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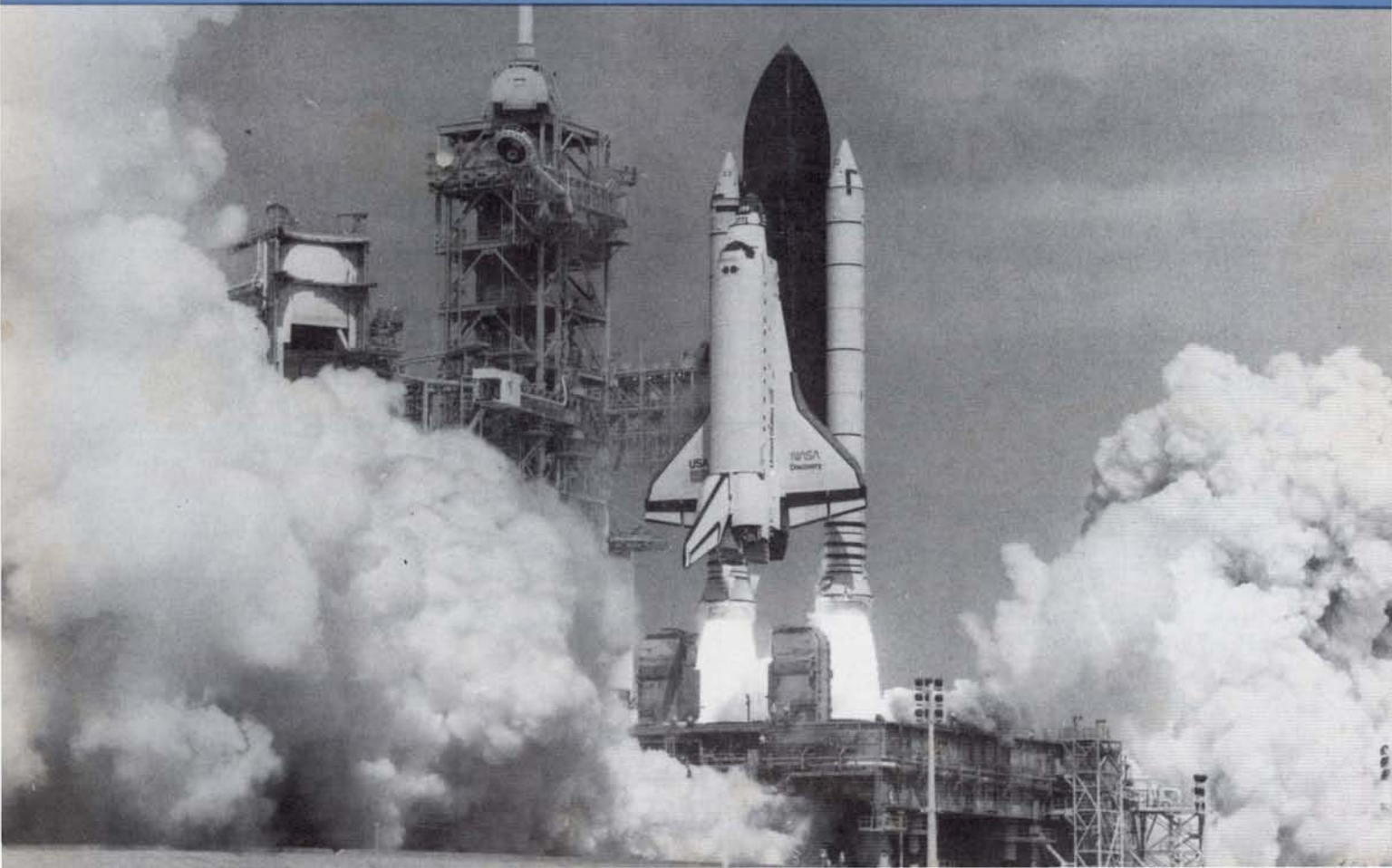
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From the Editor

We are proud to be featuring initiatives by Lyndon H. LaRouche, Jr. in three domains in this week's edition.

First, during a U.S. presidential campaign which has been remarkable for its lack of debate of foreign policy issues, as the third leading presidential candidate, LaRouche has announced from Berlin a proposal to cut the Gordian knot of the strategic and economic danger, by basing a plan for German reunification on the "Food for Peace" movement he helped to launch earlier this fall. Turn to page 40 for a report.

Second, in this week's *Feature*, Lyndon LaRouche outlines the economic "payback" of a national mission to colonize Mars, which must become the central task of the next President (page 16). Finally, on page 50, LaRouche addresses the effort to reverse the cultural and moral morass of our time, in an article rebutting academic detractors of the campaign to restore the scientific tuning pitch of C = 256 by law, in Italy.

We somehow found space to also run quite a few of our absolutely unique international intelligence reports. You will want to study the six-page *Strategic Studies* closeup of the Soviet irregular-warfare threat to the Andean Spine (running from Colombia down to Chile), including the centerfold map, and then perhaps turn your attention to the first in a series on New Zealand which begins on page 7. The articles on Panama, Brazil, Sweden, and Algeria are likewise based on our on-the-spot independent intelligence, taking direct aim at the Soviets' capabilities and their "Western" collaborators.

No wonder the folks around Michael Dukakis—who is the preferred candidate of the international bankers and the Soviets, who both feel confident he'll strip U.S. defense and living standards after the election—are eager to silence Lyndon LaRouche. The leading item in the *National* section reports on the latest edition of the "legal" witchhunt against LaRouche cooked up by the Dukakis crowd as a pre-election dirty trick, the indictments issued in Alexandria, Virginia on Oct. 14 which are nothing but a new version of the failed Boston frameup.

On page 66 you can read of a serious indictment—the biggest drug-money laundering case yet, which has hit the top Democrats who secured Dukakis his party's nomination.

Nora Hamerman

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Hot air at Hot Springs round table gathering

by Chris White

The weekend of Oct. 8, the U.S. Business Round Table held its semi-annual get-together in the secluded Virginia resort town of Hot Springs. The principal agenda item seems to have been the one which has come to dominate all such financial policy gatherings over the past period, and which may still confound those who have been counting on postponing the dropping of the second shoe in the ongoing financial collapse until after the Nov. 8 elections. It is, of course, the question of what to do about the U.S. budget deficit.

The volatility of the question was highlighted, once again, on Thursday, Oct. 12, when the trade deficit figures for the month of August were released to the public by the Commerce Department. At \$12.18 billion, the deficit was significantly larger than some had hoped. Advance rumors that such was the case triggered a sharp fall on the stock market Wednesday, and provided the groundswell for a broad retreat of the dollar, from its recent high levels against both the West German mark and the Japanese yen.

In London, the lability of the market, approaching the first anniversary of the Oct. 19, 1987 stock market meltdown, was portrayed as a warning signal from the Bank for International Settlements and the international central banks to the United States. The message delivered is supposed to be to the effect that, "You Americans have promised to deliver budget-cutting austerity, if only you are permitted to get through your elections without a repeat of what happened last October. This is to remind you, you had better deliver on those promises. Your time is running out."

Almost with each day that passes, the absurdity of what the central bankers and creditors of the United States are demanding becomes more apparent. Equally absurd is the kind of discussion apparently going on, inside the United States, about what to do regarding such demands. The Hot Springs Round Table highlights the latter.

Two views were put forward there. On the one hand, there was Bob Strauss, former big cheese in the Democratic National Committee, and a subsequent member of the hated cabinet of the worst of the entire bunch of postwar U.S. Presidents, Jimmy Carter. Strauss is now, in one incarnation, a ranking behind-the-scenes fixer, and in another, one of two chairmen of the bipartisan Commission on National Economic Policy. On the other hand, there was Walter Wriston, the former chairman of New York's Citibank, reputed to be, together with Donald Regan, one of the architects of the shady practices, known as "creative" or "innovative" financing, which bubbled the world financial system between 1982 and 1987.

Why Dukakis is the bankers' boy

Strauss represented forthrightly the views known to be associated with at least one of the factions represented on the cited commission, and it is the view that the foreign central banks want to hear. He was reported to have told participants that the incoming President, whoever that might be, will have three choices, and three choices alone. Either he will cut the budget, or he will increase taxes, or he will do both. Present budgetary constraints provide no other alternative, he has argued, no matter what anyone may say to the contrary.

It's becoming increasingly clear that the proponents of this line are also thereby supporters of the Mussolini-modeled technocrat from Boston, Michael Dukakis. Dukakis, with his usual sly grin, has avowed himself to be the man who will "make the hard choices" on taxes, and especially on cuts in defense expenditure, while Bush has equally insisted "no new taxes," using the argument of Ronald Reagan, that he is averse to choking off the longest-running "economic expansion" in postwar history.

In this line-up, therefore, Dukakis becomes the man of

the international bankers who insist on the obsessive litany of budget cuts, tax increases, and austerity as the price the U.S. Faust must pay when his devil's pact falls due. Since the same international crowd also has the capability to steer and catalyze flows of international funds, it is equally not to be excluded, that those from the world of finance who see Dukakis as the one who will implement their savage austerity after the election, might intervene beforehand to help create the kind of crisis that might usher him into position. Be prepared, therefore, for the kind of surprises some in the international financial community have the capability to spring.

The opponent view was represented by Wriston, who argued that the U.S. budget deficit is not really a problem at all, especially if compared with the overall size of the economies of other deficit-running countries. Relative to the Gross National Product, he asserted, it's an average type of deficit, and then continued to argue for the benefits of running such deficits.

Hooker's incredible report

Wriston's case was later buttressed by a newly issued report produced under the auspices of the RAND Corporation by a certain Mrs. Hooker. She was commissioned to do a study debunking the decline of the United States to its present position as the world's largest debtor nation—a job which the *Washington Times* claimed she had done successfully.

Among the gems in this approach are the twins: The United States only became a borrower when it stopped lending to especially Latin America in 1982, and the U.S. only seems to owe more to foreigners than foreigners owe the United States, because of accounting errors. Foreign investments in the United States are more recent than U.S. investments abroad. Therefore, it is not surprising that more recent foreign investments are bigger than older U.S. ones. But if the two figures are adjusted, it can readily be shown that far from being a debtor, the United States remains a creditor nation. Both this, and the Wriston argument on the beneficial effects of budget deficits, are of course nothing but attempts to insist that nothing need be done—things are fine the way they are.

Of course, that's incompetent to the point of absurdity, but so, too, is the set of demands put forward by Strauss on behalf of the foreign creditors. It's past time that this entire stupidity about whether to cut the budget deficit or not be replaced with something sane as well as competent.

Those, like Strauss, who argue for cuts, are nuts on several counts. First and not least because the Western world's defenses will be first down the tubes. Those who want to impose what they call "fiscal and financial" orthodoxy on the United States, thereby propose to leave the Western world open to Russian irregular warfare, military blackmail, and worse. They are also proposing to make life impossible for the aged and the sick and the unemployed.

Steady as she goes?

Those who argue that nothing need be done, because everything is all right, are equally out of the real world. The depression collapse of the U.S. economy has collapsed government revenues and forced the United States into dependence on both foreign produced goods to replace what is no longer produced in the United States, as well as foreign funding to cover the revenues that are no longer generated here.

Financially, the point of no return was reached already last year, with the stock market collapse. Nothing that has been done over the last year has achieved anything except to postpone the coming of the inevitable, ultimate day of reckoning.

What is needed, as presidential candidate and economist Lyndon LaRouche has proposed, is the kind of leadership which will face up to the reality of a deepening international bankruptcy and insolvency crisis, and which will address that crisis by adopting the kind of reorganization of credit and taxation policy that will permit production to resume. Away with the kind of thinking that insists, one way or the other, that budgetary constraints are some kind of immovable obstacle to doing anything. Changing credit and financial policy changes the constraints.

Both the budget-cutters, and the steady-as-she-goes crowd, ignore the simple reality that the budget deficit is going to be increased anyway. The collapse of the savings and loans will add from \$100 billion and up to the budget deficit, the writing down of Third World debt to just 50% of face value across the board will add another \$50 billion and up to the deficit, and the further financial shakeout and contraction of overall economic activity that follow from all three will add more than another \$100 billion. Threats to collapse the dollar to force the country to cut its deficit will make it still worse. No one, except the Texas wild man H. Ross Perot, has come up with anything like a means to cut \$250 billion out of the budget. Nor can they.

So why not admit the effort is nothing if not an insane obsession, and get down to something that will work: economic recovery to expand out of the crisis that cannot be postponed much longer? Otherwise, whatever is put forward by any of the protagonists will ultimately lead to the same disastrous results. And furthermore, as Strauss's collaborator on the National Economic Commission Felix Rohatyn, from the investment house Lazard Frères demonstrated in *Time* magazine of Oct. 17, such an outcome has already been discounted anyway. Rohatyn has a plan to end speculation and return to what he calls investment. As he has written before, if not in *Time*, his anti-speculation package is actually something that could only be done after the next crash hits. Then the wipe-out of \$10 trillion-plus of unsecured paper will indeed make many speculative practices moot. If the Hot Springs Round Table didn't have a way of dealing with that, they may well not be having any more of their gatherings.

Earth faces climate cataclysm: WWF

by Rogelio A. Maduro

That the “greenhouse effect” will have cataclysmic effects on the Earth’s climate, and man can now do little to prevent this, was the grim and depressing conclusion of a World Wildlife Fund conference held in Washington Oct. 4-6. Although one of the most prominent panelists stressed that there is only one established fact in the entire greenhouse effect controversy—that the amount of carbon dioxide (CO₂) in the atmosphere has increased over the past century, and everything else is speculation—that was largely irrelevant to the purposes of the conference.

The conference, sponsored by Prince Philip’s WWF, was intended to capitalize on the potentially cataclysmic effects of a radical change in the climate, while totally ignoring man’s ability to deal with the problem through technological innovation. The shifts in the global climate will allegedly occur as a result of a buildup of CO₂, if steps are not taken to reduce industrial pollutants. The clear remedy of a crash program to build nuclear plants to replace fossil fuels, wood fuel, and biomass as energy sources, together with the rapid development of fusion power, was not even mentioned.

Instead, anti-technology ideologues argued for continuing the same anti-technology policies which have already decimated the Brazilian rain forest—drastic cuts in fossil fuel consumption, to be replaced by biomass, shutting down industries, and severe “conservation” and austerity measures. While millions of people in Bangladesh, Sudan, and northeastern Brazil are still homeless as a result of floods, and hunger is rampant worldwide, these phony ecologists are far more concerned with the presumed problems of animals in wildlife sanctuaries.

Most of the presentations were based on the assumption that there will be a several-degree warming of the planet and a rise in the level of the oceans. An extrapolation was then made as to how this climate change would affect birds, butterflies, and plant species. The result, summarized by Robert Peters of the World Wildlife Fund: In a matter of decades, national parks and wildlife refuges will be in the wrong climate for the animals and plants they were set aside to protect.

Thomas Lovejoy of the Smithsonian Institute said that most wild species survive only in refuges that are “man-locked” so they will “not be able to escape.” He added that “whatever the uncertainties, it is abundantly clear that we are facing the prospect of major biological dislocations which

are both horrifying and great.”

The greatest threat to humans may not come from a shifting climate, but an explosion of pests and parasites. According to Andrew Robson (University of Rochester), as the climate warms and plant life comes under severe stress, many pests and parasites would spread their range out of the tropics. This would endanger humans, crops and animals, since most of these pests have developed resistance to current chemical pesticides, he said.

Rep. Claudine Schneider (R-R.I.) urged participants to get active in forcing changes that will allegedly cut the release of greenhouse gases. She has introduced a bill in Congress to restrict industrial pollution and cut down on fossil fuels.

The anti-human perspective that pervaded the conference is illustrated by the remarks of Deborah Jensen (University of California at Berkeley) during the last panel. She “raised” what she called an important question which had not been raised at the conference so far, and that was how humans will be affected by the greenhouse effect. Jensen observed that as the levels of the oceans rise, “humans will have to move somewhere, and ecologists have to think in terms of how they will manage human settlement patterns so they don’t overrun the conservation preserves.”

How about capturing the CO₂?

A welcome contrast to the anti-technology lobbyists was Norman Myers, an ecologist who admitted that the amount of carbon dioxide and other effluents released into the atmosphere by combustion would be greatly reduced by stopping the wanton burning of rain forests, and by reforesting land which has already been laid bare.

The excess carbon dioxide being pumped into the atmosphere can be captured and stored away, according to Myers, a senior fellow of the WWF. Myers stated that about 7 gigatons of carbon dioxide are released into the atmosphere every year. Half of that is captured through several mechanisms, especially the oceans and vegetation. If a crash program were carried out to reforest 3 million square kilometers of land, then the rest of the carbon dioxide could be captured every year. The CO₂ would be locked in the wood, which should be used for furniture, construction, and other uses, preventing its return to the atmosphere.

Using satellite pictures, Myers described the vast deforestation occurring around the world, including over 8 million hectares of virgin rain forest burned down in Brazil last year, as a major contributing factor to the greenhouse effect. He ridiculed the U.N. Food and Agriculture Organization (FAO) figures which insist that deforestation has not increased one bit in the 1980s.

A Brazilian student got up to the microphone and stated that Brazil had to cut down its forests to pay its foreign debt. He then raised the issue that if the WWF were serious about stopping deforestation, then it would organize to have \$40-60 billion of debt eliminated.

The rape of New Zealand

The economy of this highly productive nation is being destroyed, by financial elites and the Labour government. The first in a series of reports by Allen Douglas.

This correspondent recently returned from a tour of the small, once-proud nation of New Zealand. Located 1,000 miles from its nearest sizeable neighbor in the South Pacific, Australia, and over 10,000 miles from Washington, D.C., New Zealand has been very little in the world's eye since its Labour government provoked the dissolution of the ANZUS Defense Treaty among Australia, New Zealand, and the United States, back in 1985. But, under cover of silence from the international media and the extensive disinformation of its own press, perhaps the most rapid destruction of an advanced-sector nation in modern history is now proceeding there.

New Zealand is a young nation, settled by European immigrants only in the mid- to late-19th century. Its formal political history begins with the 1840 Treaty of Waitangi, signed by officers of the British Crown with the chiefs of the Maori tribes who inhabited the islands before the Europeans arrived. Many of the immigrants, great-grandfathers and even grandfathers of today's New Zealanders, were Irish, English, and Scottish farmers who fled the practice of usury that was endemic to agriculture in the British Isles. Blessed with fertile soil, benign climatic conditions, and the high intelligence of these early pioneers—to this day, New Zealand has the highest literacy rate in the world—New Zealanders had created of their island-nation a veritable Garden of Eden.

The backbone of New Zealand's wealth has been agricultural production. Until recently, 80% of its GNP was from agriculture, and it has been a major world food-supplier. Over two-thirds of all sheep meats exported anywhere in the world come from New Zealand. New Zealand dairy products and lamb, in Europe and Asia, as well as the United States, are synonymous with fine quality.

But today, all this is being destroyed, as the following figures indicate:

- Between October and December, as many as 20,000 of New Zealand's total of 60,000 farmers (perhaps now only 50,000 due to previous bankruptcies), will be driven off the land, or will be working their own former properties as virtual serfs for the new corporate owners.

- Over 4,800 small businesses were foreclosed on in the month of July alone.

- Unemployment, whose effects are still momentarily masked by Labour's (soon-to-be-dismantled) huge social welfare payments, is skyrocketing. Official figures speak of 9%; in reality, it is much higher.

- Key departments of the New Zealand government, together with its State Owned Enterprises (SOEs), covering such parts of New Zealand's national patrimony as the government's vast landholdings, forestry resources, petroleum wealth, and the postal system—virtually all government-run entities excepting the military—have been “corporatized,” preliminary to being “privatized.” Privatization means their sell-off to international financiers, for as little as 20¢ on the dollar.

- New Zealand's total foreign debt has climbed from (N.Z.) \$12.8 billion when Labour took power in 1984, to over (N.Z.) \$54 billion at present. There is almost nothing tangible to show for this debt increase.

- An armed insurgency potential has been created, aided and abetted by the Labour government, among the small fraction of New Zealand's Maori population which is radicalized.

- In a break from its prevailing standard of cultural optimism, to which the high literacy rate and standard of living contributed, New Zealand now has one of the highest teenage suicide rates in the world. Youth death cults are being organized around morbid “Gothic music” rock bands.

‘New Zealand 1990’

The destruction of New Zealand is systematic, organized according to the program known as “New Zealand 1990,” a concept pushed by the Labour government. It is a South Pacific forerunner of the infamous “Europe 1992” proposals for corporatist fascist restructuring. According to “New Zealand 1990” and its associated “Closer Economic Relations” (CER) program, New Zealand and Australia are to be merged into a single economic unit by that date, with a political merger to follow soon after.

Just as prescribed for “Europe 1992,” the “Europe of the cartels,” the mainstay of New Zealand's economy, its independent owner-operator farmer, is being eliminated. The local branches of the international grain cartel will run any

agricultural production that remains, while the country's businesses are subsumed under a handful of mega-businesses. New Zealand will become, in the boast of Labour's Minister of Finance Roger Douglas, "the Hong Kong of the South Pacific."

Financially, the country will be bled dry by the international financial oligarchy and its local New Zealand arms. Strategically, the country will pass directly into the Soviet orbit, a process already well-advanced since the crack-up of ANZUS and the growth of a Soviet-armed irregular warfare movement among radical, Cuba- and Libya-trained Maoris. Soviet submarines are reported off New Zealand's coasts with astonishing regularity, a fact hushed up by the present government.

Though enabling legislation was passed under the previous National Party government, Labour's election in 1984 initiated the wholesale destruction process. But looking behind the parties, it emerges that both that election and Labour's nation-wrecking policies, were engineered by the country's financial elite, centered in the New Zealand Business Roundtable.

The Business Roundtable

Two years ago, in preparation for an article which rocked the country and caused banner headlines in many of New Zealand's newspapers ("New Yalta in the South Pacific: the case of New Zealand," *EIR*, Sept. 5, 1986), this correspondent interviewed *New Zealand News* financial columnist Warren Berryman, one of the house scribes of this elite. Berryman, who subsequently issued an hysterical attack on the exposé to which he himself had contributed, noted at the time, "There's probably 150 people, maybe, who basically run the country, anything that really matters. I know some guys that would be on maybe 20 boards. You wonder how the hell they can do the job well for any of them. But a lot of it's just cementing relationships between companies." Berryman was describing the New Zealand Business Roundtable.

The Roundtable was founded in 1976 as a broad-based grouping of the nation's financial and industrial firms, but its leadership has passed almost entirely to its financial and investment firms. Where Roundtable firms do own industrial plants, this is usually a predicate of asset-stripping and related activities, or a drive for cartelized control over a given industrial sector.

As of February 1988, Roundtable companies and their subsidiaries had a total capitalization of (N.Z.) \$15.4 billion, which represented an astounding 64% of the total value of the New Zealand share (stock) market. In addition, Roundtable members sit on the boards of 100 other major New Zealand companies.

This crowd rigged the 1984 election, to bring in Labour. Its instrument was Bob Jones, a property speculator reportedly worth several hundred million dollars. The year of the

election, "right-wing businessman" Jones formed the New Zealand Party, whose *raison d'être* was to split the vote of the conservative-oriented National Party, and thus bring Labour to power. Jones subsequently bragged that he had a "secret plan" to ensure the reelection of Labour in 1987. Labour was indeed reelected.

The 1984 election, like most of the Roundtable's operations, had a very nasty side. Jones's chief collaborator in forming the New Zealand Party was a long-time member of the New Zealand Communist Party, and a decades-long asset

The destruction of New Zealand has been systematically organized, according to the program known as "New Zealand 1990," a concept pushed by the Labour government. It is a South Pacific forerunner of the infamous "Europe 1992" proposals for corporatist fascist restructuring. As in Europe, the number-one target is the productive independent farmer, who is being driven out of business.

of the Third Department of the Soviet KGB's Foreign Division, Gordon Dryden. Jones himself was a patron of the New Zealand-U.S.S.R. Friendship Society, and was fêted at the Soviet Embassy in Wellington. The Jones-Dryden New Zealand Party received the praises of *Pravda*. Intelligence specialists in New Zealand and abroad drew the obvious conclusion: A faction of the country's financial elite had struck a deal with the Soviets, to cede them much greater influence in New Zealand. As in the plans surrounding "Europe 1992," the Soviets get the military/strategic advantage, while their Western partners get most of the financial loot.

Business Roundtable chairman Sir Ron Trotter, of Fletcher Challenge, the country's second-largest company, was no stranger to how this worked; he himself had been a business partner in Soviet fishing ventures off New Zealand. The Soviets are now negotiating for "service and repair facilities" for their fleet off New Plymouth on the west coast of New Zealand's North Island.

The benefits of the 1984 election to the Soviets and their Roundtable friends were not long in coming. The Labour Party accomplished the following on their behalf:

- Interest rates soared from a previous norm of 7-8% to

the high 20s, bankrupting many of the country's independent farmers and entrepreneurs, the financial, as well as political, competition to the Roundtable.

- Almost all protective tariffs, subsidies, and tax incentives for hard commodity production were lifted, and "free trade" agreements were negotiated, entirely "deregulating" the country's economy to the advantage of asset-strippers.

- The nation's foreign indebtedness, as mentioned, soared from \$12.6 billion to over \$54 billion in four years.

- "Prudential banking" was implemented. Before 1984, a bank could only make loans in a 5:1 ratio to its deposits. Under "prudential banking," there is no limit to private credit creation by the banks, though there is a suggested "prudential rate" of 19.8:1.

- The ANZUS Defense Pact was scrapped.

- With the assistance of the Labour Government, in particular through its ACCESS (unemployment training) program, funds poured into the creation of a radical Maori insurgency. The government supported the most radical elements, such as Ripeka Evans, who has made numerous visits to Moscow and to Cuba. Evans received a government appointment as cultural and planning assistant for New Zealand Broadcasting.

- The assets of the New Zealand government in petroleum, forestry, airlines, fishing, etc. are being raffled off for 20¢ on the dollar or less, invariably to Roundtable companies.

No wonder Trotter, who is both the "right-wing" head of the Roundtable and a formal adviser to the Labour government, waxes eloquent over Labour's programs. In a speech to the youth group of the opposition National Party, he instructed them to fully support the government's "intelligent and courageous" actions on the economy.

'Fire sale' of a nation

Labour's deregulation of the private sector, including jacking up interest rates into the high 20s, made it possible for the Roundtable to loot the private sector. Before government assets could be similarly looted (State-Owned Enterprises comprised 25% of New Zealand's GNP in 1984), some preparatory work had to be done. With advice provided by the London-based N.M. Rothschild and Sons, and Schroders, government departments not previously organized as SOEs were to be "corporatized."

Under the "State Owned Enterprises Act of 1986," there were by April 1, 1987 nine new corporations: Airways Corp. of NZ, Ltd., Coal Corp of NZ, Ltd., Electricity Corp. of NZ, Ltd, Government Property Services, Ltd., Land Corp., Ltd., New Zealand Forestry Corp., Ltd., New Zealand Post, Ltd., Post Office Bank, Ltd., and Telecom Corp. of NZ, Ltd. This was in addition to the pre-existing SOEs: Air New Zealand, New Zealand Railways Corp., Petroleum Corp of New Zealand (Petrocorp), Tourist Hotel Corp of NZ, the Shipping Corporation of NZ, Ltd., and the Bank of New Zealand.

Labour Prime Minister David Lange, upon coming to power in 1984, packed the existing SOEs with Roundtable leaders. Of the 34 Roundtable members (December 1986-December 1987), eight became directors on nine SOE boards: Electricity—Athol Hutton, Roger Kerr (Roundtable executive director); Forestry—Alan Gibbs, chairman, and Warren Hunt (of NZ Forest Products); Land Corporation—David Chalmers, chairman; Telecom—Sir Ronald Trotter (chairman of Fletcher Challenge), Trevor Farmer; Works and Development Services Corp.—Ron Arbuckle. Eleven other directors in Coal, Land, Airways, Electricity, and Forestry were employees of Roundtable-linked businesses.

The ostensible purpose of corporatization was "efficiency." Supposedly, when the former government departments had to function as private enterprises, having to make profits, pay taxes, etc., even though the government still owned a majority of their stock, the government, as well as the citizenry, would benefit.

In reality, however, corporatization was nothing but a way-station to "privatization," the sale of New Zealand's national assets to a cabal of private financiers, the very Roundtable-linked financiers who put the Labour Party into government in the first place. Here, Labour's stated reason for privatization—to raise funds to pay off New Zealand's gigantic foreign debt (which they themselves had contracted)—came close to the truth. But even Labour admits that when everything is sold, only some \$14 billion, if that, will be available to be put toward the debt. In the meantime, not only have New Zealand's citizens lost their national patrimony, but they will now be gouged with no possibility of government intervention, by the very same entities (now privatized, and forming monopolies), which they themselves and their ancestors paid for with tax dollars in the first place.

In addition, it is highly likely that since many of these entities, at government prompting, took on large overseas debts when they were corporatized, they will simply pass into the hands of foreign financiers, in the sort of debt-for-equity swaps to which underdeveloped countries are frequently subjected.

Thus far, two government entities have been fully privatized: the New Zealand Steel Corporation and the Petroleum Corporation of New Zealand (Petrocorp). Their cases illustrate how the incestuous relations between the Labour government and the Roundtable work.

In November 1987, having assumed \$1.958 billion of New Zealand Steel debt, the government sold NZ Steel, with assets of (N.Z.) \$2 billion, to (Roundtable-linked) Equiticorp for a mere \$327 million. In the same year, the government injected \$800 million into Petrocorp, then sold its 70% share in this company, \$980 million of the company's official assets of \$1.4 billion, for a mere \$800 million, a discount of 18.4%. The purchaser was Fletcher Challenge, Ltd., whose chairman is Sir Ron Trotter, chairman of the Business Roundtable. In addition, the government handed Fletcher

Currency Rates

Challenge a \$300 million tax loss, lowering the actual purchase price from \$800 to \$500 million, or an almost 50% discount on the value of assets purchased. (These figures are drawn from F. Sanders, *The Moneychanger*, May 1988.) The actual value of Petrocorp may be much higher because of the fact—a closely held secret—that oil has been found off Chatham Rise in the Pacific Ocean, southeast of New Zealand, which marks this area as one of the richest petroleum reserves in the world.

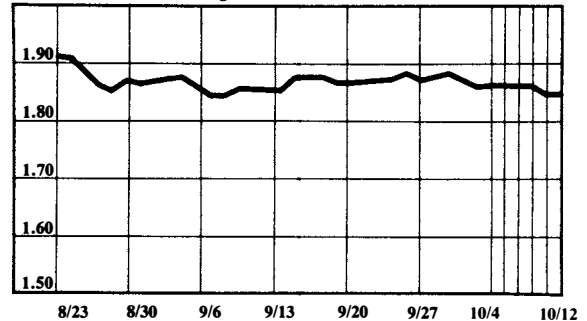
Sir Ron Trotter, of Fletcher Challenge and the Business Roundtable, has thus been a major beneficiary of the privatization policy of the Labour government. The government formalized their cozy relationship, with two further appointments for Trotter. He was made chairman of one of New Zealand's largest SOEs, the 25,000-employee Telecom Corp., which controls the country's electronic and telephone communications. In addition, Trotter heads up a special task force, assigned to advise Minister of State-Owned Enterprises Richard Prebble, "on assessing their [SOE] performances and asset valuation, laws affecting them and other commercial issues." No doubt Sir Ron will be well positioned there to snap up a few more pieces of Labour's fire sale.

Another gainer from the program is Ron Brierley, a Roundtable kingpin, head of New Zealand's largest company, the asset-stripping Brierley Investments, Ltd., and chairman of the Bank of New Zealand. Before any shares of Petrocorp were offered for public sale, Brierley was given the right to buy up 15% of the company, which he did, while Trotter got the rest at the 50% discount indicated. Next, Brierley's firm is the leading candidate to purchase the Bank of New Zealand, of which he is chairman! Although Brierley for months claimed there was "no conflict" between his two positions, the stink of the whole business recently forced him to take a "holiday" from the BNZ. The BNZ was already "partially privatized" in 1986, after Finance Minister Roger Douglas failed to inform Parliament of the bank's record profits, which, had they been known, might have inspired parliamentary resistance. This July, according to reports in New Zealand, Brierley flew Douglas to Australia in his private jet, to watch the Australia-New Zealand rugby matches. Presumably, there was "no conflict" in that either.

The backers of the "leftist" Labour government's and "right-wing" Business Roundtable's pact for privatization will brook no opposition. In recent weeks, New Zealand's Auditor General, Brian Tyler, had voiced concern, not even about privatization *per se*, but about the manner in which it was being carried out—SOE's being sold to a single large purchaser like Fletcher Challenge, instead of having a public flotation of their shares. In September, a Labour Government-commissioned economist named Alf Kirk recommended to a parliamentary select committee, that Tyler's Audit Office (which reports to Parliament) be closed and its functions taken over by private sector auditors and other government departments.

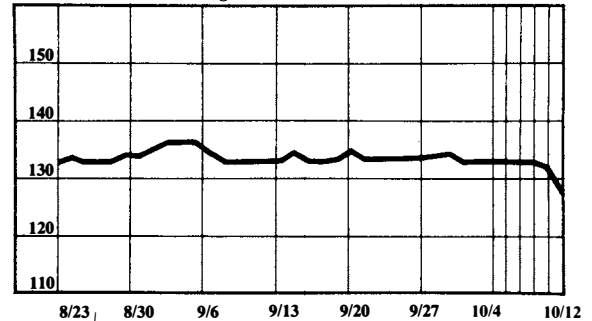
The dollar in deutschemarks

New York late afternoon fixing



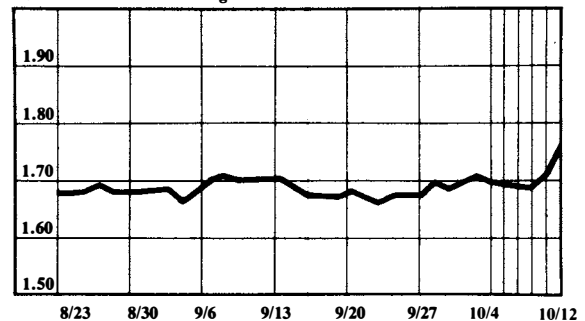
The dollar in yen

New York late afternoon fixing



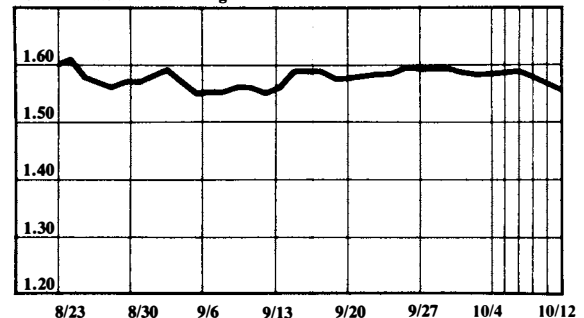
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



MCorp seeks federal bailout

The last of the larger Texas banks, with \$20.1 billion in assets, has succumbed to the weakening economy.

The inflated sense of importance with which members of the commercial banking community have been arrogantly strutting around has been pricked, by two well-deserved events. For weeks, the banking lobby has told anyone willing to listen how much more stable they are than the savings and loan community; testimony has been heard ad nauseum as to what a clean, profitable business their brand of usury is.

The exposure of the Bank of Credit and Commerce International Holdings, S.A. as a drug-money laundromat grabbed headlines. But only three days earlier, an exposure equally as devastating financially, although not nearly as sensational, had taken place.

MCorp, Texas's number-two banking concern with \$20.1 billion in assets (First RepublicBank of Dallas had \$26.8 billion in assets) and 26 subsidiaries, made public their decision to seek a federal bailout, rumored to be as much as \$2 billion.

MCorp is the ninth major Texas financial institution to seek a bailout. More significantly, should the transaction in fact cost \$2 billion, which appears more than likely, it would be the third-largest banking bailout in history, after the 1984 Continental Illinois fiasco, and last summer's \$4 billion First RepublicBank transition to NCNB of Texas.

The demise of MCorp was not difficult to predict. It is the story of Texas and the story of "Recovery" banking. As the collapse of the Texas economy has accelerated, real estate has continued to plummet. The creation of a Potemkin Banking Village by merging

collapsing banks was an idea living on borrowed time.

No matter how many billions of dollars in fresh capital were poured into the "new" banks by regulators, they continued to experience massive loan losses. These banks, which carried large portfolios of energy loans in the early 1980s, switched to real estate when the energy boom fizzled. Now, these large real estate portfolios, amounting to 35% to 50% of all loans, have broken the bank, so to speak.

MCorp is the classic case. It is the product of a 1984 merger of Dallas's Mercantile Texas Corp. and Houston's Southwest Bancshares, Inc. Thirty-six percent of its loan portfolio is in real estate loans. Real estate for MCorp, as for other banks, has been expensive. MCorp has \$675 million in foreclosed real estate, of which \$664.3 is foreclosed Texas real estate. Of that, 38% is in the Dallas-Ft. Worth area and 27% is in Houston.

The company has had \$352.4 million in net losses as of the second quarter 1988. The first half of 1988's loan-loss provisions and writeoffs totaled \$373 million, including a \$124.6 million provision for second-period losses, the highest level in more than a year. Gene H. Bishop, chairman and chief executive officer, said MCorp expects to post a record third-quarter net loss of about \$525 million—exceeding the cumulative (\$352.4 million) net loss for the previous 10 quarters.

Bishop and others had fought desperately to keep up appearances. MCorp was the first in Texas to break up large, uninsured deposits into fully

insured deposits of less than \$100,000, which were spread among the subsidiary banks. This was meant to prevent large deposits from leaving the bank. In fact, in early September, word was that MCorp banks were so flush with cash, they routinely sold the surplus to other banks.

Non-performing loans appeared to be leveling off at \$1.6 billion on Sept. 30, 1987. The 1987 fourth quarter showed its loan-loss provision dipping compared with the previous two quarters.

But these statistics proved to be as illusory as the "Recovery." By 1988, non-performing assets rose again, jumping nearly 125% in the year's first half. Non-performing loans and foreclosed real estate hit \$1.77 billion, or 14% of total loans and foreclosed assets, costing MCorp approximately \$95 million in lost interest income and expenses this year.

So, on Oct. 7, CEO Bishop gave a press conference to announce the bailout. Although he was purposefully unclear in regards to the terms of the bailout, a few points were clarified. Federal aid would be somewhere near \$1 billion. MCorp proposes to raise \$100 million in a stocks rights offering to existing shareholders, in addition to contributing as much as \$400 million in "resources" from the bank holding company, including sizeable holdings of stock obtained in previous sales of MCorp subsidiaries.

Another \$300 million (or more) in outside capital needs to be raised, which Bishop assured would come from Texas: "It's important to have a strong, locally owned institution" that is "closer to the needs of the Texas economy."

Those expected to bid are New York's Citicorp, San Francisco's Wells Fargo & Co., and Carl Lindner, Cincinnati banker, raider, and reputed mob-financier.

Beyond post-industrial delusions

The 'post-industrial ideology' has made the most crucial of industries, steel, virtually a thing of the past.

Recent reports of Gov. Michael Dukakis stealing from Massachusetts's capital budget to correct a deficit in the state's daily operating budget, only highlight the callous disregard with which political leaders today treat long-term investment in infrastructure. Nowhere is this disregard more evident than in the dangerous current state of world steel utilization.

Beginning the mid-1970s, a flood of propaganda heralded the emergence of a new "post-industrial era." Steel and other "heavy" industries were passé. The "future," these market prophets proclaimed, lies in chips, electronics, and various Pepsi-Light versions of investment for diet-conscious citizens.

The result has been a predictable disaster. Let's look at the world steel industry over the period since 1974.

The decline in what were normal to healthy rates of increase in world steel production capacity began in the early 1970s. This was not the result of discovery of steel substitutes such as plastics, but of policy decisions imposed on the physical economy of the world beginning with the first "oil shock" of 1974.

Steel is an energy-intensive industry. The beginning of a 15-year-long process of deepening world economic depression in capital infrastructure development dates from the devastating effects of that oil shock, which economists prefer to call "structural change."

We no longer invest in shipbuilding, railroads, bridges, or nuclear plants. World crude steel output, after

rising from 1950 to 1974, has never regained the peak level of 1974. Why?

According to the International Iron and Steel Institute, a trade body based in Belgium, "Of the many changes that have swept through the international economy over the past decade, one of the most alarming has been a profound shift in both the pace and pattern of investment activity."

They continue, "Long regarded as the life-blood of advanced industrialized nations, investment (or gross fixed capital formation) accounted for a steady if not gradually increasing share of overall economic activity in those countries throughout the 1960s and 1970s. Beginning in 1974, however, investment activity began to weaken and, since that time, its relative importance in the domestic economy has fallen in virtually all of the advanced industrialized nations."

That's putting it mildly. The collapse of the number of persons employed in the Free World's steel industry since the first "oil shock" tells much. In 1974, Western Europe employed 887,000, a figure that plunged to 423,000 by 1987. The United States figure is similar, going from 521,000 employed in 1974 to a mere 240,000 in 1987.

Looking at steel consumption per capita, a useful relative measure of industrial intensity, we find that throughout the period following the 1979-80 hyperinflationary "second oil shock" and Federal Reserve chairman Paul Volcker's "anti-inflation" interest rate policies, world per capita steel consumption has been as flat as a pan-

cake. According to IISI, world average levels were approximately 125 kilograms per inhabitant between 1982 and 1987. This includes the entire developing sector (where steel infrastructure investment has dropped sharply because of the debt crisis), as well as the OECD economies. The level in the European Community was somewhat better, 300 kg per capita, and in the United States, 390 kg per capita.

But, the measure of how inadequate these levels remain is Japan: 610 kg per capita and growing.

The major reason for the depression in world steel growth in the past 15 years is the series of policy shocks which have destroyed fixed exchange rates, driven interest rates up, and made short-term "financial innovation" such as "junk bond" leveraged buy-outs far more profitable for banks than long-term infrastructure investment.

The IISI stresses, "Interest payments on the public debt have risen sharply in most industrialized nations over the past decade and now exceed government investment expenditure by a factor of 2 or 3 in Italy, Canada, the U.S., and U.K." This, while government expenditure devoted to infrastructure (roads, water treatment plants, energy plants, etc.) currently stands at one-half what it was in 1974-75! We have a massive deficit of investment in steel production and industrial capacities.

It is the lunacies of "globalized financial innovation" which have made national governments hostage to the pressures of the "free market" and financial market deregulation. OECD governments' toleration of this and refusal to insure long-term low-interest credit for industrial expansion have brought us where we are today—on the verge of disaster.

Why is the USDA so upset?

A secret Agriculture Department report shows that what the U.S. is proposing to trade partners would be a disaster for all.

This author received a very upset and embarrassed response when a Department of Agriculture spokesman was contacted and questioned about a certain secret report that fell into my hands.

The report "Agricultural Policy Reform in the Uruguay Round," (dated September 1988) reports on the proceedings of a workshop jointly sponsored by the National Center for Food and Agriculture (NCFA) and the USDA's Economic Research Service (ERS). The workshop evaluated what could be expected if current U.S. proposals for agricultural "trade reform" are implemented. The conclusions were embarrassingly bad for American as well as world agriculture.

The U.S. historically has been oriented to "protectionism" as a means of strengthening domestic industry and agriculture. But in just the last four years, Washington has done an about-face and gone whole-hog into "free trade" advocacy, calling for the elimination of all agricultural subsidies internationally.

Speaking in Pakistan last month at an international trade conference preparatory to the December meeting of the General Agreement on Tariffs and Trade, U.S. Trade Representative Clayton Yeutter defended his "extreme" free trade position as necessary in order to "make the point strongly" to the European Community that the time for subsidies is over. Well, the secret report obtained by *EIR* effectively shows that the "free trade" advocated by the United States will be a disaster for both the United States and

its trading partners!

When contacted about this report, the USDA spokesman became very excited, and colorfully demanded to know where the report had been obtained; it was not to be released to the public.

The report originally *was* intended for public distribution, but at the last minute, it was decided it should be released in the name of the NCFA, rather than the USDA, in order to distance the administration from its content.

The report evaluates the drastic effects of global and domestic policy "reform" on U.S. agriculture, if the current malthusian "free trade" reform proposals are implemented. It indicates that the effects are not limited to changes in the prices and quantities of various commodities produced, or a shift away from dependence on price and income supports to income from "the free marketplace." The policy reform will lead to a fundamental restructuring of U.S. agriculture and will have a significant adverse impact on: 1) resource use and employment, 2) asset values and cost structure, 3) geographic distribution of production, 4) income distribution across regions, commodities, and farm sizes, and 5) number and size of farms.

When each of these points is elaborated, a game plan for the controlled destruction of agriculture begins to unfold. Redistribution of income and farm sizes, and declining land and asset values will require "transition programs." These programs will take the form of government buy-outs of land

and assets, decoupled subsidy payments, and a long-term income support program that would allow more small and medium sized producers to remain in business and place more of the "adjustment" burden on the larger farmers.

The report is fundamentally false in implying that the needed level of food supplies can be maintained under the conditions of agricultural transformation it proposes. A sharp decline in key foodstuffs would be the inevitable result.

A parallel report has recently been released in Western Europe, by the European Commission in Brussels, called "Disharmonies in Agricultural Policy between the United States and the European Community." This report likewise elaborates on the redistribution of income, land and asset values, and the regional impact on European and American agriculture, resulting from the destructive "free trade" policies.

The question arises, why distance this report from the Reagan administration, when it is so close to the end of its term? The answer may be found in the convulsive but recognizable smell these reports give off, the smell one is familiar with, if one is familiar with the Trilateral Commission, which established this policy line in the early 1980s. The European report was authored by individuals prominent in agriculture policy circles of the Trilateral Commission. The policy reforms being formally proposed by USDA bureaucrats, European Community officials, Japanese spokesmen, and most of the leading agricultural exporting nations follow the same theme—free trade.

The U.S. version of the report is probably considered by the USDA higher-ups too revealing of the international policy forces operating "behind the scenes."

Business Briefs

Banking

S&L bailout now a public issue

"What was once a dirty little secret is now headline news: The American taxpayer will have to foot a bill, estimated at between \$50 billion and \$100 billion," to bail out the savings and loan industry, wrote columnist Jack Anderson on Oct. 9.

"Deregulation . . . turned out to be little more than a license to turn S&Ls into federally insured casinos," Anderson said.

Now that the bill has to be paid, backbiting has begun in earnest over responsibility for "an industry totally out of control," because of "Washington politicians either too arrogant or too ideological to head off what has become a national emergency."

Anderson's column reported accusations by S&L industry regulator Edwin Gray against Donald Regan that he intervened with Merrill Lynch to stop a \$1 billion investment package for a reeling California-based Financial Corporation of America. "Gray believes Regan's actions put the whole financial system at risk" over a petty bureaucratic feud between themselves.

Regan, the former Treasury Secretary, White House chief of staff, and Merrill Lynch chief executive, has denied the accusations.

The Debt Bomb

Argentina defaults on \$40 billion

Argentina has defaulted on \$40 billion of its foreign debt by failing to pay interest due during the third quarter ending Sept. 30.

By falling more than 90 days behind on interest payments, Argentina has forced U.S. banks to place its loans on a "non-accrual basis."

The action works out to a 36¢ per share loss for Manufacturers Hanover, 20¢ for Chase Manhattan, and 16¢ for Bank of America. The estimates were made by Oppenheimer and Co. banking analysts.

The Argentine government of Raúl Alfonsín has virtually destroyed the economy

of Argentina in its effort to pay foreign debt and comply with International Monetary Fund prescriptions—to no avail, obviously.

Ibero-America

Henry for President of Venezuela?

The platform of leading Venezuelan presidential candidate Carlos Andrés Pérez "was prepared by the creditor banks, and the misery he provokes will favor the plans of Moscow," is the headline of an ad appearing in that country's *El Nacional* newspaper Oct. 6. The ad was placed by the Venezuelan Labor Party, co-thinkers of U.S. political figure Lyndon H. LaRouche, Jr.

The body of the ad charges that Pérez's program is identical to that of Henry Kissinger, proving the charge by running side by side in parallel columns, six statements by Pérez and six nearly identical ones by Kissinger on the same subjects.

It charges that Pérez "is the favorite of Wall Street and of Moscow," and puts forth the necessity of a nationalist program, listing the key points as proposed by Venezuelan Labor Party candidate Alejandro Peña Esclusa.

Just days after Pérez publicly affirmed that under his administration, Venezuela would enter the General Agreement on Tariffs and Trade, his opponent from the Copei party, Eduardo Fernández, said he, too, thought that Venezuela must enter GATT. Fernández also called for a "reprivatization" of much of Venezuela's state sector, only to find himself publicly corrected by an official of Pérez's party, who pointed out that a lot of "privatization" has been going on for the last four years.

Both candidates are promising to trim the budget deficit by austerity measures.

Budget

Perot proffers deficit 'solution'

H. Ross Perot, the colorful Texas billionaire, has offered up his own simple-minded

solution for the federal budget deficit. As reported in the Sept. 25 *San Antonio Express-News*, Perot would:

- Let Europe and Japan pay for their own defense, "saving \$200 billion." He doesn't want to gut Western defense capabilities, he just wants the direct beneficiaries to pick up the bill.

- He would save another \$100 billion by putting a means test on Social Security to eliminate those who do not need the benefits. "There's \$300 billion," Perot said, "and we haven't even broken a sweat. It's a joke for us to pay for Japan's defense, Europe's defense, and Social Security for the wealthy."

- Perot would also "put in a computer system that collects money owed by taxpayers. That's another \$150 billion for a total of \$450 billion. But think about that—just by putting in a state of the art computer system you'd close the deficit."

Concluded Perot, "We need to pay our bills as we go in this country. . . . I decided years ago that my real role in life may be to create taxpayers."

Agriculture

U.S. to withhold drought relief?

Pennsylvania farmers report that the government plans to delay any drought aid until after the election, and then forget about it altogether. At one briefing organized by the Department of Agriculture Agricultural Stabilization and Conservation Service (ASCS), farmers were told that nothing definite could be promised, since so many changes and clarifications were being made almost every day in Washington.

Another farmer documented a greater than 65% loss in his corn crop to the ASCS, showing that he had lost about 70 bushels an acre on his 15 acres of corn. At about \$3 a bushel, this represents a loss of \$3,150 of corn for his dairy cows. He was offered a grand total of \$575, pending further red tape.

The same farmer was informed that he is required to buy crop insurance for next year, but only if the crop insurance costs one-fourth or less of the drought relief payment he gets from the government. What if it doesn't?

Energy

Fusion reactor hits record temperature

European scientists developing a revolutionary form of nuclear energy said on Oct. 10 that they had heated gases to world record temperatures of about 200 million degrees Fahrenheit—almost 10 times hotter than the Sun.

John Maple, spokesman for the Joint European Torus (JET) thermonuclear fusion project, said the over 100 million degree Celsius breakthrough had come during experiments designed to generate energy by copying the nuclear reaction which takes place at the Sun's core. The experiments, carried out by scientists from 14 European countries at Culham, near Oxford, England are aimed at taming the complex process and using it to generate electricity.

"It would be a new source which would come into use at a very important time when oil and coal were getting rather scarce," Maple said.

Unlike today's nuclear reactors, which work by splitting atoms, nuclear fusion involves forcing the nuclei of atoms together for split seconds, either by implosion of a pellet of fuel or strong magnetic fields. Maple said the JET scientists had achieved a triple breakthrough by setting record temperatures, sustaining them for periods of more than one second, and maintaining a sufficient fuel density—the three criteria for effecting fusion.

The JET experiments were carried out in a huge 260 cubic yard tube, with the temperature measured by laser beams that bounce off the plasma particles.

Municipal Finance

President Sarney bankrupts Rio de Janeiro

The city of Rio de Janeiro, Brazil declared bankruptcy in September, as the result of actions by Brazilian President José Sarney, acting to politically destroy a mayor who tried to improve living conditions in the city,

according to a detailed story in the Oct. 8 *Washington Post*.

Mayor Braga, elected last year, immediately moved to build 140 new schools, doubled the number of health clinics to 300, and launched five industrial development projects. He also insisted on giving generous pay increases above the rate of inflation. Said the mayor, "It was a calculated risk. But in a city with such violence and poverty, it's also an incredible risk not to make social investments."

Things were tight, but working, until huge floods last December left 40,000 homeless; \$40 million in aid for the victims promised by Sarney was never delivered. Then Sarney lowered the boom, by obliging Rio, and all other cities, to stop taking foreign loans, which threw Rio onto the domestic market, at very high interest rates—only to find that Sarney had also closed that path: The President ordered the cities to not only stop all new borrowing, but to repay 25% of the principal of their existing outstanding domestic loans.

At that point, in September, Braga could not meet his payroll, and 113,000 public employees, all teachers, and most medical personnel went on strike.

Economic Quackery

U.S. is a debtor nation: a myth?

The RAND Corporation has just released a study "debunking" the "myth" that the United States is a debtor nation. Well, not really.

According to RAND, the term "debtor nation" is "misleading." Why? Because the shift in the U.S. position "simply indicates faster growth in foreigners' assets in the United States than in United States assets abroad."

After this astute observation, the report explains, "The primary reason for our shift in asset balance is that in 1982 U.S. banks stopped lending \$120 billion a year to LDC deadbeats," referring to IMF-devastated "less-developed countries."

We guess that means that if usury-practicing New York banks had kept accumulating problem loans, the U.S. would be in great shape!

● **A SWEDISH** banking consortium led by Svenska Handelsbank and SE-Banken have just announced a credit issuance, denominated in low-interest ECUs equivalent to \$1 billion, to the Soviet State Foreign Trade Bank, to finance two years worth of Swedish capital goods exports to Russia.

● **THAILAND'S** Foreign Minister Siddhi Sawetsila told members of the Asia Society in New York Oct. 6, "If the protectionist tide becomes stronger in the new U.S. administration," then Thailand and the United States will be on a collision course "with adverse implications on overall bilateral relations. . . . We have remained your staunch ally because we have believed that not only is America strong, but she is good," but trade war would change all that.

● **'HITLERITE'** is the term used by Pierre Debizet, ex-head of the Service Action Civique, paramilitary arm of France's Gaullist party, to describe the "Europe 1992" project, which would eliminate all customs barriers in Europe in that year. He attacked the Trilateral Commission, and said that the intent of Europe 1992 is to transform France into a "rural, food-producing country," a project "similar to that of Adolf Hitler in 1940."

● **WEST GERMANY** "is interested in increasing the assistance it gives Panama in the field of technical training, especially in the field of metallurgy, which is already promoted here through the West German-Panama Technical Center," Ambassador to Panama Gotz von Boehmer told Panamanian Labor Minister Cesar Martans Oct. 8.

● **JAPAN** will give Burma \$450,000 worth of emergency food, Japan's foreign ministry announced Oct. 7. The aid will be provided for humanitarian reasons to help the Burmese people, whose livelihood has been seriously affected by the current political upheaval, the ministry said.

Big payback from Mars Colony mission

by Lyndon H. LaRouche, Jr.

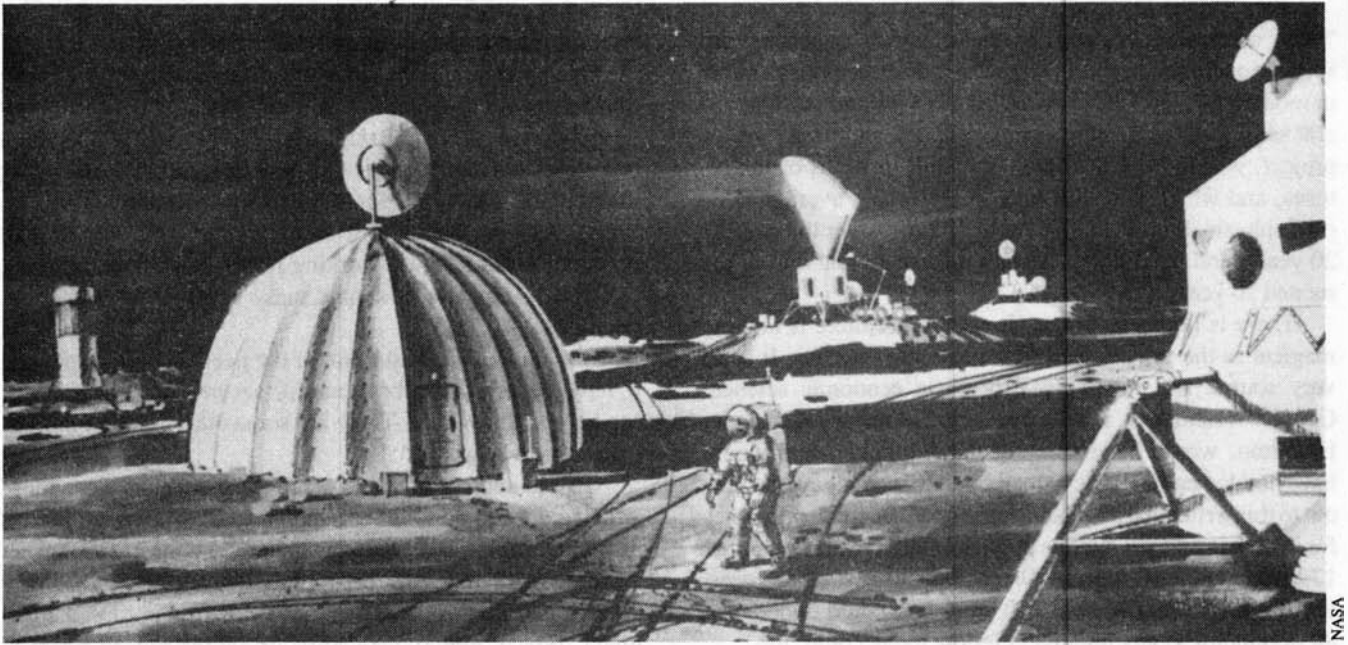
If the United States follows the approach I have proposed, we shall have our first permanent colony on Mars by the year A.D. 2027. During a few years following that, that colony will grow into an increasingly self-sustained community, the size of a medium-sized city on Earth. Long before A.D. 2027, the average U.S. taxpayer will have gained an enormous personal profit from the earlier, preparatory stages of the program as a whole.

Once the colony is operating, the benefits sent back to Earth will be many times greater than the cost of building and operating the colony; but, that profit will not come back as manufactured products, nor shipments of ores from the asteroid belt. There are presently no natives out there in the Solar System, waiting for the door-to-door salesman coming out from Earth.

This payback will come, even long before the colony on Mars is established. It will come, beginning the next 10 years, as increased income from the use of space technologies right here. Average income will be increased as a direct result of U.S. industrial, and other investments of new space technologies in production here on Earth. During the course of the first 10 years, the federal taxable portion of this increased average income could become larger than the government's annual space-budget. The space program's benefit to the average household and business should average four to five times the increased federal tax revenues generated.

During the second and third decades, this profitable tax investment in space-development will grow to an enormous amount. Over the course of the first 10-odd years, average productivity in the United States should increase at the more modest rate, of between 3% and 5% per year. However, the rate of growth will climb, at ever faster rates, during the second, third, and fourth decades.

The following are only rough estimates, but our estimates are on the conservative side, and they are good enough for purposes of illustration. By the end of the 1990s, under this 40-year space program, the increases in operatives' productivity caused chiefly by industries' investments in use of space program-stimulated technology, should bring productivity to about 50% higher than today. By the year



Regular manned flight to Mars will require the industrialization of the Moon, to construct the space vehicles used to transport freight and persons to the Mars orbit. Here, an artist's conception of a manned base near the lunar South Pole. Power stations and processors are in the background, and the astronaut's landing capsule in the right foreground.

A.D. 2010, more than four times today's productivity. By the year 2020, 15 to 20 times today's productivity. By the scheduled year for establishing the permanent colony on Mars, operatives' productivity should average more than 40 times higher than the average productivity in the United States today.

We should stress the obvious fact, that all this will occur during the average working-life of the students who graduated during the year 1988.

Pipe-dream? Not at all; those estimates are cautiously conservative. We have allowed for much of the usual slippage, between what could have been achieved, and the delays and errors inherent to political, managerial, and other sources of lost opportunities. This report will indicate some of the facts which justify such an optimistic view of our nation's options for the future.

True, compared to our experience of the past 20-odd years, these may seem to be spectacular rates of growth. Yet, we have had periods in our national history, and periods in the economic history of other nations, during which more or less comparable rises in productivity have occurred. Reaching annual rates of 3-5% increase of operative's productivity, with 50% cumulative increases over a 10-year period, is a commonplace for vigorous economic recoveries. If the recovery is continued through a second 10 years, with increasing rates of capital formation, the increase of productivity accelerates. So, our projections for the first 20 years are in line with lessons of past experience. If the nature of the technologies being used is considered, the estimates given are cautiously conservative.

Neither the federal budget, nor the U.S. Bureau of Labor Statistics see space exploration as such. For them, "Space" is merely a statistical category in accounting procedures. Under "Space," the budget sees tax revenues spent, on the one side, and the increase of the nation's taxable income, on the other. Under "Space," the Bureau of Labor Statistics sees employment, incomes, and productivity in industries affected by the technologies developed for space exploration.

From the standpoint of Washington's federal statisticians, they see government funds going into the development of objects. To them, these objects have something to do with space exploration, but no revenue comes flowing into Earth from outer space as a result of shipping these objects up into orbit or beyond. In other words, we obtain no revenues from sales or the export of these objects to persons or companies in that foreign land called Outer Space. These are simply objects, which the federal government is spending considerable sums to develop and produce.

Lo, and behold! By investing in the development and production of these objects, U.S. employment and productivity are increased. Incomes of businesses and households increase. As a result of the increase of incomes, the government obtains its share as tax revenues at standard rates. After a while, the government is obtaining more tax revenue from the margin of increased national income generated by the investment in space technology than government is investing. In the meantime, total national real income is increasing by a margin of expansion four to five times as great as the increase of federal tax receipts.

The Washington federal accountants' reaction to all this?

“Who cares what happens to those objects once they are shipped out to space; this investment is the best money-maker in modern history.” What Washington’s groundling bureaucrat sees, is a large and growing research and development project, which more than pays for itself in terms of tax returns, and which is on the way to increasing average U.S. (real, physical) productivity about 10 times over the coming 20 years, and in sight of 10 times more than that during the second 20 years.

There is no hocus-pocus. It works, but there is nothing magical in the principles which cause this success. It is all very sound, and relatively very basic economic science. George Washington’s U.S. Treasury Secretary, Alexander Hamilton, would have comprehended quickly, and would have nodded enthusiastic agreement. He would have pointed out to this writer that he, Hamilton, explained these principles for increasing the productive powers of labor in his December 1791 report to the Congress, *On the Subject of Manufactures*. So, if a bright fellow from 200 years ago could understand these principles, any intelligent fellow today could, too.

The politician who says, we can not afford a major space program, reminds us of the sly character who argues, “Look at the amount of money I’m saving on commuting costs,” as an excuse to turn down a high-paid job, to take a low-paid, unskilled job, within walking-distance, at a nearby fast-food stand.

Why a Mars Colonization program? Would not some other project, closer to Earth, provide the same kind of economic stimulant? For the short run, there are several possible, large-scale research and development programs which would have somewhat similar effects. The difference is: The Mars project gives a higher rate of payback to the taxpayer, and over a much longer period of sustained economic growth, than any alternative in sight.

There are other, compelling motives and reasons for assigning priority to such a space program. We shall list some of these, turning first to the simplest, most easily understood of all of these motives, that of the ordinary citizen raising a family.

It is your life, after all

What does the taxpayer gain from the U.S. government’s decision to proceed with a 40-year space mission? His or her income is increased, of course; but, what are some of the deeper feelings the taxpayer ought to have when he or she thinks of the effect of this program on the future security and happiness of the family?

If “taxpayer” refers to the family household, family interest is centered around the future of the children and grandchildren. Why not be personal about the space program, in that way? It is your taxes the government must put up as investment. Apart from the pleasant fact that it increases your income level, what does such a 40-year project do for you, the taxpayer? How does it benefit your personal, family in-

terest in the deepest, most personal ways?

Once your children complete their education, we hope they have a life-expectancy, in good health, of about 60-odd years beyond graduation day. About 40 or more of those 60-odd years will be spent, either working for an income, or maintaining the home for the partner who does (a job in itself). As your children of today choose their educational preparation for a future working profession, those children and you, their parents, should make some rather important decisions.

Obviously, we must think of the need of every graduate to have opportunities for economic security during the coming half-century or so. There are some other, rather obvious questions to be asked.

On the subject of these other questions, the first thing which comes to mind is the fact that most of the adult life of an income earner is used up in the daily routine of work. The standard work-year now, is approximately 2,000 hours; if we allow a minimal average commuting time, and time out for lunch, typical employment uses up more than 50 hours a week, or about 2,500 hours a year. Times 40 years, that is 100,000 hours. Put the same facts another way: During the average 40 years of adult working-life, a person will expend not less than 45% of his or her waking hours on work plus commuting, often even more than 50%.

That makes a very persuasive argument for choosing the right kind of educational and related qualifications. We used to say, “Choose a life that amounts to something.” Forty-odd years later, shall we look back to say, “I spent half the waking hours of my adult life on something in which I take little pride?” Should we not hope that the days are ended, when work was viewed as a kind of punishment, a sacrifice made in order to have the price of bread? Individuals ought to have the right to enjoy work, to know that that for which they are spending half the waking hours of their working-adult life is something important to the society. A person has a right to the opportunity, to walk with pride, to say, “I am spending half my waking hours doing something which not only feeds my family, but which is so important for society around me, that I am entitled to respect for the importance of the kind of work I do.”

Parents and students have a right to ask, will the kind of career for which a student is becoming qualified continue to be a meaningful career opportunity, 10 or more years ahead? It is not pleasant to be told, “You have become obsolete; why don’t you try for a job washing dishes?” This involves economic security. It involves the right to have an opportunity to do something one can take pride in contributing to society.

Intelligent citizens who look a bit into their own and their family’s future in this way, can see the political side of this problem rather easily. The citizen, the family, the community, are, each by themselves, small and weak, when compared with the forces which determine the markets and the investment climate. Without the right form of government,

and without the right governmental policies, there is no way the family can assure satisfactory conditions for itself over the coming 40-odd years.

Admittedly, under our federal Constitution, the economic functions of government are limited.

The Constitution gives the federal government authorities, duties, and responsibilities in the following key areas. U.S. currency and federal banking and other credit policies. Fiscal functions of government. Regulation of foreign and interstate commerce. Providing basic economic infrastructure, including water management, production and distribution of power, general transportation, communications, and so on.

The federal government has a division of labor with state and local government, for providing such economically essential elements of infrastructure as education, and ensuring that both sanitation and an adequate health-delivery system exist. Government provides needed infrastructure either as an economic undertaking of federal, state, and local governments, or by fostering private investment in regulated public utilities, and by fostering regulated or self-regulated professional standards in these areas of basic economic infrastructure.

In other words, government's economic functions are limited to matters in which private entrepreneurs can not meet the general need efficiently, unless they are very large-scale monopolies. Where we think the inefficiencies of government preferable to placing the nation at the mercy of giant monopolies, we rely upon the options of government undertakings, or federal or state regulation of privately owned public utilities.

Implicitly, our Constitution limits government's undertakings to those we have indicated, and to the right of government to operate arsenals. The rest is left to private enterprise.

That American System of political-economy, established under George Washington's administration, is the best economic system ever devised, with the best kind of division of labor between government and the private entrepreneur.

In this arrangement, the combined economic weight of monetary policy, government fiscal policy, and basic economic infrastructure are, combined, the largest single component of the national economy as a whole. In these combined areas, what government does, or fails to do when it should, is the largest single factor determining the health or sickness of the economy at large.

In addition to the raw power of government's economic functions as a whole, there is another factor in which government plays a major role. This "other" occupies the largest part of our attention to economic factors in this report. The name of this other factor is "technology."

From the middle of the seventeenth century, in the Massachusetts Bay Colony, Americans have understood that the increase of the standard of living depends upon advances in

average productive powers of labor. Until a change came in national policy, about 1966-72, we Americans understood, over the past 350 years, that advances in productivity occur as a result of a policy of investing in advances in technology. If we can maintain the flow of technological progress into production and infrastructure investments at relatively high rates, the average productivity and income of the population will grow accordingly.

Government has no monopoly on technology. Scientific and technological progress begins as scientific discoveries by individual minds. Once the advances leave the laboratories, technology is developed chiefly in the machine-tool sector of the economy. For the most part, the machine-tool sector is made up of small private firms, in which most of the management is composed of scientists, engineers, and other very skilled and innovative technicians. Another important source of technological progress is the suggestion box of the enlightened manufacturing firm, which depends upon the voluntary ingenuity of industrial operatives working in their spare time as individuals or small teams. Then, there are those indispensable mavericks, the lonely, individual inventors.

Government's own economic roles in military and aerospace development, and in basic economic infrastructure, add to the total flow of technologies through the society as a whole. This is a rather important factor in determining the rate of technological progress generally. However, in terms of those kinds of concerns of the private citizen we described above, government has the responsibility of fostering technological progress in the society as a whole.

Government fosters private technological initiative, by building policies which encourage such private initiative, into its monetary, fiscal, and regulatory functions. For example, investment tax-credit policies have proven very effective. Job-creating investments in production which foster growth of employment, and increase the productivities and incomes of labor may find their profits taxed at slightly lower rates than profits which are not reinvested for such purposes. Credit should flow into technologically progressive investments at relatively cheap rates, and in relative abundance. Firms and households should be provided incentives to save, and to steer a goodly portion of those savings into equity and loans for such purposes.

In addition to these things, government plays a leading role, although not an exclusive one, of course, in the way our nation adopts a technological consensus. Some examples from our past history help to make this clearer.

Virginia's colonial governor Alexander Spotswood gave the nation its first major public postal service, a function taken over by Benjamin Franklin later. This was very important in the fostering of technology, among other benefits. Spotswood's program of building roads as a way of opening up large regions to development, was another feature of our early development. Government's responsibility for fostering a system of canals, and then the development of railways,

are another example. Developing urban centers in such a way as to provide a desirable climate for certain kinds of technological investments, is another example.

Generally, if government makes a long-term commitment to fostering progress in development of certain technological improvements, and does this well, the economy as a whole is assured this is a field of investment and production which will be sound over the coming 20 or more years. Government says something like the following: "Here is a list of the kinds of technologies which are likely to dominate progress over the coming generation or two. Government is committed to using these technologies, wherever they are suitable, in its own economic functions, such as infrastructure. Government is building incentives for such investments into its monetary, fiscal, and regulatory policies, and commits itself to maintain these kinds of incentives over 20 or so years to come."

Therefore, the individual citizen is able to control the prospects for the family, in terms of opportunities for economic security, and career perspectives, for more than 20 years ahead. The citizens must work together politically, and in other ways, to ensure that the representatives they elect, and the policies demanded of those representatives, are consistent with that kind of longer-range security.

The Mars Colonization program is a very valuable, very large element of the kind of policy that the citizen's family will require for the kind of security it has a right to expect over the coming 40-odd years. Government must say to the citizens, in effect, "Here is the space program, and this is the way it provides your children the kind of economic and career-opportunity security they require over the coming 40-odd years." If the citizens agree to this choice, that must become the policy-commitment of government over the 40-odd years to come.

Through a properly functioning system of representative government, the individual citizen, otherwise too weak to control the vast and powerful forces of the economy as a whole, is able to steer government into choosing those kinds of long-range policy-commitments which ensure the opportunities for the children's future career and security over 50 years or more to come.

For such reasons, one of the first things citizens should ask of any political candidate, especially for federal office, is, "What is your policy for ensuring technological progress and career-opportunities for us and our children, over the coming 50 years?"

That said, we identify some of the most basic principles governing the way the Mars Colonization program will foster security and career opportunities over the coming 40-odd years.

Physical economy

Before plunging into our explanation of the economic impact of the space program, we must clear up a handful of

ABCs of economics. We must do so, because there is much confusion as to the meaning of that term. "Economics," in the sense the founders of our republic defined it, is no longer taught in our universities, and very few among those professionals called "economists" know the original meaning of the word. Most citizens are confused by what they read about it in the press, or hear from politicians, and from so-called "experts" on the TV screen.

Yet, almost any literate citizen can understand the ABCs of real economics, once the matter is explained slowly and patiently, by someone who knows. So, we must examine those features of that branch of economic science, "physical economy," which bear most directly on the way the Mars Colonization program will expand their family's income. Only those with appropriate qualifications in physics will understand all of it thoroughly, but all readers will be able to follow the general argument, the ABCs; they will get the gist of the rest, and that will be useful to them in following our description of the Mars program itself.

A hundred years ago, and earlier, "economics" was shorthand for "political-economy." Political-economy had two parts. One involved money and related things; that was the administrative side. The other was the study of the principles of physical economy, in which land, labor, and market-baskets of households' and entrepreneurs' goods were the area of concentration. "How may we best increase the fertility of land, increase the physical output of labor per capita, and increase also the standard of living?"

Physical economy as such takes up a large portion of the paper on economic doctrine of President George Washington's administration, Treasury Secretary Alexander Hamilton's December 1791 report to the U.S. Congress *On the Subject of Manufactures*. That is still a good textbook in economics, to the present day.

All of the calculations needed, to calculate the estimated impact of the space program upon the American standard of living, are made in terms of physical economy, without taking money calculations as such into account. Instead of money, we use standard market-baskets: Three market-baskets are needed. The first, obviously, is per capita household consumption's requirements; that market-basket must be improved as time passes. The second, also rather obviously, is the market-basket of entrepreneurs' goods required, per operative employed. The third, is the market-basket of basic economic infrastructure; this we measure both in per capita terms, and in units of land-area developed.

Although the development of a science of "physical economy" was well under way by the end of Leonardo da Vinci's life, it was established first as a true branch of physical science over the years 1672-1714 by Gottfried Leibniz. The eighteenth-century founders of the United States took their principles of physical economy from Leibniz, some directly, some indirectly.

If the reader understands the ABCs of physical economy,

the rest of political-economy is no great intellectual challenge. Money and credit involves processes that are sometimes as complicated as governments, bankers, and accountants, and Harvard Business School can make them confusing, but not much more mental ability is required to understand the principles involved than one needs to plan today's family's household budget. All of the science in political-economy, is locked up in the study of physical economy.

Leibniz's discoveries center around two topics. The first is the principle of the heat-powered machine. In this connection, Leibniz examined the relationship between increasing the amount of power supplied to a machine, and the resulting increase of the productivity of the operative. The second, is passed down to us as the term "technology," a term for which Leibniz supplied the original scientific meaning.

So, in the theory of machines and analogous kinds of investments, we distinguish two ways to increase the productivity of society. The first is to increase the effective amount of heat-power, or equivalent power, per machine (per operative). The second is to improve the principles of internal organization of the machine or analogous device; this is *technology*, or *technological progress*.

The simplest kind of illustration of what *technology* signifies, is sharpening the blade of a knife, or the point of a punch. So, a sharp knife cuts, when a dull knife does not. As these very simple examples suggest, the measurement of technology is a branch of geometry, the only way in which degrees of organization can be measured intelligibly.

Power and technology are not strictly two separate factors. There are lower and upper limits for the amount of power required per capita for any level of technology. Below that minimum level of power, the technology does not work. At the upper limit, to obtain further net gains, new, improved technologies are required.

The reason for the existence of these lower and upper limits is, that in production we are pitting the organization of the tools (technology), and the power behind them, against the organization of the material being worked. For example, let us imagine we have increased the average temperature (*energy-flux density*) of a process to a level above the critical temperature at which tungsten ore boils to form not only a gas, but turns that gas into a plasma. This would require us to work this plasma within magnetic confinement. By this, and associated changes in technology, we would achieve a major breakthrough in the kinds of things we could do. We would raise the heights of increased productivity we could achieve in many old and new branches of production.

That example is a real one. That is among the changes in technology we shall develop as part of the Mars colonization project.

This reporter's professional specialization is the measurement of technology. Technology is measured in terms of what we call "negative entropy," or simply "negentropy." This is the only possible way in which to measure an increase

in the level of organization of a process. Machines, or analogous designs of processes which have higher states of organization, by this standard of measurement, represent higher levels of technology than processes which are less "negentropy."

We must put in a few words of caution on the definition of "negentropy."

In physical economy, we do not measure "negentropy" as one finds in the usual undergraduate physics textbook. We use a different measurement, based, as we have noted, on geometry, rather than statistics. The kind of geometry we must use, especially for the case of modern technologies, is what is called the constructive geometry of the complex domain, as based chiefly on the work of two leading nineteenth-century scientists, Karl Gauss and Bernhard Riemann. This geometric approach enables us to show a direct relationship between the increase of the level of technology represented as investments, and a resulting increase in the average productive powers of labor. That approach permits us to estimate with relatively great precision what the economic benefits of the Mars Colonization program will be.

The essence of physical economy is study of the ways in which increase of power and technology, combined, increases the average productivity of labor. Now that we have introduced the term "technology," we must define the other side of the equation, "productivity."

Instead of measuring productivity in terms of money-income, our simplest unit of measure is what the leading nineteenth-century U.S. economists termed "economy of labor." For example, if so much labor is required to build a house or an automobile of a certain kind and quality today, how much labor will be required after 10 years of technological progress? The house should cost less to replace, but how much less? Good estimates can be made on the basis of calculating the "economy of labor" resulting from use of improved technologies. It is a bit more complicated than that, but that gives the general idea.

We measure this, as we said, in per capita unit-values of market-baskets. Using a standard market-basket for household consumption, for example, for the U.S. year 1968, what percentage of the total labor of society must be employed in producing enough to satisfy that unit-standard of market-basket for the average member of the household? If the amount of labor required to produce such a standard market-basket increases, that is bad; if it decreases, that is good.

However many hours of paid labor are required to buy the house you possess today, fewer hours should be required for a house of at least identical quality 10 years ahead. Fewer hours of paid labor should be required to provide each of the members of your family an improved diet 10 years from now, than today. And so on. That is the general idea of "economy of labor." That is a good crude sort of measure of the changes in the average productivity of a society over time.

So, when we foresee a 3-5% annual increase in produc-

tivity, not too far down the road ahead, that means a more than 3-5% increase in the "economy of labor."

This is not a matter of being generous for generosity's sake alone. In order that members of households entering the labor-force may be able to assimilate improved technologies efficiently, they require a higher cultural standard in the home and other aspects of personal life, including educational improvements. To increase the level of potential productivity significantly above 1968 U.S. standards, in later years, we require a better market-basket than we required in 1968.

Therefore, we could not base the measurement of productivity in 1998 on a 1968 standard market-basket. In terms of quality and quantity, there must be more and better goods in the 1998 basket. So, over successive years, as technological progress increases the number of "widgets" per day produced by the average operative, part of that increase must be diverted into increased real wages. If not, the potential productivity of the operatives will not keep pace efficiently with future technological progress. So, instead of measuring physical productivity in terms of a number of standard physical objects produced per day, we must measure the number of daily average market-baskets of goods being produced, per operative per day. We must do this under conditions that the quality and quantity of goods in the standard market-basket are being increased as technology advances.

Therefore, there is a marginal statistical loss of gains in productivity, because of increased standard market-basket requirements. This margin of loss is not bad; it is necessary to keep economic growth under way.

There are many facets to this sort of study; but these have been covered in published writings. Here, we are limiting our attention to those matters which bear directly upon the impact of the Mars Colonization project. We now concentrate our attention on energy.

Rather than using the term "energy" in the customary sense, let us use the term "power." "Power" is a more complex magnitude than "energy" is used to signify generally today. In Leibniz's work, "power" (*Kraft*) signifies a quantity of what Leibniz defines as physical least action. "Physical least action" is the name for the way "power" must be defined for purposes of constructing mathematical functions of technological progress.

"Physical least action" signifies the maximum amount of work accomplished by a minimal quantity of action. This means "work" in the sense we use "work" in physics, not the everyday use of the word. We explain.

The idea of "physical least action" was discovered by Nicolaus of Cusa, as first reported in his *On Learned Ignorance*, and in other published writings and manuscripts. It arose out of the so-called "Maximum Minimum" principle, that the circle is the minimum circumference enclosing the relatively largest area, or that the sphere is the minimum surface enclosing the largest volume. This signifies that the area being generated by circular action is larger than the area

generated by any other pathway of action.

From this came scientific studies which showed that the universe as a whole functions on the basis of such a principle of physical least action. The modern meaning of the term was established by Leibniz; it was on this basis that he discovered the proper definition of "technology." Least action, or power, is analogous to the action of generating the perimeter of a circle, or surface of a sphere; the net work accomplished, is analogous to the area or volume generated by that action. It is more complicated than that, but that is the germ of the idea.

This least action is expressed today in electromagnetic units of action, but the definition of electromagnetic is more complex than one finds in the standard physics undergraduate's textbook.

Power takes note of several qualities associated with what most people think of as "energy." This includes the simple quantity of electrical energy, for example, as measured in watts. It includes also the density of that energy, as, for example, how many watts per square centimeter of cross-section of the energy-flow flow onto the work-area considered (e.g., *energy-flux density*). We must measure the relative coherence of the energy-flux density, as we measure the purity of the radiation from a laser.

We must also take into account something most readers have not been exposed to in their earlier studies: the gain in work accomplished (e.g., per square centimeter or cubic centimeter) by what is termed a "nonlinear" form of electromagnetic pulse.

Nonlinear electromagnetic pulses are highly organized packets of power. For the layman, perhaps the most convenient mental image is that of a hologram. "Analytically," these packets look like holograms, although sometimes very complicated ones. They are more powerful than so-called linear electromagnetic radiation, such as sometimes by a factor of about 1,000, because they operate on the harmonic structure of living and nonliving processes, and this in ways which were wrongly predicted to be impossible in standard electrical-engineering textbooks.

These several aspects of power are a leading feature of many of the space technologies we are now in the process of creating in the laboratories. Future technologies on Earth will make more and more use of these principles.

Now, look at some practical examples of how these principles work together.

Energy-density

Look back to about the year 1970, and compare some basic statistics for the economies of the U.S.A., West Germany, and Japan. We choose that year chiefly for two reasons. First, at that time, among the three nations, the levels of productivity of operatives and technology were approximately the same. Second, that is the point at which the productivity of the United States began to collapse. Compare the

results with the cases of India and mainland China.

Look at **Table 1**. We have compared the economies listed in terms of 1) land-area of the nation, 2) size of the population, and 3) total energy-consumption, using standard official statistics. We have converted this data into the following derived statistics: 4) energy-density per hectare of land-area, 5) energy-density per capita, 6) population-density, in persons per hectare, and 7) energy-density per per-capita unit of population-density: watts per unit-per-capita area of population-density.

One point about the accuracy of the last data should be considered, so that no reader thinks we are misleading him.

Some readers would recognize, independently, that there is an obvious margin of error in the way the data in the last column is calculated: The calculation assumes that the land-areas of the respective nations are of comparable quality, on the average. There are differences in the quality of the land-area of the nations considered. Japan, for example, is composed of a high percentage of mountainous regions.

The refinement of studies along these lines, is the most basic feature of the day-to-day statistical work of physical economists. Refinements must include assorting the land-area among classes of land-use, such as farmland, pasture, forested areas, mountain areas, deserts, land-area consumed by transportation, and division of urban areas among sectors such as industrial, commercial, and residential.

Not only do we consider various classes of land-use, in that way. We must recognize that, although the type of land-use may be constant from location to location, the quality of the land used varies. It varies in natural quality; it varies as land is improved, has been spoiled, or has been allowed to deteriorate.

Obviously, we must study the population-densities of residence in each land-use area, and the weighted population-densities of operatives in the production to which that area is assigned. We must also adjust for the difference in quality of land-areas used; data not adjusted for this, we call measures of *population-density*; data which has been adjusted for functional differences in quality of land-areas, we call measures of *relative population-density*.

Such corrections would make Table 1 a large and complex one, and would prove little more than the point already nicely illustrated by that table in the form shown. It is obvious that the level of effective use of variations in technology varies according to energy-density per unit-per-capita value of *relative population-density*, but that this fact is illustrated by using the simpler data for average population-density.

Some subsidiary points of explanation to be made on that are as follows.

One of the leading reasons for some of the interesting features of the statistics on the three industrialized nations compared, is the role of basic economic infrastructure. This emphasizes water-management systems, general transportation infrastructure, the generation and distribution of power,

TABLE 1

Energy per per-capita unit of population-density*

Year	Country	Teracalories
1970	United States	1.459 × 10 ⁷
	Fed. Rep. Germany	1.625 × 10 ⁶
	India	1.846 × 10 ³
	Japan	1.352 × 10 ⁶
	P.R.C.	2.974 × 10 ³
1975	United States	1.442 × 10 ⁷
	Fed. Rep. Germany	1.226 × 10 ⁷
	India	2.322 × 10 ³
	Japan	1.896 × 10 ⁶
	P.R.C.	2.263 × 10 ³

*Square root of energy per capita × energy per square kilometer

and so on. In every industrialized nation, basic economic infrastructure is a major energy-consumer. So, the larger an area for which we must develop basic economic infrastructure per capita, the more energy that economy requires per capita.

Then, compare the cases of India and mainland China. With the very low energy-densities per per-capita unit of population-density, those nations could never reach anything near 1970 Japan levels of economic development. They might develop a few industrialized areas, almost to the level of competing with industrialized nations; but, the average output—the poverty—of the economy, the society as a whole, will remain at about the level indicated by the very low energy-density per per-capita unit of population-density.

That is the general idea of what we mean when we say that the level of energy-density is a “constraint.” It signifies a condition which must be satisfied, in order to reach a certain level of effective use of improved technologies.

Energy-flux density

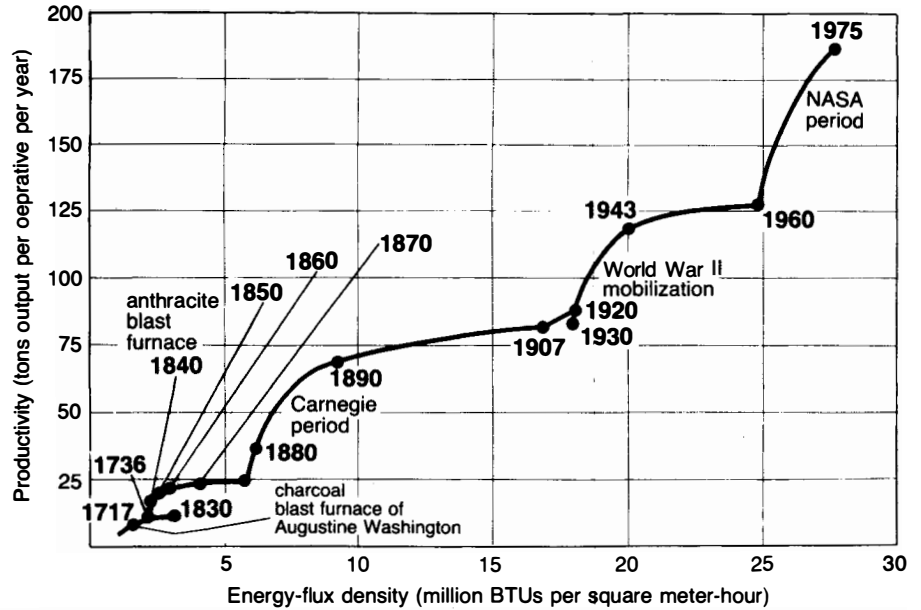
We have a second kind of energy-constraint to consider: This is usually identified today by the term *energy-flux density*. Look at **Figure 1**.

EIR researcher Robert Gallagher compiled data on the history of the iron and steel industry. He compared the energy-flux density of each successive general advance in iron and steel production, with the increase of productivity obtained by going to higher levels of *energy-flux density*. The case for iron and steel is true for every class of industry, and for agriculture, too.

To realize a given level of technology, not only must be have the necessary energy-density available, that power must be available at the required minimal level of energy-flux density.

FIGURE 1

How technology elevated the power of labor in blast furnaces (1700-1975)



The example to which we pointed earlier: The critical temperature (energy-flux density) at which tungsten becomes a plasma, falls into the same category as Figure 1's summary of the correlation between energy-flux density and productivity in the development of the iron and steel industry.

These two constraints are the key to design of the Mars Colonization project. They are key to the effect of those space technologies on productive investments here on Earth. By replacing *energy* with the appropriate, least-action definition of *power*, we are able to combine energy-density and energy-flux density constraints into a single constraint in terms of power.¹

Technologies required for space

There are three basic categories of scientific-technological progress required for the success of a Mars Colonization program:

1) Controlled electromagnetic plasmas of very high energy-flux densities. The use of controlled thermonuclear fusion as mankind's primary source of power, during the course of the next century, is the usual example of this. Our reference to the "boiling" of tungsten into a plasma-state, illustrates the most obvious sorts of industrial-process designs derived from this line of progress.

2) Controlled pulses of electromagnetic radiation, including lasers as the simplest model, and continuing through very complex electromagnetic nonlinear pulses. This will emerge as the basis of machine-tool design during the coming years. It also affords man the means to control the electromagnetic environment in a general way.

3) The superseding of ordinary molecular biology by new developments in optical biophysics.

1. For the reader who insists on having the nature of this power-constraint identified, we summarize. The construction begins as follows. We define the physical space-time of electromagnetic action in terms of conical, rather than linear or simply cylindrical electromagnetic coordinates: electrical moment, magnetic moment, and frequency of each, respectively. The least-action character of each coordinate is expressed as the quality of coherence of frequency of isoperimetric, self-similar-spiral rotation in each coordinate. This situates electromagnetic least action in a constructive-geometric space corresponding to the complex domain of Riemann, et al. This implies the elaboration of the multiple connection among the three conical (self-similar-spiral action) coordinates.

Thus, this three-coordinate relationship is elaborated with respect to historical time.

Such a multiply-connected domain is characterized by the generation

of increasing cumulative density of geometrically determined mathematical discontinuities (singularities). This generation is *harmonically ordered* within the Gauss-Riemann domain so constructed, in the same spirit that physical space-time is harmonically ordered in the work of Kepler. To this, an elaboration of Georg Cantor's most crucial theorem applies: the implicit enumerability of the increase of density of mathematical discontinuities per arbitrarily small interval of action of an axiomatically nonlinear form of continuing process.

Such an increase of density of singularities is a measure of negentropy, as we define it in physical economy. So, our definition of power is geometrically conformal with our definition of productivity (potential population-density). Thus, the causal correlation among technological progress, power-constraints, and increases in productivity, is made susceptible of intelligible representation as a measurable relationship.

All three are aspects of the same, revolutionary development of mathematical physics. All three are currently in progress, being developed, although not rapidly enough. All three are susceptible of measurement in terms of a causal correlation among *technology*, *power*, and *productivity*.

In the space program as such, the development of these technologies has the following, most prominent objectives:

1) When we arrive at Mars, the amount of power required to maintain a synthetic environment (under "domes") suited to permanent human habitation, is more than a decimal order of magnitude greater than in industrialized urban life on Earth today.

2) When we arrive on Mars, and, before that, as we "industrialize the Moon," to supply most of the weight carried from Earth orbit to Mars orbit, we shall require new kinds of industrial extractive and other applications. These are akin to the example we identified, turning tungsten into a plasma-state. To accomplish this requires very high power-flux densities built into tools used.

3) On Mars, and in extended space-flight, we are confronted with new challenges in biology. We must create artificial environments suited to protect the health of space voyagers and Mars colonists. We must cope with the problems of maintaining plant-life and so forth, in space, and in colonies. Of special importance is the potential for development of new kinds of infectious and other diseases in space and on foreign planets. These problems require advances in optical biophysics.

4) We require new kinds of materials, such as ceramic materials with the kind of "aperiodic" paracrystalline structures first described by Kepler. We have presently a foot in the door respecting the methods of producing these; this is the replacement for the old metallurgical industries, such as steel, in reach during the early future.

For example: As we approach atmospheric and supra-atmospheric speeds of Mach 8 and beyond, ablative and other

TABLE 3
Energy-density of fusion fuels compared to other rocket fuels

Mass (1 kg)	Kilowatt-hours	Energy (joules)
Chemical (H ₂ /O ₂)	3.72 × 10 ¹	1.34 × 10 ⁷
Fission	10 × 10 ⁶	6.5 × 10 ¹³
Fusion (D-D)	25 × 10 ⁶	9.0 × 10 ¹³
Fusion (D-T)	92.5 × 10 ⁶	3.3 × 10 ¹⁴
Fusion (D- ³ He)	97.5 × 10 ⁶	3.7 × 10 ¹⁴

Source: EIR Quarterly Economic Report.

tricks for combating heat-accumulation in the outer hulls of vessels become of marginal value, and worse. Initially, in the vicinity of the presently technologically feasible Mach 8, this becomes an important factor of cost; at higher speeds, it becomes a physical constraint beyond mere cost considerations. Rather than trying to resist heating effects, we must absorb them in a convenient way. New qualities of materials are part of the key to these solutions.

5) There is a partly known, and also partly incalculable risk, in carrying crew and passengers in extended space flight at micro-gravities for periods of many months. The optimum solution for this, is to base human space travel on trajectories defined by a constant acceleration-deceleration equivalent to one Earth-gravity, or near that. This would reduce lapsed time from Earth orbit to Mars orbit to approximately an average of 48 hours.

See the summary calculations which researcher Heinz Horeis and others pulled together in **Tables 2 and 3**. There is not enough matter available to us to complete such one-gravity trajectories by chemical rockets' impulses. The only solution is what we may identify conveniently as a "second-generation" fusion-energy system. This, as Horeis indicates, suggests a propulsive power-unit of one terawatt output,

TABLE 2
Calculation of velocity and time of flight

Distance	Acceleration 1g	Time
30 × 10 ⁹ m	v _o = 7.7 × 10 ⁸ m/sec	t _o = 77,460 sec = 21 h
200 × 10 ⁹ m	v _o = 2.0 × 10 ⁹ m/sec	t _o = 200,000 sec = 55 h
	Acceleration 1/6 g	
30 × 10 ⁹ m	v _o = 3.16 × 10 ⁸ m/sec	t _o = 189,700 sec = 53 h
200 × 10 ⁹ m	v _o = 8.16 × 10 ⁸ m/sec	t _o = 489,900 = 136 h

We assume that the Mars ship accelerates for half the distance, s, with constant acceleration a = 1 g, or a = 1/6 g, and then decelerates with 1 g, or 1/6 g for the remaining half. With v = (2as)^{1/2}, and t = (2s/a)^{1/2}, we get for the respective half-distances the values of v_o and t shown above. Note the short flight times: less than 2 days for the shortest distance and 11 days for the longest, compared to 260 days for chemical rockets.

Source: EIR Quarterly Economic Report

readily feasible in a "second generation" fusion system. This would permit manned space travel in one-gravity trajectories, and the movement of gigantic, unmanned "freighters," using the same propulsion system, at lower trajectories.

6) We must, more immediately, decrease the cost of putting a ton of weight into Earth's geocentric orbit. Our objective should be a cost less than 10% the present ones.

Until we develop this new system, we should continue to use present systems of elevating persons (shuttles) and objects into lower and higher orbits. There is work which must be done, which must not wait until the new systems are completed during the 1990s. However, we can not proceed economically, to build the Earth orbit based interplanetary systems, until we have the new systems, modeled upon the work of space-scientist Sanger, which not only reduce the cost by about 10%, but also make possible frequent travel between the Earth's surface and the geocentric orbit in which interplanetary space-stations must be located.

As this reporter indicated, in his 1986 proposal, and in the March 1988 half-hour *The Woman on Mars* national TV broadcast, the key to achieving such economies and convenience is a two-stage system, involving a rocket, somewhat like the shuttle, piggybacked onto a scramjet aircraft with a top speed of Mach 8. The piggybacked shuttle will reach low Earth orbit; "space tugs" assembled in low Earth orbit, will carry persons and freight to (Earth-point-stationary) geocentric orbit.

7) Although we should resume the sending of unmanned instrument packages to Mars, we should postpone manned landings on Mars until we have the right systems to do so intelligently and with reasonable safety for space voyagers' health during the round trip. We should adopt as early goals, the placing of permanent instrument packages into Mars orbit, and on the surface of Mars. The use of obvious improvements in present reconnaissance satellite technologies will provide us most of the chemical and meteorological information we require for a preliminary Mars survey.

Regular manned flight to Mars requires the preliminary stage of "automated industrialization" of the Moon. This industrialization of the Moon requires rather early development of fusion power and of some of the new kinds of tools indicated. Most of the bulk and weight of space vehicles used for transporting freight and persons to Mars orbit, must be constructed through the performance of the stages of extraction, refinement, and components fabrication on the Moon, using raw materials available on the Moon.

The entire, 40-year project is organized in a way not unlike the construction of a modern skyscraper. The construction proceeds in planned phases. We develop technologies to meet scheduled times when products based on those technologies must be delivered to begin each next phase of the construction. The research and development, and the

industries based on this, are being developed in parallel to the completion of other phases currently in progress of completion.

In other words, we start all phases of the construction now, giving each element of the entire project a time schedule for completion of its development. The early phases must come on line earlier; the later phases have, variously, 10, 20, 30, or 40 years, approximately, to complete their part of the task. This also means, that we begin training high-school and college students now, for the kind of work required of each element and phase of the project. It also means, we begin to assemble the scientific and management teams required for the project as a whole, and each phase and element of the project.

In this sense, the project uses the principles of management proven earlier in development of transportation infrastructure, skyscrapers, and so forth. It means going back to the sound principles of industrial management, in which we used to be among the world's leading nations, and applying those lessons of past experience to the kinds of technologies this project introduces.

The purposes of the colony itself

The Horeis calculations shown here, point to our need for a scientific revolution which carries mankind beyond the limits of fusion power. Putting the point crudely: How much power can we extract from a ton of fusion fuel? For reasons implicit in the calculations, manned space travel along one-gravity trajectories would limit round trips based on the fuel carried out by the vessel, to the vicinity of the Asteroid Belt! How do we break through this barrier?

(One obvious solution, is to send low-trajectory space tankers out ahead of the manned craft. The manned craft can then be refueled at such space-based "filling stations." A useful trick for manned exploration of the outer Solar System, but not really a solution to the problem we have posed.)

To any astrophysicist, the nature of this limit is most fascinating. In Kepler's system, as checked by modern physics calculations, the Solar System is divided into two principal regions (excepting Pluto). There are the inner planets, composed largely of heavier elements, and the outer gaseous giants. The division between the two zones, is the Asteroid Belt. If we correct Kepler's calculations of the harmonic values associated with the orbits of the Sun and planets, if we set the Sun at C below Middle C, the band which is the asteroid belt has two rims, of which the innermost rim is at F above Middle C, and the outermost rim at F-sharp: This is the normal bel canto voice register shift for the soprano voice.²

There is nothing occult in this. If we correct Kepler's calculations from the standpoint of the nineteenth-century work of Gauss, Riemann, et al., we understand the necessary reasons for this limit of fusion-powered manned space travel within the Solar System. Our understanding of this is greatly improved by recent experimental confirmation of this report-

er's longstanding hypothesis, that subatomic space is harmonically ordered in the way indicated by a Gauss-Riemann correction of Kepler's construction of the harmonic ordering of the Solar System. Our insight is improved still more, by current work in progress, reconstructing the periodic table of chemical elements and their characteristic properties, on the basis of this experimentally confirmed hypothesis on the organization of subatomic physical space-time.³

The question is so posed: Is there not another kind of energy-reaction, which has a much higher energy-mass relationship sufficient to permit a round-trip beyond the Solar System, perhaps?

Experimentally, we know of one such reaction, the so-called "matter, antimatter" reaction.

There are some problems. The standard view of this reaction is based on relevant, but effectively contested dogmas advanced by Dirac—the so-called "Dirac Sea" hypothesis. No matter, we know that the reaction is constructable experimentally; it exists. Therefore, if there is an urgent reason for mastering this reaction, as a controlled reaction employed as an "energy source" by mankind, we must proceed to settle the unresolved theoretical and related questions.

This is one, if only a leading example of the key missions for which we require the assistance of the permanent Mars colony.

Although Earth has no urgent industrial or related need for controlled "matter, antimatter" reactions today, during the second half of the next century, this will begin to appear as a practical problem. This will occur during the lifetime of the grandchildren of the children of this reporter's nieces and nephews. This will begin to be seen as an upcoming problem for Earth at about the same time the scheduled Mars colony has settled in. So, this will be a leading research mission for that colony from the beginning of its existence.

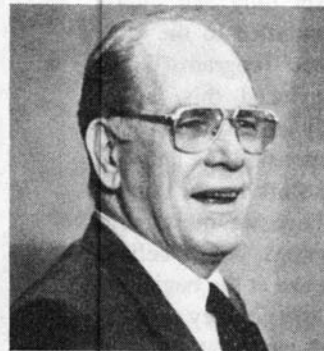
During the second half of the next century, mankind will look at second-generation fusion energy with not only satisfaction, but also frustration. The increase of our planet's population-density will require that we become able to use the available land-areas with vastly greater efficiency than today. To develop the technologies, which make mankind's average lives not only wealthier, but more pleasant aesthetically, we must pay attention to the causal relationship among technology, power, and productivity. The fact that even second-generation fusion energy is a form of power with an

2. Kepler showed that his system required the former existence of a planet in what we identify as the orbit of the Asteroid Belt, today. This was approximately 200 years before the existence of any asteroid was discovered. Kepler showed why, according to his construction of the entire Solar System, any planet in that orbit must have been torn apart. He supplied what later proved to be the correct harmonic values of the orbits for the asteroids. This later proof has the effect of being a conclusive proof of the correctness of Kepler's astrophysics, and a crucial experimental disproof of the approach represented by Galileo, Descartes, Newton, et al.

Lyndon LaRouche

From a nationwide half-hour television broadcast titled The Woman on Mars March 3, 1988.

Thirty - nine years from now, we shall hear the broadcast from Mars, announcing that the first permanent colony there is operational. Among those colonists will be some of the children and grandchildren of you watching this broadcast tonight. Many of you will be watching that first television broadcast from the new colony.



Already, the woman who will speak to you from Mars has just recently been born somewhere in the United States. We shall give our nation once again that great future which our children and grandchildren deserve.

upper limit, will be of concern to us on Earth, increasingly, during the second half of the coming century, and will become urgent during the course of the century following that.

If we look back, to the process of technology over the recent five centuries, even the past hundred years, we realize that our population-density of today could not be mastered successfully but for fundamental scientific discoveries of more

3. On the basis of the experimental confirmation of this reporter's cited hypothesis, Prof. Robert Moon directed an investigation of the way in which the possible elements and isotopes of the periodic table must necessarily be determined. This determination depends upon defining the allowable number and theoretical positions of protons and neutrons in the atomic nucleus; this, in turn, determines the electron structure. The conventional ideas of "gravitational" and analogous "packing" of the atomic nucleus, are discarded. Possibly, a Beltrami space of negative physical space-time curvature is helpful in unraveling this a bit more.

The relevant point in the text is, that the indications of a conformal harmonic ordering of the physics of the periodic table with the composition of the Solar System, argue that the fusion reaction reflects the harmonic characteristics of Earth's spectrum of periodic table at one gravity on the Earth's average surface. The coincidence of fusion power's theoretical limits with the "voice register" phase-shift in the composition of the Solar System, is a stunning fact, but not properly a surprising one.

George Bush

From a speech delivered in Redding, California on Oct. 3, the day Discovery successfully completed its mission.

I am fully and utterly committed to the U.S. space program. I am convinced this is not only an adventure but a responsibility, and one we shirk at our peril. I believe we must move forward. And I believe we are at the beginning of this journey, not the end, and that we have miles to go.



There are budgetary considerations, of course. This is no time to be wasteful. But, bottom line, a good investment is a good investment, and that, in part, is what space is.

The way I see it, the logical order is this: first the Shuttle, then the space station. First the Moon, then—perhaps—Mars.

Why the space station? Because it is the critical next step in all our space endeavors. With it, we will be able to pursue further scientific, medical, and commercial experiments, and we will be able to make progress in becoming used to working and living in space.

Because of the key nature of the space station in all our future endeavors, I have decided this evening, to announce that I will, as President, commit this nation to the development of an operational space station by the year 1996.

This will demand the commitment of men and women and resources, but it is a commitment well made. This goal is achievable, sensible, and worthy of a great nation.

There has been debate, and there will no doubt be more, about whether the great space journeys of the future should be manned or unmanned. There is much to be said for the latter—safety, greater range, economy.

But I am convinced the future of the American space program includes manned flights, even puts the emphasis on them. The reason, to me, is obvious: These are journeys of discovery and daring, and they will lose their impact and their meaning if they are performed only by machines. Men and women do not follow machines, they follow great men and women.

Of course, there are risks, as there are in all great ventures, and every precaution must be taken. But we can work at planning and improving safety as we press ahead.

than a hundred years ago, and, thus on the scientific discoveries established up to more than a hundred years before that.

To develop what we call the “matter, antimatter” reaction, as a controlled primary source of energy for mankind, by the end of the coming century, if not earlier, we must start the work of fundamental scientific discovery today, lest our great-grandchildren, and great-great-grandchildren curse our memory for our failure to do so. Fundamental scientific revolutions, such as this one, take a great deal of time; progress in fundamental scientific discoveries is measured in generations of the adult working-lives of entire generations of scientists.

We may not solve the problem during the lifetime of any working scientists living today. However, by about the time the Mars colony is settled in, that generation of scientists must be equipped to attack the problem with a solution in sight during the lifetime of the generation of scientists following them.

“Pie in the sky”? No. As we have already indicated, our present generations, even during the 1990s, will begin to enjoy immediate benefits, as technology spillover into higher productivities and so forth, the which they would lack otherwise, unless we proceeded along these lines. Perhaps more

important: Is it not a very good thing, to close one’s eyes on the last moment of one’s mortal life, knowing that one’s great-great-grandchildren will have good reasons to smile on the memory of one’s own mortal life? Is it not a very good thing, to be able to live one’s life, during the decades before one’s death, even during adolescent preparations for adult life, knowing that the work which one is assisting is leading to a happy thought about one’s entire life, at the moment of one’s death?

For what other purpose do we bring children and grandchildren into this world, and nurture the development of their moral character and intellectual powers? If we are wise about the living of this mortal life, do we not reflect upon the debt we owe to generations before us, many generations? Do we not reflect upon the fact, that after our life is ended, those who come after us will benefit from what we have contributed to the development of the moral character and intellectual powers of our children and grandchildren?

In the existence of mortal mankind, over hundreds of generations before us, and hundreds perhaps to come, what gives meaning to this tiny speck which is our own mortal existence? What mission might we perform, with this so tiny thing, our mortal existence, that we might look upwards to

the heavens, and say to an unseen presence there: "I am happy, because I know that what I am working to accomplish makes my mortal existence a necessary life in the whole space of hundreds of generations before mine, and hundreds of generations still to come"? Can there be greater happiness than to live in such a way as to know, that one's existence is efficiently justified by the mission to which one's mortal existence is contributing?

Security and happiness in our immediate life are necessary conditions for the citizen, to which our Constitution's Preamble dedicates the functions of our federal government. Yet, where could there be true individual happiness, if all the meaning of our having lived were buried with our corpse? Do we not owe ourselves, our children, and humanity, something better than individualistic "materialist" gratifications? Is trudging to and from the securing of one's income, enough, even if the material standard of life secured so is better than adequate? To what higher purpose do we trudge so? Must we not be contributing, in some way, to building something which is good for the future?

We speak of the high value our culture places upon the sacredness of individual life, and respect for the freedom of that individuality. What do we mean by such words? What ought we mean, if we reflect upon the meaning of our mortal lives with a bit more wisdom? Hopes of an after-life may be happy ones, but the conditions in that after-life as such, are matters of faith, not something intelligible to mortals. Is it not the case, that what we do with this mortal life we have defines the measurement of merit placed upon our identity by the Creator? If we do the Creator's Will in relevant matters

which are intelligible to mortal minds, can we doubt that the loving eye turned upward to the Creator in that moment, knows what practical thing on Earth such love commands us to do? Is not what we do respecting matters which are intelligible, the which is the expression of our conscience, that good conscience which is the state of true, deeper personal happiness?

The same reflections assume a somewhat different, practical form, as we shift the locus of such questions to the matters of policies of government.

Society, especially as defined by the sovereign republic our Declaration of Independence and federal Constitution, combined, founded us to become, is, as the Preamble of that Constitution avows, an included commitment to care for the well-being of our posterity, at the same time that the existence of the republic serves the current obligations of this federal Union. The nation so defined, is much more than the whims of capricious contemporary majority opinion might imply. It is our debt to preceding generations, and to our posterity over indefinite numbers of generations to come. The nation is properly defined as not less than that total population which has been, which is, and which might come to be if we today do not ruin this nation with foolish, capricious whims of momentary popular opinion.

That view of the nation—our republic, is the state of mind of the true statesman. Whoever lacks that standpoint, is no true statesman, however foolishly we might honor as statesman one who lacks that controlling element of conscience. The future we are building with our policies and efforts of today, is the central concern of the true statesman, and of



To solve the problems that lie ahead for mankind, we must start the work of fundamental scientific discovery today, lest future generations curse our memory for our failure to do so. For what other purpose do we bring children and grandchildren into this world, and nurture the development of their moral character and intellectual powers?

all others worthy of being regarded as “natural leaders” among the rank and file of our citizens.

To the citizen who grasps this moral point, we say we are addressing their deepest concerns, their rightful pursuit of true happiness. To the mere pragmatists, we say the simpler thing: “This will make your lives more meaningful, as well as more secure and prosperous than under any different sort of policy in sight.”

We know already, how this challenge of controlled “matter, antimatter” reaction can be mastered during the span of time we have indicated it must. This reporter’s principal contributions to economic science were based on solving that kind of problem. The exposition of this is profound, but simple; it is the basis for any correct approach to national science policy. Therefore, we summarize it at this point.

In mathematics, we say, that to the degree mathematical-physical knowledge is deductively consistent, all theorems of current scientific knowledge can be represented by a deductive theorem-lattice derived from an underlying set of Euclidean-like axioms and postulates. Mathematical physics is never fully consistent in that way, but all using deductive method center their work around the attempt to render it consistent in the sense of a deductive theorem-lattice. So, most disputes in science, especially those bearing upon correcting popularized errors of scientific education, or fundamental scientific discoveries, approach scientific matters with the idea that mathematical physics ought to become consistent.

Assuming either that mathematical physics is consistent, or is working to become so, what happens to a mathematical physics developed as a deductive theorem-lattice, when some crucial experiment demonstrates that one or more of the accepted theorems of that lattice are false? A short examination of this is key to defining properly the mission of the Mars colony.

The well-known characteristic of any deductive theorem-lattice, is what is called the “hereditary property.” This signifies, that no theorem of such a lattice contains anything which was not implicit in the underlying set of axioms and postulates upon which the lattice as an entirety is based, and from which each and every theorem is directly, or implicitly derived. Therefore, a crucial experimental proof, that one or more of those theorems is false, proves that at least some part of the set of axioms and postulates is also false.

In a rigorous scientific practice, the immediate result of such a series of crucial experiments is, that the set of axioms and postulates must be corrected in ways which are in agreement with the results of these experiments. This leads us to the following procedure.

For easier reading, let us designate the theorem-lattice so refuted by a crucial experiment, as Lattice A. Once we change the axioms and postulates of Lattice A, in such a way as to correct for the error discovered, we have created an entirely

new set of axioms and postulates. Every theorem in Lattice A must now be rewritten in such a way as to be fully consistent with the new set of axioms and postulates. The result we may designate as Lattice B.

In practice, it is not quite that easy. There may be a variety of changes in axioms and postulates of Lattice A, each differing from one another, but all apparently in agreement with the results of the crucial experiment. Each of these choices imply the construction of a corresponding Lattice. That means that we have a series of new Lattices from which to choose: B, C, D, and so on. What we must do, obviously enough, is to see which of these, either B, or C, or D, and so on, fits all the scientific evidence, not only the evidence of the particular crucial experiment which set this process of reexamination into motion.

The successful choice of either B, C, or D, for example, as the best new, experimentally consistent theorem-lattice of formal mathematical physics, is what we commonly identify as a “scientific revolution.” Those kinds of crucial experimental discoveries are called “fundamental discoveries,” and the reconciliation of this fundamental discovery with the larger body of mathematical physics is termed a “scientific revolution.”

This is what we confront when we set out to accomplish a scientific revolution over the generation or so ahead, as we are doing in proposing a mastery of controlled “matter, antimatter” reactions. We continue with the discussion of such “fundamental discoveries’ ” effects on scientific work.

Suppose the hypothetical crucial experiment led us to adopt Lattice B as our improved formal representation of mathematical physics. The result would be, that no theorem of Lattice B would be deductively consistent with any theorem of Lattice A, and vice versa, of course. Thus, there would exist a kind of “logical gap” between the two lattices. Another word for such a gap is “a mathematical discontinuity.” The closer examination of this kind of “logical gap,” or “mathematical discontinuity,” has been the center of the issues of method in physical science, and the theory of knowledge in general, since the seventeenth-century attack on Descartes by Leibniz. The roots of that dispute even go back about 2,500 years, to the ancient classical Greek discussions of a problem termed “the Parmenides Paradox.”

Study of this issue is key to understanding scientific revolutions of the past, and is also key to preparing to effect one of the greatest scientific revolutions in history, during the course of the generations just ahead of us.

One of the most famous among the relatively modern statements of this problem is the central feature of Immanuel Kant’s *Critiques*. The central feature of Kant’s false reasoning, is his assertion that we can not construct an intelligible picture of the kinds of mental processes by which a valid fundamental scientific discovery is accomplished. Kant said such things were “unknowable.”

Ronald Reagan

Excerpts from the speech by President Reagan at the Johnson Space Center in Houston, Sept. 22, 1988.

In the next century, leadership on Earth will come to the nation that shows the greatest leadership in space. It is mankind's manifest destiny to bring our humanity into space, to colonize this galaxy.

In the limitless reaches of space, we will find liberation from tyranny, from scarcity, from ignorance, and from war. I say that America must lead. The nation that has achieved the greatest human freedom on Earth must be the nation to create a humane future for mankind in space, and it can be none other.

Soon the world will be watching as five brave Americans lift off from Earth on the Space Shuttle *Discovery*.



America is going to space again and we are going to stay. When *Discovery* takes off, seven precious souls will soar beside it, the seven heroes of the *Challenger*. With their lives, they moved a nation, they summoned America to reach higher still, and they wrote man's destiny into the stars.

Ill fortune can slow us down, but it cannot stop us. You can delay our long trek to greatness, but you cannot halt it. How better can we pay tribute to those who came before us than by continuing their quest for knowledge, their struggle against limits, by continuing to push to the far frontier?

We are a nation born of pioneers and we will always create our future on the frontier. Americans can live no other way. Our early settlers knew great risks and made great sacrifices, and moved the frontier forward to build a great nation. Neither can we stand still, nor be content, and we are not afraid.

Somewhere in America, there is alive, today, a small child, who, one day, may be the first man or woman ever to set foot on the planet Mars, or to inhabit a permanent base on the Moon.

Let every child dream that he or she will be that person, that he or she may one day plant the Stars and Stripes on a distant planet. You and I know that we are the nation that must do it.

This reporter's original contributions to a science of physical economy were prompted as a reaction to some absurd ideas about "information theory" popularized by Professor Norbert Wiener and John von Neumann, but Wiener's and von Neumann's blunders were merely imitations of the false reasoning of Kant. A refutation of Kant's blunder suffices to disprove modern "information theory" conclusively. It was also the starting-point for this reporter's original discoveries in physical economy.

Kant's cited dogma was based on a false interpretation of the problem of theorem-lattices which we have just described above. He argued along the following lines. Let us assume the case, that the amount of change in the set of axioms and postulates of Lattice A, to generate Lattice B, is of the smallest possible degree. From Kant's vantage-point, in this case, the logical gap between the two lattices exists, undeniably, but no intelligible picture of the gap itself is possible.

The opposite approach, by Leibniz, by such founders of modern science as Nicolaus of Cusa, Leonardo da Vinci, and Kepler earlier, and by such as Bernhard Riemann later, was based on the method of the Socratic dialogue, as typified by Plato's dialogues. In those dialogues, a proposition is adopt-

ed for examination. The approach taken is, first, to identify the underlying assumptions on which that choice of proposition is based, and then, in turn, to examine the assumptions underlying the first set of assumptions. The second set of assumptions has the character of a set of axioms and postulates. Change of a false assumption in the second set, is then the basis for supplying a corrected, alternative form of the proposition.

This was the method used explicitly by Leibniz to effect some of his fundamental discoveries. Obviously, contrary to Kant, the processes of creative discovery are intelligible.

Later, during the nineteenth century, the work of Gauss, Dirichlet, Riemann, and Weierstrass showed us how to deal with this kind of lattice-work discontinuity among deductive systems of thought, in a systematic, mathematical way. This was key to this reporter's proving that the organizational process associated with Leibniz's definition of *technology* could be represented in the manner referenced above.

On the basis of those principles of technology, we are able to predetermine certain of the most crucial features of a next set of fundamental scientific discoveries. We do not have those discoveries in hand; far from it. What we do have is

nonetheless of great practical value to us. We know the general form of the discovery, and we also know the general nature of the experimental investigations which lead us in the right direction.

Happily, much of the preparatory work toward our next major scientific revolution was already completed more than a hundred years ago, by such scientific workers as the already cited Gauss, Dirichlet, Riemann, Weierstrass, and Cantor, and also an Italian collaborator of Riemann's, Eugenio Beltrami. The experimental confirmation of the correctness of their approach, in work done over the recent hundred-odd years, leaves no reasonable doubt, but that this is the correct approach to our next major scientific revolution, and that this can be a successful undertaking within the time-frame we have suggested here.

What we must do, obviously, includes intensive study of important physical phenomena which contradict all generally prevailing ideas of physics today. There are three areas on which we must concentrate: astrophysics, microphysics, and optical biophysics. These are, so to speak, always the outer limits of experimental knowledge; it is by proving that newly discovered laws are consistently applied to the areas of these three experimental limits, more or less equally well, that truly fundamental scientific discoveries have been accomplished in the past centuries, and will be by the future generations of scientific workers. In these areas, the kinds of impudent phenomena we referenced, are termed "physical anomalies." They are phenomena which exist, without doubt, and yet their existence defies generally accepted scientific thinking.

Therefore, in effecting the scientific revolution which a controllable "matter, antimatter" reaction implies, we must concentrate, on the astrophysics side, on extremely anomalous astrophysical objects. To do this, we must examine intensively the entire electromagnetic spectrum of the universe, while concentrating special attention on these anomalous astrophysical objects.

This requires putting very large radiotelescopes, up to kilometers or more in effective electromagnetic-optical aperture, into space, as far distant from our noisy Sun as possible. So, the urgency of having a permanent science-city colony on Mars fully operating by the middle of the next century.

This task requires many radiotelescopes, not on Mars itself, but within convenient traveling distance from Mars. Since this will involve thousands of scientists and other specialists to construct and maintain the systems in nearby space, we need a logistical base to support these thousands of specialists. To establish a logistical base adequate to provide the indispensable sort of local logistical support to some thousands of specialists, requires a total population the size of a medium-sized city on Earth. Therefore, that must be a planet suited for building such cities, with synthetic environments, under domes. It must be such a planet as far out from the Sun as practicable for us up through the first half of

the next century.

We know already the names and locations of some of the anomalous astrophysical objects to be included on our list. There is the Crab Nebula, a most curious object which supplies us our most intense cosmic ray showers. There are objects sometimes called "black holes," and better called powerful gravitational lenses. There are fast-rotating binary-star systems. And, so on and so forth. We also know, for these cases on such a list, that if we could build radiotelescopes with gigantic aperture, and aim these to collect relevant electromagnetic radiation from these objects and their immediate vicinity, the results would begin to revolutionize science in the laboratories, and also the production lines, back here on Earth.

We should also desire such devices as gamma ray lasers, or something of that sort, to explore more finely the structure of the atomic nucleus. And so on, and so forth. Optical biophysics study of the way in which nonlinear spectroscopy of coherent radiation governs the molecular and other features of living processes, is also relevant to this same inquiry. The astrophysical research is but one of three general areas of primary investigation on which the next scientific revolution depends.

How our economy is affected

If this reporter had his "druthers," the goals of U.S. employment to be reached by about A.D. 2000 would look somewhat like this.

Not less than 40% of the total labor-force would be employed as operatives in agriculture, industry, and basic economic infrastructure. Presently, the total is less than 20%, where it was about 60% at the beginning of the postwar period.

Not less than 10% of the total labor-force would be employed in research and development, as compared with the goal of about 5% generally accepted 20-odd years ago.

The number of teachers would be increased to not more than 16 pupils per teacher. Medical professionals would be increased as a percentage, similarly.

These changes would come from a combination of sources. To be reduced are the percentage of unemployed, to about 2% "frictional" unemployment, down from a current level of combined reported and officially overlooked unemployment of about 10% or more. Another source of labor for expanding the priority categories, would be a great reduction in redundant employment in administration, sales, and low-skilled services.

The feasibility, and desirability of such changes is indicated by observing the structural changes in composition of employment of the U.S. labor-force during the past 40 years, especially the most recent 20. At the beginning of the period, 40% of total labor-force was employed in "overhead-expense" functions of administration, sales, low-skilled services, and so on. Today, more than 80% is either unem-

ployed, or employed in one of these "overhead expense" categories. Back in the late 1940s, every producing operative carried the cost of eight-tenths of a person on his back, so to speak; today, ignoring purely financial burdens, each productive operative must carry four persons on his back. Little wonder things cost so much, that the real standard of living for a growing majority of our people is falling as it is.

The point is, to reverse the "post-industrial" trends of the past 20-odd years. Government must act to restore incentives for investment in technological progress, and work with the private sector in developing a long-range technological commitment, a commitment which encourages entrepreneurs to invest with assurance of the soundness of that type of investment over the coming 20, 40, or more years ahead.

This means changes in education, obviously.

Look now, at the dynamic of interrelations among research and development, basic economic infrastructure, production of households' goods, and production of capital goods.

The key to injecting technological progress into production in general, is building up the machine-tool sector of employment. This must be matched by strong economic incentives for investment in the new technologies made available through the machine-tool sector.

By rebuilding our machine-tool sector, made up chiefly of small, highly skilled enterprises, we are able to supply the needs to the economy as a whole. The rate at which an expanded machine-tool sector delivers technological progress to investors, is limited by the number of scientists and others engaged in research and development: hence, the build-up of R&D, in all categories of physics and related natural science applications, to about 10% of the total labor-force.

In the industrial sector, there will be an accelerating shift in the composition of employment of operatives. There will be less emphasis on expanding the number of persons employed in production of household goods, and strong emphasis upon upgrading the labor-force into employment in machine-tool and other capital goods sectors. This does not mean a constriction in the supply of household goods per capita; it reflects simply the benefits of increased productivities in the household goods sector.

In infrastructure, apart from educational and health care capacities, the emphasis must be, first, on increasing the supply of power per per-capita unit of population-density. This means a proliferation of construction of modern energy-producing plants. This must be "clean energy," obviously, and must be at relatively high energy-flux densities. The more such installations we construct, and the more rapidly we complete each, the cheaper the costs of construction, and the greater the rate of improvements in quality.

With increased power per per-capita unit of population-density, major improvements in transportation infrastructure are in reach, including the general use of more efficient magnetic levitation rail systems for inter-city and inner-city rapid transit. Inter-city speeds, already, are within the range of 300

miles per hour: One can travel between Boston and Washington, D.C., by magnetic levitation quicker, cheaper, and more conveniently, than by air.

Obviously, we must act quickly on long overdue water-management development. This is key to a general, aggressive approach to building up the natural environment generally. As we know from studies of infrastructure investments during the period 1946-70, expansion of improvements in infrastructure has more direct impact, in such effects as increasing average productivity, than any other form of investment.

So, as long as we take this sort of approach to goals of national employment, and also rebuild our decaying national economic infrastructure to the level which satisfies constraints on technology, a 3-5% improvement in the economy of labor embodied in the design of a new machine-tool, transmits that economy of labor, billiard-ball fashion, throughout the chain of production of producers' and households' goods. This becomes a general increase of the productivity of the economy as a whole.

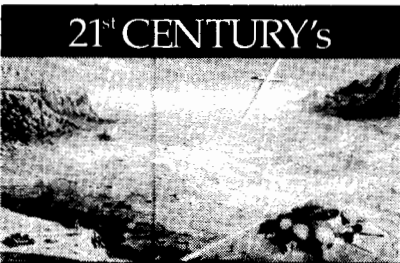
With those goals, with governmental commitments and investment incentives to match, and with one great, long-range "crash program" in the Mars Colonization project, this nation will readily reach the levels indicated at the outset of this report.

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Soviets target Chile next in Andean offensive

by Gretchen Small

The Chilean electorate voted on Oct. 5 to hold presidential elections in December 1989, the first since 1970. While Chile's government announced that it will respect the plebiscite's result, the U.S. State Department-funded opposition movement which challenged the government in the plebiscite, has called for those elections to be held as soon as possible. Chile's Communist Party has thrown its support behind the opposition's call for early elections, as the quickest route to the civil war which they seek as a step to seizing power.

Chile is now slated to become the latest battlefield in the Soviet Union's drive to bring narco-terrorist governments to power in South America's Andean nations within the next two to three years.

That is the bottom-line result of U.S. intervention in the national plebiscite. The U.S. media's insistence that the cause of democracy and economic justice has been advanced by these results, is hypocritical buncombe. The only cause advanced this month in Chile, is that of Moscow's plan for civil war and communist takeover.

Soviet-backed irregular armies are already contesting for power in Peru and Colombia, as *EIR* shows in accompanying articles in this section. Now Moscow demands that Chile's military be driven from power, its command structure arrested and placed on trial, and its ranks dismembered, as a condition for any regional accord with the United States for the Americas. Moscow wants Gen. Augusto Pinochet's head on a platter, to deliver a message to the rest of Ibero-America's militaries that they will meet the same fate, if they should dare to oppose Moscow's irregular forces.

Once again, Washington has demonstrated that the U.S. Establishment is willing to oblige Moscow. The U.S. "secret government" apparatus known as Project Democracy has

taken up the task of removing Chile's military from power. Under the direction of Assistant Secretary of State Elliott Abrams, the United States began applying diplomatic and economic pressure against Chile, demanding that Chile's military quit the government immediately, and moreover that it hand over power to a squabbling coalition of weak political parties.

The United States and allied European powers have already signaled their support for the opposition's rush. "Any refusal by the Chilean military to accept that the rules of the game have changed would be a recipe for instability," London's *Financial Times* threatened in an Oct. 10 editorial.

There is one "minor" problem in the scenario: Chile's Communist Party leaders have stated repeatedly that their strategy is to provoke civil war before those national elections can ever be held. The CP, most of whose leadership lived in Moscow during the past 15 years of military rule, is one of the largest communist parties in the Western world, with some 20,000 members, strong organizations built up amongst Chile's urban unemployed, and an armed wing called the Manuel Rodríguez Patriotic Front. It is also the *only* organized political party left in Chile today, deploying a larger mass organizing capability than all the parties making up the Christian Democratic-led opposition to Pinochet, the "Command for the No," put together.

Early elections will not provide a peaceful transition to democratic government, but an opening for the communists' violence and political chaos. An acute economic crisis in Chile was already expected for 1989, because of its unpayable foreign debt; the capital flight and economic disinvestment which follow political instability, now lock in an early blowout of the Chilean economy, and the spiral of crisis the communists seek.

Bankers call the shots

In the 1970s and early 1980s, international financiers held up the Pinochet government as the model of economist Milton Friedman's free-trade policies. By 1982-83, however, Friedman's speculative economic policies had driven Chile's economy into collapse. The financial bubble built upon Chile's banking system burst, at the same time that the first crisis in Chile's foreign debt erupted. The collapse in Chile's already weakened economy was followed by growing popular unrest.

By April 1984, several government officials responsible for the financial swindles were in jail, and a new economic team brought in. While U.S. media moaned that the best of Friedman's Chicago Boys had been cleaned out, Chile's new finance minister, Luis Escobar Cerda, announced that Chile would henceforth cooperate more closely with other Ibero-American nations on debt negotiations. Economics Minister Modesto Collados added that the new team's number-one priority was to cut unemployment from 30% to 4% within three years.

The *New York Times* captured the sudden worry which hit Wall Street, warning in an editorial that Chile, once considered the most faithful debtor in Latin America, just might turn around and head up a debtors' cartel.

Chile's military could no longer be trusted as a reliable instrument of international financial interests. The U.S. Establishment, evidently preferring to see Chile reduced to anarchy rather than risk the emergence of a nationalist military grouping that might shift the balance in the Americas against their usury and the Soviet advance, ordered Project Democracy's apparatus into action against Chile.

Insisting that formal elections were the sole issue at stake in Chile, the State Department began pressuring Chile to hold early elections. The U.S. State Department-funded National Endowment for Democracy (NED) helped put together an opposition umbrella group, placing 16 socialist and democratic political parties under the command of the Christian Democrats—the same party which handed Chile over to the Marxists in the early 1970s.

NED money was also channeled into the business community, to encourage business leaders to take an active role in the growing opposition movement, and into educational programs for opposition leaders to ensure the opposition espoused Friedman's "free market" economics.

By 1986, the crisis between Washington and Chile which had been building quietly, reached the explosive point. Elliott Abrams announced in July that the Reagan administration was considering voting to cut Chile off from all loans from multilateral financial institutions. In August, U.S. Southern Command Commander Gen. John Galvin flew to Chile to "get to know the Chilean soldier." Mexico's *Excelsior* reported that Galvin sought to establish new channels between Chile and the United States, because Pinochet no longer trusted the CIA.

On Sept. 8, terrorists attempted to assassinate the general. Pinochet's charge that the CIA had run the assassination attempt sent the cables burning between Washington and Santiago. Chile's government drily answered U.S. protests that the assassination must have been a Soviet KGB operation, by commenting that this was not the first time the CIA and KGB had worked together.

In an interview with the *New York Times* Sept. 13, General Pinochet denied that the United States was providing military aid for Chile. Why should Chile need this, when the United States has specialized in losing wars against communism since World War II? he asked.

By 1987, Project Democracy was tightly in control of the leadership of the opposition alliance. The NED-funded National Democratic Institute sent three leaders of the alliance to "observe" the May 1987 parliamentary elections in the Philippines, in order to study how to reproduce the State Department's Philippines program.

By the time the Oct. 5, 1988 plebiscite rolled around, \$1 million had been channeled to the opposition "Command for the No." These U.S.-taxpayer monies were used for such things as the financing of television advertisements featuring Jane Fonda and other Hollywood celebrities calling upon Chileans to vote "No" in the plebiscite, and to send some 300 foreign journalists and politicians to "observe" the election.

Strategy for power

Over the recent years, the monthly policy journal of the U.S.S.R. Academy of Sciences' Latin American Institute, *América Latina*, has covered Chile more frequently than any other country in the region. In its September 1988 issue, *América Latina* carried an article by Chilean CP head Luis Corvalan, outlining the party's orientation toward the plebiscite. The directive issued by the CP's clandestine leadership in February 1988 was clear, Corvalan wrote, "to create conditions so that the plebiscite, whatever its result may be, can be the detonator of a popular uprising which leads to the overthrow of the tyranny. . . . At a given point, the popular masses will have to pass into a state of general insubordination, take control of the streets, and surround the large cities with their presence. . . . Only a multi-form struggle by the people . . . which arrives at and passes beyond the plebiscite can and should generate the rupture which is needed."

Immediately upon returning from Moscow to Chile on Sept. 22, Volodia Teitelbaum, a top CP ideologue, announced that if the opposition defeated Pinochet at the polls on Oct. 5, the CP would immediately organize for the installation of a provisional government, and the convoking of a national assembly empowered to change Chile's Constitution.

On Sept. 30, the Manuel Rodríguez Patriotic Front issued a statement proclaiming that while the CP had decided to participate in the plebiscite, afterward they "must make the

Continued on page 38

The buildup for a 'Tet offensive'

In recent weeks, Moscow's irregular warfare troops in Colombia have demonstrated the capacity for highly mobile deployment, targeting sensitive border regions, hitting military command structures, foreign multinational personnel, and economic infrastructure, occupying entire cities and assaulting urban centers, leading mass peasant insurgencies, paralyzing political leaders with blackmail, and wielding the vast resources of the drug trade.

On Oct. 27, the CUT (Unified Workers Confederation) will be conducting a nationwide strike under Communist Party domination, an action widely viewed as gauging the depth of subversive infiltration within the labor movement. The guerrillas have revealed plans to forge a joint military command within the next six months. *EIR* estimates that within 6-18 months, Moscow's capability for in-depth and simultaneous guerrilla deployment on all flanks will be in place, and a Colombian "Tet Offensive" could deliver the crucial Andean Spine of Ibero-America into Russian hands (see inset map).

1. Caquetá: On Sept. 25, 200 guerrillas of the Revolutionary Armed Forces of Colombia (FARC) ambushed an army patrol in this southern jungle department, killing 15 and wounding another dozen. President Virgilio Barco publicly claimed that "military error" was responsible for the ambush.

2. Urabá: Civic strikes and a head-on confrontation between the military chief and the leftist banana workers unions have paralyzed this region in northern Antioquia department close to the border with Panama.

3. Tumaco and Pasto: These cities in the southern department of Nariño are under military occupation due to a spate of terrorist-led marches, rioting, strikes, and a separatist movement which is protesting the economic crisis and official neglect.

4. Magdalena Medio: Three cities in this north-central region were simultaneously assaulted on Oct. 5 by the combined forces of the FARC and the National Liberation Army (ELN). Police and military barracks, banks, and government offices were attacked by rockets and grenades, and there were both military and civilian casualties.

5. Riohacha: The capital of the La Guajira peninsula in northern Colombia has been hit by civic strikes and violence, in response to economic collapse. La Guajira not only

borders the Gulf of Maracaibo, whose oil-rich resources are the source of historic tensions between Venezuela and Colombia, but also contains El Cerrejón, Ibero-America's largest coal reserve, which is under joint exploitation by Exxon and the Colombian state.

6. San Andrés: The Colombian-owned island just opposite the Nicaraguan coast lost its source of electricity due to suspected arson against its sole energy complex. Resulting tensions on the island could rekindle Nicaragua's long-standing claim to the island.

7. Vichada: On Sept. 26, the Colombian army raided a vast cocaine complex in this department on the border with Venezuela. The complex was capable of refining more than three tons of pure cocaine a month. Evidence was uncovered indicating that the FARC guerrillas garnered a quarter of a million dollars *per month* for providing security.

8. Arauca: The ELN guerrillas have resumed the dynamiting of Colombia's major Caño Limón-Covenas oil pipeline in this department bordering Venezuela, after a brief hiatus during which they considered, and rejected, Barco's "peace initiative." The pipeline has been dynamited more than 50 times in 1988, causing extensive ecological damage and multimillion-dollar revenue losses.

9. La Uribe: This area between Tolima and Huila departments is the site of the "Casa Verde" (Green House), headquarters of the FARC command. The Green House has a direct telephone link-up to the presidential palace, and has been declared off-limits to the Armed Forces.

10. Medellín: Pablo Escobar, the head of the cocaine-trafficking Medellín Cartel, has publicly threatened the head of the highly-successful anti-drug IV Army Brigade, General Jaime Ruiz Barrera.

11. Bogotá: ELN murder attempt against the president of Texas Petroleum Corp. in Colombia was a near-miss.

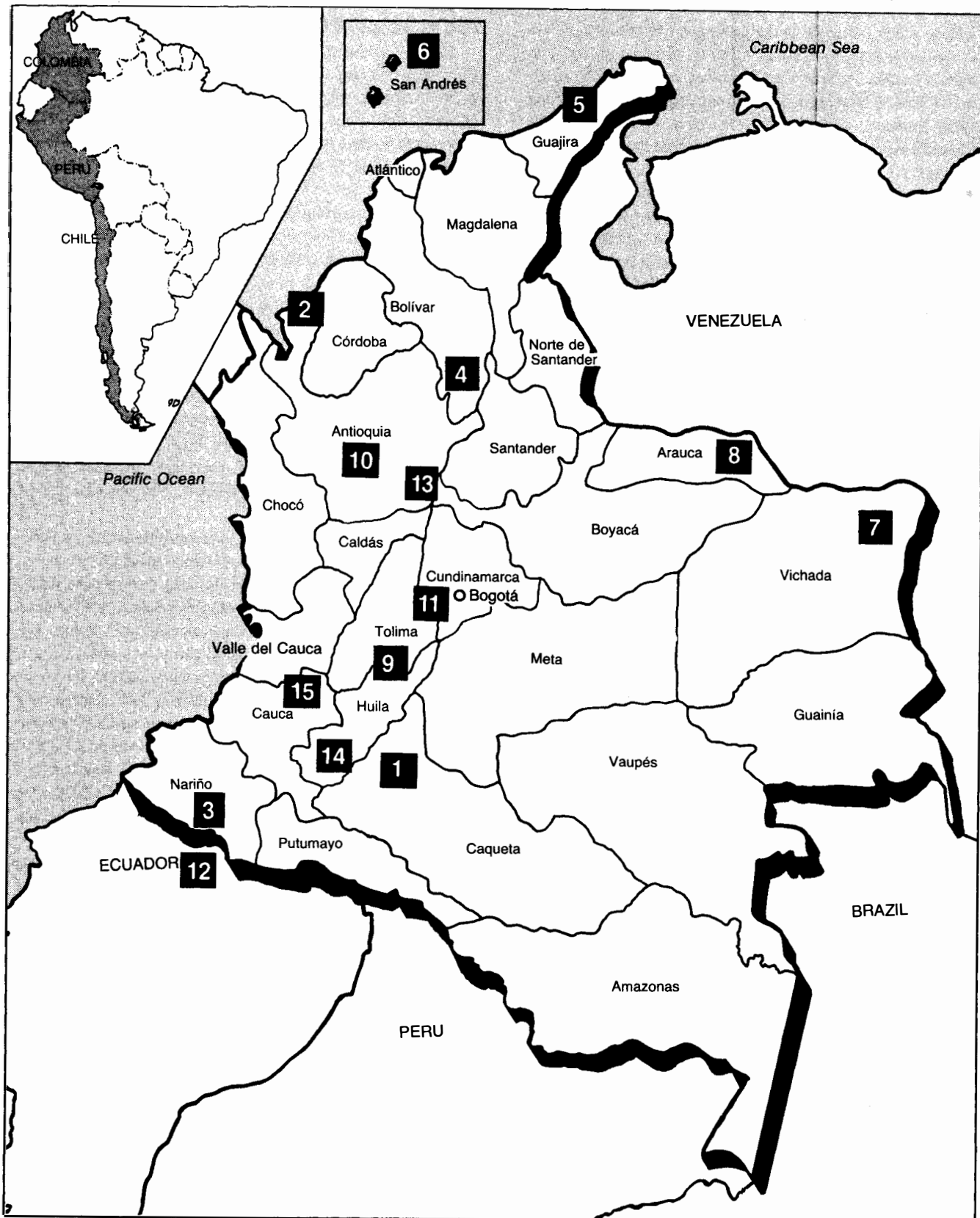
12. Ecuador: The arrest of an M-19 group inside Ecuadoran territory led to charges by that government of a Colombian invasion.

13. Antioquia: The headquarters in this department of the Second Army Division, headed by chief counter-insurgent Gen. Farouk Yanine Díaz, was car-bombed, destroying four square blocks.

14. Huila: On Oct. 10, guerrillas dynamited a bridge, hitting a civilian bus and reportedly killing women and children; identified as one of the first terrorist actions directed against a civilian target.

15. Cauca: Mass peasant marches, reportedly organized by the M-19 and Quintín Lamé guerrilla forces, were held Oct. 10 in this department to protest planned government use of glyphosate herbicide against cocaine crops; the government opted for manual eradication.

Colombia and the Andean spine



Continued from page 35

country ungovernable, seizing factories, schools and slum districts . . . and paralyzing transport.”

How much Moscow is depending on Washington, was revealed in a July analysis of Chilean affairs published in *América Latina*. Author Yuri Koroliiov compared the situation in Chile to Nicaragua in the final stages of the rebellion against Somoza, and forecast “decisive events” after the plebiscite. He warned, however, that while the “revolutionary vanguard” in Chile is capable of overturning the “game of the bourgeois opposition,” and “taking power,” the major obstacle to this strategy is the possibility that a majority of Chileans might vote for Pinochet, out of fear of civil war.

Washington, too, was preparing to position itself to stop “an eventual nationalist turn by the dictator” if Pinochet won the vote, Koroliiov noted. That is why the U.S. Senate voted to provide \$1 million to build up the opposition forces, “which can become a counterweight in the case of an eventual nationalist turn.”

Washington’s intervention has swung the election and its aftermath in Moscow’s favor. As the *New York Times* gloated in its editorial on Oct. 7, “Mr. Abrams has been properly blamed for policy failures in Central America. He is entitled to a full measure of credit in Chile.”

The communist battle plan for Colombia

by Valerie Rush

According to spokesmen of the Unified Workers Confederation (CUT) of Colombia, that labor federation will hold a general strike on Oct. 27. Nominally, the strike is to protest the Barco government’s refusal to consider its petitions, submitted in May of this year, for everything from a general wage increase and food price freeze, to a lifting of the state of siege and moratorium on the foreign debt. In the beginning, the petitions of the CUT were intended to improve the increasingly precarious living standards of the Colombian population. In fact, many of the so-called “democratic sector” of the CUT believe that their strike is to pressure the government into such concessions. The reality is otherwise, however.

The increasingly dominant communist forces within the CUT intend the national strike, under current conditions of destabilization within the country, to “deepen the mass struggle.” It is no secret that much of the CUT leadership is linked to the Colombian Communist Party, A Luchar, Frente Popular, and their various guerrilla armed wings—the FARC, M-19, ELN, EPL, etc. Their concern is not to improve living

standards, but to “aggravate” conditions of instability in the country, the better to facilitate the seizure of power.

The moment of insurrection

The Moscow-directed Colombian Communist Party (PCC) has repeated, publicly, a thousand and one times that its fundamental objective is the seizure of power. Its chief, Gilberto Vieira, has emphasized that the most important developments leading to the “insurreccional moment” have been the creation of the CUT in November 1986, and the formation of the umbrella Simón Bolívar Guerrilla Coordinating Council this year. According to the PCC’s “political thesis,” approved at its 15th Congress held last December, this “unifying process” has been indispensable to reach the current stage of “accumulation of forces,” characterized by “a greater sharpening of the battle in Colombia, with a greater protagonism of armed or intermediate forms.” The penultimate phase is “co-government,” leading to the final insurrection.

The communists say in their “Thesis”: “We could speak of a stage in which the level of conscience, of unity, and of use of various forms, has increased. What characterizes this increase is the emergence of a new kind of popular movement . . . in which different kinds of projects come together, worker and democratic unity is strengthened, and the practice of revolutionary sectors overlap.”

And what are these new forms of struggle which, according to the communists, must be combined to achieve strategic objectives? “It is not a matter of limiting ourselves to legalized mass actions whose potential grows daily more limited. And much less limiting ourselves to institutional action. We must also act within what we could call informality. . . . In this period, new manifestations of popular action have appeared, such as occupations of public offices, seizure of establishments, churches, or institutions; long-term peasant marches . . . ; blockades of highways, agrarian strikes, and other previously unknown expressions of the people’s will.”

The PCC and its FARC want a national strike because it dramatically augments their irregular warfare arsenal. One need hardly imagine the implications of simultaneous regional strikes, peasant occupations, terrorist assaults on defenseless populations, ambushes, kidnappings, bombings, and assassinations, joined to a nationwide paralysis of production and transportation—and all under the centralized command of the communists.

The communists’ global plan for irregular warfare includes culture, politics, economics, religion, and military strategy. They know what they want, and have a strict timetable for achieving it. The “democratic” forces within the CUT, under instruction from the American Institute for Free Labor Development (AIFLD) and the Inter-American Regional Organization (ORIT), have squandered their influence and their efforts in forging “lesser-evil” alliances with the “moderate” communists, who are now engaged in placing the substantial human resources of the CUT at the disposal of Moscow’s narco-terrorist armies.

Peru goes down the Shining Path to barbarism

by Mark Sonnenblick

A bankers' coup to overthrow Peruvian President Alan García before dawn on Oct. 11 was aborted, according to the daily *El Nacional's* report of Oct. 13. Such a coup is just what Moscow's narco-terrorists need to wipe out Western civilization from Peru.

García has trapped himself in a pattern of giving disastrous concessions in hopes of gaining momentary relief from economic warfare and military coup threats. Each such surrender leaves him more vulnerable. In the third week of September, he gained momentary respite by resuming relations with the International Monetary Fund (IMF), whose genocidal policies of usury he had challenged since coming to office in 1985. Instantly, rumors of a military coup vanished, hoarded food supplies reappeared, prices eased, and so did capital flight, as measured by the price of narco-dollars on the Ocoña Street market.

A few days later, the plagues resumed. The Peruvian inti again fell to 500 to the dollar; food disappeared. The narco-dollar launderers at Peru's central bank, which like the U.S. Federal Reserve is independent of the government, began bouncing the government's own checks, causing a panic among retired people and government employees. Rumors spread that García had been overthrown.

But García reappeared in public Oct. 10, after three weeks' absence. However, he did so embracing Gen. Francisco Morales Bermúdez, who had not been seen in the presidential palace for eight years. During his 1975-80 presidency, he subjugated Peru to the dictates of the IMF, bringing on the worst depression in its history, while Dope, Inc. became the dominant economic and political force in the country.

On Oct. 4, the anti-García weekly *Oiga* cited Morales Bermúdez threatening García with a Chilean-style coup and dictatorship if he did not abandon his policies. He warned, "Dictatorships could follow if, during the exercise of democracy, political, economic, and social institutions were not changed." Morales Bermúdez asserted that civilian politicians like García "must know how to take actions on time, or else in a few months, the same thing will happen to them as happened in Chile" in 1973. He said that García, and not the military, would be to blame for the advance of Marxist-

Leninist terrorism.

The Shining Path terrorists made a big show of García's "power vacuum," as coup tension built up. Hooded policemen, some of the thousands fired by García for helping narcotics traffickers or subversives, gave a clandestine press conference on Oct. 7, at which they announced a national police strike for Oct. 10. The Army High Command on Oct. 8 purged the general most personally loyal to García, Victor Raúl Silva Tuesta. García's personal secretary, Hugo Otero, later confirmed, "General Silva believed there was a conspiracy against the democratic system under way, and top Army chiefs were involved in it."

The banking superintendency Oct. 7 gave back the nationalized Banco Wiese to its former owners. This burial of last year's effort to control credit had been demanded by Peru's foreign creditors, its cocaine lobby, and General Morales Bermúdez.

Terrorists want a coup

The worse things get, the happier the terrorists. The IMF-style economic "shock" program that García imposed Sept. 7 proved an unmitigated disaster. Wages were frozen 150% higher, but when goods returned to store shelves, their prices were up 200-500%; retailers report that sales are down 60%.

The bishop of the desolate two-mile-high city of Sicuani, Msgr. Albano Quinn, reported in a pastoral letter, "We are seeing mothers going home from market with their baskets empty, sick people leaving pharmacies without having bought their medicine, students abandoning their schools for lack of means, peasants leaving their small farms, and workers fearing the specter of unemployment." He demanded that the government end "these measures of death," and provide tools for production.

García's advisers are relieved that there were few food riots after the Sept. 7 price increases. But, Peru's poor and middle classes have really been in a state of suspended animation, close to an explosion. Moscow's strategists are helping the bankers destabilize and overthrow the moderate García.

Pablo Macera, a historian who has indoctrinated dozens of the top terrorists over the past 30 years, reported Oct. 4, "In the past week, there were 93 [terrorist] attacks in all Peru. The roads in the North have been almost impassable. . . . The roads are blocked by rice farmers and sugar workers, and at the end, the tire blockade at Chimbote."

Macera predicted violence and confrontation. "Peru in the year 1990 will be a country run in a totalitarian way, either by the extreme left or by a fascist-style capitalist revolution under military administration." The break-up of the social system "will force an Army intervention in repressive police terms, in a magnitude never before known in the country." And that repression will bring the Peruvians to welcome Moscow's barbarian narco-terrorists as their "only alternative." "There is no democracy more crumbled than this one," Macera concluded.

LaRouche offers new policy for reunification in Berlin

If independent U.S. Democratic presidential candidate Lyndon LaRouche's optimism proves justified, the next U.S. administration may attempt to bring about the reunification of Germany.

LaRouche outlined his proposed policy in a statement presented to an Oct. 12 morning press conference, held at Berlin's Hotel Bristol. Large segments of the statement delivered in Berlin are scheduled to be a feature of a half-hour, nationwide television broadcast in the U.S.A.

He emphasized that there are two approaches to the reunification process. He posed the question: "Will this be brought about by assimilating the Federal Republic into the East bloc's sphere of influence, or can it be arranged differently? In other words, is a united Germany to become part of a Europe from the Atlantic to the Urals, as President de Gaulle proposed, or, as Mr. Gorbachov desires, a Europe from the Urals to the Atlantic?"

"I see the possibility, that the process of reunification could develop as de Gaulle proposed. I base this possibility upon the reality of a terrible worldwide food crisis which has erupted during the past several months, and will dominate the world's politics for at least two years to come."

The candidate emphasized that the Soviet bloc has entered into a worsening economic crisis in every respect, not food shortages alone. Speaking as an economist, he reported that no amount of restructuring or Western credits, by themselves, could reverse the down-slide of the Soviet and Eastern European economies over the coming period. In his statement, and in answers to a question from a reporter from a Berlin daily, LaRouche emphasized, that as soon as Moscow recognizes this economic fact, it will be forced to consider new options. It is under those conditions, that Moscow might change its mind, and consider seriously the new U.S. policy which LaRouche is submitting to the next U.S. administration.

LaRouche warned against hope for truly peaceful relations between Moscow and the West sooner than "30 or 40 years ahead." In the meantime, "The best we can do in the name of peace, is to avoid a new general war between the powers." While we maintain military strength and political will in face of continuing threats of Soviet adventures, we must follow the advice of "Nicolò Machiavelli: We must always provide an adversary with a safe route of escape. . . . We must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible effects of their economic suffering."

The food crisis

He cited the food crisis as an example of such economic diplomacy, emphasizing that the world grain available during 1988 is not expected to reach above 1.7 billion tons, "already a disastrous shortage." Moscow will probably demand at least "80 million tons from the West during 1989, as a bare minimum for the needs of its population." LaRouche proposed that nations act to ensure that at least 2.4 billion tons of grain are available for each of the coming two years. This would require "scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that.

"By adopting these kinds of policies, in food supplies and other crucial economic matters, the West can foster the kinds of conditions under which the desirable approach to reunification . . . can proceed on the basis a majority of Germans on both sides of the Wall desire it should."

LaRouche described his proposed shift in U.S. policy: "I shall propose the following concrete perspective to my government. We say to Moscow: 'We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the

people of the Soviet bloc nor the developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.' ”

He proposed: “Let us say that the United States and Western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government; but only a kind of ‘Marshall Plan’ aid to rebuild Poland’s industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for Western cooperation in assisting the rebuilding of the economy of Poland.”

LaRouche in Berlin

The U.S. candidate explained his reasons for releasing this statement in Berlin, as including the fact, that although Moscow has denounced LaRouche as its “public enemy number one” in its press, “Moscow regards me with a curious sort of fascination, and, since President Reagan first announced the SDI, considers everything I say on policy-matters to be influential, and very credible.”

He assured the audience, that Moscow would be studying his statement at the highest level, “within hours.” He predicted, that once Moscow sees echoes of the LaRouche proposal from other Western quarters, Moscow will treat the proposal as a very serious one, and will react accordingly.

LaRouche emphasized that he shares with his German friends the “loving memory of Leibniz, Schiller, Beethoven, Humboldt, and that great statesman of freedom, Freiherr vom Stein.” On the basis of that personal instinct, “I believe that if what I have set afoot here today is brought to success, the included result will be that the Reichstag building over there, will become the seat of Germany’s future parliament, and the beautiful Charlottenburger Schloss, the future seat of government.”

The Soviet economy

Back in spring 1985, LaRouche predicted a 1988 breakdown of the Soviet and East bloc economies under Mikhail Gorbachov’s policies. This analysis was reported and summarized in a widely circulated, 366-page Special Report, *Global Showdown*, published by *EIR* on July 24, 1985. That forecast of a 1988 Soviet economic crisis of the type now occurring, was based upon a study of what LaRouche labeled “Soviet Plan A,” the model of *perestroika* followed by the Gorbachov leadership so far.

In spring 1985, LaRouche estimated that the kind of “forced-draft” military buildup designed by Yuri Andropov and Marshal Nikolai Ogarkov would exhaust the Soviet and East bloc economies over a period of approximately five years. Since Andropov had set the program into operation as soon as Leonid Brezhnev died, that meant that 1988 was the

crucial year to be watched.

True, following Andropov’s sudden death, there were slippages under interim General Secretary Chernenko. This did not lessen the economic pressures, but only made them worse. When Gorbachov was installed in power, in March 1985, he launched a desperate game of “catch-up,” trying to make up for the lost time of the Chernenko interregnum; this only made the original problem worse. Now, Moscow does not expect to reach the Andropov-Ogarkov military buildup’s objectives until about 1991, instead of the originally scheduled 1988. However, in 1988, the Soviet bloc economy is already showing all the signs of crisis which LaRouche forecast back in spring 1985.

LaRouche explains the problem as follows.

This kind of Soviet economic crisis has a history. Back during the mid-1920s, during the so-called “Great Soviet Industrialization Debate,” Bukharin critic, and leading Soviet economist Evgenii Preobrazhensky discussed a policy which he termed “socialist primitive accumulation.” When Stalin overthrew Bukharin and launched his First Five-Year Plan, Stalin took over Preobrazhensky’s “socialist primitive accumulation” doctrine as his own. The Andropov-Ogarkov Plan is an echo of that First Five-Year Plan. The circumstances are different, but the general effect is the same.

The most important difference, is the fact that the postwar Soviet economic reconstruction was based upon the looting of Central and Eastern Europe. Ever since the end of the war, Moscow’s economy has depended upon skimming off a large ratio of the product and labor of Eastern Europe. Up through 1982, Moscow took all the milk, so to speak; from 1983 onward, under “Plan A,” Moscow has been taking the cow’s blood, too. As a result, the cow is becoming very, very sick, and is giving very little milk.

In the meantime, “Plan A” has cut down into the bone of Soviet industrial potential, and Soviet agriculture has become progressively worse, as it has been ever since Khrushchov ruined Soviet agriculture, from 1959 onwards, with his “Virgin Lands” package-program.

The global drought of 1988-90 is the most conspicuous problem confronting Moscow today, but, as LaRouche said in his Berlin statement, “the Soviet economy as a whole has reached the critical point, that, in its present form, it will continue to slide downhill from here on, even if the present worldwide food crisis had not erupted.”

One cannot keep running Soviet and East bloc labor, land, factories, and economic infrastructure into the ground, as “Plan A’s” version of “socialist primitive accumulation” has done for military buildup purposes, without coming to the point that the cow who has given too much blood, not only stops giving milk, but dies.

In recent writings, LaRouche has warned repeatedly, that the present levels of collapse which Soviet “blood-taking” policies have brought upon Romania, Poland, Hungary, and Bulgaria, most emphatically, mean a chain-reaction collapse

inside the Soviet economy itself. Without massive economic subsidies from captive Eastern Europe, the postwar Soviet economic system breaks down. Soviet intensified looting of Eastern Europe since 1982, has brought most of Eastern Europe to the point that the blood-drained cow could no longer supply milk, no matter how much it might wish to please the Soviet overlords by doing so.

Without the critical margin of Eastern European supplies, the Soviet economy is pushed toward physical collapse, at least entire sections of the Soviet Union are brought to that point. The Soviet machine-tool sector is suffering signs of exhaustion; this means greater relative dependency upon the German Democratic Republic (G.D.R.) and Czechoslovakia, which are better off than other Eastern European economies, but are also suffering five years under "Plan A."

Naturally, Moscow believes that if the Federal Republic of Germany joins the G.D.R. in subsidizing the Soviet economy, some of these pressures can be relieved. It believes that an injection of about DM 200 billion credit from Western Europe, Japan, and the U.S.A. will tend to solve the problem. Some influentials in the West seem to believe this, too, LaRouche comments; but, he insists, that cannot succeed.

"The older generations of Western industrial managers and bankers would have understood the problem," LaRouche says; "but the new breed of industrialists and bankers do not. They have risen to their positions after about 20 years of brainwashing in ideas of the so-called 'post-industrial society.' For example," LaRouche said at his Berlin press conference, "In Western European culture, we have demonstrated that the successes of the nations of big industries depends upon the technologically progressive independent farmer, and what you call in Germany the *Mittelstand* [independent small entrepreneurs—ed.]. Soviet culture in its present form is not capable of applying this lesson." LaRouche comments, that "after 20 years of post-industrial ideology, the new generations of top industrialists and bankers seem to have forgotten those ABCs."

"The key to my Poland proposal," he said, "is that if we junk the so-called 'post-industrial' ideology in the West, and go back to sound economic policies, we in Western Europe and North America know how to make an economy succeed, where the Soviet leadership does not."

LaRouche's argument is, that the crisis in the Soviet economy is now becoming so acute, that Moscow would have to consider his offer seriously, as probably the only workable way of finding a solution. He smiled as he added, "This is exactly what Leibniz offered to the Russian government nearly 300 years ago. As long as Russia followed Leibniz's plan, the Russian economy improved spectacularly. When they began to scrap Leibniz's plan for development, and reinstated serfdom, Russia slid from a growing industrial power, into backwardness. Russia has always admired German science and industry since, if sometimes with bitter envy and resentment. If Western Europe and the United States work

together on this, we could do the job for Poland's economy. It could be a step toward winning Moscow over, perhaps over two generations or so, but what of it? Building the foundations of future peace is worth working to achieve over time.

"Of course, Moscow is our adversary, and only wishful dreamers can overlook that fact and what it means today; but the people of the Soviet bloc are people. If the object of war is a successful peace, so also, the avoidance of war ought to have similar peace-objectives. We never desire to make any people our enemy forever. Moscow is our enemy today, but its grandchildren and great-grandchildren should not be so.

"That was Machiavelli's wisdom: Always give an adversary a safe route of escape to survival. If the adversary accepts that as our real intention, and is not utterly evil, it is possible to win those conflicts which are the cause of wars.

"Otherwise, I would be happy if something I could do, would turn out to help the people of Poland, and I believe that Germany would be happy to accept such a mission as part of the mission on which its own reunification is founded."

A page from French history

Later, LaRouche emphasized, "What I have done is not as original as it might appear to some. The idea behind my statement is my own, but the thing which contributed the most to giving me the confidence to make this as a public proposal was my memory of France's King Louis XI. Louis XI created modern France out of a collection of parts that were to a large degree dominated by foreign powers; he did it by the kind of policy I outlined in the statement I released in Berlin. There are examples of this approach from Germany history, too."

The presidential candidate identified Prussia's King Frederick II as one of these models. "The image of Frederick the Great as a military genius often causes us to overlook the fact, that his greater genius was that of a statesman, who fought wars only when there was no other solution for the dangers to Prussia's future existence. All real statesmen of today, should prefer France's Lazare Carnot very much to Napoleon Bonaparte. The clearest example of statecraft is Germany's Liberation Wars, where Schiller's genius in statecraft shown in the work of the circles of Humboldt, Scharnhorst, and vom Stein. However, we should never forget Louis XI, to whom I am certain Machiavelli referred in writing of a certain 'great king.' "

"Therefore, if I emphasized de Gaulle in my statement, I was also thinking of other great French statesmen before him, such as Louis XI, Richelieu, Mazarin, Colbert, Carnot, and Hanotaux, too. Reunification is primarily a German matter, but we should approach this with the best taken from that great European tradition which the United States shares.

"I am certain, that from their graves, such statesmen would wish to join with me in the kind of proposal I featured in that statement to the Berlin press conference."

Yugoslavia on the verge of a Serbian coup and civil war

by Konstantin George

A Balkan time-bomb is about to explode on the European continent, with an international crisis and war potential matching that of the pre-World War I period, when the Balkans were called the “powderkeg of Europe.”

The Balkan crisis will be triggered by Yugoslavia, which is sliding rapidly toward a Serbian military coup, civil war, and fragmentation along ethnic lines.

A devastating economic crisis, caused by the Yugoslav government’s capitulation to the conditionalities of the International Monetary Fund in meeting usurious debt repayments to Western creditors, has produced a modern-day version of Weimar Germany. The Belgrade regime has implemented IMF demands that have included a wage freeze, “market-based” price increases, and scrapping of “loss-making” enterprises. The result, in a nutshell:

- A 250% per annum level of hyperinflation, coupled with minimal or no wage increases, leading to a collapse of living standards to 1950s levels;
- 1.2 million unemployed, more than 15% of the workforce, which will soon rise to 20%.

The economic situation, long out of control, has created the present out-of-control political crisis, in which the Yugoslav federation of six republics and two autonomous regions is unraveling along ethnic lines. For Yugoslavia, and for the Balkans, the end of an era has come. The postwar Yugoslav system, the “house that Tito built,” is finished. The question now is, what will replace it.

The ‘Greater Serbia’ coup

The Yugoslav crisis, combining Great Depression unemployment and a Weimar-style hyperinflation, has created a rebirth of Great Serbian chauvinism with all its trappings.

Serbs comprise 40% of the 20 million Yugoslavians, and control the nation’s military and police. The Greater Serbia movement has a demagogue-leader, Serbian party chief Slobodan Milosevic. Throughout August, September, and into October, Milosevic and the Serbian party leadership have launched an unending wave of mass demonstrations in Serbia proper and the two autonomous regions with Serbian minorities—the Albanian-inhabited region of Kosovo, and the mixed Hungarian-Serbian region of Vojvodina.

The Serbian demands at the demonstrations, which involved hundreds of thousands, were a well-crafted mix:

- Emergency measures to alleviate the economic crisis.
- The placing of Kosovo and Vojvodina under Serbian rule, ending their autonomy.
- Changing the Yugoslav constitution to end the independence of the non-Serbian republics, such as the western republics of Slovenia and Croatia, so that Yugoslavia would become de facto a “Greater Serbia”;
- Last but not least, that Milosevic, “the second Tito,” become Yugoslav dictator.

Now, Milosevic will make his big move. The Serbian party leader will attempt a legal coup to seize power at the Central Committee Plenum of the Yugoslav League of Communists, which opens Oct. 17 in Belgrade. Whether he succeeds or fails in that showdown, Yugoslavia is heading toward either a military coup, civil war, or both. Should Milosevic win, the country will be on the brink of civil war and dismemberment. Should he fail, the machinery will go into motion for a Serb military coup and the threat of civil war.

According to reports from the London *Guardian*’s correspondent, Barney Petrovic, special security measures have been introduced for the first time since President Tito’s death. Civilian defense units have been put on standby and are being trained in the use of firearms. Emergency measures also include night guard duties at offices, schools, hospitals, clinics, and industries, and special passes have been issued for all people employed in vital services, such as the state-run radio and television, postal system and communications, and the main newspapers.

Regional leaderships purged

The wave of Serbian mass demonstrations has not only set the mood for the Milosevic coup attempt at the Plenum, but has formed the basis for pre-Plenum leadership changes at the regional level. By these means, Milosevic is on the verge of gaining a majority on the 23-member Presidium of the party, which meets before the Plenum.

The mass Serbian demonstrations in Kosovo and the Vojvodina have called for the resignation of these regions’ party leaderships. In the Vojvodina, this has already happened. On Sept. 24, a new, pro-Milosevic leadership was installed. The same is expected to occur at the Oct. 13 Kosovo regional party plenum. In federal party terms, this adds up to 11 “solid” Presidium votes for Milosevic; 3 from Ser-

bia, 3 from Macedonia (which, with its own problem of ethnic Albanian unrest, has united with Serbia), 2 each from the Vojvodina and Kosovo, and the 1 Army vote on the Presidium. With the Slovenian, Croatian, and Bosnian republics having 3 votes each, and all solidly opposed to him, Milosevic must get Montenegro's 3 Presidium seats to gain a majority for his "legal" coup.

This is why, during October, the center of the mass demonstrations calling for the regional party leaderships to resign has occurred in Montenegro, where the regional party plenum and a vote of confidence in the present leadership is set for Friday, Oct. 14.

The Serbian Central Committee Plenum was held Oct. 11. The leadership under Milosevic declared that they will demand "mass purges" at the forthcoming federal Central Committee Plenum, and denounced all "recent statements" which had attacked "Serbian nationalism," thus in effect declaring war on the party leaderships of Slovenia, Croatia, and Bosnia, all of whom had just issued strong condemnations of the "Greater Serbia" threat.

The leadership of Slovenia has accused Serbia of orchestrating the wave of demonstrations and through "the pressures of the mob . . . endangering the constitutional order of Yugoslavia."

Serbia is already acting as if it were Yugoslavia. From Oct. 8 onwards, each of the almost daily emergency meetings held by the federal party Presidium to try to prevent the coming explosion has been contemptuously boycotted by Milosevic and the Serbian Presidium members.

As the showdown approaches, the Serbian military coup threat has been activated. Timed with the Serbian Central Committee Plenum, General Visnic, the Serbian commander of the Ljubljana Military District (Slovenia), announced that the Army is "prepared to prevent any attempt to split the country," a direct warning against secessionist moves by Slovenia or Croatia should Milosevic gain power.

This followed a declaration by the Serbian Party Presidium on Oct. 10, charging the Slovenian leadership with "using the events in Montenegro to launch their own attacks on Serbia." These statements, however, have only cemented the already dominant view in Slovenia and Croatia that secession and civil war are the only answers to an unacceptable "Greater Serbia" coup.

The pre-civil war mood was shown by the statements of support for the embattled Montenegrin leadership, sent on Oct. 11-12 by the party leaderships of Slovenia, Croatia, and Bosnia. Typical of them was the Slovenian declaration, which said that the Slovenian Party Presidium "extends its decisive support in the struggle against the pressure emanating on the part of Serbian Nationalism to nullify the national integrity of the Montenegrin people."

A Yugoslav civil war looms, and with it, the Balkan "powder keg" has again appeared on the historical scene, with unpredictable consequences for Europe and the world.

Riots end in Algeria, but crisis continues

by Omar al Montasser

It took less than a week for the Algerian regime of President Chadli Benjedid to quell the riots which started on Oct. 4 in Algiers and hit all major urban centers of the country; yet no one is claiming victory. Indeed, the Algerian crisis threatens to lead to a broader destabilization of northern Africa generally.

With extreme violence used on both sides, it is estimated that least 500 people were killed. During the peak of the riots in Algiers on Oct. 9, the Army was deployed with machine guns and heavy weapons, shooting to death scores of demonstrators, while the previous day, policemen were killed in the coastal city of Oran.

Addressing the nation on Oct. 10, President Benjedid announced a general program of political and constitutional reforms. A day later, the Algerian leadership announced that a national referendum would be held on Nov. 3 to decide on some major electoral and other reforms. Though the government has not been precise about what it intends to do, it is believed that the reforms will include a general program of democratization, including a move toward the establishment of a multi-party system, replacing the one-party rule of the National Liberation Front (FLN) which has existed since Algeria won its independence in 1962.

President Benjedid and the Algerian leadership know that cosmetic changes will not be enough, and that the present return to normalcy, evidenced by the lifting of the state of martial law imposed on Oct. 5, could be only temporary, if real changes are not made soon, especially in Algeria's economic and social balance.

Economic disaster

At the roots of the present crisis are those "objective" conditions which Algeria unfortunately shares with most developing countries. In Algeria's specific case, this has involved a decrease of no less than 50% in its export income—95% of which comes from its oil and gas sales—from \$12 billion in 1985 to \$7 billion this year. And while the crisis could be kept at bay in 1986 and 1987 because of a good

harvest, the summer of 1988 saw a combination of the locust plague in the south of the country, and an extremely severe drought, which pushed the country to the point of explosion. During the summer, there were water shortages in all of the main urban centers. By late summer, the shortage of basic food commodities, which had become a feature of Algerian daily life over the last 12 months, reached new peaks of intensity, with oil, flour, and sometimes even bread disappearing altogether from the state-subsidized food market, and even from the black market.

To compensate for its low income, Algiers has cut its imports from \$20 billion in 1983 down to \$7 billion in 1988, though it still relies on imports for 60% of its food.

Despite this collapse of export markets and food production, Algeria prides itself on never having missed any payment deadline to its foreign creditors, and on not having negotiated any rescheduling of its \$20 billion foreign debt with the International Monetary Fund (IMF) or foreign banks. To accomplish this, the leadership has called on Algerians to accept one of the harshest austerity regimes in the developing sector.

The October explosion took everyone by surprise. Most observers expected that such an explosion would occur first in other countries of the Maghreb and North Africa, like Egypt, but considered that the Algerian regime had a tight enough control over its internal situation to prevent any significant social unrest. The fact that the riots happened at all, indicates the broader political stakes involved in Algeria and North Africa as a whole. North Africans like to tell Europeans that without the 1942 landing in Algeria, the 1944 Normandy landing would have been impossible—thus to underline the symbiosis of interests, not only in economic, but also very much in political and military terms.

As subsequent reactions underscored, the threat of a broad destabilization of North Africa, with the rising specter of Islamic fundamentalism just across the Mediterranean, had many European politicians shivering in fright. For these same reasons, North Africa is becoming a major battlefield, after the Middle East, for whoever wants to influence continental Europe economically and politically. This ranges from the obvious competition among the London, Frankfurt, and Paris financial centers for the control of Middle Eastern and North African trade, to American and Soviet interests in strengthening their positions in Europe's sensitive backyard.

Fight within the leadership

The role these political elements played in the recent crisis, was revealed by the evidence that some hardline elements within the ruling FLN bet their future on a social crisis, in order to oppose Benjedid's policy of economic liberalization and military cooperation with the West, at the expense of Algeria's decades-long orientation toward the Soviet Union and the East bloc.

This became obvious in early September, when, after a

speech by the Algerian President, in which he once again called on the people to accept more austerity, a wave of spontaneous strikes spread through the industrial sector, from a car factory near Algiers, to a machine tool factory in the south, followed by a strike of postal workers and Air Algeria. Less than a week after their start, the strikes suddenly received the full support of the UGTA, the official trade union controlled by the FLN, which urged the government to negotiate. The UGTA-supported strikes led to further demonstrations, and eventually to the Oct. 4 riots.

During the riots themselves, there were signs of political manipulation. The fact that the rioters were left undeterred for 24 hours in Algiers, before any police intervention, raised as many questions as the fact that 24 hours after the imposition of martial law, Islamic fundamentalists were allowed to demonstrate on Oct. 7 for a full day in the Bab el Oued quarter of Algiers, without any government reaction.

Part of the problem is that the First Military Region, which includes Algiers, is led by Gen. Abdallah Atteilia, a renowned hardliner and opponent of Benjedid. It is perhaps not coincidental that the headquarters of the First Military Region, Blida, is also a hotbed of Islamic fundamentalism, under the leadership of Sheikh Mahfoud.

Local observers report that the problem is broader. Opponents of the President, within the FLN as well as within the intelligence services, have been seen as playing the "fundamentalist card" against the regime. They decided that the deployment of the fundamentalists would be considered a serious threat, that could be blamed on Benjedid's liberalization, and therefore they would appear as the only ones able to defend the integrity of the nation.

This dangerous policy may have backfired already. First, because the President, pending any surprises at the congress of the FLN in December, remains very much the President, and has been able to use the deployment of the Army nationally to strengthen his own position. Second, unleashing the fundamentalists has opened a Pandora's box. Though the fundamentalists played no role in initiating the riots, they were quick to use the momentum of the crisis to install themselves as a factor in Algeria's social and political life.

The existence of an Algerian fundamentalist movement, which had so far only been hinted at, and primarily in reference to a group of exiled politicians around Ahmed Ben Bella and his organization, financed by Iran, Libya, and the Swiss-based Nazi banker François Genoud, is now a fact of daily life. It will not be easily dealt with, especially at a time when, after the ceasefire in the Persian Gulf, Islamic fundamentalism is becoming "respectable."

The Sept. 2-5 conference in St. Louis, Missouri of the North American Islamic Trend Movement, which gathered several hundred Islamic fundamentalists from around the world (see *EIR*, Sept. 23, 1988), was a signal, to the effect that after Algeria, then Morocco, Tunisia, and Egypt may be the next targets of destabilization.

When you see a starving African, think of the Club of Rome

by Mark Burdman

The Club of Rome, the command-center of the global neo-malthusian movement, will be holding a quiet by-invitation-only conference in Paris Oct. 25-28, to celebrate the 20th anniversary of the founding of the group. The meeting has received the blessing of the Soviet Union—no surprise, since the KGB has had everything to do with the Club's creation and activity.

Approximately 100 individuals will attend. These will include Britain's Dr. Alexander King, the co-founder of the Club; Orio Giardini, head of the reinsurance cartel's Geneva Association; Meechai Viravaidya, Thailand's "condom king" population-control advocate; Spain's Federico Mayor Zaragoza, head of UNESCO; Canada's Maurice Strong, ARCO magnate and president of the World Federation of United Nations Associations; Russian-born Ilya Prigogine, a scientific quack who talks about things like the "primacy of chaos"; Switzerland's Jacques Freymond of the Nestlé's interests; and representatives from the United States, Egypt, Algeria, France, Mexico, Poland, Italy, and elsewhere.

The official Soviet delegation will be headed by Yevgeni Primakov, formerly head of the Moscow Oriental Studies Institute and now director of the U.S.S.R. Academy of Sciences' Institute of World Affairs and International Economics (IMEMO) in Moscow. Recently, a leading Soviet publication praised the Club of Rome and affiliated organizations as the "guardians of mankind."

Italy's Aurelio Peccei and Altiero Spinelli, France's Bertrand de Jouvenel, and West Germany's Eduard Pestel, all—especially Peccei—instrumental in the founding and early development of the Club, have died during the 1980s, undoubtedly gone to meet the fate that the poet Dante would have imagined.

Genocidalists

The conference theme is, "The Great Transition: Reasons to Live and to Hope in the New Global Society."

That is a sick joke. It was the Club of Rome's early-1970s *Limits to Growth* reports, and numerous others since that time, that set the stage for the current genocide in Africa, Asia, and other regions of the world.

The Club of Rome is a special arm of cultural warfare created by the "Trust"—in the West, by the families behind the large insurance companies and banks. But, from the East,

instigation for the whole project came from Soviet Dzhermen Gvishiani, the son of a KGB general and son-in-law of the late Premier Aleksei Kosygin. It was created to de-sensitize Westerners to the reality of genocide. The Club provides respectable-sounding "explanations" for why genocidal solutions are necessary. The fraudulent methodology of the original *Limits to Growth* is a paradigm. The organization's formal founder, Peccei, was wont to boast, that, yes, the *Limits to Growth* report was a hoax, but the massive publicity it received in the news media constituted a successful "psychological shock" to Western peoples' commitment to the idea of scientific and technological progress.

Take the continent of Africa. Club of Rome co-founder Alexander King's advocacy of the theory that African peoples' number (450 million) exceeds the "carrying capacity" of the land, has helped foster the mythology of an overpopulated continent, when in fact, Africa is greatly underpopulated. (With use of modern technologies, it is hard to specify how many *billions* of people resource-rich Africa could "carry.")

The late Peccei liked to boast that his Club of Rome had launched the "environmentalist" movement. It's success in having DDT and dieldrin banned has killed millions of people (by malaria, for example) and ensured that the current locust plague in Africa would reach biblical proportions. The Club of Rome's support for "appropriate technology" (i.e., backward technology) has created the conditions of poverty on the continent, in which AIDS can spread rapidly through much of black sub-Saharan Africa.

Every time you see a picture of a starving African, think of the Club of Rome.

Club co-founder King is a plain-spoken racist. He frets that "non-whites" might overwhelm his "Caucasians." In numerous private discussions during the 1980s, King touched on this theme. Once, he spoke highly of fomenting ethnic and tribal warfare in the Third World, including the Indian Subcontinent, as a means of eliminating "non-white" people.

As a senior policy official at the Organization for Economic Cooperation and Development (OECD) in Paris during the 1960s, King was one of the authors of the "reforms" that undermined classical education in Europe, and laid the foundations for the proliferation of the rock-sex-drug counterculture.

When the Club of Rome's notorious *Limits to Growth* report was released in the early 1970s, U.S. political figure Lyndon LaRouche denounced it as a "blueprint for extinction." How prophetic that denunciation was, is seen around the globe today, in the devastation wrought by the malthusian ideology of the Club of Rome, the International Monetary Fund, and various U.N.-linked organizations!

Internal Club of Rome memoranda have pointed to LaRouche and associates as the most worrisome of the organization's enemies.

Blessings from Mother Russia

Soviet ties to the Club of Rome are manifold. During the Gorbachov years, there has been much talk, from influentials both East and West, of forging a "Caucasian Alliance" against Asians and other "non-whites." The Soviets, of course, also want to spread self-destructive malthusianism in the West. Two chief officials of the Soviets' Global Systems Analysis organization, Dzhermen Gvishiani, who was the catalyst bringing together Peccei and King to create the Club of Rome, and Ivan Frolov, have maintained contact over the years.

Together with mid-1960s U.S. National Security Adviser McGeorge Bundy and British government scientific adviser Lord Solly Zuckerman, Gvishiani also helped found the International Institute of Applied Systems Analysis (IIASA) in 1972, in Laxenburg, Austria. IIASA has produced reams of "studies" and "analyses," which provide a "mathematical" justification for malthusian policies in the areas of agriculture, energy, health care, and demographics.

Frolov has been the Soviet contact-man for radical "New Age" elements, including the pro-drug Esalen Institute of California founded by the late Aldous Huxley, the West German Green Party, and others. Beginning in the mid-1980s, Frolov served as the head of the "Eco-Forum for Peace," also known as the "Varna Group," a collection of greenies and peaceniks, East and West, who maintain their headquarters in the Bulgarian port city of Varna. In 1987, Frolov was appointed one of Communist Party General Secretary Mikhail Gorbachov's small coterie of official advisers.

In mid-September, a signal article supporting the Club of Rome appeared in the Soviet foreign-language publication *New Times*. The article was written by Prof. Askold Silin, a co-founder of the V.I. Vernadsky Ecology and Co-evolution Problems Center. He described the Club of Rome and its international counterparts as the "guardians of mankind." Silin reported how impressed he was with Alexander King, when he met King at a world peace conference recently in Ireland. "We should expand ties with our counterparts abroad—the Club of Rome and its national associations, which exist in almost twenty countries of the world. They have accumulated a great deal of experience," he wrote.

The Soviets formally announced that they were setting up a chapter of the Club of Rome in March 1987—almost 20 years after Gvishiani's precipitation of the Peccei-King or-

ganization. Under Gorbachov, they have also set up a number of malthusian institutions, such as the Aitmatov Foundation, congregated around the writings of the mystical Central Asian, Ginghiz Aitmatov; the International Fund for the Survival of Humanity, on whose board sits Armand Hammer; Raisa Gorbachova's Soviet Culture Fund; and others. All of these have high-level Western board members and/or collaborators. Alexander King, for example, has become a frequent traveler to the U.S.S.R., primarily for meetings of the Aitmatov group.

The Russians have also stepped up coordination with the U.N.O., including the U.N. Institute for Training and Research (UNITAR), whose senior theoretician, Hungarian-born Erwin Laszlo, is a Club of Rome member and professional LaRouche antagonist; the U.N. Committee on Trade and Development (UNCTAD); and the World Federation of United Nations Associations. The president of the latter, the Club of Rome's Maurice Strong, was lavishly praised in *New Times* (No. 17) April 1988.

The Club of Rome's in-house publisher is Pergamon Press. Pergamon owner Robert Maxwell was recently named the publisher of the in-house journal of Raisa Gorbachova's Soviet Cultural Fund, *Our Heritage*.

Beginning Oct. 11, 1988, the U.S.S.R.'s Council for Environmental Affairs sponsored a several-days-long meeting with ecological organizations, including Greenpeace, Friends of the Earth, and various "green" parties of Western Europe. In September, Greenpeace formally set up an office in Moscow.

A backlash?

As the time approaches for the ghouls' get-together in Paris, Club of Rome members might consider carefully the reception that one of their ideologues recently received from the French population. Hugues de Jouvenel, son of the late futurist Bertrand de Jouvenel and himself a Club of Rome theoretician, was on a French radio interview Oct. 4, espousing euthanasia against the elderly. The younger de Jouvenel charged that the "inactive" population in France was achieving higher standards of living, while the "active" population was experiencing a lowering living standard. He said that this situation must be "re-balanced," and praised Jacques Attali, the French Socialist Party adviser who advocated euthanasia policies in the early 1980s, as a "prophet."

That afternoon, the radio station broadcast reactions from callers—all enraged. De Jouvenel was denounced as "that aristocrat" and "a man who wants to build concentration camps in France." One outraged caller stressed that modern technologies allow "fewer" to produce "more," and so the distinction between "inactive" and "active" populations was a fraud.

In France, there are, needless to say, strong anti-Nazi sentiments. Let that be kept in mind by the Club of Romers, as they arrive in Paris.

Who is trying to provoke a civil war in Mexico?

by Hugo López Ochoa

With a month and a half to go before Mexico's change of Presidents, the *Wall Street Journal* Oct. 7 published a full-page advertisement by the previously unheard-of Committee to Improve U.S.-Mexican Relations, which accused Cuauhtémoc Cárdenas, leader of the National Democratic Front (FDN) opposition, of trying to violently prevent the inauguration of President-elect Carlos Salinas de Gortari of the ruling PRI party. The phantom committee charged that Cárdenas would try to impose himself as President, establishing a "Communist dictatorship." The ad concludes with a warning that this scenario would trigger a "civil war" and endanger the security of the United States, which would in turn "force the [U.S.] government to mobilize the required troops to defend its 2,000-mile border, and redeploy personnel from other continents."

This call for U.S. government intervention in Mexico's internal affairs is part of an ongoing international campaign by the same financial circles who hold the debt of Mexico and the other Ibero-American nations, to destroy nationalist movements like that of Cárdenas and the FDN, which oppose the orders for new austerity in Ibero-America, orders recently issued at the International Monetary Fund's Berlin congress.

This global strategy was outlined by U.S. Secretary of State George Shultz in a recent speech to the United Nations. Shultz said that "the next 18 months" will be decisive for imposing a "liberal economic revolution" across Ibero-America, and to accomplish that, "already obsolete" nationalist traditions must be uprooted. Not accidentally, this is the identical formulation used by Mexican President Miguel de la Madrid, in describing the proposals for state dirigism and economic sovereignty presented by Cuauhtémoc Cárdenas.

In Mexico's case, this means an attempt to annex it as an oil and slave-labor reserve of the U.S. Eastern Establishment, through the so-called North American Common Market. Both Henry Kissinger, in a recent article for the *Los Angeles Times*, and David Rockefeller, during his September visit to Mexico, insist that Mexico has no choice but to join such a common market.

On Oct. 6, Mexican "historian" Lorenzo Meyer wrote in

the daily *Excelsior* that the conditions for creating a North American Common Market "already exist," but that Washington was concerned about "the capacity of the new presidential team to enforce its government program, a program with which the U.S. has no problem: namely, realizing one large free trade zone in North America." Meyer noted that Mexico had rejected such an option 10 years earlier, buoyed by its oil boom, but that "now it can no longer afford the luxury of ignoring the tempting offer of having certain access to the rich U.S. and Canadian markets, in exchange for abandoning the old idea of pursuing an independent development path, a path that has already failed."

Meyer, who is considered a mouthpiece for Salinas's two principal strategists—PRI secretary general Manuel Camacho Solís and economic adviser José Córdoba Montoya—asserted that the architects of the North American Common Market identify two obstacles to their plan, one "external" to the PRI (that is, Cuauhtémoc Cárdenas and his alleged "Communist hordes"), and one "internal," the powerful leader of Mexico's oil workers union, Joaquín Hernández Galicia.

Hernández Galicia has been the main critic inside the PRI of the De la Madrid government's Economic Solidarity Pact, the austerity regimen which has driven Mexico into the worst depression in its history. It is an open secret that Cárdenas is highly popular among the oil workers, and that the majority of them—as, in fact, the majority of Mexicans—broke ranks with the PRI to vote for him in the July 6 presidential election.

On Sept. 27 and 28, the *Wall Street Journal* published two front-page articles, authored by Roger Cohen and David Assman, respectively, accusing Hernández Galicia of corruption. The articles, cited at length by Lorenzo Meyer in his Oct. 6 *Excelsior* article, constitute a death threat against the oil workers' leader, comparing him with Jimmy Hoffa, the American Teamsters union leader who mysteriously disappeared in the 1970s.

On May 17 of this year, Hernández Galicia gave an interview to the daily *El Universal*, in which he charged that an assassination plot against him was a response to his opposition to plans to re-privatize the Mexican state oil com-

pany, Pemex. With the collapse in international oil prices, the government wants to fire a large number of oil workers, and to further reduce the wages of those who remain. Workers' buying power has already shrunk 70% during the six-year tenure of De la Madrid.

The anti-Cárdenas salvo that appeared in the Oct. 7 *Wall Street Journal* is meanwhile part of the effort to deal with the "external" threat. The language of that full-page ad was, in fact, strikingly similar to the propaganda barrage the De la Madrid government itself has launched against Cárdenas, whom they have accused of fomenting "insurrection" for having demanded Salinas's resignation as President-elect, and the holding of new elections. The campaign began on Sept. 15, when PRI president Jorge de la Vega Domínguez accused Cárdenas of wanting to "provoke civil war."

On Oct. 3, however, prestigious *Excelsior* columnist José Luis Mejías wrote, "We have carefully reviewed the last ten addresses of Cuauhtémoc Cárdenas, and find in none of them any incitement to mutiny, or rebellion, much less to civil war. On the contrary, his statements abound in anti-violence sentiment, and appeals to reconciliation and to dialogue." Mejías concludes, "Those who, despite all this, still talk about our heading toward civil war, are certain they can push the government toward repression."

Reconciliation or chaos

Without doubt, the greatest fear of the oligarchy—domestic and foreign alike—is that the nationalist ferment headed by Cárdenas is generating sufficient pressure within the ranks of the PRI itself to force Salinas de Gortari into some form of alliance with Cárdenas's FDN. This would in all likelihood force the adoption of a genuine program of defense of national sovereignty against international usury.

Contrary to the wishful thinking of the oligarchy, Cárdenas has not faded away, but continues to mobilize hundreds of thousands around his program. On Oct. 2, more than 100,000 citizens applauded him and demanded that he address a meeting held in the Plaza de las Tres Culturas, despite efforts by radical elements in the gathering to exclude him. On Sept. 24, Cárdenas had to triple the number of meetings he had scheduled during a tour of Veracruz, because citizens had flooded to the cities and clogged the highways to greet him. On Oct. 6, thousands of peasants gathered to receive Cárdenas at the Comarca Lagunera, an historic Cárdenas stronghold in northern Mexico, and on Oct. 9 more than 40,000 *Cardenistas* demanded the resignation of Michoacán governor Martínez Villicana, at a demonstration described by the national press as "unprecedented in size."

The 'Seven Plagues'

Salinas will take power in the midst of a veritable "Seven Plagues of Egypt." On top of the dizzying collapse of oil prices and pressures generated by new international interest rate hikes, are the disasters caused by the tropical storms and

cyclones which have battered southern Mexico and the Gulf, and the drought that has ravaged the northeast. This, of course, must be added to the brutal destruction of the economy caused by the recessive measures ordered by De la Madrid.

The situation has reached such distressing proportions that within the PRI itself, rebellions have begun. Congressional representatives of the PRI-linked National Peasant Federation (CNC) unanimously denounced before the Mexican Congress the new parity prices decreed for agricultural producers. Said CNC senator Héctor Hugo Olivares, "These are hunger prices," and the producers are insisting they will sow nothing until they win an 80% hike in parity prices, as compared to the 50% offered by the government. "Production will collapse" without just prices, they warn.

It is in fact Mexico's financial oligarchy, headed by banker Agustín Legorreta, which is threatening a scenario of chaos and civil war if Salinas shows any signs of changing his economic course. This was made explicit by monetarist mouthpiece and journalist Luis Enrique Mercado, who wrote Oct. 2 that capital flight would be unleashed unless Salinas defines himself in favor of continuing the Economic Solidarity Pact. It would appear that Salinas is fully prepared to play the bankers' game, at least for now. On Oct. 5, Salinas announced that the Pact would continue through his first month in office, and that a transition team to convey "economic information" would be set up.

A military warning

On Sept. 29, the Mexican Armed Forces offered their support to Salinas at an event organized by Defense Secretary Gen. Juan Arévalo Gardoqui, and attended by the Air Force chief, where Salinas promised to "modernize" and "strengthen" the military.

But on Oct. 7, the military command lectured their future commander-in-chief. At an event organized by Naval Secretary Miguel Angel Gómez Ortega, Salinas was warned, "Without popular support, nothing important can be built for the nation." The Admiral added, "The legitimacy of the State does not depend upon compliance with foreign financial obligations. . . . The modernity or development of [our independence] cannot be premised on the abandonment of the nationalist and revolutionary state, constructed by the people with blood and laws, nor can it be premised on the surrender of nationalist, popular, democratic, and unhegemonic postulates, as defined in our Constitution."

And in clear reference to the idea that a military dictatorship might be installed to impose IMF austerity, Adm. Gómez Ortega insisted that the Navy "absolutely rejects military patriarchies, since progress cannot rest on the trampling of rights, nor restriction of freedoms, nor on an order founded on torture, cruelty, and arrogant abuse. . . . The people know that the paths to resolve conflict must be peaceful . . . that genuine respect is conquered with moral and political authority."

Music mafioso walks into a trap

Lyndon H. LaRouche, Jr. tells why U.S. college music departments might be viewed as guilty of consumer fraud against their paying students.

The Sept. 18 edition of Turin, Italy's daily *La Stampa* features the leader of northwest Italy's "music mafia," Massimo Mila, in the act of stuffing both left feet in his mouth.

Although Mila probably did not foresee that consequence at the time his piece was published, the ultimate result of his actions might be former students' claims of "consumer fraud" against a number of college and conservatory music departments.

Mila's piece is a reflection of decisions made at a recent, secretly convened meeting of leaders of Italy's "music mafia." That meeting was called to discuss tactics for opposing the reintroduction of composer Giuseppe Verdi's draft legislation setting the official pitch of state-subsidized concerts.

Verdi's law sets the frequency of the A above Middle C of the scale at 432 cycles per second ($C = 256$). That legislation has been filed in Italy's Senate, and hearings on the bill are pending for some time soon during the weeks just ahead. The proposed legislation was introduced to the Senate on the initiative of the Schiller Institute, with endorsement of this action by many of the world's leading singers.

The secret meeting of "music mafiosi" decided to introduce counter-action in Italy's lower legislative branch. This proposed counter-legislation asserts that the modern history of musical tuning shows that the European standard pitch has varied widely, from time to time, and from place to place.

Similarly, Mila argues in his piece, that "absolute tuning" is "the cancer of music"; he insists that music is "passion and feeling," not subject to scientific intelligibility. Obviously, Mila did not suspect the trap he was setting for himself by publishing such an argument.

The 'historical school'

The source of the argument adopted at the secret meeting of the "music mafiosi" is material developed by an English admirer of Hermann Helmholtz, Alexander Ellis, material appended to Helmholtz's *Sensations of Tone*. [Ellis, Alexander, *On the History of Musical Pitch* (repro. of 1880 edition). Longwood Publishing Group, 1977. (LC 77-75197)]

Helmholtz's text is the source of much of the material on singing and hearing included in many undergraduate physics textbooks; the same text has been adopted as "authoritative" by music departments of many colleges and conservatories. The argument made by Ellis is usually identified as the thesis of the so-called "historical school of tuning." This is the argument adopted by Mila and the "music mafiosi."

The center of Ellis's argument is that J.S. Bach performed

his works on a wide variety of organs, most of which deviated widely from the standard Middle C of 256 cycles per second. Ellis and the "historical school" assume, that since these organs varied widely in pitch, Bach could not have adhered to $C = 256$ in his actual performances of his works.

Those who copy Ellis's argument, as Mila does, reveal their own musicological incompetence in the most devastating way. There are four conclusive pieces of evidence against Ellis's dogma:

1) In his book on keyboard instruments, J. S. Bach's son, C.P.E. Bach, emphasizes that the first qualification of a keyboard artist is the ability to transpose at sight into all keys. [This was crucial in an era when to save the costs of building large pipes, organs were often made pitched too high, and the organist would transpose at the keyboard to approximate the proper pitch.]

2) From no later than the second half of the 17th century, until 1849, all of the instruments of the classical orchestra, including the winds as well as the famous Cremona stringed instruments, were constructed to conform to a well-tempered scale at $C = 256$.

3) All of the classical composers, from Bach through Verdi and Brahms, composed their vocal works to conform to the equivalent of a soprano's natural register-shift between the F and F# (immediately above Middle C). Moreover, their instrumental works were composed to meet the same standards of voice-register-shift used for their vocal compositions.

4) Most devastating of all: If Bach had not transposed the keyboard performance on organs deviating from $C = 256$, the singers could not have performed the vocal part of those Bach compositions!

A few musical examples

A few musical examples help to clarify the fourth point. **Figure 1** indicates the normal range and natural register-shifts for the soprano, mezzosoprano, contralto, tenor, baritone, and bass. The ranges are approximate—the ranges which a composer could reasonably expect from members of a choral group; few such singers have a range significantly extended beyond those limits. For the male voices, the tone values of the shift between the first and second registers are approximate, for reasons which are irrelevant to the point being made here. For the upper registers of the male voice, and for the female voices, the values given are those universally accepted for a well-tempered scale based on Middle C

FIGURE 1
The six species of the human singing voice

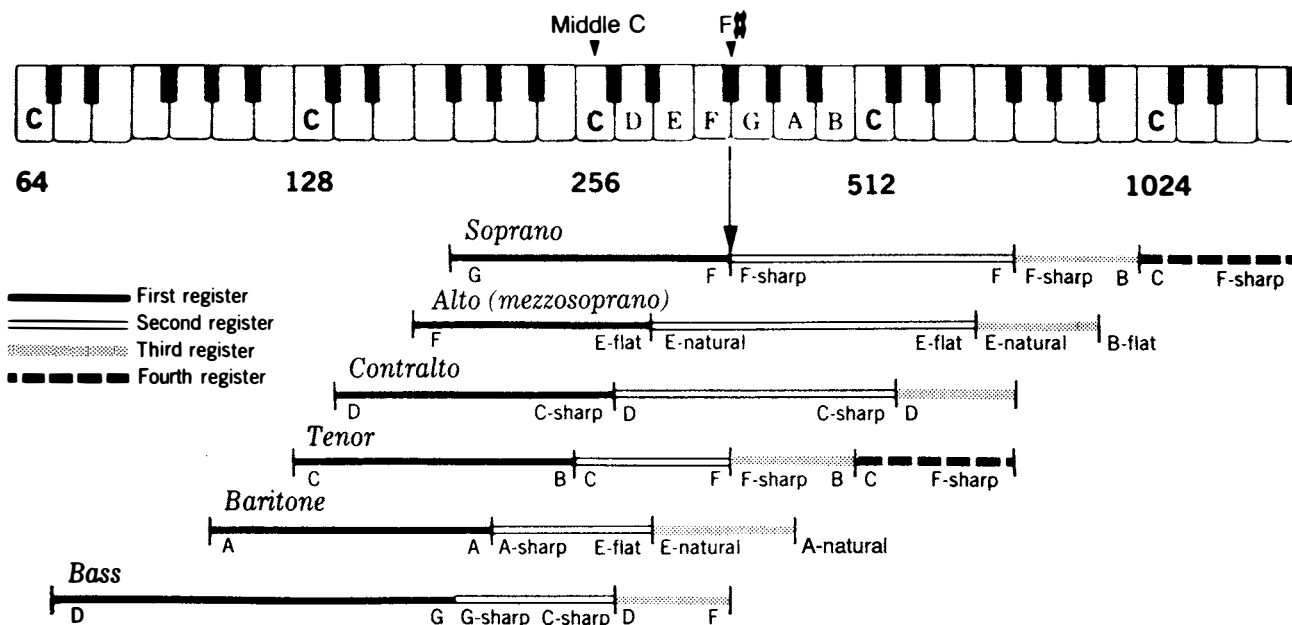


FIGURE 2
From J.S. Bach's motet, "Jesu, meine Freude"



The figure shows the alto and tenor parts only of measures 45-48 of the chorus, "Es ist nun nichts," which is scored for five parts. Note the high A for the tenor in measure 46, and the low A# for the altos in measure 48.

at 256.

Figures 2, 3, 4, 5, 6, and 7 are examples of the kinds of proof which should be well-known to any person with musical competence in the characteristics of the classical (bel canto) trained singing voices of soloists and members of choruses. The number of other examples which might be cited, is almost limitless.

'Absolute pitch'

Naturally, it has been the majority among the world's leading singers who have taken the lead in the campaign to implement Verdi's $A = 432$. Elevated pitch, even at $A = 440$,

tends to shorten the life of the voice, and compels the singer to lower the register-shift a half-tone of the scale, with resulting damage to the musical intent of the classical composer. At $A = 443$ or higher, the life of the singer's voice begins to be greatly shortened, while above 448, singing careers are cut very short, with some of potentially the best quality of voices never reaching professional ripeness for the concert stage.

Although some mathematical purists make a case for $A = 430.5$, from the standpoint of the health of the singing voice, any value of A between 430.5 and 432 might be acceptable.

For the best musical results, some fixed standard is needed, if the future singer is to acquire the sense of “absolute pitch” needed for the best results of training. It is desirable that musicians reading a classical score hear the exact value of the tone to be performed in their heads, automatically.

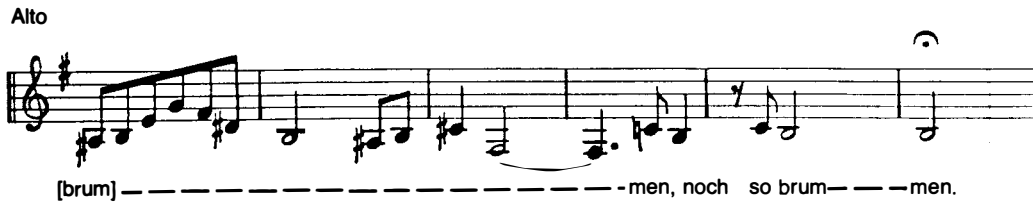
One of the problems of “variable,” or so-called “relative,” pitch, is that the musician tends to depend upon sounding a note on an instrument, reading a score, with the result that the connection between reading of score and perform-

ance tends to be too much a matter of connecting eye to muscle; it is desired that the musician produce an articulation of phrasing flowing from hearing the music in the mind.

Since the great Verdi adopted $A = 432$, the musicians supporting the effort have agreed to make $A = 432$ the professional standard.

Some instrument-builders and instrumentalists might prefer to have a basic tuning of A between 427 and 430 designed into their instruments, since the wind instruments’

FIGURE 3
From J.S. Bach’s motet, “Jesu, meine Freude”



The figure shows the alto part only, of measures 58-63 of the chorus, “Trotz dem alten Drachen,” which is scored for five parts. The low F# is sustained over measures 60-61.

The musical examples

The mezzosoprano (“alto”) line of the average Bach chorus neatly demonstrates that J.S. Bach standardized the well-tempered system at precisely $C = 256$. While it is true that composers before J.S. Bach did use varying pitch, Bach himself had to standardize the pitch, when he standardized the alto voice, and thus the well-tempered system.

Bach standardized the practice of using boys (choral) and women soloists for the alto choral line, which gave him four totally different kinds of voices instead of only three (boy sopranos; male altos and tenors; and basses).

True mezzosopranos (boys and women) cannot comfortably sing as low as did the highest Renaissance male altos. Thus, in order for boys and women to sing the “alto” (second) line, this line had to be raised slightly in tessitura. Still, a glance at Bach’s average mezzosoprano line makes clear, that boys and women cannot sing these low-lying lines, with sustained low G’s and F’s below the staff, at pitches any lower than $C = 256$.

Neither could most basses, for that matter, sing much lower than at $C = 256$, the sustained low E’s and D’s below the staff, for which Bach choruses routinely call.

Furthermore, Bach’s tenor and soprano lines require frequent high A’s and B’s above the staff, and thus could not be performed at pitches higher than $C = 256$.

Figure 2, “Es ist nun nichts” measures 45-48 from

Bach’s *a cappella* motet “Jesu Meine Freude,” is typical. No boy mezzosoprano could be expected to sing a line with such a low tessitura at the supposed “baroque pitch” of $A = 392$ -410, which is approximately one to two half-steps below $C = 256$. That is, the boys would be singing a tessitura from a low A to a middle E only, instead of a low B to D at $C = 256$ (equivalent of C to D#, speaking from the standpoint of vocal registers, at $A = 440$).

However, the tenors sit simultaneously at a high A above the staff, a fact common in Bach. Modern tenors either take these passages in falsetto, or complain bitterly about them, for at $A = 440$ or above they are impossible to execute beautifully. Clearly the tenor line needs the lower tuning of $C = 256$.

Figure 3 makes the case against any tuning lower than $C = 256$ even more clearly. “Trotz dem alten Drachen” from the same Bach motet (measures 58-63, end of the chorus) give an alto tessitura of low A to low B, including a sustained two-bar low F# below the staff! At any tuning lower than $C = 256$, no child or woman alive could sing this sort of line. The point is dramatized in Figure 7, showing the inner voices of the four-part motet “Lobet den Herrn,” where the tenors’ high A occurs *simultaneously* with a low F-natural in the alto part.

Unless Bach and Handel are performed precisely at $C = 256$, in fact, absurdities result. Christopher Hogwood’s famous video of the “Messiah” in London’s Westminster Abbey for example, is done at $A = 392$ —which forces Hogwood to revert to the use of male altos in passages such as that the “Trotz” chorus above. An example

pitch tends to climb a bit once the instruments are “warmed up.” As long as the concert pitch arrives at A = 432, singers and instrumentalists can live together quite happily, as far as tuning issues are concerned.

Until the 1815 Treaty of Vienna, European composers of classical compositions based their ideas of tuning and registration on the values dictated by the Italian “bel canto” method of voice-training. Middle C at 256 was generally accepted on the continent and by followers of the Handel tradition in England. It was Metternich’s Congress of Vienna which first sought to impose the A = 440 of the Russian czars’ military bands upon all of Europe. Nonetheless, the professional musicians resisted this Vienna political decree even after 1849, when wind instruments began to be redesigned to conform to the Russian standard of A = 440.

Later, the combined work of Helmholtz and Ellis created the musical “consumer fraud” known as the “historical school of tuning.”

Those who repeat Ellis’s dogma are exhibiting gross musical incompetence. In the coming debates in and around Italy’s parliament, this evidence against the “historical school” will now be forced to public attention. With that develop-

ment, the Italian musical world will say of Massimo Mila, “brutta figura!” The embarrassment to Mila and the “music mafiosi,” they will have brought upon themselves.

It would not be surprising if some former music students in the United States were to think of demanding rebates on the tuition fees paid to the music-theory departments of certain colleges and conservatories.

of such a passage is shown in **Figure 7**.

But, the continued use of high A’s and B’s above the staff as a matter of course for Bach’s tenor and soprano sections, means that higher tunings are also impossible. Bach’s famous cantata “Ein’ Feste Burg ist unser Gott” (**Figure 4**) contains repeated high A’s above the staff for the tenor in the opening fugue, and repeated low A’s below the staff for alto and low D’s below the staff for the basses.

The “B Minor Mass” in particular contains high B-naturals for the entire chorus for tenors and sopranos, yet a very low tessitura for altos and basses in some sections. **Figure 5** from Bach’s “B Minor Mass” demonstrates that in the same composition in which the tenors and sopranos execute high B naturals, which is impossible at tunings higher than C = 256, basses must sing a low E below the staff, which is not to be expected at lower than C = 256. Moreover, in case anyone is tempted to conclude, from the fact that the cantata “Ein’ feste Burg” has its extreme notes exactly one whole-step below the corresponding highest soprano and lowest bass notes in the Mass, that a lower-tuned organ was used in the Mass than in the cantata, this can be refuted again by consulting the respective alto parts. If it were a question of a lower tuning for the Mass, one would expect to find the lowest alto parts about one whole-step higher in the Mass than in the cantata, but just the opposite occurs. The altos in the “B Minor Mass” are required to sing as low as F# below Middle C, whereas in the cantata the altos’ lowest note is G below Middle C.

—Compiled by Kathy Wolfe and Sylvia Brewda

FIGURE 4
From J.S. Bach’s cantata, “Ein’ feste Burg”

a)

Soprano
Das Wort sie sol - len las - sen stahn

Alto
Das Wort sie sol - len las - sen stahn

Tenor
Das Wort sie sol - len las - sen stahn

Bass
Das Wort sie sol - len las - sen stahn

b)

Soprano
das Reich muss uns doch blei - ben.

Alto
das Reich muss uns doch blei - ben.


Tenor
das Reich muss uns doch blei - ben.


Bass
das Reich muss uns doch blei - ben.


Example 4a shows the first four measures of the closing chorale, where the tenors must execute a high A in the second measure. Example 4b shows the last four measures of the same chorale, with the basses’ low D as the final, held note.


FIGURE 5

From J.S. Bach's Mass in B minor

a) Soprano  lin ex- cel - - sis - - De - - - - - o,

b) Tenor  8 ter - ra glo - - - - - ri - - a

c) Alto II  ter - - - - - ra,

d) Bass  Et se - pul - tus est, se -

Example 5a is the first soprano part, measures 93-96, of No. 4, "Gloria in excelsis"; note that the choral sopranos must sing a high B-natural in measure 94. Example 5b is the tenor line, measures 74-76, of No. 20, "Sanctus," where the choral tenors, too, must sing a high B-natural. Example 5c is the second alto (mezzo-soprano) line, measures 107-8, from the "Sanctus," ending on a low F#. Finally, from the same work, Example 5d shows measures 48-49 from No. 16, "Crucifixus," where the bass choristers are required to sustain a low E.

FIGURE 6

From Bach's motet "Lobet den Herrn"

Alto  Herrn - - - - - , den Al - - - - - le

Tenor  8 lo - - - - - - bet den Herrn, al - - - - - le -

Measures 17-18 show the alto part descending to a low F below Middle C at exactly the point when the tenors climb to a high A above Middle C.

FIGURE 7

From the "Hallelujah" chorus from the Messiah by G.F. Handel

Alto  lu - jah! Hal - le - lu - jah! Hal - le - lu - jah! Hal - le - lu - jah!

Tenor  8 le - lu - jah! Hal - le - lu - jah! For

This closeup of the inner voices shows the altos executing a low A below the staff immediately after the tenors perform a high A above the staff, extremes which require a C=256 tuning pitch.

Sweden's Supreme Commander demands break with Palme policy

by Michael Ericson

"In 1972 the decision of 'fixed defense costs' was taken. We protested already at that time, and said it would never work. If we don't break with that principle and get a real growth in the defense budget, as in Denmark, Norway, and the Soviet Union, 30 years from now we will have halved our defense one more time."

Swedish Supreme Commander Bengt Gustafsson set off a political bombshell only two weeks after the Sept. 18 general elections. The above is roughly how he, at a well-attended press conference in Stockholm, explained why Parliament's five-year defense plan from last November has already collapsed.

The crisis of Sweden's defense is so acute that if things don't change, the Army will have to stop payments in a couple of months. Nor are the other branches of the Armed Forces much better off.

Supreme Commander Gustafsson chose this occasion to launch—without mentioning Olof Palme's name—a frontal attack on the late premier's defense policy which goes back to 1972. According to Palme's thinking, "an active international peace policy" would guarantee Sweden's security, while defense spending is frozen. "Not another crown [the Swedish currency] for defense" became one of the sacrosanct watchwords of the Swedish Social Democracy.

The Armed Forces had to continue finding their way out of "savings" imposed upon their own activity.

The result is well known in Sweden. Operational units of the Air Force and the Navy have been halved since the beginning of the 1970s—in a country which since the late 1970s has been penetrated by Russian submarine operations almost monthly!

Many political analysts in Sweden expected the financial crisis of the Armed Forces to be solved by formally cutting the Army to half of its former combat strength. Such a proposal could not be presented before the Sept. 18 elections, but was to be brought up right afterwards.

This writer warned that this political tactic could turn out to be very dangerous for its architects. They could be faced with an officers' revolt, which could rapidly gain broad popular support. I compared the staging of the September 1988 elections to those which occurred in 1985, when Olof Palme

ordered the media to keep the lid on all debate of real issues, and after Palme's party won the elections, a revolt broke out in the military, farm, and labor sectors.

Gustafsson turns the tables

Supreme Commander Gustafsson, who was appointed only two years ago after a meteoric rise in the Army, actually did follow the planned script, but in a way that could turn the tables.

The "plan" he presented made it clear to everybody that the existing defense budget is a disaster. The Supreme Commander stated openly that this was not "his plan," but the best thing he could propose with the money he got from the Parliament. He accused the politicians of assigning the Armed Forces a task, without allocating the financial means for them to be able to carry out the assignment.

He says openly now that he wishes to see a great national debate on the defense policy of Sweden, and that he himself will present his proposal for Sweden's defense Oct. 14. Then, he will have to take a definite stand on a series of crucial questions concerning the Swedish defense that have to be addressed in the coming years.

He has already leaked that one of his proposals will be a demand for 3% real growth in the defense budget. Living under the continuous threat of a Soviet surprise attack, Sweden of course needs much more, but the demand would definitely make a significant break with the 20 years of Palme's disastrous defense policy.

The 'disaster plan'

The proposed "disaster plan" to stop the financial bleeding of the Armed Forces includes:

- Most of the money is saved by cutting the mandatory military service in the Army from today's 7.5 months to 2.5 for one-sixth and 5 months for one-ninth of the conscripts. In the public debate the 2.5 month military "training" has been compared to the training which the boy soldiers of Khomeini got before being sent out to a sure death.

- The total number of Army brigades that can be mobilized (Sweden has a conscript army and no standing army) are cut from 28 to 21, a proposal which includes shutting

down 10 regiments, i.e., training camps, of the Army. Four of the remaining regiments will, however, still be very unmodern.

- The Navy has to cut its order of five Swedish-made submarines, the Submarine 90, to three and just build one, instead of three planned batteries for a new coastal surface-to-surface missile.

- No more development projects will be ordered from the highly developed Swedish defense industry, which has not seen new such contracts for a long time now. The Supreme Commander warns in his report that "the technological capacity of that industry will rapidly deteriorate." This is an industry that most Swedes are rightfully very proud of.

- The delays in developing the new Swedish air fighter, the "Gripen," have made it impossible to get a sufficient overview to plan cuts in the Air Force for the moment, the report states. But as soon as the picture is cleared, cuts have to be taken.

The revolt

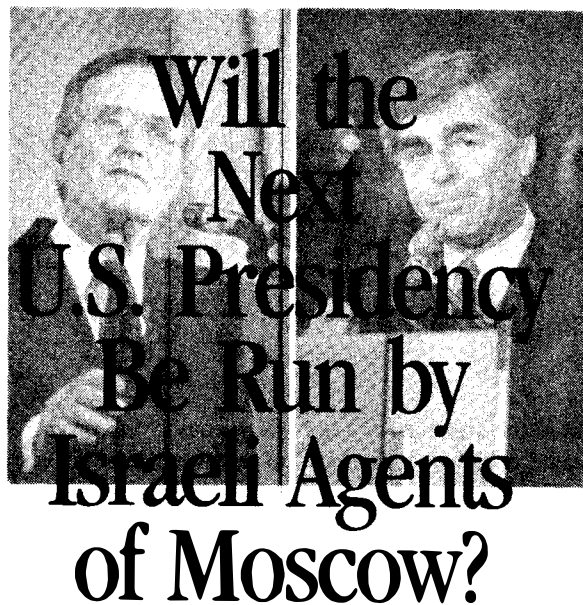
"You are lying!" shouted the men in uniform in front of the TV cameras to the Supreme Commander, on a visit to explain the emergency plan at the regiment of Vaexjoe, now threatened with shutdown. One interviewed military officer looked straight into the camera and appealed to the viewers of prime-time TV news: "I tell you, the fault of this is the politicians who don't wish to defend this country. For God's sake *Svensson* [all ordinary Swedes]: Do something!"

The reactions to the proposed plan have been very strong both from the military men and the general public, but not much has been said by either the politicians or the media. They have been tied up figuring out what to do with the situation that emerged after the elections of Sept. 18. Not only did the Green Party enter the Swedish Parliament for the first time, but the small Communist Party also got onto the defense committee of the Parliament for the first time in Swedish history, as did the Greenies, after some political maneuvering.

In the general election, the Social Democratic party lost 1% of its voter base, but it will be able to continue to govern with the support of at least one other party. That means that for the next three years, the Social Democrats can rule by themselves, either by turning for support to the Communists or the Greenies, or by putting forward a proposal which one of the non-socialist parties will support.

In reality, because of the tremendous problems Sweden has to deal with, that means that the political battles of the coming period will be fought out inside the Social Democratic Party.

The big defense debate now triggered is no exception: The defense minister, the old trade union leader Roine Carlsson, has already told his own Supreme Commander, who has well-known good connections in the party, that "there will be no talk about more money for defense."



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.

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Will Canal treaties be rescinded?

The reason for the campaign to hang the "drug trafficker" label on Noriega gets more and more obvious.

Former Reagan administration officials are calling for the United States to unilaterally rescind the Panama Canal treaties and to keep its troops and military bases in Panama. This confirms charges by the head of Panama's Defense Forces (PDF), Gen. Manuel Noriega, and by Panamanian President Manuel Solís Palma, who told the U.N. General Assembly Oct. 27, that the campaign to discredit Noriega by branding him a "drug trafficker" was because the recent arms limitation agreement between the Soviet Union and the United States "increases the importance of military installations located in strategic sites" such as Panama.

In the *Washington Times* Oct. 11, former Associate Deputy Attorney General Bruce Fein wrote that the U.S. "should maintain its 12,000 military personnel and sovereignty in the Canal Zone" indefinitely. "That action would be justified under the Canal Treaty to vindicate the right that the Panama Canal shall remain open, neutral, and accessible," Fein stated.

Adm. Thomas Moorer (ret.), a member of the Foreign Intelligence Advisory Board in the first Reagan administration, is circulating a letter calling for a suspension of the Canal treaties. Moorer is a colleague of Henry Kissinger at the Center for Strategic and International Studies (CSIS) at Georgetown University. His letter, put out by the Center for a Free Society, which he chairs, claims "the nation of Panama is crumbling," and gloats, "The corrupt government of Panama has given us the chance to finally undo the stupid, liberal give-away of the Panama Canal."

Earlier, Maj. Gen. David S. Parker (ret.), in the December 1987 edition of *Armed Forces Journal*, had argued that it costs too much to give up military installations in Panama, and called for installing a "democratic" government in that country, that would be willing to renegotiate the treaties to allow for a continued U.S. presence. The U.S. Congress is considering a bill that would forbid the withdrawal of American troops from Panama in 1999, as mandated by the treaties.

In fact, the only violations of the Canal treaties so far have all been by the United States. Since the spring, the Reagan administration has unilaterally suspended payments of Panama's share of Canal revenue. In July, the Panamanian members of the Canal board of directors—which is supposed to have the final word on Canal operations and management—were unable to take part in the quarterly meeting, when the venue was transferred to New Orleans, and their aides were denied U.S. visas. The treaties call for the meetings to be held in Panama. The Panamanian members of the board were not even given a copy of the agenda nor officially notified of the most recent meeting, again held in New Orleans, Oct. 12-13.

There are increasing signs that the Soviets have given Washington the go-ahead to oust Noriega. They want to get their hands on the bases themselves. The Soviet proposal is that the Canal be "demilitarized" and placed under international control. This is in line with the recent Soviet proposal to volunteer troops for a U.N. peace-keeping force in Central America and other hot-spots throughout the world.

When it was announced Oct. 1 that the Soviets would sign the Panama Canal treaties' Neutrality Clause, which is supposed to guarantee that the Canal remains open at all times to all nations, the U.S. State Department promptly issued a statement through its embassy in Panama claiming that "the Soviet Union's adherence to the Neutrality protocol" means that it sanctions any U.S. military intervention in Panama to protect Canal security, reported the daily *La República* Oct. 10.

The disinformation campaign that has been the main weapon to get Noriega and the PDF out and keep the U.S. bases in, heated up again with the announcement of the indictments against the Bank of Credit and Commerce International (BCCI) and the arrest of several of the bank's officials for laundering drug funds. The media trumpeted that bank officials had sworn that Noriega had used their services to launder illegal funds, and that Amjad Awan, a Miami-based officer, was "Noriega's personal banker." In fact, BCCI officials said no such things, nor did the law enforcement officials responsible for the indictment, which did not include Noriega.

The media were in such a hurry to pin the BCCI rap on Noriega, that they could not get their facts straight. While the *Washington Post*, which claimed it was quoting from official transcripts, said that "Noriega's account" had "as much as \$20 million, maybe \$25 million," the *Washington Times* on the same day, Oct. 13, quoting from the same transcripts, said that the accounts had "\$40 million to \$50 million."

It appears that the source the media were relying on for implicating Noriega in the BCCI scandal, was John Kerry, the Massachusetts Democratic senator, who was engaging in damage control (see article, page 66).

A constitution violated

President Sarney trembles with guilt as the new constitution is promulgated before the nation.

On Oct. 5, Brazil was treated to a most solemn ceremony. The Congressional Assembly and galleries were full, the national anthem was sung, and the president of the National Constituent Assembly, Congressman Ulysses Guimarães, promulgated the new Constitution of Brazil.

However, not all were filled with the pride and spirit of a civic holiday. In swearing to uphold the new Constitution, President José Sarney's hand was seen to be trembling so uncontrollably that he was forced to lower it several times before concluding his pledge.

Sarney's nervousness may perhaps have been due to the fact that he was well aware that the new law of the land was already being violated by his ministers, even as he was swearing his allegiance: in particular, those aspects of the Constitution which punish usury and question the onerous international debt agreements that have been signed with the creditor banks and the International Monetary Fund.

For example, as soon as the President's economic team realized that the constitutional article demanding prior approval by the Congress of all international acts of government had the majority support of the Constituent Assembly, they flew off to New York to ram through an agreement with the banks.

Simultaneously, they began a systematic campaign to block the application of the usury law, which limits annual interest rates to 12%. In fact, while the Constitution was being promulgated in Brasilia, Attorney Gen-

eral Saulo Ramos was holed up elsewhere, putting the final touches on a judicial opinion opposing application of the usury law. Thus, one day after swearing to uphold the new Constitution, Sarney put his signature to a document ordering the national banking system to ignore the constitutional article that limits interest rates!

At the same time, Finance Minister Maílson da Nóbrega went head-to-head with the Congress, insisting that no initiative by that body could nullify the foreign debt agreement, which is apparently the Senate's intention. The minister argued that the article he was challenging, which demands prior congressional approval of an international agreement, referred only to pacts with states, and not with private entities, as in the case of the creditor banks.

In response to these open challenges to the new Constitution, PMDB president Ulysses Guimarães warned during his address to the congressional plenum Oct. 5: "Refuse to obey it? Never! A traitor to the Constitution is a traitor to the Fatherland."

In his speech, Guimarães defined various aspects of the new Constitution he helped bring into being: "The Constitution changes a man into a citizen, and it is only the citizen who earns a just and adequate wage, who reads and writes, dwells, has hospitals and medicines, has leisure time." He added, "Disorder is the child of penury, and ignites popular outrage."

Congressman Guimarães did not fail to mention the international pressures to which the preparation of the Constitution had been subject. "The

drafting of the Constitution was innovative and daring, rejecting both foreign and domestic preliminary designs." As *EIR* has charged, these pressures came primarily from the networks of the infamous Project Democracy, which produced Oliver North's monstrous brand of covert foreign policy.

Finally, the congressman presented what he called "several distinguishing features of the Constitution, which will ultimately command this great nation. . . . The first of these is courage. Courage is the raw material of civilization. Without it, duty and the institutions perish. Without courage, the other virtues succumb in the hour of danger. Without it, there would exist neither the cross nor the gospels."

With his statements, Guimarães not only warned the Sarney machine against tampering with the Constitution, but launched the debate around next year's presidential elections. In a country with the largest Ibero-American foreign debt, inflation of 1,000% a year, deepening economic recession, severe malnutrition, and immobilized by an IMF-imposed policy straitjacket, repudiation of austerity policies will again become a central electoral issue.

Guimarães began his presidential campaign by bringing the content of the new Constitution to the nation. On Oct. 10, speaking in the city of Natal, he warned that the economic collapse the states would experience next year, due to an IMF-dictated 1989 budget requiring payment of a minimum 25% of Brazil's foreign debt, "could result in serious social convulsion." If this happens, he warned, "the governors will not even be able to leave their offices. . . . They won't even have enough money to pay their employees."

Italian industry to 'conquer' Russia

Prime Minister De Mita will meet Gorbachov during the "Italy 2000" Fair in Moscow on Oct. 13-25.

The head of the Italian government, Christian Democrat Ciriaco De Mita, arrived in Moscow on Oct. 13 for a meeting with President Gorbachov. As the Soviet news agency Novosti stressed, this is the first Western leader to meet with Gorbachov since the "earthquake" of the reorganizing of the highest levels of the Soviet power structure.

De Mita is accompanied by, besides the powerful foreign minister, Giulio Andreotti, six other ministers, as well as scientists, university directors, and such captains of industry as Gianni Agnelli of Fiat, Raul Gardini of the Ferruzzi group, and Romano Prodi of the state-sector IRI. De Mita will open the Italy 2000 fair, where 264 Italian industries will participate with the aim of "conquering" the Soviet market, which for the moment simply does not exist.

De Mita is also bringing Gorbachov a gift: a low-interest line of credit for some \$500 million. This is not a lot, but the experts say that if all goes well, the figure could grow substantially. The industries in the forefront of trying to open up the Soviet market are machine tools, machinery for woodworking, sewing machines, and machines for treating hides and furs. While in Moscow, De Mita is expected to sign an accord for a joint venture between Italy and the U.S.S.R. to exploit methane gas and build a car-and-truck factory. But Italian producers have asked not to be constrained to take 10-20% of payment-in-kind in Soviet products, thus refusing the infamous Soviet "compensation," since

Soviet products are hard to sell in the West.

The Italian leaders will also discuss with Gorbachov the possibility of cooperation in space, and perhaps the flight of an Italian astronaut on a Soviet space ship. This involves a clear policy choice by Italian government and industry: If Gorbachov needs consumer goods and industrial hardware, Italy is ready to provide them in large quantities. This means that Italian foreign policy, for many years now run by Giulio Andreotti, is oriented toward the East.

Meanwhile, in internal affairs, Italy is preparing for the new Common Market of 1992. In a conference of the Council of Italian-U.S. Relations in Rome Oct. 7, Gianni Agnelli reassured David Rockefeller that the Europe of 1992 would not mean protectionism against America, but on the contrary, that financial restructuring would leave power in the hands of a few groups quite in step with the "New Yalta" policies of the American establishment.

Italy is getting ready for 1992 with sweeping reforms. The De Mita government's first act was to abolish the secret ballot in Parliament for all the most important bills. Next come electoral reform, shrinking the gigantic bureaucracy, then privatization of the post office and most of the state industry holdings.

As for finances, Nerio Nesi, the president of the Banca Nazionale del Lavoro, has proposed to gobble up thousands of minor banks into a few megabanks better able to do the new

business of 1992, such as liberalized capital flows in Europe, buying stocks abroad and vice versa, and opening bank accounts in other nations of Europe. Finally, the creation of "industrial poles" is foreseen, controlled by a few families: for example in the auto sector (now totally in Agnelli's hands); in the chemical sector and agri-chemical (the ENI group along with the Ferruzzi group); electronics (De Benedetti); private television (Berlusconi).

All efforts to industrialize the south will stop, and it will be opened up for private and foreign investment to develop tourism. It seems that the slogan of "tourism for the south" has attracted the "winning mafia" which controls, precisely in the south, an enormous turnover of drug traffic, whose proceeds go to stuff the vaults of the banks in Milan and, not rarely, of the parties and the politicians.

If it were not for some 1 trillion liras (\$733 million) every year directly or indirectly from drug traffic, Italy would not have the financial muscle to operate in many industrial sectors, nor would many cities of the north be able to have a relatively high standard of living.

Italy is the first industrialized nation that has closed all its nuclear plants, and presents itself for the 1992 deadline as a country with islands of industry (auto, electronic, fashion, agro-chemical), in a context dominated by tourism, show business, and free circulation of drugs (in 1992, along with the free flow of capital, the flow of drugs will be liberalized).

This is not exactly what Dante and the fathers of the Renaissance and the Risorgimento had in mind for the future of "Bel Paese," nor are all Italians disposed to tolerate the way things are going. But nonetheless, this is the aim of the Italian government, guided by Ciriaco De Mita.

International Intelligence

Angolan government recaptures towns

Following the South African troop pull-back from Angola on Sept. 1, the Angolan military has recaptured a string of towns held by the pro-Western UNITA guerrillas under Dr. Jonas Savimbi.

The South Africans pulled out of southern Angola after a deal was negotiated between the United States and the Russians—although ostensibly between Angola, Cuba with 50,000 troops there, and South Africa. UNITA was not a party to the negotiations, which have been attacked by Savimbi as a sell-out by Washington. The South African pull-out from the south has left UNITA positions in the center and north of the country more exposed.

The pro-Soviet Angolan government's chief of military intelligence, Lt. Col. Mario Placido Cirilo de Sa, claimed that government forces had confronted nine rebel battalions and killed 1,300 defenders in fierce fighting in Savimbi's native village of Mungango along the Benguela Railroad. These claims are denied by the Savimbi forces.

The region around the village served as a major arms depot and supply route to UNITA forces in central and northern Angola.

U.S. asks British probe of 'SDI deaths'

The toll in the wave of mysterious deaths of British scientists is now estimated at 22, up by 10 from a week earlier estimate of 12, reported the Oct. 9 *Sunday Times* of London. The Pentagon is about to formally ask the British government to look into the deaths, because many are believed to have been involved in top secret research related to the American Strategic Defense Initiative.

The Pentagon is expected to ask Britain for the case histories of the 22 Britons. "It was irrefutable that some were working on projects linked to Star Wars," the Pentagon source is quoted.

U.S. defense officials "want an investigation into suggestions by some relatives

and colleagues that the men may have been victims of a macabre conspiracy," said the British paper. "This official American concern comes as GEC, whose Marconi subsidiary employed some of the defense workers who have died, begins its own investigation at the instigation of Lord Weinstock, the company's managing director."

According to the paper, the Pentagon particularly wants the British Ministry of Defense to "look into suggestions that some of those who died were working on the American star wars projects and other secret defense contracts."

The *Sunday Times* upgrading of the number from 12 to 22 comes from American embassy estimations. The embassy has forwarded 22 names to Washington.

Meanwhile, family members of two more defense scientists who died suspiciously, have come forward to say they did not believe it was suicide.

Labour Party parliamentarian Doug Hoyle told the paper, "The government knows a lot more than it is saying. It should come clean."

The *Sunday Times*' own investigators have found several cases in which official explanations of why one or another scientist may have committed suicide did not correspond to the facts of the situation.

For Haiti, no new U.S. aid soon

Although Haiti has done everything the United States as asked it to, there will be no aid for that country anytime soon, according to State Department spokesmen quoted in the Oct. 8 *Washington Post*. "By taking bold measures to attract fresh U.S. aid to the poverty-stricken nation, Haiti's new military government has put Washington in a bind," commented the newspaper.

The leaders of the coup have said that their measures are designed to "persuade the U.S. to restore \$89 million in government-to-government aid cut last November. In its first weeks, the new government undertook a series of measures that had been advocated by U.S. officials. . . . But the U.S. Congress is unlikely to consider renewing Hai-

ti's aid before February. Even then, aides in Washington say sympathetic lawmakers may face a struggle just to raise American assistance to its former levels . . . given overall budget constraints."

Most people in Haiti live at starvation levels, with per capita income at \$300 per year.

Satanic boom in Britain

"Satanists are enjoying a boom" in Great Britain, as Christian churches decline, reports the 1989-90 edition of the *Christian Handbook*, published the first week of October.

Christian churches in Britain have lost nearly 900,000 members in the last eight years, and are expected to lose several hundred thousand more by the year 2000.

Meanwhile, according to an Oct. 8 *Daily Telegraph* synopsis of the *Handbook*, "Independent Christian churches, non-Christian religions, and even Satanists are enjoying a boom." Satanists now number 16,000, having added 1,000 members in two years.

One other religion spreading in Britain is Islam, with a new mosque opening every two weeks in the country. And Sikhs now number 200,000, ten times their size in 1985. Presbyterians, Methodists, and Baptists are all declining in numbers.

Pakistan polarizes as elections approach

Acting Pakistani President Ghulam Ishaq Khan has announced that Nov. 16 elections for the national assembly and Nov. 19 elections for the provincial assembly will be held on a "party basis."

The late President Zia ul-Haq, killed in an unexplained plane crash in September, had decreed that the elections would be held on a non-party, candidate basis.

Since most of Pakistan's parties, except for Benazir Bhutto's Pakistan People's Party (PPP) and the Pakistan Muslim League,

are ethnic parties with one leader and little national influence, those two might expect to benefit the most from the change, especially the PPP, which has the strongest organization in two crucial provinces, Punjab and Sind, accounting for 75% of the national assembly seats.

The Pakistan Muslim League, the party which ushered in Pakistan in 1947 under the leadership of Muhammad Ali Jinnah, has been split into PML (F) and PML (J) groups, primarily demarcated by pro-Zia, pro-Punjab, and anti-Zia, pro-Sind factions, respectively. Many smaller parties—leftist, centrist, and religious in outlook—are trying to attach themselves to either the PPP or one of the PML factions.

Because the PML remains split, making it likely the PPP, with a strong pro-Soviet current, will come out an easy winner in the elections, supporters of the late Zia have banded together in a coalition for the Nov. 16 elections. An announcement by leaders of eight mainly right-wing and religious parties Oct. 6 said the alliance would put up joint candidates. The program of the "Islamic Democratic Alliance" (IDA) includes full support for the "holy war" of rebels in Afghanistan.

Sihanouk meets Reagan, battles Khmer Rouge

Cambodia's Prince Norodom Sihanouk met with President Reagan and State Department officials Oct. 11, and told reporters that Reagan had agreed that an international peacekeeping force was necessary for the area.

The prince added that Reagan also said "that the United States wanted Sihanouk to lead the new government of Cambodia once the Vietnamese troops are out." The *New York Times* reported today that China, Vietnam, the United States and other nations have agreed that several Khmer Rouge leaders, including Pol Pot, should be exiled to China to give the Khmer Rouge a more moderate image, so that other coalition partners would accept the group, which was responsible for the relatively greatest genocide in modern history, against their own people.

Meanwhile, Sihanouk's army is sending reinforcements into the interior of Cambodia to prevent takeover by the Khmer Rouge, Sihanouk's son Ranariddh said in a telegram to the prince released on Oct. 10, "Faced with the Khmer Rouge threat, I have taken the liberty of deciding to send 75% of our troops and all commanding officers into the interior," he told his father.

Mitterrand, Moscow in 'total dialogue'

French President François Mitterrand of the Socialist International, in an interview with the journal *Nouvelles d'Alsace* in early October, stressed that "Eastern Europe should not be excluded from the 1993 European Big Market," which will take place because of the "1992" reforms. This, he said, could be one of the central agenda items of his visit to the Soviet Union.

The 1992 reforms will abolish all customs barriers on the continent, representing a giant first step toward eliminating national sovereignty and preparing Europe for the status of Soviet protectorate.

It is now official that President Mitterrand will visit the U.S.S.R. Nov. 25-26. Gorbachov is invited to France in the first half of 1989.

"We attach priority to the dialogue with the U.S.S.R.," declared French Foreign Minister Roland Dumas, in an interview with the Soviet government paper *Izvestia* recently. "I've recently been in Czechoslovakia and I'm planning to visit other Eastern countries during the next months," he added on Radio France-Inter Oct. 3.

A spokesman for the Soviet Foreign Ministry praised the "total dialogue" now "reestablished" with France.

No longer reined in by Gaullists around former Prime Minister Jacques Chirac, Mitterrand is now avidly promoting Gorbachov's "Common European House" policy for Soviet takeover of Europe.

In Moscow, Mitterrand's agenda will include economic and scientific cooperation on the bilateral level, disarmament, and regional conflicts, primarily in the Middle East and in Cambodia.

Briefly

● **MIKHAIL GORBACHOV** and wife Raisa are likely to stay with the Queen at Buckingham Palace during the first Soviet state visit to Britain in spring of 1989, say British newspapers.

● **ETHIOPIAN** Air Force jets have attacked anti-locust spraying planes near the Sudanese border, forcing specialists battling the swarms to ground the planes, according to an Oct. 8 Sudan news agency report.

● **COMMUNIST PARTY** of the Philippines founder Jose Maria Sison has proposed that talks between New People's Army rebels and the government resume and the rebels lay down their arms, if President Aquino dismantles U. S. military bases there. Sison said he foresees the Senate denying ratification of a new treaty retaining the bases anyway.

● **THE ANNIVERSARY** of the "Double Tenth," the Chinese Revolution led by Dr. Sun Yat-sen 77 years ago, came on Oct. 10. It was the tenth time that Sun had tried to take power. He himself was not in China at the time, but abroad successfully arranging for a cut-off of foreign funds to the Manchus.

● **SOVIET OLYMPIC** medals in Seoul were overwhelmingly won by members of the armed forces, says an Oct. 6 report in the military paper, *Krasnaya Zvezda*. Team members from the "army and fleet" had accounted for 51 of 55 gold medals, 29 of 39 silver medals, and 34 of 46 bronze medals.

● **THE LARGEST** peacetime security operation in British history is now being mounted for the Conservative Party conference in Brighton, with 1,500 police, a minesweeper, and a 3-mile air exclusion zone. The 1984 conference was bombed by IRA terrorists.

The LaRouche indictment is a Dukakis dirty trick

Even as U.S. Attorney for the Eastern District of Virginia Henry Hudson was announcing a new 13-count indictment of Lyndon LaRouche and six associates on "conspiracy to commit mail fraud," independent Democratic presidential candidate LaRouche denounced the new indictment as a "pre-election dirty trick" carried out by the crowd behind Michael Dukakis.

Democrats for a National Economic Recovery, LaRouche's campaign committee, released an eight-page pamphlet substantiating this charge on Oct. 14. The pamphlet describes William Weld, the former U.S. Attorney in Boston, and then head of the Justice Department's Criminal Division, as the key link between the Dukakis political machine and the Justice Department group which approved the indictment.

Weld started his legal career under the supervision of Michael Dukakis at the Boston law firm of Hill and Barlow, and, upon his leaving the Justice Department in the spring of 1988, went to work at the firm of Hale and Dorr, where Dukakis' campaign chairman Paul Broutas is a senior partner. The pamphlet also notes that the former lead prosecutor on the LaRouche case in Boston is now on Dukakis's campaign staff, and that the federal judge who is trying the LaRouche case in Boston is someone whom Dukakis calls "my mentor."

Having seen the Boston federal prosecution against LaRouche end in a mistrial on May 4, 1988, however, the Dukakis machine has looked for another jurisdiction in which to carry out its political vendetta. They found it in Alexandria, where the U.S. Attorney's office has been collaborating with Boston on the matter since the summer of 1986.

"Their philosophy could be called prosecutorial rou-

lette," said Dana Scanlon, spokesperson for the LaRouche presidential campaign. "Indict your enemies here, indict them there, bankrupt them, investigate them, try to cut off their sources of funds. Indict enough people in enough jurisdictions, and hope that something, somewhere, will stick," she told the press.

The charges

The indictment against LaRouche and six associates is comprised of 13 counts: 1 of conspiracy to commit mail fraud; 11 of specific acts of the alleged mail fraud; and 1 of conspiracy to defraud the Internal Revenue Service. Only LaRouche is charged with all counts.

The individuals indicted with LaRouche are Michael Billington, Paul Greenberg, Joyce Rubinstein, Dennis Small, Edward Spannaus, and William Wertz.

Despite the superficial difference in charges, however, the 50-page Alexandria indictment is identical in substance to the failed Boston indictment of 1986-87. Analysis of the Alexandria document shows that it is a cut-and-paste job from the Boston indictment, the Boston prosecutors' trial brief, transcripts from the seven-month trial, and FBI agent Richard Egan's search warrant affidavit, from Oct. 6, 1986.

The alleged loan scheme, which is charged as a "conspiracy to commit mail fraud," is based upon evidence already presented to the jury in Boston. Several of the alleged victims were part of Assistant U.S. Attorney John Markham's witness list in Boston. Additionally, the purported tax conspiracy involving LaRouche, was also presented by Markham to the Boston jury as part of his case.

Reports from Boston just prior to the Alexandria indictment confirmed that, additionally, AUSA John Markham of

Boston is being dispatched to Alexandria to assist with the case, which the prosecution hopes to bring to trial, and conclude, prior to the scheduled retrial of the Boston case in January 1989.

Injunction sought and denied

Attorneys for LaRouche and others brought emergency action in federal court just hours before the indictments, asking a federal judge to issue a temporary restraining order (TRO) against the indictments which were about to be issued. The application was denied by Judge Stanley Sporkin, counsel to the CIA under Director William Casey.

The two grounds on which the TRO was sought were 1) that LaRouche is a presidential candidate, and the proposed indictment in the last weeks of the campaign, would cause irreparable harm to the campaign; and 2) that the Alexandria indictment is virtually identical to the indictment already pending against three of the defendants—LaRouche, Spannaus, and Billington—in Boston.

“To allow the government to indict plaintiffs now for the expressly stated purpose of forcing them to trial in Alexandria in December, before the Boston retrial date of January 3, 1989 can be met, would be to force them to choose between continuing to pursue their candidacy, campaign, and free exercise of their First Amendment rights, or begin to immediately devote the resources and attention necessary to defeat this duplicative prosecution,” the plaintiffs’ brief read. “The public interest cannot conceivably be furthered by such a brazen and calculated attempt at cutting off the political debate and plaintiffs’ fundraising activities. The Government should not be allowed to tamper with the political process in this way. Accordingly, this Court should order that the defendants be enjoined from indicting these plaintiffs in the Eastern District of Virginia until November 9, 1988, at the very earliest.”

The defendants’ brief charged the government with “forum-shopping” in hopes of getting a conviction, although the Boston case is still scheduled for retrial.

The TRO brief noted that attorneys for LaRouche and his associates had met with prosecutors and Justice Department officials several times, to attempt to dissuade them from proceeding with the simultaneous and similar prosecutions in two jurisdictions. The arguments included the fact that the prosecutions would be “highly duplicative,” and the “Department of Justice guidelines precluded duplicitous prosecutions in the absence of a compelling federal need, which need was lacking in this case.” It also noted that “a second and simultaneous prosecution in Alexandria, Virginia, would further burden the defendants’ already strained financial and emotional resources, thereby violating principles of fundamental fairness.”

The attorneys also argued that “the fact that the government did not intend to charge Mr. LaRouche with substantive tax crimes, but only with conspiracy, suggested that the tax

charge was merely a contrivance to avoid the Department of Justice’s dual prosecution policies.”

Despite their showing that the new duplicative indictment was political, and would violate the First, Fifth, and Sixth Amendment rights of the plaintiffs, Judge Sporkin refused to even read the papers, and denied the TRO request.

RICO denied

One aspect of the case which the Dukakis machine and U.S. Attorney Hudson did not get approval for, however, was a charge of racketeering. According to statements made by defense attorney R. Kenly Webster at the TRO hearing, he and other attorneys, including LaRouche’s attorney, Odin Anderson, had met with Justice Department officials and argued against the propriety of such charges over the two weeks prior to the indictments.

The TRO brief described the argument as including the charge that “as a matter of policy, the Department of Justice should avoid entangling RICO charges with the political/electoral process.”

Ultimately, the Justice Department declined to authorize the RICO count of the proposed indictment. Apparently, this is the second time such authorization was sought and denied, since the Boston indictment, according to knowledgeable sources, was also originally drafted as a RICO indictment.

The Dukakis dirty trick

As the pamphlet released by the LaRouche presidential campaign shows, it is no exaggeration to say that the new indictment of LaRouche is a “Dukakis dirty trick.” Dukakis, and the powers behind him, exert the key influence over the sections of the Justice Department that engineered the new attempted frameup of LaRouche. And there is no doubt that William Weld, who launched the investigation, has much stronger loyalties to the Boston law firm-Harvard-Dukakis crowd than to Ronald Reagan or George Bush.

Joining Dukakis and his personal machine in the nearly four-year legal persecution of LaRouche and his associates, are the pro-Soviet leaders of the Democratic National Committee. The history of the machinations by DNC leaders and Democratic influentials such as Paul Kirk and Armand Hammer, are documented in the pamphlet.

The goad that particularly set off the Democratic dirty tricks campaign, was the victory of two LaRouche supporters in the Illinois state election of March 1986. At that point, the liberal wing of the Establishment went wild, issuing orders that LaRouche must be destroyed before the 1988 elections.

The federal indictment in Boston was announced concurrent with a massive paramilitary raid against offices of LaRouche associates in Leesburg, Virginia on Oct. 6-7, 1986. This was followed by a series of mass arrests in the states of Virginia and New York, and the eventual shutting down of several publications associated with LaRouche, through an unprecedented federal involuntary bankruptcy action.

Dukakis backers want austerity, overthrow of U.S. Constitution

by Kathleen Klenetsky

The political-financial powers behind the Dukakis candidacy have already developed detailed blueprints for putting the American people through a period of the harshest austerity imaginable. This is the dirty secret behind Dukakis's refusal to make any substantive statements on economic policy during the campaign.

Lurking just beneath the surface of Dukakis's rhetorical flourishes about providing "good jobs at good wages," and making the U.S. economically competitive, lies a program for junking the U.S. Constitution in favor of a supranational bankers' dictatorship, which will put the American people through the same brutal looting process that has wreaked such havoc in the Third World, as well as countries like Poland and Yugoslavia.

Dukakis is a technocrat cut from the same cloth as Italian Fascist dictator Benito Mussolini. In fact, Dukakis was picked by the same Establishment faction that catapulted another political unknown, Jimmy Carter, into the White House—precisely because his cold, compassionless character, combined with his record as governor of Massachusetts, makes him the perfect vehicle for such policies.

Bring in the IMF!

Plans for an International Monetary Fund-style dictatorship over the U.S. economy have been publicly articulated by key Dukakis backers. Democratic insider Ted Sorensen, recently brought into the top echelons of the Dukakis campaign, has already gone on record calling for the IMF to run the U.S. economy.

Sorensen made this grotesque recommendation in his 1984 book, *A Different Kind of Presidency: A Proposal for Breaking the Political Deadlock*, written while he was serving as Gary Hart's presidential campaign co-chairman. He argued that the United States requires such drastic budget cuts that the present form of government cannot possibly do the job, and that a "government of national unity" is necessary.

"Many governments borrowing from the IMF, including Britain and Italy as well as scores of developing nations, have as a condition for those loans accepted temporary restrictions, some of them vastly unpopular, on their economic conduct," Sorensen wrote. "The United States and other industrialized nations, if they recognize the potential economic

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

To ensure that the IMF's orders are heeded, the U.S. needs a radically restructured government—a "government of national unity." Arguing that neither political party, neither Congress nor the President, "wants to be held responsible for cutting expansion of our eligibility for the middle-class entitlement programs like Social Security and Medicare, or the funds for repairing our crumbling infrastructure, or the pay or pensions of those who serve in our armed forces," Sorensen contended that only a bipartisan coalition government could handle the job.

The key policymaking body in Sorensen's mongrel structure wouldn't be the President or even the cabinet, but a "National Council of Economic Cooperation and Coordination" which would handle the difficult decisions that will have to be made for the U.S. economy, which is now in "a crucial state of transition."

The most urgent task facing the new Council would be to make "deep reductions" in the federal budget deficit through raising taxes and cutting expenditures: "No one's sacred cow or traditional pork barrel will be safe." The Council will have to "face the painful task of strengthening the tax base and reducing the federal tax deduction and spending programs benefiting every group represented around the table," via a wage freeze, incomes policy, and other measures.

Sorensen's "National Council of Economic Cooperation and Coordination" bears a striking resemblance to the National Economic Commission, which Congress established late last year, at Wall Street's behest. Set to issue a package of "deficit-reduction" measures to the incoming President this December, the NEC has been at the center of a nationwide controversy for weeks—ever since its two co-chairman, Democrat Robert Strauss and Republican Drew Lewis, publicly asserted that the panel will almost certainly recommend cuts in entitlement programs, including Social Security and Medicare, and farm supports, as well as in defense.

That resemblance is hardly fortuitous. Although candidate Dukakis claims he won't be bound by the NEC's recommendations, three of his top economic advisers sit on the 12-member Commission. These include Wall Street banker Felix Rohatyn, who collaborated with Sorensen's law part-

ner, Simon Rifkind, to set up the “Big MAC” (Municipal Assistance Corporation) bankers’ dictatorship which has destroyed New York City.

Junk the Constitution

An even more radical plan than Sorensen’s comes from Washington lawyer Lloyd Cutler, who served as White House counsel in the Carter administration. A leading Democratic insider, Cutler played a pivotal role in promoting Dukakis’s candidacy.

In 1980, he penned a now-infamous article for the Council on Foreign Relations’ journal, *Foreign Affairs*, in favor of replacing the U.S. Constitution with a British parliamentary system. Like Sorensen, Cutler argued that the United States is entering a period of unavoidable economic contraction, which would require adoption of harsh economic policies. Because these would be so politically unpopular, they could only be implemented if you made the government impervious to constituency pressure—by adopting the parliamentary system.

Cutler subsequently established the Committee on the Constitutional System to lobby for overthrowing the Constitution. Comprised of such prominent individuals as former Treasury Secretary C. Douglas Dillon, ex-CIA director William Colby, the Aspen Institute’s Douglass Cater, former Defense Secretary Robert McNamara, and Sen. Daniel Patrick Moynihan (D-N.Y.)—a sponsor and member of the National Economic Council—the CCS released a report in January 1987 calling for various changes in the U.S. governmental system, among them, a four-year term for House members, and an eight-year term for senators, with federal elections every four years. Then, “Presidents and legislators could join to enact necessary measures . . . without having to worry about an imminent election.”

Dukakis’s austerity consensus

Cutler and Sorensen are no anomalies. Despite (or because of) Dukakis’s carefully cultivated image as a “progressive liberal,” every one of his economic strategists enthusiastically ascribes to the austerity consensus. Larry Summers, Dukakis’s chief economics adviser and the man widely mooted to be his pick for Treasury Secretary, is typical. A Harvard economist who served a short stint in the Reagan administration, Summers co-authored a report last June which called for a national consumption tax, as well as Social Security cuts. “Bringing federal budget deficits under control should be the overriding priority of national economic policy,” he wrote. “This will require consideration of spending cuts in previously sacrosanct budget areas, including Social Security, as well as a significant increase in federal tax collections. . . . Serious consideration should be given to new national consumption [sales] taxes.”

While Dukakis has been deliberately vague about what he would do in the economic arena, a close examination of

the few substantive proposals he has made reveals a commitment to looting the American people.

For example, his ballyhooed college-tuition plan will actually place a lifetime tax on borrowers, who could end up repaying the government as much as 1,300% of their original loan! His universal health insurance plan has already caused a decline in the quality of health care in Massachusetts, and is well on its way to establishing murderous rationing of medical care.

Mussolini à la Massachusetts

There’s no question but that Dukakis is the perfect frontman for the horrors Sorensen, Cutler, et al. intend to visit on America. Just look at his gubernatorial record:

- During his first term, Dukakis became the most hated man in Massachusetts, because of his draconian budget cuts and massive tax hikes. Although he had solemnly sworn he would never raise taxes or reduce social-service spending, he promptly did both when he became governor. Within weeks of the election, Dukakis announced that he planned to take a “meat cleaver” to the state’s social services budget. Once in office, he canceled cost-of-living increases for welfare recipients and state employees—even though the consumer price index had risen 11% in that year. Through his welfare commissioner (a former investment banker), he forced 18,000 people off the rolls, even though unemployment had climbed into the double digits. In addition, Dukakis laid off state workers, slashed Medicaid, and hiked taxes.

- Working people have fared just as badly under the Dukakis regime: Over the last decade, Massachusetts has lost nearly 94,000 manufacturing jobs—50,000 in the machine-tool industry alone. Union membership has plummeted accordingly—down more than 20% over the past several years—part of Dukakis’s commitment to the “post-industrial society.” Skilled workers have been forced to leave the state en masse in search of work; and wage levels have dropped, as manufacturing has given way to low-paying “service” jobs. Dukakis boasted of the state’s “right-to-work” ambiance, and relatively low wage rate.

- Dukakis tried to push legislation through the Massachusetts House last year that would have let the state seize the homes of elderly persons who could not afford to pay for their nursing home costs. What do you expect from a guy who pulled the plug on his own brother?

- Under the current Massachusetts budget crisis, Dukakis has slashed \$138 million in spending and frozen another \$59 million. These cuts affect local services, including fire departments; various anti-drug programs; aid to the handicapped and mentally ill (despite the fact that the conditions in the state’s mental institutions are so barbaric that nine people have died in them this year alone). Dukakis has also slapped on a slew of new taxes, borrowed hundreds of millions of dollars, and reportedly asked state employees to work a five-day week for four days’ pay.

BCCI drug laundering bank bust snares top Democrats

by Jeffrey Steinberg

On Oct. 11, an international law enforcement task force, led by the U.S. Customs Service, scored the biggest victory against narcotics money laundering yet. A federal grand jury in Tampa, Florida handed down indictments against 84 individuals, charging that the Luxembourg-registered Bank of Credit and Commerce International was laundering money for the Medellín Cartel, Colombia's notorious drug ring. For the first time ever, a major international financial institution, as well as some of its senior officials, was criminally indicted for its part in a global dirty money-washing scheme.

Even as the indictments were being unsealed, teams of law enforcement officers were rounding up indictees in London, Paris, and Florida. Speaking at a press conference on Oct. 11, U.S. Customs Service director William Von Raab, who led the investigation, served notice on the international banking community that they would be held accountable for the actions of their major depositors.

Identifying money laundering as the "logistical" pivot of the international dope trade, Von Raab vowed to shut down the cash pipeline by focusing efforts against the big international banks, rather than the "punks" who handle the illicit drugs on the streets. Echoing the 1978 bestselling book *Dope, Inc.*, Von Raab proposed that the cash connection is the chokepoint for the entire global drug production/distribution cycle.

Operation C-Chase, the code-name of the two-year undercover probe of the Medellín Cartel's money-laundering structure, according to U.S. Customs sources, involved at least 45 undercover agents, backed up by a support staff of 600 law enforcement personnel. Sophisticated communications gear was used to maintain the secrecy of the operation. Funds were traced from street sales in New York City, Detroit, Miami, and other U.S. cities to a BCCI branch in Miami, where the funds were transferred to BCCI overseas branches in Nassau, Panama, London, and Paris.

Ultimately, the cash was passed through branches in Uruguay back into Colombia into accounts controlled by the Medellín Cartel. According to the indictment, officials of BCCI approached the undercover agents posing as money launderers, to propose more efficient and timely means for washing the street cash and recycling it back to Medellín. Among the techniques offered by bank officials was the purchase of bank stock certificates, which could then be trans-

ferred into other accounts. The stock purchases and transfers enabled the cocaine dealers to avoid U.S. Treasury regulations that require banks to submit written records of all cash transactions over \$10,000.

Clifford, Lance, and BCCI

While BCCI, the seventh largest privately held bank in the world, is formally owned by a group of Arab investors from Saudi Arabia, Abu Dhabi, Oman, Kuwait, and Dubai, the control over the bank's operations has been traced by *EIR* investigators to an America- and Britain-based cabal of financiers and attorneys, including several prominent national figures in the Democratic Party.

Most prominent among the Democrats is Clark Clifford, the Lyndon Johnson-era defense secretary who personally intervened early this summer to secure Michael Dukakis's nomination as the Democratic Party's presidential candidate by dashing efforts to hold a brokered convention at which New York Governor Mario Cuomo, or U.S. Senators Bill Bradley or Sam Nunn might secure the nomination. Clifford's now famous "insiders' chat" with Rev. Jesse Jackson at that time, in which the liberal establishment enforcer politely told Jackson that he would never be allowed to win the Democratic nomination, heralded a string of Dukakis primary "victories." Back in 1968, Clifford and his law partner, Paul Warnke, had delivered a "pink slip" to President Lyndon Johnson which prompted LBJ to withdraw his name from nomination for reelection.

Also deeply implicated in the BCCI scandal is Bert Lance, Jimmy Carter's financial Svengali, who briefly served as the head of the Office of Management and Budget. Lance left his Carter administration post because of his shady involvement in the BCCI's first major move into the United States, an event that to this day remains one of the most curious features of the Billygate affair. At that time, Gaith Pharaon, an early investor in BCCI, and the son of a former top adviser to Saudi Arabian King Khalid, helped bail Lance out of a sticky financial mess by buying out the National Bank of Georgia. Pharaon's bailout of Lance and another Jimmy Carter intimate, Annapolis classmate Jackson Stephens, came at the behest of Agha Hassam Abedi, the founder and chairman of BCCI.

Anxious to free himself up to assume a top post in the incoming Carter administration, Lance urged Pharaon, Abe-

di, and company to further BCCI's move into the U.S. banking community by purchasing National Bank of Georgia's parent company, Finance General Bankshares, Inc. (FGBI).

As much an intelligence community "proprietary" as a traditional financial institution, FGBI was at the time controlled by a little-known Washington-based bank with offices directly across Pennsylvania Avenue from the Old Executive Office Building and the White House. That bank, the International Bank, was chaired by retired Lt. Gen. George Olmstead, reportedly a longtime adviser to Chiang Kai-shek and Rafael Trujillo.

In early February 1978, General Olmstead sold off 15-20% of the stock in FGBI to a Washington-based attorney, Eugene Metzger of the law firm Metzger, Shadyac, and Schwartz. At the time of the stock purchase, Metzger's partner, Richard Shadyac, was a registered agent of the Libyan government. Besides officially representing the Qaddafi government in the United States, the firm represented the Arab-American Dialogue Committee, a U.S.-based organization that received \$300,000 a year from the Libyans. The Metzger law firm was allegedly one of the early channels of contact between Qaddafi and Billy Carter, the President's brother.

Among the other purchasers of FGBI stock during the transition from Olmstead control were: aging Bolshevik Armand Hammer of Occidental Petroleum, another Qaddafi pal who would be implicated in another Carter-Libya scandal around the Charter Oil Company; former Secretary of the Navy William Middendorf; Jeremiah Milbank, senior partner in the Wall Street law firm of Milbank, Tweed, Hadley and McCloy; and Jackson Stephens.

Even during this transition, Lance, according to court records, was working behind the scenes to smooth the takeover of FGBI by the BCCI. Prominent BCCI shareholders began purchasing stocks in Finance General Bankshares on the open market in apparent violation of SEC rules. In July 1979, Lance was indicted for fraud, partially stemming from his role in the BCCI takeover effort, which coincided with his tenure at the OMB. Lance hired Democratic Party fixer Clark Clifford as his attorney.

Not only did Lance beat the charges. In 1982, the U.S. Controller of the Currency gave the final nod to BCCI's takeover of Finance General Bankshares. The four owners of FGBI, by now renamed First American Bankshares, Inc., were all founding investors in BCCI: Kamal Adham, former head of Saudi Arabian intelligence; Abdullah Darwaish, director of the Abu Dhabi Investment Bank and financial representative of the Abu Dhabi royal family; Faisal al Fulajj, director of the Kuwait International Finance Company and former director of Kuwaiti Airlines; and Gaith Pharaon.

Immediately after the takeover was approved, the BCCI team appointed Clark Clifford chairman of the board of FABI, and hired Clifford and Warnke as the firm representing the company. The vice chairman, likely handpicked by Clifford, was Stuart Symington, the former U.S. senator from Mis-

souri and another Democratic Party insider. Another Clifford law partner and top Democratic Party fundraiser, Robert Altman, also joined the board, along with retired Gen. James Gavin, chairman of Arthur D. Little, a think tank in Boston.

Long a "brain trust" for liberal Democrats, A.D. Little had become involved back in 1968 in an arms-smuggling operation called Space Research. Originally financed and controlled by the Canadian branch of the notorious Bronfman family, Space Research was reorganized in 1980 and placed in the hands of an Egyptian arms trafficker, Saad Gabr, with the financial support of BCCI's Abedi.

The White Weld-Lonrho angle

The history of the BCCI since its founding in 1972 suggests that the international financial institution was founded for the express purpose of placing the billions of petrodollars that would shortly flood the world markets with the meteoric rise in oil prices. Thus, from the outset, top financial advisers to the royal houses of Saudi Arabia, Abu Dhabi, Oman, Dubai, and Kuwait were BCCI principals. In virtually every case, these Gulf Arab financiers deferred in their investment decisions to the Boston-London based investment house of White Weld. By no later than 1975, under the guidance of White Weld's international investments director David Mulford, the firm had secured control over the petrodollar portfolios of the royal households of most of the Gulf States.

It was under White Weld's advice that billions of dollars were invested in BCCI. During the same period, similar big investments of Gulf petrodollars were flowing into the London-based Lonrho, Ltd.—a British intelligence dominated firm active in every corner of Africa. Lonrho, currently chaired by Tiny Rowland, has been implicated in the recent assassination of Mozambique resistance leader Ivo Fernandez, and has provided special warfare training to the security forces of many African Marxist states, while professing to back Britain's conservative Prime Minister Margaret Thatcher. Rowland has also been linked to arms supplies to Iran's Khomeini regime.

The suspicious role of White Weld in the emergence of BCCI as a world-class financial institution with branches in over 70 countries and officially reported assets of over \$20 billion, revives questions about former U.S. Justice Department official William Weld, scion of the Weld family. While U.S. Attorney in Boston in February 1985, Weld negotiated the coverup of what at the time threatened to be the biggest case of major bank involvement in drug money laundering, the Bank of Boston case. When Treasury Department auditors caught Bank of Boston evading the cash transaction laws to the tune of \$1.2 billion in unreported overseas cash transfers, Weld buried the case and let all the bank officials off the hook with a one-count plea bargain and a token \$500,000 fine. Though a Reagan appointee, Weld has been discovered to have been a longstanding "mole" for the same Democratic Party liberal interests that got Mike Dukakis nominated.

Elephants & Donkeys by Kathleen Klenetsky

Poll says Bush has lock on electoral college

An ABC-*Washington Post* poll released on Oct. 12 gives Republican presidential nominee George Bush a virtual lock on the electoral college, and thus, the presidency.

According to the poll, the largest and most comprehensive conducted during the 1988 elections, Bush held a clear or slight advantage in 28 states which have a combined total of 270 electoral college votes—the precise number required for election.

Governor Dukakis was clearly or slightly ahead in only seven states and the District of Columbia, with a total of 51 electoral votes.

This doesn't mean that Bush has got the election sewn up, however. Aside from the fact that there were still nearly four weeks to go before election day, the poll indicated that 15 of the most populous states, totaling 217 electoral votes, were a toss-up. These include California, New York, and Pennsylvania, where the Democratic Party has pulled out all the stops in its "turn out the vote" vote-fraud apparatus.

Still, the Dukakis camp was clearly dismayed by the poll. Jack Corrigan, a key campaign official, went on ABC-TV's "Nightline" the evening the poll was released, to complain bitterly that its findings were skewed, and that it could adversely affect the outcome

for Dukakis by discouraging his supporters from voting.

Robb reels under drug charges in Senate race

Even if Dukakis gets smashed in November, it is highly probable that the Democrats will continue their control of both the Senate and the House. But in some states, Republicans are giving the Democrats a run for their money.

Take Virginia, where Lyndon Johnson's son-in-law, former governor Chuck Robb, is vying for the Senate seat vacated by Republican Paul Trible. Robb was considered a shoo-in—until the Republicans nominated Maurice Dawkins, a retired black minister and former Democrat.

No one expects newcomer Dawkins to be able to defeat the well-oiled, well-financed Robb machine, but he's certainly making Robb pay a very stiff political price for his electoral victory, and exposing an issue of pressing concern to voters.

Dawkins has successfully put Robb on the defensive over several issues, especially Robb's close association with a group of fast-track types linked to cocaine usage. Local newspapers have been reporting for over a year that Robb frequently attended parties thrown by these friends, at which cocaine use was rampant.

Robb has strenuously denied any knowledge of the drug use. But questions about his denials, and his judgment, linger.

Dawkins has aggressively exploited this weak flank, as in a Sept. 17 debate, when he accused his opponent of having done little to quash the "cocaine wheeling and dealing" that swirled around him.

The former governor looked and acted shaken, nearly shrieking in defense of his anti-drug record, and denying the press reports.

Sources close to the Dawkins campaign say that the candidate himself was directly responsible for commissioning a new television advertisement that zeroes in on Robb's association with cocaine users. "Newspapers report Chuck Robb at numerous parties with open cocaine use. . . . Robb's friends have been indicted, given immunity for testimony, or gone to prison," says an announcer.

There is a pause, and then the announcer comments, "Bad judgment."

The ad contains a short segment with Dawkins arguing for stricter anti-drug measures, including the death penalty for some drug-related crimes.

The Robb camp is up in arms over the ad, especially since, according to some sources, there had been a deal with the Dawkins campaign to "play by the rules," and to ease off on the drug issue. But that deal—if it ever existed—is clearly off.

Dawkins again raised the drug connection when he and Robb addressed a Virginia Municipal League convention. "For the governor of Virginia to permit cocaine users and cocaine dealers to carry on under his nose, well, its not wisdom—it's arrogance."

Robb, visibly shaken, accused his opponent of being used by his advisers as a "blunt instrument" for their own GOP agenda, a charge which drew a big grin from the Republicans in the audience.

"Dawkins really believes that Chuck Robb is not morally fit to hold high office in this land," said a source. "He is going to make sure that the people of this state address this question of Robb's moral qualifications. Since Robb is such an evasive wimp on almost everything, the drug issue is a key litmus test. How can Robb sound pious and high and mighty about being against drugs when his friends are coke-heads?"

Child care becomes an election issue

One of the less publicized, but critical issues in the 1988 U.S. presidential election is the crisis provoked by the growing dependency of families on group child care.

The issue is coming to the forefront because of the devastating effects, both psychological and physiological, that group child care is proving to have on millions of infants in the United States.

Experts in child behavior note that with the number of children in formal group-care centers skyrocketing from 141,000 in 1960 to 2.1 million in 1986, it is only recently that the impact of this trend is beginning to hit home.

According to an article by Karl Zinmeister of the American Enterprise Institute in the Sept. 25 *Washington Post*, "A growing and worrisome body of evidence suggests that when infants and toddlers go into full-time day care, long-term emotional, intellectual, and cultural damage can result."

"For one thing," he wrote, "a number of different investigators have found that when babies less than one year old are placed in day care, many of them—perhaps as many as half—develop weak and insecure bonds with their parents, bonds that are thought to be crucial to healthy later development."

He cited a Chicago study of 110 children of affluent, intact families which showed that in cases where children were subjected to hired care at eight months or earlier, they turned out "to have significantly less secure relationships with their mothers," and "many infants interpret repeated daily separations from their working moth-

ers as rejection, which they cope with by withdrawing."

He noted that "other follow-up studies of children as old as 10 have shown that those with a record of early non-parental care tend to exhibit more serious aggression, less cooperation, less patience, more misbehavior, and a pattern of social conflict or withdrawal."

A study of 5- to 8-year-olds who spent part of their first years at a highly regarded day care center at the University of North Carolina found them "more likely to push, kick, threaten, swear, and argue than children who were not in day care or who started later." Research on middle-class third graders in the Dallas area found that children were "more uncooperative, less popular, and had lower grades, poorer study skills, and less self-esteem than their counterparts who were cared for exclusively or predominantly by a parent."

In addition, the American Medical Association and the Centers for Disease Control have warned that, since a baby's immune system is not well developed until the third month, and not fully effective until about age two, the group setting of child care centers can be "dangerous sources of infections."

Dukakis wants mandatory group care

In the context of these alarming trends, Democratic presidential candidate Mike Dukakis has endorsed a package of legislation known as the "Act for Better Childcare" (ABC) that would spend \$13 billion in the first four years on child care, dictating that such programs would be available only to parents willing to send their children to government-supervised group-based day care programs.

As government-regulated centers, under this Dukakis plan, the type of values espoused by such centers would be circumscribed by court decisions already won by the infamous American Civil Liberties Union (ACLU) to exclude any religious content, or, for that matter, any teaching opposed to abortion and premarital sex.

According to Jo Ann Gasper, former deputy assistant secretary of the U.S. Department of Health and Human Services, writing in the summer 1988 edition of *Human Life Review*, "The ACLU has already argued that being opposed to abortion and encouraging children to abstain from premarital sexual relations is 'promotion of religion,' " and that Judge Charles R. Richey of the U.S. District of Columbia Court agreed with the ACLU in an April 15, 1987 decision, *Kendrick v. Bowen*.

Dukakis's card-carrying membership in the ACLU was brought out during his first debate with Vice President George Bush last month.

On the other side, Bush has proposed a "Children's Tax Credit," which would allow a family to receive a tax write-off for child care expenses, without dictating whether a parent stays at home with the child, provides a sitter in the home, help from a relative, or uses a group center.

However, Bush's program does not address the fact that the so-called "Reagan economic miracle" of the last eight years has driven down real incomes, forcing both parents of a family to work in more and more cases.

Zinmeister noted that after World War II, "middle class families with children were largely exempt from taxation." He noted that "if the current federal dependent exemption were adjusted to retain its 1948 value, each child would now bring his parents well over \$6,000 in tax benefits. Present law allows only \$1,900."

National News

Reactors' shutdown threatens deterrent

The continued shutdown of the nation's only tritium-producing reactors at the Savannah River Plant in South Carolina, which have been idled since last August, could jeopardize the nation's nuclear deterrent, according to Robert B. Barker, the top Pentagon official for atomic energy matters.

"It is very important that we restore the reactors to safe operation soon. If we don't, there will be very serious consequences for our ability to maintain our nuclear deterrent," he said.

Tritium, which enhances the explosive power of nuclear weapons, decays at a rate of 5.5% per year, and must be continually replaced, or at some point, warheads become inoperative.

Unless the safety problems at the plant are overcome, the tritium supply will be exhausted by next summer, forcing the dismantling of some warheads to ensure that the higher priority warheads are functional.

Irradiation pioneer sentenced to jail

Judge Maryanne Trump Barry of New Jersey on Aug. 11 sentenced food irradiation pioneer Dr. Martin Welt to two years in jail and fined him the maximum of \$50,050, for several minor infractions of Nuclear Regulatory Commission rules. Welt immediately announced that he plans to appeal the unheard-of sentence.

From the beginning, the case has been a witchhunt against nuclear technology waged by prosecutor Jacqueline Wolff, who tried to present the case as one of "big bad industry" that does not care about safety. Wolff was so carried away with the issue during her arguments for a maximum sentence, that at one point the judge yelled at her, "Safety is not an issue here!"

Indeed, there was no issue of any substance, simply minor technical violations of Nuclear Regulatory Commission regula-

tions that are normally just corrected or minimally fined.

Out of the six counts against Welt, the judge suspended sentence on four, giving Welt three years probation. But on two counts, the judge ordered him to serve the two-year maximum concurrently. The first count gives the flavor: "conspiracy to defraud the government of its duty to inspect." The second was a minor technical violation.

Prosecutor Wolff was seen after the sentencing triumphantly briefing the local press. She had told the press on the record, that she "hated" Welt and wanted to make an example of him. She also stated on Oct. 26, 1986 that she was "against any irradiation company."

Judge Barry is the sister of billionaire Donald Trump.

KGB lies used against Bush backers

Syndicated columnist Ralph de Toledano has charged that "the KGB and the 'dirty-tricks' division of the Dukakis campaign [were] behind the attacks on Fred Malek and others working for Vice President Bush as 'anti-Semites' and 'fascists.'"

Earlier, *EIR* documented some of the same facts cited by de Toledano.

In a pre-publication version of his latest column, de Toledano states, "There is no doubt that [Dukakis campaign staffer] John Sasso fed a scurrilous 'document' to *Washington Jewish Week* and to others in the media. . . . Fred Malek and others who worked with Ukrainian and other ethnic groups were forced to resign—and the leaders of those groups felt that they had been betrayed by the Bush campaign.

" . . . A careful study of the facts proves that the attack was begun by the KGB in Moscow, picked up by the Dukakis campaign, and has as its target of smear the entire Republican and conservative movement in the U.S.

"The attack is based on a 'document' prepared by one Russ Bellant with the aid and encouragement of Chip Berlet, a pro-drug-use propagandist who is concerned that the Reagan administration will take cocaine away from his buddies. It attacks as 'fas-

cists' and 'anti-Semitic' everyone in the Reagan administration on whom it focuses, from the President down . . . every conservative group in the country, groups whose sin is that they are fighting for a strong U.S. defense and a stronger U.S. foreign policy, individuals whose only sin is that they have fought communism or criticized liberalism and the labor movement.

"It is all done with mirrors and with guilt by amalgam. . . .

"Well, if I were in charge of the Bush campaign, I would put a copy of the Berlet-Bellant-Sasso document in the hands of every ethnic leader so that he would realize what the Dukakis people think of him and his followers. If this document were so circulated, with an account of who is behind it, Michael Dukakis and the Democrats would not get a single vote from Ukrainian-Americans, Polish-Americans, and other Eastern and Central Europeans in this country.

"I would also circulate it among those who believe that patriotism is not something to be ashamed of. . . .

"But that is a job for the media—and since most of the national press and TV is committed to the Democrats, I doubt whether the public's 'right to know' will get any exercise."

LaRouche forces target Schmoke for recall

Political forces associated with Lyndon H. LaRouche, Jr. have announced an initiative to recall Baltimore Mayor Kurt Schmoke for his advocacy of legalizing dangerous drugs. The initiative was announced by Debra H. Freeman, independent presidential candidate LaRouche's running mate, at a press conference in Baltimore Oct. 11. Notably, the news was completely blacked out of the area press.

"On Sept. 29, Baltimore's Mayor Kurt Schmoke, testifying before the House Select Committee on Narcotics, in the nation's first congressional hearings ever convened to consider drug legalization, led the forces pushing drug legalization," said Freeman in a prepared statement.

"Schmoke called for the immediate removal of all criminal penalties for the sale,

distribution, and use of marijuana; provision of heroin, cocaine, and methadone on demand to addicts; and provision of clean needles to drug users (on the pretext of slowing down the spread of AIDS). . . .

"At least the mask has finally been dropped. Back in late April, Schmoke stunned a Washington, D.C. gathering of mayors and police chiefs by suggesting that the U.S. consider repealing its laws against the sale of narcotics. But, following a massive public outcry, Schmoke pulled back. He insisted that he was not calling for drug legalization; that all he wanted was 'to open a dialogue.'

"It was clear then that Kurt Schmoke was lying. His call had been carefully coordinated to unleash a concerted national drive for drug legalization. Within 48 hours, former U.S. Attorney General and Secretary of Defense Elliot Richardson made the case for the legalization of the international drug trade (and the accumulated drug revenues of drug czars) . . . during a press conference in Washington where the annual report of an Aspen Institute front group—the Inter-American Dialogue—was released.

"Since that time, Kurt Schmoke has engaged in a whirlwind of activity and an all-out propaganda onslaught with unprecedented media attention, in his drive for drug legalization. . . .

"Kurt Schmoke's actions, regardless of who was behind them, represent a criminal travesty for which he must be held responsible. Therefore, I am today initiating an effort, in conjunction with other anti-drug leaders in our communities, churches, and institutions, to launch a petition drive for an amendment to the Charter of the City of Baltimore allowing the recall of Kurt Schmoke as Mayor of Baltimore."

LSD inventor visits United States

The inventor of the hallucinogen lysergic acid diethylamide (LSD) 82-year-old Swiss chemist Albert Hoffman, has arrived in the United States, to "commemorate 50 years of LSD," and to "help admirers raise money to build a Hoffman library dedicated to LSD

and the psychedelic movement," Britain's *Daily Mail* reported Oct. 8.

At the University of California, Prof. Oscar Janiger has already started the Albert Hoffman Foundation, because of what he termed LSD's scientific importance in "allowing us to make inferences about how brain chemistry works and how the mind really functions in perceiving things around us."

Among those recruited to the foundation's board of advisers, reported the *Mail*, are "beat poet" Alan Ginsberg, "whose first LSD trip was paid for by the government as part of an official experiment"; cult guru Baba Ram Dass, a.k.a. former Harvard Prof. Richard Alpert; and Laura Huxley, wife of Aldous Huxley.

Village Voice exposé on Bush a fizzle

New York's ultraliberal *Village Voice* dedicated its entire front page Oct. 11 to an "exclusive exposé," "Bush and the Secret Noriega Report; U.S. Knew of Panama Leader's Drug Role."

The extensive article, intended to boost Dukakis's presidential campaign, proves to be all smoke and no fire. The essence of the article is that Bush met with Panama Defense Forces commander Gen. Manuel Noriega in 1976, and because he was head of the CIA at the time, he must have been briefed on Noriega's background of alleged drug-involvement.

Such a briefing would have revealed the contents of a secret June 1975 Justice Department report known as the DeFeo report, which states that at one point there was a discussion in the Drug Enforcement Administration about an assassination plot against the late Panamanian leader, Gen. Omar Torrijos, and General Noriega because of suspected drug trafficking.

The DeFeo report, on which the *Voice* bases its story, says that DEA officials "quickly passed the information on to the CIA for transmittal to the Republic of Panama," and were "later informed that the plot had been verified and neutralized."

End of "exposé."

Briefly

● **MARK DAYTON**, Michael Dukakis's principal Minnesota financial supporter and vice chairman of his Minnesota campaign, visited Russia in September, and was the guest of Abel Aganbegyan, Gorbachov's principal economic adviser. Dayton also visited Russia last year. Dayton is a trustee of California's Esalen Institute cult center—known for sponsoring "est," ESP, T-group, child sex, and other forms of programmed brainwashing since the 1960s.

● **COMPASSION?** Michael Dukakis used his late brother Stelian as an example of his compassion for the victims of crime, in what Reuters described as "an emotional defense" of his record on crime. In fact, . . . Dukakis "pulled the plug" on Stelian in 1973 after the latter was injured in a hit-and-run accident.

● **A DRUG-SMUGGLER**, convicted of transporting 11 tons of marijuana will be allowed to open and operate a "hospice" for AIDS patients in lieu of a 15-year jail term. A federal judge "with a tough reputation," according to the *Washington Times*, agreed to the alternative sentence suggested by the drug-runner himself, Harvey M. Prager.

● **FOOD FOR PEACE**, the new international organization of farmers and their supporters founded in Chicago over the Labor Day weekend, is staging over 20 local meetings and conferences in different parts of the United States in the period immediately ahead. More than 400 people are expected to participate. The organization is oriented to upgrading food production and distribution worldwide, against the scarcity policy of the grain cartel.

● **ELLIOTT ABRAMS**, assistant secretary of state for inter-American affairs, met with his Soviet counterpart in London in mid-October, with the Caribbean and Central America the chief agenda items, according to British press reports.

Editorial

Police state justice

The legal attack against Lyndon H. LaRouche, Jr. and his associates is unprecedented in American history. LaRouche's political opponents have been given a free hand to turn the U.S. Department of Justice into an agency for carrying out political dirty tricks. Now, with the indictments handed down in Alexandria, Virginia Oct. 14, the attack has escalated.

Since LaRouche presidential campaign bank accounts were seized in 1984, to prevent the televised showing of his devastating attack upon Walter Mondale for his pro-Soviet proclivities, the attack has been unrelenting. Not only has LaRouche been targeted, along with his top associates, but supporters and contributors have also been subject to harassment by the FBI/Justice Department "Get LaRouche" task force.

Despite constitutional guarantees of freedom of the press, *New Solidarity* newspaper and *Fusion* magazine were shut down, and their properties seized, in April 1987, under the flimsy pretext that they could not pay fines—then and still to this day under appeal—and that therefore they were bankrupt.

The Justice Department, under the direction of prosecutor Henry Hudson, U.S. Attorney for the Eastern District of Virginia, petitioned for the involuntary bankruptcy based upon \$21 million in alleged "contempt of court" fines levied against the companies by Boston federal judge A. David Mazzone—a Harvard graduate reputed to be a close friend of the Kennedy family. The fines had been levied at the request of prosecutor Dan Small, who, not coincidentally, is presently the Dukakis campaign's liaison to the Democratic National Committee.

The indictments against LaRouche and his associates, just issued at the request of Henry Hudson, are in the main a retrial of the 92-day trial against LaRouche in Boston, which ended in a mistrial last May. Jurors in that case indicated to the *Boston Herald* newspaper that they would have voted unanimously to acquit LaRouche and the other defendants on all counts. Now, a new trial is scheduled to be opened in January, pending the results of an appeal, in which the defense argues

that a retrial would violate the Constitution's prohibition against "double jeopardy."

The new, Alexandria indictments are essentially a case of *triple* jeopardy.

The prosecution and judicial persecution of LaRouche can be traced directly to the doorstep of the Dukakis crowd. Even the judge in the Boston case is described by Michael Dukakis as his political mentor. This is, however, not merely an ugly personal vendetta by one section of the Democratic Party against another. Dukakis boasts that he would unilaterally strip the Western alliance of its war-fighting capability, in order to appease the Soviet Union. Not only would he end the Strategic Defense Initiative, but he is an opponent of any modernization of the defense forces.

Certainly, if he is willing to go so far in the service of Soviet interests, then he would stop at nothing to eliminate politically a man whom the Soviets have repeatedly and publicly identified as their number-one enemy—particularly when Dukakis can also hope to silence LaRouche as the last days of the campaign draw to a close.

Not only would Dukakis and company turn this country into a fiefdom of a Russian world empire, but they are attempting to bring Soviet-style justice to the United States. Their tactic of the moment is simple. They know full well that they do not have a case against LaRouche and associates which will stand up in a court of law, but for them, that is a secondary question. Their primary purpose is to bankrupt the defendants, by forcing them to devote extraordinary resources to their legal defense.

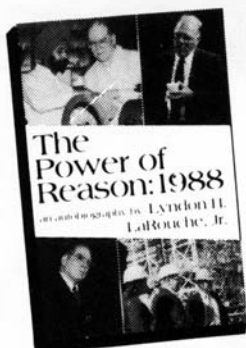
Hiding behind the cover of judicial authority, these people lack all respect for law. As governor of Massachusetts, Dukakis has already shown himself to be a heartless administrator and ruthless budget cutter. Just as he claims to balance the state budget, while in reality he is stripping the Massachusetts pension fund and accumulating a growing short-term debt, he will stop at nothing to achieve his political aims.

Do you think this man should be President?

FED UP WITH WASHINGTON POLITICIANS?

Then
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The Book
At Them

(but read it first)



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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.

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