Fighter Wing, based at Ramstein Air Base in the central part of West Germany, and is the largest air show in Europe. The weather, which could be euphemistically described as "horrible—with heavy clouds, pouring rain, and chilly temperatures—kept the crowd below the usual 500,000-1,000,000. Ramstein's location, within a day's drive of France, Belgium, Luxembourg, and the Netherlands, makes it a true NATO-wide event. This year's event was extra special, since it also commemorated

the 40th anniversary of the founding of the U.S. Air Force in 1947.

The Air Show gives an opportunity for the public, especially children, to see NATO's front-line aircraft. Those on display included the American F-15 Eagle, the U.S.'s most advanced and sophisticated air interceptor; the F-16, one of America's most advanced multipurpose fighters which is also flown by the air forces of Belgium, Denmark, and the Netherlands; the F-111, the U.S. strike bomber best known for the April 1986 Libya raid.

Also on display were various versions of the French Mirage 2000 and hosts of other aircraft from fighters to transports to electronic warfare aircraft. Of special note were two new systems that only recently joined NATO's air defense resources. One was the Patriot air defense missile system. Its phased array radar, state-of-the-art computerized tracking system, and high velocity and altitude missile give it an anti-missile as well as anti-aircraft capability. The second was one of the NATO's 18 new Boeing AWAC early warning surveillance aircraft. The AWAC is the only system managed fully by the NATO staff at SHAPE headquarters in Belgium.

Several of these planes are in the air 24 hours a day patrolling the full length of the NATO-Warsaw Pact border from Denmark to Turkey. Also on hand, for the first time, was an American B-52 strategic bomber flown from the Strategic Air Command Base near Rome, New York.

By far the biggest attraction is the live air show, where some of NATO's

most powerful aircraft put on a performance that is hard to imagine if you haven't seen it, and hard to forget if you ever have. Planes like the U.S. front-line interceptor F-15, an aircraft which can fly at Mach 2.5 and climb to an altitude of 98,000 feet in 3 minutes will do loop the loops and other aerial acrobatics at breathtaking speeds. But to the disappointment of the crowds, bad weather prevented most of the show from being performed. Still, the three separate aerobatic teams including the French Patrouille de France, the Italian Freccia Tricolori, and the British Red Arrows were able to perform, to the delight of an audience that had to stand for hours, often in the rain.

Although this was the only air show held in West Germany this year, formerly it was only one of nearly a dozen air shows held on American bases here. All fell victim to Gramm-Rudman budget cuts and a State Department policy for American forces to keep a "low profile" for fear of "provoking" anti-Americanism. Germany's "Moscow faction," in the form of the pro-terrorist Green Party and the Social Democratic Party, has worked to try to ban even this show. Busy trying to muster support for a ban in the surrounding communities, the Greens were only able to mount a protest of 30 people outside one of the air base gates, which they later called a "symbolic" protest. Meanwhile the parliamentary faction of the Social Democratic Party in Rhineland Palatinate, where Ramstein is located, unsuccessfully attempted to have it banned.

As is often the case, the population voted with their feet, and the tremendous turnout, despite the heavy rain, contrasted sharply with State Department fears of "provoking" popular hostility.

# International Intelligence

## ***Vatican, Jewish leaders to meet***

The Vatican has agreed to a "substantive" meeting with American Jewish leaders in Rome. Cardinal Jan Willebrands, head of the Vatican Commission for Religious Relations with the Jews, issued a formal invitation in a telephone conversation with Rabbi Mordecai Waxman, chairman of the International Jewish Committee on Interreligious Consultations, said Synagogue Council spokesman Gunther Lawrence.

"The meeting will be a substantive one," said Elan Steinberg of the World Jewish Congress, "not just one in which there are two one-way ceremonial statements."

Details of the Rome meeting have yet to be worked out, but Pope John Paul is expected to participate in at least some portions of the meeting, as are Cardinal Casaroli, the Vatican Secretary of State, and Cardinal Willebrands.

Tensions have run high between the papacy and those "American Jewish leaders" associated with whiskey-peddler Edgar Bronfman. During the month of July, after Bronfman's World Jewish Congress promoted unfounded Soviet-concocted stories of Austrian President Kurt Waldheim's "Nazi past," the Pope expressed his displeasure with such favors for the Kremlin by granting a personal audience to Waldheim.

## ***Changes at the top in Afghanistan?***

Leadership changes may be afoot in Afghanistan. Moscow's Afghan puppet leader, Najibullah, has been sent to the "southern U.S.S.R. . . . to continue his medical treatment," TASS reported Aug. 4. On July 19, he was called to Moscow, on sudden notice for talks with Mikhail Gorbachov.

The Soviet press reported his departure from Moscow on July 21, without naming his destination, as is customary.

On Aug. 1, Radio Moscow reported a meeting of the Revolutionary Council in Kabul, with no mention of Najibullah. The TASS statement of Aug. 4 finally clarified the question of his whereabouts.

His deposed predecessor, Babrak Karmal, was also exiled to the Soviet Union for "medical treatment."

## ***Mecca riots were an attempted coup***

Ayatollah Khomeini was to be proclaimed "spiritual leader of all Muslims," Iranian leaders succeeding in pulling a coup in Saudi Arabia under cover of the rioting that occurred in Mecca at the end of July.

Involved was a six-point plan in which the Iranian rioting in Mecca were only the first stage, Saudi Arabia's *Okaz* newspaper claimed Aug. 4.

*Okaz*, which always reflects government opinion, said its report was based on preliminary results of an investigation into the riots. More than 400 died.

The first stage of the coup plan was to block the entrances of Mecca's Grand Mosque during afternoon prayers, at which time Iranian demonstrators—some reports say as many as 15,000 of them were Revolutionary Guards out of uniform—planned to call for proclamation of Khomeini as the "sacred imam of Muslims."

They would then "oblige the pilgrims and the people who had come for prayers to pledge allegiance to the leaders of the demonstration at the scene and to the position of Khomeini."

The fourth point of the plan was to declare Qom, Khomeini's bailiwick in Iran, "a sacred city and pilgrimage place for all Muslims, replacing Mecca and the holy sites" in Saudi Arabia.

The Iranian demonstration leaders also planned to kill the imam of the Grand Mosque and anyone else who opposed them. The final stage of the plan consisted of "burning parts of the Kaaba," the structure in the Grand Mosque's holy-of-holies that Muslims face

when they pray, in order "to make the faithful turn away."

Several leading Iranian terrorists were in Mecca to oversee the coup, according to the Iranian Mujahedeen, who are now allied with Iraq. The coup plotters included Gen. Sayad Shirazi, who is Khomeini's personal representative on the Supreme Defense Council; Sadeq Khalkhali, a parliamentary deputy and top terrorist leader; Fakredeen Hedjazi, a Parliament member close to the Hezbollah of Lebanon, and Ayatollah Mehdi Karrubi, the leader of the Iranian pilgrims.

## ***400,000 AIDS cases in Brazil***

There are 400,000 AIDS cases in Brazil, the coordinator of that country's National Program of Control of Transmissible Sexual Diseases has declared. Lair Guerra de Macedo said that over 90% of them do not know they have AIDS, and are continuing to spread the disease among Brazil's population of 130 million.

Officially, there are only 1,835 registered cases, but she estimates there are more than 3,000 terminal cases now in hospitals.

Tuberculosis has risen from the ninth cause of death in 1983 to second in 1986, thanks to collateral infections of AIDS victims.

She advocated building special hospital wings for AIDS patients, since now they are just "sent to solitary rooms where they die without adequate medical assistance."

She said the Health Ministry, which has no budget for testing, had gotten state companies to agree to test all new employees and would get that measure into the employment regulations for the private sector.

The country was shaken when it was reported in the first week of August that a member of Brazil's Senate died of AIDS. The 2,200 employees at the presidential palace will now be tested. Prisoners in Rio state jails will also be tested.



## Briefly

### **Pakistan responds to U.S. aid cutoff**

Pakistani Foreign Minister Yaqub Khan accused the U.S. congressional committee which recommended suspending aid to Pakistan until January, of acting with "undue haste," the BBC reported Aug. 5. There has been "no due process of law," he said, in the case used by the Congress as an excuse to hold back aid.

That case involved a Canadian businessman of Pakistani origins, who was arrested in July for allegedly trying to purchase special steel that could be used in nuclear weapons production. The case has not yet even come to trial.

Yaqub Khan called U.S. pressure on the issue of the alleged Pakistani nuclear bomb, "an affront" to Pakistan and said it was "becoming harmful to Pakistani interests."

He stressed that Pakistan has no intention of stopping its peaceful development of nuclear energy, and said the policy commitment is to reach an agreement with India on nuclear weapons non-proliferation for the subcontinent. Khan said that U.S.-Pakistani relations had plunged to "a low."

A Western diplomatic source said Undersecretary of State Michael Armacost had met with Khan, Prime Minister Junejo and other officials to discuss the possibility of inspecting Pakistan's Kahuta nuclear facility, UPI reported.

### **German prosecutor moves against terrorists**

West German federal prosecutor Kurt Rebmann has begun a nationwide search and seal operation against Kurdish terrorists of the PKK (communist party). Safehouses of the PKK and related Iranian-run Kurdish groups were searched, with several arrests made. The PKK exiles are accused of killing five Turkish politicians on German soil.

In a related development, the Supreme

Federal Court followed Rebmann's recommendation to reject legal appeals by two terrorists. Working for Syrian intelligence, the two bombed the German-Arab Society in West Berlin in March 1986. They were arrested shortly afterward, put on trial, and sentenced to several years in jail.

An East German connection, through the Syrian embassy in East Berlin, was also proven in the case. The terrorists tried to overturn the court ruling by arguing that a "non-Muslim" court cannot judge Muslims or Islamic radicals.

### **South Korea proposes reopening of talks**

The South Korean government has proposed reopening talks with North Korea, possibly toward reaching a non-aggression pact between the two countries, BBC reported Aug. 3. Seoul might want to schedule the talks in New York after the U.N. General Assembly meeting in September.

However, South Korea has rejected North Korea's call for talks on troop reductions that would involve the United States.

On July 23, North Korea had proposed a five-phase troop-reduction plan that would lower strength to less than 100,000 soldiers each—including U.S. forces on the peninsula. It has announced a unilateral 100,000-soldier reduction by the end of 1987. Current North Korean troop strength are 830,000-840,000, while South Korean strength stands at 600,000.

North Korean leader Kim il Sung said July 25 that the North Korean troop-reduction plan would help ensure successful Olympic games next summer, Kyodo press reported from Pyongyang.

The Chinese *People's Daily* said July 25 that the North Korean proposal for big troop cuts holds great promise for relaxing tensions on the Korean peninsula. A newspaper commentary said that the proposal would help break a stalemate on the peninsula and help eliminate the possibility of a military confrontation.

● **DEFENSE MINISTER** Manfred Wörner of West Germany and U.S. Defense Secretary Caspar Weinberger signed an accord in Washington Aug. 3 on a \$2.0 billion joint project to supply the navies of the two countries with 1,900 (Germany) and 4,500 (U.S.) sea-to-air missiles beginning in 1991. The missiles, called Rolling Airframe Missiles (RAM), equipped with radar and infrared guidance, are to protect against cruise missiles approaching ships.

● **IRAQ** tested a domestically produced ground-to-ground missile with a 390-mile range Aug. 4. The range is sufficient to reach Teheran, the Iraqis reported.

● **TWO SOVIET SPY** cases have been revealed to the press in Japan. An employee of the Tokyo Aircraft Instrument Co. delivered stolen technical data to Yuri Pokrovsky, the Soviet's vice representative for trade, between 1984 and 1986. On July 20, the Japanese Foreign Ministry asked the Soviet trade office to send Pokrovsky in for questioning for allegedly paying another Japanese citizen for stolen documents on a flight-management system.

● **FRENCH PREMIER** Jacques Chirac attacked West German Foreign Minister Hans-Dietrich Genscher for his policy toward Iran during a live television interview Aug. 2. Chirac called Genscher's consultations with Iranian Foreign Minister Velayati in Bonn July 23 "slightly overblown" and misplaced. The talks occurred after France had broken diplomatic relations with Teheran.

● **THAI ARMY** commander Gen. Chavalit Yongchaiyudhwill visited Moscow in October, he told an interviewer July 31. "This will be a friendly visit for talks on issues of common interest." He said Moscow extended the invitation quite some time ago. "The Soviet Union is a superpower, we want to show our friendship."

## The September budget crisis is now set

by David Goldman

The White House won a last-minute extension of the federal debt ceiling to the end of September, as Congress faced its annual summer recess the late evening of Aug. 7. For the third time in less than a month, the national bankruptcy of the United States has been postponed for the moment, by increasing the danger of national bankruptcy in the immediate future. A grand confrontation over the federal budget will erupt in the last week of September, with unforeseeable consequences.

"This whole business may be dealt with by adding a provision to suspend Gramm-Rudman in time of war," speculated one House staffer associated with efforts to force the administration to accept automatic spending cuts. With the United States on the verge of a shooting war in the Persian Gulf, military developments alone during the next six weeks may shake Washington out of its present imitation of a drunken fraternity brawl.

In any case, the constitutional issue, of whether the executive branch of government shall have the power to steer the nation through a time of crisis, has come to the surface. Last year, the Supreme Court ruled unconstitutional, the provision of the Gramm-Rudman-Hollings Act which gave Congress the power to dictate specific budget cuts, so-called automatic sequestration.

A combination of Gramm-Rudman Republicans and "conservative Democrats," e.g., Lawton Chiles (D.-Fl.) in the Senate and Dan Rostenkowski (D.-Ill.) in the House, wants to force the administration to accept automatic sequestration, with revised language that the Court will accept. In other words, were the deficit to exceed a prescribed target of \$140-150 billion, the President would be compelled to cut across-the-board; and to achieve that target, the administra-

tion would have to accept \$30-40 billion in spending cuts starting October, of which half would come from defense.

The prospect of defense cuts of that magnitude was sufficient to make even this administration pause. Defense spending this fiscal year is already down 6% adjusted for what the government calls inflation, and much more in real terms. That consideration motivated a pattern of White House behavior that first frustrated, and then infuriated, the Gramm-Rudman tribe.

Last May, when the debt-ceiling crisis began, the President promised Senator Gramm that he would accept automatic sequestration, as a condition for the extension of the debt-limit to sometime in 1989; Congress offered a short-term extension to July 17.

When the short-term ceiling expired last month, Senate Republicans stalled, obstructed, and finally sabotaged an agreement on automatic sequestration (*EIR* Aug. 7, 1987, "Federal bankruptcy haunts Capitol Hill"). The President's rhetoric about spending cuts, which culminated this spring with his "108 in '88" radio broadcast (referring to the GRH \$108 billion target for Fiscal Year 1988), is at cross-purposes with the Reagan administration's instinct for self-preservation.

It is not clear what the President thinks now, but whoever is running the Congressional Liaison Office of the White House will not accept even a \$150 billion deficit target for 1988, and with good reason: It implies defense cuts of \$18 billion under the current deficit projections, and much more in the real world.

### **Domenici at the bridge**

Sen. Pete Domenici, the ranking Republican on the Sen-

ate Budget Committee, was left with the thankless task of agreeing in principle to the automatic trigger, while wrecking all efforts to introduce a trigger in practice. The House and Senate Democratic leadership became frustrated, and eventually furious. "It's not just a matter of getting White House consent on the automatic trigger," complained one Democratic congressman's legislative assistant. "We can't even get their input."

At the end of July, with the Treasury out of funds, Social Security checks waiting to be mailed, and Treasury bills coming due for payment during the first week of August, Congress voted a short-term extension until Aug. 6.

The House Democrats, led by Ways and Means Committee chairman Rostenkowski, hardened their demands. By Aug. 4, Rostenkowski was demanding a \$140 billion spending trigger, rather than the \$150 billion consensus figure circulated earlier, and a restoration of the congressional control over the budget struck out of the first Gramm-Rudman bill. The House and Senate moved farther apart, and the House-Senate conference committee entrusted with preparing an acceptable compromise stood in complete disarray by the morning of Aug. 7.

### **Disarray**

After a final, acrimonious exchange of House and Senate plans, the conference committee broke down the afternoon of the 7th. The House sent over another version of its proposal to take over executive powers in the direction of spending cuts, and the Senate offered a version which amounted to presidential discretion to enact spending cuts if, when, and where he chose. The Senate Republicans then folded their arms, and invited the House to send over a proposal for short-term extension of the debt-ceiling, with no strings attached.

Several Democratic congressmen, including Buddy MacKay (D.-Fl.), moved to postpone the recess. An enraged Senator Gramm prepared an amendment which would have loaded the entire matter of automatic sequestration onto the short-term extension bill, forcing the entire matter back to square one. However, Senator Domenici faced down the Democratic hordes in a game of chicken which concluded last night, with the failure of Senator Gramm's attempt to prevent a short-term extension, and Democratic congressmen's attempt to postpone the summer recess until an agreement was concluded.

### **Shades of 1932**

That finishes the appearance of agreement between Gramm and the White House, leaving the President more isolated than ever. No one has spoken more passionately of budgetary constraint, to the point of campaigning for a constitutional amendment to balance the budget. However, Secretary of Defense Weinberger must have explained to him, or to Baker and Carlucci, that another \$20 billion in defense cuts would inflict irreparable damage on American security.

There appear to be two choices left. One is that the Dem-

ocrats will to do Reagan what the Democratic Congress did to President Herbert Hoover in 1932, when Hoover offered legislation for a National Recovery Act, and most of the other paraphernalia of the first Roosevelt administration. The Democrats shot down the same programs they would support during FDR's first 100 days, in order to ensure that a Democratic and not a Republican President would take these measures.

The comparison to Reagan is somewhat unfair to the late President Hoover, who at least acknowledged that the economy was in serious trouble, and sought to take action of some sort to correct the Depression. Reagan remains obsessed with the myth of his economic recovery. Reagan's political situation is correspondingly bleaker.

Not only will the Democrats attempt to nail him to the responsibility for economic misery generated by their budget guillotine; the economic mullahs of his own party will hold him to his word on spending cuts.

The other choice requires a national-security emergency, and a President willing to jettison the entire debate on the grounds that military contingencies make such spending cuts impossible. Thus far, the President has moved in the opposite direction.

Pressure on the defense budget opened the way for the disastrous zero option for intermediate-range missiles, and the zero option has taken on a life of its own as a public-relations gimmick, supposedly intended to rescue the President's image following the Irangate disaster.

The White House cannot simultaneously beg for a summit and an arms-agreement with Moscow, and demand that Congress throw out Gramm-Rudman on national-security grounds. The prospect for such a course of events now appears remote; but who knows what lurks in the waters of the Persian Gulf?

### **The banking crisis**

Between now and end-September, when the debate resumes, the Treasury's ability to borrow \$150 billion a year from foreigners may disappear, in the wake of the Third World debt crisis. When the debt-ceiling expired last May 17, bond-traders watched the minute-to-minute changes of the Japanese yen exchange rate, fearful that Japanese purchasers would boycott the Treasury market.

In the interim, foreigners have continued to purchase U.S. securities, and at a record rate—not least because the Japanese and other monetary authorities have clamped down on their own speculative markets, leaving footloose funds to chase the rising Dow-Jones average on Wall Street.

Brazil's bankruptcy, or a half-dozen related developments, could change that in a moment. At such time that foreigners ceased to finance the American deficit, Congress's talk of budget cuts will become as useful as patching a leaky roof while the house is burning down. The White House will then adopt emergency measures, or founder in a way that would make Herbert Hoover's ghost wince.

# Will the LaRouche case turn into 'Reagangate'?

by the Editors

Unfortunate remarks by Vice President George Bush could be the trigger that transforms the Reagan administration's four-year-long legal harassment against Democratic presidential candidate Lyndon LaRouche into "Reagangate."

Legal observers report that LaRouche has solid evidence proving that the recent conspiracy indictment against him was coordinated between the Criminal Division of the Reagan Department of Justice and at least one, so-far unnamed CIA official of the Agency's covert operations section.

This official was the controller of both Roy Frankhouser and Forrest Lee Fick during the period 1982-85, and controlled Fick during the entire period, 1986-87 Fick collaborated with the complex of the Anti-Defamation League (ADL), Robert Vesco- and Sterling bank-linked Willkie, Farr, and Gallagher, and the News Division of NBC-TV in organizing Fick's perjured testimony to a Boston grand jury. According to witnesses that official continues to be closely associated with Fick.

Since the only basis for the indictment against LaRouche is Fick's perjured testimony, the case hangs on federal Judge Robert Keeton's decision, whether or not to permit the name of Fick's CIA controller to be presented in trial proceedings.

## **The Reagan White House's 'get LaRouche' operation**

This covert operation against LaRouche is known to have been launched not later than approximately the time, January 1983, President Reagan announced the appointment of former Secretary of State Henry A. Kissinger to the President's Foreign Intelligence Advisory Board (PFIAB). Officially released documents corroborate other evidence, showing that the operation was set into motion under provisions of Executive Orders 12333 and 12334, and was coordinated through the overlay of PFIAB and the Intelligence Oversight Board (IOB).

The IOB was created by Executive Order 12334. Under Reagan Executive Orders 12333 and 12334, under which the entirety of the U.S. intelligence community operates, the overlap among PFIAB, IOB, and the U.S. Attorney General, is the control over both the Justice Department's role in covert

operations and the coordinated actions of the intelligence community as a whole.

Officially released documents corroborate other evidence, showing that key figures involved in launching the "Cointelpro"-type of covert domestic operations against LaRouche include Henry A. Kissinger, David Abshire (presently the President's liaison on Irangate to Congress), and Edward Bennett Williams. The documents also show that this action was taken in the course of consultation within PFIAB as a whole, including Jay Lovestone-linked Leo Cherne.

This operation was conducted through both the U.S. Department of Justice, including Ollie North collaborator and FBI official Oliver "Buck" Revell, and through such Justice officials as the Criminal Division's Mark Richard. It was coordinated through National Security Council and CIA channels via the IOB, including a key role by IOB legal consultant, the University of Virginia's John Norton Moore, and a leading operative's role by Roy Godson and his associates.

The operation was escalated as Robert "Bud" McFarlane succeeded Judge William Clark as National Security Adviser, and was accelerated under Admiral John Poindexter.

Apart from significant roles by the foreign counterintelligence section of the FBI, the street-level support for this Reagan administration "Get LaRouche" operation was supplied through a network of quasi-official and private organizations linked to Leo Cherne and Jay Lovestone. These included, most prominently, the AFL-CIO's international department (one of Dennis King's employers), the Anti-Defamation League (ADL), and the Heritage Foundation.

The AFL-CIO international department is a section of the U.S. intelligence community established within the CIA and State Department under the postwar direction of "former" Soviet intelligence figure Jay Lovestone, a close associate, in operations such as the International Rescue Committee, of PFIAB/IOB official Leo Cherne.

The official status of the AFL-CIO international department is under the rubric of AIFLD, technically an agency of the U.S. State Department closely associated with social-

democrats Elliott Abrams and Michael Ledeen, currently under the direction of Armand Hammer crony Charles Z. Wick's U.S. Information Agency (USIA). Reagan "Kitchen Cabinet" crony Wick is the direct conduit to Aleksander Yakovlev. Yakovlev was formerly the Soviet ambassador to Canada, a post which coordinates Soviet intelligence operations into China via Canada, and also runs the covert side of operations into the U.S.A. under the mask of the U.S.A.-Canada Institute. Yakovlev is the Soviet official directly responsible both for Reagan-Gorbachov "summit" arrangements, and also the direct coordinator of Soviet press and other attacks on Democratic presidential candidate LaRouche. Officially released documents corroborate AIFLD's political support for Colombia political fronts for the Soviet-backed drug-mafia in that country.

AIFLD is a key arm of the "Project Democracy" with which Oliver North collaborated in the "Contragate" affair, and is also a major arm of Project Democracy's mother-organization, the National Endowment for Democracy of Republican official Frank Fahrenkopf and Tower Commission member Edmund Muskie.

The ADL is closely associated with both certain high-level Soviet KGB operations inside the U.S.A., and through its law-firm, Kenneth Bialkin's Willkie, Farr, and Gallagher, and Sterling bank, with Fidel Castro's Robert Vesco, a key figure in Soviet-coordinated drug-running operations in the Caribbean region as a whole. The ADL's most important connections into the Justice Department include Criminal Division official Mark Richard, Neal Sher of the Office of Special Investigations (OSI), and Deputy Attorney General Arnold Burns, the latter linked to Sterling Bank.

Mark Richard is both the official link to the Soviet KGB in cases such as the case of Austria's President Kurt Waldheim, and is the key Justice official entrusted with influencing the conduct of cases involving national security matters inside the federal court system. He is the Justice Department official responsible for fixing of cases such as the cover-up of the Reagan administration's intelligence community's role in the "Get LaRouche" operation.

The Heritage Foundation is an entity set up by foreign interests, to lure, snare, and dupe ideological conservatives inside the United States. According to recorded conversations with Heritage officials, such as Ed Feulner, the Heritage Foundation was assigned a special role in manipulating the Reagan administration, and is a key part of Project Democracy operations linked to the Contra scandal. Heritage has been a leading collaborator with the ADL in "Get LaRouche" operations since earlier than its first disinformational report against LaRouche in May 1978. Anti-SDI covert operations against LaRouche run through Lt. Gen. (ret.) Daniel Graham and Gen. (ret.) Albion Knight, from 1983 onward, were a branch of the operation run through the Heritage Foundation into the U.S. Department of Defense and elsewhere.

Roy Godson, a key figure in the covert "Get LaRouche"

## George Bush's 'unfortunate remarks'

After speaking in Shelton, Iowa July 31, Vice President George Bush was asked to comment on opposition to the "zero option" sell-out of Europe by General Bernard Rogers, the just retired commander of NATO forces in Europe. He was also asked to comment on Lyndon LaRouche's recent visit to Turkey. He answered the second question first: "I don't know what to make of the LaRouche visit, and I assume the Turkish prime minister doesn't know what to make of it either. . . . I don't like the things LaRouche does. . . . He's bilked people out of lots of money and misrepresented what causes the money was going to. LaRouche is in a lot of trouble and deserves to be in a lot of trouble."

Bush proceeded to express his support for the policy of Russia's Marshal Nikolai Ogarkov, namely, the "zero option" removal of all U.S. nuclear weapons from a Europe that is currently indefensible by any other means, as General Rogers has stressed. Said the vice president: "It's true that Rogers expressed opposition to the zero option, because he thought it would be bad for Europe. But General Galvin [the new NATO commander] approves of the zero option, and I agree with Galvin."

operations run through the National Security Council and State Department, is also a member of the network of Jay Lovestone and Leo Cherne, and is closely associated with the circles of John Rees, Josef Bodansky, the USIA's Herbert Romerstein, and Joint Select Committee staffer Joel Lisker.

The other quasi-official entity at the center of these covert operations, is the congressionally funded, bi-partisan National Endowment for Democracy (NED), through which the national committees of both major parties are integrated into the Reagan intelligence community's "secret government" under Executive Orders 12333 and 12334, and through which the official machinery of both parties is used for conducting Reagan administration "Get LaRouche" operations.

The above-ground motive for the Reagan administration's "Get LaRouche" operations is both LaRouche's prominence and influence in campaigning for international monetary reform, and his prominence in exposing and combatting U.S. financial and AIFLD roles in the conducting of funds derived from Caribbean and other drug-running operations into the United States. The Reagan administration has been

opposed to this drug-trafficking, up to the point that vital interests of U.S. financial institutions are not threatened by damaging exposures. Unfortunately, major portions of U.S. intelligence community and diplomatic operations in Central and South America are conducted in collaboration with local political interests backed by and associated with the drug-running interests.

The elements of the intelligence community most directly involved in pressing the "Get LaRouche" operation during 1983, were Henry A. Kissinger, AIFLD, and financial interests jointly associated with Kissinger Associates, Inc. and AIFLD.

This campaign was launched in response to both LaRouche's discovery of Kissinger's involvement with Meshulam Riklis and Bronfman interests in a vast West Bank land-scam, and, more broadly, LaRouche's authorship of an August 1982 report, *Operation Juárez*, detailing measures of financial and economic emergency action to be taken under conditions of international debt crisis. Bankers viewed this report as technically competent, but as a threat to the special political interests of those financial circles associated with Walter Wriston's Citicorp, David Rockefeller's Chase Manhattan, and others.

It was this issue of U.S. monetary policy which prompted the Reagan administration to side with Kissinger and AIFLD's banker cronies, and permit the "Get LaRouche" operation to be unleashed in full force beginning the end of 1983.

The additional motive for the "Get LaRouche" operation is elements within the U.S. government who are committed to sabotaging the U.S. Strategic Defense Initiative (SDI), and who are in sympathy with an early and successful agreement between President Reagan and Soviet Secretary Gorbachov on both the "zero option" and also secret agreements with Moscow on what are called "regional matters" of Middle East, Far East, and Latin American subject-matters.

These latter secret, "regional matters" agreements involve Soviet negotiations with whiskey-peddler Edgar Bronfman over Bronfman's efforts to use Soviet release of Soviet Jews to Israel as a lever for Bronfman interests' take-over of the government of Israel. The Waldheim affair is a case of Soviet KGB forgeries conduited into Justice's Mark Richard, as a by-product of Moscow's continuing negotiations with Bronfman.

When two candidates who had campaigned on the basis of close affiliation with LaRouche, won nomination to high state office in Illinois, on March 18, 1986, LaRouche's enemies within the Democratic Party National Committee, around Kennedy's Paul Kirk, Robert Strauss, Armand Hammer, and Dwayne Andreas, joined with the Republican members of the National Endowment for Democracy around Frank Fahrenkopf, and Max Fisher.

The demonstration of LaRouche's skyrocketing vote-getting power, convinced these forces that LaRouche must be put out of existence, as Kirk and others then stated publicly,

by either "legal or other means." The Democratic National Committee signaled its full support to Boston U.S. Attorney William Weld for a new effort to seek a legal frame-up of LaRouche, and supplied Senator Kennedy's backing for Weld's promotion to head the Criminal Division of the Justice Department.

### The CIA role

The CIA's role in the "Get LaRouche" operation centers around a group of current and "former" CIA officials formerly associated with Southern Air Transport's Ted Shackley in the covert drug-running operations conducted in connection with the CIA's secret war in Laos. This component of the CIA's former drug-running operations in Southeast Asia has provided the core of the CIA's role in the Contra and related operations in the Caribbean.

It was this unit within the covert operations section of the CIA which was used to coordinate CIA asset Forrest Lee Fick in attempting to set up LaRouche for a one-count "conspiracy to obstruct justice" charge, and which arranged to supply Fick's perjury to the Justice Department, as part of the effort to revive Boston U.S. Attorney William Weld's failure to secure a case against LaRouche from the disbanded initial grand jury sitting on the Boston case. This unit has also been involved in the effort through the Alexandria, Virginia U.S. Attorney's office, to indict LaRouche on a concocted charge of income-tax evasion. This unit also assisted, through the Fick channel, in supplying the false information used to stage the October 6-7, 1986 400-man armed invasion of the small town of Leesburg, Virginia.

According to legal observers, there is no precedent in U.S. law for considering LaRouche as having any tax-liability over the past dozen years. Although the government concedes that LaRouche has had no taxable financial income from any source over that entire period, the Justice Department's "Get LaRouche" operation argues, that the meals and housing the candidate has received in the form of hospitality of numerous friends and others around the world, represents a "benefit" to LaRouche, and is therefore taxable.

According to legal observers, the ludicrousness of this accusation is shown by the fact that, under this interpretation of law, every citizen who failed to report a meal eaten at the house of a friend as taxable income, is guilty of tax-evasion. Under that interpretation, nearly every adult U.S. citizen and resident could potentially be sent to federal prison for long terms, for criminal tax-evasion.

According to observers, the allegations of criminal tax-evasion against LaRouche represent the same curious philosophy of law used to argue that his 1984 presidential campaign organizations as a whole were guilty of "a conspiracy to organize credit-card fraud." The obvious flaw in the Justice Department's argument, according to observers, is shown by the question which LaRouche posed to the Boston grand jury this past June 29: What burglar has the habit of leaving his

correct name and address at the scene of his burglary?

Obviously, LaRouche argued, if incidents of the alleged sort of fraud could be shown, that culpable action could have been taken only either by an enemy of LaRouche's political interests and personal reputation, or by a volunteer acting under the compulsion of some emotional disturbance.

The legal record does show that there were substantial irregularities in the credit-card transactions of the 1984 LaRouche campaign. However, these irregularities have been shown, by legal record, to have been caused chiefly through clerical errors by credit-card companies, or deliberate tampering with such transactions by officials and other agents of a number of banks.

The real problem of the LaRouche campaign's finances, was the massive delay in payment of campaign debts caused directly by a multimillion-dollar diversion of funds from his campaign and business interests of friends. This multimillion-dollar diversion was caused entirely by a combination of actions of bank and intelligence community officials, in-

cluding officials of the Federal Bureau of Investigation (FBI). In addition to that diversion, massive burdens have been placed upon the accused in the form of legal costs caused by a politically motivated, vindictive, and malicious prosecution by a corrupted U.S. Department of Justice.

At present, many of the debts of businesses of LaRouche's friends can never be paid, since the U.S. Justice Department has shut down those firms, and unilaterally confiscated their assets by what legal observers view as a highly illegal Chapter 7 involuntary bankruptcy proceeding initiated through the Meese Department of Justice.

The lack of any case against LaRouche or his friends generally, impelled the Justice Department to turn to the covert operations section of the CIA for assistance. A section of the CIA operationally tied to the Ted Shackley-centered CIA team behind the Contra operations, supplied Fick's perjury, without which, according to Justice Department argument, it has no case against Democratic presidential candidate LaRouche.

## The 'bankruptcy' case

*On Aug. 7, U.S. Bankruptcy Judge Martin van Buren Bostetter denied a motion brought by attorneys for three bankrupted "LaRouche" organizations seeking a stay of discovery against them on the grounds that the government is using the bankruptcy proceeding to get discovery of evidence for its criminal prosecutions of the bankrupt entities and individuals associated with them.*

*At the same time, Judge Bostetter denied a motion brought by U.S. Attorney Henry E. Hudson, which Hudson appeared personally in Bankruptcy Court to argue. Hudson was asking the Court to find the three entities—Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation—in default for failing to comply with discovery requests. Default would mean summarily declaring the three companies bankrupt, and immediate liquidation, rather than a trial of the government's involuntary bankruptcy petition. Bostetter denied Hudson's motion and set a trial date of May 4, 1988.*

*Following are excerpts from the "Memorandum in Support of Debtors' Motion to Stay Discovery and in Opposition to Government's Motion to Compel Discovery and for Sanctions."*

1) These proceedings arise out of a massive attack, criminal and civil, against Lyndon LaRouche, and a multitude of organizations and persons allegedly affiliated with him. Broad criminal proceedings against alleged debtors and

associated individuals are not merely a speculative possibility, but a present reality. For example: all three alleged debtors herein are presently under criminal indictment—Caucus and Campaigner in federal court in Massachusetts and all three in state court in Virginia. . . .

[I]t is crucial for present purposes to note that further federal criminal proceedings are clearly contemplated in this very District. A grand jury has been convened and a wide-ranging investigation, conducted by Henry E. Hudson, the same United States Attorney who personally has represented the government in these bankruptcy proceedings, has been underway for some time and, according to Mr. Hudson, is "continuing". . . . The full scope of this investigation is not, of course, known to the alleged debtors, but it is obviously broad. The government has twice seized the records and assets of all three alleged debtors; it is not merely engaging in a casual investigation which may or may not involve them or individuals associated with them. Indeed, not only is the government indicting and actively investigating all the alleged debtors and a multitude of individuals (38 individuals presently are under indictment in various jurisdictions), but its essential theory seems to be that all organizations and individuals with a relationship to Mr. LaRouche are fungible.

2) When viewed against this background, it is inconceivable that persons with knowledge can or will respond to the discovery requests in this proceeding without exposing themselves to a very real risk of self-incrimination in connection with actual pending criminal charges or charges likely to rise out of ongoing criminal investigations. . . .

# Boston hearings set on Leesburg raid

by our Law Editor

Evidentiary hearings will begin on Aug. 31 in U.S. District Court in Boston to consider the government's conduct of the Oct. 6, 1986 search and seizure of offices in Leesburg, Va. linked to presidential candidate Lyndon H. LaRouche. At a preliminary hearing held on Aug. 6, the government's justification for the seizure began to dramatically unravel, resulting in the ordering of the Aug. 31 hearing by Judge Robert E. Keeton.

## Electronic surveillance disclosed

Another potentially major blow to the government's case against Lyndon LaRouche and 15 other individuals and organizations was a new disclosure of electronic surveillance by the super-secret National Security Agency. Defense attorney Daniel Alcorn said that because the government was stalling on responding to discovery requests on electronic surveillance, some of the defendants had made requests under the Freedom of Information Act, which elicited positive responses from two agencies, the FBI and the National Security Agency.

Alcorn told the court that the defense would be entitled to any statements made by defendants recorded by electronic surveillance, as well as any exculpatory evidence derived from surveillance. The defense will also file a motion to suppress the fruits of any illegal electronic surveillance.

Federal Judge Robert Keeton ordered an evidentiary hearing commencing on Aug. 3 to determine, among other matters, whether FBI agent Richard Egan lied in procuring a second search warrant from a federal magistrate, which in the government's view, allowed the seizure of over 2,000,000 pages of documents from legal offices and First Amendment organizations.

Egan swore in affidavits to a Magistrate in Alexandria, Virginia, and in a subsequent court proceeding involving seizure of certain reporters' and legal notebooks, that agents entered the offices of Edward Spannaus and Robert Greenberg while seeking the notebooks of Paul Goldstein, Michele Steinberg, and Jeffrey Steinberg which were called for in the first search warrant. According to Egan's sworn testimony, the agents conducted a cursory examination of notebooks in the Spannaus and Greenberg locations, determined that they

were not covered by the initial warrant, and sealed the offices of Spannaus and Greenberg while Egan went to Alexandria to procure a second warrant.

However, timed photographs provided by the government show agents reading the Spannaus and Greenberg notebooks while the offices were purportedly sealed. The photographs further show that Greenberg's notebooks already seized and boxed up hours before the warrant authorizing their seizure was obtained.

## Not in 'plain view'

Prosecutor Markham had previously relied on a legal theory of "plain view" to justify these unlawful actions. Markham argued that if, while looking for the Goldstein and Steinberg notebooks, the government found evidence of crime in "plain view" they could seize the documents. He argued that the Spannaus and Greenberg notebooks were not clearly identifiable and government agents had to read entire notebooks in order to identify whether or not they belonged to individuals named in the warrant.

Much to Markham's surprise, Judge Keeton rejected that contention at the outset of the argument on Aug. 6—stating there was no authority to read entire notebooks under the "plain view" doctrine. Keeton forcefully rejected that argument, saying "It isn't in plain view if you have to open it up and look for it."

At this point the prosecutor tried to argue that the notebooks could be seized under a general clause in the first warrant, allowing for broad seizures of "any other evidence" pertaining to specified crimes. In the course of this argument, Markham admitted that he had told Egan in a telephone call he could seize the notebooks in question under this clause of the warrant.

As it developed, however, the clause which Markham talked about was in the second warrant, not the first search warrant governing the period in which Greenberg's notebooks were seized.

## Fourth Amendment violated

Defense attorneys also argued that a much broader evidentiary hearing on the entire search is necessitated by the admissions made by Markham. Defense attorney Michael Reilly warned that "if the government takes that sort of broad general description and uses it an opportunity to read every piece of paper in an office on the argument that any piece of paper could be evidence of obstruction of justice. . . that's the classic general warrant." And, continued Reilly, "where you're dealing with legal and journalistic offices, it seems to me a particularly acute example of the general warrant." In writing the Constitution and the Bill of Rights, the hated "general warrant" was outlawed by the Fourth Amendment.

Judge Keeton has deferred ruling on this aspect of the evidentiary hearings requested by the defense until after the Aug. 31 hearing.



## Think tankers mouth Soviet strategic line

Four think tank contributors to the just-released compilation of essays, published under the title, *Containing the Soviet Union* (Washington: Pergamon-Brassey, 1987), appeared at the National Press Club to plug their book Aug. 3. All contradicted basic components of U.S. strategic policy as stated publicly by Secretary of Defense Caspar Weinberger.

When this reporter confronted the panel on this matter, they dug themselves deeper into their implausible and outrageous misconceptions, which reflect the current "New Yalta" thinking of the Eastern Liberal Establishment.

A clinical exposition of relevant symptoms of this "New Yalta" policy emerged from these think tankers' reactions to Weinberger's view of the Soviets in three specific areas:

1) **Convergence of strategic interests between the U.S. and Soviets.** Jerry F. Hough, a "Soviet expert" from Duke University and the Brookings Institution, asserted that the U.S. and Soviets have a common interest in: a) ganging up on "right-wing movements wherever they crop up," such as in Iran—he said the Soviets should be providing the minesweepers in a joint deployment with the U.S. to keep the shipping lanes open in the Persian Gulf; and b) containing Japan (!), which, Hough asserted, is a greater threat to the United States than the Soviets, because they are "already

winning World War III" by virtue of their economic growth.

Hough argued that Gorbachov "represents a new generation of Soviets, who no longer view communism as a mystical, messianic movement adhering to belligerent economic and cultural isolationism." On the contrary, Gorbachov, like others in his generation, "yearns for Western values," such that Soviet "isolation" is being replaced by a process of "normalization."

This view is in direct contrast with the perception of Weinberger, who wrote a "Letter to the Editor" published in the July 22 *New York Times* attacking the same U.S.-Soviet "convergence" idea expressed by George Ball in a June 19 *Times* commentary.

Weinberger said, "To believe we can now join the Russians in some great-power game to decide the fate of nations disregards the history of at least the last 70 years." He noted that convergence of interests among nations depends upon "shared fundamental values," and, thus "balance of power politics . . . cannot be reconstructed because of the birth of the very thing Mr. Ball ignores—ideological politics."

2) **Soviet preoccupation with gains in the Third World.** Donald S. Zagoria, a fellow at the Harriman Institute for Advanced Study of the Soviet Union at Columbia University, asserted that Gorbachov is more interested in chipping away at the Third World than in a direct military confrontation with the U.S. or a weakening of the NATO alliance.

This view was challenged directly by Weinberger during his testimony before the congressional Iran/Contra hearings July 31, when he asserted that Soviet operations in Central America "have as their goal the diversion of U.S. troops and military concentration away from the defense of Western

Europe," and thus are basically a diversion operation to weaken NATO.

When confronted with Weinberger's view, Hough jumped up and said, "Nonsense. The Soviets do not have a goal of breaking up NATO. NATO was, in fact, set up as a mechanism to stop conflicts among the allies, not to defend against threatened Soviet aggression."

3) **Soviet flexibility on SDI.** In speaking on "containing" Soviet strategic objectives, the four speakers failed to mention once what the Soviets, themselves, define as their primary concern in strategic arms control negotiations with the United States—containing research into ballistic missile defense.

Asked why they ignored this issue altogether, Zagoria insisted that the Soviets would eventually de-link the containment of U.S. SDI research from their offer for a 50% reduction in long-range missiles. He used recent Soviet so-called concessions in the Geneva talks on INF as evidence. He said the Soviets would de-link the issues because it would have the effect of hurting funding for the SDI in the United States by making it seem less vital.

Again, this argument contrasts sharply with Weinberger's perspective, which is based on evidence of at least 18 years of Soviet research on application of lasers to ballistic missile defense, the recent Soviet experiment of tracking a Soviet missile launch with a laser directed from the Soviet space station, and the Soviets' breakout from the Anti-Ballistic Missile (ABM) treaty by the completion of a ring of phased-array radars around Soviet territory.

The relentless Soviet effort to contain the U.S. SDI can only be seen as an attempt to retain their "first strike" nuclear warfighting capability, as described in *Soviet Military Power 1987* put out by the Pentagon this spring.

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## Book Reviews

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# Probe of 'Son of Sam' terror cult documents satanic underground

by Ira Liebowitz

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### **The Ultimate Evil, An Investigation of America's Most Dangerous Satanic Cult**

by Maury Terry

Doubleday & Co., Garden City, N.Y., 1987  
512 pages, illustrated, hard cover, \$17.95

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In the opening days of what would prove to be the bizarre presidency of James Earl Carter, New York mass media focused in on a series of brutal shootings that occurred between July 1976 and July 1977. They appeared at first to be random: The only "signature" linking them being the use of a .44-caliber "Bulldog" handgun. Most of the victims, young Italian and Jewish couples, were shot while parked at various "lovers' lanes" in the boroughs of Queens, the Bronx, and Brooklyn. At the height of hysteria in this period, many white families with young sons and daughters were in sustained fear that "My child might be next."

This was, Terry documents, the first recent instance of a "California-style" blind-terrorism scenario in the New York area. In early 1977, a taunting "signal piece" letter from the ".44 caliber killer" was sent to *New York Daily News* columnist Jimmy Breslin, signed "Son of Sam." It referred to "John Wheaties," and "King Wicker." The murders were soon dubbed "Son of Sam."

David Berkowitz surrendered to Brooklyn police in Yonkers, New York, in August 1977, a move that this book suggests was prompted by his co-conspirators, in order to stop a Brooklyn police investigation from widening. Berkowitz himself indicates in various prison interviews published here, that he agreed to be arrested as a "patsy," under the threat of the murder of his still-living father. According to Terry's evidence, the decision "to terminate" the series of killings this way, followed a blunder during the shooting of the last victims, Stacey Moskowitz and Robert Violante in Brooklyn, on July 30, 1977: Berkowitz's car was ticketed during the shooting, in which he was functioning as a lookout for another "shooter." The ticket led police to his name and address. The scenario had to be "damage controlled."

In early August 1977, following the Moskowitz shooting,

two Berkowitz associates in Westchester, Sam Carr of Yonkers and Jack Cassara of New Rochelle, went to the police, apparently to file cover stories about their connections to Berkowitz. Sam Carr's daughter, Wheat, an employee of the Yonkers Police Department, functioned as liaison to the Brooklyn Police, when they followed Berkowitz's ticket to his address in Yonkers.

By the time of a decision to halt the murders, with 13 young men and women shot (six dead, seven wounded), New York residents were deeply shaken.

### **A warning to police**

One item that fired author Terry's resolve to pursue his investigation, and eventually convinced Queens District Attorney John Santucci to re-open his case, was a letter which Berkowitz arranged for police to find upon his arrest. Terry saw it in 1981:

"This is a warning to all police agencies in the tri-state area: For your information, a satanic cult (devil worshippers and practitioners of witchcraft) that has been established for quite some time has been instructed by their high command (Satan) to begin to systematically kill and slaughter young girls or people of good health and clean blood.

"They plan to kill at least 100 young wemon [sic] and men, but mostly wemon [sic], as part of a satanic ritual which involves the shedding of the victim's blood. . . ."

"Warning: the streets shall be run with blood. I, David Berkowitz, have been chosen since birth, to be one of the executioners for the cult. . . ."

As the Son of Sam case wound down, Rosalynn Carter was photographed associating with the People's Temple cult of Rev. Jim Jones in San Francisco. Jones had run the 1976 Democratic Party "Get Out The Vote" operation there. She was also photographed with Chicago's William Gacy, a homosexual pederast eventually tried for murdering over 30 young men who were buried in his basement. A satanic murder cult in Atlanta was eventually identified in the murder of over 29 young black boys between 1979 and 1981.

These events involved cults spawned from the "New Age" counterculture's drug-running underground. In each case, investigations by *EIR* and others have shown that, behind the

“lone killers” charged with responsibility in mass media accounts, there were organized satanic cults.

Unfortunately, 11 years passed after the Son of Sam killings before this definitive investigation by a former IBM computer specialist and Gannett reporter was released. Terry has produced a series of documentaries for Gannett Press and WOR-TV, which leveraged the break-out on this story.

Terry documents that the killings attributed to Berkowitz were the work of a satanic cult to which he belonged. The cult ran one branch of 22 members in Westchester, New York, another in New York City, and a third of about 20 in Minot and Bismarck, North Dakota. Berkowitz appears to have been primed for his role in the murders when he first moved into the home of Jack Cassara, and then to an apartment off Wicker Street, next to the home of Sam Carr. The cult-network, stretching to California and British Columbia in Canada, is still operative within the broad satanic and theosophical “underground.”

As far as it goes, Terry’s investigation ranks as a companion work to former Los Angeles District Attorney Vincent Bugliosi’s excellent study of the Charles Manson satanic cult, *Helter Skelter*. One difference of course is that Bugliosi successfully prosecuted Manson’s conspiracy, while Terry had to wait 11 years for publication. By 1982, Terry had demonstrated that the still-active Son of Sam cult network was a regroupment of the networks involved in the Manson murders.

## The Process Church

An entire chapter is devoted to “The Process Church,” a satanic cult founded in London in 1963-64 by Robert Moore and Mary Anne MacLean and transferred to Los Angeles, where it is connected even today to Theosophy and Gnostic Church networks. In Los Angeles, Moore has operated under the name “Robert Moore DeGrimston” and spread the cult across the United States. Both DeGrimston and Charles Manson were originally trained in the Church of Scientology (Manson while in prison), and are reported to have been associated during the “Helter Skelter” killings.

Terry got onto the Process-Scientology connection by comparing Bugliosi and others’ accounts of Manson’s ties to Process, with evidence that Berkowitz knew Sam Carr’s son Michael, a low-level official in the New York Church of Scientology. Michael Carr was killed in New York shortly after Berkowitz was arrested. Brother John Carr died shortly before at an apartment on the Minot Air Force base, in Minot, North Dakota.

Terry reprints interviews with Berkowitz, along with his own research, which document a cult modeled on the satanic belief structure of Aleister Crowley and Eliphaz Levi’s “Children of the Dawn” and “Golden Dawn” cults. Terry’s evidence includes:

- Court-admissible interviews with Berkowitz by Terry, Felix Gilroy of the Staten Island Legal Aid Society, and New York “tort” lawyer, Harry Lipsig, indicating that Berkow-

itz’s lower-controllers included Michael and John “Wheat” Carr (sons of Sam Carr). Lipsig, an official with the Anti-Defamation League of B’nai B’rith, was at the time seeking information about Berkowitz’s connections with Scientologist Michael Carr that would allow suing Scientology for damages, on behalf of survivors of the victims.

- Evidence that Berkowitz was associated with another New Rochelle mass killer, Fred Cowan, who was tied to the man in whose house Berkowitz lived in New Rochelle, Jack Cassara.

- The Westchester-New York-North Dakota cult which involved Berkowitz, John, and possibly Michael Carr, was linked to the ritual killing in 1974 of a young woman originally from Bismarck, Arlis Perry. This occurred in the University Chapel in Palo Alto, California. And Berkowitz originally produced surprising evidence on this killing to both Maury Terry, and Lt. Terry Gardner of Minot, N.D., while imprisoned in New York State. Gardner had investigated the 20-member satanic cult in Minot which was apparently run by John “Wheaties” Carr. According to an unnamed informant, Berkowitz pointed investigators to this case because the leader of the Bismarck satanic cult-branch who did the killing, whom Terry identifies as “Manson II,” was at that time planning to kill Berkowitz. According to Terry, “Manson II” had originally been a member of the Manson cult who was deployed to found the Bismarck cult.

## Lucis Trust

Oddly, there is one lead which author Terry does not pursue. Terry makes repeated references to reports he received that the Berkowitz cult was created by a higher-level cult, operating in New York for decades. The lead would seem to take Terry’s investigation to a higher level of control, yet it is omitted from his book.

During the period of the Son of Sam cult’s activation (1975-76), the strange Carr family ran a telephone answering service from their Yonkers home. One of the clients was a very interesting private psychological clinic in Westchester called the “Hudson River Counseling Service.” It involved several Jungian psychologists tied to a center in Rye, New York called the “Guild for Spiritual Awareness,” which operates from the former home of Colonel Wainwright.

Called the “Wainwright House,” this center promotes Jungian studies of pagan and satanic religions for a major Theosophy Lodge based at the United Nations in New York City, the “Lucis Trust.” This nexus is connected to a network of bizarre Episcopalian clergy up and down the East Coast working with Canon Edward West and the Cathedral of St. John the Divine in New York. Wainwright House was the location of several Lucis meetings of influential persons in the late 1950s and 1960s who founded “Ecumenical associations” that shaped the entire development of the New Age counterculture.

Pursuit of this network’s possible involvement in the mass-terror operation may prove fruitful.

# The French alliance revived

by Anton Chaitkin

*The first part of this series (Vol. 14, No. 28, July 17, 1987) described how Alexander Hamilton's alliance with France helped to win the Revolution.*

France had sent men, arms, and money to aid the American Revolution. As the new American government went into practice, British and other anti-republican forces unleashed an irrational movement in France that broke the American-French Alliance. But during the French Revolution, and during the Napoleonic wars that followed it, French scientists improved the means men have of observing lawfulness in nature. They applied this new geometric science to their own nation's warfare, as engineering and as military strategy. There they were defeated. But their contribution of this knowledge to the Americans, as the gift of *competence*, was to be of vast historical importance.

Republicans in other countries knew their future depended on the success of our constitutional experiment. As God said to Abraham, in that other Promised Land, "in thee shall all families of the earth be blessed." America must be "a father of many nations."

In 1815, Europe and the United States emerged from war. France was occupied by the armies of the victorious monarchs of the Holy Alliance. The U.S.A. had finally stood off the British in the War of 1812, but the enemy had easily invaded and burned the city of Washington. Postwar British commercial imports were crushing the small U.S. economy.

A younger generation of American republicans, fierce nationalists who had led the country in standing up to the British militarily, now resolved to build the country's defenses in depth, militarily and economically. A sort of extended national "leadership council" included Kentucky Congressman Henry Clay; Pennsylvania's Nicholas Biddle and Matthew Carey; two Europeans, France's Marquis de Lafayette and German scientist Alexander von Humboldt; U.S. Gen. Winfield Scott; Secretary of State James Monroe; and John Quincy Adams, who would be Secretary of State under Monroe's presidency (1817-25) and then be President himself (1825-29).

They launched a period of government-sponsored construction and innovation, following the *laissez faire* years of the Jefferson and Madison administrations. To the success of

this new era of American growth, the French contribution would be essential.

This story of international development may be of more interest to today's Third World leaders, than advice to "pull yourselves up by your own bootstraps," or to wait for "the magic of the marketplace." Americans who give that kind of advice display ignorance of their own country's history.

Secretary of State James Monroe sent army engineer Sylvanus Thayer, Gen. Winfield Scott, and other officers to Europe, to acquire for American use whatever resources of knowledge could be salvaged from the wreckage of Napoleon's collapse. Through the personal intervention of old Gen. Tadeusz Kosciuszko and Alexander von Humboldt, Scott and Thayer were put in touch with French scientists and the remnants of France's republican military elite.

The American officers immersed themselves in the methodology of the Ecole Polytechnique, where Gaspard Monge, Lazare Carnot, and others had educated a new generation of French leaders in science and military strategy. After a year of study, Sylvanus Thayer returned with a 1,000 volume library on military art, engineering, and mathematics, and a collection of maps from the Napoleonic campaigns. French experts were brought to the U.S.A., who would help to organize the training of Americans in these methods.

## The French engineers

With the recommendation of the Marquis de Lafayette, Gen. Simon Bernard, Napoleon's aide-de-camp, intelligence and engineering officer, was commissioned an assistant to the U.S. Army Corps of Engineers on Nov. 16, 1816. General Bernard arrived laden with his "collection of engineering plans and data, unequaled in all Europe."

Bernard and U.S. Gen. Joseph Totten organized a government engineering board which, over the next 15 years, planned practically every fortification on the Atlantic and Gulf coasts. Bernard planned the mighty Fortress Monroe at Hampton Roads, Virginia, "as a great naval and military rendezvous."

Under Bernard's leadership, the Engineering Board surveyed for the system of national roads, organized the clearing of rivers as inland waterways, and planned the Dismal Swamp canal, the Chesapeake and Ohio canal, Ohio's Erie Canal,

and “the Allegheny and the Susquehanna, the Susquehanna and Schuylkill, the Delaware and Raritan, the Buzzards and Barnstable Bay and the Narragansett and Boston Harbor canals. . . .”

Gen. Simon Bernard returned to France in 1830. He was French Minister of Defense in 1834, and again from 1836 to 1839.

Simon Bernard had in fact continued the French engineering tradition from the American Revolutionary War including that of chief army engineer Louis Lebegue Duportail, and French-trained Polish patriot Gen. Tadeusz Kosciuszko, whose work had helped defeat Burgoyne at Saratoga, and who had built the fort at West Point.

While Bernard headed the Engineering Board, Isaac Roberdeau was chief of the U.S. Army’s Topographical Corps—the surveyors and mappers. The son of a French immigrant and American Revolutionary patriot, Isaac Roberdeau served under Pierre Charles L’Enfant in laying out the new city of Washington, and again in planning Alexander Hamilton’s new industrial city of Paterson, New Jersey.

After army engineering service in the War of 1812, Roberdeau joined the new Topographical Bureau, headquartered at West Point, from 1816 to 1818. He then went to Washington, as the Bureau’s chief until his death in 1829.

Isaac Roberdeau was assisted, and succeeded in 1829 as chief of the Army Topographers, by John James Abert. Abert’s father had come over with the French army during the American Revolution. Abert’s remarkable career will be discussed below.

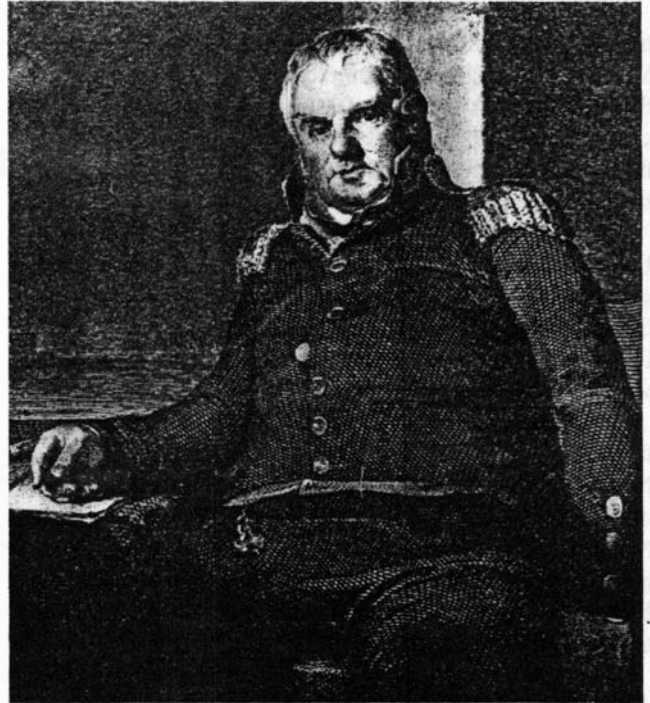
Charles Gratiot, who under General Bernard’s leadership had superintended the construction of Fortress Monroe, served as chief engineer of the U.S. Army, 1828-38. Gratiot’s father was a French immigrant, who for several decades beginning in the Revolutionary War, was a principal American intelligence agent in the frontier Mississippi River area.

## The great canal

Coinciding with the 1816-17 officers’ reconnaissance mission to France, the old party of the French Alliance successfully launched the building of the Erie Canal, by far the world’s largest canal at that time.

Between the Hudson River and Lakes Erie and Ontario, lies the easiest route for the passage from the Atlantic Ocean, across the Appalachian mountain chain, to the great lakes. Gen. George Washington had mapped and proposed large-scale east-west waterway development in New York during a tour after the Revolution in 1783, and the state responded with the first canal survey.

Treasury Secretary Alexander Hamilton’s father-in-law, Gen. Philip Schuyler, set up the Western Inland Navigation Company in 1792. Chartered and financed by New York State to open up navigation between the Hudson and Lake Ontario, Schuyler and Hamilton’s ally Gouverneur Morris began drumming up support for a canal to Lake Erie.



*Col. Jonathan Williams: private secretary for his great-uncle, Benjamin Franklin; first superintendent of West Point; organized the Military Philosophical Society; pushed for the Erie Canal and for upgrading West Point to be America’s great school for development.*

President Thomas Jefferson and his Treasury Secretary Albert Gallatin turned down federal support for an Erie Canal as “100 years premature.” Gouverneur Morris, who as U.S. ambassador to France had been kicked out of the country by the Jacobins, was appointed president of the New York State Canal Commission in 1810. The following year he and New York City’s longtime Mayor DeWitt Clinton were again turned down when they went to Washington for canal support.

Clinton and his allies—the party of the old French alliance—revived the canal project and pushed it to success after the War of 1812. Who were these men?

DeWitt Clinton ranked very high in General Lafayette’s republican branch of freemasonry, as did Daniel D. Tompkins. They opposed the Boston Tory-British freemasonic branch, in a secret societies’ conflict still talked about by 20th-century masons. Tompkins was governor of New York State from 1807 to 1817. Clinton held that office from 1817 to 1823, while Tompkins was U.S. vice president under James Monroe.

In the years before the War of 1812, Col. Jonathan Williams, Chief Engineer of the U.S. Army, collaborated with Mayor Clinton and Governor Tompkins to build fortifications in New York harbor in the face of the threat of the British Navy. Williams had been private secretary and intelligence agent for his great-uncle, Benjamin Franklin, throughout Franklin’s residence in France as American Minister during

the American Revolution.

Colonel Williams, commandant of the Hudson River fortress at West Point, had organized the Military Philosophical Society, focusing American and French military minds on the problem of American infrastructure development as the chief defense task. The Erie Canal, and the creation of a full-fledged U.S. military academy at West Point, were among their great goals.

With financing by New York State, construction on the Erie Canal began July 4, 1817. The completion of the canal eight years later transformed the American economy. The development of the American West was given a giant push forward, as the Canal drastically cut the costs of shipping western produce to market.

On Aug. 15, 1824, the ship bearing the Marquis de Lafayette on his famous return visit to the U.S.A. arrived at New York, and the general spent his first night in the home of Vice President Tompkins. On Sept. 11, French citizens in New York City hosted Lafayette at a banquet, whose centerpiece was an 80-foot-long model of the now nearly complete Erie Canal, complete with miniature boats, locks, tunnels, towns, forests, and mountains.

### America's school for nation-building

As the Erie Canal construction began in 1817, Sylvanus Thayer returned from France with the treasures of the Ecole Polytechnique.

President James Monroe immediately appointed Thayer Superintendent of West Point, with the mission of transforming the chaotic, ineffective officers' school there. Thayer created at West Point the modern U.S. Military Academy, modeled closely on the Ecole.

Claudius Crozet, an Ecole graduate, taught descriptive geometry, the first time the new science had been taught in America. French was essential, as most of the military and relevant science books were in that language.

Thayer's regime at West Point brought French science into full flower there. Legendre's *Elements of Geometry* spread from West Point to American schools generally, after its translation by West Point professor John Farrar. Cadets studied analytical geometry and calculus in Jean Baptiste Biot's *Essai de geometrie analytique*, and Lacroix's *Traité élémentaire de calcul différentiel et de calcul intégral*.

Charles Davies, head of the West Point mathematics department beginning in 1823, eliminated all British texts, brought in newer Continental European books, and wrote more than 20 of his own excellent texts based on Continental science.

Manufacture, transportation, and use of weapons and gunpowder were taught with Henri D. Lallemand's *Treatise on Artillery*, translated from French. Classes in civil engineering, field and permanent fortification, and the organization of armies read J.M. Sanazin's 1809 book *Programmes ou résumés de leçons du cours de construction*, and Gay de Vernon's Ecole Polytechnique text, *A Treatise on the Science*

*of War and Fortifications*, translated for the cadets in 1817.

First-rank classes in perspective, drawing, light and shadow, and optics and astronomy, coupled with a rigorous regime of drill and exercise, created army engineers qualified to build a nation. West Point was, in fact, the only American school actually training engineers until the 1830s, and the most important engineering school for many decades after that.

### The Army builds west

President John Quincy Adams assigned U.S. army engineer and former West Point mathematics teacher Stephen H. Long, to direct the planning, design, and construction of America's first commercial railroad, the Baltimore and Ohio. Working under Long were two West Point graduates, William Gibbs McNeill and George Washington Whistler.

The privately owned Baltimore and Ohio Railroad broke ground for construction July 4, 1828. That same day, President J.Q. Adams turned the first shovel for the digging of the Chesapeake and Ohio Canal, to be built entirely by the U.S. government and the army engineers. Both railroad and canal were publicly financed, and designed by West Pointers. They pushed west side-by-side and opened the frontier still faster to the waves of settlers, farmers, and city-builders.

George Washington Whistler went from the B.&O. to other army railroad-building assignments: the Baltimore & Susquehanna, the Paterson & Hudson, and the Boston & Providence Railroads. After work as a civilian canal and railroad engineer for private New England firms, Whistler was hired by Russian Czar Nicholas I. He built the great railroad between St. Petersburg and Moscow, beginning in 1842, and died in Russia in 1847 just before the line's completion.

Army-trained engineers formed the core of technical competence in the new machine-building industries, on which America built its permanent foundation of prosperity. But most prominent to the world were the mappers, the "geometers."

John James Abert, head of the Topographical Bureau from 1829 to 1861, led West Point engineers to work in the mapping of the American West for settlement and development. Army engineers were ubiquitous in surveying and construction of the roads, the railroads, the forts, and the western cities, even in the military protection of the workers from Indian raids. This tradition reached its high point after the Civil War, when the railroads commissioned by President Lincoln were built to the Pacific coast.

John James Abert worked in particular with two republican leaders in Washington, who further organized the U.S. military establishment around the revived French alliance, transatlantic intelligence cooperation, and the lights of Continental European science: These two men were Joel Poinsett and Alexander Dallas Bache.

Poinsett was U.S. Secretary of War from 1837 to 1841, his term coinciding with the French War Ministry of Simon

Bernard, formerly the leading American engineer. Joel Poinsett reorganized the U.S. Army, and further strengthened West Point—during his years the cadets included the great American generals of the Civil War—Grant, Sherman, etc.

Bache, Benjamin Franklin's great-grandson, made the U.S. Coast Survey into the most powerful scientific organization in the world from the early 1840s through the Civil War. Their mapping of the coasts and seas, their astronomy and explorations, were directed with the cooperation of French scientists with whom Bache was intimate.

One of Bache's closest friends, Dominique Arago, became French War Minister and head of the government Executive Council in 1848. Arago's new republican government was quickly recognized by the U.S. ambassador to France, Richard Rush, in the name of the alliance of Lafayette and Washington; but it was soon overthrown by oligarchs who turned France toward imperialism and inevitable collapse.

America's achievements as a developing nation, aided by foreigners who were truly inspired by America's potential, and guiding its own national growth by government patronage and military-civilian cooperation, ought to shine today for developing nations. Should they allow themselves to be limited to any less a career of greatness than America herself reached for?

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## Books Received

**Witness, From the Shah to the Secret Arms Deal, An Insider's Account of U.S. Involvement in Iran**, by Mansur Rafizadeh. William Morrow & Co., Inc., New New, New York.

**Strategies of Zeus**, by Gary Hart. William Morrow & Co., Inc., New York, New York, 360 pages. \$18.95 hardcover.

**The Other Nuremberg: The Untold Story of the Tokyo War Crimes Tribunal**, by Arnold Brackman. William Morrow & Co., Inc., New York, New York.

**Between Two Worlds: The Life of a Young Pole in Russia 1939-46**, K.S. Karol. New Republic, Henry Holt, 311 pages. \$19.95 hardcover.

**The National Debt**, by Lawrence Malkin. Henry Holt, New York, New York, 309 pages. \$17.95 hardcover.

**Gorbachev's Challenge: Economic Reform in the Age of High Technology**, by Marshall I Goldman. W.W. Norton & Co., New York, New York.

**The Virtuous Journalist**, by Stephen Klaidman. Oxford University Press, New York, New York.

**Theories of Riemann's Zeta Function**, by Tisch Marsh. Oxford University Press, New York, New York.

**The Catholic Church in World Politics**, by Eric O. Hanson. Princeton University Press, Princeton, New Jersey.

**Important Nonsense**, by Lionel Abel. Prometheus Books, Buffalo, New York.

**State Scarlett**, by David Aaron. G.P. Putnam's Sons, New York, New York.

**Hammer**, by Armand Hammer. G.P. Putnam's Sons, New York, New York, 543 pages. \$22.95 hardcover.

**Patriot Games**, by Tom Clancy. G.P. Putnam's Sons, New York, New York.

**Birth of the Constitution**, by Edmund Lindop. Enslow Publishing, Inc., Hillside, N.J.

**"Shh! We're Writing the Constitution,"** by Jean Fritz. G.P. Putnam's Sons, New York, New York, 64 pages. \$12.95 children's book.

**Carnival of Spies**, by Robert Moss. Villard, New York, New York.

**SDI and Industrial Technology Policy, Threat or Opportunity**, by Walter Zegveld and Chritien Einzing. St. Martin's Press, New York, New York, 186 pages. \$32.50 hardcover.

# National News

## Pentagon reactivates large nuclear bombs

A decision has been made to redeploy 1960s-vintage nuclear bombs that are more than six times as powerful as the largest warhead or bomb now in the U.S. arsenal, the *Los Angeles Times* reported Aug. 6.

The Defense Department acknowledged reactivation of the B-53 bombs on Aug. 5, but refused to explain or discuss the decision, saying only, "The B-53 reactivation provides more flexibility in the planning process."

The B-53 has an explosive yield of 9 million tons of TNT—9 megatons. While it is not the largest warhead ever built by the United States, and is not as large as some bombs and warheads still thought to be in the Soviet Union's arsenal, it dwarfs every nuclear warhead currently fielded by the United States.

The next most destructive nuclear weapon in the stockpile is the B-28 bomb, with a yield of 1.45 megatons.

## Bush campaign official accused of dirty tricks

George Bush campaign official Lee Atwater, who has been identified as responsible for Bush's attack on Lyndon LaRouche in Iowa at the end of July ("LaRouche deserves to be in a lot of trouble") has now been accused of running dirty tricks operations against the campaigns of Pat Robertson, Robert Dole, and Jack Kemp, according to the Aug. 4 *Washington Times*.

Robertson told the *Times*, "Lee Atwater has used every dirty trick known to mankind. We suspect he is the author of some dirty tricks used against our campaign, but we have no proof." David Keene, an adviser to Dole, said they also suspect Atwater was involved in operations such as cancelling hotel reservations, and misrepresenting himself as a candidate.

Ed Rollins, chairman of the Kemp cam-

paign, alleged that Atwater sabotaged a convention of the National Conservative Political Action Committee (NCPAC) this year by circulating attacks on Kemp. Bush sources denied the charges.

## Thompson makes Adlai stay 'independent'

Gov. James Thompson of Illinois Aug. 4 vetoed a bill passed by the Illinois State Legislature that would have merged Adlai Stevenson's independent "Solidarity Party" with the Democratic Party of the state.

Thompson, a Republican, said he felt the merger was "unconstitutional."

Stevenson created the "Solidarity Party" in a move to separate his 1986 gubernatorial campaign from Mark Fairchild and Janice Hart, "LaRouche Democrats" who had won the statewide Democratic primary race for lieutenant governor and secretary of state, respectively, in March of that year.

Stevenson had been a close second to Thompson in the 1982 election. But his self-destructive bolt from the Democratic Party made 1986's race no contest.

## AIDS called 'greatest plague'

"What we're dealing with is probably the greatest plague ever to hit the world, let alone the United States," said Dr. William O'Connor, an M.D., microbiologist, and head of the Human Immuno-Deficiency Virus Eradication Foundation. He told the House Energy and Commerce Subcommittee on Health and the Environment Aug. 6 that failure to quarantine AIDS virus carriers eventually would be more costly to taxpayers than quarantining them.

"This disease could possibly push us right off the face of the earth," O'Connor said, arguing for mandatory AIDS testing and total quarantine of all whose tests show they carry the virus. Calling AIDS "a draconian

disease," O'Connor added, "You don't treat it as a civil rights issue."

Even those who only a short time ago were defending the civil rights of the virus are beginning to turn around on the AIDS issue. For example, orders to involuntarily detain AIDS patients perceived to pose a public health threat were issued by the Los Angeles County Board of Supervisors on Aug. 4. "It is the legal right and moral duty of health officials to detain patients who pose a threat to society," said Supervisor Mike Antonovich, who introduced the motion calling for expanded use of health detention.

The supervisors unanimously ordered county Health Director Robert Gates to review with doctors at county hospitals the laws governing detention for public health reasons of people with communicable diseases. Dr. Martin Finn, medical director of the county's AIDS program, said the board's action would not result in more involuntary detentions, but would lead to new policies for dealing with uncooperative AIDS patients.

## Justice targeting black officials?

"Black leaders paint Justice Department as new KKK" is the title of a wire story in the Aug. 2 *Houston Chronicle*, which reports a "growing feeling among blacks that black elected officials are the target of a conspiracy by the white political establishment and the white-dominated media."

U.S. Justice Department criminal division head William Weld is quoted defending the activities of Department. He admitted that since 1981, there has been an "aggressive cadre of U.S. Attorneys" and "more high-profile cases with a major impact on their communities since 1981 than ever before."

But Weld, who has personally directed a political witchhunt against Lyndon LaRouche, U.S. defense contractors, and other Soviet-designated targets, insisted that although this "has the effect of impacting on a broad basis on local politicians, so be it, but that's not race-connected. . . . As long



as the conviction ratio is upheld, I would say the jury system is your safeguard."

## Liberals want war powers act invoked

A suit has been filed in District of Columbia District Court to force President Reagan to invoke the war powers act in connection with current U.S. policy in the Persian Gulf.

Some 104 liberal Democratic Representatives and three Senators have introduced the measure. It calls for the Reagan administration to invoke the War Powers Resolution, which would allow Congress to decide whether or not to continue escorting Kuwaiti oil tankers now reflagged as U.S. vessels, and under threat of Iranian attack.

The War Powers Resolution permits the administration to continue activities for only a 60-day period, without declaring war, unless Congress gives permission.

The suit was filed by the Democratic Study Group, a largely liberal institution. Should the administration lose the suit before the District Court, it is expected that it will appeal, a process that could take months.

Meanwhile, Admiral William J. Crowe and Secretary of Defense Caspar Weinberger met at the Pentagon for an hour with top congressional leaders. Rep. Les Aspin (D-Wisc.) said he "felt better" about U.S. policy in the Gulf after the session.

## Intruder shot at Pentagon

An armed intruder potentially threatening the lives of senior administration officials was shot dead at the Pentagon Aug. 4, after he bolted past a security checkpoint at the Pentagon's most sensitive entrance. He was brandishing a .25 caliber pistol.

One flight above the entrance Secretary of Defense Weinberger, Secretary of State Shultz, and NSC deputy director Gen. Colin Powell were meeting.

The intruder, Dwain Wallace, had been

a patient at a psychiatric halfway house in Youngstown, Ohio for the last four months, and prior to that had been a hospital in-patient for three years.

Wallace, who believed himself to be a general, had been arrested on two occasions for threatening individuals with pistols. He flew directly from his halfway house to Washington. How he acquired his handgun is not known.

## Impeachment sought against Abrams

Rep. John Conyers (D-Mich.), plans to introduce a resolution for the impeachment of Elliott Abrams, assistant secretary of state for inter-American affairs, and a key figure in the Iran-Contra scandal.

Conyers asserts that Abrams violated the law by deceiving congressional committees on aid to the Contras. Abrams admitted that he lied to a congressional committee, but was supported in staying on the job by Secretary of State George Shultz.

According to the Aug. 7 *New York Times*, Conyers's office is circulating a "Dear Colleague" letter seeking support for the resolution. The letter says Abrams engaged in "willful and intentional misrepresentation of facts before House and Senate intelligence committees," in violation of federal law against making false statements to certain federal officials, whether or not under oath.

Meanwhile Independent Counsel Lawrence E. Walsh is expected to hand down at least some major indictments by September or October, the *Washington Times* reports. He is expected to bring indictments based upon conspiracy to violate U.S. laws or defraud the government, obstruction of justice, and perjury against Rear-Adm. John M. Poindexter and Lt. Col. Oliver North.

The same three charges were used by Leon Jaworski to convict Nixon administration officials in Watergate. Other principal targets of Walsh's investigation are said to be Maj. Gen. Richard V. Secord and Albert A. Hakim. A case is being built against those four for conspiracy to violate the Boland Amendment.

## Briefly

● **NEW YORK CITY** Mayor Ed Koch said Aug. 6 that the city would never quarantine AIDS patients. "The reason it's so ridiculous would be that you have 500,000 people in the City of New York estimated to carry the virus. Every one of them is a carrier. Are we now thinking of quarantining 500,000 people in the City of New York? It's ridiculous, so get it out of your heads."

● **THE DEFENSE** Acquisition Board has recommended that six Strategic Defense Initiative programs enter the earliest stage of their development. The programs approved would be used in the first phase of the SDI, and would not be deployed until the mid-1990s, said proponents of the systems, which do not involve lasers or particle beams, but include sensing devices that would be orbited to track Soviet warheads in an attack; satellites to provide warning of an attack and track missiles and warheads, and space-based and ground-based interceptor missiles.

● **C. WILLIAM VERITY, Jr.**, a strong proponent of U.S.-Soviet trade, now heads the list to replace the late Malcolm Baldrige as U.S. Secretary of Commerce. Until 1982, Verity was chief executive of Armco steel company, which his grandfather founded.

● **DOLPHINS** by the hundreds are washing ashore dead or near-dead on the East Coast of the United States from New Jersey to Virginia. Marine biologists are baffled over the cause of death.

● **TELEVISION** evangelists are not believable to 70% of the American population, according to a new nationwide poll conducted by Media-General Associated Press. Of those who made donations to evangelical ministries, 43% said the scandal involving ex-PTL head Jim Bakker would cause them to contribute less in the future.

## Editorial

# *An Executive Order to replace 12333*

On Aug. 7, President Reagan sent a letter to the chairman and vice chairman of the Senate Select Committee on Intelligence, informing them that he intends to take measures to replace methods and procedures "concerning presidential approval and notification to Congress of covert action programs—or so-called special activities." This was President Reagan's announcement that he is about to scrap the infamous Executive Order 12333 of Dec. 1, 1981, which, since at least late 1983, has been the secret charter under which an illegal, parallel government operated in the United States.

The President's Aug. 7 letter to Senators Boren and Cohen makes it clear that the new Executive Order now in preparation will thoroughly replace the discredited "methods and procedures" of E.O. 12333, with other, new, "methods and procedures," which will purportedly be "clean," "just," and "moral," in the sense meant in Aristotle's *Nicomachean Ethics*, in which ethical behavior is defined as the pursuit of immoral or even criminal ends by moral means only.

During the Irangate hearings, we all were lectured that "the ends, no matter how moral, do not justify the (immoral) means employed," which is what E.O. 12333, purportedly, did. Now, to correct this deficiency, the guardians of our Republic's morality are about to introduce a new set of rules which will ensure that only "moral means," will be employed. No covert action without both written presidential authorization, and simultaneous full and complete consultation with Congress. Presumably, these new "methods and procedures," will safeguard the morality of the way we shall be doing things. They, most certainly, do not ensure either the morality, or the constitutional legality of the "ends" for which these new "means" will be employed.

President Reagan's advisers in this matter are strongly urged to review, once more, very carefully, the recommendations which presidential candidate Lyndon H. LaRouche made in his Draft Executive Order to replace 12333. It is essential, for the preservation of this Republic, that prior to discussing "methods and procedures," any future executive order replacing

12333, first identify the national purpose for which policies are selected and pursued, the "National Mission," as candidate LaRouche names it; otherwise, reforms merely put the U.S. intelligence community and Executive Branch back into some altered form of the same mess from which we are attempting to extricate them.

Our "National Mission" is an immutable sense of national purpose so deeply embedded, implicitly, in both the Declaration of Independence and 1787 draft of the Constitution, that any later policy which might contradict this notion of purpose must never be allowed. All that might be, and must be altered during the course of decades since 1776-89, is to restate that original national purpose in terms of modern circumstances. The President's authority is limited to perceiving this thus historically defined National Mission correctly, not to choose his policy-preference, and, as an afterthought, to interpret National Mission in whatever manner concides with his policy-preference.

Our strategic mission, in any particular period of time, is, simply, our National Mission translated into the terms of the existential challenges to our republic during current history. This must never deviate in principle from the specifications of the higher, immutable authority, the National Mission. This is the general policy correlative of military war-planning.

The function, within the national and strategic mission, which is assigned, as policy, either in terms of policy governing the functioning of an element of the intelligence community, or governing a task in which one or more elements of the intelligence community participate, is a properly authorized specific mission.

Without enslaving the intelligence community to national mission thus prescribed, the result must be that the same lawlessness in government simply continues in a slightly altered form. The issue is whether choices of covert operations are consistent with national mission; the number, scale, and purpose of covert operations, must flow only from the requirements of fulfillment of the national mission.

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# Why this is the most controversial publication in the West

## The Pentagon

The U.S. Department of Defense's *Soviet Military Power*, released in March 1987, stated: "Recent Soviet developments in the generation of radio-frequency (RF) energy have potential applications for a fundamentally new type of weapon system that would degrade electronics or be used in an antipersonnel role. . . . If they choose to develop such a system, **no significant technological obstacles stand in the way of a prototype short-range tactical RF weapon.**" (emphasis added)

## What *EIR* said

Back in 1982, when *EIR* was outlining the feasibility of what later became known as the Strategic Defense Initiative (SDI), *EIR* was already looking at the possibility of radio-frequency assault weapons, although we proposed then that such weapons were a bit further down the road than SDI as such. In our June 5, 1987 issue, we began our drive for a crash program in RF weaponry—warning: "Soviet military technology is nearing the point of **catching a Gramm-Rudmanized United States, strategically flat-footed.** The new Soviet weapons are fairly described as a 'Sputnik of the 1980s'; they are radio-frequency assault weapons suited for use against both tactical and strategic targets." (emphasis added)

One of the senior U.S. experts in Soviet assault radio-frequency weapon capabilities told *EIR* during spring 1987: "Any signal from the Russians that they are pouring resources into **high-and directed-energy physics** programs at this time, would have to be understood as a **full-scale commitment to radio-frequency weapon deployment.**" (emphasis added)

## The Kremlin's moves

The Soviet government newspaper *Izvestia* of July 18, 1987, reported that the most recent **Soviet Politburo** meeting made a commitment to strengthen the material-technological basis for research in **high-energy physics**. The Politburo decided to step up the work in all of their scientific centers and experimental installations, and to build and expand pilot experimental programs in high-energy and particle physics.

**EIR: Knowledge is leadership.**