

EIR

Executive Intelligence Review

November 27, 1987 • Vol. 14 No. 47

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EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service P.O. Box 65178, Washington, DC 20035 (202) 785-1347

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

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

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

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

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

EIR

From the Editor

We're running the picture of Armand Hammer on the cover again, not just because we don't have a photo of his more famous Russian friend Mikhail Gorbachov, but because we've heard that's enough to make some people "in the know" snap up their copy of *EIR*. The average American is unaware, perhaps, of who the "red billionaire" even is, or how his back-channel deals between Washington and the Soviet Union affect their lives.

The last time we focused on the enormous power of Hammer and the Hammer-linked grain cartel companies in official Washington, was just after last year's Reykjavik "non-summit" between Ronald Reagan and Mikhail Gorbachov. This week's *Feature* returns to the theme, on the eve of the scheduled Gorbachov-Reagan summit in Washington.

Lyndon LaRouche looks at some of the reasons the average American does not know about Armand Hammer—in Iowa, for example, where it is "taboo" for Democratic presidential candidates to attack Hammer, Dwayne Andreas, or the Hollywood mafia—the gang that runs the Democratic National Committee leadership. From this perspective LaRouche treats some of his own, and his friends', recent legal problems, emanating from the Hammer circle's influence in the U.S. Department of Justice.

I suggest you next turn to the article on page 8, also by LaRouche, which exposes the folly of U.S. "trade war" measures against Brazil, against the yardstick of proper protectionist measures that can be taken in a spirit of mutual economic development.

LaRouche is, of course, the author of a proposal that the President of the United States use his constitutional powers to declare a national emergency and take the necessary steps to launch an economic recovery. A broad outline of what is needed for that, with emphasis on the frontiers of technology, can be found in the *Science & Technology* report.

Since what the Soviets have to deploy against this potential is "irregular warfare," and in particular *cultural* warfare, I also direct your attention to the report from West Germany on the "Hafenstrasse" riots, on page 38, and the review dealing with the satanic high priest of today's counterculture scene, Aleister Crowley, on page 56.

Nora Hamerman

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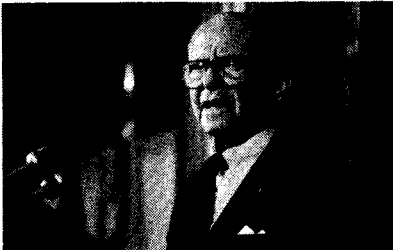
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The budget agreement: smoke, mirrors, and hot air

by Chris White

No one is going to be very happy about the long-awaited, much-touted, so-called bipartisan agreement to cut the budget deficit. But whether they're happy or not doesn't really matter, next to the simple reality that it's now taken the combined brain-power of the administration and Congress a month to come up with a package which, relative to the magnitude of the financial and economic crisis now developing, is completely irrelevant. The agreement proves, once again, that no one in Washington, D.C. knows what is really going on, or what to do about it.

And, in any case, this agreement follows the norm in so-called bipartisan agreements on what to do about the budget. Formally, Congress and the administration have agreed to cut \$30.9 billion from the expected deficit for the current fiscal year, and a further \$45.9 billion from the budget for the coming year. The package agreed on late in the afternoon of Friday Nov. 20, is in most respects identical to what had actually been worked out over a week before.

There will be, in the first year, \$9 billion of new revenue raised from increased taxation. Five billion dollars will be cut from the defense budget in the first year, and \$8.2 billion in the second. Domestic spending programs will be cut \$6.6 billion in the first year, and \$9.35 billion in the second. Other "savings" will come from reductions in debt service, supposedly a by-product of lower interest rates, the beefing up of IRS tax collection procedures, sale of government assets, and so forth.

The President described the agreement as "a blueprint that sends a strong signal both at home and abroad that together we can and will get our deficit under control, and keep it that way. . . . This agreement is probably not the best deal that could be made, but it's a good solid beginning." House

Democratic leader Thomas Foley of Washington called the agreement "a milestone," more substantive than the "smoke and mirrors" of which critics have complained. Speaker of the House Jim Wright (D-Tex.) announced, "It is a real set of deficit reductions. It isn't painless for the very reason that it is real and not cosmetic."

If they're all agreed on what they're saying, that's sure enough a sign that something rotten is up.

Number one, even now, a month after the Oct. 19 "Black Monday" on the stock market, Congress and the administration have actually only agreed to give themselves 10 more business days to work out how the cited package will be implemented. For example, in the case of the agreed-on tax increases, what has been agreed on so far, is how much taxes will be increased. It has not been decided by what specific taxation programs the revenues will supposedly be increased, nor who will pay—though it is presumed that some kind of sales tax is coming down the pike, because income tax rates are not supposed to be affected. The agreement now gets thrown back into Congress for the specifics to be elaborated, over the 10-day period.

Number two, the agreement headed off the implementation of the updated version of the Gramm-Rudman deficit reduction act. If there had been no agreement, and no decision therefore to postpone the implementation of the automatic budget-cutting provisions of the act, then beginning on Nov. 20 at midnight, \$23 billion would have been axed from the budget.

Number three, the participants may well say that what they have agreed on is "real," not "smoke and mirrors," etc. It's actually *real* hot air. What kind of improved revenue collection procedures are going to make up for the \$100

billion in revenues that have already been lost to the Treasury as a result of the stock market debacle to date? That loss will increase to \$400-500 billion over the lifespan of the agreed-on two-year program. What lunatic seriously can calculate that declining interest rates will reduce federal debt service, when interest rates will of course be headed in the opposite direction entirely? Federal debt-service charges will be increasing, even as the collapse in revenues doubles the deficit, and then doubles it again.

The political 'street theater'

If there is not too much substance, apart from the defense and social spending cuts, to the agreement that has been reached, there is substance of a different sort to the political equivalent of street theater which has accompanied the month-long elaboration of the agreement, to its present ripeness.

The threat that the political leadership of the United States will actually get its act together, and even do something, has, from one week to the next, functioned as a kind of psychodrama, which has the purpose of keeping the country's restive foreign creditors in line. Over the two weeks preceding the "agreement," for example, the dollar's collapse was held at the level of 1.65 deutschemarks, largely by the expectation that an agreement would be reached during the course of that trading week. Reported breakdowns in the negotiations, and new efforts to complete the final drive into what one congressman called "the end zone," function as a part of the same effort.

Now, there is the prospect of another 10 days of such theater, 10 days designed to get the bankrupt monetary system through the Thanksgiving weekend, and into the week of Mikhail Gorbachov's "Pearl Harbor Day" arrival in the United States. Then it will, no doubt, be full steam ahead, for Christmas and the New Year.

From the standpoint of stage management, and perhaps even psychological warfare, those doing it probably do await the applause as they make it, through another day, and another week, one day at a time.

They evidently don't bother to ask themselves what it is that they are actually accomplishing with such a substitution of theater for competent policy.

Threats, trade war against U.S. allies

Meanwhile, the officials of the government which degrades itself to play the part in that theater, are running amok around the world. Tariffs imposed against Brazil, because Brazil dares to develop a computer industry. Tariffs threatened against Argentina, because Argentina refines its crude oil. Smash and grab raids conducted against Mexico's foreign exchange reserves, through capital flight and devaluation. Crude threats against Japan, South Korea, and Taiwan, coming from touring Commerce Secretary William Verity. Threats against Germany and Europe from newly elevated cabinet member Beryl Sprinkel, during the course of the just-

concluded gathering of economic officials of the OECD nations. Verity and Sprinkel took the same approach, respectively, to Asia and Europe: "Stop exporting your production to the United States."

The crude desperation of the U.S. financial deployment around the world is the reality of the bipartisan time-buying theater in Washington. Time is being bought to crush the supposed enemies of the policies of U.S. financial power, to head off the day of reckoning for the bankrupt U.S. banks.

On the European side, it is different. After the Black Monday crash, the cry went up from all sides across Europe, that the United States should drastically cut its budget deficit, and increase taxes, in a multi-year program. The figures bandied about, by luminaries such as former West German chancellor Helmut Schmidt, and banking officials in England, were in the order of twice as much as has now been agreed-on as the intended deficit reductions. They were demanding cuts of \$50-60 billion per annum.

Now, though, voices of relative sanity are beginning to emerge. Edzard Reuter, the new head of one of Germany's largest corporations, Daimler-Benz, told a New York audience that budget-cutting isn't the answer to the crisis—what is needed is a new concept for the world economy. The Daimler-Benz chief reiterated a standing proposal from the German banking sector that an equitable solution has to be found to the crisis of developing-sector debt. He warned that the financial crisis will only reach its full maturity in the sphere of East-West strategic relations, and that this reality increases the dangers of the developing crisis, and the consequences of continued leadership by press release and TV appearance, as a substitute for the necessary policy changes.

In Switzerland, the voice of the financial community, the *Neue Zürcher Zeitung*, editorialized that those who insist on reducing the "twin deficits" are running the danger of mistaking the symptoms of the crisis for its cause, and that consequently, their treatment may aggravate, rather than improve the crisis. The paper pointed to the effect budget cuts will have on the defense of Europe.

Still others are now insisting that the overall level of economic activity is tied to U.S. government spending, and that cutbacks, as they contract economic activity in the United States, will spread that contraction around the world.

In the United States, though, the policymakers' watchword remains, "buy time" and they insist that the crisis doesn't exist. Despite the President's protestations to the contrary, that's exactly how the current policymaking crowd is following in the footsteps of Herbert Hoover. It's not going to be very long before it becomes clear that the just-concluded agreement isn't worth the proverbial hill of beans. Then time will have run out for the characters who think that events can be orchestrated to accord with their desires, in defiance of reality. But until then, the clown show in Washington is going to become one of the most significant of the drivers impelling the world into the worst financial crisis in history.

Mexican peso's nosedive seen as heralding total financial blowout

by Peter Rush

Mexico plunged once again into monetary and financial chaos, with the nosedive of the value of the free market peso in Mexico on Wednesday, Nov. 18. While the drop was intended to inhibit capital flight and protect the nation's reserves, it is more likely to heighten overall perception that a total blowout is in the works, which will fuel both capital flight and inflation.

Doing nothing would have permitted an accelerating run on dollar reserves, but the action taken may be no better than the alternative. Many people fear that a "new 1982" may have begun, referring to the monetary collapse of that year touched off by a similar devaluation. None is commenting on the fact that the underlying health of the economy is immeasurably worse now than then.

Moreover, it comes just as both Argentina and Brazil are also facing runaway inflation, economic crisis, and constant danger of debt defaults. Despite appearances, Mexico could find the much-touted "success story" of its deal with the banks unraveling in short order, as the effects of the peso devaluation and the collapse of the stock market bubble work their way through the economy.

It was in response to very heavy capital flight during the last weeks that the Central Bank of Mexico announced the evening of Nov. 17 that as of the next morning, it would cease to support the peso on the free market. By noon Nov. 18, the peso had fallen to between 2,200 and 2,700 to the dollar, from 1,700 the night before. By Nov. 19, it was selling at up to 5,000 along the U.S. border. At the same time, interest rates, which had moved up 6-7 points in the previous two weeks to about 105%, jumped another 8-10 points to around 115% for 91-day Treasury Certificates (Cetes) by Thursday.

Neither the central bank nor Finance Minister Gustavo Petricioli has revealed the extent of either capital flight or the drop in reserves in recent weeks. It is generally agreed that capital flight has been on the order of \$80 million daily, or \$400 million weekly, though nobody has said exactly for how many weeks this may have been going on. In his address to the Mexican Congress Nov. 19, Petricioli denied that capital flight had exceeded \$1.5 billion, and claimed that central bank reserves were still around \$15 billion, "the highest level in Mexican history."

However, most reports say that the reserves are believed to have fallen at least \$1 billion over the last few weeks to cover a run out of pesos into dollars, which have then left the country, and the *Wall Street Journal* Nov. 20 reported that the reserves are believed to have fallen by closer to \$2 billion, from \$16 to \$14 billion. Petricioli conceded that there must have already been heavy losses when he said that "the speculative movements had begun to threaten our level of reserves," and that there had been "drastic increases" in the demand for dollars from people fleeing the stock market.

The Mexican government's response to the fall, expressed through Petricioli, has been to assure all and sundry that everything is under control and the "fundamentals" of the economy are sound. In his televised remarks Nov. 18, Petricioli said the main problem had been speculators fleeing the stock market trying to take dollars out of the country. He made clear that the official rate of exchange, which all importers and exporters are compelled to use, had not been devalued, and remained in the range of 1,720. He said that "as the speculative factors diminish, the free-market peso will rise and there will be a convergence of the two rates." Saying that "we have made a great effort to increase internal savings," largely by the sharp rises in the interest rates, he said the measures are aimed "to begin a period of recovery with greater stability in the future."

The next day, the widely read *Excelsior* wrote in a page-one editorial, "The country launches itself one more time into a monetary whirlwind, like a modern-day Sisyphus" condemned to eternally repeat the past. Other analysts pointed out that the similar measures of 1982 led to increased capital flight after a devaluation, as confidence evaporated. The *Wall Street Journal* speculated that "the psychological effect of the sudden drop in the peso's value could trigger more capital flight and a further drain on reserves."

The underlying problem, however, is not the financial parameters, but the basic health of the economy. Until Oct. 9, there had been but two pillars propping up the façade that the Mexican economy was somehow working—the stock market and the non-petroleum export boom. Beginning 10 days before the crash in New York on Oct. 19, the first bubble burst, as the market which had risen eightfold in nine months based on nothing but speculative mania collapsed 74% to a

level, in inflation-adjusted pesos, 14% below the level of Jan. 1. Largely as a result of that crash, speculators sought to turn their remaining pesos into dollars and park them outside the country.

However, no one believes that the government can maintain such an enormous differential between the official rate and the free-market rate for very long. The incentive of cash-strapped companies to under- and over-invoice, in order to get dollars with which they can buy pesos at the free-market rate—and make a 50-100% profit off the top—will rapidly lead to distortion in the foreign trade arena. A major devaluation of the official rate is widely expected.

But such a devaluation would make imports more expensive, stoking the already superheated fires of inflation. It would also make foreign debt payments, which also use the official rate, much more expensive. The immediate effect on the federal government deficit alone would be to raise the peso cost of the debt by the percentage of the devaluation. But the budget already makes the U.S. budget deficit problems look minor, as fully 33% of the entire federal budget of Mexico is scheduled to come from borrowings, mostly internally. Most of this deficit is ultimately covered by simply printing money, which is one main cause of the inflation, and a devaluation of the official peso would exacerbate the government's necessity to print money.

What nobody is recognizing, at least publicly, is that the second pillar of President Miguel de la Madrid's economic "success," the export boom, has been built on the deepening poverty of Mexicans. It is generally conceded that real incomes have fallen at least 50% since de la Madrid came to power five years ago. The internal consumer market has evaporated, and those companies that have survived now produce mainly for the export market, enabled to sell their goods, largely to the United States, at absurdly low prices thanks to a sharply undervalued peso. Imports are correspondingly very expensive, limiting both consumer goods and capital goods import. The collapse of the internal market is the true fundamental reason for the escalating inflation, which grows as consumption falls. According to the president of the Mexican Confederation of Sales Executives, Eduardo Rodríguez Flores, sales of such products as food, clothing, shoes, home items, pharmaceuticals, paper, books, etc., are off 25% in 1987 alone, and the purchasing power of the minimum wage has fallen 42% in the same period.

Hence, and all observers concur, inflation, already at 140% (having been 95% in 1986), will shoot up further on expectations of further devaluations, in response to increasingly insistent wage demands from labor, increasing cost of imports, and all the other factors now operating. A hyperinflationary spiral is in the making. But this will ensure that the pressure of flight capital will not only not be curbed by the devaluation, but will grow ever more intense in the weeks and months ahead. And that pressure will keep the free-market peso value falling. So far, it is not at all clear that

either Petricioli nor his critics understand the magnitude of the problem they face. But many bankers, both in Mexico and the United States, are privately very pessimistic.

The Argentine case

The fundamentals of the Argentine economy are quite similar to Mexico's, the difference being that, in contrast to Mexico, Argentina has virtually no reserves. On Nov. 19, the economics ministry announced that following secret negotiations with the International Monetary Fund, a new pact had been worked out, by which Argentina would only have to keep its budget deficit to within 5.6% of the gross domestic product, instead of the 4% previously agreed upon last July. However, the government of President Raúl Alfonsín committed itself to passing a tax increase package through the Argentine Congress as part of the agreement, upon which meeting even the 5.6% target depends. The package will increase taxes an astounding 6% of the GDP, equivalent to \$4.5 billion.

There is intense opposition to the tax package throughout the country and in Congress. The first two efforts to introduce the tax package bill have been thwarted by the Peronist legislators and a few others who have boycotted the sessions, robbing them of a quorum. The Argentine Industrial Union, representing the business sector, has told Finance Minister Sourrouille to drop the entire package.

As in Mexico, there have been steep declines in real purchasing power, as real wages have fallen due to accelerating inflation. The difference is that falling domestic sales have not been compensated with exports. Inflation has already entered the hyperinflationary stage, with overall consumer prices rising 19% in October, and wholesale prices an astounding 30%. With these rates, the entire fiscal and financial structure is on the eve of the kind of total blowout that is still only on the horizon for Mexico.

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Washington's 'free trade' mafia attacks Brazil

by Lyndon H. LaRouche, Jr.

It is said, whom the gods would destroy, they first make mad. To many in the United States, as in Brazil, the manner in which the current U.S. administration imposed an across-the-board, punitive tariff against Brazil's exports, partakes of that peculiar madness which British Celtic tradition terms "fey."

There is nothing intrinsically wrong in the U.S. resort to protective tariffs, or to control of trade-deficit margins through regulation of export-import licensing. Such actions have been prescribed constitutional authorities of the U.S. federal government from the beginning, authorities which the authors of the Constitution intended should be regularly employed.

Indeed, the U.S. and its trading partners should be setting up a rationally crafted new architecture of tariff-agreements now. That shift should have begun during 1986, in the form of an oil-imports tariff designed to establish the domestic parity price of petroleum in a range of not less than \$22-24 a barrel of domestic crude. The Reagan administration's failure to take such timely action was the direct cause for the increase of bank failures, and a major contributing factor behind the form and timing of the current international financial crash.

What is madness in the tariff actions against Brazil, is that the choice of tariff was an irrational one, and the given motive for the action akin to a psychotic episode.

The trigger for the tariff action was the New York bankers' confidence that the government of Brazil was at last securely committed to repudiating the actions associated with former Finance Minister Dilson Funaro. In the eyes of those bankers, and their representatives inside the Reagan administration, Brazil had capitulated; having submitted, it was to be punished savagely for the pain it had earlier caused its northerly parent.

In those circles, when the truant returns home, he is not greeted as the prodigal son returned. Rather, placing himself with the reach of the irate parents, he receives from the father, the U.S. government, a hearty, stunning thwack across the ear, and hears the menacing counsel, "Do you realize how much suffering you have caused your mother!" the latter the New York banking community. With that, another thwack, and perhaps another. Perhaps, the beating continues deep

into the night. No U.S. fatted calf for Brazil.

Brazil is being taught a brutal lesson in obedience, with more severe bruising to be expected along the way. The Soviets laugh with drooling delight at each blow so administered. In their view, Brazil is being driven, out of desperation, more deeply, more irreversibly into the waiting arms of Moscow's large-scale agreements on exploitation of Brazil's strategic minerals. It is this Soviet merriment which most pointedly assures us, once again, that those whom the gods would destroy, they first make mad.

It is madness throughout. Consider the explanation offered for these punitive tariffs. For what cause did the U.S. administration resort to such savage protectionism? For the cause of anti-protectionist "free trade," of course. It was argued: Brazil had caused the U.S. computer industry to suffer loss of the revenues which might have been gained by dumping more of its product into the Brazil market.

The U.S. administration's hysterical refusal to accept the reality of an October outbreak of the already overripe financial crash was hysterical. The Reagan administration blindly repeated almost the exact words of the doomed Herbert Hoover administration of the 1929-32 period, and the folly of that Hoover Congress which passed the notorious Smoot-Hawley Tariff bill.

Overlooking for a moment, the Mount Everest of off-balance-sheet accounts, the visible exposure of financial assets in international markets is in the vicinity of more than \$14 trillion. Of this total, approximately \$1 trillion is attributable to the nominal indebtedness of developing nations as a whole. Since early October, such exposed paper has been wiped from existence in the denomination of trillions of dollars, already several times more than the totality of the developing sector debt. The administration blames all this, in significant degree, on Dilson Funaro's Brazil.

Lest there be any doubt of the administration's state of mind, we see the same state of mind among both the administration and the publicized voices of the Congress, in Washington's neurotic delusion, that the world's biggest financial crash might be deterred by such ridiculously petty measures as a mere few billions in tax increases, a mere tens of billions in budget-cuts, and an irrelevant but savagely cruel dedica-

tion to cut the pensions of those many who, in large proportion, are subsisting by such means as skimpy rare meals on canned dog food.

Already, the 600 point Dow Jones collapse over Black Monday weekend, had wiped out near \$1 trillion in nominal values, with a resulting loss in federal tax-revenues for the current fiscal year of between \$100 and \$150 billion. Since then, more than an equivalent loss of federal tax-revenues has been added.

The prospect is that by spring of 1988, the federal budgetary deficit must reach a level of approximately \$500 billion, totaling to about half or more the total federal operating budget for the current fiscal year, and an amount vastly greater than the entire nominal external indebtedness of Central and South America!

It is inevitable that the federal tax-revenue loss for the 1988-89 fiscal year will be of the same magnitude or greater. A total direct federal debt-level of about \$3.5 trillion or more by the end of the 1988-89 fiscal year, is an optimistic expectation. What are \$40 or \$50 billion of budget-cuts, or about \$10 billion of tax-increases, against deficits of \$500 billion or more? The brutish cruelty of slashes in the Social Security pensions of the aged poor, produces a nominal "saving" in expenditure which, by law, can not be applied to the distress of the federal operating budget.

Lest anyone doubt the sheer insanity of the administration's thinking, it has insisted, over the course of this year, and even after the financial crash has erupted, that a collapse of the dollar which amounts, in reality, to a bankrupting of the United States, is a wonderful mechanism for eliminating the U.S. balance-of-trade deficit!

The sheer irrelevancy of the putatively corrective measures offered by the administration and Congress, is matched by the hysterical savagery with which they are deployed. If such public behavior were observed in an individual person, one would say fairly that that unfortunate person were suffering a mental disorder.

The administration's hysteria parallels its compulsive disregard for fact with which it plunges toward early appeasement of the Soviet dictatorship—offering Moscow Western Europe, where Neville Chamberlain and Daladier were blamed for offering Hitler, more modestly, Czechoslovakia.

The current financial crash signifies that the monetary and economic decisions, on matters of both foreign and domestic policy, reached over the period from October 1982 through April 1983, have been a catastrophic folly. The characteristic folly of the present administration, is its pathological degree of stubbornness in refusing to accept the evidence that any among its policies have been seriously mistaken.

These shallow-thinking fellows, long on ideology, short on powers of concentration, portray themselves as if among the mythical pagan gods of Olympos. They appear to argue, "We are the power," and imagine that no mischief could occur in this world, except that caused by someone's refusal

to submit faithfully to the policy whims of that administration. They insist that it could not be the policies heretofore supported by the administration, which have caused the financial crash. Never! There is no crash! There is only the sabotage of perfection by those who have refused to submit without question to the whims of the current administration.

In the administration's manifest opinion, a few minor adjustments will dispel the supposed illusion that a financial crash is in progress. To ensure that such illusions do not return—at least, until after the November 1988 elections, they appear to say that all those who have incurred the administration's wrath, by resisting its whims, must be severely punished. "People must learn to obey! They must never dare even to think of doing differently than we instruct them to do."

If that sort of behavior continues, the United States will soon be virtually destroyed, as if in a classical Greek tragedy. Madness is the instrument by which the gods effect the self-inflicted doom of those whom they would destroy.

Consumerism

To understand the Reagan administration's behavior in all matters bearing upon economics, one must take into account the special sociology of the majority among the long-standing associates of the President's household. The dominant feature of this circle is a collection of the plebeian newly rich, like the President himself, who have gained their wealth in services or speculatively inclined practices of buying cheap and selling for a profit. Excepting such as former Defense Secretary Caspar Weinberger, they are supremely ignorant of the ABCs of production, and are hostile to the standpoint of the industrial or agricultural entrepreneur. Their world-outlook is that of the newly rich merchant-rentier.

Their affection for the weakest of the celebrated minds of the economics fraternity, Prof. Milton Friedman, is a symptom of the quality of social prejudices of the Reagan circles in economic matters.

In them, "free market" reveals a "consumerist" philosophy. Buying real or imaginary objects at the cheapest price, and turning a profit on the sale of such objects, is all the economics which the President's mind attempts to encompass. For that circle, the economics of production and basic economic infrastructure do not exist. For them, productivity is not technological progress in a capital-intensive mode; for them, productivity is simply cheap labor.

They are incapable of understanding the U.S. economy, and are more emphatically incapable of understanding the ABCs of a developing economy, such as those of Mexico or South America. They are hostile to large-scale development of basic economic infrastructure by combined governmental agencies and regulated public utilities, the hallmark of Brazil's drive for economic potential. They understand capital only as money capital; they have no grasp of the importance of the ratio of employment, of employment in production of

capital goods to employment in production of households' and related goods.

They see productive capital and infrastructure as among the first expenditures to be cut for the sake of increased profit. They admire the wealth of the United States, to the degree they can acquire it; but they have not the slightest notion of how that wealth was built up through capital-intensive, energy-intensive investment in technological progress of farming and industry, and capital improvements in basic econom-

ic infrastructure. Their economics of production are those of the meanest, most technologically illiterate sort of "sweat-shop" operator.

Brazil is a vast country, with vast natural potentials waiting to be developed. So far, the development of this area is delimited to those regions in which infrastructure has been developed up to the level of kilowatts per square kilometer and per capita consistent with that in the industrialized nations of Japan, Western Europe, and North America. The

U.S.-Brazil trade war on the way?

by Mark Sonnenblick

President Ronald Reagan announced Nov. 13 that the United States would apply \$105 million worth of tariff surcharges and bans on Brazilian goods in retaliation for Brazilian measures to protect its nascent computer industry. Reagan justified his action in the name of "a free and open trade system."

Brazilian President José Sarney immediately protested "this uncalled-for and discriminatory threat" and announced, "I have ordered the ministry of foreign relations and the finance ministry to immediately study measures which could be taken against imports of U.S. products, if the threats made public today are implemented."

During the next month, this issue will provoke the most intensive lobbying, in Washington and in Brazil, in the history of North-South relations. In the formal realm, the U.S. Federal Register will soon publish a list of Brazilian exports to be banned or subject to up to 100% duty surcharges. That will be followed by several weeks of public hearings and possible modifications by the administration.

The U.S. sanctions list is expected to include shoes, textiles, and airplanes, which are now being exported by Brazil, and computers, which it does not yet export. A U.S. government source told the daily *O Estado de São Paulo* Nov. 11, "Our decision is to impose a 100% surcharge on the products chosen, eliminating them from the market."

"He who sanctions may also be sanctioned," Brazilian Science and Technology Minister Luiz Henrique remarked Nov. 14. He commented, "Like any good cow-

boy, President Reagan is going to count to 10 before pulling the trigger." His predecessor, Renato Archer, pointed out that Brazil could purchase the \$1 billion in electronic components it imports every year from the United States from Southeast Asia instead. Another potential target is the \$274 million in steelmaking coal Brazil buys from the United States, but could buy cheaper from Australia or Poland.

One fact, conveniently overlooked by all those who argue that Brazil's computer industry is responsible for \$105 million of the record U.S. trade deficit, is that in 1985 the United States exported to Brazil \$85.9 million in automatic data processing machinery, plus \$198.8 million in parts for such machines. U.S. computer product exports to Brazil have gone up every year, and are now several times larger than when Brazil started protecting its computer market a decade ago. Some of that goes into the big mainframe and medium-sized systems IBM makes in Brazil for the local market.

There are clearly other motives for Brazil-bashing.

Bashing Brazilian mercantilism

The Reagan administration and Brazilian Finance Minister Luiz Carlos Bresser Pereira are blaming U.S. protectionist Democrats, labor unions, and industrialists for the assault on Brazilian protectionism. On the afternoon of Nov. 6, Sen. Ted Kennedy and five other Democratic Party senators introduced a resolution recommending that the President retaliate against Brazil for protecting the micro end of its computer market from being swamped by IBM. Their action was closely coordinated with Treasury Secretary James Baker III, who had been wielding threats of retaliation to get Brazil to break its debt moratorium. Hours after Bresser capitulated on that front, Kennedy moved.

A high-level State Department official told Brazil's *Gazeta Mercantil* on Nov. 13, "The President's decision shows the enormous frustration in the U.S. today over Brazil, a country which has become an economic power but insists on behaving like Paraguay, with a mercantilist policy which does not allow for reciprocity." The State

location of industries depends upon the energy-density of the locale, and the logistics of transportation and related factors affecting the movements of goods and population.

There is no escape from this. Although the energy-density per capita in Japan, is lower than that in West Germany or the United States, the energy-density per-square kilometer is several times greater. Combining the two factors, as energy-density per per-capita unit of population-density, we see that the latter energy-density function correlates with levels

Department remains loyal to the treasonous tradition encapsulated in its slogan: "We don't want any Japans south of the border." It is with this idea in mind that the bipartisan Project Democracy mafia in Washington promotes the destabilization of those Third World governments who know that the only way any country has industrialized is when its government has aided new industries and protected them from foreign competition.

Through the National Endowment for Democracy, the U.S. taxpayers are financing politicians in the Third World who are trying to destroy mercantilist and dirigist structures there. The daily *Correio Brasiliense* reported July 24 that former Finance Minister Delfim Netto had been meeting with powerful businessmen, Gen. Octávio Medeiros, and ex-President João Baptista Figueiredo to plot against President Sarney. The daily said that they were acting on behalf of international financial groups, which wanted to force Sarney to abandon national sovereignty in foreign debt negotiations, as well as in defense of the computer industry. *Correio* claimed that Gen. Vernon Walters, who coordinated the 1964 military coup in Brasilia with the Figueiredo faction, was involved in the conspiracy.

Sen. Roberto Campos is also back on center stage. As the central bank president imposed by the 1964 coup, Campos placed Brazil under International Monetary Fund control, brought on a deep recession, and facilitated the takeover of Brazilian industry by multinational corporations. Campos lamented in a July 5 newspaper commentary that Sarney did not fully open the Brazilian economy to foreign investment in computers, "the nerve center of modern industry, putting himself in a more reactionary position than that of Gorbachov, whose *perestroika* is precisely intended to attract the multinationals of information and electronic technology."

A similar line was taken by Deputy Afif Domingos, who on Aug. 27 denounced a new article being written for the Constitution in Brazil, which mandates that the state give preference to "the nation's scientific, technological, and cultural progress as a criterion for granting incentives, for purchasing, or for granting access to the Brazilian

of technology and productivity which might be achieved. If Brazil were not to invest in large-scale infrastructural development, geographically, it would be required to invest at least as much in capital improvements in presently industrialized zones.

It is to the economic and strategic advantage of the United States, that Brazil be able to increase its per capita output to the highest possible levels at the highest rate. The United States should desire to export to Brazil, not the lower unit-

market." Calling it "an attack of hysterical xenophobia," Afif said it was being done, "exactly at the moment in which the most isolated country in the world—the Soviet Union—has begun to open its regime." "We must send the authors of that draft to Russia, so that they learn a little from Gorbachov," said Afif, according to *Jornal do Brasil*.

Constituents and military

Delfim, Afif, and Campos are among the leaders of a Constituent Assembly coterie that is moving heaven and earth to overthrow all or part of the nationalist draft Constitution which came out of committee Nov. 15. According to *Veja* newsweekly, which supports their efforts, one of their scenarios is to procure Brazilian military intervention against the Constituent Assembly.

The Constituent Assembly is being closely monitored by U.S. Ambassador Harry Schlaudeman, an experienced coup-maker. Treasury Secretary James Baker III is trying to fine tune the U.S. trade sanctions to help the Project Democracy faction triumph over Brazilian nationalists. The threat of sanctions against Brazilian shoes, for instance, could provoke whole states to demand their representatives take computer protection out of the Constitution when it comes up in the plenary.

The bulwark of the policy of defending the Brazilian computer industry is in the army. Military nationalists decided a dozen years ago that the country needed its own computer industry as a matter of national security. Army engineers nurtured it from nothing. Some whiz kids in Washington think that by banning imports of Brazilian aircraft, the pride of Air Force nationalists, they could focus vengeance on high-tech factions of the military.

Such imperial tactics are likely to backfire, just as Jimmy Carter and Walter Mondale's 1977 attempt to bludgeon Brazil on "human rights" wrecked the Brazil-U.S. military agreement. A new U.S. offense would poison the waters for Brazilian cooperation against Soviet incursions. It might also provoke Brazilian leaders to stop pandering to the maniacs in Washington, and turn production toward their internal market and that of their continent.

weight value of households' and related goods, but the higher unit-weight value of capital goods. The greater the growth of the Brazil economy, the greater the appetite for such capital-goods imports, even while Brazil's own capital-goods sector is growing rapidly. Given adequate rates of development, the existing external debt of Brazil becomes soon a mere pittance compared with the national income.

The lunatics abroad have demanded of Brazil, and other nations of Central and South America: Cease developing immediately! Crush your internal households' goods market to a minimum, and then below that. The result is a lowering of the level of the economy of Brazil—and other nations which are victims of this lunatic demand, and a lowering of the means to pay external debt.

The growth of the households' goods market is a function of the ratio of employment in capital goods and capital improvements in infrastructure, to employment in production of households' goods. On condition that capital investment is energy-intensive, capital-intensive, and technology-intensive, productivity rises more or less in ratio to the increase of the capital-intensity of the division of labor in production.

This Hamiltonian economics—which the idiots among the President's economic advisers deride as “mercantilism”—utterly escapes the mental powers of that administration. They are, sociologically, merely consumers, not producers. They are the plebeian newly rich merchant-rentiers, who despise the hewers of wood and drawers of water. Production is not an occupation of which to brag in their social set.

What should Brazil import from the United States? That which it chooses to import, first of all, as a sovereign nation should. From the standpoint of economic science, Brazil should import, above all else, those capital goods which, as tangible investments, increase the scale and productivity of average employment in Brazil's national economy.

The tariff issue

The classic scientific work on the system of political-economy perfected by the United States in the past, is Friedrich List's famous book on the subject of national economy. This is no different than the “mercantilism” on which the original prosperity of the United States was premised, but List amplifies Hamilton's work, in the light of broader lessons accumulated over the 50 years following the 1791 *Report to the U.S. Congress* “On the Subject of Manufactures.”

The great folly of the U.S. government over the recent 40-odd years, is that none of these administrations learned much, if anything, from the fact that the policies of Presidents Calvin Coolidge and Herbert Hoover created the Great Depression of the 1930s. So, we have had the spectacle, over 40 years, of U.S. Presidents dedicated to eradicating even the memory of the “mercantilist” American System of political-economy. In the great financial crash and looming new world depression of today, we see the rotten-ripe fruit

of that anti-mercantilist folly.

It is the common interest of those nations members of the community of principle adopted as integral to the 1823 Monroe Doctrine, that each nation prosper, and that no goods compete in their domestic markets at a price below the fair cost of production of such goods. If goods are sold in a market at a price below the fair price of production, then the domestic industries are wiped out in the effort to compete with those imports; so, the ability of that nation to continue to import cheap goods is shrunken in the direction of a worsening state of misery.

It should be our policy, that the cost of production defined by the practice of competitive production of quality goods be more than covered by the price at which those goods are sold.

In addition to recovering the combined direct, capital, and infrastructural costs of average production, the price paid must give the producer access to a significant sort of modest profit, a profit chiefly to be reinvested in the improvement of the quality of production, living standards of the operatives, and productivity of labor.

In addition to this, it is to our common advantage that each such nation have a stable currency, and maintain the means to meet its obligations for incurred debts and imports. It must use various means of governmental regulation of foreign exchange and trade to ensure that this stability is preserved. No neighborhood is improved by the blight of poverty spreading among its residents. No business can long prosper by means which bankrupt its clientele. The prosperity of each contributes to the prosperity of us all.

It were economic prudence, as well as the law given to Western civilization, to love thy neighbor as thyself.

It is within this context that such means of regulation as exchange-controls, export-import controls, tariffs, and tariff agreements in a fraternal spirit, be shaped and applied with common approval. To that which the neighbor needs, we must adjust ourselves, and that to our own ultimate greater advantage.

It is a time for extensive measures of regulation of exchange and trade in international markets. However, as the lesson of Smoot-Hawley should warn us, this must not be done arbitrarily or vindictively. It must be done rationally, according to sound economic principles, and in a spirit of fraternity among trading partners.

In the case of Brazil, and its neighbors, it is the vital economic and national-security interest of the United States that those nations prosper. Any contrary view is folly at all times, and would be insanity under the present conditions of worldwide financial collapse.

It is no secret, as my 1982 *Operation Juárez* and later supplements address this point, that as U.S. President I would foster a certain sort of cooperative integration of Ibero-American economies in a special sort of customs union among perfectly sovereign states, and as a measure of mutual defense of stable fixed parities of the currencies of each and all

those nations.

Such innovations are not the province of the government of the United States; they are the sovereign affair of each among the states concerned. Yet, if the United States shows its commitment to foster the success of ventures in such directions, that showing facilitates the new arrangement wherever sovereign states elect to adopt it.

In any case, it is the vital interest of the United States, that the approximately 350 millions of Ibero-America today be unleashed to realize their potential in cultural heritage and resources to become one of the great economic superpowers of the world. Whatever measures of exchange-control and trade regulation those sovereign states adopt, which might be helpful to the common interest of those states and the United States, must be favored by the government of the United States.

General agreement on the principles involved would not be difficult to reach. The details of practice are less simple, but the states of this Hemisphere already have existing, institutionalized mechanisms for working out accord in such matters, and could establish new mechanisms were it agreed that these are needed.

The most important thing now, is to understand that each of us is proceeding in mutual good will, that we wish not to injure one another. Faith in such good will fosters toleration for sovereign actions which might otherwise be causes for conflict.

For example, were I President today, and to institute an emergency trigger-price tariff measure on imports of petroleum, if the brother-nations of the Hemisphere knew that it were I that was doing that, they would not see this action as injuring them. The oil-producing nations of the Hemisphere would know that I was proceeding in full awareness of their national interests, and would know that I had something additional up my sleeve which would ensure that they were not injured by the new tariff arrangement.

They would recognize that I must defend the vital economic interests of the United States, as I would view similarly urge such sovereign measures by friendly states. I would not permit the stability of the Hemisphere's or other friendly oil-exporting nations to be injured by such actions; rather, we should meet quickly to elaborate a new, comprehensive energy policy, establishing an equitable long-term perspective for the affected sectors of industry.

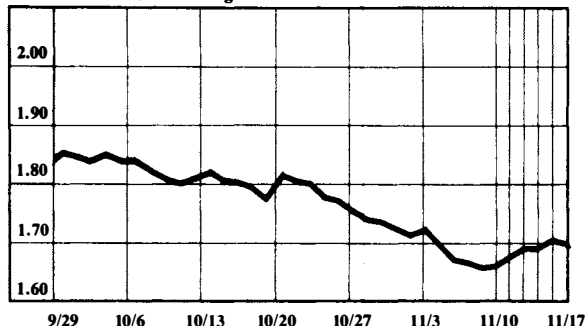
The spirit in which things are done by friendly sovereign states is foremost. That this spirit is permeated with rationality, is the most essential of additional requirements.

So, all the impending pressures for controls over foreign exchange and foreign trade must be approached, and that aided by fraternal collaboration among the friendly states involved. Good faith, rationality, and collaboration, based upon a commitment to the fostering of the sovereign interest of each and all, defines a certain style of diplomacy. It is a change of style, in that sense, which is most urgently needed.

Currency Rates

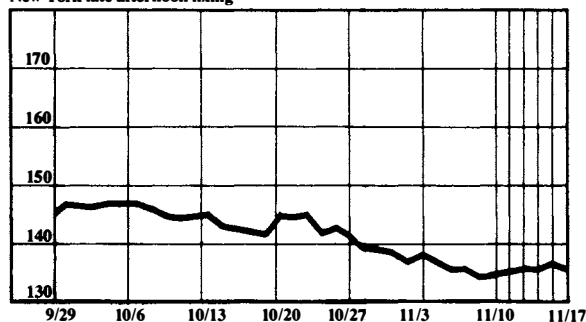
The dollar in deutschemarks

New York late afternoon fixing



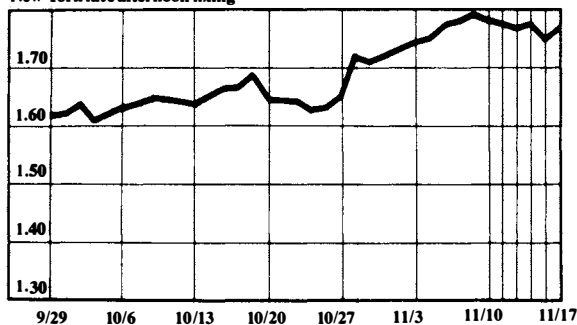
The dollar in yen

New York late afternoon fixing



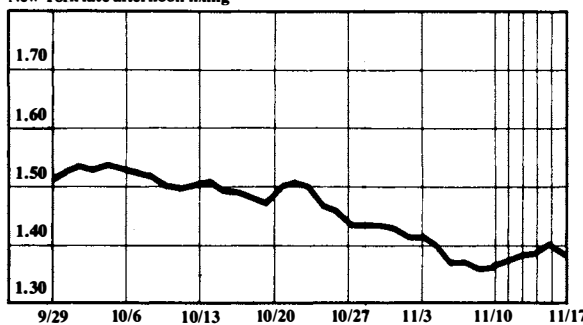
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



'Please don't let anybody decide whether life is worthwhile or not'

Dr. Ram Ishai is president of the Israel Medical Association and was interviewed by a representative of the Club of Life, the international pro-life organization founded in 1983 by Helga Zepp-LaRouche to counter the genocidal propaganda of the Club of Rome, the leading institution of "limits to growth" ideology. *EIR* prints this interview as a contribution to bringing to public attention the spread of euthanasia as an economic "solution" being proposed under conditions of economic crisis, just as it was under the Nazis half a century ago.

In the last issue of *EIR*, we published an interview with the secretary of the World Medical Association, Dr. André Wynen, on the fight against euthanasia. *EIR*'s own views have been expressed in numerous articles and editorials. (See in particular, Vol. 14, No. 29, July 24, 1987, Editorial; and Vol. 14, No. 39, Oct. 2, 1987, "Euthanasia returns . . . as economic policy," pages 24-35).

Q: Dr. Ishai, you are the head of the Israel Medical Association and one of those fighting euthanasia. Could you please describe your general moral view on this matter?

Dr. Ishai: I think that the problem of euthanasia lies in the contradiction found in the Hippocratic Oath, between the oath to relieve suffering and the oath to protect life. In the Jewish approach there is no conflict, because the sanctity of life is an absolute value, regardless to its quality, and one moment of life is considered equal to an entire life. One has to mind not to come all the way from the best interest of the patient to the slippery slope of entrusting the doctor or another person with the right "not to prolong" a patient's life.

Q: Could you please tell us what the Jewish religion says on this matter?

Dr. Ishai: The Jewish attitude toward euthanasia is that "any form of active euthanasia is strictly prohibited and condemned as plain murder"—as expressed by Rabbi Emanuel Jakobovits, the chief rabbi of the United Kingdom. As for passive euthanasia, the Jewish law differentiates between the dying person—in whom death is expected to be imminent—

and a patient who may lie for weeks. In the first case, the withdrawal of medical therapy that is sustaining artificially the patient's life, can be permitted. In the second case, the discontinuation of instrumentation and medical treatment is not permissible. The Mishna states (Semahot 1:1): "One who is in dying condition, is regarded as a living person in all respects." Maimonides prohibits any action that might hasten death. On the other hand, rabbinical authorities state that "it is forbidden to hinder the departure of the soul by the use of medicine" (Beit Yaakov 59).

Q: We just learned that some forces in your country have tried to introduce a "patient's bill of rights" which would allow a patient to refuse treatment—very similar to the beginning of the pro-euthanasia campaign in West Germany, the Netherlands, and the United States. Could you tell us something about the background of the bill and whether it has any chance of passing?

Dr. Ishai: In fact, there is nowadays in Israel a restlessness around the subject; people do not understand the real meaning and they mix euthanasia with living wills. I didn't hear about action to pass a bill legalizing euthanasia, which is considered illegal in Israel. But, a member of the Knesset has brought in a bill on living wills. Now the draft has not succeeded in passing in the first instance. According to this MK's [Member of the Knesset] explanations, the bill is aimed to permit the withholding of extraordinary therapy sustaining artificially the patient's life. But, in the discussions, it appeared that he was not only led by the intention to help the elderly person in agony or distress, but also by socio-economic factors. He explained to the special committee for social affairs of the Knesset, that "the situation in the homes for the aged is unbearable and so is the economic burden for the society."

In the meantime, a lawyer is trying to set up an "association for the respect of human dignity," with the same intention: not to use "extraordinary means of treatment when life has lost its meaning." So far the project has no large audience in the Israeli public.

Q: What do you think are the true reasons of the people who want to implement euthanasia?

Dr. Ishai: I think that people who want to implement euthanasia are led by good intentions. Most of them really think that they are acting for the good of the incurably ill, without any hope of cure, and who live in severe pain and distress. They generally feel that life is appreciable only if it has a minimum quality.

Unfortunately, even if one accepts the fact that life in itself is not a supreme value whose preservation takes precedence over all other considerations, even if one accepts the fact that a life which is no longer productive or pleasurable, may not be prolonged; even then, there is no criteria for the stage of deterioration, and who is to decide that this life is not worth preserving?

For the Jewish conception, a man does not enjoy the right of self-determination with regard to questions of life and death. Furthermore, if we do not consider the right of the patient himself to decide on the subject, what is the right of relatives or doctors to make the decision?

Besides these honest people who are well-intentioned, we have to mention other people whose intentions are less pure. Under the name of enhancing the dignity of life they pretend to protect society against the unproductive, the mentally ill, and generally the aged. We are not far from the “final solution” praised by the Nazis.

Be that as it may, all these people, the well-intentioned and the others, are not respecting the autonomy of the patient as they pretend, but rather act in a paternalistic way, deciding themselves what they think is good for others.

Q: In an article in the *Jerusalem Post* you were quoting as saying: “In present-day conditions, euthanasia could be performed to avoid economic burdens on society.” Could you please tell us what leads you to this estimation? Is this related to the cuts effected by the Israeli government in the health sector?

Dr. Ishai: As we have seen, one can perform euthanasia to free an incurably ill [person] from pain and agony; another thinks it is “absurd,” spending such an amount of money to prolong a life which is no longer “worthwhile.” To all that, we have to add those who may act unconsciously due to lack of manpower, cost-containment, the need for “triage” (selection); they cannot grant each patient the time and the attention he needs, and they finally practice involuntary euthanasia.

In general terms, one can say that once there are limited resources, there are priorities and there are people who deliberately do not receive the care they deserve or need.

Q: You are well informed about the situation in the Netherlands, where euthanasia is practiced already to such an extent, that old and sick people refuse to go to a hospital or to an old-age home because they fear they may become victims

of “mercy-killing.” In these days the first cases of euthanasia for people sick with AIDS have been made known. Do you think there is a danger that euthanasia could become *the* answer to AIDS?

Dr. Ishai: One has not to minimize the seriousness of the problem that AIDS states for the patient, for his family, and for society; but to think of euthanasia as a possible answer to AIDS, is contrary to all the foundations of medicine.

Unfortunately, to diagnose AIDS is until now to pronounce a verdict of death; but the attitude of the medical personnel cannot be dictated by panic or influenced by ancient taboos like the connection between sex and death. There is a great deal to do just now, until a curative treatment will be found; we have to treat complications in order to relieve suffering and prolong life. Actually, people treated early enough, can return to work and lead an almost regular life for a longer period; furthermore, we can remove stress since we know that anxiety may overwhelm the person and he may sink in depression and lose hope.

Q: West German law does not prohibit assistance to suicide, while the West German law 216 forbids killing on request of patients. Dr. Hackethal, whose offenses you know, uses this legal complication to further his aim to get euthanasia reestablished.

Could you please tell us what the legal situation in Israel is in this respect?

Dr. Ishai: I think that the question of suicide and assistance to suicide, states a problem different than euthanasia, since suicide can be without any connection to the health condition. In Israel, suicide is not considered a criminal offense, but assistance to suicide is assimilable to homicide—manslaughter.

Q: Dr. Ishai, sometimes—if one sees very evil things happen in other countries—it is very important to intervene. We would like you to address the conscience of Western politicians and their populations—especially in West Germany and in the Netherlands—in a final statement of yours.

Dr. Ishai: I am sure that most people who practice euthanasia think that they are acting mercifully by putting an end to the life of a patient; but they are wrong. Nobody can know what is really good for this patient at the very moment, and the right to die does not give to anybody the right to kill. They are wrong because there is today no contradiction between the ethical promise to relieve suffering and the promise to prolong and protect life. We have nowadays sufficient weapons to relieve pain and moral suffering and assure the quality of life until the end. They are wrong because the permission to kill under any condition and for any good intention will immediately lead to “mercy killing” like the final solution of the Nazis.

Please don't let anybody decide whether life is worthwhile or not.

Ready for 'designer meat' at \$15/lb.?

by Sue Atkinson

In the last year, you may have noticed the innovation in your supermarket's meat case of "designer meats"—name-brand poultry and meat, selling for at least \$7.50 a pound and up, for example "Tyson," and others. A few frills are added—pepper, garlic, etc.—as rationalizations for the prices, but no amount of inducements can enable today's households hit by the "recovery" to afford this meat, or the amount of meat they ought to have at any cost.

However, what is involved is not just another food "gimmick," like another breakfast cereal. In fact, the appearance of "designer meat" signals a process of cartelization in the U.S. and world meat supply that already constitutes a threat

to the potential to maintain and improve diets around the world. One of the world's biggest food cartels, Cargill, has made plans for its own line of "brand-name" cuts—for any who still can afford to eat.

What is happening is that the backbone of the "American System" form of food production—the independent family farm operation using high technology and advanced animal husbandry, is being replaced by giant cartel-owned pork and beef operations, that control the meat from the live animal stage to your supermarket. Over the last 15 years, the chicken, turkey, and other poultry supply of the United States has been "vertically integrated" in this fashion. Now, it is happening to pork and beef.

The jargon in the industry describes this differently, but means the same thing: Charles Levitt, a senior livestock analyst for Shearson Lehman Brothers, says that "economic factors" are moving livestock feeding toward large corporate operations. "The poultry industry lost large numbers of small, independent producers as corporate giants arose. The same phenomenon is occurring in the hog industry. This is not surprising, because several of the largest hog farrowing and production operations in the nation are tied directly to large poultry firms."


Between 1970 and 1986, the number of operations with hogs in the United States dropped by 60%. At the same time, such world food cartel companies as Louis Dreyfus, one of the giant "merchants of grain," has gone into cartelized hog production. The new cartel-related hog operations encompass units with outputs of 5,000 to 10,000 head per year. One such company is the Kansas City-based National Farms, Inc. This company alone, with \$50 million invested in buildings and breeding stock, is large enough to displace 500 average-sized farmer feeders.

National Farms has bought land in South Dakota, where it plans to duplicate its Nebraska operations. This would increase its sow herd from 18,000 to 36,000, and its annual production from 350,000 to 700,000 hogs. Tax subsidies totaling \$4.5 million are available to them for this expansion.

National Farms could also duplicate in South Dakota the business tactics it used in Nebraska. The Nebraska land was purchased in the 1970s, just as land values were increasing. In 1981, this land was sold to Prudential Insurance Company of America, and then leased back to National Farms, in order to maintain large benefits from government farm programs. (The company received \$3.4 million in payment-in-kind grain from the U.S. Department of Agriculture in 1983.)

Bill Haw of National Farms discounted claims that his firm and other large commercial feeders are damaging rural communities, or planning to charge high prices to consumers. He said there are 175 people who are staying and working near the complexes, located at Atkinson, Nebraska. About 55 of those employees are managers, making from \$12,000 to \$26,000 a year. The rest are hourly wage workers who start at \$4.75 per hour, and work 50-55 hours per week.

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Du Pont heir charges trust mismanagement

by L. Wolfe

Lewis du Pont Smith, an heir to the du Pont family fortune, charged Nov. 13 that "inept management and stupid financial judgment" by his family and the court-appointed guardians of his inheritance have lost him "millions of dollars" in the wake of the Oct. 19 "Black Monday" stock market crash.

Smith, who recently returned from a vacation trip to Europe, said that he had repeatedly told the managers of his estate, the Wilmington Trust Company, to sell off his holdings in equities because "the markets were headed for a great crash."

"I am not a crystal-ball gazer," said du Pont Smith. "It is well known that I am a supporter of Democratic presidential hopeful Lyndon H. LaRouche, who also happens to be the person whom I consider the greatest economist of this century. Last spring, Mr. LaRouche published a quite detailed analysis, stating that the markets were headed for a crash by mid-October. I studied the basis of that analysis and found all the assumptions to be on the money."

"At that point," he continued, "I decided that the best way to protect my assets which are held in trust accounts would be to sell off all equities and convert to a cash position or Treasury bills."

Last year, Smith's family had a Pennsylvania court declare him mentally incompetent, charging that his support for LaRouche proved his incompetence. "I am not in charge of my accounts," he said. "I live on a monthly, court-appointed allowance. I have not been given accounting of the management of my estate, which I estimate to be in excess of \$10 million—at least, before the crash."

Smith stated that he first attempted to communicate his desire to Wilmington Trust to convert his assets to more conservative investments in May. "I told them, in several discussions and in letters, that the market was going to take an unprecedented dive," he said. "I even sent copies of economic reports substantiating this from LaRouche and his associates."

"I told them that they should take whatever profits that had been made in the speculative run-up of the market and be thankful," du Pont Smith said. "I told them, to fail to do that was gambling with my fortune and was irresponsible and reckless."

"I was told by Wilmington Trust that their market analysts were forecasting another year of the 'bull market,'" he said.

"One portion of my portfolio, the so-called guardianship trust—which prior to the court's unprecedented action declaring me incompetent for political reasons, I controlled—the bank converted into a 50% cash and Treasury bill position. That was not what I had asked for—I wanted them to convert everything—but it was better than doing nothing."

Market 'correction' cost \$3 million

But Wilmington Trust resolutely refused to do anything about converting the much larger portion of Mr. Smith's portfolio.

Du Pont Smith then attempted legal action to gain partial management control of his trust accounts to force their managers to convert them to cash positions. That suit was lost in Pennsylvania courts during the summer.

"Before I left for Europe this September, I again attempted to reason with my court-appointed trust managers, asking them to get out of the market immediately before my estate suffered severe and irrecoverable losses," du Pont Smith stated. "I was told that Wilmington Trust's market analysts were still predicting the extension of the 'bull market' for another year or more. These great money managers would not listen to any contrary facts. I left for Europe knowing that when I returned, a good portion of my estate would be wiped out and I was helpless to do anything to prevent it."

"I estimate that Wilmington Trust's incompetence lost me more than \$3.3 million when the market crashed," du Pont Smith charged. "On my return, my lawyer sent the bank, at my request, a letter stating that they had failed to heed my warning and follow my requests before, costing me millions. Now, the bank continues to cling to the delusion that the markets will recover. They wrote me a letter, after Black Monday, stating that they continue to be 'bullish' and this crash, the worst in history, was merely a correction of the market. What insanity!"

"The facts in my case are now more clearly highlighted than ever," du Pont Smith continued. "A court declared me incompetent to manage my estate, because I gave \$212,000 to organizations associated with Lyndon LaRouche. Those organizations published economic analyses that predicted the stock market debacle, based upon an understanding of the real economy and its mismanagement. The court turns my fortune over to a bank which follows the policies and fantasies that have led to the worst crash in history. Even after the crash, these gentlemen cannot see reality. I have already lost far more because of their fantasy-ridden incompetence than I ever gave to organizations associated with LaRouche. The guardians of my trust, these court-appointed pillars of sanity, now plan to lose even more of my money because the market will continue to collapse, because economic policies causing the collapse have not been changed."

"I ask you," said du Pont Smith, "based on these facts, who is really mentally incompetent and who should be managing whose estate?"

Facing collapse

With its financial structure unraveling at a breathtaking pace, Mexico faces near-term economic disaster.

On Nov. 9, the Mexican government decorated Paul Adolph Volcker, ex-chairman of the Federal Reserve, with its highest honor for foreigners who have helped the country, the Order of the Aztec Eagle. It was given to Volcker for his participation in the "restructuring of the foreign debt, and financial help to Mexico."

On receiving the medal, Volcker explained his contribution to Mexico: "It is necessary to maintain the total payments due on the foreign debt," exactly as Mexico has done, "which has brought the country prestige and glory in the world." Meaning, that Mexico has not tried to reduce its foreign debt to the market price (presently 52%), and is paying everything due.

At the same time, the Finance Secretary of Mexico, Gustavo Petricoli, received a decoration from the Mexican-U.S. Chamber of Commerce, which is headed by Rodman Rockefeller and Jacob Zeindeweber.

Apparently, all this has pumped fresh adrenalin into President Miguel de la Madrid in his voyage to the precipice. On Nov. 10, the Bank of Mexico hiked the interest rates on its Cetes (Treasury certificates) to 106.05% on 91-day notes and to almost 100% on 28-day notes.

This clearly "Volckerian" measure has a multiple purpose. One is to try to stop the intense capital flight—\$80 million daily, according to the Mexican business association Sales and Marketing Executives—that began on "Black Monday." The flight is also due to expectations of a "maxi-devaluation" of the peso, in order to

strengthen the non-petroleum exports, whose market is being lost because of the devaluation of the dollar and the U.S. economic depression. The "maxi-devaluation," planned in conjunction with the recently signed "Framework Accord" for U.S.-Mexican trade, is intended to close the gap between the present 101% annual rate of devaluation, and the 145% rate of inflation.

But the essential reason for the sudden increase in interest rates is an effort to prevent the panic that collapsed the stock market from spreading to the bonds that finance the public debt. The speculators have demanded that they be able to cash in their Cetes in order to inject liquidity into the collapsed stock market, or to begin a run into commodities, gold, or dollars. That threatened to bring about the bankruptcy of the government itself, which therefore raised the interest rates to stop the holders of Cetes from selling them. That, in turn, depressed the stock market further, given the greater return from investing in Cetes than in devalued stock shares.

The big players in the market pressured the government to implement a "rescue plan" to buy selected stocks. The government negotiators demanded in return that the potential beneficiaries of its credits commit themselves not to sell their stocks for at least one year, with the hope of stabilizing the market in the long term. The speculators reacted hysterically. Now, the Government Financing Agency, which was to have injected the new money, says the deal is off.

Meanwhile, the market continues to fall to record levels. In little more than one month, it has fallen almost 275,000 points, from 380,000 to 105,000, a 72% decline. Financial columnist Luis E. Mercado, reported, "If the prices continue declining . . . it is probable that in a few days more we will not be talking about a 'super-crash' but an authentic financial tragedy for the country." He asked for "rapid action" from the government to salvage the situation.

However, the increase in Cetes interest rates greatly increases the government's internal debt, and the budget deficit. The "Volckerists" of the regime intend to deal with this situation with a federal budget for 1988 even more austere than previous ones. This will cause inflation, the one parameter that de la Madrid says is "worrisome," to shoot utterly out of control.

After the visit of Volcker to Mexico, de la Madrid declared that he had confidence that there would be no depression in the developed countries, and that "rationality and pragmatism" would rule. And he affirmed that the Mexican economy is strong and healthy enough for any eventuality.

All of this reminds us of the story of Edgar Allan Poe, "The Death of Mr. Valdemar." Bedridden by a serious disease, Mr. Valdemar is kept alive by means of an hypnotic trance. After a period, he is awakened, because the hypnotist believes that he has recovered from the disease. At the moment of awakening, Mr. Valdemar immediately turns into a putrified corpse between the sheets. The hypnotic trance had had the effect of embalming a dead corpse for a time.

If President de la Madrid continues in the hypnotic trance in which Volcker has put him, when he awakes, the putrified corpse will be the size of Mexico.

Kra Canal on parliamentary agenda

After months of "fact-finding," a House extraordinary committee in Thailand has just given the green light for the Kra Canal.

The Kra Canal project—a plan which consists of linking the Pacific and Indian Oceans by way of a canal to be constructed across the isthmus of Thailand—is back in local headlines again. Early in November, the Thai House Extraordinary Committee concluded a two-year investigation and recommended that the Kra Canal be constructed along Route 5A from the western coast of Satun to the eastern coast of Songkhla. The recommendation will be discussed in Parliament by the end of November.

Before concluding their investigation into the feasibility of a Kra Canal project, which includes the development of major deep-sea port facilities on both ends of the canal, as well as industrial zones, House Committee chairman Wattana Asawahem headed a 20-man group on a seven-day study tour early in November. The group wanted to study the traffic and navigation patterns of the region aboard a fishery research vessel which went from Songkhla through the Singapore Channel, the Strait of Malacca and back.

The House Extraordinary Committee members earlier went on a world fact-finding tour of the Suez Canal and the Nordost See Canal (also known as the Kiel Canal) at the end of August, where they were able to gather information on dam construction and the Euro-Tunnel project. They also met many businessmen and politicians interested in the Kra Canal project.

Over the past year, lobbying work in favor of the project has developed

to another phase. In October, an independent Kra Canal Club was founded by Police Gen. Amrung Sakulratna (ret.) and Fusion Society representative Pakdee Tanapura. Joining the Club are H.E. Konthi Supamongkol, former ambassador to London and Bonn; and several retired military officers representing all three branches of the Royal Thai Armed Forces. The club is headed by Dr. Arun Soratesna, a former cabinet member. The Club is a member of the Science Association of Thailand.

After only four meetings, the Kra Canal Club is getting down to the nitty-gritty of hard political lobbying work. A basic handbook in Thai on the Kra Canal written by the group will be out on the local market before the end of the year, and will be designed to build a broad base of support for the project. The Club has also issued a resolution following the Oct. 19 crash of the New York Stock Exchange. Referencing U.S. presidential candidate Lyndon LaRouche, the Thai Club has called upon the Prem government to make the project the centerpiece of a New Deal policy "à la Roosevelt" to protect the country from the impending financial collapse.

The resolution states: "Presently, the construction industry represents only 5.68% of the total GNP of Thailand. . . . Expansion of the construction sector through urgent implementation of project as the Nam Choan Dam, the greening of the Northeast region, major water management and

irrigation projects, and electricity generation will not be sufficient. What is really needed is a great infrastructure project like the Kra Canal. . . . According to a Fusion Energy Foundation study, the Kra Canal project will necessitate an investment of some 300 billion baht (\$12 billion) and will be able to employ national raw materials and local labor for up to 65% of the total project construction work. In the span of the estimated 10 years needed to complete the project, there will be some 5 to 8 million new jobs."

The resolution ends by stating that the "present economic and financial crisis will have an impact on the economies of every nation, including that of Thailand. The present government's political stability will depend on its ability to successfully pull the country through the crisis."

Most recently, the Bangkok-based Asian Institute of Technology has founded a 15-person Kra Canal ad hoc committee, headed by Prof. Yves van Frausam, a Belgian economist. The AIT has one of the largest, if not the largest, computer facilities in Southeast Asia, and can be called in at a certain point for consulting work on the canal project.

Paradoxical as it may seem for Prime Minister Prem Tinsulanonda—himself a man from Songkhla—he might not be the one to go down in history for having given the green light to the Kra Canal, even though many of the parliamentary members of the House Extraordinary Committee on the canal are his close friends. Many in Thailand believe that at the crucial moment when the canal is put before him, Prem will lack the courage to put his approval behind a project that would benefit even his own region the most. Or will Prime Minister Prem surprise us all by breaking with his pattern of passivity?

Business Briefs

Trade

Japan seeks to ease dependency on U.S.

In the view of Japanese International Trade and Industry Minister Hajime Tamura, Japan "must change its trade structure gradually—if not completely—to one less dependent on the U.S. as a long-term goal," the *Japan Times* reported Nov. 10. Tamura said that Japan sends nearly 40% of its exports to the United States, while West Germany only sends 10%.

Excessive dependence on the United States is weakening Japan's trade position vis-à-vis Washington, Tamura said, and making it more vulnerable to trade friction and rising yen values. Japan must broaden its trade relations with Association of Southeast Asian Nations (ASEAN), as well as South Korea, Taiwan, and China, in a way similar to Germany's trade relations with the other EC nations, Tamura said.

"The most urgent problem facing Japan is to correct its huge trade imbalance. Recycling Japan's surpluses to developing countries should be part of our efforts to achieve this goal," he said.

Science

New magazine launched by Fusion editors

The frontiers of tomorrow's science and technology will be the focus of *21st Century Science & Technology*, a new bimonthly science magazine published by 21st Century Science Associates and scheduled to appear in January 1988. Carol White and Marjorie Mazel Hecht, former editors of *Fusion* magazine, announced Nov. 19 a subscription drive for the new publication.

"Our magazine will bring readers the ideas, experiments, and advanced technology necessary to take mankind to the 21st century," said editor-in-chief White. "We want to spark the kind of discussion and debate of fundamental scientific ideas that can reverse the prevailing anti-science cli-

mate in the schools and media."

The magazine's initial run will be 50,000, and the editors are aiming for a circulation of 100,000 within the first year. The magazine is also soliciting advertising.

The first issue will be 64 pages, with a cover story entitled, "Two Days to Mars with Fusion Propulsion." Other feature stories include "Space Farming in the 21st Century," articles on the biological and political effects of radio frequency weapons, and Kepler's ideas on travel to the Moon. The news coverage ranges from a report on the spread of AIDS in Ibero-America, to a review of the Soviet beam defense program, and an update on supernova #1987.

"There is a real need for a pro-science magazine for the general reader in this country," said managing editor Hecht. "We think we have a unique role to play in representing the tradition of progress and growth in science. Our focus is on man as an improver of nature, not as a 'spoiler.'"

The magazine's scientific advisory board, still in formation, includes several prominent scientists.

Subscriptions are \$20 for 6 issues, and the cover price is \$3 per copy. Checks and money orders made out to 21st Century should be sent to P.O. Box 65473, Washington, D.C. 20035.

"We have kept the price low to encourage student and school subscriptions," Hecht said.

Finance

Norway's biggest bank loses \$124 million

Spokesmen for Norway's biggest bank, Den Norske Creditbank, have reported that it has estimated its losses on stock market trading at 600 million crowns, or about \$93 million, as of Nov. 3.

"The further fall of share prices worldwide since then has clearly worsened the bank's situation," said Terje Loeddesoel, the bank's managing director, according to a Reuter news wire.

Loeddesoel added that the losses had risen to about 800 million crowns (\$124 mil-

lion) through Nov. 18. "If there is no improvement, there is a danger that we could go into the red," Loeddesoel concluded his news conference.

Crash of '87

German industrialist fears leadership failure

The president of West Germany's Daimler-Benz Corporation, in a strongly worded speech in New York, has warned of a "catastrophic lack of world economic leadership competence" in Western governments, posing a grave danger to the world's economic future and to the defensibility of the Western alliance.

Addressing an event of the American Council on Germany in New York Nov. 16, Edzard Reuter warned that this lack of leadership has "already turned into a live political danger." Political incompetence, Reuter stated, can provoke a "grave world economic crisis which could develop its real explosiveness in the framework of the East-West conflict, and lead to uncontrollable political threats to the consistency of the Atlantic defense alliance.

"We are running out of chances" continued Reuter, attacking politicians for only "manipulating currencies, rather than revitalizing the growth factors of the economies." Politicians in the West, said Reuter, have "to finally say good-bye to certain dogmas that are worshipped by the governments in Tokyo, Bonn, and Washington like pagan idols, which prevent us from building dams before the floods sweep over us."

The solution, he said, has to be sought "in the growth-promoting factors of the economy."

Reuter heads the biggest industrial company in West Germany, with an annual turnover of \$55 billion deutschemarks.

His warnings were echoed, after a fashion, by former Citibank senior economist Harold van Buren Cleveland, who told a financial conference in Bologna, Italy in mid-November that "a recession is coming," and the stock market collapse could become "catastrophic," unless a "lender of last re-

Briefly

● **PERU** has filed a \$200 million lawsuit against U.S. securities firms for rigging the price of silver, and a federal judge in New York has ruled that there is indeed sufficient evidence to go to trial on Feb. 3. It is charged that Merrill Lynch, Prudential-Bache Securities, and a branch of Donaldson, Lufkin & Jenrette Securities Corp. helped Texas's Hunt brothers manipulate the silver market during the 1980 silver market collapse.

● **CHRYSLER** reduced some new car prices Nov. 12 in an attempt to increase sales. Chrysler car sales dropped 22% during the first 10 months of this year. Chrysler is in the process of digesting American Motors and introducing a new line, an unusual move for the number-three automaker. Overall, U.S. car sales were down 10.1% to 139,575, from last year's 155,280 in early November.

● **UNDERSECRETARY** of Commerce Bruce Smart went to New Delhi in mid-November after the U.S. government formally agreed to cooperate with India in the field of electronics, especially in the transfer of computer software technology.

● **DWAYNE ANDREAS**, chief of food-cartel giant Archer Daniels Midland and the reputed successor to Armand Hammer as arbiter of trade deals with the Russians, was in the U.S.S.R. in mid-November for a meeting with Deputy Prime Minister for Agriculture Vsevolod Murakhovskiy.

● **PIERRE CARNILLON**, the secretary of the World Interparliamentary Union, told a recent press conference that it is impossible to calculate the billions of dollars handled by drug traffickers, but it is clear that the money is laundered through the world's stock markets. He called drug-trafficking a crime against humanity and called for strong laws against money-laundering.

sort" is found to support troubled "nonbank banks," such as brokerage houses, retailers, and credit card companies.

Cleveland said he was not so worried about the big banks, since the Federal Reserve would bail them out. But widespread failures of nonbank banks could cause a severe contraction of the money and credit system.

Foreign Aid

Is Felix Rohatyn taking over Israel?

When Chaim Herzog made his first trip to the United States as Israeli President in mid-November, his key concern was to get the White House's go-ahead for a scheme to bail out the bankrupt Israeli economy, according to well placed sources. The scheme hinges on a congressional bill that would allow Israel to pay off half its debt to the U.S. government in one lump sum, through borrowing the vast sum from U.S. banks. The U.S. government would guarantee the bank loan to Israel, according to the bill, an arrangement currently not legal under U.S. law.

According to reports, the initiative does not come from Israel at all, but was cooked up by Felix Rohatyn of Lazard Frères, who had earlier devised the "Big MAC" plan which bankrupted New York City; Goldman Sachs, the old stomping ground of Undersecretary of State John Whitehead; and Salomon Brothers. Another key player is Meshulam Riklis, the mob-connected owner of Rapid America Corp. and the financial backer of Gen. Ariel Sharon, who hopes someday to be prime minister (read: king) of Israel.

According to some Israeli and Arab observers, were the plan carried out, it would end the sovereignty of Israel. As one individual expressed it, "Do you think that Wall Street would ever give Israel the same plush deals it gets so easily from the congressmen it controls in Washington? As long as Israel is an actual state, it can buck the banks. If all its debt is in the hands of the New York banks, it will be squeezed like it never has before. Israel will become one giant casino,

another Batista's Cuba.

"The motivating fear in New York is that Israel may actually go along with the Marshall Plan concept of developing the region, since all its other strategic options have been such gross failures. To stop this threat, the decision was made to simply end any pretense of sovereignty of Israel."

Health

Washington issues new AIDS figures

The Reagan administration has prepared a revised estimate of the scope and progress of the AIDS epidemic in the United States, which significantly reduces previous projections. But, since very little testing of the population is occurring, it is not clear what basis for the new estimates exists, except a political desire to ease the popular mind.

One official, cited in the Nov. 16 *Chicago Tribune*, said the report would "scale down" the government's 1986 projection of 1.5 million cases, possibly to as low as 350,000. "It's going to open some eyes," the official said of the report that President Reagan ordered last spring. "It's going to be a lower number, and it's going to show that the spread has slowed down drastically."

Another official reported that public health administrators stated in October that the infection is not spreading beyond the existing risk groups and a small range just outside. They also insisted that there is no rapid expansion, and that they don't expect a rapid expansion of the disease.

By contrast, the World Health Organization has raised its still-very-low estimate of the number of AIDS cases worldwide by 50%. In literature distributed at a recent conference on AIDS in Geneva, the WHO estimated that 150,000 people had contracted the disease—50,000 more than the WHO's last public admissions in March.

The WHO says that 5-10 million people in the world carry the AIDS virus. WHO director Halfdan Mahler also told the conference that a vaccine for AIDS "may be even further away than we thought a year ago."

Rebuild the nation's productive industries!

A national reconstruction program is needed, to stop a spiraling collapse in the physical economy. By Robert Gallagher.

The ongoing collapse of the paper economy has created a situation in which, without immediate emergency measures to prevent it, we can expect an even faster rate of decline in the real, physical economy than that which is presently occurring. Without emergency measures, we will quickly be propelled into a depression even more devastating than the Great Depression of the thirties.

The positive element in the present crisis is that it does away with, once and for all, any illusions about the reality of a "Reagan recovery." Not only did this recovery not exist, but over the past eight years the American economy has suffered rapid deterioration as basic industry has been shut down and infrastructure left to rot. While there has been some defense build-up, here too, the pace has not been in any way adequate to the challenge before us.

Lyndon LaRouche has proposed a series of measures which must be taken in the immediate future, to turn around the situation. Cumulatively, these measures can create a climate in which we in the United States can rapidly assimilate new technologies into the economy, from the space program and the Strategic Defense Initiative. In this way the productivity of the work force can be increased. Yet, even with such an increase in productivity, the tasks before us seem awesome.

As a nation, the United States has the advantage of the experiences of the 1939-43 World War II mobilization and the 1960s Apollo program to show how an economy could leap forward, when the proper investment climate was coupled with a national mission that was a stimulus to the rapid development of new technologies and their assimilation throughout the economy.

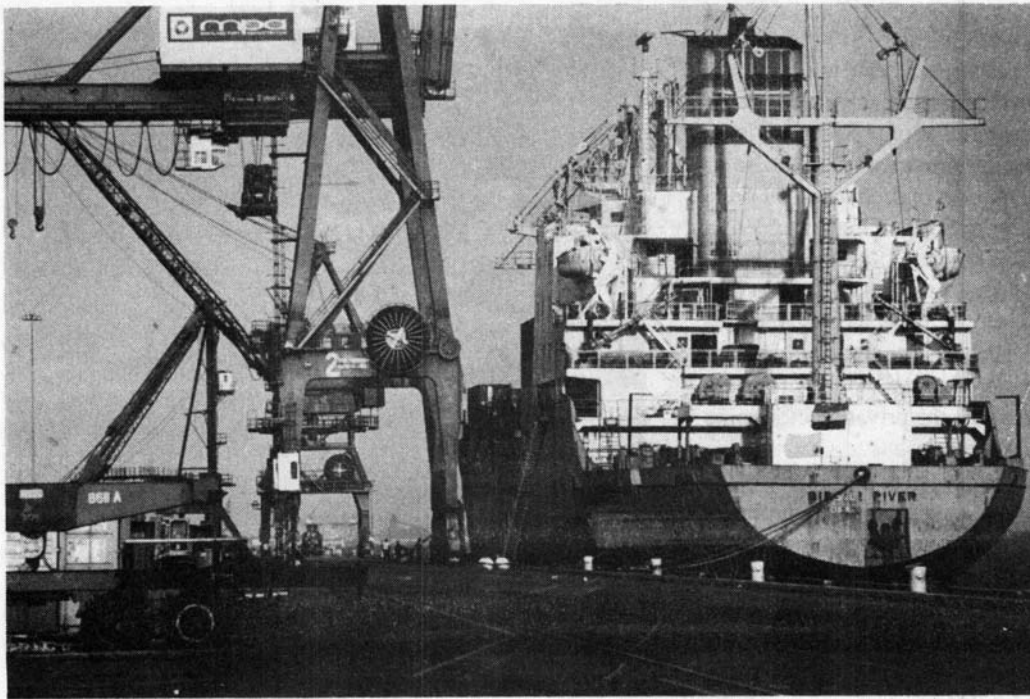
Unfortunately, the problems we face today are far more serious than the ones we faced in the past. The United States has sunk into a hedonistic culture, and is in an advanced state of moral, as well as physical, decline.

The report below identifies critical federal government programs and policies in areas from financial reorganization, to defense and economic infrastructure, that can drive the rebuilding of basic industry and agriculture. We cannot wait until the 1988 elections to adopt measures to halt economic collapse. These federal programs must form the kernel of a bipartisan program for economic recovery and national reconstruction—now. Since we now face simultaneous crises in the economy, public health, and national defense, these are areas which must play a central role in national reconstruction.

Emergency measures

The key features of a bipartisan national economic reconstruction program are:

- 1) A return to the credit policies established by Treasury Secretary Alexander Hamilton to foster industry;
 - 2) Deployment of a strategic defense;
 - 3) A declaration of war on the epidemic of the Acquired Immune Deficiency Syndrome (AIDS), and the establishment of a "Biological Strategic Defense Initiative" to fight it;
 - 4) Development of essential national economic infrastructure, such as water resources; and
 - 5) The establishment of a commitment and timetable for the colonization and industrialization of the Moon and Mars.
- These programs will spur the economy forward in every



Suzanne Kiebe

Reconstruction of the ports and other infrastructure of the United States is key to a real economic recovery. Shown here is a Liberian container ship taking on cargo in the port of Baltimore.

area of productive industry. If everything is done right, the economy should take off like a rocket within months of enactment of this program.

There is an urgent need now, that President Reagan enact a series of emergency measures. He should declare a National Economic Emergency, a National Defense Emergency, and a National Health Emergency. He can invoke emergency powers under existing legislation, such as the Defense Production Act, to terminate the independence of the Federal Reserve System, and reform it into a new National Bank. This Bank will serve as the means of establishing a two-tier credit system, so that plentiful credit, at low interest rates, can be made available for investment in mining, manufacturing, construction, agriculture, and other productive industries, while setting the interest rate for investment in non-productive areas or non-necessary overhead so high as to make it unprofitable to invest in those areas relative to productive investment. As Lyndon LaRouche recently wrote:

The President must submit bills to the Congress, as provided in our federal Constitution, authorizing issues of U.S. Treasury currency-notes. We shall require about \$4 trillion of issue of such notes over the first two years, in batches of about \$1 trillion each. The new issue of currency will not be spent by government; it will be loaned, at Federal Reserve rates of between 1% and 2%, to farms, industries, public utilities, and as capital improvement loans to federal, state, and local agencies. In the main, the loans will be limited to loans for production capital and capital improvements in the production and physical distri-

bution of physical goods.

The improved climate for investment in productive industry, will set off a capital investment boom in agriculture, manufacturing, and other vital areas of the real economy. The program will force through the retooling and rebuilding of our basic economic infrastructure.

Expanding the productive labor force

How, given the present state of collapse of the physical economy, can the U.S. deploy a strategic defense, launch a war on AIDS, rebuild our basic economic infrastructure, and launch a mission to colonize and industrialize the Moon and Mars, all at the same time? Do we have the industrial capacity and labor force to accomplish all these tasks?

These initiatives will reopen every factory, every steel plant, every mine shut down in the last 20 years of economic decline, even out-of-date machine shops, to get American industry moving again.

To provide the necessary productive labor, the unemployed, the misemployed, the underemployed, will be offered employment in productive industry to boost the percentage of the labor force employed as production workers in construction, mining, manufacturing, and utilities and as scientists and engineers in industrial research and development, from the present abysmal 20% toward 50%. Over the years ahead, much of the existing labor force will transfer out of service industries and into employment in construction and manufacturing. This amounts to transferring approximately 30 million persons into higher-paying, productive jobs over the next decade—more than doubling the size of

the productive labor force.

In the past, the nation has shown itself able to double the size of the productive labor force in a relatively short period of time. From 1938 to 1943, the number of productive workers engaged in manufacturing industries jumped from 7,478,000 to 15,147,000. The number of production workers employed in durable goods industries more than doubled in the years 1939-43, from 3,895,000 to 9,548,000.

A principal problem in shifting millions of people into other forms of employment today will be the logistics required to accomplish the task, such as assembling necessary equipment, or training the new productive workers for their new jobs. How much and how fast is the private sector going to respond to the need to expedite this?

If we left the matter of the logistics for reorganizing the economy entirely up to the private sector, we would probably be fortunate if as many as a few million persons transferred into productive industries in the near term. There is, however, an additional existing logistical infrastructure available that not only can be deployed, but must be, to get certain aspects of the program implemented, namely, the U.S. Army, especially the Army Corps of Engineers.

The Army can provide the logistics required to organize the many federal projects discussed below which will employ huge numbers of people, such as the North American Water and Power Alliance (NAWAPA), the construction of ground-based anti-missile missile systems, etc.

Military operations themselves are 90% logistics: organizing an army, producing its weapons and supplies and transporting everything to the front, are all based on an enormous logistical network.

How fast can individual workers be trained for work in productive industry? In the way that these sorts of projects would be done right now, they require plenty of various types of relatively low-skilled labor: construction laborers, assembly-line workers, etc. Youth can be recruited into working on federal projects in a way analogous to the CCC camps of the 1930s.

While on these jobs, the new industrial workers will be trained in the evenings as carpenters, mechanics, equipment operators, and machinists because these skills will be needed immediately. A few months (or weeks) after initial employment in productive industry, many workers can become apprentice carpenters, mechanics, equipment operators, or machinists.

Boosting productivity

This program will increase the average productivity of the labor force in three ways:

1) *By more than doubling the percentage of the labor force employed in productive industry, the average productivity of the labor force as a whole will increase by approximately the same factor.*

Conversely, the present massive shutdown of basic in-



A successful recovery program will require raising the productive powers of labor, through education and training—not the kind of slave labor shown here, where a child is a migrant farmworker in Virginia.

dustry has created a massive overhead burden on the remaining industrial workforce.

2) The program will spur capital investment, increasing the capital intensity of the economy—the amount of capital equipment available per industrial operative—and thus increasing his power to accomplish work.

In the first few years of the reconstruction program, we will unfortunately have to rely on the level of technology that exists in industry today. The nation must pull itself up by its “bootstraps.” Nonetheless, because the programs will send the entire economy into a capital investment boom in the basic industrial sectors of mining, manufacturing, construction, and utilities, their very initiation will increase capital intensity and productivity.

3) *Technology developed previously but not yet implemented, will be driven into the economy, further boosting productivity.*

The process of getting production started again, and of setting definite goals to achieve, will, as it did during the World War II build-up and the Apollo program, place more advanced technologies sitting “on the shelf” and waiting for introduction into industry, within reach of the industrial operative, boosting productivity a few years down the line. The national commitment to the goals outlined here, will set the proper investment climate, for implementation of new technologies.

The most rapid possible application of laser and plasma processes to basic industry will occur, including laser ma-

ching, and laser and plasma industrial chemistry. To free up as much skilled productive labor as possible for the enormous labor demand this program will produce, we will embark on the most rapid possible extension of computerized industrial-process control throughout basic industry.

The following examples are meant to illustrate the sort of productivity gains that will occur.

If we simply bring on line the 100 gigawatts of nuclear electric power that is in various stages of construction, we will achieve an enormous productivity gain. With nuclear technology, the power output per electrical utilities production worker is 10 times more than in coal-fired power production, because nuclear does not require the hundreds of coal miners required to fuel a conventional power plant (see *EIR*, June 20, 1986).

Great productivity gains in basic industry will come from the introduction of laser and plasma processes in materials processing. One laser-based process already developed and in the pilot-plant stage of implementation, the Atomic Vapor Laser Isotope Separation (AVLIS) process for the separation of uranium fuel for nuclear power reactors, is over 30 times more efficient than the conventional "Gaseous Diffusion" process now in use (see *EIR Quarterly Economic Report*, 1st Quarter 1987).

Enormous productivity gains and investment savings can be achieved with plasma metals and materials processing, which can come on line within a few years. This technology will increase output per man-hour tenfold, in steelmaking, aluminum reduction, cement production, and other basic industries (see *EIR Quarterly Economic Report*, Oct. 15, 1985).

The example of the Apollo program

The Apollo program provides an example in miniature of how the kind of program outlined here, sends the economy into a capital investment boom. The Apollo program and the earlier missile build-up played the role of a driving economic process that cheapened the cost of production throughout industry, and by achieving set national goals, forced the economy as a whole forward, toward capital investment in more advanced technology.

The impact on the civilian economy of the aerospace programs launched following Sputnik were immediate and dramatic. New orders for capital goods boomed during the 1959-69 defense-aerospace build-up for the first time since World War II. By contrast, from 1950-57, annual new orders for capital goods in non-defense industries actually declined by about 8%. By 1958, the decline was 18%. The following decade of the space program, however, saw an explosive growth in capital goods spending in constant dollars from \$103 billion in 1959 to \$234 billion in 1969, an increase of 127%! (See **Figure 1**.) While annual new orders for capital goods in aerospace almost doubled from 1958 to 1967 (92% growth), this growth in aerospace provoked a faster acceleration of investment in non-defense industries as a whole.

The period of 1958-68, when U.S. defense and aerospace spending grew at the highest rate in the postwar period, also coincides with the period of the greatest postwar price stability. From 1959-69, the average annual percentage of change in wholesale prices was 1.1% per year. From 1950-57, the rate was 2.4%, and from 1970-80 the average annual percentage of change was 9.3% per year. Increases in inflation correlate with cuts in investment in defense and space exploration.

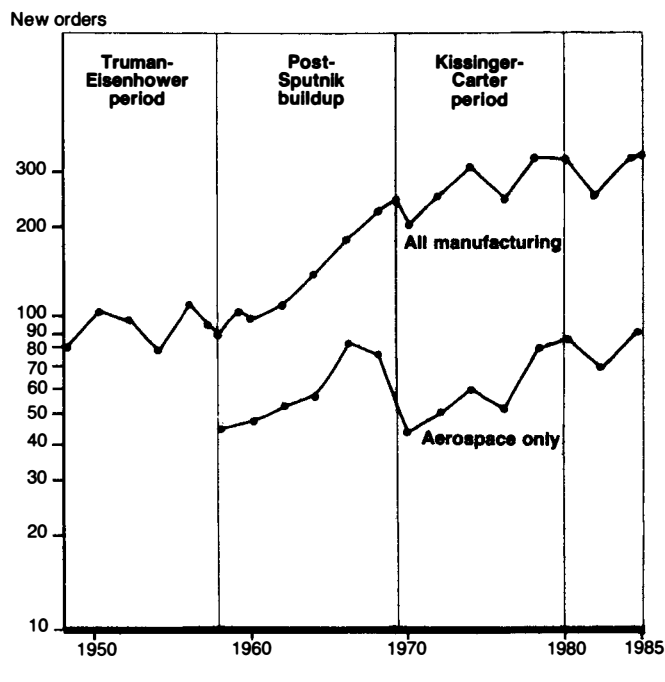
The economy in the postwar years has been healthier when the proportion of national resources committed to defense and aerospace is greater. These are the industries that under conventional wisdom, do not contribute to national wealth! When these industries are cut back, inflation is set off, as if upon command.

We present below an outline of some of the initiatives that must be carried out in specific areas and which will have a profound economic impact. Sources for most of the detailed statistics are back issues of *EIR Quarterly Economic Reports*.

1. Defense Policy

Rebuilding our national defense requires rebuilding our basic industries, such as steel, machine tools, and shipbuilding. The result will be to retool our basic industries for civilian production.

FIGURE 1
Orders for capital goods boomed during Apollo Program



Source: *EIR Quarterly Economic Report*, 4th Quarter 1986.

a. Shipbuilding. Deployment of a strategic defense over the next five to ten years will require a tremendous build-up in naval shipbuilding capability. Dozens of ballistic-missile submarines will be required within five to ten years as *basing stations for x-ray lasers* and other equipment that would be “popped up” into space to defend the U.S. and its allies in the event of a Russian ballistic-missile attack.

At the present time, construction of a single nuclear submarine requires approximately five years or more. Our present capacity is less than one submarine per year. Construction of the needed submarine bases for SDI hardware must begin immediately if they are to be ready in sufficient quantity when SDI systems are ready for deployment. Closed shipyards must be reopened and operating ones must be expanded.

There is an additional urgent demand on Naval shipbuilding capacity. An urgent feature of strategic defense is deployment of an adequate *anti-submarine warfare* (ASW) capability, both to detect and—in the event of war—destroy Russian ballistic-missile carrying submarines before they can launch their deadly cargo, and to destroy Russian attack submarines that would target U.S. and Allied shipping and naval task forces.

U.S. anti-submarine warfare capability is presently abysmal. As of 1984, the U.S. had 95 ASW attack submarines to defend against Russia’s fleet of 385 submarines—90 Russian ballistic-missile carrying subs, 67 cruise-missile carrying subs, and 228 attack submarines (see **Table 1**). The U.S. fleet of attack submarines must expand by hundreds of ships, so that there is at least one U.S. attack submarine for every Russian attack or ballistic-missile or cruise-missile carrying submarine. Existing ships must be replaced or modernized. The fleet of ASW patrol aircraft must also be expanded.

In addition, *the fleet as a whole must be expanded to provide global coverage*. In the recent Persian Gulf crisis, the U.S. Navy was put in the position of concentrating the Mediterranean and Atlantic fleets in the area of the Middle East. This exposed a weak flank of NATO.

As of 1984, the Russian fleet was composed of 791 major surface combatants, while the U.S. fleet was comprised of only 352 (Table 1), and Reagan administration planning called for adding only 90 more. (Major surface combatants include battleships, aircraft carriers, submarines, cruisers, destroyers, frigates and corvettes.)

It would seem reasonable that the U.S. fleet of major combatants should be roughly twice the size of the Russian fleet (or four times its present size) in order to protect shipping, and keep vital sea lanes open.

The civilian merchant marine is another area that requires expansion. The merchant marine constitutes our military sealift capability in reserve. As of 1984, the U.S. Merchant Marine was comprised of about 5,600 ships, with a total dead-weight tonnage of about 18.5 million tons; the Russian Merchant Marine consisted of 8,280 ships, with a tonnage of 23.4 million tons. As a result of the decline in our Merchant

Marine, U.S. exports are presently carried from our ports by foreign-flagged vessels.

b. Construction. These demands for shipbuilding, together with the special needs of strategic defense and anti-submarine warfare, greatly exceed the capacity of operating shipbuilding facilities, even if opened 24 hours a day. Thus, one demand on the construction sector will be the *expansion of shipbuilding capacity*.

Expansion of existing yards will be the easiest to accomplish, but must be supplemented by the construction of new yards, or the rebuilding of older, decommissioned ones, such as the Brooklyn or Philadelphia Navy Yards.

All yards must also be modernized. This modernization, as well as the new expansion of capacity, will call for installation of the most advanced machine-tool capabilities.

The naval demands on the construction industry will be dwarfed by the needs for *early deployment of the first phase of a strategic defense* for the United States and Europe. With the Russians poised to establish a national ABM system with rapidly deployable ABM radars and interceptors, coordinated with their national network of phased-array radars, we must place whatever we can in the way of their drive toward an invincible preemptive strike capability.

Presently, nothing prevents Russia from conducting a “Pearl Harbor”-type attack that would destroy the nation’s capital, communications systems, industry and the bulk of U.S. military forces. *A crash program to construct ABM radars and ABM missile interceptors* around the country,

TABLE 1
U.S. and Soviet navies, 1984

	U.S.S.R.	U.S.
Battleships	0	4*
Aircraft carriers		
VTOL & helicopter	4	12
Attack	0	13
Submarines		
Ballistic-missile	90	32
Cruise-missile	67	0
Attack	228	95
Cruisers	44	27
Destroyers	84	89
Frigates	177	80
Corvettes	104	0
Total major combatants	791	352
Total minor combatants	785	82
Total combatants	1,576	434

* Built in World War II but ordered out of mothballs by the President.

Source: *EIR Quarterly Economic Report*, April 15, 1985

TABLE 2a

Total U.S. and Soviet military aircraft forces, 1984

	U.S.S.R.	U.S.	U.S.S.R.—U.S.
Heavy and medium bombers	303	297	6
Interceptors	1,210	282	928
Strategic surveillance	14	45	-31
Total land-based tactical	7,418	4,787	2,631
Fighter/attack	5,460	2,900	2,560
Theater bombers	423	198	225
Reconnaissance/surveillance	585	292	293
Helicopter gunships	950	1,397	-447
Total naval aircraft	1,085	1,295	-210
ASW	480	508	-28
Carrier-based	170	296	-126
Shore-based	310	212	98
Other carrier-based	60	787	-727
Other shore-based	545	0	545
Military airlift			
Strategic	305	329	-24
Tactical	525	520	5
Helicopters	3,650	5,098	-1,448
Total aircraft	14,510	12,653	1,857

Source: *EIR Quarterly Economic Report*, 2nd Quarter 1986

must be launched immediately, to eliminate the certainty with which Russian strategic planners can plot a preemptive strike today. The U.S. will require as many as ten phased-array radars of the Krasnoyarsk type. Interceptor sites must be constructed to protect every concentration of industry or population and every military base and command center.

c. Military Aerospace. Obviously, this program will put tremendous demands upon the aerospace industry, which must build the ABM rockets, design the radars, and supply the reconnaissance aircraft necessary for the anti-submarine warfare effort.

At the same time, we must build an air defense system around the United States. It's an open secret that a Soviet bomber, armed with nuclear weapons, could fly along certain routes from Russia to Kansas without being detected until the bombs begin to go off.

Part of the technology for air defense is similar to that for ground-based anti-missile missile ABM systems. Anti-aircraft missiles that can shoot down supersonic jets at long ranges, can also shoot down some ballistic missiles, as can the Russian SA-5 dual-purpose ABM and anti-aircraft mis-

TOTAL 2b

Soviet and U.S. military aircraft newer than 10 years old, deployed 1975-84

	U.S.S.R.	U.S.	U.S.S.R.—U.S.
Heavy and medium bombers	148	0	148
Interceptors	575	36	539
Strategic surveillance	5	0	25
Total land-based tactical	5,070	2,041	3,029
Fighter/attack	3,955	1,362	2,593
Theater bombers	0	0	0
Reconnaissance/surveillance	285	37	248
Helicopter gunships	830	642	188
Total naval	455	390	65
ASW	200	99	101
Carrier-based	(50)	(99)	
Shore-based	(150)	(0)	
Other carrier-based	60	291	-231
Other shore-based	195	0	195
Military airlift			
Strategic	240	259	-19
Tactical	140	80	60
Helicopters	2,300	572	1,728
Total	8,933	3,408	5,525

Percent total aircraft

62 27

Source: *EIR Quarterly Economic Report*, 2nd Quarter 1986

sile. They require similar radar systems. In addition, we must rebuild the U.S. force of interceptor aircraft.

In 1984 we had zero anti-aircraft missile launchers and 282 interceptor aircraft against a Soviet strategic bomber force of 303. In the same year, the Russians had about 10,000 anti-aircraft missile launchers and 1,210 interceptor aircraft deployed against a U.S. force of 297 strategic bombers.

In addition to air defense, Russia leads in overall air power. As of 1984, it deployed 14,500 principal military aircraft compared to the U.S. force of 12,600 aircraft (see **Table 2a**). But if we compare the numbers of aircraft less than 10 years old (those deployed between 1975 and 1984), Russia has an overwhelming, approximately 3 to 1 advantage. As of 1984, 9,000 Russian military aircraft (about 62% of their fleet) were less than 10 years old; for the United States, only 3,400 (less than 27% of the fleet) were that new (see **Table 2b**).

In addition to these demands upon the aerospace industry,

the first phase of planned SDI deployment will require the manufacture of what compared to today's capabilities, will be a tremendous number of early warning and reconnaissance satellites capable of tracking Russian ballistic missiles in flight and other tasks. (As of 1980, a single early-warning satellite, in geosynchronous orbit over the Indian Ocean, was stationed to warn us of a Soviet launch of its ICBM force.) In addition to satellites, several space stations dedicated to military functions, or joint civilian-military operations, must also be deployed in space.

Military satellites and space stations must be placed in orbit, without threatening the timetable for deploying civilian space stations and initiating the Moon-Mars mission. This requires rebuilding our space launch capability after the series of disasters of 1986. The *EIR Quarterly Report* for the Second Quarter of 1986 outlined the preliminary steps that must be taken to do this. By the early 1990s, early deployment of a space-based strategic defense, combined with other defense, NASA and commercial needs, will require a launch capability equivalent to a space shuttle fleet of 12-15 vehicles. Given that assembly of launch vehicles requires years, the rebuilding of our national launch capability must begin immediately.

d. Materials Production. With the exception of iron ore, nickel, and tungsten, we import over 90% of all strategic materials we use (see **Table 3a**). These imported materials

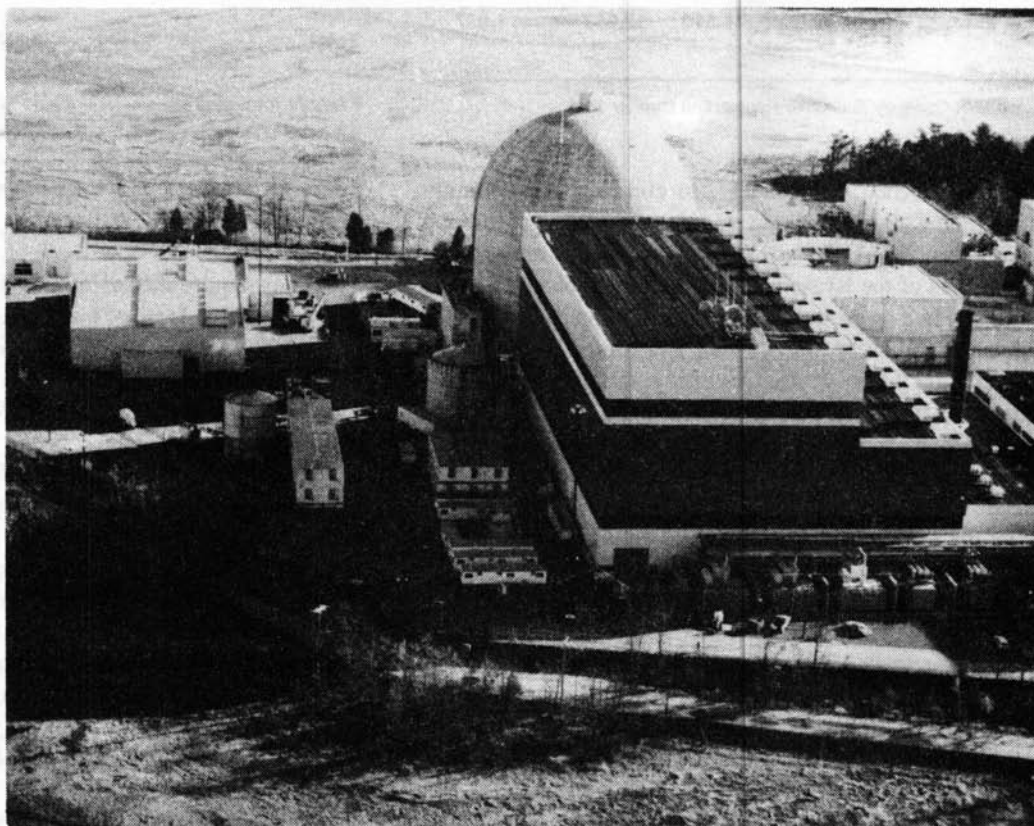
are absolutely indispensable for weapons systems, such as the MX missile (see **Table 3b**). Plasma-based minerals processing may provide the solution to this problem. Military sponsorship of this technology will speed its introduction into the civilian economy.

Two plasma processes can reportedly be applied to reduce low-grade aluminum, chromium, and titanium ores prevalent in the United States, and can enable us to reduce low-grade iron ore as well, to thus reduce our dependency on imported iron ore, as well as strategic materials.

In 1983, the United States imported about 300,000 tons of titania concentrate (impure titanium oxide). With a plasma process known as "magnetic separation," 3.5 million tons of titania resources can be made available in just two counties of Washington state, in addition to 4.3 million tons of aluminum and 3.9 million tons of iron metal resources there. These mixed ores cannot be economically mined with existing methods.

2. National Health Policy

It is presently estimated that 4 to 5 million people in the United States are infected with Human Immunodeficiency Virus (HIV), and will probably die over the next ten years from Acquired Immune Deficiency Syndrome (AIDS). Those infected are largely in the 20-40-year age bracket. That is, they are either about to enter the labor force, or are in an age



The nuclear power plant at Seabrook, New Hampshire

New Hampshire Yankee

TABLE 3a

U.S. reliance on imports of strategic minerals (1979)

(% of consumption)

Material	Imports
Aluminum ore	93
Beryllium (beryl)	100
Chromium	90
Cobalt	90
Columbium	100
Iron ore	29
Manganese	98
Nickel	77
Titanium (rutile)	100
Tantalum	96
Tungsten	59

Source: *EIR Quarterly Economic Report*, October 15, 1985

TABLE 3b

Material requirements for one MX missile and silo

(indicated units)

Material	Tons
Aluminum	10,000
Beryllium	24
Chromium	2,500
Titanium	150
Steel	890,000

Source: *EIR Quarterly Economic Report*, October 15, 1985

bracket that covers almost half of any individual's years as an active member of the labor force. The loss of such a large percentage of the labor force will be a tremendous blow against our national economic mobilization potential. Treatment of the infected individuals will be a tremendous burden for the economy to carry.

The costs of treating a single case of terminal AIDS is an average of \$100,000 per patient. If the five million persons presently estimated to be infected in the United States must be treated in the conventional way, this will impose a cost of \$500 billion upon the economy.

Three immediate foci of national health policy must be established:

- To prevent any other citizens from becoming infected with this deadly virus.

- To develop means of treatment for HIV infection to postpone or prevent the onset of the AIDS syndrome, reduce the contagiousness of those infected, and thereby prolong their lives and enable them to perform a productive role within the labor force.

- To implement known, and develop new means of preventing the onset of aging, to extend the productive life of uninfected members of the labor force.

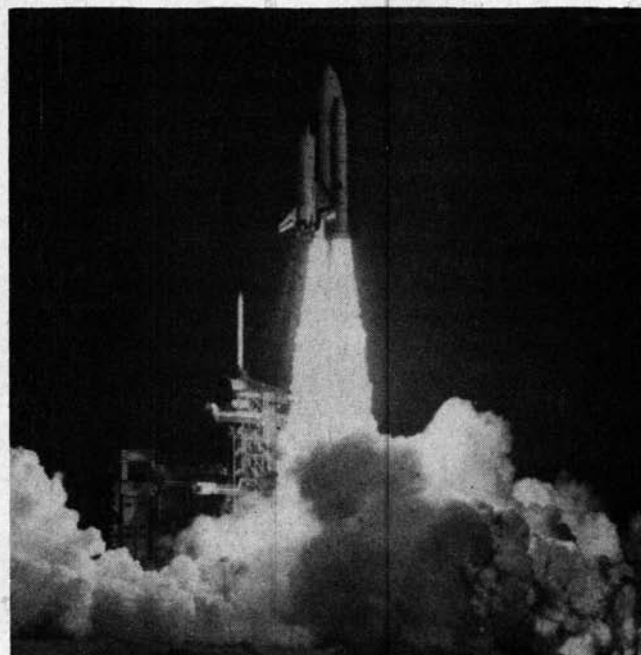
AIDS is the most dangerous aspect of an overall health emergency, in which euthanasia—the deliberate murder of the elderly and the disabled—is being advanced as a means of cost-cutting.

At present, national health policy officials are not taking the required steps to prevent further spread of infection with the AIDS virus. The President must enact a series of measures aimed at improving the public health generally, preventing the spread of this disease and developing methods of treatment. The measures will primarily affect the construction industry.

a. A nationwide hospital construction program must be launched with federal aid to the states to carry it out. AIDS patients will receive the best and most aggressive medical care possible. Saving or prolonging as many lives as we can will teach us much about how to conquer this disease.

b. Everyone must be tested. The President will instruct the Surgeon General to place infection with Human Immunodeficiency Virus on the list of reportable infectious diseases.

If HIV-infection is detected early enough, it may be possible to extend the life of the infected individual. Those found



The Space Shuttle Columbia rises off its launching pad on April 12, 1981.

to be contagious must be isolated from the uninfected population, through home quarantine and transfer to employment that involves no or little contact with the uninfected.

c. A nationwide program to expand medical and nursing schools will be established. Right now, we lack the skilled personnel required to fight the pandemic.

d. Public health will be upgraded across the board. The President will recommend to Congress to aid states seeking to improve basic public health conditions, respecting sanitation, water, etc., above and beyond that outlined below under "Infrastructure."

3. Agriculture

Together with emergency measures to revive American industry, it is necessary to reverse the shameful practice in which the United States is bankrupting its own farmers while importing food from countries in Ibero-America. The very countries which are exporting this food to the United States are failing to feed their own populations.

The present bankruptcy of the American farmer has come about because the farmer has been encouraged to borrow—on the basis of the speculative appreciation of real estate—to make up the shortfall between the prices he is paid and his actual cost of production.

The farmer has been forced to rely upon an aging farm infrastructure. While the auto industry itself is rapidly collapsing, that associated portion of the industry which used to

produce farm machinery is virtually shut down.

The inability of farmers to replace their increasingly obsolescent farm machinery, coupled with the failure of the federal and state governments to maintain irrigation water sources, with large-scale irrigation projects such as the proposed North American Water and Power Alliance, underly the collapse in productivity of American food production.

Two steps in the emergency reconstruction program will intervene to revive American farming.

1) Plentiful low-interest rate credits will enable operating farms to roll over existing usurious debts, refinancing them at low interest rates. This will go a long way toward reducing the operating costs of the traditional American family farm.

2) Furthermore, the President must establish a government policy to pay farmers at least the cost of production for their products (so-called parity pricing).

These actions, combined with the redevelopment of our basic industries, will reestablish the farm-equipment industry within the United States.

What can be done to restore the farm production bankrupted in the past eight years of high interest rates? The government could offer to sell bankrupt farms back to the original owners, or their immediate family at an equitable price with no downpayment required to obtain credit.

4. Infrastructure

a. Water resources. The nation's agriculture presently



Philip Ulanowsky

*Modern farm equipment:
a bale selector/stacker*

suffers from a shortage of water for irrigation. Our cities' supplies of clean water are also inadequate. This shortage stems from the lack of development of the water resources of North America as a whole.

Most of the fresh water resources of North America originate in Canada, and flow north. This resource is at present mostly unusable by the United States, Canada, or Mexico. Therefore, the President should negotiate with Canada and Mexico a treaty of cooperation to develop the water resources of North America according to the design known as the North American Water and Power Alliance (NAWAPA).

Construction of a network of canals criss-crossing Canada, the United States, and Mexico, can begin shortly thereafter. These canals will deliver irrigation water throughout the North American continent to cities and farms. Electric power will be generated by hydroelectric dams, constructed at locations where significant water gradients occur within the network.

b. Nuclear energy. As a result of the improvement in the investment climate, and the lowering of interest rates for productive investment to 1-2%, electric power utilities will be able to complete construction of the approximately 100 gigawatts of nuclear power plants under construction or being planned in 1981, when President Reagan took office. These approximately 100 plants could be placed on line within five years.

To expedite the construction of nuclear power plants, *the President should establish an independent board of physicists and engineers to conduct a review of the regulations of the Nuclear Regulatory Commission (NRC), and present recommendations for streamlining certification of nuclear plants without compromising safety.*

The present stagnation of our nation's power grid has overpriced the cost of energy to industry, the citizen, and the military, and is part and parcel of the state of national emergency in defense and in the economy. By executive order, the President will terminate the independence of the NRC and instruct it to implement the recommendations of the independent board.

Second, presently operating nuclear power plants are threatened with shutdown because they have no space in which to store spent fuel, and because there is no operating facility to send it for reprocessing to separate the usable uranium fuel (over 90% of "spent fuel") from other radioactive isotopes formed within it. Former President Carter's arbitrary ruling shutting down the Barnwell, S.C. nuclear fuel reprocessing plant should be rescinded, and the Secretary of Energy should be instructed to either purchase the plant, or provide sufficient but reasonable aid to Barnwell's owners so that the plant can open expeditiously to process spent fuel. These measures will greatly improve productivity in the electric power production industry, since output per production worker is approximately ten times higher at nuclear plants than at fossil-fuel fired power plants.

c. Oil resources. We are presently dependent on foreign sources of oil. Rather than an across-the-board oil tax, presently under discussion as a revenue-enhancing measure, what is needed is a protective tariff which would encourage the domestic production of oil. Such a tariff should impose an oil import tax, in order to make the price of imported oil equal to the cost of producing it domestically, plus a reasonable profit.

d. Transportation. A national railroad grid for the movement of troops and supplies in the event of war, and for handling the commerce of revived industries, does not presently exist. The steel and railroad industries must be encouraged to make use of the low-interest rate credit available, to build as rapidly as possible just such a network, for reasons of national security, as well as the movement of industrial goods. While the present collapse of mass transit and freight-handling capacity must be immediately addressed, we must plan for the future. Proper tax and credit policies should encourage rapid development of advanced transportation systems. We should build networks of high-speed and/or magnetically levitated trains for passenger transit between major urban centers.

e. Space transportation and industrialization: the industrialization of the Moon and colonization of Mars. While we deal with the immediate crisis, we must simultaneously act to build the economy of the future. Bipartisan support for a program to industrialize the Moon and colonize Mars has emerged in the past 18 months.

Last year, the National Commission on Space chaired by former NASA Administrator Thomas Paine, called for the establishment of a manned base on the planet Mars within 40 years. Earlier, Lyndon H. LaRouche called for the building of a science city on Mars within the same time frame.

A national mission appropriate to our time, as the Apollo program was in its day, would set the national goal of establishing a permanent colony on Mars, of approximately 250,000 persons, by about the year A.D. 2029, and intermediate goals would establish colonies on the Moon and develop its natural resources.

It has been estimated that an on-site population of roughly a quarter of a million persons is required to provide the labor force to support a permanent Mars colony, establishing Mars as a distinct "continent" within the human economy (see *EIR Quarterly Economic Report*, First Quarter 1987). Establishing a permanent Mars colony, will require as an intermediate goal developing the Moon as another "continent" within the economy. Like Mars, though earlier, it will engage in commerce with Earth, as the American colonies did with Europe after they were established in the 16th and 17th centuries.

This program will establish the infrastructure that is the basis for the economy of the future. The development of space transportation will revolutionize many industries, such as metals production, energy production, chemicals, building materials, and other industries.

How Moscow controls Meese's Dept. of Justice

by Lyndon H. LaRouche, Jr.

The author released this news analysis from Des Moines, Iowa on Nov. 13.

Virtually the entire press corps of this Iowa state capital turned out to the function room of the airport motel for the press conference of Democratic presidential candidate LaRouche. The candidate delivered his short statement on Washington's bungling the outbreak of the world's largest financial crash.

Any questions? From the press, whose TV cameras, photographers, and journalists were lined up in squad formations, not a single question, not a hand raised. The candidate smiled and exited. The candidate's press spokesperson then asked, "Does anyone have a question they would like to ask behind the candidate's back?" Without response, the corps of Des Moines' "free press" packed up and exited.

The media represented, at least most of them, published reports based upon the airport conference; but, at the conference itself, there had not been a single question. Des Moines is Soviet agent Armand Hammer's country.

A short time earlier, Armand Hammer's own hand-picked Democratic presidential candidate, Sen. Albert Gore, had run afoul of the same problem. Gore had challenged the Iowa voters, saying, in effect: To win your caucus, a presidential candidate must move so far to the left, that he is ruined in the November general election following, because he can not entirely shed the image he has projected in Iowa earlier.

Gore was not being ungrateful to the Soviet Armand Hammer who was his chief political backer, and his father's employer. Gore was saying, in effect: Hey fellas, if you wish Armand Hammer's choice to be elected in November, please, please, please be sensible about my campaign; let me tone down the leftist image in the Iowa campaign.

Armand Hammer's Iowa organization wasn't having any of that. Next thing one knew, candidate Gore's flourishing campaign organization in Iowa had been nearly shut down, but for a reported four rear-guarders manning the crumbling bastions.

It is not the citizens of Iowa. The workers at Armand Hammer's plant con-



Tom Szymeczek

Supporters of the LaRouche Democratic Campaign in Des Moines, Iowa, protest "yellow journalism" from the Des Moines Register. The secret behind the strange behavior of the Iowa press? Look on the front cover of this magazine.

ducted a bitter strike. Iowa farmers are routinely looted by Armand Hammer and his friends, and many of them nourish that thought with tight-lipped bitterness. In Des Moines, Cargill, Dwayne Andreas, and Hammer are power, as Harry Hopkins was power back in the 1930s and wartime 1940s. Power is power, and many voters believe that a county that bucks power in an election might be reminded that power is, after all, power, in the economic times which follow the election.

All this had much to do with the curious silence of the entire Des Moines press corps attending the airport conference.

It had started the day before. At a private meeting, and a later press conference in Council Bluffs the day before, the names of Armand Hammer, Dwayne Andreas, and the "Hollywood mafia" had come up. At the private meeting, one Democrat had been very unhappy about the mention of those names. Some at the press conference had bitten their lips when the names came up.

At Council Bluffs, a reporter had raised the question: but the Democrats disavow you. Not the Democrats, I replied; Democratic National Chairman Paul Kirk and his circle. They are out to drive me out of the party, and I am out to have them replaced by a leadership that stands for keeping the Democrats as an open party. All afternoon, Thursday, in western Iowa, I named Armand Hammer as the money-bags upon whom Paul Kirk relied, plus Hammer's reputed heir Dwayne Andreas, and former Iowan Chuck Manatt's money-bag friends of the Hollywood mafia.

The news had reached Des Moines overnight, and, with certainty, Democratic national headquarters in Washington, D.C., too. A candidate who had made clear his willingness to commit the sacrilege of mentioning Armand Hammer's name in such a way, was not the sort of fellow a career-minded editor will engage in press-conference colloquy in Des Moines.

Iowans generally do not relish being slaves of any power, Soviet agents or fellow-travelers included. Individually, or in local handfuls, they wouldn't dare buck Hammer's power, or the economic power of Soviet corn deals directly. Yet, should these prairie populists sense the possibility of a rallying-point around which to make their own power efficiently felt as a somewhat united force, things could become suddenly very different. A candidate who attacks Hammer openly in Iowa is to be shunned in Des Moines, as a hanged man's family shuns dialogue on the subject of rope. One might report on what the candidate says, but not engage in colloquy with him.

Meanwhile, back in Washington, D.C., candidate LaRouche has legal problems with Armand Hammer's cronies in and around Attorney General Edwin Meese's Department of Justice. There appear to be many more Commies per square yard in the FBI than in Iowa. The trouble is, with former Soviet Chekists and their cronies—such as Joe Godson's boy, Roy—running key parts of U.S. counterintelligence, official Washington pretends not to know how Soviet channels of influence including Armand Hammer run the Paul Kirk leadership of the Democratic National Committee

and a good deal of the Department of Justice, too. Moscow controls parts of the Democratic leadership and the Justice Department, in the same way the magical name of Armand Hammer is power in Des Moines, Iowa.

Take, for example, all those votes against the U.S. defense budget and the SDI in the Congress. Take, for example, those Soviet-demanded legal persecutions of LaRouche and his friends coming out of Edwin Meese's Justice Department and the corrupt Democratic political machines currently controlling the governership of the state of New York and Virginia. It was not accidental that New York's Governor Mario "godfather" Cuomo made a pilgrimage to Soviet boss Mikhail Gorbachov.

FBI running errands for Moscow

FBI Special Agent Richard Egan is a perjurer by profession. Not perjury, say the Department of Justice's attorneys, "misstatements." Why quibble? Egan lies, early and often, under oath, and in representations which federal prosecutors present in legal proceedings. Egan's lying "misstatements" were the sole basis for a civil contempt charge against some of my friends. He lied under oath in Alexandria federal court following the famous Leesburg "panty raid" of Oct. 6-7 1986. He has been caught in lies repeatedly, in federal court in Boston.

Yet, pathetic Egan is not quite as original as his appearance might suggest. The FBI and Justice Department's lies against my friends and me go back a long way, about nineteen years at least. Thousands of pages of official records released so far show a pattern, an undeniable pattern. Most of these lies by the FBI and Justice Department are done in aid of either the Communist Party U.S.A. or the Soviet government directly.

Vice President Nelson Rockefeller's commission investigating Cointelpro operations by the official intelligence community was the first official body to expose pro-communist FBI operations against my friends and me. That was the case of the FBI's composition of the famous "Mousecrap" leaflet, done on behalf of what became the Weathermen terrorist organization and the Communist Party U.S.A. There were the lies of 1973 and 1974, attacking my friends and me on behalf of the Communist Party U.S.A. directly. When it was not for the Communists or the Soviet government, it was done on behalf of Soviet channels of influence running through U.S. social-democratic circles tied to former Soviet Chekist Jay Lovestone.

As my friends and I acquired more and more influence internationally, from 1974-75 onward, the FBI became more vigilant in its harassments, down to the antics of that "other Ollie," Lt. Col. Oliver North's Contragate crony, Richard Egan's boss, Oliver "Buck" Revell, and the pro-Soviet antics of Moscow-connected U.S. Deputy Assistant Attorney General Mark Richard of the Justice Department's Criminal Division, the official link of the Moscow Procurator inside the

hierarchy of Attorney General Edwin Meese's Justice Department.

When I was engaged in back-channel discussions of what became known as SDI, with Soviet officials, on behalf of the Reagan administration, over the period from January 1982 through April 1983, my Soviet opposite number had occasion to refer to "our friends in the leadership of the Democratic Party." He assured me, at the beginning of 1983, that "our friends in the Democratic Party have assured us" that LaRouche's SDI proposal is effectively blocked through channels from ever being adopted by President Reagan. When the President did adopt the SDI, through channels which the Democratic Party leadership evidently failed to block, Moscow was more than disappointed; it was hopping mad, and out to destroy me personally.

That was how my friends' legal problems, with the Reagan Department of Justice, and the Democratic attorneys general of Virginia and New York—among other states—began during the summer of 1983. That was when a Soviet defector, Levchenko, unloaded Moscow-manufactured disinformation into the credulous ears of Roy Godson's and other circles. That is how the Soviet-directed legal persecution of my friends and me began.

The Democratic National Committee around Paul Kirk had a lot to do with causing the Oct. 6-7, 1986 raid on Leesburg, and with Virginia Attorney General Mary Sue Terry's complicity in that pro-Soviet operation. However, Armand Hammer has other channels of Soviet influence besides those around Paul Kirk.

Armand Hammer is all over the Reagan administration. One of his cronies is Charles Z. Wick, the director of the U.S. Information Agency, and close personal friend of the Reagan household. Hammer is tied to the Hollywood mafia, including those who poured millions into a campaign to defeat California Ballot Proposition 64. The White House uses Hammer for back-channel links to Moscow on summit negotiations and regional matters arrangements. Hammer was a key figure in the Soviet frame-ups of U.S. citizens falsely accused, by the Meese Justice Department of wartime "crimes against humanity," accusations based entirely on documents forged by the Soviet KGB.

The center of Moscow's influence over the Meese Justice Department is within the Criminal and Civil Rights Divisions. The center of Moscow's penetration of the official U.S. intelligence community more broadly, is the network of Soviet analysts, including Lovestonite social-democrat Roy Godson and his crony at USIA, Herbert Romerstein, and Romerstein's crony, Michael Ledeen. Roy Godson is a darling of the Intelligence Oversight Board, operating under President Reagan's Executive Order 12334. That is the base of Lovestone crony Leo Cherne, overlapping the 1983 PFIAB initiators of the Justice Department's legal actions against me and my friends: David Abshire, Henry Kissinger, and Edward Bennett Williams.

Two of the key arms of the FBI in pro-Soviet operations against me and my friends since spring 1978 have been the Heritage Foundation and the Anti-Defamation League (ADL). This is a matter of official record. The ADL is one of the chief arms of operations against U.S. citizens targeted for action by the Moscow Procurator channel of the Soviet KGB. The Heritage Foundation has been a leading proponent of sabotage efforts to eliminate beam-weapons from the SDI implementation, demanding that only the vastly less effective kinetic-energy-weapons repertoire be used.

All of this is a matter of documentation, not guesswork. To what degree is the Reagan administration under Soviet influence?

Defective U.S. counterintelligence

The last vestige of effective CIA counterintelligence was ripped out of the U.S. government when Minnesota liberal William Colby, then director of the CIA, fired the late James Jesus Angleton. Angleton was often wrong on the subtler features of Soviet operations, but on the issues over which he was fired, he was on target.

During the war, there were those, such as the famous cases of General George Patton and General Douglas MacArthur, who operated from a correct strategic assessment of the Soviet adversary problem. During the war, through and slightly beyond the foolish, wartime Potsdam summit, Prime Minister Winston Churchill and the U.S. anglophile establishment were having none of Patton's and MacArthur's way of thinking. Patton was first shunted off by Eisenhower, and died before he could write his pungent and pointed memoirs. Harriman's circle induced Truman to eliminate MacArthur from the scene.

In the meantime, Churchill discovered "the Iron Curtain." Back in Washington, the old Dies Committee and others scrambled, trying to unravel the deep Soviet penetration of the U.S.A. Roy M. Cohn moved onto Senator Joseph McCarthy's staff, and the congressional and other inquiries were sidetracked and ruined by the discredit incurred by Cohn's role. Clues were found, and the yarn tugged, but the investigation was stalled there.

Angleton understood part of this problem. As we dug deeply into the employers of Secretary George Shultz's father, Birl Shultz, in the 120 Broadway nest of Soviet intelligence back in the 1920s—the Anglo-Soviet Trust, the dying Angleton responded to our request for assistance in gathering some information, "Aha! So, at last, you understand how the world is run." Angleton did not really know how the world is run; there were a few facts, perhaps too close to home, he preferred to overlook. He did know that, without going back to the threads of the old 1918-27 Anglo-Soviet Trust, there is no competent U.S. anti-Soviet counterintelligence.

During the postwar forties, former Soviet Chekist Jay Lovestone moved into U.S. anti-Soviet intelligence, in Italy, and in coordinating U.S. foreign labor-intelligence opera-

tions generally. Lovestone was one of Angleton's associates in the Italy and other operations, and one of Angleton's major blind spots.

Minnesota liberal Bill Colby, retreaded with a law degree after a wartime stint in the SOE-OSS operations, moved into the CIA through Lovestone's track, first in labor operations, and then through assignments in Rome and Stockholm, before moving into position as CIA Saigon aide to Ambassador Henry Cabot Lodge for enterprises to include the overthrow of Ngo Dinh Diem and peacenik Robert McNamara's launching of the "body count" holocaust.

Bill, weaned into his present "bipolar" softness toward Moscow, found Angleton's realism about anti-Soviet counterintelligence more than he would tolerate.

Angleton's weakness, like that of his contemporary in the spook world of World War II and later, Stefan Possony, was that, while he recognized the importance of Soviet Trust operations of the 1920s as the model for Soviet Chekist operations to the present day, he refused to touch the deeper implications of the way in which the Russian Revolution of 1917 was created. He refused to examine the role of the Rurikid aristocracy of Russia, and their Okhrana, in bringing the Bolsheviks to power, and to face the facts about the role and control over super-spy Alexander Helphand ("Parvus"). Angleton, like Possony, refused to dig deeply enough into the role of the Venetian *fondi* of the reinsurance cartels.

The best Western European intelligence services are far superior to the United States's on this point. It is neither discreet nor safe for even Western European intelligence chiefs to brag openly of what they know about the deeper connections of the Soviet intelligence services into the West, but it is their business to know some of these things personally, and to use that knowledge, however discreetly, to guide them in their inquiries. In Western Europe, one must know that the eighteenth-century conflicts within freemasonry never ended, and that the freemasonry-Catholic issues are also elementary ones. One does not speak of such matters openly and live for long, but one is not competent in counterintelligence unless one knows such things.

Venice is the key to the modern history of Europe, and to the history of the Russian revolutions and Soviet intelligence roles in the West. If one knows this, one knows how the world is run; one knows the jungle which the Soviet beast inhabits, and knows how the Soviet beast has learned to prosper in that jungle.

Moscow's power in Iowa

Take Iowa, for example. Iowa is grain, corn most notably. That is key to Soviet operations in Iowa. That is key to understanding Harry Hopkins, Vice President Henry Wallace's links to the Communist Party U.S.A., and the reason Armand Hammer flourishes there today.

"You mean Soviet grain deals?" Not as such; I mean something much deeper, much older, that any qualified his-

torian or anti-Soviet counterintelligence specialist would recognize immediately. I mean the history of the international grain trade, and the unbroken history of that organization, from the time of the Phoenicians, down to the present day. I mean that Phoenicia is pronounced in some dialects as Voencia, Venus, Venice, and sometimes ancient Troy.

In the begats, there were first the ancient grain-traders of the Indian subcontinent, the Dravidian culture of "Harrapa." Their colonies included ancient Sumer, Sheba, Ethiopia. The offshoots of these colonies included the Canaanites, known to later history as the Phoenicians. This was the history of the origins of the Mediterranean trade in grain and human slaves. The continuity of this trade was passed to the Roman empire, from which it passed to the Phanariots of the Roman Empire of the East and Venice. As Venice assimilated Genoa, this trade became the monopoly of the Levant Company, which became, during the seventeenth century, the East India Company of England, the Netherlands, and Denmark. Before the Russian revolution, the center of the grain-trade monopoly in the Mediterranean was Aleppo and Parvus's pre-war base of Balkan operations at Salonika. The Russian center of the grain-trade was the de facto Venetian colony of Odessa.

The financial center for these Venetian-coordinated operations became the remains of the Cluniac state of Burgundy, the burgundian financial centers of Geneva and Lausanne. The international grain-trade monopoly, composed of approximately a half-dozen front companies based in Geneva, is headquartered there since approximately the sixteenth-century shift of Levant Company operations northward, to evolve into the East India Companies.

With the passage of the U.S. Specie Resumption Act, which plunged the United States, ruined by this, into a long depression, European rentier interests purchased vast tracts of the central United States for a song, moving down from Canada into Minnesota, Wisconsin, Iowa, and elsewhere, and closing in on the key city of Chicago. During the 1860s and 1870s, the United States had become a world power in export of grain; the European grain cartels moved in to grab control of the international marketing of that grain, to pay the U.S. farmer a minimum, and to unload the product on the world market for the price the market would bear.

This pathway of power of the international grain cartel became the artery through which Soviet influence has moved into that region over the 1920s to the present date. The Western farmers' greatest adversary, the grain cartel, has moved in to seize control of the political power in those states, and to use its political power in those states to grab control of the policies of the U.S. Department of Agriculture.

These grain-cartel interests are not Marxists, of course. Armand Hammer, an agent of Lenin's 70 years ago, may be a Marxist of sorts, but he is not a Marxist labor agitator when it comes to dealing with employees of his Iowa plants, or setting prices for Iowa corn. Their gospel is not Marxism; it is "détente." Minnesota liberal Bill Colby calls this a "bipolar

world." They are "one-world socialists," for a healthy trading profit at the expense of the farmers and local communities of Iowa, Minnesota, Wisconsin, Illinois, Michigan, Kansas, and so forth. They are also traders in Midwestern agrarian populist movements, such as the socialists of the Minnesota Democratic Farmer-Labor Party.

They do not buy populists. It is cheaper to fool them.

So, a tiny circle of grain traders, working in the tradition of the Anglo-Soviet Trust of the 1920s, are able to exert influence upon the political machines of entire states. So does Moscow control the FBI, not by recruiting them to Marx's *Capital* or *Communist Manifesto*, or Lenin's *What Is To Be Done*, or the collected speeches of Mikhail Gorbachov; but by exerting influence through available arteries of covert control.

That is the way in which Soviet disinformation works.

"LaRouche is a Soviet agent," said President Reagan's former science adviser. "Ridiculous," said his interlocutor. "No," insisted the science adviser, "Levchenko told us." Actually, the science adviser had that report from the protégé of an old Soviet Chekist, Roy Godson, then working as a consultant to the National Security Council, who reported that he had that information from Levchenko. "Ridiculous," said the officials of the National Security Council who knew in intimate detail of my back-channel dealings with Moscow officials for President Reagan's administration, and my contributions to authorship of the SDI. Soon, those NSC officials were pushed out, while Godson and the Contragate crew moved in.

"But, wasn't Lt. Col. North, however misguided, an anti-Soviet patriot?" Don't believe every fairy tale you are told by the TV networks, Sally. North was running East bloc weapons to the Contras, under arrangements negotiated with East bloc agents in Hamburg, West Germany. That is the really dirty side of the Contra and Irangate operations, the part the Meese Justice Department and some fellows in the Congress nearly broke their backs trying to cover over.

Sally, can you imagine someone marching in to Mrs. Nancy Reagan, to tell her that she has been had by her cronies among the friends of Armand Hammer? This is the way Soviet influence inside our government really works.

How the legal cases were set up

U.S. anti-Soviet counterintelligence is strictly an amateur night performance. Imagine trusting old Chekists, such as Joy Lovestone's crew, to guide large chunks of U.S. intelligence and counterintelligence. Once a Chekist of Vilna origins, for example, always a Chekist. Moscow reaches back two or three generations, to pull old strings for present operations. Old Bukharinites are near the top of the list. (You should hear the old Bukharinites, the supposed social-democratic anti-communists, drooling over the rumors that Bukharin might be about to be rehabilitated in Moscow. Moscow can buy the souls of such old Chekists so very, very cheaply.)

That is part of the picture, but not all.

The problem is, that with the launching of the doctrine of "crisis management" during the Teheran, Yalta, and Potsdam agreements, the U. S. military and other relevant bodies were instructed to take the word "victory" out of their vocabulary for the duration of the nuclear age. With that, the study of strategic intelligence vanished from U.S. practice, to be replaced by "crisis management," "deterrence," and "détente."

The effects upon counterintelligence were direct and rather immediate. In actual fighting of general warfare, the use of military lethal force never exceeds about 20% of the total effort required. The remaining 80% is devoted, as was the case during World War II, to matters of defense and offense in the departments of culture, economics, and politics. The Soviets, whose strategic planning is pivoted on the word "victory" of Moscow's determination to secure virtual world-rule as soon as possible, recognizes the 80% role of cultural, economic, and political actions of defense and offense in the conduct of strategic conflict.

So, U.S. intelligence is blind-sided, almost hopelessly naive, respecting the most effective sorts of Soviet offensive operations through the channels of culture, economics, and politics. Soviet influence does not operate inside high places of the United States waving the red flag. It uses covert influence, conduited through channels which seem so respectable that no counterintelligence agency is permitted to place these under scrutiny. The most important of these channels include business channels, as was the Chekist tactic during the Trust period of the 1920s. Channels used include churches, high-level strata of political parties, cultural channels above suspicion, and even the Meese Justice Department.

For example, no element of society today is more influential per-capita than what is termed the "Zionist Lobby," signifying such entities as the ADL and the constellation of political action committees coordinated by AIPAC. Yet, in the Pollard case, most of the military and related secrets which Pollard nominally delivered to Israel's Sharon circles, ended up in Moscow. The ADL is, and has been for some time, a leading channel of Soviet operations against anti-Soviet U.S. citizens.

Jay Lovestone's crew inside the U.S. intelligence community and AFL-CIO international department are considered respectable anti-Soviet forces, exerting powerful control over anti-Soviet counterintelligence functions. Yet, they have been repeatedly leading conduits for Soviet covert operations of influence.

Although Paul Kirk depends largely upon money bags such as Armand Hammer and putative Hammer heir Dwayne Andreas, as well as the Hammer-linked Hollywood mafia, who dares to suggest that the chairman of the Democratic National Committee might be a conduit of covert Soviet influence?

So, beginning spring of 1983, Moscow ordered the legal actions by the Justice Department and Democratic state at-

For further reading

"Armand Hammer: Soviet 'fixer' from Lenin to the present," by Scott Thompson, *EIR*, Vol. 12, No. 35, Sept. 6, 1985. Includes the first-ever publication of recently declassified State Department documents showing that Hammer has for decades been an agent of Soviet influence, as was his father Julius before him.

"The Russian-Hammer connection in official Washington," by Criton Zoakos, Scott Thompson, and Kathleen Klenetsky, *EIR*, Vol. 13, No. 44, Nov. 7, 1986. An exposé of the Charles Z. Wick-Armand Hammer link to the Soviet "culture mafia."

"Russian influence in the Iowa granary," by Kathleen Klenetsky, *EIR*, Vol. 14, No. 36, Sept. 11, 1987. Pro-Soviet operatives in America's agricultural heartland.

torneys general. During the summer of 1983, Moscow's orders were put into effect. By October of 1983, the U.S. Justice Department was part of a foreign counterintelligence operation run against my friends and me, and it had been planned to use NBC-TV to launch a libel against me, as Moscow demanded this explicitly in its public press, to set the stage for Justice Department criminal action against my friends immediately following the November 1984 elections.

Similarly, in 1986, after the March 18, 1986 Illinois primary, Moscow ordered the Democratic Party leadership to eliminate me from politics. From August 1986 through the beginning of October, Moscow demanded Justice Department action against me and my friends as part of the price for the Reykjavik summit. This was also plainly announced, in considerable detail, in the leading Soviet press. Yet, the Meese Justice Department and the corrupt Democratic attorneys general of Virginia and New York did exactly as Moscow and Democratic National Chairman Paul Kirk ordered.

In Iowa, it is not tolerated to mention Soviet asset Armand Hammer's influence over Democratic Chairman Paul Kirk. There are similar truths, not permitted to be uttered around Washington, D.C. As far as I am concerned, Deputy Assistant Attorney General Mark Richard is a Soviet asset, so is USIA Director Charles Wick, and so are those two commie assets Attorney General Mary Sue Terry of Virginia, and the Moscow traveling gay caucus leader, Attorney General Robert Abrams of New York. It quacks like a duck, waddles like a duck, smells like a duck, and carries out unlawful actions, ordered by Moscow against U.S. citizens identified by Moscow as Russia's public enemies number-one. What more could any Soviet agent do than these have done and continue to do?

European experts: Soviet arms control is a fraud!

by Luba George and Dean Andromidas

A conference in The Hague, Netherlands, Nov. 13 on the theme, "Europe's Security After the Zero Option," heard an alarming report on the advanced state of the Soviets' own "Strategic Defense Initiative," confirming estimates previously unique to *EIR*. Otherwise, the estimates presented of Soviet war-winning intentions and policies more generally, including a reorganization of Soviet Ground Forces for war-time offensives employing radio frequency weapons (for example), were coherent with those originally presented in *EIR*'s 1985 "Global Showdown" special report, and its just-released update, "Global Showdown Escalates."

The conference, jointly sponsored by the Netherlands Institute for International Relations (Institute Clingendael) and the Netherlands Royal Society for the Study of Military Science, was chaired by Lt. Gen. G.C. Berkhof, a former Chief of Staff of NATO's Allied Forces Central Front and a board member of the Royal Society. Attending the conference were the defense policy elite of the Netherlands, including high-ranking military officers, defense ministry officials, and representatives of defense-related institutions.

It featured, in addition to experts from the Netherlands and West Germany, Prof. John Erickson, professor of defense studies at Edinburgh University, Scotland, who had just returned from a visit to the U.S.S.R. Erickson was involved in talks with U.S. and Soviet military figures, and went into detail in his conference speech about Soviet intentions, plans, and war preparations, for the coming "post-INF" period—including their version of SDI, called, he said, "KSO." He presented an unmistakable picture of Soviet buildup for war, and made clear that Party Chief Mikhail

Gorbachov's fabled *perestroika* is an integral feature of such preparations.

'Never sign such an agreement again'

The tone was set by the opening speech, given by Weeck Zandee, member of the Planning Staff of the Royal Netherlands Army. His speech betrayed deep misgivings if not outspoken opposition to the INF agreement and its potential effects for the security of the Atlantic Alliance.

Zandee opened by attacking the INF agreement, declaring that "the euphoria about this agreement has gradually made way for *more critical responses*. The slogan for this criticism seems to be, 'Sign the double-zero agreement, but never sign such an agreement again.' " Zandee emphasized that a "serious crisis of confidence" exists "within NATO as a result of the double zero. . . . We cannot eliminate whole categories of nuclear weapons, when our strategy is based on nuclear deterrence," he emphasized.

"We will have to decide what type of nuclear weapons we need, what the relationship must be between nuclear and conventional forces, and what is a realistic level of conventional forces. As long as these fundamental questions remain unanswered, the alliance is in an adverse, vulnerable, and even dangerous position."

Zandee pointed out the INF agreement sacrifices "security interests" for "short-term political needs," and is particularly devastating for the security of West Germany. As a result of the zero option, there now exists what he called a "singularization" of West Germany. The bulk of the U.S. nuclear presence on German soil will be gone, while all

Soviet short-range missiles (up to 500 km range) which target West Germany will remain in place, facing a de-nuclearized West Germany. As Zandee expressed it: "The shorter the missiles, the more dead the Germans are."

Zandee went on to assert that the signing of the agreement will put pressure on ongoing negotiations for conventional forces reduction, citing Sen. Sam Nunn's proposal for the withdrawal of 13 Soviet divisions from Central Europe in return for the withdrawal of 2 American divisions. Zandee warned that the nations of the Alliance must formulate "a clear and well-defined conventional arms control policy" that takes into full account the Soviets' highly offensive strategic doctrine and not merely the relatively meaningless counting of tanks, divisions, and aircraft.

Soviets admit having SDI program

The main presentation at the conference was delivered by Professor Erickson, head of the Edinburgh, Scotland Defence Studies Institute. Erickson's address concerning Soviet actions and intentions once the INF accord is signed, contrasted sharply with the prevailing assessment in the Western media regarding Gorbachov's *perestroika*. His speech painstakingly documented how the "post-INF environment" fits into the active war preparations of the Soviet High Command.

Erickson revealed publicly some of the results of two years' of work conducted by his team at Edinburgh, on a new Soviet "post-INF" offensive doctrine for the European theater, centered on the incorporation of emerging technologies (ET), including radio frequency weapons, into the Soviet arsenal. This new, ET-based "conventional option" (i.e., non-nuclear, but certainly not conventional in the sense of weapons less lethal than nuclear weapons), is also being reflected, Erickson disclosed, in an ongoing total reorganization of Soviet Ground Forces, especially in East Germany and Eastern Europe.

According to Erickson's Soviet sources, the Russian SDI program is called by the Russians "KSO," meaning either Space Strategic Defense or Command Strategic Defense.

Erickson emphasized that for the Soviets, their SDI is viewed as a vital, integral component of a "combined arms" war-winning mix: "They tend to look at this correlation of nuclear, ET, and SDI, as a form of force multiplier. You can argue with them 'til you're black in the face, but it's very difficult to dissuade them from this point of view."

ET and the Ogarkov Doctrine

Erickson stressed that Gorbachov's *perestroika* (restructuring), or "Ogarkov's *perestroika*," as other military figures attending the conference put it, referring to Marshal Nikolai Ogarkov, commander in chief of all Western Theater Soviet Forces, is designed to reorganize the Soviet industrial base, to achieve what the Russians call the "sustainability" of wartime operations, which will feature weapons based on emerg-

ing technologies.

In response to a question by one of the Netherlands' leading retired officers, on Soviet advances in radio frequency weapons development, Erickson, while admitting that Soviet computer technology is well behind that of the West, nonetheless underscored that "they are well advanced in . . . as you say, radio frequency weapons, and their laser technology is very interesting. . . . In terms of their fundamental research, that is very good, indeed."

In his conference presentation, Erickson emphasized that *perestroika* is a war-preparation policy, based on Ogarkov's doctrine.

"They tend to believe that what they're up against is probably more protracted war . . . and that, really, I think, was Ogarkov's point," which "brings into sharp focus Gorbachov's reconstruction . . . and what you might call, what you should call, the entirely modernized industrial base for this protracted war effort."

According to Erickson, for the Soviet military, *perestroika* is crucial, because "reliable defense and sufficiency will be assured by Mr. Gorbachov's reconstruction policy, which will provide in the long term that industrial base which will enable them to acquire, achieve, and maintain sustainability."

Wartime reorganization of the Ground Forces

The bulk of Erickson's address presented in detail the ongoing thorough reorganization of the Soviet Ground, Air, and Air Defense Forces, into a wartime Order of Battle, and under a wartime command-and-control structure. He did not go into detail concerning the Air and Air Defense reorganizations, but stressed their importance. Here, given the military-professional composition of the audience, he did not have to state the obvious, namely, that the Air Defense reorganization is being directed by Ogarkov's close associate, Gen. Ivan Tretyak, recently brought in to command the Air Defense Forces.

Erickson detailed the Ground Forces reorganization, making two essential points beforehand:

1) that the command-and-control features of the current reorganization are an across-the-board implementation of what was begun by Ogarkov in 1984 with the setting up of the wartime theater commands;

2) that the wartime reorganization, premised on incorporating ET weapons into the Soviet military, is a "post-INF" reorganization, taking full advantage of NATO's disastrous post-INF weaknesses.

He presented the Soviet Ground Forces' reorganization in the following manner:

"If they are to pursue this conventional option under present conditions of ET and so on, something has got to change in their system. . . . There was a very serious command-and-control problem at the strategic level, which they began to solve, by setting up the intermediate theater com-

mands" under Ogarkov in 1984.

Now, the Soviet Ground Forces are being reorganized into a structure of Corps and Brigades, under the Theater Commands.

"The Soviet military has developed and is in the process of implementing a new concept, where the Ground Forces are being reorganized, based on new Corps/Brigades structures. . . The Soviet Ground Forces will be structured along Corps, composed of Brigades. The Division (except for training and officer/commander training purposes) will soon disappear from the Soviet Order of Battle. . . . What we're really seeing now in the 1980s, is a Soviet military reorganization which will last until the mid-1990s."

The purpose of these new structures is to effect a "breakthrough" against NATO forces in West Germany, radically upgrading Soviet "deeper and deeper strike capability."

The new corps/brigade structure has already been implemented in Hungary with the Soviet Southern Group of Forces (under the command of the Southwest Theater Command), where "three, and possibly four" such corps now exist. The Group of Soviet Forces in Germany (GSFG) has also begun restructuring along these lines, having set up a new tank corps. The GSFG will soon be reorganized to contain "four Field Armies [presently five] of 12 corps." A base strength for each Corps will be 24,000 troops, but, that can be very rapidly raised "up to 41,000 troops each." The reorganization in the GSFG has begun with the creation of a "tank corps" out of what used to be the "3rd Shock Army" at Magdeburg.

Moscow's post-INF game

The reorganization of GSFG, and the Soviet Forces in Czechoslovakia, Poland, and Hungary along these lines gives Moscow a huge "propaganda" bonus in "the post-INF period," by permitting apparently large-scale troop withdrawals from East Germany, Czechoslovakia, etc. Erickson told the participants that in the "post-INF environment," Moscow will announce, say, "the withdrawal of seven divisions" from East Germany, and make similar announcements concerning its forces in Czechoslovakia and Hungary. The Soviets will play to the hilt the game of negotiating conventional forces cuts with NATO. The net result will be a further drastic weakening of NATO. For the Russians, the new Corps/Brigades structures will actually mean the ability to play the "conventional cuts" game, without in any way weakening, even numerically—and in fact, actually strengthening—Soviet offensive forces facing West Germany and NATO.

This works as follows. With the new Corps structure, Moscow can maintain a "post-conventional cuts" Order of Battle in East Germany and Eastern Europe of Corps with a strength of 24,000 men each. If and when Moscow decides for war, each Corps can be almost overnight filled to a wartime strength of 41,000 men. And what counts the most, Moscow will have a structure which can best accomplish a "deep strike offensive" and "breakthrough" on the central

front, i.e., against West Germany.

The new structure greatly augments the military "assets" per soldier, and per unit—greater firepower, with streamlined command, simplified and streamlined logistics, upgraded offensive speed, and so forth. Erickson went into this in some detail.

"Now, if you had the old army and division and regiment system, if you were going to war, you had to take everything with you. You don't need it. But what you can do with a corps, you can go back to the wartime model, where an Army and Corps were distributed assets in the rear area, so, if you need nuclear weapons, you can get them, decentralize it down to the brigade, but if you don't need them, you don't have to have them.

"And, you can also do something else as well with a corps on this scale. You can raise it to a strength of 41,862 men where you have the full assets to a Soviet corps. Then you've done a number of things. You've doubled the size of your force and you have possibly the same number or even less of command-and-control modules with which to manage the operations. The third thing you have are brigades of very good combined-arms units, both in terms of simpler command and control, and you can get the requisite elements of firepower, mobility, and air defense of a brigade-sized group. . . .

"They do in fact enable them . . . to establish for breakthrough operations a superiority of 4:1; for offensive operations, and for the defensive side, they can actually maintain a 1:1 superiority; or they can do something else; they can decentralize their brigades and take on NATO counter-thrusts as such."

One point unfortunately not made in the presentation was that prior to this reorganization, the brigade structure has existed in the Soviet military for the elite *spetsnaz* commando units, and the equally elite Air Assault Brigades. In short, the new reorganization will, among other things, "mesh" the structure of the entire Soviet Ground Forces, to quote Erickson, "under present conditions of emerging technologies," with the structure of the *spetsnaz* and Air Assault Brigades, who are slated to play the decisive role in employing radio frequency weapons in the NATO rear to wreck NATO's vital installations, *before* the reorganized Ground Forces leave their jumping-off positions.

Certain military analysts are not unaware of this. In discussions with *EIR*, they agreed that the Soviet military leadership is giving hitherto unprecedented weight to the role of *spetsnaz* and Air Assault components of the Soviet military in future wars, employing ET. They also agreed with the conclusion drawn by *EIR* from the unprecedented fact that the two most recently appointed Soviet deputy defense ministers, Generals of the Army M.I. Sorokin and D.S. Sukhrukov, are both figures who spent significant portions of their careers building and shaping Soviet Airborne and *spetsnaz* forces.

Yeltsin ouster flags neo-Stalinist era

by Konstantin George

The decision to remove Boris Yeltsin as first secretary of the powerful Moscow City Party Committee, puts a spotlight on the neo-Stalinist surge in the Soviet Union, and the growing difficulties confronting Soviet leader Mikhail Gorbachov. Yeltsin's ouster sheds more light on what happened at the Soviet Central Committee Oct. 21 Plenum, from which neither Yeltsin's nor any of the other speeches were even summarized in the Soviet press.

Yeltsin's expulsion was announced at a meeting of the Moscow City Party Committee on Nov. 11, attended by Gorbachov, and the number-two man on the Politburo, ideology boss Yegor Ligachov. Gorbachov accused Yeltsin of doubting the "leadership's and Party's work," and said that he "even went so far as to claim that *perestroika* [restructuring] had done nothing for the people." The language used that day, in both the denunciations of Yeltsin and Yeltsin's "confession," was identical to the language of the Stalin show trials of the 1930s.

Moscow City Party functionaries accused Yeltsin of having "stabbed the Party in the back," "servicing the [Western] diplomatic corps," and having "put the Moscow Party organization into opposition to the Central Committee," threatening to "split" the leadership. That latter charge is an almost verbatim repetition of Stalin's accusations against 1920s Moscow Party boss, Lev Kamenev, who was first ousted and disgraced, and then in the 1930s tried and executed.

As for Yeltsin, had he substituted the name "Stalin" for "Gorbachov," his confession would have been identical to a 1930s show trial "confession": "I am very guilty personally before Mikhail Sergeevich Gorbachov, whose authority is so high, in our Party organization, in our country, and in the whole world."

Gorbachov's difficulties, at least for the short term, should not be overestimated, provided that the Dec. 7 summit sticks and its accompanying INF treaty is signed. If that happens, Gorbachov, presiding over the greatest sell-out by free nations since the 1938 Munich conference, will stay in the saddle. The Soviet collective leadership places a priority on achieving this "Munich II" and if possible, going on from there to reach further accords on strategic weapons reduction, provided Washington moves to cripple the Strategic Defense Initiative (SDI) program. This strategic priority was underscored in the resolution issued from the Politburo's Nov. 12 weekly meeting:

"The Politburo approved the results of the U.S.-Soviet

talks . . . and sees a constructive dialogue emerging. . . . The Soviet leadership intends . . . to sign a first Treaty to remove and destroy medium-range systems of greater and shorter range . . . and go from there to reach agreement on reducing strategic reductions, and sign it, provided the ABM Treaty is adhered to." Moscow is in a hurry. First Deputy Foreign Minister Yuli Vorontsov, after two days of meetings in Geneva with U.S. chief negotiator Max Kampelman, announced on Nov. 18 that he expects the draft treaty text to be "ready by Nov. 23."

While the summit and the INF treaty appear to be set, many other things are not, and the Soviet leadership knows this all too well. In the United States, opposition to the INF treaty is growing. Moscow's main concern is, no one knows what will follow the Reagan administration, and therefore whether any "New Yalta" agreement reached with the Reagan administration can stick.

The Yeltsin affair

Yeltsin had embodied the all-out *glasnost* (openness) campaign, to emphasize the "negative" concerning Soviet society. He was appointed by Gorbachov to run the Moscow Party in December 1985, and then elevated to candidate member of the Politburo. Through a series of speeches over the past two years, he had emerged as an *enfant terrible*, publicly flinging undifferentiated criticism against the ruling strata, the *nomenklatura*. No Soviet leading functionary has ever gotten away with this—as Yeltsin has now discovered.

At the 27th Party Congress in 1986, Yeltsin denounced the functioning of the Central Committee apparatus, which meant an attack on Ligachov, who ranks second not only in the Politburo, but also in the Central Secretariat, responsible for the day-to-day running of the Central Committee apparatus. Last June, Yeltsin delivered the speech before the Moscow Military Air Defense District Council, where he scathingly reported the expulsion from the CPSU, in disgrace, of four generals, after young Matthias Rust of West Germany landed in Red Square. The tactless way he attacked the military earned him yet another powerful institutional enemy.

How was he then able to stay in power so long? Some of the answer was provided, ironically, in Gorbachov's speech denouncing him, where Gorbachov indirectly conceded a raging struggle in the Soviet leadership throughout this year. Gorbachov admitted that the fight against Yeltsin had begun "during the preparations for the January [1987] Plenum," and stated that at Central Committee Plenums, criticism of the Politburo, the Central Committee Secretariat, and "of individual persons," is "normal."

As important a signal as Yeltsin's removal was the naming of his successor in the Moscow Party post, Politburo member Lev Zaikov, a protégé of the late Yuri Andropov, and, since July 1985, Central Committee secretary in charge of the huge military industry sector.

Colombian government blames violence on narco-guerrilla feud

by Valerie Rush

Soviet irregular warfare in Ibero-America received a setback Nov. 13, when Colombian Justice Minister Enrique Low Murtra reported on a nationwide television and radio broadcast that one of the four murderers of Communist Party (PCC) leader Jaime Pardo Leal had been captured, and he had revealed that the \$11-million-contract assassination had been ordered by the Medellín Cartel of drug traffickers, and not by the “right-wing, militarist” armed forces, as the Communists have maintained.

With that stroke, the Barco government, which had been backed into a seemingly indefensible corner by the Communists, has retaken the high ground politically. The spotlight is now pointed at precisely the narco-terrorist combination that has been ravaging the nation.

The brutal Oct. 11 killing of Pardo Leal, a Communist Party executive committee member and president of the Communist electoral front known as the Patriotic Union (UP), was ordered, according to Minister Low Murtra, by the Medellín Cartel’s “number-five boss,” José Gonzalo Rodríguez Gacha. Low Murtra’s hypothesis is that the killing stemmed from “economic differences” between the cartel and the Moscow-run FARC guerrillas. In short, a “falling-out among thieves.”

‘No honor among thieves’

Colombian press in the days following the revelation were suddenly filled with “icebox” stories describing how the narco-guerrilla feud evolved. A columnist for the daily *El Tiempo* reported Nov. 14, “In certain regions, the interests [of the drug-runners and the guerrillas] coincide. The guerrillas protect coca crops. The mafia pays them. . . . It is a pragmatic alliance, but not an eternal one. And it now appears to be in crisis.”

One scenario offered by *El Tiempo* is that several years ago, three cocaine families (Plata, Córtez, and Tolosa) tried to set up shop in FARC-controlled territory without paying protection money; the FARC raided one of their cocaine laboratories and stole \$500,000 and 280 kilos of coca. The traffickers responded by murdering an elected representative

of the UP, Octavio Vargas Acosta. The FARC retaliated by killing Hugo Plata Cabeza, of the Plata mafia family in Meta province.

A second scenario was put forth by Liberal Party politician Iván Marulanda, who told the *Washington Post* on Nov. 14 that the drug traffickers see their extensive land holdings in rural Colombia threatened by the rising influence of the UP, which the *Post* describes as “the most successful leftist party in Colombian history.” UP and FARC efforts to “unionize” the thousands of poor families who grow coca for the traffickers have “stepped on a few toes,” said *El Tiempo*.

Whatever the actual chronology of events, the narco-guerrilla feud has caused a dramatic escalation in killings across the country. The deaths of hundreds of UPers over the past nine months had given the Communists a pretext to garner political capital by denouncing a military-sponsored “dirty war” against them. The killing of UP head Pardo Leal in front of his family—the “final straw”—triggered a wave of sympathy within Colombia’s otherwise anti-Communist population, which enabled the Communists to take the offensive. The UP demanded the “civilianization” of the country’s defense ministry, national police, and intelligence services; the Moscow-linked Simón Bolívar Guerrilla Coordinating Group—the recently created umbrella group of terrorist armies—demanded the opening of “dialogue” with the government, which the Church endorsed with an offer of mediation. A number of anti-terrorist generals targeted by the Communists were ousted in an unscheduled personnel shuffle ordered by the government.

Worst of all, the conditions were being created for a significant UP showing in the March 1988 mayoral elections. A Communist victory, according to political observers, would be viewed as intolerable by the Colombian Armed Forces, and might ultimately pave the way for a military coup. As *EIR* has previously reported, this scenario is precisely Moscow’s design; a right-wing coup would turn today’s terrorist bands—overnight—into a mass-based resistance movement, thereby extending the chaos of Central America down into the Andes.

The enemy is down, but not out

The narco-terrorist alliance has by no means been shattered. The Guerrilla Coordinating Group has yet to expel the Quintín Lamé Brigade, founded and funded by cocaine king Carlos Lehder Rivas, from its midst. It also has yet to pronounce in favor of extradition of drug criminals, or against the drug trade. A media interview with the M-19 leader who headed up a recent commando assault by the terrorist MRTA in Peru, revealed that the alliance is still pursued, where convenient. Said the guerrilla chief, "We know that united we work better, but the drug traffickers are not indispensable to us."

The Colombian press of Nov. 14 reported that the country's intelligence services had just uncovered a plot to assassinate the chief of the DAS (security police) and the head of the U.S. Drug Enforcement Administration in Colombia. According to high-level sources, a meeting sponsored by the Medellín Cartel had been held just two weeks earlier, attended by representatives of the M-19, the Popular Liberation Army (EPL), the Revolutionary Workers Party (PRT), and the Ricardo Franco Front, a split-off from the FARC. At that meeting, the mafia spokesmen committed themselves to paying—in money and weapons—for a "political hit" by the guerrillas against the two anti-drug officials.

Although the sources claim that the deal failed to be concretized at the meeting, activity pointing to the plot's implementation has since been identified.

The DAS and DEA chiefs are not the only ones targeted by the Medellín Cartel. Immediately following his national television address on the murder of Pardo Leal, Justice Minister Low Murtra began to receive death threats from the mob. An official visit by the minister to the city of Medellín was cancelled out of fear for his life.

Although only in his post a short time, Justice Minister Low Murtra has picked up the mantle left by his predecessor, the martyred Rodrigo Lara Bonilla. Lara Bonilla was justice minister from 1982 through 1984, and was dedicated not only to exposing the high-level connections between the drug traffickers and political and financial circles in the country, but also to full implementation of the U.S.-Colombian extradition treaty. He was murdered by mafia assassins on April 30, 1984, but the backlash to that assassination gave then President Betancur the political muscle to force through numerous extraditions of drug traffickers wanted in the United States.

The last "big fish" of the drug underworld to be delivered to American justice under that treaty was Carlos Lehder Rivas, captured in February of this year and currently standing trial in Jacksonville, Florida on a host of charges that could add up to life imprisonment. Other "big fish," like Pablo Escobar and Jorge Luis Ochoa, have been allowed to slip through the net, the result of the overturning of the Colombian-U.S. extradition treaty by a terrorized Supreme Court earlier this year.

In the interview, entitled, "The government wants to

continue extraditing," Low Murtra offered several different options available to the Barco government for reviving an extradition treaty with the United States, which he said "cannot be unilaterally broken," a reference to the Supreme Court decision.

That same week, the wife of Alfonso Patiño Roselli, one of the 12 Supreme Court magistrates murdered in the M-19 assault on the Colombian Justice Palace two years ago, revealed to the press the presentation her husband was to have made the day after the siege, in which he argued that the fate of a public treaty, such as the Colombia-U.S. extradition treaty, could not be decided in the courts and was instead the purview of the Executive.

In his interview, Justice Minister Low Murtra insisted that the Justice Palace holocaust was a clear example of narco-guerrilla collaboration to terrorize the court into surrendering to the mob. In the process, honorable men like Patiño were eliminated. In the interview, Low Murtra pre-saged his later nationwide broadcast by asserting that the violence wracking the nation came from "those who handle gigantic sums of money, more than the ministries themselves." He rejected the Communist charges that "paramilitary" squads were behind the killings, saying, "I don't like the word paramilitary, because it is a distortion. I have immense respect for the Armed Forces. To speak of 'paramilitary' is to equate the military with armed bandits."

The 'narco-politicos' return

Low Murtra's intervention on the thorny extradition question was especially timely, given the resurfacing of a faction pushing acceptance of a 1984 mafia offer to pay the national debt in exchange for amnesty. The former attorney general of Colombia, Carlos Jiménez Gómez, who stunned the nation in 1984 by holding unauthorized negotiating sessions with the Medellín Cartel leadership concerning their offer, told the daily *El Mundo* Nov. 2, "We should have talked with the narcos. . . . I believe it was an enormous error to have wasted the opportunity."

Equally outrageous was the public proposal by the influential Medellín-based Liberal Party's Sen. Bernardo Guerra Serna, that the government open up a "dialogue" with the narcos. He noted the vast resources the drug traffickers appear willing to share with a lenient administration.

But most shameless of all was a forum, sponsored by the pro-drug daily *El Tiempo*, on how to resolve the crisis in Colombia. The forum heard economist Victor Renán Barco detail the vast resources at the command of the drug mafia, and particularly their extensive investments in rural land and infrastructure as their "symbol of power." Renán Barco concluded his presentation by noting that, "because of the confidence inspired by the court's attitude toward the extradition treaty, they are investing [in the country]. It is also worth noting that they are terribly anti-Communist and excessively nationalistic, in their way."

OAS: outgrown by Ibero-America's needs and U.S. aggressions

by D.E. Pettingell

Demanding a "political dialogue" between debtors and creditors before the financial system blows up, Peru's foreign minister, Alan Wagner Tizón, on behalf of Peruvian President Alan García, told the Organization of American States' 17th General Assembly that, in light of the collapse of the world's leading stock markets, a "global and definite solution to the foreign debt problem" can no longer be postponed.

"In recent times, the world financial system has given a dramatic expression of the speculative and, therefore, extraordinarily fragile base on which the world financial system is sustained. There is no other interpretation of what has recently happened in several of the world's most important stock markets, in which hundreds of billions of dollars have simply evaporated due to the financial panic," Wagner Tizón told his colleagues Nov. 10. "When we see that only 3% of financial transactions are related to production and trade, that is, to the real economy, we can see how serious is the degree of speculation and financial revenue that prevails."

The Peruvian position forced the assembly to pull away for several hours from the tedious issue of Nicaragua, which otherwise dominated the debate. Following the opening remarks of OAS Secretary General João Baena Soares Nov. 9, Secretary of State George Shultz called a press conference to set the tone. Shultz insisted that Nicaragua is the "primary issue" in the Americas. Nicaraguan President Daniel Ortega's unexpected presence at the assembly Nov. 11, in his first State visit to Washington, reinforced Shultz's agenda.

The foreign debt, narco-terrorism, U.S. State Department meddling into internal affairs of sovereign nations, were put on the back burner. Whether Ronald Reagan would meet with Ortega or not, whether the White House welcomes the mediating role of Nicaraguan Cardinal Miguel Obando y Bravo or not, whether the Contras are willing to meet Managua's representatives in Washington or elsewhere, and so on—these were the things that the media fixated on.

Historically, the United States has controlled the OAS, or, when its other members get a little rebellious, manages to neutralize it or limit its field of action in a way that suits the New York banking community's neo-colonialist and interventionist policies toward Ibero-America. In consequence, the institution has never been what it was ostensibly intended to be, an expression of the principle of cooperation and "community of interests" that the Monroe Doctrine defined for the hemisphere. At best, the OAS has been a mul-

tinational forum where member-states can vent their grief.

Occasionally, the OAS has shown its potential to intervene in support of member-states facing aggression. Last July, the OAS Permanent Council passed a resolution condemning U.S. government meddling in the internal affairs of Panama. The State Department did not hide its displeasure.

Burial for the OAS?

Although most of the time, the OAS does little one way or the other, this year the Reagan administration decided to give the organization the *coup de grace*. At last year's assembly, Shultz invited his colleagues to hold this year's assembly in San Francisco, California. As usual, the host country, in this case, the United States, would have to pay for the cost of the assembly. But in the month of October, one month before the scheduled date for the assembly, Shultz "disinvited" the OAS, arguing lack of budgeted funds to cover the event. Thus, this year's assembly had no official host, and most of the expenses were paid by the OAS itself.

Shultz's "disinvitation" was taken as a diplomatic insult by the majority of American states—and so it was. After all, the United States is the richest country in the hemisphere, and in comparison to other countries, such as Guatemala, the host country in 1986, or El Salvador, which won the right to be next year's host after a diplomatic fight with other eager competitors, Shultz's argument of "lack of funds" is ludicrous. Among the member-states, it has always been an honor to host the OAS Assembly.

Moreover, the U.S. government, the largest contributor to the organization, has only been paying a small percentage of its quota. The quota that each country pays to the OAS is based on national income. Thus, countries like the United States and Brazil have the largest quotas. Currently, however, the OAS is owed \$90 million by member states. Of that, the United States owes \$60 million. The OAS's yearly budget is only \$65 million; the United States is supposed to cover one-third of that amount.

When Shultz arrived at OAS headquarters to deliver his speech Nov. 10, one hundred OAS employees were waiting, holding lit candles and discreet signs calling for the U.S. government to pay its debt to the OAS. Shultz rushed in so fast, amid an army of Secret Service agents, that he did not notice the protest, despite the fact that the employees were spread around the halls and the stairs in a spectacle that had

the atmosphere of a funeral.

Sources who have spent half of their lives within the organization reported that the OAS can no longer go on operating in the red. The OAS personnel also asked for a 10% wage increase, but the U.S. delegation made a counterproposal for a 3% increase. The employees rejected that as "offensive."

An OAS without the United States?

The creation of the Contadora Group (Colombia, Mexico, Panama, and Venezuela) in 1983, and its new version, the Group of Eight (the same four plus Argentina, Brazil, Peru, and Uruguay), consolidated in 1986, are the product of the OAS's unfitness to serve as an effective mechanism of debate and action on Ibero-America's political and economic problems.

This became clear, once more, during the assembly. On the eve of the Group of Eight presidential summit scheduled for Acapulco, Mexico Nov. 26-27, the foreign ministers of those nations absented themselves from the OAS sessions to participate instead in intensive preparatory meetings at the Mexican embassy in Washington. Even were nothing to come of the Acapulco summit, the fact of its taking place represents a milestone in the history of Ibero-American integration and cooperation. As Alan García has stated, for the first time in history, the Presidents of 80% of Ibero-America will get together without having been summoned by the United States.

Argentina's, Brazil's and Mexico's submission to the demands of the International Monetary Fund and the creditor banks, indicate that the eight Presidents will not break the rules of the game established by the creditors. However, the presence of Peru's President, a fighter who has placed his country's interests above those of the speculative bankers, guarantees that at least there will be no ignoring the seriousness of the financial crisis, or the immorality of continuing to pay the unpayable, for the sake of extending the life of a doomed financial system that is starving people to death.

Sources close to the OAS characterized the meeting of the eight foreign ministers as an "OAS without the United States," where issues that the OAS has not been able to address due to its "internal contradictions" were discussed.

In a press conference at the Mexican embassy Nov. 13, Mexican Foreign Minister Bernardo Sepúlveda pointed out that the importance of the summit lies in the fact that it is "the first meeting convened by Latin Americans, with an agenda determined by the Latin Americans themselves." He added that the summit will deal with economic issues and the Central American situation, and that one of the goals is to increase the level of trade and integration among Ibero-American nations. Sepúlveda did not let the occasion go by without criticizing protectionism in the advanced countries, and the depreciation in prices of raw materials, which account for 80% of Ibero-America's exports.

That same day, Nov. 13, while the eight ministers were still meeting, the White House gave an example of its policy

of economic warfare against Ibero-America by announcing harsh trade sanctions against Brazil, in retaliation for Brazil's decision to develop its own mini- and microcomputer industry, protecting it from U.S. corporate competition in the Brazilian domestic market.

The news of the sanctions shocked the eight foreign ministers. Diplomatic sources said that the White House's timing of the announcement of the sanctions against Ibero-America's largest debtor, when the OAS assembly was not yet over, was meant to send Ibero-America a political message on the eve of the Acapulco summit.

Since historically, the United States has controlled the OAS, or limited its field of action, the institution has never been what it was intended to be, an expression of the principle of "community of interests" that the Monroe Doctrine demanded for the hemisphere. At best, the OAS has been a forum where member-states can vent their grief.

The Group of Eight currently functions under the name of Mechanism of Political Consultation, but sources close to the OAS believe that in due time, a secretariat will be formed with the intention of creating a body modeled on the European Community, bound by common political ideas and economic needs. Sepúlveda seemed to back up this hypothesis when he told reporters that the Group of Eight represents the "germ of something that could turn into a far-reaching project."

A proposal discussed at the OAS to jointly negotiate the foreign debt, in respect to payment terms, a ceiling on interest rates, grace periods, and limiting debt service payments to a percentage of gross national income and/or exports, will be included on the Acapulco summit agenda by the Peruvian delegation, according to diplomatic sources.

Panama denounces aggression

In the same press conference, Sepúlveda explained that the Group of Eight is not "excluding" anyone, but that one of the "conditions to be part of it is to have a democratic regime." His comments were most probably not welcomed by the State Department, since one of the Group of Eight mem-

bers is Panama—thus endorsed by Sepúlveda as a “democratic regime”—the subject of a vicious campaign by the State Department aimed at overthrowing its constitutional government, which is labeled by the United States a “repressive military regime.”

The brutal campaign against Panama was denounced at the OAS assembly by its foreign minister, Jorge Abadía, on Nov. 11. “I have come here today with the painful mission of informing you of the moral and economic aggression against the State of Panama,” Abadía told the OAS. He explained that the aggression against his country had been “carefully conceived inside a global strategy, unscrupulously structured and executed without stinting on resources or procedures.”

He charged that the “subversive movement that emerged in my country,” and the attempts to “break the two-decade alliance between the people and the Panamanian Defense Forces,” bases its “structure, development, and tactics” on what he called a “manual of psychological operations of irregular warfare.”

Abadía denounced the outrageous efforts by the U.S. Congress to overthrow the government of Panama through the unprecedented means of passing laws that demand its overthrow. “I ask myself if it is not a grave danger for member-states that, in the Congress of the United States of America, there is presently a proposed bill called ‘Democracy in Panama Act of 1987,’ in which certain requirements are established for the government of Panama to fulfill in order to be acceptable to the U.S. Congress?” Abadía was referring to Sen. Alan Cranston’s (D-Calif.) S. 1650, which stipulates a boycott of all sugar-product exports from Panama until a U.S.-backed “transitional” government is placed in power.

“Is it then the case that a state, to be able to exist, has to receive the approval of the Congress of another state? Is it then that the Congress of a state can impose change on the government of another state?” asked Abadía.

In a clear reference to the Washington-based oligarchic opposition in Panama known as the Civic Crusade, Abadía denounced “those Panamanians who, having failed in their attempts” to gain popular support inside Panama, “have taken to the streets of the world to shout lies” against Panama.

Indeed, as Shultz was delivering his speech Nov. 10, about 30 Crusade members carried out a small protest outside the OAS headquarters in Washington with signs that read: “Noriega, Shame of America,” “Noriega’s Repression Is Worse Than Somoza’s,” and the like. Inside, Shultz was playing music to their ears, “We will continue to watch efforts in Chile, Panama, and Paraguay to reconstruct a democratic order,” he said. To the attending foreign ministers, his implied comparison between Panama’s Gen. Manuel Antonio Noriega and Chile’s Pinochet was outrageous.

General Noriega is the head of Panama’s Defense Forces, a fiercely nationalist institution dedicated to the prospect that the Panamanian people will assume sovereignty over the Panama Canal in the year 2000, as stipulated in the Carter-Torrijos Treaties of 1978.

Project Democracy and Brazil: new evidence

Brazilian Congressman Guilherme Afif Domingos filed criminal slander charges during the second week of November before Brazil’s Supreme Court against *EIR*’s Rio de Janeiro correspondent, Silvia Palacios de Carrasco. Afif’s suit accuses both Mrs. Carrasco of “slander and defamation,” for an article with her byline in the June 12, 1987 edition of *EIR*, entitled “Project Democracy gang in Brasilia,” and Brazilian Congressman Luiz Alfredo Salomão, for citing, in the course of congressional debates, the *EIR* article and another “apocryphal memorandum,” which Afif ascribes to Mrs. Carrasco.

Although Afif’s legal brief is not specific, it appears that he objects to the idea that he was part of a “group of Congressmen backed by ‘Project Democracy.’”

The *EIR* article in question had reported: “According to a report in *Jornal do Brasil* of May 27, a group of ultraliberals has been secretly meeting to discuss plans for denationalizing oil, in a sumptuous palace in Brasilia made available by the Confederation of Brazilian Commercial Associations (CACB). Among the group, to mention a few, were Liberal Party Deputy Afif Domingos. . . . As it turns out, the CACB, chaired by businessman Amaury Temporal, is the Brazilian arm of Project Democracy’s ‘private enterprise’ mouthpiece, the Center for International Private Enterprise (CIPE). CIPE is funded by the U.S. Chamber of Commerce and National Endowment for Democracy, the public front for [Oliver] North’s Project Democracy! !”

“The links between CACB and the CIPE are overt. In a Feb. 4, 1987 bulletin of CIPE, the institute admits to having helped sponsor at least two seminars in Brazil. . . . The CIPE bulletin stated that CACB will direct ‘explanatory sessions on the legislative process, legislative cycle, organizing program and regulatory lobbying. . . .’”

EIR not only stands by the above information, but has recently obtained new documentary evidence of Afif’s association with Project Democracy, the National Endowment for Democracy, and CIPE, showing that CIPE co-sponsored an International Conference on the Informal Sector on Oct. 26-27, 1987 in Washington, D.C., whose participants included CACB head Amaury Temporal. The official conference packet included an article by Afif himself.

As the conference brochure reports, the “CIPE is an affiliate of the U.S. Chamber of Commerce funded by the National Endowment for Democracy. CIPE acknowledges the support of the Inter-American Foundation, which underwrote travel grants to enable some participants to attend this event.”

Manila stirs up debate on U.S. bases

by Linda de Hoyos

When he was in the Philippines Congress, Raul Manglapus went on record in opposition to the presence of the U.S. strategic bases at Clark Field and Subic Bay. Now, as foreign secretary in the government of Corazon Aquino, Manglapus has, officially at least, changed his tune in parallel with Aquino's position of "keeping all options open."

The bases lease agreement comes up for renewal in 1991. Situated directly adjacent to the Soviet bases at Da Nang and Cam Ranh Bay in Vietnam, the U.S. bases at Clark and Subic are the only counterweight to the expanding Soviet presence in the Pacific. To remove the bases—to Palau or Guam, as the State Department has unofficially recommended—would leave the South China Sea to full Soviet control and cut the allied strategic supply line from the Indian Ocean to the Pacific.

The Philippines left, including Manglapus himself who spent 10 years of exile in the United States, sees the bases as unnecessary, given their delusion that the Soviet Union poses no security threat. Even for many Filipinos who see the U.S.S.R. as a threat, the fact that the United States pays the Philippines one-third the amount it pays Spain and Turkey for its bases, is an affront to national sovereignty. When pressed on this issue last July, Secretary of State George Shultz had told the Aquino government that if it demanded more money for the bases, the U.S. would simply pack up and leave.

To relieve Manila of the full burden of decision on the bases, Manglapus has taken the issue to the rest of ASEAN (Association of Southeast Asian Nations)—Thailand, Malaysia, Brunei, Indonesia, and Singapore—as a question of regional security. In two successive trips to the ASEAN capitals, Manglapus has solicited official positions on the bases' presence, and is looking to make the bases a major agenda item of the upcoming ASEAN heads of state summit in Manila in December.

So far, ASEAN has been less equivocal than Manila.

For the safety and security of the region, Thailand has long given importance to the U.S. bases in the Philippines, stated Thai Foreign Ministry spokesman Saroj Chavanaviraj Nov. 11 after a visit from Manglapus to Bangkok. He said that Thailand has maintained all along that it is necessary to create a political and military counterbalance to the situation in Indochina. But when asked whether this means Thailand

supports the Philippine proposal that ASEAN officially back the bases, Saroj replied, "These are details which the ASEAN foreign ministers will have to decide."

In Singapore, Prime Minister Lee Kwan Yew declared the next day, that the removal of the U.S. bases would threaten Asia's economic growth. "The underlying basis for growth since World War II, especially in Asia, has been the stability and security provided by the United States," he said. "For several decades to come, there is no other power that can maintain the balance against the increasing presence of the Soviet navy and air force in the Far East, now with the Soviet bases at Cam Ranh Bay and Da Nang."

In Kuala Lumpur, ASEAN leaders gathered together for seminars sponsored by the Malaysian Institute of Strategic and International Studies, expressed their surprise that Manglapus was attempting to make the bases a regional issue. Nevertheless, Jusu Wanandi, director of Jakarta's Center for Strategic and International Studies and a member of the Indonesian Parliament, was quoted as saying, "If the Americans left, who would fill the gap? The Soviet Union? China? Japan? It could create a whole new balance of power in the region."

The regional debate has prompted Asian allied nations outside of ASEAN also to take a position on the bases. Speaking in Singapore, Australian Defense Minister Kim Beazley, who has otherwise been unconcerned with the Soviet threat to Asia, declared that "the Philippines makes a significant contribution to regional security by hosting the major U.S. military presence." He affirmed Australia's "strong support" for the bases, warning: "The increased Soviet military presence at Cam Ranh Bay . . . does not enhance a sense of security among the states of the region and serves no purpose they regard as valuable."

The Japanese have also come out for the bases, since the July ASEAN foreign ministers summit. In Manila Nov. 15, Zentaro Osaka, a former foreign minister, told President Aquino the removal of the bases "would not be healthy to the balance of power in Southeast Asia."

As he was launching the bases debate in the region, Manglapus reaffirmed Nov. 10 that the Philippines is likely to invoke the anti-nuclear clauses in its Aquino-devised Constitution and ban nuclear weapons or nuclear-fueled ships from Subic and Clark. The clauses are similar to those imposed by New Zealand against the United States in 1985, which resulted in the break-up of the ANZUS (Australia, New Zealand, and U.S.) treaty.

If Manglapus appears to be seeking regional support in keeping the bases, he is also acquiring regional support to keep the Philippines "nuclear free"—a move that will fuel the Soviet drive, backed now only by Indonesia, for the creation of a nuclear-free zone in Southeast Asia. This is Soviet "diplomatese" for the breaking of the U.S. security alliance with ASEAN and the final withdrawal of the United States from the region.

Hafenstrasse: how the Soviets soften up Germany with riots

by Hella Ralfs-Horeis

Barricades are heaped up right in the middle of a street that 25,000 automobiles travel every day. Masked figures string steel rails and NATO barbed-wire fences on the housetops. Shocktroops break into shops and schools, drag out furniture, and use it to reinforce the barricades. Lightpoles are sawed down, bus-stop shelters reduced to rubble, warehouses broken into. Diesel oil and the contents of trashcans are tipped over into the river, so that the containers can be used for the barricades. Police helicopters are fired upon with flare guns. Fires cast a ghastly light over the cityscape. All over the neighborhood, businesses are broken into, and alcohol and cigarettes are stolen. The police stand helplessly by. At the behest of the politicians, they cannot arrest anyone, but instead are to clear the streets the next day.

Are these scenes from the 1917 Bolshevik Revolution or street battles between the Nazi Sturmabteilungen and Communists in the Weimar period of Germany?

No. This is the harsh daily reality of Hamburg's Hafenstrasse, one of the fortified outposts of Soviet-backed irregular warfare against the Federal Republic of Germany. In the middle of our community, a "lawless area" is developing, which can only be eliminated by military means.

How did it come about?

The free and Hanseatic city of Hamburg is ruled by a Social Democratic Senate, headed by Mayor Klaus von Dohnanyi. The city owns the construction company SAGA, which holds the titles to the occupied houses in Hafenstrasse. One city development plan had called for these houses, which are very old and lack all comforts, to be razed to the ground and replaced by new housing.

During the 1970s a lease was signed with the ASTA, the student self-government organization. Gradually more and more young people moved in, who replaced the tenants named in the original lease. In 1982 a "silent occupation" of the houses took place. Through several street battles with the police, the squatters beat down the Senate into signing a settlement with them in November 1983.

Pretty soon the "Hafenstrasse," as the occupied houses were called in the jargon of the leftist scene, had turned into a safehouse for all sorts of human flotsam and jetsam—runaway youths, drug addicts, criminals, and members of the terrorist RAF (Red Army Faction). Hence it was hardly surprising, when among a delegation of the Hafenstrasse

residents, which wanted to negotiate this past summer with the Senate, all of a sudden, up popped a certain Borgstede, a member of the support group of the Red Army Faction.

At demonstrations, whether against nuclear power or "peace" rallies, the Hafenstrasse squatters appear as a "Black Bloc," wearing black masks and black leather apparel. Out of this Black Bloc, violence against shop windows, businesses, and so forth is always committed. Starting in 1986, the Social Democratic Senate, reminding one of a pile of jello, tried to clear some dwellings. This led to violent demonstrations which ended up with the fire bombings of some stores.

At the beginning of 1987, the houses were again occupied, and immediately the anarchists started fortifying the buildings. Windows were walled up, steel doors were installed, barbed wire was strung along the rooftops, underground escape tunnels were built, and an illegal transmitter was installed. In short, the houses were armed for a bloody showdown with the police.

From these houses, crimes were constantly committed. Surrounding neighborhoods were invaded, autos were broken into, steel balls were shot from slings at workers at the Blohm & Voss shipyards next door to the houses, and so on. Then a man named Jan Philipp Reemstma came on the scene, and offered the Senate to buy the houses and turn them over to the squatters. That plan foundered, but afterward, Reemstma played an important role on the side of the squatters.

This November, it came to a head. The anarchists stepped up their provocations, gloating over the Nov. 2 armed ambush on the West Runway at Frankfurt airport, which left two policemen dead and many wounded, with a transparent: "Two cops are not enough."

Who controls Hafenstrasse

Hardly anyone seriously believes that the refuse of criminals, alcoholics, and drug addicts who live in the houses can set up fortifications to military specifications, or carry out well coordinated, targeted atrocities. Behind them stands a level of more or less open organizers, sympathizers, and directors.

First of all, Hamburg's ruling Social Democrats with their liberal, slipshod attitude played a decisive role in establishing the scofflaws in the houses.

But one suspects that the first cadre-like, tightly orga-

nized form of the Hafenstrasse came from members or sympathizers of the Red Army Faction (RAF). For manipulation purposes, drugs were inserted from the beginning, as was already generally known at the end of the 1970s. Then with Reemtsma, who wanted to see the Hafenstrasse as "state-free space," as financier, advocate, and sympathizer, another level came in. Jan Philipp Reemtsma happens to be the only heir of the huge cigarette company, Reemtsma, which he sold for a profit of about 300 million marks, which he has since tripled. This money, the media-shy millionaire prefers to invest in "alternative" projects.

Among his best known investments are the Arnold Schmidt Foundation and the Hamburg Institute for Social Research, whose advisers include Ernest Mandel, chairman of the Trotskyist Fourth International; Margaret Mitscherlich-Nielsen, the psychoanalyst and "mother" of the student and feminist movements; Alice Schwarzer, feminist, producer of "Emma," and according to some sources, one of the recruiters of the Moscow-linked Green Party leader Jutta Ditfurth (see *Report from Bonn*, page 50); and the Trotskyist Jakob Moneta.

As is well known, Karl-Heinz Roth, himself one of the leaders of the SDS (Socialist German Student Association), dedicates a great deal of his manpower to the institute. Roth was indicted on charges of having shot at a policeman; he

maintains relations to the terrorist Palestinian PFLP of Georges Habash and probably also to a faction of the Iranian mullahs.

Reemtsma also financed the revival of the magazine *Twen*, which has since been discontinued again. *Twen's* editor-in-chief, who died of AIDS, was very close to the West German Communist Party, the DKP.

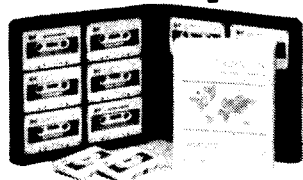
Reemtsma also bankrolled the magazine *Konkret*. According to sources close to the long-time editor of this leftist rag, Klaus Rainer Röhl, who was once married to the notorious terrorist Ulrike Meinhof, *Konkret* had been kept alive since the 1950s with money from East Germany. Röhl had sought to make himself financially independent from the East Germans, and was therefore shut out of the editorial board. His successor, Gremliza, today not only belongs among the Hafenstrasse sympathizers, but even volunteered, in the case of an attempted evacuation, to spend the night in one of the occupied houses.

It must also be mentioned that the Hamburg Green Alternative List was recruited out of the radical-Communist KB (Communist Alliance) and belongs among Hafenstrasse's biggest supporters.

And so, out of this miasma of the vacillating Senate, the Communist Party and Moscow-oriented journalists, a millionaire, and the Green Alternative List, a monstrosity has developed: an enclave in the middle of a major West German city where terrorists, political anarchists, and criminals do as they please.

Besides demonstrations, violence against property, and violence against persons there is another dimension: a fortified bridgehead in enemy territory for Moscow, which is publicly arming for confrontation. The pirate transmitter "Radio Hafenstrasse" whipped up listeners on Nov. 11: "Violence! We want our fun!" And later: "We call on everyone, who has not yet gotten his ass over here, once again. . . . Occupy the neighborhood, occupy the inner city, paralyze traffic, don't let business as usual go on here."

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Music Reproduction for the Connoisseur

German Greens hoist Soviet red flag

Green Party radicals get most-favored status at the Kremlin.

Turning more and more anti-American in recent years, leaders of the German Green Party have tried, though, to keep a certain distance from the Soviet Union. This has definitely changed with the visit to Moscow (Nov. 2-8) by two leading members of the pro-terrorist faction of the Greens, Jutta Ditfurth and Jürgen Maier. Formally invited to the "Red October" festivities there, they met, among other senior officials, with Mikhail Gorbachov, who endorsed the Greens' activities in Germany.

With Jutta Ditfurth, who came out of the German "new left" of the early 1970s, these high-level contacts to the Kremlin go back to at least 1983. At all turning points in German-Soviet relations (usually accompanied by massive Soviet black propaganda attacks on the Bonn government) in recent years, Miss Ditfurth was in Moscow. Her discussion partners there usually were senior officials like Vadim Zagladin, Anatoly Dobrynin, Georgi Arbatov, and Gorbachov.

Usually, Soviet officials and the media expressed unspecific "sympathy" with the Green movement on these occasions. This time, however, the "mutual intent to intensify practical cooperation" was expressed by Soviets and Greens alike, and a special department for contact to the Green movement in Germany was set up in Moscow.

Intelligence insiders in Bonn evaluated this as "a sign that Moscow gave the German Greens the status of a liberation movement"—implying relations like those between the Kremlin and armed insurrectionists or guerrilla

movements in the West and in the Third World. The Soviets may have offered "advisers" (i.e., irregular warfare specialists), to the Green movement in Germany. This recalls traditions of Soviet support for the armed upsurges of the German Communists in the 1920s and early 1930s, in the context of the Comintern's "Third Period." Indeed, a closer look at the Nov. 4 speech Jutta Ditfurth gave before a gathering of liberation movements in Moscow, drew political parallels.

"With joy," she said, "we have accepted the invitation to the October Revolution [sic]. We consider this date one of the most crucial events of history. We enjoy this international conference, which brings together many political friends from Nicaragua, Cuba, El Salvador, from the PLO and the ANC, and many other liberation movements on this globe.

"While the U.S. attack on Libya was launched from German territory," she charged, "and armed forces of the German Army become a substitute for NATO strike forces in the Gulf, sentiments for a cancellation of the Nuclear Non-Proliferation Treaty, which will expire by 1995, are being created in West Germany."

This was kind of a marching order to the pro-terrorist faction of the Green movement, to step up sabotage of NATO infrastructure, the electric power grid, and the military-industrial complex in Germany. Jutta Ditfurth herself was one of the very first to begin sabotage, in 1983, of military installations in Frankfurt.

She plays a direct role in fomenting riots and insurrection in Germany.

Her diatribes against the so-called "Bonn nuclear-bomb project" on May 17-18, 1986, provided a propaganda framework for extremists to turn a protest rally by radical ecologists at Wackersdorf into an armed attack on the police. Close to 200 policemen were injured there over the Pentecost weekend of 1986, which also marked the beginning of a tide of sabotage and destruction against nuclear-related companies all over Germany. Shortly before these inflammatory speeches, Jutta Ditfurth had been in Moscow.

Her talks in Moscow this time overlapped with the gunfire ambush in police at the Frankfurt airport runway, which killed two and injured another 10 policemen on Nov. 2, 1987. From Moscow, she decided to issue a cynical statement characterizing the ambush as "an incident most welcome to certain circles in this country." This was probably an unintended slip of the tongue, meaning that "circles in Moscow" welcomed the ambush. Her statement was in line, indeed, with strategic considerations in Moscow to step up irregular warfare in Germany. This apparently includes a streamlining of the Green movement.

Promptly after her return from Moscow on Nov. 9, Ditfurth launched an attack on the moderates inside the Green Party, as "traitors to the Green cause." This is to force the moderates to either quit, or turn over the party machine to her "fundamentalist" faction.

A striking example of what lies in store for Germany, was given in Hamburg Nov. 14, when police caught the party manager of that city's Green Party section, Rosita Timm, red-handed trying to smuggle riot material and explosives into the Hafenstrasse district, which is currently occupied by a mob of insurrectionary "squatters."

Peru faces new terror wave

The narco-terrorist "Tupac Amaru" copies the style of its M-19 partners in Colombia.

With the assault of the narco-terrorist Tupac Amaru Revolutionary Movement against the town of Juanjui and two other towns in the department of San Martín on Nov. 6, Soviet irregular war against Peru entered a new phase. For the first time, Tupac Amaru has acted jointly with the Colombian M-19, at the same time that the Communists, also for the first time, are trying to draw the government into a debate over whether or not to have a suicidal "dialogue" with the narco-terrorists—even while their rampages continue.

Tupac Amaru is part of the so-called Americas Battalion, to which the M-19, Quintín Lamé, and the Ecuadorian terrorist group "Alfaro Lives, Carajo," belong, among others. The Americas Battalion was created as a continental narco-terrorist army, along the lines of the recently born "Simón Bolívar Guerrilla Coordinating Group" in Colombia, to which the M-19 also belongs, along with the group "Quintín Lamé," founded by drug trafficker Carlos Lehder, who has proposed raising an army of 500,000 men "to liberate Latin America."

In an interview published Nov. 5 by the magazine *Caretas* in Lima, "Comandante Rolando," leader of the guerrilla assault on Juanjui, said, "Yes, we are similar to the Americas Battalion and to the M-19 of Colombia, because we are not fighting only for Peru, but for all of America."

On Nov. 10, the newspaper *Expreso* published declarations of Comandante Rolando boasting that, in 1985, Tupac Amaru sent three contingents of terrorists to support the M-19

after they had assaulted the Justice Palace in Bogota, Colombia, burning the files on drug traffickers, and assassinating a dozen Supreme Court justices.

It is no accident that the Tupac Amaru attackers similarly destroyed the legal archives in Juanjui, a provincial center which serves as the judicial clearing house for the region. Among those archives were many files on drug traffickers, including from Tocache, one of the principal centers in Peru for the production of cocaine and base paste, and also of trafficking and laundering of "cocadollars."

According to an interview published Nov. 12 by *Extra*, the evening edition of *Expreso*, Comandante Rolando said, "We know that united we work better, but the drug traffickers are not indispensable to us. We have Uzi submachine guns and Soviet grenades that are better than those the armed forces use against us."

Extra also quotes Comandante Rolando saying that many Peruvians have received "guerrilla instruction at the Lazaro Pena school of the Cuban Workers Central." Referring to aid received by Tupac Amaru from certain "revolutionary governments," he said, "I cannot deny the aid from Fidel"—Castro (who, it should be remembered, harbors Robert Vesco, Carlos Lehder's partner in the drug business, in a Havana safehouse).

The origin of the present support for Tupac Amaru by the Communists—and by some liberal "useful fools"—is the May 8 speech by Peruvian Communist Party General Secretary Jorge del Prado, in which he

declared that the Communists had initiated a "dialogue" with Tupac Amaru to coordinate "mass actions" for the "armed struggle."

At about the same time, Communist deputy Gustavo Espinoza said that his party "will not wait for the elections of 1990 to take power." Espinoza is one of a group of leftist congressmen who organized a visit to San Martín department immediately after Tupac Amaru's assault on Juanjui, to investigate charges of military repression, and to demand an end to the state of emergency the García government has imposed on the narco-terrorist-infested zone.

Now, the entire pro-Soviet left is calling for "dialogue" with the MRTA. Congressmen such as Javier Diez Canseco, of the communist front-group "United Left" (IU), and members of the United Mariateguista Party, joined the Communist Party's Espinoza on that trip to San Martín, "to make contact with the popular forces." Senators Enrique Bernales (IU) and Javier Valle Riestra, from the ruling APRA party, asked the government to hold a dialogue with Tupac Amaru as well.

According to the press of Nov. 16, Senator Bernales is insisting that "dialogue" be initiated, since, he said, in the proposals of Tupac Amaru, "I can scarcely find any difference between the proposals of the government itself, or those that our own congress is debating." Bernales insisted that Tupac Amaru proposals were based on "political rationality."

President Alan García, who is not buying this blackmail disguised as dialogue, declared that "just as in democracy, there cannot be severe economic inequalities, it is no less acceptable to acquiesce to blackmail and demands made by the brute force of arms."

Dhaka is under siege

An unholy opposition alliance brings violence and more chaos to impoverished Bangladesh.

The 15-day run-up to the Nov. 10 "Dhaka Siege" by the opposition saw a fresh wave of violence sweep the tiny, poor, and densely populated nation of Bangladesh.

At this writing, more than 50 people have been killed. A number of bomb bursts in the capital city of Dhaka and southern port city of Chittagong at government offices, American institutions, and Indian commercial centers indicates that not only the Ershad administration, but also countries which are not aligned ideologically to the opposition's viewpoints, have been targeted.

In response, the Ershad administration first tried to ignore, and then to confront the mob with law enforcement measures. The two major opposition leaders, Khalida Zia of the military-linked Bangladesh National Party (BNP), and Hasina Wazed of the mass-based Awami League were put under house arrest.

President Ershad also banned three political parties, the Bangladesh Communist Party, Jatiyo Samajtantrik Dal (National Socialist Party), and Bangladesh Swadhinata (Independence Party)—all belonging to the left.

The President himself has accused these parties of setting the American Cultural Center and Pan Am airlines office ablaze on Nov. 11.

Though President Ershad refused to admit the gravity of the situation, it is apparent that things remain fluid and dangerous. The projected visit of Pakistan's Prime Minister Mohammad Khad Junejo in the first week of November was called off.

World Bank President Barber Conable, who had come over to Calcutta for the hop to Dhaka, was advised not to come. Since the World Bank remains a major source of funds to foreign exchange-starved Bangladesh, this is significant.

The outburst was not, however, unexpected. "Down with military rule" is perhaps the only common ground for the highly fragmented opposition, which has, in any case, not produced an innovative program to alleviate the crushing poverty of the country.

At the same time, President Ershad has also not succeeded in establishing the Jatiyo Dal (National Party), launched before the spring 1986 elections, as a mass-based party and stable political center.

Since most of the opposition groups stayed away from the elections, Jatiyo Dal won handily, but it soon became clear that the party did not have the depth of support necessary to be a base from which the government could move forward.

The plan to launch the current demonstrations was declared in late June, right after the budget calling for increased revenue through fresh taxation was presented to Parliament.

The Bangladesh National Party-led seven-party alliance, and the five-party combine under the Awami League banner, both labeled the budget "anti-people," and vowed to resist "until the government withdraws it."

The other bone of contention was President Ershad's decision to amend the 1972 Nationalization Order through an ordinance providing for

gradual sale of 49% of the shares of the nationalized units to the public, and handing the remaining 51% over to the respective corporations.

The World Bank and International Monetary Fund, which coordinate aid flows to Bangladesh and thereby the country's economic policies, have been pushing for such reforms for a long time, and the opposition holds their pressure responsible for the government's move.

Perhaps the most interesting feature of the situation is the unholy alliance of Muslim fundamentalists and the left with the Bangladesh National Party and Awami League. The Bangladeshi left is a strange animal that developed as an anti-India and anti-Soviet forum with heavy input from China from the outset.

In the name of opposing "Indian expansionism" and Soviet "social imperialism," many Marxist-Leninists did not hesitate to ally with fundamentalist elements like the Muslim League or Jamaat-e-Islami. After sitting out the 1971 liberation war, the left in 1979 joined the 17-party "National Front" formed by Aatur Rahman Khan, along with fundamentalist elements to fight Russia and India.

The Jamaat-e-Islami has been fighting its own form of radical nationalist fight in the so-called Islamic constitution movement under the leadership of an old guard, Maulana Abdur Rahim.

"There is no alternative to Islamic rule in a highly Islamic country like Bangladesh. The people do not support Ershad, Hasina, or Khalida. They like to see their motherland a real Islamic state," says Rahim.

Nonetheless, for the time being, both the left and Awami League are saying prayers together with the Maulana and his henchmen. It is not a prospect that bodes well for Bangladesh.

Asia Foundation runs Korean opposition

by David Hammer

As the countdown to the Dec. 16 South Korean elections begins, opposition candidate Kim Dae Jung has declared that if ruling party candidate Roh Tae Woo wins the election, that by itself is proof of fraud. "I state clearly my conviction that Roh Tae Woo . . . cannot be elected in a free and fair election," said Kim Dae Jung Nov. 12. "Only by fraud is it possible for him to be elected, and I am convinced that our people will never condone such an election."

The aim of such pronouncements is to bring to South Korea the same scenario used to overthrow Philippines President Ferdinand Marcos in 1986. The international credibility for this replay will come from the same U.S. National Endowment for Democracy and other Project Democracy spin-offs that perpetrated the "fraud" charges against Marcos. Chief among them is the Asia Foundation.

At the time it was established, in 1983, the National Endowment for Democracy was slated to give \$5 million out of a total of \$20 million in funds, to the Asia Foundation. Said NED's first annual report (p. 16), "The Asia Foundation's programs directly serve the goals of Project Democracy." The NED also noted, "The grants to the Asia Foundation will be administered by the Department of State."

This arrangement has now been amplified by the 1986 posting of Gaston Sigur as assistant secretary of state for Far Eastern and Pacific affairs. From 1962 to 1972, Sigur, who is now charged with bringing down the ruling party in South Korea, was a top official of the Asia Foundation. In 1986, his son Chris became executive assistant to Asia Foundation President Haydn Williams.

The Asia Foundation boasted in its 1986 annual report that it was "able to support many of the popular initiatives to rebuild and restructure the democratic system in the Philippines," and worked "with a number of civic organizations," in particular in mass publicity on "the methods of election fraud." The foundation was a prime funder of the National Movement for Free Elections, Namfrel, a pro-Aquino operation that gave the U.S. coup international cover.

In South Korea, the Asia Foundation, under direction of its man on the scene, Ben Kremenak, has poured over a million dollars in 1986 and 1987 into opposition-related institutions.

As the Asia Foundation states in its 1986 report: "Law,

democratic institutions, and Korean-American relations were the three main centers of program activity. Although the foundation has had projects in these areas for many years [it has been in Korea 32 years], they recently have become of prime importance. Most Koreans agree that political development has replaced economic development as the most important item on the national agenda. . . . To encourage efforts to bring about needed reforms . . . during FY 1986 the Foundation spent approximately \$634,500 on 99 grants in support of 87 projects involving more than 60 organizations scattered throughout Korea."

A glance at these projects shows that the foundation has been key in building the grass-roots organizations of support for Kim Dae Jung, in particular, against the Korean government:

- Pusan National University, Student Guidance Center: for a democratic education and legal assistance outreach program for industrial workers in the Pusan area.

- Chonnam National University, Center for Regional Development: for the third year of a training program in democratic processes for civic leaders.

- Hankuk University of Foreign Studies, Regional Studies Institute: for a comprehensive and historical study of the Korean election system.

- Korean Social Science Research Council: for a national symposium on "Election and Democracy in Korea" to compare the various election studies and to examine the place of elections in the democratic process.

- Chung Ang University, Department of Political Science: for two faculty members to participate in the post-EROPA Conference observation of the Philippines presidential election.

- Korean Federation of Bar Associations: for publication of a book, *Human Rights Cases for 1986*.

- Journalist: for a three-month research on 'The Korean Press under the U.S. Military Government in Korea 1945-48' at the George Washington University and the National Archives. (The journalist was Kwan Sang Park, editor of the anti-government *Tong A Ilbo*, brought to George Washington by Sigur in his capacity as director of the Sino-Soviet Institute there.)

- Korean Social Science Research Council: for a study of the student movement in Korea.

The foundation also aids more radical groups, such as the International Human Rights Law Group. The IHRLG, also a key player in the Philippines coup, has dispatched two representatives, Craig Cramer and Michelle Lee, to Korea to aid the "human rights" crusaders during the pre-election period. Their work, Cramer reports, will be facilitated by the contacts set up by the Asia Foundation. The funds for the IHRLG's "Korea Project" come from the ARCA Foundation, set up by the R.J. Reynolds Tobacco fortune. ARCA is also a major funder of the Kim Dae Jung-affiliated North American Coalition for Human Rights in Korea.

International Intelligence

Outcry in France against euthanasia

The accelerating effort by Europe's "right-to-die" lobby to legalize euthanasia in France, on the Dutch model, is drawing fire from Catholic and other spokesmen. The issue came to the fore in public debate early in November, when a group calling itself the Association for the Prevention of Handicapped Childhood demanded that parents of handicapped children be granted the "right" to murder their offspring at birth.

In a commentary in the Paris daily *Le Monde* Nov. 18, Georges Hourdin, former president of *La Vie Catholique* publications, wrote: "Hitler has still not quite lost the war. Nazism did not come to an end by its own death. . . . Today, there is a proposal to legalize infanticide in the three days that follow the birth of the seriously handicapped. . . . Let us not forget that the gas chambers, in Germany, began to operate for the incurably sick, the handicapped, and the elderly."

The next day, *Le Figaro* newspaper reported the results of a poll which purported to show that 85% of Frenchmen would be favorable to "the right to demand to be assisted to die, in the case of a serious and incurable sickness engendering insurmountable suffering." The poll was conducted at the request of Henri Caillavet, the head of the Association for the Right to Die and honorary president of the Association for the Prevention of Handicapped Childhood.

Le Figaro reported several outraged reactions:

• Msgr. Jean Vilnet, ex-president of the Conference of French Bishops, called the poll a "premeditated" effort to manipulate public opinion, and said that "one does not regulate the life and survival of the sick on the basis of opinion polls."

• Prof. Georges Mathé, an eminent oncologist, demanded "a halt to the lobby of death." "For me, the role of doctor, defined by Hippocrates and Paracelsus, is nothing

else than to ameliorate the quality of life, to delay death, and not to cause it. . . . I will never administer death, even if the patient wants it."

• Dr. Louis René, president of the Council of the Order of Doctors, said that the position of his organization is "very clear: There cannot be any question of the doctor shortening the days of a sick person." He attacked the devious methodology of the poll, since "to be assisted to die" may have different meanings to different people, and may not have meant support for euthanasia in the minds of many who answered affirmatively.

German Communists attack EIR, LaRouche

Unsere Zeit, the newspaper of West Germany's Communist Party (DKP), published two articles on Nov. 17 attacking *EIR* as an "espionage agency" linked to the CIA. What most angered the paper was this news agency's exposé of Soviet-backed irregular/warfare terrorism in Germany.

The paper lashed out against *EIR*'s charge that the DKP played a leading role in the Nov. 2 armed ambush of police by terrorists at the Frankfurt Airport runway, in which two policemen were killed. This charge received widespread publicity, when *Die Welt*, West Germany's largest-circulation conservative newspaper, cited this news service's report on Nov. 10.

"It seems profitable to take a closer look at the 'news agency *EIR*,'" wrote *Unsere Zeit*. "Was the CIA involved here? This *EIR* (*Executive Intelligence Review* and *Investigative Leads*), based in New York and Wiesbaden, is an espionage agency of the 'European Labor Party,' EAP, whose ties to the U.S. intelligence service CIA have been proven."

An accompanying column, headlined "Who Is Arno [sic] Hellenbroich," purported to establish a political link between Anno Hellenbroich, the executive director of *EIR*'s Wiesbaden bureau, and his brother, "the former president of the German Counter-

pionage Bureau, Heribert Hellenbroich."

"The Bonn government," wrote *Unsere Zeit*, "would not deny that Hellenbroich-Arno's EAP and Hellenbroich-Heribert's counterespionage, both maintain contact to the Pentagon's secret intelligence agency DIA and to the CIA, through the German-American millionaire LaRouche couple. . . ."

"Quite in line with the CIA, the EAP has been waging irregular warfare on those who oppose the West Runway project [at Frankfurt Airport], by fomenting, for instance, violence at rallies and by spreading libelous reports on these movements."

Soviets in new bid to restore ties to Israel

A new indication of a thaw in Soviet-Israeli relations occurred at the annual October Revolution Day celebrations in Uruguay during the second week in November, when the Soviet ambassador to Montevideo hosted his Israeli counterpart, shook his hand, and labeled "unreasonable," the absence of diplomatic ties between the two countries.

According to Israeli foreign ministry officials quoted by the Nov. 11 *Jerusalem Post*, this was, "as far as we can remember," the first time since the 1967 Arab-Israeli war, that a Soviet diplomat has officially invited an Israeli ambassador to an October Revolution anniversary party. The Soviets broke diplomatic relations with Israel after that war.

Israeli Ambassador Eliezer Palmor reported that he was "warmly" received by Soviet Ambassador Igor Lapatyev.

Kissinger, Rockefeller meet Thai leaders

Henry Kissinger briefed Thai Premier Prem Tinsulamonda on the Soviet Union's and China's positions on international problems, in a meeting in Bangkok on Nov. 12. According to the Thai publication *The Nation*, during the 30-minute discussion, Kis-

singer described his meetings with Mikhail Gorbachov in February and Deng Xiaoping in September.

Deputy government spokesman Montri Chenvidyakarn quoted Kissinger as saying that Moscow wants to reform its economic and social system, and genuinely supports nuclear disarmament.

Kissinger was accompanied by David Rockefeller and U.S. Ambassador to Thailand William Brown. Rockefeller reportedly told Prem that a Vietnamese troop withdrawal from Kampuchea will help solve regional problems.

Kissinger is director of the Rockefeller Brothers Fund, which is sponsoring an ongoing symposium in Bangkok. He was also scheduled to address the Thailand Development Research Institute on the subject of "Geopolitics: the U.S. and the Pacific Communities." Twenty-five policymakers, academics, and business executives were invited to attend the meeting on Nov. 13.

Nazi, communist ties of drug kingpin exposed

In the ongoing trial of Carlos Lehder Rivas in Jacksonville, Florida, witnesses and the government prosecutor are beginning to expose the Nazi-communist belief structure of the Colombian "cocaine king."

As *EIR* stressed in our Feb. 20, 1987 cover story, "Dope Inc.'s Carlos Lehder exposed as a Soviet agent," Lehder's trial "must expose the 'board of directors' of Dope, Inc., East and West, and provide the crucial intelligence on which to launch the final offensive of the war on drugs." Lehder is a joint creation of the Soviet KGB, the Nazi International, and oligarchical families in the West, we showed.

On Nov. 16, U.S. Attorney Robert Merkle described Lehder as a politically ambitious admirer of Adolf Hitler. Lehder's distribution chief, George Jung, a witness for the prosecution, was Lehder's cell mate in federal prison in Danbury, Connecticut, in 1974.

Jung testified that Lehder sought to disrupt the political system of the United States by flooding the nation with cocaine and subverting its morality. Lehder is an avowed Marxist who admires Adolf Hitler's "organizational methods," the witness said.

Hammer pops up in Moscow again

As the Reagan-Gorbachov "Pearl Harbor Day Summit" approaches, Armand Hammer of Occidental Petroleum, the KGB's favorite billionaire, shuttled to Moscow Nov. 14, for talks with the Kremlin leadership. The 89-year-old Hammer, friend of every Soviet leader since Vladimir Lenin, met with Soviet Premier Nikolai Ryzhkov, to discuss the summit and the proposed treaty on intermediate-range nuclear forces (INF). He also announced the biggest joint venture ever undertaken by a Western company with the Soviet Union.

Hammer was in Moscow at the end of August, to prepare the way for a U.S.-Soviet deal on Afghanistan. He traveled to Kabul, Afghanistan on Oct. 12, and then zipped back to Moscow and Washington to deliver a report on his back-channel negotiations.

On Nov. 19, Hammer announced at a Moscow press conference that he had signed a memorandum with the Soviet government to build and operate a \$6 billion petrochemical complex. Hammer said that the joint-venture deal reflects his trust in Mikhail Gorbachov. The memorandum is aimed at establishing one of the largest petrochemical complexes in the world. Hammer said his Los Angeles-based company had joined Montedison of Italy and Japan's Marubeni Corporation to develop the complex, which will produce petrochemicals.

"The implementation of this joint venture will combine the great natural resources of the Soviet Union with Western technology, thereby making the benefit of these products available to all of the world," Hammer said.

Briefly

● ARGENTINE PRESIDENT

Raúl Alfonsín was given the W. Averell Harriman Democracy Award on Nov. 17 by the National Democratic Institute for International Affairs. Harriman, a bitter enemy of the late Gen. Juan Perón, personally made sure that Argentine wheat could not be exported to Europe during the postwar Marshall Plan.

● FRANZ JOSEF STRAUSS, the

chairman of West Germany's Christian Social Union party, denounced the INF Treaty, in a speech in Munich on Nov. 19. "There is no conventional substitute for nuclear defense of Europe," he said. The withdrawal of U.S. missiles will encourage "those who are for German neutrality, and those in the United States who have been calling for less defense expenditures and even troop withdrawal from Europe."

● THE DITCHLEY Foundation,

an elite club of the Anglo-American Establishment, for the first time invited Soviet representatives to one of its meetings, at the Ditchley Estate in Great Britain Nov. 14-15. Soviet First Deputy Prime Minister Tolstykh headed the Soviet delegation.

● KIM PHILBY, formally identified

as a KGB general, appeared on Soviet television Nov. 18, in a highly unusual broadcast, to condemn the Latvian nationalist demonstrations of the previous day as "CIA manipulated." U.S. intelligence sources say the broadcast is intended to be read as a threat to increase Soviet destabilizations in the West.

● NARCOTICS SEIZURES

prompted the State Department to evacuate all dependents of American officials in northern Thailand, because of threats from drug traffickers, U.S. officials announced Nov. 15. The threats followed the largest narcotics seizure ever made in Thailand, 1,496 pounds of heroin base.

Aquarian author admits 'New Age' movement is Nazi

by Mark Burdman

Aleister Crowley, the Nature of The Beast: The Life and Ideas of the 'Wickedest Man in the World'

by Colin Wilson

The Aquarian Press, Wellingborough, Northamptonshire, 1987.

174 pages, paperbound, £5.99.

On page 157 of his biography of "New Age" hero Aleister Crowley, author Colin Wilson writes, in a parenthetical note: "One of his female admirers, Martha Kuntzel, was quite right to see a close resemblance between Crowley and Hitler."

Eleven pages later, in his concluding comments about Crowley, Wilson writes that he was "a failure as a human being, as he himself was inclined to acknowledge in moments of honesty. But he thought that unimportant compared to the religion of thelema, the philosophy of human free will that would enable man to evolve to a higher stage. If we ignore Crowley and concentrate on his philosophy, it seems highly probable that he was right."

What is useful about Wilson's book, if the reader ignores the meanderings on psychology, magic, and the occult and the often pretentious, gossipy style, is that it establishes the fact that the "New Age" Aquarian project is itself Nazi, or, better yet, the force *behind* the eruption of Nazism. This may not be the overt *intent* of the book, but given the pedigree of author and publisher, it is impossible to hide the sympathies for fascist ideology. Just as Wilson can't hide the fact that Crowley was a disgusting degenerate, a murderer, a sodomist, etc., just so he can't resist the necessity of praising and

justifying Crowley's "romantic quest," poetic capabilities, "elements of greatness," and the like. The book is, then, court-admissible evidence for the criminality of the "New Age" Aquarian project as a whole.

Colin Wilson is a popular chronicler and supporter of the "New Age" movement, having previously written biographies, with titles like *Carl Gustav Jung: Lord of the Underworld*, *Rudolf Steiner: The Man and His Vision/An Introduction to the Life and Ideas of the Founder of Anthroposophy*; and *George Ivanovitch Gurdjieff: The War Against Sleep*. For Wilson and the "New Age" crowd, Crowley is one of the pantheon of heroes: during his life (1875-1947), he was, at one point or another, a chief figure in and/or inspirer of, such groups as the Ordo Templi Orientis/OTO (for whom he wrote a "Gnostic Mass" in 1913), the Theosophists, the Order of the Golden Dawn, one or another faction of the Freemasons, and others. At the same time, his combination of cabalistic mysticism, drugs, and promiscuous perverse sex, brought together into a system called "sex-magic," has had much attraction for the "Aquarians."

As Wilson emphasizes, recent years have seen a "Crowley revival." Explaining this "revival" is the *raison d'être* of the book.

'The messiah of a New Age'

For a popular audience, however, Wilson cannot simply admit that "New Age" Aquarianism is identical to what certain observers have identified as the "New Hitler Project." So, the book zig-zags between three approaches. First, it presumes to damn and scorn particular traits and perversities of Crowley, most often attacking these as a petty, compulsive

infant's hatred for norms of morality. Second, and linked to this, it tries to explain Aleister Crowley as a product of Freudian rebellion against ultra-repressive parents who belonged to the strict Plymouth Brethren sect. These two approaches are both forms of "damage-control." Third, it praises what might be called "Crowleyanism without Crowley," and lavishes credit on Crowley for contributions to witchcraft, magic, the occult, etc.

Take for example Wilson's explanation of this "Crowley revival." Wilson comments that Crowley's "Do what thou wilt" injunction "appeals to the feelings that produced the pot-smoking, flower-power rebellion of the 1960s, as well as to the hatred of authority that led Hell's Angels to smear themselves in excrement. If Crowley had been alive in the era of Charles Manson and later of the Sex Pistols, he would have found a host of enthusiastic followers." Indeed.

"But," Wilson goes on, "there is also a more *discriminating response* to Crowley's message. After the Second World War, there was a strong revival of interest in 'occultism.'" He then notes that a "witch" in the U.K., Gerald Gardner, had, by the early 1950s, identified "dozens of covens—groups of witches—practicing all over England. He explained that they were followers of a nature-religion called wicca. Gardner was a friend of Crowley's, and an intimate of the OTO, and Crowley authorised him to set up his own magical group. Gardner liked being flagellated, and his version of wicca laid heavy emphasis on sex rites in which everyone was nude. Understandably [sic], it quickly gained hordes of disciples. Crowley's version of 'magick' was, naturally, much in evidence in these covens. Many members of such groups lost interest in magic, and studied seriously the Enochian system of John Dee, the magic of the Golden Dawn, and Crowley's own sex-orientated system."

"Discriminating response"?!

Elsewhere, we read: "Whatever Crowley's faults as a human being, he was undoubtedly totally serious about magic and mysticism. And that moreover, from his own point of view, there was a great deal of justification for some of his more 'disgraceful' actions." Wilson quotes one such "justification," taken from a passage in a Crowley book, in which Crowley talks of "that transcending of the laws of intellect which is madness in the ordinary man, genius in the Overman, who had arrived to strike off more fetters from our understanding." Wilson then writes: "And quite suddenly, in a flash, it becomes possible to grasp Crowley's own vision of the world, and to see what he was aiming at. He felt that he had seen, and directly experienced, a Dionysian vision of 'beyond good and evil.' Nietzsche had seen the same vision, and horrified his contemporaries by denouncing Christianity and writing in praise of war. . . . Crowley saw himself as Nietzsche's true heir—after all, Nietzsche had only died in 1900. . . . Crowley was quite determined to live out his life according to his Nietzschean vision."

At yet another point, Wilson is commenting about Crow-

ley, with references to various of his female and male partners and friends: "It is too easy to see Crowley as an overgrown juvenile delinquent with a passion for self-advertisement. But there was another Crowley, the Crowley recognized and admired by Frank Bennett. Unless we understand this, we totally fail to grasp the extraordinary influence that Crowley could exert on women like Rose and Leah, and on men like Neuburg, Sullivan, and Bennett. They came to believe that Crowley was exactly what he claimed to be: a great teacher, the messiah of a new age. . . . [Crowley] became a curious combination of greatness and smallness. A summary of his life, and his extraordinary goings-on, makes us aware of the smallness, but it would be sheer short-sightedness to overlook the element of greatness that so impressed Bennett."

The beast kills Christ

Such sanctimoniousness could be the subject of a good spoof or parody, were it not for the extreme damage of Crowley's activities and legacy.

How can comments like this be reconciled with the story of a man (or, more usefully, an "Anti-Man"), whose idea of a "correct magical ceremony" was to "catch a frog, baptise it as Jesus of Nazareth, then crucify and stab it with a dagger?" And then, after having done so (in 1916, near Bristol, New Hampshire), and thereby "having symbolically set himself up in the place of Christ," to give himself a "new magical name, Master Therion, or The Beast?"

Or, reconciled with a creature who would write, in earnest, "With my Hawk's head I peck at the eyes of Jesus as he hangs upon the cross. . . . Let Mary inviolate be torn upon wheels; for her sake let all chaste women be despised among you!"

Or, a creature who used heroin, cocaine, opium, and other drugs, who believed that women were "moral inferiors," who once forced one of his wives to copulate with a billy goat, who ate excrement during a magic ritual, *ad nauseum*?

One strange way Wilson has of "explaining" Crowley is to depict him as in constant rebellion against his ultra-strict religious parents. What the author ultimately ends up with is a dime-store brand of Freudian "rebellion against authority." How else to understand a sentence like, "It is interesting to note Crowley's habit of relieving his bowels on people's carpets," as well as Wilson's ensuing explanation of this "habit" from the standpoint of modern "criminological" theories?

On the other hand, he is not wrong on a more interesting level, in his comparisons of Crowleyanism and Freudianism, in seeing Crowley's "sex-magic" occultism and perversity as one form of application of Freud's critiques on the "repressive" quality of modern society. Freud is thereby correctly placed in the context of the "New Age" belief-structure. Here, as elsewhere, the book is useful as a road-map through the "New Age." Wilson's own justifications for evil ade-

quately reflect on the book's subject.

However, Wilson's book, is *not* the kind of book needed about Crowley, at least from the standpoint of intelligence, counterintelligence, and the real history of the past 100 years' "New Age" movement. As *EIR* contributing editor Lyndon LaRouche has pointed out, on numerous occasions, "New Age" Aquarianism and, specifically, Crowleyanism, are keys to understanding "The Trust," the East-West oligarchical combination that is the factor behind the eruption of Nazism, Bolshevism, and the more recent rock-sex-drug counterculture. Wilson *does* locate Crowley in the context of the late 19th-century revival of occultism and mysticism, but in a superficial way more aimed at propitiating an audience of hairy Aquarians.

Take, for example, the matter of *satanism*, which Wilson consistently underplays, or treats with a curious nonchalance and flippancy, and so covers up for Crowley. In one incredible passage, he reports on a passage from Crowley's "major work," a book called, *Magick in Theory and Practice*, which "no English publisher would touch, . . . perhaps because Crowley recommended sacrificing a male child to achieve the best magical results, and added a footnote to the effect that he himself had done so about a hundred and fifty times a year between 1912 and 1928." No further explanation is then given.

In another section, he says, with a neutral tone: "Early in 1930, Crowley was asked to lecture at the Poetry Society at Oxford, and proposed to talk about Gilles de Rais, the fifteenth-century child murderer, whom Crowley rightly described as a practitioner of black magic." Again, no further explanation.

Or, talking of Crowley's autobiography, Wilson writes: "Crowley informs us that his mother believed he was the Beast—number 666—in Apocalypse; this sounds like one of his spontaneous inventions." Other evidence from the book, however, indicates that Crowley was dead serious about "666 and The Beast," thinking of himself as a counter-messiah, transcending and replacing Christ.

Shouldn't we see in such passages, the conceptual author of today's rash of child kidnappings, ritual murders of children (Atlanta, Georgia, and other cases), child pornography, and sexual abuse rings? (Wilson also fails to report that the "Church of Satan" in the United States has adopted Crowley's "Do what thou wilt" as its motto.)

Did Crowley get his job through the New York Times?

Also, Wilson reports, with no comment, that one of Crowley's partners, in performing "an act of sodomy in front of his friends," was Walter Duranty, foreign correspondent of the *New York Times*! No further lead or explanation is drawn from this. When this charming event was taking place, in 1913, the U.S. Eastern Liberal Establishment/Scottish Rite Freemasonic elites linked to the *Times* editorial board,

were more and more overtly embracing the "New Age" movement. That was the name of Teddy Roosevelt's "political reform" movement, and is the name of the Scottish Rite Freemasons' magazine in the United States. (As for Walter Duranty, during the 1930s, he served as the *New York Times* correspondent in Moscow, and was notorious at the time for dispatching articles with a pro-Kremlin bias, which concealed the truth about the great famines, liquidations, and purges of that period.)

A related line of investigation, would be the matter of Crowley's attending Cambridge University, circa 1895, at a time when the homosexual cultism of the Cambridge Apostles secret society was really beginning to take hold. Wilson says little about this, but suddenly reports, without transition or explanation, that, in 1897, Crowley entered the diplomatic service, and that "the court that appealed to him most was that of Imperial Russia." In between these two moments, on Dec. 31, 1896, Crowley had an experience that he describes in his own writing as "the key to the purest and holiest spiritual ecstasy that exists." Wilson reports this experience to have been Crowley's first practice of homosexuality. Yet, between all this, there is no connection or explanation offered, except a *Schwärmerei* of suggestions and leads.

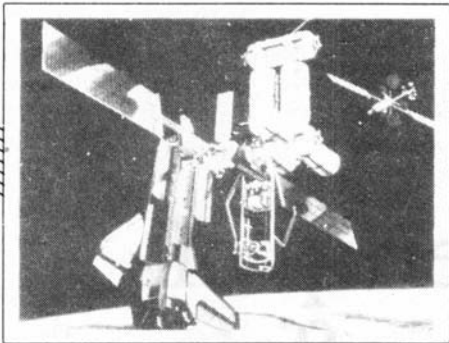
Take the Russian question as such. In an amorphous way, Wilson links Crowleyanism to the Theosophy of Russia's Madame Blavatsky, and draws parallels between Crowley and Moscow-Tiflis mystic Gurdjieff. At other times, *en passant*, he reports a Crowley visit to Moscow. At one point, he notes that Crowley, around the turn of the century, adopted a Russian name, Count Vladimir Svareff, "no doubt speaking with an appropriate Russian accent. . . . It was a psychological experiment, to see how people would treat a Russian nobleman." Then, in yet another of the non sequiturs, he reports that Crowley, in 1923, wrote a letter to Leon Trotsky, "asking to be put in charge of the extirpation of Christianity on earth, but had no reply." He wrote this because he believed he had been "chosen by the gods to inaugurate the new post-Christian era on earth."

There are a plethora of other, undeveloped leads: Crowley and Spanish Carlism, Crowley and Celtic rites, Crowley and Freemasonry, etc., all of which are signs pointing to the controlling elements behind the "New Age" movement. The truth is, Crowley was one of the most obnoxious products, and leaders, of an *integrated movement*, which has taken different demonic shapes and faces and expressed itself through diverse entities and individuals, but which is ultimately responsible for the greatest crimes of this century, and for some of the greatest crimes ever known to mankind.

Put another way, the "New Age" Aquarian movement is Russian-steered Satanism, helped by collaborators among the degenerate elites of the West's Liberal Establishment. For those who want to understand Crowleyanism to the purpose of extirpating it and destroying it, that is the investigative path that must be taken.

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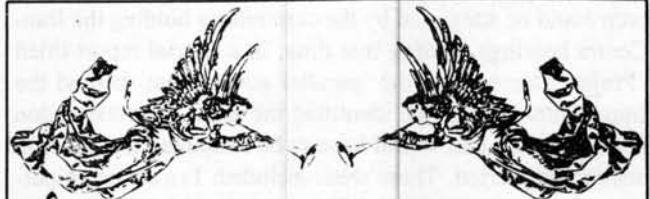


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Congress's coverup of the Iran-Contra affair

by Criton Zoakos

The congressional report on the Iran-Contra affair, issued to the public Nov. 17, is one of the most shameless lies ever perpetrated in the name of the government of the United States. While piously purporting to expose an administration coverup, the report itself is the greatest coverup ever contained in a volume of 690 quarto pages.

EIR, back in April of this year, warned that such a coverup could be attempted by the committees holding the Iran-Contra hearings. During that time, in a special report titled "Project Democracy, the 'parallel government' behind the Iran-Contra affair," we identified the areas of investigation into the matter that would have to be examined if a coverup were to be averted. These areas included: 1) a covert, bipartisan program titled Project Democracy, with a semi-overt, congressionally financed arm, the National Endowment of Democracy; 2) the Cyrus Hashemi affair; 3) the secret U.S. government program of shipping weapons to Iran, dating, continuously, from 1979, under the Carter administration; 4) the illegal, "parallel government" apparatus, of which Project Democracy was but a component, which was being deceptively protected by Executive Orders 12333 and 12334; 5) elements of the official intelligence community, unofficially and illegally intermeshed with this illegal "parallel government," including active and retired officials associated with the official entourage of Vice President George Bush, with Israeli intelligence services, and with murky Soviet-American "back channels," inclusively.

Not one of these areas was addressed by either the majority or the minority reports that the congressional committees published. These reports are replete with pious assertions of the primacy of the rule of law, admonitions to the Executive branch, such as the now famous statement ". . . the ultimate

responsibility for the events in the Iran-Contra Affair must rest with the President. If the President did not know what his National Security Advisers were doing, he should have. It is his responsibility to communicate unambiguously to his subordinates that they must keep him advised of important actions they take for the Administration. The Constitution requires the President to 'take care that the laws be faithfully executed.' This charge encompasses a responsibility to leave the members of his Administration in no doubt that the rule of law governs."

Quite a hypocritical statement, as it comes from the same combination of forces in Congress which, if President Reagan or any other President were to "take care that the laws be faithfully executed" in this matter, i.e., if he were to dig into the true story of the arming of Ayatollah Khomeini's Iran, or investigate how Project Democracy, a self-appointed parallel government, had subverted rule by law and had supplanted elected government, then they would have been tearing their robes and beating their breasts protesting the "imperial presidency." The only thing that the Executive branch of government and President Reagan are guilty of, is that they are covering up exactly those areas of events which are being covered up by the sanctimonious congressional report issued under the signatures of Sen. Daniel Inouye and Rep. Lee Hamilton.

The real history of Irangate

The reader will appreciate the extent of the cynical coverup of the congressional report, with but a few examples. *EIR*, in the spring of this year, submitted to members of the congressional committees copies of various government documents, showing that U.S. illegal arms sales to Iran were

going on, without interruption, since 1979, while Jimmy Carter was President. These included a document by Carter administration official Harold Saunders, dated Jan. 2, 1980, which had included the following formulation:

"The U.S. is prepared to open confidential discussions with Ayatollah Khomeini, his personal representative, or officials of the Government of Iran on the basis that both sides seek an early resolution of the current problems between the U.S. and Iran. These discussions could take place on the basis of the following considerations. . . . The United States is prepared to appoint a representative to discuss with Iranian representatives the current threat posed by the Soviet invasion of Afghanistan and to recommend to their governments steps that the U.S. and Iran might take in order to enhance the security of Iran, including the resumption of the supply of military spare parts by the United States to Iran."

EIR also made available parts of the record of a legal case against the mysterious Iranian arms dealer Cyrus Hashemi, which showed that Hashemi, who died mysteriously in London during the congressional investigations, had been regularly shipping American weapons to Iran from the United States, on behalf of the U.S. government and under the protection of the FBI, and especially of the FBI's Oliver "Buck" Revell, Oliver North's and Elliott Abrams' colleague in the famed Restricted Interagency Group; and that Hashemi, among others, was continuing this illegal gun-running from the Carter administration through the Reagan administration, without interruption.

The congressional committees decided to ignore this evidence. Their report piously pretends that arms shipments to Iran only began in August 1985, as a result of a decision taken by President Reagan. Contrary to documentary, court evidence in the hands of the congressional committees, their report states, ". . . the United States on November 14, 1979 embargoed all arms shipments to Iran as part of a general embargo on trade and financial transactions . . . the Reagan Administration's Senior Interdepartmental Group (SIG) convened on July 21, 1981, to discuss U.S. policy toward Iran. SIG members concluded 'that U.S. efforts to discourage third country transfers of non-U.S. origin arms would have only a marginal effect on the conduct and outcome of the war, but could increase opportunities for the Soviets to take advantage of Iran's security concerns and to persuade Iran to accept Soviet military assistance.' While no agency representative argued in favor of U.S. action to encourage an increase in arms supply to Iran, some expressed concern that a rigid U.S. policy against all arms transfers to Iran would not serve overall U.S. interests."

This passage of the congressional report is the centerpiece of a contrived legalistic excuse for refusing to investigate the Hashemi case and all that depends on it. On the basis of this excuse, Congress refused to look into the Hashemi affair, very much for the same reason that President Reagan refused to look into the "fund diversion" affair, as the Committees

justly accuse him, because, the Hashemi affair was something that the congressional committees wished, deliberately, to remain uninformed about. Because if they looked into the Hashemi affair, they would have to admit that full-scale arms shipments to Iran were going on a long time before Oliver North had been invented for the convenience of the Project Democracy crowd--that these had been going on, full blast, during the Carter administration, and, without missing a beat, continued through the transition and into the Reagan administration, and that the FBI-Hashemi network and their Israeli intelligence friends were the linchpins of the trade. When, much later, Robert McFarlane, John Poindexter, and Oliver North appeared on the scene, they were simply entrapped and seduced by this pre-existing and fully functioning Iran gun-running network. One wonders if these, real, gun-runners would not have to invent an Ollie North, if the real North had not come forward unwittingly, with his boyish braggadoccio, to help them conceal themselves even further from public scrutiny. And then the congressional report came along to further conceal the real story of U.S. arms supplies to Iran.

The coverup artists

In our April 1987 special report, we warned that Congress might attempt a coverup:

"Is there a reason to fear that Inouye and Hamilton's committees might attempt to destroy Walsh's investigation, or otherwise cover up for the implications of the scandals? A resounding, yes.

"After forming their special committees, Inouye and Hamilton began hiring. To date, their appointed staff includes: Arthur Liman, formerly a close associate of one of the principal targets of the investigation, Willard Zucker, in the criminal enterprise of Robert Vesco, Investors Overseas Services; Joel Lisker, a close friend and long-time co-worker of Michael Ledeen. Liman and Lisker are counsel and associate counsel to Inouye's special committee, respectively. Other appointees include Sven Holmes, recently hired to direct the staff of Senator Boren, who in addition to directing the Senate Select Committee, is on Inouye's committee. Holmes just left the law firm of Edward Bennet Williams, who is also an associate of Zucker and Liman from the days of IOS. Holmes is also a long-time friend of William Weld [head of the Criminal Division of the Justice Department--ed.], as is Edward Bennet Williams. Another former partner of Holmes and Williams is Brendon Sullivan, who just happens to be Lt. Col. Oliver North's counsel."

The significance of this early-warning passage is that it identified a large part of the legal, professional circles which, being involved in all the various factional aspects of Irangate, were to steer that affair in the direction of a full-blown "war of all against all" inside the U.S. intelligence community, which is now reflected in efforts, within Congress, to change the basic law governing the CIA, "in the aftermath of Irangate," as the proponents of the new legislation argue.

Nitze drafts curbs on SDI for Soviets

by Scott Thompson

The Reagan administration's chief arms control negotiator, Paul Nitze, has been secretly engaged in helping to draft arms control proposals for the Soviet Union. The proposals in question, if accepted by the Reagan administration, would cripple the Strategic Defense Initiative. Nitze's near treason, in this regard, was uncovered by Gregory Fossedal of the Copley News Service, who broke the story in the *Washington Times* Nov. 4 and Nov. 9.

Nitze made his contributions to the Soviet proposals through a "back channel" provided by the Committee on International Security and Arms Control (CISAC) at the National Academy of Sciences.

Threshold of treason?

Scientists from the National Academy of Sciences' CISAC met with Soviet officials Oct. 26-28 in Vilnius, Lithuania. Upon their return, they passed drafts of a paper proposing "technical thresholds" for SDI tests to Nitze for "advice and input," a source on the panel told Fossedal. Since July, the Soviets have been attempting to gain agreement on "technical thresholds" to limit SDI tests—e.g., limits on the "brightness" of lasers that could be used in tests—but President Reagan has rejected any negotiating effort of this sort because it would "kill or cripple" effective SDI research. While President Reagan has taken a strong stand on this issue of "threshold limits," he has increasingly waffled on a narrow interpretation of the ABM Treaty, which would place the SDI in the position of being researched to death, but not deployed for as long as 10 years.

In August, President Reagan ordered Nitze to stop encouraging private groups to promote such threshold restrictions on SDI tests, including CISAC, which includes many SDI opponents. Nitze has been involved in such efforts since he helped Henry Kissinger draft the 1972 ABM Treaty. Within the last three years, he has argued that it is important to reach an agreement with the Soviets on defensive arms before reaching an agreement on offensive weapons. According to spokesmen for the SDI office of the Pentagon, Nitze went public with this stand in an article several years ago, and he has been quietly mobilizing support to put limits on SDI

testing ever since.

James P. Timbie, the adviser for strategic policy to Deputy Secretary of State Richard Whitehead, offered Nitze's suggestions for changes to CISAC, so that its proposals would "have a better chance of acceptance" by the President, as a member of the committee told Fossedal. Through Timbie, Nitze maintained "frequent" contact with members of the committee, as did Deputy Secretary Whitehead, who used the committee to give seminars for members of his staff on arms control issues.

At present a group of Republican senators—including Senators McClure, Wallop, and Symms—have written a letter to President Reagan, urging that the White House ask the National Security Adviser and Secretary of State George Shultz to give a full accounting of Timbie's role as a go-between for Nitze and CISAC. The day after the scandal broke, Timbie was summoned to an extraordinary meeting at the White House to begin a probe of the scandal.

Nitze's denial

Paul Nitze weakly denied to this news service that he had any contact with CISAC, while Lyn Rusten, the spokesman for CISAC who arranged its latest trip to the Soviet Union, denied that CISAC has ever carried out official negotiations with the Soviet Union on behalf of Nitze or any other official of the government. But, Rusten refused to discuss whether or not "threshold limits" on the SDI was a topic of discussion at the last meeting with the Soviets, claiming that these were secret meetings which the U.S. press had no business reporting on. Pentagon and State Department officials looking for such "trip reports," which CISAC scientists with clearance for secret materials are obligated to detail, told Fossedal that they have found significant gaps in the accounts of CISAC members of their trip to the Soviet Union.

Those members of CISAC who attended the Vilnius, Lithuania meeting include: Wolfgang Panofsky, the chairman of CISAC, who is with Stanford University; Alexander Flax, president emeritus of the Institute for Defense Analysis; IBM researcher Richard Garwin; Spurgeon Keeney, director of the Arms Control Association; Katherine Kelleher, director of the Johns Hopkins School of International Affairs; Claire Max; Michael May, associate director of the Lawrence Livermore National Laboratory; physicist Richard Muller; physicist Marshall Rosenbluth; John Steinbrenner, director of Brookings Foreign Policy Studies; and, Charles Towne. The group met with members of the Soviet Academy of Sciences, including the U.S.A.-Canada Institute. Heading the Soviet delegation was Roald Sagdeyev, who is chairman of the Soviet Academy of Science's Space Research Institute; Andrei Sakharov, a leading Soviet propagandist against the SDI, was in attendance.

The goal of the "threshold limits" proposal, according to a CISAC report of Sept. 16 marked "privileged," is for the United States to reach an agreement with the Soviets that

“would mitigate for them the most negative effects of a U.S. program outside the strict interpretation of the ABM Treaty,” the 1972 pact negotiated by Henry Kissinger with input from Nitze, which bans a comprehensive shield against nuclear attack. Administration officials who are investigating Nitze’s role with CISAC say they believe the Soviets may submit some form of the proposal to U.S. negotiators at the Geneva arms talks or in Washington right before the summit begins, even though earlier Soviet proposals of this sort were rejected as too restrictive.

Days before CISAC participants left for their Oct. 26-28 trip to the Soviet Union, Wolfgang Panofsky wrote to another member of the panel to describe “Nitze’s suggestions” for promoting SDI testing limits that would restrain the program in a way pleasing to the Soviets, while easing past President Reagan’s earlier objections to such limits.

‘Controversial step’

The minutes of a Sept. 9 session of CISAC describe comments by panel member Michael May, associate director of Lawrence Livermore, which is heavily involved in SDI research, asking Harvard scientist Ashton Carter for “a more careful definition of the boundary between allowed and forbidden activities under the ABM Treaty regime.” “This was a controversial step for Nitze,” the minutes continue, “and so must be kept quiet.” The minutes also indicate that the “back-channel” from Nitze through CISAC to the Soviets was Jim Timbie, who had taken part in preparations for the Shevardnadze-Shultz meeting in September, where Shevardnadze tabled a set of restrictive “threshold limits” for SDI testing, which would have crippled the program.

At another point in the meeting, committee members expressed concern that their studies and talks with the Soviets “not be hostage to one small group in State” working for Nitze. But Wolfgang Panofsky dismissed the fear. “Panofsky said we had the flexibility to feed question ideas to State to then ask us,” the minutes of Sept. 9 state. “Panofsky said he hoped to close the loop with Timbie this afternoon and then assign CISAC members to write outlines of the proposed studies . . . [including] May’s suggestion of defining where to draw the boundary between allowed and forbidden activities under the ABM Treaty.”

Apart from members of the administration, officials at the Justice Department, State Department, National Security Council, and the Pentagon have all begun inquiries into whether or not CISAC members and Paul Nitze, respectively, violated their security clearance and a presidential order to stay away from negotiations that would make the SDI a pawn in arms control. In addition to writing President Reagan, Republican legislators have written to the new FBI Director William Sessions, requesting that a full investigation be conducted to see whether the scientists involved in the Vilnius, Lithuania negotiations violated their security clearance.

‘Flat earth society’ launches a new assault on the SDI

Dr. Richard Garwin of IBM Corp., a leading opponent of the Strategic Defense Initiative, argued in a heavily attended debate on Capitol Hill on Nov. 17, against President Reagan’s conception of a reliable strategic defense that would make the doctrine of nuclear “deterrence” obsolete. He further insisted, against overwhelming evidence to the contrary, that the Soviet Union does *not* have an “SDI” program of its own.

The debate, titled “Is the Strategic Defense Initiative in the National Interest?” pitted Garwin and Carl Sagan of Cornell University, propagandist for the “nuclear winter” hoax, against Strategic Defense Initiative Organization (SDIO) director Lt. Gen. James Abrahamson and former Assistant Secretary of Defense Richard Perle. We publish here excerpts.

Garwin: . . . The President’s goal was to be able to give up persuasion of the Soviet leaders not to attack us or our allies, instead rendering a nuclear attack harmless. Last year, in a debate with me in Baltimore, General Abrahamson’s special assistant defined quantitatively what SDI must accomplish for its leaders to believe that they have successfully carried out their mission and deterred nuclear war.

He said the Soviets could right now destroy 6,000 military targets in the United States with their strategic nuclear weapons. He said that if SDIO could show us the way to limiting the Soviet targets destroyed in the United States to 3,000, then the Soviets would be deterred; not accomplishing their military goals, they would never attack. But what about defense of population that we’ve heard about now, that that was the President’s goal? Would they defend our cities? No, he said, there is no military benefit to the Soviets in destroying U.S. or allied cities, so they would not strike them and we would not need to defend our population. According to SDIO, the Russian bear has become the Soviet pussycat. Apparently, SDIO says, we are to forget about preventing Soviet compulsion, coercion of U.S. or its allies. We’re

supposed to forget about the threat that Secretary Perle has been stressing for the last 15 years. By that logic, nuclear war could be reliably prevented and freedom preserved by our unilaterally giving up our entire military. We would have no more military targets to be destroyed, therefore no threat of war.

More realistically, there is now the very real prospect of deep cuts in the Soviet nuclear weapon force, beginning with 1,500 warheads to be eliminated in the INF treaty to be signed in three weeks here in Washington, and a cut of 50% or more in strategic nuclear weapons. This is a surer way and a quicker way to preserve those military targets in the United States than by continuing with the research program which is bound to fail.

Now, am I against strategic defense? Absolutely not. I think the unprecedented indifference that you heard about from Secretary Perle, ignoring the threat of the missiles fired by accident, or a single missile fired by an errant Soviet commander, ignoring the threat to the Minuteman, is caused by the fact that the leaders of the United States have not had presented to them limited programs to accomplish these limited options soon and economically.

Over the decades, I've been much involved in this sort of thing and have proposed, for instance, close-in defense of the Minuteman silos, taking advantage of the fact that a Minuteman silo survives if you can keep the nuclear warheads more than a couple hundred yards away. No interest in this government or in previous administrations, because we do not regard the threat to Minuteman as real. . . .

Abrahamson: Throughout this debate, what you often hear are, in my judgment, oversimplistic arguments on a very, very complex subject. So I must start with a description of what the program truly is. . . . The objective is very clear. The objective was laid out in the President's program and has not been modified. It was a threefold challenge that the President laid out. The first one was, "Isn't there a strategy that might be more effective for all the unknowns of the future?" And that strategy is one, a search for a strategy that would not keep the nation naked to the worst weapon that's ever been developed in history.

Secondly, that a strategy by itself is insufficient, in fact, to prevent war. In fact, the strategy must be supported by true technical development so it can be implemented. And finally, a very important element right from the start was to use our development, to use our technical prowess to enhance the ability to achieve meaningful arms reductions in the process. And it is the combination of all three of these elements that truly is the Strategic Defense Initiative. It is not merely an attempt to build a laser or to go to war in space. . . .

Garwin: . . . Let me address another question as to why the Soviets have such a large program in defense and in every one of these areas discussed in the SDI. First, they don't! The

defense literature itself says that there's no evidence that the Soviets, although they work in neutral particle beams for fusion research and so on, no evidence that they have a weapon program in neutral particle beams. They do not have the space-based ABM experiments thus far that we are proposing. They have had in the distant past anti-satellite tests as we have had, and they have a deployed system for defense against ballistic missiles in the Moscow area, their one site permitted under the 1972 ABM Treaty, just as we had a better system operated for the year 1975-76 in Grand Forks, North Dakota. . . .

Abrahamson: I think I do need to add a comment. It is continually posed that a partial defense or a defense that is building by phases, one step at a time towards the President's long-term goal is either to defend strategic weapons or people and that is not the case. If it were exactly the kind of terminal defense and limited to the terminal defense as Dr. Garwin has indicated, that might be the case. Then we would have to make a choice. Do we put those terminal defenders around a city or do we put them around a Minuteman field? That's precisely the function of a layered defense--to ensure that we can attack the ballistic missiles at the most efficient area and that's when they're just getting started and layers behind that, and what we defend depends on what the Soviets are shooting at, and we will indeed be defending people.

We will be defending people right from the start. It won't be a perfect defense, but, in the long run, we will continue in a responsible way and the responsible way to build anything as radical as this is a step at a time, to get experience in that first step and then build toward a second step, enhancing the technology at each step of the way. . . .

Question: Since the Soviets are, and are likely to remain, adversaries, why isn't SDI likely to provoke the Soviets to deploy additional offensive weapons in order to offset U.S. defensive deployments and to enhance their own deterrent forces?

Abrahamson: If we were limited, and limited our thinking, to terminal defenses of the kind that Dr. Garwin is talking about, that would be exactly the case. A single layer with a single countable number of responsive missiles; all they have to do is to try to add a few missiles in order to change that. That's very different than with a layered defense. For example, five layers with only 60% effectiveness at each layer--and by the way, this is an example. That's all it is, but we have very real possibilities of building to that level at this point. It's quite clear that it's possible. Instead of just one or two or three additional missiles, we talking about 293. It's impossible for them within their economic constraints to deal with a layered defense by doing precisely that. . . . They're logical people on the other side; they're logical adversaries. And they would pick the approach that wouldn't break the bank for them.

LaRouche in surprise Midwest campaign tour

by Marla Minnicino

At surprise press conferences in Chicago, Illinois and Council Bluffs, Iowa Nov. 13-14, Democratic presidential candidate Lyndon LaRouche assailed the “penny ante” actions of the Reagan administration and the Congress to forestall financial disaster through tax increases and budget cuts, likening these moves to those of “a man trying to bail out the *Titanic* after it’s going under water.”

LaRouche, in the Midwest for private meetings with selected groups and individuals, called for emergency measures to prevent the financial crash from becoming a “second world depression.” He urged political leaders of all parties to put aside their differences on other issues, and tell the Congress and the President to “end this nonsense,” and declare a national economic emergency.

“We are in the first phase of an accelerating financial crash” which “probably will be the second-greatest, in depth of impact, since the crisis in Europe during the middle of the 14th century,” LaRouche told reporters in Council Bluffs. There is “no possible trick by which the stock markets and related financial markets could be propped up. . . . From 14 to perhaps double that number of trillions of dollars of nominal book values will be wiped out between now and next summer.”

LaRouche said congressional efforts to reduce the federal deficit by \$30 billion were inadequate to the scope of the crisis, and would do more harm than good. What the President, Congress, and “that zoo” the Council of Economic Advisers are saying, is “the worst pack of nonsense we’ve heard since 1929, when Hoover and the Congress did about the same thing that they’re doing now.”

Economic emergency proposals

“We’ve got to go into a recovery program immediately: Protect the value of the U.S. dollar at all costs; protect the value and integrity of U.S. government debt at all costs; keep the banks functioning even if they’re insolvent, and prepare to ensure that the depositors’ savings are settled at 100% of par value.

“If we do those kinds of things,” LaRouche said, “and get credit going rapidly through the banking system, new

credit at low prices to selected targets of investment in production and capital improvements, infrastructure, and a few other projects, we can prevent the worst financial crash in modern history from becoming the worst depression in history.”

LaRouche contended that although the 1988 presidential campaign was important, “that’s not everything. We have to get through the next 14 months.” LaRouche said his primary efforts were directed toward bringing together bipartisan forces at the state and local level, “where reality is more immediately felt” than it is in Washington.

“What I’m working on now is, regardless of what party affiliation, that local people and others in the Democratic and Republican Party must begin to come together and work together to tell Washington to wake up to reality, and to say to Washington that if the President and the Congress begin to take actions which we can support, then we will begin to organize full support for their actions, in the common interests of fighting this emergency.”

Asked what he would do in his first 30 days in office, LaRouche said he’d “do most of it in the first day.” He said he already knows what has to be done over the next 4-8 years, “so, why wait?” LaRouche put forth measures for international monetary reform to prevent a collapse, as early as 1975.

Pressed by reporters to discuss his opponents, LaRouche characterized them as “10 little Indians,” saying none was qualified to be President. On the Republican side, George Bush has support “a mile wide and a hair deep, but seems to have neither a program nor even a personality.” He characterized Dole as a “cross between J.R. from ‘Dallas’ and Johnny Carson—sort of the cornball Hjalmar Schacht,” and Kemp has the “concentration span of a grasshopper.” Of the Democrats, Gephardt seems to be to be “dead from the neck up”; Senator Simon is a “hollow little man with a booming voice”; Jackson is a “fixture,” and Dukakis, stung by scandal, would be forced to withdraw from the race. Gore is a “wholly owned subsidiary of Armand Hammer.”

On his own style of campaigning, LaRouche said: “The era of the media campaign is at an end.” His emphasis is on a longer-term process of “recruiting organizers of voters, not voters.” As to his relationship with the Democratic Party, LaRouche noted that party chairman Paul Kirk is a tool of Armand Hammer—a “Soviet gentleman for 70 years’ duration”—and the party is run by a “Hollywood bunch, whose cultural and other views I do not share.” This faction is “out of step with reality and the average voter.” LaRouche said he intends to take over the party, not by becoming its head, but by putting his support “behind a new figure who I think is more representative of the base as a whole.”

LaRouche said that his campaign was being taken seriously by the population, because he represents changes in policy. “People don’t want mediocrities any more, they want sweeping changes.”

Haig assails INF treaty

Al Haig has made opposition to the INF treaty a key theme of his presidential campaign. In an address to the World Affairs Council of Washington Nov. 16, Haig charged that the agreement "as it now stands, would be a step in the wrong direction" because "it weakens rather than strengthens deterrence against war."

Haig argued that the "entire agreement should be re-linked once more to both strategic nuclear arms control and conventional force reductions." He stated that, when he was secretary of state, he strongly opposed the zero-option concept when it was first broached in 1981, because he believed it would lead to the decoupling of U.S. nuclear forces from Europe.

He said that the INF proposal "emerged from the West's growing strategic amnesia," and that, "for the United States and its allies to deter Soviet aggression, we need the forces, nuclear and conventional, here and in Europe, to convince the Kremlin that a challenge can be met across the spectrum of force."

The day before, Haig had predicted, in an interview taped for broadcast over public television, that the INF agreement would not be ratified by the time of the 1988 election. He said he would be prepared to use nuclear weapons, if necessary.

While a defender of nuclear deterrence, Haig has been only a lukewarm advocate of the best defense the West can have against Soviet nuclear weapons—the SDI.

Dukakis would scrap the SDI

Presidential aspirant Michael S. Dukakis called for the scrapping of the SDI and creation of a "Conventional Defense Initiative," during a campaign appearance in College Station, Texas, Nov. 13.

"My top priority as President will be to improve our conventional defense," said the Democratic hopeful. To finance his "CDI," Dukakis would scrap "technological fantasies" such as the SDI and the Midgetman missile. "We may not be able to make nuclear weapons obsolete, but a CDI might be able to make the current generation of Soviet tanks obsolete," the Massachusetts governor asserted. Asked about the tab for his CDI, Dukakis told a news conference in Dallas, "I'm not talking about billions and billions. I'm talking about a reasonable amount."

The Libyan connection

Jesse Jackson has won the endorsement of Billy Carter—the beer-swilling, public-urinating, Qaddafi-supporting brother of former President Jimmy Carter. According to the Nov. 14 *Atlanta Constitution*, Billy, currently hospitalized with inoperable cancer, endorsed Jackson Nov. 13 in a telephone conversation from his hospital bed, and pledged to campaign for him once he's released. Jackson enthusiastically announced the endorsement, calling Carter a "free-spirited . . . hard-working, self-sufficient, patriotic rural American" who "represents a dimension of our culture significant in its size. . . . So many people identify with his quest for simple justice and, in a sense, that is the essence of our campaign—a quest for simple justice or a fair shake for the common people."

Neither Jackson, nor Carter, nor the *Atlanta Constitution*, mentioned one of the major things the two men have in common: ties to Libya and its madman leader, Muammar Qaddafi.

Gore beset by image, money problems

Following reports that Richard Gephardt's campaign is having difficulties meeting its Iowa payroll, Al Gore's national campaign manager, Fred Martin, announced Nov. 13 that Gore's Iowa field staff will be cut from 21 workers to 4, and that Gore will campaign sporadically in the state. "There is no point in investing resources, time, and money to play a game that is not suited for a national candidacy," said Martin. "We're not putting all our eggs in one basket." He said the Gore campaign is "husbanding its resources" for "Super Tuesday." Gore's New Hampshire campaign will maintain a staff of 19, "because we have supporters there."

Meanwhile, scuttlebutt has it that the real reason Gore and his wife, Tipper, made highly publicized confessions about their use of marijuana, was to get rid of the "goody-goody" image the two acquired because of her lobbying against pornographic rock lyrics. Next thing you know, she'll be starring in a *Playboy* centerfold.

Gore has image problems of his own: He's made a big deal of the fact that he served in Vietnam, and has issued campaign literature showing him dressed in combat gear, carrying a gun. The clear implication was that he actually participated in combat. The truth, however, is far different. Gore, who opposed the war and even considered deserting to Canada, was an Army journalist assigned to an engineering brigade. He never personally engaged in combat.

Pepper's clout thwarts Wall Street

Wall Street's heavy-handed pressure to put a \$4 billion cut in Social Security benefits on the negotiating table of the "budget summit" talks was thwarted by the efforts of an 87-year-old Congressman.

As the deficit-reduction talks moved into their final hours, it appeared that Rep. Claude Pepper (D-Fla.) had succeeded in beating off a savage assault against the fixed incomes of 39 million elderly and disabled Americans.

President Reagan said at the outset of the negotiations, which began the day after the Oct. 19 stock market crash, that "everything was on the table except Social Security."

But, as reported in this column last week, the Wall Street crowd, led by Lehman Brothers' Peter Peterson, immediately started a drum beat to insist that the temperamental mood of the market would require a showing of political will in Washington capable of carrying out the unpopular task of slashing Social Security.

The Wall Street moguls deployed their attack dogs in the White House press corps to lead the charge against Reagan's refusal to put Social Security on the bargaining table, led by ABC's Sam Donaldson.

As the deadlocked budget talks went into the final week before the merciless axe of the Gramm-Rudman automatic sequestration deadline Nov. 20, it looked like the White House was going to cave in on the Social Security question. That is, until Pepper held a press conference in absentia at the Capitol Nov. 16. The head of the House Rules Committee wasn't able

to attend the press conference in person, but a video tape of a brief message from the congressman was played by leaders of a coalition of pensioner and senior citizens groups called "Save Our Security" (SOS).

Pepper said on the tape that if any Social Security cut were put into the budget reduction package, including even a delay in the cost of living adjustment (COLA) payment, then he would use his clout as the chairman of the Rules Committee to demand a separate roll-call vote on the House floor on the Social Security cut.

This announcement, combined with a reported 8 million letters and telegrams to Congress organized by the SOS lobby, was apparently all it took. The prospect of being put on the record in favor of a Social Security cut is something that few elected officials dare face. After all, almost all of the 39 million Americans on Social Security vote.

The voices of Wall Street and their paid mouths in Congress and the media were quickly silenced. Rep. Rudy Boschwitz (R-Minn.), who earlier in the day said he planned to storm in on the President to demand a Social Security cut, slinked in and out of the White House with other Republican legislators the next morning without even talking to reporters.

White House spokesman Marlin Fitzwater later confirmed that neither Boschwitz nor anyone else in the delegation even raised the Social Security issue in their meeting with Reagan.

When I asked Fitzwater what Reagan thought of Pepper's threat, he said, "Clearly, political reality drives both sides to be very wary of any change in entitlements, and particularly Social Security."

However, while it looked like a victory had been achieved for Pepper and the SOS against Wall Street's at-

tack on the elderly, it was only a holding action, at best. The budget compromise was certain to include further deep bites out of Medicare, and many other lethal cuts.

Murderous plans for health care

Arthur Anderson and Co. and the American College of Health Care Executives released a study on trends in the health care industry at the Capitol in mid-November. It was one of the most explicit admissions to date of plans to murder millions of Americans in the name of cost-benefit considerations.

The study, entitled "The Future of Health Care: Challenges and Choices," is based on a survey of 1,600 "experts," and opened its summary of findings with the brazen statement that "dollar concerns will be the driving force behind America's health care agenda." "Policy will be dictated primarily by money."

As a result of this, the report found, trends will include: 1) a system guided by market incentives, 2) closing of 10% of hospitals, 3) 80% increase in indigent care costs to hospitals, 4) covert rationing of care as funds are limited for medical technology, and 5) limits to care based on factors such as age and ability to pay.

The most crucial medical ethics issues will stem from concern over limited resources, the report said, including the rationing of services and euthanasia (i.e., "right to die").

"Americans will not accept rationing of health care. . . . Despite this, access to care will be limited by factors of age and ability to pay. Health care will be limited for the terminally ill, and organ transplants limited to those who can afford it," the report predicted.

Barton introduces oil import-fee bill

Texas Republican Rep. Joe Barton introduced legislation Nov. 10 to impose an oil import fee. In remarks on the floor of the House, Barton countered his bill to current proposals for a gasoline excise tax, arguing that it would not only produce additional revenues for the U.S. treasury, but would have a number of positive benefits, among them, salvaging the hard-hit domestic oil and gas industry.

As opposed to a gasoline excise tax, an oil import fee would create energy-related jobs, and "would actually provide some incentive for domestic oil and gas production, estimates ranging from a half-million barrels a day to a million-and-a-half barrels per day of oil produced in this country."

Barton's bill sets a target price for oil at \$25 per crude barrel and \$28 per refined barrel. The fee would be the difference between the target price and the market price, and would be paid by petroleum companies that import oil.

Given today's market price of approximately \$19 per barrel for crude, Barton estimated that his bill would yield between \$9 and \$12 billion annually. Three-quarters of this sum would be used for deficit reduction; the other quarter would be allocated to purchase stripper well oil to put in the Strategic Petroleum Reserve.

Senate defeats housing bill

Hysteria over the budget deficit took its toll on a comprehensive housing

and community development bill Nov. 17, when the Senate rejected, at least temporarily, the two-year, \$30 billion measure.

The bill went down to defeat over the issue of whether to waive budget limits set forth in a resolution earlier this year.

Sen. Alan Cranston (D-Calif.), the measure's chief sponsor, charged that "people were too sensitive about being charged with budget busting," and that many who had supported the bill previously "were reluctant to vote to waive the budget act" in the current budget-slashing climate.

The bill was the first explicit housing authorization measure to reach the Senate floor in seven years. During that time, spending on housing assistance programs, which make up about half of the monies authorized by the Cranston bill, had shrunk 70%, at the same time that hundreds of thousands of low-income people have been forced to live in the streets because they could not find affordable housing.

Among its many provisions, the bill would have provided housing assistance, either through construction and rehabilitation programs, or through rent subsidies, for approximately 85,000 additional homeless families.

Rotten compromise on the SDI

Just weeks before Mikhail Gorbachov was to arrive in Washington, the Reagan administration struck a rotten compromise with Congress which will put the country's strategic defense program in a straitjacket.

Specifically, the administration has

agreed to abide by the so-called narrow reading of the ABM Treaty for another year, and to curtail its breakout from the unratified SALT II agreement. President Reagan has thus reneged on two of his more significant achievements: his jettisoning of SALT II, and his rejection of the fraud—perpetrated by the arms-control lobby and Moscow—that a restrictive reading of the ABM Treaty exists.

The deal, worked out by incoming Pentagon chief Frank Carlucci and key senators, among them Sam Nunn (D-Ga.), was made in the context of the FY88 military authorization bill, which had been held up for months because of a dispute between the President and Congress over these and several related issues. Both houses of Congress had written language into the bill which would have forced the United States to comply with SALT II and the restrictive interpretation of ABM indefinitely. In addition, the bill contained killing restrictions on the U.S. anti-satellite (ASAT) program.

The President had vowed to veto any bill containing these provisions. But his desire to play footsy with Mikhail Gorbachov apparently got the better of him, and, on the same day that he bid a formal farewell to the staunchly anti-compromise Cap Weinberger, Reagan sold out.

Under the terms of the deal, SDI funds for FY88 can be used only for tests consistent with the narrow reading of the treaty. This means that the Strategic Defense Initiative Organization will have to cancel a whole series of tests scheduled for this year, among them THOR, a series of tests combining space-based sensors and interceptor rockets, and the Post-Boost Tracking and Lethality Test, which

would have used space-based radar and interceptors to destroy warheads from submarine-launched missiles.

The compromise bill allocates only \$3.9 billion to the SDI—down almost \$2 billion from the administration's original request; and prohibits the Pentagon from buying hardware that could be used in future years for tests that would not be allowed under the narrow reading of the treaty; the Defense Department had sought such funds.

In addition, although the administration refused to abide by SALT II sublimits, it did agree to retire a Poseidon submarine whose deployment surpassed those limits. The compromise legislation also would extend a ban on ASAT testing.

The deal got rave reviews from the arms-control mafia. James Rubin, of the Arms Control Association, called the deal a "positive package" for arms control. "It keeps ABM in full force and good spirits." Self-styled defense maven Sam Nunn crowed that it "fully preserves the prerogatives of the Congress to control the power of the purse."

One can be sure that Moscow is even happier. Even the *New York Times* was forced to concede that some U.S. experts believe the Russians "may feel more confident about moving toward a strategic arms treaty now that they see that Congress has temporarily moved to block the Reagan administration from acting on its own interpretation" of the ABM Treaty.

The bill, which President Reagan has said he would veto, may soon be brought up on the Senate floor again. But even if it passes, it is unlikely that Cranston could get the 67 votes necessary to overturn a presidential veto.

Gorbachov was almost to address Congress!

The American population came close to being treated to a truly awesome spectacle in December: Mikhail Gorbachov almost became the first Soviet leader to address the Congress of the United States.

Backed by Senate Majority Leader Robert Byrd (D-W. Va.) and House Speaker Jim Wright (D-Tex.), President Reagan invited the Soviet dictator to speak to Congress when he comes to Washington for the Dec. 7 summit.

But at the proverbial last minute, after the magnitude of the blunder in according such an honor to the principal representative of the nation's principal enemy, had sunk in with more and more members of the Congress and the administration, the idea was scuttled and the invitation to Gorbachov, reportedly, was officially withdrawn.

Almost immediately, the proposal had touched off a raging controversy, especially among conservative Republicans in Congress, who were shocked that President Reagan would even consider issuing such an invitation.

Several members of Congress, including Sen. Jesse Helms (R-N.C.), who threatened to filibuster the proposal, objected on the grounds that addressing Congress "is an honor that is normally reserved for our allies, and not our adversaries."

Then, at least 75 members of the House, including the second- and third-ranking Republicans, fired off a letter to the President Nov. 18, expressing their violent opposition to the Gorbachov address.

"The leader of a totalitarian state should not be accorded the same stature as Winston Churchill at the heart of American democracy," said Rep. Robert Walker (R-Pa.) author of the letter. Rep. Jack Kemp (R-N.Y.) called the proposal a "scandalous travesty," and Wyoming Rep. Richard Cheney, who chairs the House Republican Conference, said he had told Secretary of State George Shultz that most Republican members felt that the invitation was a "high honor that should not be extended to the head of the Communist Party of the Soviet Union."

At first, neither the White House, nor the Democratic leadership, gave any signs of rescinding the invitation. But then, the matter was either apparently taken up during the Nov. 20 "budget summit" session, or just after it. Rep. Bob Michel, ranking Republican in the House, and Sen. Robert Dole, the ranking Republican in the Senate, emerged to indicate that Gorbachov would not address the Congress after all.

Michel said firmly that Gorbachov would not be invited, while Dole was less decisive, but said he doubted that Gorbachov would address Congress during his trip. The *Washington Times* had reported earlier that day, "Republicans opposed to Soviet leader Mikhail Gorbachov's addressing Congress were on the verge of victory yesterday [Nov. 19], as leaders from both sides of the aisle joined the opposition and the White House scrambled to distance itself from the idea."

As *EIR* went to press, the White House had reportedly made it official. The nation's chief enemy would not be accorded an invitation that is one of the nation's chief honors.

National News

Justice Dept. sought to stall Contra probe

Assistant U.S. Attorney Jeffrey Feldman has charged that Lawrence H. Scharf, a senior aide to the U.S. Attorney for Miami, Florida, altered a memo written by Feldman in a manner that strengthened the argument for holding off a grand jury investigation into charges of possible illegal gun-running to the Contras, six months before the Iran-Contra scandal was exposed. The charge was quoted by the *Miami Herald* on Nov. 16.

The changes, which Feldman says were made without his knowledge, included an addition which read, "Absent further field investigation, a grand jury investigation at this point would represent a fishing expedition with little prospect that it would bear fruit." The revised memo was then sent to the Justice Department in Washington, D.C.

Scharf says that he did not know Feldman had not been shown the revisions, and claims, "I've been in the Justice Department for 10 years. I made certain calls in my judgment that were based on what I thought was a sound investigation and prosecution strategy."

Justice lawyers don't want dope tests

A Department of Justice memo, dated Oct. 28, mandating all employees in one of the department's divisions to report for a briefing by Deputy Attorney General Arnold Burns on the federal employees drug testing program, was canceled "until further notice" the following day, the *Washington Post* reported Nov. 13. The *Post* noted that the Department of Justice "is bracing to be sued by its own lawyers, who claim the proposed random testing is unconstitutional."

The ACLU's director of local chapters, Arthur B. Spitzer, hosted a meeting of more than 100 Justice Department lawyers. Former Maryland Attorney General Stephen Sachs, who has agreed to represent the law-

yers free of charge, briefed the group on his views about the constitutionality of drug testing and the prospect of a legal challenge.

LaRouche files for matching funds

Lyndon H. LaRouche's 1988 presidential campaign committee, the LaRouche Democratic Campaign, made its application for matching funds Nov. 18. Contributions of 1,693 supporters from 23 states, for a submission total of \$291,298.11, are the centerpiece of the application filed with the Federal Election Commission. The legal requirement for obtaining matching funds is \$5,000 from 20 different states; no more than \$250 from any one individual may be submitted for matching.

Campaign Treasurer Edward Spannaus characterized the submission as "a reflection of the growing support and strength of the campaign in this hour of national crisis. This submission shows not only 'broad public support' by the number of states, but also in the varied sectors of the population supporting Mr. LaRouche's campaign. Farmers, skilled workers, entrepreneurs, and retirees, are among those Americans giving their support to Lyndon LaRouche.

"This broad base of support stems from the fact that LaRouche is the only candidate, in either party, who even recognizes the crises of economic collapse, AIDS, and national security, and offers rational solutions to them. The campaign's matching-funds submission is a stinging rebuff by the American population to those corrupt forces in government who have tried for more than a year to stop this presidential campaign and to shut down the political movement behind it."

Democratic hopefuls demand more austerity

Five Democratic presidential candidates all called for "reforms" to lower the cost—and

quality—of health care for the elderly, at a Des Moines, Iowa forum on Nov. 19, sponsored by the American Association of Retired Persons. Richard Gephardt, Paul Simon, Jesse Jackson, Michael Dukakis, and Bruce Babbitt attended.

While none of the candidates present dared call for cutting Social Security directly, Dukakis touted the example of a "health maintenance organization" (HMO) in Massachusetts which has lowered the hospital admittance rate of its clients by 60%, and Gephardt praised HMOs which focus on diet and exercise, rather than "expensive" treatment of illness. Simon said that "preventive care" is the priority, noting that catching breast cancer early can save thousands of dollars. Babbitt advocated "home care" over "impersonal institutions," which, he said, are "less humane and more expensive." Jackson called for paying for health care by making the Japanese, Europeans, the wealthy, and corporations "pay their fair share," and added the SDI should be killed and 100,000 troops taken out of Europe.

Lyndon LaRouche, who opposes such austerity measures and advocates a high-technology approach to medical research, was not invited.

Pentagon reports Soviet space buildup

The Soviet Union has spent almost \$80 billion on military space programs during the past decade, and is dramatically expanding its ability to boost payloads into space, in pursuit of a "war-fighting capability in space," according to a new Pentagon study, *The Soviet Space Challenge*.

Prepared by the Defense Intelligence Agency at the request of then-Defense Secretary Caspar Weinberger, the study says that the increase in Soviet space capability exceeds even the Soviets' needs for the next 15 years, and clearly suggests that they are developing space-based weapons.

Weinberger, in his introduction to the report, writes, "The Soviet program points in one direction—the methodical pursuit of a war-fighting capability in space. And be-

Briefly

cause the Western democracies, particularly the U.S., have directed a large part of their space resources and technology toward other goals, and sometimes have lacked clear goals, we have allowed the Soviet Union to come dangerously close to achieving its military objectives in space."

According to Weinberger, the report "raises the possibility that the Soviets are already considering the lift requirements necessary to expand rapidly their large-scale military presence in space."

Weinberger attacks Congress's meddling

Congressional interference in foreign and defense policy is jeopardizing U.S. national security, former Defense Secretary Caspar Weinberger told the Center for the Study of the Presidency, at a conference in Philadelphia on Nov. 15. "What emerges is a pattern that spells disaster for American interests," he said. "Interminable debate in place of prompt action and sudden lurches in place of steady policies."

"If we fail to take timely action," Weinberger argued, "we do more than send our allies and enemies a signal of indecision. We risk blundering even more deeply into danger by losing the best opportunity for early and effective action."

"Even . . . Thomas Jefferson assumed the President's primacy in international affairs," telling George Washington in 1790, "The transaction of business with foreign nations is executive altogether. . . . There is no sign that in attempting to assume a greater role in foreign policy, the Congress understands itself to be embarking on a radical re-design of the separation of powers."

JDL members indicted for terrorism

A grand jury in Brooklyn, New York handed down new indictments against members of the Jewish Defense League (JDL) during the first week in November. Tsvi Killstein,

Jay Cohen, and several others were indicted for bombings and grand larceny incidents spanning the past 10 years.

Killstein is known to work for an "anti-cult deprogramming team" in Brooklyn called COJAC, which informed sources say is jointly run by the JDL and the Lubovitcher Hassidic cult.

In a related development, an FBI memo from the ongoing investigation of the JDL for the assassinations of Tscherim Soobzokov and Alex Odeh in 1985, says that there are indications the assassins have escaped to Israel, according to the *Village Voice* of Nov. 18, which says it has obtained a copy of the memo.

Rep. John Conyers (D-Mich.) is planning to conduct a congressional investigation into the assassinations, and why this information has been covered up until now.

Dollar collapse hits U.S. military personnel

The Pentagon is facing a deficit of at least \$325 million in the fund used to pay overseas allowances to U.S. military personnel, thanks to the falling value of the dollar, the *New York Times* reported on Nov. 16.

Unless Congress authorizes Defense Department Comptroller Robert W. Helms to transfer money to that account from other sources, the Pentagon will be forced to submit a supplemental request to Congress, as it did last year, since it is required by law to pay overseas housing allowances and foreign cost-of-living adjustments to military personnel outside the United States. Because of recent declines in the dollar, said Helms, "we're looking at \$325 million in unbudgeted costs in the military personnel accounts."

The Pentagon's expenses had been predicated on 2.06 deutschemarks to the dollar, and 163.10 yen. Helms wants permission to dip into the "currency fluctuation fund" to cover the deficit caused by slippage of the dollar to 1.65 DM and 134 yen, calling it "the most attractive of a number of bad options," since the money in the fund has already been appropriated for something else.

● **'UNDECIDED'** ranks first among Democratic Party presidential candidates. The latest Gallup poll shows that 43% of Democratic voters are "undecided." Taking the number-two slot was Jesse Jackson, with 22%. Another 8 points to the rear was Michael Dukakis. The remaining candidates drew 5-8%, with Bruce Babbitt holding up the bottom at 1%. Lyndon LaRouche was not included in the poll.

● **GEORGE BUSH** told a New Hampshire press conference that he supported "whatever compromise" federal negotiators might reach to reduce the budget deficit.

● **REPUBLICAN** slumlord Donald Trump is being wooed by Democratic Speaker of the House Jim Wright, who is trying to get him to join the party—and to host the 25th Democratic Congressional Dinner.

● **MARIO CUOMO** says that Democratic Party chairman Paul Kirk has asked him to hold open the possibility of being drafted as the party presidential nominee.

● **THE SOVIET WEEKLY** *New Times* is worried about "dangerous surprises" in the 1988 U.S. presidential elections. "Time is running short" to conclude an arms-control deal with the United States, the magazine comments, "also for the simple reason that the present U.S. administration has only a year to go, and no Cassandra today would undertake to predict what will happen after the presidential elections in November 1988."

● **PRESIDENT REAGAN** challenged the Soviet Union to "stop its charade" about its own strategic defense program, in a speech Nov. 16. "The Soviets have put billions into their program," he said. "They have more than 10,000 scientists working on military lasers alone." He stressed that the U.S. will deploy its SDI when it is ready.

The 'bipartisan' spirit of fascism

Let there be no doubt in anybody's mind. As far as correcting the economic problems that are leading us into history's greatest financial crash, the "bipartisan" budget-slashing agreement hammered out between an economically lunatic Reagan administration and the nuts in the Congress is irrelevant. It doesn't even make a contribution in that direction. The only kind of thing that would make a contribution in that direction is a program that, in essence, gets America *producing* again, as LaRouche has focused the matter, using the emergency powers of the federal government to generate the credit for that (which is also the only thing that would solve the budget deficit).

However, the "bipartisan" budget-mauling agreement is much worse than irrelevant to economic solutions. The program is, in its own right, *fascist*. It is the next step in imposing a bipartisan "democratic fascism" on the United States, as it is being imposed elsewhere around the world.

Admittedly, many think "fascism" is militarism and police repression. What can we mean by "democratic fascism"?

The secret lies in understanding what occurred in the late 1960s in the United States. At that time, leading forces in the political parties and government of the United States, at the instruction of our Eastern Establishment, imported a new kind of fascism from the Social Democratic parties of Europe, called "fascism with a democratic face."

This is the "soft" fascism of Willy Brandt, and his Brandt Commission for Third World "development," which seeks to establish a malthusian world order, depriving developing-sector populations of science and advanced technology, in favor of pick-and-shovel "appropriate technologies" and birth-control devices.

The essence of this fascism is the same as that which was imposed by both Hitler and Mussolini--the looting of both capital and labor to shore up the *paper values* and *financial power* of the banking and insurance oligarchy. But they wished to make it easier to impose, this time around. The method is to organize the popu-

lation, not into a mass fascist party, but in such a fashion that they, in effect, loot themselves to the oligarchy's benefit.

The first decision taken in this direction was the decision to tear down industrial society, whose healthy existence depends on ever-increasing qualitative improvements in living standards and technology. At the same time, during the late 1960s, culminating in Nixon's blunder of August 1971, in taking the dollar off gold, these leading, mostly banking forces tore down the international monetary system, and replaced it with the "floating rate system." With the floating-rate system, it is possible to manipulate world currencies in such a way as to loot whole countries. This complements the post-industrial-society dictum that technological progress be outlawed.

Outlawing technological progress, of course, makes it impossible to improve conditions of life for everyone. Farmers, industry, and labor must fight each other to determine who is going to suffer the least from the austerity imposed by the post-industrial society.

This was where the financiers and their social democratic retainers got "creative." The best way to get someone to accept austerity is to give him the right to "choose" his own poison. Instead of having a banker come forward to demand austerity, the "democratic fascists"--like the heads of the Republican and Democratic parties--organize a "democratic" debate within the population. Who will give up medical care? Who will pay more for food? and Who will die? "Democracy" will now decide what, in each category, is taken away. That is the secret of the "budget summit" just concluded in Washington.

Who is the political team out to impose such a program? "Project Democracy," the National Endowment for Democracy, which includes the heads of both political parties in this country!

If their rigged "1988 election" is allowed to go through, the financial crash will turn into the worst depression this country has ever had, and there will indeed be a "democratic" fascist dictatorship in 1988.



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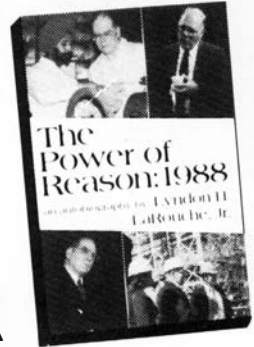
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