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EIR

From the Editor

When most people think of “strategy,” they think, “military.” However, as Lyndon LaRouche has been stressing in recent speeches, at least 80% of strategy is not military, but economic and cultural.

Thus, although Mr. LaRouche has won (albeit often grudging) respect throughout the free world and in the Soviet bloc as the intellectual author of the greatest shift in U.S. *military* doctrine since World War II—the Strategic Defense Initiative—his response to the so-called Wohlstetter Report on U.S. Long-Term Strategy focuses attention on these larger aspects of the battle to save Western civilization. We are pleased to present a substantial excerpt of LaRouche’s paper, released by his presidential campaign organization, as this week’s *Feature*. The article tells not only *how* Moscow’s drive for world domination must be stopped, but *why*.

I write to you from *EIR*’s European headquarters in Wiesbaden, West Germany. My colleagues here report that the Wohlstetter Report has confirmed that LaRouche was right about the threat of the INF Treaty, to many who had previously deluded themselves that they had “other things in place” to make up for the loss of U.S. missiles. The reaction here to the Long-Term Strategy report, “unofficial” though it may be billed, has thus been the classic “doubletake” of American film comedy.

The Wohlstetter Report has taken the wind out of the sails of that faction which maintained that even though the INF Treaty was bad, it behooved Europeans to go along with it, so as to have a voice in controlling U.S. withdrawals from Europe—lest a budget-obsessed Washington be prompted to simply unilaterally pull out its forces. Yet the danger of appeasement is keener than ever. Now, the party of German politicians which is building careers out of deals with the East, is using the Wohlstetter Report to say, “See, I told you the United States won’t risk itself to defend us. Let us make the best possible deal with our new masters in Moscow.” See pages 62-63 of our *National* section for the ammunition *EIR* is putting into Washington to make certain the U.S. Senate never ratifies this disastrous treaty.

No appeasement to Soviet imperialism, and no appeasement to the AIDS virus! Turn to the exciting interview on page 24 for a glimpse into the victories that lie ahead, provided we take that intransigent attitude.

Nora Hamerman

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The trade gap is matched by the truth gap

by Chris White

The long awaited release of the November trade figures came and went. Dealers and speculators were free to release the breath they had been holding in expectation of the big event. The dollar went up. Stock markets went up. The financial system's monthly nightmare was over, until its recurrence, next month. And after all the fuss, what's left?

A simple lesson: It takes at least two to fake-up trade figures.

From October's all-time record deficit of well over \$17 billion, the November figures, released Jan. 15, showed that the monthly deficit had apparently been reduced to below the \$14 billion level again. Discount the President, who went on record claiming that the reduction is the result of 61 months of economic recovery. The Monday of the week in which the figures were released, he had told an audience in Cleveland that the trade deficit was a "good thing," a measure of the rest of the world's confidence in the strength of the United States. He tends to gloss over the reality that it did take 60 months out of the 61 to build up the trade deficit he now claims the nonexistent recovery is reducing.

Even with the November numbers, the deficit for the year as a whole, whose numbers will be available from the Commerce Department Feb. 15, is going to be over \$175 billion, an all-time record, \$20 billion or so more than the all-time record \$156 billion of 1986. But then we had only had 50 months of recovery.

By any standard, the numbers the market breathed a huge sigh of relief about are evidence of disaster. But the numbers are hokey, typical of the knee-jerk Reaganite commitment to lie, "put a spin on the story," to keep up the pretence that the policy is working.

In London, and other financial centers of Europe, the release was met with frank disbelief, and filed away under

the heading of another U.S. effort to buy time, an effort which would sooner or later come to nought.

Jan. 20, Wednesday of that week, Japan, as per prior agreement to keep its figures back for a week after the issuance of the U.S. data, weighed in with its figures for December. Where the U.S. numbers showed that the trade deficit with Japan was declining in November, the Japanese number showed the reverse. The Japanese numbers also showed that the gap continued to widen in December.

However, both countries did end up in about the same area for November. Both come up with a gap of \$4.8 billion. The United States gets there by reducing its deficit from about \$5.8 billion. The Japanese by increasing their surplus from about \$4.2 billion. The discrepancy in the number was mirrored by the press coverage after the release of the U.S. figures. On Saturday, Jan. 16, the *New York Times* claimed that imports of automobiles from Japan had declined in the month of November. The *Washington Post*, on the same day, reported that despite the overall improvement in the deficit, automobile imports from Japan had increased for the month. Did the Commerce Department give them each a different version of the story? Did they simply make it up?

The discrepancy helped set off a tumble for the dollar, and for stock markets on Wednesday of the week. After all, it's not too good for that intangible known as "confidence" to have to face up to the fact that the U.S. powers that be, are not only out of the real world on these questions, but determined to stay out. Otherwise, they wouldn't feel the need to keep on lying.

So now, Special Trade Representative Clayton Yeutter is running around the world telling people that the United States has "turned the corner" on the trade deficit question. He's promoting the underlying strength of export capabilities, and

the claim that the dollar's devaluation has restored U.S. competitiveness. In successive speeches, he's argued that this will show up in the "volume" side of the trade figures, before it does on the "value" side. In Hong Kong, he told people, though, that a sustained change in the value numbers would not show up until the second half of 1988, or even 1989. "Volume" here supposedly means goods and products shipped, "value" means the money paid for those goods and products.

Plain fact is, the United States couldn't increase the volume of its exports, without, the way things are organized right now, also significantly increasing the volume of its imports. Unless, that is, part of domestic output, already supported by a flow of imported parts and materials, is diverted from domestic consumption, and into export. That way the trade numbers might be improved for a few months, by way of accelerating the gutting of the economy as a whole.

Capital goods uptick?

According to the Commerce Department, the improved trade numbers for November were based on an uptick of capital goods orders. Leading what is being called the export surge of newly dynamic U.S. industries are supposed to be construction equipment, electrical generating equipment, and aircraft.

Anyone who knows anything about the way in which the U.S. economy has been functioning in recent years, knows that this cannot be true, unless the administration and its financial backers have launched the industrial equivalent of the proverbial yard sale in order to raise funds to appease foreign creditors. Interestingly, the indices of industrial output, released in the same week as the trade numbers, corroborate this. Up over all, to the delight of the President, the official numbers have a decline in durable goods output being offset by an increase in non-durable goods production. The capital goods leading the export surge originate in what the government identifies as the declining durable goods sector. If the exports do exist, it will only be at the expense of the future production capabilities of the United States.

The performance of the Caterpillar Company, a major manufacturer of earth-moving and construction equipment, ought to conform to Yeutter's profile, if he is correct. It doesn't. In fact, the reverse is the case. Caterpillar, for 1987, reports surging profits, but only a moderate increase in sales volumes. According to the London *Financial Times*, "The company also admitted to suffering from product shortages which limited sales of 21 basic models. . . . It suggested that shortages of production capacity were only a marginal problem."

Maybe Caterpillar cannot maintain a supply of materials to maintain its production. Among the materials in short supply, not necessarily at Caterpillar, are semi-finished steel slabs. These semis are subject to the Commerce Department enforced Voluntary Restrictions on Imports. Under these

arrangements, import levels are set at about 20% of total steel consumption. Semi-finished slabs' share in that is supposed to be limited to 1.7 million tons, while imports have actually been running at 2.5 million tons.

California Steel, a West Coast roller of imported products, is having to turn away customers, because it cannot obtain a sufficient supply. Lone Star Steel in Texas is in the same situation. The Commerce Department is slow to process applications to lift the restrictions, presumably in order to keep imports down, to help reduce the trade deficit. But if the imports are consumed to produce capital goods for export, and they aren't there, how can the capital goods for export be there either? Unless, as a simple bookkeeper's type of trick, which presumably was employed to shift sales of aircraft, booked to Japan, into the month of November's figures, as part of the accounting effort at producing a set of numbers that would please the markets.

As for makers of electrical generating equipment, *EIR* surveys in 1985 and 1986 showed that capacity was, in the earlier year, at 50% of the level that had existed in the late 1970s, and was slated to be reduced by another 25% between 1986 and 1987. An industry which is probably one-quarter the size it was less than a decade ago, can hardly be put into the class of the newly competitive, hungry seekers after export markets. But there again, thanks to Governors Dukakis and Cuomo, internal demand for electricity generating equipment has also been reduced to below the levels at which supply can safely be maintained.

The alternative cases, that either the numbers are faked, or that the administration and its financial backers are organizing a yard sale of U.S. assets, running down remaining productive potential for immediate quick cash returns—with the truth actually made up of both—show how crazy the markets have become. For either case, on its own merits, in a sane world, would have produced the kind of healthy hoots of derision that, these days, seem to be only heard in sports stadiums.

Instead, the faked numbers and depletion of assets apparently serve to take the pressure off the dollar, and off the markets, for a short while at least.

This is evidently among the reasons why Swiss banking is said to be split into three factions right now. One which expects the next round of collapse in February, a second which thinks March is the most likely timeframe, and a third which considers that things can be held together until April. Not surprisingly, all are agreed that the next phase is coming.

But not in the United States. Here, the marching orders remain to protect the illusions of stability at all costs by doing the very things which will both ensure that the next phase of collapse does come, and that when it does, it will be much worse than it otherwise might have been. The continuing fable of the trade figures is merely part of that effort. The longer the liars and fakers play these kind of games, the bigger will be the reckoning when that day does arrive.

Austerity is killing Mexico's children

by Carlos Méndez

The conditionalities that the International Monetary Fund imposes in Mexico through the government of President Miguel de la Madrid are killing more than 500 children each day. According to the United Nations International Children's Education Fund (UNICEF), in its report "World State of Infancy 1988," the result of the financial crisis in Mexico is that children are dying from malnutrition, and from diseases that are both preventable and curable at minimal cost.

This alarming number of infant deaths, according to the UNICEF report, can be added to the 250,000 children who die each week in the countries of the Third World, primarily due to the austerity imposed by foreign debt obligations. The report describes this situation as one of "silent carnage," and urges "the forgiveness or restructuring of many debts," and real aid and financing from the private banks, at "reasonable interest rates."

Mexican labor foresaw it

Back on Oct. 2, 1986, the social security director of the Mexican Workers Confederation (CTM), Dr. Héctor San Román, warned President de la Madrid that "the constant deterioration of wages, evident for the past three years, has caused the nutrition levels of the Mexican population to fall as much as 20%, such that current nutrition levels are below those which existed 10 years ago."

In his report, Dr. San Román indicated that a full 60% of the Mexican population was undernourished, and that from 1982-84, caloric consumption had shrunk 18%, while that of animal protein had fallen 50%. The cause, he said, was unemployment and the deterioration of purchasing power. The crisis is creating malnourished workers, physical and mental invalids condemned to premature old age, concluded the CTM leader.

The response of President de la Madrid was, "The government cannot avoid all this, because this is what the crisis consists of."

Today, "the crisis" is not only condemning Mexicans to "premature aging," but to premature death. According to UNICEF, of every 1,000 children born in Mexico, 48 die before reaching one year of age, and 71 of every 1,000 born die before the age of five.

In Mexico, says the UNICEF report, the problem of infant mortality is worsened daily by the growing number of children who are forced to live in the streets of Mexico City.

The principal cause is soaring unemployment.

However, what UNICEF doesn't say, is that in Mexico, the "financial crisis" has become an instrument of genocide, due to the austerity policies imposed by a government determined to pay its foreign debt at any cost. Thus, during the period 1982-86, the government reduced the budget allocation for health by 47.9%, in real terms. The picture is bleaker still when one considers that the devaluation of the peso decreed in November has seriously affected the health sector, because of the high percentage of imported medicines and medical equipment that make up the health budget.

Worse still, the highest incidence of AIDS in Mexico is among the infant population, and the percentage of AIDS-infected people under 15 years of age is three times greater in Mexico than in the United States, according to an address by Mexico's health minister, Dr. Guillermo Soberón, before the First National Congress on Acquired Immunodeficiency Syndrome, held Dec. 1-2 of last year.

In fact, the situation is so serious that, according to Minister Soberón, "AIDS is already a priority national problem," and more budget resources should be allocated to battle it since, otherwise, "Mexico will be unarmed in the battle against AIDS, which threatens to become an epidemic in our country as of 1988."

To judge by the government's decision to dedicate 60% of the national budget to paying the debt, and by the brutal austerity measures of the so-called Economic Solidarity Pact imposed last December, not only will there be no available resources to fight AIDS, but living standards are guaranteed to fall even further.

Ecologists offer their two cents

While infant genocide proceeds apace in Mexico, official and unofficial ecologists in the country are making life even more difficult for Mexican parents under the pretext of defending the health of their children. As of Jan. 4, the Public Education Ministry (SPP)—in official agreement with the "green" Ecology and Urban Development Ministry (SE-DUE), and with the various greenie bands it protects—decreed a change in the hour Mexico City's public school children begin classes. Instead at 7 a.m., 8 a.m., or 9 a.m., as previously, schools will now open at 10 a.m. The measure has triggered widespread protests among working parents, and the public in general, who cannot wait until 10 a.m. to go to work.

The argument of the SPP, SEDUE, and allies is that "the sacrifice is worth it," because the children will be spared exposure to deadly ozone layers, which dissipate at approximately 10 a.m. each morning, when temperatures rise.

Despite their "concern" for the health of Mexico's children, these ministries and their greenie protégés have yet to utter a word about the more than 500 children who die daily in Mexico, nor about the children condemned to misery on the streets of Mexico City.

Brazil's computers and U.S. protectionism

by Mark Sonnenblick

On Jan. 20, the Brazilian government blew a big hole in its previous policy of protecting its nascent computer industry from the ravages of foreign competition. It permitted Microsoft of Redmond, Washington to sell its MS-DOS 3.3 program on the Brazilian market. This software will dominate that market, leaving the Brazilian imitation of the older MS-DOS 3.2 with too few sales to pay for its development costs.

Brazil was forced to retreat by President Reagan's threats to knock \$105 million worth of Brazilian exports out of the U.S. market if it did open the micro end of the computer business to multinationals such as IBM which have always been allowed to build big computers in Brazil. The uproar by lobbyists for the Brazilian manufactures which would be, in effect, banned from the United States (men's shoes, Volkswagen cars, airplanes, etc.) and by the ideological enemies of sovereign development caused the Brazilian Senate to scurry to pass a law theoretically ending protection of the software market and stopping piracy of foreign software. The foreign ministry also fought for Brazil to retreat on the Microsoft case. It echoed the White House's anti-protectionist stance and used it at GATT to bash the United States for protecting its own domestic market.

President Reagan may now call his trade gunboats back to port, or he could keep up the trade war pressure in order to exact greater concessions. This time, the pretext could be Apple's allegation that it is deprived of \$70 million in Brazilian sales by a look-alike copy of its Macintosh personal computer, made by a Brazilian company.

Tariff policy: the American System

In this morass, it is refreshing to find a little book by a Brazilian who reminds Americans that their country industrialized and became the world's leader by protecting its own nascent industries. The 63-page book by Paul F. Fleury (in Portuguese) is titled *Protectionism and Economic Development: a comparative study of the Brazilian computer industry*, and was published in 1987 by the Brazilian Computer Industry Association.

Fleury observes, "In relation to manufacturing, there is

no doubt that the increase in tariff barriers in the United States, Germany and other countries contributed to their economic growth. . . . The basis for a protectionist policy in the U.S. came forth a few years after independence in Alexander Hamilton's 'Report on Manufactures' (1791). . . . Hamilton reaffirms the need for self-sufficiency in manufactures as well as the importance of a growing urban consumer class for a prosperous and stable agriculture. Manufacturing should be given growth incentives by a system of subsidies and protected by a tariff barrier, which would free domestic producers from unfair competition, permitting them to expand the scale of their operations, thereby achieving cost factors comparable to their foreign competitors."

What Brazil is trying to do with its computer industry today is thus what every developed country once did. Fleury illustrates the hypocrisy of the free-trader ideologues with a speech President Ulysses S. Grant made in Manchester, England, the home of the Reagan administration's economic liberalism:

"Gentlemen: For centuries England carried protectionism to its extremes to good result. There is no doubt that its present power is owed to that system. After two centuries, England found it convenient to adopt free trade, since it believed that protection would not longer work for it. Well then, Gentlemen, my country's growth makes me believe that within two hundred years, when North America will have obtained from the protective system all that it could give, it will adopt free-trade."

Fleury criticizes the economic model of the 1967-73 "Brazilian Miracle," based on multinational companies setting up export-oriented industries that relied on imported technology. He blames the multinational companies and "growth at any cost" for the miserable living conditions of Brazil's working class and other economic distortions. He is just as hard on the 1974-79 emphasis on state-built great projects, especially the West German-Brazilian nuclear energy "deal of the century," under which Brazil was to purchase the complete nuclear energy cycle. His preferred model is one of slower growth, but with "autochthonous development based on the development of our own technology, already dominated by our technicians and engineers. . . . Intangible investments in new knowledge and its dissemination are the critical elements, instead of tangible investments in bricks and machines."

Great Projects under fire

Fleury's weakness lies in his infection with the Club of Rome's genocidal "small-is-beautiful" ideology. He indicts the government's great steel, energy, and transport projects, which gave a dramatic jump to productivity and to applied knowledge of modern technologies. He even blames these projects for Brazil's debt crisis, without a word on the International Monetary Fund's austerity conditionalities and the world economic breakdown. He argues Brazil should give

priority to cheap labor-intensive "small rural projects" using "appropriate technology."

Were such maoist standards applied to Brazil's computer industry, it would be argued that its only real achievement has been to replace tens of thousands of poorly paid clerks with a few thousand engineers paid 50 times more. And, Fleury's stated concern for Brazil's poor workers is contradicted by his prediction that Brazil's underpaid labor is what will soon give its computer products "competitive capacity."

Another disappointing feature is that Fleury hides the real motive forces behind Brazil's computer development. To pander to current Brazilian public opinion, he counterposes computer against nuclear development. He says that computers involve a model with "less state participation." He apparently fears to mention the group of army colonels who ordered the development of independent computer capabilities in 1979 as essential for national security. Nor does he mention how these military economic nationalists are what have, so far, sustained protection for the industry against vocal outpourings from Brazil's private business sector, to the effect that the early Brazilian copies are much more expensive and of lower quality than the foreign originals. Fleury's compromises with pragmatism and with academicism weaken an otherwise powerful polemic.

Ending technological dependence

Fleury is at his best when he reminds his audience that to maintain its monopolies, Britain forbade emigration of skilled craftsmen until 1825 and export of its machines until 1842. The United States broke Britain's stranglehold on advanced technology the way Brazil is trying to break IBM's today, "by a certain amount of industrial espionage, by buying British machines (normally illegally contrabanded), and by recruiting British citizens to work."

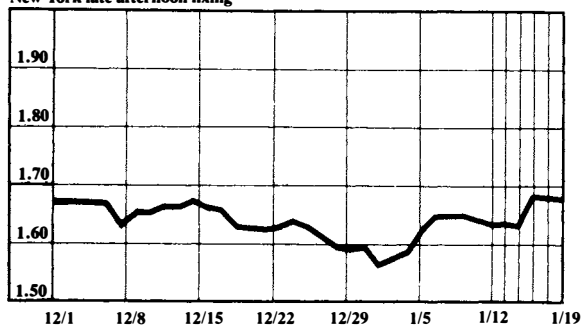
For a nation to fail to obtain the ability to generate technology, he concludes, "is to run the risk of culturally annihilating oneself and to remain in eternal dependence of the countries which create and produce technology."

The Brazilian Computer Industry Association highlighted that concept in ads it ran in the press Jan. 19, alerting against the retreat which the government made the next day: "The struggle for worldwide domination of an industrial sector brings some countries to threaten others. In the past, they sent fleets and troops. Now they impose trade sanctions. The authorities of the countries threatened sometimes give in—and their people lose the historic opportunity, remain dependent, poor and backward. Other countries resist. Remember when everybody made fun of the 'Made in Japan' labels. For a while, this [effort to develop] seems like obstinacy. But, in the medium term, it is the best thing a government can do for its people. Submit, and be despised by history. Or resist and see how your industries and your consumers will benefit. . . . Each of us has a big responsibility, because history does not remember cowards."

Currency Rates

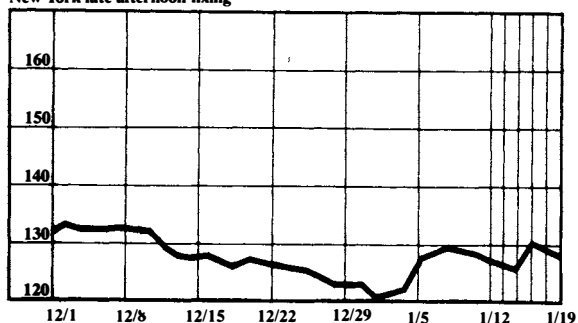
The dollar in deutschemarks

New York late afternoon fixing



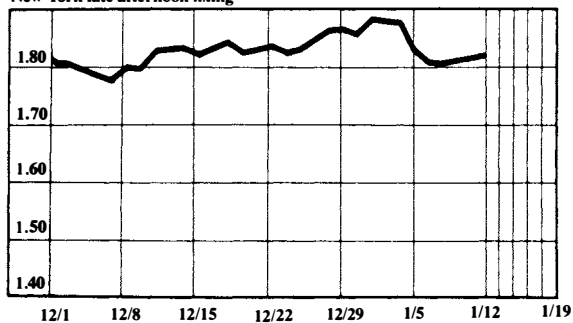
The dollar in yen

New York late afternoon fixing



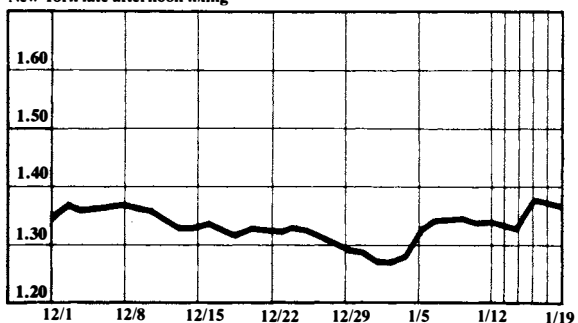
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Mobilizing an economic recovery under conditions of financial crisis

by Lyndon H. LaRouche, Jr.

The following is the text of a letter, written on Nov. 30, 1987, which has been widely circulated in West Germany and is now released to the public by the LaRouche Democratic Campaign.

I step off the stage of the U.S. presidential campaign, to address you as a representative of a growing bipartisan movement in the U.S.A., the which has been set into motion by the events of that awesome stock market panic called "Black Monday." The distinction to be made, is that the inauguration of the next U.S. President occurs in January 1989; it is during the 12 months before that inauguration that well-defined economic-recovery measures must begin, if we are to prevent the continuing financial collapse from leading directly into the worst economic depression in modern history.

I have caused to be attached to this letter a copy of an item I have written for the English-language intelligence newsweekly *Executive Intelligence Review* ["The World Financial Collapse in Progress: When the Gods of Olympus Fall There Is Danger, But Hope," released for limited circulation on Nov. 28, 1987, and available from EIR News Service]. This attached item provides the general background for what I have to present to you in this letter, including adequate indications of my exceptional qualifications to speak on the subject of recent and current U.S. monetary and economic policies, both domestic and foreign.

The inclusion of that attached item permits me to confine my remarks here to three subjects: 1) certain discrepancies among the economic situations in various of the OECD nations, 2) addressing frankly some unspeakable truths respecting the quality of national governments and political parties in Western Europe and North America, and 3) some appropriate technical-economic observations, supplementing the general description provided in the attached pre-publication draft.

Excepting Britain and Italy, until the recent developments in European agriculture and metals industries, the structure of the economy of industrialized Western Europe had been destroyed less rapidly over the recent 10 years than that of the United States and Canada. European OECD nations have a total active industrial potential greater than that of the United States; the percentage of the adult labor force

of employment-age employed in production of physical output at modern levels is significantly higher than in the United States. Especially as a result of the more reckless bubble-building by U.S. money-market financial institutions in New York City and elsewhere, the debt-ratio in the United States is worse than in Western Europe as a whole.

Now, in consequence of such politically directed developments as the successive "Davignon rounds," and the precipitous collapse of European agriculture, Western Europe as a whole is tending to overtake the levels and rates of decay previously more typical of the U.S.A., Canada, Britain, and Italy.

In quality, governments, political parties, and economic management, are of much poorer quality generally today, than 10 years earlier, and vastly poorer than 20 years ago. Through various forms of attrition, as the generation of the 1968 student insurgencies have "marched through the institutions," and as the OECD's radical educational reform program of 1963 has destroyed the quality of the preexisting educational systems, the quality of political and managerial cadres has fallen, on the average, about as rapidly as the structure of the physical economy has been eroded.

The transition toward that utopia called "post-industrial society," has been accompanied by an acceleration of the post-1966 shift from an agro-industrial entrepreneurial economy, to a rentier economy. This has been reflected as shifts in the criteria of economic management and investment, and in axiomatic shifts in habits of thinking, not only among management cadres, but in the popular *Zeitgeist*. Society has become increasingly irrational in its habits of judgment, at all levels. A rational calculation of the physical conditions of life, production, and national security, has been superseded by emphasis on an irrational fascination with rather arbitrary choices of nominal values, an irrationality increasingly proximate to the witchcraft superstitions of illiterate savages.

This weakening of the quality of direction of society has been featured most prominently in the rapid, post-1966 decay in the quality of leadership provided by government and leading political parties. This trend has been in part relatively spontaneous, in the sense that it reflected the increasing tendency toward functional illiteracy and irrationalist world-outlooks in the population generally. It is not to be over-

looked that this lowering of the quality of governments and political parties has been intended, since approximately 1963 decisions within transatlantic establishments, to this effect. The desire of the majority of such establishments has been to degrade the role of elected government in policy-shaping, to eliminate strong political leadership such as that of Konrad Adenauer and Charles de Gaulle, in favor of a blending of mediocrity and administrative technocracy.

So, we are now plunged into the greatest financial collapse in modern history, while the majority of the leadership of our nations is intellectually of poorer quality than even 10 years earlier, and vastly poorer than 20 years earlier. It is not unfair to say that today's governments are honestly incapable, intellectually, of understanding what would have been more or less clearly recognized by leading institutions even 10 years earlier. We should not indulge ourselves by blaming incumbent leadership for their horrifying lack of capacity; they are the hapless victims of a process of selection which chose to eliminate from election to higher posts men and women lacking in the desired qualities of mediocrity. Nor, can we blame them personally, if they were selected for their quality of adaptability to recent *Zeitgeist* trends toward irrationality.

The essential political fact to be learned from this, is that there are relatively few calamities in history which could be called rightly "crises" in their own right. What usually defines a crisis is not the problem with which that crisis is associated; rather, the word "crisis" becomes justified when the leading institutions of society are confronted with a problem which has readily available objective remedies, but under the condition that leading institutions have lost the capacity to adopt such appropriate remedies. Barring the eruption of earthquakes, tidal waves, pandemics, and those wars over which the institutions of a nation have had no efficient means of control, the word "crisis" signifies a breakdown of the capacity of institutions to respond to what would be otherwise merely important problems.

The essential task before us all, on both sides of the Atlantic most emphatically, is to transform the current "crisis" into merely an important problem to be overcome.

For example, in the United States today, that which warrants the term "crisis," is not the ongoing financial collapse itself; but, rather that the Reagan administration and leaders of the Congress are responding to this situation with almost the same words and actions as did the Hoover administration and U.S. Congress of 1929-32. The 1929 crash need not have led into the deep economic depression of the 1930s; rational remedies, overthrowing the policies of the Coolidge and Hoover administrations, existed. What the Hoover administration did, was to react to the ongoing financial collapse, by ruining the economy in the effort to defend the policies which had caused the crash. That is exactly the way in which the Reagan administration and Congress are acting today, and most of the governments of other OECD nations, too. It is this stubborn folly, of stubbornly defending the so-called

"free trade" policies which have caused the calamity, which constitutes the "crisis."

By "crisis," we should signify not only the ongoing international financial collapse. We mean also the strategic crisis, the AIDS pandemic, and so on. We ought to signify by "crisis," the desperate clinging, by governments and other leading policy-shaping institutions, to the policies which either have caused, or have greatly aggravated the principal calamities of this interval of history.

In the broadest terms, the general solution required, is to resume that philosophical world-outlook, on matters of economy and other questions, which prevailed 20 years ago. We should not go as far as to re-adopt intact the policies of 20 years ago; there were numerous follies in those policies. Rather, we should make the changes in policies which we would have tended to make, 20 years ago, had we foreseen then, with sufficient clarity and sense of urgency, the process of decline of our economy and our civilization up to the present time.

In economics as such, the axiomatic feature of combined mediocrity and incompetence is the spread of an ideology which replaces traditional employment emphasis on physical output per capita and per square kilometer, by emphasis on the merely nominal value added of rentier forms of financial appreciation. Policy-shaping in economic matters is so construed today, that were all the industries of Germany to cease production, but maintain the same levels of value added from employment in administration, sales, and unskilled services, current national income-accounting would argue, as it does in the United States, that the economy is either stable, or even growing.

Thus, prior to "Black Monday," President Reagan described an uninterrupted, 1982-87 erosion and collapse of the productive sector of the U.S. economy as "59 months of uninterrupted growth." Worse, even after the October collapse, the same President described the state of affairs as "60 months of uninterrupted recovery." Worse, the policies of the U.S. government today are based on acting out that delusion, taking patch-work measures, copied from the 1929-32 repertoire of the Hoover administration, and destroying the national defense, all in the effort to save the non-existent "recovery" which has caused this calamity. That is the meaning of the word "crisis."

The state of the economies

In broad terms, the calamitous condition of our economies should be described in two distinct, although interacting terms of reference. We must distinguish the physical structure of the economy, or what Leibniz defined as "physical economy," from the superimposed institutions of political-economy.

By "physical economy," we mean the average productive powers of labor, measured in terms of production and efficient distribution of physical output. This signifies the structural composition of the total employment of the national



United Nations/Y. Nagata

A steel mill along the Rhine River in the Federal Republic of Germany. Now, the factories are shutting down.

labor force, the level of technology represented by that employment, and the per capita physical output, measured in terms of a standard market-basket consistent with the level of technology which the labor force is required to assimilate efficiently.

The outstanding problems on this account are chiefly three.

First, consider the composition of employment in the United States as a standard for comparison. In 1946, more than 60% of the total labor force was employed as operatives in either agriculture, industry, or basic economic infrastructure, signifying that less than 40% were either unemployed, or employed in such "overhead expense" categories as administration, finance, sales, and services. Today, the level of employment of operatives is dropping below 20%, signifying that 80% of the labor force is assigned to the "overhead expense" categories of unemployment, administration, finance, sales, and services.

Second, the erosion of basic economic infrastructure: fresh-water management, general transportation, communications, production and distribution of prime energy-supplies, and urban residential-industrial infrastructure otherwise. Only communications holds up. Otherwise, relative to

the state of repair of U.S. basic economic infrastructure in 1970, there is today a deficit which would cost approximately \$4 trillion in investment to repair.

Expand on a point referenced in the accompanying item. Compare the energy-densities for the economies of Japan, the Federal Republic of Germany, and the U.S.A. approximately 1970. At that point the levels of technology and productivity among the three nations were comparable. The energy-density per capita is highest in the U.S.A., next-highest in the Federal Republic, and lowest, among the three, in Japan. However, the energy-density per square kilometer in Japan is very much higher than that of the Federal Republic, and the Federal Republic's higher than the U.S.A.'s. Examining this and other cases more closely, we see, statistically, that the rate of energy-density for the three nations is approximately identical circa 1970, if we measure energy-density in per capita units of population-density.

In a computer study done by *EIR* during the early 1980s, it was shown that up to 1966, postwar investments in capital improvements in infrastructure correlated closely with rates of increase of productivity. The rate of change was almost identical for the two curves, by a lag-factor of approximately 12-18 months. During the 1966-70 period, the net rate of capital improvements in infrastructure, relative to erosion, dropped to zero, as project-levels held over from the pre-1966 period declined. The rate of increase of productivity followed this decline. Since 1970, the rate of net erosion of infrastructure has correlated with the decline in physical productivity for the labor force taken as a whole. This statistical correlation is the most exact in all economic time-series.

What are the reasons for this astonishing statistical agreement? Some of the reasons are exposed by intelligent inspection; the more profound reasons are intelligible ones, but to be found in the realm of nonlinear studies of economic processes. The evidence supplied by intelligent inspection suffices to illustrate the point.

Two among the prime constraints of a physical-economic (nonlinear) function for economic growth are energy-density and energy-flux density. The notion of this role of energy-density was well established by Leibniz's work on the effect of heat-powered machinery in increasing the productive powers of labor. Energy-density pertains most emphatically to the effective energy-density per square centimeter applied to target-areas of production. By changing the units employed, from scalar, caloric values, to a Riemannian-Beltrami electrodynamics' view of the quantum-functions of self-focusing of coherent radiation, relative to frequency, the two notions, energy-density and energy-flux density, can be combined as one.

By inspection, it is not difficult to recognize that there is no absolute distinction between capital-intensity, as associated with the notion of investments in machinery, and the broader notion of capital-intensity, which includes basic economic infrastructure and capital investments in productive processes under a single functional classification. In both

agriculture and industry, most obviously, the total capital improvement to be associated with such a single category of capital-intensity, is a partial function of the development of land-area. Hence, the greater the land-area requiring capital improvement, per capita occupying that land-area, the greater the partial capital-intensity costs of basic economic infrastructure.

Since we can translate all output into terms of the energy costs associated with both producers' goods and households' goods consumption of employees, a really satisfactory function for physical-economic processes is an appropriate choice of energy function.

The six primary constraints for an adequate functional representation of a physical-economic process are: 1) the general constraint, that the quality of per capita market-baskets of households' goods must increase in correlation with advances in technology and productivity, otherwise the labor force is unable to assimilate technological progress efficiently; 2) an increase of the energy-density per per-capita unit of population-density; 3) an increase of the energy-flux density of modes of production; 4) subject to constraints on the increase of the percentage of employment of the labor force in "overhead expense" categories: the increase of the ratio of employment of urban operatives to rural ones; 5) with the same restriction on employment classifications, the increase of the ratio of employment of operatives in capital improvements, relative to employment in output of households' goods; 6) advance in technology, as Leibniz defined "technology" as a function of least action.

From that standpoint, the energy-density function in terms of per capita units of population-density, is more or less readily understood. The reason I have emphasized this point as much as I have here, is that amateur economists of the International Monetary Fund's and World Bank's bureaucracies, among others, have argued that capital improvements in basic economic infrastructure must have a priority ranging from very low, to zero or even negative net growth. It is important to stress, therefore, that curtailing such categories of capital improvements has the effect of preventing economic growth in production of all goods, in the most diabolically efficient way.

The third feature of the erosion of physical economy over the recent 20 years, has been the collapse of technologically progressive, capital-intensive investment in industrial production. One effect of this has been not only to block progress in productivity, but to lower productivity. The other principal effect is to contract all industrial output, for reasons I have described adequately in the attached item.

What has occurred over these 20 years has been, in net effect, to shift percentages of employment of the labor force in capital-goods production into the services and related categories of overhead-expense employment. This trend has set into motion a secondary tendency, to shift percentages of the labor force from employment in all categories of operatives' occupations, also into overhead-expense sectors.

As I have indicated in the accompanying item, not all overhead-expense categories are truly nonproductive. By productive, I mean that which maintains and increases the per capita quality and quantity of per capita physical output. In this sense, we use the term "productive employment" to signify operatives employed in either the production of physical goods, or in operations, maintenance, and capital improvements in basic economic infrastructure. Yet, some categories of overhead employment have a highly significant benefit for the productivity of the operatives. These include direct production management as such. It includes also education and medical services to households. The connection is, I believe, sufficiently obvious, that I need say no more in defense of that point.

For example, in addition to a relatively fixed per capita requirement for employment of educators and medical professionals, Western industrial society requires a minimum of approximately 5% of the labor force employed as scientists, engineers, technicians, and so forth in research and development. Assuming a healthy machine-tool sector, and a healthy rate of capital-intensity's net growth, 5% of the labor force employed in R&D is sufficient to provide an average growth in productivity of operatives of between 5 and 10% per year. I propose, I have indicated, that we adopt the target of increasing this from 5%, to 10% of the total labor force so employed.

In this connection, we must reverse the post-industrial trends in composition of employment, reducing the percentages allotted for administration, finance, sales, and services (other than professional and related technical services), by shifting the relevant percentages of employment back into, chiefly, employment of operatives. I propose a target of not less than 40% of the labor force employed as operatives, not counting those employed in research and development functions, and reducing the percentage of the labor force employed in overhead categories other than research and development, education, and medical, to not more than 35%, and preferably 30%.

How this is to be accomplished comes under the heading of the second general topic, political-economy. I believe that I have covered the significance of this term sufficiently in the accompanying item. I shall add only the following relevant observations.

From the standpoint of physical economy, the design of the monetary and related political superstructure of an economy should be axiomatically entrepreneurial. Basic economic infrastructure is a function of the state, either as economic ventures of governmental agencies, or through regulation of privately owned public utilities. This includes the social infrastructure of basic education; it includes ensuring that the institutional side of general medical services is sufficient capacity for public need. Otherwise, production and trade should be entrepreneurial, unless special circumstances require temporary state intervention to fill a need which the private sector is either unable or unwilling to supply.



Bernad Mackeprang

Steelworkers demonstrate in Rheinhausen against the planned closing of the Krupp steel plant, December 1987. The banner reads, "Krupp must keep on making steel."

The reason for this was rather clearly understood by the middle of the 16th century. The mercantilist current in England, including Thomas Gresham, fostered the use of the power of the royal government to issue patents, under whose terms inventors and their business partners enjoy a limited period of monopoly on the production and sale of useful inventions. Western civilization's strength is our special view of the development and employment of the creative powers of reason of the individual personality; to encourage this, and to give it the greatest latitude possible or tolerable, is an intrinsic part of our civilization's superior genius for generating and assimilating the benefits of scientific and technological progress.

The state intervenes only to create orderly markets, as the boundaries within which private entrepreneurship occurs. This pertains to foreign trade, and to establish limits of fair price and related conditions on domestic commerce, including the conditions of labor. The maximum latitude within the limits beyond which there are abuses, is the correct policy.

These features of political-economy which I have identified should be seen as more or less axiomatic. No design of the monetary, taxation, and related policies introduced by government should violate those axioms. Also, the state must exert its sovereign right to assert its monopoly over the creation and issuance of currency, to regulate an orderly and stable banking system, and to regulate foreign trade and tariffs. The function of the state is to cause the creation of money, as lending power, at low interest-rates, for those applications of credit which are categorically in the national interest, especially for fostering technologically progressive development of infrastructure, and private agriculture and industry. The state should also shape its policies of taxation to foster investment in those sectors which are most beneficial to the nation.

Within those constraints, the other features of political-economy are variable. The object, as I have indicated in the accompanying item, is to adjust the variable features of a monetary and fiscal system of policies in such ways as correct

for effects to be abhorred, and to promote effects much to be desired.

In the matter of determining the composition of employment of the labor force as a whole. The state's economic role in basic economic infrastructure determines a significant part of this composition. The rest is primarily controlled by the relative flows of credit to various sectors of investment, and by the shaping of policies of taxation with a view to their relevant effects on investment. The best mechanism for regulating the relative flows of credit, lies in the cheapness of state-created credit, relative to private sources of credit. By restricting the application of state-created credit in ways which promote achievement of a national consensus on matters of goals of composition of employment, output, and investment, and by addition of investment tax-credit incentives, the desired influence is achieved without further need of direct legislative action in the matter.

In the modern history of Germany, the work of Friedrich List is essentially up-to-date as a discussion of principles of national economy. I avow myself in sympathy with that great German-American, and pronounce his insights to be appropriate guides to economic thinking for today. The technology and other circumstance have been altered; the underlying principles remain the same. What I propose as a remedy, is what List himself identified as the American System of political-economy, the which once served both the United States and Germany very well.

The policy conflict

The relevant conflict at the levels of government, enterprise, banking, and so forth, is the conflict between an entrepreneurial form of agro-industrial national economy, on the one side, and an increasingly supranational rentier form of economy, on the other. This conflict appears in the guise of the present financial collapse, in the form of the following two choices: If we choose to continue the rentier policies, particularly those of the recent 20 years, civilization slides into the worst and perhaps longest depression in modern

history; if we shift from a rentier bias, back to preference for entrepreneurial national-economy, even a stunningly deep collapse of financial markets does not trigger a lasting depression.

The crisis of 1929-32 was nothing more than the inevitable consequence of the international monetary and related agreements reached at Versailles. In the transatlantic community of the 1920s, excepting a brief boom in the major creditor-nation, the United States, there was no actual economic recovery. The international authorities stumbled from crisis to crisis, seeking to defend the Versailles system, with the perennial issue of the unpayable German war-reparations debt the central issue. Once the Young Plan failed, as it was doomed to do, the general collapse of the Versailles financial bubble, built up over the 1920s, was inevitable.

Had the Versailles system been scrapped at any point during the 1920s, and had the U.S. government used its great power to force adoption of a new monetary order consistent with the principles of the American System of political-economy, a rapid recovery of the German economy could have occurred, and with that, a general economic prosperity.

It was not too late to do this during the 1929-32 period. Hoover and his Congress, together with Treasury Secretary Mellon, together with the other Entente powers controlling the Versailles system, refused to consider such an alternative. London and New York, including the *New York Times*, even backed Nazi Economics Minister Hjalmar Schacht's proposal to stage the legal coup d'état of Hitler, as part of the effort to save the policies which had caused the financial bubble and its collapse. As a result of this folly by Hoover and others during 1929-32, there was a second World War.

Today, we are in a condition like that of 1929-32, but much worse. Not only have the governments, so far, reacted as they did during 1929-32. There is even, once again, serious talk of introducing fascist governments as a means for continuing the defense of bankrupt rentier policies.

There is a growing commitment to a plan to resume the policies of Schacht and the Brüning government. For nearly 20 years, at least, Keynesian and other idiots have insisted that had Weimar instituted Schacht's policies democratically, Schacht and his London and New York bankers would not have been forced to put Adolf Hitler into power! Now, there is a movement to react to the new financial crisis with policies of "democratic fascism," assigned to do what the Keynesian defenders of Schacht had proposed that the Weimar Republic should have done, democratically. There is already, in the United States, a powerful bipartisan faction in the Congress, indoctrinated along such lines, and drifting in such directions of policy-thinking for the period following the 1989 U.S. presidential inauguration.

Some people seem never to learn anything from experience.

However, the conflict between rentier and entrepreneurial policies, as deadly as it has been over the centuries, is not the crisis. The disastrous condition of the leadership of governments and political parties is. It is the natural tendency of the majority of the popular constituencies, under conditions such as these, to demand sweeping changes in policies, away from the policies which have caused the crisis, to policies explicitly designed to promote an economic recovery. It is the refusal, or even the simple failure of governments to respond to that popular demand, which creates the preconditions for entry of dictatorships or kindred acts of desperation. So, the habituated mediocrity of national leaderships is the hard kernel of this present crisis.

It is necessary and consoling to rail against the ineptitudes of governments and parties stricken with mediocrity, but complaining will not solve the problem. Some credible force must emerge to place effective proposals on the table. This force does not yet exist as a well-organized force, but only a potential one. Its political potential, throughout Western nations, is enormous, but is so far only potential. This force is based on local political leaders closer to the realities of the economic situation than most national governments or national party leaderships. It is also based on constituency forces of agriculture, industry, and others.

It is the nature of crises such as these, that solutions are provided, if they are provided at all, by aid of some unusual awakening of the national will for constructive good. To move these governments and national party leaderships in the right direction and in time, nothing less than such a manifest awakening will suffice. Those from local political leaderships and key constituencies, who recognize the peril of our civilization, must bring themselves together, and, we must hope, in several or all of our nations. We must assemble our forces of moral political influence, in just fear of the awesome political and other horrors which may be bestowed upon us, if the needed change is not effected soon, but also in just and hopeful confidence in the remedies available.

I hope that my remarks will contribute to making those remedies clearer.

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Strings attached to farm credit aid

A look at how the government engineered the losses of the Farm Credit System so it could come to its rescue and take control.

On Jan. 6, President Reagan signed into law one of the largest government bailouts. He approved the infusion of as much as \$4 billion into the Farm Credit System, which has lost \$5 billion in the last three years. Since the government does not give unconditionally, there are some "strings" attached to this aid.

By July 6, each Federal Land Bank and each Federal Intermediate Credit Bank within the 12 Farm Credit Districts will be merged into one lending institution called the Federal Land Credit Bank. (This does not require a vote of the stockholders.) Six months later, the Production Credit Associations and Federal Land Banks will ask their stockholders to vote on merging the local lending associations. This vote by the stockholders is only to satisfy the requirement in the by-laws. If the merger does not pass, financial aid will not be forthcoming. Therefore, in all probability, the mergers will pass.

By July 6, 1989, a special committee will submit a proposal to consolidate the 12 Farm Credit System districts into at least 6 financially sound districts. Within 18 months of that proposal, stockholders will vote on the consolidation.

Merging the banks and the local associations is academic at this point. It will be done to simplify bookkeeping, because the management and staffs have been merged for over three years. In fact, this arrangement was in a long-term plan put together in the late 1970s.

Stockholders should not oppose merging the 12 districts into 6, because these are now merely regional service centers. The real regulation and

decision-making is coming through the Farm Credit Administration, the Farm Credit System Assistance Board, and the Farm Credit System Insurance Corporation.

The reorganization will lower expenses and marginally affect the lending rates. However, this will most likely be offset by the additions to a trust fund and a reserve fund to collateralize the government debt, and to pay the interest and principal on the debt, which will start coming due in five years. The new minimum capital adequacy standards, to begin a five-year phase on May 6, will also affect the lending rate, because all of these funding needs must come from earnings.

Stockholders who fear a loss of local control are worrying about the wrong problem. There has not been local control for years on the lending rates, capitalization, and lending practices. Tucked away in the legislation was a provision for grants to the states to establish farmer-creditor mediator programs, a few other borrower rights, and the stipulation that the Farm Credit System be required to participate. These will give the borrowers as much control as they currently have—which is very little.

The real problem is what is happening to the acquired property. There has been a tremendous amount of liquidation during the last three years. Who is going to end up controlling all this land? The current trend is toward making the farmer a hired hand on what used to be his own operation. This has been the demise of the family farm, with its incomparable productivities.

Let's take a look at how the government "engineered" the losses of the Farm Credit System so it could then come to its rescue and take control. With the farm economy sliding into a depression, there were going to be a certain amount of losses suffered by some of the associations, which needed financial assistance. These were mostly the short-term lenders and those involved with land speculators. The Omaha Farm Credit District was one of the first to be hit hard by the Production Credit Association losses.

Other districts, with enough capital to provide assistance, balked at sending the needed funds. Congress, in a farm bill passed in December 1985, said that if the system would use up all of its reserves (including those backing the class "B" stock that borrowers are required to buy), then there would be federal assistance.

This feat was accomplished very simply by changing the lending practices. Instead of lending amounts up to the maximum repayment capacity of the operation, short-term loans were required to be 100% collateralized. If part of a loan balance could not be covered by collateral, then it was classified as a loss. The big losses came when the Federal Land Banks started reappraising their land loans downward. If the loan balance was larger than the appraisal, the difference became a loss. As more liquidations occurred and appraisals went lower, the losses got bigger.

Now that all of the money has been used up in the system and the farm economy is in shambles, the government has stepped in with aid, and the lending practices are returning to their previous standards of repayment capacity. Short-term loans, of necessity, must be based on repayment capacity because fewer farmers now own their land. Who does, and who will, have control?

Business Briefs

Trade

Europeans doubt U.S. trade statistics

Well-placed Swiss and London financial analysts are expressing a mixture of suspicion and outright disbelief at the recently released U.S. trade data for November.

According to reports circulating in European financial circles, the November data employed "creative accounting," including techniques such as shifting huge aerospace export orders between months in order to produce the dramatic 25% reduction announced Jan. 15.

Sources spoken to by *EIR* say the manipulation of the data will at most buy a month or so of time before the dollar again begins to decline. "And if [Treasury Secretary James] Baker tries to reduce interest rates, this would be the immediate signal for a 'free-fall' dollar," one well-placed London broker stated.

AIDS

N.H. lawmakers consider range of bills

The New Hampshire state legislature is considering a bill that would spend \$2 million to broaden AIDS education. But opponents claim that it could damage the insurance industry by preventing them from testing and rejecting AIDS-positive policy applicants. Other bills being considered range from ID cards for those who are AIDS-negative and mandatory testing of "high-risk groups," to a needle-exchange program for drug addicts.

According to AP, "The measure would set up AIDS education programs for high-risk groups, including homosexual men and intravenous drug users, students, health care providers, police officers, and firefighters. It would help finance voluntary AIDS testing and certify laboratories to ensure high standards, and would require informed consent and confidentiality in testing.

"The bill also would provide for counseling and follow-up investigation for people who tested positive, and money for 8 new staff people for the Public Health Division."

Endorsers include the New Hampshire Public Health Division, the New Hampshire Nurses Association, the Medical Society, and the Citizens' Alliance for Gay and Lesbian Rights.

Other AIDS bills considered by the House Committee would:

- Appropriate \$1 million in the next fiscal year to educate the public, certify laboratories, and perform mandatory testing of high-risk groups.

- Establish a committee to study housing for homeless AIDS carriers, prohibit discrimination against them, and set up a program to reduce transmission by employing reformed intravenous drug users as outreach workers.

- Establish a committee to examine a one-use needle distribution program.

- Mandate AIDS testing in county jails.

- Criminalize the deliberate transmission of AIDS to sexual partners and intravenous drug users.

- Allow people testing negative to carry a photo-identification card saying so.

Credit Markets

New York to invest pensions overseas

The New York City Retirement System, one of the largest public pension funds in the nation, with more than \$30 billion in assets, "plans to invest a large portion of its assets in foreign bond markets amid concern that the dollar could remain a relatively weak currency in the years ahead," reported the Jan. 18 *Wall Street Journal*.

This follows a similar move by California's Public Employees' Retirement System, the *Journal* observed. California's system is the nation's largest, with \$42 billion in assets.

According to the *Journal*, "Some bond specialists say the amount [New York in-

vests] could run into billions of dollars and wind up being the largest non-dollar fixed-income program in the nation."

California, by contrast, plans to invest \$1 billion initially, and "up to \$2 billion, eventually," according to Greta E. Marshall, investment manager for the state retirement system.

The *Journal* took the stance that the New York and California moves merely "signal the first major push into foreign bonds by state and municipal money managers." The paper quoted Paul Quirk, who heads up Boston's Pensions Reserves Investment Management Board, who said, "We didn't own any non-dollar bonds, but I wish we had. . . . There's no question there will be pressure for higher interest rates and a lower dollar."

Quirk also said he believed the U.S. government would "support the dollar to save the election" for the Republicans, and then "let it fall to about 100 yen."

Public Health

AIDS computer model backs universal screening

Dr. Allan Salzberg, Chief of Medical Services at the Veterans Hospital in Miles City, Montana, has developed a computer model of the spread of AIDS, which serves to forecast a horrendous picture within a decade unless measures are taken to halt the diseases spread.

By 1995, the model indicates, the number of sick and dead in the United States could approach 5 million, with an additional 14 million carriers. One-quarter of those infected by then will be from the "low-risk" population.

A precis of Salzberg's work appears in the Dec. 18 *Journal of the American Medical Association (JAMA)*, along with a letter he wrote to the journal.

In his letter, the doctor states that more stringent measures may be required than mere restraint on the part of those who know they are carriers. In the article, he states that the only way to stop the catastrophic spread

of AIDS is through universal screening. He says that we need minimally to detect 80% of all carriers in the population. If this recognition results in a 90% reduction in transmission from these 80%, the chain of transmission can be broken.

The co-authors include another doctor at the Miles City Veterans Administration Hospital, and Dr. Dolins, a member of the Nuclear Regulatory Commission in Washington, D.C.

Foreign Exchange

Volcker, French want to end floating rates

Former U.S. Federal Reserve head Paul Volcker mooted a return to a system of fixed currency rates, in a newspaper interview in Paris Jan. 19. A day later, he was echoed by the finance minister of France.

Volcker, who as undersecretary of the treasury, in 1971 engineered Richard Nixon's severance of the dollar from the gold standard, criticized the system of flexible rates he had thus created as "degenerate and only leading to even further monetary instabilities." He also warned against a further decline in the value of the U.S. dollar.

On Jan. 20, French Finance Minister Edouard Balladur authored a front-page article in *Le Monde*, "Restoring the Monetary System," which reflected similar thinking in the world's leading boardrooms. Denouncing the "lost illusions of floating rates," the minister debunked any idea that "this is a system that has enabled the world economy to absorb considerable shocks without breakdowns." In fact, "it is floating rates that more or less must bear responsibility for the oil shocks."

Floating, similarly, became "synonymous with the ability to pile up imbalances," since it "did not permit the acquisition of the [national] independence expected by all, once the system of fixed parities was destroyed.

He concluded, "I myself see no actual advantage that floating rates can be credited with. On the contrary, I see serious disad-

vantages." National investment has been hindered, foreign exchange operations of hedging and covering have massively increased and worsened footloose capital flows. "In sum, the lack of any discipline, the incompatibility of economic policies, the instability of parities and their irrationality, benefit no one. They lead to misguided resource allocation, *Angst* on financial markets, increased interest rates, and slower growth."

He proposed "a new international monetary system" based on "a standard of value independent of governments," which, he asserts, could be gold, and "a mechanism ensuring the automatic correction of imbalances." His point is "not to return to Bretton Woods or an illusory Golden Age," but to "seize an historical chance to rebuild the international monetary system."

Raw Materials

De Benedetti takes over big Belgian firm

Italian financier Carlo De Benedetti shocked the world of finance with his decision to take over the biggest old colonial financial firm of Belgium, the Société Générale de Belgique. De Benedetti first took control of the Dumenil Lebre bank, France's 46th largest bank, thereby gaining control of 18.6% of the Société Générale de Belgique. He then announced his intention to take over another 15% in the immediate future.

The Société Générale controls one-third of the Belgian economy, and plays a key role in the strategic raw materials market, especially African raw materials.

Observers say that De Benedetti, chairman of Olivetti Corp. based in Turin, is clearly on the way to becoming one of the biggest worldwide financial and economic powers. The financier announced such intentions in several recent interviews, stating that as a result of the economic depression and global financial reorganization, no more than 20 big multinational financial powers will survive.

Briefly

● **GERMAN LABOR** militancy continues in the Ruhr region, with more than 40,000 workers striking throughout the steel belt as of Jan. 20. In Duisburg, 5,000 workers blocked the bridge over the Rhine. Banners of the German and Turkish Communist parties were prominently displayed. In mid-January, the Soviet ambassador to West Germany, Yuli Kvitsinsky, had met with steelworkers in Dortmund.

● **JAPAN** committed itself to joint production of the FSX air defense fighter plane with the United States Jan. 19, when defense ministers Tsutomu Kawara and Frank Carlucci met at the Pentagon. It is the first step in a program of joint weapons projects, a senior.

● **MOB LAWYER** Kenneth Bialkin is leaving the law firm of Willkie, Farr, and Gallagher after a disagreement stemming from Willkie, Farr's handling of the takeover of E.F. Hutton by Shearson Lehman. Bialkin reportedly performed legal work for Commercial Credit Co., another "suitor" for E.F. Hutton. Willkie, Farr was representing Shearson, on whose board Bialkin also sits.

● **MEXICO'S** Laguna Verde nuclear plant may never start operation, although the plant's construction is complete. Sources at the plant report an order to postpone loading of fuel until after the presidential elections this summer.

● **SOVIET** Foreign Minister Edouard Shevardnadze thinks German banks "are holding back" on loans to the Soviet Union. Speaking of "great chances of future economic cooperation" in an address to German industrialists in Bonn Jan. 18, he said: "The American banks, which are trying to rush ahead of everybody else, are your rivals, not we Soviets."

Starpower: the quest for fusion energy today

The Reagan administration in seven years has cut the magnetic fusion budget in half, crippling the program. Part I of a series from the OTA's report.

In time for the seventh anniversary of the passage and signing of the Magnetic Fusion Energy Engineering Act of 1980 (Public Law 96-386), the Congressional Office of Technology Assessment issued a 248-page report, *Starpower*, which reviews the status and prospects for harnessing magnetic fusion energy. The Office of Technology (OTA) is no friend of the fusion program—or any high technology, for that matter. But, because of a peculiar set of political exigencies, the OTA in this case has carried out a reasonably competent job, at least in terms of the “technical” material that is developed in depth.

The OTA report demonstrates in some detail that “great progress” has been and continues to be made in the magnetic fusion research program, but that over the past seven years the effort has been put into a “holding pattern” due to budget cutbacks by the Reagan administration. Construction of major next-generation fusion experiments have been deferred despite the fact that researchers have continued to make major scientific advances with existing machines—significantly beyond what was originally projected for those devices. At the same time, the scope of the program has been narrowed as many experiments have been slowed and mothballed.

OTA shows that if this policy is continued much longer, the U.S. effort will no longer be viable. With the passage and signing of the Magnetic Fusion Energy Engineering Act of 1980, the government of the United States of America determined: “The United States is now ready to embark on the next step toward the goal of achieving economic fusion power: Exploration of the engineering feasibility of fusion.” But instead of doubling the magnetic fusion budget over seven years as mandated by this Law, the Reagan administration has cut the program by half in real dollars.

The OTA report proves that there was no technical or scientific basis for this action, only the “politics of perception”—the perception that neither the United States, nor the world needs the virtually limitless potential for cheap, clean fusion energy, or, that the United States must maintain its scientific and technological preeminence.

A decade of stagnation

In 1973 the U.S. Atomic Energy Commission (AEC), the agency then responsible for directing fusion energy research, mapped out a crash program to realize a working magnetic fusion electric power plant by 1980. At that time such a program would have had a significant risk of failing to meet this goal. But a comparison of the data made available in the OTA report to the projections made in this 1973 AEC study, demonstrates that that crash program would have succeeded, well beyond the expectations of the original planners.

The magnetic fusion program did embark on the essential elements of such a crash effort. In 1974 it was determined that the next major experimental facility would be designed to reach fusion breakeven. This was the Princeton Tokamak Fusion Test Reactor (TFTR).

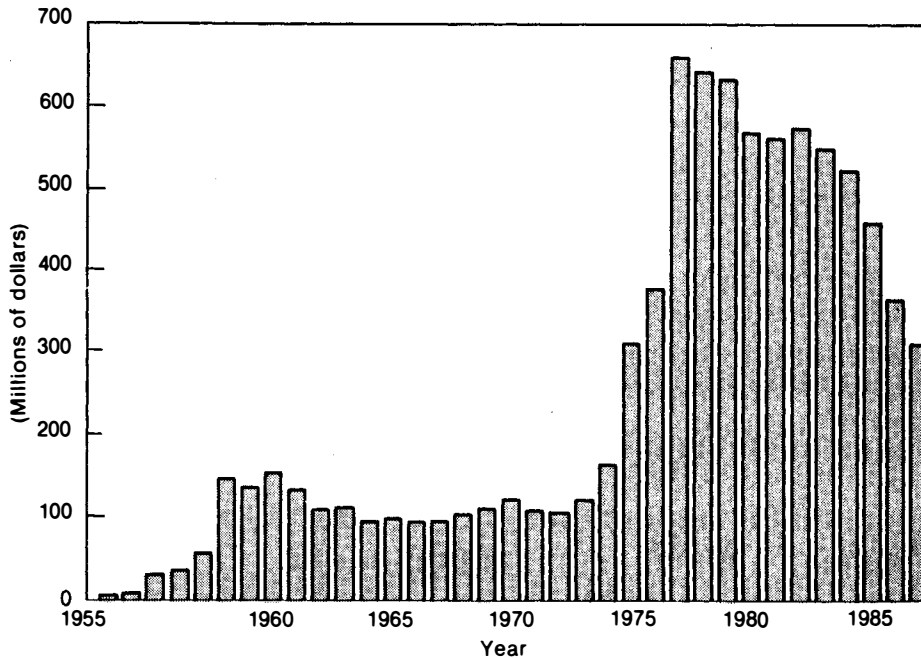
Due to budget cutbacks and other actions to slow the fusion program during the Carter administration, this facility is only now approaching its full potential. The fact remains that this machine, first conceived in 1974, is the last major magnetic fusion facility to be initiated by the United States, more than 13 years ago!

Now, after more than a decade of stagnation, as the OTA documents, both the Western Europeans and Japanese have overtaken the U.S. magnetic fusion effort.

FIGURE 1

Historic magnetic fusion R&D funding, 1951-87

(in 1986 dollars)



Source: U.S. Department of Energy, Office of Energy Research, letter to OTA project staff, Aug. 15, 1986.

The OTA further documents, that despite the general stagnation of the program, the fusion effort has in the past trained the essential pool of scientific manpower needed for manning crucial defense projects and much of the science and technology that is currently being developed by the Strategic Defense Initiative (SDI) missile defense program. And if funding for fusion continues to erode, OTA concludes that this source for the pool of most advanced scientists and engineers will completely dry up. Already, the number of staff with doctorates has declined 20% since 1983. And more than half of the 40 universities with fusion programs could withdraw by 1989.

The OTA report concludes, as all fusion reviews have similarly concluded since 1974, that the next essential step is to construct a tokamak fusion ignition experiment. Such a device would sustain long pulses of burning fusion plasmas. This would provide the actual conditions to demonstrate the full scientific aspects of operating magnetic fusion reactor plasmas and many of the physical conditions needed to experimentally develop the materials and technology for economic fusion power plants. The latest paper design for such a machine is the Compact Ignition Tokamak (CIT), which is currently projected to cost \$357 million.

Among the reasons for the OTA carrying out this reasonably competent technical review of the U.S. magnetic fusion

research program is that OTA has lost much of its "technical" credibility because of the incompetent diatribes it has authored against the Strategic Defense Initiative (SDI) missile defense program. OTA reports on the SDI have been demonstrated to have major technical flaws in their analysis and description of technologies. From a partisan political standpoint, the fusion program offers a subject upon which the OTA can regain some of its technical credibility, while simultaneously exposing the Reagan administration's undermining of U.S. fusion energy development capabilities.

The following are extensive excerpts from the OTA's *Starpower* report on the U.S. magnetic fusion research program. These excerpts do not present the full conclusions reached by the OTA—most of which are not demonstrated from a technical standpoint within the body of the report. The excerpts do present a clear and self-contained picture of technical progress in the program. And while the report does have a brief appendix on inertial confinement fusion—laser pellet fusion—it is not intended as a serious review of this second major approach to nuclear fusion. Therefore, only excerpts concerning magnetic fusion research are presented.

Copies of the full OTA *Starpower* report can be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402-9325. \$10.00, 052-003-01079-8.

Overview

If successfully developed, nuclear fusion could provide humanity with an effectively unlimited source of electricity that has environmental and safety advantages over other electric energy technologies. . . .

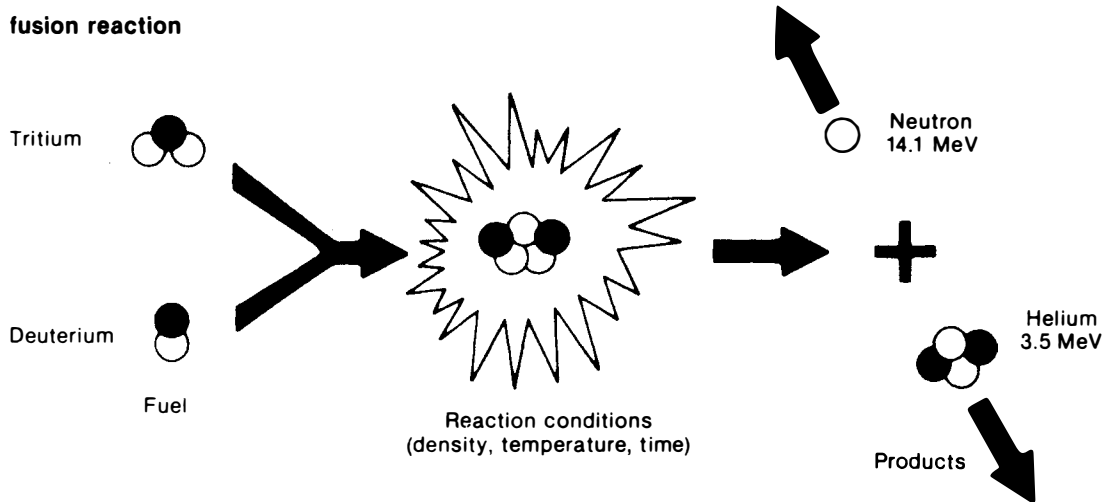
The budget for fusion research increased more than ten-

fold in the 1970s, due largely to growing public concern about environmental protection and uncertainty in long-range energy supply. However, a much-reduced sense of public urgency in the 1980s, coupled with the mounting Federal budget deficit, halted and then reversed the growth of the fusion budget. Today, the fusion program is being funded (in 1986 dollars) at about half of its peak level of a decade ago (see **Figure 1**).

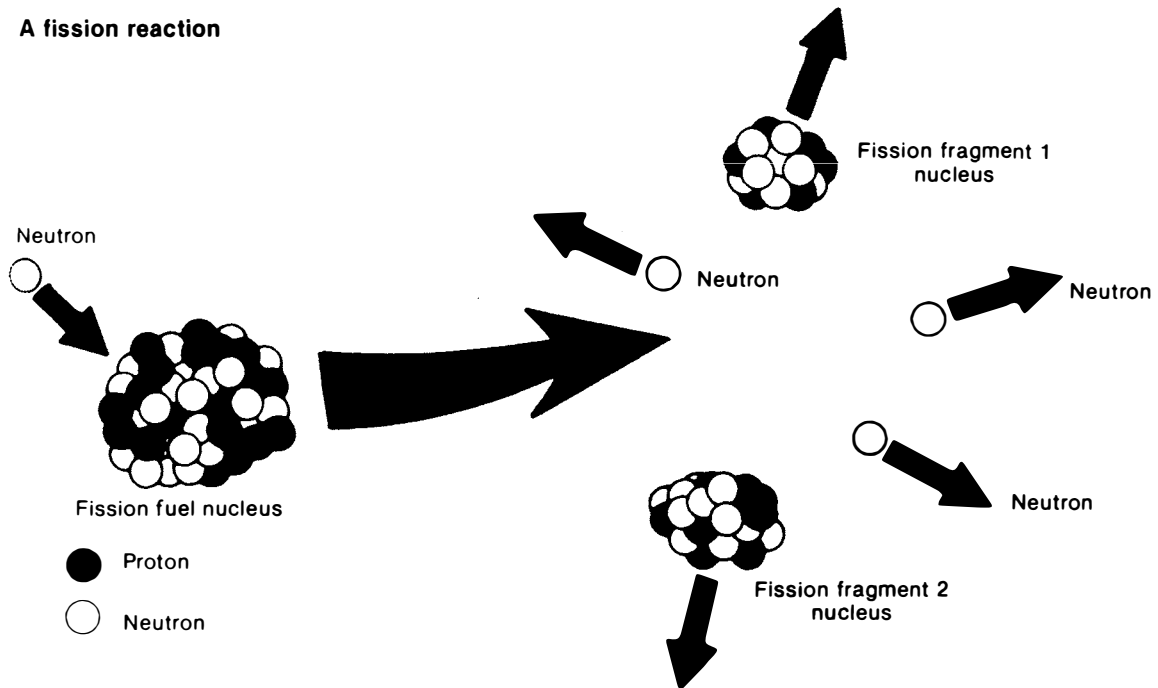
The change in the fusion program's status over the past

FIGURE 2
The D-T fusion reaction and a fission reaction

D-T fusion reaction



A fission reaction



Source: Adapted from Princeton Plasma Physics Laboratory, Information Bulletin NT-1: Fusion Power, 1984, p. 2; Office of Technology Assessment (fission), 1987.

10 years has not resulted from poor technical performance or a more pessimistic evaluation of fusion's prospects. On the contrary, the program has made substantial progress. However, the disappearance of a perceived need for near-term commercialization has reduced the impetus to develop commercial fusion energy and has tightened pressure on fusion research budgets. Over the past decade, the fusion program has been unable to maintain a constant funding level, much less command the substantial funding increases required for next-generation facilities. In fact, due to funding constraints, the program has been unable to complete and operate some of its existing facilities.

The Department of Energy (DOE) manages the U.S. fusion program, and its goal is to evaluate fusion's technological feasibility—to determine whether or not a fusion reactor can be designed and built—early in the 21st century. A positive evaluation would enable a decision to be made at that time to construct a prototype commercial reactor. However, this schedule cannot be met under existing U.S. fusion budgets. The DOE plan requires either that U.S. budgets be increased substantially or that the world fusion programs collaborate much more closely on fusion research.

Choices made over the next several years can place the U.S. fusion program on one of four fundamentally different paths. . . .

1) With substantial funding increases, the fusion program could complete its currently mapped-out research effort domestically, permitting decisions to be made early in the next century concerning fusion's potential for commercialization.

2) At only moderate increases in U.S. funding levels, the same results as above might be attainable—although, possibly somewhat delayed—if the United States can work with some or all of the world's other major fusion programs (Western Europe, Japan, and the Soviet Union) at an unprecedented level of collaboration.

3) Decreased funding levels, or current funding levels in the absence of extensive collaboration, would require modification of the program's overall goals. At these constrained funding levels, U.S. evaluation of fusion as an energy technology would be delayed.

4) If fusion research ceased in the United States, the possibility of domestically developing fusion as an energy technology would be foreclosed unless and until funding were restored. Work would probably continue abroad, although possibly at a reduced pace; resumption of research at a later time in the United States would be possible but difficult. . . .

A quick fusion primer

The fusion reaction

In a fusion reaction, the nuclei—or central cores—of light atoms combine or fuse together; when they do, energy

is released. In a sense, fusion is the opposite of fission, the process utilized in existing nuclear power plants (see **Figure 2**), in which energy is released when a heavy nucleus splits into smaller pieces.

The lightest atom, hydrogen, is the easiest one to use for fusion. Hydrogen has three forms, or isotopes; two of them—deuterium (D) and tritium (T)—in combination work the best in fusion reactions. The kinetic energy released in the D-T reaction can be converted to heat, which in turn can be used to make steam to drive a turbine to generate electricity.

But a fusion reaction cannot happen unless certain conditions are met. To fuse hydrogen nuclei together, the nuclei must be heated to approximately 100 million degrees Celsius (C). At these temperatures, matter exists as plasma, a state in which atoms are broken down into electrons and nuclei. Keeping a plasma hot enough for a long enough period of time, and effectively confining it, are crucial for generating fusion power.

While no solid container can withstand the heat of a plasma, magnetic fields may be able to confine a plasma successfully. This assessment discusses magnetic confinement research and the various magnetic field configurations that look promising for producing fusion power. . . .

The feasibility of fusion

Before fusion power plants can generate electricity, fusion must be proven technologically and commercially feasible.

Technological feasibility will require that both scientific feasibility and engineering feasibility be shown. Scientists must bring fusion reactions to breakeven, the point at which at least as much energy is produced as must be input to maintain the reaction. Existing experiments are expected to reach this long-elusive milestone by 1990. Beyond breakeven, scientists have an even harder but more important task of creating high energy gain—energy output that is many times higher than the energy input. Only when high-gain reactions are produced will the scientific feasibility of the fusion process be demonstrated. If a high-gain reaction reaches ignition, it will sustain itself even when the external heat is turned off.

Once scientific feasibility of fusion as a potential energy source is established, the engineering development necessary to develop fusion reactors must be completed. Engineering feasibility denotes the successful development of reliable components, systems, and subsystems for operating fusion reactors.

Scientific and engineering feasibility, although involving different issues, are interdependent. Demonstrating either one will require advances to be made in basic scientific understanding as well as in technological capability.

The goal of fusion research is to prove fusion's technological feasibility so that its commercial feasibility is likely. To be marketable, fusion power must be socially and environmentally acceptable and economically attractive com-

pared to its competitors, and it must meet regulatory and licensing requirements.

Probability of success

Experiments now existing or proposed to be built should be sufficient, within the next few years, to demonstrate fusion's scientific feasibility. If these experiments do not uncover unfavorable surprises, it appears likely—although not certain—that fusion's engineering feasibility can be subsequently established. Most of the technological and engineering challenges to designing and building a reactor have been identified. However, it cannot yet be determined whether or not a fusion reactor will be commercially attractive.

History of magnetic confinement fusion research

1950s and 1960s

From 1951 until 1958, fusion research was conducted by the U.S. Atomic Energy Commission (AEC) in a secret program code-named "Project Sherwood." Many different magnetic confinement concepts were explored during the early 1950s. Although researchers were careful to note that practical applications lay at least 10 to 20 years in the future, the devices being studied were thought to be capable of leading directly to a commercial reactor.

In reality, however, very little was known about the behavior of plasma in experiments and even less about how it would act under the conditions required for fusion reactors. Experimental results were often ambiguous or misinterpreted, and the theoretical understanding underlying the research was not well established. By 1958—as people realized that harnessing magnetic fusion was going to be difficult and that national security considerations were less immediate—the research was declassified. This action made widespread international cooperation in fusion research possible, particularly since the countries involved realized that the state of their research programs was more or less equivalent.

With the optimism of the 1950s tempered, fusion researchers in the United States proceeded at a steady pace throughout the 1960s. In 1968, Soviet scientists announced a major breakthrough in plasma confinement in a device called a "tokamak." After verifying Soviet results, the other world fusion programs redirected their efforts toward development of the tokamak.

1970s and 1980s

With the identification of the tokamak as a confinement concept likely to reach reactor-level conditions, the U.S. fusion program grew rapidly. Between 1972 and 1979, the fusion program's budget increased more than tenfold. This growth was due in part to uncertainty in the early 1970s

concerning long-range energy supply; fusion energy, with its potentially inexhaustible fuel supply, appeared to be an attractive alternative to exhaustible resources such as oil and gas. In addition, the growth of the environmental movement and increasing opposition to nuclear fission technology drew public support to fusion as an energy technology that might prove more environmentally acceptable than other energy technologies.

The fusion program capitalized on this public support; program leadership place a high priority on developing a research plan that could lead to a demonstration reactor. Planning began for the Tokamak Fusion Test Reactor, a new experiment using D-T fuel that would reach breakeven. By 1974, the funding increases necessary to pursue accelerated development of fusion were appropriated.

Program organization changed twice during the 1970s. In 1974, Congress abolished the AEC and transferred its energy research programs to the newly created Energy Research and Development Administration (ERDA). . . . Three years later, President Carter incorporated the functions of ERDA into a new agency, the Department of Energy (DOE).

Under DOE, the fusion program did not have the same sense of urgency. Fusion could not mitigate the short-term oil and gas crisis facing the United States. . . .

The fusion program has continued to make substantial technical progress during the 1980s. Several world machines have the potential to achieve breakeven, or breakeven-equivalent conditions, within the decade; in addition, significant advances in plasma physics and fusion technology continue.

ERAB review of the fusion program, 1980

In 1980, the Energy Research Advisory Board (ERAB), a standing committee that advises the Secretary of Energy, established a committee to review DOE's fusion program. The committee's report evaluated technical progress in the fusion program over the previous few years and found many accomplishments that justified the panel's confidence that breakeven was near. The panel concluded that

. . . the United States is now ready to embark on the next step toward the goal of achieving economic fusion power: exploration of the engineering feasibility of fusion.

The panel proposed that the program begin planning a Fusion Engineering Device (FED), which would provide a focus for development of reactor-relevant technologies and components, enable researchers to evaluate safety issues associated with fusion power, and facilitate investigation of additional plasma physics issues. This device would be built and operated as part of a broad program of engineering experimentation and analysis to be conducted by a new fusion engineering center. The ERAB panel recognized that planning and constructing FED would require a doubling of the fusion budget over the next five to seven years, and it recommended this budget increase.

The Magnetic Fusion Energy Engineering Act, 1980

Many of the recommendations of the ERAB panel were incorporated into the Magnetic Fusion Energy Engineering Act (MFEE Act), passed by Congress in September 1980. Passage of the MFEE Act was largely a result of Representative Mike McCormack's (D-Washington) efforts. It urged acceleration of the national effort in magnetic fusion research, development, and demonstration activities. Like the ERAB report, the act recommended creation of a Magnetic Fusion Engineering Center to coordinate major magnetic fusion engineering devices.

The Magnetic Fusion Energy Engineering Act recommended that funding levels for magnetic fusion be doubled (in constant dollars) within seven years. . . . Actual appropriations in the 1980s did not grow at the level specified in the act and in fact continued the drop in constant dollar funding that began in 1977. . . .

. . . Despite constrained funding, the U.S. fusion program has made significant advances in plasma physics and fusion technology throughout the 1980s. . . .

Fusion as a research program

The ultimate objective of fusion research is to produce a commercially viable energy source. Yet, because the research program is exploring new realms of science and technology, it also provides near-term, non-energy benefits. These benefits fall in four major categories.

Near-term benefits

1. Development of plasma physics. Plasma physics as a branch of science began in the 1950s, driven by the needs of scientists working on controlled thermonuclear fusion, and later, by the needs of space science and exploration. The field of plasma physics has developed rapidly and has synthesized many areas of physics previously considered distinct disciplines. Magnetic fusion research funding is crucial to the continuation of plasma physics research; over half of all Federal plasma physics research is funded by the magnetic fusion program.

2. Educating scientists. Educating scientists and engineers is one of the most widely acknowledged benefits of the fusion program. Over the last decade, DOE's magnetic fusion energy program has financed the education of most of the plasma physicists produced in the United States. DOE, through its magnetic fusion program, directly supports university fusion programs and provides 37 fusion fellowships annually to qualified doctoral students. Training in plasma physics enables these scientists to contribute to defense applications, space and astrophysical plasma physics, materials science, applied mathematics, computer science, and other fields.

3. Advancing science and technology. Many high-technology research and development (R&D) programs produce secondary benefits or "spin-offs." Over the years, the magnetic fusion energy program has contributed to a variety of spin-off technologies with wide-ranging applications in other fields. Among them are superconducting magnet technology, high-quality vacuums, high-temperature materials, high-frequency and high-power radiofrequency waves, electronics, diagnostics and tools for scientific analysis, high-speed mainframe computers, and particle beams. . . .

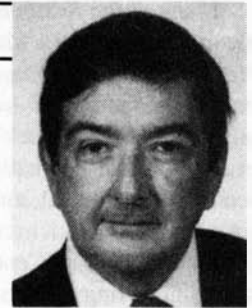
Contributions to industry

Certain phenomena associated with fusion research have proven particularly applicable to the development of electronic systems and industrial manufacturing processes. *Plasma etching* is an important process in the semiconductor industry. Fusion research has provided information necessary to characterize and understand the process more completely and also has contributed plasma diagnostics that can be used to monitor the etching process.

Microwave electronics is another fusion contribution that has both civilian and military applications. Microwave tubes and plasmas share certain physical principles of operation, and advances in the understanding of basic plasma physics have contributed to improvements in microwave technology. The fusion program has also fostered development of the microwave industry through its requirements for high-frequency, high-power microwave sources, such as the gyrotron. Typical applications of microwave technology include high-power radar stations, television broadcasting, satellite communications, and microwave ovens. . . .

. . . [T]he fusion program has contributed to the national defense. The most valuable contributions are in the background plasma physics research conducted by the fusion program and the education of scientists that later are hired by defense programs. In addition, many scientific ideas and technological developments being investigated under the Strategic Defense Initiative (SDI) grew out of research in the fusion program. For example, contributions made by the magnetic fusion program in the development of neutral beams and accelerators for free electron lasers have been instrumental to the development of directed-energy weapons necessary for SDI applications. . . .

4. Stature. The stature of the United States abroad benefits from conducting high-technology research. The United States has been at the forefront of fusion R&D since the program began in the 1950s. Maintaining a first-rate fusion program has placed the United States in a strong bargaining position when arranging international projects, has attracted top scientists from other fusion programs to the United States in scientific and technical programs other than magnetic fusion.



SDI lasers inactivate the AIDS virus!

The director of the Baylor Research Foundation tells how the Strategic Defense Initiative is driving a fundamental area of research in biology.

James L. Matthews, Ph.D. was widely quoted in the news media beginning on Jan. 12 reporting that his research team at the Baylor Research Foundation, using a combination of a non-toxic dye and laser light, had demonstrated in principle the ability to destroy the AIDS virus (HIV) and a number of other viruses in the blood, without harming the blood itself. In addition to HIV, the technique has been successfully tested on herpes, measles, and cytomegalovirus. "We attained a 100% viral kill without seeing any evidence of damage to the normal blood elements," Dr. Matthews said.

The interview below with Dr. Matthews was conducted on Jan. 18 by John Grauerholz, M.D., a member of the EIR Biological Holocaust Task Force who has spoken on the AIDS pandemic to scientific and medical conferences, legislative bodies, and citizens' groups throughout the United States and abroad.

Grauerholz: What is your particular area of interest?

Matthews: My particular area of interest relates to two specific fields that I am personally working in: One is calcium metabolism and connective tissue, and the other area, in recent years, is photobiology. I am a physiologist, and we have a contract from the SDI [Strategic Defense Initiative] program, which enables us to have a large group who are specifically studying the potential medical applications of lasers, where possible, the medical applications of lasers that are being developed under the auspices of the SDI program, which means that we expect to have available to us lasers that are not yet available commercially.

Grauerholz: So the SDI program is in fact driving a fundamental area of biology.

Matthews: Yes, it is. They have a program, for which several institutions around the country at the present moment

have funding, to explore potential unique spin-off applications to medicine of some of the lasers that are being developed. Specifically, the free electron laser is one that is of interest to many of us, because it is a laser that is tunable. It has high power and a capability for tuning so that you can select the appropriate labeling that you might use, and also control the various pulse characteristics so that, rather than having to have 200 different dye-lasers and dyes, and 100 different laser set-ups in order to explore which dye, for example, might have specific binding or which might have a unique outcome. For example, a dye might be taken up by a tumor cell, or a dye might be taken up by an infectious agent that could be uniquely activated without being absorbed sufficiently by the adjacent tissue to cause damage.

Grauerholz: This is similar to photodynamic therapy of tumors.

Matthews: That's right, and we are obviously into that, looking at different dyes. We're looking at the treating of autologous marrow, for example. We're looking at photodynamic therapy for tumors and at various other potentials, such as the dyes that might be absorbed by the plaque-material in a blood vessel, and therefore volatilized uniquely. So, what the [SDI] program across the country has done is to provide us a basis for the laser medicine and biology research, plus the fact that it has made available to us, at those installations where those lasers are presently available, access to test these when it seems appropriate to use them.

Grauerholz: Do you think that the current funding cuts of the SDI are going to affect this program?

Matthews: We would hope not! We obviously are looking for and have support for this specific program as has been reported; we're seeking resources other than this, other than

SDI, and we do have some other private support that is behind it from our own basic science foundation gift, and as well, we have just received a grant from the AMFAR [American Foundation for AIDS Research]. We are seeking other support.

Grauerholz: Are you looking for any federal support from the actual AIDS program?

Matthews: We have filed an application collaboratively with the Southwest Foundation for Biomedical Research in San Antonio, Texas, led by Dr. Gordon Driesman. We have just filed an application to NIH [the National Institutes of Health] in response to their recent request for proposals dealing specifically with this problem, namely the problem of infection transmission with blood banking. And we responded collaboratively with the San Antonio group to that, because we think that 1) the fact that the San Antonio group has a wide experience with enveloped viruses, especially AIDS virus, and 2) they represent one of the nation's strong resources in terms of primate colonies, and the use of primates in investigation. So by consolidating our group, which has blood analysis capability, laser background, etc., and virology, with their group, which has virology and primates, we believe that we have an opportunity to accomplish all the requisite tasks to do a full evaluation of the potential for this thing that we now have a feasibility study of.

Grauerholz: Could you briefly summarize the actual data you've gotten so far, in terms of the work which was publicized?

Matthews: Preliminarily, we started off using herpes virus, and adding dye to the herpes virus, and showed that we did indeed kill the herpes virus. We then tested in a small chamber that we added the dye to and exposed to the light, either dye-laser and/or xenon light source (both were used). We also did cytomegalovirus [CMV] and got an effect on it, we then did measles virus and got an effect on it. These were all enveloped viruses. We did a DNA and an RNA non-enveloped virus, what's called a naked virus, and found that it was ineffective. So our preliminary view is that enveloped viruses are susceptible, and that the envelope represents the location of the dye-binding, and that if it is a naked virus, then the dye is not taken up adequately to effect a kill. The viruses that we have interest in testing in the future are Epstein-Barr virus, which is also an enveloped virus, and hepatitis virus.

More specifically, we're looking toward SIV [Simian Immunodeficiency Virus] in the immediate future because through our collaborative effort in San Antonio, we'll have the opportunity to expose the SIV virus in the test chamber with the blood, the dye, and the light, and then to test it directly for its infectivity in the primate. We've done two non-enveloped viruses, and we've done measles, CMV,

herpes, and AIDS virus, thus far, with kill. I've tested the herpes virus in full hematocrit whole blood to ask the question, did the presence of the blood interfere either with the light getting to it, or did the presence of whole blood take up so much of the dye itself that it would attenuate, or require a higher dose to kill the virus in terms of dye concentration.

We got comparable viral kill with herpes, in the presence of whole blood, as well as in the cultured medium. So our feeling is that the blood itself per se does not interfere with the system, but we have yet to actually add the AIDS virus itself to whole blood and test it, simply because of our early tests on AIDS, after it had been treated, we wanted to have the absolute, most ideal culture conditions appropriate to make dang sure that we had really knocked off the virus. So it was more important to us to ask the question in a system that was optimal for the growing virus, if it was going to grow, and we did that experiment on the AIDS virus suspension, the AIDS virus culture without blood first.

Our next step will be going through the procedure in the next couple of weeks, as soon as our virus titer reaches a sufficiently high concentration to enable us to do the test. We'll be back doing it in spiked and whole blood just to prove the point that the AIDS virus is not different from the other viruses in terms of being susceptible in the presence of whole blood. Since the earlier study showed no effect of blood on the system, we don't anticipate any problems.

Grauerholz: From the theoretical point of view, it's interesting. A colleague of mine has put forward a hypothesis that the spikes on the envelope of the AIDS virus could act as an antenna to focus electromagnetic energy, and I would think that what you have here is certainly an indication of that, where you don't get interference from the blood, and the thing focuses very specifically on the dye molecule.

Matthews: The dye molecule is very likely the way to achieve concentrated absorption of the light energy necessary to reach the energy state for the successive photochemical reactions.

Grauerholz: What power levels were you operating at?

Matthews: Let me get a definitive answer from my laser man who is sitting right next to me, and let me just be sure that I give you the exact thing, because I don't have the papers before me, and we've used so many different ones, I just want to give you the exact one that he will report. Just a second. It is 5 joules/cm².

Grauerholz: So we're looking at a non-thermal effect.

Matthews: That's right.

Grauerholz: What are your hypotheses?

Matthews: Using this kind of activation on tumor cells previously various investigators have reported that, as a consequence of activation of dyes of this class, that singlet oxygen

is produced. One would predict that the singlet oxygen species causes envelope disruption, but we don't know yet whether or not that is, in fact, what's happening with the viral envelope. The work on singlet oxygen has been done on tumor cells. Very likely we're reaching a different energy state, or we're oxidizing the membrane or the envelope. Our work ongoing at the present moment is exploring the various approaches to studying what the actual mechanism of kill is. Earlier studies on viruses that have envelopes, had suggested that if the envelope is disrupted, the virus loses its infectivity. So our premise at the present moment, unproven, is that very likely what we're doing is at least some micro-damage points on the envelope that perturbs its infectivity.

Grauerholz: But basically, what you're getting is a non-thermal effect of the interaction of electromagnetic energy with the dye.

Matthews: That's correct.

Grauerholz: So it's a sort of a specific focusing on some process yet to be identified.

Matthews: That is correct. Obviously what we're also looking for and exploring is the potential use of other dyes that also we have shown have a binding affinity, and that show potential for binding. This is where, I think, the SDI-related laser activity will be of more use to us because, if we have dyes whose absorption spectra are different than the available fixed-lasers that we have at hand, we propose to use the free electron laser. Not only to obtain these appropriate and desirable wavelengths, but also to get at their very uniquely controlled pulse characteristics, so that we can deliver a short, quick pulse, minimizing potential for thermal damage. What we want to do, if we can, is to develop the system at hand, but also to explore others for that possibility, because, if you could find a dye that would behave the same way, whose absorption spectra were further away from that of hemoglobin, which is in the red, we would, hopefully, be able to deliver higher powers, achieve faster flow rates, and therefore have a more efficient system. Nevertheless we're going ahead and developing the one that we have at hand, because we have yet to demonstrate any red cell damage.

Grauerholz: One thing I would be interested in pursuing is the question of whether the virus might have an intrinsic absorption of its own, even without dye.

Matthews: I don't think so, because we did the experiments with and without dye, with and without light, and various permutations of those variables: virus, no virus; virus without light, no dye; virus with dye, kept in the dark. Virus, no dye and no light, [keeps] growing [and] flourishing. Virus plus dye plus light, [means] no viral growth. So we had four groups at different doses, different concentrations, both variation in light intensity, running a gradient of various lights,

and also against a variation in concentration of dye.

Grauerholz: Interestingly, you get your result even with a non-coherent light source, if you said you used a xenon light, or was that a laser?

Matthews: It was filtered to deliver about the same wavelength, ± 5 nanometers.

Grauerholz: But it's not the same coherence as a laser?

Matthews: No, it is not the same coherence, that's correct.

Grauerholz: But, nonetheless, you got an effect.

Matthews: That is correct. Of course, one of the reasons we went to the xenon was for 1) portability, ease of the system, in order to go in and out of a P-3 environment, and 2) to minimize the hazard of technology, where possible just to run the small test chamber feasibility, because we were using a relatively small test chamber to keep from having to handle large concentrations, large volumes, and large amounts of virus. So, what we've run is a small test module that we now are preparing to scale up.

Grauerholz: If you listen to the best people in the molecular biology area per se, such as Drs. David Baltimore and William Haseltine, they are very pessimistic about getting a cure that way, and our position has been that the research on this disease has to expand into new areas, such as this.

Matthews: Oh, there's no question of that. I'm absolutely certain of that, and I would say that it's the kind of research that has to be done in a controlled environment, very carefully.

Grauerholz: Right, it has to be funded, and the facilities have to be adequate to the job.

Matthews: Absolutely. I'm confident that that will occur. But it's not the sort of thing that you just put into the media.

Grauerholz: No, I understand that, and I think that part of the problem, in a certain sense, has been that the research on this thing has been conducted piecemeal. Somebody finds an interesting finding; it gets publicized; everybody gets their hopes up, and then nothing goes anywhere because, absent the sufficient commitment of funds and manpower, and so forth, none of these things will go anywhere.

Matthews: There's no question about that. If it's not pursued vigorously by the group working in the area with a definitive approach, then, if some other group doesn't pick it up, then sometimes a really good idea goes wanting. But I fully expect that this will be investigated.

Grauerholz: Oh, I expect that it will be investigated. Our position has been that we really should approach this thing as a crash program, as what we would call a BSDI, or Biological

Strategic Defense Initiative, and really ought to have interdisciplinary research of this sort.

Matthews: Exactly. One of the things that our group has benefited from, is just what you've said. Namely, it was my good fortune to be in a position as the director of the Research Foundation, to have knowledge of the capability of investigators across campus, and the team that has been working includes our chief of the blood bank, a Ph.D. biochemist whose specialty is coagulopathy and blood protein chemistry and hematology, and a pathologist-hematologist, and a laser-physicist, and three virologists.

Also, I think the unique collaboration of the virology group in San Antonio with their primate colony will, in fact, build, essentially, what you are talking about. Plus the fact that we have AIDS patients under care in the facility, and we ran two units of AIDS patients' blood through the present system. Not in order to ask the question of viral kill (because we didn't know what the viremia level was, so we didn't have a starting number to work with) but we ran two samples of AIDS patients' blood through the system, in order to establish that the blood of the patient with viremia, or with, at least, manifested disease, had not been so compromised in its integrity, red cell fragility and so forth, that it would have been more susceptible to the technique than the normal blood possibly was.

So we have run AIDS patients' blood through the system, not for viral kill yet, but to establish that the characteristics allowed us to perform it without damaging the blood. That's reported in the paper on those two patients, and the findings were good. When you get down to the point that you're going to test for infectivity in AIDS blood, per se, the ultimate long-term tests have to relate to treating it, and putting it into a chimp, because the chimp is the model for the AIDS virus per se. So that is essentially where we are.

Grauerholz: Could you briefly describe the functions of the Baylor Research Foundation?


Matthews: The Baylor Research Foundation is an incorporated, not-for-profit, research wing of the Baylor University Medical Center. We inaugurated the activities of the Research Foundation in January 1984, after a task force evaluated the overall activities of the center in terms of the missions we had initially stated. These included primary medical care, medical education, and research. Up until that time, we had had various persons of our staff with grants, contracts, and some donated money, supported by a very small grants office, with the IRB [Institutional Review Board] for human protection activities, with an animal committee, and so forth.

But we wanted to focus more of the institutional strength and effort toward developing further the medical research unit with the particular idea that the medical center per se was one of the larger hospitals in the country, being especially suited for looking at medical

applications of clinically based research.

We had, at the time we started, a research foundation already going, various specific clinical centers, the Sammons Cancer Center, a Hunt Heart Center, a psoriasis center, an arthritis center, and a diabetes center, which focused on emphasizing excellence in certain clinical areas. So the Research Foundation was developed to help foster research, to provide office support, graphics support, researchers, laboratories, core laboratories, and so forth. We're now researching several areas, with 130 funded projects of one sort or another, including clinical trials.

We have six major areas of focused research: 1) laser medicine; 2) cell and molecular biology, which serves as a support focus group for all of the clinics because it provides a basis for study in numerous different areas; 3) a radiation biology group, particularly working on radiation oncology studies; 4) a group in transplantation biology, having the second most active liver transplant group in the country; 5) an oncology-immunology research unit; and lastly, a developing clinical center for inborn metabolic errors and genetic disease, with the attendant basic science molecular biology laboratory to support their research. The idea is that we have already several outstanding clinical activities, and we're trying to develop focused basic laboratories to support those.



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What Scientology exposé does not presume to tell

by Mark Burdman

Bare-Faced Messiah: The True Story of L. Ron Hubbard

by Russell Miller

Michael Joseph: London, 1987

£12.95, hardbound, 390 pages.

Whatever Scientology is or is not, Russell Miller's work is not a real exposé, even if it occasionally makes for absorbing reading. It is based on a single construct, that Scientology (and, earlier, Dianetics) founder L. Ron Hubbard was a con man and fraud, who wanted to create a religion to make money. In this, the book's style and composition conform to what is becoming a fashion in so-called "anti-cult" literature. Miller painfully avoids what one must presume to be the more interesting underlying elements of his subject matter.

The book relies heavily on information from ex-members of Hubbard's cult and from archives in the possession of these ex-members. But one gets the distinct impression that the information made available to Miller from such sources is being used selectively by the author, to draw attention away from certain things about Scientology.

Modern-day international cults have almost always been closely related to, or been products of, intelligence agencies—and more often than not, have been created or used by the same intelligence agency milieu who have also created the "anti-cult" counter-operation. But, in the case of this book, author Miller is so busy debunking, point by point, Hubbard/Scientology's own account of Hubbard/Scientology's past, that he never bothers to entertain the hypothesis that Hubbard had intelligence community connections.

Hubbard early moved in science-fiction writing circles.

Hubbard was one of the more widely read science-fiction writers in the 1930s and 1940s. Might not such circles have led him into contact with intelligence services and operatives, who may have been using Scientology for certain purposes?

Hubbard was in the U.S. Navy. It is common knowledge among informed security experts in the United States, that Hubbard had links to the U.S. Office of Naval Intelligence, and may have been, at one time or another, an agent of the ONI.

Miller's avoidance of the issue strains the imagination, especially as he is a regular writer of international reputation for the *Sunday Times* of London, a paper which specializes in exposés and histories of intelligence agency brawls. He is hardly a novice. Ultimately, his exposé has the quality of political science-fiction.

Miller's heavy reliance on ex-members' testimony is a purely reductionist approach, ultimately not much better than gossip. One never knows who the ex-member is, beyond a name attached to a statement. Might such ex-members have special "axes to grind?" Would one or another such ex-member have been involved in intelligence activity, or have been part of an intelligence probe? Perhaps, on investigation, such questions wouldn't lead an investigator very far. But Miller's problem is that he either simply avoids such lines of investigation, or dismisses them as "paranoid."

Yet, he could not be unaware that such questions are everyday matters in the intelligence trade, especially concerning a group, like Scientology, that had enough clout to maintain a private navy, create a corporate nexus that gave Hubbard alone \$40 million in income from various corporations (as we finally learn on almost the last page), infiltrate governments and intelligence services, draw a following from around the world, etc.

The group's entire belief-structure, judging from the evidence of the book and what is otherwise known about Scientology, is at best bizarre, if not a willful irrationalist's assault on science, epistemology, and politics.

This question gets to the heart of the matter: What was Scientology's relation to the satanic movement for a "New Age"/"Age of Aquarius"—an intelligence project spanning the past 100 years?

Miller has a fascinating, if ultimately disappointing, chapter about Hubbard's involvement, c. 1944-45, in a California black-magic group led by one Jack Parsons, a disciple and financial supporter of Aleister Crowley, this century's guru of "sex-magic" Satanism. (On Crowley and Satanism, see *EIR*, Vol. 14, No. 47, Nov. 28, 1987 "Aquarian author admits 'New Age' movement is Nazi.") In this chapter, the author's intention is to debunk the claim of Scientology literature, that Hubbard had joined the Parsons circle to destroy black magic from within. But Miller's only counter to this, is to demonstrate, once again, that Hubbard was engaging in a financial racket, to "rip off" Parsons. Crowley and Parsons are portrayed, in essence, as the victims of Hubbard's wheeling-and-dealing in the satanic drama. To the same effect, Parsons' own strange death in the 1940s is given no explanation.

Later in the book, one ex-member is quoted referring to Hubbard as a modern-day Madame Blavatsky, the 19th-century Russian founder of Theosophy. There are also brief suggestions of Dianetics/Scientology's links to such kook-science movements as phrenology, and to a super-reductionist branch of Freudianism. But these passages are superficial in content.

Then, six pages before the end of the book, Miller suddenly mentions a June 1983 interview given to *Penthouse* magazine by Hubbard's son, "Nibs," who was very hostile to his father. He charged that father L. Ron had been involved in black magic since the age of 16, believed himself to be Satan, smuggled gold and drugs, was a KGB agent, and had used money obtained from the Russians to buy the Maharajah of Jaipur's Saint Hill Manor in Sussex. Said Nibs: "Black magic is the inner core of Scientology. . . . You've got to realize that my father did not worship Satan. He thought he was Satan."

Miller calls this "a little too wild," and lacking "subtlety." Why? Why write a book of almost 400 pages, purporting to be a shocking exposé, and simply dismiss charges that are *substantive*, while embracing only evidence that conforms to the popular "con-man" construct? Miller seems definitely afraid to find out "where the monkey sleeps."

One might almost think the book is written as "damage-control," to protect someone somewhere.

An estate in Sussex

In 1957, according to both Scientology's own and Miller's accounts, Hubbard suddenly bought the estate of the

Maharajah of Jaipur in Sussex, England and set up his headquarters there. Sussex is a center of some of the more interesting of British psychological-warfare and intelligence operations in the postwar period, including those associated with a certain Marie Jahoda, one of the insiders in the Soviet intelligence-linked "Frankfurt School," and later a director of the Sussex Science Policy Research Unit, a nexus of KGB operations into the West.

One knowledgeable source, familiar with the Jahoda/Sussex milieu, has told this reviewer that, in the early days, into the early 1960s, Dianetics/Scientology was looked on favorably in psychological-policy circles in Britain, because of Hubbard's "insights on the primacy of perception." Later, this individual said, relevant circles in the Sussex milieu felt that Hubbard had gone awry, as his group became more of a church and a cult.

Is the "Hubbard project" a Frankenstein that got out of control? Or, perhaps not out of control at all? Author Miller evidently does not wish to know, or have us know.

Books Received

Chennault: A Definitive Biography of the Legendary Leader of the Flying Tigers and the U.S. 14th Air Force in China, by Jack Samson, Introduction by Sen. Barry Goldwater. Doubleday and Co., Inc., Garden City, N.Y., 1987. \$19.95 hardbound, 360 pages.

The Great Depression: A Classic Study of the Worldwide Depression of the 1930s, by John A. Garraty. Doubleday and Co., Inc., Garden City, N.Y., 1987. \$9.95 paperbound, 304 pages.

Traitors: The Anatomy of Treason, by Chapman Pincher. St. Martin's Press, N.Y., 1987. \$19.95 hardbound, 346 pages.

Rebels from West Point, by Gerard A. Patterson. Doubleday and Co., Inc., Garden City, N.Y., 1987. \$16.95 hardbound, 216 pages.

The Political Economy of International Relations, by Robert Gilpin. Princeton University Press, Princeton, N.J., 1987. \$45 hardbound, \$9.95 paperbound, 450 pages.

Japan's Modern Myths: Ideology in the Late Meiji Period, by Carol Gluck. Princeton University Press, Princeton, N.J., 1987. \$60 hardbound, \$12.50 paperbound, 408 pages.

Peter the Great, by Henri Troyat, translated by Joan Pinkham. E.P. Dutton-A William Abrahams Book, N.Y., 1987. \$22.50 hardbound, 432 pages.

Who protected the Bhagwan? a question still unanswered

by Janine Benton

The Ultimate Game: The Rise and Fall of Bhagwan Shree Rajneesh

by Kate Strelley with Robert D. San Souci
Harper and Row, San Francisco, 1987
381 pages, hardbound \$17.95

Bhagwan: the God That Failed

by Hugh Milne
St. Martin's Press, New York, 1986
322 pages, hardbound \$15.95

The Golden Guru: The Strange Journey of Bhagwan Shree Rajneesh

by James S. Gordon
The Stephen Greene Press, Lexington,
Massachusetts, 1987
248 pages, hardbound \$19.95

In 1981, Bhagwan Shree Rajneesh set foot on American soil and declared, "I am the messiah America has been waiting for." By 1985, this self-styled "rich man's guru" had been arrested by U.S. federal agents on 35 felony violations of immigration laws and flight to avoid prosecution. His personal secretary and top advisers were also under arrest for attempted murder, assault, arson, and wiretapping. Prostitution, drug-running, and sexual perversion were also part of the cult's stock-in-trade.

Three recently published books on Bhagwan provide ample documentation of the cult's criminal activities, including the murder of the German Prince Wilf of Hanover, Prince Charles's cousin. Bhagwan's days as the head of one of the world's largest and most dangerous cults have ended. But unanswered questions remain.

It is believed that the undoing of the Bhagwan resulted from a decision reached in 1984 by the Department of Justice

and certain Israeli intelligence networks, to dismantle the cult, at the same time that cases were brought against the Hare Krishnas, the Black Hebrews, and several other "New Age" Aquarian cults. One sticky question in the Bhagwan's case, was who would take control of his estimated \$350 million in U.S. assets, a question that seems to be still up in the air.

The other unanswered question is why, in the midst of the much-ballyhooed Reagan War on Drugs, the cult's well-documented drug trafficking has never been a law-enforcement target!

In 1984 a wealthy Hollywood-based Rajneesh follower, Françoise Ruddy, and her British medical doctor husband, Swami Devaraj, were sent into the Bhagwan's Oregon commune. Also known as Ma Prem Haysa, Ruddy is a former member of the Israeli military and also the former wife of movie producer Al Ruddy. Ruddy and Devaraj succeeded in destabilizing the cult command and placing her husband as the guru's personal physician. The cult was ultimately shattered, by playing on the guru's profile as a hypochondriac who was terrified of an AIDS epidemic among his "let it all hang out" free-love followers.

When five followers tested positive for AIDS in 1985, Ruddy and Devaraj began maneuvering to topple the guru's top aide, Sheela Silverman. Devaraj was allegedly poisoned by Silverman in the course of the faction fight, but he survived. A special cult task force of the FBI, Immigration & Naturalization Service, and other law enforcement bodies was formed in 1985. Grand jury investigations of charges of immigration violations, attempted murder, and poisonings were started in 1985 by the U.S. Attorney in Portland, Charles Turner, and Oregon Attorney General David Frohmeyer. And many destabilized followers and top aides eventually provided testimony.

While testimony from "defectors," obtained under these manipulated circumstances, has to be viewed with suspicion, indictments on immigration fraud, attempted murder, and criminal fraud were obtained.

Silverman fled the United States, but was arrested in a safehouse in Waldshut, West Germany, where the cult main-

tains ties to the top leaders of the West German Green Party. Silverman was extradited back to Oregon in 1986 by Baden-Wuerttemberg State Prosecutor Ernst Bauer. The guru was deported back to India.

One thing is clear: Bhagwan Shree Rajneesh enjoyed protection for his crimes at a very high level.

Murder of a prince

Two of the authors, Strelley and Milne, are defectors from Bhagwan's cult. Both suffer debilitating diseases as a result of enforced malnutrition, and both wrote their books to purge themselves of the hell they lived through.

Strelley joined the cult when she was 16. Six months later she was sterilized. At 17, she was appointed "Girl Friday" to Ma Anand Sheela, Bhagwan's personal secretary and chief administrator, a woman who later terrorized the citizens of Antelope, Oregon and directed the salmonella poisoning of over 750 people in the area.

Sterilization was mandatory from the cult's early days in India, even for those as young as 14. In its four years of existence, Rajneeshpuram (Rancho Rajneesh), a "city" of over 5,000 people in Antelope, Oregon, had no births. Doctors who subsequently left the cult report the continuing nightmare of receiving phone calls from hundreds of former followers worldwide asking for the specifics of their sterilizations, in order to try to undo them.

Strelley documents at least two murders: Ma Anand Sheela's first husband, a wealthy New Jersey man and sufferer of Hodgkin's Disease who held a sizable life-insurance policy, and Germany's Prince Wilf of Bavaria, cousin to Prince Charles.

She writes, "Vimalkirti," Prince Wilf's cult name, "was a samurai, who stood guard outside Bhagwan's door. Before he came to Poona [India] he had married Tariya and they had had a daughter named Tanya. . . . At its height, the Ashram [the cult's commune] attracted many high ranking people. . . . It struck us as only fitting that a smattering of royalty would be mixed in. One day the office found out that Prince Charles of Great Britain was going to be in Bombay. Vimalkirti and Charles were old friends who had grown up together, had spent summers together, had gone together to Gordonstoun, the English school traditionally attended by the British Royal family. Vimalkirti, had he lived, would have inherited his father's title. . . . The office decided it would be a great public relations coup to have Vimalkirti go down to visit Prince Charles. Vimalkirti was asked to come into the office. There, Sheela informed him, 'The suggestion is that you go down to Bombay and see Prince Charles, and talk to him. Tell him what a wonderful place we have here.' What they really wanted is for Prince Charles to get directly involved with the Ashram. . . . One of the requests was that he get Prince Charles to come to the Ashram for a visit."

Vimalkirti balked, but he went. He was ordered to spend several days with Charles. Instead, he came back in 24 hours,

without having asked him to visit. Three days later he suffered a cerebral hemorrhage and slipped into a coma. He was dead a week later.

Bhagwan told his disciples that he had given Vimalkirti "permission to leave his body." Although the House of Hanover demanded an autopsy, none was conducted. Instead, the Prince's skull was crushed and his body burned before the family could intervene.

Hugh Milne notes that Prince Charles had given Vimalkirti a personal note for Rajneesh (Charles had wired Bhagwan ahead of time to get permission to ask him a question in this note). He wrote to Prince Wilf, "You know since Uncle Louis was killed, I have nobody to turn to for real advice. No one. You are so lucky, Wilf, that you have your guru. I wish I had your freedom to go see a man like that. It is the eyes of these men that are so fascinating. You can see it in their picture."

A week after Charles passed his note to Bhagwan, his cousin was dead.

Not long after that, Vimalkirti's daughter was in London to be one of Lady Diana's bridesmaids. The Hanover family then had her seized and taken from the cult.

Clearly, many questions about the Prince's death remain unanswered, among them: What had Charles asked of Bhagwan? Shortly before his death, the German government refused to allow Prince Wilf and his wife to give up their royal titles.

Milne, ex-chief of security for Bhagwan, draws a seamy picture of the cult's sexual perversions. For instance, at the Ashram in Poona, Bhagwan would have his followers copulate on the stage during his frequent lectures. He recruited the most attractive women to be his "mediums," at one point demanding only large-breasted women, saying, "I have been tortured by small-breasted women for many lives together." He became known as the "sex guru," who gave "gynecological lessons."

Not surprisingly, dozens, if not hundreds, of disciples contracted AIDS while in the cult.

Where was the 'War on Drugs'?

Cult followers were encouraged to turn to prostitution and drug-running in order to make money. Whenever a disciple was about to make a drug run, he would ask Bhagwan "whether it was a good time to go to Thailand." Bhagwan would answer, "Wednesday would be good," or, "Don't go until Friday."

Heroin, cocaine, and marijuana sales paid for Rajneesh's diamond and platinum Rolex watches, and his Rolls Royces. At one point, he had 93 Rolls vehicles. When arrested, he was carrying jewelry worth over \$400,000.

When the cult was in India, followers who ran out of money were told to leave the country (most members came from Europe and the United States), with the understanding that if they transported a drug-laden suitcase through cus-

toms, they would be paid enough to come back to the cult. Several people were sent to prison for this in Europe and India, but not a single individual was prosecuted in the United States.

When the cult moved to Oregon, federal authorities ignored their drug-running, preferring to spend years pursuing them on immigration fraud.

One of Canada's biggest drug smugglers, Robert Franklin Black, was reportedly given refuge in Rajneeshpuram for three years in exchange for \$1 million.

Although the FBI, Justice Department, and the Oregon Attorney General's office spent four years investigating the Bhagwan cult, they did not initiate prosecution until 1985. Finally, the "mayor" of Rajneeshpuram, a cult member, turned state's evidence. Shortly after that, Bhagwan, afraid of being exposed as the mastermind of the whole operation, pleaded that he had been victimized by Ma Anand Sheela (Silverman) et al., and demanded indictments of her and other followers. Ultimately, he was never tried for anything beyond immigration fraud. His only sentence was a 10-year deportation from the United States.

According to Strelley, federal investigators never pursued the tens of millions of dollars Bhagwan and Sheela hid in Switzerland. Milne notes that before he left the cult, he was witness to the massive drugging of thousands of homeless men imported into the commune to swing a local election. He also observed an attempt to manufacture the AIDS virus for use on Bhagwan's enemies.

Nazi-like techniques

The third author, James S. Gordon, actually engages in an exercise in guarded praise for Rajneesh. Inasmuch as the Bhagwan was an evil child of the "New Age," a mystical exponent of irrationalism and perversion, modeled to a striking degree on the mind-set of the inner cult of Hitler's Nazis—as Gordon inadvertently documents—his praise might be thought remarkable. However, since Gordon is a former psychiatrist at the National Institute of Mental Health (NIMH), who in part professes to admire the Bhagwan's mind-control techniques (Gordon calls it "religious philosophy"), his praise may reveal the direction of the answer to some of the unanswered questions about Bhagwan and his cult. Was Gordon really simply doing "research" on the Bhagwan, as he professes, or was his own relationship—and perhaps that of others of his profession—to the Bhagwan something different?

Gordon, who says he began his research as the "cult expert" for the NIMH, reports that he was attracted to the cult by its association with the Eastern pseudo-religious philosophy of the early 20th-century Russian, G.I. Gurdjieff. Bhagwan proclaims Gurdjieff his most important mentor. Gordon does not tell the reader that Gurdjieff, a Russian-Armenian mystic with ties to the famous Rasputin, engaged in sexual perversions and mind-control techniques that were

reportedly used by the Nazis to condition the SS. In fact, Bhagwan often praised Hitler as a "genius."

Gordon seemingly desires a revival of Bhagwan's movement. At the end of the book, he states: "Rajneesh and his disciples have been mirrors and teachers for me. His teachings are, if not original, wise, well put, and easily understood. His commentaries have helped me to explore rich tradition and useful techniques. His meditations are accessible and elegant and have been useful in my life and my work. Rajneesh's ways of peeling the onion of our conditioning have contributed materially to my own and my patients' well-being. He has inspired me to take chances with, to celebrate, my life and my work in ways I might not otherwise have done. His and his disciples' projects, bringing together the ancient wisdom of the East and the material well-being and enterprise of the West, trying to create the new joyous, meditative man, Zorba the Buddha, forming a meditative community that is harmonious and in harmony with nature, are, cannot help but be, my own. . . . For me it is not finally a question of agreeing or disagreeing with Rajneesh. . . . It is rather a matter of learning from him and them, of appreciating his remarkable talents and gifts and recognizing his perverse uses of them, of seeing myself in him . . . of using his extraordinary story and strange, as yet unfinished journey as a mirror for my own."

Bhagwan, too, sees his journey as unfinished. Shortly after being chased out of the United States to Uruguay, then to Crete, where the Greek Orthodox church threw him in jail, and then back to India, he had this to say about his movement: "I do not ordinarily make prophecies, but about this I am absolutely prophetic: The coming 100 years are going to be more and more irrational and more and more mystical. The second thing: After a hundred years the people will be perfectly able to understand why I was so misunderstood, because I am the beginning of the mystical, the irrational. . . . I am a discontinuity with the past."

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Service Economies Are for Servants

How not to learn about Soviet science

by Warren J. Hamerman

Science, Philosophy, and Human Behavior in the Soviet Union

by Loren R. Graham

Columbia University Press, New York, 1987

\$45.00, 565 pages hardbound, with index.

Massachusetts Institute of Technology Prof. Loren Graham allows himself to be billed as the West's number-one expert in unlocking the door of the closed world of Soviet science; yet his works, whether through incompetence or deliberate design I do not know, are part of an elaborate Russian cover-up of their true scientific capabilities. In the 565 pages of his latest book—an updated version of his 1972 “classic” *Science and Philosophy in the Soviet Union*, for example, Graham manages the remarkable feat of making *not one single mention* of the two most important Russian scientific assets of the 20th century—Vernadsky and Gurvich.

As is consistent with other “camouflaged” accounts of Soviet science—for example those of Russian long-range scientific penetration agent Zhores Medvedev—Graham instead fills up hundreds of pages with anecdotes about the Lysenko “affair” and the dogs of Pavlov. Imagine a book on American scientific capability which spent most of its time exhaustively describing the work of Kinsey, Henry James, Margaret Mead, and Masters and Johnson, and you have a good idea of Graham’s scholarship.

The fact that Graham overlooks Vernadsky and Gurvich is most revealing. Vladimir I. Vernadsky (1863-1945), was the father of the school of “biogeochemistry,” the founder of Russia’s atomic energy program, and the organizer of the scientific-technological basis of the Russian war machine for both world wars of this century. The Russian biophysicist Alexander Gurvich (1874-1954) discovered “mitogenic radiation,” was a pioneer in the study of the biological “field,” and the father of all Soviet work in examining the effects of electromagnetic radiation on biological substances.


The incredible omissions of Vernadsky and Gurvich are not Graham’s only lapses. He completely avoids any discussion of the vaunted Soviet program in fusion energy and plasma physics. He also overlooks the entire Russian space

program, laser and beam science, as well as virtually every other area of their actual scientific achievement.

In short, Graham’s book is designed to prove that Soviet science poses no threat to the West and has had no major accomplishments. To be sure, Graham poses for himself the task of reviewing the relationship between the “philosophy” of dialectical materialism and Soviet science. Admittedly, a dreary end result is guaranteed, given the nature of a study which is intended to prove that while there may have been certain “excesses” in implementation from the Soviet regime.

Graham concludes that dialectical materialism itself is about to give birth to a new “sophisticated materialism” which would warn the scientist “not to fall prey to mysticism in the face of the sometimes overwhelming mystery and awe of the unknown. . . . It might encourage him to erect temporary explanatory schemes larger than any one science, but ones that do not pretend to possess final answers.”

Graham reaches this conclusion by alternating between ponderous flights into the nether world of heavy Marxian philosophy, and superficial whirlwind tours through a myriad of scientific fields—biology, cybernetics, chemistry, quantum mechanics, relativity physics, cosmology, physiology, genetics, etc.—with the utter lack of depth and insight that is often cultivated in the salons of those Western Sovietologists who find Gorbachov a refreshing and urbane leader.



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Long-term strategy —a Democratic alternative

by Lyndon H. LaRouche, Jr.

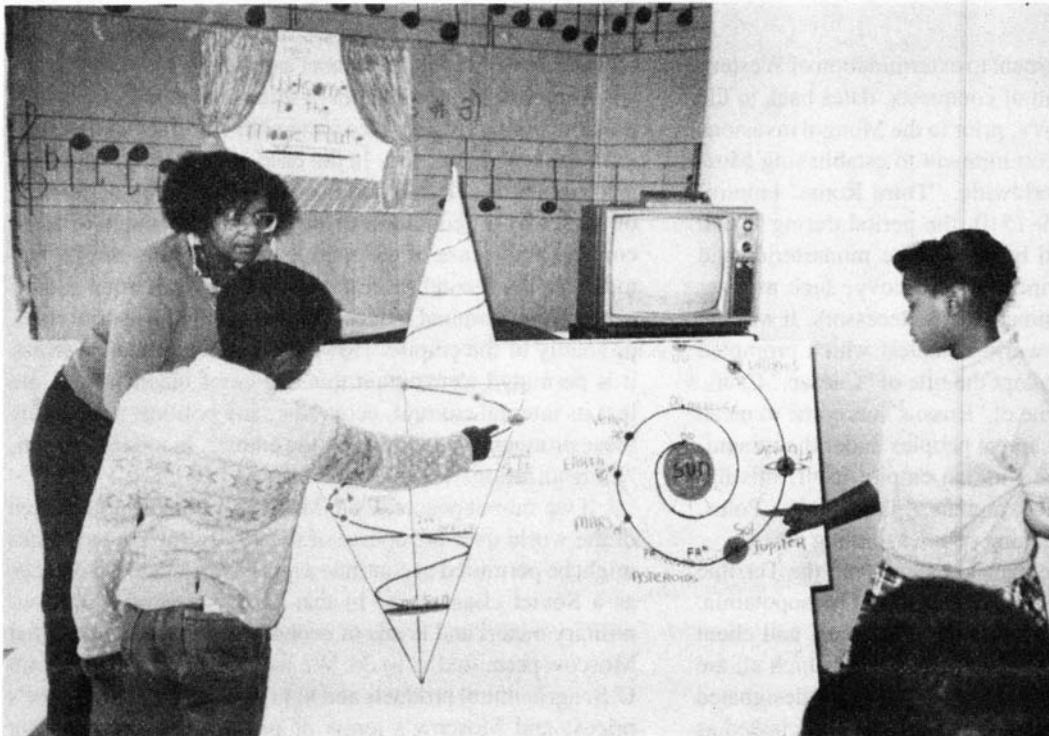
The document we excerpt below was prompted by the January 1988 release of Discriminate Deterrence, by the President's Commission on Integrated Long-Term Strategy, co-chaired by Fred Iklé and Albert Wohlstetter. The full study, by Democratic presidential candidate Lyndon H. LaRouche, Jr., was issued by his campaign organization from Boston on Jan. 15 under the title, "The Long-Term Strategy of the United States of America: A Democratic Alternative to the Wohlstetter Report."

In his foreword, Mr. LaRouche remarks, "The essence of the Wohlstetter report is, that it proposes the strategic decoupling of the United States from the defense of Western Europe and the Western Pacific. So, exactly, this 'long-term strategy' report has been read by leading figures in Western Europe. We have known since 1985 and the 1986 Reykjavik summit, they say, that President Reagan was selling us out; now, this report says plainly what we already knew, but wished might prove not to be true."

He continues: "The following pages are written for the thinking citizen, a citizen who has not usually studied any military science or related questions. Why burden that citizen with detailed reference to Wohlstetter's gobbledygook? It is more useful to present a completely alternative, sane view of proper U.S. long-term strategy, including an updated view of the Strategic Defense Initiative as I outlined the SDI strategy to U.S., French, and West German military and intelligence circles during 1982 and early 1983."

The strategic situation now facing the United States

The United States is threatened with early subjugation by an avowed enemy, the Soviet empire, which is arming rapidly as part of its commitment either to intimidate us into peaceful surrender, or destroy us if we resist. Moscow expects,



The cultural advances of Western civilization, compared to Muscovite brutishness, are the key to strategy for the Western alliance. Here, Chicago children study the geometrical structure of music, and its relation to order in the universe.

that by aid of the present economic crisis in the West, and by aid of our step-by-step submission to Soviet arms-control conditions, that it will achieve absolute military strategic superiority, sufficient to launch successful attack, by about 1992 or perhaps a bit later. Under present U.S. policy-trends, it were likely that Moscow would secure its global imperial objectives by about the end of the present century.*

There is a certain absurdity in the fact that matters have reached the point that Moscow is able to threaten us so immediately in such a fashion. Soviet culture is a grossly inferior form of human culture, incapable of matching, man for man, the productivity and capacity for efficient improvisation which is characteristic of that Western European culture of which the United States is a part.

The leading Western industrialized, OECD nations, represent aggregately approximately twice the population of the Soviet system, and have a per capita potential physical productivity approximately twice that of Russian agricultural and industrial operatives combined. In addition, the non-communist developing nations represent approximately half the population of the world, with many sections, such as India and South America, readily capable of high rates of technological progress. Combined, the OECD and non-communist developing nations represent the majority of the world's people, the majority of the world's land-area and

maritime regions, and the majority of the world's natural resources.

There is no reason the Soviet empire could have reached the level of a major, immediate military threat to Western civilization except through self-destructive follies in the post-World War II policymaking of the Western nations, especially the United States and other OECD nations.

Unless those self-destructive policy-trends are soon reversed, Moscow's imperial world-domination, with all that implies in other respects, will either become a reality by approximately the turn of the present century, or will be an irreversible trend of developments in current history of the next century's early decades.

The face of the enemy

Moscow's immediate strategic objective is the "Finlandization" of West Germany, as a first crucial step toward the rapidly ensuing "Finlandization" of the entirety of Western Europe. Moscow's second imperial objective is the outflanking and neutralization of Japan, by aid of operations centered around that destabilization of the Philippines begun with the U.S.-directed toppling of President Ferdinand Marcos.

Since the productive output of Western Europe is larger than that of the United States, once East-West trade-deals make Western Europe a large-scale supplier of advanced technology and agro-industrial goods to Moscow, the Soviets achieve absolute economic and military strategic superiority over an isolated United States. In that case, Moscow's world-domination by about the year 2000 is more or less pre-assured.

* Cf. *Global Showdown: The Russian Imperial War Plan for 1988*, Executive Intelligence Review Special Report, July 24, 1985, 366 pp., \$250; *Global Showdown Escalates: The Zero Option and the Berlin Crisis of 1987*, Executive Intelligence Review Special Report, Dec. 7, 1987, 525 pp., \$250.

This Muscovite commitment to extermination of Western European civilization by aid of conquests, dates back to the original founding of Muscovy, prior to the Mongol invasions of Europe. However, the commitment to establishing Moscow as the capital of a worldwide, "Third Rome" empire, dates from the period 1439-1510, the period during which that dogma was elaborated by Muscovite monasteries and adopted by the Rurikid princes of Muscovy, such as Czar Ivan the Terrible and his immediate predecessors. It was the adoption of this policy of world-conquest which prompted the princes of Muscovy to adopt the title of "Caesar," Czar.

Since that time, the name of "Russia" has come to mean a collection of subjugated captive peoples under the tyrannical rule of Moscow. In the Russian empire itself, this has meant the subjugation of Ukrainians, Finns, Balts, Poles, Moravians, and Turkic-speaking peoples, among others.

The Russian empire's expansion since Ivan the Terrible has been modeled upon the ancient empires of Mesopotamia: a system of captive peoples, colonies, satrapies, and client states. This form of empire is a system under which all are ruled by what was. For each dynastic period, a designated master-race, with the subject and foreign peoples classed as inferior races.

As a result of the racist and related particularist ideologies characteristic of the degenerate ancient Mesopotamian cultures, there was no attempt, even to the extent that the Roman empire attempted this, to assimilate all of the peoples of the empire under common rights of citizenship. "Blood and soil" cult-dogmas, such as those of modern Soviet Russia, were the rule; the subject peoples were kept separate and unequal.

Each of these empires on which the modern Russian empire is modeled, collapsed, like the Roman and Byzantine empires after them, of the internal rotting inherent in their systems of rule and culture.

The system of rule was the looting of the populations and land of subject peoples. The pattern was set by the ancient Chaldeans, whose looting of the agriculture of a delicately balanced system of irrigation brought about the salination and related ruin of that land. The collapse of population and of physical productivity brought about by usurious forms of looting practices, destroyed the very power upon which the empire rested, while the system of government and social system established made the ruling strata more and more corrupt and enfeebled in capacity for rational modes of decision and action. The empires were brought successively to internal ruin and collapse in such ways.

A similar process of internal depopulation and collapse of the production of Italy brought about the collapse of Rome in the West. The same self-destructive process of internal, "malthusian" forms of depopulation and collapse caused the fall of the Byzantine empire.

Such are the conditions which Moscow's empire would

impose, in fact, upon this planet as a whole.

As there were two degrees of semi-autonomous local self-government in ancient Mesopotamian empires, so the modern Russian empire, too. In the case of the satrapy, the local government is selected and established with the permission of Moscow, on condition of paying annual tribute to Moscow, as in the case of the captive nations of Eastern Europe today. In the second case, the client state, the nation continues to enjoy nominal independence, as either a neutral state, or an ally of the empire. However, the conditions on which it is permitted to maintain this degree of independence are that its internal cultural, economic, and political policies are those pronounced tolerable by the empire. In modern jargon, "Finlandization."

If we submit peacefully to Moscow's gradual domination of the world over the course of the 1990s, the United States might be permitted to continue a quasi-independent existence as a Soviet client-state. In that case, we would limit our military means and levels of economic development to what Moscow permitted us to do. We would supply Moscow with U.S. agricultural products and industrial goods, at Moscow's prices, and Moscow's terms of payment. We would shut down political parties and newspapers of which Moscow strongly disapproved. To become a candidate for President, each prospective candidate would make a pilgrimage to the Kremlin; unless the Kremlin pronounced him acceptable, he would not be permitted to campaign for election.

Were we to resist, and did we lack military means to deter Soviet assault, Moscow would destroy us by military means, even obliterating our existence as an example to others who might think of resisting its demands in the future.

That is the bare bones of the adversary situation before us today.

The motives of the enemy

The root of this strategic conflict is Moscow's centuries-old commitment to eradicate Western European culture from this planet.

Moscow's role to this effect was begun during the period of the spread of the influence of Roman Catholicism through Roman missionaries such as Cyril and Methodius. Opponents of Western Christianity built up Muscovy as one of the bastions against the Christianization of the Slavic peoples, building up the control of Muscovy itself by pseudo-Christian monasteries spreading a specific form of what is called *gnosticism*.

This character of Muscovy was deepened during the Mongol occupation. The Mongols set up a system of satrapies to rule over its subject Slavic populations. Each of these satrapies was nominally administered by a prince. If the Mongols failed to receive the expected tax-tribute from the satrapy, the prince was called to appear before the Khan, and would likely die a grisly death, as a warning to his successor.

Under the Khans, the true rulers of the Mongols' slavish satrapies were the monasteries, which gained during this period the awesome tyrannical power they continued to enjoy until the reforms of the family of Czar Peter the Great.

It was these pseudo-Christian, gnostics' monasteries, which dominated and shaped the ideology of Muscovy over many centuries. It was thus that Muscovy developed its fanatical hatred of everything Western, especially the Roman Catholic Church. Thus, in the postwar period, Stalin butchered the Catholic priests of the Baltic region almost to the man; similarly, at the onset of the period of Stalin's Muscovite proconsul, Anna Pauker, Moscow butchered the Romanian bishops by clubbing them to death. The Ukrainian Uniate priesthood has suffered similar crimes against humanity at Bolshevik hands. There are other examples. The Polish priests would be exterminated, too, if ever Moscow reached the degree of world-domination it dared to carry out its deep desire to do exactly that.

Moscow's hatred of Western European culture is not limited to Roman Catholicism. It is not the organization and liturgy of the Catholic Church which Moscow hates as much as Rome's role as the historical center of Western European Christianity as a whole. Similarly, Moscow is deeply anti-Semitic, partly because Muscovite culture is naturally a form of racist, "blood and soil" cult; but, Moscow hates the Ashkenazi tradition of Philo Judaeus—and Germany's Moses Mendelssohn—with approximately the same specific hatred as it wishes to exterminate all of Western Christianity. What Moscow hates, and is determined to exterminate, is Western European Judeo-Christian civilization.

Broadly, Moscow defines its Judeo-Christian enemy as the combined influence of Philo Judaeus and St. Augustine. More immediately, Moscow defines its Western adversary as the new institutional forms built, on the basis of St. Augustine's influence, during the fifteenth-century Golden Renaissance. Moscow dates its determination to destroy Western civilization from the 1439-40 period of the Council of Florence. The roots of Moscow's current commitment to world-conquest dates from the articulation of this policy during the interval A.D. 1440-1510. . . .

What we defend

On the other side, drop the conventional popular mythology about "democratic capitalism" today. The so-called rights of usurers to loot our farmers, our industrial regions, our national debt, and friendly nations abroad, and the corruption of the leadership of our political parties and government to assist this processing of looting, is not something worth defending. Despite such corruptions, there is something very precious we must defend. To define the task before us, let us name what it is that we must defend at all costs.

What we must defend is epitomized for us by our 1776 Declaration of Independence and the Preamble of our Federal

Constitution. What we must defend as a form of political-economy, is what President George Washington's Treasury Secretary, Alexander Hamilton, was first to give the official name of "the American System of political-economy."

Although this particular form of representative, constitutional government, and the American System of political-economy are specifically creations of the United States, the events of 1776-93 established merely the highest form of organization of political society then known, the form of society least imperfectly approximating, thus far, St. Augustine's *City of God*.

What was brought forth by those events of the eighteenth century was a distillation of much of the best which Western Europe's culture had produced up to that time. Our forefathers, free of the encumbrances of a European feudalistic aristocracy, and more or less freed of rule by a financial nobility of the Venetian style, brought forth here what was then most unlikely in Europe itself, a model new form of democratic constitutional republic, to serve as a beacon of hope and temple of liberty for all mankind.

The essence of the matter is that which sets mankind apart from and above the beasts.

Were we beasts, society would never have risen above a condition somewhat like that anthropologists conjecture as a "primitive hunting and gathering society." If man lived in the wildernesses by his bestial biological instincts alone, the maximum human population of this planet could never have exceeded approximately 10 million individuals. Very miserable individuals they would be: life-expectancies significantly below twenty years of age, a babbling, precarious collection of baboon-like troops of juvenile delinquents, living at about the cultural level of baboons.

Contrary to that, there is today worldwide population in excess of 5 billion. Even with full use of existing technologies, we could sustain several times that number. Also, at present, the frontiers of physical and biological science have brought us to the threshold of the greatest increase in per capita productive power of mankind in all human existence. The per capita standard of living, wherever modern technology is in general use, is vastly higher than for a primitive man. Similarly, in such circumstances, modal life-expectancies are reaching into the 70s and 80s, with life-expectancies of more than 100 in sight for some during the first half of the coming century.

This progress we have achieved by means of what we call today scientific and technological progress. This progress depends upon those creative mental powers of the individual person, which, sufficiently developed in their potential, afford us the means and desire to generate and to assimilate efficiently more advanced technologies.

It is these creative potentialities of the individual mind, typified by valid fundamental discoveries in physical science, which set man apart from, and above the beasts.

Our understanding of this begins, to the best of our present knowledge, in ancient Greece, typified by the dialogues of Plato. However, in Plato's commitment to the Good and the Beautiful, something was lacking, as St. Augustine emphasized, and as did other Christian and Jewish theologians before him. In Philo's view of the Messiah and in New Testament Christianity, there is a specific conception celebrated in the Latin Christian's Credo and such derived versions of that as we encounter in the Anglican Creed of the seventeenth century. It is this feature, the Latin *Filioque* of the Christian Creed, against which the fanatical, satanic hatred of the Muscovites is directed with most specific and concentrated force.

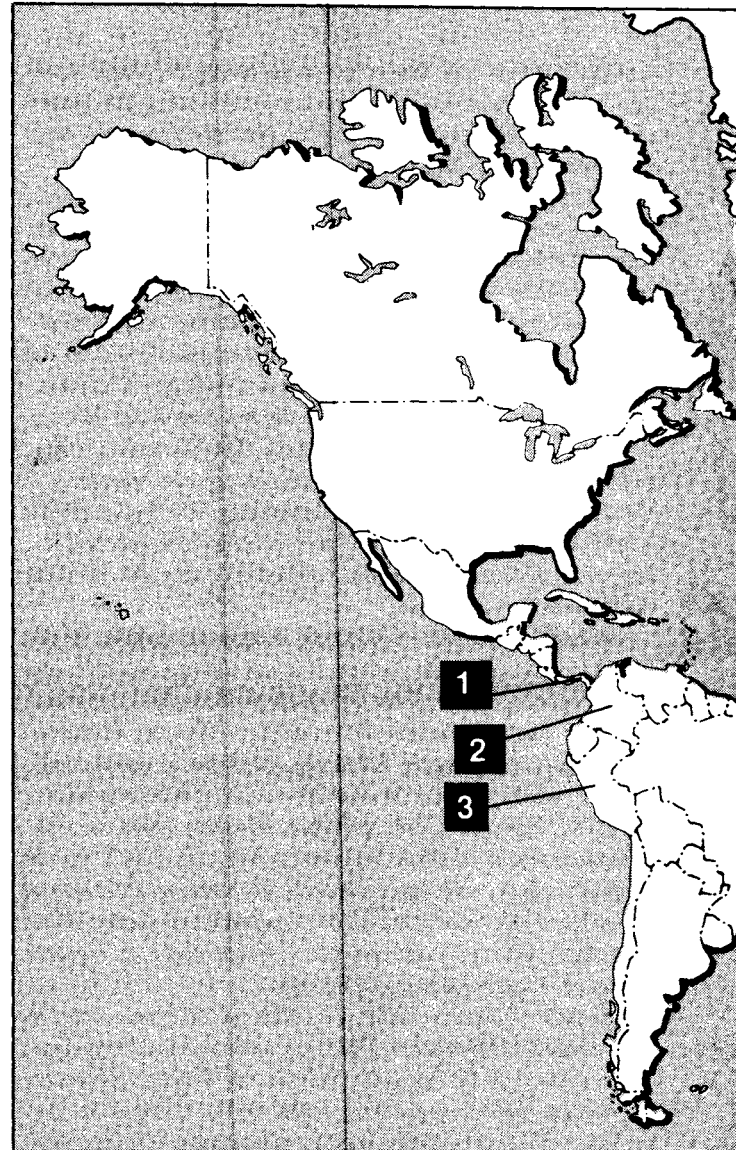
It is that within the individual which corresponds to the potential creative powers, which is the essence of the individual personality, the aspect of the individual which is in the image of the living God. All that is best within Western European civilization, the essence of Western culture, is the notion of organizing the affairs of the family and society in such a fashion that the freedom of this part of us in the image of the living God is nurtured, given opportunity for expression, and the good produced thus by the individual protected to the advantage of present and future generations.

Hence, our culture hates all forms of racism as were these the devil himself. Inasmuch as all persons are born with the divine spark of the potential for creative reasoning, that quality within them, which is in the image of the living God, renders all persons equal before God and under natural law. All persons, since they possess this essential capability, are alike, whatever the color of the skin or other superficial biological distinctions of the same sort. All persons have the same essential needs, the right to the same kinds of education, the same kind of opportunity for doing good, and the right to stand equally before the same natural law, to be judged by that law in the same way, and no differently.

Hence, the great importance of the fifteenth-century Golden Renaissance was that it provided modern European culture with a less imperfect form of society: the institution of the sovereign nation-state, based on common moral principles and a common sharing of a literate form of language, dedicated to fostering the development and opportunities for useful expression of the creative mental powers of the individual. This could be nothing other than a form of society dedicated to promotion of the highest possible rates of scientific and technological progress in a capital-intensive, energy-intensive mode. The moral form of society is an anti-malthusian society, and so the moral form of law is an anti-malthusian principle efficiently expressed in the shaping and application of positive law.

To foster this result, Cosimo de' Medici's Florence projected, and France's King Louis XI established the modern form of sovereign nation-state. The Erasmusians of England, as typified by Sir Thomas More, sought to perfect the same conception of society there.

Continued on page 40.

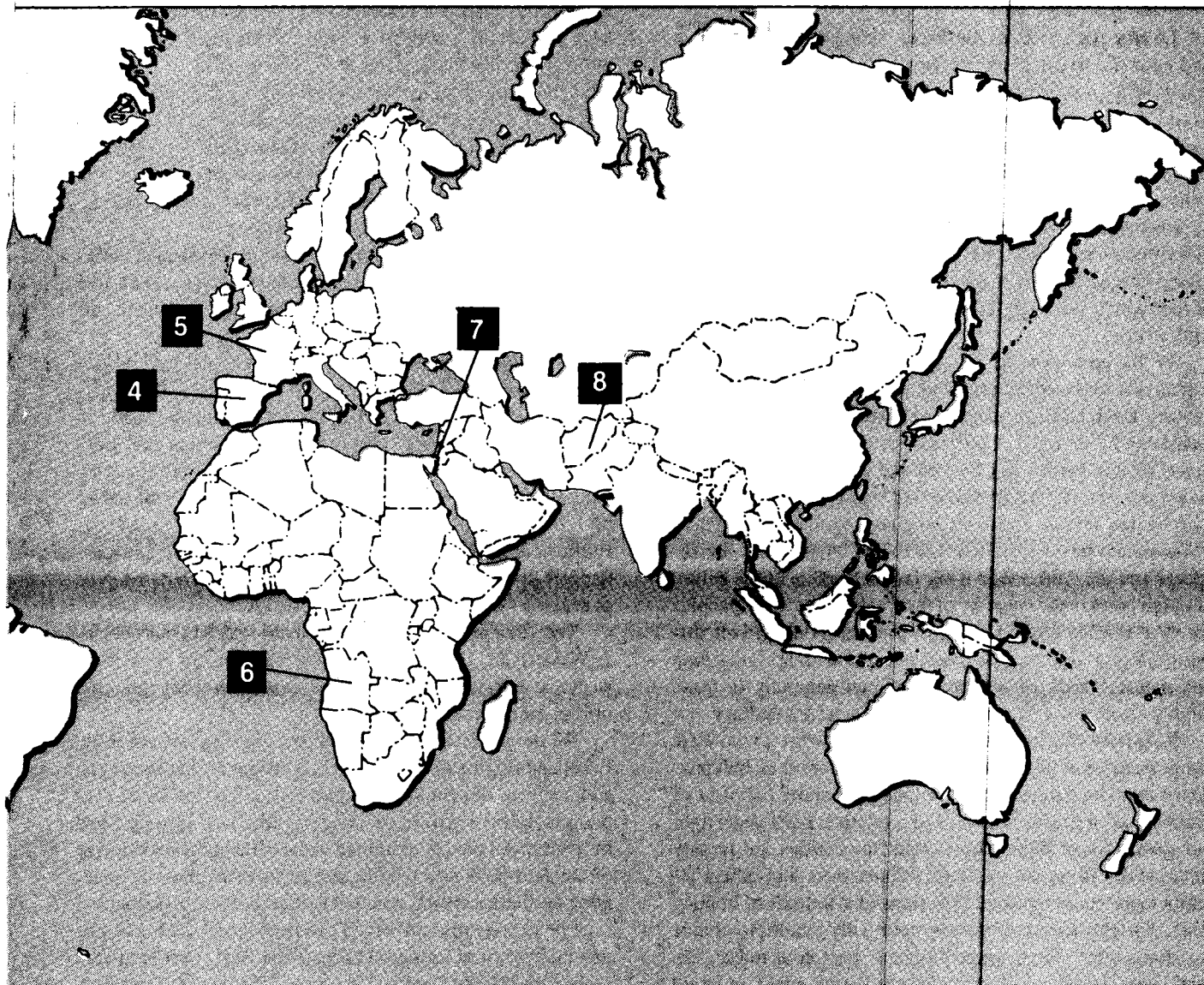


Strategic Map

The hot spots around the world

1. Panama: Mounting pressure from the United States against Gen. Manuel Noriega, commander of the Panamanian Defense Forces, to force him to resign.

2. Colombia: Narco-terrorist offensive against the State intensifies with the kidnaping of Andrés Pastrana, mayoral candidate in Bogota and son of a former President. The government is increasingly immobilized.



3. Peru: Communist Party chief Jorge del Prado endorses Shining Path terrorism, calls for coup against President Alan García.

4. Spain: U.S. officials say on Jan. 14 that Washington is bowing to pressure from Spain to withdraw 72 F-16 fighter bombers from their base in Spain. The Soviet daily *Pravda* hails this under the headline, "Fighters Lose Their Residence Permit."

5. West Germany: Labor militancy in the Ruhr industrial region continues, with steel workers on strike. German Communist Party and Iranian government representatives intervene to spread the strikes. Anarchist elements seek to create zones outside government control.

6. Angola: UNITA guerrillas inflict serious defeats on

Cuban and government troops in Angola, as UNITA leader Jonas Savimbi prepares for a European tour.

7. Israel: Escalating crisis on the West Bank and in the Gaza Strip. The Jan. 15 intrusion of Israeli troops into Jerusalem's Al Aqsa mosque, one of the holiest sites of Islam, fans the flames of Islamic fundamentalism, while Jewish and Christian fundamentalist groups vow that they will destroy the mosque and rebuild Solomon's Temple. Israel orders a cut-off of food supplies to the Palestinian camps, as strikes and riots intensify.

8. Afghanistan: Fighting continues between rebel forces and Soviet troops. Moscow's international diplomacy claims readiness to withdraw under terms of a peace settlement, but rebels are skeptical. The Soviets are demanding destruction of 30 guerrilla bases in Iran, and 120 in Pakistan.

Continued from page 38.

To free society from the backwardness of feudalism, it was essential to establish free farmers, eliminating serfdom and its relics, and to create modes of urban production which would destroy the monopolistic powers of the inherently backward feudalistic guilds. To this purpose, in Tudor England, there was established the germ-form of the modern industrial corporation.

Inventors and their business partners were granted patents of limited monopoly for development, production, and marketing of specific sorts of useful inventions. This is the origin of that which we ought to dignify by the name of industrial capitalism.

At the same time, in the spirit of Dante Alighieri's reforms, and those of Petrarca and others after him, sixteenth-century England underwent a great revolution in language, based chiefly on the Italian Renaissance model. We see evidence of this earlier in Chaucer and others, but during the sixteenth century, the revolutionary improvement of spoken and written literate forms of language reached a height of achievement never matched since. The language of Shakespeare and the Authorized King James Version of the Bible, is a high point in the capacity of the English-speaking peoples for what Shelley termed "the power of receiving and imparting profound and impassioned conceptions respecting man and nature," such as we have not seen generally in these United States since the middle of the nineteenth century.

Relative to the language used by those farmers who were the popular base of support for our Declaration of Independence and Constitution, we are today generally babblers of crude ideas in brutish argots. Even relative to 20 years ago, our graduates of high schools and universities are largely functionally illiterate—a fact administrators and others attempt to avoid by repeated lowerings of standards of literacy tests, through strong emphasis upon silly, multiple-choice questionnaires. The average "literate" person of today, can read signs, labels on supermarket packages, speak in brand names, and generally exhibit the power to communicate ideas on the level of comic books and rock-concert lyrics. Ideas which require rigorous concentration-span, and a language susceptible of making such ideas intelligible to a hearer, are conveniently avoided by our news and entertainment media, and by political speech-writers, on the assumption that the general public could not understand such thoughts.

What level of developed intelligence is required to serve hamburgers in a fast-food stand, relative to operating a machine-tool from a set of instructions associated with a blueprint? So, the progress of "post-industrial society" and the rock-drug-sex counterculture are destroying in our population that essential intellectual potential to be self-sufficient possessed by parents of the pre-1968 period.

Muscovite culture, by contrast, does not believe in the efficient existence of the individual soul. As we have reported, Muscovites are not "irreligious"; they are very mystical. Biologically, for them man is nothing but a talking beast.

Spiritually, man is a creature with no soul of his own, but only a share in a collective soul. For them, every distinct people also has a collective soul, one peculiar to people of the same biological heredity inhabiting a particular patch of the world's real estate. The human individual, for them, is no more than an individual cell of the larger collection of "blood and soil" they associate with national identity. For them, individual life is unimportant, very cheap, and expendable at the mere whim of the collective.

It is not the capitalist as speculator or money-lender which offends Moscow. What offends them is the individual free farmer or industrial entrepreneur whose profession is the promotion of scientific and technological progress.

In Russia one does not like new technologies; one prefers the traditional ways. In Russia one accepts new technologies when the state demands it, perhaps when the state beats, or even shoots "saboteurs" who refuse to implement new technologies when ordered to do so. Russians are therefore, by nature, lazy oxen who must be beaten to work, and whose preferred recreation centers around alcoholism. Similarly, as Bertrand Russell once rightly observed, the Muscovites are happier to be ruled by dictators who are characters from the pages of a Dostoevsky novel.

The same problem is exhibited in the way Russians butcher Western art. In order that we may broaden our view of the issues at stake, let us take three examples from fine arts: music, ballet, and painting.

Western classical music originates in very ancient Indo-European singing of classical poetry, using principles we can adduce from ancient Vedic hymns today. The formulation of the principles of artistic beauty generally, was accomplished by ancient Athens, as exhibited in the coherent plan of design of the Acropolis as a whole, and as the principles of intelligible aesthetics are an included feature of Plato's dialogues.

For various reasons which need not be detailed here, the natural system of musical tuning is the Bach well-tempered scale with Middle C set at 256 cycles. The use of this scale is not based simply on the succession of half-tones so defined; music is composed on the basis of very specific root-harmonic sequences, based on the harmonic intervals of a minor third, major third, fourth, and fifth. It can be shown that these principles of classical musical composition are in no sense arbitrary, or merely choices by musicians; this well-tempered scale, its harmonics, and the characteristics of the properly trained singing voice, are determined to absolute, unchangeable values by physics and the biophysics of the human organism.

All of this is generally incomprehensible to Russian classical musicians. The Soviets turn out physically trained musicians in platoons, artists who often perform with prodigious physical skills, with the result that they butcher Western classical performances with all the greater thoroughness.

One of my little jokes about this runs as follows.

A group of mothers from a neighborhood in Odessa sought to improve their culture, and formed a social circle devoted

to this subject. In the course of their efforts to imbibe a patina of culture, they plodded through a study of Goethe's *Faust*—in Russian translation, of course. They wondered, could a pact with the devil, Mephistopheles, really lead to such wonderful gratifications? One of the older women of the circle said that she thought she could arrange a meeting with the gentleman in question.

Mephistopheles erupted in a puff of smoke from the middle of the pentagram drawn on the kitchen floor. "Yes," he announced himself matter-of-factly. The startled ladies recovered quickly. The sulfurous gentlemen in question affirmed that his identity was that of the person they had been seeking, and came to the point, "Is there something I might do for you ladies?"

One of the ladies came to the point: "We wish you to make our sons great violinists."

The gentlemen responded diffidently, "That could be done," adding, after a pregnant pause, "for the usual price."

Another lady intervened: "But how can they be musicians, without their souls?"

Mephistopheles replied, "I shall replace their souls with something much better, sentimentality."

An expert's presentation on the subject of Russian ballet shows an analogous pattern.

The European classical ballet was based on principles consistent with classical aesthetics and studies such as those of Leonardo da Vinci on the natural harmonic aptitudes of the human form. That form of ballet has been virtually exterminated during the twentieth century, chiefly by the Russian influence.

The Russians "improved" the classical ballet which they imported from Western Europe, by adding motions contrary to all physiological good sense and aesthetical harmonics, and included as the central feature of Russian ballet, a monotonous parade of crotch-display.

Leonardo and Raphael established the most rigorous principles of harmony and optics, on which, from a physics standpoint, it would be impossible to improve today. We see these also in the work of Rembrandt and other great classical painters. In contrast, Russian art is monstrous ugliness consistent with no scientific principles, shading into the psychotic, ugly mystical sensuousness of a Kandinsky.

Russian occupation with Western classics occurred during the eighteenth and nineteenth centuries. The motive was the Russian sense of shame at being a brutish culture with no refinements. Hence, St. Petersburg became a center of German science; Moscow became a center of imported French cartesianism, and French, German, and Italian classical art were brought in, to be learned and practiced as the mark of a Russian intellectual. Some Russian science is in the eighteenth-century tradition of the Leibnizian St. Petersburg Academy of Euler et al., and is extremely good. Russian efforts at classical culture are, with rare exceptions, dripping with existentialists' irrationalist sentimentality, suggesting a drunken Red Army unit's singing of choruses of "Kalinka" in the barracks. Soviet preference is for the alternately dionysiac and mystical depths of modernist depravity.

Frankly, since Russians, too, are human beings, we should take no sadistic pleasure from their artistic misfortunes. I would they that adopt and excel us in the best of our Western



Russia's anti-Semitism derives from its "blood and soil" cultishness, but also from its determination to exterminate Western European Judeo-Christian civilization generally. Here, Russian imperial troops look on as townspeople beat a Jew in the 1881 pogrom in Kiev.

European culture; for, in that case, they would cease to be our adversaries. The problem is, that they intend to become the rulers of the world, and the arbiters of everything, including what is tolerated and rejected in the sphere of culture.

Were they to succeed in achieving the world-domination toward which they are pressing with such success today, the most precious gifts of Western Judeo-Christian civilization would be wiped from the face of this planet, and our children and grandchildren would be bestialized in the soulless image of today's Muscovite *Raskolniki*. . . .

Execution of strategy

The United States, presently trapped in the worst financial crisis in modern history, shall use the combined regulatory powers of our form of constitutional government, together with the power to create and lend large volumes of U.S. Treasury currency-notes at low federal discount-rates, to bring the financial crisis under control, and to launch an economic recovery matching that of the 1939-43 interval under what are relatively peacetime, non-inflationary conditions.

The investment of approximately \$4 trillion in Treasury currency-notes at low federal discounts, and by aid of investment tax-credit incentives, in capital improvements in basic economic infrastructure, in stabilizing agriculture, and in industrial expansion based on advanced technologies, will unleash an accelerating real economic growth and rapid rise of the tax-revenue base on the federal, state, and local levels.

The factor of scientific and technological progress will be supplied at the maximum rate through a coordinated public-private, task-oriented "crash program" of research, development, and deployment, all centered around a mission-commitment to establish a permanently manned colony on Mars beginning the year 2027, a settlement preceded by the automated industrialization of the Moon effected beginning an earlier date.

The effects of high rates of infrastructural and industrial expansion, under conditions of low-cost credit and investment tax-credit incentives, and task-oriented research and development, will be integrated in function and effect in the following ways.

To achieve high rates of increase of productivity, it is necessary to establish the most efficient mode of interaction between general research and development and industrial investment. The chief point of intersection is the machine-tool sector. The object is to rebuild and improve constantly the capabilities of the machine-tool sector through direct relations with such projects as the Moon-Mars mission-assignment, and to allow these technologies to spill into the civilian sector, from the machine-tool sector, at the most rapid rate.

As long as the U.S. and its allies are moving along a track of technological attrition, from more advanced points than Moscow, and at faster rates, the premium on "military" and

related secrecy in matters of technology is at a relative minimum. The greatest "secret" of technological advances, is the ability of the economy to produce effectively with that technology.

The strategic success of this program of economic growth is dependent upon sharing it cooperatively both with our allies and the non-communist developing nations.

Within that setting, we define the implementation of policies of technological attrition as the basis for evolution of military planning and deployments.

The order of battle

The leading technological edge of warfare today, is the race for control of the full range of the electromagnetic spectrum. The emphasis is on two terms, "magnetic" and "non-linear." By these means, one power or the other achieves "global" or smaller-scale effects, which reshape and thus control the electromagnetic environment in which action occurs.

The thermal and related effects of an electrical wave is an aspect of this, but is, relatively speaking, greatly overrated in most thinking on the subject of electronic warfare. The most important effects are those which occur in a physical phase-space most students of Maxwell imagine not to exist. Nonlinear, "soliton" and kindred pulses, associated with relatively strong magnetic fields, are the leading edge of these developments.

The existence of, and changes in design and deployment of nuclear arsenals, and the tendency of new developments in the field of electronic warfare to supersede nuclear arsenals in increasing numbers of applications, has transformed the character of the modern battlefield. The old geographic notions of front lines and rear echelons are no longer strictly applicable ones.

This technological feature of the emerging battlefield is compounded by the changes in the Soviet order of battle. Most important is the Soviet use of "special purpose forces" (GRU spetsnaz teams) in an environment shaped by use of leftist anti-nuclear insurgents recruited from within the targeted nations. The latter insurgents are deployed for riots, sabotage, and "unconventional" combat actions during periods beginning long prior to the outbreak of war. Their actions tend to peak at the point of outbreak of war. At that point, GRU spetsnaz teams use the diversionary cover provided by the domestic irregulars to conduct strategic missions of political assassinations, and destruction of rear-echelon military and logistical strong-points to the effect that their actions replace the striking of such strategic targets with missile warheads.

This requires allied military forces to adapt to the environment so defined. This requires more compact, self-sustaining units, probably no larger than regimental combat teams of World War II, with their own fully self-contained logistics, and self-contained firepower and mobility, all designed to maintain the relatively highest degree of effective-

ness under conditions of relatively heavy attrition in combat.

This requires rethinking military logistics and design of weaponry and equipment, to achieve the indicated results in performance.

This also requires greatly increased depth in reserves.

The military reserves in modern war can not be mobilized in the sense of World War II or earlier mobilizations. The decisive battles, shaping the outcome of the war, will occur during the first hours of the general assault. Any plans which presume strength based on reserves mobilized within 24 hours or longer after the beginning of the assault, are folly. Reserves can not be mobilized in the traditional way; rather, they must be virtually self-mobilized as home-defense forces, to fight as auxiliaries where they are, with weapons already at their disposal, against Soviet domestic auxiliaries and spetsnaz and airborne units. A ready reserve of armed, in-place home-defense forces, is the only effective reserve available during the period of the immediate outbreak of warfare.

The general mission in warfare, is to carry the war immediately to the adversaries' territory, rather than ruining our own territory. His rear echelons must be devastated promptly, his initial assault blunted and repulsed, and the battle carried into his territory.

Moscow is either prepared to fight war directly against the United States in Central Europe, and against the U.S. homeland, or it is not prepared to sustain warfare against U.S. forces in any part of the world. If our strategic policy is premised on the cultural, economic, and political doctrines indicated, potential Soviet flanking operations in the developing sector are largely neutralized and containable. The military capabilities of the United States and its allies are worth no more than they represent as capabilities for combined and simultaneous defense of Central Europe and the United States itself.

Absurdities in current doctrines

Much current U.S. strategic thinking is premised on the deluded assumptions associated with support for the "INF agreements" reached between President Reagan and the Kremlin's chief flunkey, Mikhail Gorbachov. The delusion is either adopted, or tactfully acknowledged, that this draft treaty inaugurates a rapid succession of treaty-agreements establishing a "New Yalta" form of "bipolar" global "crisis management" arrangements between Washington and Moscow.

On the basis of that delusion, it is assumed that the military requirements and related military policies of the United States should be redirected to the kinds of conflicts a durable "New Yalta" sort of "crisis management" implies.

The essence of the delusion, is the assumption that a man recently demoted from General Secretary to the temporary post of chief flunkey, Gorbachov, symbolizes by his personal power and public relations image, a fundamental turn of Soviet policymaking toward peace-loving directions. Those

deluded overlook the fact, that the consequence of a heated factional affray, between the Soviet plenary sessions of June and October 1987 have brought to power a "troika" of Y.K. Ligachov, KGB chief V.M. Chebrikov, and Marshal Nikolai Ogarkov, with Gorbachov demoted to a special public-relations function until the matter of his replacement is sorted out in the way Moscow conducts such bureaucratic changes in top-ranking configurations.

In short, Moscow is operating on the basis of the Andropov-Ogarkov War Plan's evolving menu of alternative options. This War Plan has a general strategic objective; the menu of options are but different possible pathways to the same ultimate result: the "Finlandization" of West Germany as the step toward the rapid "Finlandization" of Western Europe, and the consequent strategic isolation and implicitly irreversible defeat of the United States.

It is within the terms of this War Plan that all Soviet military capabilities against the United States are projected. Soviet military power has the mission of crushing the United States should it refuse to surrender peacefully, step by step, at the rate Moscow deems tolerable.

Moscow does not believe in a "bipolar world," except as a delusion Moscow thinks it useful to foster among the "useful fools" of the West. Moscow seeks nothing but "monopolar" rule over the world as a whole, and sees the degradation of the United States, either to client-state or ash-heap as the means to secure that objective.

Any U.S. military doctrine not consistent with that reality, is a folly born of pathetic delusion.

To similar effect, the Reagan administration, and others, have adopted "root-canal economics" as their current and intended response to the worsening financial crisis. This means savage cuts in defense budgets. Conversely, if it were determined that such cuts in defense budgets, and in social budgets, were intolerable, the economic doctrines of the Reagan administration—along with various proposed forms of "root-canal economics"—would have to be scrapped, and a "neomercantilist" policy of forced-draft economic recovery adopted instead.

Thus, the hysterical delusion that Reagan policy, or "root-canal economics" alternatives should and could be defended, plays into wishful delusions respecting imagined Soviet "peaceful intentions."

Moon-Mars Mission

The general strategic role of the Moon-Mars Mission project is aptly illustrated by considering first the first mission we have to complete during the 1990s.

The use of rockets to carry vessels into Earth orbit from the Earth's surface, is like designing an aircraft to fly under water as a submarine. It can be done, but it is inherently terribly inefficient. The industrialization of the Moon and later colonization of Mars, requires a better way to get from the Earth's surface to orbiting positions outside our planet's atmosphere.

The immediate solution to this problem is the development of what is called a scramjet aircraft capable of reaching speeds in the range of Mach 7-8 above 150,000 feet. An Italian aerodynamics team has designed a configuration of scramjet and attached, detachable rocket, which takes advantage of the "Busemann biplane" principle. The Sanger project of West Germany's MBB provides other features of such an approach. U.S. firms are working in related directions.

The scramjet leaves from a rather ordinary airfield, and carries its attached rocket-plane above—effectively—the Earth's atmosphere. The rocket-plane leaves to assume a low-orbiting position, deposits its load there, and returns to land at its airport, much like a shuttle craft today.

In the low-orbiting position, we assemble a intra-orbital shuttle-tug, whose design is already in existence. This shuttle carries material, and passengers, from the low-orbiting position, up to a geostationary orbit, where an Earth-orbiting permanent space-terminal is assembled.

The problems overcome in this way, are vast reduction in dollars per pound of weight transported, greater flexibility and safety, lower costs of maintenance, and so forth.

As one of the by-products of this development, we will have forced engineering and related solutions to a whole host of problems, such as perfecting a scramjet design, and development of improved approaches to materials for flight at speeds in the range of Mach 7-8. The scramjet itself means that we can reach almost any point on the planet within three and a half hours flight-time, a great boon in and of itself.

Getting to the Moon's industrialization phase, and to Mars colonization, is a matter of passing through a number of successive project-phases, as the development of the scramjet illustrates the point. The phases follow each other, in completion-date sequences, in part, but at all times several phases are in progress, some with the same completion-date target, others assigned differing completion-dates.

Each phased project is associated with a number of interfaces with the machine-tool sector of the civilian economy. For example, the scramjet project means new generations of technologies in production and uses of new materials. This would have such included effects as revolutionizing the automotive industry and airframe industry generally.

Policy must be, to turn over every dollar invested in a project as rapidly as possible. This means that every new technology developed must be implanted quickly as an available capability of the civilian economy's machine-tool sector. It means that investment tax-credits and low-cost production capital-improvement loans must be readily available, to cause the improved capabilities of the machine-tool sector to be translated into improved qualities of products and productivities in physical output of industry.

This, in turn, promotes the widest application of the new technologies, and correspondingly broader increases in the tax-revenue base. The object is to obtain more tax-revenue through these increases than is invested in the projects which throw off these improved technologies. *Thus, the space pro-*

gram becomes not a cost of government, but a medium-term, profitable capital investment by government!

The Moon-Mars Mission project requires rapid development of every known frontier of science and technology today. This means, therefore, that every new advance in general technology we might obtain by any means will be delivered to the machine-tool sector as a direct spin-off of the Moon-Mars Mission project. This means every possible technology for military, as well as civilian applications.

These technologies include:

1) Control of very high energy-flux density plasma processes, including controlled thermonuclear fusion as mankind's primary energy-source during the first half of the coming century (until controlled forms of what we term today "matter/antimatter" reactions carry us beyond fusion). These controlled plasmas are not merely energy sources, but are also a basic mode of general production in the foreseeable future.

2) Coherent electromagnetic radiation, including those of very high energy-flux density (as a general tool of production), and all forms of nonlinear electromagnetic pulses.

3) Optical biophysics, with emphasis upon the nonlinear electromagnetic spectroscopy of all living processes. This is the new biology, and the new medical biology.

4) Development of new species of computers and related control instrumentation, beginning with parallel processing in the gigaflop range and beyond, and extended to analog/digital hybrids employing "soliton" principles, capable of defining explicit solutions for nonlinear functions.

Subsumed by this are research into new types of paracrystalline, aperiodic-crystalline materials, including materials capable of handling very high heats by more intelligent means than mere heat-resistance.

All of this is required for colonizing Mars.

For example, it is the present intent to transport manned craft between Earth-orbit and Mars-orbit at a constant acceleration-deceleration of one gravity, the most convenient speed for manned space-travel. This means an average time of travel of less than two days. Larger, unmanned freighters, of the weight of a supertanker, would travel using the same modes of propulsion, at slower accelerations and decelerations. The power required to do this is one terawatt, a feasible development with controlled fusion.

Fusion supplies on Earth, with that capacity and energy-flux density mean that there is no limit to natural resources on Earth, as natural resources are presently defined.

Most of the weight of the ships and freight carried to Mars for the initial colonization, will be produced in automated industries on the Moon. This will force several revolutions in industrial production on Earth.

Looking toward A.D. 2027's establishment of the permanent colony on Mars (as distinct from exploration trips), we are speaking of an increase in the average per capita productive powers of labor on Earth approximately ten times the best of today, or significantly higher.

Economic guidelines

We can define some of the guidelines for the coming decade or so of U.S. economic development.

At the beginning of the postwar period, the percentage of the total labor force employed either in capital improvements in basic economic infrastructure or agro-industrial output of physical goods was about 60%. Today, it has fallen to about 20%, and is still falling.

The projected economic recovery program will increase the number of industrial operatives' workplaces by about 5 million during the coming four years, perhaps significantly more. This will occur chiefly as a transfer of personnel from the ranks of unemployed and low-wage services employment. Beyond the next four years, it should be our objective to raise the percentage of the labor-force employed as operatives to not less than 40% of the total labor-force. It should also be our objective, to increase to about 10%, the ration of the total labor force the total of scientists, engineers, technicians, and research-and-development operatives employed in research and development. This must be accompanied by improvements in the quality of teachers in public schools, with much greater emphasis on classics, science, and pre-science education, and much smaller average class sizes.

These shifts in the composition of employment of the labor-force already mean, in and of themselves, a sustained increase in average productivity. The larger the percentage of the labor-force employed as operatives in modern workplaces, the greater the average per capita output of the labor-force as a whole.

Generally, assuming that research and development is focused upon technological progress, the rate of increase of per capita productivity of operatives is a function of the ratio of the size of the research-and-development sector of employment to total operatives' employment. What we have projected means doubling the rate of technological progress per operative above the highest level experienced at any time during the postwar period to date.

This defines the primary economic basis for meeting our strategic requirements.

We are speaking of a defense budget rising to the level of about \$500 billion annually, in 1987 dollars, but as a smaller fraction of national income than the present defense budget at significantly below \$300 billion. We are also speaking of a balanced federal budget without an average increase in tax rates.

Developing nations

The rapid technological improvement of the economies of developing nations will be accomplished in the following way.

The existing debt-structure of those nations must be promptly reorganized, to define an imports-purchasing power in terms of reduction debt-service charges against current export earnings. This creates immediately an increase of several hundred billion dollars a year in world trade volumes

financed by low-cost export credits awarded to exporting producers of OECD nations.

It shall be the policy of the United States to foster the export of U.S. capital-goods and related engineering services, and to limit U.S. exports of consumer goods to developing nations to essentials. This concentration on productive capital goods and related engineering services is the developing nation's most beneficial use of its constricted imports-potential. This class of exports is more beneficial to the U.S. economy than any amount of exports of consumer goods.

Our included strategic objective shall be, to increase the percentage of total operatives' employment assigned to the capital-goods sector, with emphasis on expansion of the machine-tool sector. It shall be the credit-policy of the U.S. Treasury, to allot loans to such net effect that this pattern of investment is accomplished.

As part of that, our export-credit policies shall be shaped to make foreign trade a lever for increase of the rates of capital turnover in the U.S. domestic capital-goods sector, the machine-tool subsector most emphatically. This has the effect of increasing the rate of yields on investments in these sectors, and of accelerating the turnover of technology in those sectors. The acceleration of technology in those sectors benefits all U.S. and foreign purchasers of U.S. capital goods.

The economic policy toward developing nations shall be, that richer customers are bigger buyers. Instead of wiping our export customers out of existence, as the Reagan administration has done since 1982, we shall make them wealthier, by assisting them to increase their average productivity of labor, and to increase the number of operatives employed under modern productive conditions.

We shall cooperate with our OECD partners to establish new monetary institutions suited to this purpose, and shall arrange fair distribution of market opportunities with them, but consistent with the United States' resumption of its former position as the world's leading exporter of the most advanced capital goods.

Cultural impact

This represents a shift away from 20 years of neo-malthusian, post-industrial erosion, back into a commitment to scientific and technological progress in a capital-intensive, energy-intensive mode.

This change draws upon the deeper cultural roots of our population, which makes the change feasible. The change strengthens greatly the cultural impulse upon which it draws. It means a shift to a more rational, more literate, and more optimistic population. It means renewed emphasis upon the creative powers of the individual human mind as the subject of human social and related moral values; it means a renewed commitment to the sacredness of individual human life.

With culture and morality of economic practice so brought into agreement, and with our political practice enslaved to those purposes, we shall win the strategic conflict with our Soviet adversary, probably within two generations.

Israel engages in apocalyptic politics

by Thierry Lalevée

More than two months after the outbreak of protests in the West Bank and the Gaza Strip, it is time for the Israeli leadership, as well as that of the Palestinians, to step back and reflect on what real options exist for getting out of the present crisis. Failure to do so now, will have rapid, disastrous consequences. It will bring to political hegemony the real enemy of Israel, as well as of the Palestinian Arabs who have been struggling for decades for an independent state: the fundamentalists of all kinds, be they Islamic, Jewish, or Christian. From such a cauldron of cultish irrationalism, the nation of Israel would never recover.

There is not much time left. The threshold beyond which a longstanding political conflict could be transformed into an apocalyptic and psychotic religious war, setting Muslims against Jews, Muslims against Christians, and Christians against Jews and religious sects of all kinds, is close to being crossed. Many desire just such a religious war. *EIR* documented in a 1983 Special Report, "The Jerusalem Temple Mount: a trigger for fundamentalist holy wars," how this scenario was intended to unfold. For Jewish and Christian fundamentalists alike, the destruction of Al Aqsa, the mosque atop Jerusalem's Temple Mount, will open the way for rebuilding the third and final Temple of Solomon, announcing the coming of the Messiah and the Apocalypse. For Islamic fundamentalists, the recapture of Jerusalem could also mean the coming of the Messiah.

That threshold was nearly crossed on Jan. 15, when, during riots at the Al Aqsa mosque, Israeli soldiers penetrated the mosque itself, one of the most holy shrines of the Muslim religion, in search of Palestinians who had kidnaped one of their troops. Only because the Israeli soldiers were Muslim Druzes, has the incident not unleashed a general Islamic revolt. However, there is little doubt that such incidents will occur again and again, whether at Al Aqsa or at other holy

sites, unless a solution is found rapidly.

Few international leaders have yet realized that we are now faced with a religious time-bomb that could engulf the entire region in flames—except perhaps the Pope, who addressed the matter in his sermon of Jan. 17, and Jerusalem Mayor Teddy Kolleck, who committed himself to the protection of the Muslim holy sites on Jan. 19.

Many options, but no solution

Israel has several options immediately at hand. Two are most obvious, and are no solution to the crisis at all. They are represented by the flight forward of the Shamir government, and by the policies implemented by Defense Minister Yitzhak Rabin. Rabin's behavior in the last weeks has mystified not only supporters of Israel abroad, but Rabin's own colleagues inside the government and the Labour Party. Rabin, the man who displayed many weaknesses as chief of staff, and allowed himself to be politically manipulated by Henry Kissinger, now wants to become a new "strongman," like Industry and Trade Minister (and former defense minister) Ariel Sharon. For purely internal and personal political reasons, Rabin is breaking with the policy of his party, and closing ranks with the hawks around Prime Minister Yitzhak Shamir and Sharon. Throughout the occupied territories, it is Rabin's drive to become prime minister again, which is being cynically fought for.

One of Rabin and Shamir's options is to impose an "iron fist" over the occupied territories, a total, genocidal food blockade, including the refugee camps which are under curfew, at the price of destroying Israel's own economy. No doubt they have considered the other option, a limited war, in Lebanon or in Syria.

If such a war is waged, many Israeli officers, who are already demoralized and frustrated by recent events, will

know that they are being manipulated, and are fighting a war that is not in Israel's interest. And the war will certainly be lost. Already, last November, many Israeli officers were grumbling about how a small group of Palestinians could have succeeded in penetrating Israeli defenses, using glider planes. Some saw that Nov. 25 incident, which helped spark the events of the West Bank and Gaza, as a setup, aimed at "manipulating Israel into a war against Syria, once again as a proxy," as one such individual expressed it.

The Palestinian leadership, represented by the Palestine Liberation Organization, has similar options at hand. Outflanked at the very beginning by the militance of the Iranian-backed Islamic fundamentalists of the Gaza strip, PLO chairman Yasser Arafat resorted to his usual tactic, ignoring the slogans of most Islamic fundamentalists against the PLO and against a Palestinian state per se. Instead of confronting them, and potentially creating a split inside the movement, he decided to join them, and suddenly remembered that four Islamicists were members of the Palestinian National Council. In so doing, Arafat is creating a situation where, as in Lebanon, the Palestinians become hostage to the most rabid fundamentalists.

The Iranian-backed Hezbollah only support the PLO for the tactical reason that they want to develop their own infrastructure in Lebanon, independent from Syria—as part of a move which, however, does not question the "strategic alliance" between Damascus and Teheran. Ultimately, their aims diverge.

Indeed, it is scarcely in the interest of the PLO to be part of a movement which is openly dedicated to the overthrow of Jordan's King Hussein, of the Egyptian government of President Hosni Mubarak, and of most regimes in the Gulf—including that of Iraq, where the present headquarters of the PLO are located. The fundamentalist demonstrators in Cairo do not hide the fact that "Palestine" only provides a handy pretext to hold demonstrations against Mubarak. For the PLO to play this card will surely backfire. How long will it be until some of the Arab regimes strike back?

The pawns

Arabs and Israelis might well be amazed at the pace of events and international reactions to them. Recent developments show that the crisis in Israel is in fact part of broader superpower negotiations for a "New Yalta." Consider the following unusual developments:

At a time when the Reagan administration was moving ahead to close down the PLO office in Washington, the State Department granted a tourist visa to Omar Qatayesh, a member of the hard-line faction of the political bureau of George Habash's radical PFLP, enabling Qatayesh to hold unreported political discussions in the United States, just a few weeks before the Nov. 25 glider incident. Once that incident occurred, both Washington and Moscow intervened to freeze the situation. Prior to that, Jewish fundamentalists of the "Temple Mount Faithful," whose American backers, like

former State Department consultant Michael Ledeen, were involved to the "Irangate" affair, had tried to storm the Al Aqsa mosque. Both events, together with a well-calculated series of stabbing incidents perpetrated by Iranian-backed fundamentalists in Gaza, set the stage for the revolts in Gaza and the West Bank.

Meanwhile, while Washington was voting against Israel in the U.N. Security Council, Moscow was making overtures toward Israel, like sending its consul back to Jerusalem, releasing Jewish "refusenik" Josef Begun on Jan. 16, and inviting an Israeli delegation to Moscow on Jan. 17. The Soviets told the Israelis in early December not to approach the PLO directly, because "we can do it better for you." And until a letter from Soviet party chief Mikhail Gorbachov to Yasser Arafat on Jan. 16, there had been no major Soviet political statement on the events, no denunciations of Israel, except for the usual variety of daily propaganda on Radio Moscow. Even British Foreign Ministry official David Mellor was strangely more outspoken against Israeli actions than Soviet diplomats in their official declarations.

Toward a new coalition?

More than a military challenge, the recent events have created a political challenge for those involved. The usual recipes and proposals will not work. The issue is not whether is an international peace conference on the Middle East can be held, but what could be its real contents in the present situation. To have a superpower condominium over the region under the cover of a U.N. Security Council which has no record of effectiveness?

As the events in Israel underline, a profound reform of the political system is needed—and may be under way. Those who now advocate a negotiated settlement with the Palestinians are to be found in both the Likud and Labour parties. This was publicly stressed on Jan. 17 by the Likud mayor of Tel Aviv, General Lahat, who advocated immediate negotiations on the West Bank and Gaza, to be followed by negotiations on the Golan Heights. Inside Likud, that position is also defended by the "dove" faction led by Moshe Amirnav, which is urging immediate negotiations with the PLO. These proposals are met on the Labour Party side by Foreign Minister Shimon Peres as well as Ezer Weitzman, who is lobbying for a new peace proposal which would involve the start of immediate negotiations in Cairo.

Ultimately, the "doves" of Likud and those of Labour will have to join hands, if not in a new party, at least in a coalition. Only then can there be a serious call for early elections, with prospects for an outcome favorable to the future of Israel.

Given Yasser Arafat's recent commitment to immediately and officially recognize U.N. Resolutions 242 and 338, recognizing the right of the State of Israel to exist—provided that an Israeli commitment to negotiate with the PLO be demonstrated—these moves can be reciprocated on the Palestinian side, too. Better now, before it is too late.

Resistance grows to INF sell-out

The "Wohlstetter report" has finally alerted some government officials to the decoupling danger behind the missile treaty.

The "unofficial" Jan. 12 release at the Pentagon of a report by the Commission on Integrated Long-Term Strategy, titled "Discriminate Deterrence," has created an uproar here, threatening to destabilize the Bonn government's approval of the Reagan-Gorbachov treaty on intermediate-range nuclear forces (INF). The Commission, co-chaired by Assistant Secretary of Defense for Policy Fred Iklé and "limited war" strategist Albert Wohlstetter, calls for the removal of the U.S. strategic nuclear umbrella from Europe (see *Feature*, page 34).

In an interview with the daily *Frankfurter Allgemeine Zeitung* published Jan. 13, Alfred Dregger, chairman of the Christian Democratic group in the German parliament, expressed concern that the Wohlstetter report may "shake up the foundations of the alliance." A week later, he denounced the report as a child of the Reykjavik summit. Making the report's recommendations political practice, he warned, would "make Soviet military dominance over Europe a certainty."

In an interview with the *Frankfurter Allgemeine Zeitung*, Willy Wimmer, defense spokesman for the Christian Democrats, denounced the report as eroding "the coherence of the Western defense alliance in the long run" and "leading to a retreat of the U.S. into a Fortress America, which we Europeans cannot accept."

Lothar Ruehl, deputy defense minister in Bonn, criticized the report in an essay published by the daily *Die Welt* Jan. 19. The report is to be taken with the greatest caution, wrote Ruehl,

because it gives more strategic emphasis to the Persian Gulf and Asia than to Central Europe. Wohlstetter's call for taking U.S. strategic missiles out of the defense of Europe, Ruehl wrote, is "fatal in its consequences for Western European security." Ruehl saw one main flaw in all "alternate" scenarios for NATO conventional/tactical defense under INF conditions: "Without a sufficient number of nuclear weapons in Europe, really efficient deterrence is not possible."

This debate calls into question continued German acceptance of the INF Treaty itself. The German military has been furious about the INF conditions ever since the U.S.-Soviet summit began. But the government of Chancellor Helmut Kohl—under the tutelage of Foreign Minister Hans-Dietrich Genscher—stood by the U.S. State Department.

The Bonn government approved the treaty, as long as it looked like this would profit Germany—for example, bringing economic deals with the Soviets, as a payoff for Bonn's support of the deal. Or, positive developments in Berlin as a prelude to "motion" on the long-sought reunification of Germany. Or, (a special hope of Kohl), Gorbachov's announcement of a visit to Bonn. Further, Bonn hoped that support for the INF deal would and ease threats of a U.S. troop withdrawal.

What made the Germans furious, was the fact that to their questions, there was no response from Washington. Remarks the U.S. ambassador to Bonn, Richard Burt, made during a

press round-table Jan. 13, calling the German economic-monetary policy "chauvinistic" and "co-responsible for an eventual U.S. recession," made things even worse. Burt lectured the Germans: "Economic frictions between the United States and the Federal Republic are more serious than frictions in the sphere of defense." He threatened the "linkage of both frictions," predicted "growing sentiment for troop withdrawal in the U.S. public."

Burt's statements caused Chancellor Kohl to have his government spokesman, Friedhelm Ost, write a six-page letter of protest on Jan. 16, telling the ambassador that he was "simply wrong on nearly all points."

Then on Jan. 18, another house of cards collapsed, when Soviet Foreign Minister Eduard Shevardnadze came to Bonn and did not provide the expected date for a Gorbachov visit to Bonn. Instead, he dwelt upon rosy but unsubstantiated remarks about "big chances for Berlin" and "good prospects for German-Soviet economic cooperation." He brought, however, an invitation to Kohl's main political rival, Christian Democrat Lothar Späth, to meet Gorbachov in Moscow between Feb. 8 and 11.

This seems to have especially upset Kohl, and he used the occasion of a Jan. 20 interview with the French daily *Le Monde*, to lash out against Gorbachov's German policy: "Freedom is more important than unity, than borders. The Federal Republic is not for sale. A new Stalin Note [for pro-Soviet neutralization and reunification of Germany] will not, under any circumstances, be a way out for Germany."

Rumors in Bonn have it that suddenly, now, the pro-INF faction is in a clear minority. This is important news for those U.S. senators reluctant to ratify the treaty.

Abrams, Castro's friends team up

by Gretchen Small

Assistant Secretary of State Elliott Abrams has found a new political ally in the U.S. Establishment's war against the institutions of sovereignty in the Western Hemisphere: Fidel Castro's friends in the Ibero-American branch of the Socialist International.

The star of the State Department's new alliance is Carlos Andrés Pérez, former Venezuelan President, vice president of the Socialist International, and the leading candidate in Venezuela's December 1988 presidential elections. Under his leadership, the Socialists have joined Abrams in seeking to establish supranational rule over Haiti, and to overthrow the government and military of Panama.

When Pérez organized the Socialist International to send a delegation to Haiti on Jan. 14 to pressure for a multinational force to run "elections" there, the Socialists were hailed as "the first to intervene publicly" by the *Washington Times*. Until then, U.S. news media had screamed that no Ibero-American country had been willing to demand that trade and aid to Haiti be cut, to force Haiti's military to accept foreign rule.

Likewise, the Socialist International is now at the center of the State Department's plot to force the Commander of Panama's Defense Forces, Gen. Manuel Noriega, to quit. Pérez, a close adviser to Panama's opposition movement, the Civic Crusade, told Noriega "to abandon the leadership of the Army," warning of the danger of "militarism," Caracas's *El Nacional* reported Jan. 17.

The latest game of the State Department and the socialists in Panama, has become known as the "Blandón Plan," a proposal that Noriega quit, the Defense Forces be restructured, and a transitional government be formed. The only thing new about the Plan, is that it was drawn up by Panama's New York consul general, José Blandón, and is thus supported by an "insider" in Panama's government. The State Department is counting on the Socialists to get Panama to accept. So, Pérez, Colombia's former President Alfonso López Michelsen (the friend of Fidel Castro who made himself an intermediary for the chiefs of the Medellín cocaine cartel in 1984), and the chief powerbroker of the Panamanian opposition, Gabriel Lewis Galindo (himself a long-term business associate of López Michelsen), have teamed up to apply pressure on Panama.

Blandón has been a Socialist International channel into Panama's Revolutionary Democratic Party (PRD) for years.

He claims to have personally kept Panama's President Eric Delvalle from coordinating debt policy with Peruvian President Alan García in 1985.

Is this Socialist-State Department coordination a momentary tactical alliance? All signs point to a more permanent shift in Washington: an attempt to use a new Pérez presidency as the focal point of a bankers' "democratic" alliance on the continent, linking Pérez, Carlos Salinas de Gortari of Mexico, and Raúl Alfonsín's hand-picked successor in Argentina.

Only two years ago, a second Pérez presidency was effectively vetoed by the Reagan administration, as a dangerous return to the radical politics that dominated the hemisphere under Jimmy Carter's Trilateral administration. Today, Pérez's socialist credentials are his selling point for a U.S. Establishment obsessed with the new world order negotiated with the Soviet Union.

Abrams's Sandinista connection

The pact with the State Department was sealed at the first meeting of the Socialist International's Latin American and Caribbean Committee in Caracas on Dec. 8-9. Pérez co-chaired the meeting, along with José Peña Gómez, the former President of the Dominican Republic.

Haiti, Central America, and the INF Accord ("the Socialist International supports the Reagan-Gorbachov summit," Peña Gómez declared from the outset), were the major points on the agenda. The meeting made the decision to send the delegation to Haiti.

Panama was also on the agenda, behind closed doors. Here, the negotiations began to secure the release of retired Panamanian Col. Roberto Díaz Herrera, jailed in Panama on charges of sedition. Indeed, when Díaz Herrera was flown to Venezuela on Dec. 25 aboard a plane sent by Pérez, Pérez acknowledged that he had intervened because of his "long-term friendship" with Díaz.

U.S. military intelligence and anti-drug agencies had identified Díaz Herrera as one of the closest friends of Fidel Castro's Cuba in Panama. His links to prostitution, contraband, and drugs in Panama is notorious. In June 1987, Díaz called Castro "an extraordinary friend," and said that he, Castro, and Peña Gómez were part of a network of occultists holding high office who were preparing to unleash "a psychic, mystic, and religious war" throughout the region.

According to accounts in the Venezuelan press, his release was secured by three-way negotiations among the Socialists, Delvalle, and General Noriega, and . . . Elliott Abrams.

What other negotiations began at that conference? Commandante Bayardo Arce, one of the nine top Sandinista leaders, was a special guest, telling the meeting why he wanted no part in Cardinal Miguel Obando's peace proposals. Bayardo praised "the closeness of our long-term relationship with [Venezuela's] Democratic Action party, and especially, Compañero Carlos Andrés Pérez."

Narco-terrorism invades Brazil

by Silvia Palacios

During a presentation of Lyndon LaRouche's "15-Point Program for a Hemispheric War on Drugs" to the first meeting of Brazil's Federal Drug Council in May 1985, *EIR* representatives warned that should LaRouche's recommendations not be heeded, narco-terrorism would soon be invading Brazil. Despite the skeptical reception this warning received, the facts have proven us right.

Today, Brazil is not merely used, along the length of its Amazon border, as a refuge for terrorists and drug traffickers either fleeing military pursuit in Peru and Colombia or seeking a resupply of weapons. Even more serious is that Moscow's narco-terrorist irregulars have installed themselves in the heart of Rio de Janeiro's miserable *favelas*, turning the slums into armed sanctuaries impenetrable by the Brazilian police.

Taking advantage of the terrible state of abandonment in which Brazil's slum residents live, the drug traffickers are taking over, either through presenting themselves as the community's benefactors or by subjugating the population through sheer terror. In the recent period, authorities have been inundated with denunciations of the drug mafia for seizing political control of residents' associations in these areas, assassinating local leaders, and replacing them with hired hands. The federation of Rio de Janeiro's slum residents—from which some of the denunciations have surfaced—represents some 2 million inhabitants.

From their strongholds inside the *favelas*, the drug traffickers run cocaine and marijuana throughout the city and are protected from the law by veritable armies equipped with sophisticated weaponry.

In September 1987, an outrageous incident stunned the nation. Nearly 3,000 slum residents attended the funeral of a drug trafficker, eulogized him as their patron saint, and protested to the police about the murky circumstances surrounding his death. The funeral was also attended by a highly visible contingent of Communist activists from the following of old Comintern agent Luiz Carlos Prestes, who abandoned the leadership of the Brazilian Communist Party and passed over to the Social Democratic Party under Leonel Brizola.

In fact, a large variety of Soviet agents is also fighting—sometimes against the narcos and sometimes with them—for control of the starving population that inhabits Rio's *favelas*. And it is precisely this combination of forces which promises to unleash a narco-terrorist plague in Brazil, perhaps more violent than the M-19 in Colombia or Shining Path in Peru.

The political mafia

However, there is no doubt that the movement which already has hegemony in the slums is that of Brizola. It was launched when, as governor of the state of Rio de Janeiro, Brizola established a political alliance with the mafia that runs the outlawed game of *bicho*, a mafia that was in part absorbed into the drug trade. That alliance was planned and formulated by Brizola's deputy governor at the time, Darcy Ribeiro, who hoped to use that alliance as the springboard for his own succession to the governorship. Anthropologist Ribeiro is a specialist in profiling "marginal" populations.

Just as Shining Path sprang from the brow of anthropologists and sociologists of Darcy Ribeiro's ilk, so too have the *favelas* of Rio and of Sao Paulo been invaded by every variety of sociologist, anthropologist, and theology of liberation advocate, for the purpose of conducting profiles of the population and churning out terrorist armies.

The control the narcos exercise over the slums has evoked fascination, and even points of convergence, among Brazil's more degenerate leftists. "The Red Falange," criminals that traffic in arms and drugs, "have much greater popular support than the urban guerrilla of the seventies," wrote Fernando Gabeira, "former" terrorist and leader of the ecologist Green Party, who went on to assert that one could "smoke a peace pipe" with such a group. In fact, a pact with the drug traffickers would nicely complement Gabeira's demand for legalized marijuana consumption.

Laboratories and marijuana

During the past year, the drug traffickers have made Brazil their most important South American base of operations,

both for cocaine refining and opening up new zones for marijuana production. Recent statistics of the Brazilian federal police indicate that in 1987, cocaine seizures alone had increased 1,000% over previous years.

The police are forever discovering new indications of the international drug mafia's spreading empire in Brazil, including its support for terrorism. For example, on Jan. 2 it was revealed that the French police has solicited the collaboration of the Sao Paulo federal police to fight the Lebanese drug mafia, which possesses numerous laboratories in Brazil for the refining of Bolivian coca. The Lebanese connection, it was reported, finances terrorist groups in Europe.

Confirming these reports was the announcement Jan. 7 by Georges Paquy, spokesman for the French interior ministry, that his nation's anti-terrorist units had discovered an arsenal of the terrorist group Direct Action last September. Uncovered in the forest of Fontainebleau, the arsenal contained pamphlets, maps, and details on the terrorist organization's next victims. It also contained 12 kilograms of cocaine, which prompted the French police to request assistance from Brazil.

Two weeks earlier, Brazilian police had captured two mafiosi of the Lebanese connection. On Jan. 2, federal police officer José Augusto Bellini declared, "They form a powerful organization which monthly transfers nearly 100 kilograms of cocaine to Europe. . . . Sometimes the cocaine proceeds to Syria." He added, "These traffickers have been associated with terrorists."

Brazil is increasingly the favored location for traffickers from Ibero-America itself, not only for its vast and all-protecting jungle, but also for its production of such industrial chemicals as ether and acetone, which are critical to the refining of cocaine. On Dec. 26, 1987, Brazilian police dismantled a cocaine laboratory in Cuiaba, near the border with Bolivia, which turned out to be owned by the partners of Colombia's infamous Medellín Cartel, the godfathers of the narco-terrorist M-19 in that country. The laboratory, deep in the jungle, is the largest that has been discovered in South America, with the capacity to produce 200 kilos of basic coca paste and 50 kilos of pure cocaine each day.

The mafia has also turned Brazil into a vast producer of marijuana, to the point that it has already surpassed Colombia. Marijuana plantations in northeastern Brazil already occupy half the territory of Pernambuco state, which is twice the size of the nation of Holland. Northeast Brazil has been especially hard-hit by the austerity conditionalities of the International Monetary Fund, which, as in countries like Bolivia, has destroyed its real economy and provoked the flourishing of drug cultivation.

As federal police official Wladimir Cutarelli stated to the daily *Jornal do Brasil* last November, if the drought in the northeast gets worse, "the plantations of marijuana will increase, since one hectare of marijuana can sustain an entire family."

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Narcos up the ante in Colombia, target nation's political elites

by Valerie Rush

On the night of Jan. 18, heavily armed individuals claiming to be a commando force of the narco-terrorist M-19 guerrilla army broke into the electoral headquarters of Bogota mayoral candidate Andrés Pastrana, and abducted him. Pastrana is the son of former Colombian President Misael Pastrana Borrero (1970-74), and was mooted by the polls as the probable next mayor of Bogota, a post traditionally viewed as a stepping-stone to the Colombian presidency.

A Jan. 22 telephone call received by the Pastrana family revealed that the abductors are, instead, the self-described "Extraditables," the leaders of the Medellín Cartel of cocaine traffickers currently sought for extradition to the United States. Demands were made, which the family has not yet publicized.

The junior Pastrana, who ran a nightly television news show prior to his election campaign, is known for having repeatedly broadcast strong attacks on the drug mob. His campaign itself identified drug addiction as Bogota's "number-one problem," a polemic which shatters the mafia myth that the Colombian drug trade only affects such "imperialists" as the United States and Western Europe.

Prior to the identification of Pastrana's abductors, it was widely believed that he was being held by the M-19, a narco-terrorist urban guerrilla group which has repeatedly carried out terrorist acts in the employ of the drug mafia. On Jan. 19, the M-19 central committee issued a communiqué cautiously denying knowledge of any role played by its various "fronts" in the kidnaping. Drug mafia or M-19, it makes little difference.

The "Extraditables" had, in fact, given advance notice of their intentions. On Nov. 23 of last year, immediately following the arrest of Medellín Cartel chief Jorge Luis Ochoa, the cartel issued a warning that, in the event of Ochoa's extradition to the United States, it would "declare total and absolute war against the entire political and leadership class of the country. We will execute without any considerations of any kind all leading political chiefs of the political parties." In the aftermath of Ochoa's scandalous Dec. 30 release from a Bogota jail—and consequent pressures against the government of President Virgilio Barco from the Reagan adminis-

tration—the path to extradition of the drug chieftains is now cleared.

In a series of tragicomic responses to Pastrana's kidnaping, the Barco government automatically militarized the capital city in preparation for a dragnet, and then just as quickly pulled back the troops in response to a pledge communicated by the abductors that Pastrana would be released if the city were demilitarized. Needless to say, Pastrana was not released, and his captors easily fled with their victim. A telephone call from Pastrana to his family the afternoon of Jan. 20 confirmed that he was alive, but gave no indication of the identity of his captors, nor their demands.

Since Pastrana's abduction, the Barco government has uttered not a single official word on the affair. Worse still, there has been no sign of progress in the nationwide search for Ochoa and for his cartel partners. The government's efforts since Ochoa's release have rather been dedicated to self-justification of its own inaction. On Jan. 13, Colombia organized the rest of the Ibero-American representatives to the Organization of American States to endorse a resolution condemning the United States' pressure tactics against the Barco government as "interference in the internal affairs of a sovereign nation." Barco has also issued repeated appeals to the international community to "do its part" in the war against drugs.

The vacuum of policy within Colombian officialdom is especially striking in view of the Jan. 13 appeal of opposition figure Enrique Gómez Hurtado for a "civil coup d'état," backed by the military, to rescue the nation from the grip of the drug mafia and return Colombia to the status of a sovereign republic (see *EIR*, Jan. 22, 1988, "Colombians see nation imperiled, call for coup to fight drug mob"). Gómez Hurtado was explicit that responses to his appeal would separate Colombia's nation-builders from those who would see her destroyed. President Barco and his cohorts may not have taken Gómez Hurtado's appeal seriously, but the drug mafia clearly has. The kidnaping of Pastrana—a direct assault on the country's political elites—is its response.

Aside from individual efforts by political and journalistic figures, efforts such as Gómez Hurtado's, the Catholic Church

is the only institution in the country which has issued any concrete directives to the population on how to battle the mob. On Jan. 6, Colombia's bishops issued a statement on the March mayoral elections, which have been targeted by the drug traffickers and terrorists alike as a springboard to political power. "In the present conjuncture, it is indispensable to remember that Catholics have the moral obligation to repudiate money of shady origins, both in campaigns and in the purchase of consciences. . . . It is unacceptable for Catholics to vote for persons who are in contradiction to Christian principles and who obstruct the action of the Church, or who are hostile to the Christian values and morals that the Constitution teaches."

Colombian Cardinal López Trujillo issued a warning Jan. 18—just before Pastrana's abduction—that, "Disgracefully, the country is becoming habituated to the madness of violence and our situation is already approaching a truly demented state, in which life no longer has meaning." In what observers noted was a striking similarity to the formulations of Gómez Hurtado, Cardinal López concluded: "This mangled nation, of assassins and guerrillas, is deteriorating. The country must be re-made."

And on Jan. 21, Cardinal López issued a statement in the name of the Colombian Church which condemned the kidnaping of Pastrana as a threat to the institutions of the nation. An extraordinary conference of Colombian bishops has been called for Feb. 8 to formulate a response to the violence.

A state of dissolution

Precisely as Gómez Hurtado's open letter to President Barco warned, Colombia is already in an advanced stage of dissolution. The March municipal elections could well prove the spark that ignites civil war in the country.

Confrontations between Moscow's narco-terrorist irregulars and Colombian military and police forces are now occurring on a daily basis. Since New Year's day, the combined and/or separate forces of the FARC, ELN, EPL, and M-19 guerrillas have ambushed patrols, seized entire towns, assassinated dozens of political leaders, and conducted constant cross-border raids into neighboring Venezuela. Colombia's most critical Cano Limón-Covenas oil pipeline was dynamited a half-dozen times in one week, doing extensive ecological damage and putting a crimp in the country's oil export earnings.

Narco-terrorist activity along the Venezuela-Colombia border has escalated dramatically since Jan. 1, prompting the majority of Venezuelan cattlemen who have been targeted as kidnap victims by the terrorists to abandon their holdings and flee into the interior. Innumerable clashes between Venezuelan troops and the Colombian guerrillas have turned hundreds of kilometers of border into a no-man's land.

A confrontation in the Venezuelan border state of Arauca took place Jan. 16 between Colombian terrorists and Venezuelan soldiers, with at least eight killed, among them women and children. Venezuelan Interior Minister Ciliberto issued

a statement the next day lamenting the deaths of the women and children, and noting that as the guerrillas persist in using innocents as their protective shield, such deaths "cannot be our fault." Ciliberto took the occasion to issue a warning to the Barco administration that "until the government of the neighboring country lends us collaboration [in the war against narco-terrorism], Venezuela's efforts to fight crime along the border will be diminished."

In the jungle province of Caquetá, in Colombia's southwest, the ruling Liberal Party has been forced to pull out of the March elections for "lack of security" for its candidates.

The crisis has deepened, with the kidnaping of Bogota mayoral candidate Andrés Pastrana. Cardinal López Trujillo warned: "Disgracefully, the country is becoming habituated to the madness of violence and our situation is already approaching a truly demented state, in which life no longer has meaning."

On Jan. 19, the Liberal candidate for mayor of Florencia, the capital of Caquetá, was assassinated, one of three top Liberal leaders killed in the province over a five-day period. Despite the appointment of an active general to serve as military governor of Caquetá, the province's Liberal leadership insists that "there are no guarantees, and under these conditions we cannot participate [in the elections]. The fact is that our people are being murdered."

Moscow is employing its agents within Colombia's labor movement to sow economic chaos as well. On Jan. 19, Colombia was shaken by a 24-hour warning strike, which included the nation's state workers, judiciary workers (including judges), bank workers, television workers, even voter registration employees. The oil center of Barrancabermeja was racked by riots, and the state oil company Ecopetrol briefly shut down, following the Jan. 15 assassination of the president of the oil workers union USO. The rich agricultural region of Urabá was similarly paralyzed in response to the murder of the vice president of the banana workers union.

All of these labor organizations are run by one or another variety of communist, and are now announcing their intention to turn a Jan. 27 protest against International Monetary Fund conditionalities into a national strike that could seriously destabilize the nation.

Moscow-Beijing 'regional matters' overshadow Cambodian peace talks

by Linda de Hoyos

"We are able to survive thanks to the People's Republic of China," stated Prince Sihanouk, then head of state of Cambodia, on Dec. 31, 1963, on the eve of escalations that led to full-scale American involvement in the Vietnam War. "I do not know whether the P.R.C. loves us. I know that for its own interests at present the P.R.C. must protect us. As for the future, I do not know." However, Sihanouk continued, if the Americans "were on good terms with the P.R.C., we would be dead. . . . I concede again that after the disappearance of the United States from our region and the victory of the Communist camp, I myself and the People's Socialist Community [of Cambodia] that I have created would inevitably disappear from the scene."

Sihanouk's assessment of the dependency of his nation's existence on the whims and balances of power among superpowers in the region was, of course, correct. The overthrow of Sihanouk seven years later was one of the first fruits of Henry Kissinger's "China card" policy that led inexorably to the coming to power of the Chinese-backed Khmer Rouge in Cambodia in April 1975. Cambodia was the price exacted for the Kissinger China card, with the results the world knows: the four-year regime of the Khmer Rouge, in which the ultra-Maoists, trained at the Paris Sorbonne, perpetrated auto-cannibalism against the Cambodian people, with upwards of 3 million dead; the invasion of Cambodia by Vietnam in 1979 and the subsequent occupation by 140,000 Vietnamese troops; and the nine years of warfare between the Vietnamese and the Khmer Rouge guerrillas along the Thai-Cambodian border.

Now, 25 years after his prognosis for Cambodia's future, Prince Sihanouk has begun negotiations with Hun Sen, prime minister of the Vietnamese-backed government in Cambodia, in an attempt to end the Indochina conflict, and restore some modicum of political existence to Cambodia. Their Paris meetings in December and January, with two more in coming months, occurred at the prompting of the Soviet Union. Soviet Deputy Foreign Minister Ivan Rogachev, applauding the meetings in a Jan. 12 press conference in Moscow, declared, "Cambodian affairs must be settled by the Cambodians themselves. This is a very important principle." However, Prince Sihanouk had a more realistic assessment of Cambodians' power when he emerged from the second meeting. Responding to Hun Sen's proposal to "eliminate

the Khmer Rouge military forces," Sihanouk was quoted by his son Prince Ranariddh as saying: "I'm not going to play such a game, and China would never agree. It's up to Vietnam on the one hand and China on the other to reach an agreement."

This statement reflects Sihanouk's appreciation of the fact that Cambodia continues to serve as the key pawn in the Sino-Soviet imperial game in the Asian theater. That the meetings have occurred and the international press is rife with talk about a "regional settlement" over Cambodia, is not for any reason intrinsic to Cambodia, Vietnam, or the Association of Southeast Asian Nations (ASEAN). If it had been left to them, the Cambodian problem would have been solved long ago. Instead, the negotiations hinge on the imperial designs of the Soviet Union in the region, and secondarily China's. Although U.S. Assistant Secretary of State for Asian and Pacific Affairs Gaston Sigur in Bangkok Jan. 19 hailed the "signs of movement" toward a political settlement for Cambodia, the United States is increasingly irrelevant, as would be indicated by Sihanouk's 1963 analysis.

Moscow's game

Although efforts were made over the summer among Vietnam, India, Japan, France, and Indonesia, to begin negotiations among the Vietnamese-backed Cambodian government and the three members of the anti-Vietnam coalition—Sihanouk, Son Sann, and the Khmer Rouge—little progress was made until the Soviet Union began its probes for a Moscow-Beijing summit.

On Nov. 28, Radio Moscow announced that Mikhail Gorbachov, in a meeting with Zambian President Kenneth Kaunda, had expressed his willingness to meet with Chinese leader Deng Xiao-ping "anywhere, anytime," but that the meeting must be held "without pre-conditions." The reply came on Dec. 4: "My proposal does contain a precondition," said Deng, "that the Soviet Union must urge Vietnam to pull out" of Cambodia.

In a Dec. 28 interview with the Chinese magazine *Liaowang*, Gorbachov presented his summit call again as an invitation to Beijing to play a role in a triangular superpower agreement for global rule. Moscow's improved relations with Washington since his early-December summit with Reagan are not to the detriment of Beijing, Gorbachov affirmed. "The

new political thinking that we have embraced rejects the old simplistic rule—that good relations with someone are necessarily to the detriment of others. . . . Political dialogue is being established. A Soviet-Chinese summit meeting could become in our view its logical development. . . . The U.S.S.R. and the United States are called sometimes superpowers, but we are far from the thought that everything in the world, including East-West relations, depends only on Moscow and Washington. We count on cooperation with the People's Republic of China, whose policy means a lot in world affairs."

Beijing, however, does not appear to be taken in by such offers. Unlike Washington's rush to give the store away and sign the treasonous INF treaty, Beijing is exacting a price from Moscow. Beijing, it would appear, recognizes that Moscow's proffers of a role for China in "superpower" global politics, is, in fact, a demand that Beijing kowtow to Moscow's Vladivostok Doctrine, put forward by Mikhail Gorbachov in 1986, and acknowledge Russia as an "Asian power" with its own imperial rights in the region.

Intricate maneuvers

For Moscow, as a "regional settlement" in Afghanistan might be a price for another summit with President Reagan, a "regional settlement" for Cambodia is the price being exacted by Beijing for a summit. As in Afghanistan, the Cambodians were induced to put forward a "policy of national reconciliation" in September, announced by then-Cambodian Foreign Minister Kong Kom from Moscow. To underscore the point, in December, Moscow's Afghan puppet Najibullah visited all the Indochina countries, emitting praise for the "program of reconciliation." But neither program has been successful.

Moscow's repeated calls for a summit since late November provided the impetus for the Sino-Soviet diplomatic maneuvers on the Cambodia issue:

- On Dec. 2, Sihanouk and Hun Sen met for the first time in Paris. The meeting had been initiated with a Nov. 19 letter from Hun Sen to the Cambodian prince, which contained an offer for Sihanouk to return to Cambodia in some official capacity. Go-betweens for the meeting, reported the Nov. 19 *Bangkok Post*, included Austria, Romania, France, the Palestine Liberation Organization, Algeria, and India.

The two emerged with a joint communiqué calling for the Khmer Rouge and Son Sann to join the negotiations; a political resolution to the Cambodian conflict; negotiations for the creation of an independent, sovereign and non-aligned country; and an international conference to guarantee Cambodia's independence. Sihanouk rejected Hun Sen's offer of a post in Phnom Penh, stating, "I would rather die in Beijing or Pyongyang than be a puppet President in Phnom Penh, a stooge of Hanoi."

Immediately after the meeting, Hun Sen flew to Moscow for consultations.

- On Dec. 1, Laos and China issued a public agreement

to restore friendly relations, after a week of negotiations held in Beijing. It should be noted that, according to Southeast Asian analysts, the Soviet Union has taken over nearly full control of Laos, rather than Vietnam.

- On Dec. 10, Sihanouk abruptly canceled the follow-up meeting with Hun Sen, scheduled to be held in Pyongyang, calling Hun Sen "a lackey of Vietnam." He placed new conditions on talks, namely an official undertaking by Vietnam to withdraw its troops from Cambodia as soon as a non-socialist, non-communist, and genuinely non-aligned, four-party government were formed.

- At this point, the Soviets rushed to the Indochinese countries. On Dec. 19, Soviet Deputy Foreign Minister Boris Chaplin arrived in Laos and hailed Laotian and Vietnamese efforts to turn Asia into a "nuclear-free zone." On Dec. 20, Soviet KGB chief Viktor Chebrikov left Moscow to visit Laos and Vietnam.

- On Dec. 22, Vietnamese Foreign Minister Nguyen Co Thach sped to Moscow to discuss "urgent international issues, particularly the situation in Southeast Asia and around the Kampuchean issue," said Hanoi's news agency.

- On Jan. 4, Sihanouk conceded to a new round of talks with Hun Sen, but declared that "I will not sign, at the end of the negotiations, any joint communiqué without concrete progress toward a breakthrough of an equitable solution to the problem of Cambodia"—notably to include the withdrawal of Vietnamese troops. Dismissing the first meeting with Hun Sen as "only useful to give false hope to Cambodians," Sihanouk nevertheless said that the negotiations are "the last chance of saving our people and the Khmer homeland." A week later, Sihanouk went to Beijing.

- For its part, on Jan. 13, Vietnam announced that might be willing to withdraw its troops from Cambodia as early as the end of 1988, instead of its previous deadline, the end of 1990. Thai sources noted, however, that the Vietnamese are in the process of handing over bigger combat roles to Phnom Penh's own army, and had withdrawn its own troops from some areas.

- As Sihanouk and Hun Sen met in Paris for their second round, Beijing and Hanoi together announced that they had reached an agreement to improve relations and to conclude a cease-fire along the Sino-Vietnamese border, reported the Japanese daily *Yomiuri Shimbun* Jan. 20. The agreement was worked out in Hanoi between Chinese ambassador Li Shichun and Vietnamese Foreign Minister Thach.

However, these concessions from Vietnam did not succeed in gaining their objective: an agreement from China to demobilize the Khmer Rouge, as Hun Sen demanded of Sihanouk in Paris Jan. 21. For its own imperial reasons, there is little chance that China will let go of the Khmer Rouge, the strongest guerrilla force which has succeeded in the last year in penetrating deep into Cambodian territory. To the contrary, corroborated reports from Thailand are that China is building the Khmer Rouge into a "regular army" with "auxiliary"—that is, Chinese—forces.

World Council of Churches under fire

by Our Special Correspondent

On Dec. 30, 1987, the Singapore government shut down the regional headquarters of the World Council of Churches, which operates in Asia under the name Christian Conference of Asia (CCA). In a press release motivating its decision, Singapore's Home Ministry reported that, although the Christian Conference had promised in 1974, when it moved its headquarters from Bangkok to Singapore, not to engage in political activity, the "CCA has been using Singapore as a base to support 'liberation movements' in other Asian countries, helping to fund pro-communist movements, solidarity conferences, and exchanges for political activists and dissidents." The CCA was also caught red-handed attempting a "Christian-Marxist" overthrow of the Singapore government.

Word is that the CCA is now petitioning Thailand to serve as home base for its Asian operations. If the CCA is "denied a visa" in the region, it will be a major step in drying up the foreign-owned-and-operated networks that are targeting Asian governments, from Seoul to New Delhi.

As the Asia arm of the WCC, the Christian Conference has over 100 Protestant and Orthodox churches participating. With key input from the Soviet bloc's Orthodox churches, the World Council of Churches uses its "ecumenical" banner to operate as a Soviet front group, a fact noted even by the U.S. State Department. In its 1987 report, "Soviet Influenced Activities: A Report on Active Measures and Propaganda," the State Department said:

"During the 1960s and 1970s, the WCC's focus shifted away from traditional ecumenical dialogue toward policy stands on contemporary social and political issues, some of which paralleled Soviet stands. Soviet church officials have been increasingly active in encouraging WCC support for policy lines that the U.S.S.R. also supports, and for using its fora for presenting official Soviet views. . . .

"The WCC sometimes sponsors organizations or activities that have some form of affiliation with Soviet front organizations. On occasion, the WCC works with the CPC [the Moscow-based Christian Peace Conference] and/or its affiliates to encourage foreign governments to remove U.S. military bases. . . . WCC headquarters' support for radical leftist and/or violent movements in the Third World has already caused considerable controversy within member churches."

The tone of the CCA was set in its Fourth Assembly meeting in Bangkok in 1968, in which the conference called for "mass struggles of peoples," and denounced nation-build-

ing as an "ideology for rulers in Asia." Later, the CCA declared that "nationalism, with its emphasis on national security, unity, and stability tends to become an obstacle for those seeking preservation of democratic rights and mass action for change."

Singapore draws the line

The Singapore government's attention was drawn to the CCA in May 1987, when 16 people were arrested on charges of conspiracy to overthrow the government. According to Singapore and Philippines sources, the nexus exposed by the arrests was an extension of the "theology of liberation" networks under Jaime Cardinal Sin of the Philippines, which spawned the insurgent New People's Army. Further investigation in Singapore led to the Christian Conference. While all but the top two leaders of the conspiracy have since been released, Singapore has taken civil action to clear out the CCA nest.

In its release, the Singapore Home Ministry reports that the CCA began its operations against the government in 1969 with the creation of the Jurong Industrial Mission (JIM), which attempted to organize labor unrest in the Jurong factories, until it was shut down in 1972. The JIM involved the same cast of characters named as conspirators 12 years later, including Vincent Cheng.

"The CCA also provided Vincent Cheng with financial support, both when he was studying at the Trinity Theological College in the mid-1970s and later when he was working as a 'workers' organizer' in 1983-84," stated the Singapore release. "In this capacity, he ran 'organizers' training' sessions and 'social analysis' workshops attended by several of the Marxist conspirators arrested recently.

"The CCA took care to conceal its direct association with Cheng. In 1976, the CCA arranged with the Japanese branch of the CCA-Urban Rural Mission to channel funds directly to Cheng, so that the CCA secretariat in Singapore did not have to get involved. Similarly, the funds which Cheng received while working as a 'Workers Organizer' came from the CCA-URM in Hong Kong.

"CCA members have mounted a campaign against the recent arrests of the Marxist conspirators. CCA's subsidiary bodies in Hong Kong—the Committee of Asian Women, the Documentation of Action Groups in Asia, the Asia Committee for People's Organization and the Asian Human Rights Commission (AHRC)—as well as some of its member Councils of Churches, have sent protest letters to the government. . . ."

However, the Singapore release emphatically stated: "The government will not allow any foreign or regional organization based in Singapore to meddle in the internal affairs of Singapore or to use Singapore as a base for political activities involving other countries. . . . The CCA is being used for purposes prejudicial to Singapore's interests, and has therefore been expelled."

Moscow endorses Peruvian coup

Soviet-supported terrorists and CIA-linked labor leaders combine to topple Peruvian President Alan García.

Since Peruvian Communist Party Secretary General Jorge del Prado called at New Year's for intensified struggle for "the seizure of power," the narco-terrorist gangs, their liberal apologists, and networks historically identified as "CIA-run" labor leaders have stepped up their efforts to destabilize Peruvian President Alan García. Moscow's strategy is to provoke a repressive military coup against the still-popular García. In the ensuing popular insurrection, the Communists would seize power. "We are the alternative," del Prado proclaimed.

Del Prado assured the daily *El Nacional*, "If the danger of a coup arises . . . we would respond very energetically. And not exactly to keep the government in power."

Moscow's Peruvian Communist Party is now publicly backing the barbarous terrorism that is sweeping Peru. Del Prado expressed his respect for the "direct armed struggle" of the narco-terrorist Tupac Amaru Revolutionary Movement (MRTA). He said that "there was clearly a nearing of struggle positions" between the MRTA and the political and labor fronts controlled by the PCP. "The MRTA," he said, "does not fight the United Left, nor the CGTP," the Soviet-controlled General Confederation of Peruvian Workers. "Since we do not rule out the possibility of having to defend our conquests by force . . . we would be wrong to condemn armed struggle in general."

Without consulting the labor federation's membership, the Communist leadership of the CGTP called a Jan. 28 general strike to break the Gar-

cía government. The strike call has been consistently supported by *El Diario*, the legal daily newspaper of the Shining Path (Sendero Luminoso) terrorists. Shining Path called for the strike to be violent, and made its point by exploding five charges of dynamite during a CGTP march in downtown Lima on Jan. 13.

Also supporting the strike is Julio Cruzado, the chief of what used to be the labor federation run by President Alan García's APRA party. This shocked APRA leaders, who noted that Cruzado, who had spent over 50 years mouthing anti-Communist rhetoric while spreading AFL-CIO money among his friends, had made an about-face. By defending International Monetary Fund austerity, Cruzado had, over the years, driven one union after another to the Communists. His new embrace with the PCP reflects the worldwide alliance between his American "Project Democracy" controllers and the Soviets.

Shining Path has shifted gears in its war on Peru. Over the past two years, the Army had regained control of 85% of Shining Path's home area in the impoverished Ayacucho region, thanks to García's firm hand and his policies of providing credit, fertilizer, and better prices to the peasants. Shining Path was forced to redeploy to other parts of the country, and is now engaging in assassinations and economic sabotage in several areas of the country.

But, in the past month, the terrorists have regained the initiative in Ayacucho. On Jan. 8, Shining Path comandos walked into the village of

Chaca, a typical Ayacucho town with no electricity or telephone, and gathered its 500 peasants in the square. It called out the names of 22 men and 2 women, including all the village leaders, declared them guilty of loyalty to the Peruvian government, and beheaded them. This is exactly what the group had done in the village of Rumi Rumi a month before.

Shining Path is murdering groups of peasants, agrarian bank employees, and agricultural development engineers in the countryside around Ayacucho in less formal fashion every day of the week. Peasants are abandoning their lands and flocking to towns protected by Army bases.

The shining star of the Reagan administration's "Project Democracy," novelist Mario Vargas Llosa, opined in the daily *El Comercio* Jan. 13, "I don't believe there is any immediate or intermediate possibility of a Shining Path victory. But I do believe that extremist violence could reach such a state of insecurity and chaos for the country that it could open the doors to a military coup."

The military is frustrated by seeing Shining Path's *El Diario* circulating nationwide with impunity every day. One early-January issue contained five "discussion documents" for an upcoming clandestine Shining Path national congress.

García has urged the Congress to rule that "he who distributes a leaflet advocating terrorism is as much a terrorist as he who explodes a bomb." But, he is blocked by members of his own party, who have deals with the terrorists, with the Communists, or with Project Democracy and its international "human rights" lobby. Ultimately, the strongest political shield for the terrorists is the international uproar created by Vargas Llosa last year, when he accused García of "censorship" and "totalitarian tendencies."

International Intelligence

French, Germans form joint councils

France and Germany celebrated the 25th anniversary of the 1963 de Gaulle/Adenauer treaty on Jan. 22, by formally announcing the establishment of a mutual Council on Defense, a Council on Economic-Financial Affairs, and a Cultural Cooperation Agreement.

French Premier Jacques Chirac, in a statement issued a day earlier, made clear that loss of trust in the United States was the principal French motive in tightening relations with West Germany. Said Chirac, the councils are necessary "in view of the new conditions set by the INF treaty, and by the events of the October monetary perturbances."

Not everyone is pleased by the new cooperative bodies. The Council on Economic-Financial Affairs is viewed with suspicion by the German central bank, or Bundesbank, whose governor, Karl-Otto Pöhl, said that he would support the council only if the autonomy of his own institution were not affected.

Pöhl also denied Chirac's charges of two weeks earlier that the German bank had failed to support the French currency, while it had supported the dollar at France's expense.

The Council on Defense, to consist of the heads of the French and German governments and their military chiefs of staff, will convene at least four times a year. Officials pointed out that the defense and economic councils' consultations will inevitably overlap to a certain extent, because their agendas include funding of mutual defense projects, including "military projects in space."

Soviets sponsor 'new thinking' conference

The Soviet Union hosted a conference of members of the "International Fund for the Survival and Development of Humanity" in mid-January. The conference was sponsored by billionaire Soviet agent Armand Hammer of Occidental Petroleum. According to a front-page item the Soviet military

daily *Krasnaya Zvezda* (*Red Star*), the Fund's members, all leading international cultural, scientific, and political figures, met with Mikhail Gorbachov on Jan. 15.

Those included in the Gorbachov meeting, listed by *Krasnaya Zvezda*, were Hammer; D.S. Likhachev, chairman of the Soviet Culture Fund; A.D. Sakharov, Mrs. S. Eisenhower, J. Goldenberg (Brazil), R. Biernerstedt (Switzerland), J. Stone (U.S.A.), D. MacTaggard (Canada), B. Sendov (Bulgaria), F. Mayor (Spain), Metropolitan Pitirim (U.S.S.R.), R. Sagdeev (U.S.S.R.), C. Stiller (E. Germany), M. Gutierrez (Italy), M. Sela (Israel), F. von Hippel (U.S.A.), K.P. Dürr (W. Germany), K. Richter (W. Germany), U. Green (U.S.A.), and laser scientist E.P. Velikhov (U.S.S.R.).

The subject of discussion: implementation of "new thinking" in world politics and science.

On the same day of the *Krasnaya Zvezda* report, Jan. 16, *Pravda* carried a photo of the gathering, plus a photo of Gorbachov receiving Hammer in private. Hammer was quoted welcoming the INF treaty as the "right step in the right direction." He also said that he hopes the U.S.S.R. would demonstrate its "good will" in regard to Afghanistan. Central Committee Secretary Anatoly Dobrynin attended the private session.

Soviets gleeful that U.S. jets leave Spain

The Soviet party newspaper *Pravda* could not conceal its jubilation over the recent withdrawal of U.S. F-16 fighter bombers from Spain. "Fighters Lose Their Residence Permit," the Soviet paper headlined on its front page.

The article boosted Adolfo Suárez, the Soviets' choice for next premier of Spain. It also tried to manufacture a new issue: "Some politicians" want the "obscure points" concerning whether the United States would be able to use Spanish bases in times of crisis "cleared up," and want a definition of what a "crisis" is.

The U.S. jets were withdrawn from their base at Torrejón after negotiations between

the State Department and the Spanish government of Socialist Felipe González.

On Jan. 22, Soviet Foreign Minister Eduard Shevardnadze was received by the Spanish king. He also was to meet with González, and with the foreign ministry secretary who organized the withdrawal of the 72 American F-16s. On Jan. 22, a Soviet foreign ministry spokesman told the press that the withdrawal was "good news for Spain, an important step in detente."

NATO big loser in Swedish-Russian deal

Well-placed European military observers have told *EIR* that the just-concluded Swedish-Soviet settlement of a 27-year-old disputed water boundary in the Baltic Sea is a major blow to NATO. According to these sources, the agreement will prevent any pre-war NATO deployments in the Baltic. The way the agreement is defined will make it impossible for NATO submarines to move farther east than the Danish island of Bornholm.

"This is a significant step in the direction of the *mare clausum* [closed sea] goal the Russians have sought in the Baltic for 80 years," said one source. "The Russians will now use their foothold in the former international 'white zone' to establish military presence and control."

He continued: "The argument that Sweden retains 75% of Baltic waters, to 25% for Russia is meaningless, since Russia treats Swedish territorial waters as its own anyway."

Israel has technology to develop Middle East

Israel's military high technology could be the key to the economic development of the entire Middle East region. So says a feature article in the Jan. 21 *Financial Times* of London.

It focuses on what Israeli Foreign Minister Shimon Peres called Israel's "third stage of Zionism . . . the conquest of science," after the "conquest of work and the conquest

of the land," to be achieved by "the unres-trained development of high technology."

Most of Israel's high technology has been used for only military purposes, although the "sophistication of some commercial projects matches the quality of European and Japanese industries."

The article continues: "A change in the perception of Israel in the region, from the confrontational mood to open-door policies, would decrease its dependence on the West. A synergy could be created with its Arab neighbors, generating a significant regional market which would contribute to the growth of all parties. Then, instead of serving military requirements, high technology will address and solve real development."

The article clearly reflects one Israeli faction's approach to solving the crisis that Israel is now experiencing due to troubles in the occupied territories.

Angolan rebel victories reported

Dr. Jonas Savimbi's UNITA guerrillas have inflicted serious defeats on the Cuban army and government troops in Angola, the Portuguese weekly *O Diabo* reported on Jan. 19.

This series of military defeats has led the Angolan government, which enjoys Soviet aid and advisers as well as the support of tens of thousands of Cuban troops, to purge both the defense minister and his deputy. A bevy of military commanders and political commissars have also been sacked, says the Portuguese report.

Savimbi's guerrillas are pro-Western. In a visit to the United States in 1986, Savimbi met with President Reagan and received pledges of continued U.S. support. South Africa has also supported UNITA at times. Savimbi is now preparing a European tour.

The "first-ever rout of a Cuban unit" came at Cuembo, off the Benguela railroad in the South of the country, said the Portuguese report.

"This is a turning point in the war," a veteran UNITA commander told *O Diabo*.

UNITA is now preparing a military offensive against Cuban logistical bases in the

north, until now considered less vulnerable to the freedom fighters' attacks than the southern part of the country, large sections of which UNITA controls.

Soviets hail shift by German conservatives

The Soviet foreign-language weekly *New Times* had only praise for "conservatives" in West Germany in its mid-January issue, arguing that they have historically shown themselves to be at least as likely, if not more likely, to seek an accommodation with the Russians than Germany's socialists. The praise came by way of a commentary on the recent visit of West German Christian Social Union leader Franz Josef Strauss. Strauss dropped his traditional "hawkish" posture, in favor of unabashed pro-Soviet enthusiasm.

The article was written by Lev Bezymensky, *New Times* editor, who in the past has had the unkindest things to say about a certain American "conservative," Lyndon LaRouche.

"There's a school of thought that conservative Western politicians are quicker than the 'leftist' politicians to find a common language with the communists," he wrote. "Allusions are made to the historic Rapallo Treaty of 1922 when the Catholic Center Party of Germany acted in its national interests, while the Social Democrats buried themselves in the trenches of anti-Sovietism."

Bezymensky reveals that he held lengthy meetings with Strauss associates in Munich prior to Strauss's Moscow visit, and that in those discussions, the Strauss aides brought up the Rapallo analogy to show what could be accomplished between Moscow and Germany's conservatives: "I often heard this argument in Munich, along with the question why Strauss was not invited to Moscow. They said Strauss was the man to come to terms with, I was told."

Moscow, he said, will accept capitulation from anybody: "The key . . . is a politician's ability to decode the signs of the times. . . . Moscow is hospitable to those who wish to talk in earnest."

Briefly

● **AFGHANISTAN'S** rebel leader, Younis Khaled, head of the alliance of Mujahedeen fighters, told the *London Observer*, "In announcing they intend to leave Afghanistan, the Soviets' intention is to fool world opinion. It is not a significant offer."

● **IRAN** is seeking to make some political capital out of labor troubles in West Germany. In a meeting with 800 striking Muslim Turkish workers at the Krupp steel plant in Rheinhausen, Iranian Industry Minister Mehdi Navab-Motlagh was told by the chairman of the plant's factory council that the workers had lost all confidence in the Bonn government and are placing their "last hopes on Iran." The Iranian government owns 25% of Krupp stock. The Rheinhausen complex has more than 6,000 workers.

● **SOVIET DEFENSE** Minister Dmitri T. Yazov, in a rare TV appearance, sharply criticized the Soviet press for undermining public respect for the Red Army.

● **SWEDISH** authorities have again arrested Viktor Gunnarson in what preliminary reports indicate is a formality linked to the investigation of the assassination of Prime Minister Olof Palme. Gunnarson, whom Soviet propaganda falsely tied to Lyndon LaRouche, was fully cleared of all charges last year. He has been arrested, say reports, because of special prosecutors' interest in interrogating him again before he emigrates from Sweden to Australia.

● **RADIO MOSCOW** reported Jan. 20 that a Soviet government spokesman has officially denied "reports that a visit by the Pope" in 1988 "is being considered." The spokesman called "equally unfounded" assertions in the Italian media and Associated Press that Mikhail Gorbachov will "visit the Vatican while in Italy." In any case, he added, "No date has been set for such an Italian visit."

The United States shifts toward 'Fortress America'

by Nicholas F. Benton

On the eve of the reconvening of the 100th Congress and President Reagan's final State of the Union message, the most important and deadly shift in U.S. military and strategic policy since the end of World War II has been signaled by the administration. In essence, the administration has said that America's allies around the world may no longer count on America's "nuclear umbrella" to shield them from Soviet aggression. With that follow-up to the "zero option" treaty with the Soviet Union, the administration is preparing to hand most of the world to the Russians, and, at least at the State Department, they know that is what they are doing.

NATO reaction has been a swift call for a summit of heads of state, now scheduled to occur in Brussels, Belgium, March 2-3.

Admittedly, this strategic shift did not come out of the blue. The fears of patriots in the NATO countries were first provoked by President Reagan's evident willingness to undermine the alliance with the deals nearly consummated at Reykjavik in 1986.

First, the President accepted a long-term regime of cuts in U.S. defense budgets, which has assured a significant reduction of U.S. military presence abroad and brought the Strategic Defense Initiative to a virtual standstill. Then, the President signed the disastrous Intermediate Nuclear Force (INF) treaty with Soviet General Secretary Gorbachov in December. Now, the President has mandated his negotiators in Geneva to complete a sweeping strategic arms reduction pact in time for a Moscow summit by early May.

And finally, the administration issued two national strategy documents in January. The report of the Commission on Integrated Long-Term Strategy released at the Pentagon Jan.

13 was followed by the President's annual report to Congress entitled, "National Security Strategy of the U.S.," released at the White House Jan. 20. They confirm that the administration is engaged in a calculated shift in U.S. strategic posture which will concede Western Europe, first, to the Soviet empire.

The documents dispense with the basis of U.S. strategic posture in the postwar period, toward a neo-isolationist, "Fortress America" posture. The basis of U.S. strategic posture in the postwar period is summed up in Article V of the NATO Compact, "An attack on one is an attack on all." The defense of the alliance is indispensable to the national security of the United States.

The treasonous intention to abandon European (and other) allies is stated clearly in the Integrated Long-Term Strategy report, "Discriminate Deterrence," known as the Iklé-Wohlstetter report. Assistant Secretary of Defense Fred Iklé and Prof. Albert Wohlstetter co-chaired the commission, which includes Henry Kissinger, Anne Armstrong, Zbigniew Brzezinski, Samuel Huntington, John Vessey, and William Clark. The same treasonous intention is more subtly, but also more significantly, present in the President's own report to Congress.

Some in the administration, including, according to reliable sources, National Security Adviser Lt. Gen. Colin Powell, were red-faced over the blatant call in the Iklé-Wohlstetter report for a removal of the U.S. nuclear umbrella from Europe. They distanced themselves by insisting, as White House spokesman Marlin Fitzwater put it, that that report was only a "private study, taken under advisement by the administration, but not policy."

But then, Navy Secretary James Webb delivered a speech at the National Press Club Jan. 13 that sounded like it was lifted directly from the Iklé-Wohlstetter report, and this was followed by the President's report to Congress, which included praise for the Iklé-Wohlstetter report.

Of course, the President's report insists that the United States retains the nuclear doctrine of "flexible response" and that a "Fortress America" posture is unacceptable. But, after such lip-service, it tips its hand in a section analyzing U.S. military strategy region-by-region. There, it refers to the defense of North America as "the nation's most fundamental security concern." The security of Western Europe is merely "a vital component" of U.S. strategy.

A focus on such subtleties of wording might be criticized as "splitting hairs," especially given the vociferous denials of senior administration officials when confronted by *EIR* on this during a background briefing at the White House Jan. 20. But, it comes in the wake of the Iklé-Wohlstetter bombshell, which was properly characterized as a "recipe for decoupling the NATO alliance" by a leading European analyst.

In fact, a private exchange following the White House briefing revealed the real link between the two reports, as perceived by administration officials themselves. *EIR*'s correspondent challenged the senior administration official: "If you say the administration remains committed to ensuring that the full force of the U.S. nuclear arsenal is at the disposal of NATO, and the Iklé-Wohlstetter report calls for removing this, then why don't you clarify your position to all those nervous Europeans by simply repudiating the Iklé-Wohlstetter report?"

Replied the official, "I will not repudiate it, because the two reports deal with different things. The President's report says what our policy is today. The Iklé-Wohlstetter report concerns what people should begin now to think about how the world might look a decade from now."

So, those worried that the INF accord will lead to a decoupling of the NATO alliance now see their worst fears confirmed. It is one deliberate step in a conscious strategic shift.

The same shift is evident in President Reagan's renewed preoccupation with aid to the Nicaraguan rebels in Central America. According to the design of the "decouplers," the United States is supposed to withdraw forces from Europe, shifting its military emphasis "south of the border." In the two weeks surrounding the reconvening of Congress, President Reagan scheduled over a half-dozen major addresses focused on support for the Nicaraguan Contras, including an address to the Reserve Officers Association Jan. 27, and remarks to at least two large groups of private citizens herded into the Old Executive Office Building adjacent to the White House for special briefings on the Contras. Is this different than the operation by which Lt. Col. Oliver North and his shady associate, Spitz Channel, raised huge sums of private money for the Contra resupply effort, using the lure of a meeting with the President as a fundraising pitch?

A ratification fight

Now, the administration is gearing up its campaign to railroad a swift ratification of the INF treaty through the U.S. Senate, recruiting former Sen. John Tower (R-Texas) to its cause. However, despite bravado to the contrary, there is considerable nervousness in the White House over the vote. Knowing that only 34 votes are required to kill the treaty, they fear the growing campaign against the treaty, spearheaded by the Schiller Institute and the Ad Hoc Committee Against the INF Treaty.

The Schiller Institute is scheduled to bring a leading West German opponent of the INF treaty to Washington Jan. 26 to brief senators on the dangers of the accord. Brig. Gen. (ret.) Paul Albert Scherer was the chief of the Military Internal Service of the West German Armed Forces in the 1970s.

In addition, Sen. Jesse Helms (R-N.C.) announced Jan. 20 his intention to introduce "killer amendments" aimed at blocking ratification of the INF treaty. Helms cited the 3-to-1 Soviet conventional force advantage in Europe that will remain after the treaty which, he said, "could tempt them to start a war in Europe. It will unquestionably give them the ability to bully our European allies."

This provoked Sen. Carl Levin (D-Mich.), chairman of the Armed Services subcommittee on conventional forces, to release a 67-page report later the same day, containing the wild assertion that "an uneasy conventional military balance exists today in Europe."

Still, the White House is worried that if the Senate gets bogged down in a debate on counting conventional forces—which some experts insist shows the Soviets with a 6-to-1 advantage—prior to voting on ratifying the INF treaty, then the treaty may never come to a vote at all.

Whither SDI?

While the battle lines are being drawn on the INF ratification fight, the fate of the Strategic Defense Initiative remains in deep doubt. Many analysts believe the program is effectively dead in the water. Henry Kissinger, of all people, who never wanted the program to be more than a bargaining chip, speaking to the Heritage Foundation Jan. 14, forecast the "atrophying" of the program. With its funding for FY88 cut almost 40% from the requested \$5.2 billion to \$3.2 billion, about 75 SDI programs have been terminated, and the free-electron laser, one of the most promising programs, has been cut by 35%.

Fiscally strangled, the SDI has been targeted by such anti-NATO figures as Sen. Sam Nunn (D-Ga.) and Rep. Les Aspin (D-Wisc.). They have proposed a restructuring of the program toward the highly restricted objective of defense against a single accidental launch with a series of ground-based, point-defense systems.

Using the same approach advocated in the Iklé-Wohlstetter report, Nunn and Aspin ignore the emergence of the Soviets' nationwide ABM system in their support of the U.S. strategic shift toward "Fortress America."

The INF Treaty: for America a unilateral 'double zero'

by Konstantin George

Even in its own terms, the Intermediate Nuclear Force (INF) Treaty signed by President Ronald Reagan and Soviet party boss Mikhail Gorbachov on Dec. 8 is a fraud, giving the Russians a unilateral "double zero" at the West's expense. As *EIR* has stressed, the treaty ignores the Soviet Union's actual Order of Battle, which compensates for the withdrawal of nuclear missiles from Europe with irregular warfare and emerging "radio frequency weapon" capabilities. But even when it comes to counting missiles, the treaty is fatally flawed. Every senator should consider the following facts and figures, documenting that, while the U.S. missile forces are to be eliminated, Moscow will retain a large number of missiles, supposedly banned by the treaty.

The United States accepted the Soviet figure of 405 SS-20 launchers and 45 SS-12 launchers to be scrapped under the treaty. The U.S. also accepted Moscow's declaration that there exists for each launcher, SS-20, SS-22, and SS-23, only two missiles, one for ready launching, and one instant reload. In doing so, the Reagan administration threw out the window its own rock-bottom 1987 estimates of Soviet medium-range missile strength (the SS-20 and its predecessor, the SS-4), and NATO and neutral European estimates con-

cerning Soviet reload missile figures.

Up to the eve of the INF Treaty signing, the Pentagon had insisted that a minimum of 441 SS-20 launchers existed in the U.S.S.R., and a minimum of 112 SS-4 launchers. Thus, there are, somewhere in the U.S.S.R., at least 36 SS-20 and 67 SS-4 launchers unaccounted for in the INF Treaty. The Soviet cheating only starts there. Even the military publications for neutral European countries, such as the highly respected *Oesterreichische Militärische Zeitschrift* of Austria, have estimated a minimum of three to four missiles per SS-20 launcher, and that such a figure comprises the norm for all cold-launched Soviet mobile missile systems. This means that between one-third and one-half of Soviet SS-20 missile, as opposed to launcher, strength is not covered in the INF Treaty.

The U.S. senator pondering over ratification cannot dismiss the SS-20 cheating by claiming "only" 36 unaccounted-for launchers. These are 36 launchers with an unlimited supply of reload missiles.

The SS-22 and SS-23 numbers fraud

The Soviet cheating is much worse concerning the ludicrously low figures "admitted" by Moscow and accepted by Washington, regarding the number of SS-22 and SS-23 missiles. The first order of the fraud is demonstrated ironically by Moscow's fairly truthful admissions concerning SS-22 and SS-23 missile strength in the relatively tiny area of East Germany and Czechoslovakia. Here, Russia admitted having a missile strength of 197 SS-22 and SS-23 launchers, catching NATO off guard. NATO had estimated—and this concerns a small area of territory where NATO intelligence surveillance is relatively good—a total of only 130-140 such missile launchers. Given such a shocker, one would have thought that the Reagan administration would never have made such fools of themselves in accepting the Russian "admission" of a mere 33 SS-23 launchers existing in the entire Soviet Union. Equally ludicrous was Washington's acceptance of Soviet SS-23s based in the U.S.S.R. as "reserve" forces.

Here it is important to reveal the "secret" as to why *EIR*, in the summer of 1985, with no access to satellite reconnaissance or anything of the sort, was able to arrive at a "bulls-

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eye" estimate of at least 198 SS-22 and SS-23 launchers in East Germany and Czechoslovakia, and by the same token to arrive at fair estimates of a far higher number of such missiles inside the U.S.S.R. than the mere 33 admitted by Moscow. Our analysis was based on knowing the function of the missile units in the Soviet Order of Battle. What we knew was the number of such units assigned to the armies and "fronts" (two or more armies) in the Order of Battle of the Soviet Ground Forces, and roughly how many such armies and "fronts" were based in East Germany and Czechoslovakia.

Our next order of analysis was debunking the false axiom that Soviet forces inside the U.S.S.R. were somehow "reserve," with a different missile unit configuration in their Order of Battle. Soviet medium-range missiles had and have the function of blanketing targets in NATO countries and other U.S. allies, such as Japan in the Far East. Therefore, Military Districts inside the U.S.S.R., such as the Leningrad and Baltic Military Districts which face Scandinavia; the Odessa, North Caucasus, and Transcaucasus which face Turkey and NATO's Southern Flank; and the Far East Military District, facing Japan, to say nothing of the large "2nd Echelon" Soviet forces in the Western U.S.S.R. Military Districts of Byelorussia and the Carpathian region, all have a "front line" Order of Battle with the requisite high SS-22 and SS-23 missile strength.

To cite but one prime example, let us take the Far East Military District. Soviet military strength there is approximately equal to Soviet forces in East Germany. Also, as NATO has always noted, new Soviet military hardware is always, as the case of the T-80 tank showed, first dispatched to the forces in East Germany and the Far East. Any military intelligence professional would have to assume at least a rough parity in Soviet medium-range missile strength deployed in East Germany and Czechoslovakia, and in the Far East, deployed against Japan, South Korea, and on a contingency basis, against China.

Concerning the Southern Flank, there was even the admission at the beginning of July 1987 by Soviet General Staff Col. Gen. Nikolai Chervov, that SS-22s and SS-23s were stationed in the south of the U.S.S.R., facing Turkey. Regarding the Northern Flank, one ought to consider the shock that hit NATO when, in the INF Treaty, Moscow admitted it had 96 Ground Launched Cruise Missiles in the Baltic Military District, facing Scandinavia. NATO hadn't counted any. Again, NATO was caught with its pants down regarding one of the smallest land area military districts in the Soviet Union. Imagine what can and is being hidden in the larger land expanses of the U.S.S.R.

Last but not least, NATO knows that Soviet SS-23s are based with the Soviet Groups of Forces in both Poland (cited in the respected *Jane's Defence Weekly*, for example) and Hungary, and, probably SS-22s in Hungary as well. The INF Treaty does not even provide for nominal inspection in these two countries.

Forces gear up for Senate INF battle

by William Jones

The week before the reconvening of the Senate on Jan. 25 has been characterized by a flurry of activity and an alignment of forces in preparation for the decisive battle to prevent the consolidation of a "New Yalta" agreement, under the terms of the INF Treaty. Preliminary signs of combativeness have been forthcoming from Sen. Jesse Helms (R-N.C.), ranking Republican on the Foreign Relations Committee, one of the three committees in which the treaty will be scrutinized before being sent to the Senate floor for a vote.

Senator Helms announced on Jan. 13 that the treaty contained "significant defects and loopholes" that will require amendments. Two major problems that he wants to focus on, are the question of whether the verification requirements of the treaty are adequate, and the fact that no nuclear warheads are actually destroyed, only the missiles and the launchers. The warheads can therefore be placed on other missiles.

More significantly, Helms states that the removal of nuclear missiles from Western Europe would place the United States "on the nuclear front line," thus emphasizing that the U.S. military presence in Western Europe exists not only for the defense of Europe, but also as the front-line defense for the United States itself. Earlier in the week, Republican presidential candidate Jack Kemp had accused the Soviets of having already broken the treaty, when they sent the United States phony pictures of what they claimed to be SS-20 and SS-23 missiles.

The previous, docile acceptance of the INF Treaty by Western European leaders, who had given their consent under extreme pressure from U.S. government officials, including Vice President George Bush, who continues to wave the INF flag on behalf of his presidential campaign, has begun to give way to a mild outcry of protest from these same leaders, particularly since the publication of the Wohlstetter-Iklé report on "Discriminate Deterrence."

The reverberations of the European protests are just beginning to be felt in Washington and are creating an atmosphere of apprehension with regard to the full ramifications of the treaty. It is finally beginning to dawn on some people, that the treaty may indeed be that "new Munich," which *EIR* warned about when the treaty was signed. The battle in the Senate in the weeks ahead promises to be wild and woolly. Well may it be so, for the stakes are higher than most of the participants realize.

George Bush sinks deeper into Iran-Contra scandal

by Scott Thompson

The Jan. 18 issue of *U.S. News and World Report* carries an article entitled, "George Bush's Iran-Contra Albatross." If the story is accurate, then the Iran-Contra scandal is likely to take on greater importance in the 1988 presidential elections than has heretofore been the case. One Washington, D.C. observer has described the series of leaks that implicate Vice President Bush in the scandal as "the Chinese water torture."

The latest *U.S. News* article makes clear that the involvement of Bush's office in the Contra resupply operation was much deeper than the vice president and his aides have previously admitted. For weeks now, the evidence has been mounting that Bush was well informed of the arms-for-hostages gambit, almost from the very beginning. In December, a computer message was uncovered, written by National Security Adviser John Poindexter. It described Bush as "solid" in his support for the arms-for-hostages deal.

Then, in early January, the *Washington Post* disclosed new details on the series of meetings in which the Iran arms-sales operations were "fully vented." They were attended by the vice president, and he raised none of the objections leveled by the secretaries of State and Defense at the plan. Cable News Network meanwhile, reported that Bush knew in advance about Robert McFarlane's May 1986 trip to Teheran to negotiate with the ayatollahs, citing as evidence Bush's demand that the trip and the arms sales follow his own trip to the Middle East. That trip was made to "jawbone" the Saudis into raising oil prices to benefit the Iranian Treasury's ability to purchase arms.

Now, the March 17, 1983 memorandum stamped "secret" and found in Lt. Col. Oliver North's safe has, in the words of *U.S. News*, led "investigators" to "believe the memo may have marked the beginnings of the National Security Council staff's involvement in directing paramilitary operations in Central America. This NSC activity later resulted in the White House overseeing the clandestine resupply of arms to the Contras—an operational involvement undertaken to skirt congressional prohibitions on such assistance by removing the Central Intelligence Agency and the Defense Department from the direct line of responsibility."

Combined with a flurry of accusations from Bush's leading opponent, Sen. Robert Dole, this series of leaks has already seriously damaged Vice President Bush's campaign. Bush has also been hauled before Special Prosecutor Law-

rence Walsh, because it was thought that his original testimony before the Tower Commission was incomplete and misleading.

Enter Felix Rodriguez

The cited March 17, 1983 memorandum was written by Donald Gregg, Bush's national security aide, after he met with Felix Ismad Rodriguez, a.k.a. Max Gomez, a Cuban-born former CIA official who worked with Gregg and with the CIA's Theodore Shackley in Vietnam. Rodriguez gave Gregg a military plan to launch air strikes with "minimum U.S. participation" at leftist rebels in Central America. Although Rodriguez described the plan as "ideal for the pacification effort in El Salvador and Guatemala," an attached map showed that air strikes were also to include Honduras and Nicaragua. Gregg liked the Rodriguez plan so much he forwarded it to Bud McFarlane, urging that it be adopted. McFarlane, in turn, forwarded it to Oliver North, with the notation: "Ollie—For summary and recommendation—Bud." Concludes *U.S. News*, "Gregg, it appears, was a pivotal player in Central American policy."

Despite official disclaimers, the record clearly indicates that Rodriguez had discussed the Contra resupply operation with Gregg, who introduced Rodriguez to Vice President Bush and Lieutenant Colonel North. The first meeting between Gregg and Rodriguez, according to a chronology released by the vice president's office after the relationship first became known, was on Nov. 3, 1983, sometime after the meeting reported on in the "secret" memorandum from North's safe. Even the official record shows Gregg helping Rodriguez obtain a post as an adviser on counterinsurgency with the El Salvador Air Force, where he worked on a project that Rodriguez described later as similar to what he had done for Theodore Shackley in Vietnam. This, after Gregg had introduced Rodriguez to several leading Washington officials, including the vice president. Eventually, Rodriguez became the coordinator of the Ilopango, El Salvador supply operation.

By not later than July 1985, Rodriguez was in phone contact with Gregg concerning the need to continue supplies for the Contras, according to the *New York Times* of Dec. 13, 1986. Evidence points to Rodriguez having discussed the Contra resupply operation with the vice president as well,

despite official denials. The background briefing supplied by Gregg for a May 1, 1986 follow-up meeting with the vice president and Rodriguez had the Contra resupply operation as one of the topics that was to be discussed, along with the counterinsurgency operation in El Salvador. Oliver North was present at that meeting.

Finally, on Aug. 8, 1986, Rodriguez met with Gregg and another Bush aide, Colonel Watson, to express his concerns that the informal Contra supply organization which then existed, might not last until the U.S. government effort organized by the CIA could put in fresh funds then only recently authorized by Congress. Gregg passed these concerns on to other Washington officials in a position to do something about it.

The 'narcontras'

Felix Rodriguez was brought in to the Contra supply operation by Jorge Mas Canosa, head of the Cuban-American National Foundation and a close collaborator of John Ellis "Jeb" Bush, the vice president's second son. Salvadoran military leaders claim that Rodriguez worked for the foundation only as a cover; that he instead coordinated supply shipments for the Contras.

But, there is a deeper scandal involved in connection with the name, Felix Rodriguez. It implicates the vice president's office in the narcotics-running, whose proceeds the Contras used to purchase weapons during the period that official support from Washington was cut off.

Convict Ramon Milian-Rodriguez testified before a closed-door session of the Senate Foreign Relations Subcommittee on Terrorism and Narcotics that he had supplied \$10 million to the Contras from Colombia's Medellin Cartel of cocaine traffickers, according to Newt Reuss of *Newsday*. The money allegedly was transferred to the Contras by Felix Rodriguez.

There is additional evidence supporting the Milian-Rodriguez story. According to pilot Michael Toliver, two men hired him to fly weapons to the Contras: Felix Rodriguez and Rafael Quintero. Like Rodriguez, Quintero is a veteran of Ted Shackley's 1960s Operation Mongoose to assassinate Fidel Castro. Toliver claims that he flew arms to the Contras, and also, that on two flights, he returned to the United States with cocaine and marijuana aboard, loaded at Contra airfields by people he did not know. On one return flight, says Toliver, he flew 20 tons of marijuana into Olmstead Air Force Base in Florida.

Several Contra pilots also claim that Felix Rodriguez was involved in clandestine arms shipments out of Miami—an apparent violation of the Boland Amendment—during the period that he was in close contact with Bush's office. Congressional investigators say participants in the Contra supply network claim that Vice President Bush's office received regular intelligence reports on the progress of the clandestine arms deliveries.

According to Central American intelligence sources cited in *Progressive* magazine, Rodriguez made contact with Gen. Oscar Humberto Mejia Victores, the Guatemalan chief of state. A *New York Times* report quotes an unnamed U.S. official identifying Mejia as a "close friend" of Rodriguez. The Central American sources say Rodriguez and Mejia discussed a plan, first broached by Rodriguez during a previous trip, whereby Guatemala would provide cover for U.S. arms shipments to the Contras in exchange for increased U.S. aid to Guatemala. The specifics of the plan were later revealed in the Tower Commission report, which printed excerpts from a March 5, 1985 computer message from Oliver North to then-National Security Adviser McFarlane. The Guatemalans were to falsify end-user certificates to show that what North described as "\$8 million of munitions for the FDN" Contra organization was destined for the Guatemalan Army. The deal went through in a series of shipments starting around March 10, 1985.

Throughout the period of these illicit activities, Rodriguez was in regular contact with Gregg and frequent contact with Vice President Bush.

'Arms for hostages'

Gregg's handwritten notes seem to indicate that, when Rodriguez met with Gregg in August 1986 to discuss the Contra resupply operation, the question came up of the diversion of funds from the Iranian arms sale to the Contras. "Felix . . . stated a swap of weapons for dollars was arranged to get aid for the Contras," the note said. Gregg insists that the note did not refer to the diversion, but there can no longer be any doubt that George Bush knew about the arms-for-hostages swap offered by the Israelis from almost the earliest discussions of this by the National Security Council. Moreover, a review of the details of a series of meetings attended by Bush from July 1985 through Jan. 17, 1986, shows that Bush's objections to the swap were, at most, of a technical nature. Bush was "solid" behind the swap, as the computer message by Poindexter had stated.

Bush was even present at the select Jan. 17, 1986 meeting which excluded the opposing secretaries of State and Defense, during which the President signed the authorization for the arms shipments to Iran.

Accompanying the latest *U.S. News* piece is a lengthy box touting the campaign banner of Robert Dole. As the vice president slips ever more deeply into the Iran-Contra scandal, U.S. intelligence sources report that Bush's support among the intelligence community and Wall Street is rapidly eroding. The reasons go beyond the Iran-Contra scandal: Because of his strong ties to the Ivy League-Wall Street crowd, Bush is a potential liability in the context of a major financial crisis.

In any case, one of the biggest questions that must be running through the vice president's mind at this moment is, who is behind the leaks, given that he has been so protected by intelligence-community "old boys" in the past.

The FBI's 20-year campaign to silence LaRouche and associates

In the ongoing trial in Boston, Massachusetts, of U.S.A. v. The LaRouche Campaign, et al., Prosecutor John Markham is seeking to convict Lyndon LaRouche and other defendants of "conspiracy to obstruct justice." The trial is expected to last six months to a year, at least. The defendants are all members of the National Caucus of Labor Committees, the philosophical association which LaRouche initiated 20 years ago. We publish here slightly abridged excerpts from the Dec. 18 opening statement of Mayer Morganroth, attorney for defendant Edward W. Spannaus. For a report on the opening statement of LaRouche's lawyer, Odin Anderson, see EIR, Jan. 8, 1988.

. . . The real "crime," the evidence will show, is that Mr. Spannaus can write. Mr. Spannaus and other defendants have ideas, they have concepts, and they have a voice. That's the "crime" that's gone back, according to the evidence, for 20 years, that the FBI has tried to stop, going back to the time that the FBI was under Mr. Hoover, that no new ideas—only a two-party political system was allowed and no new functions or thoughts should be tolerated.

You'll hear the concept of a sting operation, and the evidence will show why the defendants believed in a sting operation in the situation; what the government did, is put in informants throughout this small organization at that time. Evidence will show that they didn't just put in one informant or two informants or a few, that they put as many informants as there were members, if not more, unbeknownst to the defendants.

The evidence will show, by the FBI's own records over that 20-year period, that in many instances there were more informants working for the FBI and agents of the FBI at meetings than there were members. The evidence will further show that these informants were put in for several purposes. One was to report back to the FBI and tell them everything that was going on for 20 years.

Another purpose was in order to cause the defendants to do some provocative acts suggested by that informant, so that they could be held guilty of a crime that they never intended to commit. Another purpose was for the informants to cause such disruption that the defendants' voice would be stilled and their rights in the world would be chilled and ended forever.

The evidence will show that these informants were not just at one location, but they were all over the country. In every place there was a chapter, there were numerous informants. The evidence will show that at one particular time, there were 14 informants, just in the New York chapter, working for the FBI, unbeknownst, of course, to the defendants, who were trying to get their voice heard, but had that voice very often distorted and compromised by an informant, who would say something to provoke or cause a problem to the defendants.

The chapters that informants were in, and numerous in each one, were St. Louis, Cleveland, Detroit, New York, Chicago, Pittsburgh, San Francisco, Philadelphia, Washington, Buenos Aires, Caracas, Baltimore, New Haven, Portland, Richmond, Seattle, Springfield, Albany, Buffalo, Charlotte, Cincinnati, Denver, Indianapolis, Milwaukee; San Juan, Puerto Rico; Atlanta, Newark, and, very interestingly, Boston. Boston has had informants and Boston has been involved in this kind of behavior for some 15 years, minimally.

Agents who were just in charge of the particular locations that were conducting this situation putting informants in: Mr. Deily—these were the agents that the FBI, at their own offices, were conducting and controlling the informants and had several agents working under them at these locations: Mr. Gallagher, Mr. Wannal. . . .

Mr. Markham: Your Honor, objection. Relevance.

The Court: Overruled.

Mr. Morganroth: Mr. Hagessa, Mr. Shackelford, Mr. Mignosa, Mr. Brunich. By the way, Mr. Brunich was in charge of the Boston office, went to the Washington, D.C. office, and came back to Boston, and was replaced, in part of the time before he was replaced, by a Mr. [Richard] Egan, who was one of the FBI agents involved in this particular matter.

Mr. Tansy, the director of the FBI, Mr. Kelly, Mr. Webster, Mr. Hoover were all involved. Mr. Robinson, Mr. Seavitt, Mr. Redfield, Mr. Kolombatori, Mr. Brune, Mr. McCasline, Mr. Mintz, Mr. Cleveland, Mr. Lex, Mr. Blunt, Mr. Yelvington, Mr. Jones, Mr. Gallagher, Mr. Minogue, Mr. Jones, Mr. Mulholland, Mr. Kinney, Mr. Laprode, Mr. Padreira.

Those were the basic agents in charge of those particular

locations. However, they had many agents working under them. In Cleveland alone, there were five agents working under the particular FBI in charge, agents in Cleveland, Ohio.

Mind you, at many times there were more agents and more informants than there were members. And, of course, in a way, the membership swelled to a certain extent, because a great many of the members were really FBI informants and agents. Some meetings had more agents in them than they did members. They could have voted anything they wanted.

FBI dirty tricks

The evidence will show that the agents had the informants do certain acts and the agents themselves did certain acts over this entire period, never ceasing, acts such as calling the banks that the defendants had their accounts at, to find out the balances, to find out what the financial situations were, tapping their phone lines. And there will be evidence to show that the FBI, in their own memorandum, states, Gee, we're breaking the law, we shouldn't be doing this, but let's do it.

They'd monitor the phone calls. They would threaten particular members. And the way they would threaten them, is they'd go to their employers, get them fired by telling their employers, "These kind of people shouldn't work for you"; going to their parents and telling them, "Hey, you know, your kids are in some movement that's terrible," and getting them disassociated with their parents, conducting burglaries, stealing their mail, their bank account records, their driver's licenses, so they could then send it through the entire network and through Washington, in order to find out who that person is; taking pictures of everyone that came in and out of the buildings, and then have them checked out and send their pictures around the country to the FBI agents and the offices.

If you recall, there was something in the opening statement yesterday about taking a picture of Mr. Egan. That may have been a "confrontation," but that's not the first time they took the picture of an FBI agent, when they knew it was one. They did it many times before, and not just for "confrontation." It was so that they could have a picture. They knew that person was an FBI agent, and they would circulate it, so that chapters would know, if this person became a member, that he was really an FBI agent.

The fact of the matter is, there were raids that were perpetrated at shotgun point, holding people against the wall while they took membership lists and anything they could that was not called for in any subpoena.

The evidence will further show that they would have the informants inside the chapters, and what they would do is have them feed back information to the FBI as to any weaknesses of any particular member, if they had a psychological problem, if they had a problem with a parent or they had an argument with their wife; and then the FBI would have the informant or somebody in the organization play upon that, to cause dissension and disruption.

They would have the informant inform the FBI, through

all these years, where they would go at every instant, in every chapter. And what would be waiting for them? The police would give them a ticket for selling newspapers or for driving without a headlight, or no tickets, just stop them. What they would do is take down their license plate numbers, their licenses, and who they were. And it would go out through the entire FBI network around the country, and the FBI would then have them on file as members of the NCLC. The FBI did very well with that.

They also put them, according to the evidence, on ADEX if they were a member of the NCLC. That's enemies of the United States government, to be arrested in case of conflict. They continued trying to break down the particular defendants' organization. They would steal their documents. And the evidence will show they arrested people for selling newspapers. Can you imagine arresting a kid walking down the street selling newspapers? That's what they did. If they would sell their newspaper, they were arrested for it.

But they did even something far more heinous. You heard in the opening statements yesterday about going to plants. The FBI would notify particular companies, because the informants would tell them in advance that the defendants were going to sell newspapers near their property or outside, or that the defendants were going to give circulars out, in order to solicit people to become members. The AFL-CIO representatives, union people, would then come out and beat them up, time after time, with FBI agents standing and watching. Sure, some of the FBI agents' pictures were taken. And, of course, they resented that. Police standing and watching, too.

They continued doing this for 20 years, and during the course of that time, they attempted to destroy the organization through informants. They also attempted through that behavior to get people to leave the organization and then become either informants, by turning them, or to be able to put them on the stand to testify to things that would be damaging to the organization, after the FBI and the informants had worked on them all those years to get them disenchanted, and get them out.

Financial warfare

The FBI and also the FEC [Federal Election Commission], through all the years, the evidence will show, tried every which way to stop the financial ability and capability of the defendants, so they would have no money to work with. It's interesting, in Mr. Markham's opening statement, how he talks about how they couldn't pay loans back. It's also interesting to note that all the FBI did, and the FEC, was, at every turn for years, to stop them from getting donations, stop them from getting money, make them spend tremendous amounts of money to try and defend themselves legally and to sue the FBI.

The evidence will show there are suits against the FBI to restrain them from this kind of conduct, that have been pending for 13 years in jurisdictions in this country, and suits

against the FEC that were filed. The defendants did afford themselves of the legal process. And if anybody “stalled and appealed” for 13 years, the evidence will show who it was.

The fact of the matter is, that the FBI talks about the fact that the defendants couldn’t pay some loans back, yet *they* created the problem. It reminds me of the child who shoots the mother and father, then pleads for mercy on the grounds he’s an orphan. They create the problem, and then say the defendants violate.

What they did was constantly stop any money that they could from getting to the defendants, because that would kill them, that would destroy them. They would get their bank account balances to make sure there was money in them. They would see how much the rent was, and they would even contact the phone company to know what the phone bill was, to see if they can pay it, in an effort to make sure that they would not survive.

The evidence will show that the first thing Mr. Egan did, when he knew a subpoena was going to be issued, was he called up a bank and told them the FBI is going to do something to these people and so is the Justice Department. The bank just closed down the funds again. Interestingly enough, according to the evidence, it will be shown, it was done just before Mr. LaRouche was supposed to go on television, in a campaign, and stopped the money for him to go on television.

Interestingly enough, it will be shown it was done just before the election. Interestingly enough, the “crime” that will be shown to have been committed by the defendants was having an idea, or having thoughts, that the FBI, through its stubbornness, couldn’t stop 20 years ago. They’re still trying to stop it and they can’t stop it, so they are going to ask *you* to do their dirty work for them.

The evidence will further show that there was an FBI informant by the name of Michael Vernon Higgins. Michael Vernon Higgins joined the NCLC as a supposed member, who would espouse and want to pursue the thoughts and ideas. And Michael Vernon Higgins ran for office for the state legislature in Michigan, on the ticket with the NCLC. Michael Higgins, after being there for some time, finally came and confessed that he was an FBI agent, an informant, and that his conscience had got the worst of him.

He also confessed he had been one summarily—so like Mr. [Roy] Frankhauser—for the Ku Klux Klan, the American Nazi Party, had been involved in the Pontiac school bus bombing, all for the FBI, and he became a member of the NCLC for the FBI and ran for office under their banner as an FBI agent, despite the fact of his oath that he took when he ran for office, that he was not running except under the beliefs he had. The evidence will show that he confessed to these particular situations, and it’s a parallel to Mr. Frankhauser.

What you haven’t heard, and you’re going to hear now, the evidence will show, is that Mr. Frankhauser worked for the government before he ever became a member of the NCLC—which he never did. Let me correct myself on that. Before he was a paid consultant, as a security person, by the

NCLC, he himself worked for the Alcohol, Tobacco, and Firearms division of the United States government as an agent. He worked for the National Security Council as an agent, the NSC. He worked actually for the United State government. He came to the defendants as a paid consultant, on the basis that he worked for the United States government and that he was in these hate groups for them, because that’s when he was in the hate groups, when he worked for the United States government—the same as was Michael Vernon Higgins. In the [prosecution’s] opening statement, saying that the defendants hired Roy Frankhauser knowing he was a member of the hate groups, chopped off to the point, after it had been shown to them that he was an employee of the United States government in those hate groups, and was actually giving information to the defendants about the hate groups, and to the United States government.

Now, Mr. Markham told you that evidence will come from the stand. He said, “You will hear, You will hear.” And what you’re going to hear from, is either informants, or you’re going to hear from people, who after 20 years, 10 years, 15 years of pressure, not by the defendants to raise money, but by the FBI to close them down from being able to raise money, from harassment, intimidation, threats, to do exactly what they’re doing—to leave the organization and help them in testifying against the defendants, through that kind of threats, intimidation, pressure, and frustration.

And as you heard from Mr. Markham, a Mr. [Forrest Lee] Fick turned an informant for them. He is going to take the stand. Same example. Mr. Fick, who is not really a member, but worked for Mr. Frankhauser, will take the stand. But remember, Mr. Fick is the one they had call one of the defendants, to ask him to send *him* out of the country. And the fact that the defendant said, “We wouldn’t do a thing like that,” Mr. Markham, in his opening statement, made it a crime. Hard to believe, but the evidence will show that was in conformity with the proper exercise of discretion and no crime was committed, except to have ideas and concepts that were totally against Mr. Hoover at the time and to have a third voice in the world.

The evidence will further show that the defendants felt and believed this was a sting operation and that the defendants afforded themselves of the courts and have always afforded themselves of the courts in trying to get, so to speak, the monkey off their back.

They have gone to courts all over the country. They have defended themselves and filed suits. But this is the criminal proceeding. Twenty years, it took them [the FBI] to get here to this criminal proceeding. And you will hear evidence, where they tried to get them [the defendants] into crimes every which way. . . .

And in every instance, what they were trying to do was get a crime created, through all these 20 years. And the evidence will show that the only crime that was committed by my client is writing in a notebook. And I think you will find that from the evidence.

Will 25th Amendment be invoked this year?

Speculation about the actual state of President Reagan's health, and his ability to complete his last year in office, began swirling around Washington when it was reported that he was up most of the night Jan. 12 vomiting, and was forced to cancel some scheduled meetings the next morning.

It didn't help that White House spokesman Marlin Fitzwater delayed his daily press briefing that day well into the afternoon, and then announced that the President would go to Bethesda Naval Hospital for a "routine six-month check-up, not related to the episode of gastroenteritis last night."

Early the next week, even before the results of all the medical tests on the President were known, a group of dignitaries constituting the "Commission on Presidential Disability and the 25th Amendment" convened a press conference to release a report of a two-year study on the proper application of the amendment.

The 25th Amendment, added to the Constitution in 1967, provides for the removal of the President from office for physical or mental disability.

It requires either a voluntary transfer of power by the President to the vice president, or, in the event the President is either incapable of making such a decision (because, for example, he is unconscious) or he is incapacitated but refuses to admit it, it allows the vice president and a majority of the cabinet to vote for a transfer of power.

Under terms of the amendment, were the President to challenge the usurpation of his power by the vice president and the cabinet, he can appeal the decision, which then requires a two-thirds vote of both the Senate

and House to be upheld.

The Miller Center at the University of Virginia commissioned the study on the 25th Amendment after Reagan's colon surgery in 1985.

Included on the commission coordinating the study are former Sen. Birch Bayh (D-Ind.), former Attorney General Herbert Brownell, who served in the first Eisenhower administration, former Supreme Court Chief Justice Warren Burger, and former Internal Revenue Service director Mortimer Caplin.

The principal point of the study, Bayh said, was that the use of the 25th Amendment "needs to become much more routine." He said there "needs to be a national dialogue so that people recognize it is there," and that the President and his staff "should not be timid about using it."

What about the present situation?

Caplin pointed out that there is a "very strongly worded" section of the study addressing members of the White House staff, saying that they should not try to run the government of an incapacitated President.

The report states:

"Key members of the staff and in particular the chief of staff . . . consider themselves uniquely qualified in judging the President's capacity for exercising powers and duties. They . . . have the most to lose if and when the President relinquishes his powers.

"When a President cannot perform the duties of the office, the nation and the government, if it lacks an acting President, may incur no serious difficulty for some time, especially if the President's incapacity escapes public attention. The staff can always appear to act for the President.

"However, a President in office

should not encourage staff assistants ever to believe they can function without a President in place who with full consciousness bears responsibility for their actions."

When Bayh mentioned the failing health of President Roosevelt in his last days, this reporter asked whether the 25th Amendment, had it been in effect at the time, should have been used in that case. "This is extremely relevant, it seems to me, in light of the fact we're now negotiating some very important treaties with the Soviet Union," I remarked. "If President Roosevelt, at the time of Yalta and Teheran, was not, under the terms of the 25th Amendment properly applied, competent to be President of the U.S., that is a very significant fact, and not simply a footnote of history."

Bayh replied that "it is a very relevant question," and that the "major difference between then and now," in addition to the 25th Amendment, "is that we have Vice President Bush working very closely with President Reagan."

The commission's study seemed directed precisely against the kind of situation alluded to by White House Chief of Staff Howard Baker, speaking to the Chemical Society Jan. 13. He insisted repeatedly that President Reagan was going to be the "first President since Eisenhower to fill out a full two terms in office."

Baker recounted an incident that occurred Dec. 8, at the end of the first day of the Reagan-Gorbachov summit. "The President was dejected," Baker recounted. "He told me he would have to stay up all night studying the statistics on the treaty. I told him to go to bed and not worry. 'Don't hit the books,' I told him. 'Just remember who you are, what you believe, and where you want to go, and let us take care of all the details.' He took my advice."

National News

Reagan told of plot to sink oil tanker

Two stories in the *Miami Herald*, Dec. 27 and Jan. 12, revealed that Lt. Col. Oliver North's plot to sink a Mexican oil tanker in Managua harbor was reported to President Reagan. North described the plot in a March 2, 1984 memo that he and CIA agent Constantine Menges sent to the President. North's boss, then-National Security Adviser Robert McFarlane, briefed the President on the plot on March 9, and immediately after that, gave the green light.

The action, aimed at preventing the delivery of oil to Nicaragua, was superseded by the CIA mining of Nicaraguan ports.

Several documents in Spanish were anonymously sent to the paper in December detailing the movements of Mexican-charter ships in Nicaraguan ports from 1983 to 1984. A Contra spokesman in Washington confirmed the authenticity of the documents, adding that they had been "stolen" from their Washington office in early 1987.

The *Herald* surrendered the documents to the FBI and Iran-Contra Independent Counsel Lawrence Walsh shortly after publishing the Jan. 12 story.

The Mexican press has opted for a total black-out on the story, probably under orders from the Miguel de la Madrid government. The Mexican and U.S. Presidents are scheduled to meet Feb. 13.

Navy's Webb: Europe be damned!

"The key question for our leaders in the new year is whether, and how, the U.S. can maintain its commitments throughout the world while reducing the size and force structure of its military," said Navy Secretary James Webb in a Jan. 18 *Wall Street Journal* commentary, adapted from a speech the previous week to the National Press Club.

"Although the NATO alliance is one of the keystones of our military structure," said

Webb, "we are more than a European nation." Besides, "no region is better equipped to reassume a greater share of the burden of its own defense than Western Europe." The United States is becoming "much more intertwined in Asia," so it is "imperative that we match those ties with our military capability to protect our interests and honor our obligations in the region."

We must also "pay greater attention to our own hemisphere," since "fully 42% of our legal immigrants over the past 10 years have been from Latin America," and "Latin America's problems are rapidly becoming our problems."

In a tour de force of understatement, Webb ventures, "It will require extremely careful use of a reduced U.S. force structure, as well as a more enthusiastic participation by other friendly nations, for us to meet such challenges."

"Post-INF thinking that conventional forces in Europe be increased because conventional forces in Europe are arguably more at risk without the intermediate nuclear shield does not necessarily mean that this should be a U.S. buildup," Webb said. "Nor does it mean that such a buildup should occur in Europe at all, or even that it be a land-oriented buildup.

"Strategy does not dictate that pressure be applied by an adversary at one point be countered at exactly that point. If the interests of the U.S. and its allies are threatened or attacked by the Soviet Union in one part of the world, the U.S. could and probably should react at the point most beneficial to its own strengths—anywhere in the world."

In short, if the Soviets attack, Europe be damned.

N.H. Dem hacks block voter registration

National Democratic Policy Committee chairman Warren Hamerman on Jan. 15 exposed efforts by the entrenched Democratic machine in New Hampshire to prevent the registration of new voters, particularly those voters who, they fear, might vote for presi-

dential contender Lyndon LaRouche.

Hamerman's NDPC is the multi-candidate political action committee of the LaRouche wing of the Democratic Party.

Campaign volunteers for presidential candidate LaRouche are engaged in a voter registration drive, and have reported several incidents which indicate that Democratic machine officials are obstructing their efforts.

- Manchester, Jan. 15: The city clerk demanded that LaRouche campaign volunteers cease accompanying citizens they were helping to register. The clerk implied that LaRouche volunteers were somehow tampering with the registration process.

- Nashua, Jan. 14: The clerk and deputy clerk told LaRouche volunteers conducting a registration drive, "We want you LaRouchies out of here," and locked the door to the offices before the 5 p.m. closing time.

- Laconia: City clerks repeatedly "informed" citizens registering to vote how much they owed in back taxes. Only when challenged did the clerk explain that payment of taxes is not a condition for registering. Numerous citizens of Laconia reported that they do not vote because of this kind of harassment.

- One registrar in Manchester repeatedly demanded of an Hispanic-American, "Why do you want to register?"

- Several citizens attempting to register in Derry were told that they must provide birth certificates, passports, or naturalization papers; a driver's license was refused as proof of residency.

Medical society polls doctors on AIDS

More than one-third of San Francisco area doctors don't want patients with AIDS, according to a survey of 335 doctors conducted by the San Francisco Medical Society. A report on the survey appeared in the Jan. 17 *San Francisco Examiner*.

About 52% of those polled favored HIV testing without "informed consent," 66%

favored dropping the requirement for written consent, and 72% thought that HIV infection should be reported to state health officials.

More than three-fourths of the doctors wanted mandatory testing of immigrants, prostitutes, prisoners, and drug abusers. More than half favored mandatory testing of pregnant women, marriage license applicants, and mental health inpatients.

The 335 respondents to the survey represented 20% of the members of the San Francisco Medical Society.

Some at State oppose Wohlstetter report

State Department spokesman Paul Dyster on Jan. 20 confirmed reports from Undersecretary of Defense Fred Iklé's office, that there were strong pockets of resistance within the State Department to the report of the Commission on Integrated Long-Term Strategy.

Dyster said that the State Department wanted to make clear where the "Discriminate Deterrence" report "strays from official policy." U.S. policy remains one of "collective security with forward defense. An attack against one NATO ally is seen as an attack against all. There remains a need for strong nuclear and conventional forces."

Dyster added that the official version of the doctrine of flexible response has not "called into question U.S. linkage to Europe. The U.S. and Europe are inseparably tied. Our commitment is as strong as ever. We will back the Europeans with our full nuclear arsenal. This doctrine of flexible response, covering a full spectrum from conventional to theater to strategic, has preserved the peace for 40 years and it will be the official doctrine into the future."

Dyster cited the President's report, "National Strategy of the United States," released Jan. 20, for his assertions that the United States still holds Europe under a nuclear umbrella.

On the other hand, former Assistant Secretary of Defense Richard Perle, now a State Department consultant, embraced the

report. "Once in a great while, a government commission overcomes the temptation to blandness and says something important," he said in a Jan. 20 *Washington Times* commentary. "So it is with 'Discriminate Deterrence,' the report of a commission co-chaired by Albert Wohlstetter and Fred C. Iklé, two of America's most subtle strategic thinkers. Even the title conveys an idea: To be effective, deterrence must be made discriminating."

Los Angeles DA indicts anti-AIDS workers

Los Angeles District Attorney Ira Reiner on Jan. 20 handed down long-threatened "election conspiracy" indictments against supporters of California's 1986 "Proposition 64" ballot initiative. The initiative, widely associated with the name Lyndon LaRouche, called for traditional public health measures against AIDS. It was defeated at the time, but a virtually identical initiative has once again qualified for the ballot in 1988, and many believe that this time, it will pass—hence the sudden indictments.

The indictments name three individuals, rather than the "grand conspiracy" that had been talked of for the past year by California Attorney General John Van de Kamp. Reiner's indictment charges Andrea Diano-Smith and Bruce Kilber with one count each of causing an individual to illegally register to vote—themselves. After registration, both individuals became active in gathering petition-signatures to place Proposition 64 on the ballot.

The so-called "evidence" against Mrs. Diano-Smith is largely based on materials culled from her legal battle to have her marriage to Lewis du Pont Smith validated. Du Pont Smith is the heir to the family fortune, but after his political contributions to LaRouche-related causes, his family had a judge declare him mentally impaired, deprive him of control of his estate, and forbid him to marry. The two were married, in Italy, despite the court order. The couple has been subjected to continuing harassment by his family.

Briefly

● **BILL WRIGHT**, the number-two man in the Democratic Party's Victory '88 presidential fundraising drive, is up to his eyeballs in fraud and forgery, reported the Jan. 17 *Houston Chronicle*. The collapse of Wright's Intertec Financial Group has triggered charges that signatures were forged on \$5.5 million worth of bank notes, monies were mismanaged, and deals misrepresented. When Wright filed for personal bankruptcy in April 1987, he had \$40.10 in cash to his name.

● **GEORGI ARBATOV** arrived in the United States Jan. 10 for 10 days of closed-door meetings on arms control, under the auspices of the State Department-funded International Research Exchange (IREX). The Soviets top "American handler" met with, among others, Paul Warnke, George Ball, and other arms control specialists at the American Committee on U.S.-Soviet Relations.

● **THE NEW ORLEANS** Symphony, out of money and deep in debt, closed its season 10 weeks early on Jan. 16, with a performance of Haydn's "Farewell Symphony." The musicians dramatically walked offstage one by one during the piece. Faced with \$3.5 million in outstanding debt, \$208,000 in unpaid bills, and no sign of the \$1.2 million needed for the remaining scheduled performances, the symphony board voted on Jan. 11 to cancel them.

● **THE SUPREME COURT** let stand a federal appeals court ruling that upheld the authority of the attorney general to delegate prosecutorial power to Independent Counsel Lawrence Walsh for the Iran/Contra scandal. The issue revolved around a subpoena Walsh issued last spring for samples of Lt. Col. Oliver North's handwriting. North challenged Walsh's authority to issue the subpoena, but he must now either comply with the subpoena, or face jail for contempt of court.

Editorial

Can we build a new economic order?

Over the recent period, and especially in the aftermath of the Oct. 19 stock market collapse, there has been increasingly frequent talk, even among senior Establishment figures, of the necessity to reorganize the international monetary, currency, credit, and trade system, the entire economic order of the world. The gloomy annual reports of the World Bank and the International Monetary Fund dwelled on the dramatically worsening conditions of Third World debtor nations and, in the case of the IMF general director, even admitted that the policy of IMF conditionalities has failed to produce the intended policies.

In New York and Washington, the chieftains of Morgan Guaranty Trust engaged in numerous spectacular moves to discount the foreign debt of Mexico and, perhaps, Brazil, which, so far, have produced no visible results. Certain senior observers in London's financial district discreetly sounded the alarm when they dissected Morgan's moves, and passed along the warning that Morgan is scheming to precipitate a major, once-in-a-century reorganization of the world financial system, intended to force world-financial power-centers either to surrender to the Morgan coalition, or to bend the knee.

Essentially, the Morgan scheme assumes that a general collapse of values is inevitable, and, in this context, attempts to ensure the Morgan group's interests by means of cannibalizing its brethren in high finance. Morgan is closer than any other private power group in agreeing with the gloomy assessments of the World Bank and the IMF, that the world economy is winding down, about to march back into the Dark Ages.

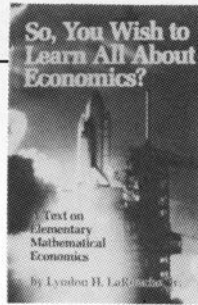
A far different, optimistic perspective is being drawn by France's ministers of finance and agriculture, a perspective which echoes the old-fashioned ideas of an economic policy once called "The American System," which, though now discarded in the United States, when applied during the 19th century, propelled this nation to world preeminence and prosperity. Could the French ministers' proposals be employed to construct a new

international economic order coherent with the old American System?

French Agriculture Minister François Guillaume, in an interview published in the Catholic daily *La Croix* on Jan. 21, called for the launching of an American-style Marshall Plan for the indebted Third World nations, in order to provide them with the opportunity to break out of their cycle of poverty and debt, and to achieve the levels of productivity needed.

Minister Guillaume gave special attention to the problem of how to get the United States involved. His suggestions would make the crisis-stricken farmers of America very happy: He called for the establishment, internationally, of parity prices for agricultural products, pointing out that present-day prices, which are bankrupting farmers both in the Third World and the developed countries, are way below the costs that farm producers must pay to meet their production costs. Pointing out that the Soviet Union, back in 1975 when farm prices were five or six times higher, still bought from the West, Guillaume attacked the idea of subsidizing the Soviet Union with Western governments' food subsidies. He proposed that the proceeds from the establishment of high parity prices go into the financing of a development fund which would invest in major projects, such as water management, transportation, infrastructure, and technological training throughout the Third World.

"Even though the United States won't move before the presidential elections, they will have to find a solution, as they won't be able to spend indefinitely nearly \$30 billion each year in subsidies," Guillaume said, and added: "In order to convince the Americans, I point out to them that such a plan for the Third World, is not only a humanitarian gesture, but my plan is also a long-term investment with geopolitical purposes. It's the example of the 'Marshall Plan' conceived by the United States after 1945 which helped Western Europe to rise up, to become their first commercial partner and not to fall into the Soviet camp."



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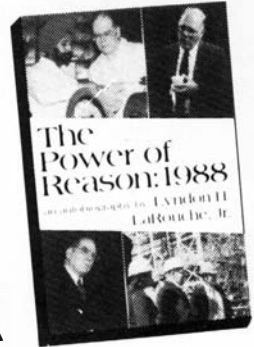
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