

# EIR

Executive Intelligence Review

October 7, 1988 • Vol. 15 No. 40

\$10.00

London dirty-work faction attacks Japan  
IMF banksters go for world central bank  
Panama's President: Uphold canal treaties

**Hunger crisis makes Soviet  
leaders more aggressive**





# SPETSNAZ



## SPETSNAZ

In the Pentagon's "authoritative" report on the Soviet military threat, *Soviet Military Power 1988*, the word *spetsnaz* never even appears. But *spetsnaz* are Russian "green berets." Infiltrated into Western Europe, *spetsnaz* have new weapons that can wipe out NATO'S mobility, firepower, and depth of defense, before Marshal Nikolai Ogarkov launches his general assault.

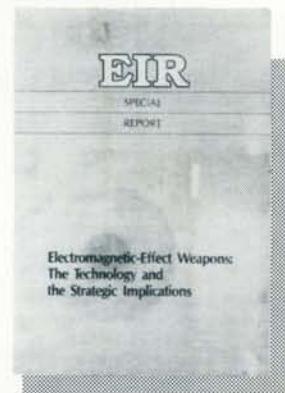
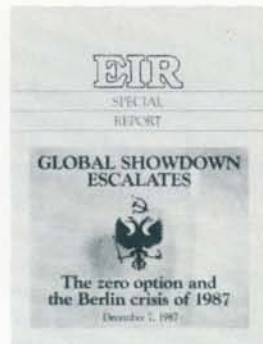
## ELECTROMAGNETIC PULSE WEAPONS

At least the Pentagon report mentions them—but only their "defensive" applications. In fact, they can be transported by *spetsnaz*, finely tuned to kill, paralyze, or disorient masses of people, or to destroy electronics and communications. With EMP, as strategic weaponry or in the hands of *spetsnaz*, the Russians won't need to fire a single nuclear missile to take Europe.

**EIR**  
SPECIAL REPORT

## WHAT THE PENTAGON WON'T TELL YOU. . .

Two EIR Special Reports will.



*Global Showdown Escalates*,  
525 pages, \$250  
*Electromagnetic-Effect Weapons*,  
100 pages, \$150  
Order from: EIR, P.O. Box 17390,  
Washington, D.C. 20041-0390.  
In Europe: EIR, Nachrichtenagentur  
GmbH, Dotzheimer Str. 166, D-6200  
Wiesbaden, FRG, Phone (06121) 884-0.

# EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor: Nora Hamerman

Managing Editors: Vin Berg and Susan Welsh

Editorial Board: Warren Hamerman, Melvin

Klenetsky, Antony Papert, Uwe Parpart-

Henke, Gerald Rose, Alan Salisbury, Edward

Spannaus, Nancy Spannaus, Webster Tarpley,

William Wertz, Carol White, Christopher

White

Science and Technology: Carol White

Special Services: Richard Freeman

Book Editor: Janine Benton

Advertising Director: Marsha Freeman

Circulation Manager: Joseph Jennings

INTELLIGENCE DIRECTORS:

Africa: Mary Lalevé

Agriculture: Marcia Merry

Asia: Linda de Hoyos

Counterintelligence: Jeffrey Steinberg,

Paul Goldstein

Economics: Christopher White

European Economics: William Engdahl,

Laurent Murawiec

Ibero-America: Robyn Quijano, Dennis Small

Law: Edward Spannaus

Medicine: John Grauerholz, M.D.

Middle East: Thierry Lalevé

Soviet Union and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: Mark Burdman

United States: Kathleen Klenetsky

INTERNATIONAL BUREAUS:

Bangkok: Pakdee and Sophie Tanapura

Bogotá: Javier Almaria

Bonn: George Gregory, Rainer Apel

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Mexico City: Hugo López Ochoa, Josefina Menéndez

Milan: Marco Fanini

New Delhi: Susan Maitra

Paris: Christine Bierre

Rio de Janeiro: Silvia Palacios

Rome: Leonardo Servadio, Stefania Sacchi

Stockholm: Michael Ericson

Washington, D.C.: Nicholas F. Benton, William Jones

Wiesbaden: Philip Golub, Göran Haglund

*EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service P.O. Box 65178, Washington, DC 20035 (202) 457-8840*

*European Headquarters:* Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany

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

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

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

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

Copyright © 1987 New Solidarity International Press Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

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

## From the Editor

This edition is being “put to bed” on the day Lyndon LaRouche goes on national television for the first of two half-hour presidential campaign broadcasts (Oct. 1 and 3) on the global food crisis—a pressing issue which has been ignored by the Democratic and Republican nominees for President of the United States.

The collapse of food production has a direct strategic dimension. That is the subject of our cover *Feature*, an exclusive report by our East bloc specialists Konstantin George, Luba George, and Rachel Douglas.

One month ago in Chicago, a new organization, Food for Peace, was founded to mobilize food producers from throughout the free world to restore farming before it is too late. This week’s *Science & Technology* section presents two reports to that conference, on the scientific weapons that must be deployed to fight worldwide hunger.

This kind of political movement is especially needed in the face of the “globalist” offensive of the one-world government crowd in cahoots with Moscow. As reported on page 4, the Berlin IMF annual meeting considerably advanced the plans for using economic blackmail to destroy national sovereignty, keying off the November U.S. elections. The national lead story on pp. 52-53 gives the political counterpart—exemplified in President Reagan’s pledge of allegiance to the *United Nations* and the U.S. kowtowing to Moscow on a series of critical issues—all to “help Gorbachov.”

Concretely, “globalist” David Rockefeller says that the “Mexican model” (turning over the economy to IMF dictatorship) should be applied to the United States. Meanwhile, Norwegian “globalist” Premier Brundtland told Mexicans that they don’t have the right, as a nation, to decide whether or not they will have nuclear power!

In this context, Panamanian President Manuel Solís Palma’s vigorous call for defense of national sovereignty (pp. 38-42) is a rallying-point for all patriots.

Here in the United States, the efforts by corrupt Justice Department elements to silence Lyndon LaRouche and his political movement continue. We draw your attention to the appeal to throw out the Boston case, comprehensively reviewed on pp. 56-59, and a background piece on the treasonous nature of the ADL, a key player in the “get LaRouche” operation (pp. 61-65) and other meddling in the 1988 election.

Nora Hamerman

# EIR Contents

## Interviews

### 40 Manuel Solís Palma

The President of Panama discusses the U.S. attack on his country and calls on the world's nations to uphold the Canal treaties.

## Book Reviews

### 23 The uneven frontier of American science

A look at W. Spindel and R.M. Simons's *Frontiers in the Chemical Sciences*, D.E. Koshland, Jr.'s *Biotechnology, the Renewable Frontier*, and Ruth Kulstad's *AIDS*.

## Science & Technology

### 16 Food irradiation—a weapon in the arsenal against hunger

"The greatest need for food irradiation technology is in developing nations, where alternative methods of food preservation are either nonexistent or too expensive," Dr. Martin A. Welt, president of Alpha Omega Technology, Inc., Parsippany, N.J., told the founding conference of "Food for Peace."

### 20 Approaching the photosynthetic limits of crop productivity

Plant pathologist and NASA life sciences adviser Frank B. Salisbury's speech to the "Food for Peace" founding conference.

## Departments

### 10 Report from Bonn

A monetarist Hitler-Stalin Pact.

### 11 Report from Rio

The Brazilian Titanic.

### 45 Report from Paris

Voters reject "politics as usual."

### 46 Report from Rome

Drug mafia organizes for 1992.

### 47 Andean Report

CAP, Latin America's Kissinger?

### 48 Dateline Mexico

From Peccei to Brundtland.

### 49 From New Delhi

Demand death for drug traffickers.

### 72 Editorial

What is the Soviet Union?

## AIDS Update

### 68 AIDS bill: Congress refuses to face reality

## Economics

### 4 IMF conference sets November deadline

After the U.S. election, the plan is to make the International Monetary Fund the administrative center of a reorganized world monetary and credit system, in which national credit and currency are taken out of the hands of individual sovereign nations, and run for them by the IMF bureaucracy.

### 6 Currency Rates

### 7 Mexico: New IMF scam dooms Salinas

### 8 Peru begs from IMF, is offered 'deals'

### 9 Soviets soon to face energy shortages

### 12 Gold

All that glitters.

### 13 Agriculture

Aflatoxins in the corn crop.

### 14 Business Briefs

## Feature



Consumers flock to Moscow from outlying cities to stand in line for sausages. Basic foodstuffs and other necessities are now simply unavailable in cities throughout the Soviet Union.

### 24 Food crisis makes Soviet leaders more aggressive

More than ever before in the dreadful postwar years, hunger and famine stalk the Soviet empire, and this is shaping the factional brawls in the Kremlin.

### 26 Bitter fruits of the Soviet war economy

### 27 Eastern Europe is pinched between the Soviets and the IMF

### 31 The deadly milk chain that kills Polish babies

### 32 The crippled agricultural system of the Soviet Union

## International

### 34 London's dirtiest network out to destabilize Japan

"Tiny" Rowland's Lonrho firm is featured prominently in a major effort to destabilize America's leading Asian ally. By Lyndon H. LaRouche, Jr.

### 36 Taiwan's version of 'Green Party' seeks support in Western Europe

### 27 Soviets join U.S. war against Panama

### 38 Panama's Solís Palma indicts U.S. war plans before the U.N.

U.S. actions against Panama, he said, are neither pro-democracy nor anti-drug, but "an act of piracy without precedent in world history."

### 40 The world must uphold the Carter-Torrijos treaties

An interview with Solís Palma.

### 43 Israeli Mossad backs Arab fundamentalists

### 44 Terrorist guerrillas lay siege to Colombia

### 50 International Intelligence

## National

### 52 Shevardnadze offers U.S. more 'new Yalta' plums

### 54 The pro-Moscow bias of the Dukakis team

Some interesting connections to the East might explain why the Democratic candidate is "viscerally anti-military."

### 56 Dismissal of LaRouche indictments sought in Court of Appeals

In ordering a retrial, argue LaRouche's lawyers, the Boston District Court ignored the fact that the delays which gave rise to the juror hardships that led to a mistrial "were due entirely to the prosecutor's conscious withholding of relevant evidence and information."

### 60 Dukakis mole in the Attorney General's inner sanctum?

### 61 The case of the ADL of B'nai B'rith: agents of a foreign power

The court documentation.

### 66 Elephants & Donkeys

The Dukakis student loan rip-off.

### 67 Eye on Washington

Tight money fanatics criticize the Fed.

### 68 Congressional Closeup

### 70 National News

## IMF conference sets November deadline

by Chris White

With the world's top bankers, and other sundry so-called worthies departing from Berlin, and their riot and demonstration-punctuated annual get-together, the word is being put out, through the usual press channels, that nothing much of interest happened at this year's gathering of the International Monetary Fund and World Bank.

That was the line fed to the Sunday, Sept. 23 *New York Times* by representatives of Citibank and other powerful U.S. institutions. It would be foolish, though, to take such remarks at their face value. Both insofar as the public proceedings of the conference are concerned, and insofar as the word, now being circulated through "channels," about what really happened, this year's conference has set in motion some really nasty uglinesses.

To take the private side of things first. Here things are particularly ominous for the United States. According to European insiders, the major powers from the Group of Seven industrial nations are supposed to have agreed among themselves to coordinate their efforts to maintain what they insist on calling "stability," at least through the U.S. elections on Nov. 8.

After that, the report goes, anything can happen. Apparently, the decision has been made, that beginning the second week of November, and proceeding through the fourth quarter of the year, the United States is going to be forced to deal with the so-called "twin deficits," in the federal government's finances, and in the balance of trade.

By "dealing with" the deficits, the International Monetary Fund crowd means imposing the same restructuring policies on the United States that have up to now been so brutally imposed, with genocidal consequences, on the countries of the Southern Hemisphere.

### 'Mexican' prescription for U.S.

This was the perspective laid out on Mexican television on the eve of the IMF meeting by David Rockefeller of Chase Manhattan Bank. Full of praise for the so-called "Mexican Model," which has ruthlessly reduced that once prospering country to hunger and penury over the last six years, David Rockefeller recommended that the same "Mexican Model" now be applied to the United States itself.

So, the behind the scenes word from the conference, about what was said to be agreed, happens to be coherent with what one of America's finance community front-men was lobbying for in advance of the meeting itself.

Therefore be forewarned. The "Mexican Model" so-called, like the kind of policies that have been dictated to the other major Ibero-American debtors, Brazil and Argentina, is not only a specific combination of fiscal and monetary measures designed to shift most rapidly a country's wealth, in the form of its production potential and labor, into the bank accounts of foreign creditors: It is also a method of "financial shock" treatment, designed to create the conditions in which a country is forced to so submit.

The shock package is invariably the same. In the Ibero-American cases, in the Philippines, and elsewhere, it generally works as follows. Citibank, Chase, and Bank of America will organize a capital flight hemorrhage out of the targeted country's currency and other financial assets. The capital exodus is the means by which a brutal devaluation of the country's currency is enforced, generally in the region of between 50 and 100%. The combination of currency flight and forced massive currency devaluation is the means by which the treacherous are able to impose on the merely fearful and incompetent, the kind of savage austerity through interest



rate hikes, tax increases and government budget deficit reduction which make up the "restructuring regime."

The tax increase and deficit reduction side of this package was also laid out, on the eve of the IMF meeting, by Democratic Party big-wig and wheeler-dealer Robert Strauss. The occasion was a seminar for the economic advisers of the Bush and Dukakis campaign, organized by the Washington, D.C. public relations outfit, Smick and Medley, named after former congressional aides to Sen. Bill Bradley from New Jersey, and Rep. Jack Kemp from New York State. Kemp and Bradley have taken the lead, within the United States, for the kind of policies put forward by the Basel, Switzerland headquartered Bank for International Settlements, the central bankers' central bank, and the IMF and World Bank.

Foreign dignitaries, like Karl-Otto Pöhl of the German Bundesbank, were brought in to instruct the candidates' representatives on the "realities" of the current financial situation. Strauss's assignment was to tell the gathering, that no matter who won, or what they were saying now, on the campaign trail, the requirements would be the same, tax increases and deficit cuts.

What all this amounts to is the determination, over the course of the fourth quarter of 1988, to create the kind of crisis conditions—if the shock tactics of the "Mexican Model" is any indicator, through capital flight and currency devaluation—that will force the incoming President to submit to the creditors' demands, as represented by the "restructuring" slogans and policies of the International Monetary Fund.

In this case the organizers of the capital flight would probably not necessarily include the usual villains, Chase and Citibank, but given their record of loyalty to U.S. interests, it wouldn't be surprising if they were. More likely it would encompass action by that allied section of the financial crowd which operates out of London, Switzerland, and Japan, through insurance companies, investment houses, and raw materials conglomerates.

One of the signals of their intent will be delivered right after the U.S. elections, in the second week of November, when 90-day commercial paper, floated in August to help the U.S. financial system through the election period, has to be refinanced.

It should also be borne in mind that none of this excludes things already beginning to come apart at the seams during October. If the decisions have indeed been made to force the crisis pace in November, what that will now set into motion, as insiders move to protect themselves from what they think they are about to unleash, could itself overturn the proverbial apple-cart.

### **What is Brady up to?**

The public side of the meeting, of course, has a different emphasis, but if the above background is borne in mind, it is readily explicable. Most press attention, and the *Wall Street Journal's* coverage has been exemplary, has focused on what

is portrayed as a divergence between Nicholas Brady, on the one hand, now replacing James Baker at the U.S. Treasury Department, and Michel Camdessus, the director-general of the IMF, Pierre Berezogovoy the French finance minister, and Satoshi Sumita, the Japanese central bank chief, on the other.

What such a line-up might portend is by no means clear. However in the discussions the reports are that Brady ended up opposing the cited Gang of Three on the matters of, first, a proposal from Camdessus to increase member states' paid in quotas by from 50 to 100%; second, a currency reorganization put forward by Camdessus, to downgrade the dollar, and a debt reorganization plan put forward by Sumita, and associated with the absent Japanese Finance Minister Kiichi Miyazawa.

The lack of clarity concerns what Brady was up to. He put himself forward as a proponent of continuity with the policies associated with former Treasury Secretary James Baker, against the reorganization proposals put forward by the Gang of Three.

In so doing he was roundly denounced by the senatorial office of Bill Bradley, on behalf of the Dukakis campaign. Since the Baker policy is in the throes of its demise, Brady and company will ultimately have to come up with something else.

### **A world central bank**

If it's still a mystery what the new U.S. Treasury Secretary will do, there is no such around the intent of the other three. The Camdessus currency proposal, to establish the IMF accountants' Special Drawing Right (SDR) currency basket unit as a reserve currency, including gold in the calculation of the basket, had been presented before the conference in an IMF background briefing.

The aim of the proposal is to begin the process of replacing the dollar as the world's reserve currency, while moving toward a system of currency blocs, interlinked at the level of international institutions like the IMF and the Bank for International Settlements.

The aim of the debt proposal is similar. Sumita and Miyazawa argued for the creation of an escrow account in the IMF, into which Third World debtors would deposit their foreign exchange holdings, where such exist. The escrow deposits would then serve as the collateral for bond issuances which would be used to redeem a portion of outstanding Third World debt at some discount from face value.

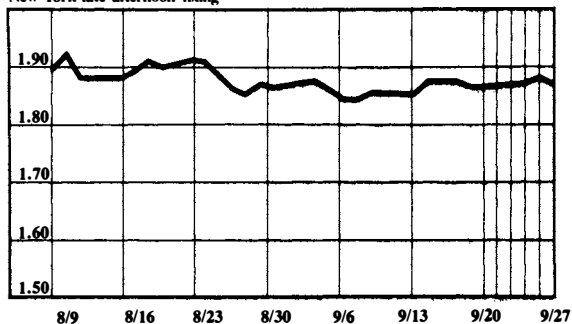
The combination of both proposals aims at establishing the IMF as the core administrative center of a new reorganized world monetary and credit system, in which national sovereignty is trampled on, and national credit and currency are taken out of the hands of individual sovereign nations, and run for them by the bureaucrats at the IMF.

Apparently these proposals have been the subject of intense discussion between Camdessus, Sumita, and Berezogovoy for the last several months. Both the currency proposal

# Currency Rates

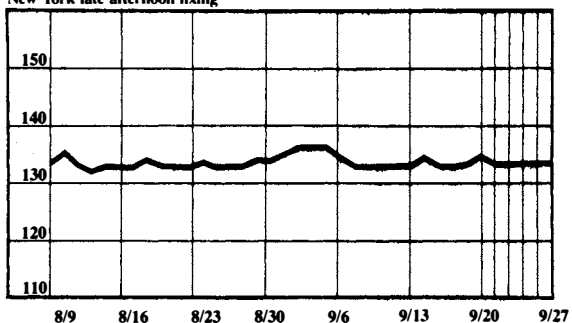
## The dollar in deutschemarks

New York late afternoon fixing



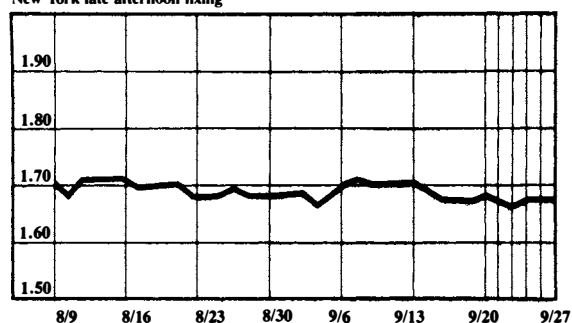
## The dollar in yen

New York late afternoon fixing



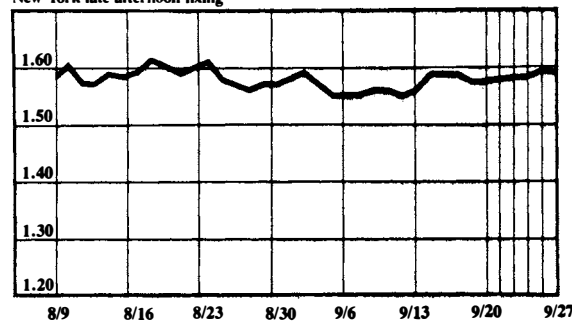
## The British pound in dollars

New York late afternoon fixing



## The dollar in Swiss francs

New York late afternoon fixing



associated with Camdessus, and the debt proposal associated with Kiichi Miyazawa and Sumita, were cooked up during the course of those discussions. Both are equally designed to replace the currency regime, and the debt plan, associated with James Baker, and with the Plaza and Versailles agreements on currency exchange rates.

Brady opposed the debt scheme on the pragmatic and technocratic grounds that it is ill-advised to transfer "the risk" in private banking lending to Third World debtors from the private banks to public agencies. In other words, if the IMF were actually to assume a portion of the debt as proposed, then what would stand behind that debt, as guarantor of the issuing outfit, is the combination of countries which finance and underwrite the existence of the IMF.

The debt would thus not be a liability of the IMF, but a liability of the nations themselves. But who would then be lender of last resort against the collapse of whichever part of the world banking system? While stealing Third World assets on the one hand, the proposal is also designed to put taxpayers' money, in bailout guarantee form, behind that portion of the indebtedness which is proposed to be refinanced at a discount from face value.

Both reorganization proposals were accompanied by demands that the United States cut its budget deficit and increase taxes.

So publicly then, the meeting heard proposals which were designed to put major Third World countries into a dictatorial bankruptcy receivership under IMF technocratic guidelines, while also elaborating proposals for downgrading the dollar in the current monetary system, and reorganizing the United States.

Camdessus, Beregovoy, and Sumita, it can safely be assumed, represent that section of the international creditors of the United States who would deploy into capital flight mode to induce the "shock tactics" which would be designed to force United States compliance with the whole hideous scheme.

## Fasten your seatbelt

They certainly overlook the reality that unlike Mexico or Brazil, there is between \$15 and \$20 trillion worth of essentially unsecured liabilities bubbling the U.S. dollar credit and banking system. If, as the whispers of the private agreements portend, the intent is a run on the dollar, in the fourth quarter, building into a first quarter 1989 crisis for the next President, then fasten your proverbial seatbelt.

That kind of shock cannot be organized without uncorking the bottled-up genies of financial blowout. This would indeed force changes in the world financial and banking system, and since sovereign states will be among the institutions with the powers necessary to survive, and bubbled banks not, the changes will most likely not be those proposed by Camdessus, Beregovoy, and Sumita, nor will they be to their liking.



# Mexico: New IMF scam dooms Salinas

by Hugo López Ochoa

The new proposal of the Mexican government to its creditors, to obtain a reduction in foreign debt payments through a bond-conversion scheme, is being presented as a great “innovation” by José Angel Gurría, director of public credit of the Finance Ministry. We are acting on the basis of our “feelings,” said Gurría on Sept. 21, to the XXVth Meeting of Latin American Bank Governors, “because we are doing things that have not been tried previously. And therefore, there are no rules. One must test the waters.”

But even a brief glimpse of Mexico’s new proposal suggests that the only thing Gurría is testing is the patience of the world’s indebted nations. Gurría said, “We are in the phase of involving the international organizations in the creation of a world system of guarantees that would favor the real reduction of the debt and allow for the development of the highly indebted nations through new flows of fresh money.”

According to Gurría, that “world system of guarantees” would be made up of “a group of nations . . . who answer for the highly indebted nations to the banks of the world” (*Excelsior*, Sept. 22, 1988).

On Sept. 22, speaking from Berlin where the International Monetary Fund was holding its annual assembly, Mexican Finance Minister Gustavo Petricioli reported on his lobbying efforts to “convince” the international banks to support his ministry’s proposal to obtain new monetary flows through a bond issuance, as was done six months earlier, that would convert some \$7 billion worth of old debt into \$4.5 billion worth of new debt at market discount.

## A one-percent ‘solution’?

However, as analyst Enrique Quintana writes in the daily *El Financiero* Sept. 26, “the spending of one billion dollars to guarantee the new [bond] issue could allow for a net reduction of the debt by slightly more than 2 billion pesos, and an annual savings in interest payments of \$180 million dollars. . . . This savings of 1.1 percent in debt service payments scheduled for 1989 (out of a total of \$16 billion) does not seem to be a solution of the range required.” Another *El Financiero* columnist wrote the same day that “between 1988 and 1991 Mexico will have to pay \$27.4 billion amortization

on its debt, in addition to another \$27 billion in interest payments.”

On Sept. 22, the *Journal of Commerce* published an article where, in language clearer than that of the pompous Petricioli and Gurría, it states that what is “attractive” about the new Mexican offer is that “foreign governments would take turns guaranteeing that Mexico will pay interest on the bonds over five years.”

It was Venezuelan socialist Carlos Andrés Pérez, addressing Harvard University Sept. 21, who revealed the criminal backdrop to Gurría’s “system of guarantees.” Pérez argued for the creation of a “multilateral agency” to manage the Third World debt with the same bond mechanism proposed by Gurría, et al. He also argued the necessity for “the participation of the creditor governments” and for “economic and financial discipline” on the part of the Latin American governments as “indispensable collateral.” Pérez also insisted that “isolationist or confrontationist” positions on the part of debtor nations had proven ineffective, an apparent reference to besieged Peru.

Not accidentally, the language of this so-called “Third World” politician proved identical to that of banker David Rockefeller, who received an honorary degree Sept. 20 from the Universidad de las Américas in Puebla, Mexico. In the presence of such recognized narco-bankers as Manuel Espinoza Yglesias and Emilio Azcarraga Milmo, Rockefeller threatened: “The economic growth of a country today depends upon the credits it receives from abroad, on the loans it gets. Thus, if Mexico or another country takes a very hard stance and shuts the doors to foreign loans, there is the risk that that credit will be canceled.” Rockefeller stressed that his “solution” for Mexico is that the country become part of a “North American Common Market.”

Mexico’s debt negotiators, thus, are once more unmasked as the puppets of international usury. The scheme of Gurría and Petricioli fits in perfectly with the new supranational economic dictatorship being discussed at the IMF meeting in Berlin, which has already become known as the new Wannsee Conference, where Hitler prepared his “final solution” for the Jews.

That President-elect Salinas de Gortari will follow the genocidal path of the De la Madrid administration is a foregone conclusion, and yet to pursue that path will mean Salinas’s political suicide. The economic depression in Mexico is already causing protests among the industrialist circles of Concamin, whom fascist Luis E. Mercado openly insulted in his Sept. 25 column in *El Universal* for daring to say that the Economic Solidarity Pact caused the depression that is destroying Mexican industry.

Suffice it to say that if the next Salinas regime is already acknowledged to be still-born—because of the July 6 electoral fraud and because it is co-author of the current economic catastrophe—the ongoing negotiations with the IMF could well prove the final nail in its coffin.

# Peru begs from IMF, is offered 'deals'

by Peter Rush

Less than a month after Peru's economy was turned inside out by a joint attack by the International Monetary Fund and its Peruvian backers, Peru's Economics Minister Abel Salinas met with IMF head Michel Camdessus in Berlin, while reports circulated that the IMF was prepared to welcome Peru "back to the fold"—provided it paid up its \$0.5-\$1 billion backlog of arrears to the Fund.

Salinas's meeting was the first direct contact between the Peruvian government and the IMF since President Alan García took office more than three years ago, and it ended García's policy of steadfast rejection of any and all dealings with that body.

The decision to send Salinas to the annual meeting of the IMF and the World Bank on Sept. 26-29 in Berlin, was forced on the García government by a crisis that had collapsed the national currency, the inti, and sent prices skyrocketing, over the last few weeks. Once unleashed, the crisis was utilized by certain political currents in the country, including some within García's own APRA party, to argue that Peru had no choice but to fold its tent and repeal the García administration's decision not to deal with the IMF.

Lo and behold, hours after the announcement that Salinas would indeed crawl to Berlin, the inti recovered 25% of its value, many prices that had been increased up to eightfold in a few days came back down to "only" two or three times their previous level, and food began reappearing on retail shelves.

Reports coming out of Berlin have been contradictory on exactly what, if anything, Peru will be offered as the reward for its capitulation. Peru's *El Comercio*, the London *Financial Times*, and other sources all reported that a "rescue plan" for Peru is on the table, involving an arrangement whereby Peru would repay all of its arrears to the IMF. Peru would receive "bridge loans" from a number of the creditor countries, since it lacks its own resources for this payment. The *Financial Times* says that Peru owes the IMF "more than \$500 million" in arrears—and an additional \$374 million to the World Bank. The Peruvian newspaper *El Comercio* places the figure of IMF arrears alone at a whopping \$1 billion. *El Comercio* reports that Japan is prepared to kick in some or all of this \$1 billion as a bridge loan.

More detail was provided in remarks by independent Sen. Javier Silva Rueta to the *Wall Street Journal* Sept. 28, who

reported that "my friends, who are important employees of the IMF," suggested obtaining bridge loans from "our friends" to pay the debts to the IMF and World Bank. Silva said that Peru's delegation in Berlin was sounding out Japan, Canada, the United States, and Europe.

In return, Economy Minister Salinas declared that Peru was taking the decision to "reinsert ourselves" into the international financial community. Apart from his meeting with Camdessus, the *Financial Times* reported that he will meet shortly with the bank consortium led by Citibank, to which Peru owes billions in commercial debt, to "explain" Peru's new austerity package.

## Is it all a swindle?

Whether, and when, Peru will see any money, is another question. The experience of Argentina and other Latin American countries with "bridge loans" is one of delays, frustration, and often broken promises. Moreover, a bridge loan only means that Peru's total debt is increased by the amount of the new loans, and Peru entered into a near moratorium on its debt payments three years ago precisely because it couldn't service its existing loans. Today Peru is even less able to resume debt service payments than it was in 1985.

Further, to "sell" the IMF, the banks, and countries like Japan and the United States on the "rescue package," requires implementing even deeper austerity, that will doom any prospects for economic recovery. The latest measures include freeing almost all prices while keeping wages frozen, and suspending all government investment projects. Already, as a result of the chaos created by the austerity measures announced several weeks ago, the Peruvian peasant federation reports that its production costs have soared five to six times overnight, while the prices they are paid have only doubled, putting Peruvian farm production in jeopardy.

The entire "package" may prove to be nothing but a cruel joke, a charade intended to ensure the obliteration of the nation of Peru. British journalist resident in Peru Nicholas Asheshov, writing in *Caretas*, reports that when asked privately, bankers merely shake their heads and say "Oh, what a pity," and that both the IMF and World Bank have no concern to aid Peru, and consider it merely a minor "bother," all of which bespeaks of duplicity toward the impoverished country.

*Hoy* newspaper, linked to the APRA party, ran an editorial attacking the international Social Democracy and its titular head Willy Brandt, for their support for the IMF and World Bank, showing that there is still strong residual opposition to returning to the arms of the IMF. *Hoy* states, "Hence, it is not surprising that . . . Social Democracy today assumes an ever less subtle defense of an unjust and oppressive international financial order for the Third World." This is the first time members of the APRA party have correctly identified, in print, the crucial role played by the Socialist International in undercutting Peru and García in their fight with the IMF, and in abandoning them to their present fate.

# Soviets soon to face energy shortages

by Rachel Douglas

Nuclear power plant cancellations could lead to power shortages in the U.S.S.R., on top of the food shortages. The Chernobyl reactor explosion of 1986 sliced into Ukrainian energy production, did 8 billion rubles (officially acknowledged) damage, made the area surrounding it uninhabitable, and caused serious food and health problems for the population. Its political impact, too, is still being felt.

Challenges to the expansion of nuclear power generation are coming not only from protest groups, but from the governments of some Soviet republics. The areas involved, such as the Baltic states, are also hotbeds of anti-Moscow ferment among non-Russian ethnic groups, so—just as in the case of food shortages—the energy problem heats up an explosive political situation.

The share of nuclear plants in Soviet electric power generation was only 2% of capacity, as recently as 1975. By 1980, it had risen to 12.5 megawatts (MW) or 4.7%. In the next five years, it more than doubled, to 28.4 MW, 9% of total capacity.

During 1986-90, the capacity of nuclear power stations was supposed to rise by another 75%, to a total of 50.5 MW. In the western part of the Soviet Union, almost no fossil-fuel power stations are being added, so the majority of all power growth was slated to come from nuclear power. Nationwide, the growth rate of the nuclear power industry is supposed to be nearly triple the expansion of total capacity.

Now, the achievement of that goal is in doubt. In Pravda of Sept. 6, Prof. A. Protsenko, chairman of the U.S.S.R. State Committee for Utilization of Atomic Energy, defended the nuclear power industry in tones of desperation, as having contributed economic benefits "that are not fully appreciated."

Chernobyl, he argued, was not a phenomenon peculiar to the nuclear industry. Rather, all Soviet industry is falling apart! "Incompetence and conservatism . . . during the stagnation years" (the Brezhnev era of 1964-82), Protsenko wrote, caused "serious malfunctions . . . in various spheres of industry. Numerous accidents in industry, on railroad transport, on ships, and in the aviation sphere were largely the result of stagnation in technology and increasing irresponsibility. Chernobyl was one of them."

## Soviet blunders

As Protsenko admitted, Soviet investment and management practices in the civilian industrial sectors have led to inadequate or hazardous infrastructure and factories. The low wages for nuclear workers don't help, he added: An operator in charge of a reactor like Chernobyl No. 3 earns less than a city bus driver.

In challenges to Soviet nuclear plants, the complainers had plenty of data to cite. (The spectacular blow-up of Chernobyl's third reactor, of course, has been used by anti-nuclear activists in the West, against the further development of cheap, safe nuclear power; the Soviets have given nuclear power a bad name.)

In late August, as *Izvestia* reported on Sept. 1, the Lithuanian SSR government cut off funding of construction of the third unit at the Ignalina Atomic Energy Station. The grounds for cancellation were that the original "seismic safety margins" were too low—the region has had stronger earthquakes this century, than was assumed for a worst-case quake at Ignalina—and that "violations" occurred in construction. In mid-September, Ignalina was the scene of a thousands-strong protest demonstration organized by the Initiative Group for the Support of Perestroika, after two fires broke out at one of its reactors. Radio Vilnius said that "the Lithuanian Government and the general public . . . are resolutely against construction of the third reactor at Ignalina."

On Sept. 7, *Izvestia* said that "construction of a nuclear-powered heat thermal power station near Minsk, Belorussia has been halted," because of alarm after Chernobyl. It will be reconfigured as a gas-fired power station, but will come on line only in 1993, not 1989 as originally planned. Radio Kiev reported Sept. 12 on agitation by "anxious residents" against the planned expansion of the Nikolayev nuclear power plant in the southern Ukraine. On Sept. 7, *Izvestia* carried a letter from a reader who was "horrified" at a recent report from the Zaporozhye Atomic Power Station, that concrete was poured for its sixth reactor's containment structure in "half the normative time," even though Zaporozhye has been the scene of non-nuclear industrial accidents, attributed to breakneck construction speeds.

The Soviet nuclear industry's problems, Protsenko said in Pravda, come in the face of "a most acute shortage of energy for the national economy." During his visit to Krasnoyarsk, Siberia in September, party chief Mikhail Gorbachov remarked, "We have problems both with the construction of nuclear stations and their siting. . . . [But] we cannot do without nuclear power."

The Soviets build large plants: Chernobyl's two downed reactors (two more were planned) were each 1 MW, while each unit at Ignalina is 1.5 MW. The elimination of any one of them noticeably dents power production. Chernobyl, Ignalina, Zaporozhye, Nikolayev—the capacity already cancelled or questioned just at these plants amounts to 6-10 MW, or from 12-20% of the nuclear capacity planned to be added between 1985 and 1995.

---

### A monetarist Hitler-Stalin Pact

---

*The Soviets will join the IMF as a policeman against Third World debtor nations.*

Never before in its more than 40 years of existence has the International Monetary Fund received so much media publicity as in the days preceding and during its annual governors' meeting in West Berlin Sept. 27-29. Staged riots by left-wing and radical ecology groups against the "looting policy of the IMF" were part of the orchestrated events in Berlin on those days.

Both sides, the IMF session and the riots, were instruments of the same policy. Leading spokesmen of both sides have played a key role in dirty counter-operations against new world economic order spokesman Lyndon LaRouche and outstanding Third World leaders over the past 15 and more years. When Fidel Castro, Willy Brandt and his Socialist International, leaders of the German Lutheran Church, and numerous communist, ecologist, and liberation theology groups surfaced as alleged "spokesmen for the Third World," it was clear that something very phony was afoot.

Why the big show? Remarks by Michel Camdessus, the IMF general director, shortly before the official opening of the sessions in Berlin, revealed that all eyes are on the U.S. election. He said the consolidation of the world debt problem could "no longer depend on an unstable world reserve currency like the U.S. dollar." Camdessus called for reshaped SDRs (special drawing rights), eventually pegged to a basket of several "stable currencies," to replace the dollar internationally.

Next came a dirty deal among

members of the G-7, the group of seven industrialized Western nations, the central bank governors of which met in Berlin before the IMF session. They resolved to keep the dollar stable by coordinated action until early 1989, gaining time to prepare massive austerity for the American people.

The Soviets came onto the scene in Berlin prominently. Chief economist Oleg Bogomolov and Novosti news director Valentin Falin announced Moscow's commitment to join the IMF and cooperate in "efforts to solve the debt problem." Bogomolov said that because of the dollar crisis and the collapse of the Western economies, "Capitalism can no longer hope to solve these severe problems on its own." The Soviets also offered to make the ruble a convertible currency, at least for East-West trade and joint ventures in the Third World.

Most revealing, and surprising for many experts, were Sept. 26 remarks by the former East German ambassador to Sri Lanka, Helmut Faulwetter: "It would be an illusion to hope a new, more just world economic order may come about in the next years. . . . The IMF and World Bank deserve to be criticized for their policy of conditionalities, but they are irreplaceable institutions for the foreseeable future."

What is all this supposed to mean? Moscow is joining in the ranks of Western usury, as a junior partner now, expecting to become the senior partner soon with the projected decline of the United States.

On a parallel track, public attacks on the IMF are to be continued by the

vast array of Moscow-controlled leftist and radical groups in the West and the Third World, to assist in the political destabilization of disliked governments and currents worldwide. Moscow will oversee the looting of the Western economies from inside the IMF.

The Socialist International (SI), with great influence and blackmail potential against numerous leaders of the developing sector and the industrialized nations of Europe, has been assigned a special role in this scheme. What the SI, under the direction of its chairman, mine Peru's Alan García, what it did to destroy and distract the anti-IMF ferment throughout Ibero-America since 1982—with the help of Cuban loud-mouth Castro—is now on the agenda for Europe and the Third World as a whole.

Shortly before the IMF governors' session, the SI declared that it had nothing to do with the "movement against the IMF." On Sept. 9, the SI passed its "Berlin Signal," which called for a cosmetic reform of the IMF and World Bank, along the very lines spelled out by IMF director Camdessus and World Bank director Barber Conable two weeks later. No end to the conditionalities policy, the SI declared, but only a "modification" of it, and more "consultation," more say for the debtor nations on "economic adjustment priorities." In other words, debtor governments should be asked what part of their people they wish to murder first.

The net effect of this alliance between the SI, the IMF, and the Kremlin is to be a brutal, one-worldist regime bleeding the economies of the world to death. It recalls the infamous 1939 Hitler-Stalin Pact, which was, after all, an agreement on the joint looting of the entirety of the European continent.



## The Brazilian Titanic

*Brazil's Congress is moving to nullify the latest debt agreement with the international banks.*

**T**he Brazilian Senate has just been handed a legislative bill which, if they approve it, would rip up the foreign debt agreement just signed by Finance Minister Maílson da Nóbrega with the creditor banks in New York on Sept. 22. The legislative proposal calls for the suspension of all international agreements which have not been approved by Congress as of Oct. 6—the date the newly drafted Constitution will be proclaimed as law.

“Those who consider themselves experts and who accelerated the [debt] agreements to conclude them before the proclamation of the Constitution, are completely mistaken,” said Sen. Severo Gomes, author of the bill. Gomes goes on to cite an “American economic analyst” (apparently a reference to the well-known formulation of Lyndon LaRouche) who “compares the [debt] agreement to a kind of arrangement of the seats aboard the Titanic. The image fits like a glove. . . . When the bankers discover that the agreement is worthless, it is possible that their appreciation of Mr. Maílson da Nóbrega’s services may change; and his candidacy for the presidency of the World Bank will slowly sink, to the final strains of the orchestra on board the Titanic.”

The government’s economic team has been running a race against time to execute all the agreements, both tacit and explicit, that have been signed with the banks *before* the Oct. 6 deadline, when those agreements come into flat contradiction with various aspects of the new Constitution which seeks to put a halt to the continued looting of

the Brazilian economy.

For example, regarding the foreign debt, the Constitution establishes that *all* international agreements must be discussed and approved by the Congress. As Planning Minister João Bautista de Abreu confessed, the economic team will have to operate as the “guerrillas” of the IMF if they are to achieve the goals agreed upon with the banks.

Thus, on Sept. 21, the National Monetary Council sneakily took advantage of the fact that the Constitution’s articles on the financial system will require complementary laws, to ram through a decree denationalizing the national banking system. The Council revived a 1964 law, written by free-trader and Gorbachov admirer Roberto Campos, to permit up to 30% participation of foreign banks in their associations with domestic commercial banks. With this one move, they struck down an unwritten agreement, imposed by nationalist sectors in 1968, which had effectively suspended the Campos law and kept foreign hands off the Brazilian banking system. The Sept. 21 liberalizing measure was effectively imposed by the World Bank (part of the “tacit” accords), which has argued for a broader banking reform.

A congressional vote to nullify the debt agreements would be the only natural response to the great fraud the bankers have committed. With the backdrop of an immense Brazilian flag behind him, Citibanker William Rhodes told the international press that the medium-term debt package signed with Brazil is “the greatest registered

in history.”

According to his contented report, the package involves \$82 billion, between so-called “new money” and refinancing of old. What Rhodes did not say was that of the \$5.2 billion in new money, \$4 billion will go to pay interest arrears from 1987, due to the declared debt moratorium, and the \$1.2 billion remaining will go to pay 1988 and 1989 interest charges, which are, respectively \$10.2 billion and \$10.5 billion. In other words, 96% of the interest charges due will be paid by Brazil out of its own resources.

Brazil also promises to permit the issuance of \$15 billion worth of exit bonds, which will enable the creditor banks to cash in an equal amount of their debt holdings.

That Brazil may fail to comply with certain clauses in the deal with the IMF—as Maílson da Nóbrega suggested might happen when he asked for an IMF “waiver” at the signing—does not worry the bankers, as long as they have their guarantee of uninterrupted looting of the country’s vast wealth.

In fact, Rhodes has already taken full inventory of Brazil’s “convertible” wealth. “Potentially,” declared Rhodes, Brazil could reduce its debt with the commercial banks by more than \$18 billion between 1988 and 1993, using debt-equity and other conversion schemes.

Rhodes’s employee at Citibank Claude Pomper, a renowned magician with confetti-money, was more honest. Until now, he explained, debt for equity has worked well in Brazil because the Sarney government has shown “sufficient flexibility” to tolerate *informal* (read, unregulated) debt conversion schemes. If the rate of debt conversion by the Brazil government continues, said Pomper, “the medium-term Brazilian debt could be reduced up to 36% by the end of 1990.”

## All that glitters

*A move by the Oppenheimers signals a global reorganization of critical raw materials mining and production.*

**O**n Sept. 22, a Luxembourg investment company owned by the Oppenheimer Group, Minorco, S.A., launched the largest corporate takeover attempt in British history. At stake was a bid to take full ownership of the \$4.9 billion British-based mining group, Consolidated Gold Fields.

Minorco, should it succeed—as seems likely at this time—will transform the Oppenheimer group, owners of the world diamond monopoly through De Beers Consolidated, and the world's largest private gold mining group, Anglo American, into by far the world's largest precious metals and mining conglomerate.

While ConsGold's chairman Rudolph Agnew rather hypocritically rejected the bid as a "front-door for the South Africans to indulge in asset-stripping," in actual fact, the bid is part of a pattern involving global reorganization of critical raw materials mining and production. In recent days, Canada's Noranda Mines group made a bid for Sweden's Graenges Exploration. Ascher Adelman of New York has made a bid for the Lonrho group of Tiny Rowland, which includes gold and platinum mining assets estimated at some \$2 billion. Some six months ago, "junk bond" raider and Drexel, Burnham Lambert ally T. Boone Pickens made an unsuccessful bid to grab Newmont Mining of New York and Denver. "World resources assets are being rearranged," stated one City of London financial insider.

What is behind this, when the price of gold has plunged some 20% from its \$500 level of January? Presumably, the likes of Sir Harry Oppenheimer's Minorco, S.A. know something

that you and I do not.

Minorco is a Luxembourg holding company which is part of a complex of cross-holdings 67% owned either directly by the liberal South African-London Oppenheimer family or by their two corporate groups, Anglo American and De Beers. Minorco already owns 29% of ConsGold, the world's second largest gold mining group. It wants it all.

ConsGold itself is quite a choice holding. In addition to two of the most productive mines in South Africa, it owns 49% of a U.S.-based mining concern, Newmont Mining. Newmont and ConsGold together are two of the largest operators in what is described by one London gold analyst as "the world's premier goldfield outside South Africa," the Carlin Trend in Nevada. They can reportedly extract gold there at a cost of \$200/ounce, comparable to the low-cost extraction at South African mines.

Gold is perhaps among the most controlled and byzantine of any traded commodities. This owes to its manifold role as a central bank reserve, as a consumer item in jewelry and industry, and as a "hedge against inflation" for millions of nervous or simply prudent investors. Central banks periodically sell significant volumes of gold reserves through secret dealings with private brokers to keep the attractiveness of the metal subdued. A stampede into gold under conditions of stock and bond market panic would shift the locus of global financial power toward Johannesburg and Moscow, away from New York, London, and Tokyo.

While the market price of gold has come down from its record peak of

some \$800/oz. in the early weeks of 1980, when oil was topping \$40/bbl and Russian troops were marching into Afghanistan, it has remained a remarkably firm commodity, currently near \$400/oz.

The Russian interest in the yellow metal is also far from passive. Narodny Bank has just joined the London Bullion Association. The Soviet Union, next to South Africa, has the world's single most important reserves of unexploited gold.

Within minutes of the Oct. 19, 1987 stock market crash, the price of gold shot up to near \$500/ounce. Skittish investors scrambled for some hard item of value, in fear that the mountains of worthless inflated stock paper churning around the deregulated "globalized" financial markets would evaporate. Swift and highly secret central bank intervention dealt an equally sharp counter-blow to the gold holders at that time.

But now, the world is in the initial stages of what could be a global reorganization of strategic economic resources and metals.

Imagine for a moment that Governor Dukakis becomes President Dukakis, and signs the "Dellums Bill," imposing savage economic sanctions on South Africa. This would have the effect of benefiting all non-South African gold and strategic metals interests, especially the Soviet Union.

North American and Australian interests would also benefit, of course. In 1987, according to ConsGold, of the 1,373 tons of gold mined outside the communist world, 670 tons were mined in South Africa. But some 275 tons came out of North America, almost a 350% increase since 1980. The other significant new mining regions include Australia and Brazil, in both of which, Oppenheimer and friends would hold a handsome share if the ConsGold bid succeeds.

## **Aflatoxins in the corn crop**

*The already low corn crop is suffering a further side effect of the summer's drought: one of the deadliest toxins known to man.*

**B**esides the low yields in the U.S. cornbelt, there is other damage from the drought. One of the most obvious now—as the corn comes into the elevators and is inspected—is the high rate of aflatoxin, a toxic substance produced by microbes, especially in drought-stricken corn.

Aflatoxin, in high concentrations, is one of the most deadly substances known to man. Aflatoxin is capable of wiping out livestock herds and causing liver cancer in humans. It has been extensively evaluated in biological warfare research. In the past, its appearance has been restricted mostly to the southern crop-growing areas of the United States.

But this year, most elevators are checking new crop corn for aflatoxins, and it has shown up in all the cornbelt states, from Iowa to Indiana. Officials in Illinois, South Dakota, and Maryland were the latest to report the toxic substance's discovery.

In Illinois, a preliminary survey by inspectors showed that 34% of 58 samples randomly collected from grain elevators in the state contained dangerous levels of aflatoxin. Another 269 samples are now being tested. Previously, aflatoxin had rarely been found in the Midwest, and authorities are attributing it to the drought. The microbes producing aflatoxin spread under dry conditions.

In Iowa, the leading corn-producing state in the nation, farmers are finding that the price they are receiving for corn at the elevator is being

reduced by as much as 20% if aflatoxin is detected.

The elevator usually tests for aflatoxins by using what is called the "black light" test. This test is only applicable to corn and consists of shining a longwave fluorescent light on whole or, preferably, cracked corn.

As this test gives many false positives, it becomes a great income-generating tool for the grain cartel, as almost all drought corn will test positive. The grain companies store this grain in separate bins from good corn. They can then legally mix a large proportion of corn infected with aflatoxin together with a small proportion of noninfected corn and sell it at full price—an old trick the grain companies know very well.

According to Tom Romer, president of Romer Labs, Inc. of Washington, Missouri, which specializes in mycotoxins, livestock producers face a two-edged mycotoxin sword this year. Not only is drought corn infected with aflatoxin, but, because of a corn shortage, corn that has been in government storage for two to three years will also be fed. Corn in storage this long tends to develop a mold called fusarium toxins, which is almost as bad as aflatoxin.

This could prove disastrous to livestock producers, as these mycotoxins cause many health and fertility problems when fed to livestock. Slow growth rates develop in livestock fed corn infected with mycotoxin molds. When mycotoxins invade the grain,

its density is reduced, and the number of broken kernels increases because the mold consumes carbohydrates.

Thus, even after this year's drought is over, financial losses will continue to ripple throughout the farm production system into 1989, as producers feed livestock the infected corn.

In Texas, where the fungus is more common because of the climate, state officials suspect that about one-fifth of the crop is contaminated with aflatoxin, some at 20 times the level considered safe for human consumption. Any contamination of 5 parts per 1,000 is automatically docked at least 50¢ per bushel, or about \$25 per acre on land yielding 50 bushels per acre.

The banning of EDB (ethylene dibromide) by fanatic action by the Environmental Protection Agency (EPA) a few years ago has led to the current spread of aflatoxin. This disastrous effect of the environmentalists' campaign was predicted by *EIR* in 1985.

In addition to mycotoxins, there are other problems developing with this year's harvest. As farmers put grain in storage, many must wear a breathing device to filter out mold spores which cause "farmer's lung."

Allen Hamilton, a farmer from Albia, Iowa who has had two episodes of "farmer's lung," warned in the Sept. 17 *Iowa Farm Bureau Spokesman*: "There's probably been farmers who've died from farmer's lung and no one knew it because they attributed it to pneumonia or the flu." The symptoms of "farmer's lung"—fever, chills, etc.—are much like flu.

Hamilton reported, "I told the doctor it couldn't possibly be the same thing, pneumonia." He conferred with a doctor in Des Moines, Iowa, and they concluded that he had "farmer's lung." "My doctor told me I only have so much [resistance] in my system, and it can kill me."

# Business Briefs

## Debt

### Mubarak tours Europe against IMF

Paris was the first stop on Egyptian President Hosni Mubarak's European tour Sept. 27. Mubarak aims at rallying support to Egypt's decision to resist pressures for more austerity from the International Monetary Fund.

A week earlier, Mubarak had issued a blistering attack on the Fund, even as negotiators for his government talked with Fund officials. The IMF has been demanding, among other things, an end to subsidized food prices for the poorest Egyptians—a measure whose implementation could topple the government. Previous attempts to lift subsidies have met with rioting.

Mubarak was scheduled to go from Paris to London and then Bonn.

Egypt is officially being boycotted by the IMF, which has asked Western creditors to cut off further credits and is threatening not to reschedule Egypt's \$40 billion foreign debt.

"No one can survive a 40% price increase. It would be butchery," the Egyptian President said of IMF demands. According to the Sept. 27 *Le Figaro*, Mubarak showed French leaders a special report on the Egyptian economy, describing how much of the IMF conditionalities he has already implemented. This has led to industrial strikes, especially among workers in the textile industries.

## Trade

### Malaysia, Britain sign arms deal

Malaysian Prime Minister Mahathir Mohamad arrived in Britain Sept. 24, after visits to West Germany and Belgium. He has been seeking to encourage foreign investment in Malaysia, as well as increased European trade.

Three days into his visit, Mahathir and Prime Minister Margaret Thatcher signed a preliminary agreement for a \$2.5 billion arms purchase by Malaysia. The sale includes 12

Tornado jet fighters, anti-aircraft missiles, and radar equipment. Malaysia will pay partly in oil and commodities. The sale of the Tornados, an advanced jet fighter, to an Asian nation is unprecedented.

The United States has just agreed to go through with a sale of F-16 jet fighters to Malaysia.

Earlier rumors had indicated that the deal would include a second-hand British submarine, but there is no mention of this in later reports.

Earlier, in Bonn, Mahathir expressed his fears about the planned 1992 single European market, the *Financial Times* reported Sept. 26. At an official luncheon with West German Chancellor Helmut Kohl, Mahathir said, "Europe's move to develop a single European union could turn the continent into a fortress against free trade."

## European Community

### Key 'Europe 1992' figure dies

Basil de Ferranti died in England on Sept. 24. He was a key figure behind the push for an integrated Europe, embodied in the European Commission's "Single Europe 1992" act, which would drop all customs barriers to the movement of people and goods beginning in that year, preparatory to measures, including a single continent-wide central bank, designed to destroy national sovereignty.

The heir of the famous Ferranti Electronics Co., Basil was descended from a 12th-century Doge of Venice, Sebastian Ziani, London's *Daily Telegraph* reported Sept. 26.

In 1973, Ferranti was appointed a member of the European Economic Community's Economic and Social Committee by then-Prime Minister Edward Heath. In this position, he developed many of the ideas that later became incorporated in the formal "Europe 1992" scheme.

Reentering the European Parliament in 1979 after a 15-year absence, he helped establish the principles of a movement now known as the "Kangaroo Group," and published something called, *Kangaroo News*.

The Kangaroo Group now has 200 Eu-

ropean Parliament members, and is a key lobbying institution for "Europe 1992," with "wide support throughout national governments, industry, and commerce," reports the *Telegraph*.

## Defense

### Pentagon delays contract payments

The Pentagon has announced that payments to suppliers will be delayed from the usual seven days to 30 days. The new policy went into effect, unannounced, the week of Sept. 19. Government officials admitted that the Pentagon's purchasing agents have been instructed to hold checks as long as possible without violating contract terms.

"Our companies are all calling us about it. It's a nightmare. They are seeing big perturbations in their financial plans. Some will have to borrow hundred of millions of dollars," declared Jean A. Caffiaux, the vice president of the Electronic Industries Association.

Whether the policy is connected in any way to recent Pentagon procurement scandals is not clear. Pentagon officials say that it is motivated by "a cash shortage."

## Poverty

### Moynihan: 'Make welfare an employment system'

Mr. "Benign Neglect," New York Democratic Sen. Daniel Patrick Moynihan, has called for the welfare system to be turned into an employment system.

Shedding crocodile tears over "the nation's poor children," Moynihan wrote a commentary in the *New York Times* Sept. 27 which said that both Houses of Congress have passed bills which address the problem of the "permanent poor."

"We would take the present maintenance [welfare] system and turn it into an employment program, with child support from absent fathers, transitional child care and health benefits for mothers leaving wel-



fare, and unprecedented automatic funding for education and training," Moynihan writes. "A mother cannot work without child care. A mother cannot work without skills."

The *Times* seemed to back up Moynihan's call with an editorial demanding that "poor children" become a major presidential campaign issue.

Moynihan does not indicate where the jobs for the millions of Americans on welfare are to come from, nor what kind of jobs those are to be, at what kind of pay-scale.

## Labor

### Republicans block minimum wage hike

A Republican filibuster in the Senate has successfully blocked a Democratic effort to raise the minimum wage from the present \$3.35 to \$4.55 per hour.

After five days of debate in which Republicans had twice blocked votes on amendments, Senate Democratic leader Robert Byrd on Sept. 26 acknowledged that the Republican stall had worked.

"There is no point in our continuing to pound at their door. I am now conceding that the Republican filibuster has been successful," said the West Virginian.

At present, 15 million Americans, most of them youth or members of families with more than one income, receive the minimum wage. Republicans and other lobbyists against the bill argued that it would cost jobs and hurt the working poor. The Chamber of Commerce, a key lobbying organization against the minimum wage hike, predicted that up to 250,000 jobs would be lost in the next three years if the bill went through.

But Sen. Edward Kennedy (D-Mass.), chairman of the Labor Committee and the bill's key sponsor, vowed, "We will be back. I am convinced we will be successful, if not this year, then hopefully in the early part of the next Congress."

AFL-CIO chairman Lane Kirkland chimed in with an attack on Vice President George Bush, who has said he is in favor of raising the minimum wage, but didn't tell Republicans to stop their filibuster.

The real issue was addressed by no one: America's 20-year "post-industrial" drift,

which has wiped out relatively high-paying industrial jobs, leaving only the minimum-pay hamburger-stand "services" jobs whose scale was at issue in the minimum wage debate.

## Energy

### Mexican nuclear plant will finally open

Mexico's first nuclear plant is finally scheduled to come on line in mid-October.

The Laguna Verde plant is set to begin operations between Oct. 15 and Oct. 20, according to the head of that nation's electrical workers union.

The director of the plant, Rafael Fernández de la Garza, called a press conference Sept. 21 to defend the plant against environmentalist attacks. "Either Mexico enters the era of nuclear energy, or the development of the country will be stopped," he said.

Meanwhile, both the Mexican Socialist Party and the neo-fascist National Action Party (PAN) have expressed themselves "categorically" opposed to the plant's opening, Mexican media report.

## Food

### Grocery chains target of hostile takeovers

Even as the United States girds for potential food shortages in the wake of this summer's drought and the no-production policies of the Department of Agriculture and food cartel firms, the nation's supermarket chains have become the target of hostile takeover attempts.

Kroger, the nation's second-largest grocery chain, is now the target of two hostile takeover bids. The Haft family, owner of Dart Drugs, made a \$4.32 billion offer to Kroger stockholders, while Kohlberg, Kravis, Roberts & Co. made a \$4.59 billion offer.

Earlier this year Kohlberg, Kravis succeeded in taking over the Safeway supermarket chain.

# Briefly

● **FIDEL CASTRO**, the Cuban dictator, told an interviewer for France's leftist *Lettre Internationale* that the IMF/World Bank meeting in Berlin is pointless, because Third World "debts can't, by any means whatsoever, be collected anyway. . . . A debtors' cartel is still on the agenda. . . . In the longer run, objective conditions for a big international social revolution are ripening."

● **A HARVARD** study commissioned by Congress and the Health and Human Services Department would completely alter the Medicare payment schedule to "reduce the incentive for doctors to overuse tests, procedures, and surgical operations." Surgeons' fees would be cut by almost half.

● **A U.S. RECESSION** "is inevitable, and is scheduled for the second quarter of 1989," states the London financial journal *Global Investor*, "although the central banks have done a remarkable job of holding the world economy together."

● **JOSEPH MOBUTU**, the Zairean President, responded sharply to International Monetary Fund director Michel Camdessus's amazing charges that "corruption" in Third World countries was responsible for their heavy indebtedness. Mobutu called the charge "scandalous," and reported, "The IMF programs cost us \$2 billion in outflows against only \$1 billion in inflows." An adviser to Mobutu called the IMF "neo-colonialist."

● **THAILAND** officially reports 1,000 cases of AIDS, but a doctor in Chiang Mai, in an open letter to Prime Minister Chatichai, said that there are at least 200 cases in that town alone, and that the real national figure may be 10 times the government's claim. "We have to act swiftly," wrote physician Thira Sirisanthana.

---

## Food irradiation—a weapon in the arsenal against hunger

---

*An address by Dr. Martin A. Welt, president of Alpha Omega Technology, Inc., Parsippany, N.J., to the founding conference of 'Food for Peace,' Sept. 4, 1988, Chicago.*

---

In 1955, almost 33 years from today, President Eisenhower proclaimed the Atoms for Peace Program. That program should have been the genesis of Food for Peace, since the research on the radiation preservation of food, first started in earnest by the U.S. Army Quartermaster Corps in 1943 under a contract to the Food Science Department at MIT, had shown remarkable potential.

Lack of governmental leadership, however, and bureaucratic snafus held the program back until 1964, when Food and Drug Administration (FDA) approval was given for the irradiation of potatoes to prevent sprouting, and for wheat and wheat flour to prevent insect infestation. Instead of rapid progress, the program floundered, and it was not until 1983, when the FDA approved my petition for the radiation sanitization of spices, that any positive action was taken by the United States. We had previously submitted a petition to the FDA in 1978, calling for the radiation disinfection of poultry for salmonellae. That approval has been awaiting final signature for at least two years, with no reason given for the delay other than that it is "political."

In 1985, we gained further FDA approvals for insect disinfestation and sanitization of herbs, vegetable seasoning, and dried powdery enzymes, followed by our most important accomplishment, the approval for irradiation of fresh pork cuts to control trichinae parasites. The importance of this last approval was that it represented for the first time FDA willingness to endorse the safety of the food irradiation process for a major food commodity. We felt that this would surely open the door for the commercialization of food irradiation, since United States FDA approval was critical for acceptance by developing nations.

This optimism was intensified when the FDA shortly thereafter issued a lengthy amendment to the Food and Drug

Act that approved the low dose irradiation of fruits and vegetables for insect disinfestation and increased the maximum dosage allowed for the irradiation of spices, herbs, vegetable seasoning, and enzymes.

### Regulatory inaction

In spite of the eventual action of the FDA, commercialization was still hampered by regulatory inaction because the U.S. Department of Agriculture (USDA) now became responsible for regulation of the labeling and marketing of the irradiated product and for inspection of the irradiation facilities. In spite of the fact that the USDA had continually expressed interest in obtaining FDA food safety approval for food irradiation, particularly for poultry, pork, fruit, and vegetables, no machinery had been put in motion to gain any benefit from the FDA action. In fact, after a USDA Federal Register announcement Jan. 15, 1986 approving the irradiation of pork for trichinae control, administrative measures were taken that have successfully prevented any pork from being irradiated in the United States as of this date.

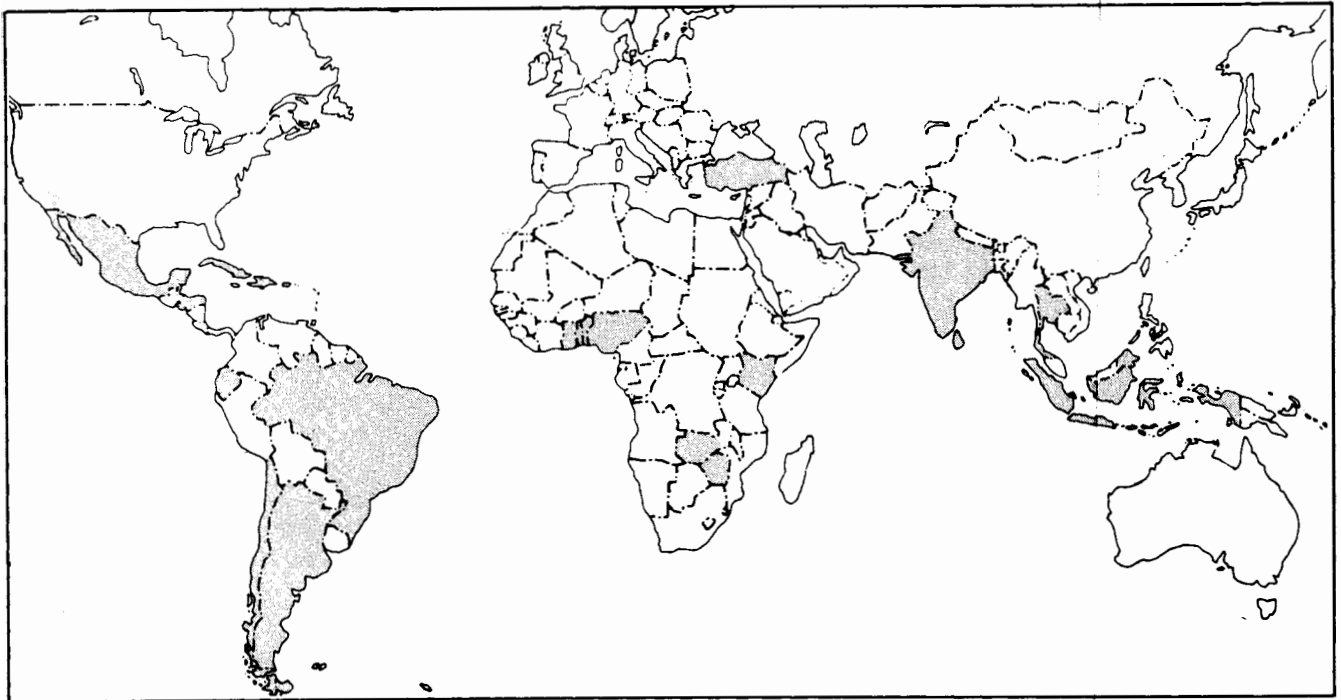
In spite of USDA pronouncements that government policy was to find ways to increase exports of U.S. pork, and knowing that foreign buyers were sometimes reluctant to purchase our fresh pork because of presumed trichinae infection, there was still no leadership in overcoming the questions raised concerning the necessary quality assurance documentation, despite two years of intense and costly effort.

### Some basics of food irradiation

To better understand food irradiation technology, let us answer several obvious questions. Food irradiation is a process that utilizes ionizing radiation (energy) to assist in preservation of food or to bring about other beneficial results.

FIGURE 1

**Developing sector nations considering food irradiation**



*The greatest need for food irradiation is in the developing sector, where now 60 to 75% of food products are lost to insects, rodents, or spoilage.*

*What is ionizing radiation?* Ionizing radiation is a form of electromagnetic energy that is capable of stripping an electron from an atom. In order to be ionizing, the energy form must be above the electron binding energy holding it to the atom. The electromagnetic spectrum contains both high and low energy forms. For example, microwaves and infrared rays have long wavelengths and relatively low frequencies and energies, whereas x-rays, gamma rays, and cosmic rays have just the opposite. Visible light, ranging from red to violet and ultraviolet have energies between the types described. Very high temperatures can also strip an electron from an atom and cause it to be ionized.

*Can the form of ionizing energy used for food irradiation make the food radioactive or somehow leave the radiation in the food?* Both the Codex Alimentarius Commission, an agency of the Food and Agriculture Organization of the United Nations, and the U.S. FDA have endorsed only those forms of ionizing energy that cannot cause any substance to become radioactive.

*How is food irradiated?* Alpha Omega Technology, Inc. has developed a computer-controlled pallet irradiation facility that can transport bulk or packaged products into a specially designed radiation chamber where the product receives a controlled dosage of ionizing radiation. The radiation chamber is designed in accordance with international stan-

dards to prevent environmental impact or worker exposure.

*Why use food irradiation?* Food irradiation is actually more than one process, depending on the dose delivered, and can be compared to cooking food for varying times and at different temperatures. Here is a list of the processes and the typical food products treated:

*Sprout inhibition:* Potatoes, yams, onions, garlic.

*Insect disinfestation:* Fruits, spices, grain, cocoa.

*Shelf life extension:* Fresh poultry, fish, mangoes.

*Pathogen elimination:* Poultry (salmonellae), pork.

*Shelf-stable meals:* Prepared packaged meals (all).

*Virus inactivation:* Meats and vaccines.

*What are the benefits of food irradiation?* No other method of food preservation can reduce spoilage for an expanded market, reduce energy costs below those of canning and freezing, and eliminate the need for post-harvest chemical fumigation.

*Where has food irradiation been approved?* As of March 1988, food irradiation has been approved in Canada, Chile, Brazil, Holland, Belgium, France, Norway, U.S.S.R., U.S.A., Japan, India, Thailand, Philippines, Australia, South Africa, Israel, Bangladesh, Hungary, Italy, East Germany, China, Czechoslovakia, Denmark, Poland, New Zealand, Spain, U.K., Yugoslavia, Argentina, Finland, Bulgaria, Indonesia, Korea, and Uruguay.



Philip Ulanovsky

*Dr. Welt discusses his work with participants at the Food for Peace conference, following the science panel.*

### **Greatest need in developing sector**

The greatest need for food irradiation technology in the world today is in developing nations, where alternative methods of food preservation are either nonexistent or too expensive. The ability to extend shelf life is critical where food distribution systems are lacking, and the ability to preserve prepackaged balanced nutritious meals without freezing or refrigeration can mean the difference between life and death for whole populations in time of natural or man-made disasters. The current situation in Bangladesh and southern Sudan are two immediate cases in point.

However, the preparation and stockpiling of the shelf-stable (no refrigeration required) radiation-sterilized food must take place prior to the disaster. This requires vision and nonpolitical determination to adopt the well-proven technology that has been used by the U.S. Apollo and Space Shuttle programs since the 1960s, and by cancer and other seriously ill hospital patients in the United States, Holland, and Great Britain for more than 30 years.

Developing nations cannot and should not rely on surplus handouts from developed nations. Charity food lessens the will to seek domestic self-sufficiency. The old proverb, "Give a hungry man a fish and he is satisfied for a day, but give him a fishing pole and he will be satisfied for a lifetime," is certainly relevant. Alpha Omega Technology, Inc. (AOT) believes in this concept and has developed a joint venture program aimed at establishing our proprietary irradiation technology in developing nations, with relatively low start-up costs and continuing technology transfer by AOT to help create economically viable situations. To be successful, the program requires the support of the host government.

A commercial irradiation facility, such as the patent pending AOT Model T6-V<sup>TM</sup> pallet irradiator can help a developing nation increase its hard currency export revenues, while extending and preserving domestic food supplies that are free of food-poisoning pathogens. For example, why ship spices from the developing nation to Holland or the United States for irradiation? The value added can be had where it is most needed, and the resultant product can be shipped to the end user for a lower unit cost. Further, methyl bromide fumigation can be eliminated, thereby excluding highly toxic bromide residues from the spice, while adding to the quality.

Mangoes and other tropical fruit are in great demand in the United States, Japan, and Western Europe. Imports of these products would not impact domestic farmers since the products are not grown or are in very short supply in those economies. Yet, these products are cheap and plentiful in many developing nations of the world and, with irradiation technology, substantial export revenues can be generated.

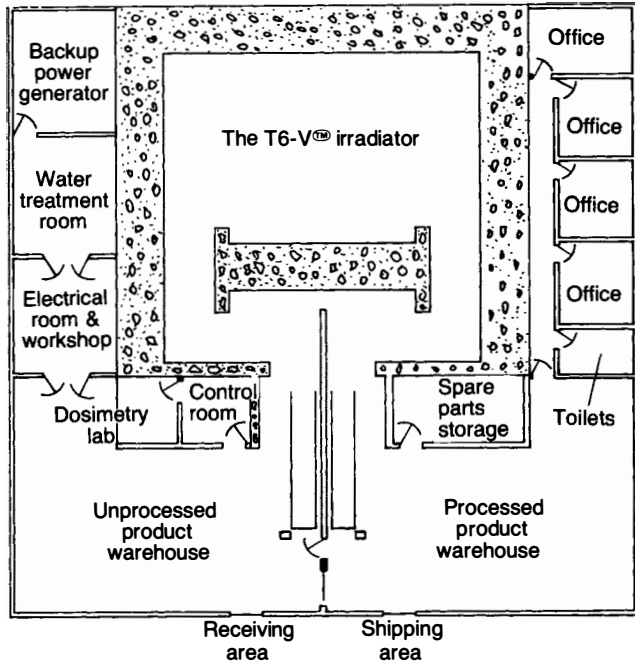
### **What about the U.S. farmer?**

What about the U.S. farmer, poultry, and livestock producer? We sometimes wonder why these individuals are the only ones in our society who are penalized for being productive. If yields go up, prices go down, and economic disaster is close at hand. Two years ago, I proposed to Secretary of Agriculture Richard Lyng a methodology using radiation preservation techniques that might offer a solution. Unfortunately, there has been no reply or discussion concerning the proposal.

We know that radiation sterilization methods can provide shelf-stable meat, poultry, fish, and shellfish products, since



FIGURE 2  
**Typical irradiation facility layout**



Source: Alpha Omega Technology, Inc.

*In this schematic of a typical food irradiation facility, the unprocessed food enters at left, travels around the irradiator on a conveyor belt, and exits at right. Alpha Omega's irradiator shown here is designed to be economically viable in developing sector nations, with relatively low start-up costs.*

these materials lend themselves to enzyme inactivation through blanching (heating or light cooking), so that they can be vacuum pouched and radiation sterilized after packaging. The irradiation itself will not inactivate the enzymes, which are very resistant, and without blanching, the sterilized product would deteriorate while stored. Frozen food is also blanched for this reason. We found that strawberries, stone fruit, and other fruit and vegetable varieties could be prepared in a similar fashion to the meat products and stored for extended periods.

We proposed that a program be enacted that would permit a farmer to maintain fresh market prices with a portion of the crop while turning the surplus over to a regional radiation processing facility where the product would be preserved for future sale and use. The farmer would maintain a financial interest in the product, which could be used as collateral for bank loans. When the product is sold by the cooperative or other agency, the farmer would get his share of the profits.

Naturally, we cannot preserve a plump strawberry that will respire in a sealed pouch, but we can preserve the puree

TABLE 1  
**How the experts rank the risks**

*The Seattle Post Intelligencer recently asked five experts to rate potential health hazards. Here is what they came up with—from the riskiest (smoking) to the almost risk-free (eating irradiated food).*

1. Smoking one pack of filtered cigarettes per day
2. Driving in congested traffic every day
3. Removing asbestos containing plaster from a home ceiling without protection
4. Indoor air pollution
5. Drinking two glasses of wine per day
6. Using a woodstove regularly for heat in a home, or living in a valley where woodstoves are used by others
7. Getting sunburned during a two-week vacation every year to Mexico
- 8 and 9. A tie between (a) getting a full-mouth dental X-ray every two years and (b) using ordinary garden pesticides in a home vegetable garden
10. Eating a charcoal-broiled steak once a week
11. Eating a half-pound per week of bottom fish caught in Elliot Bay, Wash.
12. Flying an average of three hours per month on a regular commercial airline
- 13 and 14. A tie between (a) eating two peanut butter sandwiches per week and (b) living within one mile of a Superfund site
15. Drinking diet sodas sweetened with saccharine twice a day
- 16 and 17. A tie between (a) living within one mile of a garbage incineration plant and (b) living downwind within 25 miles of a nuclear power plant
18. Eating food that has been treated using irradiation

or enzyme-inactivated product for future use by confectioners, bakers, yogurt manufacturers, etc.

We believe this approach is far better than to have the farmer plough under a crop to preserve market prices because yields were too high. We can never know when a blight of some kind will hit our farms and eliminate crops we have always taken for granted. Further, it is an economic fact of life that it is cheaper to preserve what we now have than to produce new product. Radiation technology can bring this option home to food producers.

Food irradiation, a well-proven method of food preservation, is available to take its place along with other preservation methods to help mankind eliminate hunger and starvation. No one method provides a panacea for all food preservation problems and needs, but certainly we owe it to ourselves to use every weapon in the scientific arsenal in our fight to preserve and distribute the food we are capable of raising. We should no longer allow a well-fed and possibly well-meaning bureaucrat to deny this technology to the needy of the world.

# Approaching the photosynthetic limits of crop productivity

by Frank B. Salisbury, Ph.D.

*An address by Frank B. Salisbury, Professor of Plant Physiology, Department of Plant Science, Utah State University at Logan, and member, NASA Life Sciences Advisory Committee, to the "Food for Peace" founding conference, Sept. 5, 1988, Chicago:*

Just how much could a crop produce if all the environmental parameters were set at optimal levels so productivity was limited only by the plant's genetic potential? This question has interested plant physiologists, agriculturists, and ecologists almost from the time these sciences came into being. Although no one has tried to answer the complete question, agricultural productivity has increased tremendously during the past century as parts of the question were at least partially answered.

Almost a century and a half ago, Justus von Liebig propounded his "law of the minimum" or (as it was later called) "the law of limiting factors." This principle stated that plant growth was limited by the one factor that was presented to it in the most limiting amount. Thus, it might not help to add phosphorus fertilizer if there was not enough nitrogen fertilizer available in the soil. This principle led to incredible advances as crop physiologists looked for the limiting factors and then supplied them so they were no longer limiting. On a world basis, water is probably the most important limiting factor, but the level of carbon dioxide in the atmosphere also limits yield, and nitrogen fertilizers are limiting on a worldwide basis. Liebig's law had to be modified in several important ways (for example, it is common for more than one factor to be limiting), but its impact was immense.

To find out how much productivity could be achieved if all limiting factors were eliminated (by converting them to optimum levels) requires application of the most modern technologies of environmental control. Radiation (light), carbon dioxide (and other atmospheric gases), water, and mineral nutrients must all be carefully controlled. Such other factors as humidity, wind velocity, acidity, and aeration of the root medium, which often indirectly influence radiation, carbon dioxide, water, and mineral nutrients must also be controlled and set at optimum levels. Once this is done, the plant can grow in a *stress-free environment*. Plant physiologists define stress factors as those environmental parameters that in any way limit yield below genetic potential. Clearly, the technological challenges are complex, so complex that

no one has attempted to consider all of them at once until recently.

The impetus for finally trying to develop stress-free environments for plant growth was the developing space program. After our initial manned forays into near-Earth orbit and even to the Moon, planners of space exploration began to speak of extended trips such as a manned voyage to Mars or exploration of the asteroids and of permanent human colonies on the Moon and even on Mars.

Such projects would almost certainly require production of food in the spacecraft or the lunar or Martian colonies. This would be expensive, since totally artificial environments for the growth of plants would have to be produced and maintained, but the expense of resupply from Earth might be even greater. In the early 1960s, NASA, as well as Soviet space scientists, initiated research programs to achieve maximum crop yields in controlled environments. The Soviets have continued their program to the present, but NASA dropped theirs until the late 1970s.

In 1981, four projects were funded to study questions of maximum yield. One of these, at the University of Wisconsin, uses potatoes as its crop; another at Purdue University studied lettuce (and now several other crops including oil-seed crops); a project at North Carolina State University investigates soy beans; and we at Utah State University examine wheat. There are two or three other related or supporting projects, including a rather-recent one on sweet potatoes at the Tuskegee Institute in Alabama. This discussion is based on some of our results with wheat, which proved to be ideally suited for this kind of work because the nearly vertical leaves of wheat plants are capable of highly efficient absorption of light and thus can achieve extremely high productivity.

How can we know when we are approaching the plant's genetic potential? The key to answering this question is the knowledge that the basic function of plants is to convert light energy to chemical bond energy in the process of photosynthesis, and the chemical bond energy (plant yield) can never exceed the light energy that is absorbed by the plant. Actually, it can never exceed some maximum conversion efficiency. Plant physiologists have been studying photosynthesis for many decades, and we now know enough to set some limits on the efficiency of the photosynthetic process. On this basis, it is possible to calculate the maximum possible crop productivity for a crop irradiated with some known amount

of light. This calculated maximum productivity can be compared with the observed productivity to see how close the genetic potential has been approached.

### Calculating maximum productivity

There are several ways to calculate theoretical maximum productivity. Here is one approach: In photosynthesis, light energy is absorbed as individual packets called *photons* or *quanta*. The unit of measurement for these photons is the *mole*, which is a specific number of photons or other atomic or molecular particles. (The number, called Avogadro's number, in a gram molecular weight of the substance is very large:  $6 \times 10^{23}$  particles per mole.) The energy in a mole of photons of white light, which is effective in photosynthesis, is approximately 217 kilojoules per mole (kJ/mol), depending on the exact spectral composition of the light.

The chemical bond energies in protein, carbohydrate, and fat vary, but we have used an average value for carbohydrates of approximately 510 kJ/mol. Research on photosynthesis suggests that it takes about 12 moles of photons to produce one mole of carbohydrate, so we can calculate an efficiency of 19.6%, which says that if photosynthesis were functioning at an optimum efficiency, about 19.6% of the absorbed light energy could be converted to the chemical-bond energy of carbohydrate.

But there is more to consider. To begin with, some of the light energy will be reflected or transmitted by the leaves and thus not used in photosynthesis. In our system, 98% of the light energy is absorbed, so this reduces the maximum efficiency only to 19.2%. A more important consideration is the fact that the plant is not only making carbohydrate and other compounds in the process of photosynthesis; it is also using them up in the process of respiration, a process that is essential to maintain the plant and keep it functioning. Exactly how much is used up in respiration will depend upon several factors such as temperature, but a good average number is 20-30%. Taking the most optimistic value of 20%, we reduce the maximum possible efficiency of the plant to about 15.4%. So, considering real plants that are respiring as well as photosynthesizing, about the best we can ever hope to achieve is about 15% of the light energy converted to the chemical-bond energy of food.

Actual efficiencies have been measured in the field by many workers. Typically, the efficiencies are less than 1%, but world records for crops that photosynthesize by the  $C_3$  pathway (wheat, rice, legumes, virtually all fruits and vegetables, etc.) have reached 7.4% for the short period of maximum growth, but only about 2% for the entire life cycle. A few plants photosynthesize by the  $C_4$  pathway (maize, sorghum, sugar cane, other tropical grasses, and so on), which is somewhat more efficient when carbon dioxide levels are as low as they are in the Earth's atmosphere and when water is limiting. These have reached 10.2% for the maximum growth phase and 3.7% for the entire life cycle. It is reasonable to imagine that factors other than light are responsible for the

TABLE 1

### Some summary figures on wheat yields as a function of light levels

Light levels (photosynthetic photon flux) (in moles/meter <sup>2</sup> /day)	32	86	144
Potential yield based on 15.4% efficiency (grams/ meter <sup>2</sup> /day)	60	162	272
Life-cycle yield (grams/meter <sup>2</sup> /day)	43	95	137
Yield efficiency	11%	9%	7.8%
Short-term yield (grams/meter <sup>2</sup> /day)			150
Yield efficiency			13.4%

Original data in Bruce G. Bugbee and Frank B. Salisbury, 1988, "Exploring the Limits of Crop Productivity: I. Photosynthetic Efficiency of Wheat in High Irradiance Environments," *Plant Physiology*, in press.

TABLE 2

### Dependence of space-farm size on irradiance

Irradiance (mol/ meter <sup>2</sup> /day)	Grain (grams/ meter <sup>2</sup> /day)	Farm size (meter <sup>2</sup> / person)	Power (kW/person)
32	18	43	10.3
86	41	19	11.4
144	60	13	15.6

differences between the observed efficiencies and the calculated ones.

### The wheat experiments

To see if we could do better than has been done in the field, we have purchased and modified three plant growth chambers in which it is possible to produce light levels equal to sunlight at noon on June 21 and to control such other factors as carbon dioxide, water, and mineral nutrients. The nutrients are provided in solution in a hydroponic system. The solution circulates rapidly around the roots so that it always contains ample oxygen, and its exact composition is the best that we know how to concoct (although it is reasonable to think that we can improve it with further research). We have other facilities that we use in these studies, including a greenhouse bay that provides environmental control almost as good as that produced in our growth chambers.

High-pressure sodium and metal halide lamps provide the key to controlled-environment studies such as ours by making it possible to produce high light levels. (These lamps are commonly used for street lighting.) Until these came into use a few years ago, growth chambers could only produce about a fourth of solar light levels.

In one of our most successful experiments, plants were grown at a temperature of 20°C day/15°C night with 20 hours of light per day, providing, at the highest light level, about two and one half times as many photons per day as could be achieved with natural sunlight anywhere on Earth. Carbon dioxide was elevated to 1,200 micromoles per mole of air, which is three to four times the carbon dioxide levels in the Earth's atmosphere during the past century. (In earlier studies, we had determined this to be an optimum carbon dioxide level.)

Water and mineral nutrients were provided as noted above, and humidity and air velocity were also controlled. We used the wheat cultivar Yecora rojo, which had performed the best in many previous trials; different wheat cultivars respond quite differently in our optimized conditions. We planted 2,000 wheat plants per square meter, which is 5-10 times as many plants per square meter as are normally planted in the field. We have gone as high as 6,000 plants per square meter in some experiments! We used six different light levels, two in each of three chambers.

We found that total biomass (roots, stems, leaves, and wheat grains) increased with increasing light levels all the way up to the highest light level that we used; there was no sign of leveling off at the highest light level. The efficiency of conversion of light energy to chemical bond energy was highest at the lowest light level; about 11%, which is higher than anything ever observed in the field and not very far below the calculated maximum efficiency discussed above. At the highest light level, efficiency dropped to about 7%.

### The harvest index

From the standpoint of food production, the *harvest index* is extremely important. This is the percentage of total biomass that can be used as food. Harvest index increased in our study from about 40% at the lowest light level to about 45% at the highest light level. The calculated efficiencies are based on the entire life cycle, and thus will necessarily be lower than the potential efficiency, because it takes time to develop the canopy before light is absorbed efficiently. Based on photosynthesis measurements that we made during the period of maximum growth after the canopy had developed, we achieved efficiencies of 13.4%, which is getting amazingly close to the calculated maximum efficiency of 15%.

Say that a person requires 11,700 kJ of food energy per day (2,800 kilocalories). One hundred grams of oven dry wheat (or equivalent food) contains about 1,500 kJ of food energy. Thus 780 grams of oven dry wheat or equivalent would be required each day for each person. If this food is produced in a space farm with the maximum light level used in our experiment (60 grams per square meter per day of edible wheat), only 13 square meters would be required to produce food continuously for one individual. That is an area about the size of my office (a little over 3 by 4 meters, or 10 by 14 feet). Such a farm, producing a crop in 79 days at which time another crop would immediately be planted, would



*One of the growing chambers for the experiment described by Salisbury. His co-researcher, Dr. Bruce Bugbee, here lifts up the rock wool base of the plant-support system to show the dense root system of the 18-day-old plants. The inside walls of the chamber have mirror surfaces to maximize reflection of light, and at left is the reflection in the open door of the growing chamber.*

grow enough wheat to provide the necessary 780 grams per day.

I for one would hate to be dependent for my life's food on a farm that size that had to produce at maximum efficiency with no foul-ups! Thus, a lunar farm will probably be quite a bit larger to provide a margin of safety and to allow the use of lower light levels, not to mention the growth of several crops besides wheat, many of which will not be as efficient as wheat. Table 2 shows some figures for productivities at different light levels based upon our experiment. At the lowest light level, 43 square meters would be required to feed a single person. Assume an intermediate light level at which 20 meters per person would be sufficient, and consider a farm about the size of an American football field (5,000 square meters). Such a farm could provide food for about 250 people. A farm that size, operating at the average present efficiency for all the world's crops could support only one or two people, to give some idea of the difference between everyday Earth farming and an ultimate, controlled agriculture in a lunar colony.

These studies have provided at least partial answers to the original questions, and most important for NASA, they have shown that space farming is an achievable and worthy goal. Do they contribute anything to Earth-based agriculture? So far, we haven't given much thought to such contributions, but we have every reason to believe that consideration of our experimental results and their implications should indeed contribute to the solution of some of the problems discussed at this conference.

---

## Book Reviews

---

# The uneven frontier of American science

by Warren J. Hamerman

---

### Frontiers in the Chemical Sciences

ed. by W. Spindel and R.M. Simon

The American Association for the Advancement of Science (AAAS), Washington, D.C., 1986  
592 pages with index, \$17.95 paperbound,  
\$29.95 hardbound

---

### Biotechnology, the Renewable Frontier

ed. by D.E. Koshland, Jr.

AAAS, Washington, 1986  
384 pages with index, \$17.95 paperbound,  
\$29.95 hardbound

---

### AIDS

ed. by Ruth Kulstad

AAAS, Washington, 1986  
653 pages with index, \$19.95 paperbound,  
\$32.95 hardbound

---

Each of these three books consists of article reprints first published in *Science*, the official journal of the American Association for the Advancement of Science (AAAS), between 1982-85 and therefore gives a snapshot of how the American scientific establishment evaluates the research advances in the areas of chemistry, biology, and AIDS research during these critical years.

Of the three scientific domains covered, I was surprised to discover that the *Chemical Sciences* anthology presents the most dramatic and exciting research because it was the most "tuned in" to the modern laser age. Physical chemists studying the dynamics of chemical reactions have experienced a revolution by using lasers and other precisely tuned coherent radiation sources. Laser pulses can create initial chemical reaction states which additional laser pulses can

"interrogate" or probe. For example, high-power ultraviolet lasers can generate large numbers of fast hydrogen atoms which can be studied as they collide with simple molecules. Lasers have also been used to study the dynamics of single molecules in the gas phase. Short-pulse lasers down to the range of femtoseconds (or a tiny fraction of a second which is one second divided by  $10^{15}$ ) open new doors for study. Other broad areas discussed include chemical analysis, theoretical chemistry, chemical catalysis, organic synthesis, the chemistry of life processes, and the chemistry of new materials. Among the new materials discussed are bioglass (surface-active glass), conducting organic solids, microelectronics, and new polymers with extraordinary physical properties.

In contrast, unfortunately, the volume on *Biotechnology* lacks both an insightful scientific orientation and a breadth of scientific selections off the narrow tight-wire of molecular biology. Instead, the book is deluged with pieces on molecular biology technique, technologies, and engineering to the imbalance of basic science itself. Topics covered include immunology, developmental biology and cancer, hormones and metabolism, food and pharmaceutical applications, virology, plant sciences, and behavior and sensory phenomena. For some inexplicable reason, the editor chose to ignore rich areas of research where biology and physics intersect, such as magnetic resonance and particle imaging, bioelectromagnetics, laser research of living systems, basic photobiology research into photosynthesis, and the geometry of DNA and other key biological molecules.

The third volume on AIDS, ironically, which one would have suspected to have the broadest interest, is, in fact, the most narrow and straitjacketed scientifically. This reflects the fact that we have not mobilized a crash scientific effort to conquer this virus. This also reflects the fact that the articles and areas of research which the journals *Science* and its British counterpart *Nature* allowed to be published in their tightly controlled referee system were selected so as not to deviate from the predetermined official line of the day.

Thus, the book will certainly be a reference on the shelf of specialists, but of more limited value otherwise. The anthology documents how a hyper-specialized "in-group" of molecular biology cancer researchers and specialists in abnormal viruses isolated, characterized, and broke the genetic code of the AIDS-causing virus in record time. Yet, after fully cracking the 9,100-plus nucleotide sequence in the code perfectly, the researchers were seemingly more in the dark than before. Using variations of basically similar approaches, science has fallen further behind the tricks of the virus, the more that molecular biology learns. A breadth of fresh approaches on research is what we urgently require from such areas as: studies of mitosis, the magnetic field and resonance properties of living tissue, and the functioning interface between the brain and neurological and immunological systems. One hopes that future research anthologies will not seem so ingrown.



## Food crisis makes Soviet leaders more aggressive

by Konstantin George

The Soviet Union is now in the midst of its worst food crisis since the dreadful early postwar years of 1946-47, although this time there is no war and occupation to blame for the disaster. The food crisis is the top item on the Soviet agenda. It is shaping the intense factional brawls in the leadership, and it has momentous strategic implications, because of the probability that Moscow will be propelled into military adventures.

The food crisis in the Soviet Union and Eastern Europe marks the end-phase of the postwar Soviet empire. It has occurred as a result of the economic arrangement within that empire: long years of deliberate neglect of the Soviet civilian economy, offset by Soviet looting of Eastern Europe. This process accelerated during the 1980s, under the forced tempos of military-strategic build-up, known as the Andropov-Ogarkov War Plan.

*EIR's* founder and contributing editor, Lyndon H. LaRouche, Jr., commented on these Soviet developments, in a Sept. 24 memorandum. "In the July 1985, first edition of *EIR's* *Global Showdown* report," LaRouche recalled, "I emphasized that the Soviets' [Marshal Nikolai] Ogarkov Plan of pre-war economic mobilization of new military potential, which had begun during 1983, would run its course after approximately five years. I forecast that if Moscow continued to follow the mobilization policy then in progress, which I identified by the label 'Plan A,' the Soviet economy would reach the threshold of a worsening physical-economic crisis about 1988-89. We have reached that point, and the first signs of a severe physical-economic crisis are in full eruption."

On the causes of the Soviet crisis, LaRouche explained: "In the Soviet lexicon, the relevant term is 'primitive accumulation,' a term which 1920s Soviet economist Yevgeni Preobrazhensky adopted from his studies of the work of Rosa Luxemburg. This term references the looting of previously accumulated physical capital as a source of wealth for capital formation, or, for military mobilization. 'Primitive accumulation' draws stored-up, previously invested physical wealth from land, basic economic infrastructure, human bodies, and even sectors of manufacturing. One analogy from Western practice, is the case of the firm which,



U.S. Department of Defense; Inset: Stuart Lewis

*Eastern Europe has been savagely looted to allow the Russian war build-up. Now, the limits of that policy are being reached. Shown here are Romanian peasants, and a Soviet T-72 tank on parade.*

by failing to spend for needed repairs, treats 'saved' costs of depletion, depreciation, and maintenance as current gross operating income of the firm; if this continues, the firm collapses into bankruptcy.

"So, during the recent five years, Moscow has intensified savagely its looting of the captive nations of Eastern Europe, has cut back on essential projects in Soviet basic economic infrastructure, has depressed the physical income and conditions of life of most of the Soviet population, and has even allowed its vital Soviet machine-tool industry to fall out of repair. All for the past five years' mad drive for absolute strategic military superiority over the West.

"The Soviet strategic plan, for achieving a state of war-readiness by the end of 1988, was the work of a team of leaders under the direction of, chiefly, former KGB chief Yuri Andropov and his long-standing crony, Marshal Nikolai Ogarkov. The unexpected death of General Secretary Andropov caused a lag in implementation of the Andropov-Ogarkov 'reforms' over nearly two years, until the appointment of an Andropov 'crown prince,' Mikhail Gorbachov, in March 1985. Gorbachov resumed the implementation of the Andropov-Ogarkov Plan full-force, by aid of a rather desperate game of 'catch up.' . . .

"Essentially, Moscow is caught, increasingly, in a choice between extraordinary military adventures, during 1989-1990, and dismantling the Plan's implementation, to a large degree, at least, to redirect political and economic resources to the

food crisis and related economic disasters within the Bloc. At the moment, one of the more likely prospects for a Soviet military adventure is the chain-reaction effects of a Balkan crisis akin to that which set off World War I. As I warned back during 1986, the prospect of the now-erupting crisis in Yugoslavia could be the trigger which embarks us all along the road in the direction of a threatened general war."

### **No quick fix**

The urgency of the food crisis was underscored by Gorbachov in his Sept. 14 speech in Norilsk, Siberia, where he called the food crisis "our top priority." At a Sept. 23 meeting with Soviet media leaders, Gorbachov said that a Central Committee plenum early in 1989 would deal exclusively with the agrarian problems.

The food crisis will not go away tomorrow, or even in the next few months. Leonid Abalkin, director of the U.S.S.R. Academy of Sciences Economics Institute, already predicted even worse food shortages in 1989 and 1990.

The worst Soviet food crisis since 1946-47 occurs under conditions of drastically reduced Western food production, caused by policies of underproduction, and aggravated by this year's North American drought. As the crisis worsens, Moscow will be increasingly tempted to undertake aggressive thrusts outward, to seize or otherwise guarantee food supply rights from such areas as Western Europe, which, in Moscow's eyes, are "food surplus" regions.

# Bitter fruits of the Soviet war economy

by Konstantin George

According to a September survey of 140 towns and small cities in the Russian Republic, published in the weekly *Moscow News*, supplies of meat, fish, and dairy products have vanished in most of them. Every day, reports the weekly *Ogonyok*, hundreds of Russians arrive in Moscow by train from outlying cities, in search of sausage for sale. Throughout the U.S.S.R., sugar has long since disappeared, while fruit and vegetable supplies are limited and highly erratic, even in season, except at the private peasant markets and cooperatives, where they fetch exorbitant prices.

The situation is no better in the Ukraine, and is disastrous in even the traditionally food-surplus regions of the Transcaucasus. In the Transcaucasus republics of Georgia, Armenia, and Azerbaijan, which are chief Soviet fruit- and vegetable-growing areas, these items have disappeared from the shelves, as has meat, which is strictly rationed. In fact, rationing has already been extended to most of the Russian Empire.

Worst off, however, are the Turkic republics of Soviet Central Asia. Meat consumption in Uzbekistan, the U.S.S.R.'s third most populous republic, is officially reported at a mere 30 kg. (66 lbs.) per person per year, or a little over 1 lb. per week. The average for the entire U.S.S.R. last year was only 2½ lbs. per person per week, and this year, 2 lbs. at the most.

These official statistics must be taken with a grain of salt—or dollop of tallow, as the case may be. For one thing, the “meat” weights above include *salo* (pork fat), other “unprocessed animal fats,” not to mention, according to *Pravda*, “category II subproducts with no meat content.” The latter include “heads, trotters, ears, tripe.” Meat products in general, *Pravda* wrote on Sept. 1, “have gotten worse over the past years; . . . sausages have a displeasing look and taste.” And as the food crisis worsens, the figures are continually revised downward, while articles and letters in the provincial newspapers and eyewitness reports made available to *EIR* indicate that there is no meat at all in the shops, in city after city. For example, sources with access to first-hand information from Uzbekistan have told this author that the 30 kg. figure is “at best somewhat exaggerated, if not a purely imaginary statistic.”

This was the state of affairs before the 1988 grain harvest. Now, Soviet announcements have made it clear that the harvest is a failure. In August, Soviet television acknowledged that drought in Siberia and Kazakhstan and floods in the southwest “black earth” regions had caused major damage, while *Pravda* reported from the Kazakhstan corn belt, “You will not be able to call this a rich harvest.” On Sept. 16, General Secretary Gorbachov stated that this year’s harvest would be “below that of last year,” which was reported at 211 million metric tons, because of poor yields in drought-stricken Kazakhstan, Siberia, and the Volga region. Preliminary estimates put out from Soviet government sources are that the grain harvest will reach, at most, 205 million metric tons, but could, as the *Frankfurter Allgemeine Zeitung* conveyed it, “very well be only 190 million tons.” The woefully inefficient Soviet storage and transport system will, as usual, reduce the actually consumable grain by as much as 20%.

The minimum required for Soviet consumption is approximately 235 million tons of grain. In other words, there is a deficit of at least 40 million tons, probably more, to be covered with imports. (Only with the 1978 record harvest of 237.2 million tons did the Soviet Union come within range of producing its own requirements in grain. In 1979-85, the grain harvest averaged around 190 million tons. In 1986-87, it supposedly made it back up to the 210-211 million ton range, although those figures were likely puffed up so that they would portray a positive impact of *perestroika*.) After average imports of 30 million tons per year since 1979, except for 47 million tons in 1981-82 and a record 55 million tons in 1984-85 (these followed harvest disasters of 158 million tons and 173 million tons, respectively), the Soviets are heading toward an import total of 40 million metric tons or more of grain for 1987-88.

Many observers see a “winter of discontent” looming inside the Russian Empire.

## Priced out of reach

The other aspect of food shortages inside the Soviet Union is that many food items are for sale only in the cooperative stores, at prices which a worker can afford either never or, at best, once a month. The Soviet press, starting in late summer, began to overflow with articles and letters protesting price-gouging by the coops, whose prerogatives were expanded under legislation sponsored by Gorbachov. During his early September tour of Krasnoyarsk Territory in Siberia, Gorbachov was pelted with complaints about the coops.

The average income of a Soviet factory or office worker is about 200 rubles per month. How much can he buy of the Slavic meat staple, cooked sausage?

One kilogram (2.2 lbs.) of cooked sausage costs 2.30-2.90 rubles, when available, in the state stores. But since June, with the exception of Moscow, Leningrad, and a few other large cities, cooked sausage and most other meats have vanished from state shops throughout the country. In the cooperatives stores, however, cooked sausage is freely avail-

able at a price of 9-11 rubles per kilogram—a price-equivalent that is more than double what a Western European worker would pay for the very best filet steak. In order to have 2 lbs. of cooked sausage available per week for a family, the average worker would have to spend 20% of his monthly income. To make it 2 lbs. of actual meat on the table per week, when it is found at the cooperatives for 15-25 rubles/kg., he would have to allocate at least one-third of his monthly wage.

This calculation reflects July prices. As the shortages in the state shops have worsened since then, the prices in the cooperative stores, which in effect are a ruble-denominated black market, have risen.

### Low investment, high looting

Since the end of World War II, the Soviet economy has depended to a great extent on Moscow's power to milk its colonies, the captive nations of Eastern Europe. Their "trade" arrangements were rigged so that the satellite nations paid for over-priced Soviet energy and raw materials imports, by exporting to the U.S.S.R. under-priced industrial goods, machinery, equipment, ships, transportation equipment, and construction vehicles. This license to loot Eastern Europe allowed the Soviet Union to underinvest in its own civilian manufacturing sector, the better to concentrate on its war machine.

The year 1982, when Yuri Andropov succeeded Leonid Brezhnev as Communist Party general secretary, marked the inception of an increased-tempo Soviet war plan, which *EIR* has labeled the Ogarkov War Plan. This featured a buildup of the Soviet war economy, under what has since been named *perestroika* (restructuring), and a dramatic increase in the rate at which Moscow looted Eastern Europe to sustain the Soviet civilian economy. The pattern was discernible already in the mid-1970s, when then-Chief of the General Staff Marshal Nikolai Ogarkov began to put his policies into effect; Russia increased investment in the military-industrial sector and related heavy industry, at the expense of already overdue modernization of light industry, the consumer goods industry, agriculture and food processing, and a wide range of infrastructure, including housing, health care, energy, and raw materials.

The gaps in Soviet light industry, which Eastern Europe was pillaged to fill, were described at a February 1988 Moscow seminar on "Problems of Radical Change in Economic Management," where Gorbachov's economic adviser, Abel Aganbegyan, was the main speaker. His report and recommendations were published in the March issue of *Nauka i Zhizn* (*Science and Life*).

"For a long time," said Aganbegyan, "we obviously underestimated the production of mass consumer goods. . . . Although this branch of industry accounts for 37% of all income generated, it has received [since the late 1960s] only 8% of all investments. Light industry is still operating unsatisfactorily. . . . The reasons for this are rather deep: equip-

ping light industry with new machinery has not been done for decades. 40% of its plant and equipment passed its point of amortization long ago."

He proceeded to document the collapse of living standards, already by 1987, down to the levels of the early 1960s or late 1950s: "Today . . . 17% of all Soviet families do not have their own apartment or house, half of all apartments in the Soviet Union, above all in the rural areas, have no toilet, no sewage, no running water, let alone hot water, telephone or central heating. . . . Compared to other developed countries, we have very low per capita meat consumption—62 kg. per year—in other countries it is 75-80 kg. per year and even 85 kg. per year. . . . In the consumption of milk and milk products, the Soviet Union is far behind most other countries; and the variety of these products is very limited and the quality is very poor. The Soviet Union is far behind other countries in the consumption of vegetables. . . . Our population consumes only one-third of the amount of fruit recommended by the medical profession, and this has especially negative effects on the health of our children."

The shortages of 1988, if one makes the relevant comparisons, have taken living standards down to the level of the early 1950s—the last years of Stalin.

### 'Joint projects'

Aganbegyan failed to list one crucial area that Soviet investment has neglected: energy and raw materials projects and related infrastructure. Compensation has come from Eastern Europe, by means of what are called Council for Mutual Economic Assistance (CMEA) "joint projects."

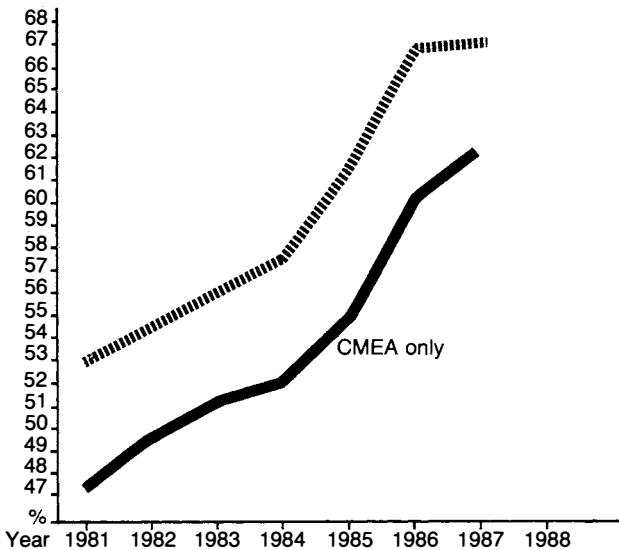
From the mid-1970s to the present, half the cost of every Soviet oil and natural gas pipeline, running 4,000 kilometers from Western Siberia to Eastern Europe, has been paid for by the Eastern European nations. They also supplied half the labor force to build these projects. The same "50-50" rule for "joint projects"—though these, too, are entirely on Soviet soil—has been applied to other energy investments, such as power plants in the U.S.S.R. and electric power lines from the U.S.S.R. to Eastern Europe, and to multi-billion ruble investments in raw material projects, for iron ore, pulp and paper, and asbestos, to name but a few.

The connection to food? The oil and gas pipeline "joint project" form of looting Eastern Europe enabled Moscow to develop and sustain a level of oil and gas exports to the West, which earn hard currency to pay for the massive food imports from the West, without disrupting the investment dictates of the Andropov-Ogarkov War Plan.

The Ogarkov Plan's acceleration in the 1980s demanded more raids against the Eastern European satellites, which were forced to vastly expand their export of industrial goods, equipment, and consumer goods to Russia, to plug gaps caused by Soviet disinvestment in the civilian sector. This looting was accomplished by colonialist pricing policies, established by Moscow in the CMEA. **Figures 1-3** show the dramatic shift in the structure of Soviet foreign trade, into a

FIGURE 1

**Percent of Soviet trade with socialist countries\***



\*The Soviet category "socialist countries" includes the CMEA (Council of Mutual Economic Assistance) countries, and the People's Republic of China, North Korea, and Yugoslavia.

Soviet-directed CMEA autarchy policy during the 1980s.

The colonialist pricing works as follows. The prices of Eastern European countries' exports to the Soviet Union were constant over the six-year period, 1982-87. Therefore, an increase in exports denominated in rubles, faithfully reflects the stunning real increase in the flow of goods to Russia. For the six Eastern European CMEA members, these increases in the ruble amounts of goods shipped to the U.S.S.R. in 1982-87 were:

From East Germany:	by 23%
From Czechoslovakia:	by 46%
From Poland:	by 55%
From Hungary:	by 32%
From Romania:	by 68%
From Bulgaria:	by 53%

During the same period, traffic in the other direction, real Russian exports to Eastern Europe measured in tons of oil, metals, etc., remained flat or even declined. Only if measured in rubles, would it appear that Soviet exports to the colonies grew sharply, because Moscow tripled the price of oil and hiked prices on most other raw materials it exports to these captive nations.

The case of Czechoslovakia illustrates the experience of Eastern Europe as a whole. In 1981, the Czechs paid 8 billion koruny for Soviet oil. Crude oil comprises 41% of all Czech

FIGURE 2

**Percent of Soviet trade with OECD countries**

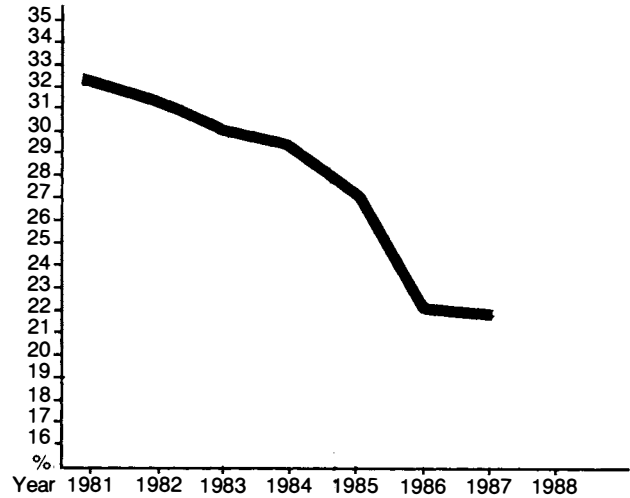
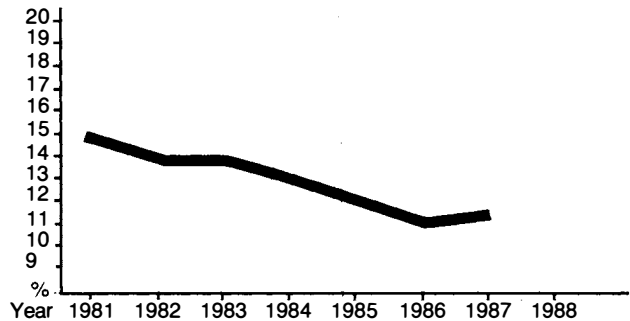


FIGURE 3

**Percent of Soviet trade with developing countries**



imports from Russia. In 1986, for a somewhat smaller amount of oil, the Czechs paid 23 billion koruny.

In 1980, Moscow exported to Eastern Europe 90 million tons of crude oil, maintaining such a level through 1982. By 1986 however, the figure dropped to 84.2 million tons.

These shifts have placed an impossible burden on the economies of Eastern Europe. At present, 45% of total Czechoslovak trade is with the U.S.S.R. But for Russia, even this brutal consolidation of CMEA autarchy is not enough. Moscow is presently complaining that its trade with Eastern Europe has "stagnated" at an "intolerably low level," to cite Prime Minister Nikolai Ryzhkov at the July 5-8 meeting of CMEA prime ministers in Prague; but in reality, the plateau at which this trade has "stagnated" (as can be seen from our graphs) is a very high plateau indeed.

Our next article will show how Eastern Europe has been looted during the 1980s from the West as well.



# Eastern Europe is pinched between the Soviets and the IMF

by Konstantin George and Rachel Douglas

Eastern Europe is being looted from the West, as well as by the Soviets. During the 1980s, in parallel with the vast increase in Soviet looting of the region, Western creditors also took their huge share. Under the post-1979 regime of usurious interest rates worldwide, the hard currency earned by exports from East European countries to the West no longer went for badly needed machinery and equipment for industrial modernization, but only to service their foreign debt. In addition, the collapse of world market raw material and energy prices meant that the dollar earnings of East European exports fell, even as the volume of goods increased.

For 1987, the estimated debt service to exports ratio, the amount paid out on debt in a given year, compared with that year's export revenues, was 30% for Bulgaria, 47% for Hungary, and 71% for Poland; Hungary and Poland are the Soviet satellites most subjected to Western creditor looting. Their foreign debt, \$40 billion for Poland and \$18 billion for Hungary, is higher per capita than Mexico's or Brazil's. Hungary, whose debt climbed from a mere \$1.9 billion in 1975, this year earmarked 75% of its hard currency export earnings for debt service.

Here are some cases of how the debt changed during the 1980s:

- Romania has not only met all interest payments on its hard currency debt, but reduced the principal from \$11 billion in 1982, to \$5 billion at the end of 1987. The Ceausescu regime did this by starving the population, and reorienting to trade with the Soviet Union.

- Yugoslavia's debt was approximately \$21 billion in 1981, and is \$20 billion today. From 1981 to 1986, Yugoslavia paid \$11.2 billion in interest and repaid \$17.1 billion of principal, while receiving about \$13 billion in new credits; on balance, the debt was scarcely reduced.

- Poland, since martial law came down in 1981, has had almost no access to new credit. It conducts trade on a cash basis. The trade surpluses Poland achieved through austerity, such as \$1.2 billion in 1985 and \$1 billion in 1986, were insufficient to pay even the interest on its debt. From the level of \$26.8 billion at the end of 1984, the Polish debt has climbed to nearly \$40 billion, with many rescheduling deals. In May 1988, one West European banker said that Poland is regarded as "a 'permanent economic miracle' because, considering the gloom of its economy, it has never interrupted paying interest on its foreign debt to Western banks."

These East European countries, where there is hunger and staggering inflation of food prices, *export food* to the

West. Reporting in August that the worst drought in 30 years had "decimated" grain production in Yugoslavia, the official news agency Tanjug highlighted that much of the destroyed grain and other products had been intended for export. Yugoslavia, where people are "'squashed' . . . between starvation and poverty," sells food to earn foreign exchange.

So do Hungary, Czechoslovakia, and Poland. Newspapers in Austria display advertisements for Hungarian turkeys. Polish poultry—chickens, turkeys, and geese—is abundant in West German food markets. A Czechoslovak company has become a powerful force in egg sales in West Germany. The Hungarians even charge hard currency for their wheat exports inside the Soviet bloc.

The case of Poland shows most clearly, how Western financial interests, with the go-ahead from Moscow, loot Eastern Europe. The World Bank advocates so-called "market-oriented reforms" to improve Polish agriculture. Poland joined the International Monetary Fund in 1985. Do the IMF and World Bank want Poles to eat more? No, the World Bank demands an improvement in "domestic demand management," as they put it. In a 1987 report, the World Bank identified food processing as the best target area, where loans would directly boost Poland's export capacity. One Radio Warsaw broadcast, during the strikes of August 1988, warned the population that Poland may only expect "an investment boost" from the West "if it starts a program of adjusting the economy to the requirements of debt servicing."

Since 1982, the Rockefeller Brothers Foundation has been visiting Poland and making proposals for Polish agricultural "reform." Early this year, this involvement came to fruition, when David Rockefeller met Polish leader Wojciech Jaruzelski and established the so-called Foundation for the Development of Polish Agriculture, to finance Polish ham exports to the United States.

In 1987 alone, Polish processed-food exports rose 84% and overall agricultural exports rose 62%. This was *not* matched by any increases in production. According to official figures, Poland's meat production had recovered by 1986, after the crisis of the early 1980s, only to the level it was in 1978. Milk production in 1986 was 90% of the 1978 level.

## Hungary: from showcase to rags

The result of the Western debt squeeze on Eastern Europe, in combination with Soviet-exacted tribute, is ever worse immiseration and the potential for unrest in these countries. Hungary typifies the process.

Hungarian Communist Party Secretary Miklos Nemeth, at a July 13-14 party meeting, confirmed that from January through June 1988, at least 70% of export earnings had gone for debt service. In those six months, trade with the West increased by 25%, but imports from the West fell 5%. At that same Central Committee plenum, Hungary adopted guidelines for a vicious austerity program, as dictated by the IMF in May, when it granted Hungary a \$350 million standby credit. These guidelines include the elimination of state subsidies to state enterprises operating at a loss, which the government concedes will throw at least 100,000 workers out of their jobs; continued prioritization of hard currency-earning exports over domestic consumption; and a new assault on living standards, by price increases and stiff taxes on income earned from second jobs.

Hungarians keep themselves above misery levels by working two or even three jobs, so the tax will hit most ordinary people. So will the price hikes; inflation is running at 15%, but there were 25% increases for meat in April 1987, as a result of the IMF-dictated austerity program, imposed in 1987 and 1988.

Nearly half the population residing in what the Western media has portrayed as a "showcase" for market-oriented

socialism, Hungary, lives below or just above the officially defined poverty level. In 1987, the Hungarian Central Statistical Office placed 24% of the population below the poverty level of 4,000 forint per month. This number grossly understates the number of poor people, by counting only rent as a housing expense, even though the regime has been pushing families to take mortgage loans to purchase their homes, for a monthly payment far higher than the rent. Omitting mortgage payments (in the case of many young couples and families, the largest single monthly expense item) in computing net income magically raised the "net income" of an entire stratum of the population to above the poverty line.

Before 1988, the great bulk of poverty cases were among the pensioners, whose suffering was hidden behind the lonely walls of their tiny apartments. This spring, poverty such as there was during the Great Depression or the early postwar years, came out into the open. Beggars and homeless people wander the streets of Budapest. In June, the Hungarian press admitted that "a growing number of homeless people" were spending the night in Budapest's railroad stations. In addition to the "street people," Budapest is flooded by unemployed and their families from the provinces, who take over empty, usually dilapidated apartments, as squatters.

## The deadly milk chain that kills Polish babies

The infant mortality rate, which has risen to 18 deaths per 1,000 live births in Poland, is related not only to infections contracted in hospitals, but to a shocking lack of powdered milk for young children and formula for babies. (The infant mortality rate in the United States is 12 or 13 per 1,000 live births, and in Japan it is 7.)

Baby formula is hardly ever available in Polish stores. Scarce supplies are strictly rationed for babies requiring special diets. Vitamin-enriched powdered milk for young children has disappeared this year from stores.

In late June, the Polish government admitted that even though the production quota for baby formula was 32,000 tons per year (which the government claimed through mid-June was being met), annual output had fallen to 7,000 tons. Minimum requirements are 21,000 tons. Powdered milk production has fallen to 25,000 tons per year, as against a minimal need for 35,000 tons.

The production collapse is only the first part of the problem. The dairy industry, like all other industries which meet domestic basic needs, has been neither modernized, nor maintained. For years on end, neither the required

funds nor the personnel to keep milk production facilities sanitary have been allocated.

The milk from Poland's 1.5 million farmers is poured into huge vats at 10,000 collection points. No checks are made to determine whether the vats are clean, and most are not. In addition to the private farmers, Poland has 295 milk cooperatives. A July inspection found only 10 of them meeting minimal hygienic standards required in food production. Sample inspections of powdered milk formula for babies on the market in April found 30% of the samples contaminated with *staphylococcus* and 66% with *coli* bacteria.

Milk can contain an even worse array of unpleasant surprises. For one thing, farmers often dilute milk with water, to raise their income. Beyond that, due to inefficient transport, milk often turns sour. This taste is disguised by adding chemicals and even detergents.

Several thousand Polish infants die each year from food poisoning, caused mostly by contaminated baby formula. The infant mortality rate in Poland is three times higher than in Western Europe, and Poland has one of the highest death rates in the world among children and young adults.

This unhygienic environment is compounded by the near total lack of any kind of diapers, either disposable or cloth, and for that matter, baby underwear as well. Poland has arrived at Third World conditions, in a historically and culturally Western European nation.

## Poland's crisis

The stage was set for Poland's latest strikes and protests, by a plunge of the living standard to its worst since World War II. Inflation is running at a 45% annual rate. By the end of 1988, the cost of living in Poland will have doubled since the end of 1986 and increased nine-fold since 1979. On Jan. 1, 1988, there was an abrupt price increase on many products; it averaged 40%, but included in that average was a 110% hike on many food prices, and a tripling of rents and energy costs. As of early 1988, an estimated 25-33% of the Polish

---

---

*Meat is generally unavailable in Poland, electricity is rationed in Romania, and Hungary, the "showcase" of Eastern Europe, now has homeless people sleeping in the streets. Thus, the foreign debt is paid.*

---

---

population lived below a poverty level established by economists from the Solidarity trade union movement.

For months, non-food essentials such as toilet paper, soap, and detergent have been nowhere to be found for sale at any price. During the summer, toilet paper was even being handed out only by the squares to guests from the West staying at some of the best hotels in Warsaw. Hotel personnel dared not leave such a "luxury" item as a roll of toilet paper in the guest's room, because it would disappear within less than an hour, headed for the black market. In August, food shortages, too, became really serious. Meat is largely unavailable in the state shops, while large quantities of ham, pork products, and poultry are exported to the West.

Basic medicines, including antibiotics and anesthetics, are virtually unavailable—but Poland is forced to export medicine to Russia. According to Prof. Marek Okulski, the life expectancy at birth, for Poles, declined from 67.3 years in 1982 to 66.5 years in 1986. Diseases of the circulatory system have doubled. In Warsaw, only 30% of the children have been vaccinated against the principal childhood diseases. Tuberculosis and measles cases are on the rise; Poland has a density of TB cases nine times greater than in another North European country, Denmark. Hospitals are crowded and have poor sanitation; patients often end up sleeping on the floor in the corridors.

Poland is one of the world's largest coal producers, yet the population faces severe shortages of coal, the main home heating fuel, this winter. The tonnage of coal exports to

Russia has doubled since 1986, and coal is sold to the West as well.

## Romania: mass hunger

In Romania, the population barely subsists on a hunger diet, yet exports food to both Russia and the West. In addition, a large part of Romania's annual production of agricultural machinery infrastructure, such as tractors and railway cars to carry grain, is exported (in the latter case, to Russia). Near-starvation has been caused by Romanian ruler Nicolae Ceausescu's forced-march policy of debt repayment, plus stepped-up deliveries to Moscow.

Food rationing was introduced in 1981, for the first time since 1954. By the close of 1987, even salt and onions were rationed. Many products cannot be bought even with a ration card. Meat and fish have all but disappeared from the Romanian diet. Official rations include: 3.5 kilograms of cheese (about 7.5 lbs.) per person for the whole year; 1.5 kg (3.3 lbs.) of butter per person for the year; 128 eggs for the year; and so on. Romanian austerity also extended to home heating, where citizens were forbidden to have their apartments heated to higher than 57°F last winter, and electricity—only one 40 watt lightbulb was allowed per household. According to reports reaching Western Europe, ambulances from the state-run hospitals do not pick up any emergency patient who is 60 years old or older.

The return to the hunger of early postwar Romania has spawned another phenomenon from those days, the black market. For astronomical prices, almost any food item is available. The average monthly wage is just under 3,000 lei. Items that can readily be found on the thriving black market, but never in state shops, are priced per kilogram: 160 lei for meat (6% of the monthly wage), 120 lei for cheese (4% of the monthly wage), or 1,000 lei for coffee (34% of the wage).

Now Available by Subscription

## Weekly EIR Audio Reports Cassettes

- News Analysis Reports
- Exclusive Interviews

\$250/Year

Make checks payable to:  
EIR News Service, P.O. Box 17390  
Washington, D.C. 20041-0390  
Attn: Press

MasterCard and Visa Accepted.

# The crippled agricultural system of the Soviet Union

by Rachel Douglas

How could the country that built the *Energiya* heavy space launch vehicle, for example, only be capable of growing a little more than half the grain per acre that the American farmer does? Readers may find it useful to know some of the history of agriculture in the Russian Empire and its imperial dominions.

## Obliteration in the name of collectivization

Of the 559 million hectares of land in agricultural use (excluding forestry and some other uses) in the Soviet Union in 1986, 553.2 million hectares belonged to state farms (*sov-khozy*), collective farms (*kolkhozy*), or the private plots of *kolkhoz* workers. The process that led to this arrangement was one of the greatest agrarian upheavals in history and one of the most terrible mass murders, by starvation and outright butchery, of any people during this century. That was the collectivization of agriculture in the Soviet Union.

Up until the second half of the 19th century, most peasants in the Russian empire were serfs. The serf was obliged to toil on the landowner's estate for life. Within the villages on the estates, his affairs were ordered by the peasant collective, the *mir*, which is also the Russian word for the whole world.

The abolition of serfdom, decreed by Tsar Aleksandr II in 1861, occurred with much confusion and with compromises to satisfy the powerful landed aristocracy of Russia. The supposedly emancipated serfs were required to pay a "redemption fee," a tax, so that the landowners would be compensated for the loss of their "souls" (as the serfs were called), and of the 20% or so of their land that was turned over, not to the individual peasants, but to the *mir*. But the ex-serfs had scant hope of obtaining funds to pay the fee—except if they continued to farm their former masters' land for decades. The *mir* persisted, as did the system by which land was divided among the peasants from generation to generation. There was no rule of primogeniture, or inheritance by the first-born son, the way estates and farms were kept intact over the years in many Western countries. In the Russian empire, the system of land-holding was called re-

partitional tenure; the land was constantly divided and redivided into ever smaller strips, for all the sons of the next generation.

Pyotr A. Stolypin, prime minister of Russia under Tsar Nicholas II from 1906 until 1911, said in 1908 that *de facto* "serfdom to the commune [*mir*] and the oppression of family property provide bitter bondage for 90 million people."<sup>1</sup> Under Stolypin's Agrarian Law of November 1906, the government threw its support behind the creation of individual, as opposed to communal or family, land ownership. The law gave incentives for the consolidation of the tiny strips of land into larger plots to make individual farmsteads, and penalized attempts to block this reform.

By 1911, nine million households of independent farmers had been established under Stolypin's reform. He held this development to be essential for the improvement of Russian agriculture and the prevention of peasant insurgencies, which he knew were being manipulated against the regime. "In another 10 or 15 years," Stolypin said, "we will be able to turn up our nose at all the revolutions. If only history will accord us this delay."<sup>2</sup>

That was not to be. In 1911, Stolypin was assassinated by an agent of the *Okhrana*, the secret police that was the instrument of the land-owning noble families, whose leaders by that time were committed to overthrowing the Romanov dynasty and considered a peasant rebellion to be their ultimate weapon.

## Stalin's collectivization

Six years later, the Bolsheviks were in power. It is not possible, in this space, to describe the trammeling of agriculture during the Russian Civil War (1918-20), nor the agricultural policy debates of the 1920s. Suffice it to say that when Stalin and the Bolshevik Central Committee decreed the collectivization of agriculture in 1929, the axe fell first on the somewhat-better-off peasants, many of whom had gotten started under the Stolypin reforms. Such a peasant was a *kulak*, from the Russian for "big fist." They comprised some 20% of the peasant population and they held 40% of the land.

The collectivization drive soon rose to the task of “liquidation of the *kulaki* as a class.” The target list spread to middle peasants and anybody who opposed collectivization; they could be deported to Siberia or shot as a sub-*kulak* or even as *kulak*-minded.

The full dimensions of what happened in the Soviet countryside during the 1930s are still not known. At the time, it was hidden from the outside world. Statistics should not be allowed to blur a tragedy or substitute for the full revelation of a crime, but in this case the numbers begin to tell the terrible story. As more becomes known, the numbers go up.

In 1968, historian Robert Conquest wrote that “examination of all the estimates, and all the accounts, seems to show that over 5 million deaths from hunger and from the diseases of hunger is the best estimate” for the U.S.S.R. in the 1930s. That doesn’t count executions and deaths of deportees on the road to Siberia, where at least 3 million peasants landed in labor camps.

Stalin told Winston Churchill that 10 million *kulaki* had to be “dealt with.”<sup>3</sup> In December 1987, Soviet demographer Mark Tolts revealed in the weekly *Ogonyok*, that Stalin had overstated the total Soviet population as 168 million in 1934, after the height of the famine, when the real number was 158 million. This past spring, Academician Vladimir Tikhonov of the Soviet Academy of Agricultural Sciences said that the number of farm families dropped by 3 million between 1929 and 1933.

The killings and famine in the Ukraine, the richest grain-growing area in the Soviet empire, were a massive act of genocide against Ukrainians. The London *Independent* reported last July on the finding by an international commission of inquiry into the Ukrainian famine, that “more people died during the famine—around 7.5 million—than in the Jewish holocaust, yet this catastrophe is little known outside the Ukrainian exile circles.”

Collectivization, Conquest summarized, “destroyed about 25% of the productive capacity of Soviet agriculture.” As the collectivization teams approached, terrified peasants slaughtered their livestock, rather than surrender them. Half the horses in Russia died in a five-year period. In two months during 1930, 14 million head of cattle were killed, and so were one-third of the hogs in the entire country and one out of four of the sheep and goats.<sup>4</sup>

Those who joined the collectives were then faced with forcible requisitioning of their crops. Farmers who buried grain to keep some for their families could be shot for stealing from the state. “If the peasant had produced only enough for his own subsistence, leaving none for the state, local enforcement officials reversed that procedure. The last sacks of grain were taken from the barns for export while famine raged. Butter was sent abroad while Ukrainian infants were dying for lack of milk.”<sup>5</sup>

After the 1930s came World War II, during which, battles raged across the whole Ukraine and the black-earth agricul-

tural zone of southern Russia.

Soviet agriculture after the war was rebuilt by the people who were left after collectivization. The most productive, enterprising peasants were gone, the remaining population traumatized and resigned.

Especially in the Russian peasant population, it is most clear to this day how economic success is fundamentally a question of culture. The Soviet government says that agriculture receives more than one-fourth of all investment in the national economy, yet production and productivity have stagnated. The reported average per hectare yield of grain crops fell from 16 centners/hectare (a centner is about 110 pounds) in 1976-80 to 14.9 centners/hectare in 1981-85, before an alleged rebound in the next two years.

It is not that Soviet science does nothing for plant hybridization, machinery design, fertilizers, or insecticides. The fate of a new technology or a new machine, sacrificed into the hands of the *kolkhozniki*, is oblivion or destruction as often as not; many stories in the Soviets’ own press attest to that.

On Aug. 6, the Communist daily *Pravda* interviewed Vasili A. Starodubtsev, chairman of the All-Russian Council of Kolkhozy, on the deep demoralization in the Soviet rural areas. The countryside was battered and ruined long ago, he said, and “there is where the peasant lost the remainder of his faith, and cracked up himself, and fell into apathy—or worse, into drunkenness. . . . No, the past has not gone without a trace.” To this day, “some people try to besmirch the experience of the best [workers]. They claim that ‘kulakism’ has robbed resources. What do they mean, ‘kulakism’? We are behind U.S.A. agriculture in capital intensity, and if you include storage and processing . . . many times behind.”

Gorbachov’s legislation to allow peasants to take out 50-year leases on land, which is supposed to inspire higher productivity than on collective farms, got a lot of publicity in the West. Nobody should think for a minute that such reforms will reduce the Soviet demand for food from the rest of the world. Soviet agriculture is the most intractable Soviet economic problem, because to fix it would mean to shift the deeply ingrained, demoralized cultural outlook of the Russian peasant, which subsumes a real hostility to technological improvements, such that increased investment in Soviet agriculture has been like pouring rubles down a sinkhole. Precisely that sour, cynical view of the world, however, is what an empire needs for its slaves.

#### Notes

1. Alexander V. Zenkovsky, *Stolypin: Russia's Last Great Reformer*, The Kingston Press, Princeton, 1986, p. 14. This new translation of a memoir by one of Stolypin’s associates records the debates surrounding his economic and administrative reforms and gives the text of the 1906 agrarian law.
2. Aleksandr V. Gerasimov, *Tsarisme et Terrorisme*, Paris, 1934, p. 297.
3. Robert Conquest, *The Great Terror*, Collier Books, New York, 1973, pp. 46-7.
4. Alex de Jonge, *Stalin and the Shaping of the Soviet Union*, William Morrow & Co., New York, 1986, p. 237.
5. Conquest, p. 45.



## London's dirtiest network out to destabilize Japan

by Lyndon H. LaRouche, Jr.

*Presidential candidate LaRouche issued this statement in Wiesbaden, West Germany on Sept. 27.*

Highest-level sources report, "Tiny" Rowland's Lonrho firm is featured prominently in a major effort to destabilize Japan.

Rowland, although despised by most well-informed British patriots, is the immensely wealthy, Soviet-linked dirty-work arm of a powerful, left-wing faction of Britain's intelligence community, and linked, financially and otherwise, to the circles of former CIA official Ted Shackley in the U.S.

According to the sources, Rowland is utilizing the old 19th-century, Lord Palmerston connections into Japan, the pro-London Mitsui interests, as the most conspicuous channel of influence. Named in this connection, is the firm of Nissho Iwai, a representative of the foreign trading and shipping interests of the Mitsui interests.

Rowland sits on the board of the Mitsui London interests.

In the U.S., Nissho Iwai's leading business connections include Rockwell International and the Bank of America.

This operation is modeled upon the British operations into Japan's internal political affairs during 1936-38, when British meddling steered Japan into an orientation toward war against the United States. This time, the central target of the political operations directed by Rowland's circles, is the Japanese royal family.

### The 1920s U.S. war plan

To place this current Lonrho connection in its proper global setting, one should note that the last full-fledged, classical war-plan developed by the U.S. military was that first designed during the early 1920s.

At that time, Britain had activated its 1902 treaty of alliance with Japan for possible joint Britain-Japan military operations against the United States. Britain's preparations

for such possible aggressive action occurred in response to stiff U.S. demands in the naval-parity, disarmament negotiations of that period.

Then, the U.S. military anticipated that, in case of such a war, Japan would attack the Pearl Harbor naval base, and devised a defense based upon that estimate. This element of "War Plan Red" was first made public by Gen. Billy Mitchell, during the course of his court-martial, long prior to the official declassification of the war-plan's documents.

The conflict in which Lonrho is pinpointed today, dates back to the Pacific conflict between Britain and the U.S. deep into the 19th century. Then, the U.S. military had acted to offset British efforts, through Anglo-Dutch East India Company channels, to develop Japan as a British client-state; the government of Abraham Lincoln had supported the actions leading into the Meiji restoration.

The forces in Japan supported by the American Whigs' East Asia policy had laid the foundations of the successful economic development of that island nation, by studying the work of Wilhelm von Humboldt's circles as a model of law and parliamentary government, and by adopting the model of U.S. Treasury Secretary Alexander Hamilton's "American System of political-economy," in opposition to Adam Smith's "free trade" dogmas.

During that period, and since, the Mitsui were the Japanese business interests closest to the British East India Company and its later offshoots.

The conflict between the U.S. and these London business interests peaked beginning the 1890s, as the U.S. government moved into a position of strong competition with Britain in East Asia. This conflict was shaped by Britain's conflicts with French Minister Hanotaux's global diplomacy. London acted to neutralize Hanotaux's policies by aid of orchestrating the Russo-Japanese War, a war whose included purposes

were to counter Hanotaux's influence through Russia's Count Witte, and to set off the 1905 Russian revolution, in which latter events British intelligence services played a significant secondary role.

The 1902 London-Tokyo treaty of alliance broke the close relations between the U.S. and Japan, and set the stage for that Russo-Japanese war. London's tentative arrangements for mobilizing British and Japanese naval forces in joint action against the U.S. during the early 1920s, were a continuation of that configuration.

### **In the 1930s**

This U.S.-London conflict over Asia interests continued through the 1930s, and even during the period of the wartime alliance, and later. This was an included feature of the wartime conflicts between Prime Minister Winston Churchill and President Franklin Roosevelt. Until the Yalta period and later, the President was committed to a colonialism-free post-war world, and the opening of the former colonial regions for "American methods" of economic development.

Although the U.S. government capitulated to Churchill's postwar policies during the 1943-45 period, the underlying conflict between London and the U.S. over Asia persisted, even beyond the U.S. Anglophiles' manipulating President Truman into firing Gen. Douglas MacArthur.

During the 1930s, London continued its earlier bitter hostility to the policies of China's Dr. Sun Yat-sen, and was determined to eradicate pro-U.S. influences via such channels as the Kuomintang and the pro-American System currents in Japan. It was London's mid-1930s meddling into the internal political affairs of Japan, which was crucial in contributing to the conditions for the war between the United States and Japan.

The forces in London responsible for this were not acting out of pro-Japan motives; they wished the U.S. to be forced to crush Japan in war, and to provoke the United States into doing so. With Japan crushed, and defeat of the Kuomintang by the Communist assets of Bertrand Russell et al., it might be presumed that East and South Asia would be reduced to conditions like those of the mid-19th-century colonial period.

### **Harvard Law School**

During and following the two decades preceding the initial design of the cited U.S. war plan, there emerged a U.S. component of the Atlantic liberal establishment which has shaped U.S. policy toward China since the Yalta treaty. This is a circle chiefly responsible for the current drifts in U.S. foreign policy toward China, Japan, and South and East Asia generally. One of the important centers shaping this policy toward Asia, has been based at Harvard Law School since no later than a meeting between China experts from that center and Communist International agent Agnes Smedley, shortly after the Bolshevik Revolution in Russia.

This is the channel, via Canada, through which former Boston U.S. Attorney William Weld secured his personal

financial connections to Beijing military intelligence, and upon which the Nixon administration's Henry A. Kissinger relied significantly for guidance in his dealings with the Beijing government.

Zbigniew Brzezinski's delusions on the subject of China, reflect the sweeping incompetence of establishment thinking and doctrine toward East and South Asia generally, Japan included. The Harvard Law School's China experts are a prominent part of this stubborn disorientation in official U.S. thinking.

### **Britain's pro-Soviet factions**

In the Western world's policy-shaping establishment as a whole, there are three leading factions. This matter has been referenced recently, in my letter to *Newsweek*, replying to the lengthy Henry A. Kissinger piece in the Sept. 25 edition. The first, is committed to the delusion of global power-sharing with Mikhail Gorbachov's Moscow. This faction is opposed by the nationalist patriots in the establishments of Britain, continental Western Europe, and the U.S. Between the two is the large establishment faction which Kissinger is assumed to represent, a faction which favors increased global power-sharing with Moscow, but within the limits of maintaining an Atlantic alliance and a credible Western deterrent.

In Europe, the "pro-Gorbachov" faction is composed of two competing elements, a northern one, centered upon London, the Hague, and Hamburg, and a southern one, centered upon Venice's reinsurance cartel. "Tiny" Rowland's *Lonrho*, his London *Observer* daily, and the press empire of the most distasteful, pro-Soviet British multi-millionaire, Robert Maxwell, are arms of the section of the British establishment committed to this delusion. This is the left-wing faction of British intelligence engaged in the fostering of destabilizations throughout all of East and South Asia.

The nations already undergoing pro-Soviet destabilization with leading assistance from this left-wing faction of British intelligence, include the Philippines, South Korea, Malaysia, Burma, India, and Pakistan. Additional cases, nations targeted to be destabilized by 1990, include Singapore, Thailand, Taiwan, and Japan. The prime targets in Thailand and Japan, are the two nation's monarchies.

International agencies involved in these operations include the World Council of Churches, former U.S. Attorney-General Ramsey Clark's international association of left-wing lawyers, and Amnesty International. Tiny Rowland's *Lonrho* and London *Observer* have been caught red-handed recently in Southeast Asia operations, just as Rowland and his frequent house-guest, the U.S. State Department's Chester Crocker, are working to turn over entire chunks of Africa to Moscow.

The surfacing of *Lonrho's* meddling into the internal political affairs of Japan fills in the last gap of information on known policies for destroying the entirety of the Asian Rim complex of nations traditionally friendly to the United States.

# Taiwan's version of 'Green Party' seeks support in Western Europe

by Our Special Correspondent

Beginning Sept. 12, a delegation of the leadership of the West German Green Party-modeled and officially illegal Taiwanese opposition Democratic Peoples Party has been making an unpublicized tour of Western Europe. The delegation has sought to win Liberal, Social Democratic, and Christian Democratic parties' support for its campaign to destabilize the Republic of China/Taiwan by overthrowing the ruling Kuomintang Party (KMT) regime.

The DPP tour began on Sept. 12 in Rome. Then, from Sept. 14-17, the group attended the annual conference of the Liberal International in Pisa, Italy, at which West German Foreign Minister Hans-Dietrich Genscher, a notorious appeaser of the Soviet Union, was awarded the Liberals' "Prize for Freedom," and at which Socialist International influential Willy Brandt delivered an address. For the rest of the month of September, the DPP group has been stopping over in Austria, West Germany, Belgium, Holland, and France. The tour concludes with four days of confidential meetings in Spain, from Oct. 1-4.

In Europe, the DPP has been fêted by leading liberal and socialist party leaders in various countries, and by rotten elements in the Christian Democracy. Reliable reports are that Willy Brandt has helped open doors for them across the continent. They have also been patronized by leading officials in the Evangelical Church (the EKD) in West Germany, and by a senior official in the World Alliance of Reformed Churches in Switzerland. That latter connection is particularly important, since the DPP opposition is predominantly Presbyterian Christian.

Crucial political-logistical support for the trip is coming from the International Committee for Human Rights in Taiwan, in The Hague, Netherlands, which publishes the magazine *Taiwan Communiqué*, and from the World Federation of Taiwanese Associations. The head of the Hague group, Dutch engineer Gerich van der Wees, has enough clout inside Holland to have arranged meetings in Amsterdam for the DPP on Sept. 27 with the chairman of the ruling Christian Democratic Appel, and with J.J.C. Voorhoeve, a member of the Trilateral Commission and a senior figure in the Peoples Party for Freedom and Democracy, Holland's liberal party.

Both the International Committee for Human Rights in Taiwan and the World Federation work closely with former U.S. Attorney General Ramsey Clark, U.S. Congressmen Stephen Solarz of New York and Jim Leach of Iowa, Lon-

don's Fabian Society-linked Amnesty International, and several Washington, D.C.-area groups, including Asia Watch, the Asian Research Center, the International Center on Development Policy headed by former U.S. Ambassador Robert White, the National Democratic Institute, and the Center for National Policy.

The latter two are official institutions of the U.S. Democratic Party, and, hence, of the Dukakis campaign. NDI head Brian Attwood, several of his NDI underlings, and CNP acting president Maureen Steinbrunner attended the Liberal International's Pisa meeting. Attwood's NDI is a leading institution of the U.S. Project Democracy/Iran-Contragate configuraton, and has been involved in destabilizations of pro-U.S. forces in the Philippines, Panama, and elsewhere.

Ramsey Clark is a particularly critical figure in this nexus. He was instrumental in overthrowing the Shah of Iran, and has been involved in dirty tricks in the Philippines. In 1986, he accompanied the unstable emigre Taiwanese dissident Hsu Hsin-liang in a failed effort to return to Taiwan. Hsu hopes to become the Taiwanese version of the late Philippines opposition leader Benigno Aquino. The pro-Soviet Clark is also a semi-official legal adviser to leaders in West Germany's Green Party.

## The Green connection

The DPP tour has been built around a fraud. While they proclaim their goals with liberalistic verbiage about "self-determination," a "referendum" to decide the future of the country, etc., the real hardcore of the party is devotion to the Nazi-communist ideology of the international "green" movement.

The DPP flag, for example, is green and white, with a green form resembling the shape of the island of Taiwan in the middle. The color, DPP sources stress, is explicitly adapted from the Greens of Germany. The party's activists harp on about Taiwan being horribly "polluted," and spread an ideology of hostility to Taiwan's remarkable economic and industrial advances.

Furthermore, the political ideology could be defined as a Taiwanese form of "national Bolshevism." The DPP advocates "Taiwanese independence" (officially considered a seditious policy in Taiwan), which means giving up the ruling KMT's claim to represent the sole popular government of the entire Chinese people.

There are two ironies about this "political independence" demand. One is that several core DPP influentials or sympathizers are from families which collaborated with the Japanese, during the long Japanese occupation of the island. Second, a serious move for "Taiwanese independence" would provide a perfect pretext for the mainland Chinese Communists to invade the Republic of China. This is virtually admitted by the liberal *Far East Economic Review's* week-of-Sept. 29 edition, in an article documenting the growing Peking military threat to Taiwan. While a military confrontation between the two is unlikely, *FEER* says, "this situation could change . . . if Peking considers hopes for peaceful reunification are threatened as a result of a strengthening in pro-independence sentiments in Taiwan."

In any case, the DPP program adds up to quite a violent and hardly democratic package, reminiscent of the violent trends in the Green Party. One person who helped arrange the DPP tour in Europe and who has accompanied the DDP group to several of its destinations, is a certain Li Hsien-jung (a.k.a. Shane Lee), a Taiwanese emigré who is a Canadian citizen and Canadian government official. In mid-August of this year, he addressed, by video, a World Federation of Taiwanese Associations meeting that was taking place in Taiwan. He denounced the ruling Kuomintang Party as a "regime of robbers devoid of the rule of law," and called on his listeners to topple the regime and set up "a legal government representing the Taiwanese people." He charged the KMT with having transformed Taiwan into an "ugly island of garbage."

The "Green connection" in the DPP is otherwise quite direct. Two DPP leaders were trained in West Germany since the mid-1970s, and collaborated with individuals involved in founding the West German Greens. One, Chu Kao-Cheng, gained notoriety in Taiwan in April of this year, when he physically assaulted the head of the Taiwanese Legislative Assembly during a parliament session. In his campaign literature, Chu boasts of modeling his activities on those of the Greens in Germany. Chu spent the period from mid-June to mid-September of this year at the University of Bonn, gaining a postdoctorate in "philosophy of law." He had earlier gotten a degree from Bonn University, during the late 1970s/early 1980s.

DPP Central Committee member You Ching studied at the Faculty of Law at the University of Heidelberg from 1974-78, and is an open advocate of "green" policies. He was part of the DPP delegation touring Europe, until his Sept. 22 return to Taiwan.

Also, from Aug. 4-18 of this year, the West German Green Party's "foreign secretary," Jürgen Meier, was in Taiwan on invitation from the DPP, and met several DPP leaders. Meier later traveled to South Korea, and was arrested and thrown out of South Korea over the Aug. 27-28 weekend, for attempting to attend an illegal conference on "peace and reunification."

## Soviets join U.S. war against Panama

by Gretchen Small

Moscow has not only come up with a new scheme to get its hands on the Panama Canal, but is now signaling that it will help Washington overthrow the nationalist government and military in Panama, to implement the plan.

The gist of the proposal is that the Panama Canal be "demilitarized," and placed under "international" control. Tailor-made for "regional matters" negotiations with the United States, the proposal boils down to a deal: The Soviets want U.S. military bases removed from the Canal Zone, but want Panama's Defense Forces removed, too. That Soviet troops would be volunteered to participate in policing the Canal is only unspoken.

The proposal surfaced in the August issue of *América Latina*, the monthly of the U.S.S.R. Academy of Sciences' Latin American Institute. In an Institute-sponsored roundtable on the causes and possible consequences of the Panama crisis, *América Latina's* deputy director, Vladimir Gavrilov, argued that the current crisis over Panama stems from the United States' insistence that it maintain control of the Canal through "the old model" of a system of military bases.

"It is logical that this provokes suspicion throughout the world because of the possibility for blackmail of the world community," Gavrilov warned. "Basically, no one threatens the security of navigation in the Panama Canal. Except, perhaps, international terrorism. Therefore, new models for operation of the installations, in the service of humanity's interests, are needed. This presupposes their demilitarization." He suggests that this "new dimension" be taken up by those proclaiming "international solidarity" with Panama.

So much for Russian concern for Panama's sovereignty.

### Anti-PDF propaganda gears up

The very fact that the debate which occurred in the course of the roundtable was published, marks a shift in Soviet policy. Throughout the current U.S.-Panama conflict, except for attacks on Gen. Manuel Noriega allowed in several Latin American Communist Party newspapers, the Soviet media have adhered strictly to the line that Moscow wishes to defend Panama from the Reagan administration's crazy war against it.

The Latin American Institute experts who participated in the roundtable along with TASS's Panama correspondent, Igor Klekovkin, warn that Panama's Defense Forces—and specifically the two commanders who have led the fight for

Panama's sovereignty, Gen. Omar Torrijos and Gen. Manuel Noriega—are no friends of Moscow. While the experts debated over what role Torrijos and “Torrijismo,” the political movement founded to continue his nationalist project, should be accorded in history, all participants agreed that Torrijos and his followers had failed to implement the domestic “progressive changes” which they had promised, instead compromising with the bourgeoisie.

A particular bias against Panama's Defense Forces had shown through the debate. All participants agreed that the PDF cannot, and must not, be viewed as either anti-American or pro-left. Two of the Institute's Caribbean and Cuban experts reminded the others that the PDF, under both Torrijos and Noriega, participated in over 20 joint military exercises with the United States, asserting that Noriega has been on the Pentagon's payroll for years. They demanded that “contradictions” within the military be studied carefully, in light of charges by Panama's communists that the PDF has displayed an increasing “appetite for bourgeoisification.”

Then, in mid-September, the widely circulated *New Times* weekly (No. 38, 1988), carried an article which not only attacked Panama's Defense Forces, but signalled that the Soviets have opened contacts with Washington's Panamanian opposition movement. Mikhail Baklanov, Novosti's correspondent in Panama, penned the new line:

“A compromise is needed. . . . Panamanians are tired of the crisis. There is a pressing need for a gust of fresh air, for new ideas. The government is trying to maintain the status quo. As for the opposition . . . is it capable of carrying out the long-awaited reforms? This is no rhetorical question. Over the past year, any political action against the regime has been identified with the extreme-right ‘civil crusade’ movement, which the U.S. embassy in Panama has certainly had a hand in organizing. . . . However, not all of the opposition are prepared to betray the interests of the nation.”

Baklanov then reports that he was invited to the Union Club, the oligarchy's most exclusive whites-only club, to lecture opposition leaders on *perestroika* in the Soviet Union. His conclusions from the meeting? “Even Panamanian big businessmen are tired of the old ways and also want change. . . . The atmosphere grew warmer as the evening progressed.”

His *New Times* article makes no mention of the Soviet's new Canal proposal, but suggests that Panamanian interests in recovering sovereignty are motivated solely by greed. Panama's “army is looking after its own corporate interests in the matter,” when it demands that the Canal be returned to Panama, Baklanov charges—just as Panama's “big businessmen also want the Canal back . . . to reap the dividends.”

Was this the agenda Karen Brutents, deputy chief of the Soviet Communist Party's International Department and a top controller of Soviet operations in both the Middle East and Central America, brought with him when he visited Panama City on Sept. 15-18?

## Panama's Solís Palma U.S. war plans before

by D.E. Pettingell

In his first trip abroad since he took over as Constitutional Chief of State in February, Panamanian President Manuel Solís Palma laid out before representatives of the world's nations attending the United Nations General Assembly, the truth of the United States' escalating economic and military war against Panama. This war is no defense of democracy, nor a fight against drugs, but “an act of piracy without precedent in world history” which seeks to strip Panama of its right to national sovereignty, Panama's President stated.

He emphasized that, without support from other nations, Panama now faces the danger of military invasion.

Panama's civilian and military leaders, by sticking to their defense of Panama's right to sovereignty and economic development, have become an obstacle to the liberal U.S. Establishment's efforts to set up a joint world dictatorship with the Russian imperialists. President Solís's decision to take the global “Big Lie” campaign against Panama head-on, by personally bringing Panama's case for sovereignty before as many nations as possible, exemplifies the international potential Panama's nationalists represent.

Solís Palma's speech shook the delegates, who commented upon both the bluntness of his warning, and the dignity with which he delivered it. The U.S. delegation was notably absent from the General Assembly hall.

“I categorically state that my government has abundant reason to fear direct U.S. military aggression against the Republic of Panama,” he said. The United States has installed “commandos of surprise attack specialists, an elite battalion of the 82nd Airborne Division, electronic warfare experts, and over 300 attack and personnel transport helicopters; in addition to units for the control and occupation of urban centers.” He added that the U.S. military presence in Panama has increased by 1,300 troops and 800 marines and her “offensive military equipment” has expanded beyond that required for the defense of the Panama Canal.

“Fighter planes have taken over the Panamanian skies; not only do they carry out with significant frequency threatening maneuvers against Panamanian military installations, but also against international commercial planes,” he stated.

Solís Palma's presence at the U.N. was in itself a triumph since, up until the last minute, the U.S. government, the only



# indicts the U.N.

one in the world that still recognizes the invisible government of "President" Eric Delvalle, tried to sabotage his appearance. The State Department did all in its power to show its hostility to the U.N. guest; no secret service protection was provided to Solís Palma, while there were attempts to confine his movements to U.N. headquarters. At the same time, the State Department-controlled Panamanian opposition Civic Crusade was allowed to demonstrate against Solís Palma in front of the U.N., an area normally off-limits, for security reasons, to demonstrations while the General Assembly is taking place. The anti-Solís Palma rally was a total flop.

In contrast, the Schiller Institute organized a warm reception for Solís Palma upon his arrival at Kennedy Airport on Sept. 25. "America Loves Solís Palma" and "Just Say Noriega," were some of the signs displayed by a group of 50 Americans and Panamanians. Solís and his delegation were pleasantly surprised.

## Portraying Panama in a 'monstrous fashion'

In his speech, Solís Palma delivered a blistering attack on the U.S. government's attempt to "manipulate consciousness" by introducing into "world public opinion an image of Panama and its leaders which is nothing more than a product of its own invention, a fiction manufactured by its agents."

He denounced the "massive disinformation campaign" against Gen. Manuel Antonio Noriega, head of the Panamanian Defense Forces, as a "sinister tissue of lies and falsehoods," organized and carried out by the U.S. government. He said that the way that campaign had been carried out was a "new war of conquest," and the details and techniques should be observed carefully by other nations. The Panamanian President praised the Panamanian Defense Forces, under General Noriega, for carrying out an "exemplary war against drug trafficking."

In appealing for an end to the U.S. aggression against his country, Solís Palma reminded the American people of the most "distinguished and illustrious citizen" of the United States, John Quincy Adams (President 1824-28), who warned his government of the danger of going beyond its borders "in search of monsters to destroy." He then charged that the U.S. government has gone to the extreme of "inventing monsters"

in order to carry out its "designs of continental domination."

He explained before the world forum that the U.S. government has used as a "pretext" the lack of a "formal democracy" in Panama to try to "overthrow the legitimate Panamanian government, and impose a de facto regime headed by figures committed to the renegotiation of those clauses of the Panama Canal treaties which guarantee the Panamanian people definitive consolidation of an independent, free, sovereign, and neutral nation."

## The 'October surprise'

The U.S. reaction to Solís Palma's charges did not wait. Two hours later, while Solís Palma was still inside the U.N. headquarters, a defensive U.S. Ambassador Vernon Walters called a press conference to answer Solís Palma. He called the speech a "litany of false accusations against the United States," and denied that the United States was preparing a military intervention against Panama, but promised the U.S. will "continue its efforts to help bring democracy to Panama."

In response to insistent questions about Solís Palma's charges that the U.S. military build-up inside Panama was in preparation for a military action, Walters shocked a group of journalists by replying, "not by the United States," and then blustering, "The United States does not engage in military aggression!" He brushed off Solís Palma's argument by saying that Nicaragua has also been warning about an imminent U.S. invasion for the past four years.

Walters's affirmation, "not by the United States," and his comparison of Panama to Nicaragua, further confirm reports that the United States is backing politically and logistically a group of mercenaries and "Panamanian Contras" based in Costa Rica under the orders of former Panamanian Col. Eduardo Herrera. According to reliable reports, the Panamanian Contras are getting ready for an "October surprise"—an invasion of Panama to try to kill General Noriega. The Contra operation would be openly backed militarily by the United States.

Any U.S. military action against Panama would be devastating for the entire Ibero-American continent. In calling upon the world community for "solidarity" with Panama, Solís Palma warned that only the immediate integration of Ibero-America could prevent Panama from becoming "the last link in a chain of similar cases."

Asked about his reactions to Panama's appeal to the U.N., Peruvian Foreign Minister Luis González Posada stated his country's position: "Latin America's sovereignty is a commitment that we all share" and added, "our main concern is that, yes, we have to accelerate the process of Latin American integration."

"Latin America is in crisis, and in a great crisis. . . . The only way out of this crisis is advancing deeply, without bureaucracy, without delay, in an urgent and vital process of integration."



# The world must uphold the Carter-Torrijos treaties

*Panamanian President Manuel Solís Palma granted EIR reporter D.E. Pettingell the following exclusive interview on Sept. 26, the day before he addressed the General Assembly of the United Nations.*

**EIR:** Of all the countries of Ibero-America, why did the United States pick Panama as what Gen. Manuel Antonio Noriega calls an “experimental laboratory”?

**Solís Palma:** There’s a very clear explanation for that. Panama is a strategic location, and in the new military-strategic situation it has acquired a transcendental importance for the United States, because the military bases in Panama, naturally, have acquired great significance for the United States with the phasing out of long-range weapons.

Naturally the Panamanian Defense Forces, which under [Gen. Omar] Torrijos carried out a highly nationalistic policy that reached a first stage of culmination with the signing of the Carter-Torrijos agreements, have started to become a stumbling block for the United States’ policy for a future understanding of the use of those bases, from a point of view which in my view is totally wrong. They feel that this was compounded by Panama’s absolutely free position regarding Nicaragua, as well as the role Panama has played, through Contadora, in the quest for peace in Central America and all countries, through coordination rather than intervention.

All these things have added up to a fundamental political contradiction among the United States, the Defense Forces presently commanded by Gen. Manuel Antonio Noriega, and the entire military structure. Thus, we see pretexts such as “democracy” and the need for civilian supremacy over the military, although we know that at the present time, in this world, armies still have a fundamental and prevailing role in the process of administering a country. It’s no longer a matter of whether the Defense Forces or armies should be above civilians, or civilians above them. It’s a matter of simple unity—a consolidation of the two forces, in order to carry forward a country’s progress and development.

But to believe that Panama can go back to the times when we civilians dominated the military and could have them at our beck and call, is unreal. Neither can the proposition be maintained that the Army should totally dominate civilians. It’s a matter of joint responsibilities. But they don’t want this theory applied in Panama, although I’m sure that the civilian government of the United States doesn’t act without consult-

ing with the Pentagon whenever a job of any importance must be done.

**EIR:** We frequently hear, and even the newspapers say that the U.S. government is planning a so-called “October surprise” a month before elections here. Even Ambassador Gabriel Lewis Galindo, of the Civic Crusade, has said that the reduction of U.S. personnel in Panama is part of preparations for some kind of military intervention to depose General Noriega. Could you say something about this?

**Solís Palma:** I feel that such an action would be inconceivable indeed, because it is an attack on the sovereignty of a people, and at the same time a threat not only against Panama but against all the peoples of the continent.

If today—when we believe the world has some small hope, through the agreements between the United States and Russia, of moving away from the possibility of a world holocaust—if, again, one country’s hegemony and power can be used today to subject another, whether for interest or fancy, taking advantage of nationals who have embraced such a policy, tomorrow it can be used against any other country. I think that, as the saying goes, when you see your neighbor’s beard shaved, start lathering your own.

**EIR:** *The Washington Post* recently reported that Panamanian funds frozen in U.S. banks are being used to finance covert CIA operations in Panama, and that the Panamanian opposition has access to those funds. Can you confirm this? Does Panama plan to take this case to the The Hague?

**Solís Palma:** We are studying the situation, and are seeking information to corroborate it. What we can say for sure is that the Banco Nacional, which had \$54 million frozen, has tried to obtain information about the whereabouts of those funds, and has been unable to obtain any to date. Thus we tend to think that the funds of the Panamanian people are being used in an unprecedented, irresponsible and inexplicable way, for actions of such a kind. If this is so, I simply think that very few things can remain in the world which will still surprise us.

**EIR:** There are various bills before the U.S. Congress which go as far as demanding the abrogation of the Canal treaties—the one presented by Rep. Phil Crane, for instance. How do the government and people of Panama plan to enforce those

treaties in 1999?

**Solis Palma:** The signing of the treaties was possible because General Torrijos, in a moment of great historical scope, sought the world's support for them. I think we would have to follow the same course. It's a matter which we must put to the world community, because Panama alone wouldn't have the strength to stop any action of a contrary nature. The entire world, which was co-responsible for the signing of these Treaties, has the obligation today of backing Panama in this difficult and perilous moment.

**EIR:** High-ranking officials of the Peruvian government recently said that the International Monetary Fund is trying to retaliate against President Alan García of Peru, because he broke the rules of the game with his debt policies, and hopes to teach other debtors a lesson. What potential is there for the people and governments of Ibero-America to jointly defend Panama and Peru, which suffer similar aggressions?

**Solis Palma:** I couldn't say how much potential there is, but that is one of the things I plan to bring up [at the General Assembly]: that our countries must go beyond verbal statements and rhetorical support, toward true, concrete support for countries such as Panama and Peru, which are being attacked economically for the most part.

Rhetorical support has been very positive for us. To some extent it has thwarted actions by the U.S. government, but on the other hand, there has been no concrete aid to help us avoid the economic calamity which now besets us and consequently, of course, creates anxiety and unrest among the poor.

**EIR:** The *New York Times* said recently that Panama has only two options: either become another Cuba—"cubanize" is the term they use—or adopt the Hong Kong financial model. Do you consider these the only two options for Panama?

**Solis Palma:** Models similar to other countries' are always being established. Every country has its own nature. I think Panama could come closer to Hong Kong's position, but there's a mistake in the "Hong Kong model" itself, which is to think that Hong Kong is merely a trading country. Hong Kong is a producer country. We cannot make Panama a great center of production and commerce overnight.

Neither is "cubanization" the alternative for Panama. Panama has neither the historical, social, or cultural conditions for the imposition of a socialist regime. But Panama can develop its own model and, even within the capitalist regime, if we can get the underdeveloped countries to join in supporting Panama, in this case, or any other underdeveloped country, we could be strong enough to carry out the recovery of the country. And at that point we would have totally changed the prospects of the country and of every country which in any circumstance might be subjected by greater powers to surrendering or changing the course of its own destiny.



*Demonstrators greet President Solís Palma at New York's JFK airport on Sept. 25.*

**EIR:** The United States insists that Panama's main problem is a lack of "democracy." The United States has been criticized in Ibero-America for thinking that it has patent rights on democracy. How do you feel about that?

**Solis Palma:** Panama's "lack of democracy" falls in the context of two or three facts. First, that we've closed a few radio stations; that in some cases we don't permit demonstrations. Yet [our accusers] don't wish, nor is it convenient for them, to put themselves right in the midst of the situation. If Panama—the Panamanian press, Panamanian radio—were waging an internal campaign, within Panama, for Panamanians, we'd have no objections to make. But when we are the target of open, brazen, and effective economic warfare, and our press—some of our press, our television, our radio—take sides with those who've declared war on us, we cannot entertain contemplations of a democratic nature, because what's jeopardized is something much more important, for any country: its existence as a nation, its very condition as a sovereign and independent country.

I would like to know if the United States, with all its democracy, if it were attacked tomorrow by some country, and the press, or part of its press, took sides with that country, would they tolerate that press to internally undermine the national defenses against the aggressor? No one would tolerate that. Because the existence of a nation is above its own apparent liberties. What is a country to do when it faces a difficult situation, and efforts are made to overthrow a democratic regime? Liberties are curtailed, precisely to prevent the existing democracy from being overthrown. But it cannot

allow itself to be overthrown, much less when these gentlemen answer to some international game, rather than an internal struggle.

On the other hand, what is the concept of democracy? Do we want to bring in the same patterns, the same standards? I myself just saw here a few people who were protesting, and they were fenced out so that they couldn't come through. But here they respect the barrier. In Panama we must employ other means to prevent demonstrators from taking aggressive action against national sovereignty. So this isn't the stuff of democracy; we can't be establishing rigid and equal standards for all countries. Every one has its own culture, its own traditions and forms of government. And every one practices them after its own fashion. Democracy involves fundamental aspects, which are far more serious, far more substantive, than the formal democracy which they sometimes wish to impose. Let Panamanians deal freely among themselves, and you'll see that we not only allow liberty of expression—we allow even libertinism when we are left to ourselves.

**EIR:** Recently Panama hosted the Meeting Towards a Second Amphictyonic Congress. How important was that meeting for Ibero-American integration? Do you feel, Mr. President, that conditions are ripe for such integration, or shall it remain a dream, a utopia?

**Solís Palma:** That conference was really, extremely important. Yet, it was but one step toward the work still ahead, which won't be easy, or simple. We have differences in Latin America which would have to be overcome, and above all, there isn't a Latin American country which doesn't have some greater or lesser degree of penetration by the long hand of the United States, as Bush has said, which is always touching every country, so that we don't, in fact, unite, for they know what the effect of Latin American unity would be for the hegemony of the United States.

But that doesn't mean that we won't try to continually strive ahead toward that dream, that ideal, which sooner or later we must transform into a reality.

**EIR:** Are you optimistic about being able to attend the Group of Eight presidential summit in Uruguay next month?

**Solís Palma:** I don't know if I'll be able to go, if some problems will have been solved by then. At this time, I am far more optimistic about Panama's re-entry to the Group of Eight, because there have already been very important statements, like the one by Peruvian Prime Minister Armando Villanueva, and also the ambassador of Uruguay. Up to this point, Uruguay had not had a positive attitude toward Panama. They have admitted that they acted precipitously and that the matter calls for reconsideration.

Perhaps Panama's return will not at first immediately open the doors to my own presence in Uruguay, but the mere fact of returning would allow us again to assume our leading role in that group. That's what's important.

**EIR:** The International Monetary Fund is meeting presently in West Berlin, and the possibility of certain changes has come up. Do you think it possible to attain a solution to the foreign debt problem within the IMF framework, or would it be necessary to create new institutions, a new economic order?

**Solís Palma:** If the International Monetary Fund were to act according to the current reality, in which all countries have difficulties dealing with their foreign debt—and it is an undeniable fact that the foreign debt constitutes a drain on the economies of all our countries—then it would have no alternative but to change its policy, modify it. Otherwise, it will have to disappear, because new international financial mechanisms will have to come into being, which are more in tune with the experience our peoples have had, and which will make up a whole new orientation and reality.

**EIR:** What importance does John Paul II's latest encyclical, *Sollicitudo rei socialis*, hold for Ibero-America in its fight for integration?

**Solís Palma:** The Holy Father's position, as always, has a great unifying force which makes understanding among our peoples, our masses, more feasible; it is a very important foundation for political layers to act upon, on the basis of such a holy blessing, which is extremely important to all our peoples. The Holy Father's statements are a kind of tranquilizer and an aid to communities with a high level of Catholicism and faith.

**EIR:** The American people have been subjected to a very intense misinformation campaign about Panama. Newspapers distort reality nearly every day; the subject of General Noriega even had a prominent place in the Bush-Dukakis debate. Supposedly the only thing those two gentlemen agree on is the need to depose Noriega. What message would you like to convey to the American people?

**Solís Palma:** Your questions seem to anticipate the speech I'm giving tomorrow, because that is one of the themes I'll present.

I maintain that the American people have been fooled, and that such misinformation is one of the most dangerous weapons that highly developed countries use against weak ones. We must do something to face this new weapon of aggression which has come into play. The American people, of course, have fallen for such misinformation, which is totally deliberate and scientifically tuned to attaining the subjugation of small, poor nations and now particularly Panama.

We have no alternative but to denounce it, since we haven't the resources to counter-penetrate them, because we are not at such a technological level yet, nor do we have the means to do it. That takes a lot of economic resources; command of so many communication media, so many technical aspects that are not within our reach, precisely because we are underdeveloped.

# Israeli Mossad backs Arab fundamentalists

by Scott Thompson

Shortly after the Palestinian uprising began in the Israeli-occupied territories, Prime Minister Yitzhak Shamir warned that the uprising had been taken over by Islamic fundamentalists. Shamir sounded this alarm in Western Europe and the United States, in an attempt to break support for the Palestinians, whom he portrayed as having turned toward the fundamentalists' concept of *Jihad*, or Holy War.

Now, several reliable sources have confirmed that it was an Israeli intelligence operation that encouraged the growth of that very Islamic fundamentalism against which Shamir had warned. The Israeli Mossad's purpose was to pit its homegrown fundamentalists against the Palestine Liberation Organization for control of the uprising. Shamir has not only been caught crying "wolf," but the security services of his country are now found playing with Islamic fundamentalist forces in a fashion that could mean suicide for the state of Israel by the turn of the century. It was the same suicidal impulse, following Anglo-Venetian imperial policies of the "Great Game," that led a significant faction in Israel to support the policy of dumping the Shah of Iran in exchange for the Ayatollah Khomeini. This policy, begun in consonance with the Carter administration, continued into the second Reagan-Bush administration, when the Israelis suckered the United States into attempting back-channel deals with Iran over release of the hostages.

## The rise of the Muslim Brotherhood

The Muslim Brotherhood, an Islamic fundamentalist cult spawned by the British Secret Intelligence Service out of Oxford and Cambridge, has been officially active in the Middle East since 1928. British SIS has used the Brotherhood repeatedly to destabilize such governments as Egypt, where it has sought to erode any progressive political current. After the death of its British-trained leader Sabri al-Banna, the Muslim Brotherhood went underground, with a secret leadership, to become the scourge of any Middle East government that sought moderation. The Muslim Brotherhood's reach extended into Palestine in the 1940s, where it remained a minor force until the recent period, when the Israeli Mossad picked it up, to foster it in the occupied West Bank and Gaza Strip as a counterweight to the PLO.

Today, the most active wing of the Muslim Brotherhood

in Palestine is the Hamas (Zeal), acronym for the Islamic Resistance Movement, whose main base is among the poor in the Gaza Strip. Contrasted with the PLO, which favors a secular state of Palestine, Hamas wants to found an Islamic Republic similar to Iran. Hamas also rejects the "two-state solution" that the PLO has increasingly adopted, which would accept neighboring states of Palestine and Israel, living together in peace.

Originally, Palestinian sources report, the Israeli Establishment thought it had an added ace-in-the-hole, because Hamas rejected the "armed struggle" preached by the PLO. It was at this time, Palestinian sources add, that Israeli Mossad funds went for the training of members of Hamas with the Muslim Brotherhood in Egypt, which is banned as a party because of its role in continual destabilizations—including the assassination of Egyptian President Anwar Sadat by a radical wing of the Brotherhood known as Jihad (Holy War). Thus, Israel had, as a matter of "security policy," arranged for the covert alliance between Hamas and those forces that murdered the Arab leader who had undertaken the "Camp David" peace negotiation with Israel.

There are Palestinians today, who believe that Israel may now recognize that it has created a "Frankenstein monster." Where Hamas initially rejected "armed struggle," it is now Hamas that rejects attempts by PLO chairman Yasser Arafat to turn the uprising into diplomatic gains. An even more radical wing of Hamas emerged after the Islamic Revolution in Iran, known as Islamic Jihad, which has launched a series of assassination attempts against Israeli occupation officials and Jewish settlers. Last year, Israel cracked down upon Jihad in the Gaza Strip, arresting dozens of activists and expelling six others, including Sheik Abd Aziz Odeh, who was the publicly identified leader of the group.

Despite this crackdown on Jihad, Hamas has continued to operate unhampered by Israeli occupation forces, who regularly shoot, beat, and arrest members of the PLO-linked council that runs the uprising. Lately, Hamas has come to criticize the PLO openly, on the basis that Hamas claims all of Israel/Palestine as an Islamic trust. Hamas has also called lately, through public spokesman Sheikh Ahmed Yessin, head of the Islamic Center in Gaza, for a *Jihad* against Israel. Also, in mid-August, Hamas made a bid for increased influence in the West Bank, where the uprising was previously under solid PLO control. Hamas called for a general strike to mark the 19th anniversary of the first attempt to destroy the Al Aqsa Mosque on Jerusalem's Temple Mount, which has been a repeated target ever since for Jewish fundamentalists who seek to rebuild Solomon's Temple on the mount and expel all Arabs from the occupied territories.

During the one-day general strike, youth linked to Hamas openly clashed with PLO leaders to enforce the strike, while Israeli occupation officials let them carry out these attacks. In its covert support for Hamas, Israeli authorities are truly playing with national suicide.

# Terrorist guerrillas lay siege to Colombia

by Valerie Rush

The Colombian government, under the influence of the international human rights lobby, is enmired in illusory efforts to secure a “democratic” peace for the country. While it engages in endless rewrites of its draft peace proposal to the country’s mocking guerrilla movement, the nation is under permanent siege by Moscow’s “irregular warfare” battalions.

A score or more confrontations are occurring each week between the Colombian military and thousands of heavily armed narco-terrorists, whose leaders are trained for the most part in Moscow, Havana, and Managua. This undeclared war is wreaking havoc with the economic infrastructure of the country and is taking untold numbers of lives. A sampling of such incidents over the course of the past few weeks includes the following:

- A police patrol was lured out of its barracks and ambushed by guerrillas in Putumayo; three were killed. A similar action took place the same day in Cauca; three police agents were killed. A combined assault by the FARC and M-19 guerrilla forces on a police substation and town in Caqueta killed 2 policemen and wounded 12. Five towns in Cauca province were hit simultaneously by FARC guerrillas, with a toll of five dead. In nearly every case, weapons included grenades and rockets.

- The administrative headquarters of Colombia’s Second Division in Bucaramanga, which oversees 30 battalions and 3 brigades in three guerrilla-infested Colombian provinces, was hit by a powerful car-bomb. The Second Division is under the command of Gen. Farouk Yanine Diaz, a renowned counterinsurgency specialist. Ten civilians and 3 military men were wounded. Simultaneously, 15 guerrillas assaulted a military air base in Barranquilla.

- Three armed members of the National Liberation Army (ELN) were shot and killed during an attempted assault on the New Granada Battalion protecting the oil-refining city of Barrancabermeja.

The list goes on. There is not one province in Colombia which is not witnessing heavy combat between guerrilla and military forces, and in several places, peasant exoduses out of conflict zones and into the cities are being reported. Cardinal Alfonso López Trujillo reported Sept. 21 that his life has been repeatedly threatened by terrorists and drug runners, that he has escaped several assassination attempts, and that

at least six priests have been murdered in the last few years.

The fighting has intensified since the guerrilla kidnaping of 11 police officers and 11 soldiers in Cordoba on Aug. 23. Despite a successful military encirclement of the several-hundred-man guerrilla unit holding the hostages, the government ordered a military demobilization in the area to permit the release of the kidnap victims on Sept. 16. Not one guerrilla was captured, the country was embroiled in foolish negotiations for weeks, and in the end, the government hailed the hostage release as a “positive response” to its peace initiatives.

## A crippled defense capability

The military has not only been hamstrung by a government more concerned with the “human rights” lobbyists peering over its shoulder, than with defense of its national sovereignty; it is also victimized by a finance ministry unwilling to budget for even the most minimal requirements for its troops, by terrorist apologists within the country’s political elites who are on a permanent witchhunt against “military abuse,” and by a justice department which has been repeatedly blackmailed by narco-terrorists into releasing witnesses and burying evidence against the dope cartels gathered through military offensives.

The Armed Forces have repeatedly, if diplomatically, criticized the Barco government’s shackling of their defense responsibilities. Air Force Commander Gen. Alfredo Ortega Caicedo told a military ceremony that the guerrillas could not be trusted in any peace negotiations: “On the one hand, they propose peace, and on the other they shoot bullets.” Armed Forces Commander Gen. Manuel Jaime Guerrero Paz declared in a public forum Sept. 2 that “the situation of Colombian violence is the most critical in the Americas, and has as its origin a geostrategic factor—the location of the country within the American continent—which falls within the framework of the East-West conflict.”

As the fighting intensifies, the Colombian economy is being shattered. Major income losses from terror against the oil industry have led to shortages of foreign reserves for debt repayment, leading the government to cut deeply into such budget categories as defense, infrastructure, and social services. This in turn has triggered widespread discontent among the population, which is already living under wartime conditions.

In what could prove the first of many such cases, the oil-refining Pacific port city of Tumaco, near the Ecuadorean border, has just declared its determination to secede from Colombia. Having gone for months without energy, water, education and health services, the inhabitants have grown desperate. The mayor’s office, the police barracks, and other administrative government centers have been sacked and burned, and mobs reportedly infiltrated by guerrillas have left at least one dead and scores wounded. A curfew was imposed and a military chief assigned to keep order.



### Voters reject 'politics as usual'

*The victory of absenteeism, and the relative breakthrough of the European Labor Party, marked the county election results.*

**T**he clear winner of the county elections in France on Sept. 25 was absenteeism. Less than half of the voters affected by this election covering half of the country went to the polls, an abysmal figure compared the usual 70-80% participation of the French electorate. Why did the French voters "go fishing," as the saying here goes?

Admittedly, there have been five votes this year (two rounds for the presidential elections, two legislative rounds, and now the county elections), and two more are ahead (the county run-offs, and a referendum on New Caledonia coming up in November). That is, in total, seven in one year, to which will be added, early next year, the city elections in March (another two rounds), and the European Parliament election in June. Too much voting? Yes, of course, that is part of the problem.

But there is more—much more. In normal conditions, most French voters would nonetheless vote in such circumstances. A recent opinion poll organized by a TV channel may be the tip-off: "Do you still understand French politics?" was the question to which 80% of the polled individuals said, "No!" The traditional right-left opposition has gone out the window, as both sides are perceived to promote the same austerity policy—no wage increase to avoid inflation, high unemployment because of high taxation on corporations, etc.

The battlefield is strewn with empty images, grandiloquent statements, and petty debates on such issues as who is to be appointed the head of such and such state-controlled com-

pany, or how to reorganize the "French Audiovisual Landscape," i.e., who controls which TV channel. No discussion whatsoever on such "secondary" issues as economic policy, defense, or the infamous "Europe 1992," which will strip the country of its sovereignty by deregulating the money markets and set up controlled disintegration of the food supply.

In the aftermath of the presidential election, the big game of "opening," i.e., trying to include some center-right-wing factions in the left-wing government, made matters even worse. Many voters, who voted for people like Raymond Barre against François Mitterrand, now see Barre trying to ally with the President by having several of his friends become members of the cabinet, and feel they have been swindled.

In brief, the French voters have had enough of what is called the "wooden language"—technocratic jargon used by politicians to beat around the bush and avoid any issue—something similar to what was inflicted on U.S. TV viewers who decided to watch the Bush-Dukakis debate. It is in this framework, of course, that extreme right-wing populist demagogue Jean-Marie Le Pen gave many the impression of courageously raising the real issues, and this is the reason for the high results scored by Le Pen and his National Front in this year's polls.

But Le Pen's mindless ideas, or rather lack of ideas, could not appeal very long to most voters. His way of grabbing media attention by making tasteless puns (he called Michel Durafour, one of those center-right-wing

politicians who joined the cabinet, "Durafour crematoire," the expression *four crematoire* meaning crematorium), created an uproar in the country, not only among the liberal finger-waggers, but also in traditional Catholic circles who had previously voted for him. So, even the Le Pen protest did not make much sense anymore.

The obvious result of these combined elements was that many people found it useless to take the trouble of going to the polls.

The important other result is the relative breakthrough of the European Labor Party (POE) candidates who, by addressing real issues such as the destruction of agriculture and the nefarious implications of the Single Europe Act of 1992 for citizens' living standards, frightened the well-established political honchos so much that every trick in the book was used to try to prevent the POE from campaigning.

These methods, aimed at intimidating POE candidates, achieved only very limited success: Out of 378 candidates, only half a dozen dropped out of the race.

The others reached the highest scores ever for this party—as much as 5%—especially in farming districts. None got anywhere near victory—lack of recognition factor due to financial limitations is still very high—but the POE is the only party whose score went up in many places, often doubling compared to previous races, despite the fact that one-fourth of the usual voters did not vote!

As it does not seem very likely that this comes as a lesson to the petty-minded other parties, one can assume that this take-off of the POE is but the first step of a process which may well soon rock the French political scene. And, as we said at the beginning, other elections are soon coming up.

## Drug mafia organizes for 1992

*Two companies that should come under scrutiny are Philip Morris and the new Jardine Insurance S.p.A. in Italy.*

The publicity barrage depicting 1992 as the threshold of a new, politically and economically integrated Europe is providing a smokescreen for a host of unsavory schemes. Not only will the projected abolition of customs controls clear the way for multinational firms to gobble up independent small and medium businesses, but the free traffic in capital will bring easy immunity to "Dope, Inc."

The mafia we are talking about is not the kind stereotyped in films like *The Godfather*, nor even the bloodier and truer version of the clashes between crime kingpins Luciano Liggio and Tommaso Buscetta. Atop the pyramid controlling narcotics smuggling are the world's biggest financial institutions.

The ex-chief of the Italian domestic secret services (SISDE) Vincenzo Parisi, now head of the Prefect Police, during a conference last May 18 at the Tax Police training school, called organized crime an actual "anti-state." It is a "seedbed of the universe of crime, an amalgam of all the criminal pathologies emerging in post-industrial society, a peril which presents alarming symptoms above all regarding economic criminality, which corrupts persons above suspicion and penetrates the legal economic system and the public apparatus, polluting them. The complexity of the system offers countless instruments to economic criminality: creation of fictitious companies; fraud against creditors; computer data manipulation; stock market, banking, and currency infractions; food swindles. . . . Drug

traffic, which is in constant expansion, confers today an unprecedented power to mafia-style organized crime."

Referring to the Unified European Market of 1992, Parisi said that it "will see the progressive dissolution of the present national frontiers with events that outstrip . . . every possible forecast."

The commander of the Tax Police, Gen. Gaetano Pellegrino, showed his concern about the 1992 liberalization of the markets in an interview of Aug. 20 which was printed in all the press. General Pellegrino said: "The mafia is already capable of moving billions from one country to another. We favor liberalizing currency, but we demand that there remain traces of the operations so that the dynamic of flows can be reconstructed. For this, cooperation with the Bank of Italy and the Italian Exchange Union is indispensable . . . to be able to carry out a broad-based investigation on the international scale."

Two companies worth looking at more closely in the context of the pre-1992 reorganization of major firms suspected of ties to the dope traffic, would be Jardine and Philip Morris. The English group Jardine Insurance Brokers, ninth in the world ranking of insurance brokers, has launched itself in Italy by sewing up a joint-venture deal with the brokerage firm Area.

Jardine for more than half a century ran the opium trade from India, then a British colony, into China. Jardine, Matheson was so influential that it convinced Lord Palmerston, the British prime minister, to start the First

Opium War against China and dictated the conditions of peace, including legalized opium trafficking. According to Beeching's book *The Opium Wars*, Jardine, Matheson has kept active participation down to the present in heroin trafficking with the Far East.

Jardine Insurance S.p.A. will be the Italian correspondent firm of Lloyds of London. The president of the new company, Jardine Insurance S.p.A., is Alberto Cordero di Montezemolo, whose brother Luca chairs the organizing committee for the world soccer championships to be held in Italy in 1990.

The Philip Morris story is a bit more complicated. The well-known leader in production and sales of tobacco products (Muratti and Marlboro) has been tempted for some time by profits from marketing drugs.

According to a Tax Police report published on June 24, 1983 by the Rome news agency OP, collusion has emerged between Philip Morris, the Italian Radical Party, and the businessman of the outlawed P-2 Freemasonic lodge, Roberto Memmo, with the aim of liberalizing the laws on marijuana and hashish consumption in Italy: "a target," the report says, "which, if achieved, would allow them to make huge earnings from the manufacture of cigarettes containing such substances."

The Tax Police probe began in 1980, when they were informed that Philip Morris was stockpiling marijuana and hashish to get ready for a rise in market prices, in a long-term expectation of liberalized drug laws. On June 16, 1988, the left-wing daily *Il Manifesto*, always well informed on drug matters, published an article stating that Philip Morris and its sister tobacco companies met secretly in Lausanne, Switzerland to "support all the way the campaign for legalization of drugs."

## **CAP, Latin America's Kissinger?**

*Carlos Andrés Pérez bears the Soviet/Wall Street seal of approval for his debt strategy.*

**D**uring one of his frequent visits to the United States on Sept. 21, Venezuelan socialist and presidential candidate Carlos Andrés Pérez addressed a Harvard University seminar on Third World debt, at which he announced that "the hour of reconciliation" between creditors and debtors had arrived. He proceeded to offer what he described as a novel plan for resolving the debt problem.

His novel plan, however, proved to be virtually identical to the proposals published over the past few years by former Secretary of State Henry Kissinger.

"Substantial reduction of resource transfers abroad, at the same time creating mechanisms to guarantee the flow of new resources . . . and as indispensable counterpart, the governments of Latin America must commit themselves to conducting a disciplined economic and financial administration, with the adoption of policies that prevent misuse of resources, for which one cannot object to the participation of international organizations. . . . Thus will the way be paved for investments by the industrialized countries," declared Pérez.

Compare what Kissinger wrote in the *New York Post* of June 25, 1984: "Latin American debtors [should] be prepared to do their part to restart growth, through great efforts of economic reform: brake inflation; modify factors that discourage savings and investments; eliminate subsidies to inefficient industries; administer a sensible exchange rate policy. [They should adopt] serious adjustment pro-

grams and accept the fact that incentives to private investment—foreign and domestic—is the only path to sustained growth."

Just a coincidence that socialist demagogue and "Third Worldist" CAP should sound so like bankers' mouthpiece Kissinger? Not really. Pérez is providing a critical service to the international financial community, which intends to put him in the presidential seat in Venezuela for the next five years. Already, the ruling elites in Mexico and Colombia have embraced Pérez's proposal. Even the Peruvian government of President Alan García has been driven to follow suit, thanks to brutal pressures from Pérez's Socialist International.

Pérez's claim to a novel approach to the debt problem notwithstanding, he has admitted to sharing his "long-term objectives" with such "prestigious personalities" as "Henry Kissinger, Sen. Bill Bradley, Saburo Okita, and banker James Robinson." He also embraced their "different proposals for creation of a multilateral agency for management of the debt . . . [that] would be in charge of buying the commercial bank debt of the developing countries at discount."

Gone is the rhetoric against the "poisonous" International Monetary Fund, the dramatic calls for a debtor front, the diatribes against imperialist usury. In his Harvard presentation, Pérez opposed the notion of any unilateral action on the part of the debtors. "The participation of the governments of the creditor countries, and dialogue between them and the debtor

countries, will be indispensable in any scheme of negotiation that is adopted. . . . A decade of crisis has convinced the developing countries that it is worthless to adopt isolationist or confrontationist positions in an interdependent world."

Pérez's insistence on "reconciliation" also echoes the Soviets. Academician and Latin American specialist Victor Volsky has argued against a declaration of moratorium by debtor nations, and reports that General Secretary Gorbachov told President Reagan of the need for an international conference on the debt, "because it is a global problem, and not merely a Third World one."

The coincidence between Pérez and the Soviets is not accidental, for the Venezuelan bears Moscow's stamp of approval. In early August, speaking of the debt problem, Fidel Castro told his friend Pérez: "You are going to be the President of Venezuela, and you should head up this unity movement in defense of Latin American interests."

On the day of his Harvard presentation, Pérez gave an interview to UPI, in which he was asked whether, if elected President of Venezuela, he would act on his long-standing promise to "promote a meeting of Latin American heads of state on the matter of the debt." Pérez responded: "As my victory already seems to be a reality, I have to think a good deal about these problems and weigh my words very well, so that what I said as a candidate does not contradict what I do as President."

Making clear why both the Soviets and Wall Street have endorsed his candidacy, Pérez added: "Absolutely nothing will be achieved by a rupture of the international financial system. . . . There are no longer any national economies and we will gain nothing with a rupture of the system."

## From Peccei to Brundtland

*The policy itinerary of lame-duck President De la Madrid has run the gamut of the world's most infamous malthusians.*

While the debate over whether Mexico's Laguna Verde nuclear plant will open or not was heating up in mid-September, Socialist International Vice President and Norwegian Prime Minister Gro Harlem Brundtland stonily declared to a Mexican audience that "the risk of nuclear energy transcends national borders; its use is unacceptable."

Mrs. Brundtland was in Mexico on the invitation of President Miguel de la Madrid, who has asked her to preside over a forum entitled "Our Common Future. Analysis of the Report of the World Commission on Environment and Development." But Brundtland did not come to Mexico merely to wave the ecologists' flag and provide new arguments to Mexico's anti-nuclear forces against the opening of Laguna Verde.

Her mission was much more ambitious: the regrouping of the world malthusian movement in pursuit of a new goal—the subjection of the sovereign nations of the world to a supra-national dictatorship of the world's banking oligarchy, under the innocuous-sounding title "World Federalist Government" or "New Globalism."

It was thus no accident that in her statements against nuclear energy, she argued that "the risks of nuclear energy are latent, threaten national borders, and generate different kinds of contamination, *making it impossible to make an exclusively national decision*" (emphasis added).

Brundtland's entire doctrine is suffused with such arguments. In the report of the World Commission on

Environment and Development over which she presides, a new legal, financial, economic, and political order is proposed, "to be enforced globally" based on the genocidal notion of "sustainable development." Such a goal would be reached, according to the report, by "transforming" the Brundtland Commission into "a permanent program of the United Nations for sustainable development," which "would change human attitudes" through an "extensive campaign of education, debate and public participation."

A statement of the Brundtland Commission issued in Tokyo last Feb. 27 asserts that "a successful transition to sustainable development for the year 2000 and beyond requires a massive change in society's objectives. This also requires the concerted and vigorous pursuit of strategic imperatives. The World Commission on Environment and Development calls upon all nations of the world to integrate the notion of sustainable development, both individually and jointly, within their own goals, and to adopt the following principles as a guide to their policy actions."

The principles proposed can be summed up as follows: 1) "Limit" population to appropriate "ecological" limits; 2) Reinforce the notion of "limits" within the minds of the world population; 3) Orchestrate deindustrialization, eliminating energy-intensive industrial forms; 4) Condition international financial flows and assistance to the execution of the previous points; and 5) Establish an international legal system that forces compli-

ance, through use of the law, with the proposed objectives.

However, Brundtland herself is nothing more than the political tool of a handful of financial oligarchs and usurers committed to the task of depopulating the world. It is they who have turned Brundtland into the "superstar" of world ecology.

A look at some of the members of Brundtland's 1,000-member Commission is revealing. They include: Susanna Agnelli, sister of Fiat magnate Gianni Agnelli; Saburo Okita, Club of Rome member and president of the Japanese chapter of the aristocracy's World Wildlife Federation; Maurice Strong, Canadian energy magnate and member of both the Club of Rome and Aspen Institute; Sir Shridath "Sonny" Ramphal, secretary general of the British Commonwealth and leader in the Inter-Action Council, etc.

Particularly striking is the fact that President De la Madrid has overemphasized his agreement with Brundtland's Nazi-like proposals. De la Madrid, in fact, declared in his speech inaugurating Brundtland's seminar that she shares "the political thesis of sustainable development, above all when framed within the need for a new concept of integral development. . . . I agree: the Earth is one, and we already know that we cannot live in separate compartments."

Miguel de la Madrid's readiness to serve as the instrument of the financial oligarchy's world globalist strategy has come full circle, from the days when, as Budget and Planning Secretary, he sponsored a meeting of the Club of Rome in Mexico, then run by the late unlamented Aurelio Peccei. Peccei's anti-human zeal was so fervent, that he once praised cannibalism as a creative means of survival under extreme conditions.

## **Demand death for drug traffickers**

*The Congress-I youth organization campaigns for an anti-drug amendment, as the addiction problem grows.*

**O**n Sept. 16, the youth wing of the Congress-I Party launched a nationwide campaign demanding the death penalty for drug trafficking, at a day-long rally in the capital.

Haroon Yusuf, chairman of the youth Congress Anti-Narcotics Cell, appealed to the government to amend the tough anti-narcotics laws adopted in 1985 to include capital punishment. Without such a rigorous step, he told the press, it would be impossible to eradicate drug trafficking in India.

Though there are no definitive national surveys known to this writer, estimates of the number of drug addicts in India range from 500,000 to 2 million—concentrated in Bombay, New Delhi, Calcutta, and other major cities, as well as in the northeast along the border with Burma. Official estimates of heroin addicts alone are 500-700,000.

Limited surveys do indicate plainly that the drug trade has spread out from the confines of the wealthy jet-set, to engulf the lower and middle classes generally, and that the users' age group has shifted from 31-40 years to 21-30 years. The problem is now acute on many college campuses in particular. According to a recent study by the Indian Council of Medical Research, 25% of the students in large cities experiment with drugs. New Delhi tops the list with 35%.

It is these realities which are Yusuf's main concern. He will tour the country and bring his message directly to the people during the next two

months, to mobilize support for moving the death penalty legislation in the next session of parliament, which begins Nov. 29.

The Narcotic Drug and Psychotropic Substances Act of 1985 replaced the archaic three-year maximum sentences for trafficking with a minimum penalty of 10 years' imprisonment, and a stiff fine, and set up the Narcotics Control Bureau to coordinate a nationwide enforcement drive, but legal loopholes and jurisdictional problems have hobbled the effort, as is reflected in statistics from Delhi. Only 932 of the 4,931 cases brought before the courts in Delhi under the law from November 1985 to May 1988 were ever decided, and of these, there were only 195 convictions.

The government has already taken several steps to strengthen law enforcement. In July, an ordinance was promulgated providing for preventive detention of suspected traffickers and their accomplices—including those who safehouse and launder the drug money—for up to two years. So far, some 200 individuals have been apprehended under the new regulations.

Earlier this year, Prime Minister Rajiv Gandhi, who is known to view the drug menace as an urgent national security concern, established a special cabinet subcommittee under the Home Minister to coordinate the anti-drug work of the different ministries. Gandhi outlined a 14-point agenda for the subcommittee that included ensuring quick destruction of seized drugs,

special police training and laboratory facilities, and ensuring the destruction of illegal opium production and strengthening of the counterintelligence networks, among other things.

It is not surprising that in the past 10 years, Dope, Inc. has zeroed in on India, situated as it is between the Golden Crescent of Iran-Afghanistan-Pakistan and Southeast Asia's Golden Triangle—the world's major opium-producing regions. A large country, with open international airports until 1985, India had virtually no laws against narcotics. For instance, acetic anhydride, one of the principal chemicals required for the refining of heroin, was freely available for sale and export, and regularly found its way to Burma to supply the refineries there.

By 1984, as the strategic destabilization of the region took hold, beginning with the Khomeini revolution in Iran, the Soviet invasion of Afghanistan, and the rise of Khalistani separatist-terrorism in Punjab, India had become a major transit point for dope.

In the next several years, what was piously hoped to be "merely a transit problem," was quickly transformed into a consumption and production problem. As the otherwise inexplicable large increases in Golden Triangle and Golden Crescent opium outputs in recent years indicate, Dope, Inc. had included India in its "market survey," as a potentially huge consumer from the outset.

While the principal market for the increased production of the Golden Triangle was the West—both Western Europe and the United States—still the most massive expansion in drug consumption has been within Asia itself. In addition to the 500-700,000 estimated heroin addicts in India, there are now 300,000 in Thailand, 600,000 in Pakistan, 20,000 in Nepal, 35,000 in Sri Lanka, and 100,000 in Malaysia.

# International Intelligence

---

## **'Bizarre cult' prompts teenage suicides**

New Zealand, West Germany, and Yugoslavia are among the nations experiencing a wave of teenage suicides linked to a satanic rock cult.

Under the headline, "Teenage Suicides Dash New Zealand Illusions," the *Times* of London reported Sept. 26 on a "surge of teenage suicides," most connected with the "bizarre cult" of listeners to the British heavy metal/punk rock group "Gothic."

Suicide has become the "second-biggest killer of New Zealanders aged between 15 and 24," reports the *Times*.

The rash of suicides has come among young people who dress in the "distinctive black and white garb of the Gothic cult." They paint their faces white, and wear black clothes.

The music of Gothic is "despondent" and "obsessed by death."

Furthermore, youth who get involved in this play "role-playing board games," one of which "supposedly originated in the 14th century."

The *Times* points out that the problem of youth demoralization is being "aggravated by growing unemployment and economic pressures." Unemployment in New Zealand is "running at a record high of 9 percent."

Over the past year, in West Germany, too, especially in the economically collapsing Ruhr region, teenage cults called "Gruf-tis" have sprung up, from the German word for "grave," and they match the description from New Zealand.

Youth dress in punkish style, with black clothes and white paint on their faces, explaining their appearance by saying they have "given their soul to Satan." Suicides linked to this cult have been reported. Similar phenonema, on a lesser scale, are reported in the northern part of West Germany, in West Berlin, and, recently, also in East Berlin.

Yugoslavia's economically depressed Zagreb region also reports a rash of teenage

suicides, almost 20 per week, committed by youth who are dressing in black, wearing white make-up on their faces, and sleeping in coffins! In many cases, they would leave notes explaining their suicide, "The Lord of Darkness called me up."

---

## **Syria talks tough on Lebanon**

Syria will oppose any schemes to partition Lebanon into sectarian enclaves, according to Syrian Vice President Zuheir Masharqa. His remarks were made to Syrian students in Warsaw, Poland, where he is on an official visit.

"Syria confronted and will continue to confront all conspiratorial schemes aimed at partitioning Lebanon into sectarian cantons," he told the students.

"Syria's position toward Lebanon is firm," he continued. "It will continue to shoulder its nationalist responsibilities toward the brotherly country of Lebanon."

Syria is the main power-broker there, with 20,000 troops on Lebanese territory. But its attempt to impose a puppet president when the term of Amin Gemayel expired Sept. 23 was rejected by well armed Christian forces.

Currently, there are two rival governments, a Muslim-led caretaker cabinet led by Acting Prime Minister Selim Hoss and a Christian Maronite interim government led by Gen. Michel Aoun. Syria has given its support to Hoss.

Momentum for a military confrontation is now building. Local observers report that Syria is expected to impose an economic blockade of East Beirut and the Christian region. The first confrontation among rival militias was feared for the end of September, when the existence of two governments could endanger the payment of regular wages to the army and government functionaries.

Meanwhile, both the PLO and Iraq are said to be stepping up their aid of the Lebanese Christian forces.

---

## **Gilbert takes heavy toll in Mexico**

Hurricane Gilbert, the most violent hurricane of this century, wrought havoc in Mexico.

In Yucatán, 400,000 were left homeless; 100% of Yucatán's grain and citrus fruit harvests were destroyed, and 2,000 boats were wrecked; the salt industry, second-largest in the country, was wiped out; 20% of the roads were damaged; 80% of the fishing industry, which employed 80,000, was affected; 65,000 buildings were seriously damaged.

In Quintana Roo state, 35,000 were left homeless, 47 are dead or missing, 50% of the fishing fleet was destroyed, and more than 40 communities suffered serious damage.

Farther north, 25,000 people are isolated in Nuevo León state, with 30,000 left homeless; 1.2 million have no clean drinking water and are suffering food shortages.

In Tamaulipas State, 10,000 were left homeless.

---

## **Witness absolves SAS in killing terrorists**

An ongoing inquest in Gibraltar into the killing by elite British Special Air Service (SAS) troops of three IRA terrorists earlier this year has heard a witness against the SAS reverse his story.

The witness has admitted that he completely fabricated his earlier story that an SAS soldier repeatedly shot an IRA terrorist while standing with his foot on his throat.

Spanish bank clerk Kenneth Asquez had told this tale in an interview with a British Thames Television interviewer, for the Thames TV-exposé, "Death on the Rock," which created a sensation with its anti-SAS "revelations."

But at the inquest Sept. 24, Asquez said he had told this story because he was being



## Briefly

continually pestered by one of the producers of the show to say it, and because he had been offered money in return!

After the TV documentary was aired, British Prime Minister Margaret Thatcher branded it trial by television.

### *Soviets propose Asian ministers meeting*

Soviet Ambassador to the Philippines Oleg Sokolov has called for a meeting of regional foreign ministers to discuss Moscow's offer to close a garrison in Vietnam if U.S. forces pull out of the Philippines.

Sokolov told reporters in Manila the week of Sept. 19 that the offer should "warrant a meeting of the foreign ministers of countries in the region to create a mechanism addressing the security situation" in Southeast Asia. He said Gorbachov's proposal could be further discussed in negotiations "not necessarily confined to the U.S. and the Soviet Union," but which include "other countries in the region."

Sokolov said the naval facilities the Soviets enjoy at Cam Ranh Bay in Vietnam were as important to the Soviets as Clark Air Base and Subic Bay Naval Station are to the United States, "if not more so."

Vietnam predictably endorsed Gorbachov's proposal. But Philippines President Corazon Aquino does not seem likely to endorse the meeting proposed by Sokolov. She earlier stated that the military bases were a matter for the two superpowers to decide.

### *Superpowers ready to sacrifice Savimbi*

"Superpowers Ready to Sacrifice Savimbi," headlined London's *Daily Telegraph* Sept. 24, in a story datelined Lisbon.

Any "peace" in Angola, writes the paper, "may be at the expense of Jonas Savimbi, leader of the anti-Marxist Unita movement. . . . There is every sign that his erst-

while Western backers are prepared to 'dump' him in exchange for guarantees that the 50,000-strong Cuban task force in Angola will be withdrawn on a fixed timescale. . . . Cries of alarm in Jamba, Unita's southeastern Angolan base, are being echoed in Lisbon, Washington, and Johannesburg. Dr. Savimbi is facing the harsh reality of being sacrificed in the interest of an entente between the United States and the Soviet Union."

The *Telegraph* is now confirming warnings about a conspiracy against Savimbi, which had earlier been exclusively reported in *Executive Intelligence Review*. A deal worked out between the State Department's Chester Crocker and Angolan, Cuban, South African, and Soviet negotiators is accompanied, say intelligence sources, by a plot to kill Savimbi.

### *East-West foundation opens in Moscow*

The first "philanthropic" foundation in the Soviet Union has begun its activities from a headquarters in Moscow. The International Foundation for the Survival and Development of Humanity is funded by wealthy U.S. financiers, including Armand Hammer and the Rockefeller family. The board includes leaders from 18 countries and it has been endorsed by Mikhail Gorbachov.

The governing board of the foundation leaves little doubt that the new institution is slated to be a joint think tank for the administration of global crisis management and power-sharing arrangements between the oligarchies of East and West.

Board members include: David Hamburg, president of the Carnegie Endowment; Jerome Wiesner, president of the Massachusetts Institute of Technology; former U.S. Defense Secretary and Lucis (Lucifer) Trust figure Robert S. McNamara; Notre Dame University president Fr. Theodore Hesburgh; and Yevgeni Velikhov, Gorbachov's top science adviser.

● **SOUTH AFRICA** must seal its borders against guerrillas and end apartheid to survive the worst revolutionary onslaught of its history, Law and Order Minister Adriaan Vlok said in Johannesburg. Vlok also told government supporters at an election rally in Pretoria: "If we want to survive the revolutionary onslaught then we must rid ourselves of this [apartheid] cause, this excuse. . . . We must take this stick from the enemy's hands."

● **THE SOVIET UNION** has been forced to modify strict anti-alcohol laws. Under eased regulations, beer, wine, and champagne will be readily available, while vodka will remain difficult to obtain.

● **ISRAELI** Foreign Minister Shimon Peres and his Czech counterpart, Bohuslav Chnoupek, held the first open talks between their two countries in 21 years the week of Sept. 26.

● **HELMUT SCHMIDT**, former West German Chancellor and head of the malthusian Inter-Action Council of Former World Leaders, arrived in China Sept. 25 for meetings with Deng Xiao-ping, Zhao Ziyang, and, as one of his aides put it, "fifty-year-olds who will be China's leaders in the future."

● **THE CIA** is behind an attack in London's *Financial Times* on Italy's Fiat for selling missile technologies to Argentina and Egypt, say well-placed London sources. "It is well known in the City of London that Alan Friedman," the Milan correspondent who authored the Sept. 24 article, "is a CIA man." Friedman wrote, "The U.S. and Soviet Union will on Monday hold high level talks in Washington to discuss the Argentine-Egyptian missile as well as the proliferation of other systems capable of delivering nuclear weapons."

## Shevardnadze offers U.S. more 'new Yalta' plums

by Nicholas F. Benton

Prior to his sudden departure for the hastily called Communist Party Central Committee plenum in Moscow on Sept. 28, Soviet Foreign Minister Eduard Shevardnadze's latest venture onto U.S. soil provided the strongest evidence yet that a new global strategic order, based on the new climate of "détente" between the United States and Soviet Union, is well on its way to realization.

As *EIR* has warned, the "peace offensive" by the Soviets has aimed at exploiting President Reagan's desire to go down in history as a peacemaker, in order to deceive the United States into embracing a "global condominium of the superpowers."

Under an arrangement of such U.S.-Soviet cooperation for international crisis management, the United Nations is intended to play a more important role as the policeman of the Third World and the "newly industrialized countries" (NICs) of Asia, which are now replacing the Soviets as the perceived major strategic threat to U.S. interests.

The Nobel Committee underscored this by its announcement that the U.N. peacekeeping forces, which have present and anticipated roles in policing Third World hotspots all over the globe, would receive the Nobel Peace Prize this year. The Committee's first preference, to award the prize jointly to President Reagan and Soviet leader Mikhail Gorbachov, was passed over, because some feared it might influence the outcome of the U.S. elections. The committee was also leery of the outcome of what most analysts considered a preemptive power play by Gorbachov at the suddenly called Communist Party confab Sept. 30.

However, the combination of choices before the Nobel Committee—Reagan and Gorbachov, on the one hand, and the U.N. peacekeeping forces on the other—point to exactly the deadly "condominium" combination the Soviets are trying

to institutionalize, with the support of Reagan and Secretary of State George Shultz.

### The Soviet chess moves

To call this a deadly arrangement for the United States is an understatement. This was made clear during Shevardnadze's latest visit—both his meetings with Shultz and Reagan in Washington Sept. 21-23, and his following visit to the opening of the United Nations General Assembly in New York.

Consider the developments that occurred during the short visit of Shevardnadze to Washington and the U.N.:

- **Krasnoyarsk radar.** Shevardnadze reiterated Gorbachov's cynical proposal to convert the giant phased-array radar at Krasnoyarsk into a peaceful center for international scientific cooperation. The radar is a violation of the Anti-Ballistic Missile (ABM) treaty, and the strongest material evidence, experts say, that the Soviets are preparing a nationwide ABM defense system—the kind of system which could be used to augment a Soviet nuclear first strike against the West.

The mere fact that Gorbachov made such a proposal, during a speech he gave while standing in front of the facility in August, was taken as a signal by Western strategic experts that the Soviets have no intention of derailing their plans for a "breakout" of the ABM treaty. His proposal was seen as an attempt to influence Western public opinion against previous U.S. demands that the radar facility, larger than a football field, be torn down entirely. Experts know that allowing the facility to stand, while claiming merely to remove the radar disks, leaves the Soviets with the capacity to re-convert it back to a radar installation at virtually a moment's notice.

Nonetheless, Secretary of State Shultz indicated that the

United States is considering swallowing the Soviet offer, during a press conference at the White House following his three-day visit with Shevardnadze Sept. 23. "We're taking another look at the Soviet proposal," he said.

When an *EIR* reporter challenged Shultz to say what the Soviets were demanding in exchange for their "offer," noting that "Krasnoyarsk has been a pawn, a part of Soviet efforts to get us to abandon our Strategic Defense Initiative," Shultz retorted, "No, no, no! What we're working on now doesn't have any links to those kinds of things."

During his press conference at the Soviet embassy an hour later, Shevardnadze confirmed that the United States was "rethinking" the Soviet "offer," but instead of saying there were no strings attached, added, "We think it would be good for the U.S. to give thought to dismantling its radar in Thule, Greenland, in exchange."

● **Afghanistan stall.** Shevardnadze announced at the United Nations that the Soviets are putting the second phase of their troop withdrawal from Afghanistan on indefinite hold, because of continued military attacks on the Kabul regime by Afghanistan rebels. This announcement came as no surprise to those analysts who doubted that the Soviets were serious about withdrawal in the first place. It merely underscored what the new Soviet policy toward the Third World actually is: Direct military intervention will only be pulled back under conditions where client states and puppet regimes are thoroughly stabilized.

Predictably, State Department spokesman Phyllis Oakley said Sept. 28 that the United States has told the Afghan rebels that "it is not in their interest to fire on withdrawing Soviet troops."

If this policy were applied to southern Africa, where Moscow is ostensibly cooperating with Washington to encourage peace talks between the ruling MPLA party of Angola and the Republic of South Africa, then it can be assured that the Soviets would never permit the withdrawal of Cuban troops and Soviet materiel from Angola, unless the anti-communist UNITA movement of Jonas Savimbi is shut down.

● **Electronic warfare.** During his press conference, Shevardnadze was confronted by *EIR* with information about the Soviet development of battlefield electronic warfare capabilities—both electromagnetic and radio frequency weapons—which has been published in *EIR*, and some of which also appeared in a recent issue of *Aviation Week* magazine.

Shevardnadze refused to answer the question, and instead went into an evasive dissertation on the alleged effort the Soviets are undertaking to shift their military posture from an offensive orientation to one based on "defensive sufficiency" in Eastern Europe—even though military experts in the West see no concrete signs of this.

● **Global environmentalism.** In his speech to the U.N., Shevardnadze singled out the "importance" of superpower cooperation on the issue of global environmentalism, calling for the formation of an "international regime" to slow indus-

try and infrastructure development in the West and the Third World.

The Soviet "environmentalist" push would work hand in hand with the West German Greens and other anti-technology movements in the West to shut down the nuclear industry and large-scale development projects. Shevardnadze said, "Faced with the threat of environmental catastrophe, the dividing lines of the bipolar ideological world are receding. The biosphere recognizes no division into blocs, alliances or systems. All share the same climatic system and no one is in a position to build his own isolated and independent line of environmental defense. It is much more sensible . . . to abolish some planned or on-going military programs and channel the funds thus released toward instituting an international regime of environmental security."

● **Sino-Soviet rapprochement.** It was announced at the United Nations that the foreign minister of the People's Republic of China would visit Moscow before the end of the year, the first such visit since the breakdown of Sino-Soviet relations in the 1950s. This is perhaps the single most ominous development coming out of Shevardnadze's visit, given how far the United States has committed itself to the "China card."

The thought of a new Sino-Soviet alliance, relieving the Soviets of their military obligations on the eastern front and shoveling all the technological concessions the United States has made to the P.R.C. right into Soviet hands, sends chills down the spines of Western security analysts.

## The deception is working

These are all ominous signals that the new global condominium of the superpowers is nothing but Soviet deception, exploiting the "warm fuzzy" media reaction that President Reagan received for the signing of the INF treaty, after his harsh experience with the Iran-Contra scandal. The reality remains that the Soviets are moving ahead as ruthlessly as ever to achieve global hegemony.

But what impact has all this had on President Reagan or Secretary Shultz?

Shultz bubbled at his Sept. 23 press conference, "I think what we have in place is something that works, and that has, on the whole, produced a lot of results. If you take the situation today and compare it with the situation in the middle of 1985, it's practically night and day. This process has worked."

Then Shultz went to New York to hear Shevardnadze give his speech to the U.N. He cut short a press conference so as not to miss a word of Shevardnadze's speech, and, unlike years past, when Shultz was ordered to walk out during the Soviet speech at the U.N., this time he stepped forward to warmly embrace the Soviet foreign minister in front of the U.N. General Assembly.

As for Reagan, his reaction was similar. Commenting on the special Communist Party plenum in Moscow, Reagan said, "I hope Gorbachov succeeds."

# The pro-Moscow bias of the Dukakis team

by Kathleen Klenetsky

Michael Dukakis's recent, highly publicized "pro-defense" turn is just the latest in a string of "con" jobs which the Democratic presidential candidate is attempting to pull on the American electorate.

The candidate can pose all he wants in tanks, but his antics cannot alter the fact that he is "viscerally anti-military," as former Defense Secretary James Schlesinger put it in *Time* magazine this summer, or that a Dukakis administration will preside over the final dissolution of the Western alliance.

Dukakis is a front-man for that faction of the Eastern Establishment which lusts after a global power-sharing relationship with Moscow, and is consciously committed to surrendering the national security of the United States and its allies to show "good faith."

Although it is certainly the case that Dukakis holds a personal bias against Western security interests, it is the advisers who surround him who actually determine his current and future policies. As a top Establishment insider confided in the spring: "We've decided to go with Dukakis, because he knows how to take advice and will appoint the right kind of people to his government."

The Soviets share that view: According to a well-informed source, two of Dukakis's top strategic advisers, Graham Allison and Joseph Nye, spent the afternoon of Aug. 31 in Washington closeted with several leading Soviet "Americanologists," among them, *Literaturnaya Gazeta's* Fyodor Burlatskii, who "wanted to know everything about their position on issues of concern to Moscow," beginning with the Strategic Defense Initiative and ranging through U.S.-East bloc economic relations, South Africa, the Mideast and other regional "hot spots," and a variety of arms-control questions.

"The Soviets know that the best way to find out how a Dukakis administration will handle these issues is to find out what Dukakis's advisers think," said the source. "They're well aware that, for all practical purposes, advisers generally determine policy." He added that Burlatskii et al. were "clearly

convinced that Dukakis would prove to be more congenial than Bush would."

Just who are the individuals who will shape U.S. foreign and military policy in a Dukakis administration? To a man, they come out of the Pugwash networks which have been loudly proclaiming the virtues of working out a "New Yalta" deal with Moscow for the past 30 years. To a man, they suffer the fatal delusion that the momentous upheavals now taking place in the Soviet Union mean that Moscow is more prone to making deals with the West than at any time in recent memory.

All agree that getting rid of the Strategic Defense Initiative is an absolutely necessary aspect of their proposed deal with the Soviets.

Blindly ignoring all the signs that the internal turmoil within the Soviet Union will actually impel Moscow to war, and that the West must beef up its defenses to deter World War III, Dukakis's advisers insist that the United States should seize the "golden opportunity" to strike a deal with the Soviets, even if that means dismantling American defenses. Several of them have been involved up to their eyebrows in various "back-channel" operations with the Soviet Union, explicitly aimed at undermining various aspects of U.S. national security.

Perhaps the most blatant case of pro-Moscow bias in the Dukakis camp is Jerome Grossman, a member of the campaign's national financial committee. Grossman serves as executive director of the Council for a Livable World, a Boston-based, one-worldist outfit, established by Bertrand Russell's collaborator Dr. Leo Szilard in 1961.

Grossman admits that one of the CLW's main goals has been to "put people in office in the legislative branch who believe in negotiating a deal with the Soviet Union."

Judging by its record, the CLW has had great success. In an exposé that rocked Walter Mondale's presidential campaign to its foundations, *EIR* revealed in May 1984 that the Soviet embassy in Washington was actually drafting some of the key anti-SDI and anti-ASAT legislation then being introduced in Congress. The legislation was conducted through an obscure Washington think tank, called the Institute for Security and Cooperation in Outer Space, to the ad hoc Congressional Space Policy Working Group. CLW's Washington director, John Isaacs, was a friend and collaborator of this space institute's director Carol Rosin, and also had contacts with the Space Policy Working Group.

One of the sponsors of the Soviet-drafted anti-SDI legislation (House Joint Resolution 120) was Rep. Joe Moakley—a Massachusetts Democrat who has just been named to an important post in the Dukakis apparatus.

## 'Let's make a deal'

Dukakis's other key advisers, Nye and Allison, along with Madeleine Albright (a protégé of Carter National Security Adviser Zbigniew Brzezinski and prime architect of

the Mondale-Ferraro “kill SDI” campaign in 1984), have all been major players in various “back-channel” operations with the Soviets. This is particularly true of Nye and Allison, who, as *EIR* was going to press, were about to hold a special forum in Cambridge, featuring Fyodor Burlatskii, on the future of *glasnost* and *perestroika*.

Dean of Harvard’s Kennedy School of Government, where Dukakis spent time getting retooled after his disastrous electoral defeat in 1978, Allison is a longstanding member of the one-worldist Trilateral Commission founded by the Rockefeller family. In 1976, he co-authored a Trilateral report, “Remaking Foreign Policy,” which called for a total overhaul of the federal government for the express purpose of eliminating constituency input into foreign policymaking.

Although he styles himself as an “owl,” as distinct from a hawk or a dove, Allison has been among the most vocal propagandists on behalf of the glories of *glasnost*. In an essay in the Fall 1988 issue of the Council on Foreign Relations journal, *Foreign Affairs*, Allison details his proposals for dealing with Moscow. Although it’s titled “Testing Gorbachov,” the essay—which Dukakis repeated almost verbatim in his recent spate of “pro-defense” speeches—should have been called “Giving Moscow What It Wants.”

Allison’s basic premise is that Gorbachov represents a wonderful new direction in Soviet policy, and that the West should be willing to make concessions to encourage the expansion of *glasnost* and *perestroika*.

“Gorbachov represents a rare combination of pragmatic realism, on the one hand, and creative policymaking and public relations on the other. . . . [His] new thinking holds the promise of fundamental improvement in U.S.-Soviet relations,” Allison insists. A “new strategy is emerging” in Moscow “that calls for arms control agreements to reduce the Western threat [sic] and thereby allow Gorbachov to cut Soviet defense expenditures.”

Moreover, Allison claims, “because Gorbachov is essentially dealing from internal weakness, his unilateral adjustments of Soviet policy are producing significant gains for the West” such as the Soviet “withdrawal” from Afghanistan, and the INF agreement.

To encourage these marvelous developments, the U.S. should be prepared to “help” Gorbachov, including by expanding U.S.-East bloc economic relations.

Allison frequently collaborates with Nye, who directs Harvard’s Center for Science and International Affairs—a hotbed of anti-SDI activity. Together with another Dukakis adviser, Albert Carnesale (a leading anti-SDI spokesman), they have just published a new book, *Fateful Visions*, which urges the United States to adopt a policy of greater interdependence with the Soviet system.

### **The fraud of ‘conventional build-up’**

They recommend that the United States scale back to a “modest residual nuclear force.” Combined with improve-

ments in American and allied conventional forces, they argue, a reduction in nuclear weapons would lessen the chances for nuclear war. This line of thought is clearly reflected in Dukakis’s defense policy statements, in which he has called for emphasizing U.S. conventional defenses, at the expense of nuclear and other weapons.

This conventional versus nuclear debate is completely specious: The Soviet Union’s war plans call for utilizing every option in its arsenal—conventional, nuclear, strategic defense, as well as such new technologies as radio-frequency weapons. Were Dukakis to follow through on his so-called “conventional defense initiative,” Moscow would have no military reason not to launch a strike against the United States or Western Europe.

On top of this is the fact that Dukakis—again echoing advisers like Nye and Allison—has repeatedly stressed that he will put conventional force reductions on top of his administration’s arms-control agenda, meaning that his vaunted conventional build-up is simply a rhetorical “bargaining chip” to be sacrificed on the arms-control altar.

Nye—who held a post in Jimmy Carter’s State Department—has been actively involved in the Aspen Institute’s strategy group, which is helping to organize the decoupling of the NATO alliance. Although Dukakis in his public statements has paid lip service to the sanctity of NATO, Nye explicitly stated, during a tour of Western Europe last June, that an American troop pull-out is inevitable.

Nye doesn’t try to hide his belief that the U.S. should never again strive to create an “American Century.” Nye spells this out in an article in the Fall 1988 issue of *Foreign Policy*, published by the ultra-liberal Carnegie Endowment, where he formerly served on the staff.

In between spouting the same nonsense as Allison—“Gorbachov sees a period of external calm in order to concentrate on restructuring the Soviet economy,” he writes—Nye claims that the U.S. position in the 1950s represented an “artificial high.”

No wonder Nye received lavish praise from the U.S.S.R.’s Dr. Andrei Nikoforov, assistant chief editor of the Soviet publication *U.S.A.—Economy, Politics, Ideology*. At a meeting last summer in West Berlin, Nikoforov specially cited Nye’s advocacy of East-West “interdependence” in worldeconomy questions, as a principal reason why Moscow favored Dukakis over Bush.

Rounding out the pro-Moscow clique around Dukakis is his wife, Kitty, who’s traveled several times to the East bloc and belongs to Peace Links, an organization denounced on the floor of Congress for being influenced by East bloc intelligence services.

In an interview in the July 25 issue of *New York* magazine, Kitty gushed that Gorbachov is a “fascinating leader for the Soviet Union. There’s obviously some feeling of positiveness with him. . . . I think the openness and changes I keep hearing about in the Soviet Union are to be applauded.”

# Dismissal of LaRouche indictments sought in Court of Appeals

*Independent presidential candidate Lyndon LaRouche and other defendants have asked the U.S. Court of Appeals for the First Circuit in Boston to dismiss the indictments against them on grounds that a retrial would violate the U.S. Constitution's prohibition against double jeopardy.*

*The case ended in a mistrial on May 4, after 92 days of proceedings.*

*In their appeal brief filed Sept. 23, the LaRouche defendants accused District Judge Robert Keeton of erroneously ruling that a retrial could take place. Argument on the appeal is scheduled for Oct. 5. Following are excerpts from the defense's appeal brief.*

## **Statement of the case**

This is an interlocutory appeal from the District Court's denial of defendants' dismissal motions on double jeopardy grounds. After 92 days of trial, only 47 of which the jury actually heard testimony, the District Court declared a mistrial when its excusal of five jurors on hardship grounds rendered the pool of jurors inadequate to proceed. The hardships were caused by prosecutorial misconduct. As a result of the misconduct, the trial was longer at its half-way point than the entire trial was originally represented to be.

The District Court, in refusing to dismiss the indictments, erroneously placed the burden of proof for demonstrating there was no manifest necessity of a mistrial on defendants. Moreover, the District Court ignored the fact that the delays which gave rise to the juror hardships were due entirely to the prosecutor's conscious withholding of relevant evidence and information. Instead, the lower Court asserted its opinion that the mistrial was "foreordained" and masked that opinion in an erroneous and unsupported "conclusion of fact." Given the District Court's error and the enormous burdens upon the defendants which have already been incurred, this Court should conduct a plenary review of the record and thereafter, dismiss these indictments.

## **A. Procedural history**

A grand jury returned the original indictment in this case on Oct. 6, 1986. That indictment charged 10 individuals, two 1984 political campaign entities, two non-profit corporations and a membership association with a credit card and loan fraud scheme and a conspiracy to obstruct the grand jury's investigation of that allegedly fraudulent scheme. In December 1986, a superseding indictment expanded the indictment to include three more individual defendants, additional credit card and loan fraud counts and a count of criminal contempt of the U.S. District Court. In June 1987, the principal target of the entire investigation—Lyndon H. LaRouche, Jr.—was added in a Second Superseding Indictment.

In the course of pretrial proceedings, a number of severance motions were filed. By agreement of the government, three individual defendants (Greenspan, Black, and Billington) were severed and their trials are still pending. Among other severance motions, all defendants sought severance from defendant Frankhauser on grounds of prejudicial joinder and inconsistent defenses. Those motions were opposed by the government and denied by the Court.

In late September 1987, jury selection commenced. A jury questionnaire was used to aid in early detection of bias or other reasons for excusal. To uncover hardships of potential jurors, the questionnaire included representations that the trial would last "three months or substantially longer." After nearly three weeks of screening, 12 jurors and four alternates were selected and empaneled on Oct. 19, 1987, with opening arguments scheduled to commence the next day.

Immediately after empanelment, defendants renewed their motions to sever from Frankhauser. This time, however, the prosecutor changed his position: He no longer opposed severance, but agreed to sever Frankhauser and try him alone first. The court granted the severance and proceeded with the separate trial.

The Frankhauser trial ended on Dec. 10. At a status call



on that day, the prosecutor represented that the case would last four to six months. On Dec. 14, the Court represented to the jury his estimate that the trial would last six months.

On Dec. 17, 1987, trial commenced against seven individual defendants and five entity defendants.

During the first weeks of trial, the jury was told the case would last six months and that it would be over by mid-July or by the late summer in any event.

On Feb. 23, day 55, the prosecutor disclosed to defense counsel for the first time FBI interview reports (302s) on a listed government witness (Emerson) who was also an informant. The disclosure was required, by agreement, to have been made pre-trial. Defendants immediately protested that the disclosures not only breached agreements with the prosecutor and violated the demands of *Brady v. Maryland*, but also contradicted two of the prosecutor's central theories of the case: The Emerson documents supported defendants' contention that their notebooks were mere reportage (rather than inculpatory references to the conspiracy as the prosecutor would have it) and that they did not act, when they acted, with the specific "corrupt intent" to obstruct justice. Though the trial continued from Feb. 23rd through the 26th, colloquies were conducted outside of the jury's presence regarding the prosecutor's conduct and its implications without the Court determining what to do about it. . . .

## Argument

In presenting their double jeopardy claim to the District Court, the defendants demonstrated that the proper focus of the Court's attention was the question of whether the mistrial was declared as a result of "manifest necessity." See *United States v. Perez*, 9 Wheat. 579 (1824). Accepting that standard for the purposes of its decision, the District Court attempted to resolve the question by making reference to a previously entered finding of fact. The Court's Memorandum and Order of Aug. 11, 1988 states:

I need not decide whether the government's misconduct in this case is the type that, if it caused a mistrial, could be considered as having a bearing upon "manifest necessity," because I have found as a fact that the government misconduct in this case did not cause or in any way contribute to causing the mistrial. As stated in finding number 155 of the Findings of Fact filed on Aug. 10, 1988:

Even if there had been no violation of disclosure obligations and no hearing to determine the scope and effect of any violation, a mistrial would have been necessary. I had been foreordained by the fact that the length of the case drastically exceeded the expectations of the court and the jury at the time of jury selection. The discrepancy between the court's expectations regarding the length of the trial at the time of jury selection and the court's expectations by May 2, 1988

was greatly increased by defendants' strategy of defense which was quite properly withheld from the court by defense counsel at the time the court required disclosures from the government and invited (but did not require) disclosures from defense counsel in order to determine what the jury panel should be told about the length of the trial during jury selection. App. I.6-7.d (Memorandum and Order, Aug. 11, 1988, pp. 6-7)

Thus the District Court's determination of the double jeopardy issue turns on a finding of fact. But that finding of fact was made in a context entirely unrelated to the double jeopardy inquiry, and under an entirely different, and, as applied to double jeopardy questions, completely inappropriate burden of proof. As finding number 155 itself makes clear, the finding was made in the context of determining the scope of potential remedies for the government misconduct and violations of disclosure obligations in the Emerson affair. In such hearings, it has always been the case that the defendant has borne the burden of proving the appropriateness of a remedy. Once the disclosure violation has been shown, the burden is on the defendant to show prejudice.

Finding of Fact number 155 merely expresses the Court's view that the defendants did not meet their burden of proving that they were prejudiced by the government misconduct in the loss of jurors which resulted in the mistrial.

In the context of a constitutional claim of double jeopardy however, the allocation of the burden of proof is precisely the opposite. Once the defendant has demonstrated a non-frivolous *prima facie* double jeopardy claim, the burden shifts to the government to demonstrate facts which show the double jeopardy clause is not a bar to re prosecution. . . .

Thus, where the manifest necessity determination turns on a question of fact, the government has the burden of proof. The government bears the "heavy burden" of showing that "taking all the circumstances into consideration," the mistrial was manifestly necessary. It was an error for the trial court to decide the factual crux of the double jeopardy question by simply importing a finding of fact made under a different and opposite burden of proof.

Where the District Court erroneously shifted the burden of proof, this Court, rather than remand, should conduct its own examination of the record to determine whether the government has met its burden of showing the manifest necessity of this mistrial. . . .

## A. The mistrial was not foreordained

A plenary review by this Court of the record does not permit a finding that the government has sustained its burden of proving that a mistrial would have occurred in the absence of government misconduct. Without the suspension of the jury trial from early March until early May, the government

cannot establish that a mistrial was "foreordained." The record reveals the contrary. Based on the pace of trial, estimates of the prosecutor and Court, and the nature of the juror hardships, completion was likely by mid-July. To determine whether the government has sustained its burden of proving that a mistrial was foreordained, this court should look to the time estimates made and evaluate whether the trial could have been completed by mid-July, in the absence of delay.

At the very outset of the trial in mid-December, the District Court represented to the jury that the length of trial would be six months. It arrived at this conclusion by taking the prosecutor's estimate of direct testimony, multiplying by two for cross-examination, and adding 50 percent to this total as a margin of error.

In mid-February, prosecutor Rasch told the Court that after some 30 witnesses had testified, that the government's case was four to five days behind schedule, but that some of the testimony already elicited would make some future witnesses unnecessary. At that point, the credit card portion of the case was over and a substantial portion of evidence regarding organizational structure, the state of mind of defendants, and evidence relating to the government's theory of the motive for the conspiracy to obstruct justice, had been completed. The remaining testimony involved the specific overt acts of the conspiracy alleged, and no more than four or five witnesses relative to a charged loan fraud scheme. The clear inference of prosecutor Rasch's statements was that the government's case was either on schedule or ahead of schedule.

Moreover, it was just at this point in the trial, March 7, that the District Court implemented its new, expanded trial schedule, including a significantly longer time during each trial day for the jury to hear evidence. The District Court's projected calendar ended on July 15, at a time it is fair to infer, when the Court anticipated the case would be at or near completion. For the few days in March that the jury heard testimony, the expanded schedule was in effect. Particularly given this expanded schedule, had there been no jury trial suspension, the trial would have been well into its final stages (the conspiracy and loan fraud counts) by early May and there would be good reason to believe the trial would be over by mid-July.

This conclusion is supported by three additional considerations. First, the last government witness list, submitted just prior to jury suspension, makes it clear that the trial would be completed by July. The government's original witness list was paired down at the commencement of trial. On March 14, Markham submitted an even shorter witness list with his estimates of direct testimony. Based on this witness list, and applying the District Court's formula of multiplying the estimates for direct testimony by two and adding 50 percent, the trial would have been over by the second week in July. . . .

Thus, the District Court's statement that the length of the trial was "foreordained to last more than a year for reasons

independent of any government misconduct" (App. I.9) is wholly unwarranted. That statement is no more than an arbitrary opinion masked as a factual finding. The "independent reasons" the trial was "foreordained to last more than a year" are never disclosed because there were none. If anything, the record supports a conclusion that in the absence of the delays caused by misconduct, the trial would have more probably than not been concluded by mid or late July. . . .

Therefore, in reviewing this record, subjecting it to the strictest scrutiny and applying the correct burden of proof, this Court must immerse itself in the world of governmental misconduct, overreaching, misrepresentation and deceit, as revealed in the Emerson hearings, which underlay the unnecessary hiatus of the jury trial and the resultant loss of jurors due to hardship. None of the misconduct in this case is immune from this court's review.

As demonstrated below, that review will compel the conclusion that the government bears the responsibility for this mistrial and that the mistrial itself was under all the circumstances manifestly unnecessary. . . .

In applying the balance to the present case, the weight of the defendants' interest cannot be overestimated. The defendants were forced to endure a cumulative total of over 100 days in detention, 92 days of trial, weeks of delay devoted to examining the scope of the governmental misconduct in the Emerson affair. The defendants incurred massive legal fees and costs. Ten attorneys, including four out-of-state attorneys, were necessary for nearly a year of pre-trial proceedings and six months of trial. The defendants lost the benefit of a jury they had every reason to believe would exonerate them. Enormous resources were expended, and as a result of the mistrial, wasted. It is obvious that the more deeply into the trial the mistrial is declared, the greater the defendants' interests weigh in the balance.

On the other hand, the governmental misconduct here not only undermined the defendants' interests, but the general societal interests in fair trials and just judgments as well. From the beginning, the government used its superior position to withhold exculpatory evidence, and on that basis, to freely mischaracterize evidence to the jury without fear of contradiction. . . .

This case demonstrates one of the chief evils the Double Jeopardy Clause was meant to protect against. At the heart of the clause is the notion that the government should have but one fair chance to put its evidence before the trier of fact in search of a conviction:

The underlying idea, one that is deeply ingrained in at least the Anglo-American system of jurisprudence, is that the State with all its resources and power should not be allowed to make repeated attempts to convict an individual for an alleged offense, thereby subjecting him to embarrassment, expense, and ordeal and compelling him to live in a continued state of anxiety and insecurity, as well as enhancing the pos-

sibility that even though innocent he may be found guilty. *Green v. United States* 355 U.S. 184, 187-188 (1957).

Thus the courts have singled out for special condemnation those cases where a mistrial, declared as a result of governmental misconduct, has the tendency to operate as a "post-jeopardy continuance to allow the prosecution an opportunity to strengthen its case."

That is precisely how the prosecutor views this mistrial (caused by his own misconduct): a post-jeopardy continuance to strengthen his case. He forthrightly admitted that on retrial he would try a different case. This Court should strongly disapprove such a blatantly prejudicial manipulation of the judicial process and attempted impoverishment of the defendants' double jeopardy interests. . . .

. . . [T]his Court must examine the conduct of the prosecution from the inception of this case to the present, and consider whether the numerous discovery violations, Brady violations, ethical violations, misrepresentations, and other misconduct already detailed in this brief demand the finding that the prosecutor knew or should have known that the delay caused thereby was substantially certain to provoke a mistrial. If so, the Court must reverse the ruling of the District Court.

That inference of culpable prosecutorial intent is compelling in this case. Unlike circumstances which have given rise to findings of excusable inadvertence, negligence or misunderstanding, the prosecutor's misconduct here has been deliberate and pervasive. The prosecutor's action before, during and even after the trial—when he conceded he would try a different case on his second effort—compel the conclusion that he knew or should have known that were his conduct uncovered a mistrial would result. That consciousness of wrongdoing is supported by Mr. Markham's repeated misrepresentations as to the expected length of the trial. Those misrepresentations, consistently unrealistic even in the face of the District Court's overt skepticism, point to Mr. Markham's hope that he would not be exposed and that, in the absence of discovery, the trial, played out on a tilted field, would end in the time he predicted. Given the set of circumstances here presented and as they painstakingly unfolded, Mr. Markham is chargeable with the foreseeable consequences of his malfeasance—that hardships would inevitably surface before the end of the trial as a direct result of his denouement. The prosecutor should have been charged with knowledge that his misconduct was certain to cause a mistrial, and the District Court's failure to do so was clearly erroneous.

### Conclusion

For all the above reasons, this Court should reverse the ruling of the District Court denying the defendants' motion to dismiss on grounds of double jeopardy, and order the indictment dismissed with prejudice.



*Not if we can help it!*

The "Israel lobby" is not working for the future of Israel's peace and well-being, much less for the interests of the United States.

Two exclusive *EIR Special Reports* name the names, and tell the facts of how a powerful faction in Israel, and their U.S. allies, are really working to promote the Soviet plan for world dominion. The facts in these reports must be used to free the next U.S. administration from this "false flag" so-called Israel lobby.

**Moscow's secret weapon: Ariel Sharon and the Israeli mafia.** 1986. \$250 postpaid.

**The Kalmanowich Report: Moscow's moles in the Reagan-Bush administration.** 1988. \$150 postpaid.

1988 Election Campaign Offer: Order both reports for the special discount price of \$300. Offer expires Oct. 30, 1988.

Send check or money order to:

**EIR** News Service  
P.O. Box 17390  
Washington, D.C. 20041-0390.

# Dukakis mole in the Attorney General's inner sanctum?

by Jeffrey Steinberg

*EIR* has learned that a key player in the Dukakis campaign's recent dirty-tricks effort to smear prominent Eastern European backers of Vice President George Bush as "Nazis" and "anti-Semites," has been promoted to a sensitive position within the office of Attorney General Richard Thornburgh. Mark Richard, a Johnson-era Justice Department careelist who was appointed Deputy Assistant Attorney General under Jimmy Carter, has been recently elevated to the special status of senior adviser to Attorney General Thornburgh. While retaining his post as Deputy Assistant Attorney General in the Criminal Division, Richard is serving as a counsellor to Thornburgh, a role that was filled by Bradford Reynolds during the tenure of Edwin Meese.

Richard's role in the Dukakis campaign's "Nazigate" against Bush was that of a conduit for Soviet and Israeli-manufactured allegations against a dozen Captive Nations activists in the Republican Party's Ethnic Heritage group. These allegations, heavily laced with KGB- and East German-authored forgeries and perjuries, were contained in a 100-page dossier published by a Cambridge, Mass. front for left-wing and dope lobby interests called Political Research Associates, Inc. The nominal author of the Soviet propaganda tract was Detroit "investigator" Russell Bellant, a paid staffer of the pro-Dukakis United Auto Workers Solidarity House, and, as of 1986, a researcher for the Democratic National Committee.

In his capacity as Deputy Assistant Attorney General, Richard maintains oversight over the Office of Special Investigations, the "Nazi-hunting" unit of DoJ created in 1979 under the sponsorship of then-Rep. Elizabeth Holtzman (D-N.Y.). Holtzman has been widely mooted as the next Attorney General if Dukakis is elected.

OSI maintains formal ties with both the KGB and the Israeli Mossad, drawing heavily on East bloc and Israeli "archives" in pursuing criminal prosecutions against wartime victims of Hitler and Stalin who allegedly falsified their immigration applications, and are therefore subject to deportation. It was the OSI-accessed files that provided much of the material for the Bellant manual, "Old Nazis, the New Right, and Reagan."

Richard has already been implicated in the Watergating of his former boss, Ed Meese. While Meese and longtime Reaganite Lowell Jensen were being tarred as the architects

of a coverup of the Iran-Contra affair, it was Richard himself who was the senior DoJ official working in tandem with FBI Deputy Director Oliver Revell to shut down a Miami U.S. Attorney's office probe of Oliver North's role in conducting arms to the Contras.

According to published depositions by Miami Assistant U.S. Attorney Jeffrey Feldman and FBI Special Agent Kevin Currier, Miami U.S. Attorney Leon Kellner "sat on" the North-Contra case for six months after receiving orders from Richard. At the time of the coverup, Richard's boss in the Criminal Division was William Weld, who resigned from the department early this year in "protest" over Attorney General Meese's alleged "corruption."

In his own deposition before the congressional Iran-Contra panel on Aug. 18, 1987, Richard denied any role in the Irangate coverup. He did, however, catalogue a career built upon the patronage of key Democratic Party activists, including Carter era Criminal Division chief Phillip Heyman, now on the faculty of Harvard Law School.

Old school ties die hard, as Mark Richard demonstrated in December 1987 when he took a six-month sabbatical to study at Harvard Law under his old boss Heyman, and under Dukakis-Weld mentor and ex-Watergate Special Prosecutor Archibald Cox. Richard's arrival at Cambridge coincided with that of PRA, Inc. "research director" Chip Berlet, the publisher of the "Bellant Report" and a former bureau chief for the dope lobby's *High Times* magazine.

## Purging a Meese ally

Now back at the DoJ in Thornburgh's office, Richard, according to Washington, D.C. sources, has continued to play a behind-the-scenes role in the purge of Reagan-Meese allies from the department.

According to the *Washington Post* of Sept. 27, a team of "career prosecutors" staged a protest over the nomination of a former Meese aide, H. Robert Shower, to the post of Deputy Assistant Attorney General, replacing Victoria Toensing. Shower's job would have placed him in charge of all DoJ fraud prosecutions.

According to department sources, Ted Greenberg, a prosecutor in the fraud section, teamed up with Richard to foist a complaint against Shower with the DoJ's inhouse ethics unit, the Office of Professional Responsibility. As the result of the allegation that Shower sought to destroy a department memo, Thornburgh temporarily suspended him and took fraud section oversight out of his hands, giving control over that unit back to Richard.

Months after William Weld's departure from Washington, Republican conservatives have figured out that the Boston Brahmin had been a longstanding "mole" for New England interests backing Dukakis. With the final month of the election season promising to be a mine field of dirty tricks, it remains to be seen whether the Bush campaign will take note of the danger in their midst.

# The case of the ADL of B'nai B'rith: agents of a foreign power

by Joseph Brewda

A little-known slander suit initiated back in 1967 sheds new light on why the Anti-Defamation League of B'nai B'rith is now assisting a Soviet propaganda effort that depicts the Bush campaign as run by "Nazi war criminals." The suit, by former B'nai B'rith official Saul I. Joftes, proves that both the ADL and its parent organization, B'nai B'rith, were wittingly acting as agents of a foreign power, Israel, as far back as 1960. Some of the agents exposed by Joftes, such as former B'nai B'rith chairman Philip N. Klutznick and retired ADL General Counsel Arnold Forster, are today playing a central role in the phony "anti-Nazi" campaign directed at Vice President George Bush's entourage.

The black propaganda campaign against Bush surfaced on Sept. 12, when *Washington Jewish Week* began a series of wild stories based on a recently released pamphlet entitled, "Old Nazis, the New Right, and the Reagan Administration." The pamphlet was written by Russell Bellant and Chip Berlet, long-time agents of the ADL, and Philip Klutznick. The charges in the pamphlet and in the stories were originally peddled by East German disinformation specialist Dr. Julius Mader and KGB propagandist Ernst Henry back in the 1950s. They have been kept alive in the United States largely through the efforts of the ADL, including its role in the creation of the Justice Department's "Nazi-hunting" Office of Special Investigation (OSI). The ADL and Soviet line is that anti-communism, nationalism, or a commitment to military strength, are all equivalent to fascism.

Although the ADL triggered the smear through Berlet et al., it has also continued to duplicitously support Bush publicly. So, ADL national chairman Abraham Foxman has loudly defended former Bush deputy chairman Fred Malek, who was fired for "anti-Semitism"—based on an ADL operative's charges. At the same time, the ADL has quietly advised the Vice President that the best way to respond to the slanders is to fire the people unfairly accused, and to charge that the Democratic campaign is staffed by anti-Semites linked to Jesse Jackson. Thus, the ADL hopes to secure key posts in a Bush administration, while purging it of any elements objectionable to Tel Aviv or Moscow. Since Michael Dukakis's wife, Kitty, is a member of the ADL's New England regional board of directors, it has nothing to worry about if Dukakis wins, either.

In 1967, Saul Joftes began a series of slander and related suits against B'nai B'rith regarding the circumstances of his

firing from his 20-year position as the organization's director of international operations. Depositions taken in one of the suits, *Joftes v. Rabbi Jay Kaufman* (CA 3271-67 District of Columbia), and later *EIR* investigations prove:

- In 1960, Dukakis adviser Philip Klutznick, then president of B'nai B'rith, wittingly established a B'nai B'rith cover for an Israeli intelligence operation, ostensibly dedicated to penetrating the U.S.S.R., at its New York offices.

- The Mossad case officer for the operation was Uri Ra'an, then the director of the Israeli Consulate's Information Department in New York, and today a leading "Sovietologist" and CIA consultant at Boston University. Ra'an later recruited Jonathan Jay Pollard to work for a joint Soviet-Mossad cell penetrating U.S. Naval Intelligence. Pollard's controller was based out of the New York headquarters of the ADL.

- Key figures in this Ra'an cell and related Israeli operations include Arnold Forster, the counsel for both B'nai B'rith and the ADL, and Moshe Decter, a long-time flunky of "Bukharinite" Soviet intelligence asset Sidney Hook. Decter's former wife, Midge Decter, together with her current husband, Norman Podhoretz, direct a vast "social democratic" mole network within the U.S. intelligence community still closely linked to both Ra'an and Hook.

It was Joftes' hostile attempt to block the B'nai B'rith's aid to Israeli foreign intelligence operations which led to his firing. Joftes summarizes his dispute with the B'nai B'rith as follows: "Under the leadership of Mr. Klutznick, it [B'nai B'rith] has become an international organization engaged, by Rabbi Kaufman's admission, in other things besides charitable, religious, and educational activities. It engages in international politics and more often than not does the bidding of the government of Israel."

Joftes protested that the B'nai B'rith assistance to Ra'an constituted a violation of the Foreign Agents Registration Act and related legislation, at the very least. In response to this charge, future B'nai B'rith president William Wexler rejoined, "Here's to Joftes. The All-American Boy. True blue and loyal, too." Joftes continued to protest. He was purged.

While Joftes' fight against foreign intelligence operations in the United States is commendable, his belief that Israel has been the sole foreign power behind the B'nai B'rith and the ADL misses the mark. This is shown by Uri Ra'an's

background prior to his coming under Joftes' scrutiny in 1960.

Born Heinz Felix Frischwasser, "Ra'anan" was trained by British intelligence's intellectual elite at Oxford immediately after World War II. Among his academic advisers were Sir Reginald Coupland, who devised the postwar phase of the British plan of pitting Arabs against Jews; B.H. Sumner, British intelligence's Soviet expert; and F.W.D. Deakin, British intelligence's wartime liaison with Yugoslavia's partisan leader, Josef Tito. This was the same British network that had earlier trained KGB spy Kim Philby. It was only after being schooled in "Zionism" at Oxford that Frischwasser emerged as "Ra'anan," and was deployed into Israel to join the Mossad.

Ra'anan's operations as an Israeli consular official in the United States, beginning less than 10 years later, bear an unmistakable British stamp. Moreover, Ra'anan's role in the recruitment of KGB-Mossad mole Jonathan Pollard further suggests that Ra'anan may have been recruited by Soviet intelligence as far back as his postwar training by Sumner.

### The Avis Shulman cell

Joftes' most violent opposition to B'nai B'rith's treachery centers around the case of Avis Shulman, the widow of a prominent Riverdale, New York rabbi. A Mossad agent, Shulman had been placed in a secret cell at B'nai B'rith's New York offices, with the purpose of infiltrating U.S. intelligence agencies by providing purportedly juicy information about Moscow.

As Joftes shows, Mrs. Shulman was controlled and financed by Uri Ra'anan, then the Israeli Consulate's Information Department director, and a Mr. Eliav, then the Israeli Consul General in New York, among others. Through Ra'anan's efforts, and with Klutznick's sanction, Shulman was placed at B'nai B'rith's New York offices in the summer of 1960. Shulman's job was to facilitate Israeli intelligence debriefings of American Jews visiting the U.S.S.R., and Soviet citizens touring the United States.

In her correspondence with B'nai B'rith regarding this Mossad operation, Shulman noted, "Jewish organizations, particularly B'nai B'rith, are especially useful" as a "base of operation." She requested, and Ra'anan demanded, that B'nai B'rith provide her a suitable title, office, stationery, and telephone. She asked that a subcommittee be "invented" with her as the "secretary" to give her "a handle that could be relatively inconspicuous, but meaningful."

Dr. William Korey, then the head of B'nai B'rith's U.N. bureau, and formerly the ADL's Washington, D.C. representative, discussed Shulman's arrangements with Israeli consular officials, including Ra'anan. He cited Ra'anan et al. as "our friends" in interoffice correspondence released to the U.S. District Court in Washington in connection with the case. Shulman reported that Ra'anan et al. insisted that she "report only to them. They wanted but very few people to

know the inner workings of the operation."

In a memo written to Philip Klutznick dated Sept. 1, 1960, Korey reports:

"I met yesterday with Avis Shulman (she has just returned from her vacation) and Uri [Ra'anan]. Some of Avis' thinking on the method of her operation has been crystallized and had already been, before we met, transmitted to Uri. This crystallization involved certain problems, among them are

---

---

*Joftes summarizes his dispute with the B'nai B'rith: "It has become an international organization engaged . . . in other things besides charitable, religious, and educational activities. It engages in international politics and more often than not does the bidding of the government of Israel."*

---

---

. . . an office or space in an already established office, preferably this one. She needs—she says—a place to hang her hat where she can receive mail, phone calls, and visitors. . . .

"She needs some identification, in effect a title, for stationery purposes as well as appropriate stationery. Is she to be secretary of some committee of the B'nai B'rith International Council? The later point raises a question which I am not certain about. Was it your intention to have it understood that she was to work for the International Council (while I understood that she was to work under my supervision, I was never advised as to precisely what you conceived her public identification to be)?"

Shulman identifies her job as follows in a 1960 memorandum to Korey:

"A. The Job:

"1. Concentrating early information on all Americans to the Soviet Union and Soviet visitors to the United States—as far as is ascertainable.

"a. Channelling this information to the relevant quarters."

Shulman further specifies the need for "saturation briefings of Jewish tourists to the Soviet Union by creating suitable nation-wide machinery via Jewish organizations, suitable individuals and especially through the use of tourist agencies. . . . Jewish agencies, particularly B'nai B'rith, are especially useful because of mass organization and trained and



experienced personnel throughout the country.”

After informing B'nai B'rith that “I have been asked to centralize activities, to find, choose and to establish personnel wherever necessary” for this intelligence operation, Shulman states the following requirements:

“1. In order to set the machinery into motion whereby the job can be done, it is essential that I be provided a proper base of operation which includes the following items:

“a. A name and a title. A sub-committee under the Office of International Affairs B'nai B'rith, with a name invented that is natural for the purpose would be ideal and the best base from which to operate. Such a committee might consist of Phil Klutznick as [sic] myself as secretary. In this manner, I would be provided with a handle that would be relatively inconspicuous but meaningful.”

### **‘She was working for them’**

Who ultimately controlled this intelligence operation is shown by a confidential Korey memo to Klutznick dated Nov. 2, 1960, in which he reports:

“Last Friday, I met with our friends plus Moshe [Decter] and Avis. Our friends wanted to know about the future budget for Avis. I made it clear that this was a matter for the International Council which meets late November. I said that while the present period was provisional, we looked forward to seeing how it would work and the hope that it could work successfully. They indicated that they were looking forward to its success but wondered out loud whether the project could run into difficulties with B'nai B'rith structure. They stated that if it did, then perhaps as an eventual alternative and simpler method, there ought to be formed an independent committee made up of Jews within which the project would operate.

“Concerning her title, I proposed the term ‘liaison’ but they objected, indicating that they wanted something with greater dignity and status—like ‘consultant.’ They said that they would think about it and come up with a proposed alternative. Again they indicated they wanted her name on the letterhead.

“They then surprised me by (for the first time in our discussions) noting, that her instructions would come only from them, that her program would operate independently of B'nai B'rith, that she would report only to them, the only exception being that she would keep me abreast of her activities approximately once a week. I objected, stating that I had assumed that she would be technically under our jurisdiction, that I would be in a position to place limits on any specific activity of hers that might prove embarrassing to B'nai B'rith, that, in effect, she would clear with me.

“They stated, that in the nature of the case, this was impossible, she was working for them, that her instructions came from without. . . . They indicated that they wanted but very few people to know the inner mechanism of the operation.”

Documents submitted in the suit show that Jofte repeatedly warned Klutznick that aiding Israeli intelligence operations in the United States was illegal. In one memo dated Sept. 16, 1960, Jofte denounces the Shulman scheme, and concludes, “I ask only one thing: before I am overruled, take a look at U.S. code Title 22 Sec 611-621 (1938 as amended) and Title 18 sec 951 (revision of 1 Sept 48).” The sections refer to registration of foreign agents operating in the United States.

Despite Jofte's resistance, and even Korey's queasiness about “our friends,” Klutznick went ahead and placed Shulman at B'nai B'rith. All evidence suggests that her secret cell still exists.

### **The Fulbright investigation**

Even before the 1967 Jofte suit, numerous U.S. intelligence officials were concerned about Zionist lobby facilitation of foreign intelligence operations in the United States. Reflecting this concern, in 1963, Sen. J. William Fulbright, then chairman of the Senate Foreign Relations Committee, convened hearings into “Activities of Agents of Foreign Principals in the U.S.” One session of the hearings, held May 23, 1963, proved that planting Avis Shulman at the offices of B'nai B'rith was merely one of several operations directed by Uri Ra'an at the time.

Other Israeli spying operations exposed by Fulbright include the Jewish Minorities Research project at the American Jewish Congress, directed by Ra'an agent Moshe Decter; the “Russian research project” of the Jewish Agency, directed by the ubiquitous Philip Klutznick; and the American Conference on Soviet Jewry. The overall purpose of these Russian projects was to penetrate U.S. intelligence by providing Washington purportedly high-quality information on Moscow. That the project was not a one-way street was later exposed in the Pollard case. The policy of Israeli intelligence has always been to sell U.S. secrets to Moscow.

American Jewish Congress documents subpoenaed by Fulbright showed that “the Jewish Minorities Research project, of which Mr. Moshe Decter is the director, has for several years specialized in research on the status and problems of the Jews in the Soviet Union, and secondarily of the Jews in other East European countries.” Toward this end, Decter was allegedly only involved in “discussions with individuals who have had personal experience of life in the U.S.S.R.,” and “discussion with American and foreign scholars and experts in the field of Soviet and East European affairs.”

Left unsaid by this memo is that Decter, a protégé of lifelong Soviet asset Sidney Hook, was working under the direction and funding of Ra'an. Assisting Decter in this project was Avis Shulman.

Funding for this American Jewish Congress operation did not come solely from that organization, or even the Jewish Agency, a de jure arm of the Israeli government. Some

indication of the covert laundering of funds for the Dexter project is indicated by a Jewish Agency interoffice memorandum dated July 7, 1961, where director Isidore Hamlin states:

"Further to my memorandum to you dated June 16, about the Russian research project, you will find attached hereto copy of a memorandum dated July 6, from the Consulate to the Treasury of the State of Israel asking them to transfer to our account the sum of \$5,500. You are asked to carry out the following:

"1. Inform the Treasury office that the \$5,500 has to be applied to the joint fund. . . .

"2. Of the \$5,500 transferred to us by the Consulate, \$4,375 has to be added to our monthly remittances to the American Jewish Congress for the Russian research project in proportionate amounts. . . ."

Under questioning, Hamlin confessed that the joint fund was administered by the director of the Office of Information at the New York Consulate, in 1963, Mr. Arnon. In 1960, the fund was administered by Uri Ra'anan.

Joftes' attorneys' 1967 deposition of Maurice Weinstein, then chairman of the International Council of B'nai B'rith, shows that Klutznick continued to push his Russian project as late as 1966:

**Q:** Now look at the last paragraph [referencing an internal B'nai B'rith memo]. . . . 'The Israelis are adamant we must keep the American Jewish conference on Soviet Jewry, make it a permanent body, and they will help us raise the funds. In this they are now giving directions and will brook no opposition.' . . . Does the B'nai B'rith International Council take orders from the Israelis?

**A:** No. . . .

**Q:** Now I see your report . . . to the Triennial Convention in Washington in 1968. . . . It said, 'At the London meeting, October 1966, the International Council adopted a proposal by former President Philip N. Klutznick to establish, with the International Council a special budget of \$100,000.00 for work on the problem of Soviet Jewry.' . . . Was that special budget \$100,000.00 created?

**A:** Yes.

**Q:** Now, where is that \$100,000.00 in the B'nai B'rith International Council budget? Do you know? . . . Here is . . . the B'nai B'rith International Council budget. Where is the \$100,000.00 special budget in it? . . . Do you know whether any of that \$100,000.00 has been spent?

**A:** Yes.

**Q:** How much of it?

**A:** I don't know.

**Q:** You know where that money is deposited?

**A:** I don't.

**Q:** Isn't this the \$100,000.00 budget the Israelis demanded be set up for the American Conference on Soviet Jewry?

## Other instances of B'nai B'rith spying

Among the other examples of B'nai B'rith operations

exposed by the Joftes case is that showing that the ADL has spied on various Arab embassies in the United States, and Arab governments abroad. Long-term ADL operations against such natural U.S. allies as Egypt have disrupted U.S. policy and diplomatic initiatives to Soviet advantage. U.S. Zionist Lobby operations in the Middle East continue to be a major block to peace needed by both the Arab states and Israel alike. Testimony and documents taken from then-ADL national chairman Benjamin Epstein, and ADL and B'nai B'rith General Counsel Arnold Forster, shed some light.

In a subpoenaed letter to Joftes dated July 7, 1961, Epstein reveals:

"As you know, the Anti-Defamation League for many years has maintained a very important, confidential investigative coverage of Arab activities and propaganda. In terms of our interest, the anti-Jewish and anti-Israel propaganda programs for which the Arabs are spending millions of dollars, emanate primarily from the United Nations, New York, Washington, D.C., and Cairo. Their impact is worldwide and include anti-Jewish and anti-Israel programs affecting almost every nation in the world where they have diplomatic relations. In the course of our work, we have maintained an information-gathering operation since 1948 relating to activities from the Arab Consular Offices, Arab United Nations Delegations, Arab Information Center, Arab Refugee Office, and the Organization of Arab Students."

Asking for increased funding for this spying, Epstein states:

"In order to obtain complete and thorough data on these activities, we must follow the Arab diplomatic corps in their political efforts, lobbying activities, and propaganda programs emanating from their embassies, as distinguished from the Arab League, Arab relations with organizations like the American Friends of the Middle East and all their professional publicity efforts.

"Our information, in addition to being essential for our own operations, has been of great value to both the United States State Department and the Israeli government. All data have been made available to both countries with full knowledge to each that we were the source.

"The nature of these activities has supplied us with substantive, documented information which has been the basis for exposés of anti-Semitic activities, anti-Israel programs and political maneuvers. In many cases our information has exposed Arab plans before they have been put into effect."

During deposition, Epstein is asked:

"I notice this letter, which is dated July 7, 1961, plaintiff's exhibit no. 1 for identification in your deposition, states, 'As you know, the Anti-Defamation League for many years maintained a very important, confidential investigative coverage of Arab activities and propaganda.'

"Do you have investigative agents of the ADL in Cairo?"

**A:** First of all, I won't answer the question.

**Q:** First of all what?

**A:** I don't care to answer the question.

**Q:** Why not?

**A:** I don't see its relevance to what we are talking about.

**Q:** Let me determine that.

**A:** You are entitled to your view. I am entitled to mine.

**Q:** Is there something of a confidential nature that you might reveal to me if you answer the question?

**A:** I don't care to answer that.

**Q:** Of what possible interest to the Anti-Defamation League would anti-Israel propaganda be?

**A:** The line between anti-Israel and anti-Jewish propaganda is a very faint line, about which many people might differ.

We are concerned about its impact on the status of American Jews. In many cases, attacks have been made on American Jews, under the guise of attacking them as Zionists and using anti-Israeli propaganda to attack American Jews.

**Q:** Is it the policy of the ADL to activate its organization to protect Israel from anti-Israel propaganda?

**A:** I think our basic concern is to protect American Jews from any attack upon their security and position.

**Q:** Israel is an independent nation. That is correct; isn't it?

**A:** Yes.

**Q:** How could propaganda that is anti-Israeli affect the Jews in the United States?

We see here, incidently, one of the reasons that the ADL insists that anti-Zionism, or for that matter, anti-Sovietism, is the same as anti-Semitism. If it did not do so, it would be admitting to being in violation of the Foreign Agents Registration Act. To combat anti-Zionism or anti-Sovietism is to act explicitly in the interest of a foreign power.

## Current operations

It is not just the ADL effort to smear the Bush campaign as Nazi-connected which shows that Ra'an'an's 1960s secret unit at B'nai B'rith remains operational. The role of the ADL and Ra'an'an in recruiting and protecting Jonathan Pollard shows an unbroken continuity of foreign intelligence operations.

When Jonathan Pollard was arrested outside the doors of the Israeli embassy in November 1985 with classified U.S. documents, the ADL predictably screamed "anti-Semitism," just as it is doing now. From 1982 through 1985, Pollard had funneled top-secret documents, estimated in the thousands, to the Israeli government, dealing with such matters as the identities of U.S. intelligence operatives on the ground in the U.S.S.R. and Soviet analysts within the CIA. These documents were duly passed to Soviet intelligence agencies which had jointly deployed Pollard with the Mossad.

Investigations indicate that Pollard was recruited to what he naively believed was merely a Mossad operation by his professor, Uri Ra'an'an, then based at Tufts University's Fletcher School of Diplomacy, one of the CIA's top recruit-

ing grounds. Even following his arrest, Ra'an'an praised Pollard's alleged capacities.

Information presented before the U.S. District Court in Washington regarding Pollard's arrest shows that Pollard's handler from 1984 on was one Col. (now Gen.) Aviem Sella, then a New York University graduate student. Sella's wife, Ruth, was an employee at the ADL's legal department at its New York headquarters. Pollard admits being "tasked" by ADL official Mrs. Sella during this period.

During this same period another one of Ra'an'an's students, Myra Boland, was already directing the Washington offices of the ADL's Fact-Finding Department, its intelligence unit.

From its inception in 1938 through 1979, Arnold Forster directed the ADL legal department, which employed Ruth Sella. Forster also served as the B'nai B'rith's counsel. Forster's knowledge of Ra'an'an's operation within the B'nai B'rith is established by documents submitted in the Joftes suit. In fact, Forster and Joftes had repeatedly clashed over Joftes' charges that the ADL was making wild claims as to the extent of anti-Semitism in South America.

In his recently published memoirs, *Square One*, Forster admits having been a friend of Mossad official Rafi Eytan since Eytan's kidnaping of Adolph Eichmann in 1961. It was Eytan who oversaw Sella's deployment of Pollard. Forster admits meeting with Eytan in 1987, two years after the Mossad official was exposed for directing Pollard's theft of classified U.S. documents on behalf of Moscow and Jerusalem. Speaking of his relation to Eytan and Israel, Forster frankly states: "Among other Israeli intelligence operations, the Mossad—an acronym for the Hebrew name of the underground service assigned to operate abroad—constantly sought leads from reliable governments and from other contacts and sources. I was a source."

Until recently, Ra'an'an's former agent, Moshe Decter, held a job at the American Israel Public Affairs Committee (AIPAC), whose empire of political action committees controls whole blocks of congressional votes. Under the pretext of defending Israel, AIPAC has strong-armed Congress into denying vital arms contracts to the Arab states, and other actions overtly against U.S. interests. This behavior triggered the recent Saudi agreement to purchase several billions of dollars worth of arms from Ra'an'an's Britain. Decter's former wife, Midge, meanwhile, directs the Committee for a Free World, which paved the way for the disastrous INF agreement. The Decters' son-in-law, Assistant Secretary of State Elliott Abrams, oversees the handing of Central and South America to Soviet interests, by enforcing usurious IMF policies. As recently as 1985, Ra'an'an was consulting with the CIA on Soviet defectors, indicating that the "Russian project" is alive and well.

When ADL national chairman Abe Foxman, born in the Soviet military town of Baranovichi, complains about "Nazis" in U.S. politics, this is the network for which he speaks.

# Elephants and Donkeys

by Kathleen Klenetsky

## The Dukakis student loan rip-off

The student-loan plan which Michael Dukakis unveiled in early September has to be one of the biggest frauds in recent memory.

Far from being the solution to the college financing dilemma facing the bulk of American families it purports to be, STARS (Student Tuition and Repayment System) is a thinly disguised lifetime supertax which could have been borrowed straight from mafia loan-sharks.

According to the Dukakis camp, STARS would work like this: A student would borrow X amount of money, and then repay it at the rate of between one-eighth of one percent to one-fourth of one percent of his or her monthly income. Loan repayments would be deducted from the borrower's paycheck by the federal government, in the way that Social Security is.

The scheme's main selling point is that borrowers would have to shell out smaller payments than they would for standard student loans.

But that would be true for a short time only. The plan's most important feature—its supposedly "innovative" part—is that it is "income contingent." That is, as the borrower's income rises over the span of his career, so would his loan repayment.

The "income contingent" idea comes from monetarist economist Milton Friedman, the same fellow who argues that heroin and cocaine should be legalized so they could be taxed. Given its origins, it's no surprise that

under the Dukakis scheme, borrowers could end up repaying the government more than 1,300% of their original loan. According to several estimates, participation in the plan would translate into a 12% lifetime tax, over and above income tax and Social Security deductions.

A telling analysis of the plan comes from consumer finance writers Jeff Blyskal and Marie Hodge. Writing in the Sept. 22 *New York Times*, they slammed STARS as a "perpetual-motion debt scenario."

They take the average case of a student who borrowed \$8,000, and after graduation, finds a job paying \$19,000 a year. The required annual loan repayment (at the one-eighth of one percent) would be \$190.

But, they note, that does not include interest payments, and the Dukakis plan specifically states that market interest rates would apply. Assuming a 7% interest rate—a very optimistic figure—this same borrower would have to shell out \$560 in finance charges alone during the first year. After annual payments and interest accrual are accounted for, they point out, the balance outstanding would rise from \$8,000 to \$8,370.

"Bankers call that negative amortization," Blyskal and Hodge write. "Consumers know it as a perpetual-motion debt machine. Under a best-case scenario—the borrower never loses his job, never takes a pay cut, never stalls his income in a lateral job switch—negative amortization would continue to year 23.

"Unlike other loans, a STARS loan depends on inflation to make the scheme work. In this example a paycheck that balloons to \$457,629 by the year 2028 would save the day. To reduce negative amortization, Mr. Summers [Dukakis's chief economic adviser Lawrence Summers] says the repayment rate may have to be one-

quarter of one percent per \$1,000 borrowed. Unfortunately that doubles the cost.

"The negative amortization continues for the first seven years. But while the principal is finally paid off in year 20, ever increasing annual payments continue for the next two decades. In other words, the middle-income borrower ends up paying \$104,000 in interest versus \$48,000 in the previous case—both are exorbitant prices to pay for an \$8,000 loan."

Exorbitant isn't strong enough a word. Dukakis's plan would bring back indentured servitude. Can you imagine the insanity of having people mortgage their whole lives to pay for a college education? And this from the man who advertises himself as the "education candidate!"

## Bestiality charges plague Dukakis

Charges that Mike Dukakis favors bestiality—i.e., sex with animals—have proved so embarrassing that his campaign aides have had to put out a briefing paper clarifying his position.

The charges have a very real basis: In 1970, Dukakis, then a Massachusetts state legislator, introduced five bills to abolish state laws against pornography, abortion, and various "unnatural and lascivious acts," including sodomy and bestiality.

Protestors dressed as animals and wearing signs like "Wag your tail if you're against bestiality and Dukakis," have turned up at numerous Dukakis campaign events.

But the campaign's attempt at damage-control isn't likely to placate those who find Dukakis's actions deplorable: The explanation offered by the briefing paper is that Dukakis introduced the bills as a favor to a constituent—anti-abortion activist Bill Baird. Great excuse, Mike.

## Tight money fanatics criticize the Fed

Constituting themselves as the "Shadow Open Market Committee" of the Federal Reserve Board, an eight-man committee of economists held a press briefing following their annual powwow in Washington last month to blast the Fed and its chairman, Alan Greenspan, for leading the nation down the road to economic ruin.

The committee's most prominent member is Beryl Sprinkel, who is listed as "on leave for government service" for the time being. He is the chairman of the President's Council of Economic Advisers.

Ironically, it is Sprinkel's job to come before the White House press corps periodically with stacks of charts and graphs to rebut the "doomsayers," as he always calls them, and boost the so-called "Reagan recovery."

This occurs even as his dour colleagues of the "dismal science" on the Shadow Committee warn of catastrophe, unless their own economic formula seizes the agenda at the Fed.

With Sprinkel on leave, the group is led by Prof. Karl Brunner of the William E. Simon Graduate School at the University of Rochester. Professors and bank economists make up the rest of the group.

One of them, Brown University's Prof. William Poole, took the point in attacking Greenspan's policy of monetary crisis management at the Fed. By operating from month to month in an effort to "fine tune" the economy, he said, the Fed has caused "wild swings" in the money supply, ranging

from an 11.7% growth in June to 3.5% in August.

"This has created a destabilized environment of expectation both here and abroad," he warned. He added that the U.S. policy of "being willing to destabilize the domestic economies of its allies" by forcing higher interest rates and currency devaluations in order to manipulate exchange rates, is "unfortunate" and a political time bomb.

All these criticisms were true enough, as far as they went, but coming up with effective solutions to the problem is another matter. Especially with this bunch. They revealed themselves to be a cadre of tight-money fanatics, who insist that the ogre of hyperinflation can only be slain by holding down growth of the money supply to a flat 3%.

When I inquired what effect such a policy would have on the economy, given the estimated \$10 trillion in public and private debt obligations currently outstanding, I was told that "there is no way to avoid certain adjustments, but the choice is between whether you act decisively to correct the situation or you allow conditions to worsen even further."

In a word, these "experts" have accepted the inevitability of a worldwide deflationary crash.

## The blinders of ideological dogma

What amazed me was the apparent complete inability of these economists to grasp a fundamental concept about economics that comes from outside their ideological dogma, from the American System tradition of economics.

For example, I suggested to Professor Brunner that an expansion of the money supply needn't be inflation-

ary, if the money is used in a particular way.

This idea caused a most perplexed look to come over the face of Professor Brunner. I tried to explain how, if credit is directed toward areas of productive, as opposed to non-productive, investment, it will not be inflationary. It can even have a long-term deflationary effect, if it is used for advances in applications of technological innovations that lower the unit costs of production.

I tried to use an example. I cited the case of agricultural production, noting how improvements in production, increasing the yield per acre on a farm, lower the cost of food.

It follows, then, I argued, that the relationship between growth in the money supply and inflation is simply a function of how that new money is invested. If it is used only to repay outstanding debt and for other non-productive purposes, such as fueling speculation in real estate and junk bonds, then it will be hyperinflationary. But if there is legislation that directs the use of new money into productive areas, fostering modernization and build-up of new markets, then the relation between money supply and inflation tends actually to move in the opposite direction.

Simple? The concept seemed to elude Professor Brunner completely, which I do not blame on his personal mental powers, so much as on the blinders that he has accumulated from so many years of digesting the hocus-pocus of the Mont Pelerin Society and related monetarist institutions.

This is a common malady in Washington, D.C., where bureaucrats and politicians have become bridled by the constricts of dogmas they commonly confuse with reality. Whatever the issue is, if it does not conform with their party or factional line, they find a reason to protest.

## Congress approaches Gramm-Rudman limits

As the Congress rushes to get all the appropriations bills passed before adjournment, congressional aides indicate that Congress is within about \$200 million of over-shooting the \$146 billion deficit ceiling allowed under the Gramm-Rudman-Hollings law.

If spending exceeds that ceiling, there will be automatic, across-the-board reductions. At that point, the only way for Congress to avoid agency-by-agency cuts, would be to come up with new revenues or to offset cut-backs elsewhere in the budget.

## AIDS bill: Congress refuses to face reality

After a rather heated debate, the House of Representatives passed the AIDS Federal Policy Act of 1988, by a 367-13 margin. The dissenting votes were by conservative Republicans, who didn't believe that the bill would stop the spread of the disease. Rep. William Dannemeyer (R-Calif.), who did more than anyone to try to mold this bill into a halfway workable proposition, in the end voted against it.

In committee, Dannemeyer had done his best to put some content into what can best be characterized as an AIDS civil rights or an AIDS education bill, initiated by Rep. Henry Waxman (D-Calif.). Primarily due to the efforts of Dannemeyer, the final version of the bill did, however, include provisions requiring testing of individuals convicted of prostitution, of a crime relating to sexual assault, or of a crime relating to an intravenous substance.

Other Dannemeyer amendments

calling for the testing of all prisoners and routine testing of hospital admittees, if the hospital is located in a state where the incidents of AIDS infection is more than 0.1%, were resoundingly voted down. More significantly, a Dannemeyer amendment which would allow public health authorities to locate any individual who has tested positive for HIV infection, was also defeated.

An amendment by Rep. Bill McCollum (R-Fla.), which would require physicians and counselors to notify the spouses of infected individuals, was also rejected. More broadly, the principle of reportability of those infected with the AIDS virus was totally rejected by this piece of legislation. The legislation does not allow giving an AIDS test, unless the tester has received the written permission of the person being tested. The bill also imposes a fine of up to \$10,000, under the pretext of respecting confidentiality, on anyone revealing that a person has AIDS, except under very narrowly defined circumstances.

It was clear to a few congressmen, however, that the reality of the AIDS issue would at some point force legislators out of the dream-world they are now living in. Rep. Dan Burton (R-Ind.) commented, "I am absolutely convinced that we are going to not only have reportability, we are going to have testing and on a routine basis for everybody in this country, and we are going to have contact tracing down the road. It will happen because, as the epidemic spreads, the American people are going to demand it. . . . This thing is not going to go away, unless we find a vaccination or a cure, yet we act in this body as if it will. It will not. It will spread in an exponential manner until we come to grips with

it. The problem is the longer we wait, the more difficult it is going to be, and the more millions of people who are going to die."

The real question facing the nation is, at the point Congress begins facing the reality of the AIDS epidemic, will it then be too late?

As one congressional aide put it, "This bill throws the ball back to the individual states. If anything's going to be done about the AIDS crisis, *they* are going to have to do it."

The AIDS Federal Policy Act of 1988 in effect penalizes those trying to stop the spread of the killer disease.

## House okays trade sanctions against Iraq

On Sept. 27, the House approved by a 388-16 vote a bill to impose trade sanctions against Iraq for its alleged use of poison gas against its Kurdish minority.

The Senate had earlier approved a much stronger bill, and the differences in the bills must be ironed out in a House-Senate conference committee before being sent to the White House for approval. The House measure would initially ban shipment to Iraq of arms, other items that could have military use, and chemicals that could be used to produce chemical weapons. Under a second tier of sanctions, the President would be allowed to impose further penalties, including a ban on U.S. agricultural exports to Iraq and a prohibition on imports of oil from Iraq.

The Senate bill would halt U.S. credit and sales of most materials to Iraq, bar oil imports from Iraq, and require the United States to vote against

loans to Iraq by international financial organizations. President Reagan is expected to veto any sanctions bill.

### **Congress re-works DoD authorization bill**

The Department of Defense Authorization bill, which President Reagan had vetoed on Aug. 3 because of the cuts made by Congress in the Strategic Defense Initiative (SDI) and certain arms control provisions, has now been revised, with certain minor changes, and approved by the House and the Senate. The changes do little to alleviate the financial squeeze on the SDI.

The amount of money allotted to the SDI for Fiscal Year 1989 will remain at the \$4.1 billion level. This was the amount permitted by Congress in the vetoed bill—down from the \$4.9 billion requested by the President. The new bill, however, eliminates the restrictions of the first bill as to how the money was to be spent.

In the first variant, Congress tried to cripple the SDI research by shifting the emphasis of the SDI monies from space-based missile defenses to ground-based systems. These restrictions were taken away, although Defense Secretary Frank Carlucci, who was negotiating on behalf of the White House, had to give assurances that any cuts the Pentagon makes in money it devotes to development of the land-based systems would be no deeper than the overall cut in the anti-missile program.

The bill also puts limits on the planned space-based interceptor system. "The reason we put that ceiling on the space-based interceptor," said Sen. Sam Nunn (D-Ga.), chairman of the Armed Services Committee, "was

the great skepticism up here about it, and I think Mr. Carlucci himself now recognizes there are problems."

### **Rangel launches drug legalization debate**

On Sept. 29, hearings were held by the Select Committee on Narcotics Abuse, chaired by Rep. Charles Rangel (D-N.Y.), to "investigate" the possibility of drug legalization. The "honored guest" was Mayor Kurt Schmoke of Baltimore, the foremost proponent of drug legalization since his election last year.

The hearings were "loaded" in favor of drug legalization, with many representatives from the National Organization for the Repeal of the Marijuana Laws (NORML) present. An exception to this was Jerald Vaughn, executive director of the International Association of Chiefs of Police, who pointedly asked why hearings on drug legalization were being held at all, since the whole idea was so patently insane.

New York City Mayor Ed Koch testified against drug legalization, referring to the failed attempts in Great Britain to legalize heroin: The number of addicts quadrupled in five years! Koch emphasized that we have to do more, not less, in the War on Drugs. "It is time to raise the battle flag, not wave the white one," said Koch. And this is indeed what any form of drug legalization would be—a surrender to the drug lords.

Congressman Rangel says that he is opposed to legalization. The question should then be repeated: "What purpose do such hearings serve, if not that of introducing the 'legalization' issue as a legitimate response to the

drug problem?"

As one of the NORML people gleefully put it, "The genie is now out of the bottle."

### **Speaker Wright does it again**

House Speaker Jim Wright (D-Tex.) again became the center of controversy, in responding to the accusations that he had revealed confidential information from CIA intelligence briefings. Wright said that it was the right of congressmen to disclose or criticize secret intelligence matters, saying that even though "a matter is classified—secret—doesn't mean it is sacrosanct or immune from criticism."

Most House Democrats would not comment on the issue. Rep. Beverly Byron, a Maryland Democrat, said, however, that Wright's remarks have effectively disqualified him from acting as a broker between the Marxist Nicaraguan government and its civil and armed opponents. Needless to say, House Republicans were in a fighting mood. "The Speaker is dead wrong about what's been done and what he said," said Henry Hyde (R-Ill.), ranking Republican on the House Intelligence Committee. "He has totally destroyed the reputation of Congress to be able to keep classified information secret."

In a straight party-line vote on Sept. 28, the House Intelligence Committee refused a request by Republican members to provide classified information to the ethics committee that would clarify whether Wright had violated House rules in discussing the issue. Republicans have threatened to press the issue, saying that it could turn the final days of the 100th Congress into a partisan confrontation.



---

# National News

---

## U.S. faces severe shortage of scientists

The United States is facing one of the worst shortages of scientists in its history, according to a federal researcher.

The shortage is worse than it was in the late 1950s, when the Soviet Union took a lead with the 1957 launch of Sputnik, said Bassam Shakhshiri, assistant director of the National Science Foundation.

"The situation the country faces is more critical . . . than we faced in the post-Sputnik era," he told the annual meeting of the American Chemical Society in Los Angeles Sept. 26.

The country will be short about 400,000 graduates with bachelors' degrees in science and engineering by the year 2000.

Shakhshiri called for a "scientifically literate society" composed of citizens who can "distinguish astronomy from astrology."

---

## NASA astronauts 'briefed' by rock star

The entire NASA astronaut corps was forced to listen to a "briefing" by rock singer John Denver the week of Sept. 19.

Denver is trying to get the Soviets to take him on a trip to the Mir space station. The Soviets said they will charge Denver \$10 million and require him to live in Russia for one year.

NASA officials, after consulting with the State Department, scheduled the briefing while Denver was in Houston to receive a space readiness physical, as requested by the Soviets.

All astronauts were required to attend. Most were reportedly extremely angry that on the eve of the most crucial shuttle launch ever, they and other NASA personnel were wasting time with Denver.

During the briefing, Denver, who said he was personal friends with Mikhail Gorbachov, said the Soviets have invited other Americans to go on the Mir. One disgrun-

ted astronaut yelled out, "Oh yeah? Who? Jane Fonda?"

---

## Russians declare Dukakis debate winner

Michael Dukakis was the winner of his televised debate with George Bush, insists *Pravda*, the newspaper of the Soviet Communist Party.

*Pravda* reported that the Sept. 25 debate only touched on Vice President George Bush's attitude toward Soviet reform and on the personality of the Massachusetts governor. The debate focused, however, on domestic problems.

"And here, Dukakis . . . spoke more strongly, repeatedly reminding viewers of such 'achievements' of the administration as the gigantic budget deficit, millions of homeless people on the streets of American cities, and reductions of federal higher education aid to the poor," said *Pravda*.

Most viewers felt that neither Bush nor Dukakis had scored a "knock-out" in the first of their two planned television debates. "However, considering that Dukakis is lagging behind for today, even a draw can be deemed a victory for him," it concluded.

---

## MK-Ultra victims go to court

Former mental patients who were victims of the CIA's "MK-Ultra" project will appear in a Washington, D.C. court in the first week of October, to charge that British-born Dr. Ewen Cameron, former president of the World Association of Psychiatrists, used them as guinea-pigs in the CIA's secret research project, Britain's *Sunday Telegraph* reported Sept. 25.

These patients, who were at Dr. Cameron's hospital in Montreal between 1957 and 1960, are each claiming \$1 million in damage from the CIA. The case, expected to last a week, "will embarrass the CIA," and challenge the entire practice of psychiatric medicine, the *Telegraph* commented.

Actually, the 1960s project, which involved experimentation with mind-altering substances, was conducted at the initiative of the British Establishment and British intelligence's "left wing," typified by such creatures as Bertrand Russell and the Huxley brothers.

Cameron, now deceased, was responsible in 1945 for advising the court in Nuremberg on the mental state of captured Nazi leaders. Ironically, in the upcoming case, witnesses for the plaintiffs will draw parallels between what Cameron did, and what Nazi doctors did at Auschwitz and other concentration camps.

According to the *Sunday Telegraph*, "Cameron's work was funded by the CIA as part of a secret project, code-named MK-Ultra, and received about \$60,000 in research grants through an intermediary organization called the Society for the Investigation of Human Ecology."

---

## Schmoke repeats call for drug legalization

Baltimore Mayor Kurt Schmoke, who spearheaded the Eastern Establishment's drive to legalize dangerous drugs in May, when he called for a "wide-ranging debate" on the issue at the National Conference of Mayors in Washington, has now called for outright legalization of marijuana in congressional testimony.

Testifying at hearings of the House Select Committee on Narcotics Abuse and Control, Schmoke called for "a redefinition of the role of the criminal justice system in the fight against drugs," including immediate elimination of criminal penalties for possession of marijuana.

All other criminal statutes on drugs, he said, should be revised in accordance with the findings of a commission which would assess the "relative potential for harm which a drug possesses."

Schmoke also called for the expansion of methadone maintenance programs, and for other forms of narcotics maintenance, including cocaine and heroin maintenance. He recommended institution of a clean needle exchange program, as a way to reduce the spread of AIDS.

## Allies sign space station agreement

The United States, Japan, Canada, and European nations formally signed an agreement to cooperate on the U.S. space station Freedom, in Washington Sept. 29. The space station is scheduled for launch in the mid-1990s.

Signed were Intergovernmental Agreements on the station—umbrella agreements for completing and delivering the foreign components and laboratories for the station, and which define the legal parameters under which the international facility will operate.

According to Margaret Finarelli of NASA, the station is the largest cooperative scientific and technological venture the United States has ever entered into.

NASA has given multiple briefings to the press on the space station program at the Kennedy Space Center, trying to increase public support for the program.

Congress has funded the station through March to the tune of \$400 million, with another \$500 million placed at the discretion of the next President. He must quickly decide whether to go ahead with the effort.

Without a space station, the United States cannot go back to the Moon, let alone consider a manned Mars mission in the decades ahead.

## U.S. to lose storm tracking capabilities

Budget cuts may cause the United States to lose a large chunk of its severe-storm tracking capabilities, at a time of unprecedented weather phenomena globally.

At issue is the \$25 million cost of continuing to operate 12 specially equipped WC-130 aircraft in an active duty squadron at Kessler Air Force Base in Mississippi.

Last year, all U.S. Air Force tracking of storms and typhoons in the Western Pacific was eliminated due to budget cuts, and this year, the Atlantic squadron may be eliminated.

Air Force Secretary Edward Aldridge, Jr. claimed that satellites are good enough to track storms, but Mark A. Zimmer of the National Hurricane Center in Miami argues that aircraft surveillance is essential for accuracy in certain forecasting situations, such as Hurricane Gilbert, this century's largest.

To make matters worse, one of the two key weather satellites over the United States, GOES West, is about to cease functioning, which will force its twin, GOES East, to be moved away from the Atlantic to provide cover for both coasts, much reduced.

Due to both budget cuts and the repeated failures of U.S. satellite launches over the past three years, the next GOES weather satellite is not expected to be launched and in operation for more than a year.

Should anything happen to GOES East during its orbital change, then the United States will be almost completely blind to the movement of air masses and storms in the adjacent oceans.

## Canada won't guarantee New England power

Hydro-Quebec, the Canadian utility company that steadily supplied New England with electricity last winter, has announced that it cannot be counted on to do the same this year.

Last winter and this summer, the New England Power Pool barely had enough power to supply the needs of its customers. The Pool had to initiate rationing and power cutbacks at least 20 days last year, while Boston Edison cut its voltage 5% on numerous occasions to meet peak summer demand.

On one August afternoon, Edison had to cut off all power to four large office towers in Boston.

In the winter 1987-88, Hydro Quebec supplied roughly 3% of New England's total needs.

Massachusetts Gov. Michael Dukakis has argued that the state does not need New Hampshire's Seabrook nuclear facility or any additional power, claiming that any increased demand due to growth could be met by conservation or by buying the power from Canada.

● **FATHER Junipero Serra**, the Franciscan monk who founded California's Christian missions in 1796 and is known as "California's first citizen," will be beatified by Pope John Paul II. "Serra has been honored in U.S. history with his statue in the Rotunda in Washington, D.C., representing the state. Now we see Church officials allowing him to take his place in Church history as well," said a spokesman of the Diocese of Monterey.

● **FYODOR BURLATSKY**, a top policy adviser to the Soviet KGB, told a select group at Harvard University Sept. 28 that Democratic presidential candidate Michael Dukakis is "more in my heart," even though GOP candidate George Bush is "more in my mind." Dukakis, he said, is "more liberal—like me."

● **MIKE TYSON**, the undisputed heavyweight boxing champion, has "personal problems" which have been the subject of much press sensationalism, but *EIR*'s sources says the media coverage actually reflects a battle between organized crime groups for control of his contract, one represented by the late Roy Cohn's intimate, Donald Trump, and the other by the Jacobs brothers.

● **MARIO CUOMO'S** fundraising group in New York State, the Friends of Mario Cuomo, has announced that it plans a Nov. 30 dinner to raise \$2 million to add to his campaign war-chest for reelection as governor. The war-chest already contains \$3.5 million.

● **RAYMOND DONOVAN'S** case is not quite over. Bronx, New York District Attorney Paul Gentile said Sept. 29 that he was reopening the investigation of jury-tampering in the trial in which the former labor secretary and co-defendants were acquitted of fraud and grand larceny charges. The probe had been dropped by the FBI in May 1987.

# *What is the Soviet Union?*

Now that Mikhail Gorbachov is officially President of the Soviet Union, the first stage of a dramatic leadership shake-up seems to be winding down with a major apparent consolidation of power by Gorbachov. Many in the West are already wishfully trying to see these moves as indications of a further "liberalization."

In this, they can point to the transfer of Gorbachov's opponent, Yegor Ligachov, to head a commission of agriculture as an indication of Gorbachov's strengthening. Approximately one-third of the policy-setting Central Committee has resigned from office, including the former Soviet President, Andrei Gromyko. But while Gromyko at 79 was known to be ailing, the resignation of Anatoly Dobrynin was more of a surprise.

Dobrynin has played a key role in shaping Soviet policy toward the United States since he assumed his Washington embassy post in 1960. It was assumed that his recent recall to Moscow under Gorbachov's rule meant an extension of his already significant power. Certainly he is a major architect of the New Yalta arrangement which has been consolidated through the Gorbachov-Reagan summit meetings. What then does his ouster portend for a shift in Soviet policy?

Not only are the Soviets suffering from a disastrous food crisis, but as a result of shortages of food and other essential consumer commodities there has been an upswelling of national discontent throughout the extended Soviet Empire. Indeed, in spite of their attempts to maintain a liberal facade for Western consumption, they have been forced to impose martial law upon the Armenian and Azeri populations of their country, and they have stiffened police powers throughout the country.

The East bloc as a whole is in turmoil, and the appointment of Mieczyslaw Rakowsky as prime minister of Poland is a signal of political repression to come in that country. Similarly, the Soviets have indicated that they do not intend to give up either military or political control of Afghanistan.

Those wishful thinkers who would see confirmation

of their thesis that the Soviet Empire is crumbling and the KGB being dissolved, are in for a series of rude shocks. Unfortunately, these shocks will have a crucial impact on the future of our entire civilization. The present leadership shake-up may well be a preliminary to a far more openly aggressive policy toward the West. Certainly, under present circumstances, there will be no question of reducing the power of the secret police. Indeed, the replacement for KGB head Chebrikov, Vladimir Kryuchkov, appears to outrank him in political clout.

While there is always a certain friction between other sections of the Soviet leadership and the KGB, and a leading faction may well seek to use the military to curb KGB power should it pose a threat at the top, the military can never replace the secret police as the glue which holds the Soviet state together.

The essence of the Russian Empire has always been that of a "captive house of nationalities," as Lenin labeled the Czar's Russian Empire, and as the populations of the East bloc think of themselves. Whereas, in Western European culture, most groups of different ethnic origins are assimilated into the general population, the anti-Western culture of the Russian empire tends to preclude this. Under intense pressures, such as the acute food crisis now escalating there, the natural tendency of Soviet society to fracture along lines of traditional ethnic and religious differences, comes to the surface.

In a situation which threatens to get out of control as in Nagorno-Karabakh today, the Soviets do not hesitate to bring in the military. However, to sustain the pacification process beyond that point, if they are able to bring insurgency under control, they rely upon quieter methods of secret police infiltration of every aspect of popular life.

So, today, despite shifts in personnel, the leading item on Moscow's agenda remains the interrelationship between the food crisis and the resulting tendencies toward eruption of intense degrees of nationalist unrest.

# Do you still believe 'the worst is over'?



EIR readers know **why** the Dow Jones Industrial Average of 1987-88 has an uncanny similarity to market trends of 1929-30—and what must be done to **stop** the slide into history's worst Depression today.

## Executive Intelligence Review

**U.S., Canada and Mexico only**

1 year ..... \$396  
6 months ..... \$225  
3 months ..... \$125

### Foreign Rates

**Central America, West Indies, Venezuela and Colombia:** 1 yr. \$450, 6 mo. \$245, 3 mo. \$135

**South America:** 1 yr. \$470, 6 mo. \$255, 3 mo. \$140.

**Europe, Middle East, Africa:** 1 yr. DM 1400, 6 mo. DM 750, 3 mo. DM 420. Payable in deutschemarks or other European currencies.

**All other countries:** 1 yr. \$490, 6 mo. \$265, 3 mo. \$145

I would like to subscribe to  
*Executive Intelligence Review* for

1 year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone ( ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-  
0390. In Europe: *EIR* Nachrichtenagentur  
GmbH, Postfach 2308, Dotzheimerstrasse 166,  
62 Wiesbaden, Federal Republic of Germany,  
telephone (06121) 8840.



# What Michael Dukakis's personal physician did not report . . .



## Dukakis's mental health: an objective assessment

**EIR's 16-page supplement begins with Lyndon LaRouche's article, "I never claimed Dukakis had been cured." It includes: a profile of the historical parallel between Dukakis and Mussolini; the leaflet that started the controversy, and the full documentation to substantiate it; the case of Stelian Dukakis; and the story of Dukakis's official witch, Laurie Cabot.**

# You can read for \$2!

**Pablo Escobar**, the kingpin of the "Medellín Cartel," world's biggest cocaine trafficking ring, sent Dukakis a letter last spring praising his "very realistic" stand on drug control, according to the Colombian weekly *Semana*.

**Daniel Ortega**, the Sandinista President of Nicaragua, thinks "the victory of the Democratic candidate for the White House, Michael Dukakis, would improve the situation in Central America," according to the Italian Communist Party newspaper, Aug. 16, 1988.

Dukakis is "a very efficient governor, very active, with a healthy economic management, and big popularity in the state of Massachusetts," says **Radomir Georgevich Bogdanov**, vice-director of the U.S.A.-Canada Institute in Moscow, in an interview with Italy's *La Repubblica* newspaper on Aug. 15, which predicts that Dukakis will beat Bush in November.

Please send me \_\_\_\_\_ copies of the *EIR* supplement, "Dukakis's mental health: an objective assessment."

I enclose \_\_\_\_\_

Prices (postpaid): 1-24 copies, \$2.00 each. 25-49 copies, \$1.00 each. 50-99 copies, \$.70 each. 100 or more, \$.50 each.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_

Make checks payable to:

**EIR News Service, Inc.**

P.O. Box 17390, Washington, D.C. 20041-0390