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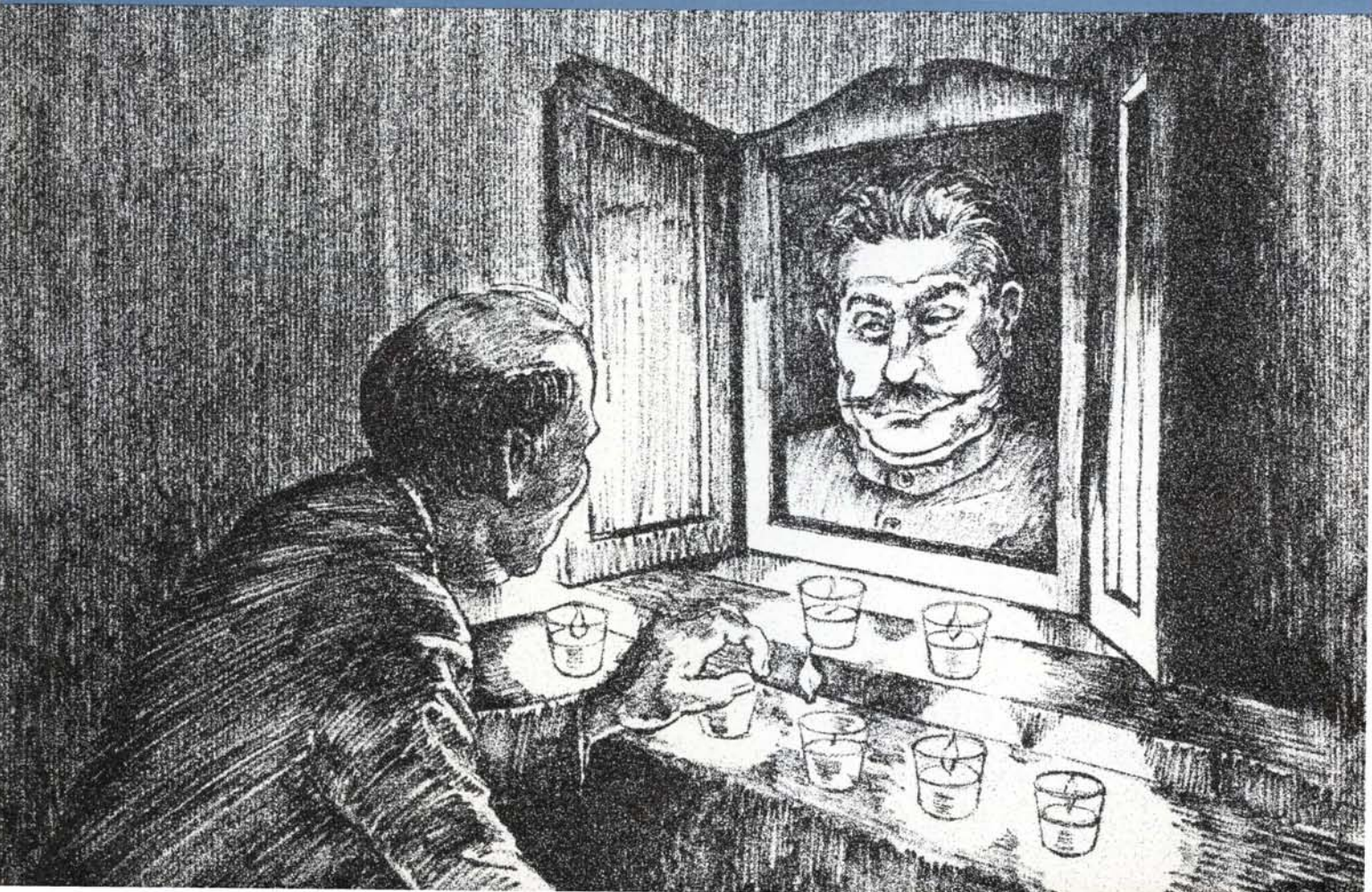
Executive Intelligence Review

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Soviets step up irregular warfare in Germany
What ever happened to the War on Drugs?
Policy crisis in Washington deepens

**Stalin's economic dogmas shape
Gorbachov's Nov. 2 address**



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EIR

From the Editor

To show their appreciation of the setting of a Reagan-Gorbachov summit on Pearl Harbor Day, Dec. 7—a new “Day of Infamy” on which the United States would sell out the defense of Europe by signing a “Zero Option” treaty—the Soviets unleashed their assets in West Germany to kill two policemen in an ambush at Frankfurt airport.

The German ambush was the bloody advertisement that Mikhail Gorbachov means what he says when, contrary to many liberal expectations and even some predictions in *Izvestia*, he takes the occasion of the 70th Anniversary of the Bolshevik Revolution to openly embrace the economic policies of the late Josef Stalin!

Contributing editor Lyndon LaRouche analyzes the Gorbachov speech in this week’s *Feature*. The Soviets are counting on a “final crisis of capitalism” from which they will emerge in a position of world domination.

In the *Economics* section, we publish a double report on the kind of U.S. policy insanity the Kremlin is counting on: “What happened to the War on Drugs,” on page 16, followed by “CIPE: Cult of ‘free enterprise’ meets to promote drug economies,” on page 19. It is not an accident that cocaine kingpins Pablo Escobar and Jorge Ochoa are promoted to the financial jet set by *Forbes* and *Fortune* magazines, and that every major case against a drug trafficker in Ibero-America has been dropped since last year. The so-called “informal economy,” the economy of grinding misery and degradation of the many, and enrichment of the few through speculation, has been applauded as a model by the Reagan administration!

At best, the “informal economy” means backbreaking labor at low technology, often to produce useless products and services. At worst, its fruits are the heavy industry in peddling cocaine, marijuana, and heroin to kill the minds of millions of youth, and the associated evils of rock “music” and sadomasochistic “entertainment.”

This issue of economic policy—we insist that the President must declare an economic emergency and act to foster an industrial recovery, vectored by the most advanced technologies, such as those required by the Strategic Defense Initiative—is EIR’s fundamental difference with the Reagan administration. It is a difference upon which U.S. national security depends.

Nora Hamerman

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Bankers refuse to defend dollar—and save selves

by Chris White

If their mouthpiece at the Treasury Department, James Baker, is any guide, the idiots in the financial community are at it again. Treasury Secretary Baker told the press that “preventing a domestic recession” is a more important objective of U.S. economic policy, than defending the dollar on foreign exchange markets.

As he was speaking, the dollar fell to new postwar lows against both the West German deutschemark and the Japanese yen.

Translated into some semblance of English, what Baker meant to say was, permitting the dollar to fall to some new, as-yet-unspecified level against the yen and the deutschemark, is this administration’s adopted means of preventing a domestic recession.

The further question implied is, what exactly do these loonies mean by “domestic recession”? Since the physical goods output of U.S. industry and agriculture remains below the levels of 1980-81, in per capita terms, and way below the levels of the late 1960s, Baker and company are clearly not talking about protecting industry and consumption from further decline. That, they don’t object to.

On the other side, since the accountants’ measures of profitability applied to the banking system, tend to demonstrate that the entries, known these days as bank profits, are based; in large part, on banks’ foreign exchange transactions, a falling dollar, supposedly, will permit banks to maintain those nominal, if actually non-existent earnings. One might thus conclude that what Baker means by “domestic recession,” can actually be translated into “wave of banking collapses.”

Thus, what Baker is actually saying is “maintaining the apparent book-value profits of the large commercial banks is a more important objective of U.S. economic policy than

either defending the value of the dollar or restoring the functioning of the U.S. economy.”

It can be assumed that the banks Baker is committed to defend are also the ones that told him to say what he said. Beyond that, it can also be concluded that those banks are crazy enough, and incompetent enough, not to realize that what they need right now is not some loyal flunkey mouthpiece, but someone with the courage to save them from the consequences of their own stupidity and insanity.

This is simply because devaluing the dollar on international exchanges is actually the fastest way to wipe out the trillions of dollars of bookkeepers’ assets and liabilities held by the banks offshore, and to set off the kind of chain reaction, in offshore capital markets, which will rapidly spill over into the internal credit and financial system of the United States. The bankers’ policy, mouthed by Baker, is the fastest route to the uncontrolled collapse into chaos of the financial markets. Or, out of the frying pan of internal stock market collapse, and into the fire of international banking collapse. That’s what the banks are demanding, by insisting that the U.S. government do what they insist, and believe it or not, that’s exactly what they are going to get.

For the last couple of years or so, it has been popular in some quarters to be heard mouthing the nonsense that the decline of the dollar is necessary to correct the monstrous U.S. trade deficit. Over the same period, the trade deficit has actually increased, in dollar terms, even as the dollar has fallen to almost half its previous value against the deutschemark and the yen.

Reducing the trade deficit clearly would be an intergral part of any policy to turn the U.S. economy around. Equally clear, a weaker dollar is not the way to accomplish that objective. The trade deficit is by and large made up of items

which, over the last 25 years or so, successive U.S. governments decided it was no longer necessary to produce inside the United States. Since we can't produce the goods to replace such imports any more, because we won't, it stands to reason that we will continue to import them, for as long as the exporters are prepared to extend us the credit to do so.

The dollar can go as low Baker's bosses will tolerate, as low as blowing out the economies of West Germany, Japan, and those Western European nations, in and out of the European Community, whose credit systems are tied to the Deutschmark. It won't make any difference to the trade deficit.

On the other hand, to adopt policies which would actually begin to reduce the trade deficit, would also contribute to turning the economy around, and to stabilizing the financial system. There's no mystery about how to do it. The United States should start to produce the things it no longer produces. That can be done by employing the constitutional powers of government to regulate trade and commerce through a system of protective tariffs and import licenses.

Economist and presidential candidate Lyndon LaRouche has proposed how to do this. His proposals provide a yardstick against which to judge what Baker and his financial community bosses and controllers, are both doing and saying.

What kinds of tariffs?

This administration has adopted the pathetic course of imposing so-called "nuisance tariffs" on imports of items such as cheese, wine, and spaghetti, from the economies of allies. The value of the goods affected amounts to a few million dollars, out of a total trade deficit of about \$170-180 billion. Even if we were a nation of winos, the amounts involved would never contribute to doing what has been claimed.

The alternative approach is to focus on the big-ticket items. For example, in 1985, the total import bill was about \$360 billion, and the deficit about \$150 billion. The top 10 or so items on the import list, in dollar terms, account for more than the trade deficit. If exports of the same items are netted out, the details change, but not the picture as a whole. The top items were:

Petroleum and petroleum products	\$50 billion
Autos and auto parts	\$49 billion
Clothing	\$16 billion
Special purpose vehicles	\$8 billion

The top four on the list account for over 80% of the trade deficit. Then follow telecommunications equipment, electrical components and parts, footwear, televisions and VCRs, and paper and paper-board, with the first of those accounting for \$7 billion, and the others \$6 billion each.

Two kinds of questions present themselves: What kind of tariffs, and how ought they to be implemented? The adopted tariffs ought to be based on parity pricing of the product involved, that is, cost of production plus a reasonable profit

for reinvestment. The parity price range would function as a trigger price. When prices fall below that level, the tariff is triggered. The tariff structure adopted ought to be combined with a parallel system of import licensing. The two together would provide the basis for real negotiations with allied nations, including Germany and Japan, on what to do about the world economy. Compliance with the tariff policy in some areas could be offset with tariff-free trade in others.

Against those who say that such an approach would set off a protectionist trade war, it should be demanded just what do they think the adopted policy of a continually declining dollar is? Competitive or political manipulations of currencies are actual trade war in effect. Since the proposed approach would actually translate into stability for the dollar, protective tariffs would end the ongoing war between the United States and its allies.

The oil case is typical. The United States does not need the oil of the Gulf; Europe and Japan do. The United States needs a pricing structure such that its own producers can go back to work to drill for and pump the oil we do have. Further, purchases ought to be restricted to the Western Hemisphere, at parity prices for the producers.

With automobiles, the problem is different. Here a common effort could be defined, among the leading producer nations, to free up automobile capacity, as the mass base for the development of the capital goods industries which would assimilate space science and technology into the civilian economy, and permit the development of the Third World.

About one-third of the 7 to 8 million autos purchased in the United States are imported. The bulk of the imports are in the ranges that are now known as "starter cars," say, under \$8,000, or in the upmarket luxury ranges, the Mercedes and the BMW. What is needed is a good quality, durable family-size sedan, combining the best features of the old-style American auto engineering school with the technological improvements made especially in Germany over the recent period. If such cars were built to last, perhaps twice as long as the current models, then the import dependency could be reduced, and capacity in the United States, Germany, and Japan could be freed up for other purposes.

Governments would organize such a consensus just as they organized the consensus to degrade the auto over the last decade. Similar approaches could be defined for countries whose economies have been distorted through the predominance of one or another export to the United States, such as clothing or consumer electronics. "Cooperate to develop new markets, to offset the costs of shifting out of the United States, and we'll work with you for mutual benefit."

The consequent return of stability and relative certainty to international currencies would help make such an approach the offer that couldn't be refused. By contrast, if that kind of approach isn't adopted, it ought to be clear that the trade deficit will not be reduced, and the economy as a whole will suffer the consequences the bankers insist Baker prepare for them.

Consequences of the dollar blowout

Treasury Secretary Jim Baker's crash of the stock market has set up a crash of the bond market.

Precisely as *EIR* warned, Treasury Secretary James Baker chose Scylla over Charybdis the week of Nov. 2, and triggered a run on the dollar that brought the U.S. currency's rate down to only 1.67 German marks and 135 Japanese yen Nov. 6. Baker's assertion that the United States "will not have a recession," even if it means an uncontrolled fall of the dollar, guarantees a much higher level of U.S. interest rates, former Federal Reserve official Scott Pardee warned in a Nov. 2 interview.

Pardee, now at Yamaichi Securities, warned, "The danger now is drastically higher interest rates here" in the United States, "by which the banks and securities houses will suffer."

Alan Greenspan's Federal Reserve is driving down short-term U.S. interest rates. That strategy will blow up in his face, for the simple reason that America borrows close to \$200 billion per year from creditors whom it already owes \$400 billion net. In effect, the United States is devaluing its existing obligations, while trying to borrow more.

America's payments imbalance now approximates the foreign-exchange burden on Germany after World War I. Unable to earn or borrow sufficient foreign exchange to meet its obligations, Weimar Germany printed money to buy foreign currency on the markets. That, and not domestic policy criteria, produced the famous hyperinflation. The difference between Weimar and Washington rests in the willingness of America's allies to continue to fund the U.S. deficits,

as opposed to the hostility of Germany's adversaries.

Our allies are merely reluctant to maintain the level of subsidy; what is occurring, therefore, is a milder version of the Weimar disease, but sufficient to trigger disastrous consequences for American debt markets.

Despite the momentary enthusiasm for long-term Treasury debt, as a refuge from the collapsing stock market, astute observers note that the section of the fixed-income dollar bond market which best reflects foreign-exchange risk, namely, Eurobonds, virtually stopped trading during the week of Oct. 26. Overseas investors who must weigh their repayment in hard currencies won't touch dollar paper. The preceding week, Eurobond issues with equity or other conversion features stopped trading; the paralysis has spread to the entire market.

Baker has set up the worst bond-market crash in history, to surpass the 1930s bond-market slide that followed the stock-market debacle. For the moment, the volume of dollar purchases by foreign central banks required merely to maintain orderly markets, as opposed to propping the dollar's value, has flooded liquidity into the U.S. markets. During the week of Oct. 26, the Bundesbank alone bought DM 8 billion worth of U.S. dollars (about \$3.5 billion). On Nov. 5, the Bank of Japan bought an estimated \$1.4 billion.

Thus, the rate of foreign central banks' dollar purchases, which turn into purchases of U.S. Treasury securities, continues to maintain the incredible \$160 billion p.a. rate regis-

tered during the first half of 1987. It was the central banks' decision to slow their rate of support for the dollar that produced the August-September bond-market collapse in the United States, which in turn triggered the stock-market collapse.

When the collapse will begin in earnest depends, in the days ahead, upon dickering among the central banks. On Nov. 5, Makoto Utsumi, the director of the Japanese finance ministry's international finance bureau, said the Bank of Japan will continue its intervention in support of the dollar. However, foreign central banks, faced with the collapse of their own securities markets, cannot hyperinflate their own monetary systems for long in support of a futile American effort to put a bandaid on the Wall Street bubble.

Nov. 5 represented a turning point of sorts, according to foreign exchange traders who noted that the German Bundesbank's interest-rate reduction that day affected only a little-used central bank discount rate, while the bank's principal discount rate remained unchanged. That half-hearted signal of "cooperation" with Washington spoke for itself.

The central banks, i.e., the creditors' committee for American foreign debt, issued numerous private warnings to the same effect as British Chancellor of the Exchequer Nigel Lawson's Nov. 4 formulation. Lawson said that if Washington imposes sizeable reductions in the American budget deficit, West Germany and Japan will cut their interest rates as part of a new and "wider international accord." Lawson knows perfectly well that such reductions are politically and economically impossible; such statements merely pass the onus for the next financial shocks back to Washington.

U.S. is not dealing with the real crisis

by William Engdahl

According to senior City of London and European financial sources, the world's major financial markets, especially New York and London, are being propped up only by the most desperate of day-to-day emergency measures. In the case of London, the Bank of England, which enjoys perhaps more direct power over economic policy than any other central bank outside Moscow, has assumed "hands on" control of the financial markets.

On Oct. 29, British Chancellor of the Exchequer Nigel Lawson announced that, in order to reassure the "jittery" markets, the Bank of England had decided to act, in an unprecedented manner, as "buyer of last resort." This would serve to ensure the solvency of the major brokerage firms which had agreed, before "Black Monday," to market some \$11.6 billion worth of shares in the government's British Petroleum to the investing public. Without such a guarantee, the average 33% collapse in London and New York share values since August threatened to leave some of the world's largest brokerages technically bankrupt.

The sale went ahead on Oct. 30, and the London and New York stock markets, momentarily buoyed by this bold Bank of England support, rallied. The following Monday, Nov. 2, also appeared to pass without major incident.

In the London system, stock brokerages have 14 days to clear their buy-sell accounts and present regulatory officials with their books, including "uncleared" accounts, i.e., sales with no recorded buyers. Such problems have been chronic on the deregulated City of London Stock Exchange since the October 1986 "Big Bang" liberalized trading and helped kick off a record stock volume increase.

Something is rotten

Reliable City estimates are that Alan Greenspan and the U.S. Federal Reserve have kept Wall Street "stable" only by the emergency injection of an estimated \$20-25 billion daily into the money markets to enable selected Dow Jones "blue chip" companies to buy back their own stocks. An estimated \$22.3 billion in such stock "buy-backs" have occurred since Oct. 19. In all of 1986, that figure reached only \$44 billion.

"Expect that the stock markets will oscillate, rising for a time, then falling again. But over the coming two or three

months, you can expect the stock market to hit the range of Dow Jones 1200," an informed City of London banking insider stressed. Because of the sensitive nature of the market, he asked not to be named. "No one has yet given any sign of any idea to adequately cope with the dimension of this crisis," he continued.

"There is little if any central bank Group of Five cooperation. German authorities despair of the U.S. doing anything significant to alter the situation. And certain circles in the Bank of England are gloating that they have the U.S. 'on the ropes,' and are privately boasting that they can now reassert control over the major New York investment banks."

The BP privatization is the method the Bank is using to impose effective control over New York's leading investment banks, such as Goldman Sachs, Salomon Bros., and Morgan. Those firms are the principal underwriters of the BP privatization, the largest single stock issue in world history. The Bank of England, by agreeing to be the guarantor of the major New York houses, is in position to extract concessions of significance. "But these are merely tactical moves to take momentary advantage. No one has an overall strategy to restore stability," one informed London official stressed to *EIR*.

While some in the City of London may be drooling over the prospects of regaining New York financial markets, lost since 1914, the financial health of City firms is reported to be desperate. The Nov. 2 deadline, called Settlements Day in London, has now passed, with press reporting to the world, "I'm all right, Jack." Settlements Day, in the British system, is the twice monthly day of reckoning in which every brokerage house has to present accounting of buy-sell losses or gains to authorities. Nov. 2 was nervously expected to be a "blood-bath"—the first Settlements following the "Black Monday" disasters. However, the fact that it passed without even a minor dealer reported in trouble is making traders even more nervous.

One senior City insider told *EIR* that unprecedented intervention by the Bank of England was responsible. "The new catchword sending chills down the spines of London brokerages," he said, "is the word 'unhelpful' or even worse, 'very unhelpful.' The Bank of England has been discreetly ringing the major brokerages and telling them it would be 'very unhelpful' if the broker were to demand full payment from certain large clients experiencing momentary difficulties." In short, the Bank of England is perpetuating colossal market fraud in a desperate attempt to stem disaster, without any other strategy.

The Bank of England is known to be demanding that Washington impose a further "10-15% dollar devaluation with a \$30-40 billion cut in the U.S. budget deficit." Both policies, London financial officials privately agree, are absurd on their face. "The policy in Washington is to let the dollar drop to about Deutschmark 1.60," a well-placed London banking source emphasized. "But who is to say that it will stop at 1.60? These are extremely unsettled markets."

And the lunacy of cutting defense spending by \$20 billion or more in a recession is admitted by more honest economists in London and elsewhere.

"Right now, in corporate boardrooms across the world, the decisions are being made to cut back, to disinvest. This will take two to three months for its effects to work through the economy. Then we will see the onset of a real economic downturn," emphasized a leading European economist. The estimate is that the collapse in output will hit the vulnerable consumer sector fastest. New car purchases and new home loans will simply be deferred as the impact of the \$1 trillion wipeout of small savings, involving millions of investors, is realized. This is most dangerous in the the United States, where consumer-credit buying soared to all-time highs in the last five years.

The second wave, aggravated by the collapse of the dollar, these sources stress, will impact on world trade flows. Imports of Japanese and German autos to the U.S. market will drop sharply as rising yen and deutschemark rates and collapsing U.S. consumer credit reinforce one another. "Developing countries will be worst hit in this depression," a London banker stressed.

Privately, representatives of some of Britain's oldest banking families are "extremely worried" over the policy chaos in Washington. As one such representative, a banker and Tory Member of Parliament, expressed the mood, "Everyone I know in the City just lost not only his shirt but his trousers as well. The [financial] cities of the world are bankrupt of ideas." Reliable reports are that certain of the world's better known financial firms would be bankrupt but for central bank bailout.

Shearson-London, Morgan Grenfell, Kleinwort Benson, and De Zoete Barclays are rumored to be the worst hit by the "Black Monday" collapse. "And Warburg, touted to be the most successful brokerage in the City, lost a cool \$100 million on the first day alone," one City source said.

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Interview: Dr. William Hazeltine

The battle to defeat carrying encephalitis

Encephalitis virus was found in mosquitoes in northern California during the summer, primarily carried in the native species Culex tarsalis. Here Dr. William Hazeltine, an entomologist and the Manager/Environmentalist of the Butte County Mosquito Abatement District in California, discusses how the virus was detected, the course of the disease, and some of the political problems that constrained the eradication program. Hazeltine was interviewed on Aug. 25, 1987 by Marjorie Mazel Hecht. He reported in October that the risk of encephalitis had ended for this season.

EIR: I understand that you have found mosquitoes carrying the encephalitis virus.

Hazeltine: Yes, Western equine encephalitis. Actually, the real long-handled name is Western equine encephalomyelitis, or WEE.

EIR: What does this mean for the people in your area?

Hazeltine: The transmission to people is by mosquito bite, so mosquitoes containing the WEE virus are infective, and it signals that we could have transmission to either people or horses—and it signals a problem.

EIR: How did you detect this virus? Do you have a regular testing program that captures mosquitoes?

Hazeltine: Part of the district program is to use a carbon dioxide light trap, which collects the mosquitoes alive. We chill them, separate by species, put a given number of each species in a jar, freeze them, and send them to the laboratory. They then grind them up and inject them into a cephaline mouse brain, and look for the development of symptoms in the mouse.

We also have chicken flocks and we look at the antibodies in chickens, using a laboratory antibody test in our own lab. The reason for the chickens is that the endemic cycle of encephalitis is a bird-mosquito/bird-mosquito type of cycle.

EIR: Does this mean that the virus breeds in the bird and the mosquito then picks it up from the bird?

Hazeltine: Right. It's an amplification in both stages. That is, the mosquito amplifies it, feeds on a chicken or another bird, the bird develops a viremia, and the mosquito that feeds on that bird will then pick up the virus, amplify it more in his body, and then feed on another bird.

mosquitoes virus

EIR: So the virus actually becomes stronger.

Hazeltine: It becomes more numerous; the virus particles become more numerous in both the chicken and the bird. If any of those mosquitoes that have fed in a blood meal on an infected bird then happen to feed on a horse or a man, transmission of the virus can occur. So we are looking at virus present in the mosquito as one stage short of transmission to people and to horses.

EIR: Now that you have found this outbreak of the virus among the mosquitoes, what do you do?

Hazeltine: Our first move is to increase the level of control that we apply. That is, we work harder on the disease species. And we work harder on protecting people from being bitten by adult mosquitoes. One of the ways we'll do it is with aerosol insecticides, trying to kill the adult population near where people live. This means that we oftentimes have to neglect the people who live way out in the country by themselves. Our aim now is to try to protect the greatest number of people, so we do a little less larval control, and more adult control.

EIR: You mentioned previously that you had severe budget cuts in your mosquito abatement program. How does that affect a project like this?

Hazeltine: It's obvious that if you don't have money, you can't spend it. Our budget cuts have come over the years. Now the state is spending more of its efforts on diseases like AIDS, so that they do not have the time nor the resources to devote to the diseases that are vectored by mosquitoes. What happens is that you have less people to work with, you have less money to buy chemicals, and you lose the control. And so the public is at a higher risk.

EIR: Where does the WEE virus come from?

Hazeltine: I wish we knew. There are various theories. One theory is that it overwinters in tropical areas and is spread by migratory birds. Another theory is that it might overwinter even here, but at very low levels in overwintering mosquitoes. Then, during the next spring, it is amplified and built up enough in order to cycle into horses and man.

EIR: How does this Western equine encephalitis differ from

St. Louis encephalitis?

Hazeltine: It is a different virus, with a different genetic makeup and different antibodies. The determination of the kind of virus is based upon determining the specific antibodies. In severe cases, you can have epidemics of either or both. The St. Louis virus affects only people, while WEE affects both people and horses. . . .

The odds makers, the experts, guess that only about 1 in 100 cases actually have a diagnosable disease, a diagnosable encephalitis. Most of the time they think you have a mild infection, like a summer cold. . . . But pregnant females can pass the disease on to the fetus. In the 1952 encephalitis epidemic in western California, this was determined when a mother carrying identical twins developed the disease during the epidemic, and both twins had brain damage.

In the 1952 epidemic in California, there were somewhere in the neighborhood of 300 diagnosed human cases and quite a few deaths. With the very young, it is a progressive condition, a diminishment of capacity. The viremia is only short term, but the neurological damage is progressive; humans become vegetables. . . .

I had a good friend a number of years ago that caught Western encephalitis. I saw him in the hospital for a week. He was clear out of it. It took him about eight months to recover, to get back to speed. That was eight months of nursing care, eight months of rehabilitation. If you stop to think of the cost there and the social cost—it's a lot of money.

EIR: Have there been other epidemics?

Hazeltine: There was a Texas epidemic in 1964-65, first in Dallas and then a year or two later, a big one in Houston. In both epidemics, they flew military aircraft to spray, to try and control the adult mosquito population. They sprayed the whole town, with six military aircraft, big military cargo planes. . . . Today, the public hysteria would probably militate against such spraying. Or the permission to do it would be given after it's too late.

EIR: We need population control for mosquitoes!

Hazeltine: Researchers were working on a chemical that blocked the process of tanning of the exoskeleton after a molt. This made a defective insect, which would die. . . . When an insect metamorphoses at each molt, it has to develop and harden its outer skeleton in order to function, and this material blocked the hardening of the skeleton so the mosquitoes couldn't fly. There are muscles that depend on the hard outer skeleton, so its movements were ineffective.

EIR: What happened to that as a mosquito control?

Hazeltine: It got falsely labeled as a carcinogen. It was called Dimilin, and my understanding is that there was an equivocal test for cancer with mice, so it had to be redone. That set the whole program back two or three years and amounted to a lot of money. Pretty soon, the cost to develop the material apparently got too high. Mosquito control is a

very small dollar market. It doesn't produce the big bucks that are necessary in order to finance the development of products that are only for mosquitoes. Even for the specialized-use labeling that goes with it, it is very difficult to get a general use-product labeled for mosquito control because it is an extra step and an extra label.

EIR: Was this being developed privately?

Hazeltine: Yes, by one of the major chemical companies.

EIR: So because of the tests required to determine whether it caused cancer in mice, it was not considered cost effective for the company to develop it as a marketable product?

Hazeltine: Apparently that was the reason. Now, it is sold for use on mushrooms and cotton. But in order to get the special labeling that is necessary . . . you have to spend a lot of money to prove that you can't cause the material to produce unreasonable effects in some animals. . . . It takes money to produce negative data. It costs money to prove that you can't do something, that you can't cause an effect. . . .

There is an organization called the IR4 program, an interregional committee founded by a U.S. Department of Agriculture committee. They will look at a product, if a manufacturer says okay, if you can get it registered for the use, we will carry the label. The program then does the necessary residue work or whatever has to be done, to get permission. They will usually do the laboratory work required for the development of a new insecticide for the the six major crops—corn, wheat, cotton—and tree fruits. But when it comes to health, this is not a top dollar market, even though it's a very important market. One of the things I've been trying to do, is to get the federal government to make special concessions for products that are being developed for public health, to waive the fees.

EIR: Are these Environmental Protection Agency fees?

Hazeltine: Yes. EPA has registration fees. EPA does not cover the cost of development, and after you get it developed, there are fees to register it, and there are fees for residue quarantine. But these fees would be waived, then there would be an incentive to get these things developed for public health. . . . The fees used to be zero. Now they are going for fee authority and fee charges, in order to bring in revenue for EPA.

EIR: But what happened to the idea that you have to protect public health?

Hazeltine: In this whole argument, the other very very important aspect is that when a product is being used for public health, there should be a separate and independent risk/benefit balance, used to establish what can be done safely. What usually happens is you have to meet all the requirements for agricultural use, and then meet some more. And in agricultural use, we could do without a certain amount of an agri-

cultural crop, and we would still be fairly happy. But when it comes to health, it's an entirely different story. I think the benefits side of the equation for health, has never been given sufficient emphasis in the registration process. . . . And as a consequence, we're suffering for available products to do the job.

Health has never had a strong lobby; health protection has never had a strong lobby for this kind of thing. And now, the health protectors, many times, are the people who say, "Let's protect the public from pesticides."

EIR: It's backwards. Here are these people protecting the wildlife, and protecting everyone from unnatural substances, when they're going to get some very "natural" virus killing them off.

Hazeltine: That's part of the idiocy that is called regulation. . . . The squelching of the development of new chemicals; all of the prejudice that goes with trying to use currently available chemicals. In all, public health comes out second best. Sooner or later, people are going to die. . . . We tell people, there is a risk to your health right now, in the case of encephalitis. We tell them. Our public here is susceptible to this. Try to avoid being bitten by mosquitoes. . . .

EIR: Human life seems to be cheap for all these people who protect the wildlife and want to protect individuals from pesticides.

Hazeltine: That's the whole point; they seem to prefer birds to people. When you pin those people down, they say, "oh no, people are more important." But that's rhetoric; when it comes right down to it—the environmental impact statements and the litigation for wildlife, compared to the litigation for health protection—wildlife always comes out ahead. . . . Many of the federal laws like those governing the Army Corps of Engineers and the Clean Water Act . . . there's no suggestion that I can find in those laws that requires a consideration of the health impact.

EIR: I found only one mention, and it concerned emergency action.

Hazeltine: That was an emergency consideration of a an application. In other words, they could speed up an application. They could speed up the consideration of an application. But there's no statutory base that I can find, nor administrative base, that says if you have a bona fide epidemic, or a bona fide emergency, that you waive all of the requirements. In an emergency, you don't play around and fill out papers, you don't worry about filling them out and processing them. You just forget about it and go about doing the most important thing—

EIR: —to stop the epidemic—

Hazeltine: That's number one.

Brazil prepares return to the IMF regime which wrecked its economy

by Mark Sonnenblick

Brazil's chief debt negotiator Fernão Bracher has promised the holders of the country's \$113 billion foreign debt that Brazil would soon submit to International Monetary Fund (IMF) surveillance. Bracher knows what IMF austerity means: As central bank president under Planning Minister Delfim Netto during Gen. João Figueiredo's regime in the early 1980s, Bracher helped impose looting policies from which Brazil has yet to recover.

Opposing this capitulation to a new round of the IMF's crushing austerity, is former Finance Minister Dilson Funaro, the architect of Brazil's debt moratorium, who was forced to resign in April under pressure from the creditor bankers. "I would not even agree to speak with the IMF," Funaro recently insisted. "What has to be negotiated is the question of resource transfers." He contends, "There is no possibility of development in a country which transfers 5% of its Gross National Product for serving debt. Development is part of the PMDB [ruling Brazilian Democratic Movement Party] program . . . and we hold that Brazil cannot pay more than 2% of its GNP, without becoming unable to implement a development policy."

Experience shows him right. When the private bankers with whom Bracher is again trafficking cut off all voluntary lending to Brazil in early 1982, they promised that Brazil's problems would be over if it made "one, or a maximum of two years, of sacrifices." Brazil followed their orders. Living standards were cut by 30-40% and the most impressive industrial capability in the Third World "turned to scrap," in the words of the São Paulo Federation of Industries.

Brazil signed its first letter of intent and technical memorandum with the IMF on Jan. 6, 1983. Within days, it had devalued its currency by 30% and embarked on an export binge to pay the sky-high interest on its foreign debt. Brazil, which had sustained rapid growth through 1981 by importing as much as it exported, churned out \$13 billion in trade surpluses in 1983 and 1984. Almost every penny of that was used to pay debt service.

The entire economy was subordinated to generating the trade surplus. The dirigist state machine which had been used to promote industrialization was used to cut imports and free up domestic production for exporting. Brazil halved its imports of machinery from the United States and other advanced countries, thus slowing its development and making Brazil

less able than ever to meet its obligations. It saved another \$1 billion on food imports and turned croplands from growing food for Brazilian consumption into growing soy for export or sugar cane for producing alcohol, to replace imported petroleum.

Fiscal incentives and other export subsidies added billions of dollars to government expenditures. To compensate for this drain, tax burdens were increased, while government investments were halted, agricultural and industrial incentives disappeared, and social spending shrank to near-African levels. Brazilians came to know the IMF as "Inflation Misery Famine." One of the ironies of IMF "shock" policies, is that they are always marketed as "the best way to reduce inflation," while their perpetrators know full well that they will be inflationary. Brazil's inflation more than doubled to 211% in 1983, and stayed there until after Brazil broke with the IMF in February 1987. The 1983 budget deficit rose from an expected 8.8% to an astounding 18.6% of GNP, as the intentional recession wiped out the tax base. To keep up the IMF's farce of concern for inflation and budget deficits, Bracher and other Brazilian monetarists kept raising their targets. The same IMF and banks now demanding that Brazil cut its budget deficit to zero swallowed six such "revisions."

Up against the wall

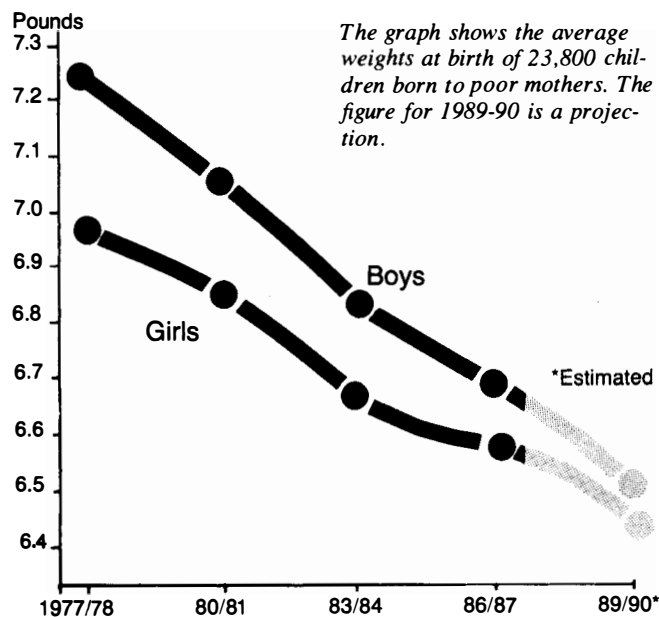
Brazilian planners have found no way to achieve sustained growth, so long as Brazil remains dependent on the deteriorating world market. Even amidst the U.S. consumer "import orgy" of 1986, world trade shrank 2.5%.

Luiz Carlos Bresser Pereira has been successful in increasing Brazil's market share, while contributing to drive down world prices. For example, Brazil will export 5% more iron ore and pellets this year in order to earn the same dollars as last year. As the United States and Japan each cut steel output by 3 million tons in the first half of the year, Brazil cut its ore price to Japan by 6% and to Europe by 3.5%.

Brazil exported 3.16 million sacks of coffee in September, more than any month in the past 28 years. Brazil's coffee exports more than doubled this year. This helped drop the world coffee price to \$1 a pound, lower in real terms than during the Great Depression.

Last year, Brazilians had to wait for months to receive the autos and appliances they bought at relatively low prices.

FIGURE 1
Undernourished Brazilians are becoming pygmies



Source: Meraldo Zisman, M.D., "Nordeste Pigmeu—Uma Geraco Ameaada," Recife, Brazil, 1987.

Wage and price policies this year have reduced sales of home appliances by 43%. Appliance industry spokesman Aldo Lorenzetti charged Oct. 28, "Brazil is going toward collapse with that deliberate policy of impoverishment." In the So Paulo industrial belt, more than 70,000 industrial jobs were eliminated in So Paulo in the past six months.

Brazilian industries are being ruthlessly decapitalized. Prof. Dante C. Matarrazo found that first-half losses were equal to 28.8% of capital for the computer industry, 20.1% for the shoe industry, and 23.7% for vehicles and machinery producers. Auto producers closed down to demand higher prices, despite their domestic sales being halved. Matarrazo said that the miserable losses in industry contrasted with the high profits of banks operating inside Brazil, "showing a violent transfer of resources from the productive to the financial sector."

The intentional triaging of domestic consumption has succeeded in increasing automotive sector exports by 85% this year, to an estimated \$4.5 billion.

Export, and die

When Planning Minister Delfim Netto back in 1982 began touting exports and budget cuts as Brazil's solution, *EIR* warned that without big capital investments, Brazil's ports would not even be able to handle the load. Brazil is wasting \$1 billion this year in penalties to shipping companies for

loading delays at its congested ports. Under the IMF program, budget savings were achieved by halving highway maintenance. Brazil's highway death rate is now eight times that of the United States. It would cost \$6 billion to eliminate 2,000 identified death traps on Brazilian highways.

The failure to invest and to maintain has taken similar tolls on all of Brazil's physical and human infrastructure. A dam not completed because of IMF cuts has led to rationing in the impoverished Northeast. The state electric company *Electrobrs* needs to invest \$6 billion per year to sustain 7% annual growth; since the IMF took over, it has been investing only \$3 billion. In contrast, it is paying \$5 billion annually to service its foreign debt. The 1987 budget was for \$5 billion in investments, but that was just cut after the World Bank and private banks cut off \$1.2 billion in expected loans. The World Bank suspended its loans because Brazil's electric rate hikes were fast enough to spur inflation and damage the steel industry, but not enough to pay its debts.

When President Jos Sarney announced a debt moratorium on Feb. 20, he proclaimed that its purpose was to force creditors to renegotiate the debt under conditions which would permit Brazil "to pay its social debts" and to end the "cheap labor model" on which all its recent growth has been based.

The social debt is dramatic. Sarney's Government Action Plan, released in October, reports that 90.8 million people, 67% of all Brazilians, cannot obtain the 2,250-calory daily nutrition standard. In the Northeast, the average food intake is only 1,845 calories, and 86.5% of children under 5 are undernourished, it reports. A study of 30,000 poor children in the Northeast city of Recife, by Dr. Meraldo Zisman, found a steady decline in birthweights (see graph). The average weight of poor children born there fell from 6.8-7.0 pounds in 1977 to 6.6 pounds in 1986. He found 80% of these children "were unable to recover normal minimum growth standards" during their first four years.

The minimum wage has been reduced from about \$90 in 1981 to \$65 at the beginning of the year, to \$40 now. Nationwide, 42% of families earn less than the minimum wage; 62% in the Northeast. There are 36 million children in families with incomes under \$70 per month, and 7 million abandoned children. Public employees recently received wage increases, so that an x-ray operator now earns \$105 a month and a licensed pharmacist \$220. Over 46 million people have no access to medical services, nor access to treated water; 57.6 million people live in housing units "without private or collective sanitary installations," the government reports. The number of people living in urban slums (*favelas*) increased from 8 million in 1980, before the implementation of the IMF program, to 12 million in 1985.

Sarney's Government Action Program calls for major progress by 1991 toward "paying the social debt." The Plan was, however, stillborn. It projected 5% economic growth for 1987. Even before it had left the printer, the government admitted that growth would only be 2%, and that only because of the record 1986-87 harvest.

'Diplomatic' debt negotiating

The current phase of debt talks is a game of mirrors pulled together on Oct. 21, two days after the Wall Street market crash.

When this column appears in print, the Brazilian government may already have deposited its \$500 million in the Swiss accounts of the Bank for International Settlements, the first phase of the "symbolic payment" which could mark the end of the debt moratorium decreed by the Brazilian government last February. That money will go into the same black hole as Brazil's other debt payments, without contributing one iota to an agreement that could resolve the Brazilian debt situation.

It has become clear that the current phase of debt negotiations is pure fantasy, a game of mirrors rapidly pulled together on Wednesday, Oct. 21, when the screams from Black Monday were still sounding. On that day, Federal Reserve chief Alan Greenspan called upon Brazil's debt negotiator Fernão Bracher and Brazilian ambassador to the United States Marcilio Marques Moreira, to reach a "symbolic" agreement with the banks, which might have a positive psychological effect on the convulsed financial markets. The Brazilian negotiators agreed to the scheme.

The scenario was described by a Washington banker, in statements to a Brazilian daily: "In truth, they are only seeking a 'diplomatic agreement' . . . The American government is very apprehensive about the stock market. A crisis unleashed by the reclassification of Brazil's foreign debt] at this moment, would be terrible, with repercussions throughout the market. Note that this isn't a matter of the market. We are talking

about a tremor in the banking industry. With this, the market could crash again."

With the "diplomatic renegotiation" of the foreign debt resolved, there only remained the task of convincing the party in power, the PMDB. For this purpose, Finance Minister Bresser Pereira—displaced as figurehead of the negotiating process by Fernão Bracher—gathered a group of PMDB economists to announce that the "symbolic payment" of \$500 million would be made to the banks, just as soon as a certain deal with the banks was reached. He then tried to minimize the significance of that, saying that, in the end, the Brazilian moratorium only applied to payments to private banks, approximately one-third of the total debt.

But the greatest pressure to neutralize the PMDB came directly from certain sectors of Itamaraty, the foreign ministry. According to a report in the newspaper *Gazeta Mercantil*, on Oct. 29, diplomatic sources at Itamaraty "are concerned about the PMDB's position," and are posing the question: "If Brazil breaks with the Establishment, to which system will it belong? Without a deal with the financial community, the country will be isolated and will have to go with some other bloc, which is not the West. Which one? . . . If Brazil breaks and bankrupts some international banks, Japan and the United States will go against Brazil, and other debtors are going to profit from that situation."

Using the same tone, the finance

ministry's man in charge of international affairs, Ruben Barbosa, told a continental gathering of economists that "not paying the debt would mean a break with the international financial system. And today there is neither political will nor the political conditions for taking such a step."

Political circles linked to the PMDB are privately saying that the argument of Itamaraty—that maintaining the moratorium raises questions about Brazil's loyalty to the West—is nothing but "cheap blackmail" and "a joke." It was this same approach that the U.S. State Department used to destabilize former Finance Minister Dilson Funaro, architect of the Brazilian debt moratorium, while in the midst of negotiations in Washington. And it is, perhaps, this same line of thinking which was behind the strange and still unexplained meeting held last July 27 in Washington between National Security Adviser Frank Carlucci, and Minister Bresser.

Of course, in the teeter-totter politics currently reigning in Brazil, it is possible that the PMDB—with military backing—might put its foot down regarding such a blackmail scheme. In fact, it is already being mooted in media and political circles inside Brazil that Finance Minister Bresser is on his way out, a fact which could—if true—shatter the carefully planned debt agreement described by one Washington insider as "worse than a jerry-built house."

The possibility of Bresser being forced out was nervously reported in the Nov. 4 issue of *The Wall Street Journal*, which added that closeness between the Brazilian finance minister and his personal appointee Bracher could mean that the chief debt negotiator's job "could be on the line if Mr. Bresser steps down."

Italy reacts to the crash

Doubled budget cuts, panic at the Milan stock exchange, and a nuclear referendum occur amid a financiers' faction fight.

For the first time, I heard the word 'panic' whispered by one of the most optimistic brokers," I was told by an observer at the Milan stock exchange. Despite the reassurances of Ronald Reagan and Bank of Italy head Ciampi—the stock exchange collapse is only a "readjustment" after the "boom"—the Milan stock exchange has continued to collapse since "Black Monday." The historic low reached by the U.S. dollar against the Italian lira (1,260) has fueled the panic generated by the crash.

For the first time, dailies such as *Corriere della Sera* and *La Stampa* have begun to echo *EIR*, saying that "the real cause of the crash is the decoupling between the real economy and the financial economy." This was also the view of Carlo De Benedetti, president of Olivetti: "This is a depression. I am sorry to admit it, but it is true," he told Italian national television.

Similar statements were made by Giovanni Agnelli, president of FIAT, to the weekly magazine *Panorama*. Said Agnelli, a member of the Trilateral Commission, "If we continue like this, in 1988, the New Dealers might come to the forefront again in the United States." By that, he meant a policy of state control over currency and credit to promote production, the "dirigism" which has been associated with U.S. presidential candidate LaRouche, as the only way out of the collapse.

"Those who say that the situation is stabilizing again probably believe that we are all idiots," wrote Paolo Savona, the president of Banco di Sar-

degna and of the "Siena group," in the Italian daily *La Repubblica*.

Recognizing that there is no "recovery" and that we are in a depression, and acting to change it, however, are two different things in Milan, as in Washington.

At an emergency meeting in early November, Christian Democrat Giovanni Gorla's cabinet decided to double the budget cuts stipulated in the so-called *Finanziaria* bill for 1988, from 10,000 to 20,000 billion liras (\$25 million). The cuts will not only hit health and other social services, but also increase financial pressure on households and industries. Gorla once admitted to *EIR*, "I understand nothing of economics."

A law reducing the right to strike was also proposed, amid a series of "wild-cat strikes" in the transport system which have been paralyzing airports and railways. The answer of the trade unions was to threaten a general strike.

Government and Bank of Italy claims of a "recovery" are also belied by the latest unemployment figures—2,800,000 Italians are officially jobless, a record. As *La Repubblica* wrote on Nov. 4, "Never was unemployment so high in Italy."

An interesting indication of the skepticism with which Italians look at their government's "recovery" and inability to face the crisis, will be the referenda to take place Nov. 9 on nuclear energy and the independence of the magistracy. The most recent poll published by *La Repubblica* indicated that 54% of Italians will vote contrary to what their parties have recommend-

ed, thus using the referenda to express their protest.

Except for the Republican and Liberal parties, all parties have recommended a "yes" vote on abolishing nuclear power and the independence of the magistrates. The only campaign clearly in favor of nuclear power was carried out by the Schiller Institute and the Patriots for Italy party, with a poster showing the late industrialist Enrico Mattei, inaugurating a nuclear plant in Latina (Rome) in 1958.

The fact that Bettino Craxi, the former premier who promoted the referendum together with the Radical Party, has threatened to collapse the government if the referendum is defeated, only indicates how scared they are of losing.

Among financial circles, an all-out war started immediately after "Black Monday." The lines were drawn by Tuesday, when some "blue chips" were not quoted until the end of the day on the Milan exchange, to avoid their collapse after frantic overnight contacts and private meetings. The spared "blue chips" were those of FIAT, Montedison, SNIA-BDP, and Olivetti (which "only" lost 6%). Other "blue chips," such as Ferruzzi and Assicurazioni Generali, were quoted from morning on, and lost between 12 and 14%.

The Ferruzzi grain and food cartel seems in deep trouble. Not only is it too indebted to face the crash, and already beginning to sell some of its recent acquisitions, but a well-timed scandal has hit its head, Gardini. He replaced his father-in-law, Ferruzzi, at the top of the cartel after the latter died in a suspicious plane crash eight years ago. In the midst of the financial crash, the remains of Ferruzzi were "kidnapped," and rumors abound in the Italian press that behind the deed is a "blackmail" plot that may end Gardini's career.

Central bank intervention continues

Gold and global security: That is the underlying theme of the crisis.

It is now widely acknowledged by financial news services that central banks sold heavily into the gold market between Oct. 19 and the first week of November, in order to avoid the appearance of a panicked flight from currencies into precious metals. That is no surprise; the leitmotif of the central bankers' crisis management since Oct. 19 consists of the assertion, "Inflationary expectations were broken by the stock market crash," even while the Federal Reserve and other central banks create money faster, perhaps, than at any other time in history.

During the first half of 1987, all metals prices, led by the precious metals, rose sharply, by factors ranging from 25 to 50%, in what portended to be a flight from all currencies. European central banks' stupendous volume of money-creation in the course of supporting the dollar provoked the move to metals; and the collapse of all the world's stock markets in Wall Street's wake, makes clear how vulnerable the dollar has made the entire world monetary system.

However, a more profound, and disturbing, chain of events may force the industrial nations back to the exchange of gold in settlement of overseas balances. Those in Washington who complain that gold backing for currencies would benefit the Soviet Union, a leading gold producer, should consider what Washington's strategic withdrawal from Western Europe will bring about in this regard.

During all of known monetary history—from the time of the Roman Empire through the Byzantine Em-

pire, the rise of the Italian city-states, the ascendancy of the Spanish Hapsburgs, the French kings, and the British Empire of the 19th century—there exists only one, anomalous instance of the circulation of a reserve-currency without gold backing, namely, the U.S. dollar after Aug. 15, 1971. (We exclude the special case of the 1933-45 reichsmark in areas under Nazi occupation: There, as Hitler remarked, the value of the reichsmark was supported first of all by the concentration camps.)

Neither Philip II of Spain nor Victoria of England succeeded in persuading the rest of the world to accept unbacked obligations. Washington did, under the special circumstance, that America guaranteed the defense of the free world. Europe and Japan paid, through a clumsy and inefficient mechanism, for the strategic nuclear umbrella, by accepting the low-quality paper of the United States, dollars not backed by gold, in their reserves.

Those who recall the bitter exchanges between then-Treasury Secretary John Connally and his European counterparts following the closing of the gold window in 1971, know that the Europeans had no choice whatever in the matter. American officials then, and for years subsequently, bragged that America held all the cards; the existence of the North Atlantic Treaty Organization compelled the Europeans to accept whatever terms America might dictate.

In vain, President de Gaulle of France, and his principal economic adviser, the late Jacques Rueff, warned

of the consequences for the United States of a license to circulate unbacked dollars. From 1965 on, they proposed a dollar devaluation against gold to give the United States breathing room to contain its payments deficits.

Washington followed the extreme consequences of the economic blunders of the 1960s and 1970s, with the consequence that America now imports about one-fifth of its physical consumption net, and borrows nearly \$200 billion p.a. to afford this. It is one thing to demand an economic and financial subsidy from one's reluctant allies, however, and quite another to do so while destroying the alliance.

It may be no coincidence that the stock-market crash occurred barely two weeks after Washington confirmed its intention to withdraw the Pershing-II missiles from West Germany, rendering NATO's most important European member defenseless against overwhelming Soviet conventional superiority. I assert no mechanical relationship between these strategic and financial events. However, the world after the Dec. 7 Reagan-Gorbachov summit threatens to become a much different place.

If Europe is forced into a reluctant accommodation with Moscow's empire, and renders tribute in the form of a huge volume of industrial exports to Soviet overlords, the monetary arrangement most appropriate to the new strategic division of the world would be a European currency bloc, matched perhaps by a Japanese currency bloc in Asia. These blocs would no longer require their bloated dollar reserves, and would eventually institute some means of gold exchange to replace the dollar.

Under such circumstances, the monetary benefit arising from the reintroduction of gold would be the least of those accruing to Moscow.

What happened to the War on Drugs?

Ricardo Martín and Carlos Méndez trace the process that led to the apotheosis of two of the world's most savage criminals in the business press of the United States.

Sometimes, developments in the lower depths of the underworld are reflected in certain "upper" circles dominated by the white collar and the diamond necklace.

On Nov. 16, 1986, the Southern District Federal Court in Miami, Florida unsealed an indictment against nine leaders of the "international drug-trafficking criminal enterprise" known as the Medellín Cartel. Among the accused are mentioned Pablo Escobar Gaviria and Jorge Luis Ochoa. Eleven months later, in an unusual media "coincidence," both *Forbes* (Oct. 5, 1987) and *Fortune* (Oct. 12, 1987) magazines mentioned, in their respective reports on "the richest men in the world," none other than Escobar and Ochoa.

Thus, in a very short space of time, two of the world's most wanted criminals went from the police pages to the social pages of the international financial "jet set."

But the deeper problem is not one of social identities. It is rather that the whitewash of Escobar and Ochoa's images is an expression of the serious steps backward that have been taken in 1987 in the war against drugs, to the detriment of the achievements of 1986. In 1987, with the exception of the spectacular capture of Colombian cocaine king Carlos Lehder, not only has there not been another important trafficker arrested, but many of those who had been jailed earlier either "escaped," or were acquitted, absolved, or pardoned. One is left with the impression that a strong, if invisible hand, had intervened in their favor. Further, many military officials, soldiers, police officers, honest judges, and anti-drug reporters have been mowed down by mafia assassins.

Worse still, despite the efforts of the Peruvian and Panamanian governments to shut down narco-banking operations in their respective countries, they have not only *not* received the necessary backup from the United States, but many U.S. officials and congressmen have exercised various forms and degrees of pressure, even direct attack, on these governments for their anti-drug efforts. Such is the case, for example, with "Operation Pisces," carried out jointly by Panamanian and U.S. anti-drug authorities. Such, too, is the case of the bank

nationalization in Peru, directed at such leading drug-laundering centers as the Banco de Crédito and others.

And while the war on drugs has suffered these many reverses, tons of cocaine and other drugs have continued to flood the United States, destroying millions of youth.

Reagan: 'We are speaking seriously!'

On Aug. 4, 1986, in a speech to the nation, President Ronald Reagan announced a long-term offensive, a "national crusade against drugs, a sustained, inflexible effort to rescue the United States from this scourge." Two days later, at a national conference on drug addiction and alcoholism, President Reagan said that he would call 15 to 20 U.S. ambassadors together to instruct them in this new offensive, and to begin collaboration in the war on drugs with other countries. "Together," said Reagan, "all countries should know that no drug network will survive. We propose to have a drug-free nation, and the world must know that we are speaking seriously."

The six-point program that the President proposed included energetic measures against the laundering of "dirty" (drug) money. This point was of special relevance, since eliminating the ability to launder profits from the drug trade is the key to winning the war on drugs. It is no accident that the reason Escobar and Ochoa were invited to join the financial jet set is precisely their immense ill-gotten fortunes.

Some months earlier, when Vice President George Bush announced that President Reagan had signed an April 8, 1986 national security directive for combating the drug trade, he emphasized that the directive described this crime as an urgent problem of national security, and added that it stipulated the use of both U.S. and Ibero-American military force in the fight against drugs.

President Reagan's Aug. 4 pledge was met with tremendous enthusiasm on the part of Ibero-America's besieged anti-drug forces, above all because between April 8 and Aug. 4 of 1986, nothing significant in the way of the promised

U.S.-Ibero-American collaboration against drugs had come to pass. Further, at the specialized conference on drugs, sponsored by the Organization of American States (OAS) and held in Río de Janeiro, Brazil on April 24-26 of that same year, the U.S. delegate had actually opposed the creation of an anti-drug fund favored by nearly the entirety of the participating nations.

The primary document presented at that OAS conference says: "One of the important new dimensions of the drug trade is the legitimization of the ill-gotten gains. It is not clear where the drug traffickers invest their profits, but it is believed that the majority of the laundered money is invested in stocks and bonds, real estate, and in other assets of the more developed countries. . . . Until the profits are controlled and the demand reduced, it is highly doubtful that any effective action will reduce production."

Another point insisted upon by the delegates to the OAS conference was the creation of a continental force to battle the drug traffickers. The enthusiasm with which President Reagan's announcement was met is, therefore, understandable.

A major step backward

However, as we have stated, not only did this collaborative war on drugs never become reality, but the existing anti-drug campaigns took a major step backward. The most palpable example of this retreat is the case of the Colombia-U.S. Extradition Treaty, overturned in December 1986 by the Colombian courts, without a word or hint or protest from the U.S. authorities. Even such "serious" anti-drug figures as former U.S. Sen. Paula Hawkins (R-Fla.), have said nothing in this regard.

As is universally acknowledged, that which the Colombian drug traffickers most feared is that extradition treaty, so much so that on April 30, 1984 they murdered Colombian Justice Minister Rodrigo Lara Bonilla for his insistence that the treaty be implemented. And, on Nov. 6, 1985, the M-19 narco-terrorist gang assaulted the Colombian Justice Palace, burning the dossiers of extradition petitions against drug traffickers and assassinating a dozen Supreme Court judges handling drug-trafficking cases.

On May 9, 1986, the Colombian mafia under Pablo Escobar's command published an ad in the Bogota daily *El Tiempo*, which lamented that "in a moment of anger" (the assassination of Rodrigo Lara Bonilla), then President Belisario Betancur had signed "the first extradition requests" submitted by the United States. In the ad, the mafia signers said that if the treaty were overturned, they would commit themselves to the "formal, real, and material surrender of all the elements and raw materials used for the production of cocaine."

Among the signers were the recognized billionaires Pablo Escobar Gaviria and Carlos Lehder, who included in the

communiqué an expression of "solidarity with our companions, friends, and compatriots . . . Gilberto Rodríguez Orejuela and Jorge Luis Ochoa, who are currently in different jails in . . . Spain, all because of the misnamed extradition treaty."

On Nov. 15, 1986, mafia thugs toppled a memorial bust of the assassinated Minister Lara Bonilla, leaving a message signed by "the extraditables" which promised to suspend the assassination of Colombian judges in return for a suspension of the extradition treaty.

Two days later, mafia assassins murdered Col. Jaime Ramírez Gómez, former head of the anti-narcotics department of Colombia's national police, the F-2, who had been Lara Bonilla's right-hand man and who had served as one of the most critical liaisons among the anti-drug forces throughout the region. Just before his death, Colonel Ramírez had told the daily *El Espectador*, "On this extradition matter, no one can claim not to have known, since it is nothing less than the key factor in the fight against drugs. . . . The day it is annulled, they will have won the war."

And on Nov. 12-13, only days earlier, the White House had called its ambassadors in 19 capitals, including Bogota, to inform them personally of President Reagan's plan to wage an international war against drugs. The response was less than overwhelming. In an interview published Dec. 3, the president of Colombia's Council of State, Samuel Buitraco Hurtado, called for the legalization of the drug trade and the overturning of the extradition treaty.

The retreat began to snowball. On July 3, 1987, Colombia's justice ministry revoked the arrest warrants pending against all the heads of the Medellín Cartel, including Escobar Gaviria, warrants that had been based on extradition requests made by the United States. Two days later, the Colombian Supreme Court annulled the Extradition Treaty. The United States was deadly silent. Days later, a judge in the city of Cali exonerated and released from jail Escobar's "companion, friend, and compatriot" Gilberto Rodríguez Orejuela, who was sought for extradition to the United States. The same "luck" followed in due course for Escobar's co-billionaire Jorge Luis Ochoa, who was given his "provisional freedom" on an animal contraband charge . . . and disappeared into the woodwork.

Colombian justice had capitulated to the blackmail and the assassinations and, above all, to the lack of back-up from those who should have provided it. And through it all, the United States government said nothing.

Rout

Across Ibero-America, the same pattern could be seen. Throughout 1987, not a single important drug trafficker has been arrested, while many have either fled or been freed from jail. The business of drug money laundering has never been better, with the exception of Peru, where the fight against the

drug banks continues, and of Panama, which is under the combined fire of the State Department, the U.S. Congress, and others. It is no accident that the opposition forces in Panama have attacked Panamanian Defense Forces chief General Noriega for having lifted bank secrecy to assist "Operation Pisces" investigations into drug traffickers' bank accounts.

In Honduras, the widely sought drug trafficker and murderer Juan Ramón Matta Ballesteros, linked to Colombia's Medellín Cartel, "escaped" from a Colombian jail in November 1986, and today spends his days in Honduras handing out 100-lempira notes and making investments like any other respectable businessman.

In Venezuela, whose President Jaime Lusinchi proposed that the United Nations declare the drug trade a "crime against humanity," not a single important drug trafficker is currently behind bars, since seven Colombian cocaine traffickers linked to Pablo Escobar, were released from a Caracas jail a few weeks ago by a corrupt judge. Venezuela's anti-drug Justice Minister José Manzo González had responded to the incident by warning of the growth of a "parallel state" of drug traffickers, which could become impossible to control. He later released a memorandum to the President, outlining 500 similar cases of judicial corruption by the drug trade.

In Bolivia, abandoned to its fate, the drug trade continues to reign.

Despite the anti-drug efforts of certain sectors of the Mexican government—although the financial aspect of the drug trade has never been touched—the mafia has dared to move from bribery to assassination. On Sept. 20 of this year, the drug mafia murdered Federal Judge Pedro Villafuerte Gallegos, who had sentenced "marijuana czar" Pedro Díaz Parada to 40 years in prison. He escaped jail just two days before the assassination. Villafuerte Gallegos is the only Mexican judge to have been assassinated in the past 50 years.

We could, unfortunately, go on. It is enough to point out the case of Carlos Lehder's pending trial in Jacksonville, Florida, which his lawyers are seeking to annul with the argument that the extradition treaty which enabling his transfer to the United States has been overturned. His lawyers also argue that the jury being chosen for the Lehder trial is necessarily biased—because its members are against drugs!

The press is contributing more than its share. Both the *Miami Herald* and the Spanish-language *El Diario La Prensa* in New York have recently run series on the Lehder case, presenting the confessed drug trafficker and terrorist as a "Robin Hood" and "philosopher."

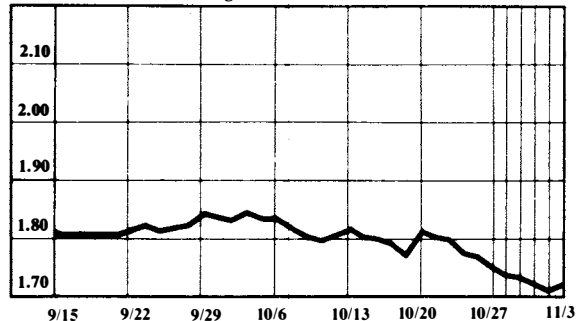
One question

One question stands out. Since Vice President George Bush is the nominal chief of the U.S. war on drugs, with the presumed obligation to observe this developing crisis situation, why hasn't he explained to the American people why his war on drugs has collapsed?

Currency Rates

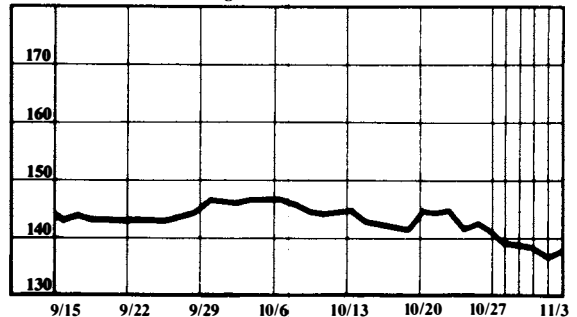
The dollar in deutschemarks

New York late afternoon fixing



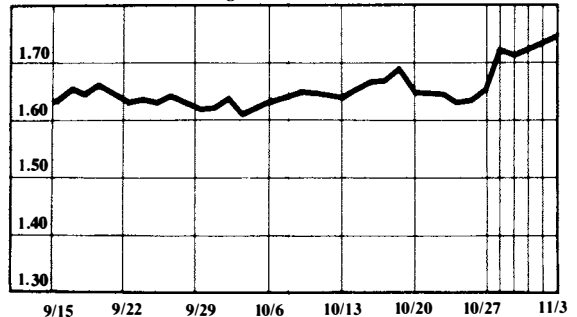
The dollar in yen

New York late afternoon fixing



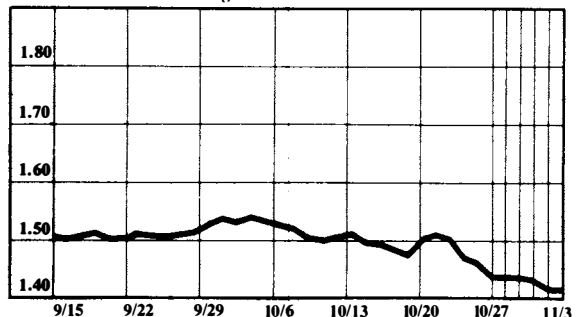
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



CIPE: Cult of 'free enterprise' meets to promote drug economies

by D.E. Pettingell

Produce drugs, encourage prostitution, fire-eaters, child labor, and street vendors, all in the name of "free enterprise" and "democracy," is the U.S. government message to Third World countries. Such is the conclusion drawn from the first international conference on the "underground economy" sponsored in Washington, D.C. Oct. 26-27 by the Center for International Private Enterprise and the U.S. Agency for International Development. Two hundred and fifty business, political, government, and academic leaders from 34 nations attended the two-day symposium.

The Reagan administration designated Peter McPherson, former AID administrator of the State Department's Agency for International Development (AID), now Deputy Secretary of the U.S. Department of the Treasury, to deliver the closing remarks and demonstrate with his presence the government's endorsement of the event. "We at AID, for many years, thought a lot how to help Third World governments to find a way to solve the issue of poverty within their own constraints," he said. "Now we have the answer."

McPherson described his personal experience when he was in Peru with the Peace Corps in the 1960s and helped the poor people in the surroundings of Lima build their own houses out of cardboard boxes and sticks. He said that he was "struck" by the desire of the poor in the Third World to "do something for themselves."

CIPE and the Reagan administration call this degradation which human beings are forced into out of desperation, the "innovation" and "sense of creativity" of the poor. Thanks to International Monetary Fund austerity, in the past five years, the "underground economy"—in which drugs is the main activity—accounts for 30-60% of developing nations' "employment" and gross national product.

It was as if the Black Monday crash a week before in Wall Street did not enter the conference room at the U.S. Chamber of Commerce building hall. Sponsors and participants went on with their own agenda despite the overwhelming fact that in a few months, or perhaps weeks, there might not be a "formal" or "informal" economy at all, because the entire financial system might be wiped out. The only reference to the financial collapse came in a way of a sarcastic comment by CIPE Vice President William Archy, when he told McPherson that CIPE hopes that, now that he is at Treasury, he can "prove to be as good at reducing the public

deficit as he has been at eliminating world hunger as head of AID!" Never before has the world witnessed the level of genocide and starvation that has struck Africa and other Third World countries in the 1980s.

The U.S. Chamber of Commerce describes CIPE as the "business representative in President Reagan's National Endowment for Democracy." CIPE receives \$2.5 million a year from NED, which was set up in 1983 by congressional mandate to "complement" the State Department's "big stick" policy in the developing sector. Since the Iran-Contra scandal, NED has been in the spotlight due to its role in the affair. Currently, NED is known as the "public arm" of the secret government's Project Democracy conspiracy that armed the narco-Contras with money from Iranian terrorists.

The Baker Plan and the informal sector

The star of the CIPE-AID event was NED's baby, Peruvian-Swiss banker Hernando de Soto, author of the *El Otro Sendero (The Other Path)*, a type of "everything you wanted to know about the underground economy but were afraid to ask" text. De Soto is a follower of the libertarian "free trade" concepts of the Mont Pelerin Society and its ideologue Friedrich von Hayek, the mentor of Milton Friedman.

Under CIPE's guidance, de Soto and Peruvian novelist Mario Vargas Llosa founded the Lima-based Institute for Liberty and Democracy (ILD), which received a total of \$600,000 between 1984 and 1986 from CIPE. With this American taxpayers' money, the ILD has plotted against Peruvian President Alan García's anti-drug policies.

At his speech before the U.N. General Assembly in September of this year, President Reagan praised "scholar de Soto's" work on the "underground economy" as the "other path to development and the one true path."

In Ibero-America, "underground economy" means drugs, and drugs are already the main cash crop of many countries and the only foreign income that some countries are using to pay the foreign debt.

By promoting McPherson to Deputy Secretary of the Treasury out of AID, an agency heavily involved in promoting the informal sector in return for financial assistance, the Reagan administration has turned the informal sector into part of the so-called Baker Plan. Brookings Institution Senior Fellow and ILD consultant Robert Litan proposed at the

CIPE-AID conference that “the World Bank should condition new funds on structural adjustments that bring together the informal and formal sectors.” This is what Treasury Secretary James Baker III means when he calls for a “larger” role by the World Bank in adjustment programs in debtor nations.

In his paper “Internal Structural Reform in Peru: A Promising Road Out of the Debt Crisis,” distributed at the conference, Litan attacks Alan García’s real solution of limiting debt payments to 10% of foreign income to allow enough money for development, and proposes instead an expansion of the underground economy. “The so-called ‘Baker Plan’ suggests that an alternative to the austerity programs of the past may exist, whereby debtor countries agree to implement a set of structural reforms that eliminate subsidies, remove barriers to international trade, and privatize public companies, as the requirement for obtaining new external financial resources.” Every one of these measures, if implemented in developing countries, would encourage an unprecedented illegal-drug boom.

De Soto’s Marxism

But not only is the Reagan administration openly pushing drug-based economies in the Third World, but Reagan himself has endorsed the work of a Marxist when he praised de Soto.

“In indoctrinating the poor in Lima, Peru, we use the Marxist methodology, except that we replace ‘poor vs. rich’ with ‘producers vs. the state,’ ” de Soto confessed before the international audience. Although de Soto’s excuse is that he and the ILD were forced into using Marxism because the poor in Lima have been subjected for so long to “communist propaganda” that Marxism is the only language they can identify with, it is not the first time de Soto has shown his affinity with Moscow’s friends. He dedicated his book, *El Otro Sendero*, to Theology of Liberation ideologue, Peruvian priest Gustavo Gutiérrez, and admits that the Theology of Liberation, a Marxist perversion masquerading as Christianity, was a driving force in his intellectual formation.

De Soto’s rejection of industrial and technological progress places him on the side of the enemies of American System industrial capitalism. During his presentation, de Soto attacked 19th-century “mercantilism” as an “elitist system” restricted to a “few families with ties to royalty.” “Free trade and democracy,” according to de Soto, “emerged from poverty and frustration, the large informal sector of the 19th-century Europe.”

The state and presidential executive power are CIPE’s and de Soto’s *bêtes noires*. The recent uproar against the nationalization of the Peruvian banking system was run by ILD. In his prologue to de Soto’s *El Otro Sendero*, titled “The Silent Revolution” (distributed at the conference), ILD’s founder Vargas Llosa calls the state a “hybrid anomaly” and attacks “the businessmen who work within the law.” “Mer-



The “informal economy” in Washington, D.C. The young entrepreneur says that he was unable to find any other job.

Stuart Lewis

cantilism . . . relies on a method of producing laws and regulations that mocks the most elemental democratic practices.”

According to Vargas Llosa, the free enterprise theories of the “Chicago boys,” implemented by the current military dictatorship of Chile and the former one of Argentina, failed because they were imposed from the top down. “Never can a dictatorship be really ‘liberal’ in economic matters, because the basic principle of liberal philosophy is that it is not the politically powerful, but the independent and sovereign citizens, who have the right to take the initiative, to work and to sacrifice in order to decide the type of society in which they are going to live.”

De Soto attacked García as a dictator. “Democracy is not just a electoral exercise. . . . One can elect five-year dictatorships.” Asked whether he thought the control of the financial system by the state—a measure taken by García to put a halt to the massive drug money laundry by private banks—was reversible, de Soto replied, “of course, in 1990,” the year of the next presidential elections in Peru.

De Soto has been in a permanent tour of Ibero-America, Asia and Africa where CIPE and the NED have established institutes similar to Peru’s ILD.

In Ibero-America, CIPE currently has nine affiliated institutes and three in the Caribbean. Two are in Africa and three in Asia. According to their literature, the biggest success stories are in Peru, Argentina, and the Philippines.

In Argentina, CIPE has founded the Institute for Contem-

porary Studies (IDEC), with a grant from CIPE of \$96,000 a year; the Center for Studies on Liberty (CESL), with a grant of \$34,000 a year and the Federation of Argentine Business and Professional Women, which receives \$9,600 a year. The head of IDEC, Marcos Victorica, chaired the first panel with de Soto.

In Mexico, CIPE works closely with the Mexican Employers' Confederation (Coparmex), which receives \$40,000 annually from CIPE; the Center for Economic and Education Studies, \$33,000 a year from CIPE, and the Businessmen's Coordinating Council, which get \$100,000 a year, according to CIPE's 1986 annual report made available at the conference.

Coparmex has been denounced by this publication as the business front for the National Action Party (PAN), the main opposition party of Mexico promoting chaos and the secession of Mexico's northern states. A Coparmex leader in the north of Mexico was caught in the past storing large amounts of drugs.

In Venezuela, CIPE has recently opened shop. The Institute for Liberty and Democracy-Venezuela was set up in 1985. Jesús Eduardo Rodríguez, its vice president, spoke at the event. From Panama, the oligarchical Civic Crusade sent Rafael Zuniga, executive director of the Chamber of Commerce of Panama, the base of operations of the subversive campaign to overthrow Panama's constitutional government.

There were also representatives from Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Guatemala, Honduras, Paraguay, and Uruguay. Also delegations from Taiwan, South Africa, Thailand, Tunisia, Egypt, and India, among others.

The U.S. participants included Carl Gershman, president of NED, about 50 mission directors and staff personnel from AID, large groups from the Chamber of Commerce, Department of Commerce, the State Department, and from NED's National Democratic Institute and National Republican Institute for International Affairs.

U.N. Secretary General Javier Pérez de Cuéllar, a Peruvian oligarch like de Soto, sent a letter to CIPE apologizing for not being able to attend and expressing his "admiration" for de Soto's "brilliant" work.

At the conclusion, CIPE's vice president Archy announced that it will issue a quarterly report on the informal sector throughout the world to expose the "system of governments and other obstacles that prevent that energy from realizing" itself.

Whether Reagan knows it or not, by promoting the "underground economy," the Reagan administration is not only advocating the legalization of drugs, condemning millions of Americans to destruction and millions more in the Third World to perennial backwardness, but it is setting up the conditions for Moscow's narco-terrorist troops to overthrow stable governments throughout the developing sector.

'Development, not a right': Reagan

In his speech before the 42nd General Assembly of the United Nations in New York on Sept. 27, President Ronald Reagan sent shockwaves throughout the developing sector when he asserted that "development is not itself a right." Following are excerpts of the speech.

There has been much talk in the halls of this building about the "right to development." But more and more the evidence is clear that development is not itself a right. It is the product of rights—the right to own property; the right to buy and sell freely; the right to contract; the right to be free of excessive taxation and regulation, of burdensome government. There have been studies that determined that countries with low tax rates have greater growth than those with high rates.

We're all familiar with the phenomenon of the "underground economy." The scholar, Hernando de Soto, and his colleagues have examined the situation of one country, Peru, and described an economy of the poor that bypasses crushing taxation and stifling regulation. This "informal economy," as the researchers call it, is the principal supplier of many goods and services and often the only ladder for upward mobility. In the capital city, it accounts for almost all public transportation and most street markets. And the researchers concluded that, thanks to the informal economy, "the poor can work, travel, and have roof over their heads." They might have added that, by becoming underground entrepreneurs themselves or by working for them, the poor have become less poor and the nation itself richer.

. . . The free market is the other path to development and the one true path. And, unlike many other paths, it leads somewhere. It works. So this is where I believe we can find the map to the world's future—in the hearts of ordinary people; in their hopes for themselves and their children. . . . These people are the giants of the Earth, the true builders of the world and shapers of the centuries to come. And if indeed they triumph, as I believe they will, we will at last know a world of peace and freedom, opportunity and hope, and, yes, of democracy—a world in which the spirit of mankind at last conquers the old, familiar enemies of famine, disease, tyranny, and war.

Business Briefs

Foreign Debt

Wildlife Fund has 'debt-for-nature' plan

The World Wildlife Fund said Nov. 5 that it would buy up to \$10 million in Ecuadorean debt from commercial banks, and the Ecuadorean government would use the money saved to finance conservation projects in the country. Such "debt-for-nature" swaps are relatively new, and have been pioneered by Prince Philip's organization as a way of putting vast tracts of debtors' land and resources into a permanent "no development" status.

The WWF reached a similar agreement earlier this year with Costa Rica, and another conservation group struck such a deal with Bolivia.

Working with a private conservation group in Ecuador, Fundación Natura, the WWF has agreed with the government in Quito to buy at least \$1 million, and as much as \$10 million of its outstanding debt from foreign banks. Ecuador's debt, which totals nearly \$8 billion, can be bought from the banks at 30% of face value. The government of Ecuador, however, will convert the proceeds into local currency at a much higher price.

The WWF estimated that the swap would yield \$6 of conservation benefits for every \$1 it invests in purchasing the debt. The proceeds will be donated to the network of national parks and reserves in Ecuador.

Austerity

Mexican consumption lowest in decade

Mexican Gross National Product in 1986 was at the same level as in 1979, while private consumption in 1986 was down to 1980 levels, which were in turn the lowest since 1976, according to the Nov. 3 *El Financiero* newspaper. Gross capital formation was slightly below the 1983 level, the lowest since 1970.

According to the report, while 1987 was supposed to begin a "recovery" after years of austerity imposed by the Miguel de la Madrid government at the insistence of the International Monetary Fund, the government's economic policy has remained contractionist, while awaiting monies promised by foreign creditors, which never arrive.

In per capita terms, reports *El Financiero*, Mexico's 1986 GNP was similar to 1978 and 1979, while private consumption was similar to 1976. Gross capital formation was below the level of 1970. GNP per capita was at the lowest level in the last six years in every sector, except electricity and financial services.

Mexico's "worrying economic situation" is accompanied by a worrying political situation, inasmuch as the architect of the disastrous economic downturn, Carlos Salinas de Gortari, is the not-so-popular 1988 presidential candidate of the ruling PRI party.

Mexico's powerful labor confederation, the CTM, a key component of the PRI base, was to meet with Salinas Nov. 5. One point of discussion is sure to be the declining purchasing power of the workforce—now at 1981 levels, according to CTM chief Fidel Velázquez—despite the 14 raises during de la Madrid's six-year term. That is due to the fact the Mexican peso is worth roughly half of what it was a year ago, he stated.

Banking

FDIC sues directors of failed Texas banks

The Federal Deposit Insurance Corporation, on behalf of Executive Center Bank, Energy Bank, and Park West Bank, all of Dallas, has filed suit against the former directors of those failed banks. The directors are accused of negligence, mismanagement, "and other wrongful or improper conduct," leading to an aggregate loss of \$16 million.

Named in the suit were David E. Wise and Ivan Alspaw, founders and directors of all three banks, and 14 other directors involved with one or more of the banks.

Energy Bank opened in June 1982 and closed in May 1985; Park West was open from October 1983 to August 1985; Executive Center Bank was open from May 1984 to February 1986.

After Energy Bank was closed, regulators found that it had made a series of loans collateralized by a Virgin Islands insurer who was subsequently liquidated; the suit describes the collateral as worthless. Upon examination, classified assets were found to represent 230% of gross capital funds, the suit said. Executive Center Bank had "imprudent loans and loans to insiders."

Meanwhile, the banking system of depressed Texas continues to be a source of bad news. National Bancshares Corp. of San Antonio, posted a third quarter loss of \$17.1 million, bringing the bank's net loss for 1987 to \$30.1 million. The bank lost \$25.5 million in the third quarter of 1986, for a net loss of \$21.3 million for the first three quarters of 1986.

At the end of 1987's third quarter, NBC had non-performing assets (NPA) of \$250.2 million, up from \$147.9 million a year earlier. Some 56% of the NPA are in Houston, 92% of that being real estate.

Labor

Argentine general strike called 100% effective

The Argentine labor movement resoundingly rejected the Raúl Alfonsín government's economic policy, as a one-day general strike Nov. 3 by the Peronist CGT labor federation was reported nearly 100% effective. No transportation was operating anywhere in the country, and even radio and television stations observed the strike.

Despite pouring rain and no transportation, 60,000 unionists, organized in marching columns by union, assembled to hear a very harsh anti-government speech by CGT president Saúl Ubaldini. Several of the largest unions, which until recently were trying to play for special deals from the government, were prominently represented, as well as the workers of Aerolíneas, the state air-

line, who joined a CGT general strike for the first time.

Ubal dini attacked government economic policy, called for the removal of all members of President Alfonsín's economic cabinet, and criticized the International Monetary Fund, on behalf of which Alfonsín has been destroying the Argentine economy.

Government

N. Y. Times demands return of Volcker

New York Times editorial writer Anthony Lewis is one of a chorus of voices proposing that ex-Fed chairman Paul Volcker be brought back into the administration, because, as he says, it is the best way to restore credibility in America's leadership capabilities in the wake of the worldwide stock market crash.

This, despite the fact that Volcker, as Treasury undersecretary, designed the 1971 Nixon blunder of removing the dollar from the gold standard, thereby creating the off-shore Eurodollar market and related speculative financial operations worldwide. Then, in 1979, he drove interest rates up to the 20% range from his post at the Fed, crushing America's farms and factories, as well as Third World nations, under unpayable debt burdens.

Volcker may have made his mistakes as Fed chairman, writes Lewis, but "to bring him back into the picture would be a potent symbol of reason and determination." Reagan could either name him Treasury Secretary, or appoint him "special ambassador to organize an urgent international meeting on the financial crisis." The purpose of the conference would be to reach an agreement that the United States would slash its budget deficit, while West Germany and Japan would "reinflate their economies."

If Volcker came back, "Ronald Reagan would have to stop uttering his economic fantasies. He would have to follow Mr. Volcker's lead, and that would matter," said Lewis.

The same view was expressed by a leading European member of the Trilateral

Commission. "Restoring a strong American presidency to deal with this economic crisis is impossible. To do the urgent things that need to be done, making Paul Volcker U.S. economic czar would be the right idea," he said. "We can't wait until the American elections for a solution. Either now we get another Herbert Hoover, or we find some way to calm things down. . . . The problem is, the man on top in Washington has no idea of the problems he has to deal with."

Crash of '87

China joins in Hong Kong bailout

The Bank of China joined the Hong Kong government and Western governments in the huge rescue package to bail out the collapsing Hong Kong stock exchange, London's *Sunday Times* reported Nov. 1. China has been "quietly" investing in the exchange for years, said the newspaper, and has at least \$6 billion tied up in Hong Kong.

At the end of October, while the British-appointed governor of Hong Kong was in the United States and Britain, China's Xu Jiatur, head of Xinhua, the official Chinese press agency, was in Hong Kong to monitor the stock market crisis, despite the Communist Party Congress then under way in Beijing. Xu played a coordinating role in arranging the Bank of China's intervention, said the *Sunday Times*.

On Monday, Oct. 26, as Hong Kong's market plunged more than 1,100 points, Xu, who is the 71-year-old head of Peking's unofficial embassy in Hong Kong, slipped away from the critical party congress on the mainland and took the first available flight to Hong Kong. He was briefed on an informal basis by Willie Purves, chairman of the Hongkong and Shanghai Banking Corporation, and David Ford, Hong Kong's acting governor.

By the time Xu returned to Peking the next day, he had arranged for the Bank of China to take a one-third share in a "lifeboat" fund for the Crown Colony's futures exchange, totaling HK\$1 billion.

Briefly

● **AIDS DEATHS**, for the second year in a row, have exceeded the Centers for Disease Control's projection of how many AIDS cases there would be, let alone deaths. "We're way ahead of the predictions that were made—alarmingly so," said AIDS expert Dr. Benny Primm at an AIDS forum in Washington.

● **DAVID ROCKEFELLER**, in the face of the financial crash, has called for new taxes, including a tax on consumption, which he says will avert a new great depression. Interviewed on CBS's "Face the Nation" Nov. 1, Rockefeller said that Black Monday "was serious and for real and scary. . . . The question is, when and how deep and how long" will the recession be. The U.S. must start slashing the budget deficit, and impose "consumer-related taxes."

● **CHEMICAL BANK**, one of Colombia's major creditors, on Nov. 20 will suspend all operations in that country, according to Bogota's *El Espectador*. As of December 1986, Chemical Bank held \$900 million in Colombian debt. The Colombian government has not confirmed the report that the bank is ceasing operations.

● **'INSECTS as the Protein Source of the Future'** is the title of a study authored by Dr. Julieta Ramos of Mexico City University, this week's winner of *EIR*'s coveted Marie Antoinette Award.

● **MCDONALDS** is now hiring senior citizens instead of teenagers in the United States, the *China Daily* reported on Oct. 24. In Britain, 75% of the McDonalds workforce is under 21, while in Australia, workers are fired when they reach 20 years old. But with so few teenagers in U.S. suburbs today, McDonalds has begun hiring older workers, who are "no more demanding than young people, and more efficient," McDonalds management says.

Will food irradiation's benefits be for export only?

Commercialization of this proven technology has lagged far behind its promise, thanks to the lies spread by the anti-science lobby. Marjorie Mazel Hecht reports.

After 40 years of U.S. research, food irradiation has been proven to be a safe, effective, and inexpensive way to disinfect foods and prolong their shelf life. At a time when 40-50% of all U.S. chickens are contaminated with salmonella bacteria, and mealy bugs appear in grain products, the prospect of disease-free poultry, trichina-free pork, fish that stays fresh in the refrigerator for two or three weeks, and fruits, vegetables, and grains that are insect-free seems like a welcome advance for the consumer. Yet, commercialization of this technology in the United States has lagged far behind its promise.

After five years of investigation, the U.S. Food and Drug Administration issued a regulation permitting low-dose (100-kilorad) irradiation of fruits and vegetables in April 1986, and permission for low-level irradiation of fresh pork followed.

But then the anti-nuclear lobby mobilized to slow down commercialization of the technology in the United States. These anti-science advocates have spread fear and lies, telling people that irradiated food has unidentified, dangerous substances in it and that it is all a plot on the part of big business to make more money.

In the developing sector, where food spoilage can take up to 90% of a crop and where starvation is an immediate prospect, the technology is being taken more seriously. United States firms that have developed the technology and plants for commercialization are thus looking elsewhere for their markets—Africa, Asia, Ibero-America.

Twenty-eight countries now have approved the use of food irradiation for 40 different food products. In fact, the United States, which pioneered the technology, now trails

the rest of the world in its development. Also, the internationally accepted food irradiation standards allow 10 times the amount of irradiation permitted by the Food and Drug Administration here.

Saving money—and lives

The statistics on how food irradiation will save money and lives are startling. In testimony presented to congressional hearings of the Subcommittee on Health and the Environment in June 1987, one of the pioneers of food irradiation, Dr. Edward S. Josephson, reported that food-borne salmonellosis affects 2-4 million people annually, with approximately 2,000 deaths. There are another 2.1 million cases of campylobacter infections from infected chickens, with 2,100 deaths.

In 1985, a report prepared for the Office of Technology Assessment by two U.S. Department of Agriculture economists calculated that the time lost from work by people who ate pork infested with trichinosis and toxoplasmosis could be reduced by \$180 million and \$280 million annually if pork were irradiated at low levels. The estimated cost for that irradiation was \$80 million, providing a net annual benefit of between \$100 and \$200 million.

Similarly, the same report states that if chicken is irradiated for control of salmonella and campylobacter, it would reduce the cost of time lost from work because of these infections by between \$341 million and \$653 million.

Dr. Josephson reported that the cost of controlling these two infections in chickens would be about \$155 million, thus providing a net benefit of between \$200 million and \$500 million annually.



Commercializing food irradiation in the Pacific Rim

Niel E. Nielson, a high-technology entrepreneur, has been on the leading edge of applied technology throughout his scientific career. He is now working on the commercialization of food irradiation, particularly for nations of the Pacific Rim. He was interviewed July 21 by Marjorie Mazel Hecht.

EIR: What sparked your interest in food irradiation?

Nielson: It started when I was working at Lockheed in the military space program in 1961-68, where one of my tasks was to identify how Lockheed would do business 10 years into the future. One of the programs I was involved with was the manned orbiting laboratory, where my assignment was to identify how to keep the astronauts from getting ill, looking at water, food, and personal waste. It was obvious for water and food that radiation was the answer—going up there with food that was completely sterilized. That's where I stumbled upon the work going on at the Army lab in Natick, Massachusetts, and universities around the country. It was then that I realized that this technology, which we now call picowaving, could be used in large-scale applications for the benefit of mankind—environmental cleanup, water pollution, medical sterilization, and food processing.

With the specific intention of getting into water and waste management, I helped form the corporation International Nutronics in 1968, then Aqueonics in 1969. In 1979, Aqueonics changed its name to Emergent Technologies, which I left in April 1987. Now I am an entrepreneur with the objective of commercializing all that we have been able to accomplish through Congress and the regulatory agencies and international bodies, and to continue the market development work and the public education work that we began many many years ago. It's a tall order, but it's something that has to be done.

EIR: So, since the 1960s, the astronauts have been eating irradiated food.

Nielson: Yes, both in the United States and in Russia. In fact, until Russia had its own cobalt facilities, our Natick laboratory processed their astronauts' food. Most people don't know that.

EIR: What are you working on now?

Nielson: We're working on a series of plants initially principally to serve products going into foreign nations or originating in foreign nations. . . . These plants would process both frozen and fresh fruits and vegetables, fresh fish and seafood, and processed meats (those that have been partially cooked).

We're talking here about beef, pork, etc. The reason that the beef is first partially cooked is that the low-level picowaving will not kill off all viruses, but the partial cooking will. This eliminates the viral content and then the radiation processing eliminates the bacterial content.

EIR: Where are you building these plants?

Nielson: We're negotiating several plants in the United States and the Pacific Rim. I've been negotiating with some of these people for a long time, but they've gotten increasingly interested in the last two or three months. Now the negotiations are starting all over again with a whole new concept—making a business of it with these people, instead of a research project or a scientific demonstration. They are saying that the only way that all this effort over all of these years is meaningful is if we commercialize it, so that the public really appreciates its benefits and buys the food.

EIR: Certainly in Asia and the Mideast, where food irradiation projects exist, there has been no problem with the public accepting the products.

Nielson: Essentially none. As a matter of fact, China is so far along that they may mandate the use of this technology before fresh fruits and vegetables, and other foods, can be shipped into China! That is in the works now, and I would expect that we'll see something like that out of more and more nations as they realize the public health improvement, which is statistically very tangible. That's an important observation in the face of those who conjecture and imagine problems simply because we haven't been using this technology for 50 years on 50 million people.

EIR: What operations do you foresee in the Pacific Rim?

Nielson: A significant percentage of the fish and seafood harvested in the tropics contains enough bacteria that, if it isn't frozen almost immediately as it is caught, it is not going to be acceptable to the U.S. Food and Drug Administration standards. As a result of that, and in some cases as a result of poor handling, the food that could be exported from those countries to the United States, is rejected in the range of 3-15%. We could prevent a large part of the rejection of good foods—not decomposed foods—by use of routine picowave processing, which would drop down the bacteria count by 90-99% at only 100 kilorads.

This is a big number—90%—if you put it in perspective. In terms of sterility, it is not a big number. But you don't need sterility if you are going to eat the foods right away. All you need to do is knock the bacteria count down by 90%.

EIR: Are you talking about putting your picowave processing facility right at the site where the fish is caught or near the harvest site for vegetables and grains to prepare food for export or internal consumption?

Nielson: Yes. In the case of fish and seafood, it would be processed, frozen, and then picowaved. In the case of fruits and vegetables, it would be pre-cooled and then picowave processed. This process would prevent insect problems that

exist with a lot of these fresh fruits and currently prevent them from being brought to the United States. In many cases, the effective chemical fumigants, like EDB, are banned in the United States; in other cases, the alternative fumigant procedures are ineffective or damage the fruit.

For example, avocados in Mexico can't be fumigated or sprayed, because the only effective chemical damages the fruit. To bring mangoes out of the Philippines in a special stage of ripeness, the problem is that the insect inside can't be reached; the mango seed weevil, for instance, can't be reached by the insecticide when fumigated. There are many other examples of tropical fruits that nations would like to export to the United States, and the United States would like to have them, and there are many ethnic groups that would jump at the chance of having these products, but they can't be imported because of the insect problem.

Picowave processing would take care of this problem.

EIR: What countries are you talking with?

Nielson: Thailand, the Philippines, India, Japan. Japan is just waiting for a precedent. They already know the benefits and they are just waiting for enough precedent so that they can go to their public with it. China will be into it heavily, as I've already told you. Sri Lanka is an area that is just terribly wealthy in terms of the foods it can produce, but they have some insect and bacteria problems. Australia is moving aggressively to use the technology. They have some hang-ups with cobalt and cesium sources, however. Then there are nations like Chile and Peru and the nations of Central America. These are the great growing regions, not just for the food that we want, but for the insects we don't want. Often these foods don't have a long enough shelf-life to get them here by normal transportation routes.

Keep in mind that for a developing nation, many of them, if not most, the one commodity that they can quickly produce in higher quantity, if they could overcome the insect and bacteria problem, is food. They would not have to build up a heavy industrial base to do it. This is part of the theme of the President's Caribbean Initiative and his encouragement in Central America is letting these people help themselves. Mexico's biggest self-help potential, for example, is in food.

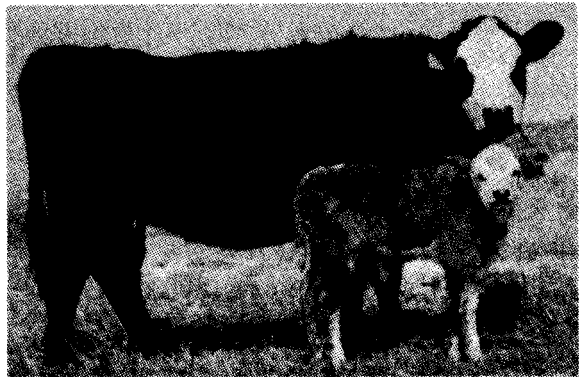
EIR: But certainly countries like Mexico need to produce more food for their own population. . . .

Nielson: But without the exports, they can't afford this processing for their own population, with current economics.

EIR: That's true—they need LaRouche's economics in order to do it, debt moratoria and new credit at low interest rates to build infrastructure and industry and modernize agriculture!

Nielson: Now you're hitting it. If we are able to concentrate on the economics of export, this could then support the use

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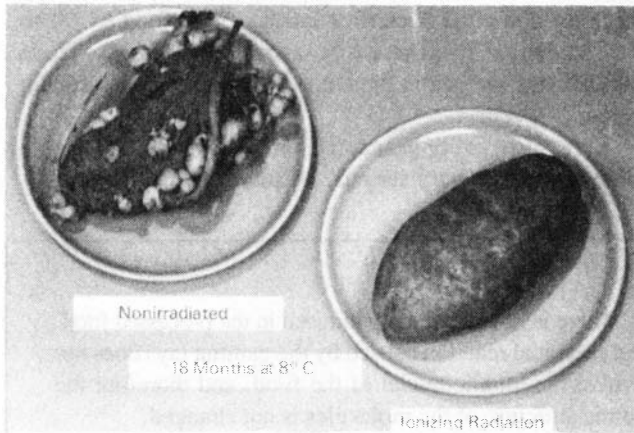
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The potato on the right received ionizing radiation to inhibit sprouting. The one on the left was not irradiated. Both were then stored at 8°C (47°F) for 18 months.

of the technology internally, this would be the best of both worlds for them.

EIR: You mean a double purpose facility. . . .

Nielson: And that's our whole program—double purpose facilities.

EIR: What is the cost of a facility for a developing country, for example, in a port city, where it could be used for export and domestic use?

Nielson: The cost per unit throughput comes down exponentially with the increase in the size of the plant. This motivates you to build the largest plant that can be justified in terms of what can be processed. An ideal size, one that is making this cost per unit throughput approach a reasonable asymptote, speaking mathematically, would be processing something on the order of 50 to 75 megarad/tons per day. This would mean disinfecting 2,000 to 4,000 tons per day of fresh fruit and vegetables, or knocking the bacteria count down in 800 to 500 tons a day of frozen fish and seafood.

If you priced such a plant in the United States today, it would be in excess of \$10 or \$12 million. That's a big nut to chew for a lot of people, and that's one of the reasons that you don't see this technology widespread yet, because the heavy players haven't gotten into it yet, and the heavy players have to get into it before you get the economics to the point where you're talking about just 1 to 2 cents per pound for processing instead of 4 to 6 cents per pound. You have to have large enough traffic to justify a large enough plant to bring the cost down so that it is not a burden for the processing. Many of the cost analyses I've seen don't consider numbers like return on investment and profit, excellent preventive maintenance, outstanding quality control, etc., which has to be there, and they make assumptions on safety and energy costs, staffing costs, and food-handling costs that are inap-

propriate. Unless you have all this done properly, you really don't have a good estimate of costs. When I give an estimate, it's based on years or years of study of what it will take to do it right.

The idea of using machine-generated picowaves as contrasted to radio-isotope-generated picowaves, is gaining in popularity rather quickly around the world. And so again, we will be able to cause people to refocus, for so many of the anti-nuclear factions are focused on the handling and storage of the radioactive cobalt. Now we can tell them, now that we've eliminated that concern, what are your concerns? This throws out the most sensational part of their argument. . . .

The bottom line is once we eliminate the radioisotope question, no argument brought up by the anti-nukes, in perspective, has merit. That's a bold statement from somebody with a scientific background, but it's true. The anti-nukes bring up arguments that have been defeated, that are irrational, and in the face of overwhelming, established scientific-community rejection of their arguments, they continue to bring them up.

EIR: In the less developed countries, unlike the United States, food irradiation is a life or death issue, because they lose 50 to 60% of their fruit, vegetables, fish, and grain crops.

Nielson: Actually, the developing nations lose a higher percentage—numbers like 70 to 90% of their own production. If you took the whole world's production, then it's 50% that is lost before it ever gets on its way to market.

EIR: So we're talking really about doubling the available world food output.

Nielson: That's right. There's another perspective on the same numbers that was first brought up by [nuclear pioneers] Libby and Black many years ago: There is more food lost to insects and spoilage than would be required to overcome all the malnourishment problems worldwide.

EIR: That's an amazing statement when you consider the numbers of people dying today of malnutrition. Then when you think of the activity in this country to stop this technology, you see how immoral and how anti-people the anti-nuclear movement is. These are people out there purporting to protect Americans from the so-called horrible nuclear industry but in reality they are contributing to world starvation.

Nielson: I have two comments on that. First, it must be kept in focus that in order for us to be successful with developing nations' internal use of this technology, the rest of the infrastructure has to be there—the storage that prevents recontamination, the transportation system that gets it from where it's grown to where it's processed. All of that has to be there, and that's lacking also. . . .

The other side of it is, if you set that issue aside and you just look at the statistics coming out of the Centers for Disease

Control and USDA, and others, on food-borne illness, they are just now beginning to realize that what was formerly ascribed to things like low-level viral infections can be traced instead to food-borne bacterial illness, most of which could be prevented by routine picowave processing. These researchers in CDC, USDA, FDA, etc. now trace about 4,000 deaths per year to complications arising from these food-

borne illnesses—deaths that could have been prevented by knocking down the bacteria content of that food by 90 to 95%. Radiation does that easily, at only 100 kilorads. These 4,000 deaths are just in the United States alone, an affluent nation.

Here, also, every year some 160,000 to 400,000 people come down with very serious, hospitalization-requiring ill-

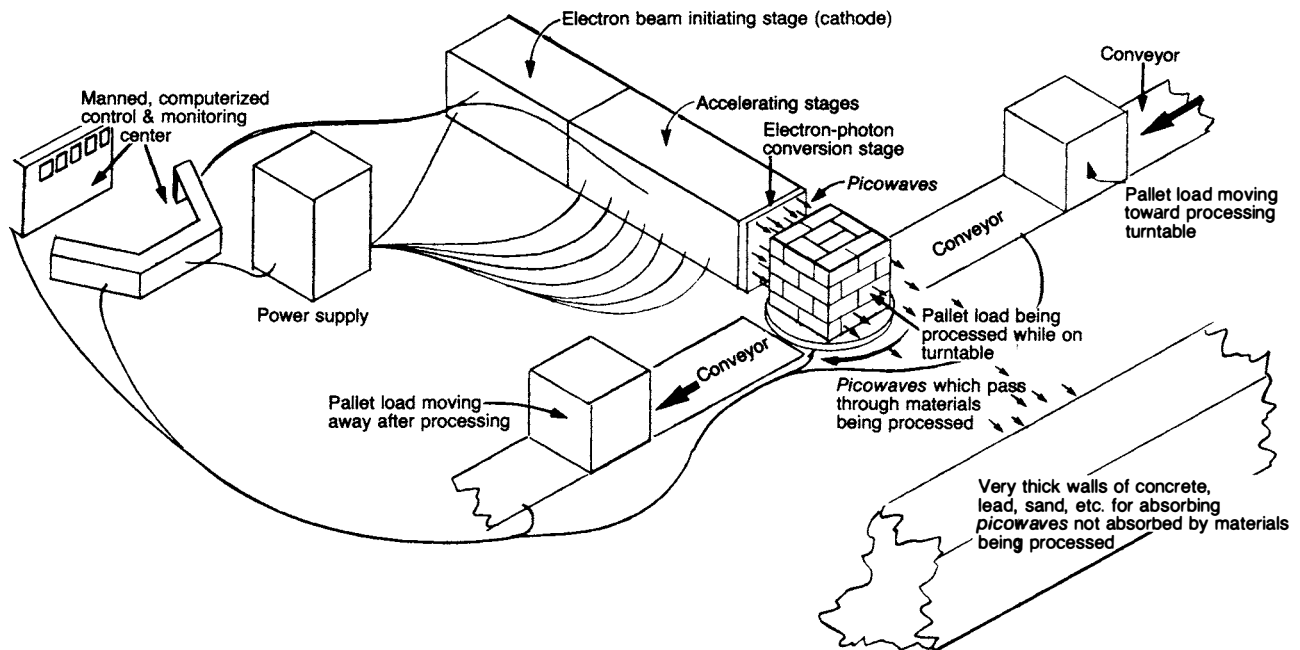
Food irradiation: how it works

Most of the food irradiation plants now in operation use cobalt-60 as their radiation source. The ionizing energy from the decaying radioactive source sends very short wavelength gamma rays into the food or produce being ionized. The gamma rays penetrate inside solid particles and kill microorganisms by breaking down the cell walls or destroying the metabolic pathways of the organism so that the cell dies. At higher doses, all microorganisms are killed, sterilizing the processed food.

There is no radioactivity induced in the processed food. The chemical reaction caused by the gamma rays does not involve the atomic nuclei of the food, and therefore the atomic structure of the molecules is not changed.

Irradiation facilities for processing food or medical supplies are not elaborate. There is a radiation source with its shielding, a conveyor system that transports the produce to and from the source, various control systems to manage the processing, and storage facilities. Usually, the cobalt-60 is embedded in thin rods, which are then submerged in a well of water that serves as a shield. The dose of radiation received depends on the time of exposure and on the product's distance from the source. Another method that has been researched, but not yet commercialized, uses accelerated electrons as the source of ionizing energy.

Principal elements of the picowave processing centers



Source: Niel E. Nielson.

nesses, which can be traced to food-borne illnesses. They are estimating numbers of well over 2 million and possibly over 4 million for people who end up so ill that they take time off from work and stay home with everything from diarrhea to stomach cramps to flu symptoms to feeling just plain lethargic, and are actually suffering from food poisoning caused by bacteria like salmonella and campylobacter.

EIR: I think that the U.S. Department of Agriculture's official figure for salmonella is that 40% of American poultry is infected with it.

Nielson: That's correct. The problem is very real and very complex, and it highlights the importance of the routine use of microwave processing. The problem becomes obscured by the obvious fact that when you cook the poultry, you kill the salmonella, so you don't get it from the poultry you eat. You get it from the raw poultry contaminating things that aren't going to get cooked—salads, for example, picking it up from a cutting board, or the kitchen help's hands. So this is a two-step affair, but the result is the same: People get sick. And that says that you have to prevent the salmonella from getting into the kitchen in the first place.

Then you have to throw another factor in. The public health people will tell you that it isn't just a single bacteria that causes the problem; it's having ingested so many bacteria that the body's natural immune system can't counteract the infection. This means that there is a threshold below which the quantity of salmonella, or campylobacter, or whatever, is not going to cause distress, because the body is going to be able to handle it. Above that threshold, the body is not going to be able to handle it, and you get the illness. With that as background, then you realize that if you can kill 90 to 99% of the bacteria, you can take it from an illness-causing situation down to one which the body can handle. The significance of that number is that with the present U.S. Food and Drug Administration regulation of 100 kilorads as the upper limit across the board for irradiation processing, you can demonstrably reduce illness from food.

That's a very important issue, because the anti-nuclear people, who are trying to put off the use of this technology, use the argument that "unknown" illnesses are possible because you haven't tested 50 million people for 50 years. They are saying, "We think there is a remote, very remote, possibility of food irradiation causing a problem and therefore you should not use the technology." Yet they completely overlook the fact that people are dying right now who could be prevented from dying if we could use the technology. That means that anyone who gives credibility to the idea that we haven't done enough research has lost perspective.

EIR: After 40 years of research, it seems to me that we know a lot more about food irradiation than we did about the effects of canning when we began to use canned food.

Nielson: We know far more. The problem is that in the last

40 years, we've also learned so much about foods in general, that we're just beginning to understand what it is we don't know. That's alarming to a lot of people, because every few months they see something else that was perfectly acceptable or most desirable in the way of processing or selecting foods in years gone by that now is suspect.

EIR: It's a question of accepting *some* risk. Obviously when people cook food they produce changes in the food's composition far greater than those produced by food irradiation.

Nielson: Take that a bit further: There's never been a chemical identified in the processing of food by microwaves that is not already in our diet.

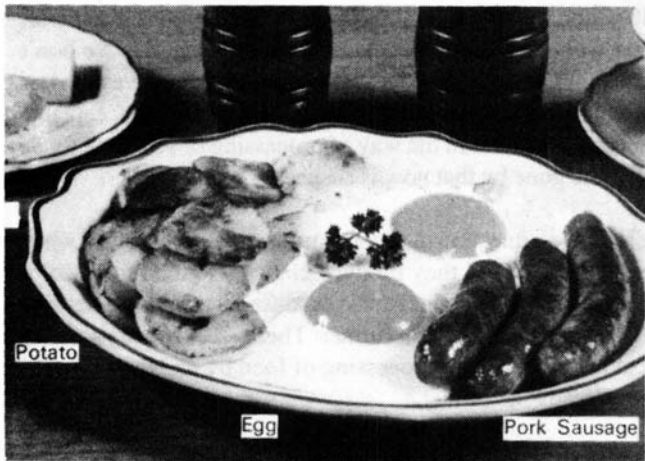
EIR: So it's a myth that the opponents of food irradiation like to scare people with, that unique radiolytic products appear in food that has been treated with low-dose radiation. These unique radiolytic products are like UFOs—frequently sighted, but not there.

Nielson: Yes. The people who conveniently use this argument to further their purposes typically don't have anything to do with public or environmental health. This is an indictment of a lot of people, and I guess there are a lot of people out there who are followers, whom I should apologize to for making this all-encompassing indictment. But certainly those technologists who encourage those people or who let themselves be used as references for those people, need to be indicted because they are misleading people. They are just not playing it straight.

EIR: When you say indicted, I think of it in the criminal sense, because of the numbers of lives that are lost in this country—4,000 per year—and the significant number of people starving to death in the rest of the world. Effectively it is the anti-nuclear actions in this country that are preventing this technology from being more widely used. I'm convinced that the developing sector will go ahead and commercialize it as you and others are working on it. But it's been a good 40 years that this technology has been researched, and it could have moved much faster had the environmentalist movement not spread so many lies about it.

Nielson: There's a second, very important, underlying theme to the anti's argument. In science, nothing is absolute. But much of the public likes things all black or all white, not wanting to recognize the fact that most everything is gray.

What we've got here is that the established scientific community, as represented by the established scientific organizations, ranging from the Academy of Sciences to the American Medical Association and the Institute of Food Technologists—the people who really know food science—these people have all endorsed microwave processing by organization, which means that the majority of the people in these organizations—responsible scientists, recognized scientists—realize that there is no increase in risk and that there



Council for Agricultural Science and Technology

The irradiated breakfast: fried potatoes made from raw potatoes irradiated to prevent sprouting, fresh eggs irradiated to control Salmonella, and prefried pork sausage links vacuum packed and stored without refrigeration for two years, after irradiation with a sterilizing dose.

EIR: I remember congressional hearings on the food irradiation bill where this India study was repeatedly brought up by the anti-nuclear groups testifying. Each time, the scientists would patiently explain why the study has been discredited even by the institute that carried it out, but then the next anti-nuclear witness would bring the same study up again. They don't really care what the truth is. They just grab on to these things and keep repeating them.

Nielson: Another thing they do is distort information. One of these distortions is that you create peroxides in the food. Well, that's true. Food irradiation creates peroxides. But so does the body—and without them we wouldn't live. These people know that the public did not pay attention in high school when these sorts of topics were discussed. So they play on it.

EIR: You might think from what the anti-nukes say that they eat only raw food, since cooking creates all kinds of unnatural particles. And of course, everything has to be grown naturally using only manure, no chemicals. . . .

Nielson: There is a "must" reading for everybody who is seriously interested in the topic of food safety, which is a document put out by the National Academy of Sciences called "Toxic Substances Occurring Naturally in Foods." This has been updated several times over the last 15 years. It is absolutely beautifully written by a group of highly respected specialists in food science and toxicology. For anyone seriously interested in food safety, this explains how you can't eat any food that is absolutely safe.

Let's talk about practicalities. Take aflatoxins in peanut butter. All peanuts carry the microorganisms that produce the toxins. Standards exist—as I understand it from food scientists who have been in the business for a great many years. If they went to the normal standard determination techniques, there would be no peanut butter sold in the United States. In other words, the naturally occurring aflatoxin development in food is so widespread and of such significance, that if they used the normal standard techniques that they apply to foods of several orders of magnitude, or several powers of 10, less than what is known to cause illness, then they probably could not sell peanut butter. Yet, we don't have problems from eating peanut butter, although it all contains aflatoxins. What we do is keep the aflatoxin down to the point where the body's system can handle it. . . . It has to be less than 10 parts per million, and they have to have very good handling conditions, keeping the moisture down, good storage conditions that don't encourage the production of aflatoxins. If they didn't do that, then we would have some problems.

These sorts of things the public isn't aware of. I wasn't even aware of it before I got into this field. What I am emphasizing is having perspective: Aflatoxins are dangerous stuff, if the quantity ingested is larger than the body's system can handle. That's the key.

are potentially very high benefits. The people who are objecting to the use of this technology have no such accreditation, and yet they would pretend to have a large high-technology following in the field, which in truth they don't.

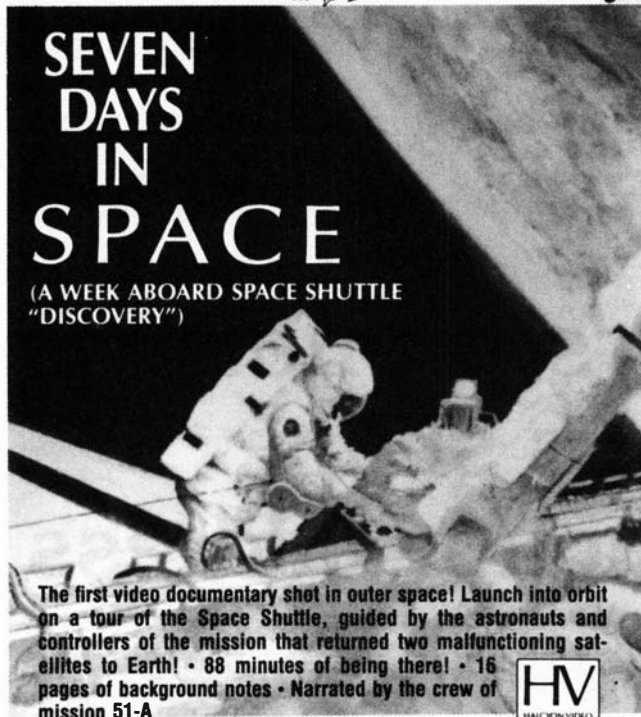
What they are doing is attacking the established institutions, which the public sponsors and which have gotten us so far advanced in the last 50 to 100 years, in so many ways, including just plain quality of life. There is the underlying theme that the establishment is bad. This permeates all these anti-food-irradiation activities.

EIR: In other words, they are saying that the establishment is allied with big industry and they are doing it just for profit.

Nielson: Yes, and in reality, the largest number of the leaders of these anti-nuclear organizations are doing it for profit for themselves. They are doing it because of the popularity they get, the number of lines of press, the exposure on radio and television. So they are feeding their ego, feeding their pockets from it. However, here, as you were pointing out, the stakes are so high that they can be traced to deaths and needless illnesses, needless misery that is not speculative, it's real.

What we have to do is attack everything they are saying and show how they are quoting things out of perspective. For example, the Indian feeding study carried out by the Nutritional Institute there. This study has been thoroughly repudiated by very well respected scientists. The work done by India's Nutrition Institute could not be duplicated, which is one of the cardinal requirements of accepting scientific research. Also, their peers in India would not support this study and, in fact, came out with a policy statement against it. But when the anti-nukes quote this study, they don't tell anybody that it's been discredited. . . .

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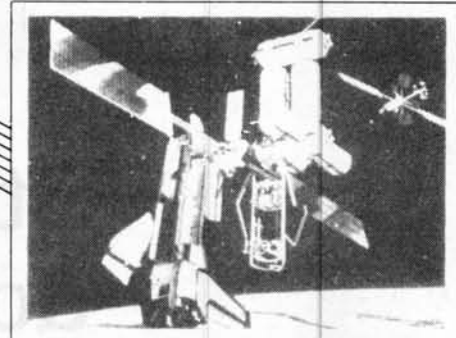
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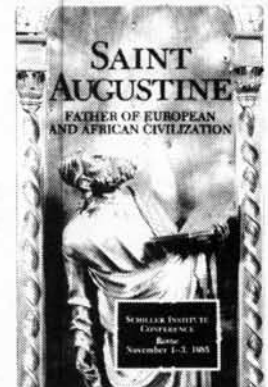
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Stalin's economic dogmas shape Gorbachov address

by Lyndon H. LaRouche, Jr.

Soviet General Secretary Mikhail Gorbachov's Nov. 2 public address is the first of a series of such addresses, by Gorbachov and others, devoted to an entirely "new period" in Soviet policy globally. In the course of a fierce and bloody, months-long fight within the Soviet ruling oligarchy, Moscow has now adopted the dogma that the ongoing global financial crash is the herald of a "final breakdown crisis of the capitalist system." Admittedly, other topics are touched upon within that address, but no competent reading of the treatment of those other topics can be achieved without first getting inside the Soviet mind, to so speak, to recognize how that Dostoevskian mind is viewing what it has decided to view as "a final breakdown crisis of capitalism."

The overall character of Gorbachov's address is its proof that Mikhail Suslov's hand-picked heir, Yegor Ligachov, has won a months-long, knock-down-drag-out fight within the leadership of the Soviet oligarchy. Gorbachov's convoluted hagiolatry on the subjects of Trotsky, Bukharin, and others during the "Great Industrialization Debate" of the 1920s, adds up to but one point: Moscow, although ritually assuring all that it abhors the "excesses of Josef Stalin," has selected the theory of "final breakdown crisis of capitalism" peculiar to the Stalin orthodoxy's tradition.

From study of the Nov. 2 address's character, we can be certain that this address is but the first of a carefully pre-planned series of major policy-addresses defining the Soviet propaganda-line for what Moscow has defined as a "new and final historical period" in the struggle between Moscow and the West. On such occasions in the social-democratic and Bolshevik past, since Karl Kautsky's drafting of the "Erfurt Program" of the German Social Democracy, and, more specifically, what Soviet publishers title V.I. Lenin's "Letters from Afar," the presentation of a "new general line" as marching orders to the faithful credulous begins with a parody of a religious oration, the so-called "theoretical address" which rewrites the history of Bolshevism to fit the requirements of that "new general line."

Once that new hagiolatry has been announced to the faithful, next come a



Gorbachov's speeches on the 70th anniversary of the Bolshevik Revolution are a new "Communist Manifesto," calling for the masses to radicalize themselves for the coming collapse of capitalism. Shown here is a 1984 "demonstration" in Moscow against nuclear war.

series of addresses containing the mission-tactics assignments to the cohorts of the Bolshevik legions and the foreign light infantry, cavalry, and so forth attached to the Bolshevik legions' auxiliaries. There will be a series of major public and semi-public addresses, variously to the world and to the faithful dupes assembled from around the world for this 70th anniversary of the Bolshevik seizure of power. There will be also a large number of smaller, semi-secret and secret sessions, through and beyond the Nov. 7 general address. There will also be ultra-secret conspiratorial meetings with visiting individuals and very small groups of such persons.

All of these addresses and discussions containing the practical side of Soviet global political strategy and tactics will constantly refer back to the "theoretical general line" set down in Gorbachov's Nov. 2 address.

What is being presented now in Moscow is the fruit of a months-long brawl within the top layers of the Soviet oligarchy. This fight broke out officially during June, built up to an extremely violent pitch over the summer, concluding with the October plenary session of the Soviet party leadership. On the condition that we examine the new hagiolatric dogma contained within the Nov. 2 address, and that we base this examination upon the "neo-Stalinist orthodoxy" of the address's emphasis on "the final breakdown crisis of capitalism," all of the important features of the June-October factional affray become clear in retrospect.

Western press paranoia

Putting to one side certifiable lunatics of the U.S. Sovietologist community, such as those associated with Zbigniew

Brzezinski and Bukharinite-diaper-baby Roy Godson, the common blunder of publicized and other Western efforts, either to deny or interpret the events surrounding Gorbachov's long disappearance, is the attempt to portray the social relations within the Soviet dictatorship as a TV evening soap-opera series. Most of this purported analysis reads like a Hollywood gossip-column.

A few outstanding background facts help to show what idiots Brzezinski and Godson's crew are.

Sociologically, the Soviet regime is an oligarchical form of dictatorship, like the oligarchy which controlled the Byzantine Roman empire from the time of Diocletian and and his protégé Constantine, and broadly analogous to the oligarchical nobility of Byzantine Venice. The Moscow state today is the replacement of the Romanov dynasty, and the Petrine state, by an oligarchical, as opposed to monarchical dynasty, a new dynasty of the Russian empire.

The ruling families which compose the oligarchy are most visibly dominated by the members and heirs of leading Bolshevik figures of the 1920s, as typified by the Mikoyan family, or the family of Armand Hammer's crony, Mikhail Gorbachov's wife, "tsarina" Raisa Gorbachova. In the background, but coming more and more to the surface these days, are members of those old Russian aristocratic families, the vast landowning families, such as the Vorontsovs, from the pre-1917 period. These aristocratic families, chiefly from the pre-Romanov Rurikid aristocracy, together with the Moscow-centered Raskolniki families of 1917, were the Russian faction which controlled the old Tsarist secret police, the Okhrana, the agency which created the various revolutionary

organizations from the top down, including the Bolsheviks, and which orchestrated the revolutions of 1905 and 1917 from above and behind.

Thus, every Soviet dictator is like an elected Roman or Byzantine emperor, elected by the ruling families of the Soviet boyardom's oligarchy. Take the case of the former Soviet KGB chief, the late dictator, Yuri Andropov. Andropov's case is key to understanding Gorbachov.

Andropov, like many of the others longest closely associated with him during his rise to power, was a creation of the faction of the two surviving leaders of the old Soviet foreign intelligence apparatus of the Communist International, Finnish mystic Otto Kuusinen and Hungarian Marxist economist Eugen Varga. Most closely associated with Andropov, under Kuusinen's sponsorship, was present Soviet Marshal Nikolai Ogarkov, a relationship which dates from no later than the operations of both in the Leningrad area during World War II.

During the spring and early summer of 1982, while Leonid Brezhnev was being life-supported millimeters above an otherwise immediate death, the Soviet oligarchy reached agreement on Brezhnev's successor, Yuri Andropov. The clans were assembled in Moscow from around the world, and the new general line, the Andropov line, was put officially into operation at that time, and was Soviet policy even during the few remaining months of Brezhnev's life. This election of Andropov was a collective decision beyond the powerful faction which Andropov represented, and other elements, totaling to a majority of the Soviet oligarchy's power-brokers.

When Andropov died, no immediate agreement on his successor could be reached. Therefore, a living corpse, Konstantin Chernenko, was installed as a transitional figure while the choice of Andropov's actual successor was fought out behind the scenes.

A combination of three discernible factions within the oligarchy reached a compromise agreement on the choice of Mikhail Gorbachov. Gorbachov was given a set of mission-assignments and approximate timetables, and advised he might expect to keep the post on condition he met the conditions of the compromise agreement on missions and timetables.

Gorbachov's assignment was to destroy the U.S. SDI, decouple West Germany from effective U.S. defense commitments, and unleash Marshal Nikolai Ogarkov's program of pre-war economic mobilization, "perestroika."

When the imminent worldwide financial collapse became evident, through Soviet connections to key Western financial figures in Venice and elsewhere, during the spring and summer of 1987, this, combined with spring-summer events in Chad and summer developments in the Persian Gulf, plunged the Soviet oligarchy into a crisis more intense than that which had preceded the selection of Andropov and Gorbachov. The issue was not the personal failures of Gorbachov; the issue

was the choice of a new general line, for "the new period." The question, whether Gorbachov were the instrument suited to carry out the new general line, was the secondary feature of the brawl behind the scenes.

This explains, in significant part, why nearly all U.S. public analysis of the factional brawl has been so absurd. It is the policy of the Reagan administration, and the majority of the "warlord-like" factions of the establishment controlling that administration, that, although a worldwide financial crash is inevitable, that crash can and must be postponed until after the November 1988 general election. Since the Soviet factional brawl was set off chiefly by Moscow's information, from Venetian and other financial potencies, that the crash would explode, in successive steps, over the period between August 1986 and the spring of 1987, the Reagan administration, the Democratic and Republican leaderships, and most of the Eastern Establishment's financial community would cut the throat or the career of any person who dared to bring the question of an imminent financial crash to discussion of the causes for the brawl in Moscow.

The Reagan administration's dumping of Federal Reserve Chairman Paul A. Volcker, is an example of this. Volcker and I disagreed on nearly everything, except our estimate, over the past spring and summer, that a lalapalooza of a worldwide financial crash was imminent unless "Reaganomics" was thrown out immediately. The economic geniuses around the White House reacted to Volcker's warnings as the script-writer for Mr. Reagan's Saturday radio broadcasts has repeatedly attacked views unique to me and my associates. Volcker was suddenly *persona non grata*, a "doomsayer" spreading doubts about the "great recovery," and definitely not the sort of person to be invited to White House parties.

Bolshevism has always based its strategic perspective for establishing Moscow's world empire on the eruption of "a final crisis of capitalism." No issue raises such intense passions in the Soviet oligarchy as this one. Everything hangs on the question, "Is this the time to act on the assumption that the final crisis of capitalism is in progress?" Since the chopping up of the "cosmopolitans" in the Soviet leadership, the Trotskyite Left Opposition and the Bukharinite Right Opposition, all Soviet strategy has been based on studying the perspective of a "final crisis of capitalism" from the specific standpoint of Stalin's dogma of "socialism in one country."

Except for the case of Stalin's dictatorship at its height, no Soviet dictator has imposed his personal version of a general line upon the Soviet government and oligarchy as a whole. There is no inconsistency in the fact, that Gorbachov's Nov. 2 address attacks violently "the crimes of Stalin," within the presentation of a general line which is nothing but neo-Stalinist orthodoxy in every other feature. The majority of the oligarchy is a neo-Stalinist collection which is determined never to place itself personally at the mercy of another Stalin.

Gorbachov defends Hitler-Stalin Pact

Gorbachov's remarks on the Hitler-Stalin Pact ran for no less than eleven paragraphs of speech text. We present here excerpts of the Nov. 2 address:

"Today in the West, there's a lively discussion over the pre-war situation [where] truth is being mixed with half-truth. In the latter category, especially eager are those who are not satisfied with the political, territorial, and social results of the Second World War, and furthermore are obsessed to alter them. . . . For them, any lie is justified in order to shove the blame for the Second World War onto the Soviet Union, which by signing the so-called Ribbentrop-Molotov Pact, had cleared the way [for the war]. The question is worth being treated somewhat extensively."

This is followed by a chronological recounting of the 1930s aggressions committed by the Axis Powers, and attempts by the West to steer Nazi aggression eastward, with the ultimate aim having been "to carve up our country, which makes it easy to see how limited was the choice for us. People say that the signing of the Non-Aggression Pact with Germany was not the best decision for the Soviet Union. That may well be, if one proceeds, not from the hard realities [at the time], but from abstract thoughts, out of the context of that time period. Under the conditions of that time period, the question was posed as it was at the time of the Brest Peace [Bolshevik Russia's signing of a separate peace with Germany in the First World War]: It was a question of the existence or the non-existence of socialism on our planet.

"The U.S.S.R. had done a lot to create a system of collective security, so as to prevent a worldwide blood-

bath. But the Soviet initiatives found no resonance among Western politicians . . . who coldbloodedly speculated in the cleverest possible way, how to pull socialism into the fires of war, and force it into a direct confrontation with fascism."

Gorbachov attacked the present anti-Hitler-Stalin Pact campaign in the West: "As I already said, the ruling circles in the West, in an attempt to wash the sins off their hands, are engaged in trying to convince people that the Soviet-German Non-Aggression Pact of Aug. 23, 1939 gave the start signal to the Nazi invasion of Poland, and for the Second World War as well.

"As if neither the 1938 Munich Agreement, signed by England and France, with the active backing of the United States, existed, nor the *Anschluss* with Austria, nor the execution of the Spanish Republic, nor the occupation of Czechoslovakia and Klaipeda (Memel) by the Nazis, nor the 1938 conclusion of a Non-Aggression Pact between London and Paris and Germany."

Gorbachov asserted that 1939 Western offers to Moscow were not to be taken seriously: England and France "wanted to deceive the Soviet Union with the promise of an alliance and thereby prevent the conclusion of the Non-Aggression Pact offered to us [by Germany]. We were to have been given no opportunity to better gird ourselves for the inevitable attack by Hitler Germany. We also can not forget that the Soviet Union, in August 1939, was confronted by the real danger of a two front war—in the West against Germany, and in the East against Japan, which had launched the bloody conflict around the Khalhin Gol [on the Manchurian-Mongolian border].

"Life and death, however, took, leaving the myths aside, their real course. A new chapter began, the most difficult and the most complicated in recent history. At that time, we succeeded in postponing the conflict with the enemy, an enemy who left himself and his opponent with but one choice, to be victorious, or to be vanquished."

Hence, the Nov. 2 address, and the additional propaganda and marching-orders to be issued in Moscow during this and the coming week, are not Gorbachov's personal factional line. These are the policies dictated to mouthpiece Gorbachov by the combination of factions composing the present majority of the Central Committee. This is primarily an agreement between the Andropovite forces associated with such figures as Marshal Nikolai Ogarkov and Yegor Ligachov's representation of the heritage of Mikhail Suslov.

The message is, "On to world victory," advancing over the fallen body of "capitalism in its final death-agony." If one understands the Bolshevik mind's reaction to such a percep-

tion of "the present historic period," everything else is calculable by taking together the ideology in which that leadership has been steeped since before 1917, with the shifting balance of forces and—military and other—capabilities worldwide today.

Moscow's economic theory

Although it is as absurd as it is generally accepted to attempt to define Soviet society as a "Marxist state," the official Stalinist version of Marx's economic dogmas does play a crucial role in determining both Moscow's world strategy and in matters bearing upon ordering the relations be-

Gorbachov gloats on capitalist crash

Excerpts from the Nov. 2 speech follow:

"The recent panic on the New York Stock Exchange . . . a panic without precedent in almost 60 years, is a great symptom and a great warning." Capitalism seeks to mitigate the crisis by "the inequitable exploitative relations with the developing world . . . developed capitalism has been and will be unable to do without these countries' resources and that is an objective fact. . . . [T]he neo-colonialist methods of using the resources of others, the arbitrary practices of the transnational corporations, the debt-related bondage, the debts that are nearing the trillion dollar mark, and obviously cannot be repaid, also lead to an impasse.

"This gives rise to acute problems in capitalist countries, too. The various speculations on this score are obviously aimed at making the Third World countries a kind of scapegoat and blaming them for the numerous difficulties, including the falling living standards in the metropolitan countries. Time and again attempts have been made to rally the [Western] nations together on a chauvinistic basis, to lure the working people into a partnership accepting the policy of latter-day capitalist modernization. However, none of these, or similar stratagems can do away with the problem itself. It can only mitigate it temporarily.

". . . Western leaders . . . so far have been merely resorting to various stopgap measures. Indeed, the novelty of the international economic and political processes of our time has not yet been fully grasped and assimilated. Yet this will have to be done, because the ongoing processes have the course of an objective law. Either a disaster or a joint quest for a new world economic order. . . ."

tween the Soviet internal economy and foreign economies.

The Russian empire today is, in all features other than economics, a direct continuation of the Russian empire of the Rurikids and the Romanovs. What was changed by the Revolution of 1917, was the elimination of the institutions representing the tradition of Peter the Great—and the Romanov dynasty and its Romanov Russian Orthodox Church, and the replacement of the Romanov dynasty and its form of state and church, by a new ruling oligarchy, and, ultimately, the new form of the Moscow state church which has become a major part of the Soviet dictatorship and Soviet KGB organization today. The change has been the victory of the Ras-kolniki, rallied around the Raskolnik Bolsheviks, over the

Romanov "Westernizers" of Russian culture. The direction of evolution of the Soviet state, since 1917 and the upheavals of the 1920s and 1930s, has been the coming back of the Rurikid aristocracy as a visibly integral part of the Soviet oligarchy. The present Russian Orthodox Church of the Moscow Patriarchate, is a church echoing the gnostic variety of pseudo-Christian theology which dominated the Muscovite church until the reform of that church, top-down, by the Romanovs, at the end of the seventeenth century and beginning of the eighteenth.

This history is indispensable for understanding how the modern Bolshevik mind functions. To understand that mind, one must begin by looking back to the role of the Muscovite monasteries under the Mongols and during the later course of the fifteenth and sixteenth centuries. The chief monk of the Soviet oligarchy's state, is the Dostoevskian Grand Inquisitor who fills the post of a Mikhail Suslov or Yegor Ligachov. The function of this Bolshevik Grand Inquisitor is, as Suslov often emphasized this, to maintain the purity of the Bolshevik dogma.

The historical model for the specific functioning of this Grand Inquisitor is found in the ancient and present-day role of a network of Muscovite monasteries allied to the complex of monasteries at Greece's "Holy Mountain," at the autonomous entity of Mount Athos. The methods used by the Soviet Grand Inquisitor are Oriental liturgical methods traced to the Chaldean priests and Magi of ancient Mesopotamia and Moloch-worshipping Canaan-Phoenicia.

The pivotal figure of such liturgical exercises, Soviet or other, is hagiolatry: the updating of the roster of approved saints and devils, and of the homilies attached to each figure. The product resembles some ancient Greek pagan's efforts to assort the ranks, relative potencies, and specific attributes of the mythical gods and demi-gods of Mount Olympus. The product can be loosely described as what modernist psychology today identifies as a "belief system."

For this reason, the way in which Gorbachov's Nov. 2 address identifies the place and attributes of figures such as Trotsky, Bukharin, and Stalin in the Soviet hagiolatry of the "new period," is crucial intelligence in assessing the new "general line" now being promulgated.

The chief problem to be faced by the Soviet analyst attached to shaping and refining U.S. strategic policy, is that the hagiolatry of Gorbachov's address, like all Soviet hagiolatry since the emergence of the Russian Social Democracy during the 1890s, is clinically insane. Why does the Soviet hagiolatry, at each point in its history, assert that Trotsky is this, Bukharin that, and Stalin something else? The liturgy's content has no resemblance to the physical realities of history; it is simply asserted by the high priests, and the believers are instructed to "repeat after me, over and over and over again." It is simply asserted, and "you had better not be caught saying anything different; you were wise to include, 'as the party has said,' affirming some part of this liturgical hagiolatry, in your spoken and written remarks on

all subjects, until the Grand Inquisitor certifies an official change in the hagiolatry."

The trouble is, that the majority of the Soviet analysts counseling the U.S. government today, are, like Joe Godson's son Roy, ideological social-democrats to the bone, steeped in the same paranoid mysticism as the faithful adherents to the Soviet Grand Inquisitor's liturgical effluent. They may be opponents of Moscow, but they are of the same philosophical tribe, very much at home in the collective lunacy of a Menshevik-Bolshevik polemical debate on points of liturgy.

They appear "experts" on Moscow to the degree they, such as Godson, are Western varieties of the same species as the Bolsheviks. Those whose immediate ancestors came from some branch of the social-democracy of the Russian empire, or the Russian populists, are steeped in a family tradition of being the Mensheviks who lost the battle to become the rulers of the post-1917 Russian oligarchy; some of them, like Jay Lovestone, were even illegal agents of the Soviet foreign intelligence service for a time. They think in the same general way as Moscow's ideologues do. They seem "experts" to those who do not understand the history of the matter, be-

cause they seem to know their way around in Soviet liturgy, to speak Soviet liturgy like a native.

Therefore, they, too, are insane, and in the same general way that the Bolsheviks are.

The characteristic of these sorts of liturgical exercises is the constant effort to search for a more perfect consistency in the hagiolatry, to detect and weed out formal inconsistencies, and to invent new fictions which appear to make the rhetoric, at least, more plausibly consistent. There is very little difference between a modern Bolshevik "theoretician" and medieval Russian monks such as the Filofei of Pskov who, in A.D. 1510, induced the princes of Muscovy to call themselves "Caesar" (Tsar), and commit themselves and their descendants to establishing Moscow as the capital of a worldwide, third Roman empire. The minds of the modern Bolshevik and the stinking medieval Muscovite monk work in the same way.

The method centers on taking an actual fact, or something which can be misrepresented plausibly as a fact, and weaving around that isolated fact an entire fiction. This fiction is shaped and employed to appear to make the rhetoric of the general line a more consistent piece of liturgical rhetoric.

Gorbachov on the period of forced collectivization

Excerpted from Gorbachov's Nov. 2 speech.

Collectivization implied a radical change in the entire mode of life of the preponderant part of the country's population to a socialist footing. It created the social base for modernizing the agrarian sector and re-gearing it along the lines of advanced farming techniques; it made possible a considerable rise in the productivity of labor, and it released a substantial share of manpower needed for other spheres of socialist construction. All this had historical effects.

To understand the situation of those years, it must be borne in mind that the administrative-command system, which had begun to take shape in the process of industrialization and which had received a fresh impetus during collectivization, had told on the whole socio-political life of the country.

Once established in the economy, it had spread to its superstructure, restricting the development of the democratic potential of socialism and holding back the progress of socialist democracy.

But the aforesaid does not give a full picture of how

complex that period was.

What had happened? The time of ideological-political tests of the utmost gravity to the party was actually over. Millions of people had joined enthusiastically in the work of bringing about socialist transformations. The first successes were becoming apparent.

Yet at that time, methods dictated by the period of the struggle with the hostile resistance of the exploiter classes were being mechanically transferred to the period of peaceful socialist construction, when conditions had changed cardinally. An atmosphere of intolerance, hostility, and suspicion was created in the country.

As time went on, this political practice gained in scale and was backed up by the erroneous theory of an aggravation of the class struggle in the course of socialist construction.

Quite obviously, it was the absence of a proper level of democratization in the Soviet society that made possible the personality cult, the violations of legality, the wanton repressive measures of the thirties.

I am putting things bluntly. Those were real crimes stemming from an abuse of power. Many thousands of people inside and outside the party were subjected to wholesale repressive measures. Such, Comrades, is the bitter truth.

Serious damage was done to the cause of socialism and to the authority of the party. And we must say this bluntly. This is necessary to assert Lenin's ideal of socialism once and for all.

How to read the mind of the insane

We who commit ourselves to providing the United States with a competent strategic policy must focus our studies of the Soviet general line upon two central objectives:

1) Although the liturgy of the Soviet Grand Inquisitor is paranoid fantasy, it represents a schizophrenic's response to a reality which, even if unmentioned, is prompting the liturgical response. It is much the same as attempting to unravel the mental processes of an individual psychotic; how is his mind organized, to the effect that real events prompt such specific choices of insane babblings?

2) Knowing how the paranoid's mind works, what is he likely to do? What is he already committed to perpetrating upon the real world? How is he likely to respond to new developments in the real world?

Instead of attempting to work within the framework of Soviet ideology, as the usual social-democratic and other academic Sovietologist does, we must stand outside that liturgical fantasy-world, examining the Soviet mind as we should that of any paranoid-schizophrenic.

Mathematical physics provides a useful analogy for the proper approach to this work. If we put aside the false image of the physical world given to us by René Descartes and his imitators, we are left with over 500 years of the progress of European physics toward understanding the practical meaning of the fact that physical space-time as a whole is "curved," to such effect that all fundamental laws of physics can be determined sufficiently merely by a rigorous working through of the proper choice of synthetic geometry, as Kepler was the first to do this for mathematical physics generally.

All physical science is not merely a body of facts and accepted opinions about those facts; it is essentially a system of thought, a way of thinking about the cause-effect relationship between man and nature. Since physics means predicting the results in nature which will occur as a result of certain choices of action, or lack of action by mankind, the experimental consistency of such predictions is also a test of the appropriateness of the way of scientific thinking used to achieve better or worse consistency of that sort.

There is an additional test of the relative validity of a way of scientific thinking. It is not sufficient that this way of thinking achieve consistency of results in some cases; it must be shown that this way of thinking is the best for all possible kinds of cases. For example, a physics which is very consistently successful in dealing with what are called "linear" physics phenomena, but which can not provide a fully intelligible representation of what are termed "nonlinear" phenomena, is not a very good physics. Indeed, the mere fact that any choice of scientific way of thinking can not provide an intelligible representation of nonlinear phenomena in a consistent way, is proof enough that that scientific way of thinking is a defective one.

Our confidence in any and all aspects of our way of thinking is justified only to the degree that we have proven it

to correspond to reality in the same way that a way of scientific thinking is tested against cause and effect in reality. In the same way as in scientific thinking, a way of thinking may appear to be successful most of the time in dealing with some aspects of reality, but may be a failure in dealing with the larger reality as a whole.

Usually, all the common ways of thinking met around the world, have some degree of validity. They usually succeed as a kind of common sense, which is sufficient to enable the individual to function and survive up to the standard for most members of comparable social strata in that society. Just so, the common sense of the Bolshevik, or the subject of the Russian empire today, is valid to the degree that it guides the individual to survive and function at about the same level as most of those members of that same society of comparable status in comparable circumstances. It is not entirely insane.

The seeds of *potential* paranoia exist wherever a way of thinking considered generally valid for ordinary circumstances breaks down. The occurrences of developments which have no intelligible representation in terms of that way of thinking, serve as the potential pivots of paranoid belief.

In the hypothetical case, that a person tries to behave under water in the same way as in a normal atmospheric environment, we may recognize a useful, if exaggerated example of what we mean by paranoia. The victim of such folly, is insisting not only that he must continue his normal behavior under one set of circumstances, in an entirely different set of circumstances; he stubbornly refuses to accept the evidence that this is wrong.

In the usual case, the individual tries to explain the difference between the situation in which common sense works, and the situation it does not, by accepting some mystical, irrational explanation. If he insists on defending that sort of irrational explanation, by acting it out in the most inappropriate circumstances, we have the ordinary sort of paranoid behavior.

This does not cover all the kinds of cases in which the term "paranoia" may be reasonably applied; it illustrates the more general sort of paranoia we encounter in trying to understand the mind of the Soviet leadership.

The Muscovite Raskolnik, the type from which the character-type of the average Bolshevik leader is molded, is a deeply mystical, "blood and soil" variety of Oriental racist. On the surface, he has moments of what might be called "rational behavior," in the sense of arithmetic logic. Underneath that surface, he is as mystical as the racist sort of savage which comes forth in his explosions of rage.

This determines his peculiar attitude toward Marxism, an attitude most efficiently identified by study of the fiction and diaries of Fyodor Dostoevsky.

Like all Dostoevskian characters, he is essentially insane; what appears, at first glance, as rationally explicable behavior has a rational outer form, but the motivation of the behavior is sheer insanity. The Raskolnik-Bolshevik is schizophrenic in the sense Dostoevsky proposed. His essential emo-

tion is a hatred of Western culture, a passion for destroying that hated culture, root and branch. However, as a Russian, he can not destroy that culture without using Western culture's science and technology to gain the necessary power.

He wishes to obtain Western culture's science and technology—which he hates, while relying upon supporting evidence for his mystical belief that the hated culture of the “Rome of the West” will destroy itself. Hence, his morbid fascination with Karl Marx.

Just as he must compel himself to believe that the West will destroy itself in a way consistent with Moscow's reading of Marx, he is obliged to believe that the Western economy functions as Marx proposes. He is obliged, on those ideological grounds, to order his own economy, and the relationship between and his and Western economies, on the basis of that confidence in the verity of a Stalinist reading of Marx.

Thus, although it is absurd to attempt to understand Bolshevik culture and the Bolshevik state from the starting point of the passionately anti-Russian Karl Marx, the way in which the Bolshevik-Raskolnik's mind reads selected meanings into his reading of Karl Marx, is the key to understanding Soviet strategic thinking and behavior toward the West—although not the developing nations, or Asiatic nations generally.

It is well known by now, that my standpoint in strategic planning locates the winning of strategic conflict in cultural, economic, and political warfare, and that I situate military roles as an armed extension of the means of cultural, economic and strategic conflict. My views on this coincide with those of modern classical military thinking; as a rule of thumb, even in general warfare, lethal force represents not more than 20% of the total effort required to secure victory. The remaining 80%, or more, must be expended as cultural, economic, and political measures of defense and offense.

In effective guerrilla warfare, the ratio of lethal force to total force deployed in support of the cause, is in the order of between 1:70 and 1:100: For every armed fighter, there must be 70 to 100 persons supplying political or logistical support from the population at large. Victory achieved in guerrilla warfare with lesser ratios of noncombatant support, is almost invariably proof that the takeover was a palace coup, steered from inside the institutions of the government overthrown.

In strategic planning, we must examine the interrelationship between the military and non-military components of the Soviet offensive and defensive potentials. To this end, we must understand the relationship between the reality of Soviet capabilities, and the fantastic, paranoid-ideological form in which the “general line” reflects those capabilities. We must also understand the paranoid mechanisms of the Soviet mind, to foresee how they will react to various prospective developments in the real world. There is something else to be considered, going beyond what those two requirements might ordinarily suggest.

My general approach to strategic planning includes these considerations already listed. It includes, as a prominent feature, the planning of our respective offensive and defen-

sive lethal capabilities, to the purpose of assuring containment of the Soviet impulse to overrun the world step-by-step by cheap victories, or to consider seriously the option of launching a first-strike attack upon the United States. On condition that our military potential is adequately equipped and trained for its existing and possible mission-tactics assignments, I leave the military matters behind, to concentrate on the more general, underlying problems of strategic planning.

This brings me to the crucial working point of U.S. strategic planning: the role of cultural warfare.

The first objective of strategic planning is to win a war without having actually to fight it. This requires sufficient military means to prevent the adversary from resorting to military adventures. That given, winning the war is an enterprise in the methods of cultural, economic, and political warfare. Once must crack the adversary like a nut, by application of combined cultural, economic, and political means; to pursue this course, we must create a military balance to such effect that the adversary can not escape the combined non-military pressures by resort to launching of war.

The best victory is that won with a minimum of expenditure of losses by our forces, and the enemy's, too. The less bloodshed, the less the cause for lingering hatred in the aftermath, and so the easier the winning of durable peace after the victory. The best victory is that which removes the cause of war, by inducing the adversary nation to change the character of its government by exertion of the national will of its own population.

As Poles, Ukrainians, and others subjected to Moscow's oppression will remind us, the objectionable feature of the Russian empire is a quality which Muscovite expansion has exhibited consistently since before Tsar Ivan the Terrible. What is objectionable, the potential root of *casus belli*, is Muscovite culture, specifically that strain of culture associated with the Raskolnik phenomenon. Since the Russians, as distinct from the vast Turkic minorities of the Soviet Union, are Indo-Europeans in their language culture, as a people they are susceptible to Christianization on approximately the same terms as other Slavs, such as the Poles, have joined the fold of Western European Judeo-Christian civilization.

Our war-winning objective is to bring that cultural transformation about, preferably without firing a shot.

Given the preconditions I have just listed, my preferred choice of weapon is to exploit the potential strategic flanks inherent in the paranoid defects of the Soviet mind, to take courses of action which we of our cultural heritage can do rather well, but which the defects of the Russian cultural heritage prevent it from implementing with anywhere near the same effectiveness.

If one studies my strategic program, one might conclude that my arsenal for this purpose is chiefly the weapons of economic warfare. Yet, as I have stressed repeatedly, as I did to the Reagan administration in proposing what became known as the SDI, the economic-technological side of strat-

egy finds its ultimate effectiveness in the fact that certain modes of economic behavior not only reflect cultural potentials, but are delimited in execution by cultural considerations. Since we all, as individuals and nations, depend for our well-being and strength of means upon performance in the per capita rates of production and physical distribution of physical goods, economic behavior dominates the daily lives of our households and nation as a whole, and because of that importance reflects with the greatest relative force the performance of culture.

Western civilization is premised upon, most emphatically, the Augustinian conception of man, as this is echoed in the "Filioque" of the Latin Creed. At our best, we place the value upon the creative potential for intelligible representation of the lawful ordering of our universe of the individual mind. At our best, for us, the color of our skin, our ethnic background, and so forth, are of no importance in assessing the worth of the individual, either as we view ourselves, or as others view us. Our existence as individuals, in the image of the living God, is located in the interdependency of our capacities for *agapic* love toward God and mankind (Corinthians I:13), and this creative potential embedded in the mind of the newborn human individual.

Hence, scientific and technological progress in economy touches that within us, and among us, which is associated with the highest quality of intrinsic worth of the individual person.

In Moscow, it is the opposite. Theirs is a racist "blood and soil" culture, mystically attached to the soil, and stubbornly attached to traditional ways of working. This cultural phenomenon, which Soviet economics literature often references as "the peasant problem" in industry and industrial management, as well as agriculture, is key to our essential strategic advantage in dynamic, over the Muscovite. The rulers in Moscow must, as the reports of *perestroika's* problems show, whip and beat the typical Russian subject into carrying through technological progress in production at anything nearly matching a Western rate.

So, that inveterate liar, Bertrand Russell, said one of his rare truthful statements, returning from young Bolshevik Russia: One expects Russians to choose to be ruled by characters out of a Dostoevsky novel.

In particular, as President, I could beat Moscow at the game prescribed by its new "general line," even given the fact that the world is sliding now into the biggest financial crash in history. This brings us thus to the concluding sub-

Gorbachov on Stalin, Trotsky and Bukharin

Gorbachov in his Nov. 2 speech, identifies himself and the present leadership with the "oligarchic rule" phase of Stalin, as opposed to one-man rule, and with the closest Politburo adherents of Stalin, Kirov and Ordzhonikidze, during the tumultuous policy and factional fights of the 1924-34 period. Excerpts follow:

"If we want to stick to the historical reality, we must see along with the incontestable contribution by Stalin to the fight for socialism and in defense of its achievements, also the rough political errors and the arbitrary actions, which he and the persons around him committed. The guilt of Stalin and his closest associates [post-1934-35] who were responsible for the mass repressions and arbitrary measures against party and people, is huge and unforgivable."

"The 1920s and the 1930s were heroic years when the Soviet people, led by the Communist Party, created a new society . . . [and] a social and cultural revolution."

The leitmotif of praising the leadership around Stalin continued in Gorbachov's only "positive" passage on Stalin's ousted opponent, Nikolai Bukharin.

"Bukharin did join with Dzherzhinsky [Felix Dzherzhinsky, the founder and first boss of the Cheka, the forerunner to today's KGB], Kirov and Ordzhonikidze [Stalin's two closest lieutenants in the Politburo in 1924-34] in exposing Trotsky . . . the Troika [referring to the triumvirate of Trotsky, Zinoviev, and Kamenev, who attempted to succeed Lenin, only to be defeated by an alliance of Stalin and Bukharin], and later the Left Opposition [the supporters of Trotsky after his ouster from the Politburo]."

Gorbachov noted the late 1920s "fight by the Politburo against the group of Bukharin . . . on the question of accepting the principles of the NEP [to continue to allow the peasant's private ownership of land, as supported by Bukharin and his group] or the new development of Soviet society [the forced collectivization and industrialization]. . . . Bukharin had underestimated the time factor for the building of socialism during the 1930s [in contrast to Stalin and his group]. Bukharin and his allies later realized their mistakes" during the Moscow Purge Trials, where the "mistakes" were confessed.

Gorbachov issued a scathing denunciation of Leon Trotsky, as a user of "left pseudo-revolutionary phrases," a "petit bourgeois," who "denied the ability to construct socialism in one country" in opposition to Stalin. Trotsky and his followers "conducted themselves along Party splitting lines . . . I mean especially the role of Trotsky." Gorbachov hailed the 1927 "victory" by Stalin "against the Troika, Trotsky, Zinoviev, and Kamenev."

topic of this report, the fallacies in Marx's definition of what he calls the "internal contradictions of capitalist reproduction." Marx is not to be blamed for the simplistic version of the argument adopted by the silly Bukharin and the Stalinist economists after him. However, for practical strategic purposes, a brief criticism of Marx's sweeping error points to the mean trick available to me as President, in thwarting the objectives of the "general line" now being installed in Moscow.

Marx, follower of Adam Smith

There is nothing original in the work of Karl Marx.

He was born into a circle in Trier, Germany, which had been created as part of a network of "reading societies" in Germany, a network assembled to recruit support for the American Revolution and for Benjamin Franklin most emphatically. The head of the Trier gymnasium which Marx attended, Wytttenbach, had been chosen as one esteemed best capable of representing the viewpoint of Franklin. Marx's 1835 matriculating essay, written for Wytttenbach's class, "On Choosing A Profession," contrasts as opposite to Marx's viewpoint in his later life.

In one of three sharp letters written by Heinrich Marx, to his son Karl, the rebuke, "You have gone over to the other side," is illuminating by reference to some of Marx's pro-satanist writings while attending Bonn university. After Bonn, Marx studied under the influence of Professor Savigny at the university of Berlin, where he became attached to the followers of the gnostic Feuerbach and others, and was assimilated there into the following of radical Giuseppe Mazzini, who continued to be Marx's sponsor through about 1868. He was transferred to become an asset of British intelligence's Mazzini operation. His written work of the 1850s and early 1860s, was done under the supervision of the British Museum's David Urquhart, the Palmerston agent who coordinated British intelligence's links with the continental Mazzinian movement from that office.

As Marx passed through the hands of several intelligence services prior to his residence in London, he had begun to assimilate the physiocratic dogmas of one of Adam Smith's key teachers, Dr. Quesnay. In London, he merged his studies of Quesnay with both early British physiocrats and the writings of Adam Smith, Thomas Malthus, and David Ricardo.

Marx's economics is chiefly a blending of Savigny *Volksgeist* doctrine of irrational historicism—from which Marx's "historical materialism" is derived, with both the *class struggle* dogma and the economics of Quesnay, Smith, and Ricardo. Although he plagiarized and parodied material from the writings of American System economists such as Henry C. Carey and Friedrich List, all of the systematic features of his economic dogmas are simply reworkings of earlier work by Quesnay, Smith, and Ricardo. Marx's and Engel's vitriolic attacks on the American System of political-economy, and upon Carey and List personally, are standard stock-in-trade of the Soviet government and its agents around

the world today.

Over the period from about 1680 through 1865, leading economists and other leaders in the United States were explicitly aware of a fundamental distinction between the system of economy established by the U.S. Constitution and the British system of political-economy.

During the early eighteenth century, what became known later as the British system of Smith, Ricardo, the Mills, and so forth, was known as the "Venetian system" of rentier-financier usury. It had been brought into England, the Netherlands, and Scandinavia by the Venetian Levant Company, with the 1603 accession of James I of England, and Francis Bacon as James's treasury official. The alternate name for "Venetian" in northern Europe since the thirteenth century had been "Lombard."

Henry C. Carey, for example, described the British economy as a mixed, feudal and entrepreneurial economy, with the feudal (usury-practicing) element in the dominant position in the economy as a whole. The U.S. economy was based upon an entrepreneurial system of farmers and manufacturers, with the functions of improving and maintaining basic economic infrastructure retained by the federal, state, and local governments. The resulting notable difference was, that the American system was based principally upon the profits of productive enterprise in production of physical goods, whereas the British system was dominated by rentier profits from various forms of usury.

Marx defined the British system as the highest form of capitalism, and defined the adducible rules of the game of the British system as "the laws of capitalism." For capitalism, Marxism was almost as rabid a "free-trader" as Milton Friedman, and had nothing but contempt for the U.S. economy, even though, outside the slave-holding states, over the period 1789-1865 as a whole, the per capita output of the U.S. independent farmer and industrial operative was higher than in Britain.

Marx's dogma respecting the "internal contradictions" of capitalism are true *a posteriori* for the British, or "Venetian" system of a rentier-dominated economy, but are not true for an entrepreneurial form of economy defined by the U.S. Constitution.

In an entrepreneurial economy, the portion of profit not taken for additional household consumption, is primarily invested as productive capital of enterprises engaged in the physical production and distribution of goods. The source of profit is growth of productivity, itself dependent upon capital improvements in infrastructure, and the rate at which improved technologies are introduced.

In the entrepreneurial economy, the effect of profit is to lower the real prices of commodities and raise the standard of living at the same time. In the rentier economy, the direction of trends is the opposite. In the latter, profit of enterprise is siphoned away into rentier financial markets, for profits of such forms of usury as speculation in financial paper, commodity-trading cartels, speculation in the debt of govern-

Gorbachov on the revolutionary perspective

The following are excerpts from Gorbachov's Nov. 2 speech on the need for international alliances with socialists, liberation movements, etc., under conditions of a capitalist crash:

"The top priority for Soviet foreign policy is the strengthening of friendship and cooperation among the socialist states."

"The working class has the potential to play the decisive role and especially at abrupt turning points in history [as we are in now]. . . . The insane militarization of the economy [by the West], the transition to a new phase of the technological revolution on militarist grounds may serve as a powerful catalyst [for the working class] especially as it paves the way to war, thus affecting all sections of the population, and taking mass protest beyond the limits of economic demands. Therefore, here too, the masters of monopoly-capital will have to make a choice. . . . It's our belief . . . the reconversion and demilitarization of the economy [by the West] are feasible. That would be tantamount to opting for peace.

"The same concerns the consequences of the crisis in relations between the developed and the developing world. . . . In that, capitalism is facing a limited choice, either to let things reach the breaking point. . . or a balance of interests on an equal basis."

ments, and pure usury.

So, in the rentier-dominated economy, the profit margins of production are depressed over time, while the total amount of money-capital expands. The result is a kind of financial bubble, in which the net price-earnings ratio rises, as the ratio of earnings from production declines relative to the growth of nominal (financial) accumulation. The exaction of usury from the economy, under these conditions, to sustain the earnings of financial speculation, depletes the economy as a whole, a development which intensifies the tendency of financial growth to become a pure financial bubble.

The bubble must burst, as all financial bubbles must do sooner or later. If the government does not act then, to change the rules of the economic game in favor of an entrepreneurial form of economy, the result of the financial crash is an economic depression. Hence, Marx's estimate of an approximately decennial boom-bust cycle.

The plodding Soviets, who have vast intelligence resources and whose police-state rule maintains the largest intelligence establishment per capita of any nation of the world, have taken notice of my criticism of Marx on this point since about 1977. The Soviet press has described me therefore as "an ideologue of late-capitalism," as one whose programs are designed to promote an entire period of economic revival of the West. They attack my analysis as "unscientific," but as ominously likely to succeed if employed. In other words, they argue, in effect, that I am guilty of success by cheating, by refusing to play the game according to the rules they deem respectable. They prefer a debate in which the crushing retort is, "but Karl Marx says clearly, and therefore you are wrong. Do you propose that you are a greater thinker than the great Marx whose genius is proven by the existence and success of the great Soviet Union?" To this, they would add citations from the great Soviet economists who are the best authorities on Marx's intent. Say, "That is all irrelevant, since Marxism is all based on a fundamental error, which I have just proven to be an error." That riles them up considerably, since it obliges them to come out from the shelter of official Soviet ideology, out where reality, not ideology, rules the day.

That is their culturally defined strategic vulnerability. Like all paranoids, short of an invasion of Russia itself, they react the most violently to any threat to their ideology itself. Their greatest fear along these lines, is that someone might be clever enough to prove in practice that their ideology is false to reality, and thus threaten to destroy their ideology by demonstrating that it is not a picture of the real world.

That issue is at least as old as Aeschylus' tragedies, the *Prometheus* notably. "We are the gods of Olympos, to whose wildest caprice mere mortals must submit, even at the price of their lives, or the existence of their nation." To which Prometheus retorts, "But there is a Creator, Whom you mock by calling yourselves gods, and Whose laws will crush you gods of Olympos out of existence as the simple consequence of your defying those laws."

Thus, we are back to the sociological composition of the Soviet dictatorship; it is an oligarchy of families, which has set itself up in its own imagination as the gods of Olympos. Its success in imposing its brutish whims upon living men and women, and even entire nations, has fostered in it the delusion that it is all-powerful and eternally so. Then, the reality it has defied with its ideological paranoias acts to bring unexpected but unignorable consequences upon those who have defied reality. Then, the gods of Olympos fall.

Our most powerful strategic weapons, if we know how to use them, are culture and reality itself. We must strengthen our culture by aid of the entrepreneurial principle, and in that way bring our powerful ally, the forces of reality, into play more forcefully. Thus, we can turn the "general line" of today's Moscow into a pathway of its own rapid, strategic descent.

Gorbachov calls for world revolutions

by Luba George

After Mikhail Gorbachov gave his Nov. 2 speech he wasted no time in holding a meeting with leaders from the 170 Communist, Socialist, and Green Parties from the West and the Third World, plus the "national liberation" movements, gathered in Moscow for the Bolshevik Revolution celebration, to issue guidelines for the period ahead—the period of the "general crisis of capitalism." Gorbachov called for a worldwide "alliance of Communists, Socialists, Social Democrats, and all other progressive forces."

Radio Moscow on Nov. 5 released lengthy excerpts from Gorbachov's address to this special conference. The "general crisis of capitalism," said Gorbachov, is "constantly becoming deeper." There is "an alternative to capitalism, and that alternative is socialism." He conceded that "the real existing socialism still lags behind capitalism in its technological development," but declared that "socialism" can, and will "overtake" capitalism.

Then, referring to his Nov. 2 speech, he repeated that as a result of capitalism's crisis, "two especially dangerous manifestations of capitalism, militarization and the non-equitable exchange with the developing world," bear close watching. He hailed the success of the Soviet campaign to demolish the existence in the West of the Soviet Union as an enemy image: "We are shattering the fear of the so-called Soviet threat."

Then, Gorbachov returned to the Western financial crisis: "The alarm signals are also being sounded by the financial system . . . with its astronomical debt. . . . A new liberation impulse is under way in the Third World, which threatens to bring about an explosion, if the new world economic order is not brought into effect. A critical mass is forming in the world process, and this will determine whether civilization is to be or not to be."

New Communist Manifesto

Gorbachov's two speeches confirm the adoption by the Soviet *Nomenklatura* of a policy of avoiding, in this "general crisis of capitalism," what is recognized as the one crucial error of the policies launched by Stalin—known as the Third Period—at the outbreak of the last Great Depression. The "error" was Stalin's rejection of alliances with Socialist and

Social Democratic parties in the West for the advancement of Russian strategic aims.

The tip-off appeared in August around the anniversary of the Hitler-Stalin Pact, in one of the many articles that flooded the Soviet press in defense of the 1939 Pact. The article appeared in the Latvian youth paper *Sovetskaya Molodezh*, authored by Valentin Berezhkov, the translator for Stalin's foreign minister, Molotov, during the 1939 talks with the Nazi foreign ministry. Berezhkov defended the Pact, saying Russia "had no choice," but added, the agony of being forced into a situation with "no other choice" was made inevitable by not allying with the Social Democracies at the onset of the Great Depression, rather than waiting "too late" till 1934-35.

The Gorbachov speeches follow exactly the line signaled by the Berezhkov piece back in August.

Gorbachov's address also marked a return to revolutionary rhetoric not seen since the 1930s: "The Communist Movement needs rejuvenation. It is especially important that it become an international force. The CPSU does not conceive its internal plans outside of an international context. . . . We have seen how during a period of stagnation the international impulse of socialism declined." His appeal included a direct pitch to the Greens: "Only jointly can we remove the global danger to the ecology," and in general to Socialists and Social Democrats: "There will be a need for more advanced cultivation of relations among the forces of progress. . . . We extend an invitation not only to the fraternal parties [CPs], but to the Socialists, the Social Democrats, and to all those forces who want to join with us in working together for a joint quest."

The policy defined in these speeches is already being put into practice, via the Soviet General Staff. General Colonel Nikolai F. Chervov, head of one of the General Staff's Directorates, addressed the Max Planck Institute in West Germany on Nov. 4, the same day Gorbachov spoke. What Chervov presented was a verbatim copy of the infamous West German Social Democratic so-called defense policy, known as the von Bülow doctrine, for the SPD's defense policy spokesman, Andreas von Bülow. Von Bülow's "doctrine" has called for the elimination of all "offensive capabilities" for the armies of NATO and the Warsaw Pact, including drastic reductions in the number of tanks, aircraft, helicopters, artillery, and the total elimination of all classes of nuclear weapons from German soil.

Chervov called upon NATO and the Warsaw Pact to disarm to such an extent "that an ability to launch an attack is no longer available," and to set ceilings on manpower and equipment, and "eliminate all nuclear weapons" so that "only defensive capabilities" are existing. To quote Chervov: "Only under the exclusion of nuclear weapons can a guarantee for security be constructed. This is the position of the Soviet Union." The alliance that the Soviet Union seeks to forge with the Social Democracy is an alliance that will give Moscow Europe without firing a shot.

Moscow's fifth column wages war on Germany

by Rainer Apel

Apparently, the Soviets don't want to wait for the official signing of an INF agreement with the United States, to move ahead with their campaign to gain strategic-political control of West Germany. Again, the instrument of massive destabilization, of irregular warfare against Germany by pro-Soviet "fifth columns" operating on German territory, is being reactivated from the Kremlin's special arsenals.

Hardly had the news come in on the fixing of dates for the next Reagan-Gorbachov summit, than various acts of "anti-imperialist terrorism" occurred in West Germany. An arson attack on the West Berlin information office of the International Monetary Fund failed on Friday, Oct. 30. An arson attack on a storage building of the REWE food chain, motivated by "this company's cooperation with the apartheid regime in South Africa," caused material damages of \$1.7 million on Nov. 1. In the early morning of Nov. 2, an arson attack destroyed a section of the Institute of Microelectronics Research at Göttingen University.

From sabotage to military attack

On Saturday, Oct. 31, some 1,500 masked and armed rioters went on a rampage in the city of Hamburg. And on the evening of Nov. 2, a battle between a riotous mob and police at the western runway of the Frankfurt International Airport escalated into a gunfire ambush by extremists, which left two policemen dead and ten others seriously wounded on the scene.

The runway scene resembled earlier paramilitary battles between police and armed mobs at the nuclear power projects of Brokdorf and Wackersdorf, and in West Berlin during the Communist-instigated (SEW) May Day 1987 riots. But this gunfire ambush near Frankfurt was the first massive attempt in postwar Germany to kill a number of policemen in a coordinated, well-prepared action.

The ambush was prepared by a massive assault of approximately 300 rioters on police forces guarding the fence around the runway. On Monday night at 8 p.m., salvos of stones, steel balls, molotov cocktails and signal ammunition came down on the police, so that two platoons of special anti-riot police were forced to move out into the area around the runway, for a roll-back mission. They found their way blocked, at some 250 meters distance from the fence, by a barrier of burning bales of hay. While some police units were deploying to remove the obstacle, small police detachments moved toward the forest area nearby, for a "follow-on-forces counterattack" against the mob which kept firing steel balls on the police.

Once the police detachments were close enough, the command "snipers—fire!" was heard from within the forest, and then a number of policemen were hit by gunfire. Two policemen died shortly after from wounds in the stomach, 10 others were wounded—two of them seriously with wounds in the chest and in the upper leg. The bullets used had been fired from a 9 mm magnum handgun, at a very close distance of perhaps 10-15 meters, and the shots were apparently aimed at the stomach-chest region of the policemen's bodies, with intent to kill. After the assault, the snipers—whoever they were—retreated into the forest and escaped.

Policemen who had been at this scene of murder, reported that what they were facing at the forest there, had been a "combat-type situation." Several police spokesmen characterized the incident afterwards as a "trap," an "armed and well-prepared ambush," and as a "paramilitary operation."

Occasionally, firearms have been used before by rioters against the police in several confrontations, in Hamburg, Wackersdorf, and West Berlin, but also at the Frankfurt runway site. But this type of action that occurred on Nov. 2, was known before only from the IRA in Northern Ireland,

from the ETA in Spain, from Italy's Red Brigades and Islamic guerrillas in Lebanon.

Communist tradition of armed insurrection

For Germany, this paramilitary gunfire ambush near Frankfurt marks the breakthrough from armed mass riots into a new type of open irregular warfare against the public security of the state. Since the infamous German Communist Party's shoot-outs with police in the 1920s and early 1930s, Germany has not seen such attacks on the police.

The reaction of the present-day Communist Party, the DKP, on the runway incident told a good deal of the story behind this ambush against the police. The Hesse state section of the DKP issued a statement Nov. 3 blaming the ambush on the alleged "atmosphere of crime and hate created by the police." The DKP reminded its followers of the alleged "tear-gas and club orgies of the police" at the historical riot sites of "Brokdorf, Wackersdorf and Runway West." These are also prominent sites of concentrated DKP underground work in West Germany.

It was no coincidence, either, that a main mouthpiece of Soviet intentions abroad, the weekly *New Times*, ran a five-page feature on terrorism in its Oct. 26 issue; one could already smell that trouble was ahead for Germany. *New Times* quoted the pro-terrorist German weekly *Stern* magazine, as having observed that among the "ruling classes in the capitalist countries," the outbreak of "terrorism has become a convenient excuse for fighting the entire left. The hysteria whipped up around it has been used to depict all leftists as criminals."

This *New Times* view of terrorism has to be translated, into Western idiom, naturally: It means that Communist or other Moscow-leaning organizations launch irregular warfare and sabotage, "acts of political terrorism," that this is a known fact among Western intelligence services, and that the Soviets don't want these special operations of theirs being disturbed or disrupted by police counteractions in the "capitalist countries." There is a red line between the *New Times* article of Oct. 26 and the DKP statement of Nov. 3—the first is the vague warning to see what will happen, the second, the concretized warning to the police and the state in Germany, to see what did happen and to surrender right away, or else.

Those who warned here, were involved in staging the previous riots and the ambush. In West Germany, the tiny but efficient German Communist Party and its complement in the city of West Berlin, the Socialist Unity Party (SEW), have played a key cadre role in organizing, funding and protecting the extremist movements against U.S. nuclear missile bases, nuclear power installations and NATO military infrastructure.

Over and over again, official Soviet propaganda outlets such as Radio Moscow, *Literaturnaya Gazeta*, and *New Times* have covered these DKP and SEW underground actions as "evidence of mass protest movements" in West Germany. Leading representatives of the "movement" have been regu-

larly received in Moscow, and interestingly enough, have always been received shortly before new outbursts of violence in Germany.

Thus, the armed insurrection of 1,200 extremists at Wackersdorf during Pentecost 1986, which left more than 190 policemen injured, was preceded by high-level political meetings between the radical wing of the German Green Party and senior Soviet party and government officials. The Wackersdorf project has been fought by the Greens as an alleged "factory for producing a West German atomic bomb"—this being a favorite black propaganda campaign of the Soviets for a long time, actually.

Also the May Day 1987 armed insurrection in West Berlin, which left more than 140 policemen injured at the scene, was preceded by meetings between Soviet officials and German Communists. Moscow central committee member (and Germany expert) Vadim Zagladin, who announced the end of capitalism in the SEW's party gazette *Die Wahrheit* (German for *Pravda*) on Oct. 27, had been in Hamburg shortly before. Four days after Zagladin's interview with the SEW newspaper, a riotous mob went on a rampage in Hamburg, and clashes with the police did not occur because the police had been ordered by the city administration to "stay out" of the direct riot zone. Instead, the mob began attacking and terrorizing normal citizens arbitrarily on its march through Hamburg.

And only a few hours before the incident at the Frankfurt runway, representatives of the "coordination committee" of the anti-military movement of West Germany, who had just concluded a first round of high-level meetings with senior Soviet officials in Moscow, told the press that cooperation between them and Soviet "institutions for peace and disarmament" would be intensified over the coming few months. The "coordination committee" has been deeply involved in all riot activities in West Germany over the past few years, and is heavily infiltrated by Communist front-organizations.

At the time the extremist ambush at the Frankfurt runway occurred, one of the most prominent representatives of the pro-terrorist faction of the German anti-military movement, Green Party leader Jutta Ditfurth, was in Moscow. She is the one radical Greenie with probably the most continuous chain of high-level meetings with Soviet officials—she was also in Moscow shortly before the 1986 Wackersdorf riots. Repeatedly, she has issued statements in favor of violence and acts of extremism and sabotage, and when the aforementioned *New Times* article on Oct. 26 said that "terrorism is a convenient pretext," this was the very same formulation Jutta Ditfurth used some two weeks earlier in a scandalous statement in Bonn.

Fight against irregular warfare must begin

Apparently, the Soviets and their "fifth columns" in the anti-military movement in West Germany are heading for open irregular warfare and armed conflict with the police and the state. This means that unless the state wants to surrender,

it must accept the challenge and hit back. What that means for the police, which has so far abstained from using firearms against riotous mobs, was indicated by the German Minister of the Interior, Friedrich Zimmermann, who said in an interview with the conservative daily, *Die Welt*: "The police are armed with firearms, actually. We cannot and will not render our policemen defenseless to shots fired at them by criminals."

Since many of the networks professionally involved in violence and riots are known to the police, the opportunity of searching left-wing gathering-points, events, publication offices, and private flats in the light of expected armed insurrections must not be missed. The police, trained for a defensive posture for years and years, must regain the upper hand on the mob.

But most of all, the Green Party, the DKP and its various front-organizations, the cadre and coordinating committees inside the West German anti-military movement must be crushed and outlawed by a constitutional ban. This will ruin whatever "special operations" cards Moscow uses to play against West Germany's stability. The extremist killer must be jailed, or shot by police, before he or she has a chance to point a gun at the policeman's head. The one lesson to be learned from the Frankfurt runway ambush is this: It must never happen again!

Moscow targets the in Ibero-America for

by Gretchen Small

Top on the agenda of Soviet discussions with the international delegations attending 70th Anniversary festivities in Moscow Nov. 2-7, were orders that developing-sector nations must be lined up behind the Soviet lie that the defense expenditures of Western industrialized nations are the primary cause of the global economic crisis. As these delegations return to their respective countries, the cry that Western industrialized nations must cut their defense budgets to pay off Third World debts, can be expected to rise "spontaneously" from all corners of the globe.

The Soviet campaign is a clever tactic, to the degree that governments of industrialized nations continue to insist that the developing sector submit itself to the genocidal policies imposed by the International Monetary Fund. Under these conditions, the leadership in the Kremlin estimates that bitter anger at IMF policies, can be channeled into an international movement against Western defense—despite the most glaring discrepancy between Soviet words and practice: Its own defense budget far exceeds that of any Western nation.

There are other "discrepancies" in Moscow's offensive. The Soviet campaign is not directed only against the industrialized nations of the West. Soviet-allied "progressive forces"—led in many cases by heavily-armed insurgents—have launched an all-out offensive against the military forces of the developing-sector nations as well. The military establishments of all but their client states, that is.

Soviet activity in Ibero-America on this issue is illustrative.

The Castro proposal revived

Fidel Castro first put forward the basic outline of the current Soviet offensive back in February 1985. Castro then proposed that the industrialized governments should bail out their banks, from a fund financed by cutting their defense budgets, as a solution to the Third World debt crisis. At the

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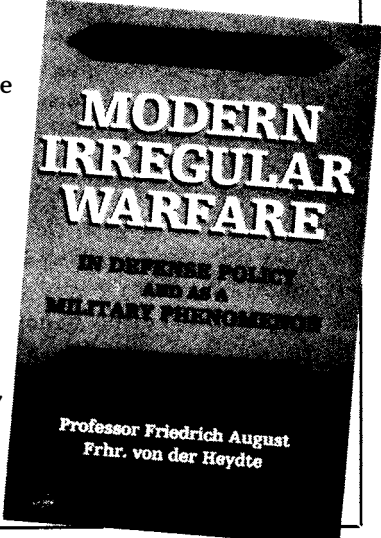
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military sector destruction

time, despite an expensive Cuban organizing campaign, Castro's idea was basically ignored, viewed as a crude maneuver to turn the economic crisis into an East-West issue.

Two years of continued Western collapse later, the situation is shifting, however. Government leaders of Brazil, Peru, Mexico, and Argentina, for example, now echo the Soviet litany, that there exists some causal linkage between (Western) defense and the debt crisis.

Soviet officials have taken the lead on the issue from the Cubans. During his September-October 1987 tour of South America's Southern Cone, Soviet Foreign Minister Eduard Shevardnadze hammered away on that one theme: "We believe that there is a direct relationship between the problems of disarmament and development, between disarmament and a solution to the debt problem." Shevardnadze made the U.S. Strategic Defense Initiative, of course, his primary target, claiming the U.S.'s SDI was the primary culprit in "taking away resources from development."

By the end of his trip, Shevardnadze's impression was that "all of South America supported Mr. Gorbachov's proposal to establish an economic development fund from savings made from nuclear disarmament," Reuters news service reported.

Cut your defense, too

As the foreign minister traveled around Ibero-America proclaiming his nation the leading ally of those governments, Soviet publications were ordering the Communist movement and allies to make dismantling the region's military forces the number one issue on Ibero-America's political and economic agenda.

The September issue of *América Latina*, the monthly publication of the U.S.S.R.'s Latin America Institute at the Academy of Sciences, spelled out the marching orders. In an article entitled "The Dangerous Consequences of Milita-

rism," former Soviet United Nations diplomat May Volkov, now based at the Academy of Sciences, reminded Latin America's communists that they consider ending "militarization" in the region the "cardinal issue of our times."

Volkov used "militarization" to mean anything related to the military: expenditures on defense, military industries, military participation in government, or simply pride in having a strong military. He also made no pretense of presenting scientific argument.

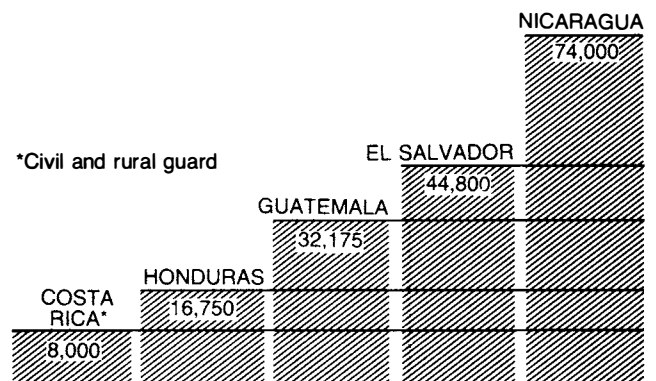
"Militarization" played a "preponderant role" in creating the economic crisis in the 1980s in Latin America's seven biggest countries—Argentina, Brazil, Venezuela, Colombia, Mexico, Peru and Chile, he asserts, claiming that military expenditures in these countries "are the principal cause of the growth of their deficits," responsible for the high rates of inflation which these countries suffered from 1973 to 1984.

The establishment of domestic arms industries in the Third World must also be stopped, he insists, because such industries introduce a factor of "imbalance" in world development. Here, Brazil is singled out as a leading example of the "militarization of the economy" which results when a Third World nation sets out to build up an independent military industrial capability.

Why must the development of strong national militaries in the developing nations be stopped? Because Karl Marx said that all military expenditures "are as if a nation throws part of its capital into the ocean," Volkov answered.

His second answer reveals the imperial policy motivating the Soviets' "anti-militarization" crusade: A strong defense strengthens nationalism. "Neither should the ideological aspect of militarization be forgotten, for which nationalism is a fertile breeding ground," Volkov warns. "Nationalist sentiments, instigated by bourgeois propaganda, receive at the same time material impetus in the form of modern combat equipment with flashy names in the vernacular language, and national brand names."

Active duty armed forces 1987



Source: U.S. Department of Defense and Department of State.

The Nicaraguan 'exception'

Volkov allows that there is an exception to the Soviet demand for an end to "militarization" in Ibero-America: Nicaragua. Sandinista Nicaragua is a country "which struggles for peace and supports calls to put an end to the arms race," but "objective circumstances" force it to sink 40% of its budget into defense, Volkov writes.

The exception is a big one, one rapidly nearing the per capita levels of "militarization" enjoyed by the Soviets' other client state in the area, Cuba. "Haven't we already said countless times that we defend our right to arm ourselves to the teeth to defend against a U.S. aggression? Haven't we said we want to arm hundreds of thousands . . . up to 600,000 Nicaraguans if we can?" Nicaragua's Defense Minister Gen. Humberto Ortega proclaimed on Nov. 4.

And armed to the teeth they have been, by the "anti-militarist" Soviets. The Sandinista regime fields a total military force of 120,000 men, between its 34,000-man regular army, reserve forces, militias, and special security forces. With a third of the reserves on active duty at any one time, Nicaraguan forces total an estimated 74,000 on active duty.

The Sandinista Popular Army now fields 10 regular infantry battalions, an airborne battalion, two mechanized infantry battalions, 14 counterinsurgency battalions (called BLIs: "Irregular Fighting Battalions"), and is equipped with 110 Soviet-made T-55 tanks, enough for five armored battal-

ions, according to the report on the Sandinista military buildup issued by the Pentagon in October (see graph, p. 47).

Since 1981, Cuba, Algeria, Bulgaria, and the Soviet Union have shipped in Soviet state-of-the-art radar facilities, tanks, and attack helicopters (including the Mi-24 HIND-D helicopters used by the Soviets in their war against Afghanistan), as well as large quantities of artillery and heavy transport equipment.

Nicaragua is also seeking advanced MiG fighter jets from the Soviet Union, General Ortega admitted on Nov. 4.

The degree of "militarization" of Nicaragua is indeed unprecedented in Central America, and might, it would seem, constitute in fact an "objective circumstance" justifying increasing the military strength of Nicaragua's neighbors.

Colombia feels the offensive

How *América Latina's* orders are being translated in practice, is best seen in Colombia. There, the Communist Party's electoral front, the Patriotic Union (UP), has called for all "progressives" and "democrats" in the country to form a National Salvation Front against the "militarists" and "fascist minorities." Charging that the military is running a "dirty war" in the country, UP leaders are demanding that a civilian be named to the post of Defense Minister, in order to rein in "military fascists," whom they call the number one problem in the country.

"We are going to mobilize people. . . . We think this is the moment for days of organized protest. That means strikes and demonstrations, [because] there is no democracy in the country," UP head Bernardo Jaramillo Ossa declared on Oct. 18.

No babes in the woods, the CP/UP leaders have presented their campaign as an issue of "democratization," and reestablishing the power of civilian forces over the military. Since the "Project Democracy" crowd in the United States government—including most prominently the State Department's Assistant Secretary for Inter-American Affairs, Elliott Abrams—has also made "democratization" its number one issue for the Western Hemisphere, the CP/UP campaign to label the military the central cause of Colombia's problems, is now espoused by political layers far outside the CP itself.

Indeed, "mass mobilizations against militarization" have begun—led by the CP's guerrilla force, the Armed Revolutionary Forces of Colombia (FARC). Peasant marches have blocked highways and taken over central plazas, in the departments of Cauca, Bolivar, and Meta (all centers of FARC terrorism), demanding that the military withdraw from their regions. In an Oct. 30 press conference held in San Cristobal, Venezuela, UP leader Miguel Angel Rueda explained that Colombia must accept the UP's demand for an end to "militarism," because "experience shows that the Colombian armed movement has become invincible. That is reality," he said.

The "anti-militarization" campaign boils down to a tactical initiative by the Soviet-allied communist irregular forces in Colombia, to break the back of the military—politically.

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Brazilian military resists overthrow

by Silvia Palacios and Lorenzo Carrasco

Brazil has a land area bigger than the continental United States, a population of 130 million, vast wealth in mineral resources, and has recently closed the nuclear fuel cycle. For those reasons, there is a core of nationalists in the Brazilian military who are convinced that Brazil can become a great nation—and that is why the international bankers and their mullah-loving friends in the U.S. “secret government,” are out to undermine the Brazilian Armed Forces and render them politically impotent.

Moscow, of course, could not agree more with this goal.

The point was made recently by the new head of the Joint Chiefs of Staff of the Armed Forces, Brig. Paulo Roberto Camarinho, to an Oct. 23 meeting of Brazilian industrialists: “Historically, Brazil has mounted a permanent battle to avoid being turned into a supplier of raw materials, to preserve the state oil monopoly, to preserve part of the computer market, and to exercise equality of rights in relation to access to technological dominion over the nuclear cycle and other areas of national development, versus the policies of groups and the great world powers.”

The concerns of Brazil’s enemies—at home and abroad—are centered around the fact that the Army command has moved away from the circle of “free enterprise” friends of U.S. Ambassador to the United Nations, Vernon Walters, and drawn closer to the “legalist” faction which made the nation’s transition to democracy possible. That “legalist” faction has expressed its commitment to the technological modernization of Brazil, and especially to the modernization of the Armed Forces.

The signs of an effort to wreck the military, or provoke them into a coup, have come thick and fast:

- In its 999th edition, *Veja* magazine published the alleged statements of two army officials admitting to involvement in a supposed terrorist plot to bomb Rio de Janeiro military installations, in protest against inadequate wage policies. *Veja* is the propaganda outlet in Brazil for the policies of the U.S. “secret, parallel government” which ran the Iran/Contra affair.

- Immediately, the Eastern Military Command issued a communiqué: “Without a doubt, news of this sort only serves to create uneasiness in public opinion, and presents an absolutely untrue picture of the area of the Eastern Military Command.” Accompanying the communiqué were the sworn

statements of the two named army officials, denying any contact with the magazine *Veja*.

- At an impromptu press conference in front of the Planalto presidential palace on Oct. 27, Brazilian Army Minister Gen. Leonidas Pires Gonçalves denounced those forces—left, right, domestic, and foreign—“which are not interested in the democratic transition,” as responsible for the campaign of rumors and intrigues surrounding the Armed Forces. Among others, General Pires cited the magazine *Veja*.

- The Army Minister’s statements received the immediate backing of Ulises Guimaraes, president of the ruling PMDB party and president of the National Constituent Assembly, as well as of various senators and governors of the PMDB.

- Four days after his press declaration, Gen. Leonidas Pires received a show of support from 50 generals and 400 high-ranking military officials who met him at the Brasilia airport upon his departure on an official visit to Britain. The organizer of the gathering, Gen. Jorge Frederico Machado de Sant’Anna, declared that the goal was “to show our unity and cohesion at a time when our commander was unjustly criticized in a campaign to divide the army. I believe that this puts an end to the intrigues.”

- Another incident involved the statements of retired Colonel Geraldo Cavagnari, director of the Center of Strategic Studies of the University of Campinas, headquarters of the Pugwash Conferences in Brazil. Cavagnari had charged that Army Minister Gen. Leonidas Pires “doesn’t really have the troops under his control.” In his statement to the press, the minister responded: “The way to destabilize a service like ours is to go after its commanders, especially the number one commander, who is the Army Minister. You see someone, with the greatest impudence, coming out saying that the Army Minister doesn’t command the troops. I tell him . . . whomever wants to test if I command the troops or not, let him, because he is going to regret it.”

The next day, Colonel Cavagnari was arrested.

The only earlier incident in which the “command” of the Army Minister was tested, was during a reception given for former U.S. Secretary of State Henry Kissinger, at the home of Brazilian businessman Israel Klabin. Kissinger provocatively asked the minister if the President of the Republic “heeded his opinions,” to which the minister dryly replied: “The President is who decides.” Later, the minister publicly commented that “this guy must think we are a republicquette.”

With his categorical response that “nothing is going to endanger the process of democratic transition,” Gen. Leonidas Pires on Oct. 27 called a halt to attempts to fragment the armed forces: “You can be sure of one thing: The armed forces are united, the army is united, the orders of the minister will be fully met, at the moment they are given. Whoever wants to test that may do so.”

Leonidas Pires denied rumors of a military coup: “This [rumor] of a coup is unfounded. . . . We live in an era of hurricanes. First in economics, then in politics. . . . Now it

is the military's turn. I think that the majority of these things that are happening were fabricated. . . . We must recognize [that] the behavior of the Armed Forces in the past two and a half years . . . has encouraged the ongoing political transition. . . . There are people who don't like this behavior, and who try—through domestic or foreign actions—to attack us.”

The “hurricane” in economics has not left Brazil's armed services unaffected. On Oct. 22, an army captain and 50 troops seized the town hall of Apucarana, in Parana state,

Brazil's enemies worry because the Army command has moved away from the “free enterprise” friends of Vernon Walters, and toward the “legalist” faction that made the transition to democracy possible.

1,000 kilometers south of Río. Captain Luis Fernando Walter de Almeida read a statement describing his action as a protest against the starvation wages the military troops have been receiving. Recent economic studies reveal that military officials' wages have been reduced by two-thirds over the past seven years.

President Sarney responded the next day with a 128% increase in military wages.

That incident reflects the fact that the military—like every other sector of Brazilian society—is suffering the impact of brutal austerity conditions imposed under creditor bank dictates. Within the military itself, there are still remnants of the pro-International Monetary Fund elements associated with Vernon Walters, the U.S. intelligence operative and “Brazil hand” who is now Reagan's ambassador to the United Nations, and with former planning minister Delfim Netto and his President, General Figueiredo.

But the majority is dedicated to economic growth to assure the transition to democracy. Enemies of the military institution have seized on such real problems to fabricate crises.

The destabilizers' motives

It is no accident that *Veja* magazine has lent itself as the vehicle for destabilization of the Brazilian Armed Forces, given that its director Roberto Civita, together with intimate friends Henry Kissinger and Israel Klabin, are members of the so-called Inter-American Dialogue, the institution which, in tandem with the Soviet publication *América Latina* (see page 46), has promoted the weakening of Ibero-America's

armed forces.

The April 1986 report of the Inter-American Dialogue—which Civita helped prepare, along with such Trilateral Commission associates as McGeorge Bundy, Cyrus Vance, and Robert McNamara, etc.—outlines specific policy recommendations which include:

1) “Selective legalization” of drugs, because “Waging war on drugs costs money. . . . More important, it will inevitably result in the loss of jobs, income, and foreign exchange that the drug trade provides.”

2) Formalizing the right of the Soviet Union to express itself on matters of the Western Hemisphere. Civita has taken this especially to heart, becoming the principal propagandist of Gorbachov's *perestroika* in Brazil.

3) Constructing a “democratic network” with sufficient power to “oppose the communists and the military,” whom the authors describe as equally enemies of “pluralist democracy.”

The Dialogue report clearly implies that the weakening of Ibero-America's militaries is a key component of the State Department's “democracy” strategy, at the same time that it encourages a permanent policy of U.S. consultation with the Soviets on matters pertaining to the Western Hemisphere.

On June 13, 1986, in a speech before the Inter-American Defense College entitled “A Democratic Vision of Security,” U.S. Assistant Secretary of State Elliott Abrams had the same anti-military pitch: “Enlargement of military forces to protect democratic institutions can threaten those very institutions. . . .”

The execution of such an anti-military policy is prescribed in detail in Special Report No. 158 of the U.S. State Department: “Democracy in Latin America and the Caribbean: The Promise and the Challenge,” issued in March of this year: “The pervasiveness of hierarchical structures with deep historic and cultural roots has created ingrained authoritarian habits” in Ibero-America, which prevent “pluralist democracy.” Therefore, Report No. 158 demands that “religious and military institutions—the cross and the sword” of the Spanish conquest, and key pillars of traditional order ever since,” should be forced to yield ground.

It also specifies that “legal provisions prohibiting or limiting military participation in politics are more common, as are the arrangements increasing civilian participation in matters previously reserved to the military. . . . the genuine defense of democracy should be carried out without unnecessary or indiscriminate force.”

Another mouthpiece of the international banks in Brazil, *Jornal do Brasil*, stated this line of thinking rather succinctly in its Sept. 20, 1987 editorial: “Brazilian society was closely influenced by two driving forces, which are Catholic thought and the ideas disseminated by participation of the army since the proclamation of the Republic in the stratification of anti-liberal thinking. . . . Nationalization allowed the lay entities of the Church and of military thinking to guide themselves by prejudices against the market economy.”

Soviet irregular warfare hits Manila

by Linda de Hoyos

The murder of three American servicemen in the Philippines, gunned down in four separate coordinated attacks Oct. 29, signals that Soviet irregular warfare has become the dominating feature of the insurgency violence in the Philippines.

The killing of U.S. soldiers "has broken the rules of the game" in the Philippines, where a "hands off" policy toward Americans has prevailed. It thus signifies that the conflict of the New People's Army against Manila is being transformed into a Soviet surrogate war against the United States in the Philippines itself. Such Soviet-guided irregular warfare is also likely to emerge in South Korea, and possibly Pakistan and Japan, as Soviet perception of the "final collapse of capitalism" in the West increases Moscow's boldness.

Within the Philippines, the murder of American soldiers has upped the pressure on the already-shaky government of President Corazon Aquino. In her 18 months in office, Aquino has alienated both the military and the "people's power" base that carried out the "February Revolution." The attack on Americans is designed to sever Aquino from her one remaining bastion of support: the U.S. government, especially the State Department.

NPA Escalation

The Oct. 28 attacks on the area outside Clark Field, the U.S. Air Force base in the Philippines, was part of an escalating pattern of terrorism in the country. The attacks on the servicemen were carried out with teams of assassins descending on the target, in one case, as many as 15 people. One Filipino civilian, who attempted to come to the aid of an American, was also killed.

The day after the Americans were killed, NPA guerrillas hit U.S. firms in the region of Cagayan de Oro City, including a Pepsi Cola plant in Barangay Tingaw, a Del Monte pineapple cannery in Barangay Bugo; and a Del-Monte-Philippines packing plant.

On Oct. 30, NPA hit squads in Manila claimed the lives of seven people, including a police officer famed for his anti-drug work.

On Nov. 2, five heavily armed men attacked and disarmed two security guards protecting housing in Angeles City, where many U.S. servicemen live, in a typical NPA weapons-seizure operation.

On Nov. 4, police disarmed a bomb at the slated site for

the December ASEAN summit in Manila, which represented an attempt to make it impossible for ASEAN to meet in the Philippines, to the embarrassment of the Aquino government.

Although the NPA denied responsibility for the Oct. 28 murders, subsequent events point to NPA culpability. During the week of the assassinations, four members of the NPA's National Democratic Front were arrested in Angeles City. Policemen found on their premises documents outlining a plan for the murder of Americans, called "Amerto"—an acronym for "Americans Targets of Opportunity." The confiscated documents included a guide for urban assassination.

On Nov. 6, the National Democratic Front issued a release warning the "United States government to stop meddling in the internal affairs of the Filipino people, or pay a high price . . . in terms of American lives and property." The statement accused the U.S. of aiding the Aquino government in waging a "total war" against the insurgency. "All U.S. military and civilian officials and personnel involved in carrying out the total war, whether the advisers, intelligence operatives, action agents, or in other functions, are therefore targets of the attack."

The Philippine military also released a seized document that contained guidelines for surveillance of potential targets, indicating that the NPA's "sparrow units" are now operating in the same mode as their Soviet-backed co-terrorists of the Green Party et al. in West Germany. Even early in October, the Northern Luzon chapter of the NPA had held a clandestine news conference at which rebel spokesman Ruth Firmeza announced, "If there is another coup or martial law, we will hit the U.S. imperialists, all American personnel, military, diplomatic or what." The NPA has reportedly drawn up a full "hit list," that includes U.S. government officials and American journalists in the Philippines.

The attack on American servicemen further signifies that the NPA internally is no longer the "indigenous group" that has been portrayed in the press. The Communist Party of the Philippines—the sponsoring organization for the NPA—is now officially tightening its ties with Moscow, amid reports that the NPA is receiving direction from Vietnamese trainers. In mid-October, the Bicol military command began receiving reports from residents that submarines had been delivering high-powered arms to NPA rebels through the Caramoan Peninsula in Camarine Sur. There is even speculation that the Oct. 28 assassinations of the Americans were carried out by Soviet spetsnaz—special forces—dropped off and then picked up again by Soviet subs.

Speculation that the terror-attack on Americans comes from "right-wing" forces who want to push the Aquino government over the brink does not detract from the fact that Soviet-directed irregular warfare has arrived in the Philippines. Moscow is looking to force the imposition of martial law or a "right-wing" military coup on Manila, thereby providing an open recruiting field for the insurgency and broad popular support for bringing the NPA terrorists to power.

The Luchoire affair: 'Irangate à la française'

by Laurent Rosenfeld

The French political scene was rocked in the first week of November by a scandal at first dubbed *l'affaire Luchoire*, but already better known as "Irangate à la française." It was revealed that at least half a million heavy artillery shells had been sold to Iran, via various indirect means, by the Luchoire company, with the complicity of very high officials in the defense ministry and other agencies of the former Socialist government. This, despite an official ban on weapons exports to Iran decreed in the spring of 1980, and reaffirmed many times in subsequent years.

Many scandals have broken out in France in recent months, hitting both left and right. But all were minor matters of corruption, or abuse of authority or administration which affected the careers of only a few individuals. The Luchoire affair is more serious: Arms sales to Iran are in contradiction to all the diplomatic commitments and stated aims of French foreign policy. Other nations must ask: Who really is France in the international arena?

Luchoire is a private industrial company producing, among other things, weapons and munitions, with gross annual sales of 2 billion francs (\$380 million). The secret sales to Iran were first publicly exposed on Jan. 6, 1986, in an article in *Le Quotidien de Paris*, and then again on Feb. 18, 1986, with more details, in an article published in *La Presse de la Manche*, a small regional newspaper. The defense ministry of the new Gaullist government launched an investigation in March 1986. Luchoire had sold heavy artillery shells to Iran during the years 1983-85, when any sales of weapons to Iran were illegal.

The revelation mushroomed into a major scandal when two French magazines Oct. 31 revealed that, according to a confidential report leaked to the press, the sales had benefited from high-level government complicity, and, unconfirmed, that royalties had been paid to the French Socialist Party, then in power.

Revelation followed on revelation, until on Nov. 4, the Paris daily *Le Figaro* was able to publish the complete confidential report on the arms sales. This report, written by Armed Forces Comptroller General Jean-François Barba, was completed on June 6, 1986. Judge Michel Legrand, in charge of the investigation of the Luchoire affair since it was

launched in March 1986, was told the contents of the report, but it remained classified. After the various leaks, and ultimately, its publication, Defense Minister André Giraud declassified it.

The contents of the Barba report

Barba first describes how, after the first press revelations of early 1986, Socialist Defense Minister Paul Quilès filed a suit against Luchoire on March 13, 1986, only three days before the elections that kicked the Socialists out of government. A few weeks later, shortly after Jacques Chirac had formed his new cabinet, the new defense minister, André Giraud, asked Barba to launch a preliminary defense ministry investigation, parallel to the justice ministry investigation. Barba was able to interrogate Daniel Dewavrin, head of Luchoire, and a number of high-level civil servants and other officials from the defense ministry, customs, the secret services, and other institutions that monitor weapons trade.

It turned out that, between 1983 and 1985, Luchoire had sold to Iran, either directly or through Italian subsidiaries, at the very least:

- 473,704 155-mm shells;
- 55,000 203-mm shells;
- 120,000 explosive charges;
- 120,000 fast-burning fuses.

This is quite an extraordinary amount, to which we must add an unspecified number of 105-mm shells.

Even more damning for the Socialist government, by no later than 1984, the Directorate of Defense Protection and Security (DPSD) had called the attention of the ministry to irregularities in Luchoire's exports. For example, on Jan. 24, 1984, the DPSD warned that the sale of 20,000 105-mm shells and 20,000 155-mm shells "to Ecuador" did not correspond to the needs of the Ecuadorian army. Again, on Feb. 16, 1984, the DPSD had reported that Egyptian law-enforcement authorities in Port Said had seized the cargo of a Cypriot freighter bound for Iran: 2,000 tons of munitions, including 40,000 155-mm shells from Luchoire.

Another case might even be considered funny, were it not for the people who have been killed in connection with the traffic; an export license was granted for the sale of 55,000

203-mm shells to Thailand, which, as the secret services pointed out, does not have any 203-mm cannon.

It turns out that cargoes of 155-mm and 203-mm shells were sailing out of Cherbourg harbor to fictitious clients in Portugal, Brazil, Israel, Yugoslavia, Greece, Thailand, Pakistan, and others. It is to be noted that the end user certificates were false, and that the governments of these countries were apparently unaware of the traffic.

These exports were undertaken "according to the rules," which is to say:

1) They were duly sanctioned by the Secretary General of National Defense (SGDN), the man responsible for defense affairs on the prime minister's staff.

2) Luchaire obtained customs certificates allowing export of war materiel, which can only be delivered with the approval of the SGDN, the foreign ministry, and the defense ministry.

3) They were covered by end-user certificates—albeit, false ones.

The second part of the Barba report is an account of the interrogation of Luchaire's president, Daniel Dewavrin. Dewavrin's statements basically confirm both the nature and the magnitude of the traffic, but they also give the names of high-level civil servants at the defense ministry who were involved. Dewavrin claimed he had met one Jean-François Dubos, a close adviser to then Defense Minister Charles Hernu, who asked him not to sell weapons *directly* to Iran, and proceeded to help him set up the cover-sales to other countries. Other people were involved or knew of the traffic, including army engineer Gen. René Audran, who, some sources claim, disapproved of it, and was killed by the Direct Action terrorist organization in January 1985.

Dewavrin also reported that the financial transactions were carried out through the Italian Banca Nazionale del Lavoro (BNL), a bank linked to the outlawed, weapons-trafficking P-2 Freemasonic lodge in Italy, and to Oliver North's "Project Democracy" crowd in the United States. The BNL's board of directors includes people like Henry Kissinger and Giscard d'Estaing's premier, Raymond Barre.

Commissions, allowances, and royalties were relatively large, about 100 million francs (\$18 million), which were transferred by BNL to Swiss bank accounts belonging to various Iranian and Italian intermediaries. The transfers were authorized by the finance ministry, with the agreement of the defense ministry. It is in this context that 2.5-3 million francs, according to Dewavrin's testimony, were paid to one François Diaz, a close aide of Defense Minister Hernu. These funds, according to yet-unsubstantiated press accounts, would have gone to the black cashbox of the Socialist Party, but no money would have gone directly to the Socialist Party, according to the Barba report.

Barba then proceeds to cross-check Dewavrin's confession and concludes that he basically told the truth.

In the spring of 1984, Dubos told General Wautrin, then director of the DPSD, to "ease up on that one," adding, "You understand, Luchaire gives funds to the Socialist Party." Later, in 1985, Dubos ordered Colonel Gillet, then pro-tempore director of the DGSP, to be extremely discreet and to address his reports only to Dubos's office (i.e., not to other bodies normally involved in such matters).

Another source of information on the traffic was the DGSE, the French foreign intelligence services. The head of the DGSE, Admiral Lacoste, on Feb. 7, 1984 warned Dubos about the sales. Dubos answered, "Let them catch me, if they can." On May 21, 1984, Lacoste warned President Mitterrand, who told him to inform Defense Minister Hernu. On May 24, he discussed the matter with Hernu. The deliveries continued.

The conclusion is inescapable: The French Socialist government knew, covered up for, and most probably pushed for weapons deliveries to Iran.

The U.S. connection

The question remains: Why? Whereas France had very good relations with Iran in the time of the Shah, relations were severed shortly after Khomeini came to power. France was and is strongly allied with Iraq, and has been delivering massive quantities of weapons to Baghdad. Interestingly, those sales to Iraq also massively increased under the Socialist regime, in the 1981-86 period.

Of course, selling weapons to Iran was at the time a U.S. policy, or rather, the policy of the Project Democracy network in Washington. Clearly, one of the key individuals involved in transmitting this U.S. policy to Paris was Michael Ledeen, who happened to be not only the man in charge of France and Italy in Alexander Haig's State Department of that time, but also the go-between in relations between Project Democracy and the Socialist International in Europe, especially the French and the Italian Socialist parties.

At this stage, the following are the leading questions raised by "Irangate à la française":

1) It is known that the Direct Action terrorist organization kills on contract for various circles. Was Gen. René Audran killed on Jan. 26, 1985 because he opposed, or threatened to expose, this policy?

2) Admiral Lacoste, the head of the foreign intelligence services, who informed Hernu, Mitterrand, and others of the traffic, was forced to resign shortly thereafter in the context of the "Greenpeace" scandal. Is there a connection?

3) The weapons deliveries to Iran were stopped by the Chirac government in March-April 1986. That summer, a very intense Iranian- and Syrian-inspired terror wave hit Paris. Does this stoppage explain it?

Clearly, the affair is going to cost the Socialist Party a lot. No one knew if President Mitterrand, a Socialist, would run for reelection in March 1988. Now, perhaps he will not.

Anti-terrorism top regional priority

The fledgling South Asian regional organization breaks new ground at its November summit.

The third annual summit of the South Asian Association for Regional Cooperation (SAARC) in Kathmandu on Nov. 2-4 saw further steady, if slow, progress by the heads of state of seven culturally similar but politically diverse states, to cooperate to maximize the social, economic, and diplomatic resources of the region as a whole.

Perhaps the most surprising development, and a measure of the group's resolve, was the conclusion of a regional convention on the suppression of terrorism which defines the content of bilateral extradition agreements among the various nations.

The convention identifies acts of terrorism, and no offender would henceforth be able to exempt himself from prosecution on grounds that he was motivated to violence for political reasons.

It also prohibits the use of a nation's territory for terrorist activities against other countries. At the same time, the contracting states are not obliged to extradite if they judge the request to be trivial or in some way not in good faith.

They may in that case prosecute the offender according to their own national laws.

Though the convention is in fact rather flexible, its adoption is important in light of the fact that the region's ethnic diversity, generally indifferent to national borders as it is, has long provided opportunities for subversive meddling among the neighbors.

By the same token, SAARC member nations have found it almost im-

possible to agree with each other on specifics when it comes to how they define "terrorism."

Undoubtedly the breakthrough made by Indian Prime Minister Rajiv Gandhi and Sri Lanka President Junius Jayewardene on the bilateral accord to end the terrorism and ethnic strife on that island nation, which had spilled over into India's southern state of Tamil Nadu, was the key to moving this item on the agenda.

Another milestone of the summit was the decision to create a 210,000-ton food security reserve, consisting of wheat and rice stocks specifically earmarked and scientifically stored by the SAARC member-nations in the event of emergency requirements by any one of them.

Each member pledged to store a certain amount of foodgrain, according to its capability.

Third, a study on the protection of the environment and the mitigation of natural disasters was commissioned. Certainly existing studies, if not simple observation, point clearly to the urgency of reversing the ecological devolution that has been prompted by a persisting lack of power and basic infrastructure in this densely populated region.

But, as some commentators here have pointed out, one more study may not be appropriate, when it is, in fact, the absence of tough action on the ground that has proved the main obstacle.

The SAARC heads of state also decided to explore prospects for inter-action with similar regional organiza-

tions at the end-December meeting of member-nation foreign secretaries in New Delhi. The proposal had been made by Pakistan Premier Junejo that SAARC initiate a dialogue with the Association of Southeast Asian Nations (ASEAN).

A host of other issues, including some contentious items Pakistan's proposal to declare the region a nuclear-free zone, opposed by India, were tabled for future discussion. Also tabled was India's proposal for the inclusion of Afghanistan in SAARC, an action desired by the Kabul government, but supported in SAARC only by India. These issues of contention—which all revolve around super-power presence in the region—did not succeed in diverting discussion from the more productive question of regional economic cooperation.

Though nothing concrete has yet emerged, exploration of possibilities for collaboration in industry, trade, money, and finance has begun under the prodding of India, Sri Lanka, and Bangladesh.

Debate arose over Bangladesh's proposal to establish a multisectoral financing facility to channel foreign capital into regional projects. India's strong objection to reliance on foreign funds resulted in referring the matter to a SAARC experts group, for transformation into an outline for a regional project development facility with strictly delimited conditions for seeking outside assistance.

Expansion of the group's cooperation into the economic sphere is seen by India as essential to fully utilize the complementarities and comparative advantages of the member-states.

"In the ultimate analysis," as Indian Minister of State for Foreign Affairs Natwar Singh stated, without cooperation in economic areas, "regional cooperation itself cannot be sustained and nurtured."

Sweden's security police under fire

A parliamentary commission threatens to tear up what is left of actual intelligence capabilities.

After the escape of Soviet spy Stig Bergling on Oct. 5 had forced the sacrifice of five Social Democratic justice officials—among them the justice minister—the Swedish cabinet announced on Nov. 1 that a parliamentary commission will investigate the Secret Police (SÄPO). The issues involved were the murder of Primer Minister Olof Palme, Bergling's escape while on leave from prison (see *EIR*, Oct. 30, 1987), and the failure to cooperate with "other authorities," i.e., the Social Democratic regime.

Commission chairman will be Sweden's current ambassador to France, Carl Lidbom. A former cabinet minister, Social Democratic insider Lidbom is responsible for the creation of a new Swedish technical term, "Lidbomeri," referring to a monstrous way of messing up the legal system and the notion of law during his tenure in the justice department.

The SÄPO commission, and the sinister intent signaled by Lidbom's appointment, created a wave of worried statements. After all, relative to what you can expect in the virtual one-party state that the Social Democrats have made of Sweden after their 1932 ascent to power, the SÄPO has been a significant thorn in the side of Soviet attempts to take over the country within, at least since Hans Holmér quit his 1970-76 sojourn as SÄPO head to become Stockholm chief of police.

It was after Holmér quit that the hunt began for a Soviet mole known to exist within the SÄPO. In 1979, Bergling, the spy who just escaped, was arrested. A complete reorganization was required, and resulted, be-

ginning 1982, in repeated expulsions of Soviet spies operating as diplomats. Where previous Swedish counter-operations were blown by Bergling, the spies could now be caught red-handed.

A new Russian section of SÄPO's counter-espionage division was hand-picked, whose officers were trained in classical philosophy, and the history of music and literature, to break up bureaucratic inertia, and permit new, creative ideas. The studies included the methods of the Soviet intelligence services. Special pride was taken in expelling a new group of Soviet spies on about Dec. 20, the anniversary of the 1917 founding of the Cheka, the first secret service of the Bolshevik dynasty.

The success, to some minds, was too great. As five Czech spies were expelled on May 30, 1986, the government kept the incident under wraps. When the story was leaked in the press of April 2, Foreign Minister Sten Andersson was furious. Both he and Foreign Affairs Undersecretary Pierre Schori denied the Czechs had spied for the Soviets, despite the fact that their targets were naval objects, of no interest to landlocked Czechoslovakia.

Svenska Dagbladet on Nov. 3 recalled that Foreign Minister Andersson "has openly declared that he doesn't fully trust the SÄPO. The cabinet has been irritated by leaks to the press, inadequate knowledge of right-wing extremist groups, and poor understanding of foreign policy." It is known that SÄPO has expended great resources on detecting a possible Swedish "Arne Treholt." Treholt is the

Norwegian Social Democrat caught as a Soviet spy employed in the Oslo foreign ministry.

Indeed, the Social Democrats have tried for years to "bring SÄPO back under control," and into conformity with the political intelligence networks of the Social Democratic Party (SAP). This unofficial SAP intelligence organization, believed to be run by Andersson and Schori, is nicknamed SAPO, as distinct from SÄPO. Lidbom, no doubt, holds a high rank within SAPO.

Asked whether the commission chairman ought not to be independent of party politics, Lidbom claimed he "cannot understand why it would be a disadvantage in this context to be a Social Democrat. . . . The cabinet, regardless of its political color, must know that it can trust SÄPO." Lidbom asserted that "one issue which one must think about, I imagine, is whether SÄPO will remain a department of the National Police Board, or whether it should get a more independent [sic] position, and its connection to the cabinet be made shorter and more direct." The most "independent" SÄPO, Lidbom seems to think, is one merged with SAPO!

Quoted in the Nov. 3 *Svenska Dagbladet*, a SÄPO official said, "We have long heard that the cabinet wants a stronger steering of SÄPO, and now this proves to be true." P.G. Vinge, SÄPO head until 1970, stressed that the idea 20 years ago of making SÄPO a department of the National Police Board, was making it politically independent. And Gösta Bohman, former Moderate Party chairman and a member of the National Police Board, stated that "SÄPO must keep a strong integrity and be independent of the cabinet." Lidbom "is an inappropriate chairman." Why? "That I'm not going to say in public."

The cannibal factor

PRI presidential candidate Salinas de Gortari has surrounded himself with disciples of the French school of "cannibal socialism."

A nest of socialist agents on the campaign team of Carlos Salinas de Gortari, presidential candidate of the ruling PRI party, is the subject of intense scrutiny on the part of political and media circles—the result of a study document commissioned by the Mexican Catholic Church for circulation and discussion at its Oct. 31 Bishops' Conference. That paper, written by Alfonso G. Bravo Mier and entitled "Profile of Salinas," comments upon the influence of "French socialism" on the ideology of the man slated to be the next President of Mexico.

Referred to by the Mexican press as "the bishops' document," Bravo Mier's report emphasizes the case of José Córdoba Montoya, born in France of Spanish parents, who "was the main adviser to [French President François Mitterrand], and is now the chief of the PRI candidate's advisers." The document reviews the links of Salinas de Gortari with French socialists, dating back to his Harvard years of 1973, 1976 and 1978, "years in which various Frenchmen belonging to the so-called 'school of rigor' lodged at that study center."

The true nature of Córdoba Montoya's "socialism" can be more specifically defined. In the mid-1970s, Córdoba Montoya worked closely with the head of Mitterrand's advisory team, Jacques Attali, whose book *The Cannibal Order* became a best-seller among French existentialists, and triggered a psychotic wave of "youth cannibalism" in the early 1980s.

Coming out of the leadership of

the French Socialist Party and Algerian Nazi-communist circles around exiled former Algerian President Ahmed Ben Bella, Attali's "anthropological" notion that the Christian sacrament of Communion is a carryover of ancient practices of cannibalism, situates him in the satanic gnostic tendency of Jacques Soustelle, whose works inspired Peru's Shining Path terrorists, among others.

"To eat another in order to live is the human strategy against evil," says Attali in his book. Cannibalism is "the first of the therapeutics," he adds. "In a world of misery and fear, far from being the madness of men, the eating of life is a sign of immense wisdom, an excellent means of finding proteins, of inoculating oneself against certain diseases. It is also an excellent means of getting rid of collective hysteria about the world's dangers."

Attali's book is not an anthropological study of the past. It is a proposal for a new fascist order, in a world governed by the austerity conditionalities imposed by the International Monetary Fund on the underdeveloped debtor nations.

It is no accident that Attali's disciple Córdoba Montoya is identified in the Mexican press as a "neo-liberal monetarist." He is notorious for publishing articles in the newspaper *La Jornada* defending the Mexican strategy of loyalty to the creditor banks—the strategy which has led to crushing austerity, industrial collapse, hunger, and the outbreak of epidemic disease in Mexico in the last year.

Córdoba was "recruited" to the team of Carlos Salinas de Gortari by Francisco Gil Díaz, the former director of income policy at the finance ministry who, together with Francisco Suárez Dávila, the current deputy minister of finance, proposed the use of Mexico's reserves to "buy" part of the country's foreign debt at the "market price." This is the new looting phase proposed by the bankers, as revealed by Thomas Enders, executive director of the Salomon Brothers investment house, to the Argentina daily *La Nación* of Oct. 31.

Not accidentally, this is also the "new and brilliant" idea of the Socialist prime minister of Spain, Felipe González, offered during his recent tour of Ibero-America. Córdoba Montoya is a personal friend of Felipe González.

Significantly, the document circulated at the Mexican Bishops' Conference points out that the socialists within Salinas de Gortari's team, controlled by Córdoba Montoya, are the heirs of the late social democrat Jesús Reyes Heróles, "the last ideology of the Mexican political system."

Particularly noteworthy in this nest of gnostics is Otto Granados Roldán, the current secretary of information and propaganda of the PRI; Patricio Chirinos Calero, the PRI's electoral secretary; Miguel López Azuara, Otto Granados's lieutenant; and others in various positions of control of the PRI machinery and of various ministries, such as Manuel Camacho Solís, urban development and ecology minister.

Possibly confused by the combination of "liberal" economics with the "socialist" ideology of Salinas's "cannibal faction," the authors of the Church document defined the PRI presidential candidate's beliefs as "Jacobin liberalism mixed with socialism."

Communists, mafia, bankers converge

The Communists' new-found political strength, thanks to austerity, is a threat to Colombia's military and constitution.

No matter who turns out to have assassinated Jaime Pardo Leal, the head of the Patriotic Union (UP) electoral front in Colombia, the tangible result of his death has been the enthronement of that Communist Party-linked movement as the most popular political force in the country. The murder has launched a process that may end up seeing the Communists, aided by the drug mafia and international financiers, destroy the institutions and nation of Colombia.

As the Oct. 22 edition of *Voz*, the Colombian Communist Party newspaper, stated, "The assassination of Jaime Pardo Leal, rather than producing the retreat of the Patriotic Union, has launched it into the leading role in the current political scene."

The UP and its new leader, Bernardo Jaramillo Ossa, have already succeeded in forcing the government to meet its principal demands. For example, during the funeral for the assassinated UP leader, Jaramillo Ossa demanded "immediate dialogue" "without conditions" with the Communist guerrilla group, the FARC. Two weeks later, the Barco government renewed dialogue with the FARC, dropping its conditions of guerrilla disarmament and demobilization. Earlier government dialogue with the FARC had collapsed after a series of bloody FARC ambushes of army personnel in ceasefire zones.

Also during Pardo Leal's funeral, both the UP and Communist Party Secretary General Gilberto Vieira had demanded that the government name

a civilian to the post of defense minister, to replace anti-terrorist hardliner Gen. Rafael Samudio Molina, whom they accused of responsibility for Pardo Leal's murder. On Oct. 29, newspaper columnist Enrique Santos Calderón wrote in a scandalous article—afterwards denied by everyone, including him—that President Barco had suggested to the high military command that they accept a civilian minister.

The UP has also become the standard-bearer for "reform" of the Colombian constitution. Taking advantage of the terror and hysteria among the Colombian population as a whole, especially among labor, political, and intellectual figures who have been targeted by the Communist terrorists for eradication, the "non-terrorist" Communists have strongly promoted the idea of a constitutional reform as a supposed solution to the crisis of violence in the country.

Recently the Bogota city council held a meeting of councilmen from around the country to discuss a possible reform of the constitution. The event heard written presentations from President Barco and Cardinal Alfonso López Trujillo, among others. It was organized up front by Bogota City Councilwoman Clara López Obregón, but the man orchestrating behind the scenes was Communist Party Councilman Carlos Romero.

The other promoter of constitutional reform is former President Carlos Lleras Restrepo, the most faithful representative of International Mone-

tary Fund/World Bank colonialism in Colombia.

From inside the government, individuals such as presidential secretary Germán Montoya and Gustavo Vasco, the most important of the presidential advisers, are also pushing a constitutional reform. They would like to turn Colombia into a Hong Kong-style money-laundering machine, as the IMF prescribes. That happens to be just what the drug mafia would like, too.

Perhaps the best example of this "convergence" between Colombia's Communists, the drug mafia, and the agents of the international banks can be seen in their alliance against the armed forces. The Communists' *Voz* on Oct. 22 proudly published a document, by "technicians" of the finance ministry for presentation to the Congress, arguing against the high military command's petition for a budgetary increase for the armed forces. According to the document, the ministry technicians recommend that the deteriorated equipment of the armed forces be "maintained," with no new acquisitions of "sophisticated" and "modern" matériel, so as to "not contribute to an aggravation of exchange problems" and the "balance of payments."

Thus, while the UP, the Communist Party, the drug mafia, and the FARC escalate their campaign against "militarism," the bankers' agents in Colombia assist their campaign by tightening the austerity tourniquet.

This situation is not at all strange. President Barco's main adviser, Gustavo Vasco, is one of those eccentric millionaires who was a member of the Communist Party some years ago, and an intimate of Gilberto Vieira, today the secretary general of the Communist Party. Both are descendants of some of the country's oldest oligarchical families.

Mayor Zaragoza caper at UNESCO tickles the Soviets . . . pink

by Mark Burdman

A great deal of hot air has been ventilated in the Western liberal press, that the victory of Spain's Federico Mayor Zaragoza over Senegal's Amadou Mahtar M'Bow, as nominee for General Secretary of UNESCO, is a victory for the West. In this classic dog-and-pony-show, M'Bow has been portrayed as the favorite of the "Soviet-Third World axis," in contrast to Mayor's Western orientation and backing.

The first rule-of-thumb, of course, is that UNESCO is, from top to bottom, a gnostic organization, set up in the late 1940s by Julian Huxley, who, along with brother Aldous, was a mentor of the "New Age" movement. If "Westerner" Mayor's victory is to further the reintegration of Britain and the United States into UNESCO, so much the worse.

But that's not the whole story. Mayor himself is an important asset of the Soviets, who propagandizes openly on behalf of the policies of Mikhail and Raisa Gorbachov.

The basics of Mayor's curriculum vitae were documented by *EIR* Oct. 9 ("Was Soviet Culture Fund's Ustinov complicit in Gandhi murder?"), in the context of reporting Mayor's role in building the infrastructure, on behalf of pro-Soviet actor-director Peter Ustinov, of a branch of the Soviet Culture Fund, known as the Issyk-Kul Forum. During the same week of Oct. 19 that Mayor was winning his UNESCO nomination vote, Ustinov was hosting the first Issyk-Kul Forum meeting in the West, in Switzerland, from Oct. 19-21, capped off by a press conference at the U.N.'s Geneva headquarters on Oct. 22.

It is safe to say, that Mayor's victory is one piece of a larger story. In the past weeks, the Soviets have, with much intensity, been supporting the strengthening of United Nations one-world federalist institutions. The evident aim is to cultivate the U.N. as the core of the apparatus for what is intended to be the global bureaucracy of the Soviet Empire ("Third and Final Rome").

They are hardly being subtle about their aims. In the case of the UNESCO vote, the Soviets did not back up M'Bow in the several initial tallies, but abstained. In the last tally, they voted for Mayor Zaragoza. During the week of Oct. 19, when Mayor's nomination was being voted up, a top official of the Russian Orthodox Church attended this year's UNESCO

General Conference, the first time in history an ROC influential has done this. Metropolitan Yuvenaly, one of the five top officials of the ROC, came to Paris for the meeting. His aim? According to the Oct. 20 *Times* of London, "One of the main reasons for his attendance is the Soviet wish that UNESCO should celebrate Christianity's 1,000 years in Russia next year." This millennial celebration is the highlight in Moscow's push toward becoming the Third Rome.

East-West neo-malthusian order

In many other ways, the Soviets have been openly embracing the U.N. The most obvious "signal," not so significant in terms of the money involved as it is on the political side, is that, during September-October, the U.S.S.R. suddenly decided to reverse earlier policy, and pay an estimated \$195 million in dues it owes to the U.N. Ernest Obminsky, the Soviet foreign ministry's director of the Department of International Economic Organizations, told the *Jerusalem Post* in New York Oct. 19, that the reason is that "the U.N. is a universal body, and all nations should have a common responsibility. . . . If all countries pay their obligations, we'll have an effective international system."

Obminsky added that the U.S.S.R. would be "ready for formal contacts" with the World Bank and the International Monetary Fund, even if the U.S.S.R. would not be joining these organizations for the moment.

During September, Gorbachov used the forum of the United Nations General Assembly, to propose his grand scheme in which more disarmament (of the West) would be necessary, to divert funds into "development." This has since become a main theme of Soviet initiatives and propaganda, including at an Oct. 20-21 conference in Moscow, of the United Nations Committee on Trade and Development (UNCTAD), on the theme, "peace, trade, and development," which featured participation from representatives of the Socialist International, including Venezuela's Carlos Andrés Pérez and Britain's Stuart Holland.

A similar theme was elaborated by Gorbachov in his Sept. 17 article in the Communist Party paper *Pravda*, where he also called for some kind of U.N.-centered international pol-

icy body, to define paths and trends in world events.

The latter idea was expanded by the U.S.S.R.'s Alexander Ignatov, of the Novosti news agency, in a letter to the London *Financial Times*, which appeared Oct. 30, under the title, "Enhanced Role for U.N." Ignatov pointed to Gorbachov's September article as a "doctrine for communication. . . . Common problems can only be resolved by a common approach. . . . The Soviet Union has attempted to be as practical as possible. As far as the U.N. is concerned, this means not simply a peacekeeping role in time of conflict. Mikhail Gorbachov suggested the creation of a multilateral centre at the U.N. for lessening the war danger."

Of most importance in Gorbachov's article, Ignatov stressed, "was the idea of setting up a World Consultative Council, under the U.N. auspices, to bring together the world's intellectual elite. Something like a club of the most experienced and knowledgeable people. Who could form part of it? Prominent scientists and scholars, representatives of international organizations, personalities engaged in cultural activities, literature and art, politicians and public figures, eminent church leaders.

"To begin with, such a 'council of wise men' could do much to build up the intellectual and ethical potential of world politics. It could broaden its scope to include important questions of the development of society, morals, science and technology. . . .

"It is clear from the response to this February's international forum in Moscow, that there is a large body of goodwill waiting to be tapped."

The February 1987 forum sponsored by Gorbachov, reminded many of the 1930s fellow-travelers' pilgrimages to Moscow for "peace" conferences, "anti-imperialist" cultural events, etc. One of the more frank visitors, Western gnostic-homosexual writer Gore Vidal, later told the *International Herald Tribune*, on June 26, that he had received an enthusiastic response from Gorbachov, for the idea of forming a U.S.-Soviet alliance to defend the white race, against the increasing power of Asians and others from south of the Tropic of Cancer! Since the same Vidal had, during a March 23 lecture in Sao Paulo, Brazil, called for reducing the world's population to 2 billion people, his frankness only exposes the real design beyond this Soviet one-world federalism.

The essence, indeed, is to create a neo-malthusian world order, in which the Soviets coopting more and more direct control of the global neo-malthusian movement (ecologism, environmentalism, "green" ideology, etc.) Gorbachov's "council of wise men" would, in reality, amount to a super East-West Club of Rome, run by the Soviets via the United Nations and related "international organizations" bodies. It would be abetted by existing Soviet-run bureaucracies in the World Health Organization, UNICEF, and others.

Federico Mayor Zaragoza is a member of the Club of Rome. An Oct. 30 letter to the *International Herald Tribune*, welcoming his nomination as general secretary, was written

by former UNESCO deputy director John E. Fobes, "as a fellow member of the international Club of Rome."

Prigogine, Frolov, Esalen, and Toynbee

One insight into the epistemological basis of this East-West neo-malthusian world order is Mayor's recent revelation to a journalist, that scientists and philosophers in the UNESCO circuit, were influenced by one scientist above all others, Ilya Prigogine. Also a member of the Club of Rome, Prigogine is a Russian-origin professor of international renown, who has built his fame on a jesuitical construct, according to which the world contains negentropic systems, which are living, or open, and which live on the entropy of other, non-negentropic systems, by pouring energy out from them. Translated into simpler language, the essence is that life processes live off death, and that the more life there is, the more is entropy, or breakdown, advances.

Last August, Prigogine was a special guest at a conference in Moscow, of the International Congress on Logic, Methodology, and Philosophy of Science. The Soviet host for this event was Ivan Frolov, former editor of *Kommunist* magazine, and a top Soviet liaison to, and controller of, eco-green groups. He has served, in recent months, as president of the "Eco-Forum for Peace," a group founded and based in Varna, Bulgaria, and which has brought segments of the global eco-green-peace movement under operational East bloc intelligence service control. Frolov is a leading light in the Soviet "systems analysis" mafia, whose head is "global systems analysis" chief Dzherman Gvishiani, a Soviet Club of Rome member who also directs the International Institute of Applied Systems Analysis (IIASA) near Vienna, Austria.

For years, the cult-creating Esalen Institute has had a "back-channel" into that part of the Soviet intelligence apparatus involved in parapsychology, New Age gnostic cults, etc., and which uses Esalen, to "play back" gnosticism, irrationalism, mysticism, and drugs into the West.

Esalen is one of the agencies behind the 1960s rock-sex-drug counterculture. It was founded with help from the following individuals, among others:

- Paul Tillich, post-World War II mentor of Harvard Divinity School, who helped make the latter institution a hotbed of support for the Russian Orthodox Church, and who was a bitter opponent of scientific and technological progress, including the U.S. space program.

- Aldous Huxley, brother of UNESCO's Julian Huxley, and the single most important inspirer of the CIA's MK-Ultra and mass drug experimentation in the United States.

- Arnold Toynbee, one of the most important philosophical influences on the liberal-gnostic branch of Britain's establishment. In the postwar period, Toynbee foresaw the necessity of the world's population acquiescing in a one-world dictatorship, likely based out of Moscow. He also frequently advocated a spectacular reduction in the world's population.

International Intelligence

Bust Medellín drug cartel transport network

U.S. Customs Service authorities announced on Nov. 5 the capture of members of a criminal organization which is charged with smuggling cocaine and marijuana for the Medellín Cartel, headed by "jet set" financiers Pablo Escobar Gaviria and Jorge Luis Ochoa, and the brothers Fabio and Juan David, together with Rafael Cardona Salazar.

The organization is accused of smuggling at least 60,000 pounds of cocaine in the past four years. It had been working for the Medellín Cartel since 1982.

The indictment names 30 persons, including Michael Munday and James Coley, who had direct dealings with the Medellín Cartel leaders. Also named is Palm Beach Gran Prix racing promoter Lloyd Frink. Only the latter two are under arrest. Munday made a bold escape in September 1986 at Lakeland Airport, when agents surrounded a hangar and tried to detain him. Munday aimed a flare gun at 55-gallon gasoline tanks stored near a plane loaded with cocaine, which allowed him to escape.

According to the indictment, the drug-trafficking organization possessed highly sophisticated equipment for evading law enforcement, utilizing for example infrared "lighthouse radios" to sink cocaine cargoes in the sea, and later using rapid launches to recover the cargo and smuggle it into North American territory.

They had set up an observation station to watch the patrol boats of the Customs and Coast Guard, and had a sophisticated radio communications network, keeping in constant touch with their airplanes, boats, and contacts in the Bahamas and Colombia.

The cocaine cargoes came from Colombia in airplanes, under the cover of tourist flights, dropping the drug cargoes in the waters of the Bahamas. The track which led to the arrests was that the group contracted for the construction of "infrared lighthouse signals," with the same contractor who makes them for the Customs Service.

The arrests could be a harsh blow to the

drug mafia, but once again the heads of the Medellín Cartel are walking away free, since the extradition treaty between Colombia and the United States has been annulled (see article, page 6).

Peru asks U.N. to fight drugs and terrorism

The government of Peru on Nov. 2 presented United Nations Secretary General Javier Pérez de Cuéllar with a proposed "Plan Sierra," to promote agricultural development in regions plagued by terrorism and the drug trade, and to achieve the prosperity of peasant communities.

Peruvian Agriculture Minister Remigio Morales Bermúdez, who proposed the plan, told reporters that its objective is "pacification through agricultural development." "Development of the agricultural communities and their economic integration is the new name for peace," he said, paraphrasing the famous encyclical of Pope Paul VI. "The Shining Path [Sendero Luminoso narco-terrorists] is today stronger in the coastal cities than in the Andean Trapezoid," he said, since the peasants there "have accepted the formula of development and rejection of violence."

The plan calls for \$450 million in investments from the international community, over the next five years, to fight narco-terrorism.

Chirac discusses PLO in state visit to Israel

French Prime Minister Jacques Chirac made a state visit to Israel Nov. 1-3, the first ever by a French head of government. Before leaving, he told the French Jewish monthly *L'Arche*, "The Palestine Liberation Organization is a reality that cannot be ignored. For years Europe, including France, has maintained this, recommending that the PLO be brought into the peace negotiations."

In a meeting with Chirac on Nov. 1, Israeli Prime Minister Yitzhak Shamir made

what the *Jerusalem Post* Nov. 2 called "a seemingly conciliatory gesture," when he indicated interest in negotiating with Palestinians who "recognize Israel and renounce terrorism." Shamir described his meeting with Chirac as "more than friendly, almost intimate."

Middle Eastern sources report that Shamir and a certain policy bloc in the Herut-Likud Party, linked to former Prime Minister Menachem Begin and opposed to Trade and Industry Minister Ariel Sharon, are in the midst of a policy shift, toward greater openness for discussion with elements in the PLO.

KGB 'evidence' disputed in Demjanjuk trial

Expert witnesses testifying at the trial in Israel of John Demjanjuk dispute the government's charge that he is "Ivan the Terrible," the brutal guard of the Nazi Treblinka concentration camp, maintaining that the evidence against him, which comes from Soviet sources, is fraudulent.

Demjanjuk, a naturalized U.S. citizen and autoworker from Cleveland, was sent to stand trial in Israel, as a result of collaboration among the U.S. Department of Justice's Office of Special Investigations (OSI) and Soviet and Israeli authorities.

On Nov. 3, Count Tolstoy, head of the British-based Association for a Free Russia, said that the "identity card" provided by the Soviets "would excite the gravest suspicion in any fair-minded historian's mind." The Soviet official who provided the document, he said, Alexander Rudenko, was trained in document forgeries under Stalin. The Soviets, he said, refused to give the U.S. authorities sufficient time to examine the "identity card," and refused to give it to Israel until Armand Hammer intervened.

When defense counsel asked Tolstoy if he thought Hammer were involved in a plot against Demjanjuk, the judge refused to allow the question: "We will not allow a trial to be conducted against anyone but the accused."

The week before, a defector from the

KGB, Avraham Shifrin, was called as a defense witness. "Most of the KGB's work is based on forgeries," he said. The KGB and the Soviet authorities had a vast array of operations against Ukrainians, he said, and they harbor extreme animosity against the Ukrainians. Shifrin's testimony was belittled, not only by prosecution counsel, but also by the judge.

250,000 Argentines may be AIDS-infected by 1991

The Argentine publication *Somos* reported on Oct. 28 that the World Health Organization estimates that there will be a quarter of a million Argentines infected with the AIDS virus by 1991. The report has created a storm of controversy, as the WHO's office in Buenos Aires appears to doubt the story's veracity, and Argentina's health ministry says the figures are exaggerated. Dr. María Elena Estévez of the National Academy of Medicine considers them accurate.

Moreover, there is no agreement as to how many cases there are and how many people are infected. WHO's figures are low, with only 78 cases, while the health ministry reports 122 cases of AIDS. Dr. Estévez reports estimates of 200 cases of AIDS, 2,000 cases of AIDS-Related Complex, and 20,000 people infected with the virus throughout the country.

Olof Palme's murder linked to Irangate

Swedish Prime Minister Olof Palme "was murdered because he knew about, and wanted to investigate, Sweden's weapons and gunpowder deals with Iran. That I've gotten from two reliable sources," former Iranian President Abolhassan Banisadr told the Swedish daily *Aftonbladet* Nov. 3. Banisadr said that one of the sources is Iranian, the other European. "Both say that Palme was killed as a direct result of his knowledge of the arms deals between Sweden and Iran."

Banisadr added that he does not know *who* killed Palme, just *why*. Banisadr has not yet been questioned by the Swedish police, who, however, express their interest in doing so.

In a related development, a scramble is on in Sweden to keep the lid on the scandal that arose over charges that Joel Haukka, an operative involved in the investigation of the Palme assassination, is an agent of the Soviet KGB. Haukka, who is of Estonian origin, is known for pushing the discredited line that Lyndon LaRouche's associates in Sweden were responsible for the murder.

Swedish State Prosecutor Ola Brogrem was summoned recently to a secret conference at the foreign ministry, whose purpose was to protect Haukka from prosecution, according to reliable sources inside the Swedish establishment. Among those present was the ministry's number-two man, Pierre Schori. According to these reports, the prosecutor was ordered to drop the investigation.

Bishop condemns 'free condom' plan in Peru

Monsignor Alfredo Noriega, president of the Commission for the Family of the Peruvian Episcopate, denounced "Operation Condom," the anti-AIDS program organized by Dr. Gotardo Aguero of the health ministry.

Speaking at the First Peruvian Congress of Natural Family Planning at the end of October, Monsignor Noriega rejected the proposal to dispense condoms to high school students, prostitutes, and slum-dwellers, to control the spread of AIDS.

Dr. Aguero, president of the Peruvian AIDS Commission, defended the government's program on Nov. 2, saying that "the condom is the only scientific weapon that we have up to now." Operation Condom will begin with the free distribution of 100,000 condoms to the prostitutes of Callao. Aguero dismissed the Church's opposition: "We aren't interested in the opinion of the Church. It is science that can help us overcome this terrible scourge."

Briefly

● **RAISA GORBACHOVA'S** Soviet Culture Foundation came under attack from *Pravda* on Oct. 17. The failure of the authorities to do enough to honor Russia's history and culture has led to illegal activities by "extreme nationalist organizations," *Pravda* charged. The article singled out the All-Russian Society for the Preservation of Historic and Cultural Monuments and the Soviet Culture Foundation.

● **KIM PHILBY**, the master spy, has agreed to appear in a television documentary on his life, breaking years of public silence about his 24 years in the U.S.S.R., a Latvian television spokesman reports, according to a UPI dispatch from Moscow.

● **ARIEL SHARON**, Israel's trade and industry minister, is under investigation by the justice ministry for illegally channeling money and contracts to political allies. Yisrael Katz, Sharon's assistant, reportedly told authorities that Sharon had him give some of Sharon's friends licenses to import steel.

● **THE GERMAN REFUGEES'** magazine *Der Südostdeutsche* in its October issue reviews *The Power of Reason, 1988* the autobiography of Lyndon H. LaRouche, Jr. According to the review, the book "gives clear proof his manifold scientific talent, above all in the field of economic science. But also in music, arts and philosophy, the ingenious politician is an unusual expert."

● **EDGAR BRONFMAN**, president of the World Jewish Congress, and WJC General Secretary Israel Singer traveled to Cuba early this fall, and met with Fidel Castro for five to six hours, the *Jerusalem Post* reported Oct. 29. Castro had reportedly requested the meeting. There are rumors the Bronfman crowd is playing a role in Central America peace negotiations.

Policy crisis in Washington deepens

by Nicholas F. Benton

“Perception” is pitted against reality in official Washington’s response to the unfolding financial crash. The purveyors of “smoke and mirrors” are carrying the day for now, but as the crisis deepens, the situation could radically change.

The subordination of other defense foreign policy considerations to the foolish exigencies of President Reagan’s Pearl Harbor Day summit meeting with General Secretary Gorbachov, and the current frenzy of the White House and Congress to slash the federal deficit, reflect the fact that “perception” is considered more important than reality. A lone voice opposing the budget-cutting insanity is that of Defense Secretary Caspar Weinberger, who warned, during a Nov. 5 Pentagon press conference where he announced his resignation, that the proposed cuts are “flying in the face of reality,” as represented by the nation’s national security needs.

“Perception” is the preoccupation in Washington, because it is the fixation of Wall Street, which is having its way for now. According to the remarks of one Wall Street trader during a seminar at the Heritage Foundation Nov. 4, reality is irrelevant: “To start with, you must forget reality. It doesn’t matter. All that matters is perception. And the perception on ‘The Street’ is that the government must get its act together and make major cuts in the federal deficit in order for investors to regain confidence.” He added that cutting a mere \$23 billion from the budget—as the Gramm-Rudman amendment demands—wouldn’t do it. It would have to be at least \$50 billion.

This “perception” is a mere conjure from the boardrooms of Wall Street’s financiers, like David Rockefeller, who appeared on a nationwide talk show Nov. 1 to give the world “the line” on all this, which was then translated into the headlines of the nation’s leading newspapers, and came out of the mouths of TV newscasters.

Rockefeller and friends are seeking to blackmail jittery Washington politicians into draconian measures against the domestic U.S. budget and the economies of America’s allies abroad. They expect breakthroughs, in the context of the crisis, to crack open the so-called middle-income entitlements of the federal budget. These are the programs previously deemed “off limits” even to axe-wielding politicians—Social Security, unemployment insurance, pension funds, and Medicare. They are the economic “safety net” for 39 million elderly Americans, most of whom vote, as well as millions of unemployed and disabled.

Peter Peterson, former secretary of commerce, laid out the strategy during an appearance on CBS’s “Face the Nation” Oct. 25. He said that in order for confidence in the markets to be restored, “deep and abiding cuts” in the federal budget’s “middle-income entitlements” must occur. To make it possible for politicians to engage in such unpopular work, he said, a bipartisan body should be created to do it, so neither party need take the blame, or dare blame the other for it.

Peterson’s strategy was promptly given the form of the bipartisan, bi-cameral “budget summit” the following week in Washington, to hammer out the budget cuts. And, while President Reagan went into these negotiations saying, “Everything is on the table except Social Security,” it took just over a week for him to bend on Social Security.

The bleeding-heart liberals of the White House press corps began attacking Reagan for exempting Social Security from the negotiations, beginning the stampede to demand that the President chisel a few dollars each from the nation’s 39 million old folks, in order to bail out Wall Street, as Rockefeller had demanded.

This made it possible for congressional Republicans, led by House Minority Leader Robert Michel (Ill.), to present

the President with a way to cut Social Security without appearing to back down. "Let's convince him that reducing the annual cost-of-living adjustment [COLA] of Social Security is not the same thing as cutting Social Security, itself," they schemed.

So, by Nov. 6, only 10 days after Reagan said that Social Security was non-negotiable, White House spokesman Marlin Fitzwater told the press corps that the President had "no comment" about the proposal to reduce the Social Security COLA.

Weinberger's resignation

The policy crisis in Washington is most sharply posed by Weinberger's resignation, partly because of his opposition to the mandated cuts in the U.S. defense budget. Responding to a question from *EIR*, he said at his press conference, "I question the conventional wisdom that the deficit is the big cause of whatever problems there may be. If you have to choose between deficit reduction and too low a defense budget, I would always come down in favor of worrying much more about the nation's security. . . . I don't think the vital priority is curing the deficit. I think the vital priority is to have the kind of continued, strong defense that our budgets in the last few years have given us. Nothing in the world situation has improved to the extent that would warrant our cutting back 7% one year [FY1987] and anywhere from 8 to 10 or 11% this year if the Gramm-Rudman sequestration takes effect."

He added, "You're just flying in the face of reality and playing a very risky game with the nation's security. . . . I think we really need to keep our eye on what I think is the main theme, and that is just how much do we value our freedom? How much do we want to stay free and stay at peace? We can only do that if we're strong, and that's been demonstrated repeatedly."

Asked whether his proposed replacement, National Security Adviser Frank Carlucci, could handle the Persian Gulf crisis, Weinberger said he was much more worried about the budget. He repeatedly attacked the folly of deficit reduction at the expense of national security.

At the White House press briefing the next day, reports were noted that Weinberger, in fact, had given Reagan an ultimatum in October, threatening to resign if the President signed the new Gramm-Rudman automatic sequester provision into law. According to this conjecture, when Reagan signed the bill, ignoring Weinberger's counsel, just as he did when Weinberger counseled him against selling arms to the Ayatollah, Weinberger made good on his threat.

What will Weinberger do now?

Weinberger is the acknowledged rallying point for a wide assortment of patriotic forces in the United States, Western Europe, and elsewhere. All are wondering what his next move will be.

It is virtually certain that his resignation means his immediate promotion to a status which, considering the hollowness of the administration as a whole at this moment, is in fact currently higher than that of cabinet member, a pivot for those working behind the scenes to bring needed new conceptions into the government.

Certainly, Weinberger is a likely candidate to coordinate any emergency body built around the cabinet, or sections of it, at such point—perhaps after the Dec. 7 Reagan-Gorbachov summit fiasco—that the White House's belated recognition of the current financial and economic crisis might call him back in some advisory capacity.

There are three critical policy areas that will have to be addressed:

1) **The proposed agreement on Intermediate-range Nuclear Forces (INF).** There is no way in which U.S. agreement to the presently proposed INF agreement will not be a strategic disaster for both the United States and the Western alliance as a whole.

This, Weinberger was not prepared to acknowledge. At his press conference, he affirmed his support for the treaty: "It's vital that it be ratified by the Senate, because otherwise it will be extremely difficult to keep the missiles in Europe, and the Soviets will undoubtedly not pull theirs out if the agreement is not ratified." He stressed that at the just completed NATO Nuclear Planning Group meeting in California, "We had total unanimity . . . that this agreement was a good thing and should be accepted."

2) **The SDI.** Despite administration claims of dramatic progress in research for the Strategic Defense Initiative, there are no "miracle cures" for the SDI now waiting to be applied, which could significantly outweigh the terrible damage to Western security caused by acceptance of the INF treaty. Most sources around Washington are serving as conduits for calculated deception on this point, whether wittingly or not. The one party that is certainly not deceived, is Moscow.

3) **Soviet irregular warfare.** There has been a virtual suppression of news coverage, within the U.S. news media and official channels of government, of the ambush of the West German police by Soviet-backed terrorists. This occurs, not because U.S. intelligence services do not know that this is a Moscow-directed operation, but rather because relevant persons in Washington *do* know it, and choose to play down anything which might lessen the popularity of the scheduled Dec. 7 "Day of Infamy," the summit meeting with Gorbachov.

The best hope for defeating Wall Street's magicians of "perception," lies with the political and financial shocks that are coming up fast. Imminent explosions on the financial markets will sweep away not only Wall Street's accumulated nominal paper values, but also a considerable part of the political power associated with those values. This will give the opportunity for more rational and patriotic minds to come to the fore.

Book Reviews

Terrorism is not a football game

by Carol White

Patriot Games

by Tom Clancy
G.P. Putnam's Sons, New York
540 pages, hardcover, \$19.95.

Some time ago, while flipping through the pages of the *Wall Street Journal*, I came upon a glowing review of this book. It appeared on the Op Ed page of the *Journal*, and most surprisingly, was by Defense Secretary Caspar Weinberger. Well, if he found it a "good read," that was a good enough

reason for me to reserve it at my local library branch, especially as the author's first book, *Red October*, was an extremely interesting look at submarine warfare.

The plot line of the book is adequately summarized on its jacket. It goes like this: ". . . CIA analyst Jack Ryan is vacationing in London with his wife and young daughter, when a terrorist attack takes place before his eyes. Instinctively, he dives forward to break it up, and is shot. It is not until he wakes up in the hospital that he learns whose lives he has saved—the Prince and Princess of Wales and their new young son—and which enemies he has made—the Ulster Liberation Army, an ultra-left wing splinter of the IRA."

The action centers around the terrorists' attempts to get at the Royal Family, coupled with their attacks on Ryan's own family, and how these are foiled. The book is certainly lively, but its major premise is seriously flawed. Why then did Secretary Weinberger find it worthy of review?

The book has little to say of interest about terrorist activity itself, although it implies that all terrorism is a sociological phenomenon. While the terrorists get military training in Libyan camps, it is implied that the various grouplets function independently. The reality of how terrorist groups are utilized by the Soviets as an irregular-warfare extension of their military capabilities is not even suggested; nor is the fact that the U.S. intelligence community also runs various

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“radical organizations” or penetrates them, for its own purposes.

The title of the book, *Patriot Games*, is not satirical, as this concluding passage makes clear. Prince Charles and Ryan are discussing terrorism, having just subdued the terrorists. The Prince says: “I wanted to ask them why. . . .”

Ryan answers: “I guess maybe it comes down to justice. If people believe in their society, they don’t break its rules. The trick’s making them believe. Hell, we can’t always accomplish that, but you try your best, and you don’t quit.”

In a period, such as the present one, when it is becoming increasingly apparent that the rules of the game don’t work, this is a pretty pathetic solution. As the stock market crash shows, reality will assert itself in the end. The decline of the U.S. economy will not be reversed by encouraging more “belief” in the magic of the market place. What is needed is a program for reindustrialization that will encourage high-technology investment. As the title of the book suggests, intelligence is presented as the “Great Game.” One might almost suppose that it is a deliberate counter thesis to the book, *Irregular Warfare*, by Brig. Gen. F.A. von der Heydte, first published in English in 1986 by *EIR*.

I found the sanctimonious tone of the book to be extremely distasteful. Everyone is represented as a bit too conscience-stricken about violating the niceties of law, while combatting their ruthless terrorist opponents. Our hero ponders whether fighting the terrorists will corrupt our democratic system. Well and good, if that were really a picture of our society, or even of how the CIA operates. But as one who has suffered the abuses of our judicial system—the illegal seizure of the magazine *Fusion*, which I edited, and the merciless legal harassment of my colleagues and associates, not least Lyndon LaRouche—the picture does not ring true.

Lastly, I wonder what possessed Clancy to choose Prince Charles as his subject. Certainly, in view of the present vicissitudes of the royal marriage, the portrait of the ideal family hardly rings true. It is interesting that our author is at pains to show the Prince as a “real man”—indeed, something of a hero himself.

No one who depended upon the book for an inside view of how the Royal Family really lives, would suppose that the Royal Family is under attack in England for lacking just those qualities which Clancy attributes to them. It is not just a question of the Prince’s former valet dying of AIDS, or that the Prince himself talks to vegetables, or that Soviet asset Armand Hammer is his mentor; nor is it a question of the high-living Princess. But surely, every insider knows that the same military intelligence circles represented in the book are highly dissatisfied with the prospect of the heir-apparent becoming King.

Indeed, the book appears to be a call for a reorganization of the Anglo-Saxon intelligence services around the person of Prince Charles. I guess the most interesting thing about this book is, why did Caspar Weinberger give it such a favorable review?

Books Received

Space and National Security, by Paul Stares. The Brookings Institution, Washington, D.C., 1987. \$28.95 hardbound, \$10.95 paperbound, 219 pages.

Looking Forward: An Autobiography, by George Bush with Victor Gold. Doubleday & Co., Inc., Garden City, N.Y., 1987. \$18.95 hardbound, 269 pages.

James Madison: The Founding Father, by Robert A. Rutland. MacMillan Publishing Co., N.Y., 1987. \$19.95 hardbound, 287 pages.

The Pride and the Fall: The Dream and Illusion of Britain as a Great Nation, by Correlli Barnett. The Free Press, N.Y., 1987. \$22.95 hardbound, 359 pages.

The Golden Guru: The Strange Journey of Bhagwan Shree Rajneesh, by James S. Gordon. The Stephen Greene Press, Lexington, Mass., 1987. \$19.95 hardbound, 248 pages.

Stay Alive, My Son: The Gripping, True Story of One Man’s Courageous Escape from the Terror of Cambodia’s Khmer Rouge, by Pin Yathay. The Free Press, N.Y., 1987. \$19.95 hardbound, 240 pages.

Kelley: The Story of an F.B.I. Director, by Clarence Kelley and James Kirkpatrick Davis. Andrew, McMeel and Parker, Kansas City, Mo., 1987. \$17.95 hardbound, 326 pages.

The Crimes of Patriots: A True Tale of Dope, Dirty Money and the CIA, by Jonathan Kwitny. W.W. Norton and Co., N.Y., 1987. \$19.95 hardbound, 424 pages.

The Collapse of the Weimar Republic: Political Economy and Crisis, by David Abraham. Holmes and Meier, N.Y., 1986. \$45 hardbound, \$17.50 paperbound, 352 pages.

Katharine the Great: Katharine Graham and the Washington Post, by Deborah Davis. National Press Inc., Bethesda, Md., 1979, 1987. \$17.95 hardbound, 320 pages.

Very Special Relationship: Field Marshal Sir John Dill and the Anglo-American Alliance 1941-1944, by Alex Danchev. Brassey’s Defence Publishers, Ltd., London, England (a member of the Pergamon Group) 1986. \$26 hardbound, 201 pages.

Once They Were Eagles: The Men of the Black Sheep Squadron, by Frank E. Walton. The University Press of Kentucky, Lexington, Ky., 1986. \$24 hardbound, 213 pages.

Elephants & Donkeys

by Kathleen Klenetsky

Did the devil make him do it?

Sen. Al Gore (D-Tenn.) and his wife Tipper went off to Hollywood Oct. 28 to grovel before leaders of the "entertainment industry," begging forgiveness for Tipper's involvement in criticizing pornographic and Satanic rock music lyrics.

The Gores held a private meeting with TV producer Norman Lear (best known for his demeaning portrayal of the white working class, "Archie Bunker") and a supporter of various superliberal causes, including People for the American Way; they also met with rock musician Don Henley; and MCA's Irvin Azloff. The meeting was organized by Lear and Los Angeles lawyer Mickey Kantor, a Democratic wheeler-dealer who supports Gore's presidential bid.

According to a detailed account of the two-hour session published by Hollywood's *Daily Variety*, Al and Tipper apologized for participating in congressional hearings on rock music in 1985, calling them a "mistake . . . We sent the message that there's going to be censorship, and that's clearly not the case," said Tipper. "I understand the hearings frightened the artistic community; if I could rewrite the script, I certainly would." According to *Daily Variety*, her husband told the gathering that the hearing "was not a good idea."

In 1985, Mrs. Gore, along with Susan Baker, wife of Treasury Secretary James Baker, set up the Parents Music Resource Center, which lobbied to have warning labels placed on record albums that contained explicit lyrics. In September 1985, she testified at hearings on the issue convened by a Senate committee on which her husband serves, and later published a

book, *Raising PG Kids in an X-Rated Society*.

Hollywood blasted Mrs. Gore for advocating censorship, and her activities immediately became front-page news, prompting more skeptical political observers to suggest that what she was doing was part of a carefully planned 1988 presidential election strategy to make her liberal husband more palatable to conservative voters, especially in the South.

But that strategy apparently ran into a big problem: money. There are three main centers that the typical Democratic candidate goes to for campaign funds, and one of them is Hollywood. Gore wasn't raking in the bucks the other candidates were, and apparently decided that was a lot more important than polishing his image in the Bible Belt.

Although the Gore camp claims the Hollywood meeting had nothing to do with politics, one participant told the Nov. 6 *New York Times*, that it was a politically motivated effort "to assuage concerns" of potential donors in the entertainment world.

Bradley: candidate of 'inevitable decline'

Now that the Reagan "Recovery" has bitten the dust, Sen. Bill Bradley's name is being mentioned with increasing frequency as a possible Democratic presidential candidate, because of his ostensible knowledge about economics.

The former Rhodes scholar got an especially big boost from *Financial Times* of London columnist Edward Mortimer, who wrote a piece Oct. 27 asserting that the United States is in a period of "inevitable decline." Americans should stop searching for a statesman who can restore America's preeminence—since that will never happen—and instead elect someone

like Bradley, who is "capable of managing the transition to a world order in which other powers will bear a larger share of the costs, but which will in consequence be less precisely tailored to American interests and views than the one built at the zenith of American power after 1945."

And just what "other powers" is Mortimer talking about? Ask Bradley. He recently wrote an op-ed for the *New York Times*, inviting the Soviets to become integrated into the West's financial system.

That proposal obviously pleased *Times* editor Abe Rosenthal, who responded with an commentary Oct. 27 lauding Bradley's views on U.S.-Soviet relations as the best thing since sliced bread.

Jackson fined by the FEC

Although he still tops the Democratic presidential polls, Jesse Jackson's campaign has been beset by numerous difficulties, many of them centered on money.

On Nov. 2, the Federal Election Commission fined Jackson's 1984 presidential campaign committee for underreporting fundraising and spending, and filing incomplete financial accounts. The campaign committees agreed to pay the \$13,000 fine, but insisted that the reporting problems were inadvertent.

A day later, nearly all of the employees of Jackson's chief political organization, the Rainbow Coalition, were either laid off, or transferred to the Reverend's presidential campaign. In addition, the group was expected to move from its downtown Washington headquarters, to smaller, cheaper quarters. The decision was seen as a further indication that Jackson's operations are in desperate financial straits.

Rendering Reagan speechless

This is a case where the adage, "a picture is worth a thousand words," applies—even though, in this case, the picture depicts speechlessness. The photograph accompanying this column appeared on the front page of the *New York Times* Oct. 31. It shows a smug Soviet Foreign Minister Eduard Shevardnadze making an unusual, arrogant shrug, while President Reagan stands there, grinning.

The *New York Times* only stated that the photo was taken while Reagan and Shevardnadze announced a Dec. 7 summit in Washington to sign an Intermediate Nuclear Force (INF) treaty. Actually, the photographer caught both Reagan and Shevardnadze in a highly revealing moment. They were both looking directly at this reporter at the time.

Right at the end of the joint announcement Oct. 30 in the White House press briefing room, President Reagan indicated that the Strategic Defense Initiative (SDI) was now a "bargaining chip."

He was asked by CBS's Bill Plante, "There have been some indications from the administration in recent days that there is some flexibility on the deployment schedule for your Strategic Defense Initiative. Could this come into play in your discussions with Mr. Gorbachov?"

Reagan replied, "These would be one of the things that would be discussed. There are some things that we've agreed to discuss about that."

Plante followed, "So you think it's possible that that could help you get

an agreement on strategic missiles?"

Reagan replied, "Yes."

A moment later, Reagan and Shevardnadze moved off the podium toward the exit. I was directly behind the front row when I let fly my question to the President. He stopped to hear the whole thing.

I asked, "You say we'll be flexible on strategic defense, Mr. President, but the Soviets haven't even admitted yet that they've been working on their own strategic defense for 17 years."

Reagan stared at me, but no words came out of his mouth. He just shrugged and then laughed.

Behind him, Shevardnadze brought laughter from the press corps with an arrogant imitation of Reagan's moment of being caught speechless. That was when the *New York Times* photographer snapped the photo that his editor put on the front page of the next day's paper.

After imitating Reagan's shrug, Shevardnadze then broke out into a big grin, and pointed in derision at the helpless Reagan. This drew even more laughter from the press corps.

To rub a last bit of salt into the wound, Shevardnadze replied to a re-

porter who asked, "Did Gorbachov flip-flop?" by saying, "There was no flip-flop. Everything is going according to plans."

Indeed, from the Soviets' view, everything was going according to plans. Reagan, who only the week before in his nationally televised press conference insisted that the SDI would "never be a bargaining chip" in negotiations with the Soviets, was now saying its deployment schedule would be flexible in negotiations.

Secretary of State George Shultz revealed during his press briefing a few hours later that a mere change in semantics by the Soviets had done the trick. He said that as long as the Soviets spoke in terms of "killing the SDI," the President would never go along. So, Shultz said, the Soviets devised a new terminology. "They now speak of strategic stability, and this we can work with," he said.

He didn't say that the Soviets had changed their objective—to kill the SDI—only their words. Nonetheless, that was good enough for George Shultz, and also, apparently, for the President.

You will hear the Soviets use their new language about the SDI from now on. Instead of a frontal assault, they will go after it in the language of "extending the time period in which withdrawal from the Anti-Ballistic Missile (ABM) Treaty is prohibited," and restricting the kind of tests in space that are permitted under the ABM Treaty.

By contrast, Defense Secretary Caspar Weinberger, at the Pentagon press conference after announcing his resignation Nov. 5, said bluntly that the issue of the SDI is simply whether we are serious about deploying it or not. It we are, he said, then we should not allow anything to inhibit the effort to achieve that objective. Anything less reduces SDI to a mere research effort or bargaining chip.



Melcher hits post-industrial drift

Sen. John Melcher (D-Mont.) injected one of the few notes of sanity into the nonsense which has dominated the Hill's response to "Black Monday."

Melcher reminded his colleagues Oct. 29 that "the strength of basic industries forms the base of the U.S. economy. . . . Ignoring them is perilous."

"Solid markets"—including stock markets—depend ultimately on the solidity of the underlying economic base, Melcher pointed out, and the problem now is that that base has been dangerously eroded.

"The god-awful truth," he said, "is that too many people have been lulled into believing that it is not significant when our own producers and their industries go down the tubes because we were shifting all of that economic strength to something called a 'service-oriented' economy.

"If a service-oriented economy is identified as one providing communications, health care, medicines, insurance, financing, computers, and so forth, who is producing the wealth out of the ground to pay for all of that? If we are not going to take coal and metals and produce steel, aluminum, and copper to put into finished products, where does the money start? If we downgrade farmers as being too productive, will we not ignore our basic economic strength?"

The answers to these questions are obvious, said Melcher, but nobody wants to listen. "We have had too many people following a pied piper of a changing U.S. economy to meet modern trends. . . . Somebody has to pay the piper and the only way to pay it is to produce basic commodities that are turned into products and profits upon which the economy is built. . . .

"What is needed now is a reawakening that basic industries and their products are not passé; that these industries create the jobs and economic activity that can really make the U.S. economy sound."

Senate backs independent counsel law

The Senate voted overwhelmingly Nov. 3 to extend for five years the law authorizing appointment of an independent counsel to probe government wrongdoing. The House passed a similar bill last month, and final action on the measure is expected to be completed before the original legislation's expiration date of Jan. 2.

Eighty-five Senators supported renewal of the law; and only ten opposed it, despite an administration threat to veto the measure.

Sponsored chiefly by Sens. William Cohen (R-Me.), and Carl Levin (D-Mich.), the legislation curbs presidential control over the independent counsel's activities, including his ability to fire the counsel under the "good cause" standard in the existing legislation.

But the Senate was quick to protect its own, rejecting an amendment offered by Sen. William Armstrong (R-Colo.) to expand the law to make members of Congress subject to investigation by the independent counsel.

Bumpers protests Trident missile tests

Sen. Dale Bumpers (D-Ark.), a member of the Harriman family's personal political stable, has rounded up 40 of his colleagues to protest the Pentagon's plans to test the Trident 2 mis-

sile with 12 warheads.

Bumpers and his pals dashed off a letter to President Reagan Oct. 30, objecting to the decision, on grounds that it violates the unratified and defunct SALT II agreement. Bumpers's main concern seems to be that the projected tests would upset the Soviets, and could interfere with current arms-control talks.

Will Senate reject the INF treaty?

The treaty on intermediate-range weapons which President Reagan and Mikhail Gorbachov are expected to sign at the Pearl Harbor summit Dec. 7 faces rough sledding in the Senate, and there is a good chance that it will ultimately be rejected.

At least, that was the claim of leading senators from both parties, within 48 hours after the Reagan administration announced that the summit would take place.

Sen. Alan Cranston (D-Calif.) discussed the ratification prospects in an interview on NBC-TV's "Meet the Press" Nov. 1. Announcing that he plans to lead the fight for Senate approval of the accord, Cranston went on to predict, "There could be problems" with ratification. "There are 156 to 200 very conservative Republican senators who are very likely to take on the treaty directly," said Cranston, plus others who would add amendments or reservations to the accord "that would in effect kill it."

This means that there could emerge a sufficient number of senators who "go along with amendments or reservations that would prevent a two-thirds majority from approving it, and it's defeated."

Cranston said that, while he "didn't think" this would necessarily tran-

spire, it "could happen," and thus, treaty supporters must be "very vigilant. . . . We have to plan a strategy to get the treaty through the Senate that will work."

The same day, Sen. Richard Lugar (R-Ind.), former chairman of the Foreign Relations Committee, said in an interview on ABC-TV, that the combination of outright opponents and those senators who have reservations about the accord, forms a "critical mass that's difficult," and predicted a serious ratification problem.

The INF was apparently in political trouble long before announcement of the summit. The depth of antipathy toward it was suggested during the Republican presidential candidates' first debate Oct. 28. Four of the candidates attacked the prospective treaty outright; Sen. Bob Dole said the Senate would have to take a long, hard look at it. The only candidate to support it wholeheartedly was Vice President George Bush.

On the Hill, opposition to the accord comes primarily from a small, hard-core group of pro-defense senators, mostly Republican. But, as Cranston and Lugar indicated, there are a significant number of members who have reservations about aspects of the treaty, or who want to use it to wrest concessions from the Soviets on conventional weapons, human rights, Afghanistan, etc.

Senate Majority Leader Robert Byrd (D-W.Va.), in remarks on the Senate floor Oct. 30, noted that SALT II had to be withdrawn from Senate consideration after the Soviets invaded Afghanistan, because trying to secure ratification at that point was a "hopeless task."

The Soviets are still in Afghanistan today, said Byrd. "There will be serious talk on this floor about Afghanistan when this treaty hits the

fan [sic!]," he said.

In addition, Byrd hinted that he and others may make ratification of the INF contingent on the administration's agreement to push for Senate ratification of two other arms treaties with Moscow, one limiting underground nuclear weapons, and the other relating to peaceful nuclear explosions (PNE).

Byrd is not alone in viewing President Reagan's inordinate desire for an accord as the perfect opportunity to force the administration into adopting various other arms-control proposals. Sen. Sam Nunn (D-Ga.), for example, has been talking for months now about linking Senate ratification of the INF treaty to limits on the Strategic Defense Initiative.

Thus, it is not too difficult to envision a situation in which the treaty's critics on the "left"—Nunn et al.—along with the conservative opposition, form a de facto coalition which will prevent the treaty's ratification.

Rep. Porter submits 'debt-for-nature' bill

Illinois Republican Rep. John Porter has submitted a bill with a new twist on the "debt-for-equity" schemes being pushed by international financial circles. Instead of having Third World debtor countries hand over parts of their infrastructure or industry to their foreign creditors as partial debt payment, Porter's bill would have these countries give up entire portions of their land.

In a letter to the editor published in the Nov. 2 *Chicago Tribune*, Porter explained that his bill, "The Tropical Forest Protection Act of 1987," calls on the World Bank and other multilateral development banks (so-called) to allow developing countries to help

"manage" part of their debt with conservation programs—a "debt-for-nature swap."

Specifically, wrote Porter, the bill commissions projects by the World Bank to assess the feasibility of allowing developing countries to establish "conservation easements" to protect tropical forest and wetlands, in return for suspension or rescheduling of some or all of their debt payments.

In addition, a conservation easement could also be used by commercial banks as an alternative to forgiving debt.

Porter's proposal mimics those emanating from Prince Philip's World Wildlife Fund and various other neomalthusian outfits, which want to stop development in the Third World under the guise of "protecting nature." Indeed, Porter says his bill is necessary because the Third World is destroying its tropical forests—one of the WWF's favorite themes. "Forests suffer most because they are the sole resource of the poorest people. Forests are disappearing to support landless farmers practicing slash-and-burn agriculture and to provide fuel for half the world's people who use wood for cooking and heating."

Since Porter is nowhere proposing alternatives to these practices—helping developing-sector countries build a nuclear-power industry to replace the burning of wood, for example—one wonders what he thinks is going to happen to that half of the world's population, once his bill deprives them of their last source of fuel.

Porter probably doesn't care: A liberal Republican who represents Chicago's ritzier suburbs, the congressman has earned a reputation as a die-hard defender of the eco-freaks' cause, and has been honored by the League of Conservation Voters, among others.

National News

Press panics over California AIDS fight

Media attacks are gearing up against the California ballot referendum submitted by the group known as Prevent Aids Now In California (PANIC). The group filed 720,000 signatures on Oct. 28, on behalf of a resolution that would apply traditional public health measures to curb the spread of the AIDS epidemic.

A similar referendum in 1986 was defeated, thanks to a multimillion-dollar scare campaign by the liberal media, homosexual activist groups, the Hollywood sex lobby (starring Liz Taylor), and corrupt officials of both Democratic and Republican parties and the California Medical Association.

One year later, PANIC organizers, who completed their petitioning drive well ahead of schedule, are confident that the referendum will succeed.

On Oct. 2, the *Los Angeles Daily News* ran an editorial entitled "Fight Panic With Reason," which suggests that the way to defeat the PANIC proposal is to pass the legislative package proposed by GOP State Senator John Doolittle, during the January 1988 legislative session.

"The most objectionable feature of the initiative," the editorial proclaims, "is that it would subject AIDS carriers to quarantine and isolation, even though there is no evidence that AIDS can be spread by casual contact. . . ."

"The re-entry of the LaRouche organization into the AIDS issue could also have unfortunate consequences for more temperate measures to curb the spread of the AIDS virus, which destroys the body's immune system. . . ."

"If the LaRouche initiative qualifies for the ballot, those who have opposed Doolittle's measures in the past might want to rethink their position. Leaders of PANIC predict victory for their initiative, saying Californians are more concerned about the spread of AIDS now than they were in 1986. There [sic] might be true, if so, the best way for

the Legislature to undercut and defeat the PANIC proposal is to enact more reasonable legislation along the lines of the Doolittle bills."

Politicians troop to Russia for trade meet

Illinois Gov. James Thompson (R) and Iowa Gov. Terry Branstad (R) are among those planning to go to the Soviet Union for a meeting of the U.S.-U.S.S.R. Trade and Economic Council Dec. 7-9.

Dwayne Andreas, head of the Archer Daniels Midland Co. and the council's U.S. chairman, will also be there, and according to UPI's report, Governor Thompson is making the trip at Andreas's urging.

Andreas is one of the kingpins of the international food and grain cartel, from his position at the head of ADM, which dominates the world's soybean trade. A frequent visitor to Moscow, he is seen as the "heir apparent" to Armand Hammer, the KGB's favorite American billionaire.

Governor Thompson's trip will include a series of meetings with leaders in the Soviet Union. David Fields, an aide to the governor, told UPI that the trip will be "a good door-opener," since the Soviet Union buys large amounts of grain from the United States.

Theologians promote the Gnostic Gospels

A group of 125 so-called scholars, operating as "the Jesus Seminar" and sponsored by the Westar Institute of Sonoma, California, is tearing up the New Testament, in favor of the Gnostic Gospels.

According to an article by the Religious News Service, published in the *Washington Post* on Oct. 31, the group met at the Luther Northwestern Theological Seminary, St. Paul, Minnesota, in October. The "schol-

ars" are "working their way through the four Gospels," with the goal of grading the sayings attributed to Jesus Christ, according to probable accuracy. As a benchmark, they are using the so-called Gospel of Thomas—the most infamous of the Gnostic Gospels, allegedly discovered at Nag Hamadi, Egypt in 1945, and presented to the world by the cultish C.G. Jung Foundation.

The article reports: "Some scholars believe the Gospel of Thomas to be the earliest existing collection of such sayings, a belief demonstrated when the examination of Jesus' parables here indicated the preference of some scholars for the accounts in the Thomas document over those in the traditional Gospels.

"The work of the seminar . . . will result in the publication in 1989 of a color-coded edition of the five Gospels, with different colors indicating the degree to which the group believes the Jesus quotes are historically accurate."

Already, the group has decided that Jesus did not say, "For God so loved the world that he gave his only begotten Son. . . ." (John 3:16).

The gnostic heresy rejects the core of Christian doctrine: the conception that Jesus is God made man. In a recent widely circulated gnostic tract, *Holy Blood, Holy Grail*, the Gnostic Gospels are touted as a font of the tradition of the apostles of the "bloodline," as opposed to the "apostles of the message"—like Saints Peter and Paul.

Justice Department claims new victim

Based on unsubstantiated evidence supplied by the Soviet Union, a 65-year-old widower who emigrated to the United States from the Ukraine was ordered deported by Baltimore Judge John F. Gossart. The case was brought by the U.S. Justice Department, whose Office of Special Investigations (OSI) is known for its zealous collaboration with Soviet authorities against alleged Nazi war criminals.

The DOJ based its prosecution on 45-

Briefly

year-old documents furnished by the Russians.

In related recent cases, Austrian President Kurt Waldheim was banned from entering the United States, and naturalized U.S. citizen Karl Linnas was sent to his death in Soviet-occupied Estonia, on the basis of "evidence" supplied by Soviet or East bloc sources.

In his ruling, Judge Gossart claimed that George Theodorovich had been a member of the Ukrainian police, and had "had knowledge" that the police had assisted the Nazis in transporting Jews to concentration camps. Theodorovich testified that he had actually helped smuggle black market foodstuffs to Jewish children hiding in a monastery, and that he quit the Ukrainian police force.

The case will be appealed. Theodorovich has asked to be deported to Argentina should he lose the appeal. If he is denied entry there, Judge Gossart ordered he be deported to the Soviet Union.

NDPC and government sign preliminary accord

Warren Hamerman, the chairman of the National Democratic Policy Committee (NDPC), released a statement on Nov. 4, announcing that a "preliminary accord" had been reached with the U.S. government on payment of a \$70,000 civil contempt fine which originated from alleged noncompliance with a 1984 Boston grand jury.

"We have successfully completed 'phase one' of defending the NDPC from an outrageous and unconstitutional effort by the federal government to shut down the First Amendment-protected political action committee of the LaRouche movement," he said.

In September, the federal government seized the NDPC's bank account and sought to enjoin the group from any day-to-day political activity, while threatening to jail Hamerman for contempt of court, in violation of his Fifth Amendment rights against self-incrimination.

The current agreement specifies that the government recognizes that the NDPC and its employees retain their constitutional right to press various arguments regarding their Fifth Amendment privileges.

The NDPC's lawyers are now focusing their attention on the "outrageous and draconian \$5 million second civil contempt fine which is now on appeal," Hamerman said.

Bishops name new head of Catholic Rural Life

Archbishop John Roach of St. Paul-Minneapolis, president of the U.S. bishops' National Catholic Rural Life Conference, announced at the end of October that Joseph K. Fitzgerald has been named the executive director of the NCRLC.

Catholic Rural Life is linked to Prairie Fire and other radical farm groups, and has become a vehicle for anti-technology, back-to-nature organizing among the nation's increasingly bankrupt and desperate farmers. The Benedictine Order is most active in this regard. Using the concept of "stewardship of nature," they reject the injunction of Genesis, that Man be fruitful, multiply, and subdue the Earth. Instead, they advocate cutbacks in farm production, and a "40 acres and a mule" approach to rural life.

Fitzgerald is a member of the bishops' Task Force on Food and Farm Policy and was Rural Life director for three years for the Archdiocese of Louisville, Kentucky. He received a bachelor's degree in humanities from the Benedictine St. John's University in Collegeville, Minnesota and is now there working on a master's degree.

Fitzgerald told the *Catholic Bulletin*, the newspaper of the St. Paul-Minneapolis Archdiocese, "The Church will become all the more involved in advocacy of legislation regarding rural life." He said that his upbringing in a farm family in central Iowa and his theology studies at St. John's University give him "a wonderful combination of background in rural life and the theological perspective of the Church."

● **A REPUBLICAN** memorandum argues that the GOP should exploit public fears about AIDS to help their party in the 1988 elections, but criticizes California Rep. William Dannemeyer, one of the few elected officials who has taken a stand for action against AIDS. "Someone like Dannemeyer is a live grenade on this issue and far too emotional to do any good," the memo states.

● **THE RIGHT-TO-DIE** mafia is lobbying for passage of the Washington, D.C., Health Care Decisions Act, which allows families and friends to bypass the courts when seeking to "terminate" incompetent patients. The city will force guardians of patients unable to make medical care decisions themselves to seek court approval to kill the patient by ending life-sustaining care.

● **DR. O'DEAN P. JUDD** has been named the new chief scientist for SDI research into space-based antimissile defenses, the Pentagon announced on Oct. 30. Judd, a physicist at Los Alamos National Laboratory, replaces Dr. Gerold Yonas, who resigned 14 months ago. He is a specialist in microwave and laser technology.

● **SENATOR KENNEDY'S** enthusiasm for overthrowing Panamanian Gen. Manuel Noriega may stem from an affair with Susan Christa Davis, the daughter of U.S. Ambassador to Panama Arthur Davis, wrote columnist Baltazar Renan Aizpurua in the daily *La República* on Nov. 2. Kennedy has reportedly been a frequent visitor to the Panamanian resorts of San Blas and Contadora, where he was always accompanied by Susan Davis and former Panamanian Ambassador to the United States Gabriel Lewis Galindo.

● **MICHAEL DUKAKIS**, the Democratic presidential hopeful, said in a speech in Oklahoma City on Nov. 5 that he opposes the SDI, the MX, and Midgetman missile systems, and the proposed construction of two new Navy aircraft carriers.

Editorial

Police shootings and the Soviet agenda

Just as British Prime Minister Neville Chamberlain's 1938 "peace in our time" deals with Adolf Hitler made World War II inevitable, so the massive concessions to Moscow in connection with 1986-87 U.S.-Soviet summit negotiations are pushing the world in the direction of a choice between peaceful submission to Soviet overlordship and general nuclear war.

As *EIR* founder and presidential candidate LaRouche had predicted this in the wake of the October stock market crashes, no sooner had President Reagan agreed to his Dec. 7 "Pearl Harbor" summit, at which he is expected to sign an INF agreement giving Russia absolute military superiority in Europe, than the Soviets unleashed open guerrilla warfare in West Germany, new terrorism in the Philippines. And, because of Washington's lack of response, soon enough such terrorism can be expected to erupt in South Korea, the various republics of South America, and elsewhere.

On Nov. 3, "radical ecologist" extremists went on a violent rampage in Frankfurt, during which a well prepared ambush of the police deployed to keep order left two policemen dead of gunshot wounds and 10 others wounded.

Although one would not know this from the scattered reports in the U.S. news media, the Soviet government orchestrated the atrocity—and did so in such a way as to leave no doubt of its authorship of the atrocity.

As Western intelligence services know, Soviet-directed paramilitary forces in West Germany currently total approximately 10,000 individuals, swimming in a sea of as many as a million "greenie" sympathizers. In a manner detailed in *EIR*'s forthcoming, 500-page "Global Showdown Escalates" special report, the "radical ecologists" who engaged in the coordinated assault/ambush of police were drawn from these 10,000 Soviet-directed paramilitary forces. Their "officers" have been trained in East Germany, Czechoslovakia, and Syria, and their units are under the direction of Soviet military intelligence (GRU) sections.

The unprecedented, premeditated shooting of West German police by these units means that Soviet-directed paramilitary forces in Germany are now ordered to escalate toward levels of strategically significant irregular warfare readiness. Such guerrilla-warfare potential is an integral part of the Soviet Order of Battle for military occupation of West Germany. By bringing such guerrilla warfare to a peak of intensity over the days and weeks immediately preceding the zero-hour of Soviet regular assault, various forms of irregular violence and sabotage wreck the target-nation's ability to mobilize an effective defense.

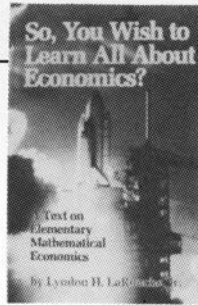
So, the shooting of police in West Germany, the gunning down of American servicemen in the Philippines, the mobilization of Communist Party and allied guerrillas in Colombia, Peru, and elsewhere toward new levels of irregular warfare capability, signal to all who think clearly that Moscow is preparing to be positioned to unleash war at some time during the years immediately ahead.

How, then, has Washington responded to the atrocities? Not a peep—exactly as Neville Chamberlain responded to Adolf Hitler's escalating atrocities on the way to World War II.

President Reagan and his State Department advisers have proven themselves so desirous of a "new Munich" summit before his term is out, that they will allow nothing, such as exposure of the Soviet hand behind various atrocities, to get in the way of their strategically disastrous INF agenda.

Therefore, we may expect a further Soviet escalation, severally, of strikes and terrorist atrocities in Western Europe, probable unleashing of some terrorist capabilities in the United States, sharp escalations of Soviet insurgencies in the Philippines and South Korea, and new blow-ups in Central and South America.

The situation on these counts is a disastrous one. It is not an irreparable situation; but, until policies around Washington reverse current directions, the situation is just plain disastrous, without consoling qualifications.



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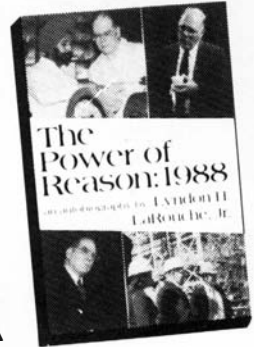
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