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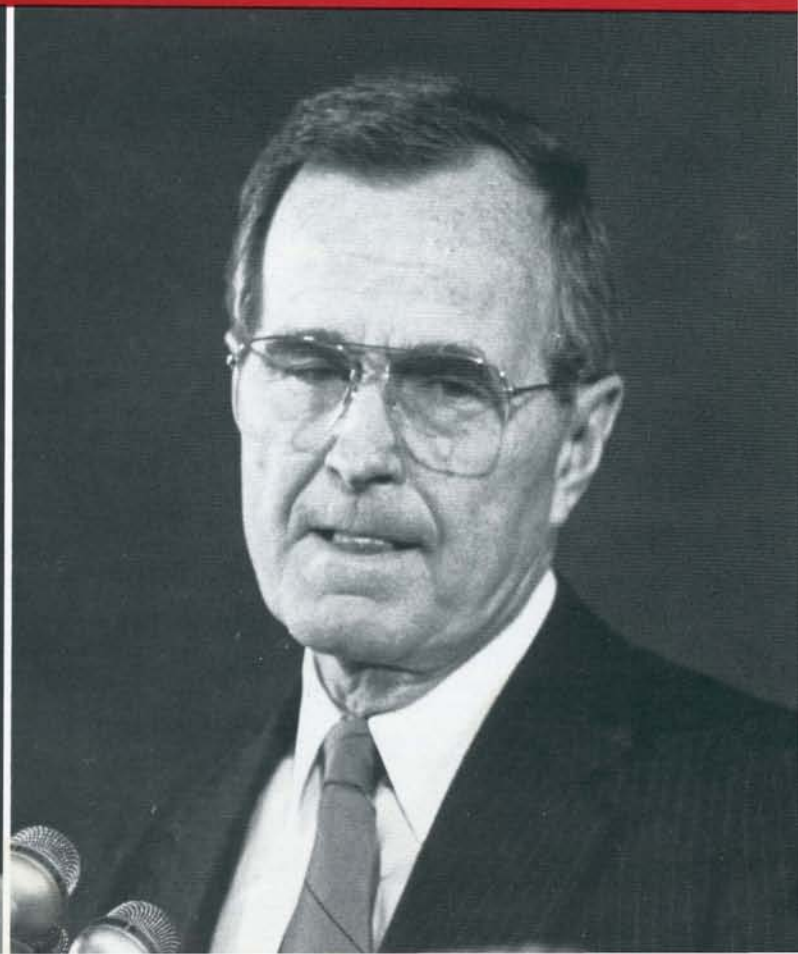
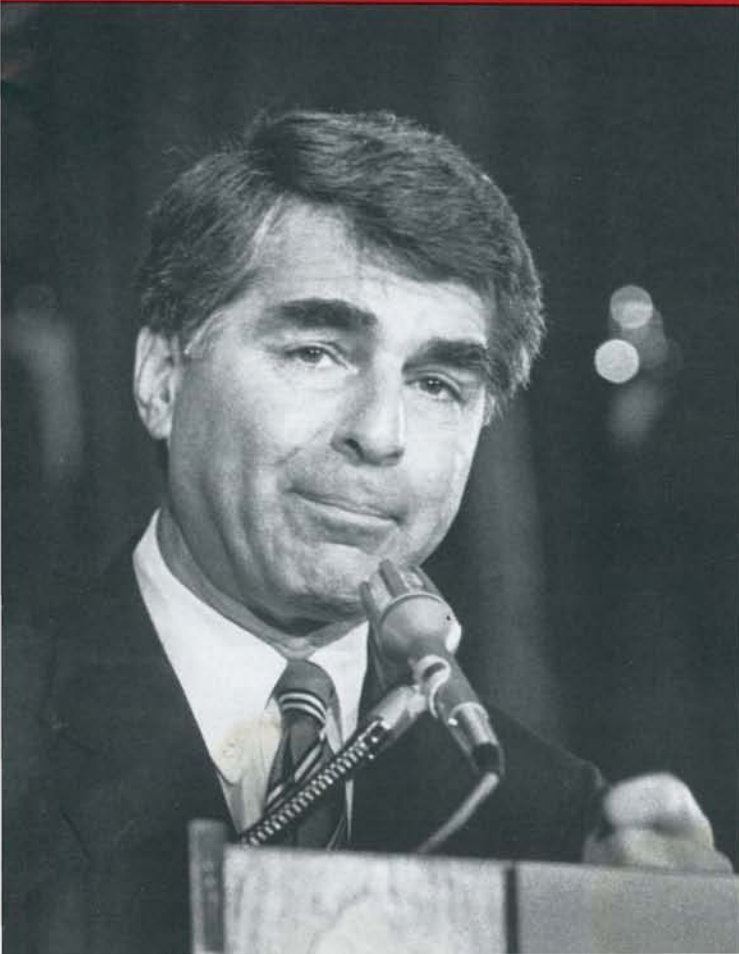
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to bring fascism to the U.S.**



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## From the Editor

**I**t is not difficult for America's neighbors and allies to see that the U.S. Democratic presidential nominee and the to-be-nominated Republican candidate are a pair of political and moral zeros. As I discovered in my recent two-week trip to South America, it is more of a mystery to them just *how* the leadership of the world's strongest nation has come to such a low point.

These neighbors of ours know that their citizens are on the front lines to die, either of hunger or disease, or be overtaken by Russian (and Russian-backed) military forces, as a result of the retreat of the United States into a fascist police state.

Our *Feature* this week details how the blueprints for U.S. fascism have been drawn up, including the needed changes in the constitutional order, for either party to implement starting in January 1989.

Quite remarkably, Michael Dukakis, in his acceptance speech at the Atlanta Democratic convention, stated that the difference between himself and George Bush is only one of "competence" and his conception of "community." In short, there is no *ideological* disagreement. By "competence," Dukakis refers to his calm in the face of misery, when as Massachusetts governor he displayed a meat cleaver behind his desk as the symbol of his programs to slash welfare budgets and social programs. By "community," he refers to the corporatist institutions he set up in that state, with government, business, and labor working jointly for austerity.

The fascist juggernaut can be defeated, by the power of reason. As reported on page 61, former Democratic presidential candidate Lyndon LaRouche is mobilizing his supporters to build a national grassroots movement based on a program to reverse the economic crisis.

In Mexico, the anti-austerity dissident candidate Cuauhtémoc Cárdenas has declared victory in the recent presidential elections, and is organizing to reverse the vote fraud and the last six years' International Monetary Fund dictatorship (page 40). On page 45, you will read the appeal of a new Captive Nations' movement *within* the U.S.S.R., which is calling for a political order based on the Christian conception of love, *agape*. In today's climate of appeasement of Gorbachov, *EIR* is the only major international publication to print their Letter to President Reagan.

*Nora Hamerman*

# EIR Contents

## Book Reviews

### 27 The extinction of Charles Darwin

Warren J. Hamerman reviews *Vertebrate Paleontology and Evolution*, by Robert L. Carroll, and *Five Kingdoms: An Illustrated Guide to the Phyla of Life on Earth*, by Lynn Margulis and Karlene V. Schwartz.

## Departments

### 53 Andean Report

Coca-dollars bring chaos to Peru.

### 54 From New Delhi

The coming diplomatic breakthrough.

### 55 Vatican

The Lefèbvre schism.

### 72 Editorial

A new era of butchery.

## Science & Technology

### 18 Is the AIDS disease really environment-based?

Dr. Mark Whiteside of the Miami Institute of Tropical Medicine challenges the policy line of the Centers for Disease Control.

### 23 Laser beams hold promise for submarine communication

## AIDS Update

### 18 Is the AIDS disease really environment-based?

## Economics

### 4 A hot August coming for the money markets?

The experts fear that the weeks ahead may be the most dangerous for the financial system since "Black Monday."

### 6 Floods, bugs portend Soviet food crisis

### 7 Cartels plan a new 'great grain robbery'

### 8 Bihar: a case study of economic policy challenge in India

The state is one of India's poorest, yet it is blessed with some of the most fertile soil in the world. With proper technological input, it could become an agricultural powerhouse.

### 13 Currency Rates

### 14 Banking

New woes for the beleaguered FSLIC.

### 15 Agriculture

Low prices dry up farming, too.

### 16 Business Briefs

## Feature



Michael Dukakis (left) and George Bush, the Eastern Establishment's choices to head a Mussolini-style "liberal" fascist order.

### 28 Establishment plans for police-state rule in 1989

Bush and Dukakis are both "zeroes," but no one should delude himself that their policies are just "more of the same." The Eastern Establishment controllers of both are preparing a package of austerity measures that will require eliminating the constitutional guarantees upon which this Republic is based.

### 30 'Government by committee': building a bipartisan consensus for fascism

### 33 Drive to impose fascist austerity

### 36 A foreign policy of appeasement

### 38 Bluebloods behind Bush and Dukakis

## International

### 40 Mexico's Cárdenas claims presidential victory

The ruling party stole the elections, but nationalist ferment is growing, under the leadership of Cuauhtémoc Cárdenas, who is mobilizing to impose an anti-IMF policy.

**Documentation:** The July 16 speech by Cuauhtémoc Cárdenas.

### 44 Armenia crackdown belies 'glasnost'

### 45 Captive Nations rip Reagan 'sellout'

### 46 Soviet policy journal denounces LaRouche

### 48 Italian parliament will debate bill to lower musical tuning

**Documentation:** From an interview with tenor Plácido Domingo.

### 50 Vietnam looks for maneuvering room

### 51 China moves to quell resistance in Tibet

### 52 Colombia: Military rejects capitulation to M-19

### 56 International Intelligence

## National

### 58 Police-state tactics rule Democratic convention

Webster G. Tarpley reports from Atlanta on the shocking actions that the TV cameras never covered.

### 61 LaRouche: Build a mass movement

The candidate's remarks to political activists gathered in Atlanta, on the strategy of mass organizing.

### 62 How Operation Defcon targeted the Pentagon

### 63 The McKay report on Meese: a travesty

### 64 Alfonse D'Amato: Dope, Inc. mob behind New York senator

The amazingly open links of the forces of drug-money laundering, to the senator most determined to oust General Noriega from Panama on alleged "corruption" charges.

### 68 LaRouche lawyers seek to bar retrial

### 69 Eye on Washington

'Right to Life' tackles euthanasia.

### 70 National News

## A hot August coming for the money markets?

by Chris White

The word now going out among some of the more sanguine members of the U.S. financial community is, to paraphrase the old saw, "Beware the Ides of August." Among those not so taken with the claimed invincibility of the powers of the public relations perceptions manipulators, which the present dominant crowd instinctively substitute for the policies they are incapable of comprehending, the fear is that the coming weeks may well turn out to be the most dangerous for the financial system since the near market meltdown of Oct. 19-20, 1987.

In the view of those quietly circulating such warnings, August is the most likely time-frame for a new phase of collapse. If the system can be kept together by whatever means over the coming weeks, then the same crowd think, it may actually be kept together through the first quarter of 1989.

Right or not, such ruminations from behind the scenes, point again to the reality that overall world monetary and financial developments can only be correctly seen as a disaster in progress. Those who have spent the months that have passed since October 1987 attempting to figure out which from their delimited repertoire of gimmicks they might best employ to keep things going a little bit longer, might do well to consider that each day they think they have successfully put behind them, brings the world surely one day closer to the collapse they delude themselves they are averting.

For example, the system was kept together from the time of the June Toronto summit of the Group of 7 heads of state, with their financial and economic teams, with a patchwork of what are called "coordinated measures" on the interest rate and foreign exchange fronts. Those who now warn of the dangers that loom for the month of August do so because the

tactical adjustments adopted in June have just about run out of steam.

The better sort of analysts in Europe ascribe the June summit package, which produced the July rally in the U.S. stock market and a paper resurgence of the dollar to an 11-month high against the Japanese yen and German mark, to a decision made by the financial crowd which stands behind George Bush, and which acts through Treasury Secretary James Baker, to attempt to hold the line on the U.S. bond market. The cornerstone of the package, as we identified back in June, was a commitment by the United States to increase its internal rates of interest. Since then, the banks' prime rate has gone up to 9.5%, and the Federal Reserve's federal funds rate has gone up by more than a full percentage point to a level, at now just under 8%, from which most commercial banks will soon be forced to increase their own lending rates the next ratchet, back to the double-digit level of 10%.

To start with, the higher interest rates in the United States established a differential between U.S. markets and, especially, their German and Japanese equivalents, which brought foreign money in, reflected then as the turnaround in the dollar's exchange value. The increase in the dollar then began to force especially the European central banks into increasing their internal rates of interest, such that the Bank of England's base lending rate has been upped about five times in the period since the summit, and the German Bundesbank's "repo" rate twice. By the time some in the United States were warning of the dangers to be confronted in August, their counterparts in Europe had begun to put out the word that "the interest rate war is on."

For the Europeans, the key question, it appeared, had become, "What will the Japanese do now?" Their assumption

was that as long as the Japanese held aloof from the international scramble to increase domestic interest rates to offset the effects of increasing U.S. interest rates, then the gimmickry of the coordination package agreed on at the Toronto summit could continue. There are political corollaries to such thinking, via the somewhat simple-minded algebra that asserts, because the Europeans have been more willing to increase their rates of interest to keep in step with the United States, they must be relatively more for Dukakis in the U.S. electoral sweepstakes, than are the Japanese, whose apparent reluctance on the question is thought to put them more in the camp of George Bush.

This follows, not so surprisingly, from the accompanying proposition that, whatever the short-term benefit to be derived from an upward pattern of international interest rates, the ultimate consequence will be to accelerate the momentum of the collapse in progress. Since a collapse will benefit Dukakis, the algebra goes, then, those raising interest rates want a collapse, and therefore they also want Dukakis. Those holding back on the interest rate front, for their part, must be for Bush because they don't want a collapse.

### **The process runs the policymakers**

Perhaps, on some level, there is some truth to the logic. But on a more fundamental level there is not. In no country, including emphatically the United States, are those who claim to be on top of the financial and monetary policymaking process actually in such an elevated position. Rather, it is the process which is on top of them. In no case are such self-proclaimed policy or perception managers managing anything at all. They are instead being managed by the process of collapse, as the creatures of the collapse process.

At this dinner table, those who do not keep their seats end up as part of the menu. Too high a differential between U.S. interest rates and those which prevail in Europe, and the European side of the system comes down, led by perhaps the most explosive corner of the system, the City of London. Too low, and the foreign funds on which the U.S. depends do not come in. Either way, the collapse continues unchecked.

The only alternative to that tightrope walk to nowhere would be to change the rules of the so-called game or system. But as Felix Rohatyn, a mooted Treasury Secretary in a Dukakis administration, has told the Senate, and the readers of the *Wall Street Journal*, so-called policymakers' decisions, since last October's market crash, have been designed to ensure that nothing will change until after the collapse has taken its course.

In the week ending Friday, July 22, it began to appear that Japan could no longer be counted on to keep its interest rates down. Tuesday, rumors swept international markets that the Japanese monetary authorities were about to increase their lending rates. As the rumors spread, the Tokyo stock market index plunged, losing more than 2% for its biggest

drop all year. Fearful of the consequences, central bankers began to act in concert to bring the dollar back down from the elevated levels it had reached in the almost six-week period since the Toronto summit. And what that will do, for those whose actions are governed by the process, is increase the pressure for still further increases in U.S. interest rates.

Meanwhile, the six-week "coordination package" cobbled together to defend the bond market, has had effects on the internal U.S. credit system which have only begun to come to light. Top on the victims list are the foundering savings and loans, whose borrowing costs have increased by as much as a percent and a half over the past two months. Already, in June, the rising cost of money, along with fears over the integrity of the system which spread in the wake of Federal Home Loan Mortgage Board's publication of its annual accounts, was producing a deposit outflow from the shattered system. To buy stability for the bond market, the number of S&Ls that are insolvent will have been nearly doubled, and the ultimate cost to the taxpayer increased proportionately.

Similarly, the some 25% of the nation's 14,000 or so banks which are classed as "farm banks" have seen their anticipated revenue stream wiped out by the combined effect of this year's drought, and the continuing insanity in every aspect of economic policy. The increase in their borrowing costs will push them over the edge, too. And it's not so different for the mega-banks. They can report all the increased earnings they think the regulators will let them get away with, as they have been doing in July. Such accountants' tricks do not change the reality that dependent as they are on the same securities markets, their shape, contrary to their accountants and the regulators, is no better than the market as a whole, which is bankrupt and illiquid.

In short, the warnings that August could well turn out to be another inflection point in the development of the worst financial crash in human history are well-founded, and well-taken. The more so in that the bag of tricks that was opened in the run-up to the Toronto summit has been exhausted, leaving the financial system not where it was before the tricks began to be employed, but in worse shape, less stable than it was before.

Some determined public relations expert, you may correctly project, is even now stretching what passes as his mind, to figure out the next set of gimmicks that will be employed to keep things afloat through August, and into the annual IMF meeting scheduled for West Berlin at the end of September. This package of gimmicks, like the previous ones, will be based on trading vicious austerity against you and yours, in the next year, against the short-term income expectations of especially the foreign creditors of the world's largest debtor. The more time that is ostensibly bought under such arrangements, the higher the reckoning will be, when that day comes. And the more certain it is that it will come sooner, rather than later.



# Floods, bugs portend Soviet food crisis

by Rachel Douglas

"The food problem . . . perhaps the sorest point in the life of society, the most acute problem."

Those words from the keynote report to the 19th All-Union Conference of the Communist Party of the Soviet Union, read to the conference by Mikhail Gorbachov on June 28, were dramatized as that event continued. "The workers are asking," cried V.A. Yarin, a rolling mill operator and conference delegate, "where is *perestroika*? The situation concerning food supplies in the stores is as poor as it was before. . . . There was no meat before, and there is none now. And as for consumer goods, they seem to have disappeared altogether."

Also in late June, reports began to come out of the U.S.S.R., suggesting that the already severe food shortages there will be compounded by unusual conditions in the main Soviet grain-growing areas this year.

In view of the drought in the United States and how it will affect the Soviet ability to purchase food abroad, this prospect points to the probability of even greater social and political explosions inside the Soviet bloc than have already occurred this year.

According to *Oilworld*, the Hamburg source on oilseed production, Soviet crops are threatened by very bad insect infestations. In all the major growing areas—the Ukraine, Moldavia, the North Caucasus, the Central Black Soil Region, and the Volga—there has been "an outbreak of insect pests to an extent never seen before. Warm weather encouraged insect breeding and the larvae will sizably affect plants and plant growth."

On July 7, Moscow *Pravda* reported that some of these regions have suffered heavy damage from flooding. Writing from Krasnodar Krai (territory), a prime grain-growing region in southern Russian north of the Caucasus, *Pravda's* correspondent said, "You cannot look without anguish and sympathy at the fertile Kuban [river valley] fields, deceptively golden with ripe barley and wheat. When you come closer, the grain is in water almost up to the ears. The sugar beet and sunflower, vegetable and alfalfa crops, orchards and vegetable gardens will die."

As much as 300,000 hectares (1 ha. = 2.47 acres) are

flooded in Krasnodar, which is nearly 0.5% of the land planted in grain crops in the entire Russian Republic, and it is some of the most productive. The crops on one-third of the flooded fields "have died."

## Food protests

In early June, the agriculture daily *Selskaya Zhizn* (*Rural Life*) reported that Moscow was a city of empty meat counters, devoid even of horsemeat-pork mix sausage. The situation has become even more acute in outlying towns.

The city of Kuibyshev, on the Volga River, was the scene of a demonstration by 10,000 people on June 22. Calling for the ouster of the local party chief, a leader of the demonstration, Agence France Presse reported, said that his failing was to have permitted food shortages, lawlessness, and "a critical situation in agriculture." The same week, as *EIR* has reported, saw 50,000 people march in the Ukrainian city of Lvov, in protest of horrendous food shortages there.

A discussion published June 5 in the weekly *Moscow News* revealed that consumers in another western area of the U.S.S.R., Belorussia, have suffered from eating food contaminated by the 1986 Chernobyl nuclear power plant fire—because that was already all there was, even then. Economist Gavriil Popov said, "The wife of my distant relative living in Belorussia [downwind from Chernobyl] was expecting her first child. During a check-up at the polyclinic she showed signs of having radiation sickness. . . . It was supposed that radioactive food was the cause. Indeed, they had bought food products at the local market. Why did the would-be mother take the risk? Didn't she realize? Of course, she did. But state shops had long stopped selling meat and vegetables."

## Grab for grain

The July 4 Politburo session on the results of the 19th Party Conference decided to convene a party Central Committee plenum in late July, in preparation for which a committee of three Politburo members is supposed "to prepare additional measures . . . to increase the production and improve the supplies of foodstuffs to the population."

From shipping and farm sources in Europe and the United States, it is clear that one quick measure has already been taken: to grab every bit of grain for sale in the West. In early July, reports originating with London shippers came in, that the Soviets had made a million-ton off-season purchase of American corn. European grain traders were astonished, that the Russians would buy large volumes of grain just before negotiations with Washington (held starting July 7) on a new five-year grain accord. Many hold the view that the purchases mean a level of desperation is being reached, over food supplies in Eastern Europe and the Soviet Union itself. On July 6, the Danish national Farmers' Organization reported that 150,000 tons of feedgrain, sold for export out of the Danish portion of European Community Intervention Stocks, were destined for customers in Eastern Europe.



# Cartels plan a new 'great grain robbery'

by Scott Thompson

A spokesman for Vice President George Bush told *EIR* on July 18, that Bush will live up to his promise to Gorbachov, to make the United States a "reliable supplier" of grain to the U.S.S.R., despite the drought that will devastate over 25% of U.S. grain production this year. Bush made his promise to Gorbachov at the Washington, D.C. summit last December, at a breakfast for the visiting general secretary, after Gorbachov criticized the U.S. for using "food as a weapon" during the Carter administration.

The Reagan-Bush administration is locked in secret negotiations with the Soviet Union to more than double the minimum amount of grain that the Russians will purchase from the United States over the next five years. Skyrocketing prices from so large a sale of grain, coupled with the effects of the North American drought, are likely to make the 1972 "great grain robbery" by the Soviet Union (which jacked up the price of bread in the United States) look like a mere twitch on the Richter scale.

So far, U.S. and Soviet negotiators have met three times to conclude a new five-year grain sales agreement, with the latest meeting occurring July 7-8 in Vienna, Austria and the next meeting scheduled for August. On July 14, a spokesman for Ambassador Alan Holmer, the deputy U.S. trade representative who heads the American negotiating team, told *EIR* that the terms of negotiation are a closely held secret, which is being revealed only to members of the administration and to the grain cartel companies—e.g., Cargill, Continental, Bunge—that stand to make a killing from zooming grain prices.

However, a source in the U.S. Department of Agriculture revealed that the United States is demanding more than a twofold increase in the minimum corn and wheat purchased by the Soviet Union: up to 9 million metric tons of each, for each year of the five-year agreement. This compares with the 4 million metric tons of each grain under the present five-year agreement, which runs out in September. The Soviets themselves are asking for less—a minimum of 6 million metric tons of corn and wheat combined—which shows that it is the Reagan-Bush administration, backed by the grain cartels, which is shoveling grain at the Soviet Union.

Asked whether the price increase expected as a result of the drought had been taken into account in the talks, a spokesman for Ambassador Holmer said it had, but "there is really no implication that can be drawn from the drought on the

negotiations." Already, under the terms of the present five-year grain agreement, the Soviet Union recently snapped up 1 million metric tons of corn for shipment this summer, before grain prices start to rise. These sales are depleting the U.S. strategic reserve at a time of economic crisis.

## Dirty deals with the cartels

The Reagan-Bush administration has reinstated the policy of secret collusion between the U.S. government and the grain cartel companies, which was begun by Henry Kissinger during the Nixon administration's policy of détente. In 1972, Kissinger organized the deal behind the scenes, so that when companies showed up for their normal purchases in the fall, the grain was gone. He also directed Jay Lovestone, the former Bukharinite leader of the Communist Party, U.S.A., to crush trade union opposition to grain sales to the Soviet Union.

At present, the U.S. Department of Agriculture is taking no chances. It refuses to reveal how much grain each of the major cartels is selling to the Russians, while the U.S. trade representative's office runs negotiations with the Soviets and the cartels simultaneously. This collusion has been approved by the Economic Policy Cabinet Council, whose chairman *pro tem* is George Bush's crony, Treasury Secretary James Baker. So far the EPCC has refused to say whether it will revise its grain sales policy with the Soviet Union because of the impact of the drought.

## Historical roots

Under the present crisis conditions, the activities of the grain cartels ought to be of national security concern. Historically, today's cartels are the heirs of the Aleppo Syrian Jewish community, whose speculations in grain prices during the Byzantine Empire were used to bring about contrived shortages, and usurious prices, and to control nations within the empire.

Later, Greek shipping traders and merchant banking houses tied to cartels, whose ultimate controllers were in Switzerland and the City of London, allied themselves with a faction of the Bolsheviks led by Nikolai Bukharin. Bukharin conceived of a plan of using Bolshevik Russia as a battering ram to drive Western Europe back into a pastoral state that would be ruled by the same cartel interests that had exploited Ukrainian grain production through the port of Odessa.

Such collaboration continued through the good offices of Soviet agent-of-influence Henry Kissinger, who engineered the signing of a three-year grain agreement with the Soviets on July 8, 1972, which was later known as the "great grain robbery," because it forced U.S. bread prices so high. The amounts of grain involved in that deal were minuscule compared to the quantities the United States is now trying to get the Soviet Union to purchase, under the "New Yalta" policies of the Reagan-Bush administration.

# Bihar: a case study of economic policy challenge in India

by Susan Maitra and Ramtanu Maitra

The state of Bihar, in the heart of the northern Gangetic plain, presents a microcosm of the challenge facing India's economic planners and political leadership today. Lying along the Ganges River Valley, the state is blessed with some of the most fertile soil in the world, and with proper irrigation and technological input, the state could become an agricultural powerhouse. To the south of the state, rich mineral resources, including coal, provide the basis for Bihar to rapidly industrialize. Yet, today, Bihar is one of India's poorest states (see **Tables 1-13**).

The rapid development of Bihar is urgent. The state has a population of 70 million—more than the entire population of either Vietnam or Thailand, or more than all of the Ibero-American countries with the exceptions of Brazil and Mexico. Its population density is 403 persons per square kilometer, or equal to the population densities of the Low Countries in Europe.

Some commentators like to point to Bihar for proof of the malthusian dogma: too many people! But even a cursory survey of the state's problems shows that there is no demographic *deus ex machina* in Bihar's predicament. The malthusians are merely covering up for the devastation of Bihar and all of India under British imperial rule, a devastation from which the state has not recovered. As the following outline of a development program for Bihar shows, the state is not only capable of sustaining its own population, but also of contributing major surpluses to the rest of the nation and to the world.

## Survey of the problem

But today, Bihar is constrained by its character as a basically agricultural state. Fifty percent of the state's population, located mostly in north Bihar, depends exclusively on agriculture. That agriculture is low yielding and below the national average for output.

At the same time, Bihar has the highest average investment per person employed in industry in India. The reason for the paradox is that industrial investment in Bihar—to the tune of \$4.5 billion over the years—has been in medium and large industry, such as the public sector's Heavy Engineering

Complex in Ranchi—which generates little employment.

Such industry—located primarily in south Bihar—offers no alternative to the poor or landless farmers in the north. And the power it requires to utilize its capacity comes at agriculture's expense. According to one report, units in the industrial sector in south Bihar absorb 97% of infrastructure (where fuel consumption is taken as a proxy for infrastructure)! Even the power generation units located in north Bihar transmit their energy to feed the south's industry.

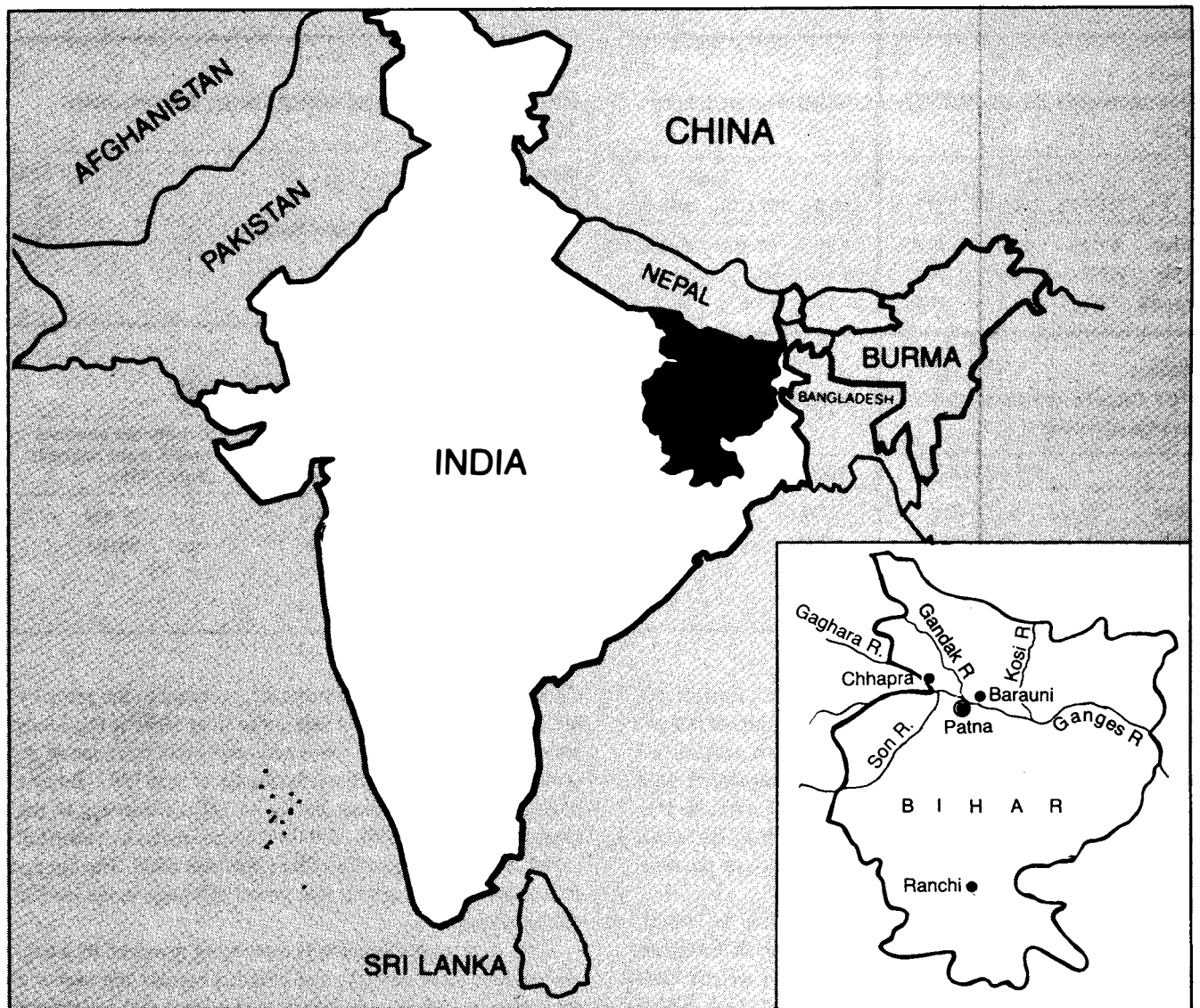
The result is not only power starvation in the farm sector, but 95% of those employed in small-scale industry—the only kind of industry that exists in the north—operate without any power at all and are thus highly unproductive.

The reason for this imbalance is the lack of infrastructure—energy, transport, and water.

**Power.** In 1986-87, Bihar produced 3,564 million units of electricity—26.9% short of the official requirement. But Bihar is rich in coal deposits; about 36% of India's coal is extracted from Bihar's mines. Still, the state's entire installed thermal power generation capacity in March 1987 was only 1,425 MW. That amount is only a little more than India's capital city New Delhi consumes during the peak summer season!

**Transport.** Bihar is split across the entire extent of its width by the mighty Ganges River. To this date, there are only two bridges connecting the two sides of the state. North and south Bihar and their respective rail systems were connected through ferry service at only five points along the river. Patna, the state's capital and most populous city, is connected by a road bridge to the other side of the Ganges. A combined rail and road bridge was finally completed in 1971 at Barauni, but it serves mainly as a freight link, not as an all-purpose traffic conduit.

**Water.** Most of north Bihar gets flooded during the monsoon, causing crop and property damage that, according to the 1980 National Flood Commission Report, is increasing annually. But during the dry season, people and cattle alike suffer from drought-like conditions. The dry wind blows away the precious topsoil in thousands of tons, depositing it in riverbeds and hydropower reservoirs—thereby ensuring



that the floods worsen each season.

### The British legacy

The fact is that Bihar has never recovered from British rule. From 1757 to 1947, the British looting of land resources created a vast rural peasantry with no middle class. The looting of land resources also precluded the growth of urban centers, making the state completely dependent upon the port of Calcutta. Without urban centers, Bihar also lacked any university, and higher education was literally very far away for most Biharis.

When the British took over control of Bihar, Bengal, and Orissa—all three states being one province at the time—in 1757, Bihar was a rice-growing state and its population was heavily dependent upon spinning, weaving, and other handicrafts.

The British interest in Bihar, however, was exclusively land oriented. In 1793, the British East India Company, with

Cornwallis as its governor general, imposed Permanent Settlement in Bihar and Bengal. Permanent Settlement, besides declaring the *zamindars* (landlords) “proprietors of the soil,” fixed forever their dues to the state. It drove the Bihari population deeper into misery, rusticity, and rural idiocy.

The control over the landlords, which the Permanent Settlement had imposed, was necessary for the British. If the soil itself was a precious commodity for colonialization, the produce of the soil was even more so. This emphasis on the produce of the soil drove Bihar’s textile industry into the ground. The British interest in Bihar soon took the form of demands for three commodities: opium, indigo, and saltpeper. The British were in the process of achieving a virtual worldwide monopoly on all of these products.

In Bihar, cultivators were forced to grow indigo in place of rice or cotton. Most of the planters were Europeans (non-British), who had been lured to the job by the East India Company’s offers of interest-free cash. Since the Bihari cul-

TABLE 1

**Percentage of population below the poverty line**

	Rural		Urban		Total	
	1977-78	1983-84	1977-78	1983-84	1977-78	1983-84
Bihar	57.8%	51.4%	44.8%	37.0%	56.3%	49.5 %
India	51.2	40.4	38.2	28.1	48.3	37.4
Punjab	13.1	10.9	25.6	21.0	16.4	13.8

TABLE 2

**Per capita consumption of electricity**

(in kilowatt-hours)

	1970-71	1980-81	1985-86
Bihar	65	76	93
India	90	135	176
Punjab	159	315	422
Maharashtra	158	272	313

tivators refused to grow indigo, the planters built up a private militia. If cultivators had not planted for their quota of indigo, the militia raided their homes, took their women, and burned their homes and fields. This brutal history continued until 1859-60, when a violent uprising, known as the indigo revolution, destroyed the indigo plantations. But, by then, chemical dyes were beginning to overtake indigo on the market.

The other British-enforced planting was that of opium. In 1773, the British had taken over the monopoly in the opium trade. The cultivation of opium in Bihar was strictly controlled by the government through an opium board, which fixed both the acreage and price, and the revenue derived from it was one of the chief sources of British government income. By 1855, Bihar was a chief center of opium production.

Saltpeter had also been found in Bihar, where it was scraped off and its vital ingredients distilled for use in the manufacture of gunpowder. In the late 19th century, Scotsmen, who had also been active in the saltpeter trade, began to exploit coal reserves in southern Bihar. The entire mining operation was carried out in a semi-rural milieu with the active assistance of landlords who provided the chain-gang labor.

**The wages of apathy**

But the exploitation of Bihar's resources and the degradation of its population have not ended with the removal of the British from the subcontinent in 1947. Although New Delhi can be held ultimately responsible for the state's lack of development, a recent letter from Prime Minister Rajiv

TABLE 3

**Percent of villages electrified: March-end 1987**

Bihar	57%
India	72
Kerala, Haryana, Punjab, Tamil Nadu	100

TABLE 4

**Rural water supply: April 1, 1985**

	Total number of inhabited villages	Population covered under water supply: March 1985
Bihar	67,546	77.8%
India	579,132	56.2%

Gandhi to the Bihar chief minister, released to the press by the PM's office, reported that more than 50% of the funds allocated to the state for renovation and modernization of its power plants were unutilized during fiscal year 1987. Bihar's payload, Gandhi pointed out, is 33-34%, compared to the national average of 56%, and the state has a massive shortfall in fulfillment of targets for village electrification. The figures also show, Gandhi noted, that power pilferage in the state is extremely high.

The state's development is now being thwarted by a corrupted state bureaucracy, for whom progress represents a challenge to their power. Medical and legal racketeering in Patna, mafia control of the mines in Dhanbad, violence in the rural areas carried out by landlords and radical leftists are only manifestations of the cancer in Bihar's body politic which threatens to obliterate the state's potential as a production powerhouse.

The prevailing environment of corruption—from which no local leader has remained immune—has allowed some to loot and make millions, some others to resort to fraud and make hundreds of thousands, and many others to simply draw salaries without a day's honest work in an entire month. Meanwhile, millions of landless agricultural laborers, small and marginal cultivators, underprivileged ethnic groups and urban poor continue to live each day from hand-to-mouth, pawns in the hands of small-time mafiosi, gun-toting leftists or landlords, or all-powerful political bosses.

The harsh results of this political environment are shown in the Tables 1-13, which compare Bihar's performance to India's national average and to some of the more advanced states, such as Punjab.

TABLE 5

**Villages not accessible by all-weather roads:  
March-end 1984**

	Total number of villages	Percent not connected by all-weather roads
Bihar	67,566	68%
India	591,929	70
Punjab	12,188	1
Haryana	6,741	2

TABLE 6

**Literacy as a percentage of population**

	1971	1981
Bihar	19.9%	26.2%
India	29.5	36.5
Kerala	60.4	70.4

TABLE 7

**Infant mortality per thousand live births:  
1985**

	Rural	Urban	Combined
Bihar	109	50	105
India	105	57	95
Kerala	32	30	32

TABLE 8

**Per capita expenditure on education  
(in rupees)**

	1970-71	1986-87
Bihar	9	63
India	15	105
Kerala	28	174

**Solution starts with infrastructure**

Yet, despite its problems, given the political will—a will that must be mobilized from New Delhi—Bihar can be transformed into a highly productive state, capable of sustaining its current and future millions in population. There is no quick solution in attempting to build up a Bihar “middle class” to boost consumption, or setting up free trade zones to draw in quick foreign investment, but in tackling the state’s basic problem: raising productivity through infrastructure. An effective development process in the state begins with water, electric power, transport, education, and raising productivity and reducing acreage in agriculture.

**Water management.** Water management in Bihar consists of training the Ganges and its tributaries—a task which not only involves Bihar, but also the states of Uttar Pradesh, West Bengal, Orissa, and to a certain extent Haryana and Punjab. The only way the Ganges and its tributaries can be effectively trained is by acting upon the Ganges River basin as a whole. The entire basin acts as a single unit with its symbiotic relationship with land, surface water flow, groundwater flow, and drainage. Training the Ganges involves flood control, and in particular utilizing the Ganges water—and the monsoon precipitation—to recharge the shallow groundwater aquifers. This recharged groundwater, and artificially trapped rainwater in thousands of reservoirs, can then be pumped out for agriculture, and domestic and industrial use during the dry season, leaving the dry season river flow undisturbed. The pumped-out water will also be used for keeping the vegetative cover on the land intact, reducing dry season erosion and slowing down the heavy monsoon rainwater run-off. This, in turn, allows the flowing water to seep

into the groundwater aquifers and recharge naturally.

Bihar, where emphasis has been put on building embankments to contain the river water, is a good example of a contrary, narrow, and unscientific approach. Last year’s large-scale failure of the embankments to hold flood waters underlined the point. Indeed, how could embankments solve anything when land erosion is extensive throughout the Ganges basin as a result of a chain reaction that begins with deforestation in the Himalayas? The surface wind during the dry season removes the topsoil from the land and deposits it in the riverbeds and reservoirs, making them shallower and slower. The result: increasingly devastating drought in the dry season, and increasingly destructive flooding in the rainy season.

Bihar’s River Kosi is an example of the process. One of the major tributaries to the Ganges from the north, the Kosi drains the catchment area of the world’s three greatest peaks—Mount Everest, Mount Makalu, and Mount Kanchenjunga. The Kosi carries a heavy load of sediment, about 95 million cubic meters every year, which gets transported to the main channel of the Ganges. Since the average flood width of the Kosi is more than 6-15 km, variation in average depth along the river is small. But the Kosi’s slope varies significantly along its length—from 0.96 meters/km at Chatra to only 0.06 meters/km at the outfall—and this ensures that the sediment will settle on the riverbed and raise its level to the point that the river cannot handle the volume of water that comes during the monsoon.

It is not only the Bihar rivers that have a problem with siltation; it is a phenomenon which is seriously affecting the entire Ganges basin. One estimate shows that fully 80,000

TABLE 9

**Per capita income of states at current prices**  
(in rupees)

	1970-71	1982-83
Bihar	418	1,154
India	633	1,887
Punjab	1,067	3,377

TABLE 10

**Fertilizer consumption per hectare of gross cropped area**

	1968-69	1985-86
Bihar	7.3 kg	52.0 kg
India	10.7 kg	50.1 kg
Punjab	34.4 kg	159.9 kg

hectare-meters of sand and silt are carried by the Ganges annually. Dredging the entire river would entail an annual expenditure of about \$1 billion, not to mention the problem of disposing of the dredged-up silt. It has been estimated that it would require 60,000 acres of land annually to hold silt to a height of 10 feet!

The only way to deal with this problem is to reduce the width of the river, forcing the water to flow faster and carry the sediment with it. Simultaneously, by using gates on either side of the river, volumes of water can be released in a controlled and planned manner for use in agriculture and also for recharging the groundwater aquifers during the wet season.

This method of training the river is no secret, but still the embankments are built, probably to show that action is taken to counter flooding. The embankment business also brings in a lot of money regularly which can be looted by the powers that be. According to one estimate, in the last 35 years about 3,400 km of embankments along the major rivers of Bihar have been constructed at a cost of about \$375 million, and another \$475 million has been spent on their maintenance. But last year, 144 breaches occurred nonetheless, and most of the embankments failed to contain the floods. Many villages were completely washed out, and thousands perished.

Besides training the Ganges and dealing with the basin as a whole, there are strong indications that plenty of fresh water is available in deep aquifers in the Terai zone of the Himalayas which could be piped throughout Bihar for domestic use in particular.

**Power.** Power is the backbone of agro-industry—in Bihar as well as in all of India. By the turn of the century, Bihar's population will be close to 80 million, assuming a growth rate of 2% during the next decade. With an average of five persons per family, there will be about 16 million

TABLE 11

**Number of tractors in use per thousand hectares of cultivated land**

	1972	1981
Bihar	0.52	1.69
India	0.97	3.54
Punjab	8.28	21.75

TABLE 12

**Yield of major food crops per hectare**  
(average of 1981-82 to 1985-86)

	Rice	Bajra	Maize	Wheat	Gram
Bihar	938 kg	583 kg	1,180 kg	1,535 kg	793 kg
India	1,402 kg	505 kg	1,267 kg	1,858 kg	677 kg
Punjab	3,090 kg	1,065 kg	1,793 kg	3,155 kg	505 kg

families living in Bihar.

Now, assuming that these families will have semi-decent living quarters covering 500 square feet of land area and will be using an illumination of 1 watt/sq. ft. and two ceiling fans, the total power consumption of each family for five hours in the evening will be about 3.5 kilowatt-hours daily. Under such minimum necessary conditions, the domestic power consumption in Bihar will be about  $20,400 \times 10^6$  kilowatt-hours. As a rule of thumb, domestic power consumption in an agro-industrial society is about 13-14% of the total power consumed. Taking this as a basis, and assuming line loss to be 10% and plant load factor to be 70%, the installed electricity generation capacity in Bihar by the year 2000 should be close to 36,000 MW.

We are not aware of what the officially designated "electricity demand in Bihar" for the year 2000 is, but it is public knowledge that the power demand of the entire country for the year 2000 has been set at 177,000 MW. It is highly unlikely that Bihar will be allotted much more than 10,000 MW of that—but the fact remains that 36,000 MW of installed capacity is what is required for Bihar to broaden its agriculture and industry in such a way that a substantial amount of productive employment can be created and a minimum living standard provided.

Much of Bihar's power requirement can be met with the state's large coal deposits. The coal can be used close to the pithead, eliminating costly transport of coal and ash. But a number of new agro-industrial centers will have to be established away from the mines in both north and south Bihar, and each will require a large power plant to supply electricity and steam to the entire complex. In this way, electricity can be consumed at its source of production, thus eliminating transmission costs and line loss (which presently amounts to 23% in Bihar). To make these centers healthy and pollution-

TABLE 13

**Milk production**

(in lakh tons)

	1971-72	1981-82	1985-86	1985-86 per capita production in kg
Bihar	17.5	20.4	24.2	31.8
India	211.7	334.0	423.1	56.7
Punjab	21.4	34.9	40.2	220.9

free, nuclear power plants would be the best available choice.

**Transportation.** Transport development is essential to open up the state to its own population. There is hardly any question that at least six more bridges are required to span the Ganges across the state. Preferably these bridges should be two-level—one for the railroads and the other for motor vehicles. The rivers Kosi, Gandak, Ghaghara, and Son, as well as the Ganges, ought to be made navigable for barges to carry freight. Even seasonal use of these rivers for freight transport would benefit the economy. Further, an extensive network of rail lines, connecting to the interstate rail lines, needs to be developed in both north and south Bihar.

**It can be done**

These are some of the basic programs needed to make Bihar move. If such programs are implemented, some of the social problems will vanish, though not all. What is certain is that without such large-scale infrastructure programs, the state cannot be kept in one piece.

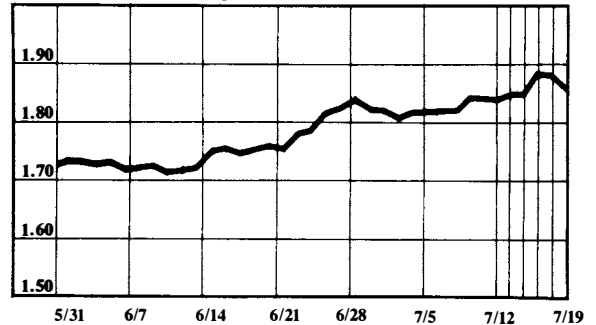
To achieve success in these basic areas, Bihar will have to put more people to work than it can mobilize. At the same time, completion of each phase of work in the basic areas will lead Bihar to become an agro-industrial state able to absorb manpower at a faster rate than the expected growth of its population. Such a process will provide meaningful and productive employment not only to the landless laborers in the rural areas, but also to those now practicing fraud in the streets of Patna to make a living.

What will Bihar look like? It will be an agro-industrial state producing some food crops, many cash crops, including cattle fodder to keep its cattle away from grazing. It will mine coal, iron ore, bauxite, copper, ore, pyrites, fireclay, and other ores abundantly available in the state. It will have the basic industries, such as more steel mills, aluminum plants, copper extraction plants, machine tools, engineering industries, etc. The population will be employed in agriculture, mining and quarrying and basic industrial and engineering manufacturing activities. But the real bulk of employment has to be generated in developing a highly productive small-scale industrial sector, with a few people in each enterprise and advanced machine tools. It is a necessary and realizable vision.

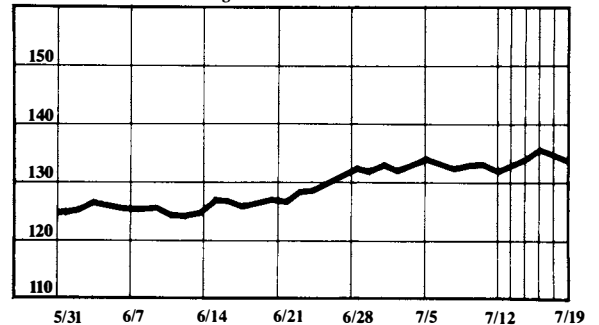
# Currency Rates

**The dollar in deutschemarks**

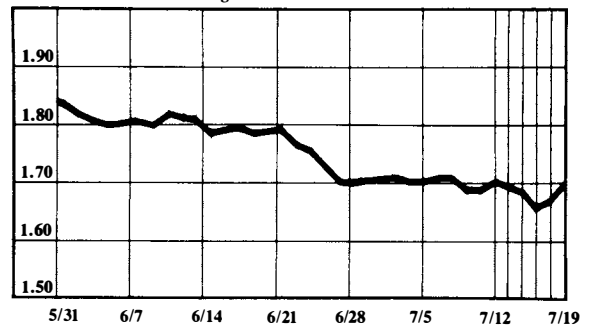
New York late afternoon fixing

**The dollar in yen**

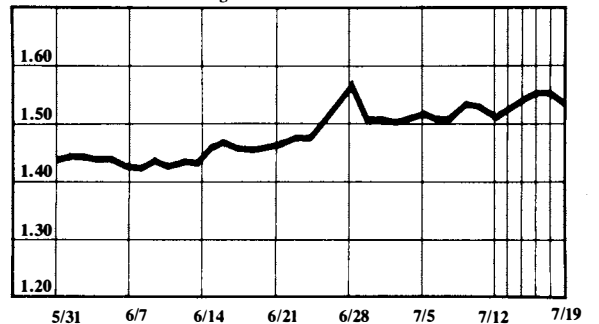
New York late afternoon fixing

**The British pound in dollars**

New York late afternoon fixing

**The dollar in Swiss francs**

New York late afternoon fixing





## New woes for the beleaguered FSLIC

*Contrary to Washington's claims that "everything is under control," the price for bailing out insolvent thrifts keeps rising.*

**F**ederal Home Loan Bank Board chairman Danny Wall raised the price tag for the government bailout of the bankrupt Federal Savings and Loan Insurance Corporation (FSLIC), in testimony before the House Committee on Banking, Finance, and Urban Affairs on July 7. He added \$12.3 billion to the previous 10-year projection of what the FSLIC would require, bringing the sum needed by the 259 "grossly insolvent thrifts" and the 252 "potentially insolvent" institutions to \$42.5 billion.

Even that sum, however, is grossly underestimated.

The FSLIC is pursuing a policy of primarily consolidating bankrupt savings and loan institutions under new management, rather than pursuing outright liquidation, which would require that the FSLIC pay off all the insured depositors of the liquidated thrifts. By consolidating insolvent thrifts under "new management," the deposits remain solvent—at least on paper—and the FSLIC just pays for the costs of the consolidation.

Not everybody is satisfied with this solution, however.

The solvent thrifts are somewhat perturbed at having to bear the burden of the unhealthy thrifts. Many thrifts, in a desperate attempt to mobilize capital for continuing operations, are offering exorbitant interest rates to depositors. This forces the healthy thrifts to raise their own rates, in order to compete for funds.

Many solvent thrifts have been eager to change their status from S&Ls to commercial banks, in order to qualify for falling under the insurance um-

brella of the somewhat less insolvent Federal Deposit Insurance Corporation (FDIC). They have been prevented from doing so, however, as it is understood that if all the solvent S&Ls abandoned ship, the federal government would have to foot the bill for all the basket cases that were left.

Certain proposals have been made for integrating the FSLIC with the FDIC, although such proposals have been totally rejected by FDIC chairman William Seidman. Seidman feels that he has enough trouble dealing with his own tottering house of cards in the world of commercial banking. And perhaps he's right.

The biggest problem area is the Southwest of the United States. The oil crisis, combined with the agricultural crisis, sent real estate prices tumbling down. The FSLIC, which deals primarily with home loans and real estate, was heavily hit. With Wall's new figures, the cost for FSLIC's Southwest Plan, originally estimated at \$7 billion, will now be \$15.2 billion. This estimate will undoubtedly continue to rise.

But, contrary to what FSLIC representatives maintain, the problem is by no means confined to the Southwest. On July 18, the FSLIC closed Farmers Savings of Davis, California, and has now begun issuing checks to pay off the thrift's \$324 million of insured deposits.

According to Danny Wall, Farmers Savings had become a "hot money desk," using jumbo certificates to fuel risky commercial loans. "There were no teller stations, virtually no retail deposits, and no franchise value to of-

fer an acquirer," said Wall. One month earlier, on June 6, the FSLIC paid out \$1.35 billion in cash to liquidate two other southern California thrifts, American Diversified Savings Bank and North America Savings and Loan Association, both based in Costa Mesa. That reportedly took about 40% of the FSLIC's cash on hand.

After the Farmers Savings liquidation, the FSLIC will have a cash balance of \$2.08 billion.

Wall will now attempt to liquidate assets like rental apartments, condominiums, and commercial buildings—which liquidation itself could provoke a panic in the real estate markets, and drive more thrifts into bankruptcy.

Coming east, we discover that the situation is by no means under control, as Wall would have us believe. On July 8, the FSLIC placed the McLean Savings and Loan Association, of McLean, Virginia into "management consignment," creating a new federal mutual association to take over the offices, assets, deposits, and other liabilities of the old association. The failure occurred because of "imprudent loan underwriting and mismanagement."

And so it goes, as the administrators try to keep the ship afloat, until the day of reckoning. Wall continues to ooze optimism: The Texas economy is turning around, there's a downward trend in the cost of thrift deposits, some of the worst cases have been resolved. The reasons given for optimism are manifold, but few people are giving any of them any credence.

The fact is that the "Reagan Recovery" has been a lot of hot air—real estate speculation, fly-by-night financial transactions, a failure to distinguish between what is real and what is not. But that distinction will make itself felt with a vengeance, before too much time has elapsed.

## **Low prices dry up farming, too**

*Drought or no drought, farm prices lower than half parity will doom our food supply.*

**T**he current "drought of '88" is part of a several-year drought cycle, that puts to the test the character of the leadership of the country to take the proper emergency measures to produce needed food, and preserve food output capacity for the future. So far, state and federal leaders are failing this test, despite the know-how of farmers that could be mobilized.

During the week of July 20, U.S. Agriculture Secretary Richard Lyng toured 10 drought-stricken states, and mumbled only about how, "the drought is weakening."

Even if the drought were to break completely, the farm sector is in such demobilization because of the years of "Recovery," and two recent decades of detrimental federal food and farm policies, that the food supply is at risk. One of the clearest representations of this is the persistence of below-parity prices paid to farmers for their output.

A "parity" price can be thought of most simply as a fair price. This would be the price received for a commodity that covers the immediate costs of production—farm inputs of all types; covers a relevant amount of the capital improvements made on the farm to keep up productivity; and gives a decent return on investment.

Under conditions where parity prices were made to prevail—during the two world wars—the growth in food output during the war mobilization was phenomenal. However, after a time, parity prices were phased out following each war. This was done through a combination of policy inter-

ventions by the federal government, done at the behest of the powerful international food cartel companies, who offer prices at "take it or leave it" levels to the farmer, way below even the bare costs of farm production.

These companies, which include Cargill, Continental Grain, Nestlé, Bunge, Garnac/André, Louis Dreyfus, Archer Daniels Midland, and Unilever, have dictated policies to Washington and the European Community. In the developing sector, press reports spread the false belief that U.S. and European farmers are being subsidized to monopolize world grain markets. Meanwhile, the credit to develop domestic production in Third World countries is simply not there.

On average, during the 1980s, farm prices have been running below 50% of parity. This means that the farm sector has been undermined by the cartel-serving low prices, to a degree that has dispossessed millions of farmers, and threatens the food supply—even before the famous Drought of '88 set in.

The National Farmers Organization (NFO, headquartered in Corning, Iowa) periodically publishes its own calculations for market prices and parity prices. Here are the NFO calculations for the parity level of prices for the major farm commodities, released earlier this year (pre-drought). The percent parity price is given, and over the price the NFO calculates to be proper parity level (for example, \$11.40 per 100 pounds of milk is what the average dairyman is receiving,

when \$24.20 per 100 pounds is the true parity level price he needs to stay in operation).

Wheat: 40% of parity (\$2.83/\$7.07, per bushel). Corn: 38% of parity (\$1.89/\$5.00, per bushel). Barley: 39% of parity (\$1.76/\$4.49, per bushel). Soybeans: 60% of parity (\$6.98/\$11.70, per bushel). Edible beans: 38% of parity (\$18.20/\$38.10, per 100 lbs). Milk: 49% of parity (\$11.40/\$24.20, per bushel). Beef: 72% of parity (\$91.90/\$127.00, per 100 lbs). Hogs: 54% of parity (\$46.90/\$87.00, per 100 lbs). Lamb: 63% of parity (\$77/\$123, per 100 lbs).

According to calculations by Iowa State University (Iowa Crop and Livestock Reporting Service), the overall price level for all farm commodities had sunk to 52% of parity in 1985—the lowest annual average on record since Iowa State began its parity calculations in 1930. Even in the Great Depression, the lowest level of prices relative to parity was 58% in 1932.

During the war years and after—from 1942 to 1952—the parity ratio varied from 105% (1942) to 100% (1952), with highs of 113% in 1943, and 115% in 1947. (The Iowa State index bases its calculations on the relationship between farm prices, and costs of farm production that obtained in the United States in 1910.)

Given this picture, it is a mockery for news media and government officials to talk of the "benefits" to farmers of the higher prices now prevailing (except for milk and beef) because of the drought. As of mid-July, corn is over \$3.00 a bushel; soybeans up to \$10.00. But you can't sell what you don't have; and thousands of farmers are facing shutdown. The emergency measures going through Congress in July are a mockery, compared to the wartime-scale of mobilization required to save farms and produce food.

# Business Briefs

## Energy

### Attack Cuomo's plan to destroy N-plant

"There is . . . something almost flaky about junking a newly built \$5.3 billion facility before it has so much as supplied a single volt of electricity to Long Island consumers," wrote the *New York Post* in its lead editorial July 18.

The editorial was an attack on the deal reached in May between the Long Island Lighting Company (Lilco), builders of the Shoreham nuclear plant, and the New York State government under Mario Cuomo, to bulldoze the plant after 18 years of environmentalist obstruction and delay. The plant is ready to come on line, but lawsuits and ridiculous "evacuation plan" requirements had delayed start-up long enough that Lilco could no longer afford to maintain the unused facility. Under the state-utility agreement, the anti-nuclear Cuomo will provide state monies to subsidize the plant's destruction—and the area is sure to suffer black-outs and brown-outs and an increase in Long Island's electricity rates by at least 60% over the next decade.

According to Scientists and Engineers for Secure Energy in Washington, D.C., to try to keep up with demand, Lilco on Long Island is running two small diesel generators of 3 MW each which were built as emergency back-up power for the nuclear reactor!

"There is . . . a simple way for both the governor and the legislature to escape blame" for killing Shoreham, the *New York Post* wrote. "They could admit that scrapping the brand-new, never-used facility is a bad idea, and go forward with Shoreham. . . . Many of those who opposed Shoreham . . . seem not to have realized how much scrapping it would cost. . . . Lilco has a very slim electricity reserve. Without Shoreham, it will have to buy power from other utilities—power that might well be unavailable during peak periods."

New York's state legislature had voted a week earlier against Cuomo's plan to reimburse Lilco. But Cuomo then said that he would order the legislature into special session shortly after the Nov. 8 election if it did

not pass a bill he maintained was necessary to let his plan go forward.

## Food

### Canadian brewery taking over U.S. dairies

Labatt's Brewery of Canada has been buying up U.S. dairies in the Northeast and Mid-Atlantic states for the last two years.

Acquiring large fluid milk processors and distributors already in, or on the verge of, bankruptcy, Labatt's has seized control of 90% of the Philadelphia milk market, and about 10% of New York City's.

Dairymen in the Northeast are predicting that Labatt will soon start importing milk from Canada, and shut down the U.S. dairies they used to gain control of the markets.

## Water

### Artificial swamps used to purify waste

"We're looking at a whole new generation of waste treatment that's cheaper and more efficient than anything that's available now, and produces useful resources," stated William Jewell, a Cornell University agricultural engineer. He was speaking of the development of hydroponically grown artificial swamps that are being used in several cities at present to produce clean water and, as a byproduct, methane, which can be sold for a profit.

"Our goal is to eliminate pollution at a profit," said Jewell. NASA has sponsored plant-based waste treatment projects in towns in California, Louisiana, Mississippi, and Alabama, the *Washington Times* reported July 18.

"These are wastewater treatment systems of the future for small towns, especially since the federal grant money for sewage treatment has dried up in the last few years," said B.C. Wolverton at NASA's National

Space Technology Laboratory in Bay St. Louis. Wolverton's artificial marshes, which use floating plants like water hyacinths or rooted ones like bulrushes, have treated all the chemical waste and sewage from the NASA lab for more than 12 years. "We've saved many millions of dollars by using these systems."

Most of Wolverton's systems are designed for towns of fewer than 3,000 people, but an experimental system in San Diego is expected to eventually handle a million gallons a day. Jewell's system in central New York differs from Wolverton's in that it uses greenhouses and hardy plants, making it feasible for use in northern climates. "The quality of water produced far exceeds that achieved by conventional facilities," said Jewell.

## Electricity

### Future resource availability looks grim

A study by *EIR*, soon to be featured as a cover story, demonstrates that even according to the most optimistic projections made by the nation's utilities, by 1992 demand will outstrip on line electricity-generating capacity. For the first time in 100 years, Americans will not have reliable power.

Based on a survey of all utilities, the National Electric Reliability Council projects that demand will grow at an average of 2% per year for the next decade. In the 1960s, electricity demand grew at more than 7% per year. Even in 1987, despite the continuing physical breakdown of the economy, summer peak demand grew by 4% in most regions. For the first quarter of 1988, electricity demand in New England grew by 6.4%.

NERC is projecting that only 79,000 MW of new capacity will come on line in that time, which corresponds to a 1% per year increase.

Therefore, even if all the projected capacity came on line on time, NERC's projected capacity growth rate (1%) is half its projected consumption growth rate!

The difference will be made up in low-

ered reserve capacity margins and lowered reliability, which makes it more difficult for utilities to respond to any unforeseen circumstances, including severe weather and equipment failure.

To make matters worse, it is already impossible that even the capacity projected by NERC will come on line as scheduled. The U. S. Council for Secure Energy reports that since the NERC made its projections in 1987, which included 22 new nuclear power plants being fired up between 1987-96, three plants have been "indefinitely" deferred.

## Agriculture

### China grainbelt hit by drought, heat

China is no exception to the disastrous pattern of drought conditions afflicting the world's food-producing regions.

Anhui Province in East China, one of the country's leading grain-producing regions, is suffering from the worst drought in 20 years, according to the *China Daily* July 15. More than half the fall rice and corn crops have already been lost.

In the Huaibei City area, 200,000 people are facing a drinking water shortage.

The area is also hit by high temperatures of 38-40°C (101-104°F). The heat wave has also hit South China, where 400 people, mostly elderly, have died from the heat in the month of July.

Hong Kong, too, may have to ration water unless it gets either more rain or supplies from the mainland. Hong Kong's water supply is down 26%.

## Trade

### Hammer mediates China, Taiwan deals

Soviet asset Armand Hammer has placed himself in the rather advantageous position of mediating trade between China and Tai-

wan, a Taiwan paper, *The Free China Journal*, indicated in an article June 13.

It notes that the Soviet-made billionaire American oil baron came to Taiwan in the first week in June "with a message that Peking has no objections to the ROC [Taiwan] buying mainland coal, and that his company might be able to supply Taiwan's needs through Hong Kong or a third country."

Hammer was reported as saying in a Tokyo conference two months ago, that Communist Chinese leader Deng Xiaoping wants to export mainland coal to Taiwan and South Korea.

The *Asian Wall Street Journal* reported June 6 that "agents" of Beijing and Taipei were holding "secret negotiations" in Hong Kong regarding the sale of mainland coal, crude oil, cotton, and other raw materials to Taiwan.

## Markets

### Rohatyn again asks for market 'reform'

Lazard Frères banker Felix Rohatyn, the man mooted as Michael Dukakis's choice for Treasury Secretary, again condemned the lack of stock market "reforms" in testimony before the House Finance Subcommittee July 14. He complained that "people still don't realize today that last Oct. 20, we came within half an hour of really blowing up the Western economic system."

The *Wall Street Journal*, which reported the testimony in its July 15 edition, noted that Rohatyn's alarm and proposals for increased market regulation align him closely with George Bush's prospective Treasury Secretary, Nicholas Brady.

Rohatyn also warned of problems with the nation's savings banks, which could bring the dollar's value down, causing interest rates to jump up. "The break in the credit market then would be followed by a break in the stock market, comparable to or even worse than what happened last October."

Rohatyn, a month earlier, had proposed a variety of measures to stop speculation in a commentary in the *Wall Street Journal*.

## Briefly

● **THIRD WORLD** debtor nations paid out \$30 billion more to OECD creditors than they received in 1987. This included a net \$11.6 billion to multinational creditor institutions—the World Bank, the International Monetary Fund, the Inter-American Development Bank. The net payout to the IMF alone was \$6.8 billion, with another \$3.4 billion going to the World Bank.

● **THE ASSOCIATION** of Catholic Entrepreneurs in Germany (BKU) objects to the Third World debt relief called for by the German Catholic Bishops Conference in a resolution May 16. Except to "the really poorest of all countries in Africa south of the Sahara," the BKU would not grant debt cancellation, said a press release by the organization. It also called the bishops' appeal for a "global" conference on debt and development questions, "not quite helpful."

● **THE EUROPEAN** Community in Brussels has agreed to the sale of 200,000 tons of Intervention Stock beef and 100,000 tons of butter to the Soviet Union at heavily subsidized prices, which EC officials are refusing to divulge. It is known that the EC subsidized Soviet purchases of butter at dumping prices of \$3.3 billion between May 1987 and May 1988.

● **INDIAN** Prime Minister Rajiv Gandhi, during informal talks with newsmen in Belgrade July 15, said that India and Yugoslavia are planning a new initiative on the current international economic crisis and the debt burden of the developing nations.

● **U.S. SECRETARY** of State George Shultz said in Seoul that the Republic of Korea must import more U.S. goods to make up the \$10 billion trade surplus South Korea has with the United States, the BBC reported July 18. Korea has failed to fulfill an agreement made three years ago to open its markets, Shultz said. "If my comments cause anti-American feeling, it cannot be helped."

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## Is the AIDS disease really environment-based?

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*The address of the Miami Institute of Tropical Medicine's Dr. Mark Whiteside was delivered at a conference on AIDS in Bangkok, Thailand.*

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*This speech was given at a conference jointly sponsored by EIR and the Lions Clubs of Bangkok on July 9.*

My name is Mark Whiteside. I would like to be here in person to address you, but in my absence I have asked Dr. John Grauerholz to deliver my message. For several years I have been involved in a scientific debate with officials of the Centers for Disease Control [CDC], concerning the role of environmental factors in the AIDS epidemic. I do not believe CDC pronouncements that AIDS is caused by a single virus, HIV, that travels exclusively by blood or sexual contact. I strongly disagree with CDC conclusions about transmission of AIDS in South Florida, the area where I live and work. Since the CDC has refused to release certain information we requested under the Freedom of Information Act [FOIA], we are seeking a court order to compel them to give us this data. Our pending court date is the reason I am unable to be here today.

There is a great need to examine CDC's data; if this data supports environmental transmission of AIDS, then this conclusion will have vast implications for our understanding and eventual control of this disease. When hundreds of cases of AIDS and tuberculosis cluster in the poorest environmental areas of South Florida, something must be done to combat this public health emergency. Disease spread exclusively by sexual contact or contaminated needles does not confine itself to poor neighborhoods. Any educational program to control

AIDS that does not incorporate environmental improvements and basic public health measures is doomed to fail. In the United States, we have failed to develop comprehensive programs that will prevent the spread of AIDS and related diseases. I hope and pray that health officials in tropical regions of the world will not make the same mistakes.

Allow me to share with you my perspective. I am a medical doctor, M.D., with training in internal medicine, infectious, and tropical diseases. Together with my partner, Dr. Caroline MacLeod, and through the private, nonprofit (and fully independent) Institute of Tropical Medicine, Miami, Florida, I have done clinical work and research (including field studies) on AIDS since 1982. Over the past few years, I have seen and treated hundreds of persons with AIDS, and done field studies in the highest risk areas for AIDS in the United States. For three years (1984-87), I worked as a consulting physician with the Palm Beach County Health Department in Belle Glade, Florida. I have worked with all the so-called "risk groups" for AIDS, and as many heterosexual or "no identifiable risk" cases as anyone in the country. My view of AIDS as a tropical and environmental-based disease has been shaped by this experience.

I believe that AIDS is an environmental-based, probably insect-transmitted disease, with secondary transmission by other blood mechanisms, i.e., blood introduced directly, dirty needles, and sexual practices that break the skin or lining of the skin (mucosa). It should be evident that AIDS is a blood-



*"Any educational program to control AIDS that does not incorporate environmental improvements and basic public health measures is doomed to fail." (A scene in the nation's capital, Washington, D.C.)*

transmitted disease that satisfies none of the classic criteria for a strictly sexually transmitted (or venereal) disease. Environmental blood means of transmission—for example, massive exposure to blood-sucking insects, open sores, and crowded living conditions, etc.—have unfortunately been overlooked, sidestepped, or purposely ignored.

Why has the environment been so sorely neglected? Why have studies designed to prove (or disprove) environmental transmission of AIDS not been carried out? This is a subject for speculation. Surely, the identification of environmental factors is not "frightening," in the sense that once it is recognized, much more can be done about it. At the very least, the concept that AIDS is completely the result of "behavior" (shooting drugs, or promiscuity) represents a narrow-minded and prejudiced attitude of the officials making current policy. At the worst, it represents a callous and cynical "write-off" of the poorest and most disadvantaged populations that AIDS hits the hardest.

AIDS is slowly becoming a worldwide disease, with the greatest number of cases in Africa (Central Africa, with some spread to East and West), the Caribbean, South America (especially Brazil), and of course, North America and Europe. Already, the disease is one of the general population, men, women, and children, in Africa. In the United States, we are accustomed to think of AIDS in "risk groups," with the majority of our cases concentrated in homosexual men, bisexual men, and intravenous drug users. This type of thinking has not curbed the epidemic, and no doubt led to discrimination, misdirected research efforts, and a complacency on the part of the public. While all along we have had a few

cases in recipients of contaminated blood products, infants born of mothers at risk for AIDS, or heterosexual partners of persons with (or exposed to) AIDS, it is clear to the careful observer that the disease is gradually spreading to the general population. Homosexual men and IV drug users might well be considered "sentinel populations" where the disease was first concentrated.

Countries of the world where the AIDS epidemic is still "young" (this includes many countries in Asia) have the chance to benefit from the knowledge accumulated to date, and also from the mistakes of the past.

### **How does AIDS spread?**

How does AIDS spread from person to person? Sexual practices that are apt to break the skin, such as rectal intercourse, allow infected body fluids, for example, semen, to enter the lymphatics and blood stream. Male-to-female transmission occurs when infected body fluids enter vaginal, rectal, or, less commonly, oral mucosa. Female-to-male transmission of AIDS is shown to occur primarily when both partners have sores or openings in the genital area. The partner receiving infected fluid, male or female, is more likely to become infected.

Sexual practices that break the skin and allow blood contamination are considered an "indirect parenteral route," the same as the way in which hepatitis B can be transmitted. Shared needles, transfusion of contaminated blood products, and transplacental (or perinatal) transfer of virus from mother to fetus or infant are more obvious direct means of blood transmission.

Most of the person-to-person means of transmission are at least potentially preventable; i.e., "safe sex," or no sex between individuals when one is exposed, screening, avoidance of exposure to contaminated blood products, and avoidance of pregnancy and/or early abortion in infected mothers of child-bearing age.

Here we must pause for an "aside" about AIDS prevention. Education, safe sex, and condoms are currently promoted as our only salvation against the spread of AIDS. Education, unfortunately, has never stopped a killing epidemic in the history of the world. Some clarification of these educational guidelines is in order. "Safe sex" means no exchange of bodily secretions. Obviously, the best protection is to avoid any sexual contact with an infected individual. "If there is any doubt, don't do it."

The truth is that a good latex condom is at best only 80-90% effective, if one partner is already infected. It seems to me that to promote condom use, without this type of clarification, is ridiculous and irresponsible. There is no choice for IV drug users except to stop, if it is not already too late. Although the subject is currently being debated in the United States, it is my view that to hand out clean needles to drug addicts is to condone murder. Ultimately, the campaign for safe sex, no sex, and clean needles, no needles is necessary but insufficient to control the AIDS epidemic. I think that promoting this message (as we have done in the United States) is a most unfortunate kind of "wishful thinking" that will inevitably lead us down the road to disaster.

### **What about 'heterosexual' AIDS?**

The coming debate is over how much AIDS will be transferred between men and women. Heterosexual AIDS accounts for a small but growing percentage of cases in the United States; however, in the tropics, it accounts for a significant (or even majority) percentage of cases. In South Florida (subtropical environment), already 20-30% of AIDS occurs in heterosexuals without another risk factor for the disease. In the United States, as a whole, so-called "heterosexual" AIDS (including many reclassified from unknown categories), shows an overwhelming concentration in poor, black, and Hispanic populations on the Eastern and Southern coasts of the country. The "Hispanic" label usually means Puerto Rican or origin in another Caribbean country.

While heterosexual transmission of AIDS is now established, I think it is relatively less efficient than, for example, by homosexual practice, and more readily occurs from men to women than from women to men. Since there is a nearly equal sex ratio of AIDS in Africa, the disease would have to be transmitted in both directions to explain all the cases. This observation is not supported by the obvious anatomical differences between men and women, by the low levels of virus in cervical secretions, by the five-to-one female-to-male heterosexual AIDS cases in the United States, and by the low number of men known to have been infected by female part-

ners.

I think the studies implicating heterosexual transmission as a major means of transmission of AIDS in tropical areas have been flawed by overwhelming bias, inadequate controls, and lack of perspective information. In these studies, if a person had sex with another person at risk for AIDS, that was assumed to be the mode of transmission, to the virtual exclusion of any other means of transmission. We have spoken before of the importance of genital ulcers as a predisposing factor for heterosexual transmission of AIDS. If you believe that AIDS is, first and foremost, a heterosexually transmitted or venereal disease in Africa, then the conclusion must be twofold: 1) all Africans with AIDS are sexually promiscuous; 2) all men with AIDS in Africa have sores on their penises.

In the absence of better data, the conviction that AIDS can be explained by sexual habits or by promiscuity among poor people in the tropics or by poor black and Hispanic populations in the United States seems to me a narrow and racist attitude.

### **The role of the environment**

Now, let us move on to the role of the environment. AIDS corresponds to the insect belt in many parts of the world. Such tropical tumors as Kaposi's sarcoma and Burkitt's lymphoma were always linked to such environmental conditions as climate, rainfall, and altitude. The distribution of these tumors correlated with high rates of malaria and insect-borne virus (arbovirus) infections. Woodall et al. showed a correlation between Kaposi's sarcoma and antibody to Bunyamwera (insect-borne virus) in 1962. Some recent studies show correlation between antibodies to falciparum malaria and antibodies to retroviruses, for example, HIV.

Parenthetically, a CDC study disputes this. Quinn (*JAMA* 257, p. 2617, 1987) hypothesized that multiple infections in Africa served as "co-factors" to activate T-lymphocytes and allow more ready penetration of HIV. Interestingly, the infections he mentions as co-factors (malaria, filariasis, leishmaniasis, and trypanosomiasis) are all insect-transmitted! Many of the opportunistic infections in AIDS are known to have a reservoir in the environment, for example, pneumocystis carinii in rats, toxoplasmosis in cats, cryptosporidium in fecal material from animals, etc.

Many scientists accept hepatitis B (serum-hepatitis) as a model for the transmission of AIDS. Several studies have implicated environmental means, for example, needles, blood-sucking insects, and open sores in the transmission of hepatitis B in highly endemic areas. The high rates of hepatitis B among children in some parts of the tropics is not explained solely by perinatal mechanisms, and therefore, environmental mechanisms must be invoked. The significant percentage (15-20%) of AIDS in Africa occurs in children, only 50-60% of whom have seropositive mothers; how do you explain the remaining 40 or so percent? The CDC and



WHO ascribe the remaining 40% to contaminated blood and to unsterilized needles. Surely this does play a role, but here again, they haven't looked at other environmental factors. So-called "risk groups" in the United States and Europe have high rates of exposure to hepatitis B, presumably acquired by the same direct and indirect blood mechanisms discussed earlier.

### Arboviruses and AIDS

For several years, Dr. MacLeod and I have been studying the role of certain arthropod-borne viruses (arboviruses) in relation to AIDS. The introduction of AIDS into the Caribbean in the late 1970s corresponds with epidemics of insect-borne viral diseases. Dengue type I (from Africa) was introduced for the first time in the Western Hemisphere in 1977, causing disease throughout the Caribbean; and dengue hemorrhagic fever occurred for the first time in 1981-82. Other new viral agents were probably introduced at the same time, but many remained undetected.

We became fascinated with concurrent epidemics of arboviruses and AIDS associated with deteriorated public health conditions in Africa, the Caribbean, Latin America, and parts

of the United States. We were surprised to find a "tropical link" between our early AIDS patients, most of whom either traveled to the tropics (for example, Caribbean), or had sexual contact with persons from these areas.

We have postulated that repeated exposures to certain arboviruses silently destroys the immune system, allowing HIV and other opportunistic infections to cause more severe disease. The variable incubation of AIDS could be explained by the phenomenon of immunologic enhancement of infection, in which repeated exposure to closely related viruses leads to worse disease. Dengue hemorrhagic fever is the *in vivo* model of immunologic enhancement of infection, where low (sub-neutralizing) concentration of antibody to one dengue subtype makes infection with a second dengue subtype over time potentially much more lethal.

Certain arboviruses are known to destroy reticuloendothelial and neurologic tissue. Prodromal symptoms, hematologic changes (lymphopenia, monocytosis, thrombocytopenia) and immunologic abnormalities (B-cell activation, hypergammaglobulinemia, immune complexes, elevation of monocyte lysosomal enzyme, anti-T-cell antibodies, etc.) are similar between AIDS and arbovirus infections. Arboviruses

## 'Do not accept the policies of the WHO'

*The following message was sent to the Bangkok AIDS conference by Dr. John Seale, a member of the Royal College of Physicians, from London, England July 6.*

I regret that I have been obliged to cancel my visit to Thailand. I would like to relay this message to the people of Thailand:

Do not accept the policies for controlling AIDS advocated by the World Health Organization without first considering the following facts most carefully:

1) WHO claims to be taking action on a global scale to contain the AIDS epidemic. It states that the only effective action available is education, and the key defensive weapon is the rubber condom.

2) The modes of transmission of the AIDS virus are very similar to those of Hepatitis B virus, but most people in Southeast Asia are infected with hepatitis B virus as children, before they become sexually active. Consequently, WHO's faith in the condom seems to be misplaced.

3) Official World Health Organization policy rejects any restriction on the international movement of people

infected with the AIDS virus.

4) Official WHO policy rejects the testing of people for the AIDS virus as a requirement before entering a country in which AIDS is not yet epidemic.

5) Doctors from the Soviet Union for the last 10 years have held the key positions within WHO responsible for the control of viral diseases worldwide.

6) Contrary to WHO policy, the Soviet government compulsorily tests people for the AIDS virus before they enter the Soviet Union. It promptly deports all foreigners found to be positive, and segregates its own infected citizens from the rest of the population.

7) Agencies of the Soviet government have stated repeatedly since October 1985, that the AIDS virus was developed artificially, as a weapon of biological war, by injecting lethal viruses from other animals into humans used as guinea pigs. The Soviet statement about the origins of the human AIDS virus is scientifically possible, but the claim that American war scientists started the epidemic by infecting the American population by mistake is not credible.

Conclusion: Serious consideration must be given to the possibility that the Soviet government's actions within the Soviet Union are designed to minimize the spread of AIDS in the U.S.S.R, but that Soviet policy, as expressed through WHO, is aimed at maximizing dissemination of the virus throughout the populations of the rest of the world.

can be transmitted by a blood transfusion, sexually from male to female, perinatally, and by direct contact with infected material. Arboviruses are known to activate animal retroviruses.

We are currently looking at Bunyamwera serogroup arboviruses, as co-factors in AIDS. Of the 20 members of this group worldwide, there are seven in North America, seven in South America, five in Africa, and only one (batai) in Asia. This group of viruses exchanges genetic material (RNA pieces) to form new and potentially more virulent agents. They show the same phenomenon of immunologic enhancement of infection demonstrated for dengue and other group-B flaviviruses. We have shown that the majority (80-90%) of our patients with AIDS in South Florida have antibodies to Maguari, the Bunyamwera virus native to the Caribbean and South America. Arbovirus antigen has been found in intestinal tissue of patients with AIDS by electron microscopy, and we have tentatively identified this antigen as Tensaw/Maguari complex by a fluorescent antibody method.

Most scientists now believe that AIDS is caused by a retrovirus called the human immunodeficiency virus, HIV. It should be pointed out that this virus (while the most important marker for exposure to the disease) has not been proved to be the cause of AIDS, and retroviruses are actually expected opportunistic agents in this setting. In the test tube, HIV must be "switched on," or activated from its normally latent state before it will enter cells and cause disease.

While HIV is considered to be exogenous and horizontally transmitted (through a blood mechanism), many animal retroviruses are simply inherited as a provirus form (sequence of DNA) and genetic material. Veterinarians have known for a long time that the closest relatives to HIV in animals are transmitted "mechanically" (that is, on the mouth parts) by blood-sucking insects in conditions of crowding and abundant insect populations. These viruses include the lentivirus, equine infectious anemia (in horses), and also bovine leukemia (in cows). Researchers at the Pasteur Institute in France have identified HIV antigen in the genetic material of several different blood-sucking arthropods captured in Central Africa. Researchers in the United States, including ourselves, and also elsewhere, have demonstrated survival of HIV for 24-48 hours in a variety of insects, including mosquitoes, ticks, and bedbugs.

The scientific "proof" of arthropod transmission of HIV and AIDS lacks only human and animal studies, which either haven't been done or can't be done because they would be unethical.

### **Putting pins in the map**

It would seem that we have forgotten many of the lessons learned from fighting epidemics in the past. One of the first steps of the epidemiologist is to "put pins in the map," or to locate new cases of the disease. Mapping AIDS and tuber-

culosis in South Florida (a similar pattern has been found in New York) has shown an overwhelming concentration of these two diseases in poor neighborhoods with declining or collapsed public health conditions. We found that our Haitian patients with AIDS came from poor conditions in their own country to poor conditions in the United States. We visited the homes of our patients in Little Haiti (in Miami) and documented serious public health problems, including inadequate housing (usually caused by overutilization of resources), overcrowding, open waste, and high rat and urban mosquito populations. We conducted our first environmental surveys here, and brought this technique with us to Belle Glade, Florida.

Belle Glade is an isolated, rural, agricultural community in western Palm Beach County, Florida. Belle Glade is the best example of the "tropical pattern" of AIDS in the United States, and singlehandedly proves that abject poverty and squalor in the subtropical setting help to generate and sustain deadly epidemics. Belle Glade has the highest rate of AIDS in the United States (8 per 1,000). Over 50% of AIDS cases do not fall into an established "risk group," and, finally, all persons with AIDS lived in one of two central, economically depressed, i.e., slum, neighborhoods. Belle Glade has an extremely high rate of tuberculosis confined to the same poor neighborhoods.

I will again state my contention that strictly sexually transmitted diseases do not confine themselves to geographic regions or to a single poor neighborhood. Certain environmental and insect-borne diseases do cluster at times, due to the high level of exposure to environmental hazards and vectors of disease.

The federal Centers for Disease Control (CDC) recently completed their own study of AIDS in Belle Glade, Florida. They concluded (*Science* 239, p. 193, 1988) that AIDS in this area could be explained by the usual risk factors, plus an increase in bi-directional heterosexual transmission. CDC officials set out to "prove," once and for all, that AIDS can be explained by "dirty needles," with no relation to poverty or the environment.

Unfortunately, these investigators violated basic principles of epidemiology by attempting to draw conclusions about cause and effect from a cross-sectional survey. In the CDC study, shared needles or sexual contact with anyone at risk for AIDS, were considered the primary means of transmission, to the exclusion of any other (i.e., environmental) means of transmission. The single concession to look for an environmental factor was a survey in which CDC failed to find a correlation between persons with antibodies to HIV and persons with antibodies to certain insect-borne viruses. In that particular survey, data omitted the following: 1) It was at our urging that the survey was done; 2) Antibodies to HIV were tested by ELISA and Western Blot, whereas antibodies to arboviruses were tested by neutralization (many patients with

AIDS don't have neutralizing antibodies to HIV); 3) The survey showed a remarkably high percentage of this population with antibodies to one or more arboviruses, indicating massive levels of exposure to blood-sucking arthropods.

The CDC stressed the absence of antibody to HIV in children in their survey. Lack of disease in children is *not* a valid argument against environmental transmission of AIDS. First of all, the CDC study simply did not include enough children from the impoverished neighborhoods to draw any conclusions. It has been found that many children have HIV antigen, but no detectable antibody. School-aged children have fewer infections than adults in this setting, and are less likely to have activated cells to permit viral replication. It is well known that by virtue of their tender age, children have less accumulated environmental exposure than adults, and thus, a small percentage of children, compared to adults, would have antibodies to such viruses as yellow fever, or to such parasites as malaria, in endemic areas.

I have mentioned that children are already affected with AIDS in Africa, and it may only be a matter of time in other parts of the world. There is a growing caseload of infants born to mothers with AIDS in the United States, and most of these infants are doomed to live in poor conditions that will accelerate their disease.

I hope this overview has given you a better appreciation of the role of the environment in the AIDS epidemic. Since there is no definitive treatment for AIDS, the major emphasis should be on early detection, behavioral changes, and elimination of exposure. Our best chance to begin to control AIDS on a worldwide basis is by prevention and public education. A major part of "prevention," in my book, includes basic public health measures, maintenance of infrastructure, decent housing, sanitation, and control of urban rat and mosquito populations. Most of you already know the key to control of urban vectors, such as *Aedes aegypti*, involves environmental control measures, elimination of open waste and containers that collect water and breed these mosquitoes.

These measures involve community education and will be expensive, but they will be necessary, and are prudent measures that will prevent future epidemics. In the long run, programs that prevent disease will save untold billions of dollars, since treatment alone will not stop the epidemic and is proving to be an endless drain on resources.

The risk of infecting others by sexual intercourse (possibly including oral-genital contact), sharing of needles, and contaminated blood products has already been discussed. Toothbrushes, razors, and other implements that could be contaminated with blood, should not be shared. Surfaces contaminated with blood should be cleaned with household bleach, freshly diluted one-to-ten in water. Health care workers should employ the same blood precautions with AIDS as they do with hepatitis B, and should wear gloves when handling any body secretions. High-risk mothers and their sexual

partners should be screened for AIDS. Women exposed to HIV should understand the high risk of transmitting this infection to the infant and should avoid pregnancy. Pregnant women may be particularly susceptible to manifestations of AIDS and HIV infection.

Many countries in Asia have not yet experienced a large caseload of AIDS. The most effective programs will aggressively prevent AIDS from establishing initial foothold, since a "critical mass" of infected individuals may be necessary to propagate the disease and allow expanded means of transmission to occur. The entire population, men, women, and children, must be educated and told the truth about this disease.

I hope and pray for your sake that you do not "buy" the CDC-WHO line, that AIDS can be totally explained by "sex and dirty needles." This viewpoint could prove fatal to you and your loved ones. Millions of lives hang in the balance of our decisions about AIDS today. Continued destruction of the environment, social upheaval, and/or displaced populations, impede our ability to fight disease. I don't think we can control AIDS in the developed countries if we cannot control AIDS in the tropical and developing countries of the world. Humanity must overcome its differences and use every resource available to control the spread of this disease.

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# Laser beams hold promise for submarine communication

by Robert L. Gallagher

The science of “nonlinear laser spectroscopy” may be providing the U.S. Navy with a solution to a problem that has plagued its submarine operations for three decades: How to communicate with a submerged submarine reasonably quickly without giving away its position to the enemy.

At present, the only methods the U.S. Navy has to communicate at reasonably high data rates with submerged vessels, require that the submarines come within a few meters of the ocean surface and either expose a detectable high-frequency radio antenna or tow a long antenna from the stern to pick up low-frequency radio transmissions. These techniques expose the submarine to detection by enemy naval patrol aircraft and ocean surveillance satellites. They also place limitations on the course the vessel may take and increase its noise emissions, lending it to acoustic detection via sonar.

The submarine must leave its underwater station to receive messages via these radio frequencies. So, in order to retain some flexibility in carrying out their mission, attack submarines try to receive a broadcast at least once every fixed number of hours. They invariably get messages late. Frequently, after coming to the surface and rigging themselves to receive, there are no messages for them.

As a result, naval operations command does not know when a sub has received a message for a period as long as 8 to 12 hours after its initial broadcast. The submarine cannot acknowledge receipt by return broadcast, as that would definitely give its position away to alert enemy anti-submarine warfare forces.

Although these procedures may seem awkward, rigorous communication discipline is essential to effective submarine operations. By many accounts, Germany lost the battle of the Atlantic in World War II due to a lack of such discipline. Communications sloppiness by Japanese submarine commanders also helped the United States defeat Japan in the Pacific.

However, in the age of nuclear surprise attack, communication procedures that leave a submarine commander ignorant of his orders for as long as half a day after a conflict breaks out, obviously leave something to be desired. What good is information for targeting an enemy submarine or task force if it is received from headquarters so many hours late? American military commanders are haunted by the scenario

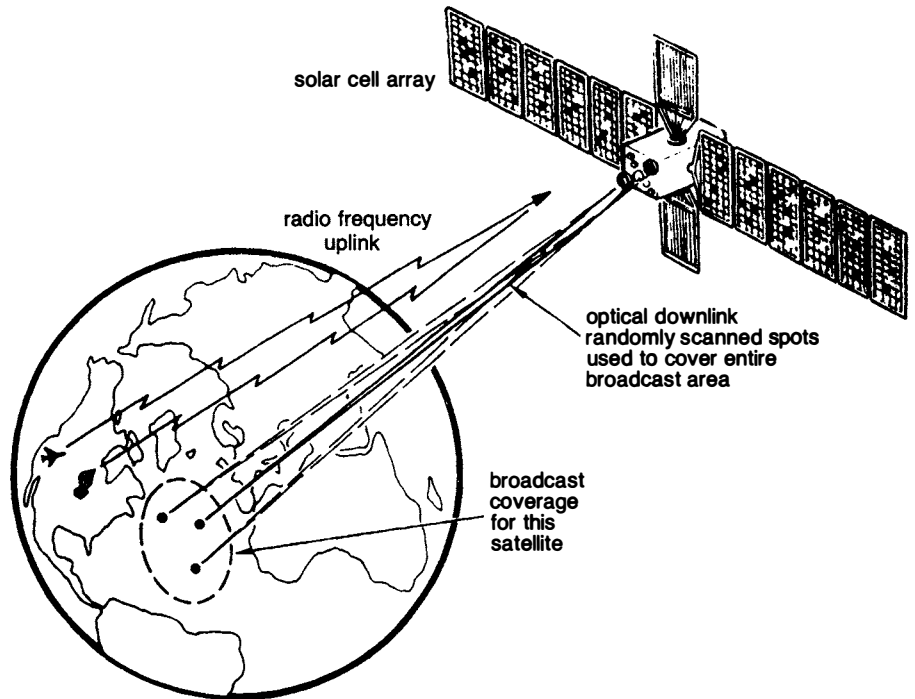
where a ballistic missile-carrying submarine comes to the surface to receive its transmissions several hours after the U.S. National Command Authority has been destroyed by a Soviet surprise attack.

In the last several years, the U.S. Navy has done something to prevent at least that. After decades of obstruction from every conceivable quarter, the service made operational a transmitter of extremely low-frequency (ELF) radio waves located in Wisconsin. ELF waves broadcast from the American Midwest can penetrate deeply into the oceans around the globe to the stations where U.S. submarines are hiding, awaiting orders. But because of their extremely low frequency, ELF transmissions are limited to extremely low data rates. The U.S. ELF transmitter is reportedly only practical for sending an “emergency message” to alert submarines to approach the surface and pick up a detailed, higher-frequency transmission, containing their orders. Naval commanders hope they won’t be picked off under those conditions.

None of this really solves the problem of timely communication with submarines, and so, when laser scientists pointed out that blue-green light can penetrate the ocean by as much as hundreds of feet, the U.S. Office of Naval Research and the Defense Advanced Research Projects Agency (DARPA) began looking into ways to use lasers that produce blue-green light, to communicate with submerged submarines. The program has come a long way since its inception in the 1970s, has widespread support, and seems certain to produce a workable system. The Naval Ocean Systems Center in San Diego now manages the effort, known as the Satellite Laser Communications (SLC) program.

As presently envisioned, ground-based radio transmitters will send messages intended for U.S. submarines to satellites in orbit around the Earth. The satellites will translate the messages into a kind of Morse code and transmit them to the submarines below, via flashes of blue-green laser light (see **Figure 1**). Now, 100 years after the introduction of radio—first amplitude modulation (AM), then frequency modulation (FM)—the U.S. Navy is using advanced laser physics and spectroscopy to reintroduce light flashes (time modulation) as a vital military communications medium for the 21st century. (DARPA is also investigating a proposal from General Telephone and Electronics for basing the blue-green lasers on aircraft.)

FIGURE 1  
**Satellite Laser Communications system**



*The Satellite Laser Communications system will transmit messages for submerged U.S. submarines to obtain satellites via radio communications. The satellites will then transmit to the subs via flashes of blue-green laser light.*

Source: General Telephone and Electronics.

## Perfect tuning

A few moments of reflection, however, will raise the following question: How in the world will a submarine pick up relatively weak flashes of laser light through the glaring sunlight of a clear day? Although the Sun is brighter than any laser, its light is spread over a wide range of frequencies. A receiver that is sensitive only to the wavelength of light produced by a space-based laser, can pick its flashes out of the Sun's glare, because it "sees" only light with the wavelength of the laser.

This is the principle upon which the Atomic Resonance Filter, the onboard submarine receiver for the Satellite Laser Communications system, is designed.

The filter contains cesium gas. The cesium gas absorbs a single frequency of blue-green light having a wavelength of about 480 billionths of a meter (480 nanometers) and does so with a precision of 99.999%. Technically, this means that the "bandwidth" of the filter is only 0.0006 nanometers. Light with a wavelength that varies only by at most that amount, is absorbed by the cesium. With this precision, the Atomic Resonance Filter can pick out the flashes of blue-green laser light from the Navy's satellite in the full glare of the Sun. The luminescence of the cesium gas atoms relays the "Morse code" from the satellite to the submarine's computers.

The design of the system is based on our knowledge of the spectrum of electromagnetic radiation that is absorbed by cesium gas. At the wavelength of the blue-green light emitted by the satellite laser, this spectrum contains a sharp discontinuity known as an "absorption line." The cesium absorbs this wavelength maximally. Absorption of a single photon of blue-green light sends a cesium atom through what is called a "quantum transition" into an "excited state." From there, it emits an infrared photon to relay the message from the satellite. (A photon is a unit of electromagnetic radiation equal to one full rotation of an electromagnetic wave.)

## Nonlinear action

The blue-green portion of the spectrum of electromagnetic radiation has other important special characteristics. The ocean attenuates most electromagnetic waves exponentially with depth, but there is a "hole" in the blue-green region where the attenuation is less than elsewhere by a factor ranging from 1 million to 100 million (60-80 decibels).

Blue-green light is nonetheless subject to attenuation by 90% (10 decibels) per hundred feet of depth. The attenuation varies as a function of the number of microorganisms growing in the water. In water deeper than 250 feet, the attenuation for blue-green light may be as low as 32% per hundred feet

(or 5 decibels), because there is not sufficient sunlight at those depths to support plant growth. At a depth of 350 feet, ideally the blue-green light signal would be attenuated by *only* a factor of 1,000, or 99.9%. I emphasize only, since out of a light pulse of 100,000 photons hitting the ocean surface, under ideal conditions, 100 photons could be picked up at a depth of 350 feet and that's more than enough for the Atomic Resonance Filter receiver.

That all sounds very promising for a sunny day, but what about clouds? A general purpose communications system must be able to communicate with subs through bad weather. It turns out that a cloud will scatter perhaps 90% of the blue-green light away, which compared to attenuation through water, isn't really very much, for a communication system based on nonlinear spectroscopy.

DARPA reports that measurements in towering thunderheads off Oregon, in water clouds off Hawaii, and less extreme clouds elsewhere, have shown that clouds are not nearly as big a problem as was once thought.

A submarine commander can adjust his ocean depth by 100 feet or so to compensate for a 90% signal loss due to a cloud. As part of the SLC system, sunlight sensors on the submarine can inform the commander how cloudy it is, and help him determine his maximum communication depth.

In addition, satellites broadcasting messages through clouds or bad weather can adjust the blue-green laser beam spot size and scan patterns to make up for losses as well.

Unlike a radio broadcast system which can cover a large area at once, the Satellite Laser Communications system will illuminate *a spot* on the top of the ocean or clouds, send its message and then move on to cover another spot. Many spots are needed to cover broad areas, but cover broad areas they must, for in order to preserve their stealth, our own submarines are not to tell us where they are in the ocean. Although this may at first appear awkward, this characteristic makes the SLC system more flexible in certain ways than other systems.

For example, if a submarine is known to be deeper than the nominal communication depth, the spot size can be narrowed. This, in turn, reduces the area coverage rate. If that is not acceptable, one can increase the coverage rate by shortening the message, by using a data-compressing code, or by waiting until night or for clearer weather. One could even direct another, lower-priority submarine to sign off from the SLC system so that the system can use the extra time to scan the ocean with the other submarine's message. According to DARPA, two high-orbit satellites can provide continuous coverage for the vast majority of Northern Hemisphere ocean areas of interest to submarines.

In addition to attenuating the signal, the ocean also diffuses the blue-green laser light into a broader beam which is spread over 120° of angle at the receiver. By employing a broad field of view, the receiver can capture much of this diffuse light.

## State of SLC program

DARPA program manager U.S. Navy Cdr. Ralph E. Chatham recently reviewed the state of development of the technology for the Satellite Laser Communications program in the *Journal of Electronic Defense*. We summarize his report:

Cesium filters already built by two contractors bring Satellite Laser Communications from a technology with great promise to one that is real. But the laser must be chosen to match the wavelength of absorption of the cesium gas. An SLC laser must not only match the cesium absorption line—a criterion which so far has thrown out all but one candidate system—but it must be capable of doing virtually everything that a laser can do all at once. It must be efficient enough so that the limited power supplies in space can provide sufficient energy to overcome the exponential loss in seawater. It must be compact, and capable of withstanding launch shocks. Finally, it must be reliable enough to operate for years in high orbit.

The single candidate laser that comes close to meeting these extreme requirements is a xenon chloride laser, the output of which is converted to blue in a Raman process in lead vapor. There is no fundamental flaw in the science or technology of xenon chloride-lead shifted lasers that would prevent their use in space. What is required to make them practical for space deployment is extremely careful attention to process control and manufacturing.

Tests of U.S. Navy environmental models using airborne lasers and receivers on submarines were conducted in 1981, 1984, and again in 1986. They have shown communications capability with submarines at operational depths under extreme water and cloud conditions and in several different ocean areas.

The remarkable success of these experiments must be tempered with the caveat that they have not yet been done with the blue laser and receiver technology. Airborne transmitter-to-receiver tests using the blue technology are scheduled for 1988.

Commander Chatham concludes:

"The SLC offers extremely high tactical utility and strategic benefit from a modest system. . . . If deployed, it could deliver urgent messages when sent, not some unknown time later. It could do this regardless of the submarine's operating parameters . . . the submarine commander knows his minute-to-minute maximum communication depth as a result of measuring the sunlight penetrating to his ship. SLC will provide an alternative strategic communications link, which has different strengths and different vulnerabilities from current systems.

"The technology is real. There are no unresolved scientific issues. All that is left to do in order to realize the potential of SLC is careful, clever (and consequently, expensive) engineering, and commitment from the service which will benefit from it."

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## Book Reviews

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# The extinction of Charles Darwin

by Warren J. Hamerman

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### Vertebrate Paleontology and Evolution

by Robert L. Carroll

New York: W.H. Freeman and Company, 1988  
698 pages, hardcover

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### Five Kingdoms: An Illustrated Guide to the Phyla of Life on Earth

by Lynn Margulis and Karlene V. Schwartz

New York: W.H. Freeman and Company, 1988  
Second edition, 376 pages, paperback \$24.95

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Vertebrates span more than the last 500 million years of life on Earth, and their history is recorded in a series of fossils. From fossils, we can determine the interrelationships of modern species, how they evolved, and where they are headed. *Vertebrate Paleontology* is the first fascinating, well-presented, and detailed review of fossil knowledge to be published in the last 20 years—a period in which entire new groups of jawless fish, sharks, amphibians, and dinosaurs have been discovered, and major “transitions” between amphibians and reptiles, reptiles and mammals, and dinosaurs and birds have been studied afresh with new techniques in paleontology and modern biology.

The author presents a cogent argument for the fact that the fossil record does not support the theories of Charles Darwin, and indeed never did so. In his 1859 *Origin of Species*, Darwin argued that the course of evolution resulted primarily from natural selection slowly acting on variations within populations without skips and jumps. Darwin believed this process was gradual and led to progressive change over time. After Darwin, the dogmas of Mendelian genetics to modern molecular genetics provide a so-called mechanism for gradual Darwinian natural selection through mutations.

In contrast to Darwin, over the past 15 years, several scientists have forcefully argued that fossil evidence shows that most common species retain a particular morphological pattern for millions of years without change. Then, change

occurs in a rapid jump, termed “punctuated equilibrium.” While Darwin downplayed the sudden bifurcation of a species into two, or “speciation,” modern scientists argue that there is little evidence for gradual changes within a species, but a lot of evidence for sudden speciation.

Author Carroll presents his own view that evolutionary rates are “irregular and opportunistic.” Especially for dramatic evolutionary events which involve both structural-functional changes in appearance along with new habitats, Darwin is decidedly wrong. Examples of such spectacular evolutionary singularities include the origin of amphibians, the origin of flight three distinct times—in bats among the mammals, and in birds and pterosaurs previously—and the origin of mammals themselves. Carroll’s book features more than 1,700 illustrations so that the reader can clearly visualize the transformations and transitions over time.

*Five Kingdoms* is a much more basic picture-and-text “catalogue” of the life forms on Earth. The authors also find it necessary to amend the basic kingdom taxonomy which Darwin knew. From Aristotle until the middle of this century, life was divided into a plant and animal kingdom. During the late 19th century, various scientists proposed separate third and fourth kingdoms for bacteria and fungi. The five-kingdom system advanced in this popularly presented handbook include: 1) Prokaryotes (bacteria), 2) Protocista (algae, protozoans, and slime molds), 3) Fungi (mushrooms, molds, and lichens), 4) Animalia (animals with or without backbones), and 5) Plantae (mosses, ferns, cone-bearing plants, and flowering plants).

The book’s biggest debt is to the Life Sciences Division at the National Aeronautics and Space Administration, which supported the project. Before the Viking spacecraft Mars mission in 1975-76, the possibility of Martian life was being widely discussed. In this context, NASA scientists were concerned with the general lack of appreciation for the diversity of life on Earth, especially in the microbial world. This illustrated guide to life on Earth introduces the reader to his fellow species. Scientists estimate that there are at least 3 million, and perhaps 20 million species of living organisms on earth, and an even greater number that have become extinct.

## Books Received

**The Iowa Precinct Caucuses: The Making of a Media Event**, by Hugh Winebrenner, Iowa State University Press, Ames, Iowa, 1987, \$15.95, hardbound, 173pp.

**Diesel: Technology and Society in Industrial Germany**, by Donald E. Thomas, Jr., The University of Alabama Press, University, Ala., 1987, \$26.95 hardbound, 279pp.



## Establishment plans for police state rule in 1989

by Nancy Spannaus

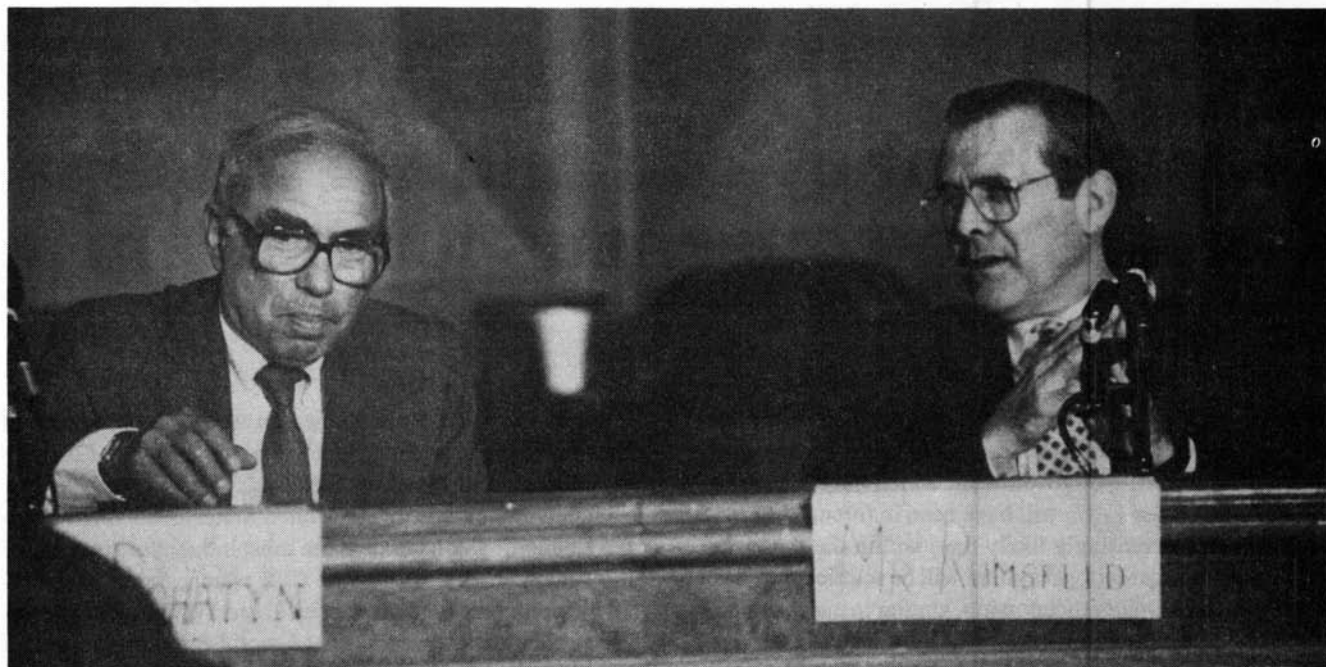
Approximately a year and a half ago, Democratic presidential candidate Lyndon H. LaRouche wrote an autobiography which identified the crucial issue of the 1988 presidential campaign. Given that the world is about to enter the most tumultuous period of crisis since the 14th century, he said, the major question is not the choice of particular policies, but the requirement to change the policymaking method which has brought us to the edge of catastrophe.

That method can be fairly described as a dictatorship by the liberal Eastern Establishment. This dictatorship has determined, by consensus within its own ranks, the choice of presidential candidates and winners since the time of Franklin Delano Roosevelt. The President is thus defined as a puppet, useful as a salesperson for the policies of the Establishment, but harshly discouraged from independent thinking. It may have seemed like a benign dictatorship, exercised primarily by the mind control of the media, but it is a dictatorship nonetheless.

Equally disastrous are the policy assumptions of the Establishment controllers. These have been primarily a commitment to a malthusian world order, which is ruled by the usurious international banks. To implement such an order, the Establishment is ready to hand most of the world over to the Soviet Union, to let millions of people die through austerity measures and the diseases which result from them, and to put into effect whatever police-state measures are necessary to contain the resistance to such policies.

Now, however, as LaRouche pointed out, this system has reached the end of the line. The implementation of International Monetary Fund economics, combined with appeasement of the Soviet Union, is about to result in full-blown crises that will threaten the existence of civilization itself. These range from AIDS to a financial blowout to the threat of nuclear war.

If the United States is to survive such a period of crisis, the entire policy apparatus has to be radically changed. The Olympian outlook of the Establishment, which subordinates all considerations to the maintenance of its members' personal and financial power, has to be replaced with the fundamental commitments to scientific progress and republican institutions which the United States was founded



The bipartisan consensus for austerity and an end to constitutional government. Shown here is the National Economic Council's first meeting, in Washington, D.C. on May 10, 1988, with Felix Rohatyn (left) and Donald Rumsfeld.

Stuart Lewis

upon. Concomitantly, the presidency must again be inhabited by a strong, principled leader, able to act resolutely to defend national interests, and perhaps national existence itself.

Throughout 1987 and the first half of 1988, there were occasional signals that at least sections of the Establishment were considering the necessity of such a shift. The strongest indications came after the crash of Oct. 19, 1987, when it looked as though the international monetary system might not make it through to the November 1988 elections. Reverberations from the Iran-Contra affair in the direction of George Bush, also created uncertainties over whether the Establishment would really go through with nominating this nonentity for President. There were also occasional exhibitions of nervousness about the Reagan administration's ability to deal with the Russian Empire—perhaps a dim glimmer of an indication that appeasement might lead to disaster for the West.

But, long before the presidential primary round ended in June, it had become glaringly clear that the Establishment had recommitted itself to the policies and *modus operandi* which have created the present international debacle. The choice of presidential candidates was to be two zeroes, individuals whose ability to put their audiences to sleep has already become a major subject for comic strip artists.

Let no one be lulled by such appearances, however. The policy packages which both Bush and Dukakis have been handed by their Establishment controllers are not just more of the same. In order to deal with the upcoming crises, the next administration is going to have to use brutal police-state measures. In their backroom negotiations with the committee

of Establishment figures who run politics in the United States, both Bush and Dukakis have declared themselves willing to do the job.

Many steps have been taken in the direction of implementing the police state already. Most dramatic has been the prosecution of the one presidential candidate who could challenge the system, Lyndon LaRouche. But behind the scenes, the thuggery has been widespread against opponents, weak and strong, of the impending regime of fascist austerity and appeasement of the Soviets. Indeed, the entire history of the Justice Department since the Carter administration has exemplified the political police function which the Establishment wished to put in place.

The Establishment has become increasingly bold. It has flaunted the fact that a depression is coming in 1989; it has demanded hideous austerity, saying that the United States will have to cut back to being a second-rate power. It has gone so far as to publish its treasonous program, and the methods by which it hopes to insulate it against popular revolt. It is this which you will read in the following pages.

Yet, even at this late date, the implementation of this disastrous program should not be taken for granted. Cataclysmic upheavals on the strategic and economic fronts are imminent, and could upset the insane policy consensus within the Establishment even before the election. Equally important would be the emergence of a mass movement of citizens committed to defeating these policies.

Such a mass movement is the only way to defeat rule by Establishment committee, a rule that is on the verge of overthrowing our Constitution, and destroying our republic.

# 'Government by committee': building a bipartisan consensus for fascism

by Kathleen Klenetsky

Nineteen eighty-eight, the first year of the U.S. Constitution's third century, may well turn out to be the last time that the republican forms of government which have served the United States since 1787, will have been in force.

It appears increasingly likely that, within the next year, the American constitutional system will be scuttled, replaced with a virtual one-party dictatorship, similar in many respects to Mussolini's corporatist state. The President will serve as little more than a figurehead, and Congress as a rubber-stamp. Real power will be wielded by small committees of experts—all non-elected, and answerable only to the Eastern Establishment elite whose policies they represent.

Some elements of this apparatus have already been put in place, the most conspicuous example being the National Economic Commission, a bipartisan group composed predominantly of private sector bigwigs who have been mandated to come up with a deficit reduction plan for the next President.

Whatever this new entity calls itself—a "bipartisan consensus," "government of national unity" or "government by commission" are the current labels of choice—it will be committed to a program of harsh domestic austerity, and appeasing the Soviet Union. As proponents of this new order freely admit, junking the current system is necessary precisely because the policies they intend cannot be implemented otherwise. The existing system, tattered though it may be, remains too susceptible to constituency pressure to allow for the horrors now in the works. Voters would revolt when hit with the kinds of policies coming down the tubes. Thus, the system must be changed so as to make it as unresponsive as possible to any patriotic revolt. Various thinktanks, public policy institutions, and other organs of the Eastern Establishment have been working overtime to design a system that will minimize political opposition to their program. The worsening of the country's economic collapse, coupled with the Establishment's near-unanimous decision to sell out to Moscow lock, stock and barrel, have accelerated the process.

## The Kissinger-Vance proposal

A key signal that a drastic change in the nation's governing institutions is on the drawing boards, came in June, from the New York Council on Foreign Relations. It took the form of a call for a bipartisan consensus, authored by former Sec-

retaries of State Henry Kissinger (an alleged Republican) and Cyrus Vance (an alleged Democrat), in the summer issue of the CFR's journal *Foreign Affairs*.

Dictating policy for the United States is nothing new to the Council, which ranks as the most influential grouping of the American elite. It was the CFR which, through its mid-1970s program called the *1980s Project* (which called for the "controlled disintegration of the world economy"), drafted the blueprint for the Jimmy Carter administration and, together with the Trilateral Commission, supplied most of Carter's cabinet and other top personnel to make sure that their blueprint would be followed to a tee.

Entitled "Bipartisan Objectives for Foreign Policy," and excerpted in *Newsweek*, the Kissinger-Vance piece represented the culmination of a special project the CFR had set up over a year ago on "National Objectives and Priorities in American Foreign Policy." According to the organizations' 1987 *Annual Report*, the project's purpose was to see "if a bipartisan group can reach broad agreement on national foreign policy goals and on the means by which they may be achieved." The CFR has refused repeated requests for the names of the other members of the group, which is chaired by Vance and Kissinger, on the grounds that a number of them are still in government service.

Kissinger and Vance begin their piece with a declaration that the times demand "a restoration of bipartisan consensus in American policy. . . . In this year of political transition," they say, "it is vital to identify several crucial bipartisan objectives for the next administration, whether it be Republican or Democratic."

The rest of the article lays out what those objectives should be. Underneath the rhetoric about keeping America militarily strong and economically healthy, two key themes emerge:

- First, the U.S. must resign itself to the fact that it is no longer the world's leading power, and cut back its international commitments concomitantly. "[D]espite our vast military power, our ability to shape the world unilaterally is increasingly limited. Even with strong domestic support, we can no longer afford financially to do as much internationally. . . . [W]e would anticipate that the American role in some areas of the world may become less conspicuous."

● Second, deep cuts in Americans' standard of living must be enforced. "We must face the fact that our economy and consumption have become so overextended in recent years that the remedies will involve sacrifice and slower growth in our standard of living. . . . Convincing economic discipline" and "equitable budget reductions" must become the order of the day.

Kissinger and Vance's appeal for a bipartisan consensus around the twin policies of conceding world supremacy to Moscow and putting Americans through the economic wringer didn't drop out of the clear blue sky. It has been clear for some time that policymaking circles had reached near-unanimous agreement upon them. These circles have now focused their attention on how to get them implemented, including designing the specific institutional vehicles which will ensure their success.

Although the Kissinger-Vance article did not address this issue *per se*, sources familiar with the work of their CFR "bipartisan" group say that detailed proposals put forth by two other influentials, former White House counsel Lloyd Cutler and ex-JFK adviser Ted Sorensen, are being used as models, and that elements of each will likely be utilized in whatever institutional vehicle for enforcing the "bipartisan policy consensus" eventually emerges.

Cutler and Sorensen's approaches differ, but only slightly. The former is more inclined toward "reforming" the Constitution permanently, while Sorensen's proposals deal primarily with "emergency" measures that don't require constitutional amendments. But their objectives are the same, and they cohere exactly with those put forward by Kissinger and Vance in *Foreign Affairs*.

## Junking the Constitution

It's no fluke that Cutler's proposals first appeared publicly in the Fall 1980 issue of *Foreign Affairs*. Written while he was still acting as Jimmy Carter's chief counsel, Cutler's article called for the United States to move toward a parliamentary form of government, because it is much less oriented toward the electorate than is the American system.

Cutler made no bones about the fact that his objective was to ensure that the oligarchs' policy agenda, specifically, the imposition of drastic levels of austerity on the domestic economy, and selling out U.S. national security interests to the Soviet Union, could be implemented with an absolute minimum of political opposition.

The crux of Cutler's argument was that the United States was inexorably entering a period of economic contraction, which would require adoption of harsh economic policies. Because these would be so politically unpalatable, the constitutional system, with its inherent constituency orientation, would have to be replaced with something less susceptible to popular pressures.

"During the second half of this century," Cutler wrote, "our government has adopted a wide variety of national goals.

Many of these goals—checking inflation, spurring economic growth, reducing unemployment, protecting our national security, assuring equal opportunity, increasing social security, cleaning up the environment, improving energy efficiency—conflict with one another, and all of them compete for the same resources. There may have been a time when we would simultaneously pursue all of these goals to the utmost."

But, "that time has passed," and now one of the "central tasks of modern government is to make wise balancing choices among courses of action that pursue one or more of our many conflicting and competing objectives. . . . A responsible government must be able to adapt its programs to achieve the best balance among its conflicting goals. . . . For balancing choices like these, it is almost impossible to achieve a broad consensus. Every group will be against some part of the balance. If the 'losers' on each item are given a veto on part of the balance, a sensible balance cannot be struck."

Cutler cited the Senate's failure to ratify SALT II as another major reason the United States has for tossing out the Constitution: Its treaty ratification procedures stood in the way of ramming sellout arms pacts through the Senate.

Several years later, Cutler set up the Committee on the Constitutional System (CCS) to lobby for his proposals. Comprised of such people as former Treasury Secretary C. Douglas Dillon, ex-CIA director William Colby, the Aspen Institute's Douglass Cater, former Defense Secretary Robert "Body count" McNamara, and Sens. Daniel Patrick Moynihan (D-N.Y.) and Nancy Kassebaum (R-Kan.), the group published its first set of formal recommendations in January 1987.

These included:

● "Relaxing" the present constitutional requirements for treaty ratification, to avoid a replay of the SALT II fiasco. "The present constitutional requirement that treaties require the approval of two-thirds of the Senate has been a major barrier to the use of treaties and has led to evasion of the treaty process by way of executive agreement." Instead of two-thirds of the Senate, the CCS suggested a simple majority of both Houses, or 60% of the Senate alone.

● Instituting a four-year term for House members, and an eight-year term for senators, with federal elections every four years. CCS's rationale was that such a change would foster closer policy coordination between the executive and the legislative branches, as happens in a parliamentary system, and enable both to implement politically unpopular measures without being encumbered by the political constraints of midterm elections. "Presidents and legislators could join to enact necessary measures . . . without having to worry about an imminent election."

● In another recommendation geared toward encouraging a shift toward parliamentarianism, CCS called for allowing members of Congress to serve in the cabinet. Removing the constitutional barriers to this arrangement would encourage "closer collaboration" between the branches of govern-

ment and help prevent a "stalemate."

- The report also stressed the necessity of strengthening the two parties, giving them far greater powers to discipline their office-holding members, in order to guarantee that they will not break with the policies the parties' leaderships agree upon as part of the new bipartisan consensus. CCS suggested several measures for accomplishing this, including public financing of congressional campaigns, funneled at least in part through party officials, to accomplish this. In practice, this would mean that a Democratic candidate could be cut off from election funds if he were to oppose, say, his party's position in support of terminating SDI.

- Allowing the President or Congress, or both, to call new elections. Adopting this hallmark of parliamentary systems, CCS argued, would serve as a "mechanism for resolving deadlocks of fundamental policy issues."

### Grand coalition for fascism

An even more detailed blueprint for transforming the U.S. system of government, and one that would not require the lengthy process of constitutional amendment, comes from Ted Sorensen, the former key adviser to President John F. Kennedy. A lawyer with the New York law firm of Paul, Weiss, Rifkind (one of whose partners, Simon Rifkind, helped create "Big MAC," the bankers' dictatorship that ran New York City into the ground in the 1970s), Sorensen recently drafted the exceptionally vague, say-nothing 1988 Democratic Party platform,

But in 1984, while acting as presidential contender Gary Hart's national campaign manager, Sorensen published a book that was a lot less vague. *A Different Kind of Presidency: A Proposal for Breaking the Political Deadlock*, called specifically for a "grand coalition"—a "government of national unity"—to inflict the "painful" economic and other measures that no party or individual alone would dare take responsibility for.

"Which political party, which branch of government, which President," Sorensen asked rhetorically, "wants to be held responsible for cutting expansion of our eligibility for the middle-class entitlement programs like Social Security and Medicare, or the funds for repairing our crumbling infrastructure, or the pay or pensions of those who serve in our armed forces? . . . The obvious answer is that neither political party, neither Congress nor the President, wants such responsibility."

Sorensen got to the nitty-gritty of his proposal toward the end of the book, where he discussed the supposed need for subjecting the United States to the same International Monetary Fund conditionalities which have wreaked such havoc on the Third World. "Many governments borrowing from the IMF, including Britain and Italy as well as scores of developing nations, have as a condition for those loans accepted temporary restrictions, some of them vastly unpopular, on their economic conduct. The United States and other industrialized nations, if they recognize the potential economic

disaster inherent in merely perpetuating the status quo, should similarly be able to accept some self-discipline for the common good."

In addition to economic fascism, Sorensen identified "halting the nuclear arms race" through a series of arms treaties that would place the United States at the mercy of Soviet forces, as another top national priority.

Achieving these objectives requires a radical change in the U.S. government, Sorensen argued. "The time has arrived in this country for a temporary bipartisan, 'grand coa-

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*According to the plan of the Establishment's elite policy planners, the American constitutional system will be scuttled, replaced with a virtual one-party dictatorship, similar to Mussolini's corporatist state. Real power will be wielded by small committees of experts—all non-elected, and answerable only to the elite whose policies they represent.*

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lition' of national unity. . . . It would go beyond anything previously attempted or seriously considered in the United States." It would include:

- A President and Vice President of opposite parties, each agreeing in advance to serve one term only and to decline all partisan activities;
- A cabinet and sub-cabinet equally divided between the two parties;
- A small, but experienced bipartisan White House staff acting as a unifying force in government;
- A Presidential Advisory Council of Elder Statesmen, which would be established through an Executive Order. This would include "our retired Presidents, Secretaries of State, Speakers of the House and Senate Majority Leaders—roughly a dozen experienced individuals from both parties, to be convened regularly by the President and Vice President in person, for both briefings and consultations. No votes would be taken, no decisions would be delegated, no joint statements would be expected. But this largely untapped pool of wisdom could be an invaluable source of advice."
- A "National Council of Economic Cooperation and Coordination," which the Coalition President would set up, also by Executive Order, to handle the difficult decisions that

will have to be made for the U.S. economy, which is now in "a crucial state of transition." Modeled on the National Recovery Administration and the Agricultural Adjustment Act, Depression-era corporatist measures to cut back production, themselves lifted directly from Mussolini's corporatist state, the National Council bears a remarkable resemblance to the National Economic Commission created by Congress late last year. According to Sorensen, this corporatist body would be composed of "private-sector members . . . drawn not only from industry and labor but also from finance, agriculture, education, consumer and public-interest organizations, including those representing the poor. Its public-sector members would be drawn from the Coalition Cabinet, the federal Office of Management and Budget, the Federal Reserve Board, the President's Council of Economic Advisers, the Congress, and state and local governments."

The most urgent task facing the new Council, said Sorensen, would be to make "deep reductions" in the federal budget deficit through raising taxes and cutting expenditures: "No one's sacred cow or traditional pork barrel will be safe." (Sound familiar?) The Council will have to "face the painful task of strengthening the tax base and reducing the federal tax deduction and spending programs benefiting every group represented around the table." Sorensen listed a slew of measures the Council would likely consider: wage freezes, real-locating tax and credit policy to fit the rapid changes in the economy, and incomes policy, import quotas, etc.

The coalition government would deal with international affairs with the same disdain for the electorate it exhibited in economic matters. The Coalition President, after discussions with Congress and after "quiet and informal talks between the two superpowers," should initiate a series of unilateral arms control measures, including a weapons freeze, that would mean a total halt in the production testing and deployment of strategic nuclear weapons (including the MX and the B-1), the production of plutonium, and the testing of anti-satellite and other space weapons, and establishment of a "U.S.-U.S.S.R. Commission on Reduction of Tensions" to deal with issues ranging from conventional force reductions to environmental matters in the Pacific. In addition, the new President should immediately work toward reaching an agreement with Moscow that would greatly expand U.S.-East bloc economic relations.

It is no doubt tempting to dismiss Sorensen's and Cutler's outrageous suggestions as idle fantasies with no chance of ever being realized. But, unfortunately, that would be a big mistake. The handwriting has been on the wall for some time: The U.S. Establishment has rejected all sane options for rebuilding the economy and strengthening U.S. defenses, in favor of a craven appeasement policy toward the Soviets, and economic fascism at home. They are now casting wildly about for the means to do so. With two total zeroes vying for the presidency, the possibility of government by committee looms large. As one Washington insider put it, "The stakes are so high now, that anything goes."

## Drive to impose fascist austerity

by Kathleen Klenetsky

The "bipartisan consensus" on economic policy which the Council on Foreign Relations and other elite institutions are forging, will lead to utter disaster for the United States. That is apparent from the way the issue is dealt with by Henry Kissinger and Cyrus Vance in their *Foreign Affairs* article (see page 30). Speaking on behalf of the Establishment, the two call for a regime of painful austerity at home—"shifting from a consumption to a savings society," is the favorite euphemism—through a combination of deep spending cuts and steep tax hikes, and a radical diminution of American strategic power abroad.

Although Kissinger and Vance present these proposals as both inevitable and essential, they are neither. The United States doesn't need austerity; it needs a technologically vectored economic boom, fostered by a combination of government tax and credit incentives, and international monetary reform. Were such an approach adopted, the United States would be able to afford the economic and military measures needed to maintain its presence abroad, and keep the Soviet Union in check.

Despite their fundamental insanity, the proposals suggested by Vance and Kissinger represent a clear Establishment consensus. With frighteningly few exceptions, the country's political leadership in both parties has already embraced the substance of these policies, which, it should be stressed, are already well on their way to implementation.

That a political agreement to put the country through a period of grinding austerity has already been struck, was underscored in June, when the House of Representatives voted down Rep. Claude Pepper's bill to secure long-term health care for the nation's elderly. The most politically significant feature of the affair, was the instrumental role which liberal Democrats, including such prominent ones as Rep. John Dingell (D-Mich.), played in defeating the Pepper measure. The vote was hailed by such Establishment outlets as the *Washington Post*, as a watershed event in U.S. politics, a sign that the "Pepper era" 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 demands



for more and more public funds.

To build the consensus and brainwashing environment to implement this program, the Establishment has set up a number of organizations which are playing key roles in implementing the bipartisan consensus for economic fascism. Among the most important are: the National Economic Commission, American Agenda, the Bipartisan Budget Appeal, and the Cuomo Commission. We will review the program of these organizations one by one.

### **National Economic Commission**

The National Economic Commission, set up by Congress last December, was charged with developing a deficit reduction plan by the beginning of the incoming President's term. The NEC bears a striking resemblance to the National Council of Economic Cooperation and Coordination outlined by Ted Sorensen in his book calling for the creation of a "government of national unity."

The product of discussions between leading political exponents of "root canal economics"—notably, Sen. Daniel Patrick Moynihan (D-N.Y.), New York Democratic Gov. Mario Cuomo, and Sen. Robert Dole (R-Kan.), and top representatives of the financial community, such as Lazard Frères Felix Rohatyn, architect of New York's Big MAC bankers' dictatorship and a key economics adviser to Michael Dukakis—the Commission is being touted as the most promising vehicle for forcing through "hard choices" and "economic sacrifice."

Both Rohatyn and Moynihan have been named to the NEC, which is chaired by Republican Drew Lewis and Democrat Robert Strauss. Drawn predominantly from the private sector, members of the 12-person group include AFL-CIO President Lane Kirkland, Chrysler's Lee Iacocca, former Defense Secretary Caspar Weinberger, and House Budget Committee chairman Rep. Bill Gray (D-PA.).

Enthusiasm for the NEC runs high, especially among the more rabid pro-austerity types. Dr. Robert Holland, head of Wall Street's Committee for Economic Development, calls the Commission, "the singlemost important development for getting the budget under control." Holland has "high expectations" that the group "will not only be able to produce a package of painful economic sacrifices, but will also be able to build a popular consensus that will enable these measures to be put into effect."

New York lawyer Richard Gardner, co-chairman of an Aspen Institute project which maintains that the United States should be subject to International Monetary Fund policing, sees the NEC as a golden opportunity for slashing consumption. He believes the Commission is particularly promising, because so few of its members are elected officials, and therefore, the group will not have to answer to constituents when Social Security and Medicare benefits get axed. "It's extremely difficult for any politician or elected official to tell voters that they're going to have to tighten their belts for



*The nation's elderly will be the first targets of the bipartisan consensus for budget-cutting.*

awhile. That's why the Commission idea is so necessary."

Other political observers say the NEC is the logical next step after Gramm-Rudman-Hollings, which began the process of separating economic decision-making from the political process, as recommended by Lloyd Cutler and Sorensen.

According to sources on Capitol Hill, the NEC will most likely recommend a package that will call for cutting Social Security benefits; increasing out-of-pocket payments for Medicare beneficiaries; slashing farm support; hiking interest rates and taxes; and dramatically cutting defense spending, by terminating entire programs, including the SDI, and sharply reducing the American military presence in Europe and elsewhere.

### **American Agenda**

Set up in May 1988, this bipartisan group says it will attempt to define a "considered agenda" of the five or six most serious issues which will confront President Reagan's successor. Funded by the Times-Mirror Co., the organization's purpose, according to a prospectus, is to "help create for the next President and for the nation a summary agenda of where we as a nation are, where we want to go, and what we must do to get there." The group makes no secret of the fact that it fully intends to tell the next President what to do.



Its prospectus observes that neither party's nominee "will have the time or opportunity or the responsibility" during the campaign to think about policy; thus, presumably, the need for a gang of unelected "experts" to script the next President's policy initiatives, personnel choices, etc.

Co-chaired by former Presidents Jimmy Carter and Gerald Ford, the group is jointly directed by Stuart Eizenstat, a former top Carter administration functionary, and James M. Cannon, who previously served as an adviser to Nelson Rockefeller, Gerald Ford, and Howard Baker.

Henry Kissinger, former National Security Adviser (and current George Bush adviser) Brent Scowcroft, Bob Strauss of the NEC, and American Express CEO James Robinson are just a few of the luminaries American Agenda has enlisted to its executive committee.

While American Agenda has not yet issued any public pronouncements, a broad hint of where it is heading came from directors Eizenstat and Cannon. Addressing a Washington forum June 8—just one day before the defeat of Claude Pepper's bill—the two men made it clear that the nation's elderly will be the first target of the "bipartisan" austerity onslaught.

They told the forum 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."

What that means in practice, is outright genocide against America's aging, along the lines already proposed by euthanasia advocates like Daniel Callahan, founder of the New York-based Hastings Center on Bioethics. In a book published last year on *Setting Limits: Medical Goals in an Aging Society*, Callahan insisted that dwindling resources made it necessary to deny all life-extending medical treatment to those in their seventies or older.

### **The Bipartisan Budget Appeal**

The oldest of the economic commissions is the Bipartisan Budget Appeal. Established in 1987 by former Commerce Secretary Peter Peterson, a Wall Street banker who currently acts as chairman of the board of the Council on Foreign Relations, this organization is made up of prominent bankers, CEOs, and former public officials. It has spent a bundle on newspaper advertisements calling for sharp cuts in entitlement programs, including Social Security, and defense spending to "solve" the budget deficit, and runs a well-oiled lobbying effort which helped defeat the Pepper bill, among other measures.

In a lengthy feature in the October 1987 issue of *The Atlantic Monthly*, entitled "The Morning After," Peterson castigated the "national preference for consumption over investment," which he called the "root malady" of America's

economic decline. He proposed a program that would lead to "a decline in real consumption," which would mean "a perceptible fall in real after-tax employee compensation, combined with a similar decline, in real government spending—both in benefit payments and in defense spending." This would be accomplished by such measures as reducing the cost-of-living adjustment for Social Security and other entitlement programs; cutting back on civil-service and military retirement programs; and acting "decisively to put a lid on America's excessive and wasteful consumption of health care," especially by the elderly—i.e., kill people more quickly.

### **The Cuomo Commission**

Established by National Economic Commission architect Mario Cuomo last year to advise him on domestic and international economics, the Cuomo Commission on Trade and Competitiveness included Roger Altman of Peter Peterson's investment organization, the Blackstone Group; Lewis Preston, chairman of the board of Morgan Guaranty Trust; Robert Rubin, general partner of the Wall Street investment house Goldman Sachs; no-growth economists Lester Thurow and Lawrence Klein; and several labor leaders, including Lynn Williams of the United Steelworkers.

The Commission's final recommendations, issued in late June 1988, urged the next President to "strive for a new balance built on controlling consumption while increasing output and the competitiveness of our products," i.e., a sharp cut in living standards combined with speed-up on the job. The report recommended a variety of standard corporatist methods, including "pain-sharing operations" and "worker participation" to try to make its prescriptions more politically palatable, but its real orientation comes through, especially in the preface Cuomo wrote praising Peter Peterson's budget-balancing proposals. In an interview with William Greider, Cuomo Commission member Roger Altman emphasized that there is little substantive difference between the Commission's agenda and that of his boss, Peterson. "Pete's done some brilliant research. . . . We do need to get investment up as a percentage of the gross national product, and that's hard to do without cutting consumption."

That same emphasis on slashing consumption was recently enunciated in a report commissioned by Kodak chairman Colby Chandler. "Bringing federal budget deficits under control should be the overriding priority of national economic policy. . . . This will require consideration of spending cuts in previously sacrosanct budget areas, including Social Security, as well as a significant increase in federal tax collections. . . . For the long run, serious consideration should be given to new national consumption taxes."

One of the three authors of the report was Lawrence Summers, a top adviser to Michael Dukakis, and a protégé of George Bush's economic adviser, former CEA head Martin Feldstein.

# A foreign policy of appeasement

by Kathleen Klenetsky

In the foreign policy arena, the Eastern Establishment's bipartisan consensus is premised on the unstated assumption that the United States not only can not, but should not, strive to recover its superpower status. Instead, it must acquiesce to Moscow's bid for global hegemony.

This capitulationist outlook is to be institutionalized via a "New Yalta" deal with the Soviet Union, which will redraw the world map to Moscow's overwhelming advantage. As first publicly outlined by the late Yuri Andropov in an interview with the German weekly *Der Spiegel* in 1983, this deal would involve allocating the Western Hemisphere to the United States' sphere of influence, while Moscow would get everything else, including Western Europe.

The delusion that it is possible to strike a "balance-of-power" agreement with Russia has such a strong hold on America's elite, that not even the heightened danger that the Soviets may go to war as a result of the internal tumult in the East bloc has shaken it.

In practical terms, this New Yalta scheme translates into deep defense cuts, the termination of America's commitment to defend Europe and other allies, and an end to the Strategic Defense Initiative, combined with an international economic strategy geared toward looting the Third World, even if this means destabilizing some of our potentially strongest allies, such as Panama and Mexico.

## Surrendering to Moscow

Americans and others have been inundated with propaganda about this nation's irrevocable decline for some time, but it has noticeably intensified in the past year with the widely touted publication of such Spenglerian tomes as Paul Kennedy's *The Rise and Fall of the Great Powers*, and the pressures of the United States' unchecked economic collapse.

This assumption has propelled the series of craven concessions which the United States has made to the Soviet Union over the past several years, from the love affair with Mikhail Gorbachov, in which nearly every color of the American political spectrum from "right-wing" Ronald Reagan to the usual liberal Democrats, have indulged; to the Senate's 95-5 vote in favor of ratifying the disastrous Intermediate-range Nuclear Forces Treaty, which signaled the beginning of the end of NATO.

The specific foreign and military policy recommenda-

tions which Vance and Kissinger put forth in their *Foreign Affairs* article (see page 30) have clearly been crafted to hasten this lemming-like rush into suicide.

The authors bluntly assert that they "anticipate" that the American role "in some areas of the world may become less conspicuous." That's not bad, they imply, because, "today, the emergence of a rejuvenated Soviet leadership has raised new hopes for Soviet-American relations. We have both met several times with General Secretary Mikhail Gorbachov," they report, "and have spent considerable time with some of his close advisers. We found Gorbachov highly intelligent and determined to remedy the failures of the Soviet economy with socialist solutions. He is eloquent in arguing that he prefers to live in peace with the West and that he wants to reduce Soviet defense spending so as to transfer resources into the civilian economy. . . . Our overall conclusion is that there is a strategic opportunity for a significant improvement in Soviet-American relations."

Contending that internal conditions in the United States and Soviet Union mean that "there will be an opportunity for an unprecedented kind of conversation between the next American President and the Soviet general secretary early next year," the authors urge the two leaders to promptly initiate "a wide-ranging discussion of where they want U.S.-Soviet relations to be at the beginning of the next century and how they propose to contribute to a climate of international restraint."

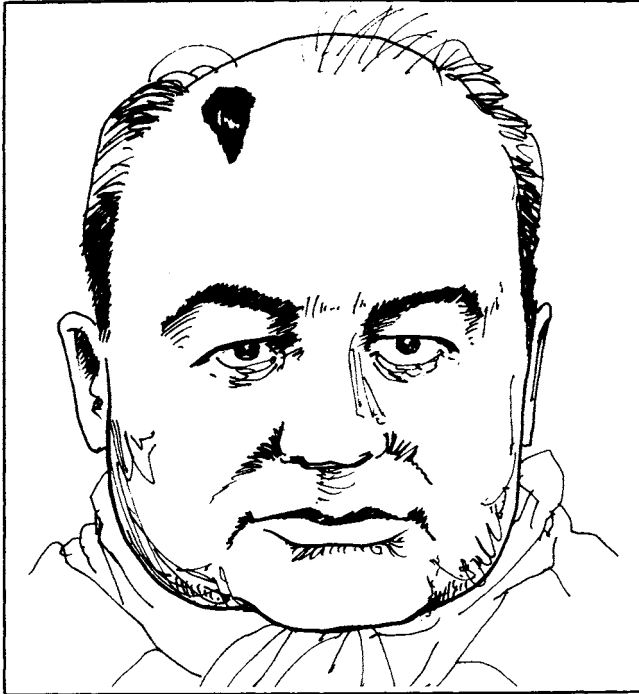
Vance and Kissinger do not hesitate to make their own recommendations, among them:

- Having NATO "redefine its goals and rededicate itself to new missions. . . . Immediately following the U.S. elections, the Atlantic partners should begin a broad reassessment of their mission and plans for the next decade. . . . A revised alliance structure and force posture should emerge from this review, as well as clear parameters for conducting the next round of arms control negotiations with the U.S.S.R." One conclusion of this review should be that "the relative role of the United States" in the defense of Western Europe "is likely to decline."

- Exploring the increased opportunities "for American commerce with the U.S.S.R. We are not worried," they add, "that expanded economic ties with the U.S.S.R. may aid in the creation of a serious economic threat."

- Focusing the "next phase" of arms control "on conventional forces and weapons in Europe," which will hasten the departure of the American military presence there.

- Avidly pursuing the "China card." "There is a strong bipartisan consensus in favor of developing the relationship further. . . . We are confident that the Chinese leaders, now and in the future, will have a keen appreciation for China's geopolitical interests, which we believe will continue to be consistent with our own." Vance and Kissinger contend that it is "short-sighted and unfair" to include the People's Republic of China "in less favorable categories for the purposes of technology transfer and financing, especially when we



encourage China to maintain adequate defenses because of the strong Soviet military presence nearby. Thus we favor the use of discretionary powers to encourage the transfer of technology to China.”

## Two reports

With the Reagan administration's total capitulation to Moscow's blandishments, the general policy outlook enunciated by Kissinger and Vance has already been largely incorporated into U.S. policy, as witnessed by two reports on strategic policy issued by the Reagan administration last January. The report of the Commission on Integrated Long-Term Strategy, and the President's annual report to Congress on "National Security Strategy of the U.S.," both confirmed that Washington was engaged in a calculated shift in the U.S. strategic position conforming to the New Yalta deal.

Known as the Iklé-Wohlstetter report, after its two key drafters, Deputy Defense Secretary Fred Iklé and Albert Wohlstetter, a "former" communist based for decades at the RAND Corporation, the report of the Commission on Integrated Long-Term Strategy called for removing the U.S. umbrella from Western Europe, and for recasting the SDI as a limited point-defense system.

Although accurately characterized by leading Western European analysts as "a recipe for decoupling the NATO alliance," the report received the enthusiastic backing not only of the Reagan administration, which created the Commission, but of spokesmen representing both sides of the aisle. The report was a truly "bipartisan effort." In addition to Iklé and Wohlstetter (the latter long associated with the Scoop Jackson wing of the Democratic Party), members of the Commission included prominent Democrats and Repub-

licans, including Anne Armstrong, Judge William Clark, Zbigniew Brzezinski, Henry Kissinger, and Samuel Huntington.

The same bipartisan appeasement consensus can be found in the treatment accorded the SDI. Strangled by budget cuts—imposed by Republicans and Democrats—the program has been gradually shifted from its original conception as a comprehensive, technologically advanced umbrella over the United States and its allies, toward a pathetic, point-defense system to be deployed, if at all, around one small area in the United States, most likely Washington, D.C. The Iklé-Wohlstetter report did its part in preparing the SDI's burial by embracing the point-defense approach.

The SDI received the final kiss of death shortly thereafter, when Sen. Sam Nunn (D-Ga.), a vociferous opponent of strategic defense, delivered a carefully crafted speech suggesting the SDI might serve some useful purpose—but only as a severely limited, technologically obsolescent system, geared only toward protecting against an accidental nuclear launch (the least likely eventuality). Nunn's ALPS proposal (for Accidental Launch Protection System), received favorable reviews from White House Science Adviser William Graham, and from President Reagan himself, and has subsequently garnered the support of numerous Republicans and Democrats.

## Other issues

While all foreign policy considerations of the Establishment are, at the moment, subordinated to the implementation of their New Yalta arrangement with the Russians, there are some areas in which policy has been clearly outlined.

The international economic policy favored by the Establishment is defined by its commitment to the prescriptions of the International Monetary Fund. This means that the new administration will seek ways to pressure the few healthy economies in the world, especially Japan, into pouring more money down the debt sinkhole. In their joint article, Kissinger and Vance are quite clear in their expectations that Japan will eventually be persuaded to bail out the major money center banks in the United States, by transferring large amounts of money to the developing sector. "Japanese capital, funneled through international institutions, could play a seminal role . . . as a means of alleviating the debt problem."

Legalizing drugs has also become a centerpiece of the Establishment's economic strategy. The Aspen Institute's Inter-American Dialogue, composed of prominent individuals from the United States and Ibero-America, and including advisers to both Michael Dukakis and George Bush, issued a report earlier this year calling for discussion to begin on legalizing illicit narcotics, on the grounds that Third World countries could tax the proceeds and use this revenue to pay off their debts. Other advocates of legalization, including Republican Milton Friedman and Democrat Kurt Schmoke, have argued that the United States could also use the tax money which dope could produce.

# Bluebloods behind Bush and Dukakis

by Joseph Brewda

That Vice President George Bush and Massachusetts Gov. Michael Dukakis represent the same policies is not surprising, given the fact that both are funded by the same group of Wall Street and Boston Brahmin interests. The same small, incestuous group which put together the National Economic Commission and the American Agenda, and which funds the New York Council on Foreign Relations, also funds Dukakis and Bush.

The Bush campaign's fundraising efforts are directed by Nicholas Brady, chairman of the powerful investment house of Dillon, Read. Brady had chaired the presidential commission that studied the October 1987 stock market collapse, which claimed that the economy was fundamentally sound. Other top campaign organizers for Bush include, Robert Mosbacher of Mosbacher Energy in Texas; John Hennessy, chairman of Crédit Suisse White Weld; John Massey, managing director of Salomon Brothers; Louis Eisenberg, partner of Goldman, Sachs; Seymour Knox, chairman of Kidder, Peabody; Morris Zuckerman, managing director of Morgan Stanley; R.I. Ireland, partner of Brown Brothers Harriman.

Clark Randt, Hong Kong representative of the Democratic National Committee's law firm of Gibson, Dunn, Crutcher, handles Bush's fundraising in Asia. The firm is directed by lifelong DNC figure, mob lawyer Paul Ziffren. Donald Kendall, the chief executive officer of Pepsico, and the leading advocate of expanding U.S. trade with the U.S.S.R., is also an official Bush organizer.

Bush's elite family is key to his backing and fundraising. Bush is a graduate of Yale, and member of the elite, secret Skull and Bones Society; his maternal grandfather founded Brown Brothers Harriman with the late Averell Harriman. Harriman's widow, Pamela Churchill Harriman, is the patron of former DNC chairman Robert Strauss. Both are controllers of the Dukakis campaign. Together with Lazard Frères' Eugene Meyer, Brown Brothers Harriman financed Bush's Texas oil career. Meyer is the father of the *Washington Post's* Katharine Meyer Graham, who is another primary controller of the Dukakis campaign.

Bush's brother-in-law Scott Pierce is the former chairman of E.F. Hutton, and currently directs the real estate division of Prudential Life Insurance Company.

Michael Dukakis's political and financial backing is centered at the powerful Harvard Law School, and the top Boston law firms of Hale and Dorr, Hill and Barlow, and Mintz,

Levin. All of Dukakis's key advisers are based at Harvard Law School or Harvard's Kennedy School of Government. While depicting himself as a frugal man of the people and an immigrant's son, Dukakis downplays the fact that he graduated from Swarthmore College, the elite Quaker school, and Harvard Law. He is a former partner in Hill and Barlow.

Paul P. Brontas, chairman of the Dukakis campaign and of every other campaign the governor ever ran in, graduated with Dukakis in the Harvard Law School class of 1960. He is now a senior partner at Hale and Dorr and director of its corporate division. Dukakis's chief economic adviser, Harvard Prof. Lawrence Summers, is a protégé of Bush economic adviser Martin Feldstein. Summer's wife works under Brontas at Hale and Dorr. Partner Thomas Herman left the law firm last January to work on the Dukakis campaign full time.

One of the most powerful law firms in Boston, Hale and Dorr clients include: Prudential Life Insurance, W.R. Grace and Co., both of which are associated with the Bush campaign; and other powerful interests such as John Hancock insurance, A.D. Little, and most of the high-technology firms of New England.

Senior partner James St. Clair has been the longtime attorney for the leftist radical Rev. William Sloane Coffin. Coffin was a member of Skull and Bones with Bush at Yale. Both were later active in the CIA.

Hill and Barlow senior partner and hiring director Daniel Taylor is the Dukakis campaign counsel. Dukakis was a partner in the firm between 1960-64 and 1971-73. Hill and Barlow is also one of the most powerful law firms in Boston. While at the firm, Dukakis supervised the work of William F. Weld, then fresh out of Harvard Law School. Weld, who was Assistant Attorney General until last spring, was at one time considered a likely choice for Attorney General in a Bush administration. While a U.S. Attorney in Boston, Weld allowed the powerful First National Bank of Boston to evade prosecution for laundering \$2.1 billion, by imposing a minor fine. Weld is now a partner at Hale and Dorr.

Mintz, Levin is another major Boston firm that heavily backs Dukakis, financially and politically. Senior partner Francis X. Meaney had been in the same Harvard Law class as Dukakis and Brontas. He has been Dukakis's top fundraiser for several campaigns.

Mintz, Levin clients handled by Meaney include Crédit Suisse White Weld, the family firm of William Weld that is financially linked to the Bush campaign, and the First National Bank of Boston, which Weld let off the hook. Brown Brothers Harriman; Goldman, Sachs; Kidder, Peabody; and Salomon Brothers are all Mintz, Levin clients. All are also financially linked to the Bush campaign. Meaney is also the bond counsel to the Commonwealth of Massachusetts, appointed by Dukakis.

Michael del Giudice, a former chief of staff to Gov. Mario Cuomo of New York and a partner in Lazard Frères, is also a top Dukakis fundraiser.

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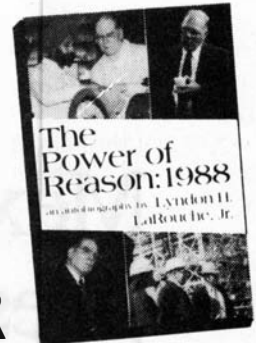
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(but read it first)



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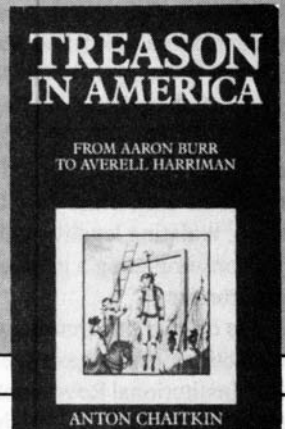
An Autobiography by Lyndon H. LaRouche, Jr.

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## Mexico's Cárdenas claims presidential victory

by Hugo López Ochoa

Presidential candidate Cuauhtémoc Cárdenas, speaking to about 400,000 sympathizers rallying in the Plaza of the Constitution (the Zócalo), in front of the presidential palace in Mexico City, July 16, blamed President Miguel de la Madrid for the massive vote fraud perpetrated during the July 6 elections not only against Cárdenas himself, but also against dozens of candidates running for congress on his National Democratic Front (FDN) ticket. "The government, the President of the Republic, had offered clean elections, respect for the popular will. Since July 6, they have been assaulting the people, violating legality and today they are in the final phases of consummating a great electoral fraud. . . . They broke their promise."

The official final returns were only released 10 days after the elections. They gave the victory to the candidate of the ruling Institutional Revolutionary Party (PRI), Carlos Salinas de Gortari, with 50.36% of the total vote. They gave Cárdenas 31.12% and Manuel J. Clouthier, the candidate of the monetarist National Action Party (PAN), 17.07%. But, according to the figures presented by Cárdenas, which were checked with sources inside the government, the real returns were on the order of 38.89% for Cárdenas, 32.69% for Salinas de Gortari and 25.19% for Clouthier.

In the July 16 Mexico City rally, Cárdenas outlined his presidential platform. It centers around taking "joint actions" with the rest of Ibero-America to impose just conditions on servicing the foreign debt and to "economically integrate" the continent. This program against the brutal looting of Mexico imposed by the International Monetary Fund during

the past six years was what won Cárdenas the population's confidence (see excerpts on page 43).

Cárdenas also made patent that Miguel de la Madrid himself would be responsible should violence erupt. "Only the government could generate it, if it transgresses the law with the express authorization of the President of the Republic," he declared. "Nobody else," he insisted, "could take responsibility for such a sensitive and grave decision."

The danger of a new civil war is latent. Hundreds of thousands of Cárdenas supporters have taken to the streets in dozens of cities and towns all over the country to protest the fraud. Some have gone so far as to block highways or seize public buildings, mostly the local offices of the Federal Elections Commission. Cárdenas is aware of the danger and has called on his partisans to hold themselves strictly within the framework of legal struggle. On July 20, he began a tour through 15 of Mexico's states in which the fraud was the most blatant, in order to assure an orderly battle for "legality."

"Emotions are running high, the blood is boiling in many cases. But we must not yield to temptation nor lead the people into flight forward with measures which could bring us a political failure," he warned 20,000 backers who came out to welcome him in Cuernavaca, the Morelos state capital, July 21. Earlier, in Acapulco, Guerrero, he announced to 25,000 supporters that he challenged the official vote totals for that state. His FDN claims to have won eight of ten federal deputy seats and two senate seats in that state. All were given to the PRI!

Two of Cárdenas's friends, Xavier Ovando and Román Gil, were assassinated four days before the elections. They were precisely the people in charge of Cárdenas's anti-fraud operation. In every city Cárdenas has visited, he asked a minute of silence to honor the fallen.

### **The third man in discord**

The one who is trying to provoke violence and ignite the country is Manuel J. Clouthier, the PAN candidate. He has not recognized Cárdenas's victory, but rather claims victory for himself, despite entire sections of the PAN having gone over to the ranks of "Cardenismo" after the elections. Clouthier began a campaign for what he calls "civil resistance." A manual written at Harvard circulating inside the PAN tries to provoke a bloodbath (see *EIR*, Vol. 15, No. 27, p. 53).

That is the way Clouthier's attempt to break through President Miguel de la Madrid's security guards is being interpreted. "Let him through; he's the man; we are here for you to kill us," screamed some hysterical women accompanying Clouthier, while he suicidally rushed the soldiers surrounding the President "like an American football player," as the press put it. He said he wanted to protest to the President's face against the fraud.

Top-level sources reveal Clouthier is working with a powerful faction of the PRI and the government so that, on the supposition Salinas de Gortari gets the presidency, the vote fraud will be focused against Cárdenas, and the PAN will be given the majority of opposition deputy seats in Congress. As of now, official figures give the PRI 249 seats, the PAN 31, and the FDN only 20. Four senate seats have been recognized for the FDN, the first time any opposition party has been allowed in the senate.

PRI president Jorge de la Vega Domínguez is held to be part of the PAN-PRI plot. Also involved are his political "godfather," Carlos Hank González, and Mexico state governor Mario Ramón Beteta, heir of ex-President Miguel Alemán's political mafia. But the brains are the old Mexican oligarchic families, now headed by ex-bankers Agustín Legorreta, president of the Business Coordinating Council, and Juan Sánchez Navarro, president of the Mexican Businessmen's Council.

This group controls Mexico's biggest stock brokerages. Just before the elections, it ran a huge capital flight, which sucked out \$3 billion, by government account, and \$6 billion, by their own. The capital flight was a mafia message that Cárdenas had to be stopped, or else. The PAN has proposed legalizing narcotics, following the directives of the Inter-American Dialogue, to which Legorreta belongs. He also represents the Mexican wing of Oliver North and the Eastern Establishment's Project Democracy. Legorreta has boasted his clique of 300 men was what imposed the Economic Solidarity Pact, the economic shock program which has thrust Mexico into a deep economic depression since last October's

New York market crash.

The PRI got wiped out at the polls because of this Economic Solidarity Pact, which consists of cutting budget deficits by auctioning off the majority of state companies, freezing wages at 50% of what they were six years ago, and freezing prices and peso exchange rates with the deliberate goal of provoking a deep economic depression . . . to end inflation!

Not only the elections, but the recent increases in international interest rates and falling oil prices have multiplied the voices inside the PRI itself calling for President de la Madrid to abandon the depressive strategy and resume economic growth. That is, adopt the program proposed by Cuauhtémoc Cárdenas. This is the only context of national sanity in which the opposition parties' electoral challenges could be handled honestly, in the Electoral College which will give its final decision in the last half of August.

But the oligarchy will not give in. "We are still far from achieving the goal of reducing inflation," said Legorreta July 19, "and this makes us think that the pact will certainly continue from here to the end of the year." "The *coming recession* should not surprise us, because it is part of the Pact," he assured. And, in a clear reference to the dangers hanging over the country, he said, "We, all sectors and the government, have concluded that the political, social, and economic price of an economic stabilization program is less than letting uncontrolled inflation continue."

This shows that the Mexican and Wall Street oligarchies have reached an agreement to use a heavy hand against Cárdenas and consummate what he calls "a coup d'état." Word swept through business circles July 19 that the Mexican Businessmen's Council had, in a private meeting, refused to support Manuel J. Clouthier in "Philippinizing" Mexico. "Calm down, Manuel; you achieved what you wanted; if you continue, you could ignite Mexico," boss Juan Sánchez Navarro told him.

### **Fanaticism and treason**

Fanaticism is on the loose. Market analyst Luis Enrique Mercado showed this in his July 21 column in the daily *El Universal*. "It would be extremely difficult for Carlos Salinas de Gortari to fully comply with his promise of 'no more sacrifices,'" he warned. The economic depression will have to continue "at least during all of 1989," he continued, threatening: "It is a process which is not as simple as political speeches seem to suggest, nor will the transformation take place without people being dead, wounded, and disappeared." Mercado is the dictation secretary of central bank head Miguel Mancera Aguayo. Mancera was fired from that post by ex-President José López Portillo when he nationalized the banking system in 1982. But Miguel de la Madrid put him back, as a guarantee to foreign creditors.

A traitor could have an ounce of intelligence and rethink



things before jumping off a cliff. But, what can be done with a fanatic?

### **Negotiation or revolution?**

The nationalist leaders who remained in the PRI after Salinas split the party last year have banged their heads against the wall in their attempts to use the Cárdenas victory to clean the traitors out of the PRI. The PRI is paralyzed because

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*Not only the elections, but the recent increases in international interest rates and falling oil prices have multiplied the voices inside the PRI itself calling for President de la Madrid to abandon the depressive strategy and resume economic growth. That is, adopt the program proposed by Cuauhtémoc Cárdenas.*

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Salinas and de la Madrid do not dare make reforms which could get out of control, to the point that the PRI ends up with Cárdenas's program.

This stalemate cannot endure, because the PRI members are demanding Cárdenas's program. On July 20, when Hugo Domenzáin, the leader of the government employees' union, tried to convince his rank and file at a union meeting that "we Mexican workers enjoy a decent life" and that the July 6 elections "have been proven legal and clean," the workers interrupted him. An impressive shout rocked the union hall: "Cut it out, you liar. Viva Cuauhtémoc Cárdenas!" On July 16, the PRI chief for Mexico City, Guillermo Jiménez Morales, abruptly suspended a meeting of local leaders which had been called to analyze "the causes" for the PRI officially losing the federal district to Cárdenas, when several began to say "the urban electorate chose the thesis nearest to the postulates of the Mexican Revolution," i.e., Cuauhtémoc Cárdenas. This pressure has already forced Fidel Velázquez, the political chief of the unions which belong to the PRI, to demand a 50% wage increase.

Obviously, that could not be done without breaking the entire Economic Solidarity Pact schema. The PRI is unable to mobilize its once-overwhelming membership, because its members demand it adopt Cárdenas's program. Many voices in the PRI are calling for the government to reach some sort of deal with Cárdenas. On July 17, Attorney General Sergio García Ramírez met Cárdenas's top campaign strategist Por-

firio Muñoz Ledo, former head of the PRI, and allowed news photographers to take pictures of them together. García Ramírez is seen as a bridge between the current administration and nationalist ex-Presidents Luis Echeverría (1970-76) and José López Portillo (1976-82). On July 18, Ramírez gave a speech, representing the President, on the anniversary of the death of Mexico's nation builder Benito Juárez. Quoting Juárez, García Ramírez pleaded for both sides to come to an agreement, in the higher interest of the nation. Talk began to spread of a possible "co-government" by the PRI and Cárdenas's FDN, which split from it last year.

That set off alarm bells among the oligarchy. On July 20, the president of the Employers' Confederation of the Mexican Republic, Jorge Oejo, attacked Cárdenas as part of the Echeverría-López Portillo faction. Those former Presidents are deeply hated by the oligarchy because they tried to industrially develop the country on the model of Cuauhtémoc Cárdenas's father, President Lázaro Cárdenas (1934-40). Lázaro Cárdenas nationalized Mexico's oil and turned feudal estates into peasant cooperatives.

Oejo was echoing accusations made July 12 by the Nazi José Angel Conchello, PAN's ideologue. Conchello then called Cuauhtémoc a malignant "Trojan Horse" of the PRI nationalists. The *Wall Street Journal* and *Baltimore Sun* are pressuring the same way against Cárdenas. A columnist in the daily *El Norte* in Monterrey, the Mexican oligarchy's stronghold, revealed July 21 that PRI candidate Salinas had been corralled in a private meeting by businessmen. They demanded he define himself on Cárdenas. Salinas responded, "Cuauhtémoc Cárdenas is my enemy. . . . It is a lie that he is an invention of 'the system'. . . . They [traditional Mexican nationalists] look to the past. We are looking toward the 21st century," that is, the post-industrial society.

For his part, Cárdenas underlined on July 19, "We are determined not to give in or retreat in our efforts; we are not going to trade victories for defeats." "We will not surrender to a plan which ignores and despises the people's great struggles and efforts; which has turned our country into the private business of a tiny group of 300 and hands it over to foreigners."

In Acapulco July 20, Cárdenas called on his backers to get out of the public buildings they had seized, not to block highways, and to fight within the law. He announced his FDN coalition would concentrate on legal defense of the vote and political mobilization, with simultaneous rallies all over the country on Aug. 15, the date on which the electoral college would meet. If necessary, he said, there would be a march Sept. 1 converging "from all possible points" in the country on Mexico City. That is the date when President Miguel de la Madrid gives his last state of the union message and opens the new Congress. The Congress has the last word on who wins federal elections. There, Cárdenas said, "the opposition legislators should defend as a bloc" the election victories.

# The July 16 speech by Cuauhtémoc Cárdenas

*Excerpts from the speech given by the presidential candidate of Mexico's National Democratic Front (FDN) Cuauhtémoc Cárdenas, given July 16 in the Zócalo (main plaza) of Mexico City, to more than 400,000 supporters:*

The pledge was violated. Once again they failed to keep their word. The government, the President of the Republic, had offered clean elections, respect for the popular will. As of July 6, the people have been abused, the law violated, and today we see consummated the final phases of a great electoral fraud.

An in-depth fight will take place on the legal front, but we have before us a problem which is essentially political. We are and will continue to trace the fraud and the effects of the irregularities. But our fight is not over statistics, with these we are not going to demonstrate fraud. . . . The people will not allow themselves to be fooled, and even less will they surrender. . . .

In the first two decades of this century, our people paid a bloody price to open up democratic pathways and to rescue the nation's sovereignty. They backed the anti-reelection fight as a means of bringing a long, despotic, subservient dictatorship to an end by peaceful and constitutional means, first by confronting the dictator with his own conscience. . . .

The country should be rebuilt in its political institutions, in the organization and orientation of its economy, in the forms toward which society is developing, in the political and economic relations with other nations, to thus be a nation with democracy . . . that takes advantage of the potential of its natural resources, of its productive plant that could be constantly expanding and modernizing, and of the inventiveness of its people, to encourage economic growth that necessarily translates into social well-being. . . .

In a special way our relations with the United States will have to be restated. We have had and still have close commercial political, cultural, and labor links that we will have to continue having, but under conditions such that that relationship be one of dignity and always yield mutual advantage.

What is true is that a heavy dependency has been imposed on us from there, which has only eased and become a relationship of greater equity when there have been governments with genuine popular support in Mexico. It is during those times that it has been possible to broaden the space for exercise of our sovereignty.

By its ideological definition, by the political determination of the government, we are experiencing today one of the greatest moments of subjugation and subordination in our history, of the most brazen surrender.

From the United States, we expect cooperation in technology, cultural and scientific contributions, investments that fully adapt to our laws and come to complement the national economy, in accordance with our interests and priorities.

The American people and government have had dealings with the Mexican Revolution and with vigorous social movements of Latin America. A good neighbor policy then developed which generated relations of respect and dignity. It was not, however, without tensions because of the various interests involved. We think that that good neighbor policy toward Latin America, updated, could return.

Mexico cannot be indifferent or lukewarm toward what is happening with its brother nations of Latin America. An authentic economic and political integration with them must be promoted, and the defense and joint promotion of common interests carried out. [We need] continental planning, a greater impulse to certain productive activities in accordance with relative advantages, greater closeness and tighter political, social, and cultural collaboration.

The conflicts are worsening today in Central America because of undue U.S. intervention. [We ask] that that intervention cease, that U.S. troops in Panama and Honduras leave, that the military and financial aid to the Nicaraguan and Salvadoran counterrevolution cease. Support should be provided the Central American agreements, and a very active support on our part, so that peace on the isthmus may be imposed and national efforts can center on democratization and development. . . .

A few months remain to the present government. I have called upon the President of the Republic, and I do so again today . . . to fulfill and guarantee the fulfillment of the Constitution and of the laws which emanate from it, to preserve the social peace, and not undertake any new action that raises the indebtedness of the country or complicates its handling, that affects the popular economy or violates the nation's sovereign decision-making, not to continue with the dismantling of the public enterprises. . . .

The Executive has the commitment to bring the electoral process to a good end. I repeat, the people with their vote decided by peaceful means to change the government. Violence can only be generated by the government if it transgresses the law by express authorization of the President of the Republic. No one else could order and take responsibility for such a difficult and serious decision.

# Armenia crackdown belies 'glasnost'

by Konstantin George

Only weeks after the All-Union Party Conference that Western media-watchers were told showed the Soviet Union embracing the "liberal" ideas of *glasnost*, on July 18, 1988, Soviet leader Mikhail Gorbachov proclaimed a ruthless suppression against Armenia, one of the Captive Nations inside the U.S.S.R. The Supreme Soviet convened to discuss the crisis in Armenia, where a general strike had been under way for two weeks, and the Armenian-inhabited region of Karabakh, located in the Republic of Azerbaijan, where a general strike has been in effect since May 23.

Gorbachov's speech, delivered in nervous tones, reflected Moscow's decision to prepare to use force to deal with the storm inside Armenia and Karabakh that the crackdown would cause. Resorting to Stalinist vocabulary, Gorbachov denounced the protesting Armenians as "extremists," and "provocateurs," engaged in a "dirty, backhanded maneuver": "Opponents of the *perestroika*, conservative and corrupt elements, are speculating with the problem of Karabakh." Gorbachov threatened that if the protests don't stop, "we'll have to resort to the use of force." The Communist Party boss stressed: "What we are presently passing through is a period filled with tests," such as the crisis in Armenia and Karabakh, which has created "enormous damage" to *perestroika*, the build-up of a war economy, designed by the Soviet military high command.

The Soviet leadership has decided to crush the revolt in Armenia and Karabakh, as an object lesson to other Captive Nations in the European part of the U.S.S.R. The Baltic republics have been in intense ferment for months, and, in June, mass protests (with 50,000 on one occasion) occurred in the Western Ukrainian city of Lvov.

The party heads of the non-Russian republics stressed this theme: Deal with Armenia, now, decisively, before other republics erupt. This was declared by Vladimir Shcherbitski, Politburo member and Ukrainian party boss, in his speech before the Supreme Soviet. Shcherbitski, an accomplished liar and thug, began by reporting, oh so modestly, that he has "accepted" the "criticism" of "the Ukrainian people," for not having spoken out before, and that the same "Ukrainian people" "demand" from the Politburo and other leading organs in Moscow: "Why have you not decisively acted to put an end to such unrest?" and "demand" that "where necessary that the use of force be employed."

Shcherbitski warned that "forces from abroad" are "using the events" in the Transcaucasus, and "trying to replicate" them in other Soviet regions.

## Conjuncture

In the Transcaucasus itself, the situation has reached a dangerous turning point. Previously, the Armenians had friendly feelings toward the Russians, who were seen, under the veil of intense anti-Turkish paranoia, as "protectors." Yet Moscow, faced with the choice of losing the Armenians' loyalty or risking explosions in Azerbaijan and other Turkic regions of the U.S.S.R., opted for the former. As a result, what had begun in February as a primarily anti-Azerbaijani (anti-Turk) mass movement in Armenia and Karabakh, has become a mass movement against "the Russians."

As we go to press, mass arrests have begun in Armenia. Radio Moscow, the afternoon of July 21, timed with the weekly Politburo meeting, denounced the "economic chaos" in Armenia and Karabakh, as "targeting economically vulnerable areas to create economic paralysis and economic sabotage." The Karabakh Strike Committee was also charged with "stockpiling arms and petrol bombs, engaging in insidious actions in factories . . . intimidating local officials, and conniving with local police officials to prevent arrests." The Radio Moscow broadcast named 12 members of the Karabakh Strike Committee as "responsible" for these crimes, and announced that so far, six have been arrested. According to sketchy reports seeping through from Armenia, many more have been arrested.

However, the resistance has not been broken. The general strike in both Armenia and Karabakh was relaunched under very dramatic circumstances. On the evening of July 20, one day after the crackdown resolution of the U.S.S.R. Supreme Soviet had been made public, a crowd of over 400,000 (not 200,000 as the Western press had falsely stated) gathered in Yerevan, Armenia's capital. They booed the Armenian party leadership, just returned from the Supreme Soviet session, whose appeals to end the strike fell on deaf ears. The crowd, raising clenched fists, rejected the Moscow decisions on Karabakh.

The showdown is now set. Moscow has 200,000 troops in Armenia alone (including army and "interior troops," but excluding all local Armenian security forces) and tens of thousands additionally in Azerbaijan and Karabakh, not to speak of the military forces stationed in nearby Georgia. Lt. General Rodionov, the commander of the Transcaucasus Military District, and former commander of Soviet forces in Afghanistan, has far more troops under his present command than he had in Afghanistan.

There is of course, a military-strategic dimension to this unprecedented military build-up in the Transcaucasus, under the cover of the unrest. It has given Moscow the objective capability to strike outward, or to intimidate NATO ally Turkey, or to meddle into post-Khomeini Iran.

# Captive Nations rip Reagan 'sellout'

by Oksana Polishchuk

The week beginning July 18 was proclaimed by U.S. President Reagan "Captive Nations Week." The President's alleged interest in the Captive Nations, like other Presidents before him, is only a show-piece ceremonial vote-winning gesture, aimed at placating the tens of millions of Americans of East European origin, who are concerned about the growing Soviet threat and the plight of their relatives living under captivity.

The sham nature of Reagan's concern was underlined in a letter addressed to the President by leading organizers representing a "Common Front" of six Captive Nations, now inside the U.S.S.R. Its authors express disappointment that the American leader did not raise the issue of national problems during his recent visit to the U.S.S.R. The U.S.S.R., they assert, "is anything but a union of equal peoples." It is still held together by force and its constituent "nations find themselves in a Soviet straitjacket." They pleaded that Reagan return to the United States tradition as the "Defender of National Freedom."

The "Letter to Reagan" was drafted on June 11-12, when national rights organizers of six non-Russian national movements—from the Ukraine, Lithuania, Estonia, Latvia, Georgia, and Armenia—met in the Western Ukrainian city of Lvov (Lviv) to found a "Coordinating Committee of Patriotic Movements of the Peoples of the U.S.S.R." Thus, the Committee which has made this appeal to President Reagan represents millions and millions of voices in captivity, whose hope has been placed in Western powers to support their struggle for national sovereignty and individual freedom.

According to documents issued by the participants, now available in the West, the founding of this Committee is the most ambitious attempt yet in the post-Stalin period by the non-Russian underground fighters to forge a common front against Moscow's rule and the intense Russian chauvinism now raging throughout the Soviet empire.

The Committee's founding documents (the "Letter to Reagan" included) have been available to the Western press for weeks. For reasons of appeasement politics, and not wishing to offend Gorbachov, no Western press has yet covered the event. In one of the founding documents, the members have proposed "minimal" measures to offset continuing Russification and the rise of Russian chauvinism (e.g., the "Pamyat" Society): introduction of constitutional provisions in all the non-Russian republics making the national language

of a republic a state-language; safeguarding cultural facilities for smaller nations without their own statehood, as well as for national minorities living within the borders of other republics; repeal of clauses in the laws on education having the effect of promoting Russification; etc. A pivotal element in the activities of the "Common Front" Committee is that the leaders categorically oppose any attempt by the KGB and other forces "to preserve the status quo and divide us, setting Azerbaijanis against Armenians, Russians, and Ukrainians against Crimean Tatars, Christians against Muslims, Orthodox against Catholics, and inciting everyone against the Jews."

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## Documentation

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### 'Letter to the President of the U.S.A.'

We the representatives of social organizations and national movements of the people of the U.S.S.R., have paid close attention to your actions in defense of our national rights, especially in the pre-election campaign. Your principled position [then] in respect to the Sonnenfeldt Doctrine demonstrated to us that you had deeply understood our situation and recognized the fact that by not solving the nationalities question in the U.S.S.R. there can be no democratic society, nor any hope for peace on earth. That's why your visit to the U.S.S.R. and desire to meet with us, we esteemed as yet another expression of your continued concern regarding the tense national problems, which have revealed themselves in the Baltic, Kazakhstan, Armenia, Georgia, and the Ukraine.

We hoped, Mr. President, that in your meeting with us, you would further accentuate your concern about these extremely sharp nationalities questions. We recall that the United States always came forth as a determined defender of the freedom of nations in the U.S.S.R. as [it has] with all countries of the Western World, and being true adherents of these traditions, we expected your visit to Moscow would bring a considerable change in the fate of our nations.

Unfortunately, this was not the case. In your speech the

question of freedom in the widest meaning of the word, the sovereignty of nations, and the individual was replaced by human rights in a generalized way. It was clear from your replies to correspondents that such a position did not materialize. It was clear to us that for you, the U.S.S.R. ceased being an "Empire of Evil" and the nationality problematic has become nonexistent and not even worth mentioning.

But we, Your Honored Mr. President, with all responsibility declare that there is no basis for such a reorientation. The fate of nations, inside the U.S.S.R., is foremost, and therefore the solution to these tense national problems is as well. The murder of nations [ethnocide], according to [Russia's] Imperial Design, is continuing. It expresses itself in the daily Russification, ridding national languages from governing bodies, sciences, education, culture, [in] forced migration, strengthening of economic centralization and in many other forms, worked out by imperialist deliberators for centuries. If, in the words of Lenin, the Russian Empire appeared as a "prison of nations," then such a term as the "Soviet people" today means the occupation of nations (i.e., Captive Nations) of the Soviet Union. The process of internal disintegration of national structures is continuing throughout as part of the [Soviet] social system's ways of promoting social antagonism and inter-class hatred.

The Soviet doctrine of inter-class hatred is based on anti-Christianity, rejecting the love for the neighbor, which Christianity preaches, and instead strives to create social conflicts. Now, as this philosophy of hate is suffering a full-fledged crisis, placing humanity on the brink of extinction, only Christian Agapē (Love) i.e., the essence of Christian belief, is the singular constructive force that can save the world. It protects nations from two extremities—futile (empty) Internationalism and National Chauvinism—which is the essence of Imperialism, unfolding the second under the mask of the first. This has been the characteristic practice by the Russian Empire for centuries.

Honorable Mr. President, it is difficult for us to present the fight for human rights without the fight for national sovereignty and freedom of the people. The history of mankind has taught us that only there, where there is defense of national freedom, can there be an accelerated tempo in the rights of the individual, and not the other way around.

Now, as always, the freedom of nations is one of the most important guarantees of the Rights of Man.

Honorable Mr. President, we would like to remind you that the U.S.A. should not watch with folded hands the fate of the nations which all are all found in a Soviet straitjacket. . . .

We wish you success and to successfully complete your presidency and leave behind the good name of the Defender of the Freedoms of *all* nations. June 12, 1988. (signed) Members of the Lviv Society, Representatives of the National Democratic Movement of Nations of the U.S.S.R. from Georgia, Latvia, Lithuania, Ukraine, Estonia, Armenia.

## Soviet policy journal denounces LaRouche

by Luba George

On the eve of the Democratic Party Convention, the Soviet foreign ministry English-language monthly *International Affairs* attacked U.S. Democratic presidential candidate Lyndon H. LaRouche for his intention to become President of the United States and, if not, to influence U.S. domestic and foreign policy in the next administration.

The June issue of *International Affairs* (No. 6, 1988) uses as a pretext for its latest attack, a pending decision by the Paris Supreme Court on whether to uphold a lower court's rejection of LaRouche's libel suit against Soviet publications. However, the "decision" by the Supreme Court, reported as fact by Moscow, actually will not be made until October! (This is but one of numerous inaccuracies and outright lies in the article.) Thus, Moscow's reason for coming out with a new libel against LaRouche just now, can only be understood as aimed at poisoning LaRouche's growing influence on the domestic and international scene, and a signal for LaRouche's enemies to escalate their attacks against him.

*International Affairs'* main concern, which emerges in the text of the attack, is LaRouche's effort to reverse the current disastrous Western appeasement of Gorbachov: "In one of the letters sent by him to *International Affairs* [which was published, with an introduction and reply by *International Affairs*, last October] he unabashedly expresses the hope that he will become U.S. President in 1989, and states that even if this does not come about, he will nonetheless exert a strong influence on the elaboration of U.S. domestic and foreign policy. He said that if this undertaking fails, Europe and the U.S.A. will perish together with him and will find themselves under Soviet rule."

The further reason for Soviet rage against LaRouche is that LaRouche has exposed those in the West who are working with Moscow to establish a global condominium, or "New Yalta," and the role of these political forces in persecuting him and his associates. This comes across explicitly in the text. LaRouche "went so far as to claim that the search allegedly conducted on his property in the U.S.A. was sanctioned, no more, no less, by the U.S. Department of Justice and . . . Moscow." The Soviets have never published such a formulation before.

### Co-author: Armand Hammer

Ironically, the composition of the same issue of *International Affairs* proves the very charges which LaRouche has

made, concerning those Western networks acting in concert with Moscow to silence him. *EIR* has identified billionaire Armand Hammer, a Soviet agent since the days of Lenin and one of the key personalities exercising enormous influence over the Reagan White House, as behind the attacks on LaRouche, and as the single most important “mediator” of Washington’s global sellout to the Soviets.

*International Affairs* contains two articles on Hammer: one by Hammer himself, the other on Hammer, by the new chief editor of *International Affairs*, Boris Pyadyshev, a spokesman for the Soviet foreign ministry.

Pyadyshev admits his close ties to Hammer, going back to the early 1980s: “No Western businessman has been associated with Soviet Russia for so long or so closely as he. No man living had contacts with Lenin such as Hammer did. No Western man devoted so much work to or shown so much enthusiasm for cooperation with the Soviet Union as he. . . . Last but not least, few of the moneyed are a match for Hammer. . . . The Washington summit produced fitting results. The two leaders signed the INF treaty and agreed in principle on an even bigger step in the near future—on a 50% reduction in strategic offensive weapons. Hammer was very active during the event, elated over the progress made by the leaders of the two powers. And he contributed noticeably to the favorable atmosphere of the summit. We gratefully pointed this out in talking to him. Armand Hammer’s name has gone down in the history of Soviet-American relations. Hammer is continuing his fruitful activity.”

In September 1987, *International Affairs* began describing itself as a journal of the U.S.S.R. foreign ministry, thus placing it under the control of First Deputy Foreign Minister Yuli Vorontsov. Vorontsov, a shrewd and skillful personality active in East-West foreign policy, has, according to sources, a direct line to Armand Hammer. Vorontsov is said to be the descendant of an “Okhrana” (czarist secret service) family, who, during the 19th century, were in the forefront of the Russian “Pan-Slavic” anti-Western campaign. It is he (and not Foreign Minister Eduard Shevardnadze), who is the actual head of the foreign ministry.

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## Documentation

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*Excerpts from “Paris Court, International Affairs, and Where It Comes From,” International Affairs, No. 6, 1988, by Lyubov Vidyasova.*

The Paris Supreme Court has concluded hearings on the suit filed against *International Affairs*, the All-Union Society Znaniye, the All-Union Association Mezhdunarodnaya Kni-

ga and the publishing house Messidor-Globe by U.S. citizen Lyndon LaRouche, who heads an international organization which calls itself the European Workers’ Party (EWP). The EWP is headquartered in the U.S.A., with branches in a number of West European countries, including France, the F.R.G., and Sweden.

The suit was based on a publication in the March 1987 issue of *International Affairs* of an article by Vladimir Pustogarov, a well-known Soviet lawyer, on the growing threat of neofascism and the involvement of the EWP and LaRouche himself in neofascist activities. In the suit submitted by LaRouche’s lawyers, *International Affairs* is accused of defaming the honor and reputation of the European Workers’ Party and Lyndon LaRouche, its founder. LaRouche was insulted by the description of the EWP as an “anti-democratic, anti-Semitic, racist, and anti-union” organization, a description which was taken, incidentally, from *Vorwärts*, a weekly of the Social Democratic Party of Germany. The publication emphasized—again with reference to Western assessments—the dangerous nature of the EWP activities, as also of other right-wing extremist organizations closely associated with neofascism. LaRouche demanded that each of the respondents pay 100,000 francs to him and the EWP. . . .

One may think that this is a clear-cut case of a person with, to put it mildly, phantasmagoric ideas. In one of the letters sent by him to *International Affairs*, he unabashedly expresses the hope that he will become U.S. President in 1989 and, states that even if this does not come about, he will nonetheless exert a strong influence on the elaboration of U.S. domestic and foreign policy. He said that if this undertaking fails, Europe and the U.S.A. will perish together with him and will find themselves under Soviet rule.

His concoctions are utter nonsense. For instance, during the examination of his case in the French court cited were his claims that the Queen of Great Britain was connected with the drug traffic (NBC News, March 4, 1984); that Emma Rothschild and Olof Palme were, or had been, KGB agents (organ of the EWP *New Solidarity*, April 21, 1987); that Henry Kissinger was a killer, whose behavior clearly indicated that he was an agent influenced by the Soviets (*Le Nouvel Observateur*, Feb. 6, 1987); and that the AIDS virus was hatched in a Soviet laboratory and cultivated to poison the Americans (*New Solidarity*, March 2, 1987). He went so far as to claim that the search allegedly conducted on his property in the U.S.A. was sanctioned, no more, no less, by the U.S. Department of Justice and . . . Moscow.

Consequently, LaRouche’s self-advertisement, including his running to courts, is not the harmless ventures of a cranky politician. The importunate EWP attacks on the Soviet press are obviously part and parcel of the entire gamut of anti-Soviet maneuvers undertaken by those quarters in the West which are still striving to obliterate in the international arena the emerging signs of sober-mindedness, reciprocal understanding in interstate relations, and new thinking.

# Italian parliament will debate bill to lower musical tuning

by Muriel Mirak

In September, when the Italian Parliament reconvenes after its summer recess, it will be called upon to pass legislation of a most unusual nature. Not new tax increases, nor environmentalist measures, will be the order of the day, but the correct tuning for musical performances. As the Milan daily *La Stampa* editorialized on July 10, one would assume most people's first reaction to be cynical: "With all the problems, crises, nuisances, and catastrophes raining down on us, look at what our parliamentarians are concerned with!" Yet, exactly the opposite is the case. The greatest names in the music world, cheered on by music-lovers throughout the media and population at large, are rallying to the call for lower tuning, with an enthusiasm not seen in decades.

And it is this sense of uniting around a national mission of historical dimensions, which, in the last analysis, will open the way for solutions to the grave problems weighing on Italy.

## 'War of the tuning forks'

The issue, which has been dubbed the "war of the tuning forks," revolves around the pitch assigned to A, the note used by orchestras to tune their instruments. Giuseppe Verdi, the father of Italian opera and symbol of the country's national unity, established the standard pitch in 1884, when, after lengthy consultations with scientific experts, he ascertained that A equal to 432 vibrations per second (Hertz) corresponded to the "natural" human voice. The scientific grounds for this tuning have been more finely worked out by Lyndon LaRouche and collaborators, who have shown that this "natural" tuning of A-432, corresponding to C-256, agrees with the very organization of our planetary system.

Verdi's tuning, which became the official standard through a decree issued by the War Ministry in 1884, was soon thereafter abandoned by a conference in Vienna the following year. From that time on, orchestra conductors have felt free to exploit the misconstrued notion of "artistic freedom" to raise tuning as they saw fit. The rush toward higher tuning was facilitated in part by technological changes in wind instruments, and in part by the concern, felt by orchestra directors, that larger concert halls required a more "brilliant" sound,

which could only be attained by raising the pitch. The result has been that many orchestras, for example, in Florence, Vienna, and Herbert von Karajan's Philharmonic in Berlin, have blithely raced past the allegedly "conventional" A-440, to reach 445, 450, and beyond, wreaking havoc on instruments and voices alike.

The effects of higher tuning are deleterious, both for the instruments thus tuned and the human voices striving to keep up with them. For Stradivarius violins, for example, acknowledged as the most perfectly constructed string instruments, Dr. Sergio Renzi of the International Lute Builders Institute in Cremona, has demonstrated that raised pitch creates a strain equivalent to about 14 kilograms on the instrument, leading, sooner or later, to its utter destruction.

For the human voice, the damage is more dramatic. Higher tuning places undue strain on vocal chords, leading to actual physical damage. Furthermore, as opera soprano Renata Tebaldi has explained, elevated tuning places the lyrical repertoire out of the reach of many competent, well-schooled sopranos or tenors, for example, who, to adjust to the cranked-up scores, often decide to sing the repertoire for a lower voice, say mezzosoprano or baritone. The result is that the specific "color" and "timbre" which actually characterizes the kind of singing voice, more than range or extension per se, is lost. Thus, one laments the fact that "we no longer have great voices as we did in the past." The reason, however, is not that such great voices may be exceptional occurrences once in a century, but rather that high tuning has displaced the identification of types of voices. Under the reign of elevated tuning, singers are taught incorrectly, develop their voices incorrectly, sing the wrong repertoires, and end up not developing the full potentialities of their natural instruments.

More fundamentally, by shifting tuning upward, conductors are literally altering the musical score; those notes at which the composer intended the human voice to shift from one register to the next, signaling a conceptual moment in the development of the musical idea, are simply displaced, thus changing the meaning of the idea itself. If a conscientious singer tries to effect the register shift where the com-



poser intended it, say, on the F-sharp in the score, then, with a higher tuning, the singer risks straining the voice and incurring irreparable damage.

The obvious solution to this complex of problems is to lower tuning, taking it back down to where Verdi—and Mozart, Bach, and Beethoven before him—meant it to be.

Which is what the Italian Parliament is about to do.

The bill, presented by Christian Democratic Senators Carlo Boggio and Giuseppe Mezzapesa, grew out of a proposal launched by Lyndon LaRouche and elaborated by the Schiller Institute, which convened a conference in Milan last April on the issue. It calls for opera houses and conservatories to adopt A-432 as standard pitch for performance. It enjoys the support of several hundred renowned performers, among them, Renata Tebaldi, Piero Cappuccilli, Mirella Freni, Birgit Nilsson, Ruggiero Raimondi, Carlo Bergonzi, Luciano Pavarotti, Placido Domingo, Monserrat Caballé, Edda Moser, Alfredo Kraus, Kurt Moll, and Fedora Barbieri, to name just a few.

On July 13 and 14, when the Schiller Institute held press conferences to announce the legislative initiative in Rome and Milan together with the Christian Democratic sponsors, singer Piero Cappuccilli, Professors Renzi and Barosi of the Cremona International Lute Builders Institute, and Arturo Sacchetti of Vatican Radio, the press arrived en masse. Lead items reporting of the “war of the tuning forks,” appeared in Italy’s *Corriere della Sera*, *La Stampa*, and *Il Giorno*; Spain’s *El País*; France’s *Le Quotidien de Paris*; and Denmark’s *Jyllands Posten* and *Aktuellt*.

In Italy, the tuning issue has taken on the quality of a mass-supported campaign to defend the national culture. Two Sundays in a row, the popular national radio program, “The Music Hour,” featured 90-minute discussions with leading music experts on tuning. Commentator Padellaro led off her second transmission by calling on Lyndon LaRouche, for his comments. Although LaRouche could not be present in the studio, listeners heard remarks he had made in an interview with Liliana Celani, an Italian Schiller Institute member, who had conducted the decisive historical research into Verdi’s work on tuning. In answer to a question regarding his view of the present situation in Italy, Celani quoted LaRouche saying, “I weep for Italy, as I weep for many other nations.” Yet, he identified two rays of hope for the country. “One is the beginning of a musical renaissance, the other is the precious, fundamental scientific activity in the tradition of Leonardo da Vinci and the circle of scientists around Betti and Beltrami.” LaRouche continued that through “what we call the *bel canto* school and the heritage of Leonardo, Italy can be reawakened and encouraged to rebuild itself.”

By restoring classical tuning, the great musical culture of Verdi can be revived, and with it, the same kind of optimistic outlook which informed the struggle for national unification in Verdi’s lifetime, a national effort for which Verdi was, in

fact, the symbol. Thus it was no surprise that, in closing her program with a call to support the Schiller Institute’s initiative, Mrs. Padellaro gave voice to the sentiment of all music-lovers in Italy and abroad, who have already joined the campaign, by exclaiming: “Viva Verdi!”

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## Documentation

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### Placido Domingo’s view

*We excerpt from an interview opera tenor Placido Domingo gave July 12 to the Danish daily Jyllands Posten.*

Placido Domingo is often there when it comes to supporting his colleagues or new singers. That is at least his reputation.

When the Schiller Society [sic] had a conference in Milan, April 9, on the subject of the high pitch at which singers are forced to sing, he sent a telegram of support. Why is that?

“Many of my colleagues from the great opera scenes in the world participated at the conference, but unfortunately, I could not come.

“It is very important that we singers start doing something, because the conductors are tuning the orchestras way too high today . . . and that means that a singer does not last long.

“So far, we have been obedient and sung without complaints, but throughout my career, the pitch has just gone up and up.

“Even the 440 cycles [for A], which is the standard today, is much higher than, for instance, at the time of Verdi. And now there are even some conductors that tune at 445-446, because they believe that this gives a specially beautiful sound and brilliance. . . . This is simply outrageous.

“I remember one time, when we had to sing ‘La Bohème’ with the Boston Symphony, Renata Tebaldi arrived before the performance and gave the oboist an A . . . boing. He got very offended and said: ‘Madame Tebaldi, what is this supposed to mean?’ ‘That you are too high,’ she answered. ‘That you don’t have to tell me, I know my work,’ he said, and then a lot of trouble and confusion arose.

“But the end of it was, that the orchestra was tuned in the original way and this was actually a very good experience . . . that is just fair. What? . . . A strike? . . . Yes, maybe that is a very good idea; it could be exciting, if all the singers, for a trial period, at least, said ‘As the composer wrote it, or no singing.’ ”

# Vietnam looks for maneuvering room

by Linda de Hoyos

Nguyen Van Linh, general secretary of the Vietnam Communist Party, departed Ho Chi Minh City July 15 for Moscow, at the invitation of Soviet General Secretary Mikhail Gorbachov. The Vietnamese send-off, featuring new Prime Minister Do Muoi and other senior Politburo members, leaves no doubt that, although Hanoi called the visit a "vacation," Linh was embarked on a state visit carrying messages backed by the full consensus of the Vietnamese leadership.

Discussion will undoubtedly focus on the steps being taken to bring a settlement to the nine-year Kampuchean conflict. The trip takes place only 10 days before Vietnam, along with Laos and the Phnom Penh government in Kampuchea, will attend a "cocktail party" in Jakarta, Indonesia, with the leadership of the tripartite Khmer resistance coalition and representatives of the non-communist Southeast Asian countries. The party is designed to be the first step toward an international conference—bringing in Washington, Moscow, and Beijing—to resolve the fate of Kampuchea.

However, the visit also comes amid rumors of tensions between Hanoi and Moscow which the Kampuchean developments may be bringing to the fore. First, is Vietnam's fear that the Soviet Union might be opting for a coalition government in Phnom Penh between the current government of Heng Samrin, backed by the Vietnamese, and the Khmer Rouge, backed by China. Reports to this effect began circulating in early June, when Hanoi announced that it would carry out a unilateral withdrawal of 50,000 of its troops from Kampuchea. Such a coalition government could represent a security threat to Vietnam, given that 1) the Khmer Rouge had waged war against Vietnam from Phnom Penh from 1977 until the Vietnam *blitzkrieg* in 1979; and 2) the Khmer Rouge forces are believed to be well-equipped by China and preparing to wrest full control of Kampuchea once Vietnam fully withdraws.

A second point of tension is Moscow's demand over the last year to fully control the flow and allocation of \$2 billion in Soviet aid per year to Vietnam. It is this money—not Vietnamese funds—that has largely paid for the Vietnamese side of the war in Kampuchea. The Soviets were reportedly concerned that aid was being channeled into economic projects, rather than into Moscow's own military concerns.

Soviet aid has not accomplished much since 1975 to rebuild the nation of Vietnam. For instance, Vietnamese leaders are reportedly piqued that the newly completed Tri

An Dam north of Ho Chi Minh City, designed by Soviet engineers, will never go into operation because of structural deficiencies. Vietnam is now believed to be seeking to end its oil dependency on the Soviet Union. In mid-June, Vietnam completed an agreement with the India-owned Hydrocarbons India, Ltd. for oil exploration in the Nambo Sea Shelf on Vietnam's southern coast.

## Famine conditions

Today, 13 years after the Vietnam War, the Vietnamese economy is in a shambles. Despite its rich paddy land, Vietnam is currently unable to feed itself, due to lack of agricultural inputs, and drought. Western press sources now speak of Vietnam as the "Ethiopia of Asia," as relief agencies confirm famine conditions in the north.

Inflation in the country has run amok, as the bankrupt state-controlled economy is overpowered by the black market. Before Vietnam's National Assembly on June 29, Phan Van Tiem, head of the State Price Commission, reported that in some parts of Vietnam, food prices had increased 535% in the first half of 1988. "In Hanoi, the price of pork increased from 900 dong per kilogram in January 1988 to 4,000 dong at present," Tiem said, according to reports in the *Bangkok Post*. "The price of rice has increased from 150 dong per kilogram to 500-700."

It is the economic crisis that is propelling Vietnam to take initiatives to resolve the Kampuchean conflict. This is not because the deployment of Vietnamese troops to Kampuchea is such a drain on the economy—it is believed that Moscow pays for this expenditure. Having reaped no benefits in its role as a Soviet military ally, Vietnam is desperately seeking economic input from the West, to which the Kampuchean conflict is the chief diplomatic obstacle.

Particularly, Vietnam is seeking to mend its fences with the United States. Aside from the surprise withdrawal of 50,000 troops from Kampuchea, Vietnam has made several concessions to the United States in the last month. First, the Vietnamese announced that they had found the remains of 25 more MIAs which they would send back to the United States. This has been the key official stumbling block to the resumption of diplomatic relations between the two countries. Then, Hanoi reported that it would release up to 50,000 political prisoners and permit them to leave Vietnam, with the condition that they not engage in political conspiracies against the Vietnamese government. Thirdly, Vietnam reported that it had rescued three U.S. airmen, whose plane had gone down in the South China Sea near the Spratly Islands, and would soon release them to the United States.

However, there are no signs of American reciprocity. The State Department's first concern has been to achieve a Kampuchean settlement, in the interests of its global deal with Moscow, without disrupting relations with China. Beijing, in its turn, has shown no serious signs of slackening its 100% support for the Khmer Rouge.

# China moves to quell resistance in Tibet

by Mary McCourt Burdman

The Chinese government appointed the military commander of Tibet as its top political officer to militarize the area, when senior Politburo member Qiao Shi, secretary of the Chinese Communist Party's discipline inspection committee, visited Tibet earlier in July. Beijing has approved the appointment of Jiang Hongquan, commander of the Tibet Military Area and a member of the Communist Party Central Committee, as the next party secretary of the region, according to a source quoted by Bangkok's *Nation* July 20.

According to a Chinese official in Beijing, Qiao Shi told officials in Lhasa that China has called for "a policy of merciless repression toward all rebels" and anti-Chinese protests in Tibet. Qiao said Beijing had decided to change its policy from "lenient" to "severe."

*Financial Times* reporter Robert Thomson visited Tibet the week of July 18 with Australian Prime Minister Bill Hayden, the first senior Western official allowed to enter since March, says that Qiao approved the replacement of Tibetan Party Secretary Wu Jinghua with Jiang and praised the People's Liberation Army (PLA) for its past success in maintaining "stability" in Tibet since protests against Chinese rule began last September.

Tibetan government chairman Doje Cering told Prime Minister Hayden, who was on a "human rights" tour, that Qiao said to regional party officials, "Tibet can never be separated from the leadership of the Communist Party or from the People's Liberation Army. Tibet can only prosper, develop, and enjoy great prospects in the great family of the People's Republic." Qiao toured Buddhist monasteries in and around Lhasa, paying close attention to the role of the PLA. Senior PLA officials in Beijing, Thomson wrote, "are known to have been angered" by the leniency shown during protests, by the People's Armed Militia, which, instead of the PLA, was used to suppress protests over the recent months. A new anti-protest squad has been formed to handle future unrest, Thomson reported.

China is using the Tibetan resistance as an opportunity to build up its military forces against India. In November 1987, the Chinese launched a large-scale airlift of troops into Tibet; in December, they deployed a squadron of J-7 fighter-aircraft there. A conservative estimate of Chinese troop strength in

Tibet, according to British press accounts, is 300,000. The Chinese also have nuclear installations in Tibet.

The Chinese are doing their utmost to crack the resistance movement, using methods that go back to the Cultural Revolution within Tibet. One Tibetan recently released told the *Financial Times* that the monks were regularly tortured, and he was given "three sessions of intense political reeducation."

## The Dalai Lama's proposals

The Dalai Lama, the Buddhist spiritual leader and head of the Tibetan government-in-exile, proposed, in an unofficial speech to members of the European Parliament in Strasbourg, France, on June 15, that Tibet become a "self-governing political entity . . . in association with the People's Republic of China," with Beijing retaining control of both defense and foreign policy. He also offered to exclude himself from the Tibetan government.

But such hopes for Chinese *glasnost* are unrealistic, especially considering what the Dalai Lama actually called for in Strasbourg. He proposed to "transform Tibet into our planet's largest natural preserve," with strict measures passed to protect animals and plants. He also demanded an end to all nuclear testing and storing in Tibet. He called for a regional peace conference to oversee the demilitarization and neutralization of Tibet, adding, "Until such a peace conference can be convened and demilitarization and neutralization achieved, China could have the right to maintain a restricted number of military installations in Tibet. These must be solely for defense purposes."

But the Dalai Lama is also demanding that not only the present Tibetan Autonomous Region, but the entire ancient Kingdom of Tibet, become the "self-governing entity." Greater Tibet extends into the western Chinese provinces of Qinghai, Sichuan, and parts of Yunnan and Gansu, comprising over one-quarter of China's current territory.

The threats of the leader of the more radical wing of Tibetan resistance, Lhasang Tsering, president of the Tibetan Youth Congress, which claims 10,000 members internationally, may have encouraged the Chinese authorities to crack down. Tsering, who responded to the Dalai Lama's proposal by calling for resumption of armed struggle against China, said on July 7 that his followers in Tibet are not armed yet, but would accept weapons from any source, including the Soviet Union, the *Daily Telegraph* reported.

Tsering denounced the Strasbourg speech June 17, saying, "Time is on China's side. Beijing knows the Dalai Lama will not live forever. The Chinese have already waited 30 years. They can wait some more. Meanwhile, they are swamping us with massive immigration. We'll be totally overwhelmed soon. We must act now." Those—like former U.S. President Jimmy Carter—who say that China will never give up Tibet are wrong, Tsering said. "Violent resistance could make the Chinese withdraw."

# Military rejects capitulation to M-19

by Valerie Rush

The political class in Colombia is currently engaged in a “dialogue” extravaganza with the same narco-terrorists whose tactics of ambush, sabotage, kidnaping, and assassination have made that nation nearly ungovernable. While the population has watched in stunned silence, leading representatives of nearly every major business federation, trade union, political party, and even the Catholic Church in Colombia have traipsed off to Panama City, where the M-19 terrorists—the authors of the kidnaping of former Conservative Party presidential candidate Alvaro Gómez Hurtado—are holding court.

The M-19’s condition for Gómez’s release, a July 29 Church-sponsored “peace summit” of all representative sectors in Colombia, was the subject of the July 14 Panama negotiations, and fully agreed to by all participants. Gómez was released to his family the night of July 20, and the government is now being urged to guarantee the security of his kidnapers at the July 29 summit—at which the M-19’s chieftains would personally dictate the terms of Colombia’s new political and social “reforms.”

Just one day before the Panama charade, Colombian Defense Minister Gen. Rafael Samudio Molina declared that as long as the environment of war in his country continued, “there can be no dialogue” with the narco-terrorist guerrillas. He was speaking during a tour of military facilities in Medellín, headquarters of the counterinsurgent IV Army Brigade which had suffered a loss of 15 soldiers in a guerrilla ambush just days earlier.

Despite its initial readiness to join the M-19’s orchestrated negotiations in Panama City, the government of President Virgilio Barco got the military’s message and backed off, refusing to send a representative. The terrorists immediately gave a press conference denouncing the government’s refusal to “dialogue” as an act of “illegitimacy” and insisting that the *real* government consisted of those gathered in Panama. A media poll of Colombian politicians accusing the defense minister of endangering the life of the kidnap victim was published. Then, the Panama “dialogue” participants issued a communiqué urging the government’s participation.

The Barco government issued its own communiqué on July 15 expressing “satisfaction” with the results of the Panama talks, and adding that its eventual participation in the “national salvation summit” would have as a prerequisite “a climate free of pressures.” In other words, that Gómez Hur-

tado be released before that date.

That same day, the military issued its second warning to the government, this time from Armed Forces Commander Gen. Jaime Manuel Guerrero Paz, who told reporters, “There can be no dialogue with blackmailers.” General Guerrero Paz rejected the July 29 summit concession, saying “My God! Asking favors from the M-19! We are going to ask them the favor of dialoguing with us in order to let Alvaro Gómez Hurtado go? From the moment they took Gómez hostage, dialogue was wrong.” He added that the last time the government had tried a truce and dialogue with subversion, the military had paid the price in lives lost to a refreshed and re-equipped guerrilla army.

General Guerrero also told journalists that if the M-19 leaders entered Colombian territory to participate in the summit, those with outstanding arrest warrants against them would be detained. “Against anyone for whom there is a conviction or arrest warrant, the laws, penal codes, and Constitution indicate the direction to follow.” The general pointedly remarked, “We [the armed forces] follow the dictates of the nation’s ruler, who has asserted that he will act within the confines of the Constitution.”

On July 18, the daily *El Tiempo* reported that a Bogotá judge had issued warrants for the arrest of the M-19’s three top leaders, using the appearance of their signatures on the document issued in Panama promising Alvaro Gómez’s release as *prima facie* evidence of their “intellectual authorship” of the kidnaping. The next day, both the judge and the Attorney General of Colombia issued denials that the arrest warrants existed.

## Former President speaks out

Thus far, the only resistance to this narco-terrorist takeover bid—apart from the military itself—has been expressed by former Colombian President and critic of the Barco government Carlos Lleras Restrepo. The octogenarian Lleras wrote an editorial for his weekly magazine *Nueva Frontera*, denouncing the “dialogue” with the kidnapers as “more like the haggling over ransom payment.” Lleras denounced those who met with the M-19 in Panama as a bunch of “clerics, guerrillas, resuscitated leftists, and a few rebel Conservatives,” along with a handful of “political prostitutes,” known as “lizards” in Colombia. He questioned how such an “arbitrarily constituted group” can purport to replace the government.

One such “lizard” is journalist Antonio Caballero, who was recalled from Spain by his M-19 friends to initiate the negotiation process over Gómez’s release. In an article in the Colombian weekly *Semana* appearing July 19, Caballero said that the M-19 was justified in its efforts “to achieve the peace through an act of war.” He added, “At issue is not Alvaro Gómez’s life, but his works. Gómez has . . . probably been the principal intellectual promoter of political violence.” In a later “clarification,” Caballero denied that he was an M-19 member.

### Coca-dollars bring chaos to Peru

*Now firmly back in control of the economy, the narco-mafia has set out to seize control of the streets as well.*

On June 29, the Peruvian government not only legalized "coca-dollars," but invited their laundering through the country's financial system. Supreme Decree No. 094-88-EF minces no words: From now until 1990, persons and companies that possess foreign currency abroad, in whatever form or category, can bring it back to Peru, "without specifying its origin, free of all tax obligations."

With this, the narco-mafias were officially granted control over the Peruvian economy—free of taxes or prosecution for the criminal activity from which their money comes!

The decree was the centerpiece of a total overhaul of economic strategy announced on June 28 by Prime Minister Armando Villanueva in his opening address to Congress. Villanueva's liberal economic policies finally buried the last remains of President Alan García's moral and industrial development strategy, which had come to be known as "the García model."

Villanueva announced that his government will: normalize relations with the "international financial bodies," promote short-term, high-profit securities to move speculation into the legal markets, establish free zones and tax havens along Peru's borders, and open the country to foreign capital.

Naturally, as the Socialist International's top man in Peru, Villanueva couldn't resist selling his package as just what the Soviet Union and China's "revolutionary" governments are doing these days.

The next step came on July 11, when the government decreed sharp price increases on food staples: 110% in the price of rice, 60% for eggs, 50% for chicken, 87% for evaporated milk,

70% for bread, 100% for noodles, 100% for sugar, and 171% for tripe (the poor man's meat).

It was the first time since 1985 that the government had opted to lay the cost of the economic crisis on the country's poorest.

The government's surrender on the economic front emboldened the narco-mafias' terrorists to go for control of the streets as well.

On July 11-12, a strike run by microbus owners threw Lima into chaos, shutting down its primary form of transport. This was directed by leaders of the Institute for Liberty and Democracy, who call their promotion of Lima's "informal" economy, "the Other Path."

While that strike was still in progress, the Communist Party's General Confederation of Peruvian Workers (CGTP) announced that they would call a 48-hour nationwide general strike for July 19-20.

It quickly became clear that the CGTP's general strike was no labor tactic, but a decision to organize a show of force in the capital by Peru's largest terrorist armies: the Tupac Amaru Revolutionary Movement (MRTA) and the Shining Path.

The so-called National Popular Assembly gave its support for the strike. The Assembly, joining various maoist terrorist grouplets, peasant organizations, and the Moscow-aligned Communist Party, was put together by the CP in 1987 as a step toward the formation of a unified National Liberation Front.

The Shining Path killers, too, jumped into the act, announcing in their legal daily *El Diario* that this strike should be an "Armed Strike

against APRA" (the ruling party). Gone were the usual attacks against Moscow's "revisionists"; Shining Path and the CP were coordinating this one together.

This strike's "principal characteristic will be that it is the first armed strike openly organized by Shining Path in the urban sector," the weekly *Si* warned. The terrorists seek a confrontation with the military, they added.

Indeed, the night before the strike, the MRTA exploded a car bomb in front of the headquarters of the Joint Chiefs of Staff.

The *New York Times'* Alan Riding puffed Shining Path's new power, telling his readers on July 17 that these guerrillas, "long dismissed as an isolated band of violent fanatics . . . are emerging as a growing urban political force."

A 12-hour rampage by Shining Path commandos preparatory to the strike demonstrates the nature of the "urban political force" now unleashed. A 30-man column attacked a small police station at dawn on July 15, in an area south of Lima. Here, they kidnaped eight policemen and seized weapons. (Five of those policemen are yet to be found.)

They moved on to the next town, where the terrorists called the population into the Plaza de Armas, held a "popular trial" of the mayor and two of his economic aides, and then murdered them.

The policemen in the next town refused to surrender, and drove them off. When the fight was finished, one captain had been gravely wounded. The column continued advancing, assaulting an explosives warehouse next and arming themselves with dynamite. By 7:30 that night, the column struck police stations and APRA party clubs in southern Lima.

## **The coming diplomatic breakthrough**

*The diplomatic crescendo between the two reflects the shifting strategic geometry in the Asia-Pacific region.*

**A** visit to Beijing by Prime Minister Rajiv Gandhi—the first for an Indian prime minister in 34 years—is anticipated later this year to mark a breakthrough in India-China relations that has been in preparation for more than a year. The interest of both India and China to transform bilateral relations, moribund since the Chinese invasion of India in 1962, is a dramatic measure of the changing strategic geometry of the region, where the Soviet-China and China-India equations will tend to fill much of the vacuum left by a retreating U.S. presence.

In the past several months, the process of upgrading relations has involved a veritable parade of political, business, and government delegations to Beijing. In the latest high-level political contacts, Indian Speaker of the Parliament Balram Jhakar and Secretary General of the Parliament Dr. Kashyap met with their counterparts July 6.

Chairman of China's National People's Assembly Wan Li reiterated the message given to all Indian guests: "China sincerely hopes to develop its good neighborly relations with India on the basis of the five principles of peaceful coexistence, which were formulated by the two of them"—a reference to the heady days of India-China friendship during the 1950s under the leadership of Jawaharlal Nehru and Chou Enlai. (It is worth recalling that at that time India and China cooperated to convene the Bandung conference of newly independent nations, the precursor of the Non-Aligned Movement, in the teeth of opposition from the Soviet Comintern apparatus and the John Foster Dulles State De-

partment alike.)

Wan Li also told the Indians that their boundary dispute—the chief stumbling block to improved relations, made all the more bitter and seemingly intractable by the war and Chinese occupation of large tracts of sensitive Indian territory—would not be difficult to resolve with patient negotiations in light of mutual understanding and accommodation. Indeed, Rajiv Gandhi signaled in a June 11 speech in Budapest that the logjam had been broken. Gandhi said India favored a settlement "which takes into account the national interests of both sides"—which contrasts with India's position, through eight rounds of "border talks," that a legitimate border already exists.

This followed brief visits to Beijing by Indian Defense Minister K.C. Pant and then-Finance Minister N.D. Tiwari, and the announcement thereafter that Gandhi had accepted the Chinese invitation.

Prior to the recent parliamentary tour, delegations from Congress (I) and from both the CPI and CPI-M communist parties—the latter led by West Bengal Chief Minister Jyoti Basu—made the pilgrimage to Beijing. While Basu conferred privately with Gandhi before and after his talks with the Chinese Communist leadership, CPI-M Politburo member Harkishan Singh Surjeet took to the bullhorn, announcing that reports of Chinese aid to anti-national movements in India's Northeast, and of Chinese arms sales to Iran, were "false."

Most of the Indian visitors to China have been struck by its economic endeavor, and impressed with the poten-

tial for cooperation and trade. In early June, Chinese Communist Party chief Zhao Ziyang expressed the hope that India and China would share their experiences in efforts to raise food production, create more jobs, and increase rural income. China aims at 500 million tons food production, 200 million more jobs, and per capita rural income of \$1,000 by the turn of the century, Zhao told an international seminar on "China and the World in the Nineties."

Among the 18 foreign participants in the Beijing seminar was the noted Indian agronomist, former head of the International Rice Research Institute in Manila, Dr. M.S. Swaminathan. India and China share some of the same problems, Zhao told Swaminathan, and praised India's progress in agriculture.

Later in June, an 18-member delegation of the Federation of Indian Chambers of Commerce and Industry was told by ministers and other Chinese officials that China was anxious to expand trade and establish joint ventures with India. A lengthy list of raw materials and basic industrial products was identified for export from India, and a slightly shorter list mostly of raw materials identified for import from China. There are rumors that India may be interested in shifting its purchases of high-grade coal to China since Australia can no longer meet requirements.

India has stated its interest in broadening relations in a number of areas, as a means to create an atmosphere for settling the knotty border issue and clinching a breakthrough in relations at the highest political level. On May 28 the first-ever bilateral cultural pact was signed, and a bilateral economic team met again in early June and concluded an agreement to resume border trade across Tibet.

## The Lefèbvre schism

*Part of a vaster pattern of attacks on the pontificate of John Paul II, which aim to stop the Church's political mission.*

**T**he schismatic action carried out by Msgr. Marcel Lefèbvre, who consecrated four bishops without the papal mandate, is part of a vaster scheme of attack on the Roman Catholic Church and the pontificate of John Paul II.

If there is any Pope who has tried to comprehend, with fatherly love and infinite patience, the problems provoked by the defiant and critical behavior of Monsignor Lefèbvre, it is John Paul II. The efforts carried out in that direction by Edouard Cardinal Gannon, named by the Pope as Apostolic Visitor to the Fraternity of St. Pius X founded by Lefèbvre, are well known. Joseph Cardinal Ratzinger, prefect of the Congregation for the Doctrine of the Faith, had drawn up a protocol of accord, signed by the rebel bishop on May 5, and by many other cardinals and bishops.

The abrupt shift by Monsignor Lefèbvre, who denounced the May 5 protocol and proceeded to ordain four bishops on June 30 in Ecône, without a "mandate," in an act which is automatically schismatic under Canon 751 of the Code of Canon Law, suggests that the elderly bishop was a pawn of the political motivations of the forces that steer him.

Lefèbvre wiped out with one stroke the openings of the Vatican, and launched into unparalleled charges against the Pope and the Church: "The chair of Peter is occupied by the Antichrist. Antichrists occupy the posts of responsibility in the Church of Rome."

What does Lefèbvre find at fault in the Church of Rome? That it aban-

doned Tradition; in particular, he rejects the post-Vatican II form of the mass, and calls for a return to the old mass with the Latin rite. He accuses the 1960s' Vatican II Council of having omitted the condemnation of communism. He rejects the conciliar document *Dignitatis Humanae* on the "freedom of religion." In short, his major criticisms are leveled against Vatican II.

Monsignor Lefèbvre ignores the fact that Vatican II was not the only Council of the Church, and that John Paul II called an extraordinary Synod in 1985 to clarify the teachings of Vatican II, and to put an end to the abuses and errors of interpretation which followed that Council. In substance, Lefèbvre's is a schism prompted by reasons which are not linked to dogma, but to discipline.

This peculiarity of the schism fuels hopes in the more conservative circles in the Vatican, that the rupture with the Church of Rome may eventually be stitched back together. Such a view was expressed by Silvio Cardinal Oddi, who, until a few months ago, was Prefect of the Congregation for the Clergy, and hence has been in touch with Lefèbvre for years. Cardinal Ratzinger himself, in reiterating the act of excommunication, had words of respect and concern toward the elderly bishop.

But the act of disobedience has not found any apologists. Cardinal Oddi, in an interview with the Italian daily *La Stampa*, attributed it to influences in Lefèbvre's entourage: "Golden bridges were built for him, he had obtained the essential, but he continued

to say no. He is not free, he is not completely free."

But who are the powerful political, financial, and even ecclesiastical circles which gave such bad advice to the rebel bishop, that he was pushed into a suicidal act which hurts even the Lefèbvrists, now doomed—unless reconciliation is brought about—to become a sect with a tinier and tinier following?

There is talk of right-wing groups, of old European oligarchs, and even of intelligence agents tied to U.S. Protestant high finance.

It is no surprise that such forces would want to inflict a painful blow to the Church and John Paul II's pontificate. He is considered a dangerous Pope because he does not fit any definition of the old political terminologies of *progressive* or *conservative*; he has vigorously relaunched the missionary spirit of the Church, and confronted the real problems of humanity with courage and realism. The Pope's social encyclicals, his defense of life, liberty, and truth, have given the shivers to both Western and Eastern oligarchists.

The story put out by the U.S. television network ABC, alleging that police discovered a plan to kill the Pope during his recent pastoral visit to Austria, is alarming. The plan called for sharpshooters to fire on John Paul II while he was in St. Stephen's Cathedral in Vienna. Austrian Interior Minister Karl Bleche denied the report, although he did confirm that two Turks were stopped by police.

We cannot say whether these reports refer to a real assassination plot or a fabrication, but even if the latter is the case, the news is troubling. Between schisms, plots, and terrorist attempts, one may very well wonder who is trying to put a stop to the Church's intervention into the world.



# International Intelligence

## **China rebuffs U.S. on missile sales**

Leaders of the People's Republic of China refused to make any commitment regarding the U.S. proposal that China curb its sales of missiles to Middle Eastern nations, Secretary of State George Shultz acknowledged at a news conference July 15.

Foreign Minister Qian on July 14 cited statistics on arms sales showing that China is neither the biggest nor the only supplier of ballistic missiles to the Middle East. Zhao Ziyang, the Communist Party leader, cited similar statistics. The Chinese response to the U.S. request was described as "testy."

At his news conference, Shultz would not comment directly on a *Los Angeles Times* report that China has already consummated a sale to Syria of M9 short-range ballistic missiles, except to quote Chinese leaders as saying flatly that they have made no ballistic missile sales except for a previously announced supply of intermediate-range missiles to Saudi Arabia.

Indicating that the United States has no intention of penalizing China over the missile sales, the United States went along with a decision by the 16-nation Coordinating Committee for Multilateral Export Control (CoCom), to further relax restrictions on high-technology exports to China.

## **Panama's President seeks changes in electoral code**

Panamanian President Manuel Solís Palma opened a national debate on changes in the electoral code, in a speech July 18 before the national legislature. He recommended that the code be changed so as to reflect the possibilities of continental integration, as well as the moral force of Pope John Paul II's latest encyclical, *Sollicitudo Rei Socialis*. The encyclical drew attention to the deteriorating economic situation in the developing countries, and condemned both socialist and "free market" capitalist models for failing to deal with the problem.

Panama is planning to reform its electoral law in August, leading into elections next spring.

President Solís stressed that the country should resolve its political differences through democratic deliberation, but warned opposition forces that a population which has been subjected to sudden penury will no longer be interested in empty slogans.

The "Battle of Panama," he said, is defined by the nation's refusal to be a U.S. colony. "Those who seek foreign masters will find wealth and well being for only a few and dependence on some foreigners who have already demonstrated no other loyalty than to their own greed."

After expressing gratitude to those Ibero-American countries which have given Panama economic aid, President Solís stressed the opportunities for continental integration. "Panama's bitter drink today," he said, "is serving as a detonator of old Latin American aspirations which have been discussed and contemplated without being given concrete and effective form. The integration of all Latin America in a joint endeavor of development and progress for all our peoples calls us to action with renewed urgency, given that we see the same weakness which we received as the fruit of economic dependence, be transformed into an arm of more acute and dangerous strategic domination."

## **New 'Nazi hunt' launched in Britain**

A new round of fraudulent "Nazi hunting" has erupted in Great Britain, using "evidence" provided by Soviet intelligence services.

The KGB has been successful in getting the government of the United States to deport naturalized citizens solely on the basis of Soviet-reported "evidence" that such people were Nazis. The same operation is now being replayed in Britain.

The British government announced that it has been presented with a list of 250 alleged "Nazi war criminals" living in Britain. Almost all of them are of Baltic and Ukrainian origin.

*The Independent* newspaper on July 15 reported that the Soviet Union "supplied many of the names on the list." The *Daily Mail* reported that 110 of the names were supplied by the Russians.

The latest round coincides with the quiet arrival in London July 15 of Edgar Bronfman, chairman of the World Jewish Congress. He has been engaged in extensive negotiations with the Russians over Soviet Jewish emigration to Israel. "Nazi hunts" against anti-Soviet emigrés are known to be a Kremlin *quid pro quo*.

Two British officials assigned by the government to investigate the "Nazi war crimes" question will travel next week to the Soviet Union, to gather "evidence."

The London *Guardian* reports that 60 individuals living in Britain, Israel, and the United States are now prepared to give evidence against "Nazi war criminals" living in the U.K. The British government was informed of this by Ephraim Zuroff, the top "Nazi-hunter" at the Simon Wiesenthal Center in California. According to Zuroff, this will add credibility to the cases, since at least some of the evidence against the "former Nazis" will allegedly not have been "Soviet-provided."

## **Catholic daily blasts Baltic 'nuclear-free zone'**

The July 16 *Avvenire*, Italy's leading Catholic daily published in Milan, has harshly attacked the decision by Norway, Sweden, and Finland to transform the Baltic Sea into a "nuclear-free zone" as proposed by the Soviet Union. The decision means that the Soviet Union will be the only nuclear power in the area, with vast "conventional" superiority there as well, it stated.

The article notes that 60% of Soviet nuclear submarines are located on the Kola Peninsula and that the Soviets are building the biggest aircraft carrier in the world there, at 70,000 tons.

In addition, the most efficient divisions of the Red Army are based there: the 45th and 54th Motorized Divisions, the 76th Air

## Briefly

Transport Division, and the 63rd Naval Brigade, all aimed at the only NATO country in the area: Norway.

"Nor is it true that under Gorbachov, the preparations of the U.S.S.R. for war have decreased: To the contrary, they have accelerated, aiming at new weapons, with high technological content: chemical and bacteriological weapons, radio frequency weapons, power lasers."

### Israel, PLO in secret negotiations

Israeli Prime Minister Yitzhak Shamir is being accused by his Labor Party opponents of holding secret negotiations over the Occupied Territories with the Palestine Liberation Organization, through Romania. Israeli Energy Minister Moshe Shahal is said to be the intermediary.

PLO spokesman Abu Sharif had earlier stated that the Likud party had held out to the PLO the possibility of administering parts of the West Bank and Gaza Strip. Shamir had denied that claim, but Israeli Council for Peace spokesman Moshe Amirav said that, before departing for a visit to Romania a month earlier, the premier had asked him for the transcripts of Amirav's meetings with PLO representatives, to know how far the PLO was ready to go in negotiations.

The Paris daily *Le Figaro* reported that the PLO, which fears that the unrest in the Occupied Territories "may be out of control," has been eager to negotiate with the Likud, since the PLO believes that "only a strong right-wing government can make peace."

However, Abu Sharif's statement has become electoral ammunition for the Israeli Labor Party, since it can now show that the Likud is *doing* what it denounces the Labor Party for merely *saying*.

Energy Minister Shahal has urged Shamir to make public the minutes of his meeting with Romanian leader Nicolai Ceausescu, and stated that Likud-PLO negotiations are still being held in Bucharest, Romania, by former Defense Minister Ariel Sharon.

In a July 12 interview with the *Jerusalem Post*, Shamir confirmed that the PLO had sent him a special message through Romania proposing direct negotiations. Shamir refused to say more on the proposal. He merely said that the PLO was trying to "exploit ideas they know we support" (i.e., direct negotiations). "However, the key issue is which framework." He added that it was very difficult to believe in any signals or memoranda "coming from such an organization."

The pressure within Israel for a negotiated settlement is growing by the day. Ezer Weizman, acting secretary general of the Labor Party, stressed on July 13 that Israel should be "ready to change its borders with Jordan."

### Soviets in overture toward Japan

Soviet General Secretary Mikhail Gorbachov appears to have begun a comprehensive review of Soviet policy toward Japan, according to Japanese officials in Moscow cited by the *International Herald Tribune* on July 18.

A strong faction in the Soviet military opposes any concessions to Japan, but the opposing faction appears to be gaining the upper hand, according to Prof. Hiroshi Kimura, a Soviet expert at Hokkaido University in Japan.

There are already conciliatory overtures being made. Officials of the Soviet National Committee for Asia-Pacific economic cooperation, part of the Soviet Academy of Sciences, said they would be willing to discuss the status of the Soviet-occupied Japanese Kurile Islands, during a previously scheduled symposium with Japanese researchers.

The issue of the islands, occupied by the Soviets at the end of World War II, will also be raised at meetings between Soviet Communist Party officials and representatives of the Japanese Socialist Party, Japanese political sources reported.

● **MIKHAIL GORBACHOV** was scheduled to meet former Japanese Prime Minister Yasuhiro Nakasone at the end of July. Nakasone went to Moscow in a private capacity, but accompanied by the Japanese foreign ministry's Soviet specialist. Japanese-Soviet diplomacy will include private talks between Foreign Ministers Eduard Shevardnadze and Souketo Uno at the United Nations in the fall, in preparation for a visit to Japan by Shevardnadze.

● **THE CLUB OF ROME** International met in Poland July 1-4, the first official meeting of the malthusian group in an East bloc country.

● **THE PHILIPPINES** is undergoing a constitutional crisis concerning an anti-nuclear weapons provision in the Constitution. But Justice Secretary Sedfrey Ordonez has ruled that President Corazon Aquino has the authority to allow U.S. bases to remain in the Philippines despite the anti-nuclear provisions.

● **OTTO VON HAPSBURG**, who renounced his status as heir to the throne of the Austro-Hungarian Empire, has visited Hungary. The last time a Hapsburg heir visited that country was over 70 years ago.

● **THE ROYAL INSTITUTE** of International Affairs in London is currently sponsoring key opposition figures from Malaysia and Singapore to speak.

● **TOP PERUVIAN** liberation theology theoretician Gustavo Gutiérrez addressed the Lambeth Conference of the Church of England July 20. Gutiérrez's ideas have provided part of the ideological underpinning for the legitimization of the drug-linked "informal economy" in Ibero-America.

## Police-state tactics rule Democratic convention

by Webster G. Tarpley

Democratic Presidential candidate Lyndon H. LaRouche, speaking at a press conference in Atlanta, Georgia on July 19, denounced a “pattern of gestapo tactics by Paul Kirk and the Democratic Party leadership” to prevent LaRouche’s name from being placed in nomination for the White House before the Democratic National Convention. LaRouche cited a “blatant pattern of goonery” to intimidate party delegates signing petitions circulated by the LaRouche campaign to permit the candidate to address the convention and the nation on prime-time television. LaRouche said that, in order to protect his supporters from police-state reprisals by Kirk and from “FBI sting operations,” he would not submit his signed petitions. “Unless and until Paul Kirk and/or some other credible party authorities repudiate these tactics and disallow these tactics, I shall not submit those names to the convention, because I will not subject these delegates to that type of police-state tactics,” LaRouche stated. In the event, only Dukakis and Jesse Jackson were nominated for the presidency.

LaRouche pointed out that Kirk did not believe that LaRouche might receive the Democratic nomination, but rather, feared that LaRouche’s appearance on the podium “will blow the lid off the convention” so that “it will no longer be a controlled convention.” Otherwise, he noted that the proceedings were a “meaningless sideshow,” “about as interesting as dishwater.” He described the Atlanta proceedings as a “George Bush dirty trick against the Democratic Party.”

LaRouche warned that the dragooning of the Atlanta convention foreshadows the character of a Dukakis administration. “If this convention produces a ticket tainted by a police-state philosophy, then that police-state philosophy will carry

over into the administration that might result,” LaRouche said. It would be a “government prone to dictatorship.”

The candidate characterized Republican presidential contender George Bush as “a zero” and Democratic nominee Dukakis as “a minus sign.” The two are a “couple of dunderheads who make Herbert Hoover look good.” With the major party tickets offering a “collection of nincompoops,” LaRouche noted that “we are headed into the worst crisis of the century,” a “situation worse than the 1930s, with the danger of world war not more than two years ahead.” “The next President will have to face this crisis. The American people have tolerated this double zero option, and therefore the American people will suffer acutely if either of these two zeros is placed into office. . . . They will deserve it, but I will try to save them from it,” LaRouche said.

LaRouche developed these themes in addresses to caucuses of the Maine and Kansas delegations. He told the Maine caucus that “after the hoopla, we are going to have to face the facts of the real crisis. We have a major economic crisis, a food crisis, a foreign policy crisis. We are going to have the second Great Depression.” He predicted that U.S. food deliveries to the U.S.S.R. will become a possible *casus belli* in the context of collapsing food production: “It may come down to them or us, in terms of who eats.” He called on the Maine Democrats to rebuild the party and “organize local club houses.” He told the Kansans, “We must eliminate the insane Reagan economic policies” and turn away from “20 years of mistakes” in which the Democratic Party has also shared. He stressed the need to “get the right people into Congress” in November, a job to which he pledged to devote

his energies over the coming months.

The struggle between hundreds of LaRouche supporters and the Kirk party leadership was completely blacked out in coverage of the convention by rigidly censored and controlled electronic and print media. These media offered instead the images of Jesse Jackson, the unworthy symbol of a widespread protest movement, playing out his inevitable parabola from bluff to capitulation and "unity" with Dukakis and Kirk. Instead of lentils or a mess of potage, Jackson was given a chartered plane, some seats on the Democratic National Committee, a liaison with the Dukakis camp, and an American Express Gold Credit Card with Dukakis picking up the tab.

The media focused on Jackson's demagogic convention speech, depicting his poor and humble origins at the same time that top Democratic officials are preparing to carry out the program of Felix Rohatyn of Lazard Frères for a "hundred days" of genocidal austerity to be inflicted on those whom Jackson sought to dupe. Jesse's metaphor was the crazy quilt; he was shown up as a leader of shreds and patches. Jesse got nothing: His platform planks on taxing the rich and no first use of nuclear weapons were voted down, and his call for a Palestinian homeland not even brought up for a vote. Even his speech was pushed late into the evening, out of the prime time he had demanded: It was a shutout.

The media proffered the lethal banality of the keynote address by Texas Treasurer Ann Richards, who slyly portrayed the Democrats as the party of leadership for sacrifice and offered nothing for the depression ravaging her state. Then there was a Grand Guignol of political monsters whom most Americans have been trying to repress: The "rehabilitated" Jimmy Carter was there, praising Gorbachov and calling for party unity. (Only Mondale remained in Siberia.) Chappaquiddick Ted Kennedy was there, with a litany of "Where was George?" Then there was the soporific nominating speech by Arkansas Gov. Bill Clinton, a panegyric to the biggest monster of them all, Governor Dukakis, who carried a roll-call majority to win the nomination, even though many of his delegates had been locked out of the hall by the fire marshal. The nomination of Dukakis was made unanimous by Willie Brown, speaker of the California Assembly, a supporter of drug legalization, while Speaker of the House Jim Wright looked on.

### **Gestapo methods**

The reality of totalitarian regimentation began at the Atlanta airport, where kapos loyal to Kirk acting as monitors and flank guards herded the delegates through the arrival lounges and baggage claim areas and instructed them to ignore LaRouche supporters circulating presidential nominating petitions.

Claude Jones, Democratic County chairman of Houston, Texas, and a LaRouche backer, was circulating petitions among members of the Texas delegation at the Atlanta Air-

port Marriott Hotel, when he was spotted by Larry Veselka, the man he ousted from the county chair in March. Jones was then accosted by a hotel official, who ordered him to leave the hotel. When Jones asserted his right as an elected party official to talk to delegates, he was surrounded by a seven-man goon squad of local police and hotel security men and forced to leave the premises.

When LaRouche campaign representatives approached the Illinois delegation to request that their candidate address the Illinois caucus, state party central committee member Skip Schwerdepfeger incited the manager of the delegation's hotel to call the police, to have the LaRouche supporters arrested. Two men and one woman were handcuffed and held in a squad car for half an hour before being released. LaRouche volunteers were also ousted from the hotel where the Michigan delegation was lodged.

On the final day of the convention, LaRouche organizer Judy Hodgkiss was harassed near the convention by a provocateur. When her husband Mike Hodgkiss came to her aid, he was arrested for assault by the Atlanta police. The provocateur, who was also jailed, turned out to be a certain Hipple, an official of the Democratic National Committee responsible for credentials questions. Gargantuan efforts were made by the Kirk forces to intimidate delegates wanting to nominate LaRouche. Violet Panozza of the DNC staff told the Indiana delegation that the LaRouche camp was gathering fraudulent signatures and misrepresenting itself as a part of the Democratic Party. She demanded that any delegate who had signed a LaRouche petition step forward. When none did, she continued to denounce LaRouche before a television camera crew.

The Presidential Hotline, a computer bulletin board functioning during the convention, carried an item quoting "a high-ranking Democratic source" asserting that signatures on the LaRouche petitions "were forged and/or people did not realize what they were signing." State parties have been explicitly warned they should be prepared to receive phone calls from their whips in case these signatures are invalid, the news item concluded. Several state delegations were given an escalated form of the same message, being told that all signatures on LaRouche petitions would be exhaustively checked. Then, the DNC went on, those signing for LaRouche would be obliged to sign an affidavit affirming one of the following three alternatives: The signers could say they had not signed, or that they had not realized they were signing for LaRouche, or, most ominously, that they had not realized the consequences of signing. Leaders of the Arizona delegation discussed requiring all delegates to provide a handwriting sample in advance to allow any signatures on LaRouche petitions to be checked.

In the Pennsylvania delegation, according to the *Philadelphia Inquirer*, it was Congressman Douglas Walgren who took the lead in denouncing LaRouche and warning the delegates not to sign. Other serious cases of harassment and

intimidation were recorded in the Minnesota, Wisconsin, California, New Jersey, Missouri, and Florida delegations. Some delegates were told that if LaRouche addressed the convention, Bush would win the November election. Others were simply told that they would be killed if they signed.

During the course of the convention, LaRouche supporters gave delegates copies of a presidential campaign platform written by their candidate, entitled "Mastering the Grave Crises of 1989-1992," as an alternative to the anodyne Ted Sorensen platform approved by the DNC. Delegates were also provided with copies of a leaflet issued by the National Democratic Policy Committee, discussing the implications of Dukakis's 1978 nervous breakdown for his qualifications for presidential office.

### Top-down control

Otherwise, the convention was an exercise in Potemkinism. Chairman Kirk had deliberately chosen to hold the convention in the Omni Center, a hall that is about half the size of the site of the party's 1984 meeting in San Francisco. As a result, it was physically impossible to accommodate all the delegates, to say nothing of the alternates, on the floor at the same time. On the first day of the convention, Kirk railroaded the credentials committee report and the rules through on a voice vote with only a tiny fraction of the delegates present. On the night that Dukakis was nominated, hundreds of delegates were locked out, among them keynoter Ann Richards, Carter crony and Jackson adviser Bert Lance, and Congressmen Peter Rodino and Les Aspin. The absence of so many delegates was simply disregarded when the vote was taken, pointedly underlining that the individual delegate vote was worth absolutely nothing in Kirk's totalitarian world.

Outside of the Omni Center was a "free speech area," a parking lot where fringe groups were allowed to make protest statements. The largest force here was several hundred members of the pro-terrorist and proto-terrorist New Alliance Party with its presidential candidate, Lenore Fulani, representing a regroupment of the countergangs of the last two decades.

Inside the convention there was total top-down control of the proceedings in a mindless media choreography. After Jackson was nominated by Machinists' Union boss William Winpisinger and seconded by state legislators Maxine Waters and Olga Mendez, there was a demonstration in the hall that lasted all of four minutes. In previous conventions, it might have lasted from a half hour to an hour, but now it was halted on signal. The Dukakis lockstep was handled by his floor manager Tad Devine, who manipulated the proceedings from a mobile communications trailer outside of the Omni, where more than 20 operatives worked a phone bank like Wall Street traders. "It's all a little bit like a play," remarked the Duke, as he viewed his own nomination on television.

Dukakis personally exhibited the frozen emotions suggested by his mental disorder. Appearing at a DNC tribute to

his wife Kitty, he remarked that he was sorry "to have to hit and run," a singularly infelicitous gaffe, given his brother's death as a result of a hit-and-run accident. He warned his aides not to refer to him as "Mr. President," lest they "put the evil eye on me," opening up a line of interesting speculation on what particular brand of satanism Dukakis may subscribe to. The wooden aspect of the man already referred to as the "Sominex candidate" is increased by his advisers, like campaign manager Susan Estrich, who, when she was working as issues director for Ted Kennedy's 1980 bid, earned herself the sobriquet of "the gas chamber."

Dukakis delivered his acceptance speech amid orchestrations by Hollywood producers that were frankly reminiscent of Dr. Goebbels. His cousin Olympia purveyed excruciating clichés, followed by a melodic prelude sung by Neil Diamond, a Las Vegas crooner. And there was Dukakis, pontificating that the election would be about competence, not ideology—after all, he had balanced 10 budgets in a row—and invoking the "spirit of John F. Kennedy and Lyndon B. Johnson," a pair of incompatible ghosts if there ever was one. The rest was simply a tedious catalogue of Republican failures that Dukakis affected to view with alarm, from drugs to the public debt, but never the shadow of a program, never a hint of what to do—that would be left to Rohatyn, once the suckers had bought the package sight unseen.

Previously, Sen. Lloyd Bentsen of Texas had been nominated for the vice presidency by acclamation, completing the shutout of the Jackson forces, who had talked of nominating Rosa Parks, a living symbol of the civil rights movement, in a sign of protest against the arrogance of the Dukakis camp. Bentsen delivered the obvious attack on the horrors of Reaganomics, with embroidery like the following: "America has passed through its ultimate epoch of illusion, an eight-year coma." Those over 40 were distracted by an uncanny similarity between Bentsen's speaking voice and that of Gabby Hayes, an actor who used to play the role of the old coot in cowboy movies.

At the very end, there were Mike and Kitty, along with Kirk, Byrd, Wright, Bob Strauss, Tony Coelho, and other assorted pols swaying back and forth to the "Battle Hymn of the Republic," sung by the proverbial fat lady.

Bush's campaign manager Lee Atwater, interviewed by convention anchormen, tipped his hand concerning the rhetorical strategy of the Bushmen. Atwater suggested that the Democrats were nominating not a ticket, but a troika, prominently featuring Jesse Jackson along with Dukakis and Bentsen. All three are the same on the issues, Atwater argued. During the convention, at least one public opinion poll showed Bush taking a narrow lead over Dukakis. Usually the hype of a nominating convention would give Dukakis a boost in the polls. Because of the governor's boring and forbidding personality, however, we may witness the opposite effect, perhaps to be counterbalanced by Bush suffering as a result of his own media exposure at the GOP convention in August.

# LaRouche: Build a mass movement

Lyndon H. LaRouche, Jr. did not secure the Democratic nomination for President, but he is far from through campaigning for policies the nation must have in a time of grave crises. He will continue to build a mass movement around those policies, he told supporters in Atlanta during the convention.

During a private meeting with 15-20 organizers and political candidates from around the country who had traveled to Atlanta to take part in his convention effort, LaRouche stressed the quality of "impatient patience" as a necessary approach to building a mass movement in the United States.

LaRouche focused the meeting on *organizing method*, saying that the key is to lay the basis for "great acts" by people through prompting them into a series of "small acts," which he characterized as a process by which individuals build up their courage to do larger things. The establishment of briefing and intelligence networks is essential for this, said LaRouche. The American population is a "gutless wonder," he told the organizers, but it can be changed. Courage has to be created in them by the indicated method.

First, LaRouche proposed, take something many people can do in 5-10 minutes per week, for example, intelligence-gathering in their local area or region. This can be done as a "small act," without jeopardizing their jobs or going out on a limb politically. Individuals can do it even if they are terrified of taking other, overtly political actions or making a higher commitment. This can be done even by those on the outermost circle of the "concentric circles" characterizing the degree of support and activism among supporters of the "LaRouche movement" nationally. Those who can do more, will do more. In this process, individuals gain the courage to do more.

He stressed that the American people can be moved, but not by excessive demands. By helping to put together local and regional intelligence, individuals "will be getting one piece of the jigsaw puzzle, and they'll see how it fits into the total picture as we put together the national patterns. They'll see their effort in larger terms." In this way, there won't be any room for "wishful thinking" that such-and-such a situation, like budget cutbacks, infrastructure breakdown, food

shortage, etc., only affect their local area.

You have to be patient in building this process, LaRouche told the organizers, but with an "impatient patience." You can't make demands that people won't meet, but give them tasks that they can accomplish and will accomplish. That will bring them into the next concentric circle.

LaRouche also discussed the major crises facing the country including AIDS, the food crisis, and the financial collapse. He mentioned that the National Farm Organization (NFO) at a recent meeting decided to fake its statistics to come closer to the fakery of the Department of Agriculture. The reality, he said, is that people are not eating leafy vegetables due to drought. "Soon," he continued, "they will be lucky if they eat chicken or pork."

Five years from now, LaRouche said, 10% of the population will be infected with AIDS. Everybody will know someone or have some family member, relative, or friend with AIDS. If we wait until the situation reaches this point, it will be out of control.

LaRouche delivered a blistering attack on Democratic nominee Michael Dukakis's socialized medicine in Massachusetts as "socialized death," said LaRouche. "New England Life Insurance Co. is in on the scam; they own a piece of Dukakis. He's their creature. Dukakis is a murderer. Under his administration in Massachusetts, known medical procedures are being denied to patients and stripped out of hospitals.

Returning to the process of organizing, LaRouche pointed out that the leaders of the civil rights movement were "geniuses" in building a movement. They knew they were dealing with frightened people. Their method of organizing had to be attuned to this fact.

LaRouche emphasized that the exchange of relevant information as a form of activity in which supporters on all levels can participate is an important component of the organizing process. This is a level on which every American can respond. They will say to themselves, "This is harmless, even I can do it."

You must call people to the battle on the level that they are willing to fight, LaRouche told the organizers. You must build a movement; it must be a mass movement, but built through a principle of concentric circles. Some people may inspire others. A person might say, "Hey, look at this other guy. He's doing the right thing. I'll back him." That's where it starts.

"Don't be too practical," LaRouche continued, but don't be too exotic either. American culture will evoke what can be evoked in the American population.

At one point, LaRouche was asked about mass demonstrations, to which he responded that such demonstrations have to reflect the organizing process, not be a substitute for it. He was also asked if publications should be made simpler to understand, to which LaRouche responded, "No. It's necessary to stretch people's understanding."

# How Operation Defcon targeted the Pentagon

by Jeffrey Steinberg

Less than one year after President Ronald Reagan's March 23, 1983 television address launching the Strategic Defense Initiative, the liberal Establishment's "permanent government" apparatus within the Department of Justice was already carrying out a flagrantly unconstitutional campaign to penetrate and ultimately shut down the most sensitive "black box" programs of the Pentagon.

The initial phase of this attack against the SDI and other crucial defense research programs, such as the Stealth bomber, was launched in southern California under the codename "Operation Defcon" ("defense contractors"). By the admission of Department of Justice and FBI officials, recently interviewed by the *Los Angeles Times*, Defcon laid the foundation for the now ongoing "Operation Ill Wind," more familiarly known as Pentagate.

On June 14, 1988, hordes of agents from the FBI and the Naval Investigative Service invaded the Pentagon and the offices of the nation's biggest defense and aerospace companies, seizing documents and handing out over 250 grand jury subpoenas.

Despite the fact that the first witness was not scheduled to appear before any grand jury until July 19, U.S. Attorney Henry Hudson of Alexandria, Virginia vowed that he would nail Pentagon top brass and senior executives of the biggest defense companies. At least some of Hudson's braggadocio undoubtedly stemmed from his own knowledge of how Defcon built up a literal "gestapo" network inside the defense industrial complex.

## The precedent

Operation Defcon was launched out of the U.S. Attorney's office in Los Angeles in early 1984, targeting middle-level officials of the major defense companies in southern California and their subcontractors and suppliers. Employing the same unconstitutional "sting" techniques developed by the FBI during the infamous Abscam program directed against members of the U.S. Congress, Defcon set out to recruit a stable of informants and undercover operatives directly from the ranks of defense industry management.

According to Fred Heather, the ex-U.S. Attorney who headed up the Defcon prosecution team, "A lot of our techniques, I think, are being adopted by what you see in this current bribery investigation. The taking of [secretly recorded] tapes into initial interviews with suspects and the playing

of tapes in order to flip them into cooperating with the government to go after other people, these are all things that were developed in Defcon."

Rodney Hansen, the head of the southern California regional office of the Defense Criminal Investigative Service (DCIS), the police arm of the Pentagon's Inspector General, reports that another technique developed in Defcon and later adopted in other defense-busting programs, involved forcing employees to sign sworn statements that they never engaged in any outside business dealings with suppliers or subcontractors with whom they dealt on corporate procurement matters. Through this tactic, employees involved in perfectly legitimate and legal outside business activities or investments could be caught in a perjury trap and thereby squeezed into "cooperating" with federal prosecutors.

One of the leading prosecution witnesses in the Defcon cases, Rex Niles, told the *Los Angeles Times* on July 17, 1988 that although he cooperated with the FBI and the Justice Department in a string of defense fraud prosecutions, he later came under harassment by the federal government after he refused to help publicize the convictions he helped to win.

Once Defcon got under way, federal prosecutors from all over the country were sent to Los Angeles to participate in the program. In 1987, once Defcon had formally terminated, already superseded by "Ill Wind," agents from Los Angeles were sent around the country to give training seminars to U.S. Attorneys and investigators on the Defcon methods. Defcon's three-year track record is staggering: Ninety-seven defense companies and middle-level officials were prosecuted and convicted between 1984-87.

Not only was Defcon the pilot project for the later full-scale assault against the most sensitive and vital components of the defense industrial complex. In all likelihood, the as-yet-unnamed "whistle blowers," who began fingering top defense industry management, consultants, and Pentagon officials, will prove in many cases to have been the middle-level personnel initially "stung" and recruited through Defcon.

When William Weld and Stephen Trott won Senate confirmation as the Criminal Division chief and deputy attorney general, respectively, in September 1986, the liberal Establishment's drive to smash the defense industry's most secret programs—especially SDI—finally had its champions in place at the Department of Justice.

Back in Los Angeles, although Defcon was formally terminated, U.S. Attorney Robert C. Bonner has continued to focus attention on the nation's defense industry. In recent testimony before a U.S. Senate committee, Bonner all but admitted that he is out to shut down the entire industry: "It is my opinion that kickbacks on defense subcontracts are a pervasive, longstanding practice which has corrupted the subcontracting process at most, if not all, defense contractors, and infected most, if not all, defense procurement programs within southern California."



# The McKay report on Meese: a travesty

by Joseph Brewda

Police-state rule in the United States significantly advanced on July 18, with the long-awaited release of Independent Counsel John McKay's report on the alleged improprieties of Attorney General Edwin Meese. McKay had been appointed to determine whether sufficient evidence existed to justify the prosecution of the attorney general on a wide variety of allegations relating to efforts to divest himself of stock, tax matters, and influence peddling.

McKay's report concludes that there would be no indictments, but that the attorney general was "probably guilty" on some counts.

Under U.S. law, an individual is innocent until proven guilty; he is either formally charged with a crime, and then prosecuted, or he is not. "Guilt" by alleged probability, and without trial, has no standing in this republic. McKay's formulation, moreover, is not merely unconstitutional. British authorities in the American colonies used the same police-state methods, often leading to imprisonment without trial. It was to abolish such abuses that the American Revolution was fought.

Meese has for months been the target of former Deputy Attorney General Arnold Burns and former Assistant Attorney General William Weld, both of whom act under the guidance of such Establishment figures as Elliot Richardson. Both quit the Justice Department last spring in an effort to bring down the attorney general. The combined forces of Weld's patrons, the Bush campaign, and Judge McKay succeeded in forcing the attorney general to announce his resignation immediately prior to the announcement of McKay's conclusions.

## An unconstitutional pattern

Properly outraged at the report, Attorney General Meese charged McKay with being "totally irresponsible," adding that "no prosecutor in America could have gotten away with" what McKay asserted. "If anyone would try such a thing at the Department of Justice, he would be fired," he noted—but not very accurately. Meese went on to correctly assert that the concept of "probable guilt" "violates every principle of fairness and decency and makes a mockery of our judicial system." It sets a "dangerous example" for the American people, he said. Clearly, if the attorney general of the United States can be abused in such a blatant fashion, so can any American.

Unfortunately, however, the Meese Justice Department has been guilty of the same mockery of the judicial system which the attorney general condemns, including its witch-hunt against this publication and Lyndon LaRouche, the Pentagon, and the Teamsters. These abusive actions, including those against Meese, originate within the same Establishment cabal.

Questioned by *EIR*'s Washington correspondent at a press conference the day his report was released, Judge McKay tried to justify his formulations by stating that it is the prosecutor's job is to determine if there are "probable grounds" for prosecution or not. What he didn't say, is that such internal prosecutorial deliberations are never made public. Furthermore, the prosecutor can only make such claims if he intends to proceed with a prosecution, in which case the defendant has a chance to establish his innocence. Otherwise, the prosecutor is illegally inflicting personal harm, and engaged in defamation, as was wittingly done against Meese.

## More violations

Immediately following the submission of the McKay report, Common Cause, a so-called public-interest watchdog group, announced that the Justice Department's Office of Professional Responsibility (OPR) had begun its own investigation into Meese. Common Cause had written OPR director Michael Shaheen earlier in July, arguing that he had an obligation to determine whether Meese violated Executive Branch standards and rules. On July 14, Common Cause received a reply from Shaheen stating, "We have initiated an inquiry into your complaint, and we will advise you of the results upon its completion."

In other words, a parallel investigation of the attorney general has now begun, just to be sure that he "gets the message," and retires from public life.

The OPR gained recent notoriety when the *Washington Times* revealed that it had spent a mere five minutes investigating charges that former DoJ Criminal Division director William Weld had smoked marijuana. It has been similarly unaggressive in its investigations of Arnold Burns, despite the fact that Burns's involvement in tax shelters in the Bahamas sparked a Criminal Division investigation of the former deputy attorney general—that is, until aborted by Weld.

The OPR was established by former Attorney General Edward Levi, who pioneered politically motivated prosecutions under the cover of combatting "white collar crime." Former Criminal Division head under Levi, Richard Thornburgh was recently nominated as Meese's replacement by the Reagan-Bush administration.

Common Cause is run out of Harvard Law School by Archibald Cox, a mentor of former Criminal Division chief William Weld, and numerous other former prosecutors. It is the Establishment's "Common Cause" which spearheaded the attacks on Meese, and also on the Pentagon, in the first place.



# Dope, Inc. mob behind New York senator

by Rogelio A. Maduro and Gretchen Small

New York's Republican U.S. senator, Alfonse D'Amato, has taken the lead in the Reagan administration's crusade to drive Gen. Manuel Noriega out of Panama. On May 20, the senator went so far as to demand that Noriega, the commander of the Panamanian Defense Forces, not only be removed from power, but that ways be found to *kill* him—even though D'Amato admitted that were Noriega tried, there would be no legal grounds for his execution!

D'Amato outlined his favored scenario in a dramatic exchange with CBS-TV's John McLaughlin. The United States must ask for Noriega's extradition, he began. "And then we serve notice to let him know we're going to take him out, one way or the other."

McLaughlin: "Would you execute him if he were found guilty in the U.S.?" D'Amato: ". . . I doubt if we'd get him out alive. There probably would be a firefight, and—" McLaughlin: "Suppose we got him out alive. . . ." D'Amato: "We'd try him." McLaughlin: "Would you favor the death penalty for him?" D'Amato: ". . . We don't have that kind of charges laid against him. . . . I would favor us using whatever force necessary to bring about his removal. . . . And if it took a firefight to bring him out, then so be it. And if something happened in that which brought about his demise, why, that's one of the risks."

Who is this self-proclaimed anti-corruption crusader? To what interests does Senator D'Amato answer?

D'Amato's 1986 campaign raised over \$8 million, and his 1992 reelection campaign has already raised over \$1.5 million. D'Amato told the *New York Times* on Oct. 20, 1986, that his top fundraisers were "the real estate developers George Klein and David Mack; Harold Bernstein, head of Northville Industries; the banker David Rockefeller; James D. Robinson III, chairman of American Express Company, and Charles Gargano, a construction executive. . . ."

Information available in the public record on D'Amato's financial supporters and friends, reveals that the senator's career—personally, financially, and politically—has been sponsored by or related to both organized crime and the Wall Street command structure of "Dope, Inc."—the international illegal narcotics cartel. Is it not interesting that General Noriega *personally* put through a banking law in Panama that

allowed authorities to shut any bank account which was proven to be used for drug-money laundering, in the international banking center based in Panama?

## 1. Picked up by Roy Cohn

Once elected U.S. senator for the first time in 1980, D'Amato was picked up by the Roy Cohn machine in New York City. Cohn, a partner in the law firm of Saxe, Bacon and Bolan, was well-known as the lawyer for members of the Gambino and Salerno crime families (after making his mark as assistant to the notorious Sen. Joe McCarthy).

On his first trip to Washington, D.C. after his election, D'Amato "brought along just one adviser—Thomas A. Bolan, a founder of the state's Conservative Party and an early and influential Reagan supporter, but a man D'Amato hardly knew. The two have since become close. Bolan, a law partner of Roy M. Cohn, serves as a middleman between the senator and Reagan aides," the *New York Times* reported on Feb. 13, 1983.

## 2. References for the Mattone Group

In May 1986, Mattone Group Ltd. cited Senator D'Amato and New York Gov. Mario Cuomo as references, in its bid for a multimillion-dollar expansion plan for the Pittsburgh airport. According to investigators, Joe Mattone—a contributor to D'Amato's campaigns (as was his lawyer, Philip Megna)—and Nicky Sands began lobbying Allegany County in 1985, to award the Mattone group a \$3 million contract for the construction of a third airport cargo building at the Pittsburgh airport.

Central to the Mattone scheme, was the establishment of a customs clearing house at the airport, to replace the present system, where items needing customs inspection are flown to Cleveland and trucked to Pittsburgh.

Despite the references from the "respectable" D'Amato and Cuomo, the Allegany County Board of Commissioners abruptly canceled its contract with the Mattone Group, when it discovered that its president, convicted felon Nicholas Sands (a.k.a. Nicky Santiago), is the godson of notorious mafia chieftain Carlo Gambino, and that the company is a front for organized crime.

Sands's ties to the mob were too much for Pittsburgh. He had been indicted and jailed in 1975 for embezzling \$500,000 from the pension fund of Carpenters' Local 3108, which he headed. He is the owner of several acknowledged mafia-linked trucking companies at Kennedy Airport in New York. He was a key associate of Donald Manes, Borough president of Queens, N. Y., who died an alleged "suicide" in the wake of the New York Democratic machine's devastating corruption scandals of the mid-1980s.

In May 1980, Sands himself was the victim of an attempted mob rub-out, when he was shot nine times as he was leaving his Queens home, yet he would not cooperate with the authorities on his assailants.

### 3. Defending friend Basile

On June 25, 1988, New York *Daily News* reported two other "errors" of judgment damaging to the image of anti-corruption crusader D'Amato. These revolved around the case of D'Amato's nominee for federal judge, Robert Roberto, who was forced to withdraw his candidacy after it was found he ran a so-called "undercover" investigation 17 years ago, in which Roberto personally went into massage parlors and indulged in sexual relations with prostitutes.

Behind the scandal were also Roberto's ties to the mob, through another friend of D'Amato's: Philip Basile. The *Daily News* reported:

"Senator Alfonse D'Amato (R-N.Y.), who nominated Roberto to the bench and praised him lavishly in an introduction to the Senate Judiciary Committee, said in a statement, 'I can certainly understand his decision.'

"Roberto also had come under fire for his action as a state judge in helping a reputed mob associate and convicted felon, Philip Basile, win liquor license renewals for his Long Island nightclubs. D'Amato had appeared as the only character witness on Basile's behalf. The Senate committee also said it was probing new allegations that Roberto accompanied former Nassau District Attorney William Cahn on 'numerous overseas trips for which Mr. Cahn double-billed both Nassau County and the National Association of District Attorneys.' Cahn was convicted of the charges."

Philip Basile, rock band manager and Long Island nightclub and restaurant owner, was tried and convicted in December 1983, for conspiring with reputed Lucchese crime family associate, Paul Vario, to win release for another crime family figure, Henry Hill, then a federal prisoner. Shortly after Basile's assistance secured his release Hill was arrested again: for drug-trafficking.

When Basile was brought to trial, Sen. D'Amato was the only witness to testify on behalf of his character! D'Amato testified that he had known Basile for 12 years. "I know him [Basile] as a honest, truthful, hardworking man, a man of integrity," D'Amato stated at the trial, the *New York Times* reported on Oct. 20, 1986.

A UPI wire of Dec. 10, 1984 described Basile as "a close

friend of Sen. Alfonse D'Amato," noting that D'Amato threw his 1980 victory party at Basile's Channel 80 Discotheque in Island Park, N. Y.

In February 1984, Basile was sentenced to five years probation, and fined \$250,000. Nonetheless, in July 1984, D'Amato's campaign accepted contributions from both Basile and his wife. When D'Amato's 1986 Democratic challenger for his Senate seat brought up the D'Amato-Basile ties, a D'Amato spokesman answered that D'Amato defended Basile because he was "a fellow who grew up in his old home town."

### 4. Mafia contributors

Charges that D'Amato was linked to organized crime followed him throughout that 1986 reelection campaign. D'Amato's opponent, Democrat Mark Green, released documents to the press showing that D'Amato had received contributions from at least seven mafia figures. Green demanded D'Amato answer the charge, giving the "pattern and prevalence of these gifts." These included:

- Sam Albicocco, listed in D'Amato's campaign contribution filings as the owner of Port, Ship and Dock, Inc. *UPI*, Oct. 26, 1986, wrote that Albicocco, "owner of a company with a reputed monopoly within the asphalt industry, is a close business and personal associate of a Lucchese crime family soldier, Aniello Migliore, according to a *Newsday* report." (Press sources allege that Albicocco has his fingers into Northville Industries, whose ties to D'Amato are cited below.)

- Anthony Bentro, a New York businessman convicted in 1978 in a pension kickback scheme;

- Fiori Persichilli, a Long Island businessman indicted in 1984 in a Suffolk County garbage collection case involving bribery of public officials;

- Emedio Fazzini, an owner of Jamaica Ash and Rubbish Removal Co., who was indicted in September 1984, on charges that he conspired with the Lucchese crime organization to monopolize garbage collection on Long Island;

- Nicholas Ferrante, owner of the Unique Sanitation company named in the same indictment as Fazzini;

- Thomas Ronga, owner of Detail Carting Co.;

- Angelo Ponte of Ponte and Sons Inc.

After Green's charges were made public, D'Amato's campaign announced that contributions had been sent back to four of the seven men cited. The *New York Times* reported Nov. 1, 1986: "Mr. D'Amato acknowledged yesterday that some of the contributors to his campaign were accused, though not convicted, of having ties to organized crime."

### 5. Protecting the junk bonds

In letters sent on Sept. 28, 1986, to U.S. Attorney Rudolph Giuliani and District Attorney Robert Morgenthau, D'Amato's Senate opponent, Mark Green, introduced a new charge: that of having taken illegal payoffs from a consortium

of speculators and corporate raiders. Green charged that D'Amato had committed "fraud, forgery, misrepresentation and other criminal violations" in conspiracy with the Wall Street investment house, Drexel Burnham Lambert, Inc.

Drexel Burnham Lambert, the leading U.S. financial firm dealing in the highly speculative "junk bond" market, is indeed one of D'Amato's top financial backers. The firm contributed more than \$200,000. for his campaign in 1986 alone, according to D'Amato's records filed with the Federal Election Commission. Other sources report that Drexel Burnham helped obtain nearly a million dollars in contributions from others for D'Amato in 1986, sponsoring several fundraising dinners for their candidate where D'Amato made, as one source put it, "hundreds of profitable contacts" with financial leaders who paid \$1,000 per plate to meet the senator.

Drexel Burnham is also under investigation for fraud. On June 7, 1988, the Securities and Exchange Commission (SEC) voted to authorize the filing of securities fraud charges against Drexel Burnham, naming in particular its leading junk bond financier Michael Milken—another regular D'Amato contributor and fundraiser. The SEC announced it would wait to actually file the charges, however, until a parallel criminal probe of Drexel being conducted by U.S. Attorney Rudolph Giuliani is brought to court.

The SEC began its investigation into Drexel's activities following testimony by jailed stock speculator Ivan F. Boesky—another contributor to D'Amato's campaigns. Boesky, who pleaded guilty to securities fraud in April 1987, told government investigators that he had been involved in an illegal stock trading arrangement with Drexel's Milken and another Drexel investment banker, Dennis B. Levine, who was later convicted and jailed. Drexel had extended Boesky a \$1 billion-plus credit line for his operations.

D'Amato, as chairman of the Securities Subcommittee of the Senate Banking Committee (1980-86) and minority ranking member of that subcommittee (1986-present), has proved useful to these Wall Street backers. The senator delayed or sabotaged several major legislative proposals aimed at both restoring a measure of order to the frenzied financial markets, cutting the flow of drug money into the stock market, and stymied bills which would have curbed the rash of junk bond-financed corporate takeovers that have nearly destroyed U.S. corporate structure.

Cited by the press was the case in 1985, when the Securities Subcommittee held a hearing on a proposal to restrict junk bonds—one week after Drexel Burnham Lambert held a \$1,000 a person dinner for the senator. The proposed legislation was later withdrawn.

On Oct. 20, 1986, the *New York Times* drew attention to D'Amato's Wall Street ties. "D'Amato is chairman of the securities subcommittee of the Senate Banking Committee and securities firms and executives have given him at least \$500,000, according to D'Amato financial reports on file

with the Federal Elections Commission. The senator acknowledged, 'I have been a fighter for their interests' but he said there was no 'cause and effect' between contributions and his actions on legislation. He said the junk bond restriction was withdrawn because it would have affected all 'less than investment grade bonds.' About 100 dinners, lunches and cocktail parties, mostly in New York and Washington, have been prime vehicles for D'Amato's fund-raising, bringing in close to \$2 million," they reported.

Indeed, most of the small group of interlocked "kings" who run the junk bond market are contributors to D'Amato's campaign. Exemplary are:

- Saul Steinberg, Chief Executive Officer and Chairman of the Board of Reliance Group Holdings Inc. Steinberg is one of the largest and most consistent contributors to D'Amato's campaigns, as have been more than a dozen top Reliance executives.

Reliance is a \$7.2 billion umbrella company dealing in insurance, real estate development, liquefied petroleum gas distribution, consulting and technical services. One of its largest holdings is a new Spanish-language television network in the U.S., Telemundo Group. In 1987, more than 40% of Reliance's fixed-income portfolio came from junk bonds. Reliance, which has been frequently backed by Drexel Burnham in corporate takeover raids, also came under investigation for securities fraud by the SEC in the wake of the Boesky scandal.

In 1980, during divorce proceedings, Steinberg's second wife, Laura, filed a stockholder's suit against her husband, charging that Steinberg is "a heavy user" of narcotics who "as a consequence of his drug addiction . . . failed to attend many corporate meetings and to perform certain corporate duties," and that he paid out \$190,000 in company funds for illegal drugs, including cocaine, *Fortune* magazine reported in 1980. She further accused him of taking \$100,000 from Reliance to bribe a New York City official; the money was allegedly paid on behalf of another company he controls to win a contract to build bus shelters in the city.

- Meshulam Riklis of Rapid American Corporation. U.S. Customs Service sources report that Rapid American Corporation has been number-one on their watchlist for drug-smuggling across the U.S.-Canadian border since the mid-1970s. (United Brands' Carl Lindner, a frequent partner of Reliance's Steinberg in corporate raids, owns 40% of Rapid American). Riklis, himself a frequent business partner with Steinberg, was a major owner of the Investors Overseas Services (IOS) scam in the late 1960s, until he sold out to Robert Vesco in 1971. In 1973, he became a leading fundraiser for Israel's Gen. Ariel Sharon, a relationship which continues to this day.

- Other major D'Amato campaign contributors from Wall Street include top executives from: Dillon, Reed and Co; E.F. Hutton; First Boston Corporation; L.F. Rothschild, Unterburg, Towbin; Salomon Brothers; Shearson Lehman

American Express.

## 6. Wedtech scandal

Mario Moreno, former executive vice president of Wedtech, testified in New York that he had contributed \$30,000 to D'Amato, in exchange for his help in getting government contracts for Wedtech, but that the recipients did not know the money came from "an illegal source."

Moreno called D'Amato "one of the most important people" to Wedtech. The senator assigned three aides to spend hours working with Wedtech officials from time to time, he said, adding that without D'Amato's help, the company probably would not have gotten \$143 million in Navy pontoon contracts awarded it in April 1984.

D'Amato had sent Moreno a letter in that month stating in part: "I can truly say that without your advice and generous support, my position going into this year's election would be far different from what it is today." Asked if the contributions reflected belief in their causes, Moreno answered, "No, in exchange for favors that we expected to get."

A D'Amato spokesman called the testimony "ridiculous." D'Amato himself called his intervention in favor of Wedtech Corp. a mission of mercy, testifying on May 6, 1988 at the racketeering trial of Rep. Mario Biaggi that he had come to the aid of Wedtech as requested by Biaggi, but had not done so as a political favor to the congressman. His assistance to Wedtech was "not any more and not any less than we've done for hundreds and hundreds" of other companies, he insisted.

D'Amato did admit, however, that a Democratic group organized by a former Biaggi aide was "instrumental" in his 1980 victory, and called Biaggi's decision not to endorse his Democratic opponent Elizabeth Holtzman "complimentary" to him. He claimed that all his contacts with Biaggi were "always above board" with "not a scintilla of impropriety," the *New York Daily News* reported on May 7, 1988.

Examination of the FEC's list of contributors to D'Amato's 1986 campaign does indeed demonstrate that Wedtech Corp. executives John Mariotta, Anthony Guariglia, Fred Neuberger and Lawrence Shorten contributed thousands to D'Amato's re-election bid.

## 7. Northville and the Panama connection

The New York-headquartered Northville Corporation has played a prominent role in D'Amato's campaign interests. Not only does D'Amato cite Northville chief Harold P. Bernstein as one of his top fundraisers, but Federal Election Commission records show that Northville executives contributed over \$30,000 to D'Amato's 1986 reelection bid, and have provided large amounts as seed money for D'Amato's 1992 campaign.

Bernstein and Northville are certainly no disinterested bystanders to events in Panama: Northville is the largest minority shareholder (owning 39% of the shares) in the com-

pany which runs Panama's cross-isthmus pipeline, Petroterminales de Panamá. Petroterminales was one of the first U.S.-Panamanian companies to "volunteer" to refuse to pay taxes or pay earnings due the Solís Palma government.

The decision came as no surprise: Harold Bernstein's representative on the Petroterminales' Board is a leader of Panama's opposition movement, Gabriel Lewis Galindo.

Lewis Galindo's business associates are a tale unto themselves. Suffice it to say that Northville representative Galindo has been a "longtime business associate" of Colombian ex-President Alfonso López Michelsen, a man who has interceded publicly and repeatedly to argue for the Medellín cocaine cartel's economic and political interests in Colombia.

Northville Corporation imports more gasoline into the United States than any other company in the world. Its docks and storage tanks in Linden, N.J., Bonaire, Netherlands Antilles, and Panama, when added to company facilities on Long Island, give Northville storage capacity for 26 million barrels of petroleum, a larger capacity than that of most so-called "oil giants."

This "unknown" oil giant has been able to cover its activities for over 30 years, as it is privately owned by the Bernstein family. Its main role is that of a "middleman," and according to Gene Bernstein, in an interview with the *New York Times*, Northville "has been a behind-the-scenes player. Consumers and retailers were not aware of us and there was no reason for us to make them aware of us. The people we traded with knew about us, and that was the way we wanted it."

In addition to dominating the home heating oil industry on Long Island, one of the largest, most lucrative markets in the United States, Northville is the largest independent terminal operator in the East Coast, with a 2,000 acre storage farm in Linden, N.J. According to sources, Northville has been under investigation for tax evasion on the imported gasoline, and petroleum. The United States loses over \$1 billion every year in taxes from smuggled oil products.

Northville is a leader in another international oil scam—selling oil to South Africa. Since all OPEC members and virtually all other oil-exporting countries embargo South Africa, there is very little "non-embargoed" oil available on the international market. Although the Dutch government introduced an oil embargo against South Africa in 1981, the Dutch-run Netherlands Antilles was exempted from the embargo. Northville's refinery and transshipment terminal in Bonaire, Netherlands Antilles, has profited from this exemption.

As the London-based newsletter, *Latin American Regional Reports: Caribbean*, wrote on July 16, 1982: "The Netherlands Antilles is now a major transshipment port for 'laundering' oil supplies for embargoed South Africa. . . . It is clear that most of the oil is supplied from the three transshipment terminals in Curaçao (Shell), Aruba (Exxon) and Bonaire (Northville Industries/Paktank), and it originates from countries which officially embargo South Africa."

# LaRouche lawyers seek to bar retrial

Although the Justice Department has vowed to put Lyndon LaRouche and six associates on trial for the second time, defense lawyers have just filed a battery of legal motions seeking to bar a retrial of the Boston case.

Government prosecutors ended up with “egg on their faces” when federal Judge Robert E. Keeton declared a mistrial on May 3, of the trial which had gone almost 100 court days. The mistrial was called after several jurors complained of severe personal hardships caused by the length of the trial. (Selection of the jury had begun in September 1987.) The length of the trial was caused, in turn, by time-consuming hearings on prosecutorial misconduct held outside of the jury’s presence. Those hearings continued even after the jury itself was discharged.

After the mistrial was declared, the jurors took an informal poll among themselves, and voted 14-0 for acquittal of all defendants on all charges. And, as one juror commented, this was after hearing only the prosecution’s case!

But the Justice Department hasn’t learned its lesson. It has moved for a retrial, which Judge Keeton has scheduled for Oct. 3. If a retrial goes ahead, the case is likely to be broken up into smaller parts, with the first trial likely to be of the individual, not the organizational defendants, and only on the one count of “conspiracy to obstruct justice.” The alleged credit card fraud counts would be tried later, if at all. During a hearing on July 7, Judge Keeton warned that he might split the case up into three simultaneous trials, in an effort to make it more manageable.

But the government has a number of hurdles to clear before any retrial can be held. The major ones are: 1) motions to prohibit a retrial on grounds of double jeopardy; 2) motions to dismiss the indictments altogether because of government misconduct; and 3) motions to throw out the evidence seized in the illegal October 1986 FBI raid in Leesburg, Virginia.

## Double jeopardy

In a motion filed July 18, defense lawyers argue that a second trial is barred by the Fifth Amendment to the United States Constitution, which declares: “. . . nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb.” There are conditions under which an accused

can be tried twice—known as “manifest necessity”—for example in the situation of a hung jury. But in this case, the prosecution was wholly responsible for the long delay in the trial, argue defense counsel. Therefore there was no “manifest necessity,” and a retrial should not be permitted. Prosecutor John Markham failed to disclose exculpatory evidence to the defense as he was required to do by law and under specific agreements with defense attorneys. The trial had been under way for 55 court days before a critical piece of exculpatory information was disclosed. Even after this, the defense brief argues, “the length of the delay, if any, would have been minimized had the prosecutor forthrightly admitted to the violations and made full disclosure. Instead, he stonewalled.”

The prosecutor knew that hardship problems would arise for jurors as a result of these delays, the defense argument continues. “The trial was not going well for the government, and the prosecutor must have recognized this. . . . The overall weakness of the case being presented by the government was clearly demonstrated by the post-mistrial juror poll showing a unanimous vote for acquittal.

“Faced with a case that was going nowhere, Mr. Markham was looking for a way to have a mistrial declared, thus enabling him to start over and attempt to correct the deficiencies in the first trial. Indeed, since the mistrial, Markham has indicated on several occasions that his case will be far different should he have a second opportunity to prosecute.”

The government should not have the opportunity to learn from its errors and gain an advantage by the mistrial and subsequent chance to correct its mistakes, contends the defense. “This is precisely the type of situation that the Double Jeopardy clause was intended to protect against.”

## Misconduct

The government’s misconduct, which caused the mistrial, is the subject of a number of separate motions that seek dismissal of the indictment altogether simply on grounds of outrageous prosecutorial conduct. One of these motions asks dismissal on the grounds of the cumulative misconduct from the inception of the Boston grand jury in October 1984, up to the present time.

Finally, the Oct. 6-7, 1986 search and seizure of two “LaRouche” office buildings in Virginia is the subject of a number of motions. Evidence that has come out in both the Boston hearings and in hearings in state court in Virginia have shown a pattern of lies and misrepresentations in the sworn affidavits which were used to obtain the search warrants. The hearings have also elicited testimony that the search was in fact a “general search” which is prohibited by the Fourth Amendment’s requirement that searches be specific with respect to places to be searched and objects to be seized. The defense in both the Boston federal and Virginia state cases are seeking suppression of evidence seized during the October raid, on grounds that it was illegally seized.

## **'Right to Life' tackles euthanasia**

In a remarkable change from earlier policy, the National Right to Life organization has taken up the fight against euthanasia.

No small amount of credit for this goes to the work of Linda Everett of the Club of Life, who maintained a tireless campaign to encourage grassroots ferment within the "right to life" movement to tackle the euthanasia question.

A few short years ago, leaders of the National Right to Life, the umbrella organization of pro-life groups in the U.S., insisted on maintaining a single-issue focus against abortion. However, this reporter witnessed at the last three years' conventions of the NRTL growing outrage on the part of physicians and nurses, in particular, that the euthanasia issue was not being engaged.

Finally, at this year's confab July 21, an evening plenary session was devoted exclusively to the issue, and included the premier showing of a well-produced 37-minute videotape that would give pause to anyone considering signing a "living will" or who is soft on the "right to die" question.

The 1,000 delegates gave the most spontaneous response to an address by Dr. Hadley Arkes, a law professor at

Amherst College, who brought the audience to its feet with a moving call for a return to the moral underpinnings of constitutional law in the fight to stop the nation from "sliding down the slippery slope" of euthanasia.

Recognizing the now almost universal acceptance by U.S. courts to permit withholding of food and water from patients—even, as the result of recent rulings, from those who are conscious—Dr. Arkes argued that it was the same precedent set in the famous *Roe v. Wade* case in 1974 permitting abortion, which has been used to permit the incredible gains euthanasia has made in the U.S. courts.

The relevant *Roe v. Wade* precedent, Dr. Arkes said, involved a perverse interpretation of the "constitutional right" to autonomy and privacy with regard to actions taken against one's own body.

By stripping the constitutional concepts of "autonomy and privacy" away from their "moral framework," he said, every atrocity we've seen in court rulings granting family members the right to starve to death seriously ill or mentally disabled relatives has been permitted by the courts.

He said that "moral framework" has been implicit in constitutional law in the past, especially in the notion of "inalienable rights." "Inalienable rights" means there are certain rights which cannot be violated, even against one's self. These include, of course, the rights to life, liberty, and the pursuit of happiness. This means, he said, that just as a person has no right to make a slave of another, so that person has no right to make a slave of himself. By the same token, just as he has no right to take the life of another because of, for example, deafness, so he cannot take his own life for the same reason.

"By this reasoning, an individual must be restrained from alienating

these rights even from himself, and that includes restraining him from delegating authority to alienate such rights from himself to others."

Therefore, he said, it will not be sufficient for the Supreme Court to mitigate the effects of *Roe v. Wade* by simply circumscribing it. Nor, he added, can it be the goal of the "right to life" movement merely to restore "old laws." We must, he insisted, restore the moral understanding that rendered the earlier laws intelligible by making what was merely implicit in the past explicit now.

## **Dukakis: Abortion is a 'public good'**

Dr. Arkes pointed out that Democratic presidential nominee Michael Dukakis is the first nominee of a major U.S. political party to assert that abortion is a "public good" and that taxpayer money should be used to defend it.

"With the position that Dukakis has taken, the issue has shifted from one of private choice to public good," Dr. Arkes said, in which government action would be taken against any corporation or private interest that does not include in its health coverage, for example, the performance of abortions.

While new concern of the National Right to Life for the growing tide of euthanasia practices in the U.S. is an encouraging development, the approach they take to the issue still lacks the incisiveness needed to arouse sufficient public outrage to bring it to a stop. They do not name those who support this growing euthanasia trend, such as the insurance companies which have used their lobbying clout to gain passage of landmark pro-euthanasia legislation.



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## The view from London: Worse than Carter!

Michael Dukakis is characterized as an "idealistic, inexperienced, dogmatic candidate, who will lead us into far worse trouble than Jimmy Carter ever did," in an interview given by Cord Meyer, former CIA station chief for London, in that city's *Sunday Mail* July 17.

Correspondent Ian Walker bemoaned the influence of Carter at the Democratic Party convention in Atlanta:

"On the hillside where Sherman ordered the city torched in the Civil War, is the newly-opened monument to another disastrous period in U.S. history—the Jimmy Carter presidential center. . . . The thick carpets, the reverent lighting, Carter's disembodied voice coming out of every corner, and the knowledge that \$25 million has been spent celebrating Carter's achievements are the stuff of black comedy.

"Remember those 'achievements' of the Carter years? A leaderless world economy teetering on catastrophe; the Russian invasion of Afghanistan and the American response, a boycott of the Olympics; the Iran hostage crisis and the cooked-up attempt to rescue them, personally controlled by Carter. This is what a weak and uninspiring Presidency can mean. And yet on Monday [July 18], President Carter will be welcomed to the convention with more reverence than we would accord to the Queen Mum."

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## McCarthy becomes president of IBT

William J. McCarthy is the new president of the International Brotherhood of Teamsters. McCarthy, the head of the Teamsters in New England, was selected to replace the late Jackie Presser in a stormy meeting of the Teamsters' 17-member executive board July 15. The 69-year-old McCarthy is described by the *New York Times* as a "tough

contract negotiator and a 'boat rocker.' " Industry sources quoted by the *Times* compared McCarthy to Jimmy Hoffa, "an old school labor leader."

McCarthy narrowly defeated union secretary treasurer Weldon Mathis, who has been leading the union since Presser took a leave of absence. "Union sources said the political infighting between the McCarthy and Mathis factions was among the bitterest they have seen," wrote the *Times*. Mathis had imposed a new national trucking contract that was opposed by 64% of the union membership—but a contract goes into effect unless two-thirds of the membership is opposed. McCarthy opposed it.

The election of McCarthy is also a defeat for John Climaco, IBT general counsel and Presser's personal lawyer, who was said to be building a power base within the union. One of McCarthy's first moves was to fire Climaco.

The *Times* calls the selection of McCarthy "a slap at the Justice Department," and warns that he is likely to take a "more confrontational" approach to government attacks on the union.

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## Justice Dept. moves to shut down NDPC

On July 15, three days before the opening of the Atlanta Democratic Convention, the office of U.S. Attorney Henry E. Hudson of the Eastern District of Virginia began to enforce the collection of a \$5.1 million civil fine against the National Democratic Policy Committee (NDPC), the multi-candidate political action committee of the LaRouche wing of the Democratic Party.

Hudson's office, in a cross-state legal tactic with the Boston, Massachusetts U.S. Attorney's office, is seeking to deposition NDPC chairman Warren Hamerman through an esoteric legal maneuver known as a "Writ of Execution, Section 2413." The government maintains that the writ allows it to circumvent the fact that the NDPC now has the same \$5.1 million judgment *on appeal* before the First Circuit Court of Appeals.

The fine grew out of then-U.S. Attorney William Weld's Boston Grand Jury, and was deliberately set so high that it would deliver an "economic death sentence" against the NDPC.

NDPC chairman Hamerman commented on the latest moves: "There is no accident to the timing of this unconstitutional action to try and destroy the NDPC at the height of its political campaigning. It was initiated on the eve of the Atlanta Democratic Convention, at which chairman Paul Kirk and the national Dukakis machine employed blatant police-state tactics to prevent Lyndon LaRouche from placing his name into presidential nomination. It is well known that the NDPC has led the opposition to the presidential campaign of Michael 'Tax Scam' Dukakis, from before the first primaries in Iowa and New Hampshire.

"The attempted unprecedented 'judicial murder' of a political action committee is coming from a special team effort of two notorious U.S. Attorneys' offices—the same U.S. Attorney Henry Hudson who is behind the 'Pentagate' investigation, and the same Boston, Massachusetts U.S. Attorney's office which unsuccessfully tried to convict Lyndon LaRouche and his associates. . . ."

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## Suspected Navy spy surfaces in Moscow

Glen Michael Souter, a former U.S. Navy enlisted man missing since May 1986, who had special intelligence clearances, has surfaced in Moscow, according to a report in the July 18 *Washington Post*.

Souter, who disappeared shortly after graduating with a major in Russian from Old Dominion College in Norfolk, Va., had access to satellite photo data while on duty with the Sixth Fleet in Italy in the early 1980s. As an active reservist, he had been assigned to the Naval Intelligence Center in Norfolk while attending college there.

Souter was suspected of working for Soviet intelligence earlier. A U.S. intelligence expert said that FBI investigators had been acting "on more than suspicions, but didn't

catch him in the act" of espionage, and thus couldn't hold him.

*Izvestia* announced July 17 that Souther was given asylum in Russia because "he had to hide from the U.S. Special Services, which were pursuing him groundlessly."

## FBI trial-by-press methods denounced

Former police veteran John Wilson intruded on an FBI press conference in Philadelphia on July 21 to denounce what he called misconduct by that agency.

The press was convened by the FBI to announce the indictment of Wilson and six of his colleagues from the Philadelphia police department who had headed an elite narcotics unit called Five Squad.

Wilson said, "They were getting ready to try me and convict me in the newspapers and on television before I ever go to trial."

He maintained that the affair is a frame-up that has been in progress for almost seven years. Suspecting this, Wilson had begun to compile files to be used "to punch holes in the case" that the government was developing against him.

Sources report that the affair has already had the effect of paralyzing the Philadelphia police department.

## 'Animal rights' measure can cripple farming

A new "animal rights" farm initiative which could prove deleterious to farmers and consumers is before the voters in Massachusetts, Gov. Michael Dukakis's home state.

If approved, it would require "humane" treatment of animals, including provisions that chickens and cows could no longer be confined to pens.

It is estimated that the measure will add costs of \$250,000 per 100-head herd of cattle.

Another section would control physical development that involves animals. An ad-

visory board would be constituted to oversee or block projects such as construction of farm buildings. According to the proposed legislation, none of the four members of that board can be a farmer.

Such provisions could bankrupt all farmers who deal with animals, particularly dairy and poultry. A similar measure was passed in Denmark and is destroying that country's highly productive farming sector.

## Questions raised about Dukakis psycho-profile

Delegates to the Democratic National Convention in Atlanta received copies of a leaflet issued by the National Democratic Policy Committee (NDPC), discussing the implications of Dukakis's 1978 nervous breakdown for his qualifications for presidential office.

The leaflet was entitled, "Is Dukakis the New Senator Eagleton?" and compared the Massachusetts governor to the Missouri senator and vice presidential candidate, who in 1972 was obliged to quit the ticket because of revelations about his personal history of acute depression and electro-shock treatment. The leaflet suggested that Dukakis might be forced to disqualify himself for the same general order of reasons.

It made mention of Dukakis's late brother Stelian, who had a history of mental illness and attempted suicide. Stelian was killed in 1973 as a result of the actions of a hit and run driver who was never apprehended.

On July 21, the closing day of the convention, the *Atlanta Constitution* published a column by Christopher Lydon, which noted that for four months, Stelian "lay unconscious in a coma before his family, Michael included, pulled the life supports." According to other published accounts, Stelian had shown signs of recovering from his coma, including grasping visitors' hands and responding to their voices.

Lydon's column described Dukakis as a man of "mercilessly grinding competitive energy," the sort of person who "doesn't go back for the wounded."

## Briefly

● **FRANK CARLUCCI** is slated to visit Moscow in August for four days of discussions with Soviet Defense Minister Dmitri Yazov, and expects to visit Soviet military installations. Pentagon spokesman Dan Howard said he did not know what Carlucci would be shown. "It is up to them," he said. "This is not a reciprocal visit for Marshal Akhromeyev. But we showed them something, and asked if we could see some of their installations. They indicated a willingness to do that."

● **HENRY KISSINGER** was in China on July 21, where he met with Chinese President Yang Shangkun. Kissinger was heading a delegation of 23 corporate CEOs, sponsored by the America-China Society, a newly formed organization with its headquarters at Kissinger Associates, Inc. It didn't take long for the fruits of the trip to be seen: Kissinger's American Express Corp. issued its first credit cards in China the same day, Xinhua reports.

● **UNISYS CORP.**, the defense contractor, announced on July 19 that it has fired Vice President Charles F. Gardner, a target of the Pentagate probe, and has suspended 10 other managers. The company has informed U.S. Attorney Henry Hudson that it will "cooperate fully" with his investigation.

● **THE MISSOURI** Assembly has passed a resolution protesting the Justice Department's civil suit against the Teamsters. "The act of imposing federal control over private institutions is incongruous with our nation's ideals," it reads. "The Missouri General Assembly urges the Justice Department to consider carefully the options available to it and to reject those that are inconsistent with the overall national goal of fostering an independent and democratic union movement."

## Editorial

### *A new era of butchery*

The just concluded Democratic Convention has the distinction of receiving the lowest TV ratings ever for prime time. Clearly the American public found the well-choreographed affair to be boring. Nothing was happening at this Convention and people perceived this, whether or not they understood why this was the case.

The reality of both the Democratic and Republican conventions is that whoever wins the election, Bush or Dukakis, has been programmed to be merely the public face for the policies of an otherwise faceless bipartisan coalition, which is intended to preside over the end of this republic as we now know it.

It is widely accepted in knowledgeable political and financial circles that the United States is next on the chopping block. If we do not see a crash this summer, there will certainly be one in the first days of the new President's term of office. At that time, the American people will face vicious austerity conditions. Not only credit cards, but even three square meals a day, will become a memory of the past.

So, too, will be the role of the United States as a superpower. The handwriting is already on the wall; the agreements are in place. What else is the significance of repeated assurances to the Soviets by the U.S. administration, and the countries of the European Community that whatever happens, food supplies will continue to flow into the Russia from the West? This "sale" of food to the Soviets at well below market price, is nothing else but tribute.

Most horribly, while the Soviet overlords are assured of their food, whatever the drought conditions or other problems of the producing nations, the Third World is already targeted for starvation. The United States is already threatening to reduce food exports to countries such as Bangladesh, where the drought is at least as bad as in the United States.

Background briefings are already being given to the international press that the U.S. State Department has slated 84 countries for the slaughterhouse. The Food and Agriculture Organization of the United Nations (FAO), also infamous for its population reduction pol-

icies, concurs in this policy, which they couch in terms of a "prediction" that the U.S. drought will have serious consequences for the Third World.

This situation will obtain, regardless of who wins the election, because both the Democrat Dukakis and the Republican Bush are pledged to continue to implement the policy goals of the International Monetary Fund, the Bank for International Settlements, and the World Bank, policy goals which have been set by an international oligarchy which likes to style itself as the Trust.

One might, with some justification, find the prospect of a Dukakis victory even more awful than having Bush in the White House for personal reasons. Dukakis is such an evil character—such a Jimmy Carter clone. But can the difference between the two men be so great, particularly under present circumstances? How can a charade such as the Democratic Convention have occurred, except in a country overwhelmed by the stench of moral decay.

Michael Dukakis is clearly a man unfit for office, yet he is running for the highest office in his nation. While the Convention was still in session, an article appeared in the *Atlanta Constitution*, a guest column by Christopher Lydon, which reported that in 1973, Michael Dukakis pulled the plug on his own brother, despite the fact that he was on the road to recovery. The brother Stelian Dukakis had been in a coma for four months, after being hit by an automobile.

This was nothing short of butchery, and in 1973 "pulling the plug" was a capital crime, not graced by delicate locutions such as euthanasia. It was known by its proper name: the crime of murder. It shows how far we have descended into barbarism, that this ugly truth could be revealed in a leading newspaper, without even calling into question the mental and moral fitness of Dukakis for public office.

Still, the truth about Dukakis is so appalling that a reaction will have to occur ultimately. The one person who *can* win the upcoming U.S. election for Michael Dukakis is George Bush.

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