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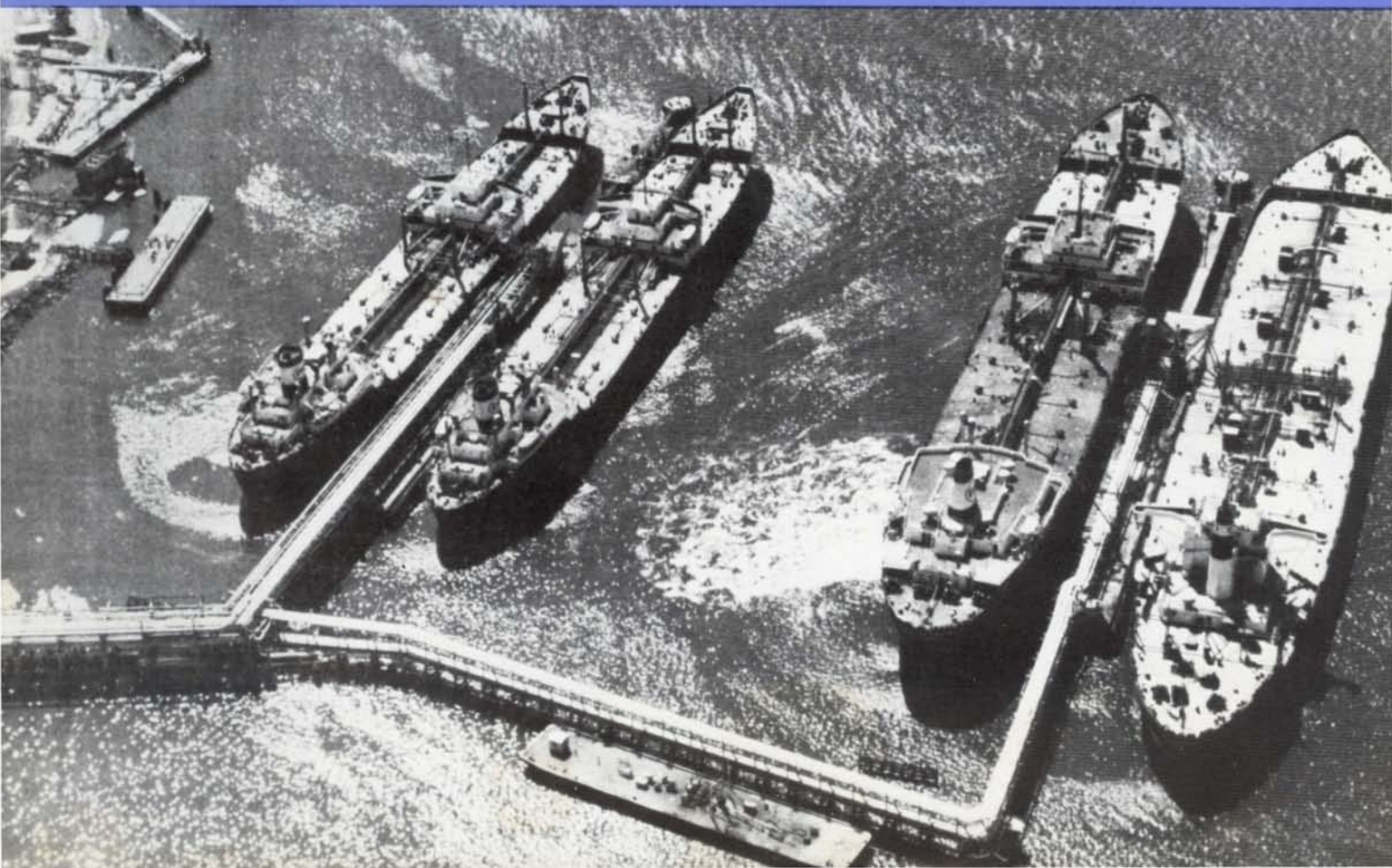
Executive Intelligence Review

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Insurance cartel holds secret meeting on AIDS
Drought becomes 1988 campaign issue
The Pasteurians: building nations by science

**Trail of petrodollars leads to
Irangate's 'invisible men'**



The trail leads from Russia's KGB . . . to Shabtai Kalmanowitch. . . to Armand Hammer . . . to George Bush.

Now, for the first time, *EIR* tears the mask off Vice President George Bush's full and witting involvement in the Irangate scandal—and in Moscow's takeover of the U.S. intelligence establishment.

EIR

SPECIAL

REPORT

The Kalmanowitch Report:

Moscow's Moles in the Reagan-Bush Administration

with a preface by Lyndon H. LaRouche, Jr.

On December 23, 1987, some were shocked at the news that Israeli playboy and arms trafficker Shabtai Kalmanowitch had been caught working as a top agent for the Soviet KGB. But it was no shock to George Bush's "secret government," which had just finished brainwashing President Reagan into accepting Moscow's phony "peace" treaties.

For more than 20 years Moscow has been using the Israeli intelligence services as a conveyor-belt to place its agents high within the U.S. government. And although "little fish" Jonathan Jay Pollard was caught passing U.S. secrets to Israel—and from there to the KGB—the man who recruited Pollard still walks free at Tufts University in Massachusetts.

The threads of the Kalmanowitch story lead into the most sophisticated sorts of Soviet warfare against the West: from the brothels and casinos of Bophuthatswana in South Africa, to the burgeoning Russian mafia in the United States, to the "State Department socialist" Roy Godson, to Soviet agent Armand Hammer, and directly into the Reagan-Bush White House.

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Founder and Contributing Editor:

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Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

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

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From the Editor

Conspiracy comes from the verb conspire, which simply means “to breathe together.” A pretty frequent activity—although some stubbornly irrational souls in the world today still “don’t believe in conspiracy theories.” In this issue of *EIR* we have assembled some rather astonishing facts about the actual conspiracies which have brought this world to the brink of a holocaust of starvation and disease far more dangerous than nuclear war.

Start with the oily pawprints of the subjects of our *Feature*, oil industry consultant Ted Shackley, once a top CIA spook, and “Tiny” Rowland, magnate of the British Lonrho corporation. Both show up as major players in Anglo-American oil and raw materials deals that are pivotal to the “New Yalta” accords being negotiated between Moscow and Washington—against Western interests.

Then take a look at the way the AIDS crisis is unfolding. Two exclusive reports are filed from our European bureaus (pages 6-9). One comes from the Stockholm conference of the World Health Organization, where despite the introduction of a good deal of important evidence about the nature and spread of this disease, the undercurrent set by the WHO was of *acceptance* of AIDS. In The Hague, meanwhile, the insurance cartel was meeting to plot how to keep from spending any money to defeat AIDS or to extend the lives of AIDS sufferers!

On pages 10-11 and 62-63 we introduce two facets of another crisis which looms as an even more immediate threat to the world’s 5 billion inhabitants than AIDS: food shortages. We charge that what is afoot here is deliberate genocide. *EIR* can prove the present drought has turned into catastrophe because of the “New Yalta” establishment’s willful decisions, to cut farm production and not to build needed water projects, in order to ensure their top-down control over the world food supply.

Finally, in a special package on pages 48-52 you can read about the threat of terrorism against the Summer Olympics in Seoul, and learn how the Republic of Korea’s “dissidents” were manufactured right here in the U.S.A.

EIR exposes these conspiracies, because we, too, are running a conspiracy—a conspiracy to bring Western governments back under the control of a responsible citizenry, before it is too late. We hope that readers will be angry enough to help us win.

Nora Hamerman

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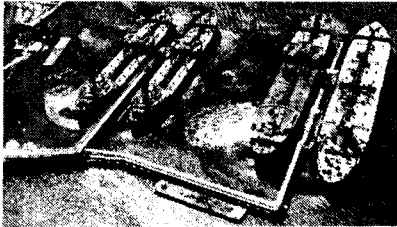
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U.S. trade figures show a depression in progress

by Joyce Fredman

On June 14, the U.S. Commerce Department announced that the U.S. trade deficit had fallen dramatically to the lowest level in three years. The 15.5% drop brought the official figure to a seasonally adjusted \$9.89 billion.

Newspapers and government officials manically applauded the news that the trade deficit was under \$10 billion. After all, last year's figures included the record \$15 billion and up. This was enough to cause investors to happily buy, sending stocks, bonds, and the dollar up. The 25.07 point jump on Wall Street's Dow Jones brought the index to 2124.47, its highest since the October crash. A suckers' rally began.

The ink had barely dried on the euphoric headlines, however, when a different set of statistics forced a more somber view. On June 15, the same Commerce Department revealed that the current account deficit had risen \$6 billion, to \$39.75 billion, an increase of 18.6% from last year's fourth quarter. For the first time in 30 years, the country had a deficit in investment earnings, enough of a deficit to offset any supposed increase in merchandise trade.

On June 16, the Dow Jones plummeted 37 points. So much for the suckers.

What the figures mean

For those who have grown wary of government statistics and their vicissitudes, a closer look at what these figures presumably represent is useful. The trade figures, released monthly (seasonally adjusted on a quarterly basis), show the net result of the total imports and exports. This includes broad "end-use" commodity categories: 1) food, feeds, and beverages, 2) industrial supplies and materials, 3) capital goods, except automotive, 4) automotive vehicles, parts, and en-

gines, 5) consumer goods (non-food), and 6) other merchandise (military goods, estimates of low-valued shipments, etc.).

Hence, on a not seasonally adjusted basis, April imports of \$36.3 billion and exports of \$26.5 billion resulted in a merchandise deficit of \$9.8 billion. April imports were \$2.3 billion less than in March, and exports were \$2.6 billion less than in March.

In fact, the drop in exports would have been even greater had not Taiwan purchased \$600 million in gold from the United States. This purchase's inclusion is itself a new accounting procedure, set up to artificially influence the results; historically, gold purchases would have been counted as adjustments between central banks.

When an *EIR* reporter asked Treasury Secretary James Baker III, if this, then, did not represent a contraction, Baker choked on the magic word. Definitely not, he explained. Although certainly imports are down, exports are down, investment earnings are down, and debt service is up (all of which describe a contraction to the satisfaction of normal people), the "66 months of Great Recovery" spokesman was adamant. This simply presages a contraction, he informed the press.

Faced with the reality of the economy grinding to a halt, even some on Capitol Hill were not prepared to celebrate these ominous figures. Sen. Robert Byrd (D-W.Va.), in responding to the trade deficit, admitted, "it may simply mean that American business is slowing the pace of investments in America's future." As to the burgeoning debt situation, he pointed out, "By the end of last year, we were about \$420 billion in debt to the rest of the world. At the current pace, we are on our way to reaching the \$600 billion level by the end of next year" (see *Congressional Closeup*, page 68).

Already a new record deficit

In fact, the current account deficit of \$39.75 billion for the first quarter translates into an annual deficit figure of close to \$160 billion, topping last year's record of \$153.96 billion. These figures add to the overall indebtedness of the United States and become good reason for analysts to project the total debt picture to approach the \$500-600 billion range. The United States now has the dubious distinction of being the world's single largest debtor, shouldering more than five times the amount of Brazil, the country previously in that position.

The current account deficit is a more broad-reaching criterion for the country's actual financial situation than simply the trade deficit. It includes trade in merchandise and services as well as financial transactions. The services category had gone from a fourth-quarter surplus of \$12 billion to a first-quarter deficit of \$655 million, the first such deficit in that category since 1958.

Included in this calculation was a correction, typical of this administration's proclivity for varying the statistics to suit the stars. Last December, the Commerce Department had said that in the third quarter, for the first time in 50 years, foreigners earned more on their investments in the United States than vice versa. On June 16, the department revised its third quarter statistics. Now the numbers read that the United States investors' earnings were the greater in that quarter.

But for the first quarter of 1988, foreign investments in the United States had the upper hand, at least until someone decides to revamp the data. While U.S. investors earned little more than \$25 billion in interest and dividends on holdings abroad, foreign investors here earned close to \$26 billion. Add to this \$3.15 billion that the United States paid in foreign aid and Social Security benefits for retired Americans who live overseas, and the deficit gets larger. Such statistics dealt a blow to the shortlived, cockeyed optimism of the financial community.

"This means that we're going to be paying more interest and more dividends to foreigners and that's going to cause our current accounts deficit to continue to deteriorate," said Bank of America's senior economist Frank McCormick.

"It reflects what's been happening in the long run—that we've become a debtor country," said the chief financial economist at Data Resources.

The real joke is that what it in fact reflects, is that these clowns don't have an overview that extends to next week. The U.S. government and financial community have been following the dictates of their creditors, so anxious to please the likes of Dutch Finance Minister Onno Ruding (chairman of the Interim Committee of the International Monetary Fund), Nigel Lawson (Great Britain's Chancellor of the Exchequer) and Hans-Jörg Rudloff (member of the executive board of Crédit Suisse) that the irony of the demands of this crew of banking hotshots has escaped them.

The United States was told to cut imports and to keep domestic consumption to a minimum, otherwise the financial stability of the United States would be severely jeopardized. Imports have been cut, and the trade bill calling for such restriction was received as the greatest thing since sliced bread. Never mind that 20% of total U.S. consumption is imports, and cuts in such imports would have drastic consequences for every household. Austerity is the word of the day, from the federal government to every state and local budget. The result—not only is there no financial stability, there is no real economy left.

The reason foreigners have been making more money, is that the United States doesn't have any money to invest. The country is bankrupt, and has only been kept together through the generosity (shrewd as they may think it) of our allies. The Japanese are called the "Arabs of the '80s," because of their increasing purchases of real estate. The truth is, Americans are lining up in droves to sell it to them. From 1984 through 1986, the Japanese have more than tripled their U.S. real-estate investments.

This paucity of capital is not only restricted to real estate. Financial wizards advise keeping consumer spending to a minimum, because factories are overburdened and already operating at full steam. They are overburdened because the total number in existence has been drastically slashed. Steel and auto output have been decimated. Steel mills have not just been shut down, they've been destroyed and replaced with health spas. Shipyards are at one-third of their capacity. Though agriculture is supposed to have stabilized, beef herds are the lowest they have been in 20 years. Whether or not consumers had the means by which to purchase becomes secondary at a certain point. The question becomes, where are the goods?

These are the realities of which trade deficits and current account deficits are only a meager reflection. Yet the figures are paraded and adjusted to goad a gullible population into accepting the policies of austerity that have already been decided upon.

The *Washington Post* editorial of June 16 cheered the latest trade figures as proof that exchange rates work: "This latest report comes at a fortunate moment for President Reagan, who will be off next weekend to the annual meeting in Toronto of the seven big industrial democracies. He will be able to say, quite correctly, that although U.S. policy isn't likely to change over the next seven months, the delayed effects of the present exchange rates are going to keep producing improvements, automatically, in that ominously large trade deficit."

That is what the figures are for, to reaffirm a policy of a weak dollar and constricted consumption for the United States. This country is indeed in a contraction. It is only a matter of time and patience before those who have shielded us from the most extreme consequences of such actions, by their bailouts, decide to cut their losses and run.

Insurance cartel holds secret meeting on AIDS

by an EIR Special Correspondent

From June 13-14, leading representatives of the international insurance and reinsurance cartel met secretly in The Hague, Netherlands, to discuss the theme, "Insurance and AIDS."

One consensus that emerged from the proceedings was that "hospices and home care" should be encouraged as means to reduce costs in treating AIDS victims, by "getting AIDS victims out of the hospitals." With such a consensus, the meeting of insurance influentials should give a new impetus to euthanasia and other forms of genocide. It was appropriate that the host country of the meeting was Holland, where euthanasia is practiced more widely and openly than in any other Western country.

The meeting was sponsored by The Geneva Association, a shortened name for the "International Association for the Study of Economics of Insurance." The Geneva Association's secretary general and administrator is Prof. Orio Giardini, the in-house economist of the malthusian Club of Rome, and one of the leading figures in the European environmentalist movement.

Participants and speakers came from UNESPA, the Spanish insurance company federation based in Madrid; Lloyd's of London; Allstate of the United States; Alte Leipziger Versicherung of West Germany, Nationale-Nederlanden of Rotterdam, Holland; and others.

The meetings began with a presentation by researchers from the Rand Corporation on their newest model mapping the spread of AIDS. Then, on the afternoon of June 13, the central theme was "The Problem of Aging of Populations." On the morning of June 14, insurance company experts from around the world presented the newest findings on the global AIDS situation.

According to one senior insurance company operative who attended the meeting, and who asked to remain anonymous, certain ideas for "containing costs" for AIDS victims were discussed among participants. "Home care and hospices are precisely what was under discussion. Some of the large insurance companies in the U.S. have opened *their own* hospices, which is not being widely discussed, and we're not saying what the names of the companies are. We can say, with safety, that this is a growing trend."

This individual continued, "The secret is to get AIDS victims out of the hospitals. . . . No one wants to build more hospitals for AIDS victims, that is completely the opposite

from the direction we want. . . . What *might* happen in certain countries, is that AIDS victims might take up a certain amount of hospital beds. But the worst impact is not the number of beds, it is the overall *cost* of treating AIDS. The point is that treating one AIDS patient is equivalent to treating 120,000 patients suffering from other diseases. So, the emphasis is on the cost angle rather than the bed angle. In short, people are going down the hospice route."

He said that some attendees at the meeting in The Hague gloated that "quite successful means for containing costs" had been found, which had, in some cases, brought the cost of treating AIDS patients down to \$40,000 per patient. Insurance experts believe this can be reduced further to \$30,000 within the next few years.

He said that the companies also hoped that a less expensive means of treating AIDS medically than AZT might be found. "AZT is more efficacious, but also costly."

'Managed' genocide

In practice, hospices are death camps, and advocacy of hospice care is support for Nazi euthanasia.

With their "cost containment" fanaticism and vast international financial power, the insurance/reinsurance cartel is the party ultimately responsible for sabotaging national health policies to deal with and defeat the AIDS virus. It is the signature of the Swiss-Venetian-centered cartel that one reads in the recent reports of the White House Commission on AIDS, the National Academy of Sciences, Surgeon General Koop's mass distribution pamphlet, and in the statements by the World Health Organization and the Centers for Disease Control. All have made a priority of "containing costs" in dealing with AIDS, rather than making a priority of a scientific approach to defeat the AIDS virus.

Exactly one year before the meeting in The Hague, The Geneva Association, in a June 15-16, 1987 West Berlin conference, "Problems and Perspectives of Health Insurance," focused on propagandizing about favorable "cost containment" developments in U.S. health care. One leading speaker, Dallas Salisbury of the Employee Benefit Research Institute of Washington, D.C., stressed that "concern over cost" had produced the concept of "Managed Care," meaning "cost containment initiatives . . . aimed at reducing unnecessary hospital use." A second speaker, Thomas C. Ramey, presi-

dent of American International Healthcare, stated, "The challenge facing the state and the private health insurance industry in addressing the public's need for adequate health care services and coverage is enormous. There is a predictable tension between an ideal and a reality. The *ideal*—one supported by most governments—is the idea that all citizens should have access to adequate health care. The *reality* is that the demand for health care services exceeds the resources of the state."

Further on, Ramey stated, "One of the biggest innovations and changes in health care conventional wisdom was the concept of *Managed Care*. The private sector was clearly the innovator in this approach to health care delivery. . . . Whether it is Health Maintenance Organizations [HMOs] in the U.S., or privatization efforts elsewhere, this phenomenon has provoked insurance companies, among others, to look at *management of the process of delivery of health care* as a consideration for investment of resources and a goal of business development. Suddenly, insurance companies, in order to grow market share or to simply maintain position in the marketplace, have had to invest *capital, employ new techniques, and become involved in the process of delivering services*, rather than confining themselves to activities associated with claims processing.

"'Managed health care' means, in part:

● Close monitoring of utilization and cost patterns.

● Checkpoints on access to expensive and excessive services (e.g.:
sity.

● Active intervention to encourage least expensive modality of treatment consistent with quality.

"Semantics: Insurance + Managed Care = Managed Health Insurance. . . .

"As we look ahead [we see] the future framed in spiraling costs, a growing elderly population, fewer state resources, and a pervasive anxiety about how to cover the expense and demands of catastrophic care. . . ." (Emphasis in original.)

And all this without even mentioning the explosion of AIDS victims in the United States. Indeed, the meeting in The Hague came as the next big step.

In West Berlin, Holland's G. W. de Wit, researcher adviser to Rotterdam's Nationale-Nederlanden, played up the findings of the "Dekker Commission" on how various means of "privatization" of insurance, could help phase out certain categories of individuals and illnesses from guaranteed insurance protection.

Giarini's Club of Rome utopia

What is the nature of the organization that sponsors conferences at which such ideas are propounded?

The Geneva Association was founded in 1973, with the aim of "encouraging research and economic analysis of uncertainty and insurance." One of its founders, and today one of its honorary presidents, is former French Prime Minister

Raymond Barre, who also sits on the General Council of the highly influential Assicurazioni Generali of Trieste, Italy. Its President is Prof. Reimer Schmidt, president of the council of surveillance of the Aachener und Münchener Versicherung AG of West Germany; and its vice presidents include Odo Hattink, president-delegate of the executive of the Nationale-Nederlanden; Bernard Pagezy, President of the "Group de Paris"; and Anthony Ratcliff of London, director general of the Eagle Star Group of the U.K.

Geneva Association General Secretary Giarini is regarded as somewhat of a *wunderkind* for his ideas on the economics of the "post-industrial service economy." He is a radical gnostic, who has developed a theoretical complex that sees "resources" as completely decoupled from the *physical economy*. In September 1983, at a conference co-sponsored by The Geneva Association, the Institute for Insurance Studies of Trieste, and the Club of Rome, Giarini stated, "Economy is the rational attempt to use resources to better the life of man. We must use resources in the best possible way. We don't live in a typical industrial revolution. . . . We are a service economy. This is *not* the economy of the last century. . . . We can't rely on the classical economists. We have the condition of service, the economy of services. . . . Lawyers, insurers, priests can be thought of as increasing wealth today. These can *become* activities which lead to an increase of value."

To advance this weird idea, in October 1985, Giarini founded a new Services World Forum, based in Geneva, which published its first volume in March 1987, entitled, *The Emerging Service Economy*.

Giarini is a key insider in a complex of organizations based in Geneva, centered around the Centre Européen de la Culture, established by one of the leading gnostic-satanist philosophers of this century, Denis de Rougemont, who died in 1985. De Rougemont, in the postwar period, was one of the seminal figures in the deindustrialization of Western societies since the 1960s.

Together, Giarini and de Rougemont, with Geneva's Sadruddin Aga Khan, established an organization named Ecoropa in 1976. It became the umbrella organization for the European environmentalist movement.

De Rougemont's philosophy was expressed in his last work, *The Future within Ourselves*, in which he praised the "New Age" ecologist-terrorist Longo Mai collective of France as the "least vulnerable pattern" for a future of global food shortages and political upheavals. He said that Longo Mai is "the prototype of the 'Green Europe.'"

Longo Mai has been praised by the Soviet media since the early 1980s, which has welcomed its "alternative lifestyle." The group believes in splitting European nation-states into small ethnic-linguistic enclaves, and bringing an end to modern industrial civilization.

The Future within Ourselves was published as a part of a Pergamon Press series co-directed by Orio Giarini.

WHO conference offers 'control strategies' for defeat by AIDS

by Our Special Correspondent in Stockholm

"We have gone backwards," said an African epidemiologist participating in the 4th International AIDS Conference sponsored by the World Health Organization (WHO). "While the epidemic has increased since last year's conference, we no longer entertain hopes for a vaccine, and treatments don't work." His views were shared by most developing nations represented here.

In contrast, a member of the press corps was enthusiastic about the "feeling" he got from the WHO chiefs' "control strategies": "This morning's plenary was really something, we went from detailed molecular biology on to panels on sex and death. It really felt like we were all together. Tomorrow's world will be a better world, whoever survives, it will be a better world for the survivors."

I am not sure this Israeli citizen understood the terrible implication of what he was saying, but what I can assert, after three days in Stockholm, is that this man had very well assimilated the message of the chief WHO propagandists.

The figures on AIDS

WHO's AIDS director Jonathan Mann announced 96,433 cases of AIDS officially worldwide and "200,000 estimated," with up to "25% in the 20 to 40 age group seropositive in some urban centers and up to 90% seropositivity in some prostitute groups." Most African, Caribbean, and Latin American panelists' posters indicated that wherever the infection was two years ago, it has been growing exponentially.

What is of significance, however, is the *increased virulence of other diseases in association with the presence of HIV*.

G. Slutkin (Global Program on AIDS and Tuberculosis Unit, Geneva WHO) presented the "effect of AIDS on TB." Today, 3 million people a year die of tuberculosis and 10 million have the disease. In developing countries, between 30% and 60% of the populations are infected. Tests done from 1985-87 on HIV seroprevalence in TB patients give very worrisome results. To cite a few figures: in Burundi, 54% of TB patients have HIV antibodies; in Uganda, 45%; and in New York City, 44.7%.

Dr. Pedro Cahn, of the Hospital Fernandes of Argentina, a country with little HIV so far, presented clinical cases of

TB/AIDS: There were 15,987 cases of TB in 1986, and an epidemic of Chagas disease. While AIDS/Chagas is not yet found in Argentina, TB/AIDS is there. Haiti also has that problem. Overall, TB is considered number two in the list of the most frequent opportunistic infections associated with AIDS in Africa and tropical or semitropical countries generally. The point was made that Eastern cities of the United States have had a marked increase of TB (demonstrated by Slutkin). TB in HIV-infected patients often resists antibiotic therapy and is incurable. So far, only extrapulmonary TB is included in the definition of AIDS by the WHO.

Severe cerebral malaria has been found in Angolan HIV-positive men, in a study done by a team from Budapest.

A French team with S. Matheron of Hospital Claude Bernard, Paris, and well-known professor J.P. Coulaud, presented findings of visceral leishmaniasis associated with HIV. Since visceral leishmaniasis is endemic in the Maghreb countries and Spain, "the two diseases go hand in hand," Professor Coulaud told this writer. Matheron argued for the inclusion of that disease in the WHO definition.

Another team argued for close monitoring of periodontal lesions that have an extraordinarily fast evolution from a normal 20 years to a few weeks, and are to be watched for as a sign of AIDS.

In short: There is a rise in virulence of all types of diseases associated with AIDS. Not a day goes by without some developing-country expert arguing that the WHO definition is too limited, inept, and that terminally ill "AIDS" patients can have a wide variety of clinical manifestations.

The neurology problem

Several participants, including Dr. Howlett of Tanzania, denounced the idea that the disease can be different in Europe or the U.S. and in Africa. The definition of AIDS for Africa, the "WHO Bangui definition" is a special category which, for example, excludes neurological findings. No less an authority than Dr. Georges, director of the Pasteur Institut in Bangui, a pioneer in AIDS clinical research in Central Africa, had to argue with the "definition." Out of 93 African AIDS patients, 16% had neurological symptoms (3 dementias, 1

hallucinatory psychosis, etc.), Georges said, "WHO considers neurological symptoms as 'minor signs,' but they can be primary"; the central nervous system is characteristically affected in AIDS, he said.

Dr. Howlett, a feisty Irishman who has done clinical work in Tanzania for five years, came in with an impressive neurological study of some 200 patients. His study, which will first be presented to the public in September at the meeting on AIDS in Harare (Zimbabwe), demonstrates that what appear to be subcortical lesions of the brain due to HIV can be clinically diagnosed with simple reflex tests. He argued (in private) that it is the first time in the history of modern medicine that a disease is defined according to secondary clinical manifestations (opportunistic diseases), as opposed to the identification of the "primary complex," effect on the central nervous system, which is the priority for research. Any breakthrough on AIDS, he thought, will come from scientists working on the side, not the "globalist" types.

Dr. Renee Malouf, a neurologist from Harlem Medical Hospital, New York, wholeheartedly agreed with Howlett: She presented studies evaluating 190 adult inpatients with either AIDS or ARC (AIDS-Related Complex), and found that 91% had neurological symptoms. Among them, she said, were two people who were admitted for severe "homicidal" psychosis into psychiatric wards.

Both researchers thought that the autopsy findings, known throughout Europe and the U.S.A., which show neurological damage in 90% of cases, could be diagnosed clinically before, and that lack of thorough neurological clinical testing was responsible for the low (10-15%) percentage of clinical neurological manifestations. Researcher R. Price, of Sloan-Kettering Memorial Cancer Center, New York, showed pallidonigral degeneration in AIDS and put forth the hypothesis that macrophages of the brain could be presenting antigen obtained from neuronal contamination.

Transmission

Four studies proved that saliva could be used equally well as blood serum to test for AIDS. Dr. Goldstein from Epitepe, Inc., Portland, Oregon, said: "Saliva is an ideal body fluid for the detection of specific antibody in individuals exposed to HIV. Saliva would be a safer body fluid for testing, since it eliminates the need for needles." While he did not make the jump to say that saliva could be contaminating, another researcher from Canada, Dr. Pekovic, said, "Salivary HIV is infective as demonstrated in vitro."

Such studies demonstrate that the "condom" campaign expresses a disregard for sound medical epidemiology. Also, most clinicians agreed as to the cofactors of transmission which put into doubt the efficiency of the condom: herpes lesions; periodontal lesions; many patients are bleeding and susceptible of accidentally contaminating their partners, whether or not wearing a condom. Another study demonstrated HIV in urine.

'Control strategy'

WHO's "control strategy" was made clear in a variety of ways. The control affects the freedom of developing countries more than the freedom of the sexually promiscuous or the freedom of HIV to travel. St. John, WHO's Pan American coordinator, in the panel called "Control Strategy" said, in essence, that there could be no further dollars for individual countries' AIDS control policies *until such time* as WHO had evaluated the correctness of the approach, and that a nation was not to be allowed to make its own evaluation, as he said some had asked and were turned down.

However, when a Swedish journalist proposed that hospital construction be financed by WHO in poor countries, Dr. Mann intervened with a lengthy tirade on how "It is easy to tell them what to do," and he was not about to do that.

It was in the plenary session, for the benefit of the full 7,000 attendees, that John Gagnon, of Princeton University, U.S.A., lamented the lack of thorough scientific studies on the sexual behavior of populations both in the advanced and developing sectors.

No discrimination, no restrictions of any sort on the infected drug abuser, or the infected prostitute, was the leitmotif of the plenary sessions. While Walter Redfield of Walter Reed Hospital in Washington, D.C. proposed free distribution of heroin, the neurologist from Harlem Hospital expressed fear: The policy of distributing free needles will increase drug addiction, she said. Already 90% of drug users are infected in the New York ghetto. Besides, the policy of so-called education of addicts on AIDS is just increasing consumption of the new cocaine derivative, "crack," because no needles are involved. The crack victims come in with paralysis, when they don't come in as corpses! But "control" involves primarily money.

A West African official explained, in the corridors, how the World Bank had lent \$1 million for health surveillance; when the country could not pay back the debt in time, the program ended, but the debt is still there. Now a new WHO mission is planned for which the country will have to get another loan.

Testing

A clinician from the Caribbean islands said, "An infected prostitute, a drug addict is like someone throwing bombs in my view. I have been called a sheriff for seeking to keep medical records of all the infected. I think we have records for every patient usually, why not for AIDS? Why do we have to ask for informed consent before testing? What does informed consent mean? Do we give lessons in cancerology, biology, etc. before ordering any regular medical tests? So I have been called a sheriff, what is wrong with being a sheriff?"

In the next issue: More findings on neurology: animal retroviruses; the immunological problems in finding a cure.

Trading companies are readying massive speculative food crisis

by William Engdahl

"In the worst case, namely that this drought continues through early July, this would eliminate, worldwide, the present surplus of feedgrains," declared a spokesman for Cargill/Tradax, the world's largest grain-trading multinational. He was referring to the prospects for the U.S. grain harvest given this year's drought. "We would need at least 1-1.5 inches of rain per week for the next three weeks at critical frequency, and the weather projections are not promising."

Other interviews with leading agriculture industry and government sources in the European Community and the United States reveal the same thing. By turning national food production and reserve policy over to a handful of private trading companies typified by Cargill, governments have placed their populations at risk of food shortages on a scale not experienced in this century.

Even before popular press began sounding the alarm over the extreme dry weather in the U.S. grain belt, the U.N. Food and Agriculture Organization (FAO) in Rome issued an alarming report, dated April 28, called "A Global Early Warning System on Food and Agriculture." It says, "A substantial decline in 1987/88 carryover cereal stocks is now certain." FAO reports that world "surplus" stocks of cereal grains, will fall by at least 62 million tons to a level of 382 million tons by this summer, with further drawdowns expected next year. This was before reports of 20-30% harvest shortfalls for select U.S. and Canadian wheat were known.

The FAO recommends a normal national "emergency" reserve against bad harvest or other unexpected shortfalls, of at least 25% of a nation's annual harvest. For the past two years, world consumption of cereals has exceeded production, forcing drawdown of such carryover stocks. Even if the current U.S. harvest averts disaster this year, this leaves carryover stocks of cereals, including rice, wheat, and coarse grains, at a dangerously low 21% of annual output.

As a result of the production-cutting, "market-oriented" policy by the U.S. and EC governments over the past four years, stocks of cereals have declined especially sharply. The U.S. Department of Agriculture estimates that U.S. stocks of wheat, for example, are at their lowest levels since 1975. EC intervention stocks of cereals have also been sharply reduced in the past 15 months. In 1988, some 92 million acres of U.S. farm land have been made idle by Agriculture Department "set-aside" programs, designed to raise "world

market" prices. The EC is beginning a similar program.

'Market-oriented' policy

Today's emerging crisis has its origins in more than a decade and a half of insane agriculture policies in the world's two most important food-producing regions, Western Europe and the United States. In the autumn of 1984, U.S. Agriculture Secretary John Block and his deputy Daniel Amstutz, told a London press conference that the United States had "declared war" against the agricultural price support system of the EC.

Amstutz, a former Cargill executive now orchestrating U.S. "free market" agriculture postures at the current GATT negotiations in Geneva, declared in 1984 that agriculture policy must become "market oriented," tied to what he called "world market prices"—which meant, placed under the control of the grain cartel. As part of this policy, the EC and the U.S. Agriculture Department then set about competing with each other to slash farm producer support and income, and to "set aside" land from food production. Press was fed the sensational fraud of "surplus stocks," "milk mountains," "meat mountains," "butter mountains" to justify the policy.

Investigations by *EIR* at the time revealed the group behind the policy. The secretive Trilateral Commission had just completed a major policy paper, "Agricultural Policy and Trade," in early 1984. American economist D. Gale Johnson, a consultant to the Agriculture Department, co-authored the report, which called for "market-oriented agriculture" in the Trilateral countries of North America, EC, and Japan. Chief of cabinet to EC Agriculture Commissioner Frans Andriessen, Aart Wijnmaalen, was also a participant in the 1984 Trilateral study. Members of the Trilateral task force on world agriculture trade was dominated by the major grain-trading interests.

Within weeks of this report's private circulation, key agriculture policymakers in Europe and the United States began echoing the "market-oriented agriculture" formulation.

The "world market" in cereals and other foodstuffs, of course, is not a "free market," but is controlled by a cartel second only to the Seven Sisters oil companies in its iron grip on world prices and trade. Some 90% of all EC agriculture export and import is dominated by six multinationals—Car-

gill, ADM-Toeffer, Continental, Bunge, Ferruzzi-Central Soya, Nestlé. The U.S. situation is the same. Yet, international trade in cereals or beef is a tiny 11% of total EC or U.S. annual production. Some 85-90% is consumed in the domestic market, with no need of the multinational traders. Thus, to orient agriculture to "world market prices," is to arrange for the "tail" of the cartel's international market to wag the "dog" of domestic market.

Cartel grabs stocks?

The markets for world agriculture commodities are highly leveraged to reward speculation, if the speculators have insider knowledge and can control significant sections of world market supply. As any honest commodity futures broker will admit, the rules of that game are rigged to select advantage of certain insiders. According to a spokesman for the Brussels oilseed association FEDIOL, a 2-3% reduction in harvest supply for grains will produce "at least a 20% price increase" on futures markets. The Chicago Board of Trade, the world's largest commodity futures trading market, exploded in speculative frenzy in June as day after day of drought continues into critical growing times for U.S. soybeans, corn, and wheat. "I have never seen anything like these futures markets," said a senior official of Continental Grain in Europe. "We are sitting on top of a pure 'weather market' with markings of major disaster. These futures speculations are the 'action of the year'; it makes the dollar speculation look tiny."

Market speculators, dominated by "insiders" like Cargill, have bid the price of all feedgrains in June to new highs. Prices are presently rising by the legal daily limit in Chicago—3% per day. At the same time, they have speculated that prices for meat will plunge as farmers are forced to rush cattle and pigs to slaughter: Feed prices make holding them prohibitive. That would produce a "glut" of meat in U.S. and European markets. But, only for a matter of weeks. Soon, shortages of meat and pork would appear in shops throughout the industrial sector.

Perhaps the most critical element threatened by the current U.S. drought is the current crop of soybeans. Soya, used for over 2,000 years in China and Japan as a vital food source, is, per unit weight, the most concentrated source of protein known, some three times more concentrated than high-protein wheats. For this reason, large trading companies have developed it into the single most important U.S. agriculture export over the past 20 years. The EC and Japan are the largest importers. The current agriculture price structure internationally is effectively controlled by the price of soybeans.

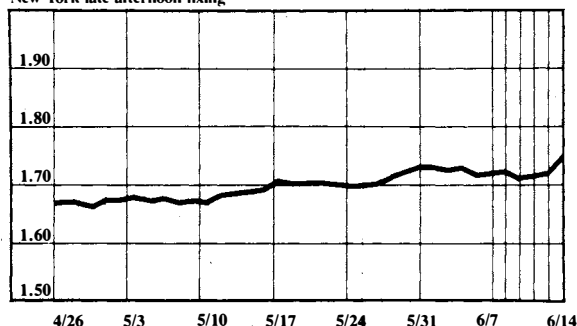
Entire regions of U.S. farmland from Iowa and Indiana to Tennessee and Oklahoma, have been switched over in the past 20 years to the growing of "cash crop" soybeans. Soybeans, crushed and processed into protein concentrates, called

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Currency Rates

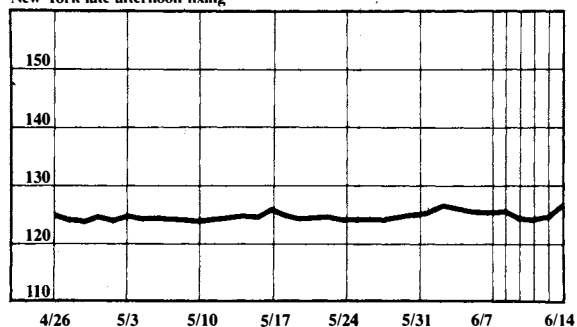
The dollar in deutschemarks

New York late afternoon fixing



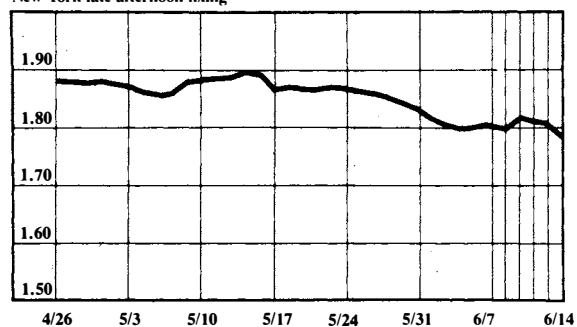
The dollar in yen

New York late afternoon fixing



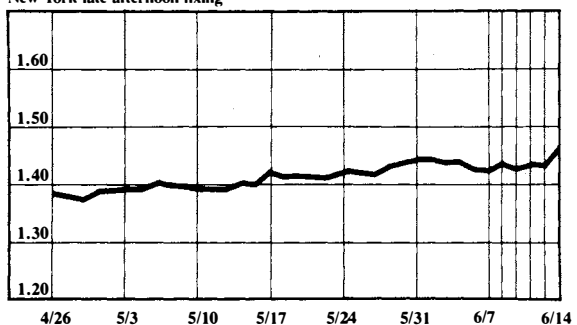
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



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soycakes, constitute the single most valuable agriculture feedstock import in the EC. Almost all is imported under a clever "tax-free" GATT exemption which the multinational trading companies secured some years ago from Brussels. The entirety of the so-called EC "grain surplus" in recent years can be traced to the record import of such soybean and other grain substitute products, which have displaced EC grain as an animal feed. The entire market is controlled by the six or so cartel grain giants, whether for soybeans from Brazil and Argentina, or from the United States. The United States produces some 60-75% of soybeans outside the East bloc.

"There is no adequate substitute for soybeans as a high-protein feed," insisted the FEDIOL representative. According to estimates from Cargill, Continental, and others, soybean stocks are at their lowest level since the mid-1970s.

The U.S. Department of Agriculture held over 500 million bushels of soybeans in 1987. But in order to reduce the U.S. federal budget deficit, the U.S. government has sold its entire surplus stock of soybeans over the past 12 months. "Right now, U.S. government stocks are sold out. There is nothing there, and this has always been used as the world's strategic soybean reserve," a commodity economist familiar with the U.S. situation told *EIR*. What is not revealed is who bought this large volume of soybeans. Traders point to Cargill, Continental, and the large grain multinationals. The same is nearly true with U.S. wheat reserves. According to the International Wheat Council, U.S. government wheat reserves, standing at 23 million tons a year ago, today stand at a mere 6.8 million tons.

EC grain reserve intervention stocks have similarly plunged sharply to less than 5% of annual EC production. On April 25, when the dangers of crop shortfalls and stock draw-downs were known to only a few trading insiders, a mysterious syndicate, whose identity remains secret, bought the *entire* EC surplus intervention stocks of milk powder, reported to be 170,000 tons. Milk powder is used as a high-protein feed substitute for soymeal in feeding calves. According to sources in the EC feed-processing industry, the buyers were a syndicate of "three to four extremely large companies, with Cargill reported among them." The reason? "Whoever did that is cornering the feed market in clear expectation of soaring prices in coming weeks."

Regardless of who grabbed the huge stocks of milk powder or wheat, what is clear is that the world is poised for the food equivalent of what the Seven Sisters did to oil prices in the artificially manipulated 1979 oil shock. A handful of multinational trading companies, operating outside government bounds, across national borders, is positioning itself to create one of the most criminal speculative food crises of the century. Food supply for hundreds of millions of people and animals will be sacrificed on the altar of "market-oriented" lunacy.

Bank Failures

Two banks failed the week of June 17 in Texas, with one bank in Arkansas requiring an FDIC assistance operation in order to avoid bankruptcy. The Kingsland National Bank, with total assets of about \$13.7 million, was closed on June 16. Security Bank and Trust will assume about \$13.2 million in 1,700 deposit accounts from Kingsland. The Century National Bank of Austin, Texas, with assets of about \$56.6 million, was also closed on June 16. Community National Bank will assume \$56.6 million in 5,600 deposit accounts and will purchase \$42.4 million of the failed bank's assets. The FDIC also injected \$2,100,000 into the Bank of Imoden, Imoden, Arkansas, in order to offset losses at the bank. A further \$1.5 million was provided by Spring Rivers Bancshares, Inc. The measures were taken to prevent the Bank of Imboden from failing.

In the previous week, Parkway Bank and Trust of Dallas, Texas, with total assets of \$42.4 million, was closed on June 9 and reopened on June 10, as a branch of Deposit Guaranty Bank. Deposit Guaranty assumes about \$39.3 million in 2,565 deposit accounts and will purchase approximately \$25.3 million of the failed bank's assets.

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Ethics of a 'Marshall Plan' to rescue Africa and agriculture

The speech edited and abridged here below was delivered by Mr. Cheminade, president of the Schiller Institute of France, at the Institute's international agriculture conference on May 28, 1988 in Nancy, France.

Mesdames and Messieurs producers:

Allow me to class all of you here under this lovely name. We are gathered today in Nancy, because we cannot accept what is going on in the world: production at home razed, the Third World annihilated, and everywhere, the inalienable rights of man to moral and material progress flouted. We are here to give birth to a just economic order, and to combat the one in which we live, subjected to the laws of speculation in real estate, stocks, and finance. We are here to say "no" to the Europe of the insurance and banking cartels, to the Europe of the corporate raiders—this Europe of the vultures—which is the travesty of the Europe we have dreamed of for so long.

We are here to declare war against financial usury and to propose a war strategy: This strategy is called a *New Marshall Plan for a just world economic order*. I would like to say from the outset that this is not a technocratic artifice, a "trick," a borrowed miracle-recipe introduced from outside by some administrative authority or cabinet ministry. This is not a "supplement of the soul" of some minister tormented by his bad conscience; it is our war strategy and it is the very soul of the economics that we must build.

We must move to a new economic order in which those in need are able to buy from those who produce, for it is thus—in all human history—that "development" has been implemented and sustained.

There is a precedent to this, the Marshall Plan between the United States and Europe: In 1947, there was an America which had, during the war, accumulated immense increases in productivity, and an impoverished Europe, with no money to pay. The solution was to carry out a transfer of substance and technology—in the mutual interest—the United States feeding and capitalizing Europe in the course of which it satisfied its interest, i.e., markets for its products.

We must do it today, on a world scale, for the South, more and better. Nearing a breaking point, a crossroads of history, we must take hold of the tiller—we, you and me—and change direction.

The Schiller Institute intends to be the catalyst and the "yeast" of all the officers and all the soldiers ready to make this war on usury. We are here gathered—farmers from the Moselle, Meurthe-et-Moselle, France, Denmark, Germany, the United States of America, union and political leaders, men and women of reflection and action, together engaging in combat! Here stand side by side, against the banks of usury and insurance, a Chadian and a farmer from the FNSEA [National Federation of Farmers' Unions], a Compagnon de la Libération and a young student, a farmer from the FFA [French Federation of Farmers] and those who do not wish to let die the Germany of Schiller and Beethoven, the France of Pasteur and Jaurès: It is this amalgam—just as Lazare Carnot made an amalgam of the soldiers of the Year Two—which makes up our forces! For, together, we do not seek scapegoats, we do not let ourselves be buried in "second causes": We are builders of a moral economics, which *constructs*, against the law of usury, which first exploits, and then annihilates.

We will undoubtedly lose several battles, but we know how to lose them to our advantage; we will arise each time stronger, and we will win the war! For we live in a terrible era: Famine and disease kill millions of men, they spread each day, and, worse yet, many of us have grown accustomed to this. Too many of the world's leaders are silenced by the appetite for power, and have renounced giving politics a moral leadership, while their people, manipulated and as if struck by impotence, accept the intolerable. Those who try to "live with it" lose, every day, a bit of their dignity.

The murder, torture, the denial of justice that unroll before our eyes in the world, the wretched men that are thrown against each other, as in Ethiopia and Uganda, the wretched men and women stricken with this modern plague which is AIDS, and those victims of the return of "classical" epidem-

ics, this “calamity” makes our era similar to that wherein St. Augustine raised his voice as the Roman Empire crumbled. Then, as today, a usurious financial system crushed peoples, moral culture appeared to the weak as a lost illusion, and—like today—there was the proliferation of sects and bigotry, of cults of blood, soil, and race, of Oriental despotisms.

Then, as today, pessimism, cynicism, and pettiness grew, each pretending to close his eyes and act as if everything were business as usual, each following his career or cultivating his clientele.

Were we to limit ourselves to looking at things this way, as objective “givens,” we would surely lose hope. And how that would please our enemies, for that is precisely what they seek! On the contrary, what our foes fear is that, like Augustine, and based on the same sources, we should wish to *change* things at this late hour, to find again the order of Beauty, Truth, and the Good.

We still can create a world commensurate with human dignity. But if we wish to succeed in this task, we can only do it from the highest standpoint of politics and morality, fully aware of what we are doing, and sticking together, fighting side by side.

The facts we have to face are simple and terrible:

1) We are told of agricultural overproduction and the drop in demand for industrial plant, while three out of four persons suffer hunger, undernourishment, and malnutrition, while the average diet is declining in the industrialized countries—becoming less and less rich in proteins—and while the Third World is terribly undercapitalized.

2) The countries of the Third World are overindebted, and do not have or no longer have access to financial resources to buy our industrial and agricultural products.

3) Our natural customers are becoming therefore less and less capable of equipping and feeding themselves in the present financial order, in the usurious order imposed by the International Monetary Fund and the banking, insurance, and food cartels, who hide their dictatorship under a label of free enterprise and “liberalism.”

Debt as an instrument of genocide

The hour is late: Producers of the North, and in particular you farmers, and producers of the South, those we call Third World countries, are stricken by the same evil.

You farmers were told to go into debt to buy machinery, and to produce, with that machinery, the goods that would let you repay the loans and cultivate your farms better than your forefathers. But since you bought the machinery, interest rates have gone up—and hence, the financial burden of your operation. The costs of production have gone up.

And on the other hand, the markets are not there, because the countries of the South cannot eat, and the countries of the North are eating more and more poorly. Therefore, they tell us: *There is overproduction*, since nobody can buy your product! We must share the misery, put quotas on production!

We must freeze land under cultivation—that is what [the European Community bureaucracy in] Brussels exacts. And, at the same time, they block prices above certain limits on production—they are no longer guaranteed—which, on average, entails a drop in prices.

This translates into ruin—above all for the youngest, who made the best effort to modernize their equipment. The farmers’ average age is rising to over 50 years, and this is entirely a policy of agricultural euthanasia, a strangulation by usury.

The countries of the South are victims of the same evil, except their “case” is far more advanced. They were also told to become indebted. They became indebted, and now a great part of the revenues are diverted from production; they also are finding no markets, internal or external, to sell their products to. They “break” prices in desperation, underpaying their labor, and as their currency is devalued, the more they export in quantity, the less they receive in revenues. And they are exporting at the cost of the very substance of their economies, which are thereby delivered over into looting.

Under the International Monetary Fund’s order, their economic substance is being “burned up” without creating the base for future production. That is the politics of looting of resources and genocide of peoples, one hundred times worse in its consequences than the atrocities of Hitler. This is an *accepted, deliberate genocide*.

The proof? Occasionally it surfaces, as in the statements of the *Global 2000 Report*, done under the Carter administration in the United States, but which unfortunately remains timely, which foresaw a “reasonable” reduction in world population by 2 billion inhabitants, by any means. Moreover, we have this Swiss journal *Internationale Wehrrevue*, which, reckoning the inescapable depopulation of Africa thanks to a resurgence of epidemics and AIDS—50% walking dead from AIDS in the tropical belt—envisages repopulating Africa with whites to control access to strategic raw materials.

What the Club of Rome proposed was to “triage” the population between those who will be allowed to eat and those who will not, triage analogous to that done in the trenches during 1914-18, which the Club of Rome proposed *be accomplished before our very eyes*.

Mr. Aurelio Peccei, then president of the Club of Rome, wrote seven years ago: “Any other aberrant comportment by our species would weigh heavily toward guilty in the tribunal of life. It is its exponential growth, which one can only define as cancerous. Except for insects, rare are those species that multiply so blindly and so ferociously as our own. . . .” and then Peccei added: “We are already asking ourselves if, with respect to the majestic flow of evolution, *homo sapiens*, taken as a whole, may not represent a deviant phenomenon, if it is not a caprice of Nature, a miscarried ambitious attempt, a production error, which adjustments that assure the renewal of life will overshadow, intent on destroying or absorbing.” These insane ideas of Mr. Peccei and his malthusian clique—sponsored by the oligarchies of usurious finance—are being

applied today in Africa.

The per capita Gross National Product has dropped 20% throughout the African continent—excepting South Africa—since 1980. For the 20 years between 1962 and 1982, food production dropped 20% in Africa. In the tropics, 20-50% of Africans are seropositive—20-50% walking dead. The life expectancy of the African population, already low, is being depressed: by infant mortality and by the sharp rise in adult mortality due to massive deportations, to famines, and to epidemics. The average life expectancy of an African is about 40 years. Cholera is reappearing in East Africa, gastroenteritis, viral hepatitis, trypanosomes, everywhere malaria, and now AIDS. Yes, AIDS which is striking Africa full force, and whose effects the Soviet criminals of the World Health Organization and the American criminals of the Atlanta Centers for Disease Control have covered up.

For lack of prevention, the locusts today are in the process of descending on the Sahel and threaten to swarm over the entire continent, as far as the Mediterranean coast of Italy, Spain, and even France.

Why are there between 20 and 100 million carriers of the AIDS virus in Africa? Because there was a *deliberate* collapsing of the environment—the basic conditions of health, hygiene, and work. The number of sick is growing not only because of the weakening of organisms taken one by one, but of specific, aggravated forms of disease spreading throughout an altogether weakened environment.

It is like the Nazi or Stalinist concentration camps, or the trenches in 1914-18 of the French Army and especially the Russian Army: In the ignoble and inhuman conditions of the Nazi camps, periodic waves of typhus would kill some of the prisoners; under the conditions of collapse in Europe at the end of World War I, Spanish influenza took more victims than the war itself, over 30 million dead, 500,000 of them in the United States!

Today AIDS is the new sign of collapse, taking its departure from the most vulnerable place, where human immune systems are the most feeble, and spreading everywhere. There are already several million under death sentence, walking dead, in our industrialized countries, the same way Spanish influenza disembarked in the United States, far from the scene of the war, in 1914-18.

Yes, Africa is dying, and we must extirpate this evil at its roots. The conditionalities of the IMF—in Africa as well as Latin America, in Mali as well as in Argentina—impose the *destruction of the substance of economies and the capacity to feed the population* in order to collect the funds to allow the payment of debt.

Illegitimate debt

A usurious system causes the death of entire peoples, while *three-quarters of their debt is illegitimate*, because this debt is not a consequence of the flow of money having stoked the production of goods in the physical economy. Three-

quarters of this debt was extorted, stolen in three ways: hikes in real interest rates, as in the case of our farmers; hikes in the prices of industrial products or imported capital goods, and rises in the cost of cultivation, as in the case of our farmers; drops in the price of imported raw materials and drops in the price of products sold, again as in the case of our farmers, except that the size of the drop is far greater. For example, for the same volume of cotton sold, Mali, Chad, and Central African Republic receive 50% less in dollar terms than in 1984! The price drop in cacao and coffee alone has ruined Ivory Coast.

Three elements have reinforced this entanglement, this new debt slavery: 1) capital flight, legal or otherwise, toward the financial markets of the North, encouraged by all the major banks; 2) the absorption of more and more funds into organized crime and drug trafficking, which brings back 100 times more than food production (drugs amount to \$50-100 billion in profits each year); 3) prestige spending, agreed to by certain regimes inspired by the financier interests in the North.

The Third World countries' debt must therefore be analyzed, not as legitimate debt contracted by states for economic development, but as an organized criminal transfer of funds to totally unproductive interests. Liberals call this the "Invisible Hand," perhaps because they don't see that the emperor has no clothes.

But, as we have seen with AIDS, debt strangulation affects not only Third World countries. Is it the "rich" North that loots a "poor" South? No. For, how would we explain the "looters" becoming the "unemployed," that the productive economies of the North are collapsing too, that agriculture, machine tools, steel, and capital goods in general are collapsing? A multinational, malthusian oligarchy organizes the looting of production everywhere.

The United States is far more indebted than the Third World, comparatively. There is no "recovery" in the United States, or "recovery" in Europe. The world economy is totally bankrupt in the present system. The first financial crash, Oct. 19, 1987, sounded the alarm. But nothing, nothing was done to recreate a sane economy.

The ethics of the Marshall Plan are the opposite of this crisis management, this constant adaptation to the worst case. The New Marshall Plan starts with the idea of the economy, that it is people who produce goods and useful services, and in order to do this they must receive long-term, low interest credits.

The New Marshall Plan starts with the idea that a "normal" world obeying the laws that govern the development of the universe, is a world built—as written in Genesis—for humanity to increase and multiply. A world in which ever more productive new technologies allow us to feed and educate more people, and produce more creators.

The idea of the fund is simple—it was the initial idea of what was called the Guillaume Plan [after former Agriculture

Minister François Guillaume]: There is an agricultural surplus in the countries of the North; all right, let us feed the countries of the South. With what resources? By demanding a “fair price”—a price in line with the costs of production—from buyers “in the black” (U.S.S.R., Japan, Saudi Arabia, United Arab Emirates, South Korea). Today, these buyers are underpaying for farm products, with which the Russians, in particular, make up their strategic stockpiles. The surplus obtained thanks to this “fair price,” will then allow the Third World to be fed and capitalized.

Beyond the ‘Guillaume Plan’

We support this Plan as a first step, and we will explain why. However, here, we pose the problem on an entirely different scale.

First of all, it should not be a question of an “artifice,” to rob Peter to pay Paul, but of the heart of economics: That means an open struggle, face to face, between the neo-liberal ethic, the IMF’s financier ethic, and ours, the Judeo-Christian ethic, that of the Book of Genesis. Either the conception of the IMF wins, or ours does; there is no place for compromise.

We are dealing with two opposite poles in human thought. On one side is financial exploitation, management of a world of limited resources, of a “finite” world exploited by an elite caste of predators. On the other is the ethic of *human labor*, which transforms and elevates the order of nature, human labor willfully mastered to constantly engender new technologies, ever more productive, a world open to the infinite.

The big problem with the Guillaume Plan was not only that its friends did not get into the ring and fight for it, and that the last government did not make a New Marshall Plan a pivot of its policy. The major problem was—and is—that they did not stand up to the IMF, and the insurance, banking, and food cartels. Mr. Guillaume and his friends pretended to “make do,” and it is on this fundamental ethical point that our paths diverge.

The decisive stakes, without which the rest is babbling, is to create a new financial system capable of halting the law of financial looting in order to permit the takeoff of the Marshall Plan.

To those who say, “But where are you going to find the money, the credit? What can you do with these countries, already so indebted?” we must reply, “Do you want to let both the Third World countries and our farmers die? Whom does it profit?”

A first element of response was given by the papal encyclicals which reject both the destructive and totalitarian Russian model and the “liberal” model, which masks the equally destructive financial dictatorship. The encyclicals *Populorum Progressio* and *Laborem Exercens* underline the incompatibility between the justice of growth and these opposite conceptions.

Paul VI in *Populorum Progressio* called “development”

the new name for peace. John Paul II, in *Laborem Exercens*, takes off from the fundamental idea that man must perfect the universe in perfecting himself. His allies in this task are science and technology, which are elaborated by the intellectual labor and material of preceding generations, and which today “free man from the fatigue of his hands and his muscles” in becoming realized in the form of machines and mechanical devices of greater and greater productivity. John Paul II writes in *Laborem Exercens*: “In attaining ever more mastery over the earth thanks to his labor and in affirming, again through labor, his domination over the visible world, man remains, in each case and in each phase of this process, in line with the original plan of the Creator, and this plan is necessarily and indisputably tied to the fact that the human being was created, in the quality of man and woman, *in the image of God*.”

“Man, created in the image of God, participates through his labor in the world of the Creator, and *continues* in a certain sense, to the extent of his abilities, *to develop it and complete it . . .* above all in developing technology, that is to say in realizing an assembly of instruments of labor ever more perfect.”

It is the proper task of man, the most exalting task, to *create*, that is to accomplish, to radiate “charity” in St. Paul’s meaning, *agapē*. *Agapē*, this beautiful Greek word, is divine love—love for the word of the Creator—realized, accomplished through love for each human being—in a common word that builds the universe.

This common word is what defines the ethic of the Marshall Plan between farmers here at home and in the Third World countries: to build together *great projects which uplift those who take part in them*, which makes them “great,” seeing seeing farther and higher than they could ever have imagined themselves doing.

The financial looting cannot be arrested until it is denounced, pointed out, and attacked by an alliance organized by producers and consumers.

Look at the Pasteurians who went into Africa, Indochina, and Brazil to conquer epidemic disease. It is shameful that in the 19th century, the engineer Duponchel, a friend of Eiffel, had already conceived the project for trans-Saharan and trans-Siberian railroads, and that nothing had been done since. It is shameful that Lake Chad was allowed to evaporate, depriving the center of Africa of a breath of moisture. It is shameful that the engineer Rendaire had conceived, a bit later, an irrigation project in the south of Tunisia and Algeria by an inland sea occupying the salt flats, but nothing ever came of it since. Closer to us, King Hassan II of Morocco conceived a Saharan green belt, a vast irrigated band fed by nuclear plants, a project of “peace through economic development,” benefiting all of North Africa. And no one responded to him.

I am saying here that the mission of France, above all, and of Europe and the United States, is to *respond*.

The loan 'mela' phenomenon

The "loan fairs" benefit neither debtor nor creditor, but some believe that bad economics is good politics.

On June 7 Union Minister of Finance N. D. Tiwari inaugurated one of the biggest-ever loan *melas*, or "loan fairs," in India's history in Chhindwara, a backward district of the state of Madhya Pradesh. Some 50,000 people, drawn from all 2,000 of the district's villages, were given loans of Rs. 2-3,000 (U.S. \$150-230) each at concessional rates. In all, some Rs. 22 crore (\$17 million) was disbursed at the day-long festival.

The newly reinstalled Congress (I) Chief Minister Arjun Singh, presently fighting for his political career in assembly elections in another district, presided over the function. Singh shared the podium with Tiwari and Kamal Nath, the Congress (I) MP from the district who organized the event.

Tiwari praised the loan *mela* as a "great step in the development journey of the country," and promised it would bring relief to the poor and downtrodden. He urged the people to use the loans for "good purposes." Arjun Singh promised that a new thermal power plant and some welfare schemes were about to be approved for the district. Kamal Nath recalled the district's 30 years of backwardness, as if to sharpen the message: It pays to have the Congress (I) in the state capital and in Delhi.

The Chhindwara loan *mela* is only the most recent of a more than ten-year-old finance ministry practice which has lately become intensely controversial. Earlier this year, the government held a loan *mela* in the state of Tripura days before the crucial state assembly elections in which Congress overthrew the Communist

Party (Marxist) government. Last December, then Union Minister of State for Finance Janardan Poojary presided over a similar gala *mela* in Bangalore, the capital of opposition-ruled Karnataka.

The Bangalore *mela* brought the controversy to a head, with well-documented charges that the ruling party was misusing state power and taxpayers' money to buy votes. Most of the nearly 100,000 applicants for the *mela* were organized by "social workers" picked by Poojary himself. The social workers happened to be state Congress (I) organizers, and the application forms happened to ask questions about the applicants' voting preferences.

In January, Poojary was relieved of his post. But the fuss over politicization of the loan *melas*, like the government's assurances that proper norms and standards for bank lending will be observed, misses the point: The policy of sponsoring regular "credit camps" for mass distribution of loans to the "weaker sections" of the citizenry is *bad economics*. It points to a central weakness in overall credit policy.

India's 1969 bank nationalization came not a moment too soon. The private banks, which enjoyed a monopoly of deposits and advances, had proven their unwillingness to take responsibility for national development. As of June 1967 not more than 1% of total bank credit was extended to agriculture, though that sector contributed 50% of the GNP and involved 75% of the population! Similarly, small-scale industry, which produced 40% of aggregate industrial output,

received only 6.5% of total credit.

After nationalization, bank branches multiplied rapidly and the structure of credit deployment shifted. By 1986, the priority areas accounted for nearly 44% of total bank credit, compared to 20% in 1969.

But alongside these achievements, the failure to rigorously define criteria for *productive* investment increasingly undermined the credit system. The stress on *access* to credit over and above the size, terms, and purpose of loans—a bias boosted with the rise of populist politics in the late 1970s, and epitomized in the loan *mela*—has made the problem worse.

For example, the "priority sector" for concessional lending lumps together retail traders, professionals, self-employed people, and all small industries. And the Differential Rate of Interest (DRI) scheme, the only really concessional one, gives 4% loans to the lowest castes and tribals, not for the merit of the proposed investment, but because they are low caste or tribal.

Otherwise, the lowest "concessional" rate is 10%! And the standard concessional package, like those handed out at the *mela*, is no more than Rs. 5,000 (\$380). For the tribal or the marginal farmer, it adds up to too much to repay and not enough to make an actually productive investment—and thus is a net loss for the borrowers and creditor alike.

No wonder the participants in the loan *melas* do not believe they are expected to repay the loans. The report that 50% of the rural bank loans are unrecoverable is part of the same picture. The banks, for their part, are saddled with huge numbers of small accounts, whose service together with write-offs puts further pressure on operating costs—costs that are already so high as to require a 5% margin between lending and deposit rates.

Business Briefs

Foreign Debt

Brazil to pay 85% of trade surplus

Brazilian Labor Minister Almir Pazzianotto announced in Geneva June 6 that Brazil will earmark 85% of its 1988 trade surplus, estimated at \$12.6 billion, to pay interest on its foreign debt.

Speaking at the seventh conference of the International Labor Organization (ILO), Pazzianotto said that payment of the interest will prevent the creation of 330,000 new jobs in Brazil's industrial sector, based on an average of \$30,000 per job.

Pazzianotto said that over the past 10 years, Brazil has serviced its debt to a net amount of \$143 billion transferred abroad. While asserting that Brazil has made progress in negotiations with its creditors and the International Monetary Fund, he rejected the "socioeconomic and political strangulation caused by the obligations, which frequently surpass the debtor's economic capacity. This situation promotes destabilization and can lead to social unrest that will have repercussions in the industrialized countries as well."

Trade

U.S. keeps hard line on farm subsidies

Daniel Amstutz, U.S. ambassador to the General Agreement on Tariffs and Trade talks on agriculture, said the United States will continue its "hard line" for a so-called "zero solution" to world agricultural subsidies and market access barriers. He called for an end to all such barriers by the year 2000.

Amstutz, deputy secretary of agriculture and a life-long operative of the Cargill grain-cartel firm, said he expected the Toronto Economic Summit of the Group of Seven industrialized nations to once again endorse the negotiations—known as the "Uruguay Round"—now under way on agricultural issues.

Briefing the White House press corps

June 13, Amstutz said the European Community remains staunchly opposed to the U.S. position, and that there are seven different positions staked out by the world's agricultural exporting nations, including one by a group of 13 nations known as the "Kairnes group."

Amstutz maintained, incredibly, that, despite drought and economic breakdown, net world food supply continues to rise, along with consumption. He showed a chart purporting to show world wheat production and consumption rising from 425 million metric tons in 1979 to 550 million metric tons in 1990, with a constant line for reserve stocks.

Banking

Court clears way on securities

The Supreme Court on June 13 decided not to hear a case brought by the Securities Industry Association to overturn a ruling by the Federal Reserve Board in April last year, allowing banks to underwrite mortgage and other asset-backed securities, commercial paper, and municipal revenue bonds.

When the SIA asked for the case to be heard by the Supreme Court, a court injunction was imposed until the court came to a decision. That injunction is now null and void, and therefore, major banks could start their new underwriting activities immediately.

The decision also undermines the Glass-Steagall Act of 1933, which set up a clear demarcation between institutions dealing with commercial banking ventures and those dealing with more risky securities operations.

"The Supreme Court decision doesn't change a thing," said an aide at the House Energy and Commerce Committee. "Banks have been getting into the securities business and this decision won't make a bit of difference."

Rep. Fernand St Germain, chairman of the House Banking Committee, issued a statement saying that the Supreme Court decision "doesn't change the need for Congress to establish the ground rules for bank-

ing."

These two House committees are responsible for regulating banking. The Supreme Court decision establishes a precedent outside of the jurisdiction of the Congress, and thereby tends to make the courts, not the Congress, the arbiters of banking regulation (or deregulation).

Technology

Senate report cites lack of SDI rockets

According to a study authored by aides to Sen. J. Bennett Johnston (D-La.), Dale Bumpers (D-Ark.), and William Proxmire (D-Wis.), the deployment of anti-missile defenses in space under the Strategic Defense Initiative cannot occur before 1998 because of a lack of heavy-duty rockets to put the weapons into orbit, the *New York Times* reported June 12.

The report by the three anti-SDI senators follows on the heels of an Office of Technology Assessment report a week earlier which asserted that "a limited-effectiveness, Phase One ballistic missile defense system begun in the mid-1990s could not be fully deployed in fewer than eight years," on the basis of launch considerations alone.

A Pentagon spokesman criticized the Senate study as containing "more misleading assertions than facts."

Energy

Shoreham dismantling means 'brown outs'

Secretary of Energy John Herrington scored the dismantling of Long Island's Shoreham nuclear power plant as "shortsighted obstructionism," at a meeting of the American Nuclear Society June 13.

The bulldozing of the brand-new, \$5 billion plant, which has never been operated thanks to environmentalist obstruction and

lawsuits, is the result of an agreement reached in May between the Long Island Lighting Company and Mario Cuomo's New York State government.

Without Shoreham, said Herrington, New Yorkers face "a future of continued brownouts and higher electric bills for people who already have the highest bills in the nation."

"Making this situation worse," he continued, "is the fact that New York presently uses twice as much oil as any other state in the union to produce electricity, or six times the national average."

Herrington called for reform in the process of licensing nuclear power plants, which delays them for years, and a focus on research in new nuclear technology.

Drought

Barge traffic shut down on Ohio River

Among the immediate effects of the drought in the Midwestern United States has been a shutdown of barge traffic from the Ohio to the Mississippi rivers because of the low water levels.

The barge traffic was disrupted when a tugboat was stranded by low water and blocked waterways at the point that the Ohio and Mississippi rivers merge. News reports say that up to 2,000 barges are idled as *EIR* goes to press.

The Ohio River is closed for an 11-mile stretch south of Mound City, Illinois. The Army Corps of Engineers is requiring barges elsewhere on the Ohio to carry reduced loads, in order to avoid foundering.

Lack of rain is also causing water levels to drop in the Mississippi and Missouri rivers.

Army Corps spokesmen have stated that even plentiful rainfall will not immediately change the situation, since the drought has been so severe that the first rains would only soak into the ground, not run off into the rivers.

Also because of the drought, the U.S. Department of Agriculture has granted emergency relief to 46 Iowa counties, but that will not be of much help to farmers, it

seems.

The government gave permission for "set aside" lands to be used for haying and grazing. Those lands were to be left completely out of production. However, these lands have been so devastated by drought that this is of only limited use.

Farmers in Ohio are feeding livestock baled hay, and are hauling water from afar, since wells are dry throughout their areas.

In the Columbus, Ohio area, corn, oat, and wheat crops are reported to be totally destroyed, and the soybean crop will be saved only if rain comes by the end of June.

AIDS

Rio researchers study links to other disease

The interactions between AIDS and endemic diseases are being studied at a government center in Rio de Janeiro, Brazil.

"Here at the Oswaldo Cruz Foundation, we are going to orient our research toward the interaction of AIDS with Chagas disease, tuberculosis, and leprosy. The Chagas disease carrier can live infected for years without showing problems. But if his immunological system were infected by AIDS, the gravest form of the disease, which affects the heart, could show itself. But all this is in the phase of speculation," Dr. Galvao, chief of the foundation's immunology and virology department told the Rio daily *O Globo*.

Galvao said, "Our idea is to make a general survey of the AIDS virus existing in all regions of the country to determine if significant mutations occur. . . . We have still not encountered HIV-2, but this does not mean that it does not exist in Brazil. There is serologic evidence, according to Dr. Riccardo Veronesi, of the presence of that type of AIDS in Brazil."

Galvao said the studies, which are not yet funded, are urgent, because AIDS is beginning to be found in the parts of Brazil where the above diseases, plus malaria, schistosomiasis, and others are endemic. He will present his research findings at an AIDS conference in Stockholm in September.

Briefly

● **INDONESIA**, hit by mounting debt payments, is proposing paying back its government debts to Japan at 1986 exchange rates, but Japanese officials said June 13 that the suggestion was hard to accept. Indonesian Finance Minister Johannes Sumarlin told a Japan-Indonesia conference that Japan should allow debtor nations to relay at a yen rate prior to the Japanese currency's dramatic appreciation. But Japanese officials said they did not believe this would be acceptable to Tokyo.

● **MALNUTRITION** takes the lives of about 14 million children under age 5 every year—if you credit China's claim to have eradicated hunger, according to a report in the *Baltimore Sun* June 12. During this decade, food consumption has fallen in 52 out of 114 Third World countries.

● **'GOING TO MARS** together [with the Soviet Union] has a fishy origin," writes Alcestis Oberg, wife of famed space scientist James Oberg, in the June 11 *Los Angeles Times*. Mrs. Oberg describes the Soviet offer for a joint manned Mars mission as "bombastic hype," and scores congressmen and others who have fallen for it. Its purpose is only to encourage the "peace movement" to get rid of "Star Wars."

● **TED SORENSEN**, the top adviser to the committee drafting the Democratic platform, wrote a book in 1984 calling for the United States to give up its sovereignty and accept IMF surveillance of the U.S. economy, to force through drastic reductions in the living standards of the American population.

● **THE LATIN** American Reserve Fund was founded in Lima, Peru June 10, three years after Peruvian President Alan Garcia proposed it. Its purpose is to strengthen balance of payments, giving credits or guaranteeing loans to third parties.

The amazing story of the Pasteur movement—I

For the associates of Louis Pasteur, building nations and fighting disease were one campaign. Beginning a series on these great cultural optimists, by Garance Upham Phau.

At the origin of the science of life—biology and medicine—there stands a towering figure: Louis Pasteur. Yet, even in the centennial of the institute that bears his name “L’Institut Pasteur,” 1888-1988, his discoveries and contribution to mankind are still belittled. Pasteur is remembered for the rabies vaccine, or milk “pasteurization,” but what is most essential is lost: his method and his loving morality. Without those, there can be no true science. Where is the proof, where is the unique experiment that demonstrates Pasteur was right, that Pasteur is still right, in his method? How is that method and that inner ideal of importance today?

The answers can be found simply in a beautiful story, a story which contains more marvels, in which more strange discoveries unfold, which is more heart-rending, than any fables: the Pasteurians’ involvement in Africa and Asia.

“Truth is richer still, and more gorgeous than any fables” (Emile Roux).

For truth is what you do, in that a person’s work carries within itself the principles by which the decisions are derived and acted upon, and the mind enriched for further work: “Working, that’s the only thing that’s fun,” said Pasteur.

There exist several comprehensive accounts of the Pasteurians’ activities in what were then called the colonies, from the 1880s until World War II, and our purpose here is not to write yet another such account, but rather to seek out the melodic features in the life and thought of those men. To unfold the uniqueness of the Pasteurian endeavor, and derive

inspiration for today.

Pasteur’s moral outlook and entrepreneurial skill is all but forgotten. Yet, Pasteur was an economist *because he grasped the phenomena governing life*, and, as such, he was the type of man who builds nations. We shall identify the key points as we proceed.

In the latter part of the 19th century, France undertook the colonization of Northern, Eastern, and Central Africa, as well as Indochina. Besides colonization proper, at the same time, development projects were undertaken by the French entrepreneur Ferdinand de Lesseps: The Suez Canal was conceived and finished over a 20-year period, and the Panama Canal was initiated. Projects were also undertaken by Gustave Eiffel: Besides the famed Eiffel Tower and the Statue of Liberty (the metal structure is his), he built bridges, railway stations, and sea locks the world over.

This is a period marked by Pasteur’s favorite word, “enthusiasm,” a Greek word meaning “the inner-God,” as he was wont to explain.

Albert Calmette, a Navy physician and pupil of Pasteur, and founder of the first Pasteur Institute overseas, in Saigon, stated: “Without Pasteur’s discoveries, the development and emancipation of the indigenous populations, and the building up of their territories, the colonial expansion of France and other civilized nations would have been impossible.”

Pasteur initiated a *political movement* to take over France’s military and colonial administration’s policy orientation



Louis Pasteur in his laboratory, from a 19th century portrait. "Work is the only thing that's fun."

around principles of achieving such well-being among the colonized peoples as would make them wish to associate with France. To this day, if there are good remembrances associated with France in Asia and Africa, it is because of the Pasteurians. Vietnam, ravaged by wars, still cherishes the memory of Alexander Yersin.

Today there still exist dozens of Pasteur Institutes: Tunisia, Algeria, Mali, Madagascar, Senegal, Guinea, Morocco, and so forth. Without the Pasteurians, those territories would have been inaccessible for development because of epidemics and insect infestation; only the sea coasts, sad memory of the slave trade, had been known. Pasteur's pupils sought to transform those regions and to revolutionize their economy, and they strenuously fought against imperial looting policies both on moral and scientific grounds.

As a leading Pasteurian, Charles Nicolle understood that should the policy of plunder dominate, epidemics would swiftly cross the seas and destroy the nations guilty of imperial ideals. Only the scientist, physician, and teacher were entitled to be a *colon* (colonist), he said, only those ready to give and not to steal.

Postwar International Monetary Fund amorality has mocked Nicolle's warning and destroyed the Pasteurian project, with devastating consequences. This year, which marks the 100th anniversary of the creation of the Pasteur Institute,

it is not only proper to pay tribute to Pasteur and his many pupils, but it is also necessary to recall this development effort so as to recapture the spirit and the method necessary to save Africa today.

From yeast to microbes

First, we may recall succinctly, Pasteur's thought on the etiology of infectious diseases.

Pasteur experimentally established that live organisms were the cause of fermentation in wine. Since fermentation resembled decay of a diseased tissue, said he, human and animal infections must be due to microorganisms growing at the expense of their host.

He concluded that his work on grapes established the principles upon which the mastery and treatment of all contagious disease could be carried out: There had to be a different microorganism at the origin of each individual disease, and the dissemination of that microorganism accounted for the transmissibility of disease from one person to the next.

In 1857, Pasteur experimentally proved that alcoholic fermentation "correlates with the presence and multiplication of organized beings, distinct ones for each fermentation." Those ferments are not "dead albuminoid matter, but real live beings. . . . The yeast comes from outside, and not from inside the grape."

Because the yeast has optical properties characteristic of living organisms, it effects a rotation, i.e., it carries out a transformation of energy, or work, in relation to light.

In 1878, Pasteur demonstrated again, conclusively, that there was no fermentation if there was no yeast on the grapes. And quickly, he established a parallel between the "disease of grapes," fermentation, and the process of *morbidity* of virulent diseases.¹

My principles, he said, are of "limitless fecundity and practical consequences. A new light may soon be shed on the etiology of contagious diseases."

Pasteur conceptualized health as best understood from the principle of the growth or regeneration of live organisms, in the fascinating capacity for healing, for the tissues to reconstitute themselves, which is parallel to the behavior of crystals. There lay the future mastery of living things.

For Pasteur, who was a foremost scientist in crystallography, the "becoming" of the organic germ was comparable to the "becoming" of the chemical molecule.

"Nothing is more intriguing than to compare living species and mineral species all the way in the wounds of either, and the healing of the latter by nourishment, nourishment that comes from the inside for living beings and from outside, through the crystallization milieu for the others."

This difference between "inner" and "outer," or the characteristic of life must be a dissymmetrical force.

Life folds on itself out of itself.

It is the "morbidity" process and the "healing process" which fascinated Pasteur: The first would be the expanding life of the microorganisms, the second the life of the higher organism. Both express the principle of self-reflexive expansion.

Nicolle noted that all living phenomena can be reduced to physico-chemical processes if we cut an "instant slice" or a moment, but the moment itself is "dead," it is in the "series of succession of those moments" that the sense of life is to be found. "Hence, a mechanical approach shall always fail" in the endeavor to establish a science of the living.

Pasteur's intuition is to situate light as the organizing principle of life; life that is manifest in the act of rotation (see his comments on east-to-west vibrational rotation), and in its dissymmetrical nature.

His thought is the continuation of Nicolaus of Cusa and Gottfried Leibniz. And, like them, his scientific and philosophical thought is totally bound up with his love of mankind, hence his real political commitment.

So he writes to his scientist friends and future leaders of his Institute, working in different institutions:

"If only I had a few million, I would tell you all, my friends, Roux, Calmette, I would tell you: 'Come, we shall transform the world with our discoveries.'"

And, in 1868, twenty years before the founding of the first Institute in Paris, he initiated the political movement that would send his pupils the world over, because, said he:

"Disseminate laboratories! It is there that humanity becomes greater, stronger, and better."

The Pasteurian movement was born.

In 1876 he entered the senatorial race in his home district, refusing stubbornly to deal with petty local issues: "With me it is science, in all its purity, that shall enter into the Senate." His definition of democracy was reiterated in a recent book by Maurice Vallery-Radot which is well worth the study:

"True democracy is that which allows each individual to give his maximum efforts in the world. . . . Why is it necessary that alongside this fecund democracy, there be another, sterile and dangerous one, which, under I know not of what pretext of chimerical equality, dreams of absorbing and annihilating the individual in the State? This false democracy has a taste, I dare say a cult, of mediocrity. Everything which is superior to it is suspect. . . . One could define this democracy: the league of all those who wish to live without working, consume without producing, attain employment without preparation and honors without deserving them."

Pasteur was political in the real, and too often forgotten scientific meaning of the term: He fought against usury, against evil, and for man to organize his national economy as a Gaspard Monge or a Lazare Carnot, the scientific heroes of early 19th-century France, understood it. When the science of economics was called polytechnics, it included introduction of scientific inventions to improve man's productivity and mastery over his environment.

For Pasteur, the pursuit of science was the concrete expression of man in the image of God: all loving.

"Happy is the man who carries within him an inner God, an ideal of beauty, and who obeys it: ideal of art, ideal of science, ideal of the fatherland, ideal of science, ideal of humanity, ideal of the virtues of the Gospel. Therein lies the living sources of great thoughts and great actions. All are illuminated by the reflections of the infinite." (Speech to the French Academy, April 27, 1882.) Pasteur's "inner ideal" is the poet Friedrich Schiller's concept of "beauty" with . . . work!

"Working, that's the only thing that's fun."

The Senate race he lost, but for history, he won.

The birth of the Institute

1880: Pasteur outlined a program of research on bubonic plague.

1881: Pasteur went to the French town of Pouillac with his collaborator and future head of the Pasteur Institute, Pierre Roux, to study yellow fever in sick people coming from Senegal.

1883: He sent Roux, Strauss, Nocard, and Thuillier to Egypt to study cholera. After the death of Thuillier from cholera, the team would be forced to return to Paris.

1888: The Paris Pasteur Institute was founded, and a few months later in 1889, Pasteur sent his close collaborator Albert Calmette to found a Pasteur Institute in Saigon, fol-

lowing a discussion with the French Minister of Overseas Colonies.

1893: Pasteur sent his nephew A. Loir to Tunis.

From that point, the Pasteurians deployed throughout Africa and Asia, and the Paris Pasteur Institute became an international training, research, and coordinating center for the movement Pasteur initiated. The Pasteur Institute carried on his work for posterity.

1897: Military physician Charles Louis Laveran, who discovered the hematozoon, came to Pasteur in this year and took responsibility for exotic pathology. Working in collaboration with Elias Metchnikoff, Laveran was fascinated with protozoa (to which belong the hematozoa, and the many trypanosomes, and leishmanias). His department included three big laboratories: Protozoology, headed by Mesnil; Microbiology, headed by Marchoux (world expert on leprosy); and Medical Entomology, headed by Roubaux.

1906: Roubaux went on missions in the Congo.

1908: Society of Exotic Pathology founded by Mesnil and Laveran.

Roubaux looked at the role of insects in the dissemination of contagious diseases, studied the “biology of common flies,” as a vehicle of parasites, and the “biology of glossines: biting flies.”

1909-13: Missions to the hinterland of Senegal, Dahomey, and Ivory Coast, up to the southern borders of the Sahara.

Roubaux also found that cattle raising protected man, because flies preferred cattle to man.

Health, polytechnics, and defense

In 1897, Laveran came to work with Pasteur. Laveran, who had discovered the hematozoon responsible for malaria during a mission to Constantine (Algeria) in 1880, was a military doctor, like Calmette. He would assume responsibility to train and deploy the medical military expeditionary corps, when the “Corps de Santé Coloniale” (Colonial Health Corps) was founded in 1903.

For those men, health, political economy, and defense were not distinct, separate domains, they were indivisible one from the other.

What was at stake for the Pasteurians was to establish in practice a science of the living, a science of the ecology and economy of a nation. Health policy flows from that.

The thought of a nation is reflected in its health policy or development of individuals who compose the nation and are associated with it, because health is the relationship of man with the biosphere.

Therefore, health consists of:

- increase in the population capacity of a given area;
- increase in the quality (well-being, productivity, and creativity) of the individuals who compose it.

The Pasteurian movement is the antithesis of the zero growth-promoting Club of Rome, founded in 1972 to map out ways to stop population growth among the “non-white”

populations: The Pasteurians went to Africa and to Asia to *increase* the number of people living in those areas. Health is defined as the establishment of a harmonious relation between water/soil, plants, animals, and man, and a harmonious relationship between microorganisms and macroorganisms.

A military doctor with the rank of general, from Bordeaux, kindly showed the author the motto of the Bordeaux Naval Medical School, “Ecole de Santé Naval.” The Pasteurian-trained Bordeaux students are told they have the mission to: “allow an economic and cultural development by developing agriculture and implanting industries, all the while taking into account the epidemiological conditions.”

Exotic pathology, for which Laveran and Mesnil assumed responsibility, meant the study of the big endemics of hot-climate countries, study of the species and evolution of bacteria, parasites, viruses (even if the means to see them is still lacking), finding treatments and/or vaccines, and large-scale epidemiological studies and control. Before 1914, the agents of all the major diseases affecting man were known and identified, even polio.

But that did not happen without a fight. The fight was as political as it was scientific.

Professor Mahé of the Brest Naval Medical School could tell his pupils in 1875: “Be challenged! A poisonous breath is exhaled by the earth and the waters.” Clearly Mahé saw “telluric factors” and not etiologic agents at the source of diseases. Ignorance and stupidity, otherwise labeled the theory of “spontaneous generation,” of diseases held sway in the Army. A. Corre, a well-known military practitioner of his time, like the majority of his colleagues, greeted the Pasteurians’ discovery of each pathogenic agent with utter cynicism. Corre disputed Laveran’s discovery of the hematozoon agent for malaria, and insisted it had to be a disease caused by a chemical compound of the soil!

However, Pasteur had shown the way, and the discoveries of pathogenic agents followed in rapid succession by his pupils and those of the great German bacteriologist Robert Koch:

1873: Otto Obernier—spirochete of the “recurrent fever.”

1879: Armand Hansen—bacillus of leprosy.

1880: Laveran—hematozoon of malaria.

1883: Robert Koch—bacillus of cholera.

1894: Alexandre Yersin—bacillus of bubonic plague.

1901: Forbe, then Dutton and Castellani—trypanosome of sleeping sickness.

1903: Leishman and Donovan—agent of the Indian disease kala azar, *leishmania donovani*.

This gives but an idea of how rapidly medicine progressed.

In 1881 Carlos Finley, a brilliant Cuban physician, first discovered the way insects transmit diseases—the case of the transmission of yellow fever by the mosquito *Aedes aegypti*,

today known as the main transmitter of what are called "arboviruses" (diseases such as dengue fever, maguari, or St. Louis encephalitis, and a suspected agent for AIDS transmission). Finley presented his discovery to the Havana Academy of Medicine amid skepticism in 1881, but the discovery of the agents of transmission followed immediately every few months, every year, following the discovery of the pathogenic agents themselves.

Albert Calmette

Born in 1863 in southern France, Albert Calmette, a pioneer in the Pasteurian enterprise, is best known for his groundbreaking discovery in the fight against tuberculosis: the BCG vaccine. BCG stands for "The Bacillus Calmette-Guerin," Guerin having been his associate in the 20-year effort to effect a mutation in the Koch bacillus, the agent of TB. Some 250 "passages" were realized on animals before the microbial agent would undergo an irreversible mutation, making it appropriate for vaccination. To this day, in 1988, it is estimated that 20 million people suffer from TB in the world, mostly in poverty-stricken industrial cities or in the developing sector.

At the time of Calmette's effort, TB was the main killer in the European industrial heartland, debilitating the labor force of France, Luxembourg, Belgium, and Germany.

It is in that industrial heartland that Calmette chose to build the second major Pasteur Institute of France, the Lille Pasteur Institute. It is relevant to put emphasis on two endeavors of the Lille Institute that are less well known than the discovery of the BCG:

First is the world responsibility assumed by the Lille Pasteur Institute in the training of military and civilian physicians on assignment to Africa or Indochina.

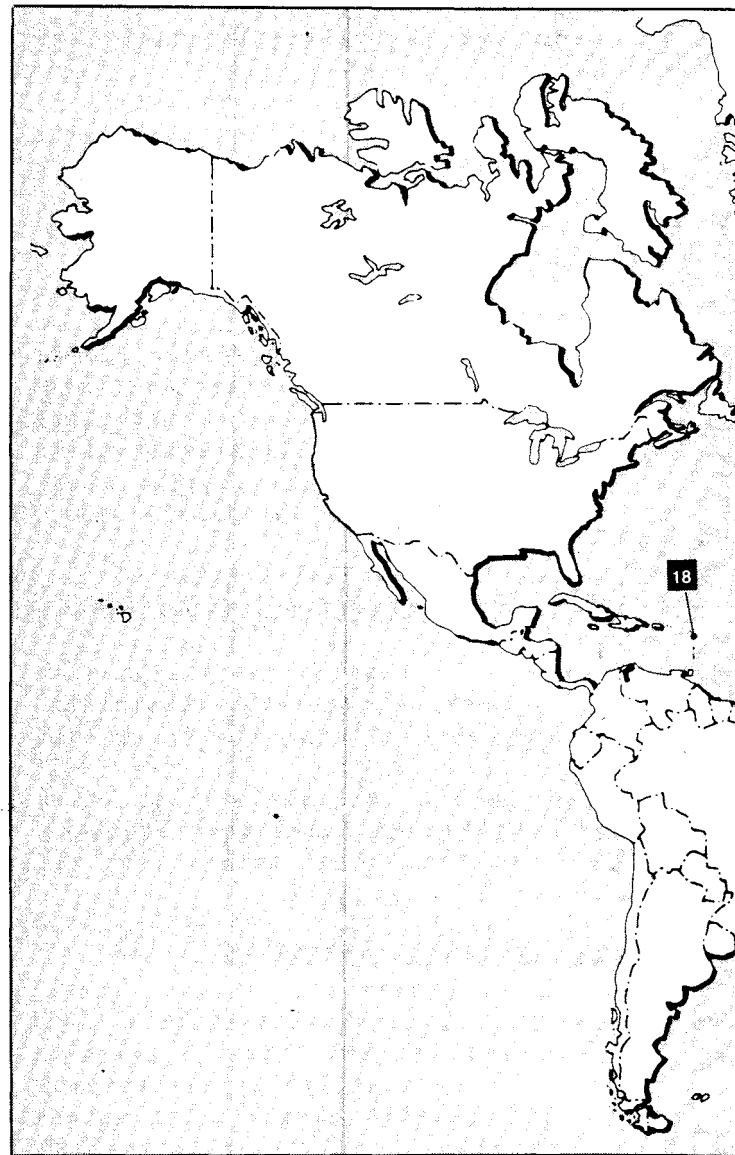
Second is the exemplary treatment campaign organized and waged by Calmette during those 20 years of work on the BCG during which there was only "hope" to administer to TB victims.

That prophylaxis, as we shall see, was not the exception, but the rule adopted by the Pasteurians in the fight against all epidemics in the tropical and semi-tropical regions.

Today, it has been strange to see the outcry against the Proposition 69 referendum on AIDS in California: The prophylaxis adopted by Calmette had been similar.

Calmette arrived in Lille in 1895, and the Lille Pasteur Institute was founded in 1899 as a scientific research center, a teaching institute, and a prototype for the creation of overseas institutes. If the Pasteurian missionary often arrived in the colonies with a microscope, a backpack, and if possible a cow (for smallpox vaccination), if the beginnings of the Pasteur Institute abroad were financially less than glorious "barracks," the purpose, the final goal as the case of Yersin typifies, was the most modern scientific pilot laboratory, hospital, and farming station.

In part, this came from Calmette. He repeatedly stressed



The Pasteur Institutes

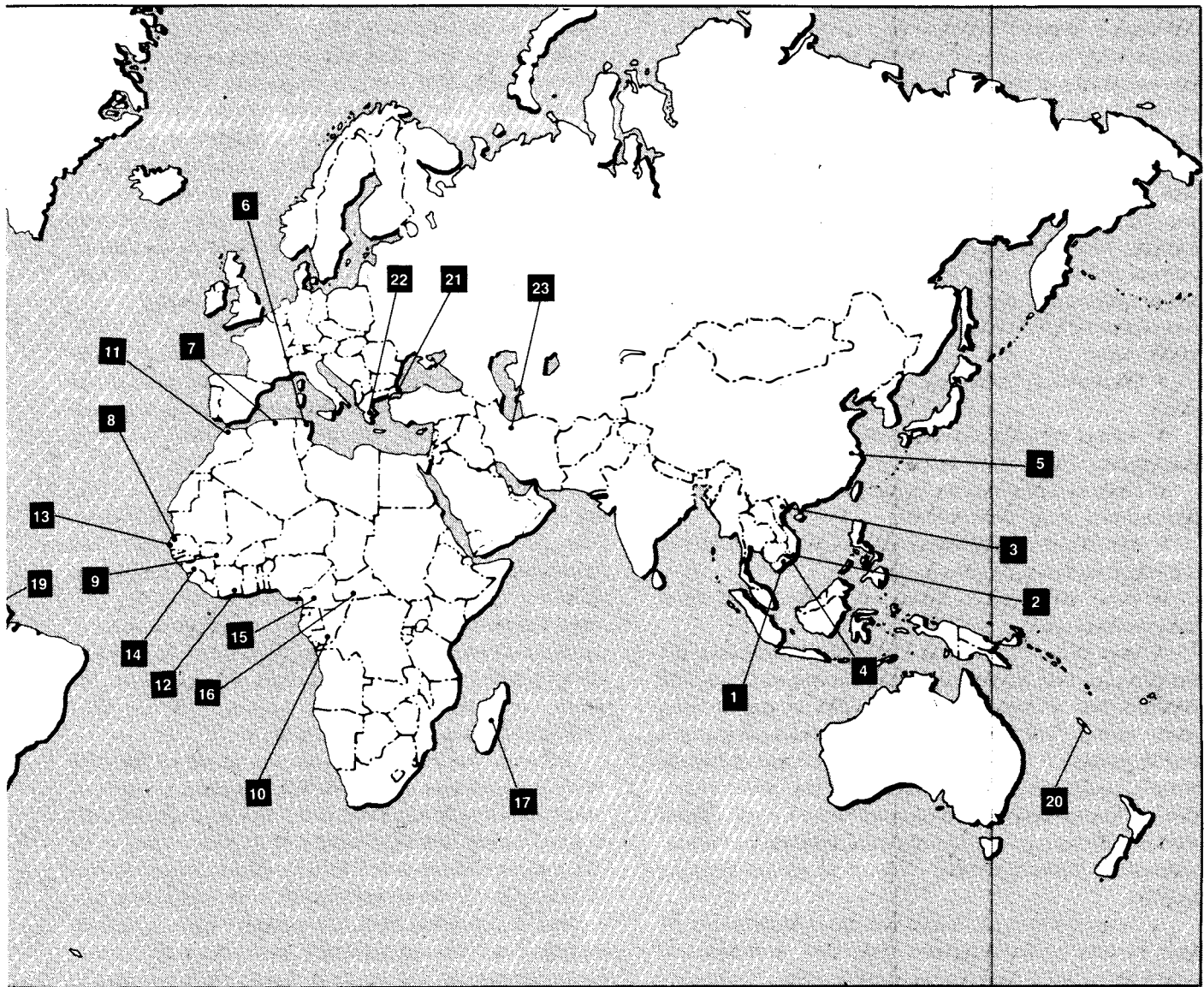
Asia

1. **Saigon (Vietnam):** 1890, Calmette.
2. **Nha Trang (Vietnam):** 1885, Yersin.
3. **Hanoi (Vietnam):** 1925, Bernard.
4. **Da Lat (Vietnam):** 1936, Yersin.
5. **Shanghai (China):** 1938, Raynal.

Main secondary laboratories are in Heu in Annam County (Vietnam), Phnom Penh (Kampuchea), and Vientiane (Laos).

Africa

6. **Tunis (Tunisia):** 1893, first laboratory created by A.



Loir, nephew of Louis Pasteur. 1903, Institute created by Charles Nicolle.

7. Algiers (Algeria): laboratory, 1894. Institute, created by Sergent brothers, 1910.

8. St. Louis (Senegal): laboratory, 1895.

9. Bamako (Mali): Pasteur Institute of Bamako, specializing in leprosy, set up in 1906; later called Marchoux Institute.

10. Brazzaville (Congo): 1908.

11. Tangiers (Morocco): Remlinger, 1908.

12. Abidjan (Ivory Coast): 1908.

13. Dakar (Senegal): created by Marchoux, Calmette, and Mesnil, 1924.

14. Kindia (Guinea-Conakry): "Pastoria" monkey farm set up by Calmette in ca. 1924.

15. Yaoundé (Cameroon): Institute created in 1959, previously called Yaoundé Medical Center.

16. Bangui (Central Africa Republic): 1961.

17. Tananarive (Madagascar): bacteriology laboratory, 1897, Pasteur Institute, 1927.

Other areas

18. Guadeloupe: 1948.

19. French Guiana: laboratory transferred from Cayenne in 1940, becomes Pasteur Institute.

20. Nouméa (New Caledonia): 1913.

21. Istanbul (Turkey): Constantinople Pasteur Institute created by Maurice Nicolle, brother of Charles in 1892.

22. Athens (Greece): Calmette, 1920.

23. Teheran (Iran): 1921.

that tropical countries' laboratories were to assume a major responsibility for the development of a region, and no Institute was worthy of the name if it did not assume those industrial and agricultural tasks, and did not teach the Pasteurian scientific method.

Hence, by agreement between the Corps de Santé Coloniale and the Pasteur Institute, candidates going to the colonies were to spend several months getting trained and acquainted with many technologies at Lille; Lille taught the colonial physicians such a wide array of sciences as to make one hesitate to call them "physicians." Renaissance scientists, scientific apprentices in the science of living, might be a better term:

- Microbiology/pathology. Tropical and temperate zones.
- Animal epizootics. Studies in wild and domestic animal diseases. Cattle breeding.
- Study of fermentations, training of people in industry: beer brewery, wine, milk products.
- Agriculture development. Virus of plants. Bacteria of soil which further plant growth.
- Water management. Biological purification of waste and industrial water.

A Navy physician at age 20, Calmette had worked on the Far East squadron, participated in the war against China, and then had gone to Gabon where he spent 18 months studying exotic pathology. It was there he took his resolve to launch a war on epidemics. When he had managed to come see Pasteur himself, he became an "enthusiast" right away. Months later, Pasteur, having talked to the Minister of the Colonies about the idea of creating the first overseas Institute in Saigon, selected the young Calmette, 27 years of age, to head the project.

In Saigon, where he studied venoms, Calmette discovered the first treatment against snakebites, treatment that would save 20,000 lives a year in India alone. Then he returned to Lille, and went on to Algiers to create the Institute there with the brothers Edmond and Etienne Sergent, later initiating the Guinea primate center project Pasteurella. Calmette spent a life devoted to the well-being of the people of Africa and Asia. Medical practice does not begin or end with the laboratory. For him, the war on disease is first fought with in-depth scientific epidemiology, something all but forgotten today.

"It is during my stay in Lille," Calmette wrote, "that the problem of the scientific and social fight against tuberculosis becomes for me a veritable obsession. I was better situated than anyone to measure the entire extent of the misery and ruin caused by this illness in working-class circles, and I was able to verify every day the uselessness or inefficiency of the efforts, in any case poorly coordinated, of the institutions of public welfare and the works of private initiative."

The tubercular workers "could no longer earn their living, nor take care of the needs of their families . . . humiliated or

reluctant to ask for charity, they go on working until their strength deserts them, then they stop, waiting to die in abject poverty." So in 1904, Calmette created the Northern League Against Tuberculosis, and established the Preventorium Emile Roux. "It seemed to me," he says, "indispensable to create an organism appropriate for searching for the ill, because, at the moment when the sick persons are the most contagious, they almost always continue to live the same life as everyone else, frequenting the workshops, the factories, themselves not suspecting in any way the dangers presented for their surroundings by the disease which has struck them."

The BCG vaccine would not be ready until in 1924. Calmette, dismissing "Lady-Do-Rightly"-type charity as inept, recruited industrial workers, and trained them at the Institute to engage in a vast volunteer operation to test the population and find the infectious people, either sick or not yet sick. Then came prophylaxis of the workplace vis-à-vis the contagious persons, who ought to be removed if working in a job that would endanger others. Prophylaxis in the household, such as removing young children to foster care when parents were infectious, and also educating the family and patients as to the means of transmission of TB (which Calmette was the first to do research on), the danger of spitting, the danger of sweeping a floor with a dry broom, etc. Finally, the Preventorium also supplied social assistance: food to the needy, home care, nursing care, even laundry service (up to 8,000 kilos!), housing, financial help, etc.

Calmette was roughed up and denounced by the Lille medical corps for his war on TB! Were Calmette to visit New York today, how stricken with horror he would be at the sight of a rich society, leaving TB-infected beggars to sleep in the street, along with the mental patients thrown out of hospitals 10 years ago. He would be horrified at the refusal to implement epidemiological study and measures against AIDS on the part of the medical community. Surely, he would remember his opponents, and those of Pasteur, who preferred to speak of "sociological" or "weather" factors and the "rights of the tuberculosis sufferer to be left alone" (to die).

The League fulfilled its purpose: preventing the spread of TB, and protecting the workplace and the family in the 20-year period which preceded the finding of the BCG.

A mission

"At the point that we have arrived at what is called modern civilization, the culture of the sciences in their most elevated expression is perhaps even more necessary to the moral state of a nation than its material prosperity." (Louis Pasteur, 1870.)

This "higher purpose" of Pasteur's pupils had nothing to do with today's race for Nobel Prizes; James Watson has as much in common with Charles Nicolle as a chameleon seeking to resemble a human genius.

Throughout Africa and Asia, the Pasteurians went on exploratory missions which were the prelude to the establish-

ment of laboratories and experimental agricultural and animal stations.

Most of the missions were organized around one task, such as seeking out trypanosomes in Guinea, but around it they engaged in comprehensive epidemiological research on man and cattle, vaccinations as available (initially smallpox, rabies), mapping of paths over mountains or through jungles, mapping of water flows, searching for insects and sites of insect larvae on rivers and in marshes.

To give a taste of this, I shall tell you of the mission to Guinea of Dr. Martin, as recorded from his diary.

Martin's story is typical of those pioneers who established Pasteur Institutes.

In June-July of 1905, Martin carried out a two-month exploratory mission in the Fouta-Djallon, called the "Swiss Alps" of Guinea from the roughness of the terrain with sharp peaks of over 1,500 meters (about 5,000 feet), and torrential rivers to cross. The mission was to travel 900 kilometers by foot or litter. Martin had with him 50 men, mostly local mountaineers, to carry the equipment, microscope, et al., and the menagerie of animals needed for experiments: sheep, goats, monkeys, dogs, cats, guinea pigs, parrots, and two heifers from which the Jennerian vaccine was collected.

The trip was exceedingly hard: 35° C or more during the day and colder nights; heifers which at times had to be carried upside down on a pole over steep terrain; floods and even hurricanes; and no decent food.

Martin's diary recalled:

"Corn, tapioca soup, eggs bought from the villages were often rotten, and if a scrawny chicken was caught, the cook plucked it live, and carried it 10 kilometers under the sun, [so] it was half-cooked when it finally got into the pot." At night they looked for a "cave," in which "to crawl on all fours, stinking and full of rats."

"Sometimes as we got down to a well-deserved rest, an invasion of giant black ants made us decamp. . . . Sometimes it was a cloud of bees and we had to catch the animals running away in all directions. The laboratory operations were done outdoors, we set up a small table, put up the microscope to examine blood samples, amidst the awful noise of the menagerie of animals. . . . Then, time came for the medical examination.

"Out from the neighboring villages a sorry troop would scurry: the chronically ill from malaria, sleeping sickness victims in a state of semi-drowsiness, individuals affected with appalling sores from elephantiasis."

Vaccination sessions attracted a lot of people when the villagers had already been educated about the benefits by colonists. It is worth recalling the terrible facts about smallpox in Africa before the Pasteurians' arrival: Over half of infant deaths were due to smallpox, and in many areas 90% of the 20-year-olds had the facial scars showing they had survived this scourge.

Martin discovered trypanosomes on the most diverse do-

Calmette and the science of epidemiology

The case of tuberculosis

1899: Preventorium

1905: Northern League against TB

1924: Bacillus Calmette-Guerin (BCG)

Preventorium "Emile Roux," Lille, 1899 anti-TB prophylaxis dispensaries

Laborers are trained, and go to carry out testing

- in communities
- in households
- in factories

Mapping of the spread of TB

- propagation of the disease by household/workplace

Decision making involves:

- hygiene laws concerning food handling, schools
- case-by-case evaluation for sanatorium
- isolation of contaminated people
- placing of TB-affected households into foster homes
- studies in contamination (digestive tract)
- education, welfare help, housing

mestic animals: horses, cattle, pigs, goats, and sheep. Since he wanted to bring those viruses back to France, he had to bring back a traveling menagerie much larger than the one he had departed with.

The precarious traveling conditions, and the lack of equipment for transport of cultures in hot climate, meant that the way to bring back a sample of any disease was to bring back one, or two, or more animals infected with it. Sometimes one infected animal and one uninfected of the same species, so as to transfer the disease if the first was not going to survive the length of the trip.

Trypanosomes are very variegated: Some types can adapt to the dog, as others to the dromedary. In man, trypanosomes vary within the same individual, changing every three or four days, according to Dr. Pautrizel, a world specialist on sleeping sickness and formerly WHO representative. Hence no vaccine has ever been found. Martin found that sleeping sickness affected all the villages because the *glossina palpalis* (tsetse fly type) was omnipresent, even at high altitudes.

Later, Martin carried out similar missions in the Congo, and established a Pasteur Institute in Brazzaville.

Reference

The parallel will be shown to extend to the means of transmission of diseases a few years later when Edmond Sergent, the founder of the Algerian Pasteur Institute, showed that *drosophila* flies carry the yeast onto the grapes and that vineyards protected by fly netting yield grapes that do not ferment to produce wine.

Long hot summer for Irangate's 'invisible men'?

by an EIR Investigative Team

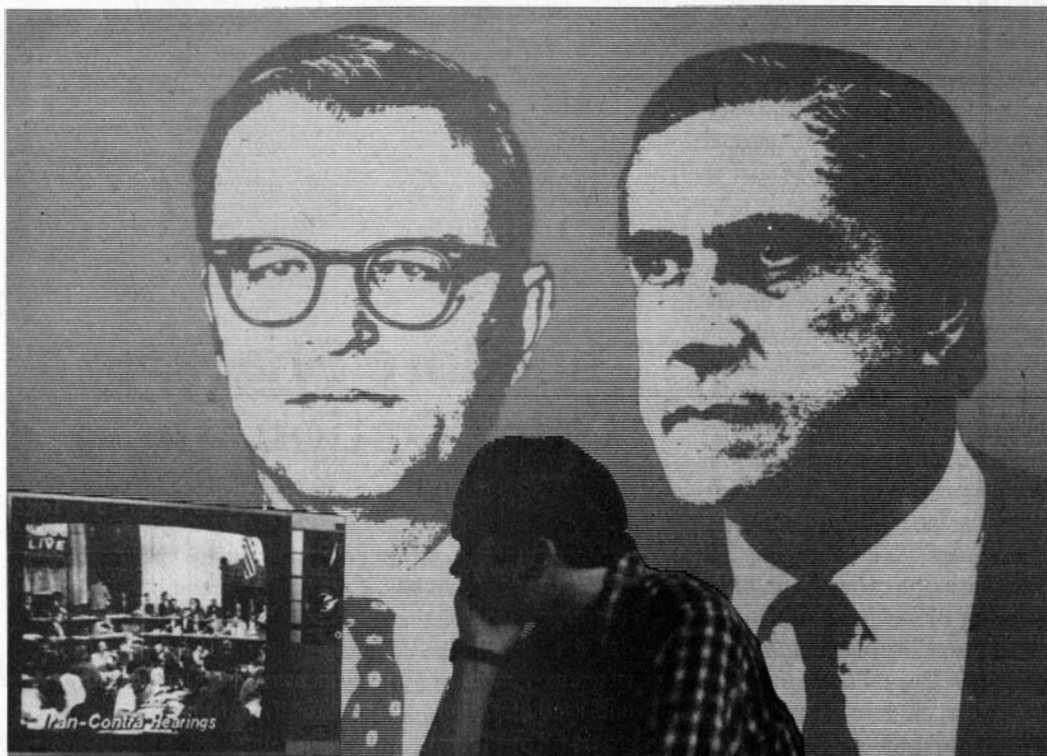
Two of Irangate's most "invisible" figures, ex-CIA deputy director of covert operations, Theodore G. Shackley, now a northern Virginia oil industry consultant, and British business magnate, Roland "Tiny" Rowland, may soon be forced to shed their cloaks of anonymity as the result of a string of high-profile legal actions and at least one covert assassination-gone-awry.

While Messrs. Shackley and Rowland have never been publicly associated with one another, *EIR* found that their paths crisscrossed throughout the formative stages of the Iran arms fiasco in 1984-85, and that they both show up currently as major players in a series of Anglo-American oil and raw materials deals stretching from Oman to southern Africa that are pivotal to the New Yalta "regional matters" arrangements being negotiated between Washington and Moscow.

These pending revelations may once again blow the lid off the Irangate scandals, opening a new and dramatic Anglo-Dutch chapter. The implications for the presidential campaign of Ted Shackley's former CIA boss George Bush may be staggering. A reported speechwriter for Bush's 1980 presidential campaign, Shackley is said to be a close family friend. This relationship may explain one "private" channel Bush used to personally oversee the Iran and Contra arms deals. If Shackley falls, Bush may come down with him.

As *EIR* reported in an exclusive story last week, just-declassified CIA documents may soon reopen the trials of Edwin P. Wilson, the rogue CIA operator and Libyan arms merchant now serving a 40-year prison sentence. Those documents, if proven accurate, identify Shackley, Wilson, Gen. Richard Secord, and Eric Von Marbod as secret partners of Thomas Clines in an arms transporting company, EATSCO, that stole millions of dollars from the Pentagon while handling an exclusive contract to ship arms to Egypt from 1979-82, under the terms of the Camp David accords.

According to one of those documents, a top-secret White House session on March 21, 1983 led to a decision to cover up the EATSCO conspiracy, leaving Wilson to rot in jail and leaving Clines, Secord, and Shackley free to play out their roles in the ensuing Iran-Contra debacle.



Roland "Tiny" Rowland (right) of the British Royal Household's Lonrho conglomerate, and ex-CIA operative Theodore Shackley; their names were carefully kept out of the congressional Irangate hearings.

Civil RICO trial vs. The Enterprise

Even if the complexities of the Wilson case delay any retrial until after November, Shackley and all of his alleged EATSCO co-conspirators are due to go on trial late in June in a Florida federal court in a civil RICO (racketeering) suit brought by the Jesuit-sponsored Christic Institute on behalf of two reporters who were victims of the La Penca bombing. In that 1984 incident, several reporters were killed or injured when a bomb blew up at a Nicaraguan border press conference given by Edén Pastora, the ex-Sandinista turned Contra commander. Shackley was named, along with Secord, Lt. Col. Oliver North, and a dozen other major Irangate players as part of the bomb plot conspiracy in the May 1986 Christic suit that prefigured Irangate by six months.

Although attorneys for Shackley filed a motion to dismiss the ex-CIA official from the civil suit on March 1, the judge has not yet ruled, and is likely to weigh the just-declassified CIA papers before making any decision. Wilson, according to sources close to the case, will be the plaintiffs' first witness when the trial begins.

If such old ghosts still continue to dog the former CIA executive, equally disturbing may be recent revelations centering around oil-rich Oman and its relations with the Soviet Union and the Republic of South Africa.

On June 14, the *Wall Street Journal* published a pair of articles about the strategically located Gulf sheikhdom that also houses the U.S. Central Command. A reportedly prominent Shackley client and financial patron, Dutch oil trader John Deuss, was named as the architect of an effort on behalf

of the Omani oil ministry, to create a bigger-than-OPEC global oil cartel that would, for the first time, include the Soviet Union in a monopoly over oil supplies and prices.

The *Journal* piece provoked widespread speculation that Deuss—and by implication Shackley—may be playing a behind-the-scenes role in the U.S. regional matters sellout to Moscow.

Those regional matters may extend beyond the Persian Gulf into the heart of southern Africa, where the State Department and the Kremlin are apparently working hand-in-hand to dictate a "settlement" of the Angolan, Namibian, and South African conflicts. Deuss has been widely identified as the largest supplier of oil to the boycotted Republic of South Africa, drawing upon his access to both Soviet and Omani petroleum. *New York Times* reporter Jeff Gerth has also reported that Oman has been the Reagan-era base for supplying arms to Afghani rebels fighting against the Soviet occupation army in their country. Several U.S. intelligence sources have told *EIR* that the Oman-Afghan operation was run as part of an arms-for-oil arrangement with Johannesburg. These sources charge that enormous profits were skimmed off the Afghani covert arms pipeline by greedy middlemen, although they declined to name specific individuals or companies.

According to a second *Wall Street Journal* story in the same June 14 issue, a jury in Covington, Kentucky recently ruled that an American oil company with documented ties to the intelligence community had passed million of dollars in kickbacks to two key advisers to the Omani government in

return for assurances of delivery of Omani oil following the 1979 U.S. ban on Iranian oil purchases. The recipients, retired British army officer Tim Landon and Libyan exile businessman Yahia Omar, have both been identified by several U.S. intelligence and media sources interviewed by *EIR* as associates of Ted Shackley.

Meanwhile, across the Atlantic

Simultaneous to these potential problems for oil consultant Shackley, the London headquarters of Tiny Rowland's Lonrho, Ltd. has been rocked by a series of scandals. Rowland, the initial moneybags behind the Iran arms initiative following Ted Shackley's November 1984 secret meetings in Hamburg, West Germany with Iranian representatives, is in the middle of a violent feud with a former business associate, Mohamed Al-Fayed, over the latter's buy-out of London's prestigious Harrads department store. Acrimony has turned to public scandal-mongering as the two multi-millionaires and associates of the Sultan of Brunei have taken to the pages of the British press to hurl damaging revelations about the other's role in the Irangate affair. The Sultan provided at least \$10 million in seed money for the Iran-Contra deals, operating through his resident "spiritual adviser," the Swami Chandra, and U.S. Secretary of State George Shultz.

This exposure of Rowland would be almost comic opera were it not for a far more serious charge widely circulating against Rowland: that he was behind the recent assassination of RENAMO (Mozambique National Resistance) leader Ivo Renaldes in Lisbon. Rowland, despite his British Tory profile, is the British Crown's bridge to the African frontline states, and is widely known to be "Mr. British Foreign Office" in Africa. A Lonrho subsidiary is training an 8,000-man counterinsurgency force for the Mozambique and Zimbabwe governments, and that subsidiary is suspected of sending out the hit men to eliminate "counterrevolutionary" Renaldes.

Intelligence hands point out that one of Lonrho's behind-the-scenes consultants is former CIA official Miles Copeland, who has long-term experience in running such operations in the Middle East and Africa. Copeland recently became notorious for authoring a piece, in the March issue of *National Review*, entitled "Spooks for Bush," which put forward the strange idea that a Bush administration would be far more sophisticated in running intelligence operations than Reagan's. Another reported consultant to Rowland is Ashraf Marwan, the son-in-law of former President Nasser, and a longtime Bush-connected spook. Marwan and Rowland are reportedly on the best of terms with Muammar Qaddafi's cousin, Ahmed Qadafadam, the Libyan regime's top assassin.

The RENAMO hit has prompted speculation that other leading "resistance" fighters in Africa, notably Dr. Jonas Savimbi, and his ally, Zairean President Mobutu Sese Seko, may be on the same target list—for their resistance to U.S.-Soviet joint pacification programs across the continent.

Theodore Shackley's 'Third Option'

"Looking at the list of disasters Shackley has presided over during his career, one might even conclude that on the day the CIA hired Shackley, it might have done better hiring a KGB agent; a Soviet mole probably could not have done as much damage to the national security of the United States with all his wiles as Shackley did with the most patriotic of intentions." (Jonathan Kwitny, *The Crimes of Patriots*, W.W. Norton & Co., New York, 1987, page 291.)

If convicted arms merchant and CIA covert operator Ed Wilson wins his petition for a retrial based on newly released CIA files, chances are that a whole clique of career CIA officials—all bearing familiar names, and all associated with Irangate—will emerge as the real defendants. Not so much because of "smoking gun" proof of concrete crimes like drug trafficking, arms running, money siphoning, influence peddling, and assassinations, but because they presided over the destruction of America's vital intelligence capacities.

Since his resignation from the CIA in September 1979 to join his longtime aide Thomas Clines in a string of "off the reservation" intelligence-consulting ventures, Theodore G. Shackley has emerged as the leading apologist for a philosophy of intelligence and covert operations that he refers to as the "third option."

At a March 4-5, 1983 symposium on low-intensity conflict sponsored by the National Strategy Information Center and Georgetown University, Shackley summarized his "third option" proposal:

"[A] special mechanism of government [should] be established to control all special operations and their assets . . . dedicated to the multiple tasks of counterinsurgency, guerrilla warfare, and anti-terrorist operations. . . . [T]he intelligence focus could then be applied to apparent opportunities in Mozambique, Angola, Afghanistan, Ethiopia, El Salvador, Nicaragua, and perhaps even the Western Sahara."

According to published proceedings of the conference, Lt. Col. Oliver North was sitting in the audience.

In an earlier book-length version of the same proposal, and in a December 1980 version of his "Reagan Doctrine" proposal, delivered at a Roy Godson-sponsored event,

Shackley concluded that in the wake of the CIA scandals of the mid-1970s, Congress would no longer allow the intelligence community "to plausibly deny" its flubbed missions. Conclusion? Go private.

The personal touch

Shackley, known in the intelligence community as the "blond ghost," apparently for his cautious, aloof, and impersonal style, is a walking history of the failure and ultimate cooptation of America's intelligence community by private interests.

- In the late 1950s, while on assignment in Berlin, Shackley supervised key features of the Berlin Tunnel, a secret listening device that tapped into DDR and Soviet phone lines. Unfortunately, the KGB discovered the technologically impressive tunnel before it ever went operational. Rather than shutting it down right away, the KGB and Stasi used it as a pipeline for disinformation into the West.

- Next, Shackley moved to Miami, where he oversaw the Bay of Pigs Invasion and JM/WAVE, the failed efforts to overthrow and then assassinate Fidel Castro. It was apparently during this period that Shackley forged deep ties to a network of Cuban exiles who had fled their country in the wake of the Castro revolution (ironically, it was the CIA that provided Castro with the key weapon supplies to make his revolution, only to then drive the Jesuit-trained "Marxist" into Soviet hands by cutting him off totally at the point that he successfully overthrew Batista). Abandoned, for the time being by the CIA when JM/WAVE was curtailed, these Cuban-Americans became a permanent underworld for future use by increasingly more cynical American covert operations planners.

- In the mid-1960s, Shackley moved to Laos, where he supervised the "secret war," a decade-long covert program that later died the ultimate death with the fall of Saigon, and which was widely reported to have been partially financed through the marketing of Golden Triangle opium, thus inaugurating the era of American "narcovert operations."

- From Laos, Shackley followed his longtime CIA patron William Colby to Saigon, where he became station chief at the peak of the U.S. involvement in Indochina.

- By some accounts, in 1971, Shackley's enthusiasm for the Vietnam campaign (he reportedly drove around Saigon in a limousine flanked by motorcycles, prompting one CIA observer to call him "the proconsul of Vietnam") seemed to cut against the grain of senior CIA brass at Langley, who had long since concluded that the war was already lost. Shackley was pulled back to headquarters to replace David Atlee Phillips as head of the Western Hemisphere Division—just in time for the Phillip Agee scandal. According to CIA veteran Joseph Burkholder Smith, Shackley used the pending publication of Agee's kiss-and-tell saga to purge the entire division of all its senior field agents and to shut down all long-term operations. According to one account, the CIA was already

in possession of the Agee manuscript while Shackley was doling out the pink slips, and already knew that Agee had not revealed the names of any senior Agency field operatives.

- When James Schlesinger moved briefly into the DCI chair, Shackley was promoted to the plum posting of Far East Division Chief, overseeing all CIA operations in the Asian theater. Under William Colby, he became deputy chief of worldwide covert operations, a post he thought would be a stepping stone to the director's post when Gerald Ford was reelected in 1976.

Jimmy Carter's election, dashing Shackley's hopes to become DCI, may have sent the CIA veteran over the edge. According to several Agency accounts, Shackley was deeply involved in preparing the pink slips enforced by Turner, thus completing the decimation process begun with the Agee caper and the purging of the Americas division five years earlier.

According to several book-length accounts of the Wilson-EATSCO affair, Shackley and his longtime CIA and Pentagon cronies, Clines, Wilson, Richard Secord, and Eric Von Marbod, began laying the seeds of their "off the reservation" move long before any of them ever left the government. Much of the rest is well-catalogued history.

The bankers' CIA

One senior foreign service officer who was present for most of the events catalogued above, places Shackley and his "secret team" in the context of a drive, inaugurated by then-NSC adviser Richard Nixon, Henry A. Kissinger, to transfer the serious U.S. intelligence apparatus out of the government and directly into the hands of the liberal banking Establishment of Boston, Wall Street, and the City of London.

Key to these events was the mid-1970s oil hoax, that drove up the price of petroleum, and created a mass of petrodollars as a reserve fund to finance the privatization of Anglo-American intelligence, a return to the original British and Dutch East India Companies. Thus, Shackley's post-retirement emergence as an "oil consultant," thus the prominence of the pro-Western Gulf oil shieksdoms in all subsequent "off the reservation" intelligence programs.

Allegedly, during the mid-1970s phase of the privatization of the CIA, Kissinger drew upon William Casey, who served Richard Nixon as head of the Securities Exchange Commission and the Export-Import Bank, as a close collaborator. Kissinger also reportedly shifted significant "in house" covert operations responsibilities to newly upgraded desks at the Treasury Department (Assistant Secretary of the Treasury for International Affairs), and the Pentagon (Defense Security Assistance Agency). Both posts underscored the importance of control over offshore funds in the future running of "off-line, off-the-shelf" covert operations. Above all else, Henry brought in British and Israeli intelligence as partners and arbiters over U.S. intelligence.

Behind Irangate: the Lonrho link

Between Nov. 19 and 21, 1984, former CIA deputy director Theodore G. Shackley held a series of top-secret meetings in Hamburg, West Germany which set the stage for the U.S.-Israeli arms sales to Iran later made famous by the Irangate affair. Participants at the meetings included Dr. Shahabadi, the Iranian government's chief purchasing agent in Hamburg; Gen. Manucher Hashemi, the former head of counterespionage under the Shah; and Manucher Ghorbanifar, later the chief intermediary between the U.S. National Security Council, Israel, and the Islamic Republic of Iran in arms deals.

This gathering can be considered the founding meeting of the post-1984 phase of the Iranian arms deals.

A review of the reports of the Tower Commission and the Senate Select Committee on Irangate reveals what extraordinary pains were taken by the U.S. Establishment to suppress even a passing reference to Shackley's role. Shackley is not the only figure who has been protected: Roland "Tiny" Rowland, chairman of the British-based Lonrho Corporation, is another. Rowland and Shackley can be shown to have maintained contact with the same top Iranian and American gun smugglers, during the same period, concerning the same issues.

Shortly following the Hamburg meeting, Shackley forwarded a memorandum he wrote on the discussion to National Security Council consultant Michael Ledeen, his longtime crony. Ledeen is just one of Shackley's associates or "former" partners who later emerged as key Irangate figures.

By the end of August 1985, the first planeload of U.S. TOW missiles had left for Iran, since the Hamburg meeting. This missile deal was financed to the tune of \$7.5 million by Saudi merchant Adnan Khashoggi. However, Khashoggi reports the money was not his. It had been borrowed from "Tiny" Rowland. The key Israeli official supervising the deal was Foreign Ministry Director General David Kimche, a friend of Ledeen. Kimche now works for Lonrho.

Rowland, unlike Shackley, flaunts his Iranian connections. In August 1987, for example, during the middle of the scandal, Rowland flew off to Teheran to negotiate a \$1 billion food-for-oil swap. Rowland then held a press conference to report that Lonrho would soon be constructing petroleum refineries in West Germany, as part of this Iranian venture.

As recently as the beginning of June 1988, Lonrho announced a new merchandising partnership with the famous German Krupp works, significant because it is now partially owned by the Islamic Republic of Iran.

Meanwhile, well-placed sources report, Shackley is "rolling in dough," confidently building his empire. Shackley is depicted by some as a clever rogue operative within the U.S. intelligence community. Others assert that virtually every operation Shackley has touched, whether in West Germany, Cuba, or Southeast Asia, has been a dismal, in fact, suspicious, failure. Some even believe that Shackley is a long-term Soviet or perhaps Israeli mole. But the idea that Shackley may have the closest of relations with British intelligence, as indicated by his links to Rowland, never seems to be stated, by a U.S. intelligence community generally blind to the importance of British strategic manipulations.

Examining the story of Shackley's associate Tiny Rowland may aid the U.S. intelligence community in understanding Shackley, who sponsored him, and why.

Investigators must also note two other significant U.S. figures who are tied to Lonrho: former CIA official Miles Copeland, now a London-based Lonrho consultant and the unofficial head of the George Bush for President campaign in Europe; and Robert O. Anderson, the founder of Atlantic Richfield, and the patron of some of the most fruity groupings of the U.S. Establishment, such as the Aspen Institute. Anderson is Rowland's main U.S. business partner.

The starting point for this counterintelligence investigation is the realization that Lonrho is simply a front for the British Secret Intelligence Service. Lonrho and Rowland make no independent decisions. All of their actions are determined either by SIS, or directly by the British oligarchical families which control SIS.

Running 'decolonization'

Most of British Africa was formally decolonized in the period from 1960 to 1964; but Britain never intended to make its colonies truly independent. It sought to continue its control in a hidden form. During the middle of this policy shift, Sir Angus Ogilvy, the husband of the Queen's cousin, Princess Alexandra, and the younger son of the powerful Scottish Earl of Airlie, resurrected the London-Rhodesian Mining and Land Company, out of its moribund status. London-Rhodesian, now known as Lonrho, and another British oligarchical firm, the Anglo-American Corporation, are the instruments by which Britain continues to rule most of Africa.

The leading British oligarchical operative who supervised the nominal decolonization of Africa was Lord Duncan-Sandys, son-in-law of Winston Churchill, and then Secretary of State for the Colonies. Duncan-Sandys later became Lonrho's chairman. Lonrho rapidly assumed dictatorial control over the economies of all the colonies that Britain had formally declared independent. As chairman of Lonrho from 1972 until his death in 1984, Duncan-Sandys dictated terms to the same African leaders whom he had earlier managed

while Secretary of State for Colonies. Decolonization was a cruel joke, a cover for continuing the same imperial policies under a different name.

Duncan-Sandys and Ogilvy are not the only senior British Royal Family operatives associated with Lonrho. Sir Basil Smallpiece, the Administrative Adviser to Her Majesty's Household from 1964 to 1980, for example, was a prominent Lonrho controller. Julian Amery, the former Minister of State for the Foreign and Commonwealth Office, and the son of Leopold Amery, the last Secretary of State for India, is a Lonrho overseer. Lord Carrington, the NATO secretary general who played an important role in ramming through the INF treaty, is also part of the Lonrho machine.

One of the agreements secretly struck at the June 1988 Moscow summit, was a deal to bloodily redraw the map of southern Africa. Civil war-torn Angola, now in significant degree under the control of Western-sponsored UNITA forces, will be betrayed to the East. Its mineral-rich Cabinda province, however, may be forked over to the European mineral cartels. Zaire will be dismembered, while the choice Shaba province will remain an object of contention. The Republic of South Africa will ultimately be annihilated. This betrayal of Western interests conforms with Lonrho's long-term strategy.

On the financial side, Lonrho is an extension of a combination of powerful British banks and insurance companies that include Standard Chartered, Barclays, and the Anglo-American Corporation's financial interests. All have a long history of imperial rule in Africa. The Drayton Group, a.k.a. the Group of 117, also played a significant role in Lonrho's formation, just as it sponsored the Canadian drug-running Bronfman family, of Seagrams fame. This banking group, with the addition of the Royal Bank of Canada, also dominates Cuba's economy, thus positioning Lonrho to shape Cuba's policy in Angola.

Having decided to continue the Empire in a new form, Sir Angus Ogilvy traveled to Rhodesia in 1961 to find a suitable field hand for the newly resurrected "London-Rhodesia." Ogilvy chose one Roland "Tiny" Rowland, then the Mercedes-Benz distributor in East Africa, and a reputed gun-runner.

Tiny Rowland was born "Roland Fuhrhop," in a World War I British internment camp in Darjeeling, India, where his German father had been a merchant. After the war, the family temporarily returned to Germany, where Tiny's two older brothers joined the Wehrmacht. Tiny and his father moved on to England, however, where the son received a respectable education. According to some accounts, Rowland was involved in a series of secret trips to Germany in the pre-World War II period, possibly on behalf of British intelligence. In 1939, Rowland was conscripted into the British Army, but soon joined his father in an internment camp on the Isle of Man. Following the war, Rowland moved to Rhodesia, waiting to be discovered.

Thus, situating Rowland and Lonrho with Theodore

Shackley during the initial period of the Iran-Contra deals provides a most interesting angle for U.S. counterintelligence investigation.

The new British Empire

The degree of control that Lonrho has achieved over numerous southern African economies is impressive. For example, 50% of Zimbabwe's foreign exchange comes from mining. Together with Anglo-American and Rio Tinto Zinc, Lonrho runs Zimbabwe's mining. Lonrho's Ashanti gold-fields account for 85% of Ghana's gold output, which amounts to 15% of the country's foreign exchange earnings. The Republic of South Africa produces 79% of the world's platinum, and 94% of that mined outside of Russia. Lonrho directs South Africa's (and the world's) third-largest platinum mine. Seventy percent of Malawi's foreign exchange comes from tea, tobacco, and sugar. Lonrho controls the state's sugar industry. Lonrho is also one of the continent's largest arms suppliers.

An examination of the holdings of Lonrho in combination with Anglo-American reveals that the two British firms control most of the vital strategic minerals needed by NATO. Virtually no U.S. tank or submarine could be built without these two British intelligence proprietaries.

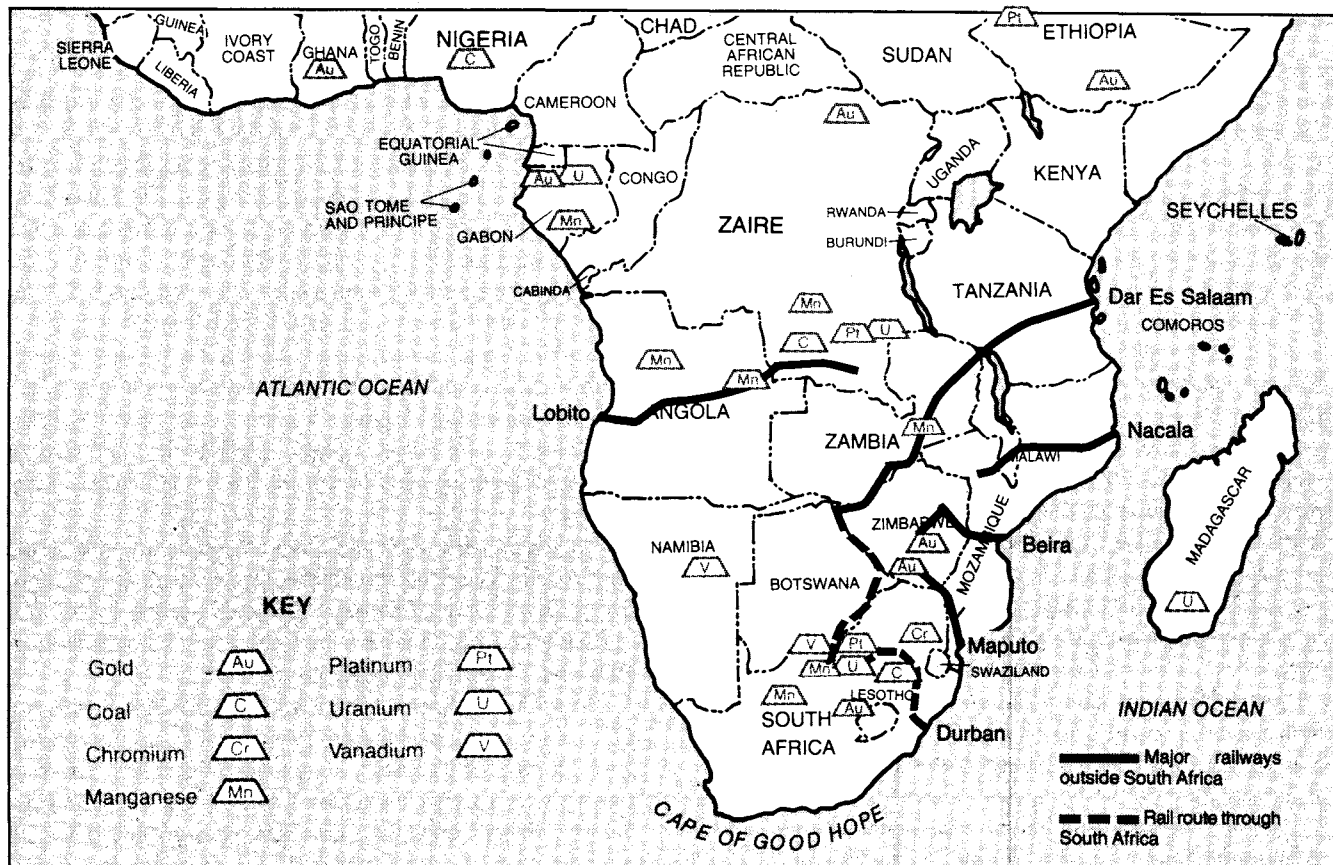
Yet official economic statistics tell little of the real story of Lonrho control of Southern Africa, which is better shown by its control of transport, and most of the region's revolutionary or separatist movements of both the left and right variety. British imperial policy has always been based on manipulating all ethnic and political factions, and states, against each other. It is therefore no surprise that Lonrho has simultaneously:

- Supported most radical self-styled "liberation movements," such as the terrorist African National Congress, and has paid the tab for many famous national liberation "heroes";
- Supported the Rhodesian and South African governments, including the most diehard supporters of the apartheid system. Some say the Bruderbund, the most important South African white secret society, is actually under Lonrho control.

The accompanying map of southern Africa shows the legacy of underdevelopment left by the British Empire. The entire region has only five major railways, outside of the Republic of South Africa, and these railways solely connect the mineral-rich African interior to the sea. Transport over these lines provides the only foreign exchange, as little as it is, for many of these southern African states. All of these railways are operated by Lonrho. Each one of these railroads is also periodically blown up and closed down by Lonrho, through its control of the region's insurgent movements. In this way, Lonrho enforces the agreed-upon worldwide cartel price of strategic minerals, while also retaining the ability to extort what it wants from most states in the region.

These five rail systems include the line tying landlocked Uganda and Zambia to Dar es Salaam, Tanzania; the lines to

Southern Africa: strategic minerals and rail links



the southern Mozambican port city of Maputo, also servicing landlocked Malawi; the railway terminating at the northern Mozambican port of Nacala; the Beira corridor of rail and oil lines linking Zimbabwe and Malawi to the Mozambican port of Beira; and the Benguelan line to the port of Lobito in Angola, which links Zambia, and the Shaba province of Zaire, to the Atlantic.

As a result of Lonrho's support of the Portuguese anti-government RENAMO movement in Mozambique, the Zimbabwe rail lines to Maputo, Nacala and Beira have been unreliable or inoperable for eight years, cutting off the interior from the sea. At the same time, Lonrho controls much of the Zimbabwe economy, particularly the mining industry. Consequently, when, if, and how much of Zimbabwe's strategic mineral products find their way to the world market is determined by Lonrho.

Similarly, because of UNITA's insurgency, the Benguelan line linking Angolan ports to Zaire and Zambia has not functioned for 10 years. Lonrho controls the Angolan economy, and is a formal adviser to its Marxist government. Lonrho officially operates the rail line, which was built by the Belgian cartel, Société Générale. Yet Lonrho has also been a key sponsor of the insurgent UNITA, despite the fact

that it is currently trying to assassinate its leader Jonas Savimbi.

Thus all rail lines linking central southern Africa to the Atlantic and Indian Oceans are subject to closure by Lonrho whenever it desires.

The only alternative routes for the mineral-rich, landlocked states of Botswana, Malawi, Zambia, and Zimbabwe for their exports is through the territory of the Republic of South Africa, to the port of Durban. These alternative routes are typically three times the length and price. Lonrho's influence in the R.S.A. is also immense.

Running the Zimbabwe revolution

The case of how Lonrho overthrew the Rhodesian government and installed the terrorist regime of Zimbabwe's Robert Mugabe in power illustrates its classical imperial methods. It also shows that any U.S. government official who believes that Lonrho can be used as a "U.S. asset" in Africa is a fool. The United States will surely be stabbed in the back.

In 1965, Britain organized a worldwide embargo of Ian Smith's Rhodesia because of its unilateral declaration of independence from the British Empire. Rhodesia's economy,

then and now, was dependent on mining. Lonrho mined most of Rhodesia's minerals, and shipped all of them. The Beira corridor, Lonrho's Mozambican-Rhodesian rail and pipeline linking Rhodesia to the sea, was shut down as part of the blockade. The pipeline, which supplied Rhodesia with all its oil, had only been open for six months.

As a result of cutting this corridor, Rhodesia became entirely dependent on South Africa—and also Lonrho. For despite Britain's public policy, Lonrho continued to be the mainstay of the Rhodesian regime. It also supplied it with necessary oil and arms. Naturally, the price of the oil and arms dramatically increased because of the embargo.

Yet, at the same time that Lonrho was sustaining Rhodesia, it was directing the Zimbabwe resistance movement to the white government of Ian Smith, and was responsible for eventually installing the radical regime of Robert Mugabe in power.

The roots of the Zimbabwe nationalist movement go back to the 1940s, and the creation of the African National Congress (ANC). Joshua Nkomo was an early leader of the ANC. He later became the leader of the 1979 Zimbabwe revolution. Nkomo was also a Lonrho puppet. As late as 1984, this revolutionary referred to Rowland with great affection as a "son-in-law, what we call '*mkwenyana*, one of the family by marriage. He made generous contributions to me." When Nkomo was flown to London in 1979, to lead the insurgent delegation which changed Rhodesia into Zimbabwe, he flew on Lonrho jets, and was housed at Lonrho hotels. He still is.

In the 1950s, the Zimbabwe liberation movement split along tribal lines, with one faction led by Nkomo, and the other by Robert Mugabe. Mugabe's followers set up bases in Tanzania and Mozambique and received training from the Chinese. Mugabe, consequently, became a Maoist. Meanwhile, Nkomo, based in Zambia, and then Angola, received training from Soviet military advisers—and also Lonrho. Nkomo's top officers were regularly sent to Eastern Europe for specialized training.

Following Lonrho's establishment of the Zimbabwe government, Mugabe became President and Nkomo interior minister. The Soviets and Lonrho then supported Nkomo's bid to seize power. Nkomo failed, and fled to London, where he resides at a Lonrho hotel. Rowland, meanwhile, made his peace with Mugabe, and Lonrho is now the controller of the Zimbabwe economy, just as it had been under Smith. Together with the North Koreans, the British train Zimbabwe's army.

Shortly following the creation of Zimbabwe, Lonrho reopened its Beira corridor through Mozambique. The rail and pipeline are, however, periodically closed down by RENAMO, the Portuguese insurgent movement directed against Mozambique. Lonrho's subsidiary, Defense Services, Ltd., run by Alastair Morrison, deploys an 8,000-strong mercenary force in Mozambique, purportedly to protect the corridor. The force recently assassinated the prominent RENAMO leader Evo Renaldes in Lisbon.

John Deuss, Shackley's piggybank

Johannes Christiaan Martinus Augustinus Maria Deuss, a.k.a. John Deuss, a former used-car salesman from Holland, is the owner of Transworld Oil, Ltd., believed to be the largest independent oil dealer in the world. Deuss has gained notoriety as the leading procurer of oil for South Africa and the chief broker for oil from Oman.

According to several intelligence community sources, Deuss is a major financial backer of Ted Shackley. Although unconfirmed rumors have suggested that Deuss is (or was) the secret owner of one of Shackley's companies, what can be stated with certainty, is that Deuss is a principal client who helps Shackley "pay the rent."

When Shackley and Tom Clines allegedly parted company, Shackley took the Transworld Oil account with him: Shackley has a risk analysis contract and oil intelligence consultancy with Deuss, which is renewed every year. Reportedly, Shackley is paid about \$110,000 a year, and his wife Hazel, a former CIA operative, \$40,000 a year. Shackley effectively acts as intelligence chief for Deuss's multinational oil empire.

The *Wall Street Journal* recently reported that Deuss is acting as a catalyst in a plan to create a "World OPEC," which could "prop up international oil prices during periods of excess crude oil supplies." "The plan essentially would create a cartel of 21 OPEC and non-OPEC exporters—with the discreet backing of Norway and the Soviet Union, the world's biggest oil producer." In October 1987, Deuss and Nigerian Oil Minister and OPEC President Rilwanu Lukman addressed an "Oil and Money" conference in London, promoting effective "supply management" as a way to balance oil markets. Deuss stressed that only with the cooperation of all the leading oil-exporting countries, including the Soviet Union, was there any prospect for price stability.

Some oil analysts have speculated that the "World OPEC" proposal was motivated by Deuss's recent huge losses from a "long" position he had taken on North Sea oil. In December 1987, Deuss cornered the Brent oil market for one month, with the expectation of rising oil prices. When the increases did not materialize, he is believed to have taken a \$200 million loss. In April of this year, Deuss was forced to close offices in New York, Tokyo, and Brussels.

Deuss's proposal for a "One World" oil equivalent of the United Nations, prominently featuring the role of the Soviet Union, seems to be the result of the oil trader's jockeying to be an important player in the new East-West détente. No Johnny-come-lately to such deals, Deuss broke into the big time in the early 1970s, landing a \$500 million deal to purchase Soviet oil.

When still a nobody in the early 1970s, Deuss developed a friendship with Vasily Y. Merkulov, president of the Soviet petroleum exporting agency V/O Soyuznefteexport (SNE). Allegedly, there was a falling-out when some of the oil shipments arrived late. Deuss ordered a halt to the shipments, but the order was delayed getting to Baku. He took delivery of \$101 million of oil he had not paid for. Deuss traveled to Moscow to make a settlement and had his passport lifted by the KGB. He claims he was tricked into signing a letter confirming the withdrawal of his counterclaims. A Soviet court found in favor of SNE, but a court in Bermuda, where Deuss is headquartered, would not recognize the judgment.

The controversy between Deuss and his Soviet partners now seems to have subsided. Deuss still maintains contact with Russian officials, in one case through Herman Franssen, a former chief economist of the International Energy Agency and now economic adviser to Said bin Ahmed al-Shanfari, Oman's oil minister. Deuss picked Franssen to work for Oman and flew him to meet with al-Shanfari. Earlier this year, when non-OPEC countries such as Mexico, Angola, Malaysia, China, and Colombia warmed up to the "World OPEC" idea, Franssen went to Moscow to solicit Soviet support.

Shackley's friends in Oman

Deuss is Oman's oil adviser, and since the mid-1970s, he has been an insider at the palace of Sultan Qabus bin Said.

Oman is a strategic base for Western intelligence and military operations in the Persian Gulf, and is considered the United States' most reliable ally in the region. In his 1980 book *The Third Option*, Shackley highlights the role of Oman as a critical element in securing oil supplies for the West, after the fall of the Shah in Iran. Oman has become an important link in the logistical chain that moves military supplies to the Afghan rebels. There has been much unconfirmed speculation that Shackley was unscathed by the Iran-Contra scandal, because of the important role he played in arming the Afghan rebels.

Oman is a shared asset of British and U.S. business and foreign policy networks. The British have the upper hand, with the United States competing to strengthen its leverage. After the fall of the Shah, the United States secretly moved to establish a Rapid Deployment Force based in Saudi Arabia. The project's security was blown, allegedly by representatives of an Anglo-Soviet and Israeli nexus. The Saudis came under intense pressure, breaking their initial agree-

ment. The fallback option was Oman, and the United States became a cooperating, yet competing, partner of British interests.

Besides the Deuss connection to Oman, Shackley's other link is James Critchfield, the former head of the CIA's Middle East desk, and later chief of intelligence for energy. Critchfield is president of Tetra Tech International, a subsidiary of Honeywell, Inc. Tetra Tech has a contract with Oman to develop the economic infrastructure of the Masandam Peninsula, which is at the mouth of the Strait of Hormuz. Although intelligence sources say that there is no love lost between Shackley and Critchfield's "old boys" network, it is in this context that Shackley entered Critchfield's orbit and became a player and associate of a small group of American and British advisers who shape Oman's policy.

The competition between Britain and the United States has led to rumors charging that Shackley has been more British than American in his dealings in Oman. The rumors circulate in an environment in which the British firms beat out U.S. companies for contracts most of the time. In 1984, of 11 major new military projects in Oman, British companies were selected as consultants, architects, or contractors for all but 2, according to a list prepared by the U.S. embassy and made available to the *New York Times*.

Shackley's work for Deuss has also added to the rumors. Unconfirmed speculation from numerous intelligence and political analysts is that Deuss is a front-man for Royal Dutch Shell, an Anglo-Dutch financial grouping characterized by pro-Soviet policies. In November 1985, when Deuss bought Atlantic Refining and Marketing Corp. from Atlantic Richfield, Manad Saaed al-Otaiba, then Oman's oil minister, was at the opening ceremonies in Philadelphia, prompting rumors that Deuss was a front-man for Arab interests connected to Shell.

The key British power broker with influence in Oman is Timothy Landon. In 1970, the sultan ran a bloodless coup against his father with the help of Landon, a British military and intelligence figure. Known as the "Lawrence of Arabia" of Oman, Landon, who now lives in England, was the sultan's college buddy at Sandhurst. According to British intelligence sources, Shackley has a working relationship with Landon's associates and operatives.

One of them is Yahia Omar, an exiled Libyan businessman linked to several individuals who figured prominently in the Iran-Contra scandal and the EATSCO affair. In a recent court suit, two former Ashland Oil executives won a \$70 million judgment against their former employer. They were fired after blowing the whistle on what they said were illegal bribes paid to Landon and Omar to secure oil from Oman with the knowledge of Ashland's then-chairman Orin Atkins. Omar has been a business partner of Atkins, who has been a cooperating asset in U.S. intelligence operations over the years. According to Middle East intelligence sources, Omar

has been acting as a back channel to Libya's Muammar Qaddafi for a Shackley-linked faction of U.S. intelligence that proposes to woo the mad colonel back to the Western camp. Qaddafi's recent endorsement of George Bush for President is seen by some as evidence that he is willing to play ball.

Chester A. Nagle, a former CIA official, is another associate of Shackley and former employee of Landon. In 1979, he was registered with the Department of Justice as a foreign agent of Oman. As of 1983, he was listed as a special assistant to the sultan's palace office, according to State Department documents obtained by the *New York Times*.

Deuss and South Africa

According to the Amsterdam-based World Shipping Bureau, an anti-apartheid watchdog group which monitors the economic boycott against South Africa, Transworld Oil has been one of South Africa's main oil suppliers. *Business Week* magazine reported in June 1986 that Transworld had a three-year contract with South Africa, starting in 1980, which resulted in 69 cargoes of oil reaching the embattled nation, accounting for 20% of the country's needs.

In early 1980, Deuss contracted with Dr. Omar Zawani, an adviser to Sultan Qabus ibn Said, as well as an associate of Landon and Yahia Omar, to resell the South Africans 44 million barrels of crude oil over three years. Maurice Sellier, a British attorney and director of South Arabian Securities, was in on the deal. Suzanne Guinness, wife of British merchant banker Jonathan Guinness, was Sellier's adviser and co-director, according to the London *Observer*. Bahrain banker Ezra Nonoo, Maurice Sellier, and Helge Storch-Nielsen, the Danish-born honorary consul of Peru in Cape Town, originally set up the deal with Oman, but when Deuss moved in, they were cut out.

Deuss has denounced the embargo against South Africa, but, in late 1987, stated that Transworld was suspending all shipments to South Africa, claiming it was for business reasons, not because of political pressures. In 1985, an anti-apartheid group called Pyromaniacs Against Apartheid fire-bombed the home of Deuss's parents in Berg en Dal, in the suburbs of Rotterdam.

European intelligence sources allege that Deuss continues to move oil into South Africa through the port of Luderitz in Namibia. He reportedly maintains an office in Windhoek. The World Shipping Bureau says that Deuss once employed the former head of GENTA, the secret South African agency that helped Rhodesia secure oil in 1978. In the early 1980s, Deuss bought golfer Gary Player's mansion in Johannesburg.

Secretly procuring oil for South Africa is the business of a very select group of oil traders. Besides Deuss, the central players include West German Gert Lutter; Marc Rich, a fugitive from American justice; and the South Africa-based Italian, Marino Chiavelli.

Gert Lutter, head of the Hamburg-based company Mar-

impex, is the most important figure in securing oil from the Soviet Union and Iran for South Africa. He is also part of Tiny Rowland's business nexus, with which Shackley is associated in Hamburg.

Shackley and Deuss's associates have also tried to help the Ayatollah Khomeini. In May 1985, Marimpex created a joint venture with the West German state of Lower Saxony, forming the company German Oil. The joint venture planned to purchase the closed Mobil Oil refinery at Wilhelmshaven to process Iranian oil. A political scandal broke out, since Lower Saxony had initially helped finance the building of the refinery back in 1978. Officials representing Lower Saxony pulled out of the deal. In stepped Tiny Rowland, working through a Lonrho subsidiary Kuehne und Nagel, to join German Oil's manager August F. Kurtz in moving the project forward. In January 1986, Kurtz had entered into negotiations with Iran and some other undisclosed oil-exporting nations to take over German Oil and supply operating capital. A "net-back" agreement with the National Iranian Oil Company had already been set up with Marimpex in 1985 to purchase 5 million tons of crude a year to be processed at the Wilhelmshaven refinery. The "net-back" deal meant that Iran would take all the risks, since payment to the Ayatollah Khomeini would only occur after processing and final sale of the refined oil products.

Besides its contracts with Iran and the Soviet Union, Marimpex has had oil deals with Romania and the People's Republic of China.

John Deuss, the mystery man

Deuss is a very mysterious man, rarely photographed or interviewed. In one such interview, Deuss was asked why he sought so much money; he responded, "Power is everything, and money is power."

Deuss moved into the "corridors of power" through a slick business magazine he created and published. In June 1977, the premier issue of the now-defunct *Chief Executive* contained articles by President Jimmy Carter, Egyptian President Anwar Sadat, Mexican President José López Portillo, AT&T Chairman John de Butts, Tiffany Chairman Thomas Hoving, CBS's Walter Cronkite, Baron Edmond de Rothschild, and an interview with the Shah of Iran.

Transworld is headquartered in Hamilton, Bermuda and has primary offices in Rotterdam and Philadelphia. In autumn 1987, Deuss bought Ultramar Petroleum, Inc., an oil-marketing company, from a British group for an undisclosed amount. Deuss maintains storage facilities for his oil in the Caribbean and at Atlantic Refining and Marketing Corp. (ARMC), which he bought from Atlantic Richfield. The Arco purchase was financed by Deuss himself, but the operating capital was supplied by Banco della Svizzera Italiana of Lugano, Switzerland. Michael Corrie, formerly a 35-year veteran of Royal Dutch Shell, is president of ARMC.

Soviets ready 'direct rule' solution in Transcaucasus

by Luba George

Only two weeks before the June 28 Soviet All-Union Party Conference, the situation in the Transcaucasus region had exploded to the point where both government spokesman Gennadi Gerasimov and the official Communist Party paper *Pravda* have publicly admitted that the situation is "out of control" of the Communist Party authorities.

The conflict between the Armenians and Azeris over the Autonomous Region of Nagorno-Karabakh has reached such an impasse that the party youth paper *Komsomolskaya Pravda* is now warning of the "danger of anarchy" and of the making of "our Northern Ireland." Red Army troops have been deployed to the area. Rumors are circulating that the Kremlin is preparing for a "direct rule" solution. So much for Gorbachov's *glasnost*, the "openness" so much touted by Western liberal media.

Meanwhile, bloody riots between Christians and Muslims have been reported in Soviet Georgia and, in the Baltics, a new round of mass demonstrations, despite the Soviet leadership attempt to coopt the protesters, is taking a new toll.

The Transcaucasus heats up

On June 15 the Supreme Soviet of Armenia voted unanimously for calling on the Soviet leadership to place the Autonomous Region of Nagorno-Karabakh, the center of mass demonstrations and ethnic disputes, under Armenian rule. Radio Moscow the same day reported that the decision would be "totally unacceptable" to the Azeris.

The Armenian party boss, Suren Artunyan, handpicked by Gorbachov, led the demand for the territorial change, seeing it as the only way to end an unprecedented mass strike that paralyzed the Armenian capital, Yerevan, on June 13.

The new strike wave had erupted over the previous weekend following a decision taken at the June 9 meeting in Moscow of the Secretariat of the Central Committee of the Communist Party, chaired by Yegor Ligachov, the second-

ranking party official after Gorbachov. The Central Committee had made it plain once again that any change in the status of Nagorno-Karabakh was not acceptable in the "multi-national" Soviet Union.

Large-scale demonstrations took place in both Baku, Azerbaijan, and in Yerevan, Armenia. In Armenia, 10-20,000 participated in a general strike demanding that Nagorno-Karabakh be returned to the Armenians. Some demonstrators in Armenia chanted slogans first denouncing "Stalin, Beria, Ligachov," and then praising, "Lenin, perestroika, Gorbachov."

In Baku, the number of demonstrators had reached 500,000 by June 12. The protests took a violently anti-Armenian tone. One Armenian activist reported renewed anti-Armenian "pogroms" in the area with demonstrators chanting slogans like "heroes of Sumgait," honoring those who were involved in anti-Armenian riots in February of this year, which left scores of Armenians dead. They shouted, "Death to the Armenians, we will kill you like dogs." There were also reports that armed Azeri youths went into the subway in Baku, pulled out knives and terrorized Armenians. Unconfirmed reports say that several were killed in the incident.

The inter-ethnic conflict has led to the militarization of the entire region. Special measures have been enforced to protect Armenians against further violence, including the deployment of Soviet Army troops and Soviet policemen. On June 13, when 10,000 Azeris in Baku protested the reunification idea, Soviet militiamen blocked the roads to the Armenian quarter of the city, Radio Moscow reported June 15. In the Baku protest, Soviet troops and armed militiamen and special riot policemen with shields circulated through the crowd.

Soviet troops were also stationed in Yerevan on June 15, marking the first appearance of Soviet military there since March.

Russian nomenklatura manipulates conflict

As for the Russian *nomenklatura*, the ruling elite bureaucracy, and the KGB, the secret service, they are using the Armenia-Azerbaijani explosion—on the eve of the party conference—to manipulate coming personnel changes and prepare tough policy shifts for the coming period of greater autarchy and police-state crackdown inside the Russian empire and its Eastern European satellites.

Rumors are circulating in Moscow that Yegor Ligachov and those allied to him, are behind a covert “plot” to “manipulate” the ethnic tensions in the Transcaucasus, with the aim of discrediting Gorbachov’s “democratization” projects. Failure to calm the exploding conflict, say some, may even force a delay of the planned All-Party Conference at the end of June.

According to the French daily *Le Figaro*, the Shi’ite-Islamic Azeris would be particularly malleable to such manipulation, since it was Gorbachov, several months back, who forced the resignation of the KGB strongman among the Azeris, Geidar Aliyev, from the Politburo.

Back in March, Gorbachov has already been publicly blamed for the rioting in Armenia and Azerbaijan by one party member. Lecturing before employees of the Leningrad TV, the party figure (unidentified by the *Washington Post* which reported on this) lambasted Gorbachov for his close relationship with the economist Abel Aganbegyan, an Armenian, who, it was said, made nationalistic comments that encouraged the Armenian protests. As one observer put it: “The events in the Soviet Transcaucasus will hit Gorbachov very, very hard, it all plays against him, and it may cost him his power.”

‘Our Northern Ireland’

In his press conference in Moscow June 14 Soviet government spokesman Gerasimov admitted that an Azeri policeman had been shot and killed during the unrest, adding that the situation was “out of control” of the Communist Party authorities.

The next day, just hours before the Armenian Parliament decision, the official Communist Party youth newspaper, *Komsomolskaya Pravda*, in the one article to appear in the Soviet press, sounded an ominous note. “What is happening around Karabakh is a blow against *perestroika* [Gorbachov’s slogan for “restructuring”], maybe the most severe of all the recent setbacks.” Writer Raphael Guseinov blamed the crisis on “imperialistic propaganda promoting nationalism and undermining the socialist order in the Soviet Union. It is their intention to corrupt the Socialist system, to present nationalism as a natural, normal state of affairs.” “Anyone who undermines one of the walls of this house should remember,” warned Guseinov, “that this house has a common roof.”

The *Komsomolskaya Pravda* article stressed that it was shocking how many “hostile nationalistic expressions” were becoming visible in the U.S.S.R., and it was “especially

shocking” how many of these expressions were contained in letters from young people who reflect the hostile nationalist view. In an appeal to the security services to contain these protests, Guseinov warned that there is a “danger of anarchy” in the Transcaucasus, and that this region could turn into “our Northern Ireland.”

One solution to the Karabakh crisis increasingly being mooted is that Nagorno-Karabakh will be placed under direct Moscow rule—which, of course, would mean Red Army occupation of Nagorno. The British daily *The Independent* reported from Moscow that Nagorno-Karabakh could be declared an “Autonomous Republic” which would be “something akin to direct rule for Moscow.”

The “direct military rule” line strongly hinted in the *Komsomolskaya Pravda* article has aroused contempt among many Armenians. “It is typical of the Moscow press. They use all the old clichés in a different order and call it *glasnost*,” said Eduard Pogosyan, one of the activist student members of the Armenian organizing committee in Moscow, “We Armenians can depend on nobody but ourselves.”

Meanwhile, strikes in Nagorno-Karabakh continued on June 16 and 17 despite the action of the Armenian parliament. One party official said: “Nothing has changed.” In Stepankert, the capital of Nagorno-Karabakh, Armenians in a truck convoy were injured when Azerbaijanis threw stones at them as they were driving into the city.

On June 13, the Presidium of the Azerbaijan Supreme Soviet said that any reunification of the Karabakh region was unacceptable, and would undermine the system of “multi-national friendship” on which the U.S.S.R. is based.

Now the Baltic powderkeg. . . .

The Baltic region of the Soviet Union is also becoming politically very hot. On June 15, for the first time since World War II, the Soviet Communist government in Latvia officially *coordinated* demonstrations to protest Stalin’s 1941 first wave of deportations of the Latvians to Siberia. This official support was intended to coopt dissent, out of fear that the protests otherwise would have gotten out of control of the authorities and would have fed political unrest in the area.

However, the effect this had was that, in the words of Britain’s *Daily Telegraph*, “the Latvian capital [Riga] witnessed one of the largest demonstrations recorded under Soviet rule.” Some demonstrators chanted, “Red Army Go Home!” and shouted anti-Soviet slogans. Many carried national flags.

The Riga demonstration was only one of several that occurred in the Baltic in the same week as the outbreaks in the Transcaucasus. In the Latvian town of Liebau, 1,000 people gathered. In Vilnius, Lithuania, there was an illegal demonstration of 6,000 people, who chanted anti-Soviet slogans, called for national independence, and sang the old Lithuanian national anthem. In Tallin, Estonia, 1,000 people gathered at the national memorial.

Genscher lauds Russia at Potsdam meeting

by Mark Burdman

The June 9-11 meeting in Potsdam, East Germany on "New Approaches to East-West Security," co-sponsored by the New York-based Institute for East-West Security Studies (IEWSS) and the East German Foreign Ministry, was billed by the institute as "the first major international conference following the Moscow summit between President Reagan and General Secretary Gorbachov."

Be that as it may, participants at the Potsdam sessions report that the meeting brought about no major departures in East-West relations and initiatives. This is not the appropriate time: The factional and policy turmoil inside the Soviet Union is too intense, and there is a vacuum in the United States caused by the demolition of the Reagan presidency and the presidential election campaign. So, the Soviets at Potsdam made no new proposals and even the most enthusiastic "bipolar world" advocates on the Western side tended to be cautious.

The notable exception to that pattern was the startling behavior of West German Foreign Minister Hans-Dietrich Genscher. So emotionally overwhelmed by his first *official* political intervention in East Germany, his native homeland, Genscher made a public metamorphosis from his usual Soviet agent-of-influence behavior into overt Soviet agentry. This embarrassed even some of his usual friends among American, British, and French "Trust" layers.

Upon arrival, Genscher listened for half an hour to a speech by the East German Minister of Trade Gerhard Beil, following which, Genscher disappeared for an hour-and-a-half. Astute participants noted that Genscher's East German counterpart Oskar Fischer had also disappeared. While these participants were drawing the obvious conclusion, Genscher returned and delivered his speech.

The speech was extraordinary on several counts:

Genscher gave what the *Financial Times* of London on June 13 characterized as a "ringing endorsement" of Mikhail Gorbachov's "common European house." The West German foreign minister stated his own aim to be "to reactivate the once so varied and fruitful bonds between Russians and Germans," and "to develop and deepen them with the aim of overcoming the division in Europe." He echoed a famous slogan of the late Gen. Charles de Gaulle of France saying that "Europe includes all Europeans—from the Atlantic to the Urals." He continued, "A bold design is wanted for a peaceful order for one *Europe*, in which all Europeans will

find peace and be able to exercise their inalienable rights." Contrary to Genscher's speech, what de Gaulle had specifically meant was that Western Judeo-Christian culture should emanate *from* the West *to* the East, hence from "the Atlantic to the Urals."

Genscher endorsed the latest Soviet proposal to cut conventional forces in Europe, calling them "very important," and claiming they would serve as "a good foundation" for discussions between the two blocs on reducing non-nuclear forces. Under the heading, "Genscher backs Moscow," the June 13 *International Herald Tribune* noted that he was "the first high-ranking Western official to welcome the Soviet plan." Gorbachov's proposal during the latest summit was for both the Warsaw Pact and NATO to each withdraw 500,000 troops from Europe, which is looked on unfavorably by Western nations, since it would massively favor the Russians' overwhelming conventional capabilities in Europe.

A similar proposal was made by Soviet Foreign Minister Eduard Shevardnadze, in his speech to the United Nations in New York during the week of June 6. In Potsdam June 10, Gen. Nikolai Chervov, the Soviet General Staff's expert on arms control, repeated the same proposal in substance, disappointing those who had hoped that Chervov's suave mannerisms implied some breakthrough in Soviet thinking.

During the Potsdam meetings, Chervov and British Minister of State for Foreign Affairs David Mellor got into a shouting match over the issue of Soviet compliance with verification and data provision protocols of arms control agreements. In his own speech, Mellor said that Soviet armament programs were proceeding at a rate 30% higher than in the early 1980s.

Genscher's speech also gave a warm welcome to the "new security concept . . . based on a non-aggressive defense capacity" outlined in New York by Shevardnadze, a bit of *maskirovka* invented by Soviet Chief of the General Staff Marshal Sergei Akhromeyev, as we discussed in last week's *EIR*.

Genscher called, de facto, for terminating the CoCom restrictions on technological exports to the East, demanding that the restrictions "must be reduced to the lowest possible level," and attacked those in the West who want to use Western technological superiority against the East. On the CoCom issue, U.S. Commerce Secretary C. William Verity agreed, in substance, with Genscher. While insisting that CoCom restrictions on security-sensitive material to the East would be maintained and the "means of enforcement strengthened," Verity said that the Commerce Department aimed to "reduce substantially the list of prohibited items."

In the question period, Genscher was asked about Western Europe's military and other relations to the United States, since he had, remarkably, never mentioned this once. He answered by locating U.S.-West German ties in the context of the Helsinki European Conference on Security and Cooperation—an astonishing departure from NATO as the usu-

al reference-point for this relationship.

In comparison with Genscher's effusiveness, other Western delegates were generally quite cautious and unwilling to come up with major initiatives, such as the much-discussed "Marshall Plan" for the East bloc. Even so, the speakers' list represented an interesting cross-section of think tanks, academia, press, and government from both sides of the Iron Curtain, including: Czech Foreign Minister Bohoslav Chnoupek; East German Foreign Minister Oskar Fischer; U.S. Deputy Secretary of State John Whitehead; U.S. Sen. William Cohen (R-Me.); former British Foreign Secretary David Owen; Vikenti Matveyev, political correspondent for *Izvestia*; Dr. Vitali Zhurkin, director of the Institute of Europe of the Soviet Academy of Sciences; speakers from the Soviet IMEMO think tank; various participants in the Anglo-Soviet Round Table from the Royal Institute of International Affairs and St. Antony's College, Oxford; and former Italian Prime Minister Bettino Craxi. Two of the participants, Theo Sommer, editor-in-chief of Hamburg's liberal weekly *Die Zeit* and former French Foreign Minister Jean François-Poncet had both attended the Bilderberg conference in Innsbruck, Austria on June 3-5.

'For the benefit of Gorbachov'

The only intervention comparable to Genscher's came from Hungarian-born American financier and "offshore" speculator George Soros, an Armand Hammer-associated operative who has been busily setting up trusts for East-West cultural, legal, and similar cooperation.

On June 10, Soros declared that Gorbachov's attempts to overcome Stalinism bore the same weight as the overcoming of Nazism in Germany. Soros warned, however, that Gorbachov could not solve this situation alone, but required Western help, and the consequences of his failure would be devastating for the West. What the West must do, he said, is to build an international agency to provide know-how and give the Russians huge access to computer goods. Furthermore, he said, "Everything that we economize as a function of weapons reductions should be for the benefit of Gorbachov."

According to the daily *Frankfurter Allgemeine Zeitung* June 11, many Western delegates started laughing as Soros put forward his "Save Gorbachov Fund" proposal. Again, to be an agent-of-influence is one thing, but to act as an outright agent is a different thing. Perhaps to avoid more chuckles, Soros presented a watered-down version of this idea in a commentary in the *Financial Times* of London June 15, under the heading, "The Soviet Economy/Joint Ventures: A Way to Make Perestroika Work."

Repeating his comparison of the overcoming of Nazism and Stalinism, he warned that "one cannot avoid having grave doubts about [Gorbachov's] chances of success. . . . In the absence of economic progress, the hopes raised by glasnost will yield to disappointment and eventually disorder. Disor-

der will invite repression and the window opened by Gorbachov will be shut tight." The problem, stressed Soros, is that "in the Soviet Union, the infrastructure necessary for economic reform is simply nonexistent. . . . Perestroika cannot succeed without the infusion of managerial and entrepreneurial skills from abroad."

Soros asserted that joint ventures could, in this manner, become "enclaves of efficiency." They would have to function on the basis of a "two-tier currency system consisting of a convertible and non-convertible ruble," accomplished by "allowing domestic distributors of consumer goods to bid for convertible rubles on a competitive basis." Such "auctions" could "establish an exchange rate between convertible and non-convertible rubles," and would best be financed by "an international banking syndicate. . . . Half the capital would be subscribed by the Soviet Union" pledging some of its gold reserves and "half by the developed countries, including Japan and Korea." This would be tied to "large-scale reduction in conventional armaments. Since both issues are complex and time is short, the two sets of negotiations would be best carried on concurrently."

An East-West joint venture

Even if the Institute for East-West Security Studies was not able to rally as much enthusiasm behind new bipolar arrangements as its directors might have wished, we can be sure they will provide public platforms in the future for the likes of Genscher and Soros. Since its creation in the early 1980s, it has emerged as one of the key organizations for back-channel "Trust" negotiations. Its special nature is that it is, from top to bottom, a *joint East-West* venture.

The IEWSS was set up by John Mroz, a Polish-American wheeler-dealer who had worked earlier with the International Peace Academy. Mroz is today the group's president. Its co-chairmen are Academician Ivan T. Berend, president of the Hungarian Academy of Sciences, and Whitney MacMillan, chairman and chief executive officer of Cargill, Inc., in the state of Minnesota, where IEWSS held its conference last year. For that occasion, MacMillan had overseen a study on developing steps toward an East-West security partnership, in which he drew upon leading policy planners from the foreign offices of Britain, France, Italy, West Germany, and many other countries.

The IEWSS's chief patrons since its inception have been Berthold Beitz of the Essen, West Germany, Krupp steel giant, and Ira Wallach, chairman of the New York-based Central National-Gottesman Corporation. Beitz, now honorary chairman of the board of the IEWSS and president of the Alfred Krupp von Bohlen und Halbach-Foundation of Essen, is a leading Western Trust figure, who has extremely close ties to the Soviet Union and Bulgaria. In the past weeks, Krupp/Essen and the Lonrho PLC conglomerate of Britain's "Tiny" Rowland have consolidated a joint venture, "Krupp Lonrho GmbH," based in Düsseldorf.

Colombian army asks war on narco-terror

by Valerie Rush

"We are at war," declared retired Colombian General Rafael Peña Ríos in a controversial June 12 interview with the daily *El Tiempo*, and the ability of the armed forces to prosecute that war has been stripped by a government lacking political will. If the military's hands continue to remain "manacled" by government inaction, said Peña, the result will be "an extremely serious vacuum of power," into which will step "the only organized force with a plan"—subversion.

Included in Peña's critique (see *Documentation*) is a blast at the Supreme Court, for having stripped the military of critical legal faculties for fighting the terrorists, and at the Finance Ministry, whose narrow-minded obsession with the budget has reduced soldiers to sleeping in the hallways of their barracks, and going without boots and bullets.

Peña's statements, the strongest military commentary yet on the disastrous state of affairs in terror-besieged Colombia, has—together with the still unsolved kidnaping of Conservative political leader Alvaro Gómez Hurtado—stirred a long-overdue controversy on the nature of the crisis in that country.

The Supreme Court has already issued its rebuttal. Its president, José Alejandro Bonivento, told the press that military justice could not be seen as a "panacea," and that the courts, given sufficient resources, can do their part in fighting subversion.

His answer, and President Barco's silence, did not sit well with the aroused Armed Forces, however. Defense Minister Rafael Samudio Molina came back the next day with a lengthy public letter to President Barco, which fully endorsed Peña's critique, and demanded that the proper legislation, funding, and political support be provided to the nation's military forces, if the citizenry is ever to enjoy the peace "for which we all yearn."

Minister Samudio repeatedly stated in his letter that, with the "sincere participation of all sectors of national power," the nation's defense could be assured. Like Peña, he insisted, "It is unquestionable that the trial of individuals by military justice . . . is a necessity," and criticized the Supreme Court for its "inexplicable" decision to reverse a 1980 ruling defining military trial of civilians as constitutional.

Denouncing the "red tape mania" of the Finance Ministry, Minister Samudio also detailed how "it takes, in the best of cases, a period of 56 weeks to formalize a contract" for

getting funds to the military, and multiple passes through nearly a dozen different entities before any military credits or investments are approved. He revealed the growth of the guerrilla insurgency from 800 cadre in 1978, to 1,400 in 1981, to more than 7,500 today, and confirmed that the government's misbegotten "peace amnesty," dating from the previous Betancur government, gave the various guerrilla groups the chance to rest, consolidate forces, and even enter the Congress.

Power vacuum growing

This unusual political intervention by the Colombian Armed Forces, according to some sources, was triggered by the recent cabinet reshuffle, ordered by President Barco in hopes of calming growing fears of a leadership vacuum. However, Barco's eight new ministry appointments only served to aggravate those fears. His Justice Ministry appointee declined the nomination when it was revealed that he was being investigated for fraud. A second nominee for the position told the media that he would not accept the appointment unless the President guaranteed that there would be no attempt to revive the Colombia-U.S. extradition treaty. Sources report that it took an irate phone call from the U.S. embassy in Bogotá to President Barco to nix what would otherwise have been the nominee's confirmation—on his terms.

But it didn't end there. The nominee for development minister, under investigation for tax fraud, was nonetheless confirmed in his post. The budget-cutting finance minister remained in his post. The Justice Ministry remains vacant. The new energy minister's first public statement was to call for government dialogue with the terrorist ELN, to bring an end to that group's constant dynamite attacks on the nation's oil pipelines. And the new labor minister is one of the country's most virulent anti-labor spokesmen.

The disgust of the military is, perhaps, best shown by a pamphlet currently making the rounds in Colombia, which calls on former Defense Minister Fernando Landázabal Reyes to run for the presidency. The pamphlet bears the title, "General, Save the Fatherland!" But the military is apparently not the only sector which sees Barco's attempts to exert "leadership" as an unmitigated disaster. A letter calling for the President's resignation has begun to circulate in all major cities, and has already garnered signatures from former governors and leading industrialists.

Efforts to neutralize the Church's moral leadership in the country were frustrated when a June 10 terrorist occupation of the Bogotá headquarters of the Latin American Bishops' Council (CELAM) whimpered to an end. Some 40 hooded "Christians for peace" took 35 priests hostage and demanded that the Church sponsor a "national dialogue" with the country's narco-terrorists. The Church responded with total condemnation of terrorism, and after six days, the terrorists were forced to abandon the CELAM offices under protection negotiated with the government.

'The only organized force with a plan'

Excerpts follow of an interview with Gen. Rafael Peña Ríos (ret.) that appeared June 12 in the daily El Tiempo. He was the commander of the XII Brigade in the southern jungle region of Caquetá.

Q: Why isn't there an effective military response to the armed insurrection?

A: To expand, the guerrillas require three supports: political, social, and economic. At this moment, they have all three. The political support that was lacking they got as a result of the peace agreements. Movements emerged that were the guerrillas' political extensions, not explicit, but camouflaged. Each guerrilla organization thus has its own political movement, broad in some cases and small in others. . . .

Q: What is the social support for the guerrillas?

A: It is given by the peasant himself in many regions, but not out of sympathy, as is believed, but by intimidation. The peasants know a military patrol is not going to kill them. But they know that if they don't carry out the order of a guerrilla commander, it will cost them their lives. So the orders of the guerrillas are carried out rigorously. The peasant marches are achieved by intimidation. . . . He who doesn't respond to the call is suspect. He turns up dead. In the next march, no one is going to refuse to go.

Q: I am not going to ask about economic support. That is known: assaults, protection money, extortion, kidnappings, coca. . . . What does the guerrilla propose to do in the short and medium term?

A: For the time being, an economic effect: block the resources of the national economy and, primarily, oil production. The action against the peasantry seeks to also destabilize agricultural production. . . . [In the long term], it is to have control over a portion of the territory. That is what everything turns on. . . . We could find ourselves with a Colombia divided in two. Put in that way, it sounds unreal, but that is the plan. . . .

Q: Do you think the escalation of armed actions . . . corre-

sponds to a plan?

A: Perfectly timed, yes. It began with the publication by Amnesty International [attacking Colombia's military], then with the trip to Europe of political leaders of the extreme left. . . . It continued with the peasant marches. Then expanded with the blockading of oil wells and pipelines. Bridges were blown up, banks and warehouses dynamited. Elements infiltrated into the marches shot at officers and soldiers. The kidnaping of Dr. Gómez was the culmination of the plan. . . . It was a destabilization operation, and nothing has more of an impact than the kidnaping of an important political leader. . . . It was a counterintelligence operation executed over several weeks, with the participation of many people. And the Army . . . [had] not the slightest idea!

Q: How do you explain that?

A: Because there is no intelligence. . . . And there is none, not just because of lack of training and of experts in this fundamental weapon of battle, but primarily because there exists no legislation that permits it. Telephone taps . . . here are a crime. Whoever uses one could go to jail. If there is no money for boots, there is even less for sophisticated equipment, cameras, fingerprint analysis equipment.

Q: So the guerrillas' intelligence is better?

A: Of course. On their side is technology, on ours not. . . .

Q: A few years ago, General, the army had more initiative, confronted the guerrillas, defeated them, recovered stolen weapons. None of this is occurring today. . . .

A: The army lost its combat capability, and lost it because it was taken away. It was taken away the moment military justice was stripped of its ability to judge crimes of public order, the moment they began to make accusations against commanders, to block their actions. The army lost the political protection of the state. . . .

Q: How can we better defend the country, General?

A: It must be recognized that there are insufficient troops to protect 1,000 towns. Further . . . that there be civilian support for the police. Self-defense or paramilitary groups should be formed. We are at war, that is forgotten. . . . The army hasn't the means, and when it has, it doesn't use them. It doesn't bombard camps out of fear of the law. The permission of the President must be sought, and he doesn't give it. . . .

There must be legislation to give strength to the army. It must be allowed to take special measures, restricting freedoms, at a given moment. I am not talking about arbitrariness, nor despotism. I am talking about an institutional framework appropriate for a war-time situation. . . . [Otherwise, there will be] a very serious vacuum of power. Nothing will remain as the alternative, neither the political parties, nor the church, not even . . . the armed forces. Only subversion. It is the only organized force with a plan.

Imperial Russian chauvinism sweeps Millennium celebrations

by Luba George

Sunday, June 12, was the high point of the "Russian" Millennium celebration, with an open air mass at the restored Danilov Monastery in Moscow. The Danilov Monastery, closed since 1917, was returned by the state to the Russian Orthodox Church (ROC) in 1983, and is now, just four kilometers away from the Kremlin, the official seat of the Moscow Patriarchate. The entire event was carried on Soviet television, and, at its high point, all the church bells of Moscow rang out, the first such display since Czarist times. Ten thousand Russians attended the Danilov ceremony, plus the assembled Orthodox clergy and over 500 foreign guests at the Millennium.

This was the third Millennium extravaganza in Moscow to be granted full coverage by Soviet television. The combined effect of these events and the saturation media coverage has created a rebirth and outpouring of Great Russian nationalism, on a par with, if not greater than, that occurring during the Second World War.

The floodgates of Russian chauvinism were opened at the end of April, with Gorbachov's televised reception of the Russian Orthodox hierarchy in the Kremlin and his promise to them that a new law ending all restrictions on their church would be adopted. The Kremlin reception was the final confirmation that the June celebrations would not be some mere "church" festivity, but a momentous joint church-state celebration that would recreate the full aura of imperial Czarist "glory."

The weekend of June 10-12 accomplished exactly that. Gorbachov's April meeting with the church hierarchy at the Kremlin, as stunning a spectacle as it was, was only a "warm-up" to what happened over those 72 hours.

The next Kremlin reception was June 11, also televised, with Soviet State President Andrei Gromyko receiving the 227 ROC delegates to the *Sobor* (Synod or Local Council, as it is sometimes called), along with many of the 500 foreign Millennium guests. Gromyko praised the "importance of the Russian Orthodox Church" in "Russian state history and culture." In a phrase never before used by any Soviet leader, Gromyko called the Russian Orthodox Church "a multinational church," thus not only referring to its present jurisdiction over the Ukraine and Belorussia, but also clearly launching the campaign to declare the ROC the "multinational

church" for all of Orthodoxy, and by the turn of the century, a "Universal Church." One day earlier, the Soviet government newspaper *Izvestia* spoke of the ROC "now appearing in the role of a juridical person," as a means of announcing its vastly enhanced institutional status. Gromyko the next day confirmed that "this question is being studied."

The Great Russian imperial tones of the Millennium were even more emphatic at the June 10 evening gala at an overpacked Bolshoi Theater. The event, which was broadcast live in its entirety (replacing the Germany-Italy European Championship-round soccer game) was the recreation of the Czarist Empire's Byzantine-style ruling triad of state, church, and military. Led by Raisa Gorbachova, and with prominent state and *Nomenklatura* representatives in attendance, liturgical songs and the Nicene Creed were rendered by a church chorus. On the stage with the Russian Orthodox Church hierarchy and chorus was the Wood Instrument Ensemble of the Military's Kremlin Garrison, which played Tchaikovsky's 1812 Overture, complete with the recorded sound of cannon.

Tchaikovsky's 1812 Overture, which hailed "Holy Russia's" victory over Napoleon and includes the strains of the Czarist national hymn, is the embodiment of imperial Russian nationalism set to "music." This is what was seen and applauded wildly by the Bolshoi crowd and tens of millions of Russians that evening; the Czarist hymn played by the Kremlin garrison flanked by the church hierarchy on stage and "Czarina" Raisa leading the crowd.

The impact of this setting and the cumulative impact, day in and day out, of television broadcasts of church, state, and military united as they had been before 1917, seen by tens of millions of Russians, can hardly be overstated. All week long, Russians were bombarded each day with church music, church choruses, monks' choruses, the spectacle of religious leaders from around the world arriving in Moscow to pay homage to the Russian Millennium. Every day, millions watched Patriarch Pimen and the church leadership climb in and out of their chauffeured black Chaika limousines as if they were state leaders. To the average mystical Russian, the message is clear: "It's back to the 'good old' imperial traditions. A 'new dawn' for Holy Russia is arising." Exactly the

mood required to mobilize the Russian masses for the mission of world domination.

The Bolshoi Theater event, which began with the ROC hierarchy blessing Raisa Gorbachova by name and culminated in a performance of the Czarist hymn, may soon become a commonplace event in church-state unity, however spectacular on that one day.

Pimen hails Gorbachov

Earlier that day, Patriarch Pimen effusively praised Mikhail Gorbachov in a signed letter, addressed: "Dear Mikhail Sergeyevich Gorbachov," at the conclusion of the four-day (June 6-9) ROC Synod in Zagorsk. Pimen wrote, "May the Lord bless you and your works for the well-being of our beloved Fatherland. . . . We are pleased that the Leninist principle towards religion have been restored, and believe that this will serve to strengthen the unity of our people and the dignity of our homeland." *Perestroika* stems from the efforts "to realize the ideas proclaimed by the great October Revolution, under new circumstances. . . . In that, we, as Christians, participate in this historical restructuring, we express to you, the leadership, at whose head you stand, and to the undertaken course of renewal of the moralistic and spiritual life in our society, to the social-economic development of our country and to the perfection of socialist democracy, our support."

One of the main items before the *Sobor* at Zagorsk was the adoption of a new statute, drafted by the 227 delegates, called the *Ustav*. The *Ustav* elaborates the church's rights under the new law, which Gorbachov had promised in his April reception with ROC leaders. The ROC has now proclaimed—before the state's official announcement of the law—their new rights and privileges. According to the new 34-page statute, the church expects its clergy will no longer be classed only as civil servants, but as "spiritual and administering leaders" of the parish, with the right to conduct religious education, the right to build, buy, and sell property, and to engage in charity, all forbidden under present Soviet law.

On one leading question, the issue of succession in the Russian Orthodox Church, the *Ustav* stated that the patriarch—the church's highest official—may retire, though retaining patriarchal rank for life. This measure doubtless reflects the concern over the ability of Patriarch Pimen to rule in a "Time of Troubles," given his age and very poor health. There have been rumors about his possible retirement for some time. Another sign of things to come was the insertion of a new clause into the procedures, upon the death or retirement of a patriarch.

The *Ustav* states that a candidate for patriarch must be a bishop of the ROC. The original draft, discussed by the March 28-31 Council of Bishops, specified "a diocesan bishop," but the word "diocesan" has been crossed out in the final edition of the new statute, thereby opening the way for a suffragan or vicar-bishop to be a candidate for patriarch. The

obvious contender in this category is Metropolitan Pitirim of Volokolamsk and Yuriev, chairman of the Publishing Department of the Moscow Patriarchate. The elevation of Pitirim to patriarch would have a great deal to do with Moscow's imperial plans to absorb West Germany: Pitirim not only entertains very close relations with West Germany's Protestant, political, and commercial elite, but is also a key architect of the "Common House of Europe" idea, under which the Russians have the right to claim Europe as "theirs."

Church charity for military wounded

With respect to the issue of "charitable activities," e.g., fundraising, the ROC has already used the Millennium to technically break the law—of course, without fear of repercussions—by staging a "benefit" concert for the Afghanistan war wounded and independently raising 200,000 rubles for the war wounded. In fact, to demonstrate even more strongly Church solidarity with the *military*, at the *Sobor* itself, a special memorial mass was celebrated for the "warriors who fell in battle in Afghanistan." Thus, together with the extensive praise for Gorbachov, a distinct reminder that he has to deliver what he promised in April was made: Just as with Stalin in 1943, a deal with the ROC is a two-way street.

The fact that the law banning church charity is now a dead letter was confirmed by Gromyko at the June 11 Kremlin event. Gromyko replied to a question that the Church engagement in charitable activities will be permitted "on a case-by-case basis."

The restrictions on physically expanding the church have also been removed. So far, during 1988, the number of churches has increased by 60. On June 10, the cornerstone was laid for a new cathedral in Moscow, the first since 1917, and as of June 12, as the celebrations move to Kiev, Vladimir, and Leningrad, the famous Kievan "Monasteries of the Cave," which was made a museum in 1917, will be returned to the church.

At the close of the *Sobor*, Metropolitan Filaret gave a press conference where, answering a reporter's question, he acknowledged that the just-concluded Synod, in addition to criticizing Stalin for the persecution of clergy and believers, also criticized Lenin for "the creation of church-state tensions." This is unprecedented. The motive of the past months' attacks on Stalin in the Soviet media, leading to a "balanced" view of his achievements and crimes, is now being extended to Lenin, where Soviet readers are now being told that mass slaughter of peasants and other crimes began long before Stalin, under Lenin, during the 1918-22 period of "war communism."

Here we see that the recent emergence of Soviet press attacks on Lenin, as in June's *Novy Mir*, have nothing to do with "liberalism." Timed with the Russian Millennium celebrations, the post-1917 pantheon of "heroes" is being removed to make way for a "hero" cult for the "greats" in the pre-1917 Russian state, literature, and church.

'Beware the rise of the Third Rome'

The following appeared in the Sunday Telegraph of London, June 11, 1988, under the heading, "Church may answer Gorbachov's prayer," by Anthony Hartley. This article, and the commentary below, mark the first Western voices besides EIR to point out the real message of the Millennium.

There could not have been a more auspicious occasion than last week's celebration of the millennium of the Russian Orthodox Church. Or so it seemed. . . .

Yet as the Archbishop of Canterbury greeted the Patriarch Pimen, he must have wondered . . . what was the real nature of the implicit bargain between church and state in the Soviet Union. . . .

In his opening message, Konstantin Kharchev, the head of the State Council for Religious Affairs, talked of a "common history, one fatherland and one future." "One fatherland". . . . The history of the Orthodox Church has been entwined with that of Russian nationalism. It was a monk who first expressed the sense of mission, of the special quality of Russia, which informs its history and was transmitted to its Communist rulers. "Two Romes have fallen, the Third stands and there shall be no fourth." The ruler of Moscow was "the only emperor for Christians in the whole world."

Orthodoxy justified Russian imperialism and the suppression of other creeds within its frontiers. Over centuries, Russian church leaders gave slavish obedience to an autocracy which allowed no rights to the individual. Dr. Runcie has spoken of the contrast between gold and splendor and blood and suffering in Russian church history. But blood and gold flowed from the same source—the deeds of an inexorably tyrannical state.

Archbishops might be banned or rolled downhill in nail-studded barrels, but churches and monasteries had gold lavished on them by repentant autocrats. The Russian state found some of its most ruthless servants in the ranks of Orthodox churchmen, such as the Procurator of the Holy Synod, Pobedonostsev, whose record of intellectual oppression could have inspired Zhdanov or Brezhnev. . . .

It is precisely this tradition of subservience to the state and identification with Russian nationalism which makes the Orthodox Church a useful ally for any Russian ruler wishing to rally popular support. If Mr. Gorbachov needs the Church's support for perestroika and is prepared to pay a price for it, he is doing no more than Stalin did at the crisis of the German invasion. The Orthodox Church has recently enjoyed sym-

pathy on nationalist grounds even in the KGB, as the tolerance extended to a chauvinist movement like Pamyat shows. . . .

[It] is, and always has been, an authoritarian church in an authoritarian state. . . .

But Mr. Gorbachov's tolerant attitude raises another question. If communism is weakened as an instrument of social control and if the main opponents of perestroika are to be found within the party, has he not much to gain by an appeal to the country at large in the name of Russian patriotism and history?

In that process, the Orthodox Church could play a major part, although it has little to offer in the way of tolerance or liberalism. By rebuilding a sense of national community, patriotism could easily relapse into traditional xenophobia.

In the same edition, chief editor Peregrine Worsthorne writes under the title, "Beware the cross added to the hammer and sickle."

It was the cause of Holy Russia that helped Stalin to win the fight against Hitler, just as it helped Tsar Alexander I to win the fight against Napoleon. Now it looks as if Mr. Gorbachov may intend to tap the same kind of neo-religious, patriotic, Slavophile emotions in his fight for glasnost and perestroika. . . . The rest of the world would do well to remember that the Russian Orthodox Church has never been in the least democratic or pacific; rather less so, as it happens, than is the Communist Party. A greater degree of influence for the Church in Russia, therefore, might make that country even more autocratic and chauvinistic than it is today, by releasing forces deep in the soul of the Russian people which Communism has never been able to reach in peacetime, let alone harness.

So far as the United States is concerned, this might not seem a dangerous development. Communism is what worries the United States. So long as the Soviet Union seemed dead set on converting and subverting the rest of the world to Communism, so long could Washington be relied upon to prevent that happening. But how will Washington react if Moscow contents itself with the more traditional aspirations of pan-Slav Russian expansionism largely directed at its European neighbors? Western Europe might have every reason to find a reversion to this Holy Russia type of foreign policy even more worrying than the present Soviet type of foreign policy aimed at world revolution. . . .

It is not unreasonable to suppose that the American desire to withdraw its troops from Europe—already strong—would become overwhelming. . . .

What if to [Russia's] overshadowing geographical mass is now added the historic magnetism of Holy Russia? There were dupes aplenty even for Communist Russia in its ugliest, most Godless days. How many more may there not be of a Russia armed with the Cross as well as the Hammer and Sickle?

Korean flashpoint around the Summer Olympics

by Linda de Hoyos

Senior military analysts are pointing to the likely possibility that North Korea will carry out major provocations during the period of the upcoming Summer Olympics in Seoul. Given Pyongyang's past record of terrorist actions, an attack on the South around the Olympics could easily fall into the category of an "act of war," turning the Korean peninsula again into a flashpoint for strategic confrontation.

The major factor in this estimation is North Korea's explosions of rage over Seoul's hosting of the Olympics, a rage which has been exacerbated by the decision of Beijing and Moscow to participate in the Games, despite Pyongyang's unsuccessful attempts to gain position as co-host.

In the eyes of North Korea and its dictator Kim Il-Sung, the Olympics have turned into a point of do-or-die. If the Games are successful, Pyongyang believes, then North Korea will have lost its opportunities for world standing, while South Korea's star "rises" and Seoul gains international prominence as an industrialized nation and regional power to reckon with. Chances of reunification on Pyongyang's terms will have been dashed for good.

The same set of considerations led to the North Korean terror-bombing of the South Korean cabinet in October 1983. The terrorist attack took place during the first stop by then-President Chun Doo Hwan of a four-nation trip that would have taken him to Indonesia and India. Weeks before the trip the Pyongyang press poured out volumes of vituperation against Chun's "junket."

As if to underline their intentions, on June 7, North Korea placed Soviet-made SA-5 surface-to-air missiles within 70 miles of Seoul. The missiles have a range of 200 miles and have been placed at four different sites along the DMZ. "They put at risk a considerable amount of air traffic into Seoul," said a Pentagon source.

In a joint statement from Seoul, U.S. Defense Secretary Frank Carlucci and South Korean Defense Minister Oh Jambok declared that North Korea's offensively oriented military force deployments and strengthened surprise attack capabilities represent a "serious threat to the Republic of Korea. Any provocation to disrupt the Games cannot be tolerated."

The North Koreans also have significant capabilities for on-the-ground terrorism. Kim Chong-il, the psychopathic son of Kim Il-Sung who reportedly directed the Rangoon bombing, heads up a 100,000-man "spetznaz" force trained in terrorist operations. North Korean capabilities are also intermeshed with those of Libya and Iran.

The North Koreans could also operate through the Japanese Red Army. On June 7, Red Army member Hiroshi Sensui was arrested in Manila. According to Japanese officials, Sensui was planning to use Manila as an "international terrorist center" for operations against the June 19-21 Toronto summit and the Olympic games, Reuters reported June 18. Deputy chief of the Japanese embassy in Manila Morihisi Aoki said June 16 that Sensui's arrest had thwarted the plan, although he would not give details of intelligence reports on the planned attacks. "We believe they wanted to set up a base here, with such attacks as the immediate goal," Aoki said. Sensui is a convicted murderer who was freed in 1977 in exchange for 156 hostages on a JAL airliner hijacked by Red Army terrorists in Bangladesh.

Unrest in the South

The groundwork for North Korean provocations has also been laid by a new wave of student unrest around demands that students on both sides of the 38th parallel be permitted to negotiate the reunification of north and south. On June 10, 60,000 South Korean police blocked a planned student march from the capital city of Seoul to Panmunjom, a town at the Demilitarized Zone. So far, the crackdown has not resulted in any student casualties (although there have been three student suicides so far), a possibility that could result in far more widespread protests.

Sources on the scene point out that the students now protesting around the theme of "reunification" are smaller in number, but far more militant, and possibly dangerous, than the student demonstrations of last year that led to the 1987 presidential elections.

Last month, students carried out four violent attacks on U.S. installations in South Korea, unleashing a wave of anti-

Americanism among the opposition to the government of President Noh Tae Woo. This month the students have taken up the emotionally charged theme of "reunification." The student protests carry great weight in Korea's Confucian society, where students are accorded the position of "conscience of the nation."

The students are acting in part under directives of Kim Dae Jung, the opposition leader who was spirited back to South Korea from exile under the protective wing of the U.S. State Department in 1985. Kim, a defeated presidential candidate, recently offered to go to Pyongyang and negotiate a joint hosting of the Summer Olympics with North Korea.

The students are also receiving support and guidance from Pyongyang. Giving the lines to its dupes in the south, Pyongyang radio declared June 8, "As for the initiative of students to hold North-South student talks, it is a very beneficial and good one for the reunification of the divided country. . . . Nevertheless, the Noh Tae Woo group is ruthlessly cracking down upon students by linking North-South student talks with 'security.' What a detestable behavior this is. . . . Such behavior of the Noh Tae Woo group was manipulated by the U.S. imperialists behind the scene."

A wild card?

Although a major North Korean provocation against the South would tend to disrupt the "New Yalta" deals currently under negotiation between Washington and Moscow, analysts believe that Kim Il-Sung is a wild card that cannot be controlled. In 1950, for example, Kim marched his troops against the South without the precise foreknowledge of either Beijing or Moscow, his two close allies.

In the last three years, North Korea has entered into an effective military alliance with the Soviet Union, which has backed Pyongyang's demands for "reunification" to the hilt. The Soviets have given the North MiG-23s and, it is believed, have stationed SS21s on North Korean soil. Although Moscow is telling various U.S. negotiators and visitors that it has no check on North Korea and that it has told the North not to engage in terrorism, military sources also report that Moscow has exerted no actual pressure on Pyongyang. In fact, Moscow is passively "playing" the Pyongyang profile.

Despite its protests to gullible Americans, Moscow has everything to gain from a North Korean provocation. The Korean peninsula, it is known, was a point of discussion between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz in Moscow in May, although no details of the discussion have been released.

A North Korean provocation against Seoul would bring directly into play the "crisis-management" condominium Moscow and its negotiating partners in the West seek. Those negotiations will be driven to one final objective: the withdrawal of U.S. ground forces from South Korea, a theme that is being revived by presidential candidate Michael Dukakis and the liberals of Congress.

Korea's opposition:

by David Hammer

On May 20, Party for Peace and Democracy leader Kim Dae Jung, the most radical figure in Korea's parliamentary opposition, issued a call for "political parties of North and South Korea" to meet at the village of Panmunjom in the demilitarized zone between North and South Korea, to discuss the two countries co-sponsoring the 1988 Olympics. When even Kim's fellow opposition parties rejected the call (a key North Korean demand), stating that there are no such things as political parties in the North, Kim retracted it. But it was picked up by the radical students who rioted on June 10 (see accompanying article), along with another demand with which Kim has long been identified—that North and South Korea be reunified.

The banner of last year's student riots was "democracy"; this year it reads "reunification." According to the pundits of the major press in the United States and elsewhere, the reunification demand, as well as the increasing student radicalization and its concomitant virulent anti-Americanism, represent a natural deepening of the Korean nationalist movement.

Nothing could be further from the truth. The Korean radical opposition is not a "social movement"; it is an intelligence operation.

When Kim Dae Jung returned to Korea in 1985, after a three-year exile in the United States, he did so because the U.S. State Department not only demanded his return, but sent numbers of its top personnel to accompany him. His base—the radical student movement and the "grassroots" extraparliamentary opposition—and that opposition's chief demand of "reunification," were created by institutions based in the United States, most prominently Union Theological Seminary in New York City. For decades, that institution has been associated with the family of former Secretary of State John Foster Dulles and his brother, former director of the Central Intelligence Agency Allen Welsh Dulles.

'Made in U.S.A.'

Throughout the last half of 1987, *EIR* carried out an extensive investigation of the genesis of South Korea's opposition. In church-tied circles active in creating South Korea's opposition from 1968 on, one name continually recurred: Union Theological Seminary, located around the corner from its sister institution, the U.S. National Council of Churches.

These investigations demonstrated that:

- Union-trained personnel, both Korean and American, set up the Urban Industrial Mission (UIM), the radical, "community organizing" group that served as the nursery for both the entire leadership of the radical student movement, and its associated "extraparliamentary" opposition. This opposition, directed by Union graduates, has organized the violence in the streets.

- **Saul Alinsky**, the chief theoretician for the UIM, was affiliated with Union. His second book, *Reveille for Radicals*, was a compilation of his Union lectures.

- Union-trained theologians introduced all the radical new theologies in Korea over the past 20 years, including *minjung* theology, the Korean version of Jesuit Liberation Theology.

- Kim Dae Jung's friends and advisers are from Union, where Kim himself lectured. Union's president, **Donald Shriver**, was one of Kim Dae Jung's key backers during Kim's 1982-85 U.S. exile.

Shriver recently put it, "I would say we have 30 or 40 graduates in Korea, at least. And for the most part, those graduates have been leaders in the democratic opposition. . . . I am talking the church side of the protest, the civil rights, for democratization of the government and also for *reunification* of the north and the south" (emphasis original).

The list of Union graduates is indeed impressive, and includes virtually every top figure who has played a crucial role in creating the "democratic opposition": **Rev. Moon Ik**

Hwan, chairman of the United Minjung Movement for Democracy and Unification; **Rev. Park Hyung Kyu**, an old friend and adviser of Kim Dae Jung, and chairman of the National Coalition for a Democratic Constitution, which, together with Moon Ik Hwan's organization, organized much of the street violence in June 1987; **Rev. Kim Kwan Suk**, executive secretary of the Korean National Council of Churches (KNCC), which provided the financial, logistical, and political backing for the emergence of the radical non-party opposition, during the 1970s and early 1980s; **Rev. Kim So Young**, who replaced Kim Kwan Suk as KNCC head; **Rev. Moon Dong Hwan**, Moon Ik Hwan's brother, radical theologian, adviser to Kim Dae Jung, and now a member of Kim's PPD; **Rev. Hyun Young Hak**, former professor at Ewha Women's University, former Luce Professor at Union Theological Seminary, leading radical theologian; **Suh Kwang Sun David**, professor at Ewha University, and, with Hyun, one of the creators of *minjung* theology; and **Choan Seng Song**, *minjung* theologian, associated with Urban Industrial Mission circles, trainer of radical theologians for Korea and all of Asia.

Union's large-scale intervention into the religion and politics of South Korea began with the Program of Advanced Religious Studies (PARS) of the 1950s and early 1960s. The former dean of students at Union, Bill Weber, described its purpose: "That PARS program was . . . 'to train the outstanding future leaders in churches all over the world,' and bring them to Union for a year. Kind of the war college of the church."

PARS recruited the most promising students from many Asian countries, in particular from Korea's sizable Christian population, and brought them to Union to be radicalized. Weber described Union's impact: "You get the guys like David Suh and Young Hak Hyun [*minjung* theologians] and so on, and Steven Moon [Rev. Moon Dong Hwan]; those people got *radicalized*. . . . It was kind of a real conversion experience for a lot of those people to come into a milieu like that." Back in Korea, the Union graduates took up key positions in the seminaries and in the Korean National Council of Churches, there to sponsor the emergence of the opposition.

What is Union Theological Seminary?

Union Theological Seminary is a graduate school of Christian theology in New York City, founded in 1836 by a group of "new school" Presbyterian laity and clergy. Though founded and still dominated by Presbyterians, it is non-denominational, and its professors include Catholic priests, as well as representatives of numerous Protestant denominations. In 1987-88, it had a student body of 411, of which 33 are from abroad. Of these, eight are from Korea—most other foreign countries have one.

UTS boasts in its catalogue that it "has probably had a more profound impact on theological education and on the life, thought, and leadership of the church than any other

seminary in the United States.” With such postwar leaders of liberal Protestantism on its faculty as Reinhold Niebuhr, John Bennett, and Paul Tillich, that claim is probably accurate.

Its board of directors both reflects, and accounts for, its enormous influence. It includes such pillars of the liberal Eastern Establishment as the president of Chemical Bank, the vice president of Citibank, and the president of D.D. Needham Worldwide, Inc., the world’s largest advertising agency.

But Union is most notorious for its advocacy of heresy. Union’s catalogue emphasizes, “A Union education involves more than a traditional, Western view of Christianity.” Indeed, like the World Council of Churches, Union’s teaching is heavily weighted *against* the “traditional, Western view of Christianity.” It offers such courses as; “The Philosophy of David Hume,” the founder of British philosophical radicalism, who stressed that morality is not knowable; a seminar on “Asian Theology of Liberation against a Latin American Background”; “Peace Studies”; “Feminist Theology,” which stresses the concept of “Mother-God,” and that the Holy Spirit is equivalent to the Great Mother of the ancient Near East; “Nietzsche’s Critique of Christianity”—Nietzsche argued that Dionysius (Satan) should be worshiped rather than Christ, as in his famous cry, “Am I understood? Dionysius against the Crucified!”

A private intelligence capability

Union Theological Seminary today is a merger of two Presbyterian seminaries: the original Union Seminary in New York City, and the former Auburn Seminary in the northern part of New York State. The Auburn Seminary was closely associated for many decades with the family of John Foster and Allen Welsh Dulles, descended from a long line of Presbyterian ministers. Their father, Rev. Allen Macy Dulles, was the director of Apologetics at Auburn Seminary, who from this post, reformed the entire Presbyterian Church in America in a radically more liberal direction. In the 1930s, Auburn Seminary merged with Union. In the 1950s, when the radical Saul Alinsky gave his lectures on “community organizing” at Union Theological Seminary, the Auburn Endowment at Union financed the program.

The Dulles family, earlier known as Presbyterian ministers, is better known in the 20th century in the field of politics: John Foster and Allen’s uncle, Robert Lansing, was Secretary of State before World War I and brought his two nephews into intelligence work at the time of the Versailles Treaty; John Foster Dulles was Secretary of State from 1953 to 1959, while his brother Allen headed the Central Intelligence Agency from the mid-1950s until the Kennedy administration.

In the 1930s, as an attorney for New York’s Sullivan and Cromwell law firm, John Foster Dulles directed the complex of business arrangements the liberal Eastern Establishment maintained with Hitler. He wrote letters commending Hjalmar Schacht, Hitler’s economics minister. During the same

period, when Auburn Seminary merged with Union, John Foster Dulles became an influential member of Union’s board. Union’s president from 1945 to 1973, Henry Pitney Van Dusen, was one of Dulles’s closest friends.

Union and the World Council of Churches

In conjunction with Union Theological Seminary, the other important force in creating South Korea’s radical opposition has been the Soviet front organization, the World Council of Churches, both its international headquarters, based in Geneva, and its most important national arm, the U.S. National Council of Churches. Not only have the U.S. NCC and the WCC poured funds into the Korean opposition, but they provided the political shelter under which the Korean radicals hid during their germination phase of the 1970s and early 1980s.

In the 1920s, the Dulleses were the single most influential force in establishing the Federal Council of Churches, predecessor of the U.S. National Council of Churches. Throughout the 1930s and 1940s, and until he became Secretary of State in 1953, Dulles and his friend Van Dusen were two of the leading campaigners for the foundation of the World Council.

After their move into the U.S. government, the Dulles brothers continued to use the church institutions they had built. Their aims in government were identical to those in the “private sector”: to destroy independent nation-states. John Foster viewed both the United Nations and the World Council of Churches as instruments to destroy sovereign governments, in favor of a one-world government ruled by a concert of oligarchical families. Union specializes in creating radical, anti-nation-state insurgencies to promote these goals.

As the careers of the Dulleses indicate, Union Theological Seminary has been virtually synonymous with the World Council of Churches and its predecessors in the 20th century:

- **Henry Pitney Van Dusen**, Union’s president for three decades until 1973, was a founder of the World Council of Churches;
- **Donald Shriver**, Union’s current president, is a member of the World Council’s Committee on Theological Education;
- **Prof. James Cone**, who wrote the introduction to the book, *Minjung Theology*, largely authored by Union graduates, is involved in numerous World Council committees;
- **Prof. Koyama**, the Professor of World Religions at Union, and many other professors there, are also members of the World Council.

From East Harlem to Seoul

Both the South Korean government and the opposition acknowledge that one particular program in Korea bred most of the leaders of the radical opposition: the Urban Industrial Mission. The UIM infiltrated and radicalized industrial workers, and secondly, established radical organizations in the

large urban slums of Seoul and other cities. The movement was extensive—over the course of the 1970s, UIM trained between 2,000 and 2,500 *leaders* of the labor movement. It was American financing and American personnel which made it work, and once again, all roads led back to Union Theological Seminary.

Right after World War II, as part of the attack on sovereign nation states, Union set up a training program for radical activists in the East Harlem slums of New York City. Modeled on the “settlement-house” projects in the slums of London begun in the late 19th century by the British Fabian Society, the project emphasized the “spiritual values” of “small is beautiful” and “community control” in opposition to the emphasis on industrial and scientific progress associated with the modern nation-state. Several key figures trained in East Harlem or its sister-projects in Cleveland and Chicago would later set up Korea’s Urban Industrial Mission from scratch. These included:

- **Rev. George Ogle.** Founder of the flagship Incheon Urban Industrial Mission, Ogle was expelled from Korea for subversion in 1974.

- **Rev. George Todd.** A Presbyterian “industrial mission” specialist, Todd raised funds for the Yonsei Institute of Urban Studies and Development, whose 1968 creation transformed the earlier industrial mission work into radical jacobinism. After Korea, he ran the World Council of Churches’ UIM office (known as Urban Rural Mission) in Geneva for 10 years.

- **Rev. Herbert White.** After East Harlem, White founded Alinsky’s Rochester, New York project, then founded and ran the Yonsei Institute for Urban Studies and Development for its first two critical years, 1968-70. Shortly after White set it up, the Yonsei Institute organized the first riot in Korea in the postwar period. As White recently put it regarding the impact of his 1968-70 work at the Institute on the growth of the radical opposition in Korea today, “That’s the *genesis* of the non-party opposition, you know, the *genesis*, the generic base for what is going on there now” (emphasis original).

George Ogle set up the first, preparatory phase of the UIM in Korea. But it was White’s Yonsei work, with financing from the U.S. Presbyterian Church and volunteers from the Korean National Council of Churches, religious organizations such as the YMCA, and certain seminaries, which initiated the turn to radical jacobinism. For six months at a time, White sent these trainees into the slums to agitate for “action things.” Said White, “Even in those days, great response was always provoked from the government side. A large number of those trainees were at one time or another arrested. . . . So that kind of thing was the beginning, other than in student demonstrations, of a group of people learning about police and surveillance, and stuff like that.”

It was to this work that White recruited such crucial figures as Union graduate Rev. Park Hyung Kyu, who has

been an initiator of almost every single anti-government action to occur in Korea from the early 1970s on.

Hiding the U.S. origins

It was U.S. money, U.S. personnel, and U.S. political protection which enabled this radical jacobinism to get off the ground, a fact that White, Ogle, and others have been at great pains to hide from the American, as well as the Korean public. Privately, they admit the truth of the matter. Said George Todd, “Well, Herb [White] and I and others have not been very, have been somewhat chary about, ballooning the U.S. initiatives role in this. Because the whole point was so that if it became Korean, the foreigners should move out, and it was part of the original design in Herb’s assignment, that it not be an extended appointment and that if it took people, Koreans should assume the responsibility and leadership as expeditiously as possible. . . . Some people who opposed and criticized some of this kind of stuff, found one of the readiest ways to attack it, to say, ‘Well, this is some kind of new-model U.S. import. The latest imperialism. [It] has the name of community organization this time. Empowerment and so on.’ ”

White elaborated on the Union graduates working under U.S. direction. “They were very sensitive . . . they didn’t want to be Koreans who had been to the United States, coming back, bringing a foreign input with them, so we *downplayed* all that stuff.”

Though it was downplayed, it was the American protection which made it successful. “One reason why even in a tight military government situation, you could get this stuff started, [was] because an *American* was there covering it. This was the political cover for it. I was the political cover. And when it came down to it, none of our trainees could really be put in the can for a number of years and tortured and this and that because, hell, an American was involved in this program. Right? You see what I am saying?”

White left, but his legacy continued. As he explained, “Gradually what happened to the Community Action Training Department is that the Committee, chaired by Park Hyung Kyu, took pieces of it into the National YMCA program and into the National Council of Churches’ Urban Department.” Thus the program took on its “indigenous” life.

The UIM slum work of White et al. provided fertile ground for the emergence of radical ideologies, particularly *minjung* theology, Korea’s “theology of liberation.” White continued, “In the last 10 years, a whole theological movement has developed in Korea out of this stream that we are talking about. It’s called *minjung* theology. . . . So that in that sense, see what made this organizing experience such a critical and pervasive influence in what’s been going on in Korea for the past 15 years was the ability of people like Park Hyung Kyu and Oh Jae Shik and these others I have mentioned, was to *indigenize* it within the language of the culture, within the forms of the cultural interactions. This, of course,

a foreigner could never do.”

Working for the Soviets

In Korea, White and his associates were careful that their missions and other projects not take on a communist coloration. However, in the Philippines and India, where White worked after Korea, he stressed that his work helped *build* the Communist movements. He laughed, “Things are still written about how to, ‘How Does a Revolutionary Party Seeking to Seize Power Utilize a Methodology of Developing Peasant and Squatter Mass Bases’. . . . To this day, papers get written on this.”

In late February 1986, hundreds of thousands of people surged into the streets in Manila—the “people’s power” which provided the cover for a U.S. coup. White recounted how he watched the whole affair on his television and laughed, saying to his wife, “How do you do? Oh, here’s ‘people’s power’ now, huh? Wonderful.”

White laughed with good reason. Much of the “people’s power” had come from the Zone One Tondo Organization in the Manila slums, which he had organized some 15 years before, and which is now part of the National Democratic Front, the political arm of the communist New People’s Army.

In the Philippines, White’s work became part of the Communist Party. In India, it was set up by the Communist Party, where his chief “community organizer,” who set up five huge organizations in Bombay, Calcutta, and elsewhere, was a cadre of the Communist Party of India. White, along with his friend George Todd, left this kind of organization all over Asia—in Taiwan, where Todd was based for several years, and also in Hong Kong, Singapore, Malaysia, and Indonesia.

Transformation of the student movement

The volatile Korean student movement triggered the riots of 1987 and 1988; whoever shapes that movement has a lever to alter the direction of Korean society as a whole.

For centuries, students in Korea’s Confucian society have played a highly visible role as the social and moral conscience of the nation. Student demonstrations helped bring down former President Syngman Rhee in 1960. What is new, is the degree of radicalism, and more particularly, pro-communism, which emerged in the Korean student movement from the late 1960s on. This was entirely a result of the Urban Industrial Mission’s influence, beginning with the Korean Christian Student Federation.

The change was described by Korean student leader Soh Kyung Suk, a graduate of Union Theological Seminary. “I’m the first generation of the Christian Student Movement which was concerned about the social justice issue. Before me, students were not that concerned about the social justice issue; they were more evangelical. But from my generation, we got involved in social justice. . . . UIM was in operation, and at that time, Christian Student Movement was in close contact with UIM. *So UIM movement guided us to do this,*

with close contact” (emphasis added).

Members of the Christian Student Federation were sent into the slums to agitate. Soh continued, “Students began to go into the slum area and live there for several months, and find out problems in the area and then they would try to solve the problems by using Saul Alinsky’s method. By evoking confrontation; through confrontation, they tried to solve the problems. . . . That was a very precious experience. . . . The students’ experience with people was important *because that experience changed the whole direction of KCSF*” (emphasis added).

The turn toward “social justice” initiated in the Christian student movement, soon transformed the student movement as a whole. Soh Kyung Suk continued, “Christian Student Movement took the lead in the concern about urban poor. . . . Its impact was *great* among secular student movement. Since that time, secular student movement began to have much greater concern about the urban poor.”

The demand for reunification

The U.S.-based circles who created the Korean opposition, have also dictated that opposition’s chief demands, demands which the rioting, firebomb-throwing students agitated for beginning on June 10. Speaking in November 1987, Dorothy Ogle, wife of George Ogle, and chair of the U.S. National Council of Churches’ Education and Advocacy Committee for Peace and Reunification of Korea, predicted, “You’re going to see this much, much more in the opposition’s demands in the future, this and the demand for a nuclear-free zone. These will be the real features of the opposition.”

Mrs. Ogle would know, since she and her associates were the first to raise this demand. A colleague of Mrs. Ogle’s, a former leader of the Christian Conference on Asia’s Urban-Rural Mission, Rev. Pharis Harvey, explained, “The issue of reunification started in the churches. The church initiative to take up the issue at a non-governmental level has gone a long way in helping the public debate form.”

To aid in this campaign, the World Council of Churches, in conjunction with several Union Theological Seminary graduates, has conjured up “Reunification Theology.” This was launched in August 1986, when the Korean National Council of Churches, led by Union graduate Rev. So Young Kim, held “the first meeting of leading Christians ever held on the peace and reunification of Korea.” The KNCC policy statement emphasized that the churches have “sinned against God” for not fighting for reunification long before this, and that they must confess that “guilt” and change their ways. Union graduate David Kwang Sun Suh was one of the chief “theologians of reunification,” while Union graduate and KNCC head Rev. So Young Kim released a non-negotiable demand to the government on this “theological” issue: “Neither must the government disrupt or suppress the church in its work toward unification.”

Mitterrand myth starts to crack

by Laurent Murawiec

"The myth of the political infallibility of François Mitterrand has started to crack," wrote a leading Parisian columnist the day after the second round of parliamentary elections that saw the French President's Socialist Party fail to return a majority of deputies.

Out of 577 deputies, the Socialists and satellite groups returned 276. The opposition coalition of former Premier Jacques Chirac's RPR and former President Valéry Giscard d'Estaing's UDF, 271. On the Left, the Communist Party saved its parliamentary skin with 27 seats, and, on the right, Jean-Marie Le Pen's National Front won only one seat, despite a credible showing at the polls (the electoral system massively distorts the ratio of votes to seats).

There is a numerical majority of Socialists and Communists in the parliament, but neither party is willing to govern with the other. A minority Socialist government under Prime Minister Michel Rocard has been announced by Mitterrand, who stated on national television on June 14 his intent to make the French political system resemble that of "West Germany, Sweden, or Holland."

After Mitterrand's triumphant reelection on May 8, he and his party expected a clean sweep, giving them a free hand to dominate the National Assembly, and negotiate from a position of strength with demoralized elements of the former majority, eager to stay in the corridors of power. While it was clear that Chirac's RPR would not provide any defector of note, the rest of the center-right coalition that governed from 1986 to 1988 was supposed to be fodder for Mitterrand's heralded "ouverture" (opening). The unexpectedly strong showing of the RPR and UDF has made Mitterrand's game more tortuous.

Right of the Socialist Party and left of the RPR extends a swampy region known in French politics as "le Centre." Its main organization has been for the last 10 years the UDF (Union for French Democracy) founded by ex-President Giscard d'Estaing. The UDF itself is comprised of the Christian-Democratic CDS (Democratic and Social Center), and the Republican Party (PR). The CDS, which numbers among its leaders Trilateral Commission member and former Premier Raymond Barre, announced on June 15 that they would go it alone, outside the UDF, in the parliament, thus taking the first step in allying with the Socialists—in spite of having been elected with right-wing votes. The moving spirit in this break is Barre, whose presidential ambitions were frustrated by Chirac and the RPR.

The other half of the UDF, the Republicans, will mostly stick to the alliance with the RPR, and maintain a strong parliamentary opposition. Their founder, who has long lost the leadership of his creature, Giscard, also nourishes renewed presidential ambitions and designs to lead the center's flirt with Mitterrand.

Intense backroom dealings involving promises of ministerial positions and other spoils are under way. Mitterrand's TV speech offered many lures to his prospective allies—but he must be careful not to go too far too soon, for fear of alienating the Communist Party, whose deputies owe their seats to Socialist votes, but whose own voices will be crucial to allow Rocard to govern. In turn, the CDS cannot be seen embracing the Socialists too soon, lest they suffer in cantonal elections later this year and municipal elections next year.

The crushing electoral humiliation of Jacques Chirac is being compared to his own party's strong showing in the general elections. The RPR is in crisis: The technocratic faction led by former Economics Minister Edouard Balladur, who persuaded Chirac to run a "PR"-style campaign avoiding all serious issues, is slugging it out with Charles Pasqua, the powerful outgoing interior minister, who demands that the party "return to the popular roots of Gaullism." It appears that Pasqua's friends leaked news of the scandal now shattering the Paris Stock Exchange: The chairman of the Exchange and Brokers' Association—a close friend of Balladur—who covered up for six months the loss of hundreds of millions of francs worth of the association's war-chest, dissipated in unlucky speculation, just resigned.

The Socialist Party, though the largest in the country, cannot escape the results of the defeat it suffered by failing to win a majority. The half-dozen would-be presidential contenders of the future are jockeying for more power, now that Mitterrand's regal hold over the party has been weakened. Prime Minister Rocard, charged with carrying out Mitterrand's "opening," has more enemies than the party leadership has members.

France's international role at stake

While the institutional stability which is much of de Gaulle's legacy, is being torn to shreds and replaced by weathervane politicians, it is France's external role as a bulwark against the dictates of the superpowers' condominium that is being subverted and destroyed. Raymond Barre, the man of Lazard Frères, the insurance cartels and the Trilateral, is joining hands with the "Socialists," whose inspiration lies about in the same circles.

What remains to be seen is how those combinations will fare in the rough weather of economic and financial crisis. The high ratio of voters who stayed away from the polls—one-third of the electorate—shows that the disgust for politicians has become a major factor in French politics. Traditionally, when such is the case in French history, it takes little time before riots, mass-strikes and demonstrations erupt.

A step forward for nationalism

Socialist Heberto Castillo throws his support to Cárdenas as the July 6 presidential election approaches.

The analysts of the Mexican national political scene are beyond repair: Yesterday, they again put in circulation the hypothesis that Cuauhtémoc Cárdenas 'after all,' must be considered 'the alternate PRI candidate,' "Ernesto Julio Teissier, columnist of the afternoon paper *Opciones* wrote June 13. His brief commentary concentrates on the volatile political situation the country is entering, barely three weeks from the general election on July 6.

Cuauhtémoc Cárdenas is the presidential candidate of the Democratic National Front (FDN), a coalition of parties which nominated him after he had left the ruling PRI (Institutional Revolutionary Party) a mere eight months ago. In such a brief period of time, the son of the nationalist President Lázaro Cárdenas (1934-40), has catalyzed in his favor the tremendous discontent within the base of the PRI, occasioned by the total *entreguismo* (turning over of the country) by the government of Miguel de la Madrid to the users of the international banking community. The PRI candidate, Carlos Salinas de Gortari, is identified by everyone as the co-author of the present economic catastrophe.

In the recent period, Cuauhtémoc Cárdenas has scored a number of campaign breakthroughs that have stirred up the country. The most spectacular was the withdrawal of the presidential candidate of the Mexican Socialist Party (PMS), Heberto Castillo, who announced June 1 that he would transfer his votes to Cárdenas.

This was immediately seized upon by the media outlet of the "free trade" mafia, Televisa, which is very satisfied with the government's economic program, to paint the FDN as "pink." But the withdrawal of Castillo expresses a truth of strategic importance for the country: The Mexican electorate wants to break with the economic policy of the International Monetary Fund and prefers nationalist candidates, not the communists. Heberto Castillo himself frankly admitted that, on the campaign trail, he realized that his potential voters "prefer to vote for Cárdenas."

On May 26, Cárdenas addressed 150,000 students at the Autonomous University of Mexico (UNAM), a most unusual event in that traditionally the university rejects the "interjection of political parties" into its classrooms. Salinas de Gortari couldn't have pulled this off in his dreams. The day before, Cárdenas attracted 25,000 students at the National Polytechnic Institute. Throwing in a number of other meetings in the interior of the country, he addressed in total about a half million sympathizers in just one week, something not achieved by any other candidate.

Then there was the case of a meeting in Papantla, in the highland border region of Puebla and Veracruz states, where 20,000 peasants from many neighboring towns traveled dozens of kilometers to listen to him, despite the PRI having suspended passenger bus transportation that day.

Teissier's reference to Cárdenas as

the "alternate PRI candidate," refers to the fact that, according to a number of surveys, 50% of PRI militants sympathize with Cárdenas, although they don't say this publicly. "Formally, the PRI can bring together in its meetings as many people as any other party," commented a PRI leader in the interior of the country to *EIR*, "but I see that they are having second thoughts." This development, which could be called "a conspiracy of silence," could be reflected in an upset in the voting on July 6. Although it remains to be seen if the army would back that electoral upset, the truth is that Cuauhtémoc Cárdenas is still seen as part of the "PRI family," who could govern with "the machinery of the system itself," as some of his closest aides have affirmed.

But the fact that the FDN could well establish itself as the second electoral force in the country would blow to pieces the plans of the international banks and the International Monetary Fund. The fact that the pro-IMF National Action Party (PAN) has maintained the second position, with about 16% of the electorate since 1982, has given to the De la Madrid administration the pretext to "legitimately" hand over the sovereignty of the country to the banks. And a faction of the PRI is proposing "co-governing" with the PAN.

One survey published by the newspaper *Unomásuno*, gives 30% to Cárdenas, 40% to the PRI, and 16% to the PAN. But on June 14, the pro-IMF Televisa nexus released a survey conceding only 11% to Cárdenas, 16% to the PAN, and 65% to Salinas de Gortari. These latter figures agree with what the Salinas de Gortari group has leaked as "official."

The final word will be given by the voters July 6—and by the nationalists who still remain in the PRI . . . and in the army.

'Brazilian perestroika'

Reagan's summit deals with Gorbachov have given the green light to the Soviet infiltration of Brazil.

High-level military sources have told the economic daily *Gazeta Mercantil* that, for the first time, Brazil and the Soviet Union will be exchanging military attachés. *EIR* has just learned that this will be the central item on the agenda of an official visit to the Soviet Union, to be made by Army Minister Leonidas Pires Gonçalves sometime in the next few weeks.

If confirmed, this exchange of military attachés will have profound significance in light of Brazil's position as the principal military ally of the United States in South America, since at least World War II. The interchange directly reflects Brazil's pragmatic approach to geopolitics: As the U.S.'s star begins to wane, and the Soviet Union's to rise, Brazil will tilt accordingly.

Thus, Brazilian President José Sarney accepted the invitation of U.N. Secretary General Javier Pérez de Cuellar, to be the first Third World head of state to back the recent superpower agreement before the U.N. General Assembly. Sarney repeated his speech before students of the Superior War College back in Brazil, to whom he said: "This year, gentlemen, you had the opportunity to study an extraordinarily rich development abroad. . . . The event, in some ways surprising, of *perestroika*, with its maturation, which led to the agreement of the great powers."

Brazil's agreement to pragmatically accommodate itself to this new condominium policy, explains the fact that the personal envoy of Gorbachov, Vladimir Lomeiko, is in Brazil to in-

form the Sarney government of the results of the superpower summit and, undoubtedly, of the regional agreements reached as well. This last especially touches on Brazilian interest in the Angola situation, and could explain why President Sarney, during his recent trip to the United Nations in New York, held a lengthy audience with Cuban Vice President Carlos Rafael Rodríguez, with whom he had met just two weeks earlier.

Since the times when the Brazilian Expeditionary Force heroically participated in the battle of Monte Cassino and others of lesser importance in Italy during World War II, the Brazilian military has viewed the United States as its strategic ally, while viewing itself as the most important barrier to Soviet penetration on the continent. As a result, the Brazilian Armed Forces have until now successfully frustrated the Brazilian Foreign Ministry's multiple efforts to broaden relations with the Soviets.

The alliance with the U.S. began to crumble as a result of the political and diplomatic stupidities of the Carter administration, a process worsened by President Reagan's support for Great Britain against Argentina during the 1982 Malvinas War. All existing defense and mutual security pacts were suddenly null and void.

The faction of the Brazilian military which still believes that the Soviet empire is a real threat to the "free world," has been seriously undermined by the deals with Gorbachov. During his last visit to Brazil, U.S. Ambassador to the U.N. Vernon Wal-

ters—one of the most important U.S. mediators with the Brazilian military—de facto redefined the notion of "hemispheric security" under the new condominium, by demanding Brazilian intervention against Panamanian sovereignty. Walters made it perfectly clear that the Soviet threat was no longer Washington's chief concern, but rather the nationalist forces defending their sovereignty right here in the Western Hemisphere.

It is no accident that such traditional State Department agents in Brazil as Roberto Campos and Antônio Delfim Netto have changed their longstanding anti-communism into fulsome praise for Gorbachov's policies. Similarly, businessman Amaury Temporal, president of Brazil's Trade Association Confederation (CACB), called the Sarney government's new anti-industrial policy a "Brazilian perestroika." The CACB is the stronghold of Project Democracy's National Endowment for Democracy in Brazil, and was host to the Soviet-Brazilian Chamber of Commerce and Industry, created June 2.

Even more important, banker Walter Moreira Salles—a longstanding ally of the Anglo-American establishment and partner of David Rockefeller—is committed to expanding trade ties with the Soviets. Moreira Salles is the main stockholder in the Brazilian Company of Mining and Metallurgy (CBMM), which holds the world's largest reserves of the strategically key mineral niobium, which is exported in substantial quantities to the U.S.S.R. CBMM is the main financier of the Soviet magazine in Brazil *Em Foco*, run by the famous Communist architect Oscar Niemeyer.

Brazil's current ambassador to Washington, Marcilio Marques Moreira, has been a lifelong employee of Moreira Salles.

Terrorist operations chief arrested

The brains of Shining Path, Osmán Morote, was captured. Like most Shining Path controllers, he is an anthropologist.

On June 12, Peruvian Army men captured Osmán Morote during a raid on a Lima apartment. He had been sought for years as an "intellectual author" of the terrorists who have inflicted more than 12,000 deaths on Peru over the past eight years.

Deputy Interior Minister Agustín Mantilla declared that Morote was operations chief of the Shining Path movement. He was caught with loads of Shining Path propaganda, but without any dynamite or weapons.

Osmán Morote, like most of those who control the Communist Party of Peru—The Shining Path of José Carlos Mariátegui—is an anthropologist. He is, in fact, the son of anthropologist Dr. Efraín Morote, who sponsored Shining Path's creation. From the early 1960s until after Shining Path began its irregular warfare in 1980, Dr. Morote was rector of the university in Ayacucho where it began. He brought in Abimael Guzmán to expound the Marxist gobbledy-gook that French anthropologists concocted for Shining Path's ideology. Like the U.S. Symbionese Liberation Army, Shining Path's synthetic ideology is a cover for brainwashing zombies. Dr. Morote turned three of his four children into wanton murderers.

Shining Path is a social experiment by racist European gnostics to try to purge Western civilization from a nation-state and replace it with a synthetic "Incan" dictatorship. European and American archeologists spent decades digging up remnants of the old Incan "urban culture" in the hills of Ayacucho. Dr. Morote specialized in seeking out vestiges of Incan my-

thology among the superstitious beliefs of the Quechua-speaking Indians who form the bulk of the region's population. Those myths of a resurrection of an Indian empire are now employed by Shining Path to exercise mind control over the Indian inhabitants and to help instill fear in those who would challenge their barbarism.

In the 1950s, Ayacucho was chosen as the focal point of the project, because it is the part of Peru where Western civilization is weakest. Its university was founded in 1961, explicitly to act as "an agent of social change." It was funded mostly by Holland, Denmark, Canada, and the United States.

Any decent person who visited Ayacucho in the 1960s would agree that radical social changes were necessary. At least 200 of every 1,000 babies born died in their first year. Over 75% of the people had not finished even one year of school and were illiterate. Only 5% completed six years of school. Almost all the land was owned by several dozen absentee landlords who treated the peasants like serfs.

By the mid-1960s, Osmán Morote believed that the oligarchy was too powerful to allow reforms to correct such manifest injustices. He insisted there would have to be a revolution, fought with guns smuggled in from Bolivia. Already, the seeds of Shining Path had been sown.

Reforms have taken place in the past 20 years, but not the economic development needed to assure that desperate masses will not get sucked into Shining Path. The oligarchs are

in Lima and their arid and unimproved lands divided among the peasants. But a yellow fever epidemic has killed 120 people in the past year in the small city of Huanta, and rages out of control because there is no money for vaccines. Though there are more schools, teachers who try to teach anything but Shining Path ideology are routinely assassinated.

One of Shining Path's main goals is to make sure economic development never takes place. Any factory or irrigation dam built in the region is blown up. A civil engineer and his son were murdered June 8, while working in a peasant village near the city of Huancayo. The next day, the police in Huancayo threatened to abandon their posts unless reinforcements were sent, "Then we will not be responsible for what Shining Path does to the population." Police and local leaders are shot in the back by terrorists every day.

The best protection people like the Morotes have is the image spread abroad that the band's anthropologist controllers and members are idealistic revolutionaries. The *Washington Post*, for example, wrote June 4, "Shining Path prides itself on the purity of its Maoist ideology, and profiting from the drug trade goes sharply against the grain of the organization's beliefs."

Bishop Luis Bambaren, however, refutes such myths. He declared June 6, "For ten years Abimael Guzmán has been proposing the total destruction of society; that it must be destroyed to rebuild over its ruins. This is proof that this is an imported ideology, that was not born in Peru and that these ideologues not only have their own ideological resources but the support of others to make them strong. One of its backers is the drug trade that sustains them economically and enables them to buy weapons."

Maghreb unity by 1992, too?

The show of unity of the North African nations, at the June 10 Arab summit, might just be for real.

Though the just-concluded Arab summit in Algiers was officially dedicated to discussing the revolt in the Israeli-occupied territories, a new display of Maghreb unity among Libya, Tunisia, Algeria, Morocco, and Mauritania was as much the real focus. For the record, this was ceremoniously photographed on June 10 in a family scene uniting Algeria's President Chadli Benjedid, Morocco's King Hassan, Tunisia's President Ben Ali, Mauritania's President Ould Daya, and Libya's Muammar Qaddafi, clad in an aviator suit zipped from top to bottom and shiny white boots. This ended with mutual embraces, including between Colonel Qaddafi and King Hassan, whose appropriate comment was "Inch'allah, here we go again."

Despite Qaddafi's antics at the Arab summit—such as wearing white gloves, not to touch the skin of "leaders who have blood on their hands"—diplomats from the Maghreb are voicing confidence that the sudden unity is here to stay. What makes it different from previous, failed attempts, is that it is not the product of wild political dreams, such as Qaddafi's many efforts to "merge" nations which are so different from each other, but is the outgrowth of necessity. Above the political propaganda, the day-to-day economic crisis of the entire region has forced these countries to draw closer. Economic pressures also mean that no country can claim political and economic hegemony over the others.

One of the first signs of actual reconciliation between Algeria and Morocco occurred two months ago, around the locust plague. Faced with

an outside threat which could not be blamed on the other, they set up joint committees. In a matter of days, as the locusts moved from the Sahel region into Mauritania and began endangering Moroccan and Algerian farming, a first committee was created at their common borders to ensure that the locusts would not benefit from regional political disunity. Though these committees were not able to eradicate the locusts, they were able to contain the threat.

A key aspect of this reconciliation will be the ability of Algeria—whose economy has taken a beating from fluctuating oil prices—to tap the Moroccan agricultural market. The same is true between Tunisia and Libya. Qaddafi has not changed, but he has been forced to reset his priorities, mainly because of Libya's flagging economy. Reversing several years of "state-run economy," Qaddafi has had to authorize the opening of privately owned shops to quell discontent.

The re-opening of the borders with Tunisia was also needed, to let Libyans buy in Tunisia what they can't get at home. In return, Libya will compensate Tunisia for the seizure of the assets of Tunisian workers in 1985. After nearly a decade's dispute, several weeks ago Libya agreed to jointly develop the oilfields in the continental shelf between the Tunisian Gulf of Gabes and Libya's Sirte. Local sources expect that during the first official visit of President Ben Ali to Tripoli in late June, Qaddafi may make the gesture of offering Tunisia the income of the oilfields—some \$950 million.

Saudi Arabia has reportedly prom-

ised to put together a special three-year investment plan for the Maghreb nations, aimed at alleviating their debt burden. Both Tunisia and Morocco have been involved in bitter fights with the International Monetary Fund over their external debts.

Ultimately, the leaders of the Maghreb envisage a target date of 1992. They believe that the process of European Unity to be implemented then, should be complemented by a similar unity in the Maghreb region. They also hope that by then, the Maghreb, which is already tied to Europe through bilateral and multilateral trade agreements, could become Europe's privileged partner and sell its farm and other products at competitive prices, comparable to the treaties Israel has with the European Community.

Many disputed issues persist. Between Algeria and Morocco, there is the unresolved question of the Polisario "liberation fighters" of the Western Sahara. The two countries' foreign ministers will meet in Saudi Arabia in early July to attempt the first talks. Moroccan diplomats, who saw Polisario ordered by Algeria to withdraw to its rear bases, are waiting for the weeks following the Arab summit, to see if it was just a move aimed at smoothing the summit or whether it really reflects a policy change in Algeria. Between Tunisia and Libya is the question of thousands of Tunisians still being trained in Libya's military camps.

Between all those countries and Libya, is the Egypt issue. Algeria is expected to resume diplomatic relations with Egypt very soon. Libya was very vocal at the Arab summit in opposing Egypt's reintegration into the Arab League. How long can Morocco, Tunisia, and potentially Algeria keep diplomatic relations with Egypt, without confronting Libya about it?

It's open season on Helmut Kohl

The chancellor's policies have sparked a rebellion among voters and the rank and file of his Christian Democratic party.

Chancellor Helmut Kohl's party, the Christian Democratic Union (CDU), is in the throes of an identity crisis. The party's former Christian profile has been replaced by liberalist views that have invaded the CDU ever since party chairman Kohl took over the government in Bonn in October 1982.

To a considerable degree, Kohl's government policy consists of policy concessions to the liberal Free Democrats (FDP), his minor coalition partner—to their radical secular views, their pro-Soviet outlook, and their pro-austerity economic theorems. Because of this pact with the anti-clerical FDP, the CDU party organization has degenerated into a mere transmission belt for this liberalist government policy among voters, and itself is about to become a liberal party.

There is a revolt against this paradigm shift, however. Among voters, an increasing percentage has turned their backs on the CDU in all elections over the past two or three years; among the party membership, there is growing unrest and disgust against the government in Bonn.

The dual role of Kohl as party chairman and head of government has made him the prime target of this revolt, and this became most visible at the CDU party convention which took place in Wiesbaden June 12-15. Never before has Kohl, who has led the party for 15 years, been attacked so strongly by party members. Two days before the convention even opened, a manifesto by anonymous "party dissidents," calling for Kohl's resignation from the chairmanship because he "ruined the party," was circulated in

the media. And at the convention, especially the younger delegates repudiated their designated role as mules for relaying governmental views to the population at-large, a role which Kohl had given the party organization.

Kohl's tax policy reform, which largely consists of tax increases on consumer goods, was attacked as "un-social," as were the government's plans for budget cuts in the public health sector. Kohl was even accused of "selling out to the FDP on policy fundamentals." Kohl's failure since 1982 to bring Christian-conservative values back into politics, after the 13 years of socialist-liberal governments in Bonn before him, was especially harshly criticized.

The "policy of change," Kohl's main slogan when he took over the post of chancellor at the end of 1982, has not occurred. The CDU has not changed the politics of the country; what has changed instead, is the Christian Democrats.

Kohl got very angry at this critique from the conservative camp inside the CDU, which dominated the first hours of the party convention. Assisted by the rest of the party executive, especially party manager Heiner Geissler (an eloquent and demagogic politician trained by the Jesuits), Kohl came out in defense of his policy, emphasizing the need for economic austerity as "the dictate of the hour," and calling his critics "relics of anti-democratic currents."

Lacking an eloquent prominent spokesman on their side, the conservatives took their revenge on the second day of the convention, when the question of liberalizing the abortion

laws was on the agenda. From noon until midnight, the convention heatedly debated the controversial subject. The party leadership's views in favor of liberalization were attacked as "un-Christian" and an "anti-human ideology betraying the principles of a Christian party like the CDU."

While the debate had a certain usefulness, it also showed up the programmatic weakness of the conservative opposition, since they focused the issue narrowly, and did not take up the related issues of euthanasia and austerity, nor the question of genocide in the Third World as a result of the economic policies of the "developed" countries and the International Monetary Fund (IMF).

The conservatives, especially those with a strong religious background, could have brought up the very important May 16 statements of the two main churches, the Catholics and the Lutherans, against the IMF policy. Using these issues, the conservatives could have moved out of their generally defensive position, and opened up a programmatic offensive challenging the liberal current of the party.

But the conservatives missed this chance, and that is why they lost on the issues of austerity, tax reform, and abortion.

Kohl's programmatic victory, which shaped the third day of the CDU convention, may soon turn out to be a Pyrrhic one, however. More and more conservatives may leave the party now. Since 1983, five percent of the party membership has quit. The CDU section in the state of Schleswig-Holstein, for example, has lost 10% of its members since October 1987. The same section lost 10% of the vote in the elections for state parliament on May 8. It is such election defeats that will lead to Kohl's fall—as party chairman, and chancellor, too.

Communists set back in elections

But with Socialist Party leader Bettino Craxi doing Moscow's bidding, the only good news is emergence of the "Patrioti."

For the first time in the postwar period, the Italian political landscape, characterized by a strong Communist Party backed by one-third of the electorate, might change. This was signaled by the results of partial administrative elections, held in several cities throughout the peninsula at the end of May. The Communists (PCI) suffered a severe loss of 3.5% on average; the Christian Democrats, Italy's biggest party, gained an average of 1% against predictions of losses due to the economic crisis; but the big winner was the Socialist Party of Bettino Craxi, which gained an impressive 4%.

The growth of the Socialists and the collapse of the Communists brings forth a scenario that political pundits have been predicting for decades—the emergence of a French-style left cartel, with a strong Socialist Party dominating a coalition in which the Communists have a minority of votes, and hence represent no real danger to democracy. So far, this scenario had been defied by the seemingly solid vote of the PCI, ranging around 30%, as the late party leader Enrico Berlinguer attracted increasing numbers of middle-class votes and threatened to “pass” the Christian Democrats. Now, under the shallow leadership of Alessandro Natta, the Communists have been unable to stop an electoral slide that could soon see the Socialists “pass” the Communists.

Unfortunately, all this is not good news. The press analyses that the emergence of a social-democratic, “European Left” in Italy, and the disappearance of the Communists means

the end of the Soviet influence in Italy, have yet to be demonstrated. Indeed, Craxi's party has so far signaled exactly the opposite.

It was the Socialist Party, in fact, that promoted the anti-nuclear referendum that put an end to Italy's nuclear program, culminating in the halt to construction of the Montalto di Castro plant, and the closure and dismantling of the modern Caorso plant and the older Trino Vercellese plant. That decision has squandered investments that amount to at least 7 trillion liras, exactly the amount the government is now trying to obtain through budget cuts and tax increases in the effort to “balance the budget.” Italy depends on imported oil for 80% of its power needs, the highest percentage among industrialized countries. It will be forced to import electric energy from France and Switzerland in the future due to the decision to renounce nuclear energy. Depending on oil also means depending on Moscow's allies such as Qaddafi and Khomeini, or Armand Hammer's Occidental Petroleum.

The Socialist Party's anti-nuclear campaign was instigated by Socialist International chairman Willy Brandt, who was recently in Moscow to discuss a common action among Socialist and Communist parties in Europe.

The reasons for the Socialist victory are to be found in the defeatist behavior of the pro-Western parties, rather than in positive programs or merits. Given the choice of voting for parties and candidates who have the same policy, the voters voted for the most arrogant ones, and that is Bettino

Craxi's Socialists, whose lust for power definitely outdoes the already proverbial greed of the Christian Democrats.

The real hope of the 1988 Italian vote, therefore, does not come from the PCI defeat, but from the emergence of the “Patrioti d'Italia,” a political grouping connected to Lyndon LaRouche's international movement, chaired by Fiorella Operto. The Patrioti participated for the first time in the elections in Nave, a small town near Brescia, where they scored 1.4% of the vote. The Patrioti beat the MSI (neo-fascists) and the Liberal Party, a party which holds such key government posts as the defense ministry. Further, many protest votes were given both to the Patrioti and the Christian Democracy, and therefore canceled each other out.

The Patrioti spent very little on their campaign, but succeeded in introducing key issues, such as the fight for a New World Economic Order, the AIDS issue, and the need for classical culture in public education. The pro-austerity Republican Party of former Premier Giovanni Spadolini was hit by this, and lost votes to the effect of being excluded from the city council. Key to the encouraging result for the Patrioti was the organizing drive led by Franco Adessa, head of the slate, which drew good press coverage before the vote in the local newspaper, *Il Giornale di Brescia*. “The election campaign is a chance to educate people,” Adessa is quoted in *Giornale*, together with Costanzo Rivadossi, a former city councilman who decided to run with the Patrioti because his party, the Christian Democracy, is negating its tradition.

The Patrioti in Nave have started to build a movement which has national roots and will be consolidated in the coming weeks and months.

International Intelligence

Bronfman defends Gorbys, tells Jews no protests

Edgar Bronfman, head of the World Jewish Congress and a frequent visitor to Moscow, told a Jerusalem press conference on May 16 that he had met with Foreign Minister Eduard Shevardnadze while in Moscow and presented him with a list of 50,000 names of suspected Nazi war criminals, the *Ukrainian Weekly* newspaper reported June 5.

Bronfman told the *Jerusalem Post* that he handed a message to Israeli Prime Minister Yitzhak Shamir from the Soviet foreign minister.

"The message is bound to increase speculation that the two men will meet shortly," the *Ukrainian Weekly* quotes the *Jerusalem Post*.

Bronfman also stated, "I am not sure it is a very good thing for Jews in the Soviet Union to demonstrate when things are, after all, improving." He also "said that Jewish demonstrations abroad were 'okay,' as long as they were not aimed at the Gorbachov regime."

He told Shamir that the U.S.S.R. was changing its Middle East policy and taking more positive attitudes toward Russian emigration.

Swedish opposition demands resignations

In an ongoing scandal in Sweden, where a former police chief who botched the investigation into former prime minister Olof Palme's murder was discovered to still be running the investigation privately, parliamentary opposition parties, Liberal, Center, and Moderate, are now demanding the resignation of Socialist Carl Lidbom from his position as head of the Commission to Restructure the Swedish Security Police.

The latest press revelations are beginning to go after the secret government apparatus built up since at least the early 1970s by former Stockholm Police Chief Hans Holmér, Lidbom, and Justice Minister Anna

Greta Leijon, who has been forced to resign. All three were at the center of a secret and illegal Social Democratic intelligence and blackmail apparatus.

Lidbom was personally responsible in the mid-1970s for the proliferation of new laws which created dictatorial state powers under what was called the "Swedish Way" or "Fascism with a democratic face." This was actually modeled on the Soviet "general clause" system of autocratic jurisprudence.

As *EIR* goes to press, Lidbom is refusing to resign.

Laurels for Gorbachov are called premature

"The Western alliance has to work on a long-term strategy, irrespective of who's in power in Moscow," the new West German minister of defense, Rupert Scholz, declared at a meeting of the Atlantic Bridge group in Hamburg on June 10.

Scholz said that any reform and any liberalization in the Soviet Union are welcome in the West, but the principle that "good-sounding words must be followed by concrete deeds" should also be observed by Gorbachov.

Premature Western laurels are not to be given to Gorbachov, warned Scholz, as long as the "Soviet strategy of gaining world hegemony by military and non-military means remains unaltered."

Scholz said that the pace of Soviet armaments in all categories is still "reason for deep concern on our side, and a basis for mistrust of the objectives behind this military policy."

India to upgrade relations with Israel?

Indian Prime Minister Rajiv Gandhi met with an "American Jewish leader" and promised him that India would upgrade its diplomatic relations with Israel, according to Reuter. He also is supposed to have said that this promise should remain a secret.

Reuter does not say when the prime min-

ister met with the Jewish leader.

Responding to the news, Israeli Foreign Minister Shimon Peres is quoted as saying that "it was supposed to happen a week ago or something like that. Take another two weeks. History can wait for another two weeks." Peres added that "it will be a limited rise, by the way. We are not talking about a substantial rise" in diplomatic status.

An Indian government spokesman said on June 9, however, that there was no move to upgrade official ties with Israel at this time.

Chinese building Spratly base

The Chinese Navy is building its first permanent base in the Nansha Islands (the Spratlys), according to the official *People's Daily*. The Navy has been laboring for four months to build a maritime observation station in the South China Sea archipelago where Chinese and Vietnamese troops clashed this year.

The Bangkok daily *Nation* noted that the project is part of China's effort to establish de facto administrative control over the islands, which are claimed and partly occupied by Vietnam.

The *China Daily* earlier reported that an air traffic control center will be built off Hainan Island to monitor international flights over the Nanshas and another disputed South China Sea chain, the Xiahas or Paracels.

A Japanese military strategist, Gen. Osamu Namatame, former chief of the Air Self-Defense Force, contends that part of the reason for the Chinese attention to Hainan Island is fear of the possibility of U.S. bases being removed from the Philippines, and an even stronger Soviet presence in Vietnam.

Western press fears for Gorbachov's safety

Amid publication of more letters in the Soviet press to the effect that General Secretary Mikhail Gorbachov "is having a rough time," various U.S. newspapers have now raised

the prospect of his ouster or even assassination. Other articles build on this theme to push for more concessions, such as trade deals, to "save Gorbachov."

In the June 12 *Washington Post*, Robert Kaiser hinted at the assassination threat. "In Moscow today, many Gorbachov supporters speak fearfully of the possibility of 'an accident' befalling the leader. 'So much rests in the hands of just one or two people,' said one official, referring to Gorbachov and [Aleksandr] Yakovlev."

Gorbachov has his own, non-KGB bodyguards, the story continued, and Yakovlev supposedly "no longer sleeps in his Moscow apartment," but at his dacha in the countryside.

The *Los Angeles Times* rang the alarm bells for Gorbachov in a June 10 article. "Liberal supporters of . . . Gorbachov appear increasingly apprehensive that conservative opponents of his program of radical . . . reforms will muster enough support within the Communist Party bureaucracy not only to frustrate his plans but to force him from office."

Sino-Soviet talks on Afghanistan Kampuchea,

The "normalization" talks between the Soviet Union and China now under way in Moscow will emphasize Kampuchea, Agence France Presse (AFP) reports.

The talks are the 12th since 1982, when China and the Soviet Union first moved to improve relations.

Despite developments on the "three obstacles" to normal relations between the two countries constantly cited by Chinese leaders—a complete Soviet pullout from Afghanistan, Vietnamese pullout from Kampuchea, and reduction of Soviet troops on the Chinese border—the Chinese remain cautious.

"The Afghanistan problem is being solved, but we are waiting until all the Soviet troops have gone home," a Chinese source in Beijing told AFP. Chinese special envoy Vice Foreign Minister Tian Zengpei said before he left Beijing, "We hope that

progress can be made on the Kampuchean issue, the biggest obstacle," *China Daily* reported.

The talks are only "regular political consultations," the Chinese said, and Moscow must take "practical steps" toward influencing Vietnam to withdraw its troops. Both sides are looking for ways to increase trade, to be worth about \$5.5 billion by 1990.

According to U.S. sources and the Yugoslav press, however, Moscow is significantly lagging behind in removing troops from Afghanistan. Moscow earlier said 25,000 troops would leave by the end of May, but according to Afghan Minister for Border and Tribal Areas Sulayman La-eq, less than 13,000 soldiers have been pulled out. U.S. intelligence estimates the figure at closer to 10,000.

Under the Geneva agreement, by Aug. 15, half of the Soviet military contingent, or about 50,000 troops, will be removed. "The information that by June 6 only 13,000 Soviet soldiers have left Afghanistan is therefore somewhat surprising," says the Yugoslav news service Tanjug.

Japanese critical of Carlucci

Japanese Foreign Ministry officials have sharply criticized U.S. Defense Secretary Frank Carlucci, for suggesting that distribution of Japan's foreign aid should be influenced by Western alliance strategic considerations.

Officials said June 8 it would be politically difficult to maintain aid budgets if the Japanese people believed the funds were being spent with strategic considerations in mind.

Carlucci, passing through Japan on his return from the Reagan-Gorbachov summit, had told the Japanese National Press Club that Japan should expand its economic development aid to countries "whose political and economic health is vital to our collective security." He cited the Philippines, Turkey, Portugal, Pakistan, and Afghanistan as countries "in which aid could advance our overall security."

Briefly

● **CHINA** was accused by the U.S. State Department of continuing to supply the world with intermediate-range missiles even as the United States and Russia are allegedly reducing their missiles and missile sales. Washington will seek "serious talks" with Beijing on the matter, former arms negotiator Max Kampelman said in a live June 10 interview via satellite with journalists in five Asian cities.

● **MEXICAN-FRENCH** cooperation has led to the bust of one of the largest international cocaine rings, according to Mexican police sources. Mexican police arrested three French traffickers and deported them to France. French police simultaneously arrested seven other members of the gang, which transshipped Colombian cocaine via Mexico to the United States.

● **EUROPEAN** Community interior ministers at a recent meeting opposed the elimination by the EC of national border controls as proposed in the Single Europe 1992 Act. The ministers, meeting under the rubric of the Trevia Group, declared that the removal of all border controls will be a nightmare for law enforcement efforts to counter drug criminals and terrorists, most of whom are apprehended in routine customs checks.

● **SWEDISH** Communist youth leader Stellan Hermansson has been arrested by Philippines police on Luzon island, along with members of the pro-Soviet terrorist New People's Army. Confiscated pictures of Hermansson show him holding a sub-machine gun. Hermansson led riot and stone-throwing attacks on Nancy Reagan during her Stockholm visit in 1987.

● **RANDOM TERROR** in China is highly unlikely, but Americans in Beijing were told June 10 to beware of a possible terrorist attack from an unidentified "third country." Shortly afterward, the U.S. embassy announced that it had canceled the warning to Americans.

Drought becomes 1988 election campaign issue

by Nicholas F. Benton

An unavoidable economic reality has just struck the United States in the middle of the 1988 presidential campaign. The worst drought since the Dust Bowl, which wiped out thousands of acres of croplands during the depths of the 1930s Great Depression, is now afflicting the farm regions of the United States. It is threatening to send world markets into panic, precipitating a new stock market crash, introducing food shortages in basic grain and meat products by the end of the summer, and once again reducing the world's most fertile cropland to desert.

Warnings of the inflationary consequences of the drought—with food shortages producing sharp price increases—are being flashed in headlines across the pages of the *Wall Street Journal* and *New York Times*, accompanied by predictions that its effect will be to unleash the single greatest threat to the economy: the spectre of uncontrolled inflation.

“An explosion in food prices over the next year seems likely to loosen America's already shakey grip on inflation,” warned the *Wall Street Journal* in its June 14 edition. The *New York Times* followed suit June 17, pronouncing, “The driest spring in half a century has brought declarations of emergency in the Middle West, the South and the Great Plains and has raised what Department of Agriculture economists see as a prospect of the most dramatic rises in commodity prices since the 1970s.”

However, these warnings reflect only a superficial aspect of the problem. Hoarding of vital foodstuffs by major grain cartels is already reportedly under way. With the U.S. soybean crop threatened, hoarders are perceiving that European beef producers, who rely heavily on soybean imports from the United States to feed their cattle, will be forced to turn to powdered milk as a substitute. Not coincidentally, European Community stocks of powdered milk were bought out April 25, in anticipation of premium resale prices, driving the cost of beef there to record highs.

Such cartel practices lead rapidly not only to dramatic price increases, but also to shortages—as if the effects of the drought itself were not bad enough. As for crop damage, estimates are that a 3% decline in production leads to a 20% increase in prices.

Meanwhile, back in the States

Crop disasters are being reported all across the United States. The North Dakota Wheat Commission reports wheat harvests 35% to 46% below normal, and barley harvests 40% below normal. In Montana, 60% of the wheat crop is listed in poor or very poor condition, while 70% of Minnesota's spring wheat crop is listed that way. At least 25% of the soybean crop is listed by the Agricultural Department as “poor or very poor” in Mississippi, Louisiana, Arkansas, Missouri, Indiana, Ohio, and Tennessee. The department rated 46% of Louisiana's and 25% of Mississippi's cotton crop as poor or very poor, and at least 20% of the sorghum crop in Louisiana, Mississippi, Missouri, and Illinois is listed as poor or very poor.

In Canada, grain elevators are operating at 40% of capacity, and the amount of wheat available for export is down sharply. The United Nations Food and Agricultural Organization has reported that world cereal stocks have dropped by 62 million tons. The wheat reserves held by the U.S. government are reportedly down in May to 1.2 billion bushels, a half-billion below levels of a year ago. U.S. milk powder stocks are down to 143.5 million pounds, down from 470.3 million pounds in 1987, and over a billion pounds in 1985 and 1986.

While the destruction of crops will have an immediate effect on prices and supplies, the destruction of land by the drought could become virtually irreversible. Nature extracts a brutal price for neglect once man has begun to improve her.

For example, the “Dust Bowl” effect is created by land

which has been cleared of protective prairie grass in order to be cultivated for crops. The natural respiration between vegetation and the atmosphere is maintained, and even enhanced, as long as crops replace the grass that previously covered the soil. More intensive agriculture, increasing the yield of crops per acre through irrigation and crop-enhancement techniques, will significantly increase the rate of respiration between the ground and air, cooling the atmosphere and creating more rainfall.

However, the reverse effect occurs once land has been cleared, but crops are no longer grown on it. Stripped of its earlier protective grass cover, this land not only produces no oxygen for respiration with the atmosphere, but suffers the ravages of evaporation and direct exposure to the sun. Therefore, what was once prairie land, under conditions where a sufficient number of acres have been taken out of agricultural production and allowed to stand idle, gets turned into a dusty parking lot. Such dusty pockets then blow onto adjacent, cultivated land, creating a dustbowl, much as an epidemic spreads by weaker, sick organisms infecting healthy ones.

In addition, the decline in respiration heats up the atmosphere, and actually induces shifts in prevailing wind patterns. Therefore, in extreme cases like the one we face now, it is not droughts which wipe out agriculture, but the wipeout of agriculture, as a result of cutbacks in production, which produces droughts.

How the government produced the drought

In the case of the current drought, it is conclusively demonstrated to be the case that its cause lies almost entirely with human political decisions, rather than acts of God or caprices of nature. Two factors, in particular, have been decisive.

First, 78.5 million acres of land have been taken out of production in the drought-ravaged areas of the country since 1985, due to policy decisions made in Washington either to "manage supply" or to refuse to provide economic relief for farmers being driven out of business in record numbers.

Second, there have been over two decades of total neglect on the issue of providing new water resources for the regions now being affected by the drought, as well as other parts of the continent confronting emerging water shortage crises over the coming years.

Not a single dime of federal money has been spent on providing a drop of new fresh water for the United States since the early 1970s. This is despite the fact that during this entire period, the government has been keenly aware that the entire continent faces a severe water shortage crisis—drought or no drought—well before the end of this century.

Driven by "fiscal austerity" motives, often disguised as "environmental concerns," Washington began to kill the national agenda for new water development at the same time it killed the space program and the vision to build 1,000 nuclear power plants by the year 2000. Faced with analyses made in the mid-1960s of impending chronic water shortages in whole

regions of the continent, prompting Rep. Jim Wright (D-Texas) to author a 1966 book entitled, *The Coming Water Famine*, the U.S. Senate took under consideration a massive water diversion project in the spirit of the great dam and canal projects, from the Panama Canal to the Hoover Dam, completed earlier in the century.

This one envisioned capitalizing on the enormous flows of surplus fresh water that rush out of the high Canadian Rockies annually down northward-flowing rivers into the Arctic Ocean. By capturing only 15% of this water and reversing its flow, engineers at the Ralph Parsons Company in California determined, over 180 billion acre feet of new fresh water could be made available for agricultural, industrial, urban, and transportation use in the Canadian plains provinces, the U.S. plains and southwest, and even northern Mexico.

The master plan, named the "North American Water and Power Alliance" (Nawapa), involved the construction of 369 separate, moderately-sized components, creating tens of thousands of jobs. Since the water would flow almost its entire route by gravity, the cost of water at its destination would be very low, cheapened even further by the fact that the gravity flow would produce an enormous surplus of hydro-electric power. Despite the cost of the system, it was predicted that it would fully pay for itself in only 20 years, while generating virtually limitless new economic growth in the meantime.

The idea was killed by a massive anti-growth assault in the late 1960s, coming from both sides of the border. Once Nawapa was shelved, other water projects were also scuttled.

The abject poverty of the government's response to the crisis was reflected in the initial reaction of administration officials. When, on consecutive days, June 14-15, Agriculture Secretary Richard Lyng and White House spokesman Marlin Fitzwater responded to inquiries, one from a congressional committee and the other from this reporter during a White House press briefing, on what options exist to deal with the drought, both said only, "Pray for rain."

The press's reaction to Fitzwater's glib response was so violent, that the very next day he came out to announce a battery of emergency measures by the White House. Designed to sound impressive, they amounted to nothing but the creation of just one more interagency task force to study the problem.

The only positive development from the drought so far has been the renewed interest it has created in Nawapa. Sen. Frank Moss (D-Utah), who headed the Special Subcommittee on Western Water Development of the Senate Interior Committee that studied Nawapa in 1966, held a press conference June 17 in Washington under the auspices of the "North American Water and Power Action Committee" (Nawapac). The press conference drew 16 press agencies, and Nawapac planned a follow-up press conference for reporters covering the Toronto Economic Summit June 20.

DoJ 'perestroika' at the Pentagon

by Leo F. Scanlon

Enacting a scene which is becoming increasingly familiar to residents of the nation's capital, squads of FBI agents sealed and searched the homes and offices of defense contractors, Pentagon consultants, and top Pentagon officials in a surprise dawn raid June 14. According to FBI sources, the raids involved "in excess of 250" agents in searches conducted in 30 states, with warrants targeting the entire spectrum of defense corporations. There are reports of 250 subpoenas issued for individuals, and estimates are that that number will rise to well over 1,000 and involve the entire defense community in a very short period. Congressional offices and staffers are also targets of the fishing expedition, which as yet has produced no indictments.

The two-year investigation, initiated by former Justice Department (DoJ) official Stephen Trott, is based on corruption allegations investigated by the Naval Investigative Service, and subsequently coordinated by then-DoJ Criminal Division head William Weld. Informed sources indicate that the actual controller of the operation is Ted Greenburg, a specialist in intelligence dirty operations, now serving in the Fraud Division of the DoJ.

According to reports leaked by DoJ sources to the media, the investigation was carried out behind the backs of ranking cabinet officials, and without the knowledge of the President himself—a feature which signals that the increasingly totalitarian capabilities of the Justice Department and the invisible authorities which direct it, will now be aimed at the guts of the Executive Branch.

William Weld, for example, arrogantly admitted that he had taken the extraordinary step of authorizing wiretaps of Pentagon telephones, without informing the Attorney General! In another unusual, if not unprecedented move, the FBI and Naval Investigative Service used search warrants to obtain Pentagon files, and served them in police-state style, sealing off the offices of Victor D. Cohen, director of tactical weapons acquisition for the Air Force, and Deputy Assistant Secretary of the Navy for Acquisition Management James Gaines. With yellow "crime scene" police tape marking off the sealed areas of the Pentagon, FBI agents could be seen poring over Defense Department files, in a scene which several observers likened to the raid on *EIR* and other offices associated with Lyndon LaRouche in Leesburg, Virginia on Oct. 6, 1986.

The comparison to the Leesburg raid is apt—even if the

show of force at the Pentagon was significantly smaller—since the raid was coordinated by the office of the U.S. Attorney for the Eastern District of Virginia, Henry E. Hudson, the same office which coordinated the Leesburg extravaganza.

In keeping with the character of the investigation, the Secretary of Defense was informed of the impending raid only hours before it occurred, and he was then allowed to inform the President! Justice Department sources leaked to the press the arrogant remark that cabinet officers such as the Attorney General and the Secretary of Defense could not be trusted with knowledge of the investigation. The spooky nature of these arrangements is highlighted by the published remarks of former Secretary of the Navy James Webb, who claimed to have been briefed regularly on the nature of the investigation.

Defense Secretary Frank Carlucci, and his press spokesman, Dan Howard, both tried to put the best face on the situation by insisting that the investigation is targeted at "individuals and not at the procurement and acquisitions process."

The vast scope of the fishing expedition now being conducted indicates that this is, at best, whistling in the dark. Informed sources point out that the particular targets of the investigation are incidental to the purpose of the investigation, which is to carry out further "re-structuring" of the government. The process is similar to the vaunted 'perestroika' methods of bureaucratic warfare conducted in the Soviet Union.

Look at the controllers of the operation. Ted Greenburg, currently in the Fraud Division of the DoJ, previously served in the office of the U.S. Attorney of the Eastern District of Virginia, specializing in legal actions focused on the intelligence community, and ran a series of cases which wrecked some of the Army's most sensitive covert and counter-terrorist units. At the same time, he prosecuted the networks caught supplying arms to Colonel Qaddafi. In the latter case, he teamed up with then-NSC consultant Michael Ledeen, and separated the trial of the field operative, Edwin Wilson, from the parent corporation, an entity named EATSCO, and put Wilson behind bars. The case against EATSCO was then "thrown"—protecting the principals of the company, Ted Shackley and Thomas Clines (see *Feature*, page 28). Shackley and Clines went on to become principals in the Irangate scandal.

The other preliminary indication that Greenburg's group is pursuing a new "Lockheed Scandal" aimed at U.S. allies, is seen in the search warrant executed against offices of the McDonnell Douglas Corporation in Missouri—itsself no stranger to DoJ political prosecutions. The warrants target corporate documents relating to the efforts to sell the F-18 Hornet in Korea and in Europe. The APG-65 radar of the F-18 is the only American-produced component in contention to be included in the next generation of European fighters.

It's agreed: Kill elderly to cut costs

by Kathleen Klenetsky

In 1984, then-governor of Colorado Richard Lamm outraged the nation when he publicly demanded that the elderly “die and get out of the way.” But four years later, Lamm’s call for killing off the nation’s aging and other so-called useless eaters has been enthusiastically adopted by America’s ruling elite, who have decided to make the elderly bear the brunt of the harsh austerity regime which they are now cooking up under the rubric of “balancing the budget.”

That a bipartisan consensus on this grotesque policy has been forged was signaled June 9, when a coalition of liberal congressional Democrats, including such leading lights as Rep. John Dingell (D-Mich.) and fiscal conservative Republicans soundly defeated a long-term health care bill sponsored by Rep. Claude Pepper (D-Fla.), Congress’s leading spokesman for the elderly.

The *Washington Post* and other media outlets greeted the bill’s rejection as a sign that the “Pepper era” in U.S. politics was over, and that Congress was finally beginning to develop the “guts” to say no to the country’s senior citizens and their allegedly insatiable appetite for more and more public funds.

Just one day before the House’s watershed vote, two key political insiders—James Cannon, a former aide to Gerald Ford and Nelson Rockefeller, and a prominent member of the New York Council on Foreign Relations, and Stuart Eizenstat, who served as Pres. Jimmy Carter’s leading domestic affairs adviser—had declared open war on America’s senior citizens.

The two men, who co-direct American Agenda, a new group set up by former Presidents Ford and Carter to “define the issues” for the next President, told a Washington conference that far too great a proportion of the nation’s resources was being siphoned off by those over 65. “We’ve got to change the political emphasis by shifting some of the money that keeps going to the elderly,” said Cannon, while Eizenstat specified that the United States is spending “a disproportionate amount of our money on health care for the elderly.”

Cannon and Eizenstat attempted to make this blatantly genocidal orientation more palatable by claiming that the money saved could be diverted to programs for children, who, they insisted, were being denied their fair share because of the senior citizens lobby’s superior political muscle.

Neither Cannon nor Eizenstat provided specific measures for cutting off the elderly, but others have.

Last summer, Daniel Callahan, director and co-founder of the Hastings Center, which has spearheaded the pro-euthanasia drive of the last decade, published a book which railed against the elderly for daring to expect longer and healthier lives. Entitled *Setting Limits: Medical Goals in an Aging Society*, the book claimed that there is a “natural life span,” and that trying to extend it beyond 75-80 years, was immoral and a waste of resources.

Medical advances have created “a demographic avalanche by harmfully increasing the number and proportion of the elderly and also, in the process, distorting the ratio of old to young,” wrote Callahan, who freely acknowledged in his preface, “I know and respect” Richard Lamm. The idea that “humane medical care and cure for the elderly sought in the 1960s and 1970s could turn out to be the occasion of a new social threat. . . . [It] is not unexpected perhaps that uneasiness has begun to appear about expenditures on the elderly. . . . For the old to make an unlimited claim upon medical resources, to want the frontier of death constantly pushed back, will be seen by young and old for what it is, a danger . . . an unconscionable demand upon societal resources that could be better deployed.” (This latter argument is particularly preposterous: The reason there is such disproportion between young and old is that, thanks to the neo-malthusian propaganda and policies spread by Callahan et al. over the past 20 years, the number of children being born has dropped precipitously.)

The solution which Callahan proposed to this “threat” is to set limits on what health care the elderly receive, specifically through terminating all life-extending medical treatment for everyone in their 70s or older. Callahan also developed a whole set of criteria for when it is “morally” permissible to deny not only high-technology medical care to the aged, but food and water as well.

Callahan’s basic arguments have found their way into the center of policy debate. A recently-established organization called Americans for Generational Equity (AGE) have been working like blazes to slash spending on the elderly, by putting out sick propaganda claiming that the aging are living too high on the hog, and looting the country’s young and middle-aged.

Wall Street banker and Republican honcho Peter Peterson wrote a major feature for the October 1987 issue of *The Atlantic Monthly* which relied heavily on work done by AGE’s research director, Neil Howe. Peterson, who founded the Bipartisan Budget Appeal, a group of bankers and similar types which lobbies for budget cuts and played a key role in helping defeat the Pepper bill, wrote that the United States must drastically cut government spending and overall consumption, and blamed spending on the elderly—from Social Security to Medicare—as a principal source of America’s budget problems.

Elephants & Donkeys

by Kathleen Klenetsky

Jackson, the spoiler

Jesse Jackson, rumored by Washington political "insiders" to be a long-term asset of the CIA and a spoiler for the George Bush campaign, appears determined to make life difficult for his Democratic rival Mike Dukakis.

Jackson shook up his campaign staff in early June, bringing in Washington lawyer Ronald Brown to handle his operation going into the Democratic Party Convention, while shunting his two former top honchos, Willie Brown and Gerald Austin, to the side.

Some political observers give the credit to Brown for Jackson's aggressive pursuit of the vice presidency issue since the June 7 primaries gave Dukakis a lock on the nomination.

Jackson—and Brown—have been making the Dukakis camp extremely uncomfortable via a series of public statements asserting Jackson's "right" to the vice presidential slot. The candidate backed off a little during an appearance on NBC's "Meet the Press" June 12, rescinding an earlier statement that he wanted to be vice president and intended to "push" Dukakis on the question. But he continued to insist that he has "earned serious consideration" as a vice presidential contender.

Jackson knows full well that Dukakis can't possibly choose him for the ticket, if he wants to win in November. There are only two explanations for why he would nevertheless continue to press the question: First, to keep himself in the media limelight

and bolster his bargaining power going into the convention. And second, because it puts Dukakis in the politically precarious position of having to reject Jackson. This could so anger black Democratic voters that sufficient numbers of them could simply not bother to vote come November—a decision that could cost Dukakis the election.

Though Bush has little hope of winning any significant portion of the black vote, he is nevertheless making all sorts of openings to the black community: an obvious effort to underscore Dukakis's reluctance to deal with Jackson.

Moreover, the Virginia Republican Party recently nominated a black businessman to run against former Gov. Chuck Robb for the U.S. Senate—just a few weeks after the Jackson forces created an uproar at the state Democratic convention, booing and hissing Robb after he said that Jackson should be satisfied with an "inspirational" role.

The Jackson forces are flexing their muscle in another area: the party platform. At a meeting of the drafting committee over the June 12 weekend, Jackson representatives demanded that the platform call for higher taxes, defense cuts, and label South Africa a terrorist state.

The Dukakis people conceded the last point—after all, their boy supports the incredibly harsh sanctions bill sponsored by Rep. Ron Dellums (D-Calif.). But they adamantly refused to give in on the other two. That's not because they disagree with Jackson—Dukakis's policy advisers support a national consumption tax and military spending cuts—but they don't want to give Bush more ammunition for his stated campaign strategy of attacking Dukakis as a typical tax-and-spend liberal.

The dispute will continue when the

platform committee meets again later this month in Denver, and could explode on the floor of the convention itself, giving Dukakis an extremely inauspicious send-off for the general election campaign.

Dukakis pledges to end SDI, MX

Despite the wrangling over the platform, Dukakis is as committed to disarming the United States as Walter Mondale or George McGovern ever was.

In what his staff billed as a "major foreign policy address," the Massachusetts governor told the Atlantic Council's annual conference in Washington June 14, "We all know that the defense budget of this country is not going to increase . . . no matter who the next President is, no matter how the election turns out, so the time has come to make some tough choices on defense."

Dukakis has already made some of those choices. He vowed to his audience that, if elected, he would get rid of the MX missile, the Midgetman, and the SDI. "We don't need a laundry list of new strategic systems," he told his audience, but a defense strategy "that will set sensible priorities."

NATO, too, will almost surely be a casualty of Dukakis's "sensible" military policy. Although he paid lip service in his speech to the importance of NATO, he then proceeded to decry America's Western European allies for failing to shoulder "their fair share" of the burden for protecting Western security interests.

This argument has become a favorite line of attack for those who wish to sever the U.S.-Western Europe defense link, and hope to use the "burden-sharing" issue as a way of whipping up popular support for pulling American troops out of Europe.

Evaluating the Soviet economic breakdown

Washington analysts are beginning to concede that the so-called liberalizing policies of glasnost and perestroika in the Soviet Union are, in reality, driven by a desperate need to redress an almost hopeless economic breakdown now occurring in the East bloc.

For example, Peter Rodman of the National Security Council, speaking at a conference of the Atlantic Council June 13, said that the new Soviet policies would "be put to the test" by the Soviet-controlled nations of Eastern Europe. "Someone will push this new liberalism to the limits, and find those limits in the course of breaking them," Rodman said.

However, Rodman was creating the impression that the new Gorbachov reforms are simply aimed at opening up the Soviet system. He did not comment on the underlying factors behind these reforms, until I asked him if it were not true that uprisings in Eastern Europe, and indeed in the Soviet Union, will be driven by the brutal economic austerity policies that come with glasnost and perestroika.

Only then did Rodman agree with me, and concede that the key to the success of the Gorbachov reform lies in its ability to create governments that are "legitimate" in the eyes of the people they rule, because only such a government "can impose the kind of belt-tightening that is required."

"People are more likely to accept a cut in their standard of living if it is

from a government they support," he said, "and therefore it is the purpose of the liberalization policy to create such governments as a way for the Soviets to gain some breathing space."

He added, "The more they reform their economy, and impose austerity, the more they run the risk of revolt."

More forthcoming in his remarks about the economic collapse driving the Soviet perestroika policy was Dr. Nicholas Eberstat of Harvard, speaking at an American Enterprise Institute conference June 6.

Eberstat pointed to the 50% increase in the Soviet death rate over the last 20 years as evidence of an extraordinary decline in the Soviet economy. "There is nothing which can account for such a dramatic increase in the death rate except an enormous decline in health and standard of living," he said.

Prompted by Eberstat's figures, I traveled to a remote Maryland location to find the government's top expert on Soviet population patterns, working in the Census Bureau.

Dr. Ward Kingkade granted me an interview, and while he disputed Eberstat's use of "crude death rates" as a scientifically sound indicator of a declining economy (he said such figures could be explained by, for example, the introduction of widespread abortion practices in the U.S.S.R.), he had his own criteria for drawing essentially the same conclusion.

Kingkade said, "If you want to see the most astonishing indicator of the state of the Soviet economy, it is the fact that there is a stagnation in the life expectancy of the Soviet population, while in every other industrial nation, there has been a marked increase over the same period."

In fact, the statistics show that there was a significant decline in Soviet life expectancy during the 1970s—from 68.8 years in 1969-70 to 67.5 years in

1979-80—that was so embarrassing to the Soviets that they abruptly stopped publishing statistics on life expectancy during the mid-1970s. They did not re-start publishing statistics until 1986, when they were able to show a modest rebound in their rates for a few years in the early 1980s.

The official Soviet explanation for the decline in life expectancy rates was alcoholism, leading to the Gorbachov crackdown on drinking, and, in the Soviet view, the reversal of the decline.

However, according to Kingkade, alcoholism is not a big enough health factor to account for such a huge change in the figures. He said that "what's in the water" is perhaps the most important single factor, followed by "what's in the diet."

Even as dramatic as the trends in life expectancy are those regarding infant mortality. In this case, he cited Soviet Uzbekistan, where infant mortality rates have soared from 31 deaths per 1,000 in 1970 to 46.2 deaths per 1,000 in 1986.

He said that concerns within the predominantly Muslim populations of Uzbekistan and other central Asian republics that the "Great Russian" people are engaged in deliberate genocide against them has helped to spur the riots there in recent months.

For example, he said, a noted demographer in Kazakhstan, Makush Tatimov, charged precisely this in speeches that helped precipitate the Alma Ata riots last year.

The Muslims are the only group in the Soviet Union now reproducing at above breakeven levels. In addition to economic factors, high rates of abortion have contributed to the fact that there is now a below breakeven (2.1 children per woman) birthrate in the European sectors of the U.S.S.R., while the birthrate among the Muslims is 5 to 6 children per woman.

Senate gives nod to Moynihan's welfare scheme

On June 17, the Senate voted 93 to 3 in favor of Sen. Daniel P. Moynihan's (D-N.Y.) bill to restructure the nation's welfare program. As the vote indicates, the bill has met with very little opposition. An amendment was added by Republican Senators William Armstrong (R-Colo.) and Robert Dole (R-Kan.) which would make workfare mandatory. This amendment was the result of negotiations with the White House, after President Reagan indicated that he would veto the bill if workfare were only made optional. The amendment was adopted with the support of 54 senators. The workfare mandate is opposed by the National Governors Association, since they feel that it wastes the participants' time in meaningless "make-work" jobs and removes state flexibility in crafting job programs.

The measure, which would be the first major change in the welfare program since its enactment in 1935, would apply to people in the Aid to Families With Dependent Children program. The overall cost of the Senate bill was estimated at \$2.8 billion over five years, compared with \$7 billion for the House version. The two bills will now be resolved in a conference committee between the two houses. It is estimated that one out of every six American children is a ward of the Senate Finance Committee—dependent upon either the Survivors Insurance or AFDC programs.

Byrd warns of investment contraction, huge deficit

Senate Majority Leader Robert Byrd (D-W.Va.), in remarks on the Senate floor on June 14, pointed to the fact

that the much-hailed drop in the April trade deficit involved a real fall in both exports and imports, i.e., a contraction in production (see page 4). The export figure included \$600 million in gold purchases by Taiwan, indicating that the decrease in real exports was even greater than the figures let on. "Much of the drop," said Byrd, "is in a wide variety of capital equipment. It may simply mean that American business is slowing the pace of investments in America's future." Byrd also pointed out that the United States is about \$420 billion in debt to the rest of the world.

"At the current pace," Byrd commented on the trade deficit, "we are on our way to reaching the \$600 billion level by the end of next year."

Wright calls corruption charges 'flimsy'

The House Ethics Committee voted June 9 to launch a preliminary investigation into charges against Speaker Jim Wright (D-Texas). The panel will examine six counts involving Wright, including three that were not mentioned in the original complaint filed by Rep. Newt Gingrich (R-Ga.). Wright encouraged the committee to examine the charges "carefully and exhaustively," although he referred to them as "flimsy." "I have done nothing unethical, I have done nothing illegal, I have done nothing violative of the rules of the House and the committee. I am absolutely confident we'll come to that conclusion after it's looked at all the facts," said Wright.

The Wright investigation has, however, become something of a problem for the Democrats. The Democratic Congressional Campaign Committee sent out letters to every

member of the House warning them not to be "duped by Newt." Granted, Gingrich is something of a maverick, who doesn't hesitate to get into a scrap if he finds it useful, although he often is right on target with some of his more outspoken comments. For instance, when Gingrich gave Wright the epithet "Mussolini of the House," because of Wright's high-handed methods of manipulating House procedures to pass legislation which he supports, the depiction was undoubtedly deemed appropriate by many a House Republican, who, however, wouldn't be caught saying something like that. Gingrich did succeed in getting the support of 71 of his House Republican colleagues to demand that the accusations against Wright be investigated.

The issue will be subject to thorough investigation, with the possibility that an independent counsel may be called in.

Outlook for more Contra aid is dim

Leaders of the Contras say that they need more weapons and ammunition from the United States in order to strengthen their position in negotiations with the Sandinista government. Elliott Abrams, as gung-ho as ever, favored requesting more aid of Congress, but Howard Baker, the departing White House chief of staff, seeing that there would be no possibility of getting more aid from Congress, saw no point in even raising the issue.

The peace negotiations between the Contras and the Sandinistas are in the process of breaking down because of intransigence on the part of the Sandinistas. The latest round of peace talks in Managua, which ended during the

first week of June, failed to reach an agreement to end the seven-year conflict between the rebels and the government. No date was set for resumption of the talks, but both sides agreed to extend the truce until next March.

Proxmire warns of huge S&L bailout needs

In comments on the Senate floor on June 13 and 14, Sen. William Proxmire (D-Wisc.), chairman of the Senate Banking Committee, said that experts have told his committee that a bailout of the savings and loan industry could cost from \$20 to \$70 billion.

Proxmire explained how the situation developed: "In 1984, the industry netted a profit of about \$1.5 billion. In 1985, that rose to \$4.4 billion. In 1986, it declined to about \$1 billion. But in 1987, the industry suffered some catastrophic individual losses and overall aggregate losses of \$6.3 billion. At the end of 1987, 507 thrifts constituting 16% of the industry and 11% of the assets of the industry were insolvent. The capital deficit of these technically insolvent institutions has increased every year since 1984 and their net operating losses have gone up each year."

"The shaky S&Ls that are in trouble can only stay in business and compete by offering substantially higher interest rates to depositors than healthy S&Ls. . . . In order to earn enough to cover the high interest rates paid to depositors, the troubled S&Ls move away from home lending and into speculative real estate and other ventures."

Proxmire then went on to talk about the coming recession: "We are due and overdue for recession. Recession is the price we pay for free economy. In past

recessions, since the advent of deposit insurance from the 1930s up until six or seven years ago, S&Ls had done well. But with the many S&Ls that have recently engaged in speculative excesses, a recession in the next year or two would put the S&L industry through the kind of grim experience the industry has suffered in Texas, with a potential national bailout in the hundreds of billions of dollars."

Conrad demands aid for South Dakota farmers

In an effort to get the senators from non-farming areas to understand the effects of the drought now afflicting the northwestern states, Sen. Kent Conrad (D-N.D.) addressed the issue on the floor of the Senate. "My farmers are suffering through the worst drought in decades. When they plant, the seeds will not sprout. If they sprout, the seedlings will not grow. The pastures are bare, and many producers are running out of feed for their livestock. Even if the rain came today, many farmers would be unable to recover from the damage already caused. The story is the same for farmers from North Dakota to Texas. . . . In short, we have an agricultural disaster on our hands, and we need help."

Conrad has requested of Agricultural Secretary Richard Lyng that three measures be taken which would alleviate the situation somewhat: 1) that the acres reserved under the Conservation Reserve Program be opened to haying and grazing; 2) that the farmers be allowed to retain their farmer-held grain reserves to allow them to be the recipients of the price improvements the drought has brought; and 3) to see that farmers will not have to pay back advance deficiency payments, if their

counties are declared disaster areas. The latter measure would require a change in existing law.

NDPC testifies on African locust plague

In testimony before the Foreign Operations Subcommittee of the Senate Appropriations Committee, representatives of the National Democratic Policy Committee outlined the magnitude of the locust plague now afflicting Africa, and demanded measures for immediate widespread spraying with large DC-7s in order to eliminate the locusts.

Emphasis was placed on the use of dieldrin, a very powerful insecticide which is much longer lasting than other insecticides generally used against locusts, but is forbidden for use in the United States by the Environmental Protection Agency, and forbidden for use in countries receiving U.S. aid.

The NDPC testimony also emphasized the need for developing electromagnetic pulsed waves as a technology for destroying locusts. The significance of the electromagnetic wave technology in destroying locusts has already been proven, but has not been developed for broad-scale locust extermination.

Senator Daniel Inouye (D-Ha.) said afterwards that he realized that the situation was extremely serious, but claimed that they had been informed of the magnitude of the problem at a late date, thus delaying the implementation of measures to combat the locusts. As a result, said Inouye, thousands may die because of the delay. He said that they would investigate the possibility of using electromagnetic pulsed waves in destroying the locust plague.

National News

Supreme court rejects du Pont Smith petition

The Supreme Court of the United States on June 9 found against an appeal by Lewis du Pont Smith, heir to the family fortune, who was declared mentally incompetent in 1985 solely on grounds of his financial contributions to causes associated with Lyndon H. LaRouche, Jr.

The High Court reviewed the petition of du Pont Smith for a writ of *certiorari*, a petition citing reasons why the court should hear his appeal of Chester County, Pennsylvania Judge Lawrence Wood's adjudication of mental incompetence at the request of Lewis du Pont Smith's family. The family responded with a lengthy counter-petition citing reasons why the court should not hear his appeal.

On June 9, the Supreme Court Justices denied the petition *per curiam* (i.e., without comment). Mr. Smith responded, "This puny court didn't even have the guts to hear a case of great legal importance involving a citizen's right to put his money where his mouth is, and support his political beliefs. This is a sad day for American justice.

"This decision proves the necessity of a LaRouche presidency to be supported by thousands of ordinary citizens running for elected office on all levels, and winning, which is why I am running for U.S. Congress in New Hampshire. My response is to fight like hell to build up a candidates' movement in New Hampshire to defend our Constitution and our morality against those who would attempt to legalize drugs and euthanasia."

Times says Meese should resign for appearances

The report of Special Prosecutor James McKay on Attorney General Edwin Meese, while not accusing Meese of "criminal wrongdoing," will, according to law enforcement officials, "detail several in-

stances in which Mr. Meese's conduct, although not criminal, may have violated federal ethics rules, including a 1965 Executive Order that prohibits actions that 'create the appearance of using public office for private gain,'" argued the *New York Times* June 13.

Areas McKay is "expected to cite" include the Iraqi pipeline project, Meese's ties to the Wedtech Corporation, and questionable financial dealings undertaken by Meese's financial adviser, Franklyn Chinn.

Meanwhile, former Attorney General and Boston blueblood Elliot Richardson, in a telephone interview published in the June 11 *New York Times*, ripped into Meese, saying, "I think his continuation in office is a disservice to the Department of Justice, the administration, and the party." Richardson's resignation as Attorney General during Watergate poured gasoline on the fire building around Richard Nixon.

Earlier in that day, Richardson had targeted Meese during his speech to the graduating class of the Pace University of Law in White Plains, New York. "Sensitivity to the feelings and interests of others . . . is markedly lacking in our present Attorney General," asserted Richardson. "He seems not to grasp the fact that his responsibility is to establish and observe standards transcending the minimum requirements of the law."

"We hear a lot about 'role models' nowadays," Richardson added. "For you who are about to assume the practice of law, [Meese] is an anti-role model."

Dukakis on again, off again on Jerusalem issue

Democratic presidential hopeful Michael Dukakis has gotten himself into a politically embarrassing situation as a result of contradictory statements on whether the United States should relocate its Israeli embassy from Tel Aviv to Jerusalem—a move which would cause an uproar among Muslims and Christians because of the unique importance the city holds in their faiths.

In May, the candidate told the *Los An-*

geles Times that he favored the relocation—which brought sharp criticism from Secretary of State George Shultz. But at a meeting with reporters June 10, Dukakis tried to deny his previous statements, until reporters pointed out to him that his top foreign policy adviser, Madeleine Albright, had been telling people that Dukakis had favored relocating the embassy for the past 10 years.

Even the June 11 *Washington Post* portrayed Dukakis as "stumbling" and leaving a "confusing picture of where he stands."

Fortune magazine hails drug 'growth industry'

The June 20 issue of *Fortune* magazine amounts to an advertisement for the glories of the illegal narcotics industry. The magazine's cover features a photo of Colombian drug czar Gonzalo Rodríguez Gacha. An accompanying story proclaims the drug trade "a huge, multinational commodity business with a fast-moving top management, a widespread distribution network, and price-insensitive customers."

Author Louis Kraar writes, "The illicit drug trade is probably the fastest-growing industry in the world and is unquestionably the most profitable."

He reports that in Colombia, "drug barons have built a vertically integrated industry," which has made cocaine that country's "biggest single export . . . an estimated \$4 billion a year at wholesale prices." The article quotes Colombia's Sen. Rodrigo Lloreada, "Without cocaine profits in its local economy . . . unemployment would nearly double to 25%."

A second article in the same issue by Andrew Kupfer argues that "total success" in the war on drugs is "unattainable." The United States should change its drug policy to reflect that fact, with "more flexibility toward marijuana." Under the title, "What to Do about Drugs," Kupfer insists that the "first step" in achieving an effective drug policy "is to decide that a drug-free society should not be the goal of policy."

He quotes Yale professor of psychiatry

David Musto saying that such an idea "is part of a typically American ideal about the perfectability of man." Kupfer even claims that legalization of marijuana, once "un-thinkable," could cut heroin use.

North wasn't dealing with Iranian 'moderates'

Lt. Col. Oliver North and those for whom he worked in the Iran-Contra arms sales were quite indifferent to whom they sold the arms in Iran, and were not dealing with "moderates" as the administration has claimed. That is the gist of testimony given by CIA official George Cave last year in a closed session of the congressional committees investigating the Iran-Contra affair.

The group of Iranians Oliver North was dealing with in the Iran arms sale scandal were not "moderates," but a "coalition of officials from the three political factions inside the regime of Ayatollah Ruhollah Khomeini," the *Washington Post* reported Cave saying. The Iranian participants in the sales included a "radical," a "very conservative" supporter of Khomeini and supporters of Parliament Speaker Rafsanjani. Of the three groups, Rafsanjani's group was considered the "balancer."

"Cave's description . . . provides the newest and most authoritative contradiction of the Reagan administration's repeated claim that it was dealing with Iranian 'moderates' during the arms-sales negotiations," noted the *Post*.

CDC decries clamor for AIDS testing measures

Spokesmen for the Centers for Disease Control and the American Foundation for AIDS Research expressed dismay over the results of an opinion survey conducted by the *Atlanta Journal-Constitution*. It showed that a majority of Georgia citizens favor AIDS testing and restrictions to curb AIDS.

The study, which questioned over 1,000 adults and over 2,000 college students, found that 87% of the general population favor tracing sexual contacts of HIV-infected cases, 64% favor prohibiting HIV carriers from food-handling jobs, 70% would prohibit carriers from health care work, while 91% say the government is failing to curb the epidemic.

Dr. Stuart Berman, a CDC epidemiologist, and Dr. Mervyn Silverman of the American Foundation for AIDS Research, a leading opponent of the just-defeated California Proposition 69, which would have mandated public health measures to stop AIDS' spread, said they were upset over the results, and insisted that public health measures would be ineffective.

Arizona ex-governor acquitted of wrongdoing

An Arizona jury has acquitted ex-Governor Evan Mecham of charges that he sought to conceal campaign loans.

Mecham, who was impeached one year after he took office, had launched an intense war on drugs in the state, and otherwise campaigned against the drug and gambling interests, typified by the Jacobs brothers, who have controlled the state.

Law enforcement sources say that most of the cocaine entering the United States comes in through Arizona.

With Mecham's impeachment, his war on drugs also came to an abrupt end.

Mecham, in an interview appearing in the June 17 bi-weekly *New Federalist* newspaper, attacked not only the drug mob that fabricated the charges against him, but the state Attorney General's office which, he said, completely dropped the war on drugs to devote itself almost exclusively to pursuing the "Get Mecham" drive.

At the conclusion of the interview, Mecham stated, "We're going to win the war. We've lost a battle [with his impeachment], but we're going to win the war. Here in Arizona, the people are aware now that we've got some big problems."

Briefly

● **DRUG KINGPINS** may be caught by using their "money trail." The federal government plans to develop computer programs that will enable anti-drug officials to trace the estimated \$100 billion being recycled into the United States as payment for illegal drugs. "If we can't get the dope coming in, we'll get the money going out," said one Justice Department official.

● **BUBONIC PLAGUE** has been found among rats in 13 West Texas counties. After years of finding only isolated individual animals infected, a "major die-off" of two species of rats, rabbits, and prairie dogs was discovered in Midland County, Texas in January 1988. "We can't kill every flea in West Texas," said a health official. "When you get right down to it, there's not a lot we can do, except warn the public that the plague is here."

● **SENATE** Majority Leader Robert Byrd urged Soviet Secretary Mikhail Gorbachov June 12 to scrap his proposal for a U.S.-Soviet flight to Mars and instead concentrate on the worldwide war on drugs. Why Byrd thought the two should be trade-offs, nobody knows.

● **SOLID ROCKET** fuel production facilities will be restored by NASA and the Defense Department in the wake of the explosion in Utah that destroyed one of only two production facilities. Under the new plan, one new facility will be built in one year, another will be reopened, and a new backup facility will be built.

● **VICE PRESIDENT** George Bush met with officials of the scandal-ridden Wedtech firm, who hoped that he would help "eliminate" competitors for lucrative Navy contracts, former Wedtech president Anthony Guariglia testified June 15 at the racketeering trial of Rep. Mario Biaggi and six others. "Was that done? Was the competition eliminated?" asked the defense lawyer. "Yes," responded Guariglia.

Editorial

Time to wake up!

Since the third Gorbachov-Reagan Summit, in Washington last November, we have been warning that the Intermediate Range Nuclear Forces Treaty (INF) would be a disaster for the Western Alliance. Many who think of themselves as committed patriots, within the defense and intelligence communities, disagreed with us. "It's bad," they said, "but we can live with it."

We also warned that the friends and associates of Lyndon LaRouche were coming under special attack by the Justice Department, as part of the summit wheeling and dealing. Because LaRouche was the author of the policy to deploy what became known as the Strategic Defense Initiative (SDI), and because he has been one of the most vocal advocates of deploying advanced systems such as radio-frequency weapons (which the Soviets themselves are developing in a big way), they were determined to eliminate him from the scene.

Now the Justice Department is moving against the Pentagon itself, and the defense budget is being whittled away. Already further cuts, to the amount of \$30 billion, are being mooted to meet new deficits which will bring in the automatic Gramm-Rudman apparatus.

Worse still, the Strategic Defense Initiative appears slated to become a dead letter not only because it is starved of funds, but because Sen. Sam Nunn's ludicrous proposal for the deployment of an Accidental Launch Protection System (ALPS) is now being suggested as an alternative to the SDI, to be deployed in Washington, D.C.

Perhaps now, those patriots who felt that it was a priority to protect their own positions—their ability to remain in place in order to be able to fight the next bureaucratic battle—will recognize their mistake. Who besides LaRouche and his associates are presently defending the Western alliance? What has been the practical result of capitulating on the INF treaty.

If sufficient patriots wake up before it is too late, the present massive attack against the U.S. and NATO defense capabilities, may have the same salutary effect as the U.S. defeat at Pearl Harbor, but now as then, we are paying a heavy price for stupidity—not to speak of

outright treason. The Western alliance to all practical purposes is on the verge of being handed over to the Soviets.

Whatever examples of malfeasance may be unearthed, the plain fact is that the Justice Department raid is undermining the U.S. defense capability at a time when it is otherwise extremely vulnerable. The principle of *cui bono* should be applied to underscore that the kind of stealth tactics which were deployed against employees of the Department and the aerospace industry can only be to the benefit of the Soviets.

Behind the raid is the unspoken assumption that it does not matter if U.S. defenses are partially crippled, since the Soviets are really our friends after all. We don't have to remain at the ready. The same assumption is leading to actions which *de facto* mean an end to the Strategic Defense Initiative as a serious capability.

Phase I of the system was scheduled for deployment in the early nineties; now the best we can hope for would be a 1998 deployment, under present conditions. However, the likelihood is that the program will be canceled.

It is now clear that the resignation of Defense Secretary Caspar Weinberger was a policy turning point. His successor Frank Carlucci, immediately upon taking office, called for a review of the SDI by the Defense Science Board Task Force Subgroup on Strategic Air Defense. This is a standing committee of independent "experts." They have recently come up with recommendations, which if accepted will essentially scrap the SDI in favor of ALPS. They call for a priority to be given to the development of sensors, at the expense of defensive weaponry, and they give favorable consideration to the "treaty compliant deployment" of 100 fixed ground-based long range interceptors—in other words of Senator Nunn's ALPS.

The situation will be even worse if Governor Dukakis becomes President, because he has already declared that he will do away with the SDI in favor of what he cynically has named the Conventional Defense Initiative (CDI).

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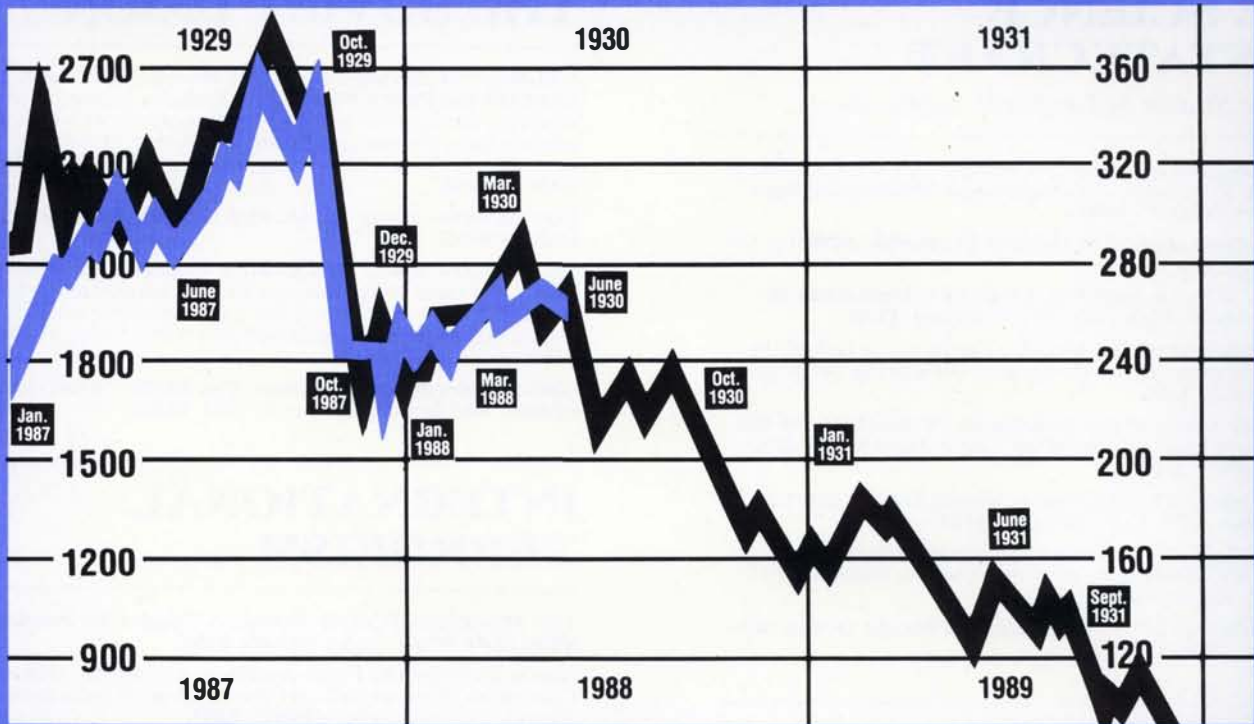
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