

# EIR

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## From the Editor

**T**he newest *EIR Special Report*, "Moscow's moles in the Reagan-Bush administration," is on a fast production schedule to intervene against the dementia which is overtaking foreign policy in Washington at an ever-increasing pace. On page 30, we present a sampling of that report's contents, focusing on a unique exposé of how the Fletcher School of Law and Diplomacy in Massachusetts, has functioned to channel Soviet policies into the heart of the administration.

The Reagan-Bush government is preparing to crown its worldwide largesse of foreign-policy concessions to the Soviet Union with the biggest one of all, an invasion of Panama that will backfire throughout the hemisphere and hand over Ibero-America to Soviet-run subversives (see reportage on pages 42-45).

Two new *EIR* series will tackle the blind spots that have resulted from the kind of systematic disinformation dispensed by the crew which is exposed in the cover story. On page 40, Konstantin George reports on the Soviet succession fight for the coming post-Gorbachov era. (See also the article on Poland on page 8, for the economic context in which this battle takes place.) We will be closely following this story over the coming weeks.

Second, on page 64 we begin a series entitled "What War on Drugs?" which documents the failures of Washington's policy, which seeks to destroy sovereign governments, in the name of a "war on drugs," instead of going after the drug-money-laundering bankers and their terrorist accomplices. This helping hand to organized crime and Soviet narco-terrorism is not only the policy of the administration, run by George Bush, but is fully backed by the liberal Democrats in Congress, as the articles in this series will show.

In the Economics section, we are again pleased to welcome our guest columnist, the well-known London economist Stephen Lewis, in a commentary on James Baker III's move toward the second phase of sinking the U.S. dollar in the wake of George Bush's victories in the March 8 "Super Tuesday" primaries (see page 15). As of March 18, Western European newspapers were warning about the "hole" in the U.S. banking system represented by the Texas bank bailouts (page 6), while here at home, the "Emperor's New Clothes" cover-up of the crisis continues.

*Nora Hamerman*

# EIR Contents

## Interviews

### 20 Dr. Lando Bartoli

A leading Italian engineer and Brunelleschi scholar battles to reverse a 1979 intervention into the famous dome of Florence.

## Book Reviews

### 26 Gorbachov: the Seventh Tyrant of the empire

Michael Ericson looks at *Bakom Gorbatjovs Kulisser* by Jüri Lina.

### 28 The Establishment's romance with Moscow

Rachel Douglas reviews *A Question of Trust: The Origins of U.S.-Soviet Diplomatic Relations. The Memoirs of Loy W. Henderson.*

### 29 Foreign policy seen from the anti-hill

Nicholas Henderson's *Inside the Private Office: Memoirs of the Secretary to British Foreign Ministers*, is reviewed by Laurent Murawiec.

## AIDS Update

### 17 Admiral Watkins on AIDS health care.

### 18 AIDS: Heterosexual victims on rise in Brazil

### 57 European Community stops AIDS tests

### 68 Burton defends Masters and Johnson

## Departments

### 14 Report from Rio

Military vacillations.

### 51 Middle East Report

The deal over Lebanon.

### 52 Andean Report

Voters reject Barco policies.

### 53 Dateline Mexico

Will Panama be betrayed?

### 54 From New Delhi

New initiative in Punjab.

### 55 Mother Russia

Pamyat, and the limits of perestroika.

### 72 Editorial

In the footsteps of Kissinger.

## Science & Technology

### 20 Can the dome of Florence cathedral be saved?

An Italian expert warns of the peril to Brunelleschi's great engineering feat and masterwork of art, since the staging holes of the cupola were filled with cement.

## Economics

### 4 A second quarter payments crisis coming?

When a top Swiss banking spokesman says central banks won't continue to finance U.S. time-buying exercises, he will most likely turn out to be right.

### 6 Texas banks burst insurance safety net

On March 17 the Federal Deposit Insurance Corporation pumped \$1 billion into First RepublicBank, the largest bank company in Texas. Without the federal bailout, it would have collapsed.

### 7 Currency Rates

### 8 Poland's economy set to explode

### 10 Peru's Alan García initiates war economy

### 12 Asia: Moscow's satellites face food crisis

### 13 A blueprint for a neo-fascist Europe

### 15 City of London

Baker dollar policy in Phase Two?

### 16 Agriculture

U.S. food assistance stocks depleted.

### 17 Medicine

Admiral Watkins on AIDS health care.

### 18 Business Briefs

## Feature



Stuart Lewis

Telling Moscow's story to the world: Armand Hammer crony Charles Z. Wick at a flag-raising ceremony for the U.S. Information Agency.

### 30 How Soviet moles penetrated the administration

Bukharinite communists in the service of the KGB control U.S. counterintelligence policy and evaluations. Condensed from the soon-to-be-released sequel to *EIR*'s earlier special report, "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," March 1, 1986, with an introduction by Lyndon H. LaRouche, Jr.

### 32 The Soviet mole network running U.S. counterintelligence

## International

### 40 Post-Gorbachov succession fight has now begun

What is really going on behind the Kremlin walls has been revealed through the recent events in the Soviet Transcaucasus republics of Azerbaijan and Armenia.

### 42 Reagan prepares for military intervention in Panama

The lunatic administration in Washington sent troops to Honduras, but few doubt who their real target is.

### 44 A test case of limited sovereignty

A fact sheet on Panama.

### 46 The would-be next President of France is not his own man

A profile of candidate Raymond Barre, by the European Labor Party of France.

### 47 London court case focuses on Irangate's Gary Howard

### 56 International Intelligence

## National

### 58 U.S. presidential election is completely up for grabs

Counsel Walsh's Irangate indictments and the rumblings of a potential economic blowout make the vice-president about as unelectable as his official Democratic opponents—and the long-shot campaign of Lyndon LaRouche has recently turned heads.

### 60 Supermac and Minibush: 'the last wet hope of the Establishment'

### 62 Texas Democrats slalom to disaster

In a replay of Illinois's Adlai Stevenson suicide, the Texas Democrats are ripping up the constitution and the rule-book to keep party chairman-elect LaRouche Democrat Claude Jones out.

### 63 Heritage Foundation pushes 'Third Rome'

### 64 Washington targets nations, not mafias

What War on Drugs? Part I of a series.

### 66 Elephants & Donkeys

Dems return to the smoke-filled rooms.

### 67 Eye on Washington

Anti-SDI 'expert' takes rare pounding from press.

### 68 Congressional Closeup

### 70 National News

## A second quarter payments crisis coming?

by Chris White

Looming large, among the likely candidates for the role of trigger in the next phase of the ongoing global financial crisis, is the growing U.S. balance of payments deficit. According to the government, in figures issued Tuesday, March 15, the net of what the U.S. now owes the rest of the world is \$160 billion, up a bit from the last quarter of 1987, despite what the government calls the improvement in the trade deficit.

The question of what the United States owes the rest of the world, and how it's going to be financed, was brought into sharp focus over the week of March 14, as, in the aftermath of the ill-fated George Bush's "Super Tuesday" election sweep, James Baker and his cronies once more began to put out the word that with the vice president's nomination chances all but sewn up, they will now begin to let the dollar slide internationally, in efforts to save appearances inside the United States.

Europe's financial leaders have figured that such an approach was coming down the pike before it surfaced. Leading Swiss spokesman Hans-Jörg Rudloff, as executive board member of *Crédit Suisse*, told the German newspaper *Welt am Sonntag* on March 13, "In 1987 central banks spent \$140 billion to support the dollar. That means they financed the entire American deficit last year. How can the central banks, over the long term, finance the entire U.S. budget deficit? That they will not do." (See *Business Briefs*, page 18.)

Rudloff's "That they will not do" ought to have been a grim reminder to Bush's macro-managers, like James Baker and Donald Gregg, as well as to Bush himself, that the vice president should about now be looking for a new set of illusions to replace the fantasy that he's going to be elected President.

Rudloff's remarks were chosen as the precise rebuttal of what, over the last years, has become the habituated tactic of the U.S. self-styled elite: Stall, delay, buy time, postpone

the crisis, until after whatever the next critical point happens to be. This time it's the U.S. elections. Rudloff argues that since central bankers can't keep on funding the U.S. deficit, there should be a "recession" in the United States, to correct what he calls "the imbalances" that have built up. And, he told the German weekly, "The longer the U.S. postpones imposing" the necessary correction, "the worse it's going to be." "Unfortunately," though, "we find ourselves in the midst of a presidential election. Therefore, naturally, this necessary correction is postponed."

The Swiss banker, an executive of the institution which has shaped the growth of speculative markets over the last years through its role in the international Eurodollar markets, and its role in the laundering of dirty money, for whatever reason, was among the first, last spring, to warn that financial speculative bubble could not be sustained. It wasn't. Now, when he says central banks won't continue to finance American time-buying exercises, he will most likely turn out to be right, too. It would be prudent to assume that to be the case.

What his remarks highlight is the growing possibility of a payments crisis hitting the United States, in basically the same way the British were hit with a succession of such crises in the late 1960s under the government of Prime Minister Harold Wilson. Payments crises led into a pound sterling crisis and into a dollar crisis as the postwar Bretton Woods system was dissolved, prior to Aug. 15, 1971.

Rudloff and company basically estimate, that given the scheduling of the U.S. budget process, what they consider to be necessary cuts, or corrections, in the United States, combinations of interest rate increases and deficit cuts, will not take effect until the fall of 1989, the beginning of fiscal year 1990. Therefore, the calculation must be that they have to pick up the tab for a least two more years' worth of \$160

billion deficits in the United States, and given the way things are going, perhaps twice that much in this year alone.

### **The 'postpone it' faction**

According to top level European sources, former Federal Reserve chief Paul Volcker is running around Europe arguing against the views put forward by Rudloff, and in favor of yet another round of postponement. Volcker is said to be almost begging that, in the words of some, "The October crash was a signal by the markets to the political community to change policies. Now there is no need to send a second message because there's no one in the White House to receive it. One can keep a financial crash away—if one wants to keep a financial crash away—by psychological and other measures." Volcker is said to be insisting, for "practical, personal, and political reasons" that the coming crash be delayed until March of 1989.

The way the United States would seek to postpone things further was laid out by Beryl Sprinkel, chief of the President's Council of Economic Advisers, as the trade figures for January were announced. Sprinkel reported that there had been a 17% improvement in U.S. exports during the course of 1987. And, that there would be a further 17% improvement in U.S. exports during the course of 1988. Behind that line of talk is the commitment by Baker and company to re-embark on what has been their favorite financial tactic over the last three years, another round of dollar bashing on international markets, sponsored again by the U.S. government itself. According to some, this round of dollar-bashing would be intended to wipe out about 4 million jobs between Western Europe and Japan, and the export capacity that is tied to those jobs.

This way, the decline in the U.S. trade deficit is supposed to keep pace with the growth of the overall payments deficit, since net U.S. indebtedness to the rest of the world will continue to increase, even if the trade deficit does fall, and the foreign creditors will still only have to fork over the same amount of money to keep the system afloat. A Treasury official recently called this "the prison system" of economics. Since we're all supposed to be trapped by the workings of the system, better to leave things the way they are, than try to change and mess up everything for everyone. This is the Baker Treasury Department's conceptual advance over the hoary "zero sum game."

### **The mass of paper keeps growing**

Both sides to this craziness ignore the reality that there's more to the financial system than mere money, in all its many dirty forms. Both insist that the functioning of the physical economy, measured by output of useful goods and services and employment in production of such useful goods and services, and the basic infrastructure, such as transportation and power and water supply that supports such activity, be curtailed to the benefit of the financial system.

Yet, wealth is produced by the real process which they insist on destroying, not by clipping interest coupons from some piece of paper. The more the economy is cut back, the less new wealth is generated to support the growing mass of paper claims against that wealth. The greater the mass of paper relative to the economy that's supporting it, the less stable it becomes.

The confrontation now set, between foreign creditors who say they won't finance another \$160 billion round of U.S. procrastination, and U.S. interests who say, if you don't, we'll collapse the currency system on top of you, threatens to set off the instabilities which would bring down the whole shebang.

While the balance of payments deficit was rising to \$160 billion during the fourth quarter of last year, over \$800 billion worth of new non-financial debt was issued in the United States. Non-financial debt is that of government, at any level, households, and non-financial businesses. Of the total, about \$196 billion was issued by governments and about \$604 billion by the so-called "private sector." It was a near 10% growth rate on the whole mass of over \$8 trillion in private debt. It can be assumed that financial debt, over the same period, grew by at least as much as the non-financial part of the debt.

Debt growth is running away at a double-digit rate, while the economy is declining. This is shown by what's going on in the auto industry, where production has been cut back by up to 30% to permit inventories to be run down, by the steel industry, by the construction industry, and so on.

The growth of debt reflects the means adopted by Baker and Company to delay the crisis from the October crash onwards. They turned to the printing presses, or the plastic equivalent in the age of the credit card, and let them rip. The paper was generated to back up the paper that had been left high and dry after the Oct. 19 stock market crash. Issuing credit to companies so that they can buy back their own stock, or finance takeover bids for bankrupt companies, or for consumers to "purchase" goods they cannot afford on their wage and salary income, may help keep indicators like the Dow Jones relatively stable for a period of time, but has only made the whole thing much worse.

The mass of paper vulnerable to the next sharp market break has increased, and the instability of that paper has increased. Rudloff's sharp "No," is also a refusal to continue to finance the growth of that mass of paper, or to finance bailing it out.

The end of this month, when U.S. banks have to balance their books for the quarter, may mark the beginning of the next phase. Otherwise, the showdown between those who insist on buying more time, and those who insist, like Rudloff, that time has run out, will, whatever the outcome, contribute ultimately to bringing it all down. The more so for, as the rate of growth of internal indebtedness shows, Baker and company have lost control in any case.

# Texas banks burst insurance safety net

by Ron Bunnell

On March 17 the Federal Deposit Insurance Corporation pumped \$1 billion into First RepublicBank, the largest bank company in Texas. Without the federal bailout, it would have collapsed. A mere three weeks earlier, on Feb. 24, both the U.S. Comptroller of the Currency, Mr. Robert Clarke, and a bank spokesman were quoted internationally denying any such bailout was in the offing. Declaring that its audit of First RepublicBank had been planned for months, Mr. Clarke "denied rumors that a study of the \$33 billion bank's books being conducted by his bank examiners foreshadowed a government-backed rescue or forced merger" at a Washington news conference. Clarke further complained, "It concerns me that simply because we have examiners at a bank, its financial health is questioned."

When former Comptroller of the Currency, John G. Heilmann, was reassuringly quoted in the March 17 *New York Times* saying, "I think most people agree that the Texas situation does not endanger the FDIC," it was enough to start brave men worrying.

Like a modern-day version of the "Emperor's New Clothes," the Federal Deposit Insurance Corporation (FDIC) is being presented to the public as a strong, solvent insurance fund with a net worth of over \$18.2 billion. In reality it is well on its way toward breaking its previous record for bank failures—and that record was only set last year. The combined market value of the top seven Texas banks has dropped 90.3% over the past two years. More ominous is that this year the big banks that the FDIC tried to simply prop up last year will go. In fact, some already have.

On March 10, three more Houston-area banks failed, bringing the total number of bank failures in Texas in 1988 to 15, and to 37 nationally. Eight of the 15 failed Texas banks are in the metropolitan Houston area. The latest three were all declared insolvent after having been under state supervision since October 1987. In one instance, local radio stations on March 13, a Sunday, were warning Friendswood depositors that if they did not get to the bank by 3:00 p.m. that same day to pick up their FDIC payout, they would have to go through the federal bureaucracy to get it.

By March 15, things had openly gone out of control, with three of Texas's largest banking institutions either failing outright, or just inches away. First RepublicBank of Dallas

had been forced to go begging to the FDIC for a bailout of \$4.9 billion, after the bank couldn't check depositor runs. The FDIC-arranged tentative bailout of First City Bancorp of Texas is coming apart at the seams. A. Robert Abboud, former CEO of First Chicago and part of the Harriman wing of the Democratic Party, is running into resistance from the shareholders, who have so far refused to sell their long-term debt to Abboud and his group at discounts only dreamed of by the Third World, 35-45¢ on the dollar. This is below the price at which the bonds are trading. Abboud has demanded that 90% of all shares be tendered before he would be willing to take over First City Bancorp. Though the FDIC claims it is only putting up some \$1 billion for this bailout, with Abboud's group putting up \$500 million, informed sources say the FDIC's contribution will be closer to the \$4 billion First RepublicBank is carrying in non-performing assets if this illusive bailout ever comes off at all.

On top of this, MCorp, one of Texas's largest and shakiest banking concerns, is trying to raise money to spin off a bank to handle its problem loans without FDIC help, by selling a data-processing unit and through a private stock offering. Its chances of successfully restructuring itself are as good as the proverbial snowball in hell—and it is close to going under officially, as well. These three banking institutions alone could vacuum out approximately \$13 billion from FDIC.

## Bailouts from taxpayers' pockets

The largest Texas independent banking concern, First RepublicBank Corp., ran to the FDIC March 15 pleading for a bailout right after it was leaked that it was about to receive an "E" rating—the lowest bank rating, technical bankruptcy from London's International Bank Credit Analysts. The *Washington Post* quoted Gerald W. Fronterhouse, chairman and chief executive officer of the bank saying "the decision to approach the FDIC is, in our judgment, important to providing a stable environment for First RepublicBank's customers." First RepublicBank Corp., the 13th largest bank holding company in the United States, is itself the result of a FDIC-approved merger last year of Republic Bank Corp. and InterFirst Corp. The new bank lost \$656 million in 1987, and will lose an estimated \$450 million this year, mostly due to bad real estate loans.

On March 2, the *Wall Street Journal* cited a report put out by the Dallas Federal Reserve, that First RepublicBank was almost pushed over the edge by a previously reported move by Keefe, Bruyette and Woods, Inc., a New York investment banking firm that rates large deposit certificates, to lower its rating of First RepublicBank's certificates to its lowest grade. First RepublicBank's average deposits shrank by almost \$1 billion in the three weeks since Feb. 3, and they have lost at least that much in other branches of their operations as "some banks that use First RepublicBank to process checks in the Southwest say they have moved at least some



of their business either to other banks or the Federal Reserve Bank of Dallas, fearing uninsured losses or processing disruptions should First RepublicBank require a federal bailout."

On March 9 the *Wall Street Journal* noted that the Dallas Federal Reserve Bank "abruptly discontinued issuing weekly financial reports" after issuing the report about First RepublicBank of Dallas. First RepublicBank admits it asked the Fed to stop issuing the report on itself and six other huge Texas banks, three in Dallas and three in Fort Worth. The Fed claims that it stopped issuing the report, which it has issued weekly for years, because "all participating financial institutions have requested that we no longer provide this service."

Industry analysts, such as James McDermott of Keefe, Bruyette and Woods, told the *New York Times*, "this is a year of big hits for the FDIC." But the big hits aren't the FDIC's only problem. Last year's record 184 bank failures cost the FDIC some \$3 million in insurance earnings and interest income.

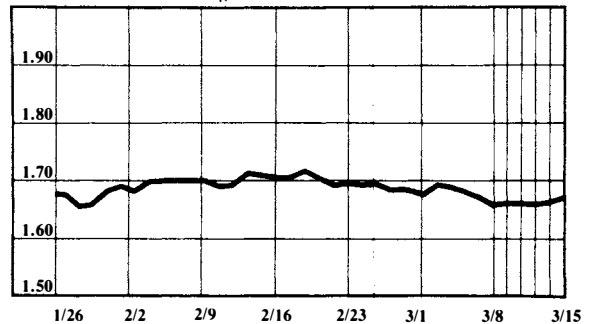
The Texas situation is, admittedly, the most serious in the country, with both the majority of banks as well as savings and loans threatening to go under because the fallen oil prices no longer buttress up either oil industry or real estate prices. But its problems are only an advanced stage of what is happening to the entire U.S. banking industry. The Feb. 2 *Wall Street Journal* let the ordinary investor know, probably too late, what the big investment institutions have been doing for the past month—they have been dumping their entire portfolio of money-center bank debt securities. This dumping has pushed some of the debt of the biggest names in banking to the levels of junk bonds. Trading in some of these banks' paper has almost ground to a halt as buyers become scarce, and those who didn't know enough to sell before now are reluctant to sell since it would mean taking a huge financial loss. On Feb. 18 the *Journal* reported that "Moody's Investors Service Inc., in a sweeping downgrade of the creditworthiness of money-center banks, lowered credit ratings for eight major banking concerns including J.P. Morgan and Co., the last major triple-A-rated U.S. bank holding company."

Now some industry people seem to be convinced that the banking industry is so strong that it should support the thrifts. With a straight face they suggest that the Federal Deposit Insurance Corporation and the Federal Savings and Loans Insurance Corporation be combined so that the "solvent" banking industry can prop up the savings and loans. *EIR* warned when FSLIC was recapitalized some seven months ago for \$10.8 billion, which was supposed to be enough money to last for three years, that it would not be nearly enough. Now industry, regulators, and financial experts are formulating contingency plans for a second bailout which may come as early as later this year—and out of taxpayers' pockets directly.

## Currency Rates

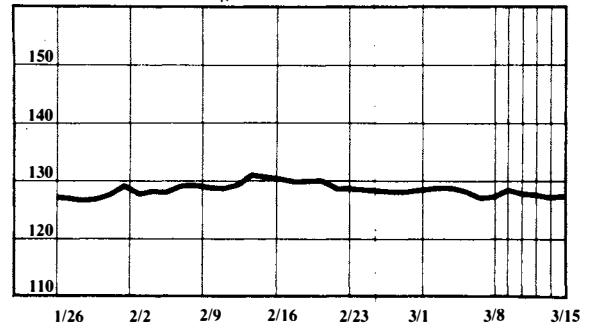
### The dollar in deutschemarks

New York late afternoon fixing



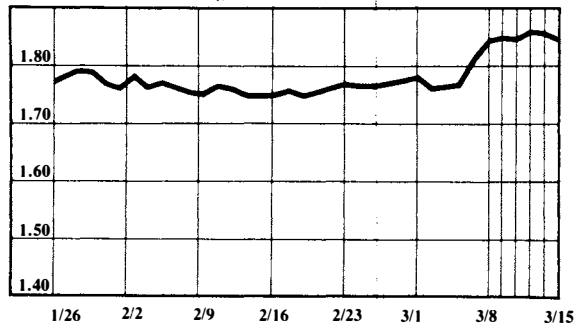
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New York late afternoon fixing



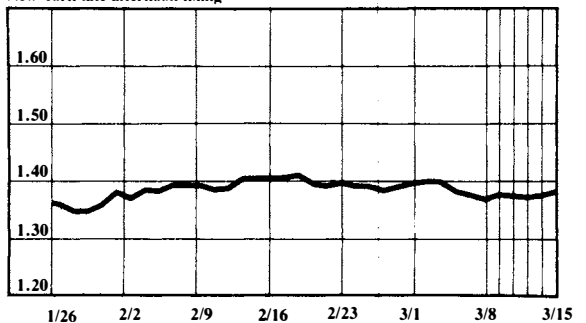
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Poland's economy set to explode

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*Luba George and Kazimierz Kowalski report on the two-pronged assault against Poland, by the Soviet Union and the Western interests linked to the Rockefellers and the grain cartel.*

If you ask any Pole today whether 1988 will be a "better year" for him and his family, the typical quip you will get as an answer is: "Far worse than 1987, but far better than 1989."

This reveals the Polish citizenry's desperation that threatens to detonate an explosion. The economy is deteriorating at a dangerously accelerated rate. Poland continues to experience persistent shortages of consumer goods (including very basic non-food necessities such as soap, laundry detergent, and even toilet paper), repeated energy and transportation breakdowns, and an almost complete collapse in housing construction. Imports have declined and the foreign debt is currently over \$39 billion. And the latest price increases threaten to further contribute to a precipitous drop in the standard of living.

"The impact of these developments on the public has been drastic. They know that the government is incapable of managing the country effectively," commented a Western observer just returned from Poland. This conviction, he added, provided the "impulse for the explosion" of public activism in 1980 and 1981, and "the reality of the post-martial law Poland has only strengthened it."

This is no surprise. The economic figures for 1988 released at the end of 1987 by the Main Statistical Office strongly point to a further deterioration in living standards. Following the release of these figures, the Polish Catholic Bishops issued a statement warning that Poland was in a "particularly difficult and dangerous socio-economic situation."

The Domestic Net Material Product (DNMP)—i.e., Net National Product—while nominally showing a 2% increase, in fact was one-third lower than planned and much lower than the 4% DNMP per capita growth registered for 1986. Agricultural production was down 3%. Fruit growers were particularly hit, producing only 25% of 1986 production. There was 1.9% less meat produced; 1.3% less milk, and 10% fewer eggs.

A key element in preventing Poland from breaking out of its production constraints is the debt stranglehold. The report

calculates Poland's debt to the West as \$37.6 billion at the end of November 1987. However, according to government spokesman Jerzy Urban, at the end of 1987, the debt had already reached \$39.2 billion. Poland in 1987 paid some \$800 million in interest on its foreign debt, which forced it to reduce Western imports considerably, crippling plans to modernize industry, since machinery and spare parts from the West are not available.

Poland's debt to the East bloc and, in particular, the U.S.S.R. is about 6.6 billion rubles. In the past two years, as a result of toughened Soviet conditionalities, Poland was forced to drastically increase its exports to the Soviet Union, to meet a 1986 Soviet demand that bilateral trade must be balanced by 1988. The trade was already balanced during 1987. The increased export quotas further aggravated the lack of investment and production shortfalls afflicting the Polish consumer industry.

The situation has also produced a crisis of a different sort for the Western and Muscovite looters of Poland, namely, how to arrive at a new looting scheme, where Poland can "earn" sufficient hard currency to meet both debt payments and resume purchase of at least some Western technology to modernize the industry that must feed Moscow's insatiable appetite.

## **Rockefeller grain cartel food project**

The "answer" has been through increasing agricultural exports, especially meat, to the West. The big bottleneck thus far, for the East bloc, and Poland in particular, to increase meat exports to the West, has been a lack of feed grain. Feed grain needs can only be met through imports from the West. Up to now, Poland has refused to do this; unless a market in the West is guaranteed for the meat, Poland has refused to use hard currency for feed grain. Now, the multinational grain cartel companies in the West have told Poland, "We will guarantee you a market for meat if you purchase our feed grain." With this policy, the grain cartel

simultaneously uses a flood of cheap East bloc imports to undercut West European and American farmers, and enjoys a new round of looting in Eastern Europe.

For this purpose, a new organization was created, the Foundation for the Development of Polish Agriculture (FDPA). According to a recent report by the Polish section of Radio Free Europe, the FDPA, inaugurated in Warsaw on Feb. 20, has been sponsored by the Rockefeller Brothers Fund with additional support from the Ford Foundation. The ceremony was held at the Royal Castle, and Gen. Wojciech Jaruzelski and Prime Minister Zbigniew Messner both received David Rockefeller personally.

The new foundation is to operate on a self-financing basis. For its first venture, it has secured a \$2.4 million loan underwritten by Austria's Kreditanstalt Bankverein (a notorious "bank window" for financing East-West deals) to finance the purchase of high-grade pig feed, which it will supply to selected Polish private farmers. In return, the farmers will agree to export hams to the United States. Proceeds from the sale of the hams will go to pay off the Polish debt incurred in purchase of the feed grain.

The FDPA is the product of several years of behind-the-scenes negotiations between Polish authorities and the chairman of the Rockefeller Brothers Fund, David Rockefeller, who first commissioned a report on private farming in Poland in 1982. In September 1985, Rockefeller formally broached the idea of creating an agricultural foundation with General Jaruzelski, who was in New York to address the U.N. General Assembly.

Rockefeller's Chase Manhattan is known in the grain trade as the in-house bank for Cargill Corporation, the largest agriculture commodity-trading company in the world, which includes Trilateral Commissioner Henry Kissinger on its board.

The regulations for the new Poland venture, according to the Radio Free Europe report, are as follows. The Ministry of Agriculture will have the right to veto the foundation's projects, although decision-making power will remain with the foundation. Under the chairmanship of Nobel Prize-winning agronomist Norman Borlaug, the foundation will be run by a board composed of 60% Western and 40% Polish members. Among the Western members: Rep. Dan Rostenkowski (D-Ill.), Rosalynn Carter (the wife of former President Jimmy Carter), and the former West German Minister for Agriculture Josef Ertl (Free Democratic Party). Polish members include the agronomist Szczepan Pieniazek; the historian Alexander Gieysztor; and a former activist of Rural Solidarity, Michal Losiak. The foundation's organizers have stipulated that none of its proceeds be used to service the country's foreign debt.

Polish emigrés correctly charge that the foundation will also undermine efforts by the Catholic Church to gain approval for its own agricultural fund. In 1982, the Polish

Church proposed the creation of an agricultural foundation to aid in the modernization of private farms. Seventy-five percent of Poland's farmland is in private hands; private farming occupies a place in Poland that is unparalleled in Eastern Europe. The government refused to grant the Church control of such a foundation, and instead allowed it to set up a far less ambitious operation restricted to the improvement of irrigation systems in the countryside.

## Energy shortages

Poland is the world's fourth-largest producer of coal—after the People's Republic of China, the U.S.A., and the U.S.S.R.—and Europe's sixth largest producer of electricity. So why is it that Poland perennially experiences power blackouts, cuts in heating, and shutdowns in industry when the weather is extreme?

Poland's coal-burning plants, which account for more than 90% of all power generated, are extremely inefficient (some are 30-40 years old). The coal burned is low-yield and highly polluting lignite, with a very high sulphur content. A study by the Lublin Catholic University near Belchatow, the site of Poland's largest brown-coal-burning plant, linked its emissions to rising infant mortality and high levels of toxins in crops and livestock in the area. The best coal is exported for hard currency to pay off debts. Furthermore, coal mining is becoming more and more expensive, because of the increasing depth of reserves, technological problems, and so on.

Poland and Romania are the only two European Comecon countries with no operating nuclear power plants. An *EIR* economic study in 1979 described how IMF policy since the late 1970s had forced Poland to drop its investment plans for nuclear energy, focusing more on the immediate and short-term hard-currency-yielding capacity of the coal industry.

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## Unrest sweeping Poland

A new wave of unrest erupted March 8 when thousands of students demonstrated against the regime in Warsaw, Krakow, Gdansk, Lublin, and Wroclaw. Hundreds were beaten and arrested by the police. Strikes in individual industrial plants, demanding wage increases to offset the huge price increases, have begun.

The backdrop to the latest eruptions is the government's announcement of a series of across-the-board price increases for 1988. These price increases have sparked a further drastic lowering of living standards. Prices in 1988 are expected to grow by an average of 40%; rents, fuel, energy, and heating costs are to go up between 140% and 200%; basic food products will go up by an average 110%. To calm public alarm, the government is saying that inflation will "level off" in 1989 and after 1990 fall to a 10% rate. Nobody believes such nonsense.

An additional factor that guarantees continued high inflation rates, is that the prices of more than 50% of all products, including many consumer items, are not directly set by the government, but through "agreements" between producers and retailers—both controlled by the government. These "prices by agreement" usually rise as quickly as, or even faster than, the "official prices."

The Polish government's unveiling of the new austerity course coincided with the publication last August of the World Bank's "Report on Poland." Even government spokesman Jerzy Urban admitted that the price increases met with World Bank approval and are deemed "essential" if Poland is to secure Western help.

The 1988 price increases are the latest and largest in a chain that has devastated Poland during the 1980s. In 1982, prices for food and energy rose by up to 400%; in 1984, food rose by 10%; in 1985, there were 10-70% price increases for meat and fats, 20-30% for fuel, etc.

A recent study on the Polish economy published by a West German think tank, the Deutsche Institut für Wirtschaftsforschung showed that from 1979 to 1986, the cost of living increased by 527%. Adding the 1987 and 1988 price increases, by the end of this year, the cost of living increase over 1979 will have been ten-fold.

The Polish independent press agency Przeglad Wiadomosci Agencyjnych testified to the effects of such a policy, revealing that "at least 25% and perhaps even 33% of society lives in poverty," and "the whole society is undernourished." They report that only a small part of the population spends as much on food as a sufficient diet demands. The Polish diet has been drastically affected by the long-term economic crisis. Since 1982, consumption of meat has drastically declined, and even bread, milk, and egg consumption is, for the first time, getting lower.

Food production, thanks to the Rockefeller Brothers Fund and grain cartel scheme, will be increasing. No one in Poland, however, will be able to taste the results.

## Peru's Alan García initiates war economy

by Valerie Rush

In a March 8 address to the nation, Peruvian President Alan García announced an "emergency war-time economic program" which imposes strict restraints on the consumption and spending of the middle and upper classes, while guaranteeing a subsistence wage to the great majority of Peru's poor. The President himself views the program as at best a necessary evil.

Having reached the limits of his plan to boost the nation's productive potential through employment of previously idle industrial capacity, President García is now in a desperate situation. His defiance of the murderous policies of international financial institutions toward indebted nations, by putting a ceiling of 10% of foreign exchange earnings on debt repayment, never received meaningful backing from the rest of the continent. Peru remained isolated, under assault from the U.S.-backed international usurers and Peru's oligarchy within.

García's efforts are now primarily directed toward maintaining the maximum possible independence of the International Monetary Fund, under conditions of siege which include one of the most massive narco-terrorist onslaughts ever to hit any nation.

The economic program announced, among other things, includes significant price increases on a variety of critical items such as gasoline, an increase in certain interest rates, stricter exchange rates, and a variety of new taxes. It also includes an increase in the minimum wage of 60%, and a 40-45% general wage hike, designed to keep buying power ahead of inflation. García did not order a devaluation of the Peruvian inti, which even the Central Reserve Bank had predicted would be 41%.

Finally, the economic package includes a legalization of private exchange houses which were shut down by García one year earlier in a drive to stamp out Peru's vast infrastructure of drug money-laundering. García's stated intention, to force importers of luxury items and tourists to pay for costly dollars on the "parallel market," in fact represents a desperate

measure to relieve the pressure on Peru's international reserves. Such a measure could ultimately hand the economy over to the same drug cartel that García has repeatedly risked his presidency to combat.

### Opposition provocations

García's economic package, for all its flaws, brought a halt to the "information terrorism" that the opposition newspapers unleashed prior to the presidential address, provoking panicked buying and a speculative wave that threatened to wreak further havoc with the already seriously weakened economy.

The essential point stressed in García's message was that the economic re-ordering represented continued resistance to the genocidal conditionalities of the IMF. García told the population that while austerity was required, this sacrifice was necessary to safeguard national sovereignty. "There will be no traumatic measures; it is true that the crisis exists and that we have problems, but we will in no way fall into adventurous experiments, nor will we sacrifice the people to pay the foreign banks."

His re-ordering of the economy—what President García dubbed "selective growth"—is designed to restructure the productive apparatus to do away with the fundamental flaw of the Peruvian economy, namely its overwhelming dependency on foreign supplies for nearly all branches of production. "The structure of our economy has a crisis within itself; when it grows a little, it exhausts itself, and to sustain continuous growth of the economy as it now stands, we need an enormous reserve of dollars, which we don't and won't have."

García attacked the inefficient and corrupt financial sector, which has been the principal mechanism for the monstrous draining of national reserves in recent months. On this, the President offered specifics. "A poor country like Peru cannot afford the luxury of spending \$1.17 billion in luxury trips abroad. . . . We think it might be better to direct that money to agriculture, clothing, health, and exports."

García went on: "Now we must adopt a severe economy, a war-time economy, and if something must be adjusted, it will be everything that is non-essential, not urgent. Food, clothing, health, or housing must continue to grow, since that is the selective growth we propose over the long term." Interest rates for priority agriculture were kept at 0%, and preferential rates maintained for other key productive sectors.

### The IMF drum-beat continues

With his measures, García has at least temporarily aborted the "Operation Reconciliation" with the IMF promoted by the monetarist opposition forces and by elements within the government itself. Foremost among the latter has been Prime Minister Guillermo Larco Cox, who is an advocate of rapprochement with the international creditor community to "repair Peru's international image." He also wants to end "ex-

cessive subsidization" of the Peruvian economy.

But the agents of the international financiers have by no means abandoned their campaigns. Pro-IMF Manuel Morcya wrote in the daily *La República* of March 9 that García had "clearly rectified his previous policy. He has announced devaluation, interest increases, and large price hikes, all of which make up a package perfectly financeable by the IMF." He then proceeded to attack the "instability" of García's thinking.

On March 10, former Prime Minister Manuel Ulloa said that García's efforts to "rectify" his policies were laudable, but that the government's "economic policies do not work anymore. There has been a reactivation of the economy at huge cost, more than \$1.6 billion, which the country doesn't have and cannot spend." Ulloa specifically charged that President García had instilled a "consumerist" model that "our economic reality cannot sustain"!

Ulloa, whose early-1980s premiership under the Belaunde administration was dedicated to fostering the growth of the drug economy in Peru, insisted that what Peru needed was a "recomposition of the team that designed and carried out the heterodox program, which has been a failure." He also criticized García for failing to alter his foreign policy. "He has stopped saying whether he will pay the World Bank, the International Development Bank, and other countries, which seems to me unfeasible. A foreign policy is necessary that can reconstruct" Peru's image—in the creditors' eyes.

Ulloa's successor under former President Belaunde, Luis Percovich, similarly denounced the government's policy as "artificial, with ephemeral positive effects," and predicted hyperinflation.

Most striking, however, were the comments of Senator Javier Silva Ruete, a member of the Inter-American Dialogue, which proposes "selective legalization" of drugs as a solution to Ibero-America's ills. The senator split with the APRA party alliance when García proposed a bank nationalization which was originally intended to end the drug money-laundering of the banks. After urging that Prime Minister Larco Cox be handed control over the economics ministry "for the purpose of adopting serious and coherent measures in light of the serious crisis facing the country," he went on to urge the legalization of the drug economy.

"One should not close one's eyes to the evidence of the not-contemptible amount of . . . dollars stemming from the drug trade, which are injected into the national economy through a flourishing market that uses the green [dollar] bill as its official currency. . . . It would be better for the state to seek mechanisms for capturing those dollars, which are necessary and are to be found on the national market. . . . In this regard one could cite the Colombian precedent. . . .

"We are not proposing, mind you, the legalization of the drug trade in our country . . . but it is undeniable that part of the dollars of the informal market come from the fact that Peru is one of the coca-producing nations."

## Moscow's satellites face food crisis

by Linda de Hoyos

Food shortages in the countries of Indochina—Vietnam, Cambodia, and Laos—could soon reach crisis proportions, reports from these nations' press agencies indicate. In contrast to Southeast Asia's success stories—Thailand, Indonesia, and Malaysia—and to the "four Asian tigers"—Singapore, Taiwan, Hong Kong, and South Korea, the Indochinese economies have stagnated to the point of a breakdown crisis in the near-term.

The crisis warning was sounded in a Dec. 31, 1987, report by Vietnamese Vice Premier Vo Van Kiet to the National Assembly. Chairman of the State Planning Commission, Kiet told Vietnam's leaders that the production of rice—Vietnam's key staple—had stagnated for three years at 18 million tons, while population had continued to increase at 2% per year minimum, or 1 million people per year. Per capita food production in Vietnam has decreased by 8% in the last three years. "Employment pressure is rising," said Kiet, "which causes social instability." Only 40% of the 1 million young people entering the job market find employment.

In 1984, according to diplomatic sources, Vietnam was food self-sufficient. Vietnam imported broken rice to feed its own population, but exported a greater amount of rice. In the past three years, these gains in food self-sufficiency have been lost. In his December speech, Kiet blamed food shortages on natural disasters—including two years of drought—but more importantly noted that the decline in agricultural production by 2% in 1987 was caused by a lack of planning, investment, and basic input into agriculture. Lack of fertilizer, irrigation, and mechanization has made Vietnam's agriculture totally vulnerable to drought, and pest infestation.

The food shortage is already so acute in Vietnam, that Indonesia announced at the end of last year that it was sending 40,000 tons of rice to Vietnam as food aid. Indonesia—once the world's biggest rice importer which has now achieved food self-sufficiency—has also sent agricultural advisers to Vietnam.

In Cambodia, the food shortage could reach famine proportions. The Cambodian economy has not even begun to recover from the Cambodian war of 1970-75 and the following four years of genocide by the Khmer Rouge. Life expectancy remains at a low of 46 years in Cambodia. Surveys

show that 20% of children up to five years suffer malnutrition severe enough to retard their growth, and that 4.7% of Cambodia's children suffer from severe malnutrition, bordering on starvation.

In the last two years, Cambodia has been hit with severe drought, with no irrigation infrastructure to weather it. In the fall of 1987, for example, the province of Kompong Seu, 50 kilometers to the west of Phnom Penh, managed to grow only 2,040 hectares of rice—or 2% of that planned for the year's rainy season. Even of that paltry amount, another 526 hectares of young plants and over 240 hectares of rice had died, according to Phnom Penh.

Laos also has been hit by drought and a food crisis. Towards the end of 1987, Hmong hill tribes and others migrated into Thailand from Laos, a move relief workers believed had been caused by drought in Hmong areas. This year so far, Laos is already 200,000 tons short of rice and has asked relief agencies to supply half the shortfall in order to avoid severe malnutrition. The average rice yield this year reached only 79.8% of the target, due to drought. In Luang Prabang province, for example, the rice produced will last only six months.

A food crisis in Laos, however, is not "natural" at all. During the same crisis period, Laos has emerged as a major supplier of opium and marijuana for the Western and Asian market. While the government of Prime Minister Kaysone has managed to procure fertilizer and seeds from Thailand (reportedly supplied by American syndicate operatives) to grow drugs, food production has decreased.

The vulnerabilities of the Indochina economies to droughts and pests stem from Vietnam et al.'s isolation from the world economy since 1975, and the even harsher constrictions placed on trade since the Vietnamese invasion of Cambodia in 1979. Vietnam has been forced to rely on Soviet aid, which even to the tune of \$1 billion a year has not been sufficient for investment toward industrialization. In January of last year, Vietnamese leaders publicly vowed not to "squander" Soviet aid. Western sources in Thailand believe that Soviet money is tightly controlled from Moscow, with most monies going to military purposes.

In the meantime, Vietnam has taken desperate measures in an effort to attract Western funds into the country. In September, Vietnam went hat in hand to the International Monetary Fund, an agency Vietnamese leaders would likely view as "imperialist," for \$600 million in loans under the IMF's Structural Adjustment Fund. The Vietnamese had previously been ruled ineligible for IMF loans, due to its failure to pay on \$28 million in previous loans, but Hanoi vowed to correct "this technical difficulty." The following month, in a show of good faith, Vietnam devalued its currency, the riel, by 70%. In December, Vietnam's legislature announced new arrangements to attract foreign investors, including measures for 99% foreign owner equity in joint ventures and guaranteed full repatriation of all profits on such ventures.

# A blueprint for a neo-fascist Europe

by William Engdahl

“We must re-define the problems. We are past the time we can afford to disagree. To disagree, of course, is a basic part of democracy. . . . We can no longer afford democracy.”

Mussolini in 1922? No. This was the director of a new organization created on March 9 in Denmark, to prepare that country for the most radical restructuring of the European Community (EC) since its creation in the 1950s. “The changes required for 1992 represent the biggest challenge since World War II,” continued Erik Rasmussen, executive director of the Forum for Industrial Development, created to prepare Denmark for full participation in the Single Europe Act: 1992. “Parliament cannot solve the problems by itself—neither parties of the left or the right. We are into the 11th hour. We must work together.” The Forum, consisting of industry, labor, and government representatives, is already being attacked in the press as a “new kind of corporatist [i.e., fascist] state that must be stopped.”

In Italy, the short-lived government of Giovanni Gorla fell in early March. Christian Democratic party head Ciriaco De Mita has agreed to form a new government. His preconditions are that all parties agree beforehand, in writing, to back De Mita’s “government of program” for the next four years, that is, until 1992. De Mita has stated that the purpose of his government will be to initiate a radical series of changes to financially ready Italy for 1992’s single European market, in terms of wage levels, taxation, and curbing of the right to strike.

### The asset-stripping of Europe

After years of ineffective debate, a little-noticed White Paper, “Completing the Internal Market: 1992,” was approved by every EC member country during the summer of 1987. That document proposes to destroy social security and employment protections built up over decades.

“Unifying this market presupposes that Member States will agree on the abolition of barriers of all kinds, harmonization of rules, legislation, and tax structures, strengthening of monetary cooperation, and the necessary parallel measures

to encourage European firms to work together,” stated a senior EC bureaucrat. “The Single Europe Act envisions creation of a single market for goods, services, capital, and people by 1992. All this rests on the liberalization of capital movements within the EC.”

Put bluntly, a trade and tariff confederation of sovereign nations put together for mutual advantage after the devastation of World War II, is in process of becoming a supranational dictatorship, run by remote-control from Brussels and Strasbourg. It will hold life-and-death control over the future of agriculture, industry, national credit policies, national banking policies—every facet of economic life in Western Europe. And, make no mistake, it will do so as dictated by Moscow.

“People don’t yet fully understand what’s going on; ‘1992’ is the most profound change since creation of the European Coal and Steel Community” in the 1950s, said a senior spokesman for London’s S.G. Warburg and Co. Individual countries “must either take 1992 as an entire dish, or pull out of the EC. It’s a one-way street. I don’t see it stopping.”

All border controls will vanish, all restrictions on capital flows and labor migration will end. All restrictions on flow of persons will end. Terrorists and drug runners will move freely. “Resources, both of people and materials, and of capital and investment, flow into the areas of greatest economic advantage,” says the White Paper.

In sum, national sovereignty will come to an end.

### The competitiveness debate

The “1992” process is being driven forward at astonishing speed, more so after the Oct. 19 warning that a new world depression is imminent. “This is the worst possible time to be pushing ahead with this liberalization of capital markets,” exclaimed a leading European banker. “To liberalize capital markets just as Europe is facing the threat of a new depression is poison for the economies of Europe. Financial markets already have grown 10 to 20 times larger than the market for financing of real trade flows. These purely speculative financial flows will now be unleashed. Europe will undergo the same process that the U.S. economy has undergone in recent years under the ‘Ivan Boesky junk bond’ destruction of corporate industry.”

“The single most important motive behind 1992, is the fear that Europe is losing its industrial position to Japan and the U.S.,” according to Simon May, a former aide to ex-Prime Minister Ted Heath in Britain. “Under 1992 we will go to super-concentration in all areas—banking, telecommunications—there will emerge a few very dominant players. There will be great dislocations. Britain will play the strongest role in finance.”

The man credited as the mastermind of the 1992 process, Lord Cockfield, is a British civil servant appointed by Margaret Thatcher. As an aide stated, “The whole point about 1992 is deregulation, not re-regulation by Brussels.”

## Military vacillations

*Until the military defines the debt as its litmus test on policy, Brazil's "democratic transition" will be a charade.*

The conclusions of a March 10 meeting of Brazil's six military ministers, held to evaluate the political and economic situation of the "democratic transition" period, reflected in full the dangerous confusion that still reigns within the Armed Forces regarding the International Monetary Fund and the country's massive foreign debt.

As spokesman for the deliberations, Air Force Minister Octávio Moreira Lima announced that the Armed Forces felt it were best if the government of José Sarney had five years' duration, instead of the four years that the majority of Brazil's nationalists have been demanding. The Constituent Assembly, in the process of forging a new constitutional framework for the country, is on the verge of defining precisely that question.

Among other things, said Moreira Lima, a five-year term is necessary, since "the other point that must be remembered is negotiations with the foreign creditors. There would be a risk of the agreements reached returning to point zero, since doubts would surface about their compliance" should a four-year mandate bring new elections—and a new government—by the end of 1988.

This determination by the military at least tolerates, if it does not openly endorse, the agreements that liberal Finance Minister Mailson da Nóbrega has reached with the creditors; yet, as can be seen on the wages issue, the military sector is not yet prepared to accept the consequences that execution of those very same agreements will bring. The austerity policies offered by Minister da Nóbrega, pledges

and promises notwithstanding, seriously compromise not only the modernization programs of the three branches of the Armed Services themselves, but also Brazil's flagging infrastructure programs. That is especially true of the energy sector, the "Achilles' heel" of the Brazilian economy.

This became clear when the deal with the banks was struck during Minister da Nóbrega's visit to the United States in February. To begin with, Brazil will have to pay interest costs this year on its foreign debt equivalent to 30% of total export earnings, at the cost of a savage reduction of wages. And this on top of an admitted recession; in 1987 the GNP scarcely grew 2.9%, and industry a pathetic 0.9%.

To meet the demands of the creditors, the finance minister immediately prepared a draft decree upon his return from the United States which proposed a freeze on public employees' wages for three months, the result of which would be a wage loss of 56% through June. At the same time, the decree proposed the layoff of 100,000 employees.

The military's response was not long in coming. On March 2, the head of the Joint Chiefs of Staff of the Armed Forces, Gen. Paulo Roberto Camarinho, rejected the finance minister's decree, and unilaterally authorized a wage increase for the Armed Forces. Camarinho defended his decision thus: "We would have to be punishing captains daily," a reference to the wage protests that have been constantly occurring within the military sector. With this first breach in the decree, the government was soon

forced to generalize the wage increase to all public workers.

The temporarily frustrated efforts of da Nóbrega did not end here, however. On March 5, he unceremoniously fired the President of Banco do Brasil Camilo Calazans, for having authorized a 40% wage hike for his employees, which had, in fact, been authorized last December by a finding of the Superior Labor Court. Such an increase, sputtered the minister, was a gross act of "lack of discipline."

The only response that Calazans had was, "You're crazy!" Later, in an interview with *Folha de São Paulo*, he added, "How could anyone believe that a wage reduction of more than 50% would be accepted? No one would tolerate this. There could be no greater collaboration with the PT than to do this," referring to the Workers' Party which is the radical party of the Marxist Liberation Theologists.

It is a fact that the Friedmanite liberal team to which Mailson da Nóbrega belongs will only succeed in enforcing its agreements with the banks if its agents within the military consolidate their hegemony. The March 9 editorial of the daily *O Estado de São Paulo* on the battle over wages is thereby revealing when it demands that two "powerful social forces" give way to da Nóbrega so that his deal with the creditors can succeed. One is the military group "symbolized by Brigadier Camarinho," and the other, the nationalists of the state-sector companies.

As long as the monetarist faction retains its hold on economic policy, the so-called democratic transition will never amount to more than a pathetic parody, under which any attempt to postpone this year's anticipated elections will only benefit the radical groups around Leonel Brizola and the Marxist Workers' Party.



## **Baker dollar policy in Phase Two?**

*After George Bush won the March 8 primaries, the U.S. currency went spiraling down on the foreign exchanges.*

**'S**uper Tuesday," March 8, left Mr. George Bush in a commanding lead over his rivals for the Republican Party presidential nomination. It also sent the U.S. dollar lower on the foreign exchanges after a period of two months during which the major central banks had been able to enforce stability in the markets.

The U.S. vice president is widely seen as bad for the U.S. currency.

Mr. Bush and his supporters are expected to continue the economic policies of the current U.S. administration. These policies have weakened the U.S. productive sector's ability to compete in the world. They have favored the proliferation of low-grade dollar-denominated securities, such as junk bonds and equity warrants.

They have also facilitated questionable financing practices by U.S. corporations, through leveraged buy-outs and heavily geared takeovers, which have cast doubt on the long-term viability of significant sections of U.S. industry.

All of these consequences of the Reagan administration's policies have undermined international confidence in the dollar. The prospect of these policies being continued for another four years from January 1989, dampens confidence in the recovery of the U.S. currency.

The foreign exchanges are apprehensive on another count about Mr. Bush's successes. They have recognized for some months that the pace of the presidential election campaign will determine the shape of United States economic policies this year.

It could hardly be otherwise with

Mr. James Baker III, a leading partisan of Mr. Bush, as Secretary of the Treasury.

Mr. Baker's first objective was to ensure that Mr. Bush secured the Republican Party nomination. Another stock market crash was identified by Mr. Baker as the chief threat to a Bush success, since this would have damaged Republican Party fundraisers.

Consequently, he strove to ensure that the stock market would hold up well above the 1,750 level that the Dow Jones Index reached on Black Monday. This policy required that the U.S. dollar be stabilized at least temporarily so that no fallout should hit the stock market from disruption in the foreign exchanges.

The question now is whether Mr. Baker feels confident enough in the position of his political associate to swing into the second phase of his game-plan for 1988.

This phase assumes that Mr. Bush is the Republican candidate in the presidential election and aims to gain advantages for him against his Democratic opponent.

The priorities of economic policy, therefore, shift from financial market stability to maintaining a stream of good-looking economic statistics, Mr. Baker's hope being that these statistics will sway significant numbers of industrial workers to support Mr. Bush as they have supported President Reagan.

He would achieve this partly by prevailing upon the Federal Reserve to pump credit into the banking system, irrespective of whether this would upset confidence in the dollar.

Operators in the foreign exchanges had been expecting this shift in Mr. Baker's policies to take place around the time of the party conventions.

Mr. Bush's early victories in the primaries have led many observers to look for a much earlier switch to Phase Two of the strategy.

Probably, Mr. Baker does not yet feel assured of Mr. Bush's capturing the nomination. A collapse in the market could still overturn the Bush bandwagon.

Nevertheless, the foreign exchanges are apprehensive that the U.S. Treasury Secretary could be preparing to change policy-course much sooner than had been anticipated.

One pointer to Mr. Baker's current thinking came in his testimony to the congressional Joint Economic Committee on March 8.

He said that the Group of Seven (G-7) agreement to seek currency stability last December did not prevent G-7 participants from setting interest rates in the light of domestic considerations.

He made this comment in the context of the United Kingdom government's decision to allow sterling to rise above the targeted level consistent with G-7 arrangements (itself an episode in a furious struggle going on in the United Kingdom to determine that country's foreign policy orientation as between the United States and a pan-European grouping of nations).

Even so, Mr. Baker's words suggest that he is reserving his position. He is clearly signaling his willingness to engineer a cut in interest rates if that is what is required to boost a Bush-led Republican Party's chances in the November elections.

*Stephen Lewis is a senior City of London economist who contributes this column on an occasional basis to EIR.*

## **U.S. food assistance stocks depleted**

*But the national food policy remains the same as before: to create scarcity.*

**T**his spring, federal government agencies announced the curtailment of major food assistance programs. At the same time, federal statistics—notorious for overstating food inventories—report significant declines in U.S. meat animal and dairy herds. Relative to domestic needs for improved nutrition, and international requirements for fighting starvation, U.S. food stocks and output potential are being marginalized. Yet the functioning of the U.S. Department of Agriculture, the Congress, and the judiciary has been to promote food scarcity, and to allow the unprecedented takeover of control over food processing and marketing by a small number of international food cartel companies.

In March, the government rice and honey inventories for food donations were gone. In May, the federally stored cheese and non-fat dried milk powder stocks will be depleted. These food items are some of the products that are in government storage because of the stated intent of the federal commodity programs to smooth out market price fluctuations for farmers, and to maintain the food supply system for the public. Both the media and the government alike used the ploy of calling these stocks food “surpluses” instead of food “reserves,” as in the children’s game, “Now you see them, now you don’t.” Under cover of worrying about bulging food “surpluses,” the USDA is acting to both gut food reserves and undercut output potential alike.

Millions of people are directly affected by the food donation cutbacks.

Thanks to the collapse known as the “Reagan recovery,” as many as 18 million people have been receiving some form of free food each month as of 1987. One in seven Americans gets some type of free food at some point each year. Even before the current food assistance cutbacks, malnutrition was growing steadily in the United States. In March, the Senate Agriculture Committee planned hearings on the scope of malnutrition in rural areas, where there is only limited access to the USDA’s Temporary Emergency Food Assistance Program. Fully 41% of those using the TEFAP regard it as their regular source of food. Now Congress is considering eliminating the program.

Even those “better off” cannot rest assured of their food supply. The number of cattle in the United States has now declined to 99 million head—a drop of 3% over last year, down to the lowest level since 1961. The number of milk cows, 10.3 million head, is the smallest number since 1872, according to recent USDA figures. Despite the dramatic increases in the milk output per cow, and the use of refrigeration, the current decline in meat and milk animals represents a food supply threat, not a productivity advance.

The national swine inventory is also shrinking relative to national needs of pork per capita. The number of family hog farm operations has declined drastically. In 1965, when the USDA started keeping records, there were 104,000 hog farms; in 1975 there were 74,000 farms. In 1985 there were

43,000 hog farms, and last year, only 39,000 farms. In all of its recent hog inventory reports, the USDA has expressed official “surprise” at the lack of growth in hog numbers. Yet the decrease in hog farm operations makes the drop in hog numbers obvious.

While these declines are taking place, and farmers are being dispossessed in mass numbers, the USDA has also concentrated on implementing annual land set-aside programs to cut the production of “unwanted” feed and food grains. The sign-up deadline for the current commodity cropland set-aside is April 15. In addition, the sixth sign-up period is under way for the federal Conservation Reserve Program, to permanently remove land from production in the name of preventing unwanted food and saving soil. As of last summer there were a total of 23 million acres locked up in this program, out of a goal of 45 million acres to be arranged in the next few years. This represents over 15% of the total U.S. cropland base acreage.

As these measures are taken to cut back national food output and production potential, cartel food companies have moved into control positions in processing and distribution. For example, at present only three giant companies dominate hog slaughtering: IBP (owned by Armand Hammer and Occidental Petroleum), Excel Corp. (owned by Cargill Inc.), and Swift Independent, run by the giant ConAgra Inc. The current hog-slaughtering capacity of the “big three” of the pork industry are IBP, 11 million hogs a year; ConAgra (Swift), 6 million; and Excel, 6 million.

These same three companies are also the nation’s largest beef processors. In 1985, the three companies killed 41% of all grain-fed beef cattle. Last year, the percentage killed jumped to 68%. Cargill is also the nation’s largest commercial hog feeder.

## Admiral Watkins on AIDS health care

*The basic problem with the approach, is that it is based on the concept that there is a substitute for victory.*

**O**ur last column (*EIR* Vol. 15, No. 11) discussed the recommendations of Adm. James D. Watkins (ret.), chairman of the Presidential Commission on the Human Immunodeficiency Virus Epidemic, in the area of intravenous drug abuse. This week we will examine his recommendations in the area of health care for HIV infected persons. These cover six specific areas.

1) **Health Care Provider Education.** "The leadership established by providers of health care to persons with AIDS is crucial to fostering a sense of compassion and rationality among all our citizens. When health care professionals care for all patients who need their help, regardless of HIV serostatus, and do so without reservation or trepidation using time tested infection control methods, they communicate to all people that calmness and reason can prevail over panic and anxiety as we confront this epidemic." Having delivered this platitudinous statement the report then identifies the problem as a lack of education about HIV among medical students, graduate physicians, dental professionals, nursing personnel, emergency personnel and allied health workers. The proposed answer is more education for these groups.

2) **Health Care Systems.** The report acknowledges that while the initial impact has tended to focus in "areas such as New York, California or New Jersey . . . as the epidemic continues, however, most areas should anticipate a significant impact." It describes the complex medical and psychosocial needs of HIV infected individuals and

cites the need for "comprehensive and coordinated service delivery systems for people impacted by the spectrum of HIV infection in order to reduce fragmentation and cost."

The proposals to deal with these problems include increased funding of community-based organizations, including hospices, and other forms of out-of-hospital care and treatment. "If a wider range of coordinated out-of-hospital services were available, hospitalizations and presumably costs would be decreased." As opposed to the mission-oriented approach to the problem of intravenous drug abuse which reflects Watkins, the military commander, here we have Watkins the bureaucrat, crisis-managing the health care system. Exemplary is a proposal that "HUD should provide funds for public hospitals to convert acute care beds into long-term care beds for HIV patients and other chronically ill patients."

3) **Psychosocial Needs.** This deals with the psychological and emotional problems of HIV-infected persons and their loved ones and focuses on the implications of AIDS dementia. As specific problems, it cites the lack of trained personnel and psychosocial services as well as the stresses on health care workers caring for AIDS sufferers. The report recommends studies on costs and reimbursement for mental health services, provision of psychosocial care by treatment facilities ("within the limits of each facility's resources"), increased funding of community mental health centers, increased funding for training psycho-

social and neuropsychiatric providers, and provision of psychosocial support to medical staff caring for AIDS patients.

4) **Nursing Care Issues.** After acknowledging that a "potential, albeit small, risk—may influence the choice of nursing as a career," the report stresses, "Nursing is resolute—that care should be delivered without prejudice." The problem is that 38% more nurses will be required in the year 2000 than were required in 1985, while in enrollment nursing schools continues to decline. Projected BSN (Bachelor of Science in Nursing) nurse supply for the year 2000 is 596,000 full-time equivalents, and projected demand is 853,000. Projected masters and doctorate-level supply is 174,900, while the requirement is 377,100.

5) **Under-served and Minority Populations.** This admits the high rate of a number of diseases, including AIDS, among minority populations and the problems of lack of access to care among these groups. The major proposal is to increase the budget and personnel of the National Health Service Corps, which provides primary care services to disadvantaged populations.

6) **AIDS Information Coordination and Exchange.** This section stresses the need for a central data base/hotline to put out the official line about AIDS as well as information on treatment protocols.

The major problem with Watkins's approach to the health care issue is that, unlike his drug abuse program, it represents a crisis management consensus approach, which attempts to uphold the standard of cost cutting and avoid the larger public health issues, while still acknowledging the enormity of the problem. It is based on the concept that there is a substitute for victory.

# Business Briefs

## Development

### ASEAN nations, Japan meet on fund

Senior officials from the Association of Southeast Asian Nations (ASEAN) and Japan began a two-day meeting on March 4 to discuss the allocation of a \$2 billion aid package, part of Tokyo's pledge to recycle its surplus fund to promote regional development.

The \$2 billion will be divided among Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand. The fund, it was announced, would be spread over three years and will be operational by the middle of 1988.

The fund also provides for "two-step loans" with more favorable terms and conditions than are currently channeled through the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan to various ASEAN financial institutions.

## Dope, Inc.

### More heroin coming from Southeast Asia

There has been a sharp increase in the amount of heroin entering the United States from Southeast Asia, Drug Enforcement Administration head John Lawn told a conference of 80 anti-drug officials from 12 U.S. embassies in Asia. The conference began March 15 in Kuala Lumpur, Malaysia.

The amount coming from the Golden Triangle has risen from 18% one year ago, to 30% now. Malaysian Prime Minister Mahathir called for a "total war" against narcotics, and said drug addiction is the most serious problem facing Malaysia, even worse than Communist insurgency.

A huge heroin seizure in Bangkok, Thailand recently showed that the United States has underestimated the amount of heroin shipped from Southeast Asia, senior U.S. official Joseph Winder told reporters a

day earlier. The minister-counselor of the U.S. embassy told reporters that the 1,280 kilograms (1.4 tons) of 95% pure No. 4 heroin seized, were destined for the United States. This exceeds Washington's estimate of an average of 1.2 tons flowing annually into the United States from the region.

"Now, the U.S. has to rethink the amount of heroin coming from this part of the world," he said. Winder said U.S. officials have discussed with Thai officials the possibility of beginning a program of asset seizure exchange. The cooperation would allow the United States to give a certain amount of seized drug money to Thai authorities who helped provide the information leading to the seizure and arrests. Thai authorities are considering legislation empowering the state to seize assets of convicted traffickers.

According to a source in Bangkok, the United States had asked Thai authorities to hush up the news of the seizure. He said that Washington wanted the news kept quiet during the election year, because it involved exposing an important mafia ring with strong political connections.

## AIDS

### Heterosexual victims on rise in Brazil

The latest survey of the Brazilian health ministry shows AIDS increasing among heterosexuals, drug addicts, and people who have gotten transfusions, in about the same proportion as it is decreasing among homosexuals and bisexuals.

The official count of active cases since 1982 is 2,766, but the interim director of the national AIDS program, Pedro Chagas, estimates that there are actually 4,600 with symptoms and 225,000 to 500,000 carriers.

The statistics are from February during which the official total went from 2,651 to 2,766, or 20.67 per million people. President José Sarney asked congress to approve AIDS victims eligibility for retirement benefits, pensions, and care, and for AIDS medication and test kits to be imported tax free.

Emilio Ribas Hospital in Sao Paulo is having a wing renovated to increase its beds for AIDS patients from a present 60 to 210. There are now a total of 171 AIDS beds in the state. Most private and many state hospitals are refusing to treat AIDS victims.

## Law and Euthanasia

### Judge quashes subpoena for name of 'mercy-killer'

A Cook County Circuit Court judge ruled March 18 to dismiss a grand jury subpoena that would have forced the *Journal of the American Medical Association* to reveal the name of a gynecology resident who admitted to murdering his patient in an article titled "It's Over, Debbie" in its Jan. 8 issue. *JAMA* has defended its publication of the article, under the excuse that euthanasia is an ethical topic that needs to be debated.

Cook County State's Attorney Richard M. Daley, whose Chicago office had issued the subpoena, told reporters that *JAMA* was "protecting the identify of a killer who may kill again—indeed who may have already killed again." The article "appears to be a confession to murder. . . . Even more disturbing, it is an unrepentant confession by one who justifies the murder of another human being."

The right to murder and defend the practice is being hailed as a gain for First Amendment rights by journalists and the right-to-die lobby.

## Poverty

### Administration gets brutal with elderly

The Reagan administration has decided that too many of the nation's elderly and disabled have been living the life of Riley.

A new rule, which will go into effect April 8, will require increased payments from

hundreds of thousands of low-income elderly and disabled people who are in nursing homes and other institutions at federal government expense. This is to "enable states to shift more of the financial responsibility for the cost of nursing home care to the recipient."

Practically, for the elderly and disabled, this means additional costs averaging \$75 per month and doing without such "frills" as eyeglasses, dentures, and hearing aids.

### **Crash of '88**

## **Crédit Suisse chief warns of crash**

Crédit Suisse executive board member Hans-Jörg Rudloff, in remarks to the March 13 *Welt am Sonntag*, said that the "speculative orgy" of recent years is sure to lead to a crash, but that "the present generation" is unprepared for what could happen.

In recent years, he said, money became "the most valuable commodity in the world," leading to a situation in which people "forgot the basic principles. The speculation became wilder and wilder, larger and larger. And that always ends the same way—a crash."

Rudloff reported that, an unpublished report by the Swiss National Bank showed that in 1987, central banks spent \$140 billion in market interventions to support the value of the American dollar. "That means that they financed the entire American deficit last year. How can the central banks in the long term finance the entire U.S. budget deficit? That they will not do."

The longer the United States postpones imposing "restraint policy," he insisted, the worse it will be. By "restraint" he made clear he meant even more severe budget cuts and austerity. Rudloff said that rather than impose measures which would mean "a small recession now to correct the imbalances distorting world financial flows, unfortunately, we find ourselves instead in the midst of a presidential election. Therefore, naturally this necessary recession is postponed"—

meaning a far more dangerous "correction" after the election.

Rudloff stated that the worst danger is a psychological one. "The current generation was raised in times which only got better and better. They don't believe that anything could happen . . . that a war could break out . . . that an economic crisis could hit . . . that daily bread could become a question . . . that they could no longer find any work."

Rudloff, who was among the few, in spring 1987 to predict a crash later that year, warned against the illusion that Black Monday was "just an accident," because such wishful thinking among policymakers would result in even bigger mistakes.

Black Monday was only just the beginning, just as 1929's stock market crash was followed by the depression two years later. It can happen again, he asserted.

### **Oil**

## **Mexico loses \$154 million in price fall**

In the first two months of 1988, the nation of Mexico lost more than \$154 million in projected oil revenues because of declines in oil prices. Should the present tendency continue, the annual loss will be more than \$2 billion.

The Mexican finance ministry, however, claims that the fall in the international oil price has not altered "the stability of public finances." "Although the sale of crude represents an important segment of income of the public sector, with the program of stabilization, substantial corrections have been made which have enabled [us] to resist the external oil shock," said a spokesman.

The spokesman said the finance ministry is confident there will be a mild recovery in the price of oil, but that even if the events prove otherwise and the price per barrel falls below \$9, Mexico could use its international reserves of \$15 billion as a backup.

The Mexican government's 1988 budget projects a minimum price per barrel of \$16 and an export platform of no less than 1,418,700 barrels.

## **Briefly**

● **A DEFENSE INDUSTRY** report on the impact of changes in Pentagon procurement practices and tax law has concluded that there will be a substantial squeeze on profits that will result in job losses and refusal by contractors to invest in new technologies. New procurement policies would force contractors to pay a portion of the research and development costs, restrict monthly progress payments, and limit profit margins to about 10%.

● **PRUDENTIAL-BACHE**, the securities subsidiary of Prudential Insurance Co. of America, the United States's largest insurer, posted a 1987 loss of \$164 million. Only two months ago the company announced that it had only lost \$100 million. The parent company posted modest gains for the year.

● **A CHILDREN'S** Defense Fund report states that more babies die in infancy in the United States than in any other advanced country, and that the United States is 19th in the world, worse than Singapore and Spain. For blacks, the U.S. infant mortality rate is "worse than Cuba, Costa Rica, or Bulgaria." "In Washington, Boston, Chicago, or Philadelphia, a black baby is more likely to die before its first birthday than a baby born in Jamaica."

● **A COLOMBIAN** businessman, Sabas Pretelt de la Vega, the head of the National Federation of Retailers, has proposed turning San Andrés Island in the Caribbean, between Colombia and Nicaragua, into a "free port" with no labor laws, taxes, or exchange controls—transforming it into a drug and money-laundering haven over night. By contrast, the Colombian military had asked the United States to use the island for a radar base to track drug planes, but the United States refused.

● **OCCIDENTAL PETROLEUM** has sold its entire share of a Colombian oil venture to Hispano Oil of Spain, pulling its operations out of the country.

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## Can the dome of Florence cathedral be saved?

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*An Italian expert warns of the peril to Brunelleschi's great engineering feat and masterwork of art, since the staging holes of the cupola were filled with cement.*

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Five hundred and fifty years have passed since the convening of the Ecumenical Council of Ferrara-Florence, which was not only a turning point in world history, but perhaps one of the greatest scientific conferences ever held. The Council began in 1438, and led, in July of 1439, to the acceptance by the Greek Orthodox Church of a basic tenet of Latin Christendom, the *Filioque* clause of the Creed, which had long symbolized the Western commitment to the necessity of technological progress. Some of the greatest Greek scholars of ancient natural science were present at the Council, where they shared knowledge of geography and mapping with Western merchants and navigators, leading to the later voyages of discovery.

The ceremony of Union was celebrated under the recently constructed dome of Santa Maria del Fiore, the cathedral of Florence, which was designed by the first Renaissance architect, Filippo Brunelleschi. Brunelleschi's dome, built between 1420 and 1436, probably contributed as much as the learned arguments of Western churchmen, to convincing the Greek delegation from Constantinople to accept the Latin doctrine of the Trinity, which laid emphasis on the role of Man in continuing the work of Creation. His solution to the challenge of the dome was uniquely suited to a republic, as it depended upon developing the skills of free citizens to realize the design of an individual genius.

Brunelleschi began construction on the dome in 1420, after winning a competition for a design that could span the 41 meters of diameter which the Cathedral Works committee of the preceding generation had left. The Cathedral Works demanded a dome that would not only be high and imposing on the inside, but would also be beautiful on the outside, putting all the surrounding territory in its shadow. Domes of such size had not been built since antiquity—the Pantheon in

Rome was an example at hand—and no one knew any longer by what technique. Moreover, the Pantheon had a low exterior profile.

In his own day, Brunelleschi was applauded above all for solving an insurmountable *economic* problem. The traditional approach would have been to build an armature, a kind of mold to hold the masonry in place while the dome was under construction. There was probably not enough timber in the Florentine domains and certainly not enough money in the municipal coffers for such an armature, to fill a hemisphere 41 meters across. Brunelleschi constructed a double-shelled octagonal dome using a light, movable scaffolding, by applying the methods of projective geometry which he had developed for painting.

The first individual in Western history to hold a monopoly patent on an invention (a marble-transporting barge), Brunelleschi also invented numerous new machines to hoist blocks into place and alleviate manual labor. He is said to have enraged the masonic lodges which had monopolized the knowledge of geometry, by making this knowledge available to the workmen who carried out his designs. The artists' workshops of the Florentine Republic became "national laboratories" to solve the technical problems posed in the dome construction. The young Leonardo da Vinci was trained in such a workshop, working on the casting of the bronze ball at the top of the dome.

Brunelleschi was denounced by the "environmentalists" of his day, who predicted that the dome would fall, and was even jailed at a critical point in the project on the flimsy pretext of failure to pay guild dues. From what Dr. Lando Bartoli, the engineer and Brunelleschi scholar interviewed below, has to report, his enemies may have not given up even today.

# Brunelleschi's Florentine dome after the stopping of the staging holes

*Professor Lando Bartoli, one of the principal experts on the Renaissance architect Filippo Brunelleschi (1377-1446) and on Brunelleschi's famous cupola of Florence Cathedral, was interviewed at his office in Florence by Anna Fontana and Claudio Ciccanti.*

*The interview reconstructs the fight Dr. Bartoli has waged for the earliest possible undoing of the damage to the dome of Santa Maria del Fiore. As has been reported in the press, in February 1979 the 48 staging holes left by Brunelleschi to allow the expansion and contraction of the dome owing to changes in the weather, were stopped up with concrete. This operation was decided upon unilaterally by then-superintendent of the Opera del Duomo (Cathedral Works) Boldrini, on the pretext that it was needed to support the scaffolds of the counterdome set up to allow restoration of the Vasari murals on the inner face of the dome.*

*The interview was granted in October 1987. Since then, three meetings have taken place of the "Study Commission for Safeguarding the Monumental Complex of the Cathedral of Santa Maria del Fiore in Florence, with Particular Regard to the Static Problems of the Dome." Ignoring the facts which Dr. Bartoli presented, the commission decreed "that the scaffolding and the works put into effect, particularly the filling of the staging holes with cement, turn out not to have influenced and do not now influence the static arrangement of the structure and that therefore, in the light of the facts under consideration, no effective damage to the statics of the structure itself has resulted."*

**Fontana:** We heard some years back about the operation of stopping up with cement the staging holes of Brunelleschi's dome, which in effect has cut off the building's "breathing," and threatened its survival. Since Brunelleschi had intended the building to survive for over a thousand years, we would like to hear from you what really happened.

**Bartoli:** From 1984 on, as soon as I joined the Dome Commission, I began to ask for information concerning the operation carried out in 1979, and about which rumors were beginning to fly. That my worries were not well received, transpired from a number of things. For example, I had asked, whether the project had called for stopping up the staging holes, and little by little, I learned that this was not the case. Why then was it done? The project had called for locking into

place the iron brackets which were to serve as scaffolding for restoring Vasari's tempera paintings, and by perfectly acceptable means: i.e., drawers which contained mechanical jacks well suited for locking the brackets in place, and protected by neoprene cushions in order not to damage the staging holes of the dome. Instead of this, the jacks were not placed into the staging holes, due to differences in their dimensions, which in fact exist. The cupola is not a regular, but an irregular octagon; between the largest and smallest vaults, there is more than an 80-cm difference. Thus, the holes are not evenly distributed. So, they could not carry out the original project. So what did they then do? They acted in a rash, unthought-out way, without even a project which should have been submitted to the Minister of Cultural Patrimony for his approval, to the [Dome] Commission, to the Higher Council on the Arts, and without even telling the Commission.

**Fontana:** Didn't the experts have anything to say about this?  
**Bartoli:** They could have. This is where the plot thickens. The fact remains, that the person who was at the time Superintendent, seems to have talked to the then-chairman of the Works on the Dome, and they decided "to stop the whole thing up with cement," period. What an absurd operation. And away they went, and blocked all the staging holes. This happened in early 1979, but absolutely nothing was said about it at the time. The press paid no attention. When, in 1981, the job had been done, a short documentary was filmed by the then-Superintendent, and the whole thing came to light. Shots of a worker, shoveling up the cement and pitching it into the hole, then another worker turning the shovel over and pushing the cement right down into the bottom of the hole, 4 meters deep.

In 1983, I wrote an article in the *Bollettino Tecnico degli Ingegneri*, where I said: "What would Pier Luigi Nervi have said?" In the 1930s, as he carried out his observations on the lesions on the dome, he expressed the fear that tiny bits of stone might slip down into the cracks which are designed to expand in winter and contract in summer, and where tiny elements might get in, for example, bits of crumbled stone. He recommended that one always pay attention to that sort of thing, because the present condition of delicate balance might change and worsen. What would Pier Luigi Nervi have

said, had he been able to imagine that, not just bits of stone, but that the very holes themselves, 60 centimeters wide and 4 meters deep, had been stopped up? The operation was carried out in winter, when the holes are wider, and so are the cracks.

In 1982, others among my colleagues, like Fondelli and Parronchi, had made negative remarks about the operation in the magazine *Paragone*. This operation is wrong from start to finish. Its image, inconceivable, indescribable to me, has remained there to torment my brain.

When, in 1984, I joined the Dome Commission, I began to ask around, to pick up more information as to how something so serious had happened. Thus, it came to light, that the project as originally agreed upon, had not called for this at all, that someone had just done it, unthinkingly. . . .

**Fontana:** Why do you say that it was not at all thought through?

**Bartoli:** I am quite sure that the simplest mason would not have made that mistake. None of us would ever have dared to lay a finger on the work of Brunelleschi. How could something like that happen? At one point, a decision was made to take an initiative. In Nervi's era, all the most severe points of damage were kept under observation, with four readings a year: i.e., the winter and summer solstices, and the two equinoxes, to keep watch on just how the deformations shifted as a function of the temperatures, and these operations, carried out on 20 bases distributed inside the cupola, were always respected, save for short interruptions due to the war, and the flood [1966].

Before the present crime was perpetrated, the most modern systems, using computers and so forth, were used to investigate those operations. They confirmed that in summer the cracks closed up, while in winter, they opened; it was also found, that between the opening and the closing, there was always a tiny difference, of hundredths of a millimeter perhaps, but a difference, which naturally over the years, the decades, the centuries, led to ever-greater drift, to the point that it had become a danger. That is, the difference between the opening and the closing had become ever greater.

Out of this danger arose the need to set up a Commission to study the phenomenon and advise on what steps should be taken. [Premier Giovanni] Spadolini did so, in 1975, namely, four years before the misdeed. The Commission, with its chairman, with three commissioners from Rome, and a number of Florentine commissioners, both public officials and private experts, accepted a new member from time to time due to people becoming unavailable for the work.

There were one or two new members in 1983, and four new members in 1984, from the Engineering Faculty, including myself.

Given the worrisome data which had already been revealed before 1978, I asked that the data from 1979 onward also be made known, to see what had taken place. The latter data, examined by a restricted committee, gave results which

were disconcerting for me, although described by the other members of the committee as "reassuring."

I then responded, both in the sessions where the data were discussed, as well as in written texts—I wrote over 30 memoranda—stating that the data had to be reviewed. I have never received a reply. Everyone seems totally satisfied. Worse: Every time I advanced alarming arguments, they repeated that the data had turned out to be "reassuring." And we marched on to that tune. Then they tried to toss me a sop. They said: Let's go see the state of the staging holes, which, after having been stopped up, and once the counter-dome had been mounted, were no longer visible, hidden as they were by a wooden walkway where the people who were mounting the counter-dome were working.

Around November-December 1986, the holes were uncovered, and the architect Petrini, from the Superintendency, was put in charge of making the survey. He did this, most diligently. He worked for months. He made photographs, took measurements, described the situation. It was a very fine report, which confirmed what I already suspected.

In the first hole which I went to visit, I saw that the architrave was broken. It turned out, that of the 48 holes, 47 had broken architraves. But even the forty-eighth was probably broken. The only difference was, that at times, the break was not visible. The old-timers, once a break started to become visible, called it a hair: this vault was bald. But no one else had noticed this earlier.

So when the news came out that all the architraves were broken, it caused great surprise. It even surprised me, in the sense, that it confirmed to me that something was fishy, whereas the others were reassured, or better, "comforted" in their views. They had worked out, step-by-step, a weird theory. They said, it may well be, that the architraves were already broken much earlier. To which I replied, how could it be, that Father Alfani, Pier Luigi Nervi, and their assistants never observed the breaks?

One of the assistants, Engineer Ferdinando Rossi, who today is president of the College of Engineers, had been entrusted with the task of photographing all the cracks, and at that time, he took the pictures as best he could, because there was no scaffolding up then. So, he worked with binoculars, and then with a camera with a telephoto lens. It is unimaginable that he should not have photographed [the holes], since no instrument was needed, given the fact that the staging holes emerge from the last gallery. There are three galleries inside the dome, one precisely at the height of the staging holes. No one ever noted the broken architrave there. Thus, even allowing for the possibility that the breaks were so tiny that no one could even have seen them, there is no doubt that now, they are all too visible. It seems to me that there is no point, at this stage, running off for equipment and scientists, the thing is so elementary. . . .

How would people have reasoned at the time of Brunelleschi, or in the 1500s? I will tell you: They had no instruments, they had another means, the brain. They were rich in





*Brunelleschi's dome in its Florentine setting. Inset: Plan of the 48 staging holes left open by the architect at the base of the cupola, to support scaffolding for maintenance work, and allow the cupola to "breathe."*

spirit of observation, they were rich in real experience, because these people had lived, from infancy, to childhood, to youth, the life of masonry structures in a way that is no longer known. No one today really knows how wood behaves, how stone masonry structures behave. No one builds that way anymore. Their spirit of observation and knowledge was at that time, highly refined. Today, we are simply dropping such personal virtues. We have become insensitive. People think, why bother? We have electronic instruments. Watch out if the electronic brain, which is of great usefulness, stultifies the human brain!

In any case, at this point, the data which seemed to confirm the correctness of my argument, were opposed on the basis, that the architraves had already broken at some earlier date.

Another decision was taken in June 1986 by the Commission. The Commission was only meeting in little groups of four to five persons, who were following the question, and naturally, we could not come to an agreement, because I refused to give in. At one of these meetings, where Prof. Cestelli Guidi from Rome was present, they said: "All right, let's throw another little sop to Bartoli. Let's put deformometric bases on the lesions, and see whether it is really true that they dilate or not." This was in June. I suggested at the time: Let's be careful. This is summer, when the lesions close up. These readings should better take place from winter over to summer. But on we sped, regardless. Petrini, poor fellow, rushed out and bought a Swiss deformo-meter, beautiful piece

of work, state-of-the-art for the task at hand, and big enough to span the holes. Thirteen bases were set up taking a reading: one on the hole, and the others on the biggest lesions. The reading was taken after the 16th and 17th of June 1986, every two hours for 24 hours. And the results showed that I was right. After this, since nothing else was to be done, I asked Petrini to go ahead and take further readings. This was done—it was mid-July—on July 28, 29, 30 and 31, and then on Aug. 1. Then there was a break for the holidays. As soon as we got back, we found that that year, the highest temperature was 38° C, to be precise, Aug. 3; after which, temperatures dropped. We met, with this data in hand, and I showed this reading, as well as the tables supplied by the Superintendency, which I had drawn up in the form of graphs. The "reassuring" information emerged, that the lesions opened in summer, when in fact, they were supposed to close.

I took the argument to the headquarters of the Commission. The reaction was: "It is not possible, we cannot give credence to such data." They wanted to know the heat variations of that period. So I went off to the Ximeniano and asked the director of the Observatory to give me all the temperature readings for Florence from June to September, and these readings confirmed, that the maximum temperatures Petrini had found, did in fact occur. Was it ever possible to bring the problem up with the Commission? No. In spite of repeated appeals made by myself, in spite of the promise made to me, that a meeting would be held in December [1986], which in fact never took place, and another in Feb-

ruary which also never took place, and another on April 10 which never took place, there was no meeting at all until a circular arrived from the Superintendent, announcing that it had been put off until April 29.

At that point, I sat down and wrote a nasty letter. From that moment on, I said publicly, within the Commission, my intention, given the way things were going, to disassociate my responsibility, from that of the Commission. On April 29, when the meeting finally took place—it was the last meeting—I informed people that I was not resigning from the Commission, but rather simply changing my interlocutor, and that from then on, I would address myself to the Minister for Cultural Patrimony. An attempt was made to shut down the whole debate, by means of a vote.

From that moment on, I regained my freedom of action vis-à-vis the Commission. Initially, we were to refrain from publishing anything, save for joint, agreed-upon communiqués by the Commission. From then on, my articles and interviews began to come out in the international press as well as in Italy, and I threw the Commission onto the defensive. When I received notice, that the meeting had been put off to April 29, I wrote an accusatory letter. Had someone dared to address to me the sort of accusations I made against the Commission, I would have sued them.

**Fontana:** Does their behavior stem from the fact that they know they are wrong?

**Bartoli:** Of course. I accused them of beating about the bush and putting up a big smokescreen, with the obvious aim of covering up the truth. The Commission has put their trust in the ISMES, the firm which has been setting up new reading equipment, and they say that this will bring the truth to light. But all that equipment will not suffice to repair the broken architraves. They cannot correct the damage. The damage which has already occurred and is worsening, is the serious thing. It is intuitive. Had we not already warned that the drift was worsening, well before the staging holes had been stopped up with cement? After the holes were plugged, in 1979, what happened was that the cracks could no longer close, and from that year on, they continued to open still further, even in summer.

In order to get back to the initial measurements of the greatest opening in winter, with the yearly deformations something like 15 to 20 years would be needed. We have lost the last 20 years. We, who were entrusted with keeping watch over the dome, in order to plan out the measures required for its health, what have we done? We have hastened its death. We have not only lost 20 years. Mark this.

The 20 years were lost for the four main cracks. But the holes are 48 in number, and all of them are called upon to open. We have observed this, thanks to the deformato-meters applied over the 4 main holes, then the others. All the architraves are broken, or, better said, all the openings over the architraves have appeared. What does this mean? It means, that these cement blocks tend to dilate, widthwise, and even

in depth, and the lesions actually lengthen out. Thus, in the body of the masonry, there have appeared these three-meter long, 50-cm wide prisms which extend right out to the outside surface of the building, which is not only exposed to temperatures which three years ago actually hit 40° C, last year 38° C, and this year a maximum of 35-36° C; you also have to take into account solar radiation, which increases temperatures from 10 to 20 degrees. These blocks of cement act like wedges over all eight sides of the dome. We are dealing with an alteration of the entire base of the dome, which is now suffering from an anomalous situation which did not exist before. This is the physical damage we are faced with.

I believe that I have found, in fact, I am sure of it, the crux of the error into which the others have fallen. Intuitively, I had always rejected the thesis according to which, after 1979, it was said that everything was doing fine, that the data were "reassuring." I have understood where the error lies, and I hope it was in good faith. The real problem, is that people have abdicated the responsibility of their own brain, in favor of that of the computer. The computer has a great characteristic: It is perfect and works well, but it never doubts. As for ourselves, when we are at work, we are constantly checking the operations of our method of reasoning, and if, while we are working, data turn up which cast a shadow of doubt, we hold off and try to understand why. But this operation, of doubting, and then changing one's data, is precisely what the computer cannot do. It is already programmed. . . . This is the error—they approached the post-1979 readings with the same parameters they had used before.

**Fontana:** It does seem odd, the high-handed way your diagnoses have been rejected. . . .

**Bartoli:** Let me tell you why. I told you about the disastrous intervention of February 1979. I told you also, that the Commission, the same one we have now, apart from a few members recruited afterwards, had been set up by Spadolini in 1975. I have written many memoranda, because I realized that the so-called minutes of the meetings, were not even signed, still less approved or re-read, absurd things occurred. . . . I would like to be a publisher. I could keep a steady supply going into one of the best humor papers you could imagine. I have read all of the so-called minutes of the Dome Commission. This Commission, which now has 22 members, is divided up into Committees, depending on people's qualifications and their cultural interests.

There is a committee on structure, a committee on painting, for the problem of the frescoes (rumor has it that something will one day be done, but restoration has not yet started, because they don't have the scaffolding), then there is the committee responsible for taking the readings, and the committee on painting is all topsy-turvy because there are herds of young researchers who would like to make microscopic analysis because it seems, that the paintings are masterpieces, though—among other things—they cannot be seen because the dome is dark inside.

**Fontana:** Vasari's temperas don't strike us as great works of art.

**Bartoli:** No. But no one admits it. It's so much the case, that after 1981 a movement was sparked by [Italian art historian and publisher] Carlo Ragghianti which advised that they be whitewashed, or detached from the wall and stuck off somewhere in a warehouse for art history. This would have brought light back to the dome, and this would have been lovely, because Brunelleschi hadn't intended to put up frescoes. His idea was to decorate the inside of the dome with tesserae of glass, with Venetian-style mosaics, like those of our Baptistery, which shed reflected light. Only a little is needed to shed light over the walls, using brilliant colors, gold, tesserae of gilded glass, or colored stone, which would make a reflective surface. Such a small amount of light was supposed to be reflected, so the decorations could somehow be seen. . . .

**Fontana:** Let's get back to the Commission.

**Bartoli:** I am sure that right from beginning, no thought whatsoever was given to what the problem was, because when I brought it up in front of some of my fellow engineers, some of them, upon hearing that the holes had been stopped up, almost fell off their chairs, swearing that it was simply outrageous, even for purely technical reasons.

Others objected, saying, "these are just isolated facts, I can't believe it's a problem." But when we put pressure on one of them to reason the thing out, on the basis of purely logical reasoning, like the fact that cement, when waterlogged, dilates, i.e., on the basis, of the dilation-coefficient of cement, which is twice that of stone or brick, they had to admit we were right. I mean to say, that having had this experience, I am not in the slightest surprised that some, who were Commission members in 1979, were stunned by my denunciation. But I made it in 1985. The proof that I was right, came only in 1986. Six, now seven years have gone by since that lamentable intervention. I provoked them, saying that they are first, trying to hide the truth, but the longer they try to cover it up, the worse the scandal will be when it finally comes out.

**Fontana:** What will happen to the dome if action is not taken without delay?

**Bartoli:** The static problem is not the risk. When I said that 20 years had been lost, during which the dome had prematurely aged, this does not mean that it is going to collapse on us. The real danger is that unless the cement be removed, the life of the dome, which, according to Nervi's view, would originally have held another thousand years, will be cut back to 500, maybe only 400 years. This is because the dome, due to the action of dilation of the lesions, was previously opening by only that tiny degree of drift which one has normally every year. Now however, we no longer have those spaces to make up, in summer, for the swelling in winter. I do not claim the spaces made up for the drift 100%, but it was enough. Now,

with all 48 holes trying to dilate, inside of accomplishing what they were designed to do, the dome is tending to balloon out, and none of us has any solution in mind save reining the whole thing in with chains.

With these 48 wedges which tend to expand in summer, we have obtained the precisely opposite effect. We are helping to have the dome pop like a balloon. . . . There does in fact exist a project, which I myself prepared, to rein in the dome with chains, but I never managed to have it discussed by the Commission. In 1600, [engineer Domenico] Fontana had already planned to chain the building, but he also wanted to carry out heavy works on the masonry which would actually have damaged some of Brunelleschi's original structures. My project is more elegant. . . .

**Fontana:** Dr. Bartoli, you mentioned that the notorious concrete wedges could be taken out. This would be both expensive, and a very tricky operation indeed. What of that project?

**Bartoli:** I have already gone over that idea with certain firms which are expert in the field, and it is a complicated, lengthy, and delicate thing to do.

It has to be done using a core lifter, the sort which are used for taking samples of ore. You separate the stone-masonry from the cement. This would be the most urgent thing to do. From a conceptual standpoint, it is not hard to do. The hard bit is the operational profile, and it would be better if Titular Professors stayed away from it and left the job to people who know how to work with both their hands and their minds. Basically, you need good carpenters, and there are still some around.

Today, we stand idly by, paralyzed by problems which you can't even call just problems anymore—they have turned into "problematics," and that is a whole different kettle of fish. No one has the guts to go out and do what has to be done, the way they used to.

The dome is for me a being which I have worked on for many years, to find out its secrets, and save its life. Its present state torments me: It is the last thing I think of before I fall asleep, and the first thing when I awake. Let me turn to men of culture. I told this to an expert in art history, who sits on the Commission. I said to her, "You are responsible for this, you are to blame." She replied: "What do you accuse me of?" "Well, it is quite simple: You are doing nothing, you have said nothing, although you have been asked to say what you think." The answer was: "We are not experts." How can you not understand? This is the dome of the Cathedral, the dome of Brunelleschi. I am not asking you to judge the technical fact in itself, but the concept, the principle. Have you nothing to say, when you find out, that every hole left there by Brunelleschi, was filled with cement? Do you find that acceptable? Have you all lost your tongues? Do none of you even have an opinion? Nothing. So, the first injury to the dome is a moral injury, on the level of culture. Then we can get onto the technical questions and cross swords with the so-called "structurists."

## Gorbachov: the Seventh Tyrant of the empire

by Michael Ericson

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### **Bakom Gorbatjovs Kulisser**

by Jüri Lina

Foerlaget Referent, Stockholm, Sweden, 1987  
159 pages in Swedish, 50 Swedish kroners.

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“The West is still the Carthage for Moscow, while ‘the Red Czars’ (including Gorbachov himself) have always regarded their empire as the Third Rome,” writes Estonian exile, publicist Jüri Lina in his new book *Bakom Gorbatjovs Kulisser* (*Behind the Curtain of Gorbachov*). The author, a refugee from his native country since 1979, said at a Stockholm press conference to release the book—one day after Estonian Independence Day, Feb. 24, 1987—that it had been “an imperative necessity” for him to write the book, when confronted with the willingness of the Western press to be a mouthpiece for Soviet disinformation about *glasnost* and *perestroika*. Lina insists that this *dezinformatsia* “has become a serious threat to the Western world.”

The author’s sources are 95% drawn from within the Iron Curtain, both official and unofficial—refugees, dissident networks, etc. This largely contributes, together with his own precise observations of the details, to produce a very readable book that gives one a good insight to how the horrors of everyday life behind the Curtain have worsened under the *glasnost* and the *perestroika* campaigns. The frequent references to first-hand sources give the reader a sensuous grasp of the empire in which Gorbachov has been placed to fulfill the task of being the “Seventh Tyrant.”

From the first pages, the book is something of a shock for the reader. To explain Mikhail Gorbachov’s new policy, Lina takes lengthy quotes from the new general secretary and his close collaborator; it sounds very familiar, in a thick, heavy prose that could only come out of a Russian technocrat, some

words about “neglect of the consumers,” “backwardness that has to be liquidated,” “economic stagnation that can’t be tolerated,” and “individual” and “secret” elections to the party organizations. Everyone would recognize a strong push for the *glasnost* and *perestroika* in them. It is the language of *glasnost* and *perestroika*.

The only surprise is that the general secretary and his collaborator were not Gorbachov and Ligachov in 1987, but Stalin and Zhdanov in 1937!

Even then, Stalin called his reforms *perestroika*, and Zhdanov used in his speeches to speak of “today’s so timely concept of *glasnost*,” as his justification to purge party functionaries who were in opposition to Stalin’s *perestroika*. Thus, *glasnost* and *perestroika* are, according to Lina, nothing new for the “Seventh Tyrant of the empire.” All of his predecessors had theirs, too, and called them by these names.

Jüri Lina also gives an insightful description of how the “Seventh Tyrant” made his way to power. Gorbachov began by studying law in the early 1950s under the infamous state prosecutor Andrei Vyshinsky. Vyshinsky orchestrated all of Stalin’s Moscow show-trials and concluded all his summations to the court with the same phrase, “Shoot the mad dogs!” Gorbachov became an informant for the secret police during his years of law study. Later, the young Mikhail Gorbachov became a personal friend to then-KGB chief Yuri Andropov and was an oft-seen guest at Andropov’s home at Kutuzovsky Prospekt 26 in Moscow. “In the flat above Andropov’s, resided Leonid Brezhnev,” writes Lina in his own clinical way.

But, according to Lina, it was when Gorbachov was first appointed as Secretary of Agriculture of the Central Committee that he showed his real talent for his future task. “Gorbachov is very clever at talking about efficiency, but if you examine carefully what he really says about concrete things, you get the impression that he is ignorant and rather

often uninterested in real, important questions,” writes Lina, who maintains that Gorbachov’s period as agriculture secretary amply proves the point. When Gorbachov was appointed in 1978, the country had had its biggest harvest in history, 237 million tons of grain. By 1979, it dropped to 180 million tons, and by 1981 it was down to 155 million tons. But, with the help of “skillful demagogy,” Gorbachov managed to place the blame on poor storage and increased losses in the transportation sector.

Lina proceeds, after detailing the hardened repression against dissidents under Gorbachov’s rule, by listing the names and phony sentences of activists condemned for their beliefs to years in the *gulag*, to one of the most interesting parts of the book, “the tragic picture of the existence of the Soviet people.” Lina’s discussion of *perestroika* is very interesting, because he does it not from a grand overview, but from the perspective of the ordinary people. The pre-war economic mobilization behind the current *perestroika* is only identified at the very end of the book, where he states that inside the Soviet empire there is no such thing as “peace education,” so popular in Swedish schools, but instead they have the “preparatory war-training.” To make the point, he publishes a photo smuggled out to the West of a parade of proud school-children riding their small motorized toy tanks!

### **Making black rubles red**

One of the more basic, down-to-earth results of *perestroika* that Lina points out is its deliberate effects on the vast black market economy of the empire. Already in 1986, an official Estonian newspaper published articles “revealing” that “private incomes” made by the Soviet citizens totaled 850 billion rubles, or 20% of GNP. The point of publishing this had already been made in the same article, which stated that “these earnings are taxable.” Without the black market operations, the Soviet economy wouldn’t work at all. Lina publishes figures showing that probably up to 40% of all services are done “black” and more than 10 million people may be making their living in it. By legalizing some of this activity—making black rubles red—and enforcing heavy taxation on it, *perestroika* can bring vast resources to the state and prop up an otherwise miserable economic performance.

The obverse of that coin is, of course, to enforce tough measures against anybody who does operate without a state permit, i.e., continuing black market operations of the sort tolerated by the state before the “reforms.” Consistent with that, the government has both stopped the flea markets, allowed until as recently as the late 1970s, and during the recent years, reintroduced capital punishment for economic crimes.

Or as Lina chooses to put it, “Now, Gorbachov believes that you could enslave all enterprising people with particular effectiveness, by very small changes and token concessions. And the liberals in the West cheer and pay tribute to ‘the new freedom.’ ”

Jüri Lina, however, does not give that strategy much chance and the reasons he gives are of special interest today, when the explosions of popular unrest are hitting the empire in many different regions, from the captive nations of the Baltic states and Poland in the north to Armenia in the south.

Lina insists that these entrepreneurs have started to develop a sense of “freedom and justice” totally unknown inside the pure arbitrariness that reigns in the state-controlled economy. And moreover, they have become accustomed to a certain financial independence. These tendencies, according to Lina, actually started to express themselves in open demands for permission to start private shops. Jüri Lina himself, belonging to the intelligentsia and dissident network, actually expresses somewhat mixed feelings toward this phenomenon, because they do not in themselves threaten the system. The black market operator has often to perform his services outside of the ordinary work hours, so the only thing he tends to care about is earning more money, not engaging himself in “hostile activity against the state.”

The tragic result of the new *perestroika* clampdown on the black market will be an increased impoverishment of the population, Lina says. The “reforms” in the state-controlled industries also work to the same effect. To reduce the earnings of the workers by one-third because of new “quality demands,” will be tragic to a population at an already abysmal standard of living, especially if it is introduced among workers already more or less refusing to do a “decent job” for a wage that pays for hardly anything. Illustratively, Lina reports two common sayings among Soviet workers, telling each other to slow the work pace: “Why work? Let Lenin do it, he is immortal,” and “Let the tractor work: He is made of iron.”

At the end of this book review, I wish to refer to the part that moved me most: It is where Lina discusses why so many people inside the Soviet Union willingly play Gorbachov’s game. Lina says that one of the only occasions where he was, himself, in a positive way, moved by a Soviet citizen using the “freedom” of *glasnost*, was during an interview with the Estonian film-maker Kaljo Kiisk by Bavarian television in the summer of 1987. “There is a lot of stupidity among us in the Soviet Union,” Kiisk told the TV audience. “There are many careerists who use *glasnost* for their own egoistic aims, to be able to climb. Therefore, they play according to the script: *Perestroika* is a ‘big, theatric play.’ What we need is goodness. It is goodness that we are missing,” concluded Kiisk, and thanked the Bavarian public for their kindly eyes—“Such things you rarely see in the Soviet Union.”

Jüri Lina says that Kiisk’s words were very courageous coming from someone behind the Iron Curtain under Gorbachov’s *perestroika*. As a “free thinker,” Lina was himself able to be a dissident in Estonia during the 1970s, vegetating under the “relatively passive socialism” of Brezhnev, something that would be totally impossible under the rule of Gorbachov.

# The Establishment's romance with Moscow

by Rachel Douglas

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## **A Question of Trust: The Origins of U.S.-Soviet Diplomatic Relations. The Memoirs of Loy W. Henderson**

Edited, with an introduction, by George W. Baer  
Hoover Institution Press, Stanford, California,  
1986  
597 pages, \$44.95 hardbound.

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A recent addition to the Hoover Archival Documentaries is this memoir by the late Loy W. Henderson, career officer in the United States Foreign Service. The series, initiated by archivist Milorad M. Drachkovitch, presents in book form various holdings of the Hoover Institution on War, Revolution and Peace.

The manuscript by Henderson, whose prose is as clear as his trained eye was attentive to detail, covers the first half of his career, when he was centrally involved in Soviet-American affairs, before and after the establishment of diplomatic relations in 1933-34. (After his 1943 removal from the State Department Soviet desk, on Moscow's insistence, Henderson served as ambassador to Iraq, India, and Iran, and as undersecretary of state for administration.) The book is particularly useful, for the light it sheds on Moscow's cultivation of members of the American elite and vice versa, and on the battles within the United States foreign policy establishment, over our posture toward the Bolsheviks.

Already in the 1920s, as a young officer at the State Department Division of Eastern European Affairs, grappling with the problem of recognition of the then-independent Baltic countries of Estonia, Latvia, and Lithuania (he had worked there as a Red Cross volunteer during and after World War I), Henderson encountered a "strong pro-Great Russia atmosphere . . . in the White House and the State Department." He linked this to a cohort of department members who had sojourned in Russia during the war: "They had studied Russian, attended theaters, opera, and ballet. . . . They had been charmed by the exotic and beautiful culture of this ancient country. There was something impressive,

romantic, and even nostalgic about the grandeur of the old Russian empire with its majestic sweep of steppes, forests, tundras, deserts, and mountains, its great winding rivers, its teeming cities, and its many thousands of picturesque villages built around quaint and colorful churches and connected with one another during the long winters by snow-covered roads enlivened by jingling troikas and slow-moving sledges. It was only natural that members of the State Department whose interests had been centered on Russia should have been influenced, to an extent at least, by their experiences and associations in that country, that they should have tended to look at Eastern Europe from the point of view of St. Petersburg or Moscow, and that they should have little sympathy for the nationalistic aspirations of comparatively small ethnic groups who seemed to prefer devoting their energies to the setting up of their own governments to attempting to restore this imagination-capturing empire on a more democratic basis."

Here, as throughout the memoir, Henderson provides documentation: a 1921 memorandum from "one of the proponents of a Great Russia" in the department, who advocated a "policy of safeguarding Russian patrimony" in the Baltic region and asserted that "America has nothing to fear but all to gain politically from a strong and reunited Russia."

During this 1924-27 desk assignment and a 1927-30 stint at the U.S. legation in Riga, Latvia (it had a major intelligence-gathering function vis-à-vis the U.S.S.R., before there were diplomatic ties), Henderson "became convinced that the rulers in Moscow . . . were united in their determination to promote chaos and revolution in the noncommunist world until they could achieve their ultimate objective of a communist world with headquarters in Moscow." He subsequently was confronted with U.S. policies, based on quite different premises.

## **The Groton-Harvard set**

Leading State Department officials, Henderson reports, insisted that if "one would treat the Bolsheviks as gentlemen worthy of trust the Bolsheviks would respond as gentlemen." He attributes this view to Secretary of State Henry Stimson in the Hoover administration and later, under Roosevelt, to "prominent and successful professional men with a background similar to that possessed by Stimson," which background he characterizes with precision: "Secretary Stimson was a member of a rather closely knit fraternity of socially prominent Eastern business and professional leaders who, after graduating from exclusive preparatory schools and well-known universities and becoming affiliated with business or professional firms composed of people with similar backgrounds, tended to enter politics as liberals or progressives."

Henderson writes as an outsider to this clique. The son of a schoolteacher and Methodist minister, born in Arkansas and raised there and in Ohio (he received a good education at Rayon High School in Youngstown, concentrating on Latin,

Greek, English, and mathematics), he entered the Foreign Service by examination. He does not avoid to-the-point characterizations such as, "If, in a democratic country like the United States, it is permissible to use the term 'patrician,' it might be said that Bullitt was a member of one of the great patrician families in the United States." The attitude of State Department official Sumner Welles, who "tended to regard [Secretary of State Cordell] Hull as an unsophisticated product of the backwoods of Tennessee," Henderson attributes to the background of Welles—"like the President [Roosevelt], a graduate of Groton and Harvard. . . ." Most informative is Henderson's account of what he dubbed "the era of McCarthyism in reverse," under Roosevelt. Thus, in 1933, Acting Secretary of the Treasury Henry Morgenthau "was emotionally involved and obsessed by the fear that the State Department would find some way of sabotaging the negotiations" on recognition. In 1937, "largely as the result of pressure exerted through influential persons in the White House, the Division of Eastern European Affairs was abolished," in a process described by Henderson as "the purge"—strong words from the man who was the only U.S. diplomatic witness at the great Moscow purge trials the following year! He relates how "many of the valuable documents in the files of the division were mercilessly destroyed," erasing intelligence records on the Bolsheviks painstakingly gathered at Riga and elsewhere, and others survived only because Ray Murphy—a State Department expert on Soviet penetration of the United States, who had worked his way up from a clerical job—"was able secretly to salvage . . . them and to keep them hidden until the mania to destroy had subsided."

Henderson tells of Commissar of Foreign Affairs (and later Ambassador to the U.S.) Maksim Litvinov's success in having "his ideas conveyed to the White House through leftist friends of Mrs. Roosevelt and the President."

The missions of the first two U.S. ambassadors to the U.S.S.R., William Bullitt and Joseph Davies, are recounted in detail. Henderson was in the Soviet capital during both, and had to stand in for Davies a good deal, as the latter spent more than half the year traveling with his wife, General Foods heiress Marjorie Merriweather Post. President Roosevelt had informed Davies, the ambassador told Henderson, that "his main mission in Moscow was to win the confidence of Stalin, to be able to talk over Soviet-American relations frankly and personally with Stalin."

The book, which has been well organized by editor Baer and is set up in attractive and readable style, contains well-documented sections, interspersed in the chronology where they arise, on various topics: a diplomat's life in Moscow in the 1930s, Soviet-American trade in the 1930s, the purge trials, the Hitler-Stalin Pact, and others. Near the conclusion, writing about Europe on the eve of World War II, Henderson writes, "I felt as though I were a spectator in a gigantic theater of the ancient Greeks, witnessing a play that must almost inevitably end in tragedy."

## Foreign policy seen from the anti-hill

by Laurent Murawiec

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### **Inside the Private Office: Memoirs of the Secretary to British Foreign Ministers**

by Nicholas Henderson

Academy Chicago Publishers, 1987

\$15.95 hardbound, 138 pages, illustrated.

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This self-complacent gossip published as a book by Nicholas Henderson, Esq., a career British Foreign Office official who was ambassador to Poland, West Germany, and France before crowning his career with the Washington Embassy, displays its author's eye for the petty and the trivial, and his lack of insight into any historical events happening in the world he was a part of—except as ripples affecting the periphery of his vision. Praised as revealing, if not the secrets, at least some workings of British foreign policy-making, this book is the Foreign Office's bureaucracy gazing upon itself with its rituals and its mastery of the minutiae of Civil Service life.

Of course, so much of Britain's actual foreign policy is conducted privately, through the City, private clubs, and intelligence networks, that Mr. Henderson may be excused: As a bureaucrat, he only operated in the delicate balancings of the rhetoric that "eventually" became officially stated policy; his was the world of the sacred dances and the time-honored liturgies of diplomatic cant, the anti-hill battles and the wars of the mice.

What is to be learned from this book? Some sentimental junk, such as Foreign Secretary Bevin exclaiming in 1946: "You know, Henderson, we're capturing the moral leadership of the world" and again, "I think Stalin's decided that he had better come to terms with me." Of course, Bevin "hardly ever looked at a book." What wonder, then, that such types as flourish in the diplomatic services the world over—Foggy Bottom in America, the FCO in London, the Auswärtiges Amt in Bonn, the Quai d'Orsay in Paris, the Farnesina in Rome—produce disasters as lawfully as hens lay eggs? Their ability, exemplified by Henderson, to remain impervious to and unscathed by wars, depression, crimes, and misery, is only matched by their commitment to execute long-term policies thought out by others, the ideological and mental masters of the international game. But this is a chapter untouched and unperceived in this slim volume. The only question is: Why would any American publisher think of inflicting it upon the public?

## How Soviet moles penetrated the administration

by Lyndon H. LaRouche, Jr.

*This introduction by LaRouche and the report that follows are abridged from the soon-to-be-released sequel to EIR's earlier Sharon special report ("Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," March 1, 1986).*

The arrest of Shabtai Kalmanowitch, in Israel, on Dec. 23, 1987, has unmasked a massive Soviet penetration of the U.S. intelligence establishment, centered around not only Kalmanowitch and Jonathan Pollard, but such among their former confederates as Roy Godson, Tufts' Uri Ra'an, the USIA's Herbert Romerstein, Romerstein crony John Rees, former Defense Department official Noel Koch, the ubiquitous Michael and Barbara Ledeen, and their Pittsburgh-based financial angel, Richard Mellon Scaife.

There are two general lines of Soviet penetration of the United States through these circles. One is by way of Israel, including the circles of sometime Israeli Defense Minister Ariel Sharon. Another is by way of Sharon's allies intersecting Soviet agent Armand Hammer's circles and the so-called Anti-Defamation League (ADL).

Israel is a tiny, if well-armed nation, caught between two superpowers, the U.S.A. and Moscow. As the United States becomes weaker in the Middle East and elsewhere, some circles in Israel see their nation's survival as depending more and more on dealings with the superpower to the north. Sharon's circles typify this, but others also tend to lean in the same direction. Meanwhile, Moscow seasons the ranks of Jewish "refuseniks" emigrating to such places as Israel or Brooklyn's "little Odessa" with hard-core Soviet intelligence agents, as the case of Kalmanowitch illustrates the point.

Hammer and his Soviet-linked cronies within the "Hollywood Mafia" and Dwayne Andreas' networks are leading funders of Democratic National Committee Chairman Paul Kirk, which explains what is sadly wrong at the top of the Democratic Party. Hammer is also close to the circles of Mrs. Nancy Reagan, through such channels as Herb Romerstein's boss, Charles Z. Wick. Foolish Edgar Bronfman, a Hammer-linked Soviet dupe, is both a tool of Moscow's manipula-





Soviet Life

*Armand Hammer (l.) greeted at the Kremlin in 1986 by Mikhail Gorbachov.*

tions, and a powerful financial influence on U.S. politics in his family's own right.

The ADL's links to Moscow's operations are shown most clearly in links to the Caribbean drug-traffickers, such as Robert Vesco, through Kenneth Bialkin, and through the ADL's collaboration with certain corrupt elements of the U.S. Department of Justice and its Office of Special Investigations. Typical are the corrupt Meese Justice Department's actions on Soviet orders, in such cases as that of Tscherim Soobzokov, Karl Linnas, Arthur Rudolph, John Demjanjuk, and Austria's President Kurt Waldheim.

The Pollard case was publicized as simply a matter of the use of an Israeli intelligence service's "false flag" to conduit U.S. military secrets to Moscow. Pollard's role in running operations against the U.S. government and citizens was downplayed, and the roles of Ledeen's and Godson's circles in the Pollard environment covered over. With the exposure of the Kalmanowitch case, this cover-up is no longer possible.

The issue is, that this network was at the center of the shaping of U.S. counterintelligence policy. This network has repeatedly used its influence on the Reagan administration to run disinformation operations against U.S. citizens and institutions. For example, Godson et al. used a Soviet plant, Stanislav Levchenko, to run a Soviet disinformation campaign against me personally inside the Reagan administration.

We have exposed this pattern of Soviet operations over the years, beginning with a major report, issued during early 1981, on Soviet approaches to the Heritage Foundation as a potential cover for its operations (see "The KGB Moles and the Heritage Foundation," *EIR Special Report*, 1981). Unfortunately, because of the political influence of Armand

Hammer and his sundry collaborators and dupes, and also because of the blind folly of the late William Casey, Soviet operations under Israeli flag have run rampant, virtually without check.

Unfortunately, as this side of Israel's internal life comes to the fore, too many Americans tend to confuse the U.S. relationship with Israel itself with the so-called "Zionist lobby." The result is wild swings, between the attitude, "We can not do enough for Israel," to "Cut them off without a cent." We must not allow the fact that Israeli intelligence has been successfully penetrated by the Soviets, to obscure the fact that our own government is Soviet-penetrated at even the level of powerful influences on the White House itself. If Israel has a stain, so does the U.S. government.

Some solution to the problem of the Palestinian Arabs must be reached within the context of an agreement among Israel, Egypt, and Jordan's King Hussein. The United States, and relevant industrialized nations should commit themselves to support such a solution, and should define practical measures to assist in the success of both the process of negotiations and the agreements reached.

In short, our policy toward Israel should have very little to do with the so-called "Zionist lobby," either for better or for worse. Our policy must be based on relations with the state of Israel, situated within U.S. Middle East policy.

Therefore, let us examine the Soviet intelligence penetration of both Israel and the United States in the most rigorous terms. The immediate task is to uproot the influences of Hammer, Andreas, Bronfman, the ADL, and the network of Mellon Scaife's clients. Get everything tied to Pollard and Kalmanowitch out of our own and Israel's system. The veteran of Israel's Mossad, Isser Harel, has sounded the alarm there; we must do the same here.

# The Soviet mole network running U.S. counterintelligence

by an EIR Investigative Team

At the very beginning of 1988, a purported "official CIA evaluation" of the Jonathan Jay Pollard spy case surfaced among senior French intelligence officers. The essential conclusion of the dossier, according to French officials who directly reviewed it, was that the Pollard case showed only that "one or two" KGB agents had infiltrated Israeli intelligence. No higher-level problems were shown to exist within the Mossad. The purported document went on to say, that while senior Israeli officials, including Ariel Sharon and Rafael "Dirty Rafi" Eytan, would be cut off from continued collaboration with their American counterparts, there was no evidence suggesting that the pair were either Soviet "moles" or involved in any witting perfidy with Moscow.

Whether or not the document was a bona fide CIA damage assessment, the evaluation, as reported, is a fraud. Not only was Jonathan Jay Pollard merely one small fish in an extensive Soviet "false flag" espionage ring run through the highest levels of Israeli intelligence; the same ring, operating principally through Israeli and social democratic channels, has successfully penetrated the inner sanctums of the Reagan administration's counterintelligence apparatus.

The "CIA document" bears mentioning, because it perhaps provides a clue to the identities of some of the "bigger fish"—American and Israeli—who are still in place, attempting to "damage control" the continuing search for "other Pollards."

The fact is, Jonathan Pollard, the Naval Intelligence employee arrested in the United States as an Israeli spy in December 1985, and Shabtai Kalmanowitch, the high-ranking Mossad official arrested in Israel as a Soviet spy in December 1987, are by no means "aberrations." There are scores of Kalmanowitches and Pollards buried in the Reagan administration and the U.S. intelligence community.

There are four major reasons why this has come to pass:

1) Moscow has been able to easily penetrate the Reagan administration because the latter has allowed overt Mossad officials to be placed in some of its most sensitive posts.

2) The primary advisers of the Reagan administration on Soviet disinformation and penetration, are either Soviet agents themselves, or operatives of networks primarily under Soviet control, such as the "right-wing" social democracy.

3) The powerful Mellon banking family has sponsored the infiltration of this Soviet-Mossad network.

4) This very network oversaw the reorganization of U.S.

intelligence, during which whole categories of U.S. operations were "privatized"—into the hands of the Soviets' Israeli and social democratic assets.

## Not moles, but mole hills

At least one former CIA senior Soviet analyst who has undertaken a study of the Soviet success in running "false flag" operations is convinced that the Soviet-Israeli intelligence penetration is coordinated at the highest levels of the LEKEM. Conforming to Soviet intelligence requirements, LEKEM, the scientific espionage unit headed by former Mossad European director and Terror Against Terror boss Rafi Eytan, was principally targeted against the United States. Pollard was one of perhaps as many as 50 "agents" in the Washington, D.C. area alone, who were regularly passing classified U.S. military and intelligence data back to Israel—and ultimately, on to the Russians. As the Pollard case revealed, each of these agents required the logistical support of a small army of supporting characters, manning safehouses, letter drops, duplicating facilities, and bank accounts. Others couriered the pilfered material back to Israel, where an even larger, more senior team was responsible for reviewing and analyzing the data. Case officers, working under the cover of diplomatic posts or Israeli business fronts, maintained control over each of the "Pollards" in the field.

As with any espionage organization, LEKEM was a highly compartmentalized unit. The key to its success lay in the fact that the intelligence "tasking"—the targeting of specific information—was a top-down process, flowing from the overall requirements of the agency, fine-tuned through continuing analysis of the raw intelligence product, and regularly reevaluated on the basis of the access and capabilities of the agents in the field.

Given that a significant majority of the material gathered by Pollard conformed to Soviet, rather than Israeli, intelligence requirements, the Soviet collusion or penetration necessarily occurred at the top. The Sharon-Eytan grouping within the Israeli establishment provided one obvious nesting-ground for Soviet agents. LEKEM, under top-down control by Sharon-Eytan, was a Soviet intelligence unit functioning under the Israeli flag.

According to U.S. intelligence sources, and published reports on a lengthy affidavit submitted in February 1987 by then-Secretary of Defense Caspar Weinberger to the sentenc-

ing judge in the Pollard case, the United States was able to catch Pollard as the result of a counterintelligence analysis of U.S. secrets known to have found their way into Soviet hands. Pollard's name popped up through back-tracking of all intelligence personnel authorized to access certain classified naval intelligence. It seems that the naval anti-terrorism research analyst, operating out of a Naval Investigative Service facility, the Anti-Terrorist Tracking Center in Suitland, Maryland, had been accessing compartmentalized data unrelated to his immediate work assignment.

On Feb. 19, 1988, *Washington Post* writer Bob Woodward reported that the Justice Department was in a scramble to unearth at least one more "Pollard," believed to be in a senior position in either the Pentagon or the CIA. According to Woodward's sources, Pollard, during months of debriefings and polygraph tests, had revealed that his LEKEM case officer had shown him classified government indexes listing various secret materials. The listing is believed to have been turned over to LEKEM by a high-ranking "Mr. X," whom the U.S. government is now trying to expose.

Taking the former CIA official's estimate, that at any given time, LEKEM could have maintained no more than 50 "Jonathan Pollards" in the greater Washington area without running the risk of a "circuit overload"—too much raw data awaiting evaluation back in Israel—and assuming 10-20 part-time and full-time support personnel, case officers, etc. for each "Pollard," it is not unrealistic to estimate that between 500-1,000 operatives, for the most part Israeli citizens, played some role in the LEKEM operation at different points.

By comparison, 28 months after the initial arrest of Pollard and his wife Anne Henderson Pollard, the total number of people indicted in the affair stands at only six or seven, among them Eytan (reportedly so; the indictment remains sealed), and Col. Aviem Sella, an Israeli Air Force officer who allegedly recruited Pollard to LEKEM in the early 1980s.

When Colonel Sella was named as the suspected "recruitment officer," at least one transplanted Israeli citizen in Boston, Massachusetts must have breathed a sigh of relief: Prof. Uri Ra'an, chairman of the International Security Studies Program at the Fletcher School of Law and Diplomacy at Tufts University, has been identified by both U.S. and Israeli sources as a LEKEM spotter-recruiter, believed to have been personally involved in the Pollard operation.

Pollard studied under Ra'an at the Fletcher School following his 1976 graduation from Stanford University. Pollard was "bright and articulate," Ra'an told *New York Times* reporter Robert Pear in November 1985. Pollard's studies at Fletcher were without question essential to his hiring by Naval Intelligence in 1979, and his unique usefulness for LEKEM. And here is where, according to sources, Ra'an's role was pivotal to the Pollard-LEKEM effort.

### The Fletcher School recruiting grounds

The Fletcher School is one of the preeminent training and recruiting grounds for America's intelligence and foreign



Ariel Sharon, leader of a group in the Israeli establishment that provides one nesting-ground for Soviet agents.

services. According to a winter 1985 article in the *National Reporter*, students at Fletcher, the oldest graduate school of diplomacy in the United States, are overwhelmingly tracked into careers in the foreign service, the CIA, and the Pentagon. For example, of the approximately 300 Fletcher School graduates holding positions with the State Department as of the end of 1985, five are now ambassadors. Three consecutive U.S. ambassadors to El Salvador—Thomas Pickering, Deane Hinton, and Robert White—were all Fletcher graduates.

While only 19 Fletcher alumni were officially listed as CIA employees as of 1985, a larger, unestimated number are known to be covert CIA employees whose affiliation with the agency is secret. The CIA's coordinator for academic relations as of 1985, Ralph E. Cook, whose job is to oversee university recruitment and to coordinate contract work by university professors, departments, and institutes, is himself a graduate of the Fletcher School.

The 19-member Advisory Council to Ra'an's Security Studies Program reads like a "who's who" in intelligence. As of the 1985, its members included:

- **William Bundy**, former CIA analyst and editor-in-chief of the New York Council on Foreign Relations' *Foreign Affairs* quarterly;
- **Adm. Stansfield Turner**, director of the CIA during the Carter administration;
- **Adm. Bobby Ray Inman**, deputy director of the CIA from 1981-82, and former director of the NSA;
- **U. Alexis Johnson**, a former ambassador and a long-time member of the Forty Committee, the NSC body overseeing covert operations;
- **R. Daniel McMichael** and **Gen. Matthew B. Ridgeway**, both trustees of the Richard Mellon Scaife Foundation;

● **Rear Adm. Jonathan Howe**, former director of the State Department's Bureau of Politico-Military Affairs;

● **Robert Everett**, president of the MITRE Corporation, a think tank principally involved in intelligence community contract work.

Professor Ra'an'an's reported involvement in the Pollard recruitment has devastating implications for U.S. national security. As a senior faculty member at Fletcher since 1967, and director of the Security Studies Program, Ra'an'an has been in a position to place scores of young postgraduates into sensitive positions within the intelligence community and foreign service. Moreover, Ra'an'an was ushered into a prominent position in the American intelligence community because he was already associated with Israeli intelligence in some capacity. Numerous other Israeli-approved operatives have been so ushered into prominent positions, particularly since 1967.

### **Ra'an'an's remarkable career**

From the sketchy biographical material available in the public record, Ra'an'an emerges as a most interesting character. Born Heinz Felix Frischwasser somewhere in Central Europe in 1926, he fled Nazi occupation and landed in England in 1939. The only clue as to his family background, which he defines as "proletarian," is a passing reference in one of his early writings, in which he lauds Austrian socialist Otto Bauer, who operated in the Viennese Communist International circles intersecting, first, Alexander Helphand (a.k.a. Parvus) and later Harold "Kim" Philby. Historians of the Nazi era know that, by 1939, no one managed to escape the Nazi persecution, unless they were either part of some organized political resistance movement, or had been "adopted" as a *cause célèbre* by some international agency, such as Leo Cherne's International Rescue Committee.

In England, Frischwasser became a student at Oxford University, where he was brought into a circle of eminent British intelligence seniors, including Sir Reginald Coupland, editor of the British intelligence journal *Round Table*, and author of the 1937 Peel Commission report that imposed the Arab-Jewish partition of Palestine, and of the 1942 Cripps Commission report that similarly partitioned the Indian subcontinent; B.H. Sumner, Warden of All Souls College, Oxford, and the Russian desk officer of the British Foreign Office's wartime intelligence bureau; Frederick William Dampier Deakin, Warden of St. Anthony's College, Oxford, and head of the first British Special Operations Executive (SOE) wartime mission to Josef Tito's Yugoslav communist partisans; after the war, Deakin was the first British intelligence chief in Yugoslavia.

After completing his Oxford thesis on the prospective role of Zionism as an instrument in the Great Power struggle, Frischwasser emigrated to Israel sometime in the early 1950s, at which time he adopted the name Uri Ra'an'an. The chief Mossad officer in London at this time was Rafi Eytan, the official Israeli liaison officer to British intelligence. Ra'an'an's

mentors, all senior British Foreign Office and MI-6 intelligence hands with special credentials in Middle East and Soviet affairs, were in the circuit of intelligence officials who dealt with Eytan.

According to a former American foreign service officer who served in Israel during this period, Rafi Eytan, notwithstanding his later reputation as a ruthless right-wing hooligan, originally came out of the Trotskyist wing of the international Communist movement, a wing which had substantial overlaps with the socialist Zionists.

According to a 1980 CIA Office of Security probe, Eytan was also, at the time of his London Mossad posting, in fairly close contact with the parents of Roy Godson, today one of Professor Ra'an'an's closest collaborators on the "mole hill."

Israeli sources have confirmed that Ra'an'an has been a beneficiary of Eytan's patronage for some time. It seems that, shortly after his arrival in Israel, Ra'an'an was sent to the United States, serving for three years as an "information officer" at the Israeli embassy in Washington, and for three more years in the same post at the Israeli consulate in New York City.

When he joined the faculty at the Fletcher School in 1967, Ra'an'an was concerned to conceal his position with the Israeli government. According to one account, he once forced the school to recall every copy of its annual catalogue, when he discovered that his government posts had been listed. Today, his official 1987 Fletcher School catalogue biography simply reports his having a background in "political journalism and international diplomacy."

Ra'an'an arrived at Fletcher in the late 1960s, after brief teaching stints at Columbia University, Brooklyn College, City University of New York, and Massachusetts Institute of Technology.

In 1973, the Fletcher School's International Security Studies program in conjunction with Harvard's government department, initiated a series of annual conferences on a wide range of strategic topics. In every case, the proceedings of the conferences were published, with Ra'an'an always listed as the editor. Dozens of senior figures in the U.S. intelligence community and the military were brought in as speakers or attendees at these affairs. Through these affairs, over the 1970s, Ra'an'an gradually was insinuated into the higher levels of the U.S. intelligence establishment.

From its founding, the Security Studies Institute was financed almost exclusively through a continuing series of grants from the Scaife Family Charity Trust, the Sarah Scaife Foundation, and the Allegheny Foundation. All three are the personal fiefdoms of Richard Mellon Scaife, the current scion of the Pittsburgh Mellon family. The Mellon Scaife fortune has been a pivotal source of funding for virtually every component of the Ra'an'an-Godson-centered Soviet penetration of U.S. intelligence.

In fact, in the course of the congressional Iran-Contra hearings, evidence was presented linking a top Mellon Scaife family executor, Clyde Terry Sleaze III, to Roy Godson in a

scheme to launder tax-exempt charitable donations illegally to the Contras. Several Washington, D.C. sources are reporting that Iringate Special Prosecutor Lawrence Walsh will likely hand down indictments against Sleaze and Godson for this.

The 1973 launching of the national security seminars at Fletcher thrust Ra'an an and a small circle of his intimates into the center of policymaking on the future direction of U.S. intelligence, military, and foreign policy. This is adequately indicated by a sampling of the topics and participants in the Fletcher series:

- May 3-5, 1973: "Conference on the U.S.-Soviet Strategic Balance and Nuclear Multipolarity." Among the speakers were: Uri Ra'an an; John Erickson, head of Defense Studies at the University of Edinburgh; and Richard Burt, currently the U.S. ambassador to West Germany. Among the 50-odd participants were nine active-duty U.S. military officers, including future NATO Supreme Commander John Galvin, officials of the CIA, National Security Council, and State Department intelligence.

- Sept. 26-28, 1974: "The Other Arms Race: New Technologies and Non-Nuclear Conflict." Among the speakers were: Amos A. Jordan, a Reagan ambassador to NATO and chairman of Georgetown's Center for Strategic and International Studies (CSIS), also Mellon Scaife-funded; Mitre Corporation terrorism specialist Brian Jenkins.

- May 1977: "Scarce Resources and International Conflict" and April 1978: "Development and Security." These two conferences led to the 1979 publication, *Ethnic Resurgence in Modern Democratic States*, a series of essays edited by Ra'an an. This volume was the outgrowth of two grants to Ra'an an from the Battelle Seattle Research Center and the Rockefeller Foundation from 1973-75, which enabled him to travel throughout Europe and the Middle East, profiling ethnic insurgency movements.

## Ra'an an hits the big time

By April 1979, Ra'an an's annual security studies conference focused directly on "Intelligence Policy and National Security." The speakers now included former CIA director William Colby; Richard Perle and Richard Pipes, both slated for top posts in the Reagan administration's national security structure; Ladislav Bittman, a Czech intelligence official who defected in August 1968 in the aftermath of the Soviet invasion; Reginald V. Jones, wartime director of British Scientific Intelligence and one of the most highly respected figures in British military intelligence; Amrom Katz, former assistant director of the Arms Control and Disarmament Agency; Thomas Latimer, staff director of the House Permanent Select Committee on Intelligence; and Maj. Gen. Jasper A. Welch, Jr., special assistant to the U.S. Air Force chief of staff.

In the introduction to the book-length proceedings, published in early 1981, Ra'an an could not help but gloat.

"The Eighth Annual Conference . . . brought together,

within the parameters of a working symposium, practitioners, former officials, and theorists drawn from the government, private and academic policy 'communities.' Several of the approximately 70 participants pointed out that this seemed to be the only forum for creative interaction between the various sectors.

"Meeting under the formal heading of 'Intelligence: Deception and Surprise,' the Conference furnished an unusual opportunity for examining issues, such as: the adequacy of existing and former organizational structures to cope with increasing demands by decision makers for adequate intelligence; the closely related issues of command and control; the problem of political and strategic warning. . . . Moreover, special sessions were devoted to specifics, including technological problems affecting assessments of the correlation of forces between the Soviet Union and the U.S., within SALT II and beyond, as well as such purely American issues as the roles, respectively, of the Executive and of Congress in intelligence gathering and evaluations."

In short, Ra'an an was now integrated into the team that would shape the "rebuilding" of American intelligence and counterintelligence under the anticipated Reagan presidency. On April 20, 1980, Richard Allen, foreign policy coordinator for candidate Reagan, announced the creation of a campaign foreign policy advisory group. Ra'an an was among those named to help shape Reagan's foreign policy and defense platform.

Sources familiar with the broader investigation triggered by the November 1985 Pollard arrests, report that Ra'an an is more than a LEKEM "talent scout." Through his buildup of credentials as a Middle East and Soviet specialist, Ra'an an has positioned himself to access sensitive intelligence, and to spread disinformation.

For instance, in 1985, Ra'an an edited a profile of international terrorism, *Hydra of Carnage*, whose lead chapter was authored by CIA director William J. Casey. A collection of Ra'an an associates also contributed to the volume. Among them were: Herbert Romerstein, now the chief aide to USIA chief and Armand Hammer colleague Charles Z. Wick; author Claire Sterling; Ra'an an epigone Richard H. Shultz; Neil C. Livingstone, a Fletcher graduate; and former NSC consultant and "anti-terrorism expert" Michael A. Ledeen.

According to his associates, the semi-official *Hydra* study placed the Fletcher Security Studies head in a position to debrief leading Warsaw Pact defectors. According to Ra'an an himself, by the summer of 1987, he was involved full-time in a profiling and debriefing study of defectors, in collaboration with Roy Godson. The project is believed to be a contract study under the auspices of either the CIA, NSC, or USIA. In interviews early last year, Ra'an an indicated that he would be spending the entire summer of 1987 in Western Europe interviewing Warsaw Pact defectors for "the study."

That an Oxford-trained Israeli intelligence hand linked to Pollard should have been hired by the U.S. government to conduct a study of the U.S. intelligence community's han-

dling of Soviet bloc defectors, is truly pathetic. The fact that Ra'anán was apparently teamed up with Georgetown University's Roy Godson in this project, is an even more damning indictment of the state of U.S. counterintelligence, and the degree to which it has been penetrated by hostile services.

### **Roy Godson, Bukharinite**

Roy Godson is the offspring of a senior figure in the American-based faction of the "Trust." His father, Joseph Godson, a German-Polish emigré, was born on Jan. 15, 1913. Coming to the United States, Joseph became an associate of Communist Party U.S.A. founder Jay Lovestone.

Lovestone was an ally of Bolshevik Party founder Nikolai Bukharin, who was purged from the Politburo by Stalin at the Sixth Party Congress of the CPSU in 1929. Bukharin's followers constituted an anti-Stalinist faction within the Communist International, known as the "Right Opposition." (They did not cease to be Communists!) A similar "dissident" faction within the international Communist movement, aligned with Trotsky, formed what came to be called the "Left Opposition." The more "cosmopolitan" anti-Stalinist Communists of the Lovestone-Bukharin and Trotsky stripes allied with leading Western factions, including the Mellon and Morgan families in the United States. Morgan financing of the Communist Party U.S.A. through leading Morgan banker Thomas Lamont and his Fabian "banker's socialist" son Corliss, is notorious. Treasury Secretary Andrew Mellon was one of the leading proponents of expanded American trade with the Bolshevik state, and he enthusiastically embraced Lenin's New Economic Plan (NEP). A whole complex of American companies, tied to Citibank and to the du Ponts, formed the American International Company at 120 Broadway in lower Manhattan, in order to advance this American-Soviet trade partnership. That relationship constitutes the core of the "Trust."

Western counterintelligence agencies have known the "Trust" historically, but have been blind to its modern continuation of the historic Trust operation, because the leading Bukharinite figures involved have adopted the political label, "social democrat." Such American social democratic institutions as the League for Industrial Democracy (LID) and the Anti-Defamation League (ADL), as the case of Joseph and Roy Godson make clear, are pivotal to today's Trust.

Joseph Godson entered the "Right Opposition" layers of the U.S. Communist movement through the Jewish Labor Committee, created by Lovestoneite Communist Charles Zimmerman and Lovestone's primary patron, David Dubinsky. Typical of the interplay between these Bukharinites and certain factions within the U.S. Establishment, was J. Edgar Hoover's insistence that the Lovestoneites be invited in to train FBI recruits in Marxist ideology and communist methods.

Through the Jewish Labor Committee, which collaborated closely with Jay Lovestone in such operations as the International Rescue Committee (IRC), Joseph Godson be-

came directly involved in the efforts to save leading members of the Communist and Socialist parties of Central Europe from execution by Hitler. When the United States finally entered World War II, the connections of the Lovestoneites of the IRC into Europe became a short-term strategic asset for American war-planners. Leo Cherne's IRC headquarters in New York City became a virtual hiring hall for recruits into the Office of Strategic Services (OSS), the forerunner to the CIA. Many leading Trust operatives found their way into the postwar American intelligence and foreign service establishment.

Jay Lovestone, the leading anti-Stalin Communist, became the liaison between the AFL-CIO and the CIA and State Department. Lovestone, as head of the International Division of the AFL-CIO, virtually hand-picked every labor attaché posted at the major embassies. Joe Godson, who apparently held a public relations and charity directorship with the AFL-CIO from 1940-50, was one of them. Godson entered the State Department in 1950, serving as a labor attaché in several overseas embassy assignments, including Ottawa (1950-53) and London (1953-59). From 1959-61, he was the first secretary of the U.S. embassy in Belgrade, Yugoslavia, going on to be consul general in Zagreb, Yugoslavia from 1962-64. From 1964-68, apparently headquartered in London, Godson was the labor and U.N. special adviser to the State Department's European Bureau. From 1968 until his formal retirement from the foreign service in 1971, he was the consul general in Edinburgh, Scotland.

### **In the footsteps of his father**

Every step along the way, Roy Godson trod in his father's footsteps. "Joe's son," as he is called in British social democratic circles, went to Middlebury College, taking his junior year at the London School of Economics. He went on to Columbia University for his postgraduate and doctoral work. Not surprisingly, Roy Godson's first teaching post was at Carnegie-Mellon University in Pittsburgh (1967-69), where he also was hired in 1967 to serve as a program director of the Pittsburgh World Affairs Council, a regional outpost of the flagship New York Council on Foreign Relations. According to the introduction to his first published book, *American Labor and European Politics* (1976), Godson received a generous grant from R. Daniel McMichael, the chief executor of a string of tax-exempt foundations and charitable trusts controlled by Richard Mellon Scaife.

McMichael underwrote an extended European and American tour by Godson, during which he conducted a series of interviews with Irving Brown; Jay Lovestone; David Dubinsky, International Ladies Garment Workers Union (ILGWU) president and head of the Jewish Labor Committee; Averell Harriman; George Meany, then AFL-CIO president; Charles Zimmerman, former Communist Party organizer, ILGWU vice president, and head of the League for Industrial Democracy (LID); and others. The Mellon Scaife-funded book was an apology for the role of the Bukharinites



*Communist Party U.S.A. founder Jay Lovestone, political godfather to the Godsons, in 1924, "left." Banker Andrew Mellon as Treasury Secretary in 1930, "right": one of the leading proponents of expanded American trade with the Bolshevik state.*



and the labor wing of the social democracy during the Cold War.

By 1973, Godson was working directly for the Lovestone-Brown wing of U.S. intelligence, through a teaching post in labor studies at Georgetown University, Godson began to work closely with the AFL-CIO's Free Trade Union Committee (FTUC) and its Front Royal, Virginia-based American Institute for Free Labor Development (AIFLD). These programs were set up in the immediate postwar period, as the private fiefdoms of Lovestone and Irving Brown. According to numerous published sources, the Lovestone-Brown FTUC was heavily bankrolled by the CIA's International Operations Division under Tom Braden. Thus, the official American intelligence apparatus assigned to combat Soviet penetration of the European and Third World labor movements, was run top-down by a pair of unrepentant followers of Nikolai Bukharin.

Godson's sponsorship into the international labor chair at Georgetown was complemented by his 1973 appointment as director of Frontlash, the official youth group of the AFL-CIO. In 1975, he was placed on the board of LID, the flagship political action group of the Bukharinite social democracy in the United States.

Godson was also made a director of the American Histadrut Cultural Exchange Institute, a Socialist-Israeli lobbying and intelligence-gathering outfit.

Godson's own Bukharinite leanings were clearly spelled out in his 1978 book *Eurocommunism: Implications for East and West* (St. Martin's Press). In it, he proposes that an "independent" Communist political movement in Western Europe could add new dynamism to the political process, and serve the overall interests of the West.

### **The 'Consortium' plans the takeover**

Godson's series of writings on the international labor movement and the East-West struggle had, by the late 1970s, qualified him as an "expert" on Soviet methods. His transformation into a "national security specialist" began in 1979,

when he received a chunk of money from his old backers at the Mellon Scaife Foundation, to launch the Consortium for the Study of Intelligence (CSI).

The Consortium was for Godson, what the annual national security seminar series at Fletcher was for Uri Ra'anah: It laundered him into the intelligence community. The Consortium was, in fact, a direct extension and upgrading of the 1970s Fletcher series, reflecting the expectation of a Reagan presidency and a process of rebuilding of America's collapsed intelligence capabilities. The role of Godson, Ra'anah, the Consortium, etc., was to preserve U.S. dependence on Israel for critical overseas intelligence and covert operations missions, dependence on an Israeli intelligence service heavily penetrated by the Soviets.

A careful study of the book-length transcripts of the seven CSI seminars held between 1979 and 1984 reveals that the entire Project Democracy program of Irangate fame—what Sen. David Boren (D-Okla.) has called the "secret parallel government"—was hatched at these events, and at a pair of accompanying events sponsored by the American Bar Association's Committee on Law and National Security (also Mellon Scaife funded). The list of participants in the Godson CSI series could very well have served as an initial target list for Lawrence Walsh's investigation of the Iran-Contra affair.

### **Ted Shackley: more than a 'loose cannon'**

Godson's move into the periphery of the national security and intelligence establishment appears to have been very much tied to the reemergence of CIA official Theodore G. Shackley as a pivotal player in William Casey's effort to rebuild U.S. intelligence. At the Consortium event on "Intelligence Requirements for the 1980s: Covert Action," held in Washington, D.C. in early December 1980, Shackley gave one of the critical presentations, laying out a detailed proposal for the rebuilding of America's covert paramilitary capabilities. The Shackley speech was a recipe for the subsequent Nicaraguan Contra effort, complete with the "off-line" funding.

*Richard Perle and Barbara Ledeen—part of the small army of Israeli agents-of-influence who held key posts at the Pentagon from the outset of the Reagan administration.*



According to one intelligence hand, Shackley gave a similar presentation to the 1980 Reagan transition team on intelligence. Attending that briefing, according to the source, were: William Casey; Vice President-elect George Bush; and Max Hugel, Casey's first director of covert operations. Shackley, who had gathered various rogues around him from his days as CIA station chief in Miami and, later, Laos, proposed that the rebuilt covert and paramilitary apparatus be run "off-line," and in collusion with the Israelis, and reportedly urged that the new special teams be run directly out of the White House. It seems that this proposal was not only adopted in large measure, but that Shackley himself was brought in on a contract basis to oversee it, allegedly at the personal initiative of Donald Gregg, then an aide to National Security Adviser Richard Allen, and later to be national security adviser to George Bush.

### **The Godson team seizes power**

In late summer 1983, after the U.S. invasion of the island of Grenada, which had been all but grabbed up by Soviet-backed military officers, two Godson intimates, Herbert Romerstein and Michael Ledeen, were contracted by the National Security Council and the U.S. Information Agency under Charles Z. Wick, to do a detailed analysis of all documents captured on Grenada to assess how the Soviets had planned to use the island beachhead.

In the interim, the Godson team had virtually overrun the national security establishment, placing key operatives into vital corners of the Reagan administration's counterintelligence apparatus:

- Godson himself became a senior consultant to the National Security Council.
- Herbert Romerstein, in the wake of his Grenada "study," became the principal adviser to USIA chief Wick

on Soviet disinformation. In 1984, Godson and Richard Shultz, a Fletcher School underling of Ra'anana, had co-authored a book, *Soviet Disinformation*. The theme of the study was that democracies, by their very nature, are incapable of keeping up with totalitarian states in the continuing war of "active measures." What Godson and Shultz advocate, is essentially a sacrificing of democratic republican institutions in favor of secret government methods to "out-KGB the KGB."

- Michael Ledeen, was much more frank in labeling the approach to dealing with the Russians. In his book-length study, he called for "universal fascism." Ledeen, already a policy adviser to Secretary of State Alexander Haig, and later to National Security Adviser Robert McFarlane, became a principal "back-channel" between the Reagan administration and the Israelis, following a November 1984 secret Hamburg, West Germany meeting between Ted Shackley and several top representatives of the Khomeini regime in Tehran, at which the arms-for-hostages package was first placed on the table.

At the Pentagon, a small army of Israeli agents had occupied key posts from the very outset of the administration. Chief among these were: Steven Bryen, Noel Koch, Richard Perle, Barbara Ledeen (wife of Michael Ledeen), and Secretary of the Navy John Lehman.

One of the key new institutions established by Godson and friends is the appropriately named *Disinformation* magazine, set up in the fall of 1985, purportedly to monitor Soviet "active measures" against the West. Most noteworthy, it focuses on low-level questions such as forgeries, scrupulously neglecting any Soviet disinformation operations of strategic dimensions. The periodical's advisory board includes numerous East bloc "defectors" graduates of Ra'anana's Fletcher School, and Ra'anana himself.



## The defective defectors

In November 1986, Vitaly S. Yurchenko, a high-ranking KGB officer walked out of a Washington, D.C. restaurant, leaving his CIA babysitter waiting for him. He went to the Soviet embassy, and a few days later re-defected to the Soviet Union. The White House and the U.S. intelligence community were in an uproar. Was Yurchenko a phony, a double agent, a plant, part of a strategic deception? The CIA's official evaluation is still classified.

President Reagan publicly speculated that Yurchenko's defection was a disinformation ploy. He commented that Yurchenko's debriefing had produced information of very limited value, and he suggested that the entire affair may have been a Soviet attempt to disrupt preparations for the summit with Gorbachov later that month in Reykjavik.

Perhaps, one indication of what the Yurchenko "non-defection defection" was about, is what Godson's friends did with it. Ra'an'an, Godson, and their in-house defectors, began a high-profile campaign to discredit the CIA, accusing it of mishandling not only Yurchenko, but all Soviet defectors.

A close collaborator of Professor Godson, Czech defector Ladislav Bittman (a.k.a. Dr. Lawrence Martin) told news media that Yurchenko was obviously the victim of psychological stress due to his "mistreatment" at the hands of the bungling and uncaring CIA. Was it possible that Yurchenko was a phony defector? Not a chance, said Bittman.

On Nov. 6, 1986, David Lehrer, of the "MacNeil/Lehrer Report," interviewed Bittman. Referencing President Reagan's suspicions earlier that day that Yurchenko and two other recent defectors were phonies, Lehrer asked, "Mr. Bittman, does it smell like a three-part orchestrated ploy to you?" "No it doesn't," responded Bittman. "When I watched Mr. Yurchenko at the press conference, and when I watched his reaction, I think he went through a very severe psychological shock. Actually, every defector goes through that process. It's very serious, a traumatic experience.

"You see, if we have second thoughts whether this was orchestrated or not, in case that Mr. Yurchenko was sent here as a double agent with some kind of special mission, a disinformation mission to deceive the American decision-making elite or the American public, then we have to take into consideration the price the Soviets have to pay for it.

"In order to be believable, he had to come with a lot of true information. . . . If the disinformation campaign is to succeed, it has to be well rooted in factual information, verifiable information. And the relation between true and disinformation information within that disinformation message, is about 90 to 10. Ninety percent of verifiable, true information, and 10 of the disinformation.

"That means in this case, he had to give up a lot of information about KGB agents, about KGB structure, about their operations, about their objectives. That's extremely sensitive information, and a very high price to pay; only to what? To stir up public attention before the summit? I would say they would use this channel for disinformation like Mr.

Yurchenko in case that they think that they would face a very serious crisis between the two countries, between the United States and the Soviet Union, and the message, the disinformation message, would be very important. Something that I would think would be like the countries would face war, military conflict. In that case, they would send somebody like Yurchenko with a very important disinformation message."

Bittman's disingenuous analysis concerning the defector's targeting of the Reykjavik summit, especially with hindsight, is most revealing. Did Bittman forget that the Soviets believe they *are* at war? Summits and arms control negotiations are military reconnaissance missions.

Yurchenko had been debriefed for only three-and-a-half months before he re-defected—by no means enough time to give up substantial amounts of information, but enough time to deliver a disinformation message to influence and disrupt U.S. summit preparations. William Casey personally spent significant time with Yurchenko, and specifically briefed President Reagan in detail on Yurchenko's insights concerning Kremlin strategy for the summit. Reykjavik was a disaster for U.S. strategic interests. It was at Reykjavik that the President first made clear that the United States was willing to give up Western Europe.

Uri Ra'an'an and his Fletcher School colleague Richard Shultz joined the chorus, as did former CIA head Stansfield Turner, who said that "many defectors felt poorly treated by Washington. Several have committed suicide," according to a Reuters interview in January 1986. In the same interview, an unnamed intelligence source suggested that plans were under consideration to shift responsibility for defectors away from the CIA to the FBI.

Donald Jameson, a former top CIA official and business partner of Ted Shackley, threw his weight behind Bittman's analysis in a Nov. 10, 1985 *New York Times* interview. Criticizing the CIA, Jameson said, "The kind of bond and rapport that should have been built between Yurchenko and somebody wasn't made. . . . Maybe the root problem in the whole case is the people handling him saw it as a question of paper shuffling, rather than dealing with human beings."

Whether Yurchenko was "for real" or not, the Godson crowd played the issue to discredit the CIA, and presented themselves as the alternative handlers for East bloc defectors. They established control over a private sector apparatus, which in turn could control the activities and deployment of defectors. In 1984, a group of Chicago business executives set up the Jamestown Foundation, headed by Washington, D.C. attorney William W. Geimer. The foundation provides a broad range of services to help defectors, especially intelligence officers, diplomats, and intellectuals, to get on their feet in the West. Donald Jameson is one of the key individuals with the foundation, and is responsible for screening who gets public access to defectors.

Ra'an'an-Godson's Soviet moles are now in charge of Soviet defectors!

## Post-Gorbachov succession fight has now begun

by Konstantin George

The inside story of what is going on behind the Kremlin walls has been revealed through the recent events in the Soviet Transcaucasus republics of Azerbaijan and Armenia. On Feb. 26, Mikhail Gorbachov issued a dramatic appeal, in his own name as General Secretary, for a return to "calm" and "order" in the Transcaucasus. The announcement was a setup by the Politburo, which had met the day before and had refused to say a word about the situation in Armenia. Gorbachov was made to go out on a limb, placing both the prestige of his office and his neck on the line.

Gorbachov lost out. The next day, Deputy Chief State Prosecutor Alexander Katusev, clearly holding a set of orders diametrically opposed to the goals of Gorbachov's appeal, broadcast into Azerbaijan on Baku Radio, the names and ages of two Azeris who had been murdered by Armenians. That night, a massacre of Armenian women, children, and old people began in the Azerbaijan city of Sumgait. In the next 48 hours, Shi'ite extremist bands controlled by the KGB went on a rampage that killed up to 2,000 Armenians, with *no* interference by the police, according to eyewitness accounts. The Azerbaijan party leadership, backed by powerful forces in Moscow, above all the KGB, was responsible for the outrage.

The total failure of Gorbachov's appeal to end the disorders in Armenia and Azerbaijan was the final confirmation that the Soviet General Secretary no longer holds the reins of power; if he actually held the power, his appeal would have succeeded. Since Gorbachov has now been exposed wearing "the Czar's new suit of clothes," the post-Gorbachov suc-

cession fight has begun in earnest.

A March 9 meeting of Central Committee members to discuss the situation in Armenia and Azerbaijan announced that the Politburo had "entrusted" the Central Committee Secretariat (the group of Central Committee Secretaries) with drafting proposals to solve the crisis in the Transcaucasus. As Politburo and Secretariat member Yegor Ligachov had told the world in a Dec. 4, 1987 *Le Monde* interview, he directs the powerful CC Secretariat. In short, signaling the succession fight's commencement, the Transcaucasus "solution" has been taken away from the hapless General Secretary and delegated to the Politburo's "king-maker," Ligachov.

The succession fight arose, because Gorbachov failed to do what counts most over the longer term: getting the economy on track and maintaining order in the colonies and satrapies of the Muscovite Empire. The economic failures over the past two years necessitated a sharp increase in Russian looting of the East European satellites, where the imposition of austerity and rationing programs is comparable to the misery of the immediate postwar years. A similar pattern which affects the Turkic regions of Soviet Central Asia, features a policy of disinvestment and abandonment of vital infrastructure projects over the last several years.

These policies have brought Eastern Europe close to the point of explosion, with particular flash points in Poland and Hungary. In March alone:

- Poland was hit by mass student demonstrations and almost daily isolated strikes, protesting price increases and

shortages of basic necessities.

- On March 7, roughly 10,000 Czechoslovak Catholics staged a mass protest for religious freedom in Prague. The demonstration was the largest since the 1968 "Prague Spring" period under party chief Dubcek.

- On March 15, over 10,000 Hungarians marched through the streets of Budapest, demanding freedom of the press, speech, and assembly. This was the largest protest in Hungary since the 1956 Revolution.

Besides eruptions in Eastern Europe, at any time pro-independence protests could occur in the Baltic states of Estonia, Latvia, and Lithuania, while the next wave of mass protests in Armenia and tumult in Azerbaijan is only a matter of time.

### The interregnum

However, Gorbachov will, for at least the near future, continue in office as General Secretary, for two reasons. The first is that the Muscovite "game-masters" of Russia's *nomenklatura* will hold onto him at least through the May summit with President Reagan. The "Gorbachov magic" has worked too well in the West to dispense with it just yet. In all probability, the "magic" will be worked once again to attempt to extract new concessions from Washington to the INF "Munich II" treaty, in the realm of the SDI, strategic weapons, U.S. troop cuts in Europe, and various regional issues.

The erroneous Western assessment that Gorbachov is in danger has produced hysteria in the West, where the entire "strategy" has been based on the blind, wishful thinking about making deals with Gorbachov. The hysteria was clinically evident at the recent NATO summit, with its chorus to "back Gorbachov at all costs." Moscow will profit from such delusions in the coming weeks, all the while preparing the post-Gorbachov era.

### The emerging combination

We are now in the phase of the succession fight where the *nomenklatura* has decided who it *does not* want, namely Mikhail Gorbachov; and the process is now under way to decide *who* shall replace Gorbachov, and what combination of *institutional* forces will reign in the post-Gorbachov period. At least for the time being, the personality issues will remain very murky. However, the grave crisis defined by widespread unrest among the non-Russian nationalities and the East European captive nations, coupled with a bloc-wide economic crisis, provides us with the institutional insights into the question.

These crisis phenomena ensure, as all past severe crises faced by the Muscovite Empire have proven, that institutions of the military, the Russian Orthodox Church, and the mass-based Russian chauvinist Pamyat Society, which embody a core Russian chauvinist outlook, will rise in power and prom-

inence during the post-Gorbachov succession fight. A period that promotes the power of these institutions is essential if the required goal of reviving the Russian "Master Race" to rejuvenate the Muscovite Empire is to be accomplished.

The requirements of the post-Gorbachov period thus bring to a head a *triple* succession fight. First is, of course, the question of who will succeed Gorbachov. Second, not necessarily immediate, is who will succeed the 70-year-old Marshal Nikolai Ogarkov as the military's leader in the *nomenklatura* in his capacity as deputy head of the all-powerful National Defense Council. Third, which is fairly immediate, concerns who will replace the 75-year-old and ailing Moscow Patriarch Pimen.

The role of the military has already increased dramatically through the staged crisis in the Transcaucasus. Most of Azerbaijan and Armenia are under martial law, and the Army is patrolling the Azerbaijan cities of Sumgait, Kirovabad, and Shamchor, as well as the Armenian-inhabited Azerbaijan region of Nagorno-Karabakh. In addition, heavy troop concentrations are in Armenia, including outside of the capital city of Yerevan.

The growth of Pamyat's power and influence has been in evidence throughout 1987. For the Russian Orthodox Church, the profound crisis of the Muscovite Empire coincides very nicely with 1988, when large Russian nationalist celebrations are expected to mark the millennium of the Christianization of Kievan Rus.

### A Russian-centered nomenklatura

The new combination emerging will be a Russian-centered Pan-Slavic and Pan-Orthodox Church *nomenklatura*. This explains why the crisis was staged to begin in the Transcaucasus. Had the goal merely been to expose Gorbachov as helpless, other options were available.

Broadly speaking, the Transcaucasus is inhabited by three main ethnic groups: Christian Armenians who belong to the independent Armenian Apostolic Church; Christian Georgians who belong to the Georgian Orthodox Church; and the Turkic Azeris, who, contrary to the rule among Turks, are Shi'ite, not Sunni, Muslims.

The Russian *nomenklatura* consciously had KGB Shi'ite networks in Azerbaijan carry out the massacre of Christian Armenians to cause new, virulent anti-Turkic reactions, and recreate the myth of the "Russian protector" of "Christian brethren" threatened by the Turks. By doing so, they can force a coalescence of the various Christian elites in the U.S.S.R. around and *under* Muscovy, as the powers of the coming "period." Given the historical background of the 1915 Ottoman genocide against Armenia, the operation was child's play to stage.

The massacre was designed to trigger a similar effect in Georgia, where, unlike homogeneous Armenia, 20% of the population are Turkic Muslims.

The other purpose was to set the stage for brutal and bloody purges and slaughter against what Moscow considers to be "overpopulated" Turkic regions of Soviet Central Asia, and to prepare the way for military operations against Iran, and at a later point, against Turkey.

The Armenian population clearly has no knowledge of how their national aspirations are being manipulated by Moscow. In May 1987—timed with the activation of the Armenian petition campaign to reincorporate Nagorno-Karabakh into Armenia—the KGB's Middle East expert, Igor Belyaev, authored an article in the weekly *Literaturnaya Gazeta*, which proclaimed Khomeini's Iran and Muslim fundamentalism as a major security threat to the Turkic "republics" of the Soviet Union. The same theme was repeated by Belyaev in *Literaturnaya Gazeta* Jan. 13, 1988, shortly before all hell broke loose in the Transcaucasus. Now, a bare two months later, there are heavy Soviet troop concentrations near the Iranian border with Azerbaijan and Armenia.

### **Bulgaria vs. the Turks**

The evidence that confirms there is a design for an anti-Turkic resurgence is provided by the simultaneous launching in March of a massive Pan-Slavic and anti-Turkish campaign in Bulgaria, the only satellite in Eastern Europe which has been culturally and historically pro-Russian.

On March 3 and 4, all Bulgarians were given two days off from work to celebrate the 110th anniversary of the 1878 Treaty of San Stefano, which ended the 1877-78 Russo-Turkish War and created modern Bulgaria. The event was extraordinary to begin with, because two-day holidays are unknown in the East bloc. Moreover, since there were no great festivities for the 100th anniversary, in 1978 why, suddenly are they taking place for the 110th anniversary?

The answer lies in the themes that were highlighted. Banner headlines and speeches praised the "Liberation from the Ottoman Yoke," the "great" San Stefano Treaty "of Peace," and proclaimed the "Russians" as "liberators" and "protectors." Left unsaid was any reminder that the treaty which created the first modern-day version of "Greater Bulgaria," was dictated by Moscow. For the last three years, Bulgaria has been engaged in its own campaign to extinguish its Turkish minority and last autumn, opened an exhibition in Sofia on the "Ottoman genocide against the Armenians."

More light is shed on the succession fight in progress in Moscow in a backhanded manner by the situation in Hungary. Timed with the eruptions in the Transcaucasus, the Hungarian Communist Party announced that its party conference scheduled for May, which was supposed to resolve the question of who will succeed the 75-year-old Janos Kadar, has been postponed, at least till June. Rumors are flooding Budapest that it will probably be put off until the autumn. The Hungarian leadership in this sense are not fools. They will wait until the smoke clears in Moscow before taking any plunges of their own.

# Reagan prepares a intervention against

by Gretchen Small

At 10 p.m. on March 16, White House spokesman Marlin Fitzwater announced that four battalions of U.S. troops were being deployed to Honduras, for "an emergency deployment readiness exercise" of unspecified duration, allegedly initiated at the request of Honduran President José Azcona. That reason for the deployment met with increasing skepticism, as the reports came in on how it took U.S. Ambassador Everitt Briggs 90 minutes to convince Azcona to issue the request—after the U.S. Interagency Policy Review Group had met to plan the operation.

Fitzwater himself left open the possibility that the Sandinista regime in Nicaragua is not the primary target of the deployment. "This exercise is intended also as a signal to the governments and peoples of Central America of the seriousness with which the United States government views the current situation in the region," he said.

From Panama to Great Britain, strategic analysts drew the obvious conclusion: The target of this "readiness exercise" is Panama, only 45 minutes by jet from the U.S. bases in Honduras.

The deployment brings the total of U.S. troops based in Honduras to 6,000, and joins a steady build-up of U.S. military force in Panama. On March 1, the U.S. announced that National Guard maneuvers, named "Total Warrior," would be held in the former Canal Zone from March 12 to April 12, despite Panamanian objections. Shortly thereafter, U.S. warships appeared off both coasts of Panama. On March 5, one hundred Marine and Air Force Special Forces trained in anti-terrorist operations, were sent in, bringing the number of security specialists in Panama to 700. Then, on March 16, as the 3,200 soldiers readied themselves for Honduras, the alert status for the 10-12,000 American soldiers regularly based in Panama was upgraded to "Charlie" status.

Voices close to the administration named Panama as the likely purpose of the "readiness exercise." Sen. Alfonse D'Amato (R-N.Y.), a leader in the campaign to oust Panama's Defense Forces Commander Gen. Manuel Noriega, told the Senate on March 17 that "the fact is, we very well may need to utilize the capabilities of these troops as it relates to guarding our own interests, the Panama Canal and the lives and property of our citizens in Panama. . . . [The troops] demonstrate . . . that we do have strength. . . . There's the

# military Panama

dual prospect of utilizing and keeping these troops in the position where we can move them rather quickly to Panama.”

The *Wall Street Journal's* March 18 editorial urged quick military action against Panama. “The people of Panama are crying for deliverance from the gangsters running their country. . . . Anything the U.S. did to free the Panamanians would have them (and all the U.S. dependents in the Canal Zone) parading through the streets with American flags. . . . U.S. troops are sitting in Honduras. It is the task of U.S. leadership to identify America's interests and act accordingly,” it wrote.

The U.S. media simultaneously began announcing that a “request” for military invasion of Panama from Eric Delvalle, the State Department's “President in hiding,” is expected imminently, because Panamanian opposition spokesman (based in Washington, of course) now realize that they have been unable to mobilize any sufficient support inside Panama for the ouster of General Noriega.

## Panama coup fails

March 16 indeed marked a watershed in the U.S.-Panama crisis. Three weeks of economic strangulation and diplomatic isolation finally produced the riots, economic chaos (Panama had no water or electrical service for nearly 18 hours), and rebellion from within the Defense Forces which the secret government, Project Democracy's forces in the Reagan administration sought to force Noriega to resign.

There was a hitch, however. The coup attempt by several Defense Forces colonels and majors, most recently returned from U.S. training courses, failed to rally support from any troops—not even those under the command of Col. Leonidas Macías, the police chief who led the rebellion. Instead, the coup was suppressed in less than five hours, and the anti-Noriega plotters arrested.

The correct conclusion was drawn in Washington. “Historically, it is a proven fact that once a coup d'état fails, it takes weeks or months to pull off another one,” a Washington insider in U.S. efforts against Noriega told the *Wall Street Journal*. He admitted that Noriega “continues to have a lot of authentic support among the majority of officers.” As an opposition leader moaned, “now an element of the military that was with us is removed. Noriega is immensely strengthened.” Nor were the military men the only U.S. assets caught

in the March 16 operation.

The public disorder, indeed the worst since the crisis began, was not, however, the beginning of the end for Noriega, as claimed by the opposition. The riots and sabotage of electrical facilities were carried out by a limited group of provocateurs, who timed their sabotage to coincide with the coup attempt. But the majority of the demonstrators were public employees, out on the streets not to demand the ouster of Noriega, but to force the government to come up with some plan to pay them.

Their targets were several key World Bank moles in the economic cabinet, held over from the Delvalle days, who had refused to allow the implementation of an emergency economic plan to deal with the financial crisis resulting from the United States' economic embargo.

A plan had been drawn up for the government to issue bonds, or credit notes, pegged to the dollar, which would circulate for the duration of the immediate crisis. The notes would be issued under powers granted to the government in the Constitution for “cases of war, grave disturbances of public order or urgent social interest which require rapid measures,” and their acceptance made obligatory for commercial businesses. The plan was not adopted, despite promises to the government's union base for over a week that any day it would be put into effect. Planning and Finance Minister “Catín” Vásquez, Treasury Minister Héctor Alexander, and Comptroller Francisco Rodríguez refused to allow the bond scheme, union leaders were told, because it would wreck Panama's “credibility” with the multinational credit institutions!

Union leaders then organized protest actions, demanding the ouster of those high-level bureaucrats who did not understand that action was required to defend the nation. There are too many meetings, and too little action by the government bureaucracy, they told their base. War has been declared against the country, and war measures are required. The pro-government public employee unions declared they will strike, until the “foot-draggers” and “super-technocrats” be fired.

## Socialist intervention falters, too

Another group of State Department agents situated inside the Panamanian nationalist coalition is also on the hot seat, and may be purged shortly. These are the leaders of the pro-government Revolutionary Democratic Party (PRD) who have been coordinating with the Socialist International's “Vesco Three”—Carlos Andrés Pérez of Venezuela, Alfonso López Michelsen of Colombia, and Daniel Oduber of Costa Rica—to force Noriega out.

The Socialist International has built up assets in this crisis, inside Panama, and in the rest of Ibero-America, by painting itself as a defender of sovereignty, ready to defend Panama from “imperialist” aggression. (The particular carrot offered by the Socialists was the usual promise of large sums of money from their rich West German foundations).

The snag in their operation occurred, when it became evident that the only concern of the Socialists, was that *they* be given the franchise to run the new government which the State Department plans to install in Panama.

The former Presidents, dubbed the "Vesco Three" for their ties with Robert Vesco's Medellín Cartel, joined by Uruguayan President Juan Sanguinetti, served as the mediators in negotiations between the Reagan administration and the governments of Spain and the Dominican Republic, to arrange exile for Noriega.

Thus, the international reports published throughout the week of March 13, that General Noriega was packing his bags for his final trip out of Panama, originated not in Panama, but in Washington, Caracas, and Madrid.

On March 15, Panama's *La Estrella* reported that West German Social Democratic leader Hans Jürgen Wischniewski had released a four-point plan to solve "Panama's profound crisis," put together by the Socialist International. Top on their list is that General Noriega must leave, "but as a decision of Panama and not of the United States," Wischniewski said. Likewise, the Socialists insist that supervision of Panama's government be managed by a "Latin American Control Commission," and not the United States. The report rocked Panama, because Wischniewski insisted PRD head Romulo Escobar Bethancourt agreed with the Socialists, both that Noriega should leave, and Panama's elections be placed under international control.

### The costs of intervention

The tottering, scandal-rocked Reagan administration, handing over its European and Asian allies one by one to the Soviet empire, chose Panama as the place where the United States would demonstrate its "toughness." Many involved in that decision to this day cannot imagine that when surrounded by U.S. military might, General Noriega and a broad majority of Panamanians may still stand up to the United States, and refuse to hand over their country to the drug-runners, money-launderers, and oligarchs in the "opposition" which the U.S. insists must run Panama.

But can the U.S. go "toe to toe" with Panama, and then back down? Thus, because of the Reagan administration's stubborn clinging to the insane "Project Democracy" policy in Central America discredited in the Iran-Contra scandal, the impetus for military intervention into Panama now grows, as the options inside Panama for overthrowing Noriega diminish. The costs of such an intervention, both politically and militarily, are incalculable. Any notion that an invasion similar to the Grenada operation can succeed against Panama, is lunatic. Civil war inside Panama is only part of the military equation to consider. The Americas as a whole will explode, in political turmoil and warfare. The crisis will then blow back into the United States itself. If the administration continues on this course, the United States will sink into a new Vietnam, on a much larger scale.

## A test case of limited sovereignty

The series of recent measures enacted by the United States against the nation of Panama, constitute acts of war, undertaken with the intent of establishing a system of government in that country answerable to Washington and the international financial cartel.

As former U.S. National Security Council member Norman Bailey stated on Dec. 8, 1987, in a public forum in Washington, D.C., "Getting rid of Noriega is not all that important. Getting rid of the system is what is important. Getting rid of the institution [of the military]—that is what is important." Let there be no mistake: Project Democracy's war on Panama seeks to establish a new "Reagan Corollary," more extensive than the Roosevelt Corollary, which overturned the original intent of the Monroe Doctrine.

Under this new doctrine, the United States assumes the right to decide which governments are legitimate, and which not, to impose constitutional procedures which govern any nation, and to determine the size, deployment, and mission of the armed forces in those nations. Governments that object will find their nations faced with economic embargo, assets seized, treaties with the United States unilaterally abrogated, and their territory, perhaps, militarily occupied.

If the Reagan Corollary succeeds in imposing a new government in Panama, any debtor nation which refuses to starve their population to meet debt payments, can look forward to the same measures of war.

### I. Establishing a government in hiding

1) The crisis begins when, on Feb. 25, President Eric Delvalle announced that he was firing Defense Force Commander Gen. Manuel Noriega. Delvalle had been ordered to do so by U.S. Assistant Secretary Elliott Abrams, at their Miami meeting less than one week before.

Panama's Legislative Assembly met in emergency session that evening, and following the procedures provided for in Panama's Constitution, voted to remove Delvalle from office, on grounds that he was taking orders from a foreign nation. The Assembly named Manuel Solis Palma to replace

him, using the same procedures by which Delvalle had been named President in 1985.

2) The Reagan administration refused to recognize the Solis Palma government, declaring President Delvalle the legitimate government of Panama. State Department officials report that Delvalle is in hiding “but remained in communication with the United States through American Ambassador Arthur H. Davis, who has supported and advised Mr. Delvalle throughout the crisis.”

3) The State Department canceled diplomatic accreditation of 17 Panamanian consuls in the United States who recognized the Solis Palma government. On those grounds, New York state police, acting on orders of the State Department, entered Panama’s New York Consulate—Panamanian territory—and forcibly removed Consul General Donna Prescott on March 9.

4) On March 8, the U.S. succeeds in forcing Panama’s bickering opposition political parties, the Civic Crusade, and representatives of Delvalle, to sign a unity pact. The White House and State Department immediately issue a statement “welcoming” the unity statement as “favoring a government of national reconciliation,” which the United States will finance once they come to power.

## II. Economic strangulation

1) On March 2, Panamanian government assets in the United States are frozen, by order of a New York federal judge. The order states that no government monies can be transferred to Panama, but must be placed in an escrow account at the U.S. Federal Reserve, held in the name of the “Delvalle government.” Approximately \$50 million were thus seized. The State Department issued a communiqué providing U.S. government guarantees for the four New York banks involved, and advising them that should they disburse any funds whatsoever to the Solis Palma government, those banks could be held liable in federal courts for the money.

2) The “Delvalle government’s” new representative in the United States, William D. Rogers, Henry Kissinger’s personal lawyer, announces that any financial transactions made to, or by, the Solis Palma government will no longer be considered legally binding, and that he will seek to have all funds, taxes, and fees owed the Panamanian government anywhere around the globe placed in escrow.

3) The U.S. Federal Reserve cuts off Panama’s banking system, refusing to send dollars to Panama. Under the terms of a 1904 treaty, Panama uses the dollar as its currency, with the Federal Reserve coordinating the necessary flow of currency back and forth between the two countries. U.S. officials also pressure major U.S. banks with branches in Panama

to stop lending funds to the National Bank of Panama.

4) On March 11, President Reagan announces that the United States will not pay out \$6.5 million in Panama Canal revenues owed to Panama in the month of March. The money is due Panama under the Canal Treaties, and includes payment for services provided by Panama for the Canal, including police and fire protection, street lighting, road repair, and sewage. Reagan also announces that Panama is now excluded from previous U.S. trade preference agreements, affecting some \$96 million in bilateral trade. Reagan promises “additional steps, if necessary to deny the transfer of funds to the Noriega regime.”

5) On March 12, U.S. Federal courts terminate Air Panama’s right to operate in the United States, and seize its assets, including its bank accounts, a Boeing 727 grounded in Miami, and all negotiable airline tickets. In a separate action, any *Air Panama* planes which enter U.S. airspace will also be seized, the court ordered. Fearing similar treatment, Petro Terminales de Panama, which runs the cross-isthmus pipeline, agreed to deposit the money it owes to Panama in an escrow fund.

6) The U.S. State Department seeks to ensure that no U.S. ally breaks the U.S. blockade, resorting to threats when they have done so. Japan receives notice of this attempted U.S. veto on March 5, when Elliott Abrams called in the Japanese chargé d’affaires in Washington to demand an explanation of reports that Japan recognizes the Solis Palma government.

## III. Treaty violations, military deployments

1) Under the 1979 Panama Canal treaties, the United States cannot carry out any unilateral military action inside Panama, without consultation with and authorization from the government of Panama. That provision has been ignored repeatedly since Feb. 25.

- On March 2, U.S. troops seize control of the Panama Canal administration building, without prior warning, on the pretext that someone had called in a bomb scare.

- U.S. National Guard maneuvers called *Total Warrior* are announced for March 12-April 12, to take place in “designated training areas in the Panama Canal area.” Panama’s foreign minister, joined by the military representative on the Canal Commission, Major Daniel Delgado, charge that the maneuvers are not authorized, will violate Panama’s airspace, and that U.S. troops have already occupied “strategic points” around the Canal. They report also that an unusual number of U.S. warships are off both coasts of Panama.

- On March 14, the U.S. Defense Department sends in 100 Marine and Air Force security specialists to Panama, drawn heavily from Marine Corps anti-terrorist forces. The deployment brings the number of security specialists in Pan-

ama to 700, and is the first increase in U.S. military force since the current civil unrest began.

Reagan administration officials, members of Congress, and U.S. newspapers have declared that U.S. military intervention against Panama will be taken, if necessary, to finally "get rid of the system" in Panama.

- Defense Secretary Frank Carlucci on Feb. 27 stated that military action is "in the contingency plans."

- Vice President George Bush on Feb. 27 stated that the United States will "reserve the right to do whatever is necessary, including military force, to protect America's sacred interests in that region of the world."

- On March 6, Bush proposes that the United States kidnap Noriega. "The long arm of U.S. justice" has caught terrorists such as Younis and Hamada, Bush said. "I'm suggesting the system has a way of working to bring people to justice, and I hope it will in this case." His plan was echoed on March 14 by the *Wall Street Journal*.

- "The United States cannot permit Noriega to remain in power, if it wishes to continue being respected by other Central American nations," Henry Kissinger has been stating in recent U.S. conferences, Mexico's *Excelsior* daily reported March 1. "Central American nations respect force. . . . If we overthrow someone in political power, we have obligation to stick to it, and assure that the successor be someone with whom we are in agreement."

- Democratic Sen. John Kerry (Mass.) stated on Feb. 26: "What you have to do is begin to precipitate a larger crisis, frankly. . . . I personally don't think it will come to a civil war, though it could. . . [Military action] is an option for the U.S."

- Republican Sen. Alfonse D'Amato (N.Y.) stated on Feb. 26: "We've got to put our troops on a full military alert . . . and be prepared to take whatever action necessary. . . . It is not without precedent that the U.S. move, and move strongly, to protect the interests of its citizens. Certainly we did it in Grenada. General Eisenhower—President Eisenhower did it in Lebanon. I think it's the kind of thing that certainly is a very real option and one that we might have to use."

- A *Wall Street Journal* editorial March 1 stated, "We do not wish to suggest that the only solution to the General Noreigas of the world is a U.S. military invasion. But we do suggest that when a country such as the U.S. sees its first duty as reassuring the region that its military won't be used to defend helpless people, the General Noriegas will survive and their number will increase."

- A *Washington Times* editorial opinion March 10 stated, "With the U.S. once again meddling blatantly in the internal affairs of a Latin American neighbor, it's time for a closer look at the old shibboleth of non-intervention. . . . Does that give the U.S. the moral right to try to topple him from power? You bet it does."

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## Profile: Raymond Barre

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# The would-be next of France is not his

*The first round of presidential elections in France are currently under way, to be followed by a second-round face-off between the two leading candidates in May. Incumbent François Mitterrand and Premier Jacques Chirac are among the candidates. Another leading candidate is a former premier, Raymond Barre. A dossier on Barre has been issued by the European Labor Party, which is well known in the country for having dared to sue a Soviet publication, New Times, in a Paris court for libel. The following article is based on that dossier.*

If Raymond Barre were to be elected President of France, it would put an end to France's leading role in resisting the American Establishment's sell-out of Europe to the Soviet Empire, and would give the European bureaucracy in Brussels easy control over French national policy. Although his own party, the CDS, is supporting his candidacy, support for him in the Republican Party (both these parties form a "family" known as the UDF), is lukewarm. Endorsements for Barre, including from former President Valéry Giscard d'Estaing, have been made, but with no great enthusiasm.

Raymond Barre can best be described as duplicitous: He plays a double game, using ambiguous language. He prides himself on being "above politics" and "Gaullist." Yet, he is a leading member of the supranational Trilateral Commission. His is a common face at the ultrasecret Bilderberg group conferences. He is honorary president of the "Davos Seminars" of the European financial elite. And he is a member of the board of the Venetian insurance giant, Assicurazioni Generali.

He paints himself as a "Christian" concerned by "social conditions"; yet he has always favored a ruthless policy of austerity and praised the highly un-Christian looting of the Third World by the International Monetary Fund and related bankers with whom Barre confers "socially" in the organizations listed above. With false innocence, Barre states, "I am in politics by chance, only because I was asked to be."



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# President own man

Yet, international policy is the very essence and *raison d'être* of the institutions to which he belongs.

Whenever Barre is confronted with these contradictions, as is inevitable during an election campaign, he flies into a rage and heatedly denies being subject to any outside influences. This reaction, in turn, does not broaden his support in the population or the media. The fact that his fits do not conceal, but rather confirm, is that Raymond Barre is not his own man.

Let's take a closer look at two major aspects of Barre's policy: his outlook on East-West strategic matters, and his economic policy.

## The supranational Trilateral Commission

As to the first, East-West matters, Barre's ideas tend to be shaped by the Trilateral Commission, which was founded in 1973 by David Rockefeller with a view, to quote Barre, "to progressively integrate the socialist countries into the international and financial system," in order to "facilitate political dialogue and peaceful cooperation." Then again, in 1985, Mr. Barre stated in *La Suisse*, "The Iron Curtain no longer exists: Eastern Europe is contaminated by the Western life-style, and the deal on American wheat shipments proves that the U.S.S.R. does not want war."

The Trilateral Commission's avowed purpose, of course, is to impose a globalization of the policymaking process, outside and above national governments. Given the severe economic crisis, this is to be accompanied by a weakening of democracy in the West. Already in 1975, the Trilateral report prepared by Samuel Huntington, Brian Crozier, and others, called *The Crisis in Democracy*, stated: "There are limits to democracy. A government lacking authority will not have the means to impose the necessary sacrifices on the population."

The Trilateral Commission, with some 300 members and backed by the 120 biggest multinationals, is described as "a committee of renowned wise men" by Raymond Barre. This

corresponds to the "technocratic" idea of government dear to his heart: The "wise men" impose austerity and brutal population reduction in the Third World, and are accountable to no one.

Barre has never distanced himself from the shocking statements of his fellow Trilateraloids. On the contrary, he "is happy to belong to the commission," which entrusted him in April 1983 to write a report on Trilateral relations—North American, Europe, Japan—for the celebration of its tenth anniversary.

Barre is no pro-Communist, of course, not even pro-Soviet, but in his view, there must be two blocs holding power in the world, and co-managing crisis upon crisis. It is the classical view of the New Yalta faction in Europe, and corresponds to the "balance of power" of the 19th-century's Holy Alliance, which brutally attempted to suppress republicanism. In his book *Réflexions pour demain (Reflections for Tomorrow)*, Barre explains his concept of geopolitics by saying, "Western European countries do not want economic war with the Soviet Union. Without being the slightest bit soft on ideology or a communist regime, they tend to think that socialist countries should be progressively integrated into the international commercial and financial system."

As to current issues, Mr. Barre tries to avoid taking controversial positions openly. However, on the American Strategic Defense Initiative, he found it a "destabilizing factor" for Europe, which is identical to the Kremlin's view. In October 1985, this gained him the nickname of "Moscow's favorite candidate." The Soviet publication *New Times* of January 1985 carried a glowing report on Barre and his eagerness to open up new economic deals with the East bloc. One year later, the same Soviet weekly again carried favorable coverage of Barre, "whose moderation and competence have been understood by a large part of the voters." The article ends with praise for Barre's opposition to the SDI.

It is true that he has consistently opposed the zero option, but then again, so has a faction of the Trilateral Commission, and even Henry Kissinger has expressed reservations on the INF treaty. Interestingly, the Soviet press has carried quite vicious attacks against both Prime Minister Chirac and Defense Minister André Giraud for their stance on disarmament, whereas no criticism for Mr. Barre has been heard.

## The Bilderberg Group

A notch above the Trilateral Commission is a secretive group of men whose dream is to have absolute political control over institutions and governments without, however, being up front themselves. They prefer to act in the wings, through "middlemen." Raymond Barre is undoubtedly one of the most eminent such middlemen, given his above-average cultural background and intelligence compared to the run-of-the-mill politician.

A few days before the Williamsburg, Virginia Group of

Seven summit in 1983, Raymond Barre stated: "I don't believe big conferences can supply solutions to the economic problems of our world. . . . They never make firm decisions that have not been drawn up before the meeting." This statement was made at a meeting of the Bilderberg Group, which meets before every important international conference, precisely to determine those policy orientations later adopted by governments. This organization was founded by Prince Bernhard of the Netherlands, a confirmed one-worldist and Europeanist, and besides the noble families (Lord Mountbatten, Prince Philip, Axel from Denmark), one finds representatives of political, financial, business, and academic elites. From their discussions and deliberations, not one word is published, nor is the list of participants made known.

Mr. Barre is also honorary president of the Davos Symposium, which is a kind of financial and economic appendix of the Trilateral Commission, albeit with a more European twist. Its leaders have said of it, "Davos is certainly the only complete annual world summit of financial and business circles."

This year for the first time, a representative of the U.S.S.R. was invited to attend and discuss "Europe's common home." The purpose of this forum is not only to make money; it is to raise funds in order to run "special operations" for the benefit of its members. Raymond Barre has nearly unlimited power in this group, which only includes people holding positions of power, with the exception, according to a note handed out last year, of "our president Raymond Barre."

Every bit as important as the above-named organizations is the link of Raymond Barre to the General Association for the Study of the Insurance Economy, or the Association de Genève. Raymond Barre is honorary president of this association, created in 1973, in order "to encourage research and economic analysis in the fields of risk and insurance." In other words, to deliberate on how to maintain the current structures of monetary and banking power, and reduce the "risks" posed, for example, by proposals for a new monetary system or a new world economic order. Needless to say, insurance is absolutely crucial for controlling world finance.

The secretary general of the Association de Genève is one Orio Giarini, a figure who is one of the masterminds of the Club of Rome. It is he who designed the pessimistic malthusian schemas calling for population reduction in the Third World, and for one-world austerity, reminiscent of Barre's own policy when he was in government.

### **Praise for the IMF and sacrifice**

It is not surprising that this man of international banking totalitarianism should also be a fervent supporter of the International Monetary Fund. We could give many examples of this, but the most telling is perhaps a quote from his *Réflexions pour Demain*.

"The international financial crisis linked to the massive indebtedness of developing countries has only been avoided

over the past 18 months thanks to concerted action by the International Monetary Fund, the World Bank, the central banks, and commercial banks. Debtor countries have courageously implemented adjustment programs recommended by the IMF. . . . But the crisis hitting the world has had beneficial effects in every country. First of all in the industrialized countries who had let themselves get carried away by 20 years of expansion, prosperity, and laxness, and who were faced from one day to the next with problems that could only be solved by accepting sacrifices. . . . In Latin America, in Africa, rigorous discipline has been introduced; their sacrifices in living standards have been great, but the preliminary results are encouraging."

We find here again the exaltation of the "spirit of sacrifice," this perfidious sense of "Christian" solidarity, which so characterized the Vichy regime of Marshal Pétain in France.

Sacrifices are not only for the Third World, however. Mr. Barre has denounced Americans for "living beyond their needs," and recently stated, "The American population may have to sacrifice part of their living standard in order to repay their debts."

Calls of this type are familiar to Frenchmen, who remember the austerity and "rigor" imposed by Raymond Barre from 1976 to 1981 when he was finance minister and then prime minister under the Giscard d'Estaing presidency. This was one of the rare periods in France's history which combined rising unemployment and a rising inflation rate. In 1976, when Barre became prime minister, there were 900,000 unemployed and a 9% inflation rate. Five years later, these figures were 1.5 million unemployed and 13% inflation.

Besides the obvious fact that all of Mr. Barre's connections point to a supranational, one-worldist outlook diametrically opposed to "Gaullism," defense of the absolute sovereignty of nation-states, it should also be noted that Mr. Barre, during General de Gaulle's lifetime, was strongly opposed to Gaullist policy. In 1965, he supported the presidential bid of Christian-Democrat Jean Lecanuet against Charles de Gaulle. Then, in 1966, as a "social technician" after leaving the economics ministry, Raymond Barre was instrumental in defeating one of the centerpieces of de Gaulle's social policy, which would have had workers participate in the benefits of the company employing them.

The unrest caused by the defeat of this plan was in great part responsible for the workers' joining in the student protests of May 1968, which was an elaborate plot for overthrowing de Gaulle. Later on, Barre advised de Gaulle, against the wishes of Michel Debré and Jacques Chirac, to maintain an over-valued franc, which led to further cutbacks in the social programs, and eventually to the referendum which saw de Gaulle driven from power in 1969.

In short, Raymond Barre is an anti-Gaullist tool of the European oligarchy. His election would mean the end of the official resistance in Europe to the "New Yalta" deals being negotiated with Moscow, toward the sell-out of Europe.

# London court case focuses on Irangate's Gary Howard

by Mark Burdman

In London's Old Bailey court, a trial has been under way since Jan. 18 that has received hardly a mention in the international press. Yet, what is unfolding in this case is shedding light on some of the most explosive and controversial aspects of the Iran-Contra scandal.

The defendant in the case is a British arms dealer named Michael Aspin. Aspin is charged with fraud and illegal export of weapons. He was arrested in January 1985, after having arranged at least one meeting, in Hamburg, West Germany between Oliver North and a British-based arms dealer named Ben Banerjee in November 1984, soon after the American presidential elections. The purpose of the meeting was to arrange for the sale of 1,250 TOW missiles to Iran, and to use the proceeds of this sale, to ship Yugoslav and Polish armaments to the Nicaraguan Contras.

In his defense, Aspin claims that he was working for two American intelligence operatives, Gary S. Howard and Ted Shackley. He was only doing what they told him to do. In essence, Aspin's defense is that, since both Howard and Shackley were operatives of the U.S. Central Intelligence Agency, or at least of a group within the CIA, Aspin himself necessarily assumed he was working on behalf of official American interests.

While Shackley's name has frequently turned up in Irangate investigations, the name of Gary S. Howard has only recently become the center of publicity and controversy in the United States. In the Boston trial, *U.S. vs. LaRouche, et al.*, documents released by the government during the week of March 7, revealed that Howard and two associates, Ronald Tucker and Fred Lewis, were engaged in special operations on behalf of Oliver North's Irangate group in the U.S. National Security Council. Howard's Peregrine International Associates was involved in efforts to "penetrate" and gather information on organizations associated with Lyndon LaRouche. Peregrine International has also been exposed for involvement in arms smuggling to Iran and the Contras, and other schemes.

After the two government documents were released to the court in Boston, Judge Robert Keeton mandated a search of the files of Vice President George Bush, to see if the name

of LaRouche or associates would turn up.

At the same time, new information uncovered in the United States indicates that Bush, as head of the so-called "Special Situation Group," a unit created in 1982 by a special presidential directive, was ultimately responsible for all Iran-Contra operations.

Howard and his Peregrine cohorts, according to a National Public Radio broadcast from Washington March 10, specialize in "sting" operations, in which elaborate arrangements are made to entrap individuals in illicit acts, or apparent intent to commit illicit acts—precisely what LaRouche charges has been done in his "credit card fraud" case.

In the Aspin case, it is obvious, however, Howard and friends were not simply engaged in a "sting." They *did* set in motion meetings and processes to expedite Oliver North's global operations. This involved not only transferring arms to Iran, but also procuring arms, often from the East bloc, for the Contras.

It has emerged through testimony that Howard is one of the shady actors in the Reagan administration's "privatization" of U.S. intelligence operations. In Britain, according to testimony presented by one U.S. Customs official at Old Bailey, Howard has for years utilized the services of a reporter for the satirical magazine *Private Eye*, Paul Halloran. When *EIR* called a press conference there to unveil an exposé of North's "secret government" operations, Halloran disrupted it, and thereafter authored an attack on *EIR* in *Private Eye*.

Halloran's brother is reported to be active in an ultra-radical wing of the British communist movement.

## The East-West arms network

As Gary S. Howard's activities come to light in both Boston and London, reliable sources report that the American embassy in London is betraying unusual nervousness. Embassy officials are contacting persons whom they fear might know something about the illicit activities of George Bush. It appears that there is one Irangate-related skeleton that has them particularly worried: Lebanese-Armenian arms dealer Sarkis Soghanalian.

Soghanalian was brought into the ambit of the American NSC, elements of the CIA, and related circles, at various points during the 1970s. By the 1980s, he was engaged in elaborate arms deals involving Iran, Central America, and other regions. According to an informed source, one of Soghanalian's employees in such ventures, was a certain Felix Rodríguez, also known as Max Gómez. According to information in the public domain, Bush met Rodríguez, through the mediation of Bush's chief of staff, Donald Gregg.

Bush's link to Soghanalian in this fashion, is a most sensitive matter. It has never been explained why Soghanalian received only a very small fine in a Florida court case in the early 1980s, although he was charged with more than 30 counts of fraud and other illegalities in arms deals with a British company. Soghanalian was protected at a "very high level" of the U.S. political-intelligence structure.

Soghanalian's case also points to one of the most unsavory aspects of the Iran-Contra scandal: the East-West nature of the international arms-traffic. This is the same complex that *EIR* has identified in exposés of the case of Soviet-Israeli spy Shabtai Kalmanowitch. The East-West network of arms-traffickers is at the center of the Aspin-Howard configuration as well.

When Aspin set up the November 1984 meeting for Ollie North in Hamburg, the key arms merchant in attendance was Ben Banerjee, a rich Briton of Indian origin. Banerjee's name first came up in the European and British press in September 1987. The exposés grew out of the Sept. 8, 1987 arrest of Swiss businessman Walter Demuth in Turin, Italy, on the basis of a warrant by a New York court, charging him with illegal sales of spare aircraft parts to Iran. When arrested, Demuth had in his possession documents relating to arms deals worth more than \$300 million, with both Iran and Iraq, some of them involving Banerjee's company, BR&W Industries, Ltd.

On Sept. 27, 1987, the lead article in the *Sunday Telegraph* of London exposed Banerjee's meeting with North in Hamburg. Banerjee was identified by reporter Paul Charman as "a freemason," who "is best known in the shadowy world of international arms dealers for his close contacts with Eastern-bloc countries, in particular the Yugoslav Federal Directorate for Supply and Procurement, the Rumanian Ministry of Defense, and Polish industries."

## **Irangate explodes over Europe**

The developments in Britain are occurring in the midst of an explosion of Irangate cases throughout Europe:

- In West Germany, the Hamburg trial of Countess Lisa von Schwerin is scheduled to conclude on March 18. She is expected to be given a three-year jail sentence, for arranging arms sales to Iran. Her network of collaborators has met a sad fate; one was thrown out of a third-story apartment and seriously injured, while another mysteriously disappeared about one year ago, and has never been found.

- Also in West Germany, on March 4, businessman Karl-Heinz Oettershagen was convicted of illegal arms sales to Iran by a court in Arnsberg, near Dortmund, and given a suspended 10-month sentence and fined 20,000 deutsche-marks. As with the Countess von Schwerin, Oettershagen did his business with Iran via Switzerland, serving as an intermediary between Israel and Iran for the sale of TOW missiles.

- The Oettershagen dossier has led to a new scandal inside Switzerland itself. A unit of Swiss intelligence is under suspicion for having organized a meeting, on March 14, 1986, in the VIP lounge of Zurich airport, between Israeli Prime Minister Shimon Peres and Hamid Nagashian, the minister in charge of purchasing arms for Iran. The Peres-Nagashian negotiations, according to the Swiss weekly *Sonntagsblick* March 6, were for delivering 3,000 American TOW antitank missiles to Iran, in exchange for Iran agreeing to liberate American and Israeli hostages.

- In Italy, the most interesting developments center around the investigations of a magistrate in Venice, Felice Casson, who has been looking into a group of neo-Nazis and Iranians involved in weapons-smuggling with the Ayatollah Montazeri intelligence group in Iran. On the track of one Abedi Tari, Judge Casson discovered an entity called the Islamic Republic Shipping Off-Lines. Pursuing further tracks in both Venice and Genoa, he obtained telexes of two Italian affiliates of France's Luchaire firm, Sea and Consar; Luchaire itself had previously been identified as involved in "Irangate" deals. The payments to the affiliates went through the branches of the Banca Nazionale da Lavoro (BNL) in Singapore, Bangkok, and Hong Kong.

The point man for Luchaire in Italy, is one Mario Appiani, the director of the Sea Company in Turin and of the Defex Company, based in Lisbon. The latter company has previously been identified as one of the companies used by Oliver North in Iranian arms deals.

Casson has recently been in Paris, headquarters of Luchaire, but the French side of the developments are complicated by the politicking leading up to the French elections on April 24, with various charges and countercharges flying around, and the Socialist press trying to turn the Luchaire developments into a scandal against the Gaullists and Prime Minister Jacques Chirac.

Meanwhile, one of the potentially intriguing aspects of this story, is that among those prestigious individuals who sit on BNL's international advisory board, are French presidential candidate Raymond Barre and Henry Kissinger.

Also in Italy, the arrest during the week of March 7 of Ferdinando Borletti, of the Fiat-owned Valsella company, could open up further interesting leads in Europe. Borletti is a friend of the powerful Agnelli family. Last year, Fiat magnate Gianni Agnelli intervened with the Italian authorities when Borletti was first apprehended, to ensure that authorities eased up the pressure on his friend.

## The deal over Lebanon

*Shultz would guarantee Syria's military control, and Syria would agree to curb the militias.*

With all eyes focused on an unbalanced "Shultz plan" for settling the Israeli-Palestinian crisis, little attention has been paid to the recent spate of U.S.-Syrian negotiations. George Shultz's repeated visits to Damascus were just as significant as his attempt at a Kissingerian "shuttle diplomacy" between Jerusalem and Arab capitals. He went to the Syrian capital at a time when Syria was one of the top countries on the State Department list of terrorist havens, a "no man's land" for any American citizen. No sooner had Shultz left Damascus than the director of the Levant department of Foggy Bottom, Mrs. April Glaspie, arrived there in the first week of March, to continue talks.

Officially, negotiations have gone nowhere. Syria has not minced words in denouncing the Shultz plan. At 25th anniversary festivities for the ruling Baath Party, Syrian President Hafez Assad warned in March that no one "should be fooled by these talks about peace. Whether it will be through border skirmishes, demonstrations, stonethrowing, or a direct military confrontation, the war [with Israel] will continue."

Radical postures aside, Damascus likes its American connection. The Syrians expect to be taken off the State Department terrorism watch list, and also look for a steady influx of official U.S. investments—beside the unofficial aid which has been conduited over the last year and a half, such as \$350 million extended last fall for Syria's goodwill gesture of destroying a few acres of opium in Lebanon.

Crucial to this deal is an agreement between Damascus and Washington over the upcoming Lebanese presidential elections, and the future of Syria's military presence in Lebanon. Local sources say the six-point agreement includes:

- First, the presidential elections will be held, constitutionally, between July and September, to elect a Maronite Christian President.

- Second, before the elections, Syria will agree to the formation of a new Lebanese government.

- Third, there is a consensus in both capitals in favor of Lebanon's present chief of staff, Michel Aoun.

- Fourth, while Syria will ensure the support of Muslim leader Nabih Berri and Druze warlord Walid Jumblatt, Washington will get the support of President Amin Gemayel.

- Fifth, Syria will guarantee that Lebanese territory will not be used to make a direct security threat against Israel.

- Sixth, the United States will ensure that Israel ceases interfering into Lebanese affairs, and that the Israeli Defense Forces ultimately withdraw from Lebanese territory.

What it means is simple enough: Syria's military control of Lebanon becomes guaranteed by the United States, and Syria will be given the chance to control a politically stable country, instead of the present chaos. In return, Syria has to crack down on the militias, especially the Palestinians in the South.

Whether the deal works out will be seen in coming weeks, if and when

a new Lebanese government is actually formed. There has been none since the resignation and later assassination of Prime Minister Rashid Karame last July. The new prime minister is expected to be Takieddin el Solh, a well-known international businessman whose family has provided prime ministers before.

There are quite a few unsettled issues. The agreement calls for Syria to control the local militias. This presumes Washington's decision to give Damascus a green light to destroy such militias as Samir Geagea's Lebanese Forces. It's easier said than done, and will likely lead to major conflicts in and around Beirut.

Then there is the Iranian-backed Hezbollah, run from Beirut by the local station chief of Iran's Savama secret services, Ali Asghar Mohammedi. The Hezbollah, which is bidding for control of all of southern Lebanon, does not feel bound by such deals. Syria is expected to deploy Nabih Berri's Amal militia against them, because considering its strategic relationship with Iran, Damascus cannot afford to have a head-on clash with Hezbollah.

Syria is eager to bring the Hezbollah under its control, but to maintain their existence at all costs. Indeed, the Hezbollah deployments against the "South Lebanese Army" of General Lahad and against the Israelis directly, as well as the activation of the Hezbollah networks in the West Bank, have become an important bargaining chip for Damascus, which can disclaim responsibility for any of their actions.

As long as the deal rests on Syrian "sovereignty" over Lebanon, there is no easy solution. Not consulted on the matter, the Israelis, like the Hezbollah, have made it clear that unless they get a better deal, they won't go along.

## Voters reject Barco policies

*Colombia's March 13 election results repudiate the ineffectual anti-drug and anti-terrorism policies of the government.*

The Social Conservative Party scored an important victory in first-ever mayoral elections held in Colombia March 13. They not only took the mayoral posts of Colombia's two largest cities, Bogota and Medellin, but did well throughout the country, while the pro-Communist left did much more poorly than expected. The Liberal Party's losses, especially in the capital city of Bogota, places the agenda of the Liberal administration of President Virgilio Barco, including its plans for constitutional reform, in doubt for the remainder of its four-year term.

The elections were intended to coax the leftist guerrillas out of their insurgency and into the legitimate political process. Instead, without abandoning its terrorist activities, the Communist-run FARC guerrillas set up a legal electoral front, the Patriotic Union (UP), expecting to capture the rural areas it terrorized. However, UPers running under their own banner, only took 14 mayoralties. The number they gained in alliance with elements of the Liberal Party remains to be seen.

Having lost over 200 of their candidates to political violence during the campaign, and having won little apparent electoral recompense, the UP may very well be tossed aside like an empty shell when its militants return to the mountains. FARC violence can be expected to consequently escalate.

Violence and drugs overshadowed the entire election. The months preceding Sunday's voting saw a wave of assassinations, unprecedented since

the 1950s *Violencia* period, that claimed the lives of numerous prominent Liberals and Conservatives, along with the UPers and other leftists.

In Medellin, Colombia's violence-ridden second major city, and the home base of the "Medellin Cartel" of drug traffickers, Juan Gómez Martínez took the mayoral post as a popular repudiation of the mob. Gómez is known as a strong proponent of fighting back hard against the drug mafia, and was the rare survivor of an attempted kidnap-murder last November, presumably ordered by the cartel. The attempt was foiled by Gómez's neighbors and bodyguards.

Three days before the election, Gómez was "warned" again, through the bombing of his newspaper, *El Colombiano*, which killed one employee and wounded eight.

In Bogota, Andrés Pastrana, the son of former President Misael Pastrana, won with a plurality of 323,800 votes against a split Liberal ticket. Pastrana surged to the top of the field in the wake of his kidnaping at the end of January by the Medellin Cartel, from which he was rescued by the police after a week in captivity. His victory makes him a strong contender for becoming the Conservative candidate for President in 1990.

Both Gómez and Pastrana clearly won by riding the backlash of disgust with President Barco's tolerance of the drug mob, but it remains to be seen whether, now in power, they will find the moral strength to withstand the mafia's blackmail.

In other races, the electorate rejected several openly pro-drug candidates. In Bogota, the business partner of drug trafficker Gilberto Rodríguez Orejuela, Rafael Forera Fetecua, lost his bid to become a city councilman. Rodríguez now reigns as cocaine boss of Colombia's southwest. In Cucuta, Cong. Félix Salcedo Baldión, who was arrested last year in Venezuela with sizeable quantities of cocaine, but whose parliamentary immunity saved him from prosecution, lost his race. Eduardo Mestre Sarmiento, a member of the five-man directorate of the Liberal Party and another associate of Rodríguez, lost his political bid in Bucaramanga.

In Barranquilla, the fourth city of Colombia, despite the expenditure of 1.2 billion pesos (\$4 million) on his behalf by pro-drug circles, Gustavo Certain lost, although by such a slim margin that a recount is under way. The town is reportedly on the verge of civil war, because his election would be considered tantamount to the rule of dirty money, corruption, and the drug gangs.

In Quindío, Carlos Lehder, the Medellin Cartel chieftain now on trial in Florida, lost his council bid, receiving only 415 votes, down from 12,000 in an earlier election.

The population's repudiation of such brazen efforts by the mob to take power is evident. However, it would be wrong to conclude that the cocaine cartel lost power in the election. As before, an unknown number of posts were bought by the cartel long before election day. For example, in Tuluá, a key southwestern entrepôt for drugs flowing from the jungle to the cities, cartel favorite, homosexual "writer" Gustavo Alvarez Gardeázabal, was elected mayor. It can be assumed he will implement his proposal for direct government negotiations with the drug mafia.

## Will Panama be betrayed?

*The former deputy foreign minister denounces the "serious irresponsibility" of not standing by Panama.*

In a March 15-16 front-page interview with Mexico's newspaper of record *Excelsior*, former Deputy Foreign Minister Ricardo Valero warned, regarding the Panama crisis, "It appears to me that there has not only been hesitation on the part of the Latin American conscience, but irresolution . . . which could prove extremely dangerous."

He explained. "We are on the verge . . . of sanctioning interventionist actions like those which have occurred in the recent past, both in the Philippines and in Haiti. . . . Regarding the self-determination of Panama, we should not only make general statements of principle—which certainly have their validity—but face up to the concrete situation. It would seem to be an enormous irresponsibility on the part of the Latin American countries not to make a great effort at solidarity with the Panamanian people at this moment."

Valero's statements, addressed to Ibero-America but indirectly aimed at the stinking sewer of treason at the Mexican Foreign Ministry under Bernardo Sepulveda, is also an assault on the generalized policy of surrendering to the oligarchy of the U.S. Eastern Establishment which has characterized the Miguel de la Madrid government from its inception.

This is most clearly seen in the case of Ricardo Valero himself, who issued his public statements on Panama just before his departure for the Soviet Union as Mexico's new ambassador—exiled to Siberia, as it were—after the surfacing of his differences with the Mexican administration on

foreign policy in general, and Central America in particular. Those differences led to his dismissal as deputy foreign minister a few weeks earlier. It was no accident, in fact, that Valero's removal came just a few days before the late-February meeting between Ronald Reagan and his Mexican counterpart, Miguel de la Madrid.

Although the Mexican Chamber of Deputies has come out against any foreign intervention in Panama, a position seconded at the Foreign Ministry through its new Deputy Minister Manuel Arriaga, the fact remains that Mexico has refused to take precisely those "concrete actions" that Valero spoke of. A few days ago, Foreign Minister Sepulveda still refused to tell journalists whether Mexico recognized the government of Panama's new President Manuel Solís Palma.

When Valero was provocatively queried whether he considered the Panama government to be "democratic" or not, he drily responded, "Democracy and self-determination are not necessarily incompatible, but to choose the one requires that it be done through the self-determination of the people."

Valero also denounced the decision of the Group of Eight—Argentina, Brazil, Venezuela, Uruguay, Mexico, Colombia, and Peru—to separate Panama and its new government from their ranks, a move intended "it would seem, to finish off the Contadora Group," which was founded on the Panamanian island of Contadora, and which gave birth to the Group of Eight. Valero charged that the disintegration of Contadora began

with the so-called Esquipulas Accords, promoted by Costa Rican President and Nobel Peace Prize winner Oscar Arias, which, "without a doubt, tended to neutralize the Contadora Group's action, Latin America's actions."

The statements of Valero have found their counterpoint within the campaign to "close ranks" around Panama, being carried out by the Mexican Labor Party (PLM). Mari-vilia Carrasco, PLM presidential candidate, has been the sole political figure in the country who has proposed "facing the concrete situation" of U.S. aggression against Panama.

"In a matter of hours, Ibero-America could undo the economic blockade against Panama, by granting it emergency credits—Panama has only 2 million inhabitants—which could serve as the first step toward establishing an Ibero-American Monetary Fund," declared Carrasco in an interview she gave *EIR* during a campaign stop in Saltillo in the state of Coahuila.

The Mexican Labor Party's Panama mobilization has received extensive coverage in the Mexico City press as well as media from the interior of the country. Until now, none of the other opposition parties in Mexico—including the so-called leftists—have raised their voices in support of the principle of non-intervention and Ibero-American solidarity with Panama. So much for the charges that Panama's Gen. Manuel Antonio Noriega is being backed by Moscow!

The reality of Mexico's betrayal of its founding principles has not been lost on Mexico's own political class. As many diplomats, and even leaders of the ruling PRI party itself, have told *EIR*, "I only hope that President Miguel de la Madrid understands that it is not by kneeling to Washington that aggression against Mexico will be avoided."

## New initiative in Punjab

*In the midst of escalating terrorist violence, the government gives a political solution another try.*

**O**n March 4, the date of an important spring festival in India, the government took the first of a series of steps in a new effort to find a political solution to the strife that has ravaged the state of Punjab for the past six years. The release of 5 Sikh high priests and 40 detainees from the central prison was described by Punjab Gov. S.S. Ray as "part one" of Prime Minister Rajiv Gandhi's plan for a settlement of the Punjab problem.

Moreover, there would be more prison releases, Ray said, a reference to the 400-odd individuals—alleged militants and terrorists—who have been held without bail or charges for as much as four years. Their release or trial has become a *cause célèbre* of a majority among Sikhs and others, who view it as a necessary proof of the government's "good faith" vis-à-vis the Sikh community.

Days later, it was announced that the Punjab State Assembly, moribund in any case under the conditions of President's Rule imposed on the state a year ago when the Barnala government became paralyzed by terrorist violence, was officially dissolved. Apart from Governor Ray's claim that the legislators had been interfering in the administration of the state, no explanation has been given as the reason for this move, but it is assumed to be clearing the way for fresh elections and a new government in the state.

The steps come as violence and terrorist murder continues at a heady pace. By one estimate, terrorists have claimed at least 381 lives in Punjab,

including leaders of all the various political parties, since the beginning of the year. Even as the 5 priests and 40 detainees were being flown to Amritsar, terrorists gunned down 36 and wounded another 40 at a religious gathering in a Punjab village.

But Governor Ray insisted that the prime minister's plan had just begun and would not be derailed by anything the terrorists did. Whenever a good step was proposed, he said, the terrorists indulged in an orgy of violence to try to check the government's hand. Ray established his credentials as a no-nonsense individual during the early 1970s in the state of West Bengal, where he is credited with stopping the Naxalite movement in its tracks. He has been running Punjab since the latest attempt at a political solution failed and President's Rule was imposed. The Akali Dal government headed by moderate faction leader S.S. Barnala had been elected in September 1985 following the accord between Rajiv Gandhi and the late Sant Longowal.

Governor Ray is known to have been upset with the central government's inability to come forth with a new political initiative last fall. At that time, Ray and his chief collaborator in tackling the Punjab problem, Punjab Police Chief Ribeiro, pointed to the lull in terrorist activity and argued that fresh political initiatives were timely and essential to win back momentum from the extremists. But inertia prevailed in Delhi, and the government maintained that political steps would

only be taken when the violence ceased.

Whatever other calculations were involved, it is likely that Police Chief Ribeiro's recent announcement that he will definitely retire at the end of May gave New Delhi a shove. The former police chief of Bombay, Ribeiro has a reputation for competence that recommended him to the Punjab position at a difficult hour, when it was finally acknowledged that the law enforcement apparatus in the state had been fatally compromised by the extremists. Ribeiro worked to rebuild the force and establish an anti-terrorist intelligence operation.

In one sense, the government's hesitation has been understandable. The dramatic move of July 1985, when Rajiv Gandhi signed the accord with Sant Longowal that led to reestablishing an elected government in the state, was stillborn. Longowal's assassination within weeks of the accord opened a new round of terrorist violence and political polarization which in turn helped chill the government's resolve to fulfill the rest of the terms of the accord—release of detainees, rehabilitation of those who deserted the Army following the 1984 Operation Bluestar, and action against instigators of the anti-Sikh riots that followed Mrs. Indira Gandhi's assassination in October 1984. The Longowal-Barnala faction could not stem the tide, and new violence filled the resulting vacuum.

The present initiative appears to rest on the ability of the more militant elements among the Sikh priests and the breakaway United Akali Dal (UAD) led by Prakash Singh Badal (that is, those who broke with Sant Longowal over the 1985 accord) to unite the fragmented Akali majority convincingly enough to take the wind out of extremist sails and reestablish a political mainstream in the state.



## **Pamyat, and the limits of perestroika**

*The Russian chauvinist group has come under fire in Izvestia, which warns that Gorbachov's restructuring must defend itself against "excesses."*

**T**he head of Russia's anti-Semitic and chauvinistic Pamyat ("Memory") Society, D.C. Vasiliev, has drawn international attention for his recent ravings, in an interview to the Italian daily *Corriere della Sera*, about the "Jewish parasites" who are allegedly out to destroy "Great Russia." According to Vasiliev, the group has at least 20,000 active members, and is growing rapidly (see EIR, March 11, 1988, pp. 60-61).

Pamyat's rise is becoming a subject of controversy in the Soviet Union. It has grown under the protection of the KGB, which has done nothing to stop it. The Communist Party daily *Pravda* in a recent article dismissed it as an insignificant group of no more than 15 diehard adherents. But on Feb. 27, the government daily *Izvestia* featured an article by Pavel Gutiontov, denouncing the society, linking it to recent nationalist unrest, and warning that Gorbachov's perestroika must not be allowed to get out of hand.

We publish here a summary of *Izvestia's* article.

Gutiontov reports the existence of an 11-page Pamyat "Appeal to Patriots of All Countries and Nations," for the reinstatement of two Pamyat leaders who were kicked out of the Communist Party. The appeal addresses Soviet Army servicemen, the interior ministry, KGB workers. It states, "We should not be afraid of violence."

*Izvestia* describes the society's anti-Semitic coloration, and says that

Pamyat has sued the Soviet newspaper *Sovetskaya Kultura* in court. "In general, it is hard to imagine anything more likely to play into the hands of our ideological adversaries (real, not imagined) than the events arranged in the Sverdlovsky People's Court by people calling themselves 'implacable fighters against Zionism.'"

Clinical analysis of Pamyat writings has been carried out. *Sovetskaya Kultura* sought scientific opinions from the U.S.A. and Canada Institute and from the Israel department of the Institute of Oriental Studies. "Through dozens of pages of typescript, the authors of the opinions scrupulously enumerated distortions and misquotations, drastically changing the sense of the original; uncritical utilization of Western propaganda literature; juggling of facts. . . . The experts noticed in [Pamyat ideologue] V. Begun's books a whole series of textual similarities with no less a work than the bible of German fascism, 'Mein Kampf.'"

*Izvestia* links Pamyat to the nationalities question:

"For too long we were full of rosy optimism ('the Soviet person drinks in internationalism with his mother's milk'), but it turns out that it was naive to count wholly on 'milk' alone. This was confirmed quite clearly by the events in Kazakhstan, Yakutia, and the Baltic region.

"Unfortunately, Pamyat is not simply a little group of hysterical women, although it would, of course,

be far more reassuring to pretend it was. All the same, it is better to acknowledge in sober terms that it arose from fairly serious causes, social and economic, and that Pamyat expresses the sentiments of a certain (albeit small, I am sure) group of the population, in particular those who, among other things, find it hard to handle the reassessment of what were regarded only yesterday as immutable truths, who are plunged into confusion and even panic by this reassessment. Life now raises many unpleasant questions for us all, questions to which it is both difficult and painful to find the answers. That is why the Pamyat volunteers seize on the soothing idea of 'enemy machinations.' It is so easy to attribute every ill to them. . . . That is an exceptionally dangerous idea."

Back in June, Gutiontov says, *Izvestia* published an article on the group. "We thought it was only a matter of a group of irresponsible babblers and were convinced that the vulnerability of their 'positions' was obvious to everyone. Time has shown that we are not dealing simply with people who are excessively concerned to gain popularity for themselves. . . . No, we are dealing with an attempt to give a quite specific ideological coloring to the times we live in. Pamyat is quite consciously playing with very dangerous things. And unfortunately, as we have seen, even certain scientists, writers and representatives of the intelligentsia are prepared to indulge it."

Perestroika, concludes Gutiontov, "must know how to defend itself, and perhaps we should not practice on extremists and provocateurs, whatever garb they don, our sense of tolerance toward another person's opinion. . . . As has been said: Lies cannot be regarded as a *viewpoint* or deliberate slander as an *opinion*. Yet Pamyat is constantly carrying out this elementary substitution of concepts."

# International Intelligence

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## **Malaysian leader calls for U.N. anti-drug force**

Malaysian Prime Minister Mahathir Mohamad on March 14 recommended the creation of a special U.N. police force and "hot pursuit" across international frontiers, as a total war against drug trafficking, according to an AP wire published in the *Nation* of Bangkok, Thailand on March 15.

"Drug abuse and illicit trafficking in drugs are amongst the greatest threats to mankind today," he said in a speech delivered on his behalf to American anti-narcotics officials. "The war against drugs has to be a total war."

Mahathir said that the proposed force would work with drug-producing countries to destroy crops, police growing areas, and prevent replanting of opium, coca, and marijuana. He called on the United States and other donor countries to make financial aid for rural development and crop substitution in producing countries conditional upon the destruction of crops according to an agreed time schedule. "Only with determination can we succeed in crop eradication which is an important element in supply reduction," he said.

The speech opened the three-day East Asia and Pacific Regional Narcotics Conference in Kuala Lumpur, Malaysia. In attendance were some 70 U.S. State Department and Drug Enforcement Administration officials based in 12 Asian countries and the United States.

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## **Bangladesh to become an Islamic state**

President Ershad of Bangladesh announced on March 13 that his country will cease to be a secular nation, and the law books will be soon changed to fit Koranic law. Government officials privately told reporters that General Ershad's declarations are the first step in turning Bangladesh into an Islamic Republic.

Ershad had earlier expressed the hope that Parliament would soon make a decision

in this regard. "The people have given spontaneous response and overwhelming support since I broached the proposal for a State religion a month back," he told a prayer meeting in Rangpur on Feb 27.

Religious leaders have seized upon Ershad's announcement. On March 13, the Islamic Constitution Movement had a demonstration, shouting slogans demanding an Islamic Constitution. The group's leader, Maulana Ishaque, demanded the resignation of the government and transfer of power to "religious scholars."

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## **Austrian Jews rebuff Edgar Bronfman**

Edgar Bronfman, chairman of the World Jewish Congress, insulted the Austrian nation and Austria's Jews, declared the executive of the Jewish community in Vienna on March 10. The statement responded to Bronfman's remark in Brussels a few days before, that as long as the Austrians kept Kurt Waldheim as President, they are "no longer a member of the club of civilized nations."

Addressing official commemorations of the Nazi coup in Vienna of March 1938, Viktor Frankel, an Austrian Jewish leader, repudiated Bronfman's attribution of "the collective guilt of a nation." Frankel said that the real problem is to judge between good and bad, the competent and the incompetent, "a dividing line going through all nations, all races, all religions." Nations allowing the bad and incompetent to take power, would also become "capable of perpetrating a holocaust on others." Even the Jews themselves, Frankel said, are not "immune to this kind of seduction."

Waldheim, who was a lieutenant in the Wehrmacht during World War II, has been accused of aiding and abetting Nazi war crimes, although no substantial evidence of this has ever been produced, and "documents" purporting to show it, turned out to be forgeries. On the basis of the charges, Waldheim was put on the U.S. Justice Department's "watch list," and is now banned from entering the United States.

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## **Pol Pot's gang wants to regain power**

The Khmer Rouge is taking secret steps to enable it to return to power in Kampuchea once Vietnamese forces have withdrawn from the country, diplomatic and resistance sources told the Agence France Presse (AFP) in Bangkok.

The group, under the leadership of Sorbonne-trained guru Pol Pot, oversaw the genocide of one-third of the Kampuchean population during its 1975-79 rule. It was supported by Henry Kissinger and others in U.S. State Department circles, as part of the "China Card" policy.

AFP's sources noted that the Khmer Rouge is avoiding direct confrontation with the Vietnamese, infiltrating agents into the Hanoi-backed Kampuchean government, and building up arms caches for "the big day." Said one official of the National Sihanoukist Army, "We are in possession of secret documents that prove they are preparing to take power. They refrain from provocations against the Vietnamese and leave us to carry the weight in combat."

Today, the Khmer Rouge is the biggest fighting force in the tripartite resistance coalition that is recognized by the United Nations as the legitimate government of Kampuchea. No joint military operations by the resistance have occurred since September.

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## **Norway's leader backs Chinese population policy**

In the name of protecting "environmental resources," Norwegian Socialist Prime Minister Gro Brundtland endorsed the Malthusian "one child only" population policy of the People's Republic of China during her visit to Beijing in January, the *Beijing Review* reported in its March 7-13 issue.

"Some people, especially people from the West, argue that China's one-child policy is a violation of human rights. But Norwegian Prime Minister Brundtland . . . expressed a different opinion on the question,"

the *Review* wrote. At a Beijing press conference, Brundtland said: "We studied China's experience and pointed to China's experience as one example of having a policy which was related to a country's environmental and resource framework. . . . I think we should respect the efforts that have been made by China in this area."

The inevitable results of this policy are appearing in China. Infanticide has become widespread, and now, with an aging population, and fewer workers to support them, debate over euthanasia is becoming a "hot topic," as a *China Daily* headline proclaimed March 5. The *China Daily* is the English-language version of the official *People's Daily*. State-owned radio is broadcasting a series on euthanasia, "to renew people's concepts and have them think about what they have never thought about before," in the words of radio editor Ren Xiaodong.

China is suffering from a severe shortage of essential medicines, including insulin, vitamins, and antibiotics.

## European Community stops AIDS tests

The European Commission has ordered a halt to testing for AIDS as a prerequisite to employment within the European Community's institutions.

This move comes as new exposés of the spread of AIDS hit the press. At least 1 in 10 European prisoners may be carrying AIDS, according to Dr. Timothy Harding, principal medical officer at a Geneva prison and reader in legal medicine at Geneva University, who spoke on March 8 to a seminar organized by the National Association for the Care and Resettlement of Offenders in London. Prisons could hold the key to controlling AIDS in the community generally, he said.

Dr. Harding's figures come from studies in three countries. In five jails in the Swiss canton of Berne, it was found that 11% were AIDS carriers. In France, 500 newcomers to Fresnes prison were screened and 12-16% found to be infected with AIDS. In Amsterdam, 11% were found to be infected. Dr.

Harding said he was suspicious of the "extremely low" number of prisoners said to be carriers in England and Wales (less than 1%), but said it could reflect a low level of screening.

## Fund will link U.S. to Soviet Cultural Fund

Wall Street tycoon and philanthropist George Soros, who is reportedly worth a cool \$300 million, has made an investment of \$2 million into promoting Mikhail Gorbachov's "new way of thinking." The money is earmarked for programs linking the Soros Foundation-Soviet Union and Raisa Gorbachova's Soviet Cultural Fund; it will facilitate trips for Soviet academics to the United States, to work on research projects, computers, etc. The fund will also allow Soviet lawyers to work with law firms in the West.

Soros was born in Hungary, and emigrated to the United States in 1956. His philosophy is summed up by his statement, "The Soviets are very philosophical, they like to grasp ideas. In many ways I find myself closer to the individual in Soviet society than in America. I am trying to sniff the people out who are interested in change."

The foundation was established on Sept. 22, 1987 in Moscow, with help from the KGB's favorite billionaire, Armand Hammer. Its parent group is the Manhattan-based Soros Foundation, which provided initial funding of \$700,000 for international programs, and 1 million rubles for domestic Soviet programs. Co-chairmen of the Moscow outfit are George Soros and Georgi Miasnikov; one of the sponsors of the project is Yevgeni Velikhov, vice president of the Soviet Academy of Sciences.

The Soros Foundation joint committee has been discussing a lawyer-exchange program with the American Bar Association, and to be run in cooperation with American law firms.

*EIR's* sources did not report whether U.S. lawyers will be given the opportunity to work in the Gulag Archipelago, in return.

## Briefly

● **PRESIDENT AQUINO** of the Philippines has denied reports that she would consider allowing the return of Ferdinand Marcos to the country. According to the *Bangkok Post* March 11, she said she knows nothing about allegations that the United States urged her to allow Marcos's return, in order to suppress documents linked to the Iran-Contra scandal and thereby "protect the campaign hopes of Vice President George Bush."

● **AN OFFICIAL DIALOGUE** has begun between Moscow and the government of South Africa, over the future of Angola. According to the newsletter *Lettre d'Afrique*, Moscow has pressured the African National Congress to negotiate with the South African government.

● **PARTHENIOS III**, the Orthodox patriarch of Alexandria in Egypt, visited the Soviet Union in March, at the invitation of the Russian Orthodox Church. He and Moscow's Patriarch Pimen signed a document which envisages more comprehensive cooperation between the two churches and a more lively involvement of Orthodoxy in the activity of the World Council of Churches.

● **ARAB-SOVIET** cooperation was the main feature of an international seminar held in Amman, Jordan on March 16 by the Club of Rome-sponsored Arab Thought Forum. A 10-man Soviet team participated, led by Mikhail Kapitsa, the director of Moscow's Oriental Institute. The agenda included religious issues and the role of Islam in the Soviet Union.

● **LAWYERS** for John Demjanjuk in Israel are asking the court to reopen the war crimes case, because they have obtained new evidence, withheld by the U.S. Justice Department, which testifies to Demjanjuk's innocence. Demjanjuk is awaiting the verdict of a panel of judges, on charges that he was the Gestapo's "Ivan the Terrible" at the Treblinka concentration camp.

# U.S. presidential election is completely up for grabs

by Warren J. Hamerman

Dramatic developments have thrown both the Republican and Democratic 1988 presidential nomination races into complete turmoil.

On the Republican side, just as George Bush had visions of strutting unchallenged to the podium for his acceptance speech, "Mr. Unelectable" stumbled on both of his long-known two Achilles' heels at once—Walsh's Irangate indictments and the rumblings of a potential economic blowout in the form of the Texas banking crisis.

With the national media displaying Edwin Meese's Wedtech dirty laundry on the front pages every day, George Bush has been vice president in the administration which out-corrupted Richard Nixon's second term. Then came the March 16 indictments by Independent Counsel Lawrence Walsh, which zeroed right in on the Project Democracy dirty operations which were run by the ex-CIA director, Bush. Walsh unveiled Irangate criminal indictments with 45 counts against four Irangate players—Oliver North, Richard Secord, John Poindexter, and Albert Hakim—who worked directly under the vice president's command and control through the Special Situations Group (SSG) and his other crisis management task forces.

The criminal charges range from conspiracy to defraud the U.S. government to wire fraud, theft, and obstruction of justice, and carry sentences of up to 10 years in prison and a \$250,000 fine for each count. The indictment also mentions unnamed "others" who were involved in the conspiracy.

Walsh has implied that these "others" may be indicted in the future. Through the opening of Swiss banking connections and former National Security Adviser Robert McFarlane's plea arrangement (on March 12, he was permitted to plead guilty to four misdemeanor counts of withholding information from Congress, in return for a pledge to cooperate in the investigation), Walsh may well be on his way to

getting beneath the wall of "plausible denial" which has been erected around the vice president to protect his presidential campaign. McFarlane will play the role of the "Indian guide" who knows where all the secret trails lead and what goes on inside the chief's tepee.

While President Reagan shuffled his cue cards, watched his old grade "F" movies, and ignored the world, Bush was no innocent bystander, but the chief executive on all special operations in the administration.

In 1982, Vice President Bush was given the explicit line authority over the Special Situations Group by National Security Decision Directive 3, Crisis Management. Subsequently, another NSC directive created a "Standing Crisis Pre-Planning Group (CPPG)" which expanded the Vice President's oversight of intelligence operations. It was through these groups that Bush coordinated the staff operations of the now-indicted Ollie North and Poindexter with their infamous "private" cutouts such as Richard Secord, Felix Rodriguez, and Ted Shackley.

It was none other than Donald Gregg, Bush's personal adviser on national security affairs, who "tasked" much of these operations from Bush's own office.

Thus, George Bush was "mother" to the entire activities of North, Poindexter, Secord, and Hakim. The vast global operations which were run by this network involved millions of dollars of funds which were dipped in and out of special Swiss bank accounts. Therefore, it is extremely significant that Walsh's indictments were followed by his granting of immunity to Willard I. Zucker, the director of the Robert Vesco-linked Swiss Compagnie de Services Fiduciaires, S.A. and a shady American financial laundering expert in Switzerland who knows precisely to which accounts, and by whose orders all of the money was transferred back and forth during the entire Irangate or Contragate affair.

## **The Democrats—all donkeys and no riders**

Given the unprecedented scandals of the Republicans one would have thought that the Democrats would be having a field day. That they are not is explained by the fact that the Bush campaign is being “engineered for power” by the same CIA and “dirty ops” bozos who run coups and destabilization in foreign nations.

On the Democratic side, an unprecedented amount of money and time has been wasted proving that a group of the most unpopular, synthetic, incompetent, and irrelevant politicians in American history decided to run for President simultaneously. Michael Dukakis, Jesse Jackson, Richard Gephardt, and Paul Simon aren't any more “electable” than George Bush.

In the context of such turmoil and “unpredictability,” some of the traditional Democratic bosses fear that power could be grabbed by a non-controllable anti-establishment figure. Thus, the traditional bosses want to stuff the loose ends of the process back into the box. Democratic Party chairman Paul Kirk of the Kennedy machine and New York's Gov. Mario Cuomo decided to float a fallback scenario to try to prevent an open convention at all costs.

Recognizing that no candidate may have 40%, let alone a majority, of the delegates going into the convention, they proposed an official “backroom deal” weeks before the convention in Atlanta so as to avoid an uncontrolled multi-ballot open convention fight.

The powers-that-be favor brokering as long as it is under their control. Depending upon which political laundromat one walks into to monitor the latest hot tips and gossip, one hears that the smart guys are going to swing behind one of the following “sure winners” at the last minute—Robert Strauss, Sam Nunn, Bill Bradley, Mario Cuomo, Ted Kennedy and, yes, even Jimmy Carter.

## **Nonlinear politics**

Thus, based upon linear present trends, both the Republicans and the Democrats may nominate equally unelectable candidates.

However, the political process is sitting on top of a volcano long past due to erupt through the firestorm of an economic blowout, a foreign policy debacle, or a social explosion on the question of AIDS policy. These are not normal times, and contemporary history will be determined by nonlinear political processes.

There are two and only two real nonlinear political forces currently set into motion, and world history for decades to come will be determined by which wins out. Ironically, they are both on the Democratic side and have been bitterly opposed to each other for two decades. One is the campaign of Lyndon LaRouche. The other force is composed of the Democratic allies of George Bush, “Social Democratic fascists” who are now openly organizing to prevent an open vote at the Democratic convention; the game of these Social Democrats is brutal austerity and totalitarianism.

Invoking every means of social control, these thugs are prepared to throw every democratic procedure out of the Democratic Party and transform it into a Mussolini-style totalitarian instrument—a battering ram against the collapsing institutions of a failed superpower. The Establishment realizes that “root canal” economics may not be able to be implemented under a democratic system, and may well be prepared to bring home to the United States the kind of strongarm tactics against national sovereignty that have been used against such allies as the Philippines and Panama.

## **The LaRouche alternative**

At such unique moments in history, when all is won or lost, populations seek out great political figures with far-ranging solutions to the otherwise unsolvable crises of the day. Such is the political dynamic which is driving the presidential bid of Lyndon LaRouche. The long-shot campaign of Lyndon LaRouche has recently turned heads by winning the following surprising victories against all odds:

1) On Super Tuesday, March 8, LaRouche Democrat Claude Jones won the chairmanship of the Harris County Democratic Party, the third largest Democratic voting base in the country. The same day, LaRouche himself captured 3% of the vote in the Maryland Democratic primary, demonstrating a pattern of solid statewide support through a nearly uniform 3% in every county in the state.

2) The LaRouche campaign beat back a threatened challenge to his ballot status in the crucial April 19 New York primary. LaRouche has positioned himself for a series of pre-convention upsets, leading up to the June 7 primary in California where the anti-AIDS referendum sponsored by LaRouche associates and nearly identical to last year's Proposition 64, has gained ballot status.

3) In the March 15 primary, Illinois voters again demonstrated strong support for LaRouche Democrats despite two years of unprecedented warnings and harassment after Janice Hart and Mark Fairchild had won upset victories in the Democratic primaries. Sheila Jones, the leader of LaRouche's political forces in the Midwest, received over 116,000 votes in her campaign for city office in Chicago. Simultaneously, in the Illinois congressional primaries, LaRouche-Democrat candidates won 26% in the 4th C.D., 38% in the 6th C.D., and 25% in the 13th C.D.

Endless as the presidential campaign of 1988 has seemed to date, the distance yet to traverse to this summer's Democratic and Republican conventions is far longer than the distance yet covered. No one can yet predict the outcome, except to say that the unexpected and seemingly impossible could happen since none of the “probable” scenarios fits the reality of these chaotic times.

Those who have “rigged” the 1988 presidential campaign of George Bush, have to contend with the fact that he is now sailing in a high wind between the Scylla of Iran-Contra indictments and the Charybdis of imminent financial blow-out.

# Supermac and Minibush: ‘the last wet hope of the Establishment’

by Laurent Murawiec

“Mr. Crossman . . . you will always permit your American colleague not only to have a superior rank to yourself and much higher pay, but also the feeling that he is running the show. This will enable you to run it yourself. We, my dear Crossman, are Greeks in this American Empire. You will find the Americans much as the Greeks found the Romans—great, big, vulgar, bustling people, more vigorous than we are, and also more idle, with more unspoiled virtues but also more corrupt. We must run AFHQ [Allied Forces Headquarters in North Africa] as the Greeks ran the operations of Emperor Claudius.”—Harold Macmillan, 1943, as quoted by Richard Crossman.

George Bush is, like Harold Macmillan in the 1950s, “the last wet hope of the Establishment,” at least if we believe the March 9 issue of the London daily newspaper *The Guardian*, itself the wettest daily mouthpiece of the British Liberal Establishment. George, of course, could be flattered to be compared to Her Majesty’s former prime minister, the “last Edwardian,” as biographers call him, especially as the New England “bluebloods,” whose political projection Bush is, spend lifetimes pining after the hope of being taken for, and behaving like, authentic British Lords. But the man who would be President of the United States might also look deeper into the comparison: Was it not Macmillan who presided over the final disintegration of the British Empire?

The Christmas 1973 issue of that other leading mouthpiece of the British Liberal-Imperial Establishment, *The Economist*, carried a survey supplement authored by deputy editor Norman Macrae, heralding the decay of the American Empire, announcing that Pax Americana had taken the devolving path of Pax Britannica toward final decline. Just as the wet Macmillan, the wet Bush, it stands to reason, is therefore conceived to be the manager of this withering away.

Talking of bluebloods, Macmillan was several steps ahead in the pecking order, an old Etonian and Oxonian who joined the exclusive Grenadiers Guard in World War I, and married Dorothy Cavendish, daughter of the Duke of Cavendish. The future last wet hope of the Establishment, then a young Member of Parliament, in the years after that war, looked with interest at the politics of Oswald Mosley, the would-be Führer of Britain, and traveled to the Soviet Union in the early 1930s to observe with sympathy, in his own reckoning, Sta-

lin’s great experiment.

Not bad for a member of the rarefied circle of the Duke of Connaught, the Duke of York, and for a protégé of Leo Amery, one of the chief policymakers of the “invisible government” of that day, the Round Tables.

George’s background, if *nouveau riche*, is no less surrounded by the good fairies of the Eastern Establishment, the Trilateral Commission, and the New York Council on Foreign Relations, the latter the American subsidiary of the Round Tables. The fairies’ policy has not changed: Just as Harold Macmillan was one of the principal architects of the early détente and arms control during his tenure (1957-63), so Bush has presented himself as “the candidate of détente and disarmament.” It takes “conservatives” of that ilk to sell the kitchen sink to Moscow.

## Macmillan wrecked industry, defense

Since London’s Wets pray for Bush to enter the Oval Office, let us look at the model they give him: Macmillan, first, played a crucial role as Minister of Housing and Secretary of the Treasury, in squandering and destroying the extraordinary scientific, technological, and industrial assets that Britain had, second only to the United States in the devastated Europe of the postwar period. In particular, where pioneering work had been accomplished, in areas such as nuclear energy and aeronautics. Under the populist-sounding slogan of “bedrooms before schoolrooms,” Macmillan assured after 1951 that industry would be starved of credit and of building elements, while a gigantic real estate boom of speculation raged for 20 years, enriching landlords at the expense of industry and population alike. This, for which he was granted great popularity by the British media, was a chief contributing factor in the “stop and go” cycle that was to paralyze the British economy decades thence. In the process, having won general elections by a landslide in 1959 with the cynical motto, “You’ve never had it so good,” Macmillan earned from the same media the nickname of “Supermac.”

Having given a senile Churchill the heave-ho in 1955, Macmillan, by now one of the shining stars in the Tory skies, bulldozed the inept and ailing Anthony Eden out of Downing Street two years later, and, after the Marquess of Salisbury so informed the Queen, was made prime minister. As a model

for Bush, the legacy is devastating: As Foreign Secretary under Eden, Macmillan had taken part in the first great achievement of the first postwar period of détente, the May 1955 Austrian State Treaty which neutralized the country, and aimed at providing a pattern for Germany to imitate. In the same capacity, he welcomed in London the first Bolshevik leaders to set foot in a Western capital since the Russian Revolution, when Khrushchov and Bulganin visited London in April 1956.

Under his prime ministry, and at his personal urging, the British defense budget was savaged, and the Defense White Paper (budget) of 1957 represented a unilateral conventional disarmament—the draft was abolished, manpower and equipment reduced. “Prevention rather than defense” became the catchword, and détente the corollary. In order to crush traditionalist opposition in the ranks of the British military, Macmillan called in as Chief of General Staff Lord Louis Mountbatten, who delighted in shaking up and out the military establishment, and basked in peacenik theories, then in private, before calling the Peace Movement into being in the late 1970s. The Macmillan-Mountbatten axis inclusively contributed to forcing Britain to drop out of the space race, and rocketry in general.

### ‘Supermac’ and the Russians

But the aim was strategic: Macmillan immersed himself in unending correspondence with the Russian leaders, innumerable schemes for setting up summits, disarmament committees, arms control forums, and the like. West German Chancellor Konrad Adenauer compared his diplomacy to Chamberlain’s at Munich. Macmillan was the first top Western leader to visit Moscow in peacetime, in 1959, and was the prime mover behind the Paris 1960 Summit of Four (U.S.A., U.S.S.R., Britain, and France) which the U-2 incident aborted, while it should have been Mac’s “finest hour.” But, having succeeded in creating a father/son relationship with John F. Kennedy, Macmillan was not finished with the great work of détente. In December 1962, at his demand, he met the American President in Nassau: “The arguments were intense, prolonged and sometimes painful . . . fiercer than any previous [Anglo-American] negotiations. . . . The nightmare of nuclear holocaust stirred more than ever underneath Macmillan’s Edwardian flippancies and he opened the talks by evoking the awful prospects of an indefinite arms race” in order to impress JFK with the urgent necessity of a summit with the Soviets.

When Khrushchov detonated the Berlin Crisis in 1961, Macmillan put massive pressure to ensure that those in the American military who wanted to squarely teach the Russians a lesson, would be disowned. “Kennedy seems rather lost in wider nuclear issues of East and West,” he wrote. And he was in telephone touch thrice a day with JFK during the Cuba crisis one year later, while writing to Khrushchov, with complete duplicity with respect to Washington, that the Cuban

crisis would pave the way for the first nuclear disarmament agreement since Hiroshima. Kennedy was successfully “managed.” The nuclear test ban treaty was duly signed—one of whose victims was the “Plowshare” program of using peaceful nuclear energy for great projects of civil engineering. Macmillan let it filter out that he also wanted a non-aggression pact and a nuclear non-proliferation pact with Moscow. The “arms control” process, later continued by McNamara, Kissinger, Jimmy Carter, and Ronald Reagan, had successfully been launched. It is coherent that super-appeaser Lord Carrington, formerly of Kissinger Associates, should have been a protégé of Macmillan, and his Private Parliamentary Secretary in the early 1950s.

So, when the *Guardian* advises that George Bush, “like Harold Macmillan, represents the last wet hope of the Establishment,” such are the contents of what is meant by the parable of Supermac and Minibush. When such spooks as Miles Copeland of Oxford, a spokesman for a certain current of the Anglo-American intelligence community, praise Bush as the boy who will understand the necessities, and when David Rockefeller explains how well Bush is able to understand, “like one of us,” the necessity of a “one-world” policy, that is again what is meant. History repeats itself as farce.

And by the way, Macmillan resigned in the middle of the worst series of Soviet spy scandals ever to rock Britain.

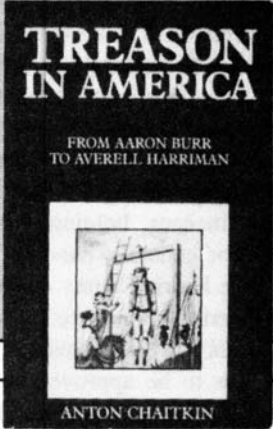
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# Texas Democrats slalom to disaster

by Mel Klenetsky

One of the most important, yet unheralded developments of the Super Tuesday, March 8, elections was the victory of LaRouche Democrat Claude Jones to the position of Harris County Democratic Party chairman. Chairman-elect Jones now controls the most important county-level Democratic Party organization in the state of Texas. Harris County, which includes Houston, also happens to be the third-largest electoral district in the country.

The incumbent Harris County Democratic Party leadership went crazy, throwing democracy and the whole concept of an open party out the window. They have adopted the kind of strongarm tactics that would have made Josef Stalin proud. Since the Harris County situation has had very little coverage from the national press, let us first recapitulate the events as they occurred.

Within hours of LaRouche Democrat Claude Jones's victory in the race for Harris County chairman, the county Democratic Party leadership threw caution to the winds, and began setting into motion party rule changes, designed to strip chairman-elect Jones of his powers. Three days after Super Tuesday, the incumbent Harris County executive committee met and proposed a rule change that created a steering committee and a party secretary position. The appointed, not elected, party secretary, would be given all the powers that previously belonged to the chairman. This would include party finances, holding party membership and fundraising lists, and generally handling all major party functions.

The Harris County chairman would be allowed to sit on the steering committee, as 1 of 18 members, with all of his previous powers removed. The proposed rule change, which still has to be approved in another meeting of the Harris County executive committee, would be in effect for two years, the exact term of Jones in office, after which the rules would automatically revert to the old rules, unless a new resolution were introduced.

Jones has already set a court date, and intends to fight what he terms the executive committee's "Bull Connor" tactics, in both state and federal courts. In plain and simple terms, the Harris County not-so-Democratic executive committee opted to ignore the 54,000 Houston voters who placed Jones in office, and are now attempting to strip him of his powers by setting up a new, appointed position that they control.

Press accounts quickly picked up on this. Local NBC television described the executive committee decision as

throwing democracy out the window. Letters to the editor of the *Houston Chronicle* and *Houston Post* denounced the actions as dictatorial, running three-to-one in favor of Jones. Cook County (Chicago) Commissioner Rosemary Love, a Democrat familiar with the suicide tactics that Adlai Stevenson used in Illinois when two LaRouche Democrats won primary victories in 1986, wrote a letter to Jones and the Texas Democratic Party leadership advising against these self-destructive, autocratic methods.

In 1986, Mark Fairchild and Janice Hart, two LaRouche Democrats, won the Democratic Party primary positions for lieutenant governor and secretary of state. Stevenson, the victor of the Democratic gubernatorial primary, refused to run on the same ticket with them. Instead, he formed his own party and lost, resoundingly. The Democratic Party of Illinois has yet to recover from that debacle.

Cook County Commissioner Love wrote, "What the Democratic Party of Harris County, Texas is doing to the lawfully elected new chairman, Mr. Claude Jones, is a violation of our Constitution. This smells of a dictatorship. . . . I abhorred the travesty of justice perpetrated against Mark Fairchild by our Illinois Democratic Party, just as I do the injustice meted out against Mr. Jones, as well as the Texas voters. . . . The brutality against free elections casts a very dark cloud over democracy. How can the Democratic Party play a role for freedom when it emulates the policies of Russia? The Harris County Democratic Party of Texas ought to learn from the insanity of our Illinois Democratic Party and Adlai Stevenson."

## And at the state level

The desperation tactics of the Harris County executive has also spread to the Texas State Democratic Executive Committee (SDEC). On March 16, the SDEC met and passed a resolution supporting the Harris County executive's actions to strip Jones of his powers. Ed Cogburn introduced the resolution. He and other SDEC members discussed the possibility of having the county party meet its \$20,000 debt to the state party by surrendering mailing lists, computer equipment, and other campaign-related items—leaving Jones with only the shell of an organization. Another official proposed opening a state office in Harris County. Larry Veselka, the incumbent chairman who lost to Jones, has indicated that the Harris County Democrats do not plan to renew the lease on their office. It appears the gameplan will be to close down the county party offices and open up state party offices with the idea of totally disenfranchising Jones and the 54,000 voter base he represents.

In an equally outrageous move, three delegates duly elected in Minnesota precinct caucuses were denied access to county-level caucuses after it was learned that they were LaRouche Democrats. While they were forced to wait outside, a blatantly unconstitutional vote was taken to deny them access to the county presidential caucuses.



# Heritage Foundation pushes 'Third Rome'

by Allen Douglas

On March 15, the New York-based Congress of Russian-Americans and the Truespeak Institute of Washington, D.C., co-sponsored a forum at the Heritage Foundation in Washington. The event featured speeches by U.S. Secretary of Education William J. Bennett and Dr. John Lenczowski, former Soviet desk head at the U.S. National Security Council; its purpose, in the words of CRA's Eugenia Ordynsky, was "to discuss what really happened" in the Russian Revolutions of 1917. With the notable exception of Secretary Bennett's keynote, this event, the first in a Heritage-backed series to present the "truth" about Russian history, was pure *dezinformatsiya*.

Secretary Bennett noted at the outset that he was no expert in Russian history, and said, "My context is not so much 70 years ago, but today's schools." He stressed that his fundamental concern was for the continuation of America as a great republic, and that for this, basic reforms in America's abysmal education system were necessary, and in particular, "During the course of the last three years, I have made several pleas for the teaching of history—history and citizenship, a plea for the teaching of the first for the sake of the second."

Within that worthy theme, he interpolated a series of remarks, which appeared to reflect material with which he had been reportedly deluged by the event's co-sponsors. For example: "How many of us realize that a broad consensus existed for the replacement of the Czarist regime—that everyone wanted democracy?"

During the question period, William Gill, author of the exposé of State Department treason, *The Ordeal of Otto Otepka*, took strong issue with this summary. "Democracy" was the ostensible desire only of a small clique of lawyers and politicians, he said, and, because of the nature of the Czarist regime, there was no method of determining what "everyone" wanted. This correspondent took Gill's remarks one step further, and stressed that the allegedly "democratic" February Revolution was as conspiratorial a coup as the Bolshevik revolution of October, and that several key figures of the "democratic" provisional government, such as War Minister A.I. Guchkov, not only worked for the Bolsheviks all along, but continued that collaboration in the infamous Bolshevik spy organization, the "Trust."

Secretary Bennett's response to the combined intervention was entirely honest, "Fair enough. I stand corrected."

## Enter Dr. Lenczowski

The real theme of the event, respecting implications for U.S. policy toward the Soviets, was presented by former National Security Council official Lenczowski, now a senior consultant to the Council on Inter-American Security. The issue, said Lenczowski, was whether "communism has harnessed Great Russian nationalism and Russian imperialism to its goals, or has Great Russian nationalism and imperialism harnessed communism for its goals?" He made clear that his view was the former.

In the question period, this correspondent intervened again to stress the case of the writer Fyodor Dostoevsky, a publicist for the old Russian aristocratic families who ran the Czarist police, the Okhrana. Dostoevsky had explicitly stated in his 1877-80 *Diary of a Writer* that the revolutionaries were useful, if usually unwitting tools, of "Great Russia," and that it was precisely they who were the most fanatical opponents of the Western-style "Petrine state" in Russia, something Dostoevsky and his backers were committed to eliminating. Given that, as author Stefan Possony once put it, "the Bolsheviks were little more than an operational arm of the Okhrana," Lenczowski's analysis was precisely the opposite of the truth.

Lenczowski responded that, while "perhaps some individuals may have had these Machiavellian ideas," of engineering a dynastic shift to a more fanatical Russia by using the revolutionaries, Russian nationalism is still greatly to be preferred to Russian communism, and at the bottom of Russian nationalism is a laudable institution, the Russian Orthodox Church. "Russian nationalism is a product of civil society and it is integral to the Orthodox Church. The communist attack on civil society has eroded that component of nationalism. And I believe we are dealing with communism, not Russianism!" After the forum, Lenczowski was more explicit, arguing that "a Russian imperialism based on the Orthodox Church and nationalism is more benign than Russian imperialism based on communism."

As British intelligence chief Arnold Toynbee pointed out decades ago, "Under the Hammer and Sickle, as under the Cross, Russia is still Holy Russia, and Moscow still the Third Rome." Instead of a perspective of winning the cultural war between the West and Russia, through a U.S. commitment to all-out SDI development and a Moon-Mars mission, which would emphasize the best elements of Western culture—the divine-like creativity of the individual human being, in the fashion U.S. presidential candidate Lyndon H. LaRouche has stipulated—Dr. Lenczowski and his Heritage Foundation associates have accepted the fact that there will always be Russian imperialism. Since this is true, they say, U.S. policy-makers should support the reemergence in Russia of the undiluted, primeval form of Russian imperialism—the Orthodox version.

## Washington targets nations, not mafias

by D.E. Pettingell

Washington is suffering from xenophobia and is trying to spread the disease to the American people. The U.S. government has found it easier to declare war on sovereign nations where drugs are produced, than confront the Eastern Establishment international banks that make drugs the most profitable business in the world. In trying to justify their failure, the U.S. government and media have blamed Panama, Mexico, Colombia, Peru, and Bolivia, for the drug-related deaths of thousands of Americans.

The American public is being told that those nations are to blame for production and trafficking getting out of control, beyond the ability of any single government to suppress. It is being told that Colombia's Medellín Cartel, responsible for 80% of the cocaine that enters the United States, is corrupting every government and is capable of taking over the entire Western Hemisphere. It is being told that drug-related corruption has already taken over Panama and Mexico and is moving fast to control Colombia, the Bahamas and Honduras. This propaganda willfully confuses the drug mafia that has murdered Ibero-America's police, military, and cabinet ministers, with the governments themselves. The reprisal proposed is to take away the already paltry aid for fighting drugs, and to apply economic sanctions that force impoverished nations to fight, unarmed, the strongest international enemy that any nation has ever confronted.

So great is the hysteria being whipped up against producing countries that if Washington were to decide on a military action against any of those countries in the name of "fighting drugs," the American people would put up little or no resistance. "Do you think that we would actually wage real war, declare war on any country that does this, and send our troops in and make it a military national-security issue of that high a proportion?" Sen. John Kerry (D-Mass.) was asked during a television interview Feb. 28. "Yes, we have to be prepared to move in that direction and make it clear this isn't just rhetoric," he responded.

Kerry's call has found adherents within Reagan's cabi-

net. Speaking before a White House conference for a Drug Free America March 2, Secretary of Education William Bennett urged the full and forceful use of the U.S. Armed Forces to eradicate drug production in developing nations and block shipments to the United States: "It is to be hoped we can do this in collaboration with foreign governments," Bennett said, "but if need be, we must consider doing this by ourselves."

Adding a particular flavor to the "debate," New York Mayor Edward Koch called President Reagan a "wimp" in the drug war, and demanded a total aid cut and trade embargo against producing nations. "The Communists aren't crossing our borders. The drugs are," Koch stated, demanding a massive military interdiction effort. In a full-page ad paid for by Koch in the *New York Times* Feb. 29, Koch blamed Mexico and Panama for the recent "cold-blooded" murder of a young New York City police officer shot by the mafia in Queens, New York while on duty. Koch has been trying to direct the outrage of the citizens of New York, a city that has become a drug haven during Mayor Koch's tenure, against those two countries. He has called on New Yorkers to boycott Mexican goods.

Six years after Reagan declared the "war on drugs," production, supply, and consumption are higher than ever, and predictions are that more drugs are to come into the United States in 1988 as supply and demand increase. Reagan's failure consists of the fact that he has never had a strategy against drugs. The administration's "war on drugs" boils down to the First Lady's "Just Say No" campaign among schoolchildren.

There is no question that the only way a war on the drug empire can be fought is through military means. In March of 1985, Lyndon H. LaRouche issued a 15-point war-plan to stop drugs where he proposed that the U.S. and Ibero-American governments sign a "treaty of alliance" to join political and military forces against the common enemy. This, LaRouche insisted, must be done within a framework of mutual respect among sovereign nations. What Kerry and company are proposing has nothing to do with this type of approach.

### Weakening the military

The Reagan policy toward Ibero-America is to weaken and eventually dismantle the armed forces of the region—a green light for narco-terrorism. In January, the U.S. government announced that as part of the budget cuts in the Pentagon, Ibero-America and the Caribbean will no longer get any military aid.

Only three countries were exempted from the cuts because of "Communist threats" against them: Guatemala, Honduras, and El Salvador. Military assistance to the Andean countries such as Bolivia, Ecuador, and Colombia, where the mafia is fully collaborating with terrorists, was entirely cut off. The last year Colombia received \$3.5 million in military aid and Bolivia \$1 million, was 1987. Peru has not received a cent in several years.

All this is thanks to Assistant Secretary of State for Inter-American Affairs Elliott Abrams. In testimony before a Senate Committee, retired Gen. Paul Gorman, former commander of the Panama-based U.S. Southern Command, denounced the State Department for having ordered U.S. ambassadors in Colombia and other nations to discourage those countries' militaries from engaging in the fight against drugs. The State Department's argument is that an active military "threatens" democracy. Drugs don't, evidently.

Not only is Ibero-America's military capability being slashed. Coast Guard Adm. Paul Yost recently stated that half of the Coast Guard drug fleet is currently sitting idle. The reason, he said, is the equivalent of the missing horseshoe nail that caused the loss of the war in the old English maxim. "I need a horseshoe nail," he said, "and the horseshoe nail is \$60 million" to send out drug patrols. That money is tied up in the budget fight between Congress and the administration. Major cuts in the Coast Guard's budget have already taken place.

### **Blacklist**

The drug "debate" heated up March 1 when the administration released the 1988 International Narcotics Control Strategy Report. Under a 1986 law, the President is to report to Congress which countries are "fully cooperating" and which are not in the U.S. anti-drug efforts. In turn, Congress has 45 days to revoke the "certification" if it wishes to do so.

This year's certification list is being used to fuel the campaign against producing countries. There were no complaints about the "decertification" of Panama, where the administration has been trying to depose Gen. Manuel A. Noriega in an all-out war. Since the U.S. has already cut all aid to Panama, the "decertification" will not have any concrete effect. It is meant to make it clear that Panama is regarded by the U.S. as a top enemy. Panama shares the "blacklist" of "decertified" countries with enemies such as Iran, Afghanistan, and Syria, none of which receives official U.S. aid.

Reagan's decision to certify Mexico, Bolivia, Peru, Paraguay, and Bahamas, is being challenged by Congress. Rep. Larry Smith (D-Fla.) introduced legislation March 10 to "revoke" Reagan's decision. If Smith's motion is passed by both houses, the administration will be mandated to cut off anti-drug aid to the five nations. This on top of the fact that this year's budget for foreign anti-drug programs dropped to \$98.750 billion from \$118.439 billion in 1987.

Assistant Secretary for International Narcotics Affairs Ann Wroblewski, the official personally responsible for drafting the strategy report, admitted that, in a way, the "certification" is political. It is a way for the United States to tell the world which countries are "drug-producers" and which are not. And, as she put it, "who would like to be regarded by the United States as a drug producer nation?"

In trying to counter the criticism, Wroblewski explained

that Mexico and Colombia were "certified" but with a "justification" attached to the report. According to Wroblewski, the "justification for the certification" amounts to "an asterisk" meant to send Mexico and Colombia a "signal," that if they do not "improve" their performance in 1988, they might not be "certified" again.

The certification of Mexico, in particular, was preceded by an internal fight within the agencies involved in the process. According to some media reports, the Drug Enforcement Administration and Elliott Abrams were opposed to a "full certification" of Mexico.

Other sources believe that the "certification" of Mexico was intended to stir up the anti-Mexican campaign in Congress without the administration's having to get into a "diplomatic confrontation." In fact, this is what has happened.

### **Reviving Mexico-bashing**

In hearings at the House and Senate to discuss the report, both Mexico and Panama became the target. "FDR's Good Neighbor policy has now stepped in the way of our war on drugs," U.S. Customs Commissioner William Von Raab told the Senate Foreign Relations Committee March 14. He told the committee that, "out of frustration" with what he described as "pervasive high levels of corruption" in Mexico's law enforcement and military agencies, U.S. Customs has "ceased" all contact and cooperation with Mexico. He said that in a letter to the State Department, he opposed the certification of Mexico and called on the U.S. government to "take strong actions" against Mexican corruption.

Sen. Jesse Helms (R-N.C.), who in 1986 chaired Mexico-bashing hearings, echoed Von Raab. Helms demanded to know from Von Raab the "names" of Mexican officials alleged to be involved in drugs. Von Raab agreed to give them but only in private session. The Customs Commissioner insinuated that there was "enough evidence" for indictment against Mexicans if the green light from the federal government were given, as happened with General Noriega.

The alleged lack of collaboration in the war on drugs has little to do with why Mexico and Panama are being targeted. As a matter of fact, both countries are among the most combative anti-drug fighters in the hemisphere. Drugs are the new tool for intervention. They want Noriega out, so he gets indicted. They want Mexico to stop interfering into the U.S. war games in Central America and guarantee that the next President of Mexico will continue to be a Wall Street asset, so Mexico gets attacked for not collaborating because of "endemic" drug-related corruption.

Mexico, as even the State Department points out, is waging a real war on drugs. Sixty percent of the Attorney General's office budget is allocated for the anti-drug campaign, 25,000 Mexican troops are involved in fighting drugs, the Mexican government has recently bought 15 helicopters for the war, and a legal assistance treaty between the U.S. and Mexico has been signed.

## Dems return to the smoke-filled rooms

With no clear frontrunner emerging from the pack of Democratic dwarves, party officialdom is frantically trying to get a hold on the outcome of the primary contest.

Democratic National Committee chairman Paul Kirk announced March 15 that he plans to hold a pre-convention convention to designate the party's presidential nominee. Kirk proposed to get all the candidates together, sometime after the final round of primaries, to forge a consensus on who the Democratic standard-bearer should be. Doing the wheeling-dealing before the convention, he indicated, would be less messy than allowing the convention to do the choosing.

Kirk said that whoever was the front-runner at the time of the meeting should become the nominee, even if that person had failed to garner the 51% of convention delegates necessary to win the nomination.

The proposal originated with Mario Cuomo, who outlined it at a press conference March 9, at which he said that the meeting should include Sens. Bill Bradley of New Jersey and Sam Nunn of Georgia, and Gov. Bill Clinton of Arkansas, all of whom have been mentioned as potential candidates.

Cuomo repeated his support for the idea during an interview on ABC-TV's "Nightline" just hours after Kirk went public with it, calling on Democrats to rally behind the front-runner after the California primary June 7. If that candidate does not have a majority of delegates, "party leaders should help that person" get it "before the convention, by making switches before the

convention."

Most of the candidates have been receptive to the Kirk-Cuomo proposal, hoping they will be the beneficiary of the back-room wheeling and dealing. But some party regulars are none too pleased. As one bitterly observed to *EIR*, "I should have known Kirk would pull something like this. After all, he's owned by the Kennedy family. I guess we're going to have to come up with a new name for the party, because it sure isn't democratic. The convention's just going to be a rubber stamp for the deals made by the boys in the back room, and maybe some wrangling over how deep a cut in defense spending the party platform should call for."

## Koch to lead 'draft Cuomo' movement

Cuomo's endorsement of the Kirk proposal, and his continued insistence that he is not a candidate, has still not convinced many Democrats that he's out of the picture.

New York City Mayor Ed Koch announced March 11 that he will personally lead a "draft Cuomo" movement at the Democratic convention. Koch told a local metropolitan TV interviewer that Cuomo was the party's best choice, since Mike Dukakis would lose to either George Bush or Bob Dole. Koch also proposed that Cuomo offer Jesse Jackson the post of "drug czar" in exchange for his delegates.

## Dukakis goes shopping for delegates

A deal with Jackson also looms large in Mike Dukakis's plans. The Massachusetts governor, whose claim to be front-runner was severely undercut by his poor third-place showing in the March 15 Illinois primary, has already

sent out feelers to Jesse Jackson, who has racked up a substantial number of delegates.

Dukakis's campaign reportedly has hired two black businessmen to sound out Jackson on a deal. An aide to the Massachusetts governor told the *Philadelphia Bulletin* that the Dukakis campaign "wants to maintain favorable relations with Jesse and his campaign and keep the lines of communication open" so that, "assuming we go into the convention in a position to seize the nomination, we can be ready to discuss what people want."

One of the businessmen was specifically assigned to sound out California Assembly Speaker Willie Brown, national chairman of the Jackson campaign, to see what Jackson would demand in return for handing his delegates over to Dukakis.

## Nixon encourages Dole to stay in race

Despite his extremely poor showings since the Iowa caucuses, Bob Dole is getting a lot of encouragement from Republican bigwigs, including former President Richard Nixon, to stay in the race.

Dole, appearing on CBS-TV's "Face the Nation" March 13, declared he would stick it out no matter how poorly he did in the Illinois campaign. He reported that Nixon, who has refused to endorse Bush, despite Bush's own personal request that he do so, "sent me a very nice telegram, in effect, hang in there, don't give up. . . . There are a lot of people who want an alternative. What about the 26 million people in California?"

Dole didn't say whether Nixon mentioned Bush's deepening Iran-Contra troubles, but that's certainly entering into the Kansan's political calculations.

## Anti-SDI 'expert' takes pounding from press

John Pike, who bills himself as the associate director for space policy of the Federation of American Scientists, has frequently been interviewed by the major news media to attack the Strategic Defense Initiative (SDI).

Pike, in all his self-righteous smugness, spoke at the National Press Club March 17, confident that, with the SDI in a state of retreat under pressure of budget cuts, he could drive another nail into the coffin of the program.

In a surprise turn of events, however, a line of questioning initiated by this reporter was followed up by numerous others, which sent Pike and his cohort, Tom Longstreth, scurrying for the exits.

It was a rare occasion. A major anti-SDI charlatan was exposed by the press in a way that inflicted serious damage on his credibility.

Pike called the press conference to release two new reports assessing the SDI program's compliance with the Anti-Ballistic Missile (ABM) treaty of 1972.

It came one day after the SDI Organization release its own assessment of the impact of scheduled tests on compliance with the treaty, a new procedure adopted by the SDI). The assessments reflect the office's increasingly defensive posture in the wake of budget cuts and the administration's virtual abandonment of all but lip service to the program.

Pike applauded the SDI office's assessment report, saying it was "a step in the right direction," but then questioned its conclusions, and pointed out that "down the road," the SDI

program will conduct a number of tests in direct violation of the ABM treaty, including the "airborne optical adjunct," the Zenith Star space-based chemical laser, and the booster surveillance and tracking system.

In fact, he said, that the "airborne optical adjunct," which amounts to nothing more than placing a telescope sensor onto a Boeing 767 aircraft, may already be in violation of the treaty, simply because the telescope has been mounted, even though the test will not be conducted for over a year.

The first question came from a journalist wanting to know what Pike thought should be done about the Soviet's giant Krasnoyarsk radar, which is a clear violation of the ABM treaty. It was a timid question, but a harbinger.

Pike was prepared for it. He recited his answer in such a droning tone, it sounded like a memorized reply. He agreed that Krasnoyarsk was a violation of the ABM treaty, and that the United States should do more to confront the Soviets about the fact. He added that Soviet leader Gorbachov has said that construction on the radar has stopped, and endorsed Gorbachov's suggestion that an agreement be reached for the Soviets to eliminate Krasnoyarsk in exchange for the U.S. removal of early warning radars in Greenland.

This reporter pushed Pike farther, noting that the real concern of U.S. intelligence circles is not a particular Soviet treaty violation here or there, but the fact that the Soviets are preparing a total breakout from the ABM treaty and deployment of a nationwide ABM system.

Pike was ready again. If this was true, he asked, then why isn't the administration reacting accordingly? Why isn't it calling for more "penetration aids" to counter a Soviet ABM system? The fact the administration is

not doing this, he said, is proof to him that there is no Soviet plan to build a nationwide ABM system, "despite what some cowboys at Air Force Intelligence might be saying."

I asked, "Isn't there a flaw in logic here? If the administration fails to act on its own violations of the ABM treaty, then you send up a great hue and cry. But if it fails to act on Soviet violations of the treaty, then you say that's proof the Soviets aren't violating it."

Longstreth interjected to bail out Pike, "But it is our view that the Soviets aren't building a nationwide ABM system."

I retorted, "How can you draw that conclusion? You are not in the intelligence business."

Pike said, "Because of what's in the public record, and because of leaks provided to us by folks like you."

Four other reporters jumped into the fray with a succession of follow-on questions.

**Q:** Is it really your policy not to question the government if it fails to make an appropriate response to the Soviet threat?

**A:** I answered that already!

**Q:** You say that the U.S.'s response to a Soviet ABM breakout would be to build more penetration aids. What if its response is to build the SDI, instead?

**A:** If that's true, then the game is over, because the SDI won't be ready for 10 years.

**Q:** A first-phase deployment could be ready much sooner.

**A:** But not within a year, which is when those Air Force boys are saying the Soviets will be ready.

**Q:** What if the concern is that the Soviets are incrementally ahead, and that slowing our SDI will give them a marginal advantage?

**A:** Listen, can we cut this short? I have a plane to catch.

## Burton defends Masters and Johnson

In a speech on the floor of the House in mid-March, Rep. Dan Burton defended the recently published book by Masters and Johnson on the AIDS epidemic, which has been heavily criticized by official medical institutions. Burton (R-Ind.), who has authored legislation calling for mandatory testing of the entire population, stressed the need for quick action if we are to prevent a catastrophe.

"The facts show," said Burton, "that we have got a tiger by the tail. This is not an epidemic, but a pandemic staring us in the face. We have to head it off at the pass, and the only way to do it is to start off with testing." Burton referred to the studies by Dr. Alan Salzborg of Miles City, Montana, saying, "If we do not start by 1990 or 1991, his estimates are that by 1995 to 1998, in that three-year period, we will have somewhere between 3½ and 5 million people actually dead or dying from AIDS."

Referring to a statement by Surgeon General Koop, who played down the danger of catching AIDS in extramarital heterosexual relations, Burton commented, "Our Surgeon General is saying that the dimensions of this disease will not be known for years. What he is saying in effect is that it is going to continue to spread and there is no way of knowing how far it will spread and we are going to have to let it go unabated, except for maybe throwing out some educational materials to each household."

Burton also went on the offensive against those who are consciously down-playing the danger of the AIDS epidemic in order to prevent the spread of panic among the general population. "I believe just the opposite," said Burton. "Abraham Lincoln said, 'Let

the people know the facts, and the country will be saved.' If you want a real panic, those of you at HHS and CDC, just wait until this thing really gets out of control."

Burton continued with an analogy from the period of the Black Plague: "When the bubonic plague was at its height during the 14th and 15th centuries, if somebody was suspected of having the bubonic plague, they boarded up their house and they burned them alive, and if you think that cannot happen in a civilized country like the United States, you are wrong. We need to tell people what they are up against in this country. We need to get on with the testing program so we can minimize the damage."

## Major gains predicted for the Democrats

Although Mike Dukakis is seen trailing George Bush in the presidential race in polls recently taken on Capitol Hill, the situation looks much worse for the GOP in congressional races this year.

The latest survey predicts that the Democrats will gain 10 seats in the House in November, increasing their margin to 267-168, and will have even odds or better of winning races for 15 seats now held by Republicans.

The GOP, on the other hand, has fair chances of winning races for only five seats now held by Democrats.

The rate of retirement plays a certain role here, with 12 Republican House members giving up their seats either to retire or to run for the Senate, as compared to only 7 Democrats. The picture becomes even gloomier for the Grand Old Party if one takes into consideration that the next congressional election will also be a referendum on

the "Reagan recovery"—which voters have heard so much about, but seen very little of.

## Senate votes to restrict covert action

Despite veto threats from the White House and objections from Director of Central Intelligence William Webster, the Senate approved 71 to 19 a bill which would overhaul existing intelligence oversight legislation in order to close loopholes utilized by President Reagan to keep Congress in the dark for 10 months about the secret sale of arms to Iran and the diversion of profits to Contra forces in Nicaragua.

In place of current requirements for "timely notice" of such covert operations by the President, the bill would require notification in advance under "ordinary circumstances," and notice with delay of no more than 48 hours on "rare occasions when time is of the essence." Notification could be limited to the four top leaders of Congress, in cases where disclosure would put national security at "grave risk."

Attempts to lengthen the notification period were defeated by large margins. A proposal by Sen. John Chafee (R-R.I.) to extend the 48-hour notice limitation to 10 days was defeated 60-32. Another proposal by Sen. James McClure (R-Ida.), which would have allowed the President to withhold notification when lives were at stake or the cooperation of other countries jeopardized, was defeated 65-23.

President Reagan may deem it fit to veto the bill in its present form, although, as it was passed by such a wide margin, it is likely that Congress would override a veto.

Senate approval of the bill came at the same time as the announcement by Independent Counsel Lawrence Walsh that indictments were imminent for the chief participants in the Irangate scandal.

### **A** **Amendment to INF** **seeks data accuracy**

Republican Sens. Steven Symms (R-Ida.), Malcolm Wallop (R-Wyo.), and Jesse Helms (R-N.C.) have submitted an amendment to the INF treaty which specifies that no provision in the treaty will be effective until the President certifies that the Soviet Union has provided accurate data regarding the size and composition of its SS-20 missile force.

As there have been contradictory reports and testimony regarding the actual number of SS-20s the Soviets have, including skepticism expressed by Admiral Crowe, the head of the Joint Chiefs of Staff, concerning the accuracy of the Soviet data, the Senate would have to go into closed session in order to hear some of the material, much of which is classified.

The three senators have attempted to initiate a discussion of this amendment before the treaty is actually brought to the floor by the Majority Leader. They wanted to use the occasion of the bill on covert action to bring the amendment onto the floor.

If the floor discussion of the amendment takes place before the Select Committee on Intelligence and the Armed Services Committee report on their hearings to the Foreign Relations Committee, it could affect any recommendations made by the Foreign Relations Committee before submitting the INF treaty to floor debate.

A discussion of this amendment

will probably be scheduled for some time in late March.

### **A** **Anti-nuclear** **bill defeated**

A bill that would seriously penalize contractors involved in work at the nation's nuclear weapons plants was defeated by the Senate 53-41. The bill, promoted by Sen. Howard Metzenbaum (D-Ohio), would have forced many contractors to shy away from involvement in nuclear weapons production by making them liable for future accidents caused by negligent work at the plants.

As Sen. J. Bennett Johnston (D-La.) pointed out, "Rather than attracting the big companies with their reliability and expertise, we'd wind up with fly-by-night operators running these plants." Johnston succeeded in tabling the motion, offering a compromise which would provide for stiff fines, ranging up to \$100,000 per day, for violations of safety rules by Energy Department contractors. Additional fines, and prison sentences ranging up to five years, could be imposed on corporate officials who commit "knowing and willful" safety violations. The compromise amendment was approved 94-0.

### **R** **ep. Biaggi appeals** **his sentence**

Rep. Mario Biaggi (D-N.Y.), sentenced to two-and-a-half years in prison on bribery, racketeering, and tax fraud charges in connection with the Wedtech scandal, has appealed his case. The trial could last up to three months. Biaggi is said to be in a bit of

pecuniary difficulty because of the legal fees.

But, according to Bob Blancato, a spokesman for the congressman, Biaggi was given an "enormous ovation" at a party for New York politicians recently.

### **H** **ouse Republicans hail** **Honduras troop deployment**

House Republicans led by Rep. Robert Dornan (R-Calif.) are beating the drums for the presidential decision to send U.S. troops to Honduras. The good congressman, after chairing an excellent hearing on the problems of Soviet non-compliance with their treaty obligations, stepped into the briar patch of what could become a new Vietnam debacle.

Having shown such political acumen on the question of Mr. Gorbachov's disinformation campaign, which led to the signing of the INF agreements, the congressman and his honorable colleagues are about to knee-jerk their way into the jungles of Central America—to the tremendous delight of that same Mr. Gorbachov. The Russians have set up that particular booby trap precisely for gentlemen with conservative inclinations.

No, gentlemen, the big game is elsewhere than the jungles of Nicaragua. As these gentlemen rant and rave about Communist infiltration in Central America, the Soviets are consolidating their positions on the plains of Central Europe. And that same tough President who is being lauded by his conservative colleagues for his determined stand to stop what he alleges to be an invasion of Honduras, is still shining his shoes and cleaning his tux to make that important date with Gorbachov sometime in May.

# National News

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## ACDA says Soviets can easily cheat on treaty

The Soviet Union could circumvent the INF treaty by deploying a covert force of SS-20 missiles, according to a secret study of the treaty delivered to Congress by the Arms Control and Disarmament Agency (ACDA).

According to a report published in the *Washington Times* on March 15, the report said it was "unlikely" that U.S. intelligence monitors could detect Soviet deployment of clandestine missile forces slated for elimination under the treaty. It concluded that U.S. intelligence agencies had "low confidence" in U.S. ability to detect false Soviet data on INF missiles or secret missile production.

A group of arms control experts from outside the U.S. intelligence community concluded that the Soviets could easily store illegal missiles and launchers covertly in other facilities where there are no rights of inspection; they could falsely under-report their inventory of missiles and launchers, possibly understating their inventory by hundreds; and they could easily make deceptive demonstrations of missile dismantling."

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## Kissinger: I'd love to be President

Henry Kissinger declared in an interview with television talk show host John McLaughlin on March 13, that he "would be very tempted" to run for President, if the United States were to pass a constitutional amendment that would allow him to run (he was not born in the United States).

Barring such an amendment, Kissinger's aspirations are directed otherwise. He is now playing an important behind-the-scenes role in the Mideast crisis, and is slated to deliver what is billed as a "major speech" on the issue on April 8.

The *New York Times* recently reported

that Kissinger has called for Israel to impose a press blackout in the Occupied Territories, and to proceed "rapidly and brutally" to wipe out Palestinian resistance. In his TV interview, Kissinger denied this, and said that Israel "must give up some land" to the Palestinians.

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## Will Kissinger take the stand in LaRouche case?

In perhaps the most bizarre twist yet in the Boston trial of *U.S. v. The LaRouche Campaign, et al.*, prosecuting attorney John Markham announced in court on March 17 that he intends to call Henry and Nancy Kissinger as witnesses.

Markham's announcement came in response to defense attorney Meyer Morganroth's introduction of a series of 1982-83 letters between Kissinger, then-FBI director William Webster, and Executive Assistant FBI director Oliver "Buck" Revell. The documents detail Kissinger's 1982 efforts to get a federal criminal investigation opened against LaRouche and associates, on the grounds that LaRouche "harassment" of Kissinger was in violation of federal civil rights laws.

Prosecutor Markham has attempted to ridicule assertions that Kissinger was party to long-time anti-LaRouche operations by a faction in the intelligence community, which led to the current frame-up trial of LaRouche and several associates.

In one of the documents submitted to the court, a letter to Webster, Kissinger wrote, "I appreciated your letter forwarding the flyer which has been circulated by Lyndon LaRouche, Jr. Because these people have been getting increasingly obnoxious, I have taken the liberty of asking my lawyer, Bill Rogers, to get in touch with you to ask your advice, especially with respect to security."

When Markham stated that he anticipated that the defense would demand a hearing to challenge his subpoena of the Kissingers, the defense lawyers sprang to their feet to declare that they had no objection whatsoever.

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## DEA: Noriega helped nab top drug-trafficker

Testifying before the House Drug Task Force on March 11, the deputy assistant director of the Drug Enforcement Administration, Tom Byrne, stated that it was due to the efforts of Gen. Manuel Noriega and the Panamanian Defense Forces that the DEA was able to capture Colombian drug-trafficker Reynaldo Ruíz, identified by federal law-enforcement officials as the leader of a dangerous Cuban-linked cocaine ring.

"We found out Ruíz was in Panama and informed the PDF Sunday evening that we wanted Ruíz to be sent to us. By Monday March 7 at 3.05 a.m., the PDF had put Ruíz on an airplane to Miami," where we arrested him, Byrne told Rep. Larry Smith, when asked whether the DEA continues to collaborate with General Noriega.

The U.S. media widely reported Ruíz's arrest, but never mentioned Noriega's role.

In other House testimony, the State Department's Ann Wroblewski admitted that Panama had cooperated with the DEA in key anti-drug operations in 1987. She referred to "Operation Pisces," which ordered the freeze of \$14 million in drug money in over 200 bank accounts in 18 banks in Panama's offshore banking center.

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## Houston in political crisis over budget cuts

Faced with a \$10.8 billion budget shortfall for Fiscal Year 1988, Houston city department heads have announced that in order to meet the mayor's spending guidelines, they will have to lay off 1,129 employees, close two health centers, cut health services, limit library hours, close swimming pools, cut street maintenance, and stop demolition of dangerous buildings. Included in the layoff figures are 287 police officers, of a force that Police Chief Lee Brown says is already short 500 officers.



## Briefly

● **ROBERT DOLE'S** presidential campaign launched an investigation into the possibility of sabotage on March 13, after a mysterious power failure disrupted his live, half-hour television commercial, the *Daily Telegraph* of London reports. Campaign chairman William Brock said that the power failure, coming after three hours of flawless testing, was suspicious, and he instigated an investigation.

● **NASA** announced on March 16 that the first post-Challenger flight of a Space Shuttle will be Aug. 4, and that six small and medium-sized expendable rockets will be launched this year, four in 1989 and seven in 1990.

● **A MOTION** of the National Democratic Policy Committee, the political action committee of the LaRouche wing of the Democratic Party, was denied in federal court in Boston on March 14. Judge David Mazzone rejected the NDPC's request that a \$5 million fine levied against it be vacated, as an "economic death penalty" against a political association protected by the First Amendment. The NDPC will appeal the ruling.

● **THE PRESIDENT'S** Commission on Privatization submitted its report on March 18. It calls for repealing laws that bestow a monopoly on the U.S. Postal Service and proposes that federal prisons be considered for operation by private companies.

● **WILLARD ZUCKER**, the Geneva-based financier linked to Dope, Inc.'s Robert Vesco, is emerging as a key witness in Special Prosecutor Lawrence Walsh's Irangate investigation, the *Washington Post* reported on March 18. Zucker served as the accountant for dummy corporations and bank accounts set up by Gen. Richard Secord and Albert Hakim to carry out Lt. Col. Oliver North's directives. "He knows where the money went," said one congressional investigator.

In the midst of this crisis, Mayor Kathy Whitmire has just given her top aides 21% raises. The city comptroller has slapped a 5% cut on city spending.

"This is just absolutely the worst mess I have ever seen," said Councilman John Goodner. The City Council has threatened to throw out the mayor's budget proposal and adopt its own.

### FBI's use of private groups exposed

The *Boston Globe* reported on March 15 that the FBI "has used a network of private right-wing groups to gather intelligence on Reagan administration critics," and named John Rees, the Moonie organization, and other groups as part of the FBI network. This information had hitherto been published only in *EIR*.

The *Globe* wrote that it has documentation which contradicts testimony on this matter given to the Senate Intelligence Committee in February by FBI executive assistant director Oliver Revell.

John Rees, a long-time stringer of intelligence services, was reportedly used by the FBI to publish secret information, "thus allowing the FBI to quote open-source material from an independent authority to justify its activities," said the *Globe*. Rees reportedly used his *Information Digest* newsletter to publish illegally obtained information from local police departments, and then claimed a First Amendment privilege to hide the identity of his sources.

The *Globe* also noted that Rees maintains close ties to retired Maj. Gen. John K. Singlaub, a key figure in Oliver North's private Contra-support operations.

Following the publication of the *Globe* article, defense attorneys in the case of *U.S. v. The LaRouche Campaign, et al.* in Boston filed a motion for the government to turn over evidence regarding the FBI's use of "private" informants against the accused. Rees, in particular, has been active against LaRouche, and has devoted a number of

issues of his newsletter to attacks on the presidential candidate.

According to the defense motion, Rees's conduct "permits the government to disavow its association with these informants in a situation where the informant is actively engaged in conduct at the behest of the FBI."

### Father's perjury exposed in du Pont Smith case

"Until now, the Chester County Court battle between industrial heir Lewis du Pont Smith and his family has been one of million-dollar inheritances, temporary insanity, political intrigue and weddings in Rome," the *Philadelphia Inquirer* wrote on March 16.

"But yesterday, it was thoroughly disrupted by a report of a simple house break-in—with Smith's father, E. Newbold Smith, as the alleged perpetrator.

"As the courtroom was gripped by stunned silence, the attorney for Lewis du Pont Smith introduced a report by police in Leesburg, Va., that his father had illegally entered his home there Nov. 16 and stolen personal papers. . . .

"Lewis du Pont Smith was originally declared mentally incompetent after an action was brought by his father and other family members. The elder Smith petitioned the court after his son contributed \$212,000 to political extremist [sic] Lyndon H. LaRouche, Jr. Under the ruling, the younger Smith cannot marry, vote or enter into contracts. . . ."

The new hearing was held at the request of E. Newbold Smith, who petitioned the court to have Lewis re-examined by the family's hand-picked psychiatrist, in a renewed effort to annul Lewis's marriage. Newbold originally testified that he had only been in Lewis's home once, and had not been there on Nov. 16, 1987, the date that the break-in in fact occurred.

When the evidence of Newbold's perjury was presented to the court, his astonished attorney consulted privately with his client, and then announced that the family was withdrawing its petition.

### *In the footsteps of Kissinger*

The just concluded visit of Israeli Prime Minister Yitzhak Shamir with President Reagan was predictably without resolution. The U.S. proposal for a Mideast conference is predictably finding few takers. But was it ever intended to?

The United States is making none of the kind of offers to Israel which would sweeten the package. The same is true of Secretary of State Shultz's shuttle diplomacy. So far the only effect of his tactics has been to strengthen the position of the Sharon faction inside Israel. And kicking the PLO's U.N. delegation out isn't designed to win Palestinian support either. Nor is insulting Jordan's King Hussein, and omitting a role for Egypt altogether.

From the standpoint of any rational policy considerations, the American stand is just as suicidal as that being pursued by the Israelis. Israel is mobilizing itself for a final solution to the Palestinian question, by summarily expelling its Palestinian population; the United States is positioning itself to be an impotent onlooker. In the meantime, the war-fighting capability of the Israeli army is being destroyed.

The atrocities being reported against the Palestinians, must awaken an awful resonance in the average Israeli citizen, who is after all extremely well versed in the horrors of the Holocaust. This is the Bettelheim Syndrome (the mentality of the prisoner who identifies with his guard) run wild. It is even worse for army morale.

The situation in Israel must be looked at against a backdrop of the increased potential for destabilizations in the Mideast and in central Asia. The Sharon policy is to deliberately foster an Islamic fundamentalist backlash among the Arabs, as a way to bring his own Jewish fundamentalist bloc into power in Israel.

There is a Soviet element in all of this. With regard to Israel per se, the Soviets have a supply of Russian Jews whom they can release to the Israelis to replace much needed Palestinian manpower. There is no doubt that Sharon is working hand-in-glove with them.

Soviet withdrawal of troops from Afghanistan is likely to result in the succession to power in that country

of KGB-controlled Muslim fundamentalists. Even without the extension of hostilities to Pakistan, as the Najibullah clique now threatens if the Pakistanis do not accept their government, that nation will be threatened with civil war if the fundamentalists become hegemonic in the area. This will then play back to moderate Arab states such as Pakistan's ally, Saudi Arabia, and the whole package will tend to weaken the Egyptian government.

The analysis circulating in intelligence circles is that Israel will be given a free hand in "solving" its Palestine problem, and that the Soviets will not back an Arab war against them. A more likely scenario is that the Israelis carry out this ugly act of genocide upon the Palestinian people to the outrage of the world. A well-armed Arab force then launches a war against them. In this scenario the Israeli army would be riven with internal dissension, over the slaughter of innocent civilians, in which they have been forced to participate. Its vaunted war-fighting capabilities would have been sapped by low morale.

The United States would not come to Israel's defense, nor would any other nation, because Israel would have been branded an outlaw nation. And the final solution for the Palestinians would turn out to be a final solution to the Israeli problem as well.

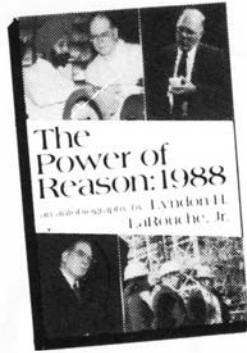
Should this be the scenario which plays out, the question "who benefits?" is easily answered. America, which is cavalierly disarming its allies in Europe, and threatening to invade the friendly nation of Panama, will have presided over the destruction of two other mainstays of American foreign policy, Pakistan and Israel.

In this, George Bush is a worthy successor to Henry Kissinger and Zbigniew Brzezinski. It's about time we had someone in the State Department who places American foreign policy interests first, rather than subjugating these to the purpose of appeasing the Soviets. The United States can avert a bloodbath by accepting the proposal for a "Marshall Plan" for the Mideast made by ex-Israeli Premier Peres. There is still time, but not much.

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