

IALC ARCHIVE

EUR

Executive Intelligence Review

April 21, 1989 • Vol. 16 No. 17

\$10.00

Fusion advances augur economic revolution
Kissinger 'insane and morally dangerous'
The debt plans: Only LaRouche's will work

**Greenpeace, shock troops
for a new Dark Age**



Project Democracy:

The 'parallel government' behind the Iran-Contra affair

An invisible, parallel government has been running U.S. foreign policy and economic policy—into a series of disasters that leave us open to Soviet conquest. Now, this invisible government can be exposed and driven from power. The United States can regain its sovereignty.

Order *EIR's Special Report*, for yourself and your congressman. Full documentation of the investigation behind the exclusive news stories you read in *EIR*. An indexed guide to Israeli and Soviet foreign intelligence networks in the Department of Justice and other government agencies, as well as the key "private" law firms, with greater power than most elected officials.

Please send me _____ copies of the "Project Democracy" Special Report at \$250 each postpaid. Please send (Rep. or Sen.) _____ a complimentary copy of the Report, at \$250 each postpaid. I enclose \$ _____ check or money order.

Please charge my MasterCard Visa

No. _____ Exp. Date _____

Signature _____

Name _____

Street _____

City _____ State _____ Zip _____

Telephone _____

Make check or money order payable to:

EIR News Service

P.O. Box 17390

Washington, D.C. 20041-0390

EIR

Special Report

AIDS: MANKIND'S HOUR OF TRUTH

Within the immediate period ahead, mankind will reach the point of no return on adopting one of the only two proposed concrete courses of action to deal with the out-of-control AIDS pandemic:

1) As he pledged to the American people in a June 4, 1988 prime time television broadcast, Lyndon H. LaRouche, Jr.'s science-intensive plan could wipe the virus from the face of the Earth.

2) The alternative course, proposed by Dr. C. Everett Koop, the Surgeon General; by the insurance companies, the banks, governments, and the health establishment, in the name of "cost-containment," is to revive Nazi policies of euthanasia ("mercy killing") and death-camp "hospices" instead of hospitals. This plan will doom the human species to a miserable end.

In a new special report, *EIR* presents in depth the two alternative paths and their implications. We remain optimistic that mankind will ultimately choose victory over defeat.

EIR

SPECIAL
REPORT

**AIDS Global Showdown:
Mankind's total victory
or total defeat**

Featuring Lyndon H. LaRouche, Jr.'s
plan for victory

August 1988

**Featuring
Lyndon H.
LaRouche, Jr.'s
War Plan for
Victory**

Price: \$250 Order from: Executive Intelligence Review, P.O. Box 17390, Washington D.C. 20041-0390

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor: *Nora Hamerman*

Managing Editors: *Vin Berg and Susan Welsh*

Editorial Board: *Warren Hamerman, Melvin Klenetsky, Antony Papert, Gerald Rose, Alan Salisbury, Edward Spannaus, Nancy Spannaus, Webster Tarpley, William Wertz, Carol White, Christopher White*

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Book Editor: *Janine Benton*

Advertising Director: *Masha Freeman*

Circulation Manager: *Joseph Jennings*

INTELLIGENCE DIRECTORS:

Africa: *Mary Lalevé*

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg, Paul Goldstein*

Economics: *Christopher White*

European Economics: *William Engdahl, Laurent Murawiec*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Middle East: *Thierry Lalevé*

Soviet Union and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*

Bogotá: *Javier Almario*

Bonn: *George Gregory, Rainer Apel*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Mexico City: *Hugo López Ochoa, Josefina Menéndez*

Milan: *Marco Fanini*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Rome: *Leonardo Servadio, Stefania Sacchi*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

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

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

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

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

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

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

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

IALC ARCHIVE

EIR

From the Editor

As the most relevant introduction to the contents of this issue, I quote the comments of *EIR* founder Lyndon LaRouche to a recent forum in Houston. He spoke by telephone from his jail cell in Alexandria, Virginia where he is a political prisoner:

“A verdict was delivered in Leesburg, Virginia, against Rochelle Ascher, a woman who—at least from the standpoint of my 67 years of age—is considered a young person. Mrs. Ascher was given by verdict a sentence of 86 years in prison, a barbaric sentence by any standard, reflecting the barbaric thinking of a corrupted jury. The judge, allowing what he knew from the beginning to be a corrupted jury . . . was also guilty of complicity in a barbaric act. Obviously the point of this, when one compares this with the Alexandria federal case, and with the fact that all of these cases are the product of a federal, state, and local strike force, which according to government records was set into motion by Henry Kissinger and his associates back in 1983, . . . [is] an attempt to eliminate, totally, from the face of this planet, an entire political movement. This is worse in some respects than Nazism.

“It is my estimate that Western civilization and the United States have undergone an accelerated moral and cultural degeneration during the period of the past 20 or more years. The obscenity of Mrs. Thatcher’s and the Reagan-Bush administration’s recent Chamberlain-like appeasement of Moscow and other things done, show that we are a degenerating nation, a degenerating civilization, which is probably going to collapse as did the old Roman Empire, unless we change our policy direction soon. . . .

“We who are targeted by this legal case, represent an alternative voice to that policy trend, and others who are being persecuted, more or less as we are, are also alternative political voices against these policy trends. . . .

“Either we as a nation will stand up and crush those totalitarian forces, such as those of the Trilateral Commission and Mr. Samuel Huntington, who have proposed fascism for the United States, . . . which are ruining our constitutional and civil rights; or we as a nation, as an entire people, will see ourselves destroyed for lack of alternative voices to supply new policy trends, away from the present policy trends which will ensure our nation’s destruction.”

Nora Hamerman

EIR Contents

Interviews

59 Lyndon H. LaRouche, Jr.

According to the foremost American opponent of illegal-drug trafficking and Satanism, the Bush administration's "War on Drugs" has yet to become serious; and as long as Kissinger's policy of supporting Syria's Assad prevails, the United States is pro-drugs in fact.

Science & Technology

18 Fusion advances could lead to an economic revolution

A report on the exciting developments surrounding the net energy production from fusion reactions achieved by Professors Fleischmann and Pons.

Departments

15 Report from Rio

Anger in the barracks.

49 Panama Report

Noriega opponent arrested for drugs.

50 Andean Report

Soviets back Shining Path.

51 From New Delhi

Nepal's anti-India games.

72 Editorial

Is the United States fascist?

Economics

4 Behind the surge in gasoline prices

The emergency rationing regime now in effect in California may well turn out to be the precursor, and pilot project, for what is being prepared nationally, an emergency measures-based police state.

6 Brady Plan: one way ticket to nowhere

The results of a study comparing the impact on debtor nations of the current Brady plan, the defunct Baker plan, and Lyndon LaRouche's "Operation Juárez," the only "debt plan" that can work.

9 Dilson Funaro, a model of debtor dignity

In memory of Brazil's patriotic finance minister.

10 Pakistan: Economy is Bhutto's Achilles heel

12 Currency Rates

13 Agriculture

GATT 'disciplines' farming to death.

14 Banking

S&Ls bailout agreement near.

16 Business Briefs

Feature



Greenpeace activists in Washington, D.C. protest against "Icelandic fish." Who benefits from this assault on a NATO country's economy?

24 Greenpeace: shock troops of the new Dark Age

Some of its victims are now fighting back, and providing proof that Greenpeace is indeed the "environmentalist" version of the Nazi SA, or what today might be called "eco-spetsnaz commandos."

26 U.K. membership in Greenpeace grows fast

28 'Millions of new members soon in the Soviet Union'

31 Greenpeace U.S.A. goes big time

32 Russian sub disaster triggers Greenpeace

International

34 Kissinger's Lebanon policy is 'insane, morally dangerous'

Washington's refusal to take any action whatsoever to stop Syria's bombardment of Beirut has drawn angry denunciations from Lebanon's Interim President as well as French officials who are seeking international support for a peace effort.

36 Trilateral Commission charts liberalization of ties with Russia

Documentation: Kissinger propounds his New Yalta plan.

38 Hague meeting bodes ill for NATO's future

Documentation: U.S. Senator Wallop warns NATO against "Gorbomania."

41 Gorbachov orders Georgian massacre

43 Bush follies imperil U.S.-Japan alliance

45 A brief moment of opportunity exists for southern Africa

47 Supranational rule for Central America

48 Plot afoot to stop Argentine elections

52 International Intelligence

National

54 Narco-satanism invades America's living rooms

The nation was given a collective jolt, as the gruesome details of a gang involved in drug trafficking and Satanic activity, including human sacrifice, began to unfold from the Mexican border town of Matamoros.

56 LaRouche: Satanism is the criminal mind

57 Bush's Irangate role: in deeper and deeper

61 The administration's 'War on Drugs': only a 'containment' operation?

63 Henry Kissinger and his associates place themselves above the law

The conflicts of interest are felony level, especially as regards policy toward Third World debt.

66 NDPC seeks action on food, power, water

67 Eye on Washington

Journalists' rights, and what's right.

68 Congressional Closeup

70 National News

Behind the surge in gasoline prices

by Chris White

Rapid jumps in the pump price of refined petroleum products have left consumers reeling in some parts of the United States. Since the tanker *Exxon Valdez* was run aground up in Alaska, prices for regular grades of unleaded gasoline have jumped by between 10% and 14%. Gas station operators, in different parts of the country, report calls from their distributors, sometimes running at a rate of every other day, with news of further price hikes.

On April 7, a spokesman for the Independent Petroleum Retailers' Association of Pennsylvania took to the airwaves to denounce the gas price increases as another "rip-off" by the multinational corporations. He said the oil companies were using the Alaska spill as a pretext to jam through a new round of price increases. On April 14, a spokesman for the Chevron oil company told an Ohio caller, asking why the oil companies were wrecking the country like this, "The State Department approves of what we're doing."

What, it might be asked, does the State Department have to do with approving oil company policy in the matter of price increases? The answer had been provided earlier in the week in an interview given to the Italian daily paper *Corriere della Sera*, April 12, by Leonid Abalkin and Vassily Selunin, two of the top advisers on economic policy to the Russian Empire boss Mikhail Gorbachov.

What Abalkin in particular had to say was astounding in its shamelessness, to say the least. "Unless we have a new oil crisis that is going to send prices sky rocketing, it is illusory to finance food imports through the export of energy." Abalkin stressed that 52% of all Soviet exports to the West are energy-related, and that every dollar change upward in the price of oil, would mean for the Soviets \$1 billion per year more of revenues. Abalkin tells *Corriere* that Soviet options are, overall, quite limited: "We cannot receive new

Western credits, because we will not be able to pay them back. We don't want to end up like Poland." He insists that there is no alternative to the demanded oil price increases other than cutting back on expenditures. Except, the case in which Western "entrepreneurs" invest in joint ventures in the Soviet Union in order to increase Soviet hard currency earnings from exports.

State Department 'approves'?

It just so happens that the same company, Chevron, which reported the State Department's approval of its actions, is one of the constituent elements of the American Trade Consortium which has just concluded a joint venture with the Russians. For the first time, the Soviets are going to permit Chevron to export oil from the Soviet Union, independently of the state apparatus, and earnings from such sales will be used to underwrite the earnings of the other participants in the consortium. Other members of the consortium include the same RJR-Nabisco corporation which is the subject of the ongoing leveraged buy-out, which at \$25 or so billion is the largest takeover in U.S. history, and Archer Daniels Midland of the grain cartel's Dwayne Andreas, which also happens to be one of the principal exporters to the Soviet Union of the food products for which Abalkin alleges the Soviets must pay with their earnings from oil.

Chevron pioneered the kind of arrangement now being implemented in the Soviet Union in its transactions with the government of Angola during the 1970s and 1980s. Gulf Oil, later bought out by Chevron, extracted oil from the Angolan Cabinda Enclave, and remittances from the sale of the oil, in the West, were used to underwrite the Marxist MPLA government, even while others in the United States were providing financial backing, and weaponry, to the UNITA opposi-

tion military forces of Jonas Savimbi.

But Chevron also happens to be one of the companies which, inside the United States, has most forcefully promoted the oil price increases now registering at the pump. Chevron facilities are included among those where suspicious accidents or breakdowns have, since the Exxon tanker grounding in Alaska's Prince William Sound, been responsible for keeping the price of oil up near the \$20 per barrel level.

For example, in the second week of April, a mysterious fire at the Chevron refinery in Richmond, California, was responsible for reducing the installation's output from 90,000 barrels per day to 20,000. On the same day rumors circulated that one of Amoco's refineries in the same state had also been put out of action by fire. Those rumors were later discounted as false.

However, for the first time since the oil crisis months of 1973-74, gas rationing has been imposed on the West Coast. Gas station operators have been restricted in what they can acquire from distributor companies, for the month of April, to 90% of their purchases for the same month last year. This is said to be "because of the effects of the oil spill in Alaska." It is nothing of the sort. The interruption of supplies from the Valdez, Alaska outlet of the Alyeska pipeline was never enough to warrant imposing emergency measures to deal with shortages.

Rather, while the panic about the Alaska spill was at its height, but after output from the pipeline, which accounts for 25% of U.S. daily production, had been restored from the reduced level of one quarter of its usual rate of flow, the British Petroleum Company, one of the big producers on the Alaska North Slope, and Exxon, took the opportunity to declare, at the end of March, *force majeure* on their contracts for April delivery. Declaration of *force majeure* means that the declarer does not have sufficient supplies of a contracted commodity on hand to meet booked orders. The companies' *force majeure* was the trigger for rationing in California, and other parts of the West Coast, not the suspension of supplies. The Chevron refinery fire conveniently helped to ensure that shortages, and therefore emergency rationing procedures, could continue.

Perhaps this is what the company spokesman meant when he reported that the "State Department approves" the company's actions.

It is also significant that news of rationing in California, perhaps the biggest story on the oil front inside the United States in recent years, apart from government's obsessive refusal to adopt a trigger price tariff at parity production costs, has not been trumpeted across the pages of the nationally significant press, like the *Wall Street Journal*, *New York Times*, or *Washington Post*. Wire service perfunctory coverage, in a couple of short paragraphs, has been reported from such papers as the *Winchester Star-Gazette* in northwestern Virginia. Equally, while the *Financial Times* of London promoted the BP-Exxon *force majeure* story to front-

page lead, no U.S. daily, in the country affected, saw fit to accord the story similar prominence.

Meanwhile, since the Alaska spill, similar "disasters" are being reported from around the world, such as to represent not simply an American, but an international pattern of activity to constrict availability of the fuel. For example, on April 8, Reuters reported that all of Nigeria's refining capacity was shut down, and would remain shut down for the time being. As in Alaska, and in the *force majeure*, BP again shows up in the Nigerian case. The shutdowns are said to be the combined effect of regular closures for maintenance, coinciding with unexplained accidents. The effect: Nigeria, an oil producer, must now import refined petroleum products for its own use. Thus, further upward pressure on the price. And, in the North Sea oilfields, since the disaster last year on the Piper Alpha platform, there has been a continuing round of disruption of pumping efforts, either through accidents, or through fire, or through, as in Nigeria, shutdowns for maintenance.

At the end of last year the OPEC nations agreed to restrict their production in an effort to bring the price of oil back to a range of between \$18 and \$20 per barrel. OPEC's commitment in this respect was supported by various non-OPEC oil producers, including the participation of Kent Hance from the Texas Railroad Commission, Britain, Norway, the Soviet Union, and Mexico, among others. OPEC has more recently reaffirmed that it does not want the price to go above \$20 per barrel.

Mishaps not enough for Mother Russia

However, it is clear from Abalkin's interview with *Corriere della Sera* that a level of \$20 per barrel is not sufficient for Mother Russia.

The recent "mishaps," around the world, have contributed to keeping the international price at about the \$20 per barrel level. They have not helped push the price beyond that. This points to the scale of "event" which would be required to meet Abalkin's outline of what the Russians are demanding, and what they can be considered as insisting on getting, through their joint venture channels with Chevron, RJR-Nabisco and Archer Daniels Midland. Only the equivalent of an outbreak of war-fighting hostilities in the Middle East, comparable to 1973, or something like the Khomeini revolution in Iran, which in 1979 was responsible for a bigger oil price hike than that achieved in 1973-4, would meet the requirement.

It could also be the case that this is why U.S. media outlets are keeping such a low-key tone, if not absolute silence, over what is now transpiring on the West Coast. The emergency rationing regime now in effect in California may well turn out to be the precursor, and pilot project, for what is being prepared nationally, an emergency measures-based police state, achieved under the cover of the exigencies of another manufactured oil crisis, for the greater benefit of Gorbachov's Russian Empire.

Brady Plan: one way ticket to nowhere

by Peter Rush and Dennis Small

The "Brady Suggestions" on how to deal with the suffocating foreign debt burden of the developing countries, unveiled with so much fanfare on March 10, are duds. This conclusion, reached by *EIR* within hours of Treasury Secretary Nicholas Brady's ballyhooed speech, and by more and more financial analysts in the weeks since, has now been totally

confirmed by a study comparing the impact of the Brady proposals with several competing plans put on the table in the last few years.

Among other results, this study shows that at present interest rates, and after applying all the "debt reduction" and "interest reduction" called for in the Brady Plan, the net cumulative outflow of capital from Ibero-America in the next seven years under the Brady Plan would be \$222 billion, \$33 billion more than the net outflow experienced by the region in the last seven years under the Reagan administration. These results should definitely hammer the final nail into the coffin of this silly but deceptive plan.

The dwindling band of Brady defenders argues that by proposing reductions in both total debt and interest paid, the plan is a major step forward for the developing nations. However, since the proposed reductions would cut interest payments by no more than 20%, and only on the portion of

FIGURE 1

Policies of the Baker, Bradley, Kissinger, and Brady Plans compared to Operation Juárez

	Baker Plan	Bradley Plan	Kissinger Plan	Brady Plan	Operation Juárez
Debt relief	No	Reduce interest rates 3% for 3 yrs, reduce principal 3% a yr for 3 yrs	Reduce interest rates by 3% for 5-7 years	Reduce interest paid on commercial debt by 20%	Reduce interest rate to 2% a year
Capitalize interest reduction	No	Yes	No	No	No
New money	\$10 bn/yr for 3 yrs	\$10 bn/yr for 3 yrs	No	\$10 bn/yr for 3 yrs*	\$100 bn/yr for 15 yrs
Net capital flow, 1st yr, 8.3% interest	-\$23.2 billion	-\$11.3 billion	-\$21.3 billion	-\$18.9 billion	+\$92.0 billion
Net capital flow, 1st yr, 11% interest	-\$34.1 billion	-\$22.1 billion	-\$32.1 billion	-\$28.4 billion	+\$92.0 billion
Policy toward flight capital	Attract flight capital with structural reforms	Attract flight capital with structural reforms	Attract flight capital with structural reforms	Attract flight capital with structural reforms	Exchange controls, strict penalties for flight capital
Changes in terms of trade	None	None	None	None	Establish just base prices for exports
Structural reforms					
a. debt for equity swaps	yes	yes	yes	yes	no
b. liberalize foreign investment laws	yes	yes	yes	yes	no
c. liberalize imports	yes	yes	yes	yes	no
d. increase exports	yes	yes	yes	yes	no
e. reduce government spending	yes	yes	yes	yes	no
f. devalue currency	yes	yes	yes	yes	no
g. floating exchange rate	yes	yes	yes	yes	no

total debt owed to commercial banks, which comes to under \$400 billion of a total developing nations debt of \$1.3 trillion, it is clear that Brady's plan will be of negligible value to most countries. But even in Ibero-America, which accounts for at least \$260 billion of the commercial debt, the debt service reduction implied by the Brady Plan comes to all of about \$5 billion, a mere 15% of its total annual interest payment.

The problem faced by the continent is that for the past seven years, there has been an estimated *net outflow* of capital of \$189 billion, all to pay interest. The effects have been devastating: collapse of living standards by 30-70% in most countries; severe weakening of educational systems and increases in illiteracy; a disastrous health crisis in virtually every country; rises in infant and general mortality; severe erosion of transportation and energy infrastructure for lack of investment; almost no new investment in agriculture, industry, and infrastructure; endemic and ever rising inflationary pressures; rising unemployment; chronic budget deficits and crises; exorbitant internal interest rates and skyrocketing levels of internal debt (incurred to finance the external debt payments); the list of damages can go on. *Any* continued net outflow merely continues to worsen the above conditions.

The Brady Plan proposes to reduce interest owed by only 15% for Ibero-America, and then calls for "new money" in unspecified amounts. Given the extreme reticence of banks to provide new money either before or after Brady's March 10 speech, an assumption of \$10 billion in new money a year is generous, yet even with such a \$10 billion infusion, the net outflow of capital under Brady's plan, under present interest rates, would be \$28.5 billion, rising to \$35 billion by 1995, for a seven-year total of \$222 billion. Granted, this is less than it will be without the plan, but a 25% reduction in the dosage of deadly poison is still more than adequate to kill the victim, and such is the case here.

Moreover, the London Inter Bank Overnight Rate (LIBOR) rate to which most loans are pegged has risen 3.5% since last year, from 7% to 10.5%, while the U.S. prime rate is now at over 11%. This one-year increase alone will cost Ibero-American nations twice what the Brady Plan will save them in reduced interest costs. Brady's proposals are doomed by his refusal to tackle the real issue, the exorbitant and usurious interest rates that have prevailed since 1973.

Figure 1 contrasts the known features of the Brady plan with those put forward by then Treasury Secretary James

FIGURE 2
Interest payments from Ibero-America due under Baker, Bradley, Brady, and LaRouche Plans 1985-95

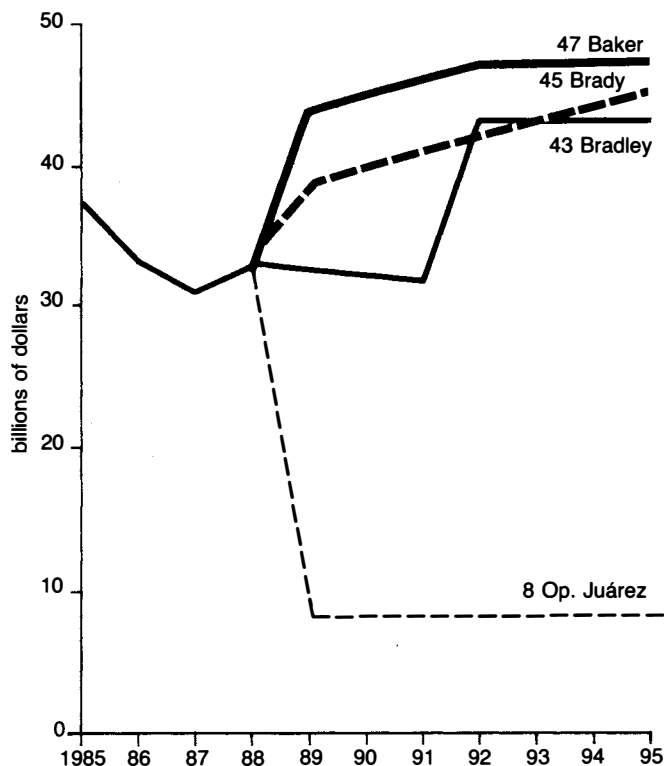
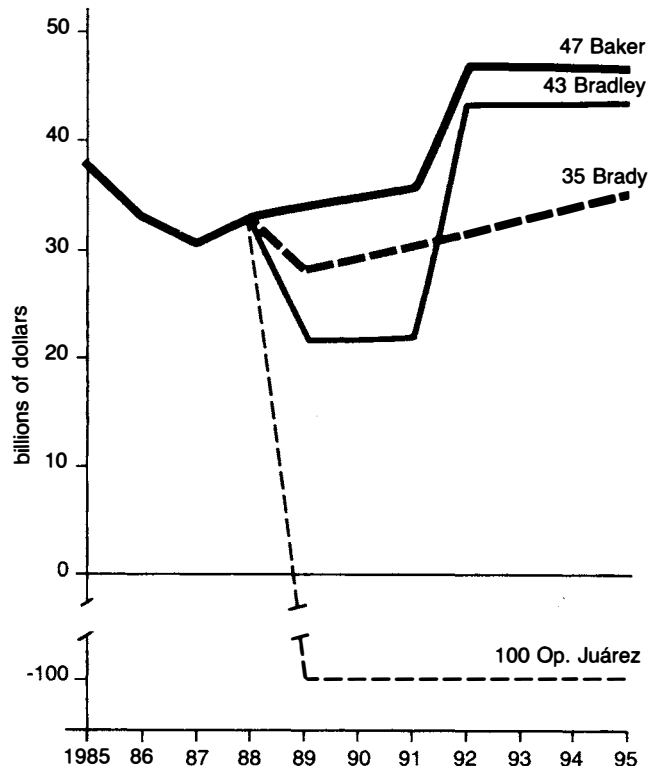


FIGURE 3
Net capital outflow from Ibero-America under Baker, Bradley, Brady, and LaRouche Plans 1985-95



Baker in December 1985, by Democratic Sen. Bill Bradley in 1986, by Henry Kissinger several years ago, and by Democratic economist and politician Lyndon LaRouche in his 1982 book-length *Operation Juárez*. Lines 4 and 5 contrast the effect in the first year that each option would have on the net outflow of capital, calculated at last year's effective interest rate of 8.3%, and this year's rate of 11%.

Figure 2 shows the impact on interest owed that each plan (Kissinger's not shown) would have over the next six years if applied to the \$401 billion presently owed by Ibero-America (this amount is that used by the Economic Commission for Latin America; the World Bank estimates \$441 billion). The rate of 11% was the interest chosen, because the effective rate is already above that today, with many predictions of higher yet to come, so this is a conservative estimate.

Only Bradley's plan would reduce interest owed slightly from the 1988 level of \$33.2 billion, because it proposes a direct 3% reduction of both interest rates and principal owed—but only for three years. Baker's plan shows how much interest would be owed at the full 11%. Brady's plan would do no more than halve this increase. Interest owed would then rise as the debt grows by the \$10 billion a year in "new money."

Only LaRouche's Operation Juárez proposal significantly lowers interest owed, by dropping interest rates to 2%, or

FIGURE 4
Annual and cumulative net outflow of capital from Ibero-America under Brady Plan 1989-95

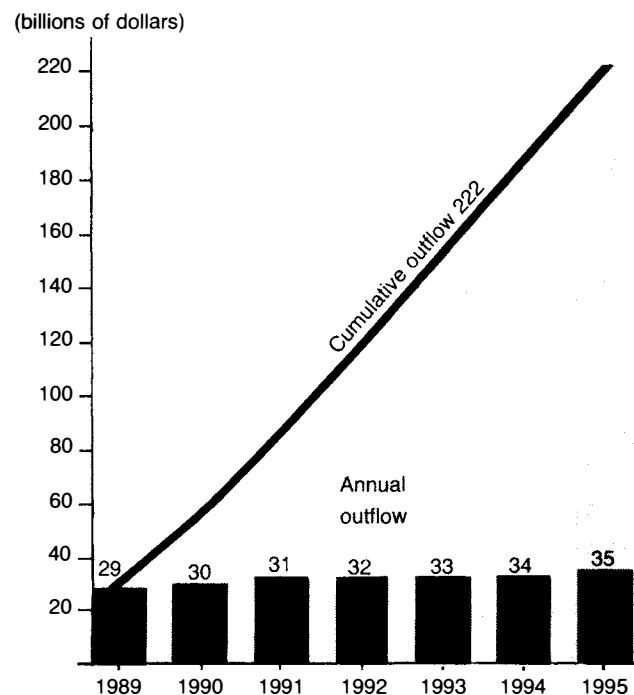
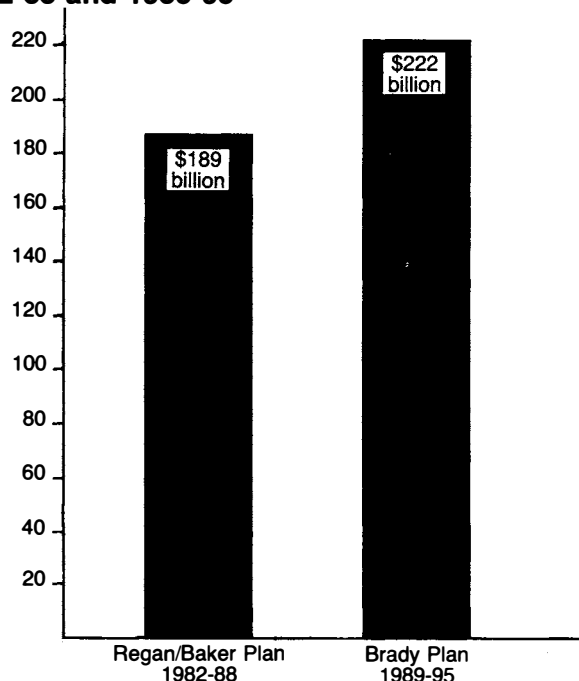


FIGURE 5
Comparison of cumulative net capital outflow 1982-88 and 1985-95



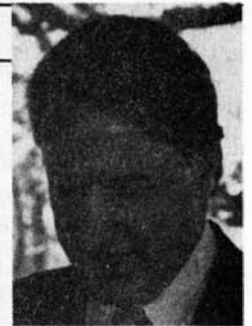
\$8 billion a year.

Figure 3 shows the net cost to the countries of each plan, which is the interest charge of Figure 2 minus the "new money" as shown in Figure 1. Again, only Operation Juárez, which calls for \$100 billion in funds for investment in physical and social capital, not financial folderol, not only eliminates net capital outflow, but provides ample "medicine" for sick economies in the form of new investment.

Figure 3 and Figure 4 show the annual and cumulative net outflow predicted by the Brady Plan under an assumption of 11% interest rates, and compares this to the net outflow under the two previous Treasury secretaries, Donald Regan and James Baker. As shown, the previous seven years have seen an estimated \$189 billion net capital outflow, which caused untold harm; under Brady's gimmick, this will rise to \$222 billion in the next seven years. Even should interest rates fall back significantly, the net outflow will still be enormous by any measure. And it should be pointed out, very generous assumptions have been made concerning the Brady Plan itself. With Japanese banks saying they will lend no new money, the British and Dutch vetoing a central element of Brady's proposals, and bankers generally quite cool, combined with the fact that each country must negotiate debt reductions with each individual bank, even a 20% reduction in interest paid is wildly optimistic.

Dilson Funaro, a model of debtor dignity

by Mark Sonnenblick



Former Brazilian Finance Minister Dilson Funaro died in São Paulo April 11 of a recurrence of lymphatic cancer. He was 55. Funaro, the architect of Brazil's 1987 debt moratorium, was the most courageous fighter for the principle he proclaimed: "The debtor nations must recover their dignity."

On Feb. 20, 1987, he delivered the definitive challenge to the system of international usury in a telex to 600 commercial banks holding \$62.8 billion in Brazilian debts. Funaro recalled in an article he wrote for *EIR* on Dec. 11, 1987, "The telex suspending interest payments owed by Brazil to the banks clearly states that the moratorium would be suspended when—and only when—the two parties find a definitive solution to the crisis created basically by the creditors."

In announcing the moratorium, President José Sarney said he would renegotiate the debt only from the moral position taken a month before by Pope John Paul II: "Foreign debt must not harm the basic needs of the people." Sarney stressed, "Brazil now has to prepare itself for the 21st century. . . . We must end the cycle of cheap labor."

From the start, Funaro was subjected to immense pressures, from inside and outside the government. USIA director Charles Z. Wick suddenly held a series of secret meetings with press magnates and circles tied to Project Democracy (the codename for the U.S. secret government that ran the illegal Iran-Contra weapons operations) in several Brazilian cities. Intelligence services circulated to the press dossiers alleging that Funaro's principled stance was just an "obsession" flowing from his "authoritarian" and "messianic" personality traits. With few exceptions, the press vilified him. Leaders of his Brazilian Democratic Movement Party (PMDB) promised mass rallies in support of the moratorium, but did not even try to organize them.

Project Democracy sent São Paulo businessmen into revolt. The day Funaro met with bankers in New York to explain to them why it was in their best interests to organize a just world monetary system, they flashed him a the *Wall Street Journal* report that four PMDB governors, led by ambitious São Paulo governor Orestes Quércia, demanded his ouster. Claiming Funaro represented nothing, the bankers mocked him and refused to listen to his proposals for replac-

ing the Bretton Woods system.

President José Sarney, who, on Feb. 20, read a powerful speech prepared by Funaro, immediately capitulated to the anti-Funaro conspiracies run by agents in his inner cabinet, including Sen. Marcos Maciel. The masonic lodge housed at the foreign ministry's Itamaraty Palace did its best to undermine his debt reform efforts. It had Sarney appoint Anglo-philic banker Marcio Moreira Marques as ambassador to the United States with a public mandate to propitiate the bankers outraged at Funaro. Sarney set up a special cabinet-level council to take control over debt policy from him.

'Why should I fear mere men?'

One evening, during an interview program on TV Bandeirantes, a reporter suggested to Funaro that he should be afraid of all criticism he was receiving. He responded with his customary serenity, "I have faced death and I no longer fear it. Why should I fear something that mere men say?"

In his interview, Funaro insisted that Brazil's daily economic policy be oriented to what was best for the Brazil of 20 years into the future. His approach was the opposite of Delfim Netto's dictum: "In Brazil, nothing can be planned more than ten days in advance." Specifically, engineer Funaro charged that the three years of IMF rule preceding his ministry had meant that Brazil had "lost its competitive edge" by falling three years further behind the advanced countries in all areas of high technology.

As soon as Funaro entered in August 1985, he engineered the biggest spurt of tractor buying in a decade, by providing low-interest loans and parity prices to farmers. The record grain harvests in the ensuing years are largely a result of this retooling of agriculture. Then, in March 1986, he introduced the Cruzado Plan. He turned the wage-price freeze scheme known in Argentina as the Austral Plan inside-out, so as to promote increased consumption levels, rather than to restrict them. Real incomes of the Brazilian poor rose 15%. By being able to operate at full capacity, industries made record profits. Most of the smaller national companies invested in expanded capacities. The oligopolies did their best to sabotage the plan by cutting production.

Funaro reportedly sought to ease out of the freeze, but the PMDB politicians made him hold off until after its popularity won them 85% of the vote in the Nov. 15, 1986 elections. When he had to go on TV less than a week later to announce huge price increases, none of the politicians accompanied him. The enemies of such dirigist economics have depicted the Cruzado Plan as a hoax, which ruined Brazil.

But statistics show that morally informed dirigism works. The undisputed improvement in living standards turned around the sharp increase in infant mortality which occurred during the IMF years. More money spent on health care, vaccinations, and sewage facilities also contributed to this. Not surprisingly, infant mortality has swung up again since Funaro's April 30, 1987 ouster, according to Prof. Pedro Israel Cabral of the Federal University of Pernambuco. The rate of migration of desperate poor into the Amazon jungle also slackened, as existing farming and industrial centers hired all the labor they could get. Despite the increased social welfare spending and dirigist subsidies, Brazil had a far lower federal budget deficit in 1986 than in years of IMF austerity before and after it.

Funaro resigned on April 30, 1987, rather than grovel before the international bankers. In his Dec. 11, 1987 *EIR* article, Funaro warned President Sarney, "To abandon the moratorium at this moment is to abandon the discussion of non-conventional paths to overcome the foreign debt problem. We will surrender our country's strongest bargaining card, but even more important, we will abdicate the key discussion of the crisis which the international financial system has been in since 1980-81. Blunders in the economies of rich countries are paid for by developing countries like Brazil, always leaving the bitter taste of recession, unemployment, economic stagnation, and resulting political instability."

When Sarney finally proclaimed the formal end of the moratorium on Sept. 21, 1988, Funaro responded, "Brazil has not achieved its objectives." He warned that banker promises to loan "new money" were a mere shell game: "It's just money to pay interest, while what we really need is new investment." In November, he charged that his successors had set punctual payments to the foreign bankers as "the only national priority." Since then, they have not even been able to do that, and have again bounced along from one unprincipled default to another.

Funaro never surrendered to the pragmatism and expediency which, in Brazil—as in the United States—are the basis for policy decisions. On his hospital deathbed in late March, he was asked about his health. He answered, "What is important is Brazil's sovereignty, the solution of the country's structural problems, and the question of the foreign debt, which must be treated with dignity."

If Brazil survives as a nation-state, it may only be because the memory of Funaro's courage and patriotism inspires others to pick up his ideas and force the world to change.

Pakistan: Economy is Bhutto's Achilles heel

by Ramtanu Maitra

The one act Prime Minister Benazir Bhutto will come to regret shortly is her decision not to review the International Monetary Fund accord reached by the previous regime. As is becoming clear now, the accord will prevent Prime Minister Bhutto from carrying out reforms she promised to the electorate prior to last year's election. Already, following delivery of \$337 million—the first tranche of the \$837 million loan—the IMF has made known its disagreement with the Bhutto administration's projected capital outlay for the Seventh Plan launched in July 1988.

When the new government took charge of Pakistan's economy last December, it promised new policies with regard to labor, industry, trade, and rural poverty, with the purpose of laying the foundation of a sound political economy, something the nation hasn't had for the last four decades. But hopes have already been dashed, and increasingly, the Pakistan People's Party (PPP) government's decision not to review the accord with the International Monetary Fund will stand out as the biggest political mistake of its first hundreds days in office.

The IMF has quickly moved in to "restructure" Pakistan's economy. Great proponents of the "free-market" philosophy, the IMF technocrats have advised the Pakistan government to increase indirect taxation to generate resources. The IMF is also taking a hard look at the Seventh Five-Year Plan, and has made it known that they do not like what they see. According to the Karachi daily, *The Dawn*, the government is trying to compromise the plan in order to satisfy the IMF.

Road to ruin

Pakistan went headlong into the IMF lap following years of stagnation in its physical economy. With a crippled infrastructure, previous governments were not able to generate resources to meet even daily expenses. Instead of investing in building up the agricultural, power, railways, and manpower development sectors, the previous regime, in particular, went on borrowing money to pay wages and meet other daily expenses.

At the same time, then-Finance Minister Dr. Mahbubul Haq—known in Pakistan as "PITS" (for "Pie in the Sky")—adopted the IMF formula of "building up the economy through export-led growth." The "pie in the sky" remained as elusive as ever, but Pakistan got deeper and deeper into debt. Its sole

major export capability—cotton and cotton-related products—was hamstrung by the IMF's trade arm, the General Agreement on Tariffs and Trade (GATT).

Pakistan's external debt in recent years rose fast, increasing from \$7.8 billion in 1978-79 to about \$16 billion in 1988-89. Debt servicing, which hurts the economy most, increased during the same period from an annual \$437 million to about \$1.5 billion. Such a policy would have landed Pakistan in the IMF's lap earlier, but for foreign-based Pakistani workers, whose remittances amounted to some \$2.5 billion annually during the 1980s.

To replenish the fast-dwindling foreign exchange reserves, the previous regime, with a caretaker government at the helm, signed the agreement with the IMF—fully aware that the IMF would claim its proverbial “pound of flesh” in the form of conditionalities. So too, the present regime, citing the pressing need to augment foreign exchange reserves agreed to keep the accord.

Pound of flesh

The IMF is already demanding its “pound of flesh” for the \$837 million loan. The IMF has opposed the Sri Lanka-Pakistan barter trade through which Pakistan gets about \$30 million worth of Ceylon tea, and is telling Sri Lanka to sell the tea in the open market where it will fetch a higher price. Recent news stories from Pakistan indicate that the government is now making preparations to sell off the decaying national railways, retaining ownership only of the roadbed.

It is a classic example of the bankruptcy of monetarist policies. Pakistan Railways was performing abysmally and the rail-to-road ratio in the country had been decreasing rapidly. Pakistan has been spending less and less on railroad upkeep, and during the past four decades only a measly 260 km of new track was laid. Instead, Pakistan, an oil-importing nation, has been building roadways to carry passengers and freight at a higher cost. And the interior of the country remains almost as inaccessible as it was during the British Raj. Instead of making the rail system a priority for the type of large infrastructure investments only government can muster, the IMF mandates “privatization.”

In the agreement, the IMF laid down a series of reforms the government has to undertake if it wants to receive the last and third tranche of the loan next year. Among these is an overhaul of the tariff structure, reducing it from the present 10-425% range to a 10-120% range, and replacing existing import bans and non-tariff restrictions with tariff protection. Pakistan has also been told to raise customs on duty-free items to at least 10%, reduce duty exemptions in general (with the exception of inputs for export production), and make a whole range of changes in the duty structure.

Most of the measures are aimed at import liberalization. When Pakistan Finance Secretary A.R. Akhund pointed out during a meeting on Jan. 28 that some of these measures may cause serious dislocation to the nation's economy, he was

reportedly told by IMF officials that if the trade liberalization measures were not implemented on the three-year schedule the country would face serious financial difficulties.

Besides “restructuring” the economy on a day-to-day basis, the IMF has also leveled its diktat on the Seventh Plan now under implementation. The new version of the plan, now conceived as a four-year developmental plan, proposes to reduce the budgetary deficit-to-GDP ratio from 5.8% in the first year, to 5.4% in 1990-91, 4.6% the next year, and 3.7% in the final year. This represents a compromise with the IMF demands for more drastic reductions.

Such drastic cuts in expenditure as the new plan suggests will seriously jeopardize the most-needed sectors and virtually doom the much-vaunted anti-poverty plan as envisaged by the PPP prior to coming to office. To keep these “political” programs on line, Pakistan is now seeking \$3 billion in assistance from the Western aid consortium for 1989-90. Already officials are slated to visit West Germany to sign a DM 300 million agreement for the year.

Nonetheless, the government appears keen to stick by the IMF and implement the package. Prime Minister Bhutto has appointed people who are completely in tune with the IMF to the critical economic posts. One such individual is V.A. Jafarey, a super-technocrat who had also served the previous regime. Another is Feroze Qaider, chairman of the Economic Consultative Committee—a handpicked group of technocrats and professionals who carry out various economic exercises, supposedly on behalf of the prime minister.

This crowd can be relied upon to do the IMF's dirty work. Jafarey, for instance, who is the prime minister's adviser on Finance, Planning and Development, and Economic Affairs, is so eager to prove that the new measures are working wonders that he told newsmen in February that the \$450 million budget deficit for July-December 1988 dropped to \$135 million on Jan. 23, 1989, and turned into a surplus of \$130 million on Feb. 5. Despite the expression of serious reservations on the part of the news men, Jafarey declined to elaborate how this magic was possible. He didn't seem to mind outright lying later, when he said that collection of income tax and sales tax were on target.

Slowly but surely, these miracle workers are sowing distrust. During the budgetary discussion in the Parliament, for example, advisers and economists alike insisted that \$2.5 billion or more could be raised without playing havoc with the existing tax structure, simply by making the tax collection more efficient. But when the government presented the revised budget in December, it could not come up with anything better than an additional \$30 million, to be raised by means of a 1% surcharge on imports.

There is yet another illusion that these high-level technocrats are spreading widely, and that is the belief that the IMF will readily renegotiate the “conditionalities” if Pakistan goes through the motions and imposes some of the Fund's demands. But the Jan. 28 meeting, and the subsequent mid-

March meetings between Pakistani officials and the Fund give no grounds for such confidence. On the contrary, it is apparent that under whatever pretext, the IMF has forced Pakistan to swallow its program "hook, line, and sinker." In fact, as early as Dec. 12, one IMF official told an Islamabad-based daily that if Pakistan tries to renegotiate the accord, the "quantum [of loan] might be bigger under the Enhanced Structural Adjustment Facility arrangement, but the conditionalities will be much stiffer."

Meanwhile, Pakistan's debt is growing and the rate is expected to increase since the government is seeking loans from the international market to carry out some of the "populist" campaigns to ensure its own political survival. The much-hoped-for export sector is doing less than expected. The policy of liberal imports has resulted in raising the import bill by 8.4% during July-December 1988 compared to the same period the year before. But exports have risen by a meagre 0.7%, making a mockery of the "export-led growth" scenario. As a result, the trade deficit has increased by 26% to \$1.112 billion. Consequently, exports financed only 65% of imports instead of 70% the previous year.

Needless dilemma

This bleak situation need not have come to pass, and still may be transformed, providing the prime minister is permitted to develop an accurate picture of the country's basic economic requirements, and takes determined advantage of the well of good will that exists for her to succeed in stabilizing Pakistan. Bhutto's assumption of power was heralded the world over, including by the oil-rich Arab nations. Under such circumstances, instead of relying upon technocrats who talk and think like the IMF officials, Bhutto ought to approach various heads of state for bilateral arrangements on a long-term, low-interest basis.

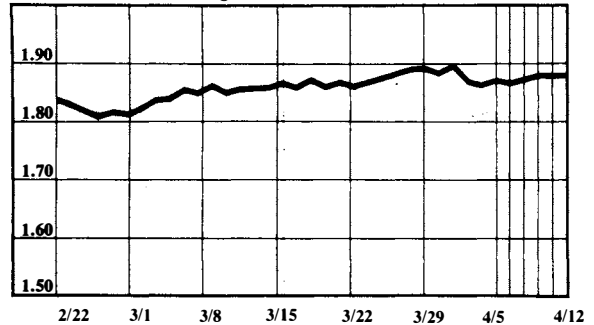
There are ample indications that investors, as well as government, are looking at Pakistan with renewed interest. It showed up when Pakistan raised nearly \$800 million from the U.S. market from a loan rotation underwritten by the U.S. administration. Another \$100 million has been mobilized by a consortium of foreign commercial banks operating in the Middle East to finance the Rice Export Corporation. The West German government has agreed to provide at least DM 100 million more this year as assistance.

Bhutto must avail herself of this good will quickly, to secure funds for investment in areas which are essential for building a stable economy but which have been decreed out of bounds by the IMF. If she turns off the technocrats' blather for a moment, she will recognize that Pakistan requires a productive agricultural sector, backed by a basic industry which provides the proverbial teeth to that agricultural sector. To meet this basic requirement, Pakistan will have to focus investment in power generation, water supply and drainage, railroads to link up the interiors, and large-scale educational programs—in short, basic infrastructure. It is the only way out.

Currency Rates

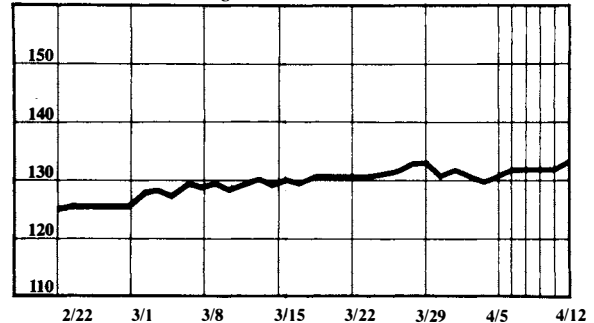
The dollar in deutschemarks

New York late afternoon fixing



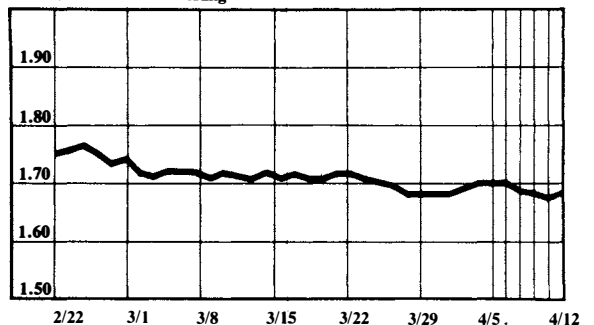
The dollar in yen

New York late afternoon fixing



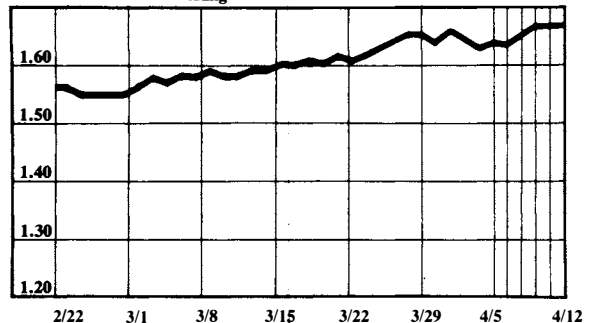
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



GATT 'disciplines' farming to death

The result of the talks was to knock down any policy any nation is using to protect its farming and food supply.

Negotiations among the 100 member nations of the General Agreement on Tariffs and Trade (GATT) concluded April 11 in Geneva, Switzerland, after the major roadblock, differences over agricultural policy between the European Community and the United States, were finally cleared out of the way. A "framework" was ratified in which the world's largest food producers—the United States, the European Community, and the Cairns Group of 13 agricultural exporters—agreed to build "a fair and market-oriented system of agricultural trade."

Nations' agricultural policies henceforth will have to orient more strongly toward "market signals"; trade restrictions are to be dropped, and agricultural trade will be "disciplined" by the GATT authorities.

The new GATT agriculture agreement abrogates sovereign national rights to formulate food and farm policies, in the name of furthering a "one-world market."

For the time being, all national government support for agriculture is to be frozen at current levels until December 1990. In principle, spokesmen for the signatory governments would favor even a reduction in subsidies and protectionist regulations, although the details have not yet been made public. The three negotiating partners mutually pledged to pursue the long-term goal of "substantially increasing cuts in agricultural support and protection." More negotiations must be conducted in the interim, but they must not continue beyond 1990. Agreements will range over "all measures which directly and indirectly

[concern] disruptions of imports and of competition."

The governments have until December of this year to submit to GATT detailed proposals as to how they will achieve these goals. The GATT administration is forming a "monitoring system" in order to guarantee that governments stick to their commitments, and to seek out any violations.

At first, Japan, the Scandinavian countries, and Switzerland resisted this, expressing doubts about the security of their own food supplies. But GATT considers such questions "non-economic aspects," and their objections were swept from the table as irrelevant.

This, along with the settlement of the agricultural policy dispute between the EC and the United States, now clears the way for a "successful" conclusion of GATT's Uruguay Round. This four-year round of negotiations was begun in Punta del Este in 1986, and dedicated to reducing trade barriers especially in agricultural trade. Since the founding of the United Nations-connected group in the 1940s, agriculture had never been placed "on the table" for thorough GATT trade control, but in 1986, then-U.S. Trade Representative Clayton Yeutter made it a priority commitment of the United States. In 1987, President Reagan followed suit, including the demand that all national subsidies to agriculture must be removed by the year 2000.

When the GATT member nations met in Montreal for their "Mid Term Review" Round in December 1988, the talks ended in a stalemate after the

United States clashed with the European Community over the timing of the end to subsidies. The EC delegation said the subsidy reductions should begin immediately, and proceed step by step. The United States countered by demanding a commitment to total reduction on or around the year 2000, before any interim reductions would be made. The meeting ended by scheduling the April talks in Geneva, which have now concluded in agreement.

Whatever the wrappings on the Geneva package, the reality is that GATT is serving the purpose of knocking down any programs a nation may employ to protect its domestic food and farm sectors. The benefactors of this are the international food cartel companies now dominating world trade in food commodities—Cargill, Continental, Louis Dreyfus, Bunge, Archer Daniels Midland/Toepfer, Unilever, Nestlé, Ferruzzi, and the rest. At the Montreal meeting, Cargill sent two vice presidents to represent the U.S. "private sector."

The new GATT agriculture agreement brings the world one step closer to a "one-world dictatorship" by the cartel, under the banner of "market-oriented agriculture policy." This phrase was promoted some years ago as the watchword for agriculture, by the Trilateral Commission, the political arm of the international banks and cartels.

Sicco Mansholt, a longtime European cartel servant, was quite open about this at a public event in northern Germany in early April. Mansholt responded to a question about who controls the GATT negotiations by stating, "The cartels control GATT—especially Cargill, but also Bunge and ADM/Toepfer play an important role. And that's been the case for many years."

S&Ls bailout agreement near

The plan will close down 500 thrifts, while forcing the healthy ones—and the taxpayer—to bail out what's left.

The Bush administration's plan to deal with the nation's bankrupt savings and loan institutions has gone a good part of the way through its congressional "loop" with only a few amendments, although those put forward in the House Banking Committee may loosen some of the stipulations the administration wanted with regard to restricting the growth of some of the poorly capitalized S&Ls.

After four days of debate and voting on more than 160 amendments, the House Banking Subcommittee on Financial Institutions, in a voice vote of its 47 members, approved the measure on April 14. The Senate Banking Committee had approved the legislation the day before.

The administration plan is a draconian program to shut down S&Ls, and incorporates a significant role for the Department of Justice in prosecuting alleged criminal offenders among the thrift industry's managers. The plan calls for the government to spend \$157 billion in taxpayers' money and contributions from the savings industry over 10 years, to close more than 500 ailing institutions. It also calls for merging the depleted Federal Savings and Loan Insurance Corporation (FSLIC) with the stronger Federal Deposit Insurance Corporation (FDIC).

In one amendment added to the legislation, the House Banking Subcommittee on Financial Institutions voted to give the FDIC greater independence, new responsibility to regulate state-chartered thrifts, and authority to set premiums on the riskiness of bank and thrift lending activi-

ties. The subcommittee voted to restructure the Federal Home Loan Bank Board by making its oversight office a unit of the Treasury Department, but leaving as quasi-independent entities the 12 regional Federal Home Loan Banks. The panel also ruled that FHLBB chairman M. Danny Wall would be renominated as chairman of the Bank Board, subject to confirmation by the Senate.

The panel also allowed the thrifts to use new logotypes that would show an American eagle and promise that deposits are backed "by the full faith and credit of the U.S. government." The thrifts were demanding the use of the logotypes of their purchaser banks, in order to assure depositors of the safety of their deposits. The subcommittee defeated by voice vote two amendments that would allow healthy S&Ls to change their status from that of S&Ls to that of commercial banks, and thus effectively pull out from bearing the cost of revamping the S&L system.

Bankers seem to be happy with the legislation. They should be; it gives greater freedom to commercial banks in obtaining healthy savings associations. The plan effectively breaks down the barriers between savings associations and commercial banks. The subcommittee decided to allow banks and credit unions that concentrate at least 30% of their business in housing lending to be eligible for long-term loans from the regional Federal Home Loan Banks. The regional banks borrow on Wall Street at low, government-backed interest rates, and funnel

the money to home finance.

Proponents say the amendment is a way to bring new capital into a capital-short industry. Opponents contend that the banks will only acquire healthy savings institutions and leave the government with more than 500 sick ones to liquidate. In the original legislation, President Bush had proposed to allow banks to buy only ailing S&Ls for the next two years, and healthy ones after that.

The subcommittee was prepared to significantly lower the capital requirements for savings and loan associations, fearing that the more stringent requirements mandated by the Bush bill would collapse the industry. An amendment which would have considerably liberalized the capital requirements was narrowly defeated in the subcommittee. Although the subcommittee did not allow thrifts to count soured loans as capital, it nevertheless agreed to permit poorly capitalized S&Ls to grow—a policy which is opposed by the White House.

The legislation will next be taken up by the Banking Committee, and the full Senate is expected to vote on a final package within a week.

The more sinister aspect of the Bush proposal is an extension of the powers of the Justice Department to go after the "crooks" in the industry. The Bush administration is looking for scapegoats for the bankruptcy of the S&Ls and of the economy as a whole, and among those scapegoats will be those who have been operating on the fringes of the law—or even within it.

Former U.S. Attorney Joseph DiGenova, interviewed ABC News's "Nightline" on April 12, warned that there was over \$150 million in pilfered funds in the S&L system, and that the criminals—those who owned and operated the savings associations, would be apprehended and convicted.

Anger in the barracks

Brazil's Armed Forces don't like what IMF austerity is doing to their wages, and to military technology.

The José Sarney government's policy of wage strangulation is triggering growing discontent in the Armed Forces, whose wages are not exempt from the International Monetary Fund's austerity program. The military thus joins the rest of the population which, under the failing Summer Plan, has lost 40-50% of its buying power.

It is reported that agitation over gutted wages is making the rounds of barracks. In the powerful Club Militar, based in Rio de Janeiro, there has been a series of meetings to discuss the problem. At the last of these, a copy of a model petition for wage restoration, to be sent by military officers to Defense Minister Leonidas Pires Gonçalves, was circulated. There are also some who seek to organize a general assembly of retired Army personnel, to join active duty personnel in a united stand.

Military discontent is also centered around the impact that austerity has had on various innovative technology projects of Brazil's military industry, which have either been significantly delayed or shelved altogether. The aerospace program, for example, is not only suffering the restrictions imposed by the club of industrialized nations to prevent Brazil's acquisition of state-of-the-art technology, but by the humiliating self-imposed imposition of IMF conditionalities.

The budget for production of a supersonic airplane has been cut; the AMX airplane, developed by Italian aeronautics companies, is suffering

severe delays on the Brazilian side; the company Aviones Embraer has begun to operate at a loss; the nuclear submarine project is moving at a snail's pace. All of this, at the same time that the budgets for basic research are being squeezed, causing a major brain drain of Brazilian scientists abroad.

The situation has led the minister of the Joint Chiefs of Staff, Valbert Lisieux, to present the problem directly to President José Sarney. It is not the first time that the cost of "integrating Brazil into the international financial community," as the policy which ended the 1987 debt moratorium is known, is slamming the Armed Forces, both in its personnel and in the vital high-technology projects which are the pride of Brazil.

Exactly one year ago, the previous minister of the Joint Chiefs of Staff, Roberto Camarinha, was suddenly fired for demanding substantial wage hikes. He left, but the austerity cancer remained to eat away at the nation's defense capabilities.

The discontent in the Armed Forces has not yet led to a direct confrontation with the President and his economic cabinet; however, the military has indirectly let its feelings be known. Such, for example, was the meaning behind the military's rejection—using purely bureaucratic arguments—of the naming of former minister Aluizio Alves as a member of the Superior Military Court, a rejection which has led to an indefinite postponement of his appointment to the post. This unprecedented rejection

is widely seen as a protest action against President Sarney, since not only is Aluizio Alves a personal friend of the President's, but he was suggested by Sarney for the position.

In this same sense, Lt. Brigadier Fernando Martins Costa, in retiring from his post as chief of staff of the Brazilian Air Force, declared on April 5 to his comrades in arms: "Do not allow the existing climate of corruption to continue in the country. Avoid by any means its contamination of the Brazilian Air Force." The new chief who replaced Martins Costa, Brigadier Cherubin Rosa Filho, echoed his predecessor in stating: "We should think hard about the perverse process in which we are submerged, where the honest ones continue to be punished by the impunity of the dishonest."

The great irony is that the Armed Forces, which have taken the lead in rejecting the fierce assault of the international ecological-fascist lobby against Brazilian sovereignty over the Amazon River Basin, have nonetheless given their support to the Sarney government's IMF-dictated economic policies, under the illusion that this is the only way that the country can receive the resources and technological aid it needs.

In fact, in exchange for transferring abroad more than \$17 billion in debt service annually, the only "payment" Brazil has received from the banks and other foreign creditors has been the demand for reducing wages, halting domestic investments, especially in state-of-the-art technology, and the open demand for surrender of national sovereignty over its own territory.

The Brazilian Armed Forces, the compromises of its leadership notwithstanding, is not likely to remain silent forever regarding the threat that such policies pose to their own integrity, and that of the nation.

Business Briefs

Food

Philippines seeks U.S. rice imports

The Philippines is seeking to obtain rice imports from the United States under PL-480 "Food for Peace" law. The Philippines' national stocks of rice, a staple food item there, are extremely low.

"I do not want even a few hours of Venezuela," said President Corazon Aquino when approving the purchase, referring to the days of bloody rioting in which over 1,000 died, after Venezuelan President Carlos Andrés Pérez signed an austerity package with the International Monetary Fund that sharply increased food prices.

Filipino officials were in Washington, D.C. in early April to conclude a deal for 250,000 tons of U.S. rice, in an attempt to augment stocks that have fallen to 190,000 tons, 75 days' worth of national consumption; 90 days is considered the safe supply level.

There has been a 20% price hike in rice in the last 10 days, and hoarding by millers and grain dealers has begun.

Energy

Ireland turning to Soviets for oil

In the wake of the huge tanker oil spill off Alaska and other oil disasters, Ireland, fearing that the oil companies would soon raise prices, froze gasoline prices on March 31, and Shell and Exxon retaliated by suspending imports into Ireland; British Petroleum, Texaco, and other suppliers warned they would soon do the same unless the government let them raise the prices above the Rotterdam spot market. But Ireland is hoping that the Soviet Union will step into the breach.

Ireland imports about two-thirds of its oil needs and has only a two- to three-week

reserve. The oil majors said that they expected panic buying to begin almost immediately. The Irish government scheduled a meeting with the oil companies for April 13 to try to reach an agreement.

The longstanding dispute with Shell and Exxon reached a crisis with the government decision to go ahead with a planned "fair trade commission" to investigate charges that the large oil multinationals were already deliberately overcharging Ireland.

But meanwhile, the government let it be known that it plans to discuss a barter deal with Moscow to counter the Seven Sisters' blackmail. Prime Minister Haughey, in his April 2 talks with visiting Mikhail Gorbachov in Shannon, discussed the barter of Soviet oil for Irish beef and other food. Irish government ministers are to go to Moscow very soon to further the discussions, according to reports in London's *Daily Telegraph* April 12.

Ireland already has a unique arrangement with Moscow's Aeroflot, whereby Soviet oil is stored in special tanks at Shannon Airport, allowing Soviet planes en route to Havana to refuel without paying hard currency for fuel.

Agriculture

Analyst warns on U.S. wheat disaster

A leading grain analyst has urged the Bush administration to stop the U.S. Department of Agriculture's farmland set-aside program and end grain export subsidies because of the wheat harvest disaster now under way.

John Schnittker, a leading private crop analyst, said that only with great discretion should export subsidies be used until at least mid-year. Schnittker forecast a reduction in the U.S. winter wheat crop of nearly 15% this year.

Most of U.S. wheat is winter wheat—i.e., planted in the fall.

Schnittker forecast a drop in the wheat harvest from 1.85 billion bushels (a level he called "potential") to 1.6 billion bushels—a drop of about 6.8 million tons.

Meanwhile, the Agriculture Department told Congress that the wheat disaster in Kansas may plunge U.S. stocks below 13.6 million tons. Ewen Wilson, Assistant Secretary of Agriculture for Economics, said that this was below the level which the USDA would like to have it fall.

For reference, as of April 1, the Soviet Union has already contracted for 15.5 million tons of U.S. corn and wheat exports over the six-month period from October to March of the current trade year. And, they are expected to demand much more.

Infrastructure

Brazil unveils north-south railroad

Brazilian President José Sarney inaugurated the North-South Railroad on April 7, the most important development project in the country. Sarney was present for the opening of the the first 65-mile stretch of the 1,000-mile railroad that will link Brazil's isolated northern port of São Luis with Anapolis in the industrial south.

Its aim is to turn the huge, underpopulated Cerrado region—the inland savannah running north from Brasilia—into farming's "new California," while settling landless peasants from the south and the Amazon on rich but presently inaccessible agricultural lands.

Brazil's leftists, ecologists, and the news media have been attacking the \$2.4 billion project for alleged "corruption and extravagance."

A month ago, defending itself from these attacks, Valec, the state railway company, made a powerful argument for rail transportation as a means to open up the Cerrado. They told foreign journalists that the combination of new fertilizers and farming techniques could make an area of 143 million hectares, three times that of France, burst into bloom.

Up to now the key remaining hurdle has been the cost of road freight transport. The railroad would not only cut heavy diesel import costs, but could carry 40 million tons

of grain a year to idle port capacity at São Luis.

Foreign Debt

African nations call for writeoff

A declaration presented to an April 9 meeting of economic planning and development ministers from 28 African nations has called on foreign creditors to write off all of their foreign debts.

Falling commodity prices, inadequate foreign aid, a hardening of terms on such aid, and growing indebtedness, aggravated by weather and refugee problems "has led to the increase in the number of LDCs [least developed countries] in Africa from 21 in 1981 to 28 in 1988 and brought most of our countries to the verge of economic collapse," the declaration read.

The ministers, meeting in Addis Ababa, Ethiopia, also called on the international community to fund all food and emergency relief operations; supply adequate aid for balance of payments and other immediate needs; allocate to them a larger share of funds from multilateral institutions; remove tariff and non-tariff trade barriers; give development assistance, loans, and grants without conditions attached; and to fix interest on loans no higher than that charged by the World Bank's International Development Association.

Monetary Affairs

IMF's Camdessus goes to Beijing

The managing director of the International Monetary Fund, Michel Camdessus, began high-level talks in Beijing April 10, the *International Herald Tribune* reported. Camdessus told the paper that it is "essential" for China to succeed in its "market-oriented" reforms.

In this "particularly burning juncture" in China's reform drive, he said, the IMF is

"intensifying its dialogue with the Chinese authorities to see with them how to recover control of the situation"—meaning, he said, that inflation must be brought under control.

Camdessus's visit is the first by a high-level IMF official to China, although China has been a member of the IMF since 1945.

China's problem, said Camdessus, is how to move to an "open price system" without the "checks and balances of a market economy." One of the reasons the IMF attaches so much importance to the Chinese situation, he added, was that "all centrally planned economies are looking to the Chinese experience," naming Hungary and Yugoslavia as two of them.

The IMF has had high-level experts ostensibly helping China "improve the key sectors" of its economy for some time. In June, he reported, former U.S. central banker Paul Volcker and leading Western central bankers will be featured at an IMF seminar in Beijing, to give the Chinese the "benefit" of their experience on monetary policy.

Euthanasia

Austrian nurses held in 44 deaths

Although no formal charges have yet been filed, authorities in Vienna are holding four nurses in connection with the deaths of 44 elderly patients at Vienna's oldest hospital.

The nurses admit they killed the patients, between 75 and 80 years old, who were seriously ill, but investigators say the nurses also killed patients they merely considered a nuisance. The patients were in effect drowned, forced by the nurses to drink excessive amounts of water, which then entered their lungs and suffocated them.

The nurses claim they did this out of pity!

The slayings began in 1983, and authorities are now investigating for more victims. Officials of the Linz Hospital say the affair, not surprisingly, has caused much unrest among its patients, with many demanding to be transferred to other hospitals, and some refusing injections.

Briefly

● **THE NUCLEAR** reprocessing project at Wackersdorf, West Germany, may be sacrificed by Chancellor Helmut Kohl, as part of a "redefinition of policy priorities." The project has been the target of bloody riots by the Greens and Communists.

● **DOCTORS** and patients are staging protests outside Italian hospitals after huge budget cuts, effective April 1, forced patients to pay much more for treatment. "We see especially elderly patients crying and leaving our office, because they can't pay," said a state health insurance worker. "I can't pay, but I must have this medical treatment. Afterward, they can arrest me," press quoted a patient.

● **THE SOVIET UNION** will leave the *Mir*, the world's only permanently manned outpost in space, unmanned for the first time in more than two years when its current three-man crew returns to Earth April 27. *Pravda* suggested that the program's high cost was the reason for the shutdown, and new experiment modules scheduled to be added to the space station have been delayed.

● **A GRAND JURY** April 11 indicted six people for allegedly defrauding North American Savings and Loan of Santa Ana, California of more than \$16 million, which the Justice Department charges was a significant factor in the thrift's insolvency. It was taken over by the FSLIC in 1987, and liquidated in 1988 at an estimated loss of \$120 million.

● **ECUADOR** has been a party to the largest debt-for-nature swap to date, with \$9 million in debt being bought up by various "conservation" groups to transform parts of Ecuador's Amazon rain forest into "preserved" areas. The World Wildlife Fund has purchased \$4.5 million in debt from Morgan Guaranty and Bankers Trust, while Nature Conservancy has bought debt from American Express.

Fusion advances could lead to an economic revolution

Charles B. Stevens reports on the exciting developments surrounding the net energy production from fusion reactions achieved by Professors Fleischmann and Pons.

On Friday, March 31, 1989, Professor Stanley Pons presented, for the first time, the scientific details of his experimental demonstration of the generation of net energy from hydrogen nuclear fusion reactions to a seminar presentation at the University of Utah. A little more than a week previously, Professor Pons and Prof. Martin Fleischmann of the University of Southampton in England made the first public announcement of their stunning achievement of harnessing the virtually unlimited energy potentials of nuclear fusion. With the presentation on March 31 and the release of various scientific preprints, the stage is set for other scientists around the world to duplicate and further explore this new method of generating nuclear fusion.

While some laboratories have already reported qualitative confirmation of the Fleischmann-Pons work (such as the report presented by Professor Steven E. Jones of Brigham Young University in Utah at a seminar at Columbia University in New York City, which also took place on March 31), it is only now with the release of the scientific details that it has become clear why there would be difficulties in obtaining an immediate experimental confirmation, as was attempted by scientists at the Lawrence Livermore National Laboratory in California. Also, the actual prospects for immediate applications have become much clearer.

In a word, the Fleischmann-Pons results promise to revolutionize presently hegemonic scientific theories. They also point to the incredible potentialities of fusion power to transform every aspect of technology. Vast quantities of cheap, clean fusion energy could be realized, virtually without limit, at costs many orders of magnitude below current costs. If this

(with allied technologies) is developed and applied, it could lead to an increase of the total world economic output by orders of magnitude within a very short period of time.

It is of interest to note that the major experiment described by Fleischmann and Pons was apparently performed two years ago. The release of the data now represents a very welcome opportunity to give the whole fusion program a "shot in the arm" and at the same time is a necessary corrective to the kind of pessimism spread by the environmentalist disaster mongers. The greatest benefit of the experiments may be in giving a new generation of youth confidence in a future with new frontiers for discovery and limitless potentialities for technological and economic growth.

Three-week buildup

On Monday, April 3, Professor Pons was interviewed on ABC's "Good Morning America" television broadcast. In the accompanying background news report, the experimental apparatus used by Dr. Pons was shown. This was a simple electrochemical bath, like that used in high schools for the generation of hydrogen and oxygen gas. A platinum anode and a palladium cathode are placed in heavy water and a small electrical current is run through the water. The heavy hydrogen that is generated is slowly absorbed by the palladium metal cathode.

Most significantly, Dr. Pons pointed out in this interview the most important experimental detail which explains why others had been unable to duplicate his results in the previous week: It is necessary to run the current through the electrochemical cell for three weeks before sufficient heavy

hydrogen has been absorbed by the palladium electrode. After this period of time, the absorption level becomes sufficiently high to support a significant rate of the heavy hydrogen nuclear fusion reactions.

As Dr. Pons noted, it will therefore take scientists, who have now been given the full scientific details, about three weeks to fully duplicate the experiments. Already the kind of scientific explosion is going on which greeted the announcement of high-temperature superconductivity. There is one caveat. In this case, the very accessibility of the technology to accomplish the experiment can be dangerous, since the materials being worked with here are highly explosive, as one well-known laboratory which should have known better, has already found out. That major practical applications are imminent. As was reported on the broadcast, one could actually go out and get the appropriate materials to set up such a fusion energy system in the basement to heat the house. *But it is strongly recommended that this not be done.* The full story on how the energy is being generated in the palladium electrode has not been determined, as Dr. Pons reported. And this must be fully explored before scaled-up versions can be safely utilized in ordinary applications. Astonishing results of Fleischmann-Pons speak for themselves and can even be understood by the layman in terms of many of their implications. We will begin, therefore, with these, as reported on March 31.

Experimental results

The energy generation is reported to exceed 10 watts per cubic centimeter of the palladium electrode in which deuterium-deuterium nuclear fusion is taking place. Deuterium (D) is the heavy isotope of hydrogen, whose nucleus contains one neutron and one proton. Ordinary hydrogen (H) has a nucleus which contains only one proton. There also exists a third hydrogen isotope, tritium (T), whose nucleus contains two neutrons and one proton. H₂O (water) in which the H is replaced by D or T is called heavy water because these isotopes of hydrogen are heavier and the molecular atomic weight of the D₂O is therefore greater than H₂O.

Experimental runs with this level of fusion output have been carried out for more than 120 hours. The total energy output that is measured is therefore in excess of 4 million joules per cubic centimeter of the palladium electrode. Fleischmann and Pons note that, "It is inconceivable that this could be due to anything but nuclear processes."

This experimentally demonstrated level of power density output is already quite respectable. Projected designs for magnetic confinement fusion power reactors have reactor core power densities ranging from a few to ten watts per cubic centimeter.

In terms of net energy production, the experiment is generating upwards of 10 times the energy input utilized to keep the cell in operation. That is, the experiment is at 1,000% of breakeven—10 times beyond breakeven energy generation.

Some relative measure of how significant this achievement is, and what can be expected in terms of projected economic impact, can be judged by comparing the actual costs for the Fleischmann-Pons experiment and those for more conventional approaches to fusion. The simple tabletop electrochemical cell would cost no more than a few hundred dollars and can be put together within a few hours. Facilities to achieve this level fusion breakeven based on

Texas A&M, Georgia Tech confirm Utah fusion

Scientists from Texas A&M and Georgia Tech announced April 10 that they had carried out experiments which seem to confirm the experiments on producing nuclear fusion reactions at room temperature in simple electrochemical cells which were announced at the end of March by Drs. Martin Fleischmann and Stanley Pons.

At Texas A&M, Dr. Charles R. Martin, Dr. Kenneth N. Marsh, and Dr. Bruce E. Gammon showed reporters an apparatus that they said yielded from 20-80% more energy than had been put in. While Texas A&M only made heat energy measurements in this exceedingly quick replication of the original Fleischmann-Pons experiments, which had been carried out over a period of years, the Georgia researchers had made measurements on a similar palladium electrode chemical cell of the neutron output. Dr. James Mahaffey, leader of the Georgia Tech group, noted, "Our data convinced me that we are making neutrons in that vessel. There is no way to get neutrons unless something nuclear is going on."

These early confirmations have not yet revealed what the actual nuclear reaction is that is generating the net energy, though hydrogen, lithium-hydrogen fusion remain the only likely candidates, given the reaction products that are measured.

The Georgia experiments appear to have shed some light on why it may take two to three weeks of running the low electrical current through the cell before the fusion reaction begins to produce substantial energy output as reported by Fleischman and Pons. The Georgia researchers first baked their palladium electrode at 600°C. This drove out impurity gases already absorbed into the palladium metal. They then put the "cleaned" palladium rod into the water bath and achieved fusion much faster.

conventional magnetic fusion and laser pellet approaches are currently projected to cost hundreds of millions of dollars and take many years to construct. This represents a general reduction in capital costs by a factor of 1 million and in construction time by a factor of 50,000.

The experiments only used deuterium. Mixing in the other heavy isotope of hydrogen, tritium (T), could lead to generating the more energetic D-T reaction. The deuterium-tritium reaction is generally much easier to achieve than the D-D reaction. In general, it is found that, given the same conditions, the D-T reaction will take place at a rate hundreds of times faster than the D-D reaction with a resulting energy output 100 to 1,000 times greater. This would mean that the palladium electrode could achieve energy-density outputs in excess of 10 kilowatts per cubic centimeter. This power density would be 100 times greater than that of existing plutonium nuclear fission fast breeder reactor cores.

The experimentally derived scaling laws indicate that the general condition of ignition and thermonuclear burn are rapidly being approached. In fact, the last experimental run reported by Fleischmann and Pons, with the largest palladium electrode resulted in "a substantial portion of the cathode fused (melting point 1,554°C), part of it vaporized, and the cell and contents and a part of the fume cupboard housing the experiment were destroyed."

As reported by Dr. Pons, their experiments indicate that with a palladium electrode of 1 cubic centimeter size and a cell electrical current density of several hundred milliamps per square centimeter, full ignition may occur. This could mean that a table-top micro-hydrogen bomb could be generated. That is, with ignition, the fusion reaction becomes self-feeding and within a few billionths of a second most of the available fusion fuel is reacted.

If ignition and burn does take place, this would mean that construction of pure fusion hydrogen explosives would be relatively straightforward. Even if only a minute amount of fusion fuel were burned up initially leading to the generation of a few tens of megajoules this would be sufficient to trigger a conventional thermonuclear ignition and burn in a much larger quantity of fusion fuel. It would therefore be possible to make hydrogen explosives of any desired scale without the need of any type of nuclear fission (atomic bomb) trigger.

It should be noted that while the types of techniques needed for such a scale-up have been demonstrated by the countries currently possessing fission-triggered thermonuclear weapons, it does involve extremely sophisticated scientific and technological capabilities.

The most significant result from these experiments is that most of the energy being generated is coming from an apparently hitherto unknown nuclear process or processes. That is, in the experiment, the reaction products output for the ordinary D-D reaction are measured in terms of the tritium and neutron output. But this output does not match up with the total energy output. It is therefore crucial to determine

what the nuclear energy generation process is that is producing most of the output. This will be done in future experiments.

Nuclear fusion

At ordinary conditions found on the surface of the Earth, nuclear fusion takes place at a very slow rate. In a deuterium molecule, for example, where the equilibrium distance between the two deuterium nuclei (a deuteron is a deuterium atom) is about 0.74 Angstroms (one Angstrom is one-billionth of a meter), the D-D reaction occurs at a rate of about one reaction every 10^{62} years per molecule. If the distance between the nuclei can be reduced, even for a brief time, the fusion reaction rate can be greatly increased.

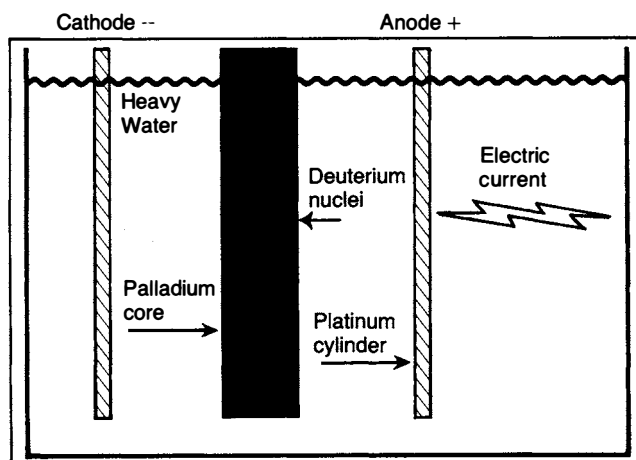
One way to do this would be to simply heat the nuclei to temperatures of millions of degrees Centigrade. And given that temperature is a measure of the average relative velocity, at these high temperatures the nuclei have very high relative velocities. This means when two nuclei collide, they will approach each other to within a much closer distance than 0.74 Angstroms. (The two nuclei have positive electrical charges and strongly repel each other.) At this smaller distance of approach, the nuclear fusion rate increases very substantially. And in this way substantial rates of nuclear fusion are apparently generated in the stars, hydrogen bombs, and previous laboratory experiments.

It is extremely difficult to obtain fusion in this manner. The fuel must be heated to these extreme temperatures—in excess of 100 million degrees Centigrade. Furthermore, the fuel must be confined and insulated against substantial rates of heat loss at these extreme temperatures.

The two previous chief methods of doing this were magnetic and laser fusion. In magnetic fusion, a bottle or trap made up of intense magnetic fields is used to confine and insulate the hot fuel. Microwave and/or other types of systems are then used to heat the confined hydrogen fuel to the required temperatures. In order to produce conditions sufficient for energy breakeven, which occurs when more fusion energy is generated than the energy invested in heating the fuel to fusion temperatures, the magnetic bottle and required heaters involve systems of a fairly large size and cost. The projected minimum cost for a magnetic fusion experiment which just reaches the energy breakeven point is hundreds of millions of dollars.

Fusion ignition occurs when the rate of fusion energy output is sufficient to maintain the fuel temperature without the need of external heating devices. Fusion ignition occurs well beyond simple breakeven. It is currently projected that it would cost several billion dollars to construct a magnetic fusion ignition experiment.

In laser fusion, intense beams of laser light are directed onto a minute pellet containing hydrogen fusion fuel. The incident laser light is absorbed by the pellet surface and ablated. This causes the remaining pellet material to be



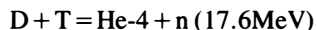
Researchers used a simple electrode to drive fusion fuel (deuterium nuclei) into a palladium metal rod.

“crushed”—imploded—so that the hydrogen fuel is compressed to extremely high densities. The implosion process also heats the core of the pellet, igniting fusion there. If the density is sufficiently great, the pellet will burn up before it blows up. In this case only the inertia of fusion fuel provides confinement. The process is therefore called inertial confinement fusion, as compared with magnetic confinement fusion.

The hydrogen bomb is also based on inertial confinement fusion. In this case the x-ray burst from an atomic fission bomb is used to compress and heat a large quantity of hydrogen fusion fuel. The atomic bomb x-ray burst has millions of times more energy than laboratory lasers generate. Therefore, the atom bomb can compress and heat a much larger quantity of hydrogen fusion fuel. This greater fuel mass means that there is a greater inertia, and this in turn means that the confinement time is greatly increased. Therefore, in hydrogen explosives, the fusion fuel need not be compressed to the super-high densities required for laser pellet fusion.

The general measure for approaching breakeven and ignition for both magnetic and inertial fusion is that of the energy confinement time-fuel density product. For breakeven, this product must be greater than 100 trillion. That is, at a density of 100 trillion hydrogen fuel nuclei per cubic centimeter, and an energy confinement time of one second, breakeven will occur. Alternatively, at a density of 10^{23} nuclei per cubic centimeter, the energy confinement time can be less than one-billionth of a second. Fusion ignition requires products ten times greater.

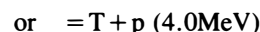
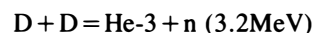
The easiest fusion reaction to ignite is that of deuterium-tritium:



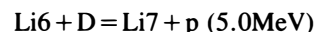
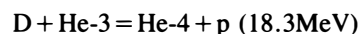
In this case, the two heavy hydrogen isotopes fuse to form the next heavier element, helium-4. A high energy

neutron (n) is also generated. The total energy output per reaction is 17.6 million electron volts (MeV, one joule of energy is equal to about 6 trillion MeVs. That is, about 300 billion D-T fusion reactions will generate one joule. If this takes place over a second, then fusion is being generated at a rate of one watt.)

The next easiest reaction to ignite is that of deuterium-deuterium, which involves two possible paths, each of which occurs at about the same rate:



where the products are either helium-3 and a 2.45 MeV neutron (n) or a tritium nucleus and a proton. The D-D reaction requires a confinement-density product 100 times greater than D-T, or, in other words the D-T reacts at a rate 100 times faster than D-D under the same conditions of temperature and density. Other possible reactions listed below generally require even higher confinement-density products than D-D and/or much higher ignition temperatures:



where Li6 and Li7 are lithium-6 and lithium-7 isotopes of the chemical element which follows helium, lithium.

The experiments

Professor Fleischmann of the University of Southampton and Professor Pons of the University of Utah are electrochemists who have carried out extensive work on isotope separation of deuterium from ordinary water. Of the hydrogen found in nature, such as in sea water (H_2O), 0.015% is the heavy isotope deuterium. In other words, the ratio of H to D is about 6,500 to 1. Even at this low level of occurrence, there is a sufficient quantity of deuterium in one gallon of sea water to generate via fusion the equivalent energy of about 300 gallons of gasoline. Canada’s Bruce plant currently extracts sufficient amounts of deuterium from water to produce more than the energy equivalent of the world’s total output of electricity per annum.

Electrolysis has been a standard method for generating hydrogen and oxygen for more than 100 years. This process is often demonstrated in high school chemistry classes. The configuration consists of a bath of water and two metal electrodes. The electrodes are stuck into the water and a small electrical current is passed between them, through the water. Small amounts of various salts are dissolved in the water to increase the electrical conductivity of the water.

With the proper metal electrodes, hydrogen gas is generated at the cathode—the negatively charged electrode—and oxygen gas at the anode—the positively charged elec-

trode. The strange behavior of electro-generated hydrogen when utilizing palladium metal electrodes has been studied for more than 100 years. In particular, the palladium metal electrode can absorb large quantities of hydrogen gas. And when the hydrogen diffuses into the solid palladium, it can still maintain a high degree of mobility despite the fact that the hydrogen is trapped inside the dense crystalline lattice of the palladium metal.

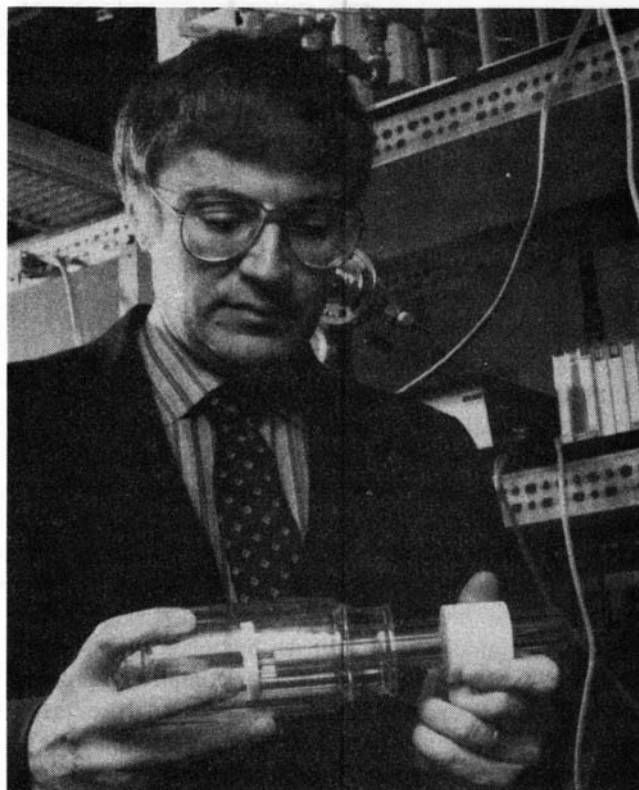
In fact, the palladium has an astronomically high chemical potential for absorbing hydrogen. This is so high that the hydrogen can be confined within the palladium metal lattice on time scales equivalent to 100 thousand to 1 million years. This is in spite of the fact that the hydrogen has a high mobility within the lattice and moves about at high relative velocities.

The hydrogen absorption properties of palladium are truly spectacular. The density of hydrogen atoms per cubic centimeter within the palladium metal can attain levels equal to, if not in excess of that only found in solid hydrogen ice, which occurs only at temperatures near absolute zero, -273°C .

In his presentation, Dr. Pons noted that it has been found in experiments that when both ordinary and heavy hydrogen is absorbed within palladium, they exhibit a high degree of separation. He noted that this can only be explained if the hydrogen and deuterium ions in the lattice behave like classical oscillators (delocalized species). Or, in other words, the hydrogen and deuterium are free to move rapidly about within the palladium lattice. Given that the two different isotopes of hydrogen would tend to have the same temperature level within the lattice, or in other words the same energy level, the ordinary hydrogen would have a velocity of about 1.4 times that of the deuterium. This is because the deuterium ion has twice the mass of the ordinary hydrogen ion. Therefore, if they both have the same energy, the ratio of their average velocities would be about $\sqrt{2}$, that is, about 1.4.

This great difference in velocity leads to a substantial separation of the ordinary hydrogen and deuterium within the lattice. Thus, the high separation factor found in palladium electrodes permeated with ordinary hydrogen and deuterium is strong evidence of the great mobility of hydrogen within the lattice. Given this high mobility and the very high compression of hydrogen gas within the palladium there arises the possibility that there would be very many close collisions between the hydrogen ions. Therefore it is possible that substantial amounts of nuclear fusion could take place within the palladium.

As Dr. Pons related, a wide variety of experiments were carried out in small electrochemical cells. Various shapes and sizes of electrodes were examined at various electric current levels. The total current run through these electrodes was about one watt. The measured total output of nuclear reaction generated heat was about 4 watts. But a large portion of the electric current is not lost, so that the total gain was



Dr. B. Stanley Pons, Professor and Chairman of Chemistry, University of Utah

about tenfold. And now that the full scientific details have been disclosed, it should take no more than four weeks for researchers around the world to confirm these results.

Qualitative confirmation

Already, though, it is reported that two Hungarian scientists have reproduced the Fleischmann-Pons results. But full details have not been reported. Another group at Brigham Young University, headed by Dr. Steven E. Jones, has reported seeing minute amounts of fusion at rates of about 100 trillion times less than that of Fleischmann and Pons. The Jones group results were also presented on Friday, March 31 in a lecture held at Columbia University in New York City.

The Jones group had apparently independently taken up exploration of electrolytic fusion in a search for alternative paths to "cold" fusion. This group had previously carried out extensive research on muon-catalyzed fusion.

The muon is a short-lived elementary particle generated with high-energy particle accelerators. The short-lived muon effectively acts like a heavy electron, because it has the same charge as the electron and about 200 times the mass. It is found that if the muon is introduced into molecular hydrogen gas which contains deuterium and tritium, the muon can displace one of the ordinary electrons within the hydrogen molecule. When the muon does this, it will reduce the inter-

nuclear distance by a factor of 200. This reduction from the normal separation of 0.74 Angstroms is sufficient to increase the rate of fusion by 80 orders of magnitude. And during its lifetime, the muon can catalyze upwards of 150 fusion reactions. But the energy cost of generating the muon is still greater than this fusion energy output.

But because of their work on muon-catalyzed fusion, the Brigham Young group had developed very sensitive instruments for detecting extremely small quantities of fusion reactions.

The search for cold fusion

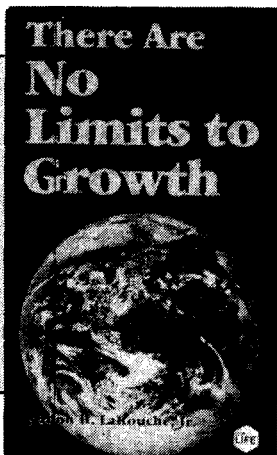
In the search for alternative routes to cold fusion, the Jones group came across two bodies of data that indicated that fusion was taking place naturally within the lattices of solid materials. The first set of evidence derives from studies of the distribution of impurity isotopes found in various metal alloys and diamonds. Laser-slicing of diamonds has found that while the helium-4 isotope is smoothly distributed throughout the crystal, the helium-3 isotopes are deposited in concentrated spots. This implies that nuclear fusion may be producing the helium-3. Concentration anomalies of helium-3 have also been reported in metal alloys. (The metal alloy anomalies were reported by Soviet scientists in 1978. They concluded that the most likely explanation was that

some form of cold fusion was taking place in the metal lattice.) Jones notes that electrolytic refining of these metals in deuterium-bearing water could have provided the conditions needed for cold fusion.

The second set of evidence derived from geophysics. First of all, geologists have found anomalies in the distribution of the ratios of helium-3 to helium-4 found in the Earth's crust. High values of the helium-3 to helium-4 are found in volcanoes and other active tectonic zones. That is, they are found in the geological "hot spots." Furthermore, recent measurements of the internal temperatures have found levels much higher than previously projected by most geological models. Also, measurements of the abnormally high concentrations of tritium in the atmosphere near the site of the February-March 1972 Mauna Ulu volcano eruption gives further evidence for fusion taking place within the interior of the Earth.

The Jones group then began to experimentally explore a variety of mixtures of materials in electrolytic cells to see if nuclear fusion may be taking place. Their reported experimental results show that minute amounts of fusion take place with a wide variety of materials. But the experimental setups were not designed to maximize the rates of fusion. Nor were they run for a sufficient period of time to get the same type of effects that Fleischmann and Pons have observed.

LaROUCHE	
YOU MAY LOVE HIM	
YOU MAY HATE HIM	
BUT	
YOU'D BETTER	
KNOW WHAT	
HE HAS TO SAY	
<h2>The Power of Reason: 1988</h2> <p>An Autobiography by Lyndon H. LaRouche, Jr.</p> <p>Published by Executive Intelligence Review</p> <p>Order from Ben Franklin Booksellers, 27 South King St., Leesburg, VA 22075. \$10 plus shipping (\$1.50 for first copy, .50 for each additional). Bulk rates available.</p>	

<p><i>Overpopulation Isn't Killing the World's Forests— the Malthusians Are</i></p>	
<p>There Are No Limits to Growth</p> <p>by Lyndon H. LaRouche, Jr.</p>	
<p>Order from: Ben Franklin Booksellers, Inc. 27 S. King St. Leesburg, Va. 22075 (703) 777-3661</p> <p>\$4.95 plus \$1.50 shipping (\$.50 for each additional book) MC, Visa, Diners, Carte Blanche, and American Express accepted. Bulk rates available</p>	

Greenpeace: shock troops of the new Dark Age

by Mark Burdman

The next time that a major environmentalist disaster occurs, ask yourself the question, before accepting the hysteria and “explanations” of the media: has the group Greenpeace committed an extraordinary act of sabotage?

Greenpeace, so much adulated by the liberal media internationally, is the perfect candidate for carrying out the job, on behalf of those powerful interests, East and West, who want to have a giant ecological catastrophe. Such a catastrophe, or catastrophes, they hope, will bring into operation a global “crisis management apparatus,” that will be the de facto interim government of a “green fascist” New World Order.

It is most revealing that, back in the 1970s, in its own literature, Greenpeace boasted about its adherents being “the Shock Troops of the Environmentalist Movement.” In 1989, some of its victims are fighting back, and providing proof that Greenpeace, indeed, is the ecological version of the Nazi SA, or what today might be called “eco-spetsnaz commandos.” An Icelandic film documentary shown first in Iceland and then in Denmark, presents footage of Greenpeace-deployed or Greenpeace-backed operatives murdering seals and kangaroos, to create pretext incidents on the basis of which Greenpeace can organize “protests against mistreatment of animals” and raise money and influence. From there, to rigging a giant oil spill, “nuclear accident,” or other spectacular act of sabotage, is a natural step, especially given the training Greenpeace has had over the years.

The showing of the film in Denmark has produced absolute rage from Greenpeace. The group has issued threats of retaliation against the Icelanders which are reminiscent of an Ayatollah Khomeini-style death sentence. But whereas Khomeini’s death sentence is declared against one person, Greenpeace aimed theirs at a proud nation of 250,000 people.

Greenpeace is a special breed of what has come to be known in the past years as an “irregular warfare force.” These are forces used, in situations short of regular war, or in the vanguard of preparations for regular war, against nations or even



Shown here are some of the higher-level controllers of the Greenpeace fools pictured on the front cover. Soviet physicist Yevgeni Velikhov (left), confronted by EIR's Nicholas Benton (right) at the Iceland summit in 1986, boosted his arguments against the SDI by pulling a Greenpeace report out of his briefcase. Inset: Lloyd Cutler, Jimmy Carter's White House counsel, rabid opponent of the U.S. Constitution, who became the lawyer for Greenpeace in France.

Michelle Rasmussen

against entire civilizations. While today, its main patrons are the Soviets and Soviet-linked institutions, it is also significantly patronized within the West, both from the upper echelons of the American Liberal Establishment, typified by former White House Counsel Lloyd Cutler, and the British Commonwealth (Britain-Canada-New Zealand-Australia) joint intelligence structure. It is a favored pawn of leading one-world-federalist groups, such as the Bellerive Foundation of Geneva and the Pugwash Group, and of "New Age" organizations, such as the Lucis (formerly Lucifer) Trust.

Greenpeace is a product of the 1969-72 period's creation of the "environmentalist," "green," and "ecologist" movements. During the 1969-72 period, the Club of Rome, with its "limits to growth" propaganda, was being launched as the professedly respectable, pseudo-intellectual command center for the new movements. A series of high-profile events, including the 1970 "Earth Day" and the 1972 Stockholm International Conference on the Environment, provided sensational publicity, and a vast infrastructure, for the "environmentalists." Money from major foundations, oil companies, and other wealthy sources came pouring in. Greenpeace fanatics, in the worked-out division of labor, were to become the shock troops of the "Green Comintern."

Through such patronage over the past two decades, and with the help of the adulating media, Greenpeace has built up a stunning international capability. The highlight of this is a worldwide fleet of ships capable of intervening at points around the world that are all critical for military and trade activities, ranging from the South Pacific, to the Antarctic, to the Canary Islands and Mediterranean, to the northern European seas, and to the Bering Straits. Greenpeace also

deploys sophisticated electronic-monitoring equipment; an intricate international computer grid; and an international membership numbering in the millions. It has a well-staffed international headquarters in Lewes, Sussex, United Kingdom, plus a headquarters for its directors in Rome, Italy, as well as institutional complexes in the United States, Canada, and elsewhere around the world.

The London phone directory lists a "Greenpeace Environmental Trust," "Greenpeace Ltd., Environmental Organization," "Greenpeace Nuclear Campaigns," and "Greenpeace Toxic Campaigns," all reachable at the same phone number and all headquartered at the same address. The British Royal Family is openly sympathetic to Greenpeace, and Prince Philip's World Wildlife Fund has been one of its reputed main financial patrons over the years. In Denmark, before membership recently began to drop off after the television showing of the documentary of Greenpeace's atrocities, there had been no less than 64,000 Greenpeace members. In Sweden, it is estimated to have at least a couple of hundred thousand members, extraordinary for a population of approximately 8 million; it is patronized by the Swedish Royal Family.

It has also spun off Greenpeace sub-groups, such as the U.S.-based "Sea Shepherds." This group has carried out physical attacks on Icelandic ships.

Diplomats who have attended international environmental conferences, report to *EIR* that Greenpeace has spies in various advanced sector governments. Also, at such meetings, or at international meetings involving the seas or whaling, certain of the smaller delegations, whether from the Caribbean or from Africa, have been *paid* by Greenpeace to

attend, so that the meetings are numerically packed in favor of what Greenpeace wants!

Millions of members in the Soviet Union

Who is behind Greenpeace? Certainly, the Soviets have gained the inside track. What is now unfolding in the northern European region, is the best tipoff as to who benefits from Greenpeace activities. The Greenpeace campaign there is, primarily but not exclusively, focused on Iceland, nominally because of the controversy over whaling, an occupation without which Iceland as a nation would be depopulated and cannot survive. There is also targeting of Greenland, also over whaling; the Faroe Islands (part of Denmark), over whaling; northern Norway, over seal-hunting; and of certain elements inside Denmark, following Danish TV-2's broadcast of the Icelandic documentary on Greenpeace in mid-March.

Iceland, Norway, and Denmark, of course, are NATO countries, while Greenland (an autonomous territory of Denmark) has the Thule base, which has an important phased-array radar capability, which is the target of a Soviet propaganda campaign. These are part of the so-called "GIUK Gap," which stands for the Greenland-Iceland-United Kingdom region of the North Atlantic. Destabilizing this region, is key to Soviet strategy, devised by the late Admiral Gorshkov, for a Soviet breakout into the North Atlantic, where the U.S.S.R. would be positioned to fight a war against the United States.

The United Kingdom, of course, is a key member of NATO, and certain regions, such as the Shetlands and Hebrides, are important for sonar monitoring of Soviet submarine movements. Also, a phased-array radar capability is being developed on British soil. Despite Mrs. Thatcher's absurd fantasies about her political love affair with Mikhail Gorbachov and her attempts in the past weeks to be "greener than the greens," a destabilization of the British political situation in the days or weeks ahead cannot be excluded. The Soviet-linked Greenpeace and its allies, including within the British Royal Family, would like nothing more than to see a new left-liberal, social democratic government in Britain, which would seriously weaken Britain's role within the NATO structure.

The Soviets have, in any case, officially put their signature on their support for Greenpeace. The March 21-27, 1989 issue of the Soviet magazine *New Times* has, on page 42, an item entitled, "Joining Greenpeace," which exclaims that Greenpeace "will soon have millions of new members here in the Soviet Union," and that a "Greenpeace Center" will be built in Pereslava-Zalessky. Writer Natalia Beketova oozes with praise for a rock 'n' roll album of British rock stars, called "Breakthrough," which was produced jointly by Greenpeace itself and the Soviet Melodiya firm, in order to raise money for the Greenpeace Center.

According to the March 5 *Sunday Times of London*, the revenues from the "Breakthrough" album within the U.S.S.R.

U.K. membership in Greenpeace grows fast

"More than 20,000 people a month are now joining environmental pressure groups such as Greenpeace and Friends of the Earth" in the United Kingdom, the London *Times* reported April 6. According to the *Times*, "in one week last month, Greenpeace received 4,034 new paid-up members. The group averaged 2,462 new members a week for the first eight weeks of the year, and now thinks the joining rate is more than 3,000 a week." Greenpeace's executive director, Lord Melchett, the Labour peer who is the heir to the fortune of the giant Imperial Chemical Industries conglomerate, tells the *Times* that "we are at the beginning of a period of growth rather than peaking." Fully paid membership has risen from 115,000 in March 1988 to 192,000 in March. According to the *Times*, a Greenpeace offshoot called "Ark," founded by former Greenpeace director Bryn Jones, has the aim of "building a new green mass movement." Since its founding in December 1988, the group has already received 14,000 membership applications.

should amount to 15 million pounds-sterling (slightly less than \$25 million), to be parceled out half-and-half between Greenpeace itself and the Soviets' International Foundation for the Survival and Development of Humanity. This foundation, created in January 1988, is a top-level Soviet government operation. Among its founding directors on the Soviet side, are Soviet Academy of Sciences member Yevgeny Vellikhov; Metropolitan Pitirim of Volokamsk; Dmitri Likhachov, director of the Soviet Culture Fund; Soviet sociologist Tatyana Zaslavskaya; and Soviet mystical writer Ginghiz Aitmatov, whose own "Issyk-Kul Group," also known as the Aitmatov Circle, is a Soviet counterpart to the Club of Rome. Aitmatov, in fact, is the special Soviet guest at the next big meeting of the Club of Rome, in Hanover, West Germany, in mid-June of this year.

David McTaggart, Greenpeace International director, originally from Canada, sits on the foundation's board. From the West, the foundation receives money from Armand Hammer and the Rockefeller family. Other Western board members include David Hamburg, president of the Carnegie Endowment; Jerome Wiesner, president of the Massachusetts Institute of Technology; Robert McNamara, former president of the World Bank and former U.S. Defense Secretary during the Vietnam War; and Father Theodore Hesburgh, president of Notre Dame University.

Greenpeace made initial preparations to open an office in the U.S.S.R. in August 1988. Several weeks later, the entire West German leadership of Greenpeace visited the Soviet Union.

The Soviet relation to Greenpeace has been particularly intimate in the Gorbachov years. This has two interlinked reasons: the Soviets' playing their "green card" against the West to the hilt, and the Soviet leadership's fanatical determination to stop the American Strategic Defense Initiative (SDI) program.

The KGB-trained Gorbachov and his team have decided to play the "green card" as a destabilization factor in the West, to make "environmentalism" the new weapon of Russian imperialist chaos and confusion. Since September 1988, the Soviet Foreign Ministry has officially dubbed this strategy "international ecological security." Mikhail Gorbachov's Dec. 7, 1988 speech at the United Nations, an open endorsement of the "green fascist" New World Order, was the official seal of approval on this strategy, which idiots in the West welcomed as a sign of Soviet acceptance of the "globalist" agenda. In truth, the Soviets exploit "globalism," to create the infrastructure and capability for their plans for global supremacy. Additionally, as former British Defense Minister Michael Heseltine has charged, the strategy of "international ecology security" is an attempt to procure sophisticated, military-related technologies from the West, under the pretext of technologies needed to "protect the environment."

The Soviet initiatives were preceded by several events, including the creation of the International Foundation for the Survival and Development of Humanity, and by an important speech in July, by senior KGB official Vladimir Kryuchkov, who became KGB head three months later. Kryuchkov spoke to Soviet Foreign Ministry functionaries, and stressed the necessity of supporting "green" movements in West Germany and elsewhere in the world. On July 2-4, the Soviet-backed World Peace Council sponsored a conference in Norway, called, "Ecology and Peace." One group participating in this event, the Soviet Peace Council, is headed by Genrikh Borovikh, who is Kryuchkov's brother-in-law.

The World Peace Council angle is historically interesting. The West German daily *Die Welt* had reported on Aug. 27, 1985, in an article entitled, "By Whom Is Greenpeace Financed?" that informed speculation at the time, was that Greenpeace was being supported by the "pro-Soviet World Peace Council." *Die Welt* also noted that Greenpeace leader David McTaggart had sent a congratulatory telegram to Gorbachov, after the latter's accession to power in March 1985.

The August 1985 *Die Welt* piece takes us back to the period when the Soviet-Greenpeace relationship really began to take off, and this has a lot to do with the second reason cited above for Soviet cultivation of Greenpeace: to stop the SDI. On June 24, 1985, Radio Moscow broadcast praise of what they called a "Greenpeace Report," for warning NATO countries not to participate in the American SDI program.

Radio Moscow endorsed what it reported as the conclusion of the Greenpeace report: "Any participation in the U.S. 'Star Wars' program would be a violation of the international nuclear non-proliferation treaty."

Days later, Soviet representatives and Greenpeace representatives jointly attended a conference in Geneva, Switzerland, sponsored by the Prince Sadruddin Aga Khan, on "non-proliferation." This was the period leading in to the famous *Rainbow Warrior* destabilization of France, a country that has refused to sign the "Non-Proliferation Treaty." We will discuss this affair in some detail later.

From Aug. 25-28, 1986, a Greenpeace representative attended the inaugurating meeting in Varna, Bulgaria of the so-called Eco-Forum Survival for Humanity, also known as the "Varna Group," which, as its primary task, launched a new "Movement of Ecologists for Peace." The president of the Eco-Forum was Ivan Frolov, the Soviets' official "liaison to the Greens in the West," who is today a member of the small inner advisory cabinet of Mikhail Gorbachov.

Less than two months later, in October 1986, the Soviets' Yevgeni Velikhov was confronted by an *EIR* correspondent at the U.S.-Soviet summit (ironically, taking place in Reykjavik) about the hypocritical Soviet position on strategic defense. To support his arguments Velikhov pointed to a Greenpeace report that he was carrying in his briefcase. When *EIR* tried to question him on the Soviet links to Greenpeace, he became quite embarrassed, and ended the discussion.

Greenpeace, the New Age, and the Lucis Trust

But the Soviets could never deploy and exploit Greenpeace, were it not for the parasite's having developed a significant poisonous capability within and against its host, the western world.

The central imprint on Greenpeace is "New Age," which could equally be designated "pagan" or "satanist." In her book, *The Hidden Dangers of the Rainbow: The New Age Movement and Our Coming Age of Barbarism*, U.S. author Constance Cumbey reports that Greenpeace touts itself as part of the New Age movement. As indicated in her title, Cumbey stresses that the "rainbow" is the most widely recognized symbol of the New Age, since it is "to signify their building of the Rainbow Bridge (*antahkarana*) between man and Lucifer who, they say, is the over-soul." This is the reversal of the symbol of the rainbow in the Bible, as God's covenant with Noah that he would never again destroy the earth by a flood.

Does this explain why Greenpeace called its ship in New Zealand, *Rainbow Warrior*?

Greenpeace is one of the officially patronized groups of the Lucis Trust, the umbrella organization for the New Age movement, which was originally known as the Lucifer Trust. The London-based Lucis Productions publishes a newsletter entitled *World Goodwill*, which reports on participants in the Trust's esoteric "World Service Forum" sessions. In 1984,

the session was addressed by John Frizell, of Greenpeace International, who "traced the history of Greenpeace from its first small campaign in 1969 up to the present time." He said that Greenpeace was inspired by the Early Quakers, making "effective use of the technique of 'bearing witness,' " to which they have added "their own forms of non-violent direct action."

On Aug. 28, 1988, the *Sunday Telegraph* of London reported that Greenpeace's policies are characterized as "wholly pagan" by several of Britain's organized pagan groups, including the Pagan Foundation and the Odinic Rite, the latter a "pagan foundation [that] has achieved charitable status." According to the paper, paganism is rife among ecological groups, and, on the other hand, "ecological New Age" beliefs are drawing many people to organized paganism.

Early eco-spetsnaz training

Greenpeace's origins lie in the 1969-72 period, in the combined circumstances of the launching of the environmen-

talist movement and the Kissinger "détente" arrangements with Moscow, which brought on line the SALT I treaty, the Anti-Ballistic Missile treaty, and renewed focus on the issue of "nuclear non-proliferation." Greenpeace, by its very name, was a deployable asset both in the "peace movement" and "green" contexts.

From the beginning, Greenpeace had Establishment patrons, particularly in Canada, as well as terrorist connections. In its early days, the group was reputed to have close ties to the support apparatus for the terrorist "George Jackson Brigade," which was active on the West Coast of the U.S., and in Vancouver, Canada, and which was famous for a number of bombings and other outrages, including springing LSD guru Timothy Leary from prison.

Reports from the late 1970s indicate that Greenpeace was funded by agencies of both various provincial governments and the federal government of Canada. Particularly interesting is the case of the Canada Council, an agency of the Canadian government utilized by the Trudeau administration to fund offbeat movements. It was run by three members of

'Millions of new members soon in the Soviet Union'

In issue No. 12, March 21-27, of the Soviet weekly New Times, there is an article in the "Music" section called "Joining Greenpeace," written by Natalia Beketova, which praises Greenpeace. This is published in a New Times edition with a cover story called, "The Greens on Ecology and Politics," which reports favorably on a late February-early March one-week seminar in Gohrde, Lower Saxony between West German Green Party members and co-thinkers and a Soviet delegation led by Ivan Frolov. Frolov is a member of the special inner-cabinet advisory group of Mikhail Gorbachov, and has been, over the past decade, the chief Soviet liaison to Western "green" and "New Age" movements. This New Times also publishes an interview with West German Green Party "fundamentalist" Jutta Ditfurth, which portrays the "back-to-the-Stone Age" Ditfurth in a sympathetic light.

The text of the Natalia Beketova article is as follows:

"A few years ago it would have seemed sheer fantasy. What, Peter Gabriel, Eurythmics, U-2 here in the Soviet Union? Rock stars at the height of their powers? They had come to Moscow to introduce two LPs of their best songs.

For 18 years, the international ecological association known as Greenpeace has been striving to keep the skies

above us blue and not dirty gray, to have the winds bring the scent of fragrant grasses to cities and towns, for groves to flourish instead of bare tree stumps, and for river waters to flow clean and pure.

" 'I think Breakthrough, the title of the album of two LPs which the Soviet recording firm Melodia has cut together with Greenpeace, fully deserves an Oscar,' Melodia general director Valery Sukhorado said. 'After all, to bring together 25 splendid songs in a single sleeve and present them to an international organization is unique. No money has been asked for by any of them. The album has been out here, although it will be distributed in the U.S.A., Australia, and Western Europe.'

" 'The world is shrinking all the time,' pop star Peter Gabriel said. 'What happens in one country is bound to have repercussions in others. Global problems must be tackled by pulling together. That is the basic aim of our joint work. We've all made a gift of our songs to Greenpeace because we ourselves are creating possibilities for survival.'

"Everyone who buys the album can consider himself a member of Greenpeace, which means it will soon have millions of new members here in the Soviet Union. The money netted from the album's sales will be donated to the International Foundation for the Survival and Development of Humanity and will be used to build the Greenpeace Center in Pereslavla-Zalessky and for other charitable purposes."

Writer Beketova does not mention the sales figure for Greenpeace reported in the British press: \$10-12 million.

the Trudeau cabinet. The Canada Council also funded a Vancouver outfit called Pulp Press, which had an office next to the office of Greenpeace. Pulp Press published not only the literature of Greenpeace, but also a handbook outlining how to burn down buildings, which was of more than passing interest at the time, since Vancouver suffered a strange wave of arsons soon after its publication! Pulp Press also published *Open Road*, an anarchist-terrorist rag which regularly printed declarations from terrorist groups, including the George Jackson Brigade, the Weather Underground, and the New World Liberation Front.

Other reported funding sources for Greenpeace in the late 1970s included the Molson Foundation, a funding conduit for the Molson brewery interests; the Carling brewery interests of Canada; and liberal U.S. philanthropist Stewart Mott, Jr.

By late 1977, Greenpeace had grown to such an extent that the *Toronto Globe and Mail* would report, in a Nov. 21, 1977 piece entitled, "Greenpeace Expands into Worldwide Ecology Body," that "Greenpeace has become an ecological conglomerate, with 30 branches around the world," with 10,000 members in British Columbia alone, and another 10,000 in California.

From its earliest days, Greenpeace got some very unusual training in destabilizing regions and nations, spying on nuclear facilities, and in a range of things that would be useful for an "ecological *spetsnaz*" capability. Examples include:

- After the Greenpeace Foundation was formed in Vancouver, British Columbia in 1970, it sent its *Greenpeace I* and *Greenpeace II* ships to the Amchitka, Alaska underground nuclear testing site used by the U.S. Atomic Energy Commission, forcing the site to be closed down within a year.

- In 1972-73, it sent the *Greenpeace III* ship to harass the French nuclear test zone at Mururoa Atoll in the South Pacific, and provoked physical confrontations with French commandos. Greenpeace honcho David McTaggart relished being photographed while he was in a fight with commandos who boarded *Greenpeace III*. Greenpeace started a huge publicity campaign about his having been brutally beaten.

- In 1975, Greenpeace focused on "the slaughter of the great whales," targeting Soviet and Japanese ships. From the early days, the Soviets would play cat-and-mouse with Greenpeace. At a 1975 meeting of the International Whaling Commission in London, the Soviet delegation pledged that as a "gesture towards pressure from conservationists," the Soviet Union would "dismantle" one of its whaling fleets.

- In 1976, Greenpeace seriously began to victimize a population, by moving against seal hunters in Newfoundland. Greenpeace tried to stop the spring seal hunt off the shores of Newfoundland. Whether or not poor Newfoundlanders would starve to death by having their livelihood taken away, was a matter of utter indifference to the Greenpeace psychopaths. When the Canadian government threatened to bar everyone except sealers and government officials from

the area of the hunt, John Frizell, a Greenpeace director, warned that Greenpeace would "concentrate on interfering with the marketing of the pelts." Greenpeace's joint campaign on this issue with the International Fund for Animal Welfare "drew considerable world attention," said a 1978 Greenpeace Foundation publication.

- In June 1976, the Greenpeace Foundation in Vancouver organized a spectacular international hoax, by claiming that it had received a secret offer of plutonium from sources who wanted Greenpeace to turn this plutonium over to a United Nations "Habitat" conference then taking place in Vancouver "as proof," said then-Greenpeace president Bob Hunter, "that this incredibly deadly material is no longer in the hands of the governments alone." Hunter refused to give the names or details of those who supposedly made the offer of pure plutonium. According to a June 10 report in the *Montreal Gazette*, Greenpeace vice-president Dr. Patrick Moore warned: "If you strapped just one ounce of plutonium to a stick of dynamite and detonated it in the center of a city, you would contaminate a very large area which would have to be evacuated for perhaps hundreds of years."

- In 1977, what Greenpeace referred to as its "eco-navy," stepped up its campaigns on the seals and whales, in the Northern Pacific, Australia, and eastern Canada.

- In 1978, Greenpeace began its campaign in earnest to target Iceland. A 1978 Greenpeace Foundation information sheet contains this curious note: "The Greenpeace London office set sail early this summer in the newly purchased *Rainbow Warrior* to launch a massive anti-whaling campaign against the Icelandic whaling fleet in the North Atlantic, and to protest nuclear power plants in Europe."

- In 1980, Greenpeace literature in Germany began to talk of "direct actions" to deal with "critical problems of the environment." Under the rubric of "cleaning up of the North Sea," Greenpeace began to plan actions against the West German chemical industry.

In December 1982, the Swedish press revealed that the principal financier of Greenpeace was Prince Philip's World Wildlife Fund. During that month, the Swedish branch of the WWF held a special fundraising dinner in Stockholm, sponsored by the prestigious Nobel Foundation. The honorary president of the Swedish branch, then and now, has been Swedish King Carl Gustav.

Sometime in 1982, according to Greenpeace sources, they began to establish regular liaisons with the Soviet Union and the East bloc, through East Germany.

The 'Rainbow Warrior' destabilization

Historically, Greenpeace's big breakout was the famous *Rainbow Warrior* affair. This affair, more than anything, shows how Greenpeace is a "joint-stock" operation of several interests and intelligence services.

On July 10, 1985, the Greenpeace ship *Rainbow Warrior*, deployed to stop French nuclear testing in the South

Pacific, was blown up in New Zealand territorial waters. Within days, an international outcry was raised against French intelligence officers, for allegedly blowing up the ship. The issue quickly became what many called the "French Watergate," leading to the resignation of Defense Minister Charles Hernu and many other destabilizing consequences.

Oddly enough, however, who had specific responsibility for blowing up the ship was never definitely proven. Leaving aside the matter that renegades in France sought to use the affair for a partisan attack on traditional French military and intelligence networks, the more important problem to resolve is: Who benefitted from the affair? Certainly, Greenpeace did, massively. But the affair also massively destabilized France. Who was, ultimately, behind the operation?

Soon after the affair broke, Lyndon LaRouche wrote a piece entitled, " 'No Credible Evidence' of French Responsibility for Greenpeace Sinking," in which he cast doubt on whether French agents actually blew up the ship, and pointed out that Greenpeace itself might have done so. Ultimately, said LaRouche, culpability for coordinating the destabilization, would lie with the Soviets and their Western friends in the Anglo-Soviet Trust, particularly operating out of Canada and within the context of the Commonwealth, as well as with leading elements of the Socialist International.

As for the Soviets, the French daily *Le Matin* of Aug. 16, 1985, carried charges by Roger Wybot, ex-head of the DST intelligence service, that "Greenpeace is infiltrated by the countries of the East." Similar allegations were contained in another article in *Le Matin* three days later, as well as in other French publications, including the weeklies *Le Point* and *Minute*.

But there are other elements as well. A Washington-based Greenpeace source in the U.S., while ecstatic about the international publicity Greenpeace was receiving, admitted in a September 1985 discussion, that there were some very curious anomalies in the affair, particularly the unusual and unexplainable amateurishness of the French agents allegedly responsible for sinking the ship. He pointed out rumors about a special British intelligence role in orchestrating the affair, possibly as a way of British retaliation against France for supplying missiles to Argentina in the 1982 war over the Malvinas.

In a Sept. 4, 1985 article, the French daily *Libération* revealed that Britain's MI-6 intelligence service had identified for the New Zealand authorities, two French secret service agents, the Turenges, who were then immediately arrested. A New Zealand source told the paper: "How do you think our police were able to arrest the Turenges so rapidly? . . . We had been informed in detail, and very rapidly, by the British services, who were very active at the heart of the Joint Intelligence Committee." This organization, comments *Libération*, "brings together the intelligence services of four principal countries of the Commonwealth: Australia, Canada, New Zealand, and Great Britain," and functioned "full-steam and at a very high level" during the course of the

Rainbow Warrior affair.

We see Greenpeace in this context as a tool of the international networks behind the "non-proliferation" hysteria. France has never signed the non-proliferation treaty, and has tested some of its most advanced intermediate-range nuclear missile technologies in New Zealand waters. According to insider U.S. Eastern Liberal Establishment sources, the term "non-proliferation" was first coined by Soviet Foreign Minister Molotov and accepted by his counterpart John Foster Dulles in the United States. It was developed as a counter to the "Atoms for Peace" perspective of exporting nuclear technologies for peaceful purposes to the developing nations.

From this vantage point, it is revealing to look at some of the circumstances, chronologically, leading up to surrounding the *Rainbow Warrior* affair.

- On May 19, 1985, the German section of Greenpeace was awarded the Gustav-Heinemann Citizen's Prize, by the West German Social Democratic Party leadership. This pinpoints the Socialist International backing for Greenpeace.

- On June 24, as reported, Radio Moscow praised Greenpeace, citing the group's work on "non-proliferation."

- On June 25-27, a major international meeting took place in Geneva, sponsored by the Prince Sadruddin Aga Khan and his Bellerive Foundation, on the subject of "non-proliferation." Between 400 and 500 participants were in attendance, including U.S. Vice President George Bush; a Soviet delegation including Yevgeni Velikhov, Georgy Arbatov, Professor Anatoly Gromyko; and France's leftist presidential adviser Régis Debray. Also in attendance was a high-powered delegation from Greenpeace.

An authoritative source close to the Sadruddin Aga Khan, reported that in the days leading this conference, he and the Greenpeace representatives were negotiating a "division of labor," whereby he would operate "at the top," as a "prominent world personality" and spokesman for the international policy elites, whereas they would operate "from the bottom," as a lobbying pressure group. As described to *EIR*, the Prince Aga Khan is "very fond of" and "very close to" the Greenpeace group.

The Bellerive Foundation is one of the more influential of the "private" world-federalist institutions, closely linked to the Pugwash Group, the British Fabian Society, the Club of Rome, and others. Italian sources say that it is probably more significant than the Trilateral Commission, and stress the importance that George Bush has stayed, during the past years, at the private house of the Sadruddin Aga Khan. The Prince is a very wealthy and powerful individual, including as a patron for the "green" and "anti-nuclear" movements.

- In July 1985, the Soviet Foreign Ministry's *International Affairs* magazine made the unusual gesture of praising a report by the Trilateral Commission. This report was co-authored by Gerard C. Smith. Smith is "Mr. Non-Proliferation" in the U.S., and is a friend and former law partner of Lloyd Cutler, the man who volunteered to become Greenpeace's lawyer.

- In September 1985, Greenpeace had a delegation of 15 people at the “Non-Proliferation Review Conference” in Geneva, second in size only to the American delegation.

- On Sept. 19, 1985, Greenpeace representatives in Europe told an investigative journalist that Greenpeace is the group most consulted internationally on the matter of the “nuclear test ban”: “If anyone wants information on the nuclear test ban, they come to us.” The nuclear test ban, Greenpeace representatives noted, would knock out the U.S. ability to deploy the high-energy laser component of the SDI program.

Interesting, too, is a mid-September 1985 report in the French weekly *Le Point*, that Greenpeace representatives had met secretly earlier that month with members of Direct Action, the French terrorist group that has been used by the Soviet intelligence services for spectacular actions against influentials of the European “military-industrial complex.”

Lloyd Cutler and the emergency crisis regime

Perhaps the most singular feature of the whole *Rainbow Warrior* affair, was that Carter White House counsel Lloyd Cutler volunteered to be Greenpeace’s lawyer against France.

Cutler is one of the most influential operatives in the parallel secret government of the United States. Arguably, his Wilmer Cutler and Pickering law firm, the de facto Washington branch of the New York Cravath, Swaine and Moore firm, wields policymaking clout exceeding that of the CIA. The firm’s clients have included the governments of the Netherlands and the People’s Republic of China, the World Health Organization, IBM, and the *Washington Post*. Soon before the *Rainbow Warrior* affair broke, Cutler was personally representing Shell Oil, in a case involving an explosion on a ship carrying liquefied natural gas.

Cutler’s law partner for 14 years, was C. Boyden Gray, who went on to become George Bush’s vice-presidential counsel, and who is now White House counsel. The two have played an inside-outside job, in building up the U.S. secret government apparatus. Cutler authored an article in the fall 1980 edition of the New York Council on Foreign Relations organ *Foreign Affairs*, which called for overturning the U.S. Constitution, and putting in its stead new crisis mechanisms to implement austerity. In 1982, he formed his Committee on the Constitutional System, to carry this forward. Also during 1982, Vice President Bush, for whom Gray was counsel, was given extraordinary powers through executive orders and national security directives, which placed the vice president in charge of crisis planning and special intelligence operations, of which the Iran-Contra affair was only the tip of the iceberg.

This brings us back to where we began. Is a phony ecological crisis, or series of crises being planned, to bring into play the crisis management, extra-constitutional emergency government for which Cutler, Gray and others have drawn up the blueprints? Is that why Lloyd Cutler and his friends have built up their stock in Greenpeace?

Greenpeace U.S.A. goes big time

by Jeffrey Steinberg

Eighteen months ago, Greenpeace U.S.A. shed its shabby New Left image and moved into posh new offices in one of Washington, D.C.’s newly “gentrified” Northwest neighborhoods. Now located at 1436 U Street NW, the Greenpeace headquarters could easily pass for the corporate headquarters of one of the capital’s many high-ticket lobbying and consulting firms that proliferated during the Reagan years.

The offices are in a renovated all-brick three-story office building with a courtyard parking area, elevator service, and 24-hour electronic security. At least two receptionists man the modern brick third-floor lobby at all times. Glossy magazines and brochures are neatly stacked in the reception area, alongside copies of the *Greenpeace Catalogue*, a 16-page mail-order promo offering a complete line of Greenpeace monogrammed outdoor gear—all available by calling an 800 number and providing a credit card number.

Simultaneous to the move in 1987, Greenpeace U.S.A. Inc., which is registered as a tax-exempt non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, established Greenpeace Action, a political action front, to carry out lobbying and other “direct non-violent action” which is prohibited under the IRS guidelines for tax-exempt groups. Greenpeace U.S.A. and Greenpeace Action are both located at the same address.

In addition, Greenpeace Action maintains branch offices in Chicago, Boston, Seattle, Wilton Manors, Florida, and San Francisco. In a March 15, 1989 flyer to its activists, Greenpeace Action provided the names, addresses and telephone numbers of 28 local organizers who run predominantly campus-based chapters. The 28 locals in turn report to six regional centers covering Mid-Atlantic, Pacific Southwest, Pacific Northwest, Great Lakes, Southeast and Northeast zones. The flyer lists David Plafker, David Nicholas, and Joan Marticello as “National Canvas”—apparently a reference to national headquarters coordinators overseeing the activities of the local and regional Greenpeace Action groups.

Another Greenpeace Action brochure urges supporters to stop by Greenpeace stores in Provincetown, Massachusetts, Key West, Florida, and Santa Cruz and San Francisco, California.

On May 18, 1988, the prestigious Washington accounting firm of Laventhol and Horwath certified Greenpeace U.S.A., Inc.’s 1987 financial disclosure report. The report

showed that Greenpeace U.S.A. received nearly \$24 million in contributions and donations during 1987, over \$1 million in merchandise sales, and nearly \$2 million from grants, royalties, investment earnings, and other revenues. At year's end, Greenpeace U.S.A. still had over \$6.8 million on deposit after all expenses, and listed over \$8 million in overall assets.

In addition to a continuous outpouring of direct mail solicitations, petitions, action bulletins, etc., Greenpeace U.S.A. publishes a bimonthly 24-page glossy color magazine focusing on such issues as toxic waste, nuclear proliferation, and endangered species.

The Green model

In an October-December 1986 special issue of *Greenpeace* commemorating the 15th anniversary of the group, two Greenpeace activists, Fritjof Capra of the Elmwood Institute and Randy Hayes of the Rainforest Action Network, published a revealing treatise on the Greenpeace philosophy titled "Green and Peace: A Visionary Link."

That article stated in part:

"We see the rise of ecological awareness as part of a fundamental change of worldview that is now transforming our society. We call it the paradigm shift. . . . Our starting point is the recognition that most of us, especially our large social institutions, are still tied to an outdated world view that is responsible for the global crisis we face. . . . The old paradigm is guided and supported by a set of ideas which include: the conception of our natural environment as a mechanical system consisting of separate parts to be exploited by different interest groups and of life as a competitive struggle for existence; the belief in unlimited material progress to be achieved through economic and technological growth. . . . The new paradigm that is now emerging may be called an ecological world view.

"The many diverse movements that make up the progressive elements of modern Western nations—the feminist movement, holistic health movement, spiritual and Third World movements, for example—are finding themselves, like Greenpeace, aligned with the new paradigm. They are now beginning to coalesce, recognizing that they represent merely different facets of the same new vision of reality and a powerful force of societal transformation is emerging. The most impressive example of this coalition is the movement of green politics which began in Germany five years ago."

While flaunting the Soviet bloc's most successful irregular warfare foray into Western Europe—the Green Party—as the model for their worldwide operations, Greenpeace U.S.A. and Greenpeace Action were curiously remiss in their otherwise flawless public relations assault against the American public. In every published document obtained by *EIR* in the course of preparing this special report, nowhere did the American Greenpeace groups make any mention of their Soviet operations or their newly established Moscow offices.

Russian sub disaster triggers Greenpeace

by William Engdahl

On 7 April, at 09:41 hours, the first indication of trouble was picked up when radio SOS signals from a Soviet submarine 118 miles southwest of Bear Island in the remote Arctic waters of the Norwegian Sea, between the northern Cap of Norway and Spitzbergen, reported a fire aboard. By 15:15 hours that day, according to the official chronology of the Norwegian Ministry of Defense, the Soviet submarine started to sink in 4,500 feet of water. By 15:30, Johan Jorgen Holst, the Norwegian defense minister, was informed that "something has occurred" in the area. One hour later, a Norwegian Orion reconnaissance airplane arrived at the reported site of the event. The Orion reportedly spotted what appeared to be an oil slick and a nearby life raft with several people aboard and two apparently dead bodies floating in the icy waters.

By 22:00 Norwegian time, the U.S. television company Cable News Network was the first to broadcast a story, citing a "Pentagon source," of a "Soviet submarine accident" in the Arctic waters.

By that weekend, the world's press carried banner headlines on the event, speculating as to what kind of nuclear power reactor drove the craft, and whether nuclear missiles were on board. The most sensational coverage was in the London *Sunday Telegraph* of April 9, which warned its readers of an imminent "threat of a major environmental disaster, as it emerged that it was powered by suspect liquid metal nuclear reactors." The paper, whose editor-in-chief, Andrew Knight, is a member of the Anglo-Soviet Roundtable, warned of the "biggest potential environmental threat of its kind that the world has faced at sea." It speculated that the sub was of an advanced, compact but unstable Mike Class design, extremely quiet, but whose nuclear reactors would be cooled by liquid metal, most likely sodium, which could corrode the pipes underwater and come into an explosive contact with the ocean water, releasing untold volumes of radioactive discharge.

With remarkable haste, the Greenpeace international "environmental" organization went into high gear. In Scan-

dinavia, Greenpeace issued a press statement calling the incident a "ticking environmental time bomb" under the sea. Hans Moeller Christensen, Copenhagen-based coordinator of the Nuclear Free Seas campaign of Greenpeace, told journalists on April 10, "The main point is that there is uranium fuel with a fission reactor and plutonium at the bottom of the sea. Sooner or later that will come out into the sea. We can't say when. This is a rich fishing area. This could have profound implications for fish stock, for the fishing industry and for the international view about fish caught in Nordic waters generally. Already we have heard rumors that a Japanese trading company has cancelled further purchases of Norwegian fish until it is clear what the danger is."

The Greenpeace organization immediately volunteered figures to Danish and Swedish media that an "estimated 4-5,000 people could die" from the "food chain contamination" arising from the nuclear sub's discharge, as a result of fishing those waters. They renewed their call for "nuclear-free seas."

NATO maneuvers targeted

Leftist Danish journalist Jørgen Dragsdahl, writing a lead editorial in the daily *Information* of April 12, picked up the Greenpeace cudgels. Dragsdahl, who often writes anti-NATO pieces and has longstanding ties to left-wing groups such as Washington's Institute for Policy Studies, used the Soviet sub incident to demand support for Greenpeace's Nuclear Free Seas campaign. Noting the recent U.S. announcement that the battleship *USS Iowa*, equipped with nuclear-tipped cruise missiles, will join the June NATO naval maneuvers in the Baltic, Dragsdahl calls on Greenpeace to organize operations against the ship. Several days before the Soviet submarine incident, *Information* had co-sponsored a meeting in Copenhagen of various leftist and "peace" groups. West German "maverick" Admiral Schmaeling attended and denounced the planned presence of the *USS Iowa* in Danish waters.

The Soviets, from their side, have hardly helped restore calm. Official Norwegian requests for information on the type of nuclear power unit aboard the vessel have so far been met with stony silence. Earlier Norwegian offers of humanitarian rescue aid to the sailors aboard, in the approximately six hours between the original distress signal of fire and the sinking, which the Norwegian government believes could have saved a number of lives of those frozen to death at sea, were also refused by the Russians. The only official Russian statements have been to tell Western officials that there is "no danger" of leakage and that there were two nuclear-armed warheads aboard. Nothing has been said about the reactors aboard, leading to extensive Western speculation.

While no Western source can yet confirm exact details of what happened and what the reactor type is under the Norwegian Sea, certain things can be stated. First, according to the official Norwegian State Institute for Radiological Hygiene in Oslo, the designated agency making sophisticated

on-site deep water tests, the initial samples of deep water taken from the site reveal "less radioactivity background than normal readings from the coastline of Norway. There is, at present, no indication of any unusual radioactivity." The monitoring tests will be continued, officials tell *EIR*, but to date, there seems little cause for alarm.

Why, then, is Greenpeace jumping in with this all-out offensive? Are they simply an overzealous group of young "eco-nuts" who want to find new campaigns after their "save-the-whales" effort seems discredited as a publicity stunt? The Greenpeace offensive around the Soviet sub incident suspiciously fits the framework of a several-years-long campaign by the group, which apparently enjoys intimate ties to certain Western liberal Establishment circles tied to the secretive Trilateral Commission, including Henry Kissinger and former Carter White House counsel Lloyd Cutler.

The Soviet strategy

Greenpeace has an established geographical strategy which just happens to overlay a map of current Soviet demands for a Nordic nuclear-free zone. In a timely article in the March 11 issue of the Soviet official military publication, *Krasnaya Zvezda*, Col. V. Pavlov wrote a piece titled, "The Arctic Variant and Its Alternative." He points to the recent NATO discussions of a "possible shift of the basic planned theater of military actions from Central Europe to the Arctic." Pavlov describes the region surrounding the Arctic Ocean encompassing Norway, Iceland, Greenland, and Canada as the new "central front" for future NATO-Warsaw Pact military engagements. The Soviets accuse NATO of wanting to exploit new U.S. naval strategic plans to deploy sea-launched cruise missiles close to the Soviet borders. Significantly, Pavlov ends with a renewal of the 1987 Murmansk call by Mikhail Gorbachov for "mutual steps to reduce military activity in the Arctic."

According to one West European NATO naval expert, the Russian propaganda offensive in recent years has increasingly called for "denuclearizing the seas," precisely at the same time that Greenpeace has created its propaganda campaign for Nuclear Free Seas. According to this NATO strategist, "We can expect Gorbachov to use the recent Soviet submarine incident to relaunch his campaign to demilitarize the North Nordic region. If he were to succeed, it would give the Soviet Navy a massive strategic benefit." Soviet demands in recent years have been for a mutual "withdrawal" of NATO nuclear vessels to seas south of the strategic Greenland-Iceland-United Kingdom (GIUK) Gap, leaving the vital seas north of that line free for Soviet naval deployment.

Interesting in this light is the fact that the Danish Greenpeace coordinator, Michael Gylling Nielsen, arrived in Moscow some days prior to the April 7 submarine incident. He will reportedly be there for six months to coordinate establishment of the Greenpeace Moscow offices which are being financed by the Russian recording firm, Melodiya.

Kissinger's Lebanon policy is 'insane, morally dangerous'

by Thierry Lalevée

The refusal of the U.S. administration to take any action whatsoever to stop Syria's bombardment of the city of Beirut, which has led to hundreds of civilian casualties in recent weeks, has drawn angry denunciations from Lebanon's Interim President Gen. Michel Aoun, as well as from French officials who are seeking international support for a peace effort. Jean François Deniau, deputy chairman of the Foreign Affairs Committee of the French Parliament and a special governmental envoy to Lebanon, placed the blame for the incomprehensible U.S. policy squarely on the shoulders of former Secretary of State Henry A. Kissinger. Returning from a fact-finding trip to Lebanon on April 9, Deniau declared: "U.S. policy on Lebanon goes back to the insane and morally dangerous thesis of Kissinger, who wanted to trade off Syrian neutrality in the Israeli-Palestinian negotiations by [giving Syria] Lebanon."

General Aoun, the leader of Lebanon's Christians, vented his amazement at the U.S. treatment of a country which has long been a Western ally, in an April 13 interview with the London *Times* and the Spanish weekly *Diario 16*: "I do not know what is happening with the American administration, but it is certainly harming me. These big people are not so great. They are only big. They cannot tell the truth. Maybe these countries are strong, but their hearts are too small to support their own friends."

Both Deniau and Aoun pointed to the reason for the Syrian bombardment of the Lebanese Christian forces: that Aoun had blockaded the ports through which the Syrian drug traffic moves!

While the Lebanese civil war entered its 15th year on April 13, Syrian shelling has returned Lebanon to an intensity of conflict not seen since the worst days of the crisis. French Foreign Minister Roland Dumas traveled to Washington for

meetings with Secretary of State James Baker and other officials on April 11; Baker told him flat-out that the United States would do nothing in Lebanon, and would not back a French call for an emergency U.N. Security Council meeting to condemn Syria's actions. The basic hands-off policy line had been laid out on March 20, by Lawrence Eagleburger, the deputy secretary at the State Department and former president of Kissinger Associates, who said that "the withdrawal of Syrian troops will not improve, but worsen the situation" in Lebanon.

Should anyone fail to see the footprints of Kissinger in this murderous policy, Henry himself was asked at a press conference of the Trilateral Commission in Paris on April 11, "On Lebanon, Mr. Kissinger, what can you tell us? Do you think the Syrians are or are not assets of the Russians?" Kissinger replied: "No doubt Syria is aggravating the situation in Lebanon. God may punish me, but I rather like [Syrian President] Hafez el Assad. He is a cold analyst of the national interests of his country. He views Syria's aim as making sure no one becomes dominant in Lebanon. As an American I think we should be quiet if we are not willing to back up our preferences. Moral indignation will not persuade Assad."

Part of the 'New Yalta'

The U.S. support for Syria is part and parcel of the "New Yalta" deal which Kissinger and his friends are engineering with Moscow, and which will be America's foreign policy in the coming period, once the long-awaited "foreign policy review" is completed. This has come increasingly into focus through articles and commentaries in the European press. For example, the French conservative daily *Le Figaro* has reported on several occasions, that the main brain behind the "foreign policy review" is National Security Adviser Brent

Scowcroft, a former director of Kissinger Associates. At the Trilateral Commission meeting in Paris, Kissinger had to stress repeatedly that he was *not* a member of the administration—clearly a painful admission for his well-renown bloated ego.

A few days later, the Bush administration had to make public a statement, circulated earlier through diplomatic circles, according to which Kissinger's plan for carving up Central Europe was *not* administration policy. At the Paris press conference, Kissinger had to fend off a systematic assault of questions accusing him of planning "Yalta 2" at the expense of Europe, and querying his role as chairman of a "secret society," the Trilateral Commission. This followed an April 5 policy analysis article in *Le Figaro* by editorialist Pierre Bocev, titled: "U.S.-Soviet Union; The Temptation of a New Yalta." In the article, which was seen as representing the thinking of top political and military circles in France, Bocev denounced the process leading from Kissinger's "private mission" to Moscow last fall, to James Baker's endorsement of Kissinger's European plan earlier in the month, and how the "American and Soviet landlords" want to divide and control the "European house."

Such denunciations of American foreign policy have not been heard in European capitals for quite some time, and represent a major problem for an administration whose President is making the headlines for having lied about the extent of his involvement in Irangate.

Syria's drug trafficking

While Kissinger's friends wheel and deal with Moscow, using the Mideast as a pawn in their geopolitical machinations, look at what is actually at stake in Washington's refusal to support General Aoun's national war of liberation against Syria. At the precise point that Washington is proclaiming a renewed war against drugs, it is covering up for some of the biggest drug smugglers in the world!

France's Deniau charged, "The eruption of fighting in Beirut recently followed the decision of General Aoun to close the illegal ports through which drugs were transiting. The United States condemns drugs and terrorists worldwide, and the cultivation of poppies is making possible, among other things, the financing of terrorist groups." He told an interviewer with the *Journal du Dimanche*, "The Americans know that Syria and the militia rake in huge profits from the poppy fields in the Bekaa Valley, where terrorist training camps are situated. . . . The United States condemns drugs and terrorism worldwide, but makes an exception for the Syrians in Lebanon."

General Aoun, in his interview with the London *Times*, hit the same theme: "To those nations which are putting pressure on us to let the traffic of drugs and weapons go freely, we ask them: Please send your consuls back to Lebanon, let them give us visas in 24 hours and stop denying them to us, saying that we are a country of terrorists and drug

dealers. American spokesmen are telling me to dissolve the militias. But at the same time, they want me to keep the illegal ports open."

The commitment of Syria's Hafez al Assad to continue occupying Lebanon, does not merely stem from his ideological commitments to a Greater Syria. It is directly based on practical economic and financial interests and the multibillion-dollar drug trade, which has developed since the end of the 1970s under Syrian control in the Bekaa Valley. And it is no secret that monies from the drug trafficking go directly into the pockets of the Assad family, and of the leading Syrian military officers, ultimately financing the presence of more than 45,000 Syrian occupation troops in the country.

Cultivated in the Bekaa, opium is now refined in no fewer than 10 heroin laboratories operating under Syrian Army control. From there, it goes to Europe through the well-known Bulgarian connection. Likewise, as indicated by Interpol, Damascus has become the transshipment place for cocaine coming from South America, which is then sent to Lebanon and from there to the rest of the Middle East.

And this is being done through the very same illegal ports around Beirut which were closed by Aoun's army.

Yet the U.S. State Department urged Aoun on April 7, as a "good will gesture," to stop blockading the ports!

Contrary to the State Department's line, the Syrian role in international terrorism is also well known and documented. Is it necessary to remind Washington that Ahmed Jibril, the brains behind the Dec. 21, 1988 Pan Am Flight 103 massacre, is a Syrian intelligence captain? Now, the escalated conflict in Lebanon will lead to more atrocities, as Walid Jumblatt, leader of the Druze sect, threatened on April 12 that any direct help to the Christians from outside Lebanon will "endanger the life of the 15 million Christians throughout the Middle East"!

What next?

Despite the American collusion with Syria, General Aoun's nationalist leadership has gathered strong support, and his liberation war has enough support to continue, even though tactical compromises will have to be carried out to relieve the local population from weeks of daytime and nighttime bombardments. On April 5, the French government decided to send two ships, the *Rance* and the *Penhors*, carrying medical supplies and fuel. However symbolic and ill-organized, the gesture indicated that Paris, as well as some other European capitals, will not stand idle.

Likewise, the Iraqi Foreign Ministry announced on April 12 that it will increase its military supplies to Aoun's army. In recent weeks, this has included not only matériel for the ground forces, but also some naval equipment which gives Aoun greater mobility. He is also known to possess 138 mm artillery guns which, should the need arise, can directly hit the outskirts of Damascus. That is enough of a deterrent to force Damascus to tread carefully.

Trilateral Commission charts liberalization of ties with Russia

by Our Special Correspondent

Disarmament, East-West relations, international monetary and debt problems, and the status of France in Europe and the world were the issues debated at the yearly Trilateral Commission Plenum, held April 8-10 in Paris at the Intercontinental Hotel. The cast of characters is always the same: One could see Gianni Agnelli, elegant and perfumed, strutting up and down the plush carpet of the hotel; a rather lonely Robert McNamara looking grumpy and distraught crouched in a corner of the room; Henry Kissinger, still a bit overweight, like an aging movie star; newcomer Valéry Giscard d'Estaing, visibly happy to be associating once again with *les grands de ce monde*; Raymond Barre bursting out of the suit which never seems to fit him (or his ego); the enormous Paul Volcker who was born with a cigar in his mouth.

The usual rest of the cast was also present: Katharine Graham; David Rockefeller, who now spends his time complaining about the lack of morals on Boesky's Wall Street; Umberto Colombo; Zbigniew Brzezinski; Alexander Haig; Father Theodore Hesburgh of Notre Dame University; the *New York Times*' Flora Lewis; Simone Veil; Volker Ruehe; Otto Lambsdorff; Otto Wolff von Amerongen; and the crowd of well-dressed, well-groomed, pretty, and prim boys and girls who compose the secretariat of the Trilateral. One should not forget the ladies, wives of the illustrious, who were treated to tours, cakes, and other delights, while their husbands debated the fate of the cosmos.

The event unfortunately was not mere theater. Unlike the first years of the Reagan administration, which marked an ebb in the influence and power of the Trilaterals in Washington, the first steps of the Bush administration have been accompanied by renewed vigor of the "permanent establishment" which, if it does not dictate policy, has played a significant initial role in idea and policy formation for George Bush.

The Trilateral meeting reflects the return to Washington of "the best and the brightest," the permanent administration, the WASP elite. The Bush administration, in the words of Brzezinski, is the "best in 50 years." For the *Washington Post*'s David Ignatius, it is the modern day incarnation of the "true establishment," the return of the "wise men" to power.

But, as the proceedings of the Paris conference make clear, the return to prominence of the Trilateral Commission

gang means a policy consolidation for the "New Yalta" deal with the Soviet Union. Nothing could make this clearer than the role played by Henry Kissinger, as the spokesman for the Trilaterals' new concept of "deterrent disarmament."

The window of opportunity

Though differences were perceptible at the conference on the methods by which East-West détente should proceed, the premise of the main speakers was that a historic "window of opportunity" exists in East-West relations, which should pave the way for a new "liberalization."

In their public report, "East-West Relations, a Draft Report to the Trilateral Commission," Henry Kissinger, Valéry Giscard d'Estaing, and Yasuhiro Nakasone (who was not present as a result of personal legal problems in Japan) agree that "the relaxation of tensions in the late 1980s is qualitatively different from earlier periods of détente." They call for a division of labor for the West and Japan in dealing with the Soviet Union. "Western Europe should take the economic and political initiative at the moment," while the United States "should take the strategic arms control initiative."

The report focuses on the potential for a new European arrangement, or what Kissinger in his press conference calls "the reunification of historic Europe." Giscard proposes that the "European economic communities study a formula of an accord of association for Eastern Europe." The idea is "to devise a category of association with the European Community based on Article 238 of the Treaty of Rome. This kind of association should be regarded as a new type of relationship, adapted to the special circumstances of the countries concerned. This relationship will not include, for the foreseeable future, any political or security dimension." The report also endorses the implementation of joint ventures in the U.S.S.R., proposes the creation of a financial facility to finance joint ventures, invites the Comecon countries to participate in, though not join, international monetary and trade institutions, but concludes that "there be no global financial aid to the U.S.S.R. which would undercut reforms." The report concludes that "the opportunity to put East-West relations on a new foundation is before our countries. To seize this opportunity, our countries must act on the basis of careful analysis, not wishful thinking."

In an internal report to the conference, "Can We End the Cold War? Should We Try?" Robert McNamara ends up with even more radical and sweeping globalist conclusions. "We face an opportunity, the greatest in 40 years, to bring about the end of the Cold War. To fail to grasp it means an indefinite extension of the risk that unintended conflict between East and West will endanger the very survival of our civilization" writes McNamara. He proposes joint superpower management of world affairs, notably to regulate crises under the umbrella of the United Nations, and on the model of the Soviet-American entente during the Suez Crisis in 1956.

Both reports conclude that the Gorbachov reforms reflect an objective need of the U.S.S.R. to reform its dislocated and decaying economic system. The "East-West Relations" document states, "We are persuaded that it is the objective necessities confronting the Soviet Union which establish both the need for change as well as its direction. Were Mr. Gorbachov to leave the scene, these realities would probably sustain his general course and direction, albeit at a slower pace and less ebullient style." McNamara similarly writes that "two forces have led to the fundamental change in, at least, the Soviets' stated views of its relationship with the West . . . the first is that country's economic crisis."

The Trilateral roster

Among the more than 200 members participating in this year's Trilateral gathering, the following are some of the prominent personalities:

United States: David Rockefeller, Dwayne O. Andreas, C. Fred Bergsten, Zbigniew Brzezinski, Sol Chaikin, Gov. William Clinton, William T. Coleman, Katharine Graham, Robert D. Haas, Alexander Haig, Theodore Hesburgh, Richard Holbrooke, William Hyland, Robert Ingersoll, Bobby Ray Inman, Flora Lewis, Robert McNamara, Joseph Nye, Charles B. Rangel, Charles Robb, William Scranton, Albert Shanker, Gerard C. Smith, Robert Strauss, Strobe Talbott, and Paul Volcker.

Europe: Gianni Agnelli, Michel Albert, Umberto Colombo, Francesco Cingano, Samuel Brittan, Raymond Barre, Volker Ruehe, David Owen, Andrew Knight, Arrigo Levi, Otto Lambsdorff, Walther Liesler Kiep, Lord Roll of Ipsden, Cesare Romiti, Karl-Heinz Narjes, Michael Palliser, Edmond de Rothschild, Gaston Thorn, Horst Schulmann, Otto Wolff von Amerongen, Philip de Zulueta, and Simone Veil.

Japan: Koichi Kato, Isamu Miyazaki, and Saburo Okita, and others from Mitsubishi Corp., Matsushita, Sumitomo, and Nippon Life Insurance.

Kissinger propounds his New Yalta plan

In a press conference at the Trilateral Commission conference in Paris on April 11, Henry Kissinger said that the commission's study on East-West relations had focused on the premises of Soviet foreign policy, their ideological and historic background. He stated that 400 and more years of Russian expansionist history had to be taken into account when making an assessment of present trends. Thus Russia has faced perils, yet has engaged in "uninterrupted and inexorable expansion" for more than four centuries. In this light, said Kissinger, Gorbachov's proposals must be seen as "mixture of substance and psychological warfare." The Trilateral working group, said Kissinger, concluded that Gorbachov's reforms were driven by economic necessity, rather than good will, and that the West must guard against permanent Soviet efforts to "split the alliance."

In spite of this, he went on, "whatever their motives, the West must move forward in dealing with the U.S.S.R." Kissinger proposed a concept of "deterrent disarmament," i.e., maintaining deterrence at lower levels of forces.

Here are excerpts from the question and answer part of the press conference:

Q: You are arguing for balance of power politics in a context of lessened conflict. You are aware of the growth of the Russian racist mass movement Pamyat, which is being sponsored by the Russian leadership. Does détente make sense with these forces?

Kissinger: Pamyat reflects the growth of Russian nationalism, just as nationalism is developing in the non-Russian republics of the Soviet Union. This Russian nationalism is Dostoevskyan, or if you like, Solzhenitzynian. It is something we have to take into account. But I have always thought that the focus of the West must be to maintain equilibrium, to maintain equilibrium with the U.S.S.R.

Q: Your proposals for a European settlement, Mr. Kissinger, are they not a New Yalta?

Kissinger: Secretary Baker summarized my idea in two sentences. My idea is more complex than what you can get out of two sentences. I never used the term New Yalta. Rather, what we are looking for is the reunification of historic Europe, but this must be done on the basis of equal security. A stable balance of power means peace. In its absence, peace depends on the good will of the other, or the potential adversary. Reductions must lead to equilibrium, not instability. You cannot base your policy on the good will of the potential adversary.

Hague meeting bodes ill for NATO's future

by Mark Burdman and Dean Andromidas

From April 7-8, the Netherlands Atlantic Commission and the Institute for Foreign Policy Analysis sponsored a conference called, "The Atlantic Alliance in a Changing World: Maintaining Public Support," which took place in The Hague, Netherlands.

As a Dutch source commented afterward, if this conference is representative of the state of NATO, then the alliance is in big trouble. Although the Dutch hosts put a great deal of effort into the event commemorating NATO's 40th anniversary, including inviting Queen Beatrix to attend a symbol of the Dutch monarchy's support for the NATO alliance, the conference was plagued by two fatal flaws.

The first significant problem originated from across the Atlantic: the absence of any official representation from the Bush administration. Pre-conference brochures had stated that an unnamed "senior Bush official" would be in attendance. Informed sources told *EIR* that that official was to have been Deputy Secretary of State Lawrence Eagleburger. But instead, Arms Control and Disarmament Agency director-designate Ronald Lehman and U.S. Ambassador to NATO Alton Keel attended, along with former Reagan administration officials.

The American delegation engaged in what certain critics called "self-congratulatory" posturing in defense of the policies of the Reagan administration. Yet the most significant policy of that U.S. administration from the standpoint of allied defense, the Strategic Defense Initiative, was barely even mentioned. "The only words we heard less at this conference than 'SDI' were 'George Bush,'" said one wag.

The final comments by Ambassador Keel were dangerously deceptive. Referring to the U.S.-Soviet summit of October 1986, which created disarray in the alliance over the proposed "zero option" arms-reduction plan for Europe, he claimed, "The ghost of Reykjavik is a mere shadow of its former self. [Advocates of decoupling] have been discredited. No credible faction is calling for abandoning NATO." This comment came only days after U.S. Secretary of State James Baker III endorsed Henry Kissinger's "New Yalta" plan for Central Europe, and the appearance of various public manifestations in Washington of anti-NATO sentiment.

One Dutch parliamentarian attending the event told *EIR* that he is terrified about the change in mood in West Germany

in the two-and-a-half years since the Reykjavik summit. Similarly, U.S. Sen. Malcolm Wallop (R-Wyo.) commented that "much of what worries Americans about German domestic politics today is due to . . . American decisions" at Reykjavik (see *Documentation*, below, for more from Wallop's speech).

The second problem was the treatment of the basic theme itself. The task of "maintaining public support" was often translated into existentialist musings about the state of "public opinion." One got the impression that NATO would not mobilize to defend itself against Soviet attack, until it took an opinion poll to see how "public opinion" would react! Yet from the standpoint of Gorbachov and company, manipulating public opinion in the West is part of a *war* strategy of winning the hearts and minds in enemy territory. But the whole concept of such Soviet *irregular warfare* was never even broached.

Senator Wallop came closest to making the point, when he blamed Ronald Reagan, British Prime Minister Margaret Thatcher, and Secretary of State James Baker III, for having created the very "Gorbomania" that is now supposedly the cause of NATO's "public opinion" problems.

Otherwise typical of the problem, was the proposal of West Germany's Christoph Bertram, a senior editor at the liberal *Die Zeit*, that "the Atlantic Club" should be reinvigorated by making "ecology" its primary concern, while the military role is downplayed. Since the Soviets have made a priority of using the Greens as irregular warfare capabilities against West Germany and other countries, Bertram's proposal is suicidal.

For the first time ever, a senior Soviet official participated in the discussions on NATO policy. He was Yevgeni Noshin, a retired major general who has been reincarnated as a "professor of sociology." Noshin is a member of the Soviet Peace Committee, an organization run by Genrikh Borovikh, the brother-in-law of Soviet KGB head Gen. Vladimir Kryuchkov. He is also a member of Generals for Peace and Disarmament, a group of East bloc and Western generals that was created by former Soviet Ambassador to the United States Anatoli Dobrynin.

A reminder from de Gaulle

Apart from Wallop's speech, one of the only conceptually rigorous interventions came from Willem Brugsma, a columnist at *De Haagse Post*, who appealed to the strategists and politicians in attendance to look at the strategic-cultural problems affecting West Germany through the eyes of the late French President Charles de Gaulle. He invoked de Gaulle's ideas on German reunification, on keeping the Federal Republic out of the Soviet camp, and on reinforcing the positive values of German culture.

Speaking as a former inmate of the Dachau concentration camp who was liberated by U.S. Gen. George Patton's army, Brugsma angrily rejected those "collective guilt" propaganda campaigns which paint the Federal Republic as a country determined by its "Nazi" past.

Wallop warns NATO against 'Gorbomania'

The following are excerpts from the written text of a speech by U.S. Sen. Malcolm Wallop (R-Wyo.), at the Atlantic Commission-Institute for Foreign Policy Analysis meeting in The Hague, the Netherlands, on April 7. The speech is entitled, "Sharing Our Heaviest Burden."

Let me begin by letting you know some of my personal premises on which my presentation is based. First, I believe NATO is the most successful voluntary peacetime alliance in history. It has maintained peace in Europe and indeed beyond, and it has provided a security now taken for granted by its democracies' political leaders.

Second, the military success of NATO has provided such a level of both political and military security that politicians both conservative and liberal, on both sides of the Atlantic, find it more than expedient to question if not its necessity at least the level of collective national commitment required to maintain its effectiveness. This has given credence to a political situation in which Americans increasingly believe that NATO is Europe's benefit and America's burden, and Europeans believe NATO is America's benefit and Europe's burden.

In my view, because of the first two premises, the twin Soviet goals since the founding of the alliance, to decouple the United States from its European allies and to denuclearize Europe, stand a very real chance of attainment. . . .

Reality is quite simply a Soviet Union that has combined an unprecedented buildup of military power with increasingly effective "peace offensives" aimed at their publics.

This phenomenon is not new to the Gorbachov era, although it is now more intensive than ever. This reality forces us all to take military measures against a rather well-defined military threat, while at the same time it exerts powerful political pressures to minimize, or even to deny the existence of the military threat. . . .

As an American, I am not proud of the fact that in 1986 at Reykjavik, our government suddenly told the world that nuclear weapons—which have been the very glue of the Atlantic Alliance for 40 years—are evil in themselves and must be done away with. Nor am I proud of the judgment of my government to challenge the Soviets to cut intermediate-range nuclear forces rather than face up to the real importance—political and military—that nuclear weapons play in our common defense. I know that much of what worries

Americans about German domestic politics today is due to those American decisions. . . .

All of us have done a very bad job within our own countries of explaining what the Soviet threat consists of, and precisely what actions the alliance as a whole must take to deal with it. It is a measure both of our new secretary of state's honesty and of his naiveté, that he returned from his first official trip to Europe with the pronouncement that something called Gorbomania is a major problem for the alliance.

Yes indeed, the growing impression that Gorbachov's Soviet Union poses no threat is at the very root of the alliance's troubles. But Gorbomania is not an act of God, like an earthquake, nor is it an act of political *force majeure*. Gorbachov did not come out of a clear red sky, and steal the hearts and minds of Western voters despite all the best efforts of Western political leaders to prevent it. No, in fact, Gorbachov has political credibility in the West primarily because Western political leaders—Ronald Reagan and Margaret Thatcher in the lead, with just about everyone else following, including Mr. Baker—have given him that credit.

Now if in fact Gorbachov were a good man well along in the task of pulling the Russian Bear's long claws, we would only have the happy task of declaring that the alliance has served its purpose, and of dismantling it. But alas, and this is my key point, few if any of the leaders who have given Gorbachov this credit actually believe that the Soviet Union is ceasing to be a threat. Some of the Western contributors to Gorbomania pursue a short-sighted partisan agenda. By professing to believe that the era of effortless peace has dawned, they cast themselves as the partisans of peace and their domestic political opponents as warmongers. Most of those who have followed have been merely unwilling or unable to stand against this growing trend.

Thus Western politics has become a kind of contest to see which politician can say the most outrageously reassuring things about the Soviet Union. Ladies and gentlemen, let us be clear that this is a contest that none of us in the West can hope to win in the long run. This dynamic works not only within each of our countries. It also resonates across borders and across the ocean. Surely no German can afford to be less optimistic about the Soviet Union than Ronald Reagan and surely, we Americans are told, we cannot afford to alienate our allies by contradicting their optimism.

Let us be aware that this process has its own logic: It tends to discredit any but the leftmost fringe in each of our countries. It makes it impossible to argue for any effective military preparations whatever. After all, the great Gorbachov can always argue by a statement or by a proposal that this or that Western military problem does not exist, or is about to be eliminated. How then can politicians who have built their legitimacy on saying nice things about Gorbachov convincingly point to military realities that call Gorbachov a liar? If such Western leaders quibble with Gorbachov while refraining from challenging the legitimacy they have given him, they can only contradict themselves and discredit them-

selves.

In the meantime, their inability to solve real military problems will ensure that regardless of reductions on the Eastern side, the relative strength of the alliance will drop. In turn, this net improvement in Gorbachov's correlation of forces can only decrease whatever pressures are on him to loosen his grip on Eastern Europe and otherwise to decrease the threatening character of the Soviet dictatorship.

In sum, ladies and gentlemen, we are in the process of weakening one another. Earlier, I said that few if any Western leaders really believe that the Soviet Union has ceased to be a threat. Let me qualify that. Some may believe it. Many more hope that it is so. But no one has tried to make the case that it is so on the basis of facts.

The facts tell a much more somber story. First, although there is much turmoil in the Soviet Union, and although anything may happen, by far the least likely outcome is a steady, peaceful liberalization. Second, the military is so powerful that if it built nothing at all until the next century, it would still be able to fight and win a war against us. . . .

Inside the Soviet Union

In the Soviet Union, criticism for corruption or error, demotion—in short, being thrown to the wolves—has always been reserved for those who are out of power. Note that none of the Soviet officials who have been driven out of power by public obloquy, who have been criticized, or have been subjected to the ballot, are part of Gorbachov's band.

The recent Soviet elections were a well-executed purge. Gorbachov himself and his friends were declared by fiat. Enemies too powerful to be treated worse, like [Ukrainian Communist Party head Vladimir] Shcherbitsky, were put into constituencies where they had a lot of pull, and no opposition was allowed. They barely escaped defeat anyway, and are now at Gorbachov's mercy. . . .

Look at what happened in Leningrad. It had been the stronghold of Grigory Romanov—Gorbachov's main rival in '85. Every one of the Leningrad party chiefs was wiped out. American scholars have noted that besides Gorbachov himself, the biggest architect of the elections was Victor Chebrikov, who recently ran the KGB and who now supervises it and the legal process in the Soviet Union.

Note that what other people and institutions are also beyond criticism: Yuri Andropov, his KGB, and the other "organs" of control. . . .

In short, whatever else *glasnost* and *perestroika* might be, they are tools that Gorbachov is using against those who stand in the way of his taking total power. No, Gorbachov is ingenuously using the trappings of democracy to make the biggest power grab since Stalin. . . .

Despite much talk about shifting the economy away from military production, Gorbachov has not touched the prerogatives of the VPK, the military industrial commission that literally has the pick of all materials and labor in the country. Because of the VPK, life in the military economy is far more

prosperous than elsewhere. . . .

Military power too is essential rather than optional, because it provides the main incentive for foreign lenders to purchase Soviet goodwill through subsidized loans and trade.

The foundation of Soviet military power is a force of well over 1,500 intercontinental ballistic missiles. They carry over 6,000 warheads, with the combination of nuclear yield and accuracy to destroy most American missile bombers and missile submarines in port. The prime function of these missiles is to render any and all enemies incapable of launching

Soviet dictators, not the West, will decide whether, when, and how to use the arsenal and the discipline at their disposal. They alone will decide what to charge for their forbearance. Moreover, when the next "frost" comes, the West's options will have been much reduced by what is happening during the current "thaw."

militarily meaningful retaliatory strikes against the U.S.S.R. Having done this, the Soviets would have enough warheads left, including their own missile submarines, to do more harm to the West than the West could do to them.

This is so, also, because the Soviets have built shelters to protect most of the people they really care about, and because their production lines are turning out antimissile equipment. Indeed, during the 1980s, the biggest of the big increases in the Soviet military budget have been for the production of antimissile devices. So long as the Soviet Union retains that capacity to prejudice the outcome of any war, no improvements in Western conventional forces can mean much. . . .

Soviet dictators, not the West, will decide whether, when, and how to use the arsenal and the discipline at their disposal. They alone will decide what to charge for their forbearance. Moreover, when the next "frost" comes, the West's options will have been much reduced by what is happening during the current "thaw."

Our heaviest burden in this time of "thaw" is to distinguish between what we hope for and what we know. It is to pay more attention to hard, though unpleasant, facts than to thoughts the voicing of which might make us look more or less committed to peace than our neighbors. In short, the heaviest burden in our time is that of seriousness. My prin-

cial message here is that none of us can bear this burden alone. Unless responsible words from one politician in one country are echoed by responsible politicians in others, Gorbomania will be in the short-term interests of all, and the Devil take the hindmost—until reality catches up with all of us together.

We Westerners together need military forces in Europe that are capable of defending themselves against, and of defeating, the Soviet Armed Forces. We need them because without them, the Soviet leaders can always imagine that they can persuade Europe to become its milk cow. Thus, they need never face the harsh choice between prosperity and the political viability of their slave labor system. Also, so long as the Red Army is unchallengeable in Europe, Eastern Europe will be condemned to acts of tragic heroism. And each time one happens, you in Western Europe will tremble and rush to pay the Soviets for going no farther.

Our forces in Western Europe are not now serious, and are becoming less serious every day in relation to what is arrayed against them. . . . I assure you that the combination of military inferiority and Gorbomania has a logic that is especially corrosive of one component of those forces: the American component. Despite much of the talk at NATO conferences, there is nothing in the law of God, or in the U.S. Constitution, or in the genes of Americans, that forces us to keep troops in Europe. Today, the argument that the Soviet threat is past, and the reality of the increasing incapacity of American troops to defend themselves, work to persuade the U.S. Congress to solve its budgetary problems at Europe's expense.

There really are two lines of logic before us. One would trust our future to the kind of burden-sharing decisions we have been making for 20 years. I suggest that this line of logic overlooks the real burden, has been undermined by Gorbomania, and will lead to all sorts of troubles, not the least of which will be withdrawal of American troops under bad circumstances.

Then there is another line of logic, according to which our safety lies in our willingness to recognize the political obscenity of Communist rule, and the role of serious military forces in protecting ourselves. To follow this line of logic is to take up our heaviest burden. But in the long run, it is by far the most honorable and the safest course open to us.

While the hour is late and the momentum well gathered, political burden sharing can and should be successful. It will require honesty in the face of very specific flights of public fantasy on both sides of the Atlantic. The left's historic view, now echoed by the right, finds purchase in public opinion because it is unchallenged. Decades of vigilance seem almost irrelevant in the face of the siren songs from Moscow. Rhetoric, not reality, feeds both apathy and confidence that what is unsayable is desirable—the demise of the alliance. But we, all of us, hold in our hands the keys to ensuring that our alliance does not fail from within as it attempts to remain vigilant in the face of Soviet military power.

Gorbachov orders Georgian massacre

by Konstantin George

The April 9 bloodbath in Tbilisi, Georgia, has tarnished the mythical image portrayed by the Western media of Soviet leader Mikhail Gorbachov. Operating on orders from Moscow, Soviet Army paratroopers and special units of the Interior Forces, composed of Army *spetsnaz* commandos, marched into a crowd of 8,000 Georgian nationalist demonstrators in Rustaveli Square. The troops fired riot gas into the crowd, and then proceeded, using shovels with razor-sharp edges, to beat to death the first ranks of the demonstrators. Within a few minutes, 40-50 people, mostly women, were dead, and at least 150 injured and taken to hospitals, many in critical condition.

This version of what happened was compiled from sources in phone contact with Georgians who were eyewitnesses to the murders. These eyewitnesses also reported that local Georgian police, deployed to help seal off the square, were so enraged at the sight of Georgian women being murdered, that they tried to intervene on behalf of the demonstrators. With "Bloody Sunday" in Tbilisi, Moscow has lost forever the Georgian population. But Moscow is not interested in popular support. Gorbachov intends to drown "captive nation" aspirations in blood.

Following the examples of the other Transcaucasian republics of Armenia and Azerbaijan, on April 9 Tbilisi was placed under military rule, with the creation of a military Special District with Gen. Lt. Igor Rodionov, a former commander of Soviet forces in Afghanistan and currently commander of all forces in the Transcaucasus Military District, as the district's commandant. Moscow has thus moved to complete the institution of military rule over the entire Transcaucasus.

New decrees forbid unrest

The massacre directly followed new decrees signed on April 8 by Gorbachov, in his capacity of chairman of the Presidium of the Supreme Soviet, mandating stiff jail terms for "nationalists" and "extremists." Under the new decrees, anyone issuing "calls for the overthrow of the Soviet state and social order" faces three years in jail, and the same

applies to anyone engaged in “conduct with the goal of creating inter-ethnic or racial hostilities.” The decrees were published in *Pravda* April 10.

The next day, *Pravda* followed this up with a declaration of war against resistance to the Russian Empire, attacking “extremists and nationalists who hide their true face behind the mask of *perestroika*,” who are trying to “push rights and freedoms into a one-way street in the direction of lawlessness.” *Pravda* then listed the national ferment which has wracked the empire since the beginning of 1988: “the events

Moscow got what it wanted through its manipulation of the crisis in Georgia: the premature coming to a head of mass national ferment—out in the open enough to be crushed by a bloody example, but not yet consolidated in depth to withstand the coming crackdown.

in Armenia and Azerbaijan, which tragically ended prematurely the lives of innocent people; the nationalist manifestations in the Baltic republics, in Moldavia, and other regions [referring to the Ukraine]; and the disorders in Tbilisi.”

The commentary made clear that the new decrees were being employed against any future eruptions: “The decrees will be the basis for bringing to account those whose conduct is directed at undermining the Soviet state and social system.” In a replay of the arrest and incarceration of the Armenian resistance leadership of the Karabakh Committee last autumn, during the height of the earthquake disaster, most leading Georgian national resistance figures “disappeared” April 9-10, taken away to KGB prisons.

The hand of the KGB

The origins of the present Georgian crisis are remarkably similar to last year’s Armenian-Azerbaijan crisis, which began with demands by Azerbaijan’s Karabakh region, with its 80% Armenian majority, for union with neighboring Armenia, but whose explosive dimensions were triggered by deliberately KGB-directed pogroms against Armenians in Azerbaijan.

This time, the KGB created the Georgian crisis by launching an artificial inter-ethnic conflict in the Georgian region of Abkhazia, located in northwest Georgia, along the Black Sea coast. A “mass movement” of Muslim Abkhazians was created to demand that Abkhazia become its own inde-

pendent “republic.”

But here the similarities with the Karabakh case end. The ethnic ratios in Abkhazia—where Abkhazians comprise a mere 17% of the population—are the reverse of those in Karabakh. Armenia and Georgia, before falling victim to Russian expansionism, had existed for thousands of years as independent nations, in fact long before Russia existed. Azerbaijan never existed as a nation, let alone Abkhazia.

The “Abkhazia” movement, launched in 1988, did not even pretend to emanate “from the people.” It began with a letter presented to the U.S.S.R. 19th Party Conference, last July, signed by 58 leading Abkhazian Communist Party cadres, demanding that Abkhazia leave Georgia and become a “republic.” Then, on March 18, KGB-manipulated disorders began in Abkhazia, with the Muslim minority demanding secession from Georgia. March 25 marked the first mass counterdemonstrations in Tbilisi, the Abkhazian capital of Sukhumi, and other cities.

The KGB then moved for the *coup de grace*—a small-scale, but effective replay of the pogrom formula used against the Armenians in 1988. On April 1, the Abkhazians again demonstrated, but this time, well-organized attacks using knives and firearms were launched against Georgians in the region. The news spread throughout Georgia, and by April 5, mass protests were under way in all cities and towns of the republic. By April 7, a general strike was in full swing, and Moscow had gotten what it wanted: the premature coming to a head of mass national ferment in Georgia—out in the open enough to be crushed by a bloody example, but not yet consolidated in depth to withstand the coming crackdown.

On April 8, Red Army paratroopers and other Army units, joined by the U.S.S.R. Interior Ministry’s special units (which come operationally under Defense Ministry control) poured into Tbilisi and other Georgian cities. Overnight, Georgia came under military rule.

Transcaucasus militarization

The Georgian crisis has provided Moscow with the pretext to launch the concluding phase of the huge Soviet military buildup begun last year in the strategic Transcaucasus region, bordering on Iran and Turkey. Phase I occurred last year, when the Armenia and Azerbaijan crises were used as pretexts for a large troop buildup near the border with Iran, and for placing both republics under military rule, a status which exists to this day. Phase II was launched in December, in the aftermath of the Armenian earthquake, and this time the main concentrations of fresh troops were positioned in the Leninakan region of Armenia, opposite the Turkish border. Phase III has begun now, in April, with the militarization of Georgia, which borders on NATO ally Turkey.

The cumulative effect of these moves will soon give Moscow the military strength it requires should Russia decide to exercise military options against Turkey, the Iran-Gulf theater, or the Mideast region.

Bush follies imperil U.S.-Japan alliance

by Linda de Hoyos

The refusal of the George Bush administration to sign the agreement with Japan to co-produce the FSX fighter-plane, has endangered the government of Japanese Prime Minister Noboru Takeshita, and with it the continuing smooth functioning of the Japan-U.S. security alliance.

In mid-March, Bush announced that he wanted to add "qualifications" to the FSX deal that had already been agreed to by the Reagan administration. The pact must go through congressional approval. As of April 15, the pact still remains in the hands of the U.S. administration, under minute negotiation.

This equivocation was understandably taken as a gross insult by Tokyo, since Japan had originally negotiated the joint venture under pressure from Washington!

The Reagan administration had demanded that Japan not proceed with plans to develop its own jet-fighter, but join with the United States in a joint venture to upgrade the U.S. F-16. Japan agreed, only to then be met with betrayal from Washington. Japanese defense chief Kichiro Tazawa stated upon his return from Washington April 4, "It is unfair that the United States is raising objections to the project just because its administration has changed. I expected the United States to act as a superpower." On April 11, Tazawa, stating that he believes the disagreement on the FSX will drag on for months, canceled a scheduled trip to Washington.

On the FSX, the "Jap-bashers" propaganda line is that the United States is risking giving away to Japan crucial high technology, and that Japan should be satisfied with purchases of the F-16. But the United States would be the biggest loser if the FSX deal completely unravels. Far from being a "give-away" to Japan, the U.S.A. will greatly benefit from Japanese technologies shared in the project, especially in the areas of computers and ceramics. In addition, as former Defense Secretary Caspar Weinberger has pointed out in columns during April, the FSX means U.S. jobs, and money to U.S. industry, with the additional benefit of both nations upgrading their defenses with a new, more advanced jet-fighter.

The real consequences

In foggy-minded Washington, the FSX incident has all the appearances of being yet another of the many disputes between the United States and Japan, albeit one of the more acute and one that hits the U.S.-Japan military alliance. However, in Tokyo, the fact that the United States has returned

Japan's favor with a slap in the face has almost succeeded in bringing down Takeshita's government.

On April 8, Prime Minister Takeshita was forced to admit that his political campaign had received funds from the Recruit Cosmos company. Recruit has been at the center of a scandal, with the charge from federal prosecutors that Recruit was funneling monies to the leading politicians of the ruling Liberal Democratic Party (LDP). Takeshita's disclosure came soon after the U.S. announced it would be holding up the FSX indefinitely.

A major target of the Recruit scandal has been former Prime Minister Yasuhiro Nakasone, known in Japan for his strong adherence to the U.S.-Japan Security Treaty—even at the cost of propping up the U.S. dollar—for a strong Japanese security defense posture, and for his belief that, as an economic superpower, it is time for Japan to take its place in the world. Amid rumors that his arrest may be imminent, Nakasone has been prohibited from leaving the country, and forced to scuttle his plans to form a private think tank on foreign policy. Nakasone has refused to testify before Parliament on his relations with Recruit.

On April 14, former foreign minister and current secretary general of the LDP, Shintaro Abe, who would otherwise be next in line for the prime ministership, was forced to admit that his wife has been the recipient of funds from Recruit. The scandal, which merely "exposes" the traditional method by which Japan's political campaigns are funded, has thus succeeded in damaging the credibility of the three heavyweights of the ruling party.

However, appearing before the Parliament, Takeshita refused to obey demands from the opposition that he step down from office, stating that it is his responsibility to lead the process of reform of the electoral process. In retaliation, the opposition parties have instituted a boycott of Parliament, and debate is now proceeding on the next fiscal budget without the opposition's presence, presaging what could be a full-blown governmental crisis.

No sooner had Takeshita admitted a relation to Recruit, than the four leading opposition parties of Japan—the Japanese Socialist Party, the Buddhist Komeito, the Democratic Socialist Party, and the Social Democratic Federation—announced that they had formed an electoral coalition, and demanded that Takeshita dissolve his government and call new elections.



Stuart Lewis

George Bush with Noboru Takeshita in Washington Feb. 1. The U.S. administration's refusal to sign the agreement with Japan to co-produce the FSX fighter-plane has put a cloud over Takeshita's government, and the Japan-U.S. security alliance.

The prime minister's popularity is reportedly at an all-time low of 9%.

The *Asahi Shimbun* was the first to voice the proposition that an opposition coalition might come to power in Japan—an event that would be tantamount to a political revolution, since the LDP has governed Japan since the end of World War II. The Japanese Socialist Party, which presumably would lead such a coalition, has as its official doctrine that Japan should become an unarmed neutralist nation, and break its alliance with the United States. The JSP, however, has said that it will not dismantle the Japanese Self-Defense Forces, and will not break the U.S.-Japan Security Treaty, but will focus more on environmental issues.

Recruit is not the only source of discontent with the Takeshita government. A 3% consumption tax added to most commodities beginning April 1 has fueled nationwide anger at the LDP, and Japan's farmers—who form a large part of the LDP base—are up in arms over Japan's concessions to the United States on agricultural trade.

Recruit scandal: made in U.S.A.

The Recruit scandal, which has resulted in the arrest of 13 top executives and politicians and police raids on government offices, has thus proven to be more potent than the Henry Kissinger-orchestrated Lockheed scandal of 1976 directed against then Prime Minister Kakue Tanaka. In this case, the investigation was launched by leaks appearing in the pro-appeasement *Asahi Shimbun* with coordination from the *New York Times*, and the probe has been directed by the

same special prosecutor who ran the Lockheed scandal. *The Recruit scandal is thereby the concoction of the same forces in the United States who have pressured the Bush White House to back down on the FSX.*

The source is British intelligence, which has been allied with the Mitsui-arrayed interests in Japan, against the Mitsubishi financial nexus, the latter being the chief Japanese contractor for the development of the FSX and Japan's participation in the Strategic Defense Initiative.

The British intelligence signature on the Recruit operations came through in the April 12 reporting in the *Financial Times* of Prime Minister Takeshita's appearance before the Japanese Parliament. "Instant soundings of public opinion on his performance yesterday suggested that many people were unimpressed," the *Financial Times* opined. "Some complained that they could not understand what Mr. Takeshita had been saying. The prime minister is often accused of being vague and inscrutable in his speaking habits. . . . No plausible challenger to Mr. Takeshita is yet available. However, the prime minister's gamble does not appear to have paid off."

The *Financial Times* speaks for the same same British interests who are interested in forcing Tokyo to stop its support of the U.S. dollar—a service Tokyo has delivered to George Bush over the past year—to make way for the full International Monetary Fund-bankers dictatorship over the United States itself. Such is the eventuality the George Bush administration is now courting with its irrational stalling on the FSX.

A brief moment of opportunity exists for southern Africa

by Jeffrey Steinberg

On April 1, more than 1,800 heavily armed guerrillas from the South West Africa People's Organization crossed the Angolan border into Namibia in open violation of the Dec. 22, 1988 Brazzaville Accords. Despite numerous eyewitness accounts, bolstered by satellite photographs that showed the buildup of the SWAPO forces along the border days in advance of the incursion, SWAPO's "foreign minister" issued an emphatic denial that any such invasion had occurred, claiming instead that the SWAPO forces were already inside Namibia before April 1, and were being subjected to slaughter by the South African Army in violation of U.N. Resolution 435.

In the past, world opinion would have rallied behind the SWAPO "big lie," the U.N. Security Council would have convened emergency sessions to impose new sanctions against the South African government in Pretoria, and the truth would never have come out about SWAPO's continued terrorist activities.

For a complex series of reasons, things went differently this time, and the SWAPO April 1 assault may prove to be the biggest political blunder ever made by SWAPO President Sam Nujoma. SWAPO's loss may furthermore prove to provide a brief, but significant, moment of opportunity for the entire southern African region to emerge from a decade of bloodshed and economic ruin and shift into a period of peace and prosperity.

Election process begins

April 1 marked Day One of the United Nations-sponsored independence process for Namibia. In an agreement worked out last December among Angola, Cuba, and South Africa, the holding of U.N.-supervised elections in Namibia on Nov. 1, 1989 was linked to a phased Cuban withdrawal of its 50,000 troops from Angola and the departure of all South African security forces from the former colony of South West Africa. Among the provisions of the so-called Brazzaville Accords was the withdrawal of all SWAPO armed guerrilla forces (as distinct from civilian SWAPO supporters) to bases 150 kilometers north of the Angolan-Namibian border.

Why, then, did SWAPO flagrantly violate the terms of the agreements which most international observers had anticipated would lead to a SWAPO government in Windhoek before year's end?

According to one well-placed Windhoek official, the answer in part lies in the fact that SWAPO will lose the Nov. 1 elections and will at best be a minority party within the new independent government. One key to this estimate is the vastly inflated U.N. figures on the number of Namibian refugees living in camps inside Angola. For years, the U.N. Refugee Relief Agency (UNRRA) had accepted as a matter of faith the claims by the Angolan government that nearly 80,000 Namibians have been living inside their country. The inflated head count enabled Angola to enjoy heavy annual UNRRA subsidies that helped finance their war against the pro-Western UNITA rebels seeking to drive the Soviets out of their country and constitute a truly independent regime in Luanda.

Now that the accords are in the implementation phase, the first step is the repatriation of all non-combatants back into Namibia where they are to participate in the November elections. Best estimates are that there never were more than 12,000 Namibians in Angola. The so-called SWAPO refugee vote will be much smaller than anyone outside the country realized.

A second factor prompting Windhoek officials to voice confidence that voters would reject the SWAPO slate, is the fact that the country has enjoyed a prolonged period of relative peace and economic stability. Ever since the regional security forces, heavily backed by South African regulars, waged a successful counterinsurgency campaign against SWAPO several years back, SWAPO activities have been largely limited to blind terrorist actions in and around Windhoek, the capital, and occasional cross-border actions from bases in Angola. The officials say that the population of Namibia in general has no great desire to change regimes at this point and install a now-discredited terrorist apparatus. The April 1 SWAPO assault has only served to further underscore that attitude.

As South West African officials have emphasized in recent weeks, SWAPO never had any intention of participating in genuine supervised elections. Their strategy was always to turn the U.N.-sponsored transition period into a time of chaos, expecting that the blame for the violence would be laid at the doorsteps of the Pretoria regime, and that SWAPO would be imposed in power by United Nations mandate, in a replay of the Carrington Plan of the early 1980s, which put

Anglo-Soviet Marxist puppet Robert Mugabe in power in Zimbabwe.

In Windhoek, some officials also believe that the timing of the SWAPO offensive may have also been linked to then ongoing talks in Havana between Fidel Castro and Mikhail Gorbachov. Castro reportedly was unhappy with the Soviet-mediated deal that ordered Cuban troops to pull out of their chief Africa enclave and flaunted Cuba's subservience to Moscow Central in matters of foreign policy. A SWAPO-induced blowup of the Brazzaville deal, bringing South African forces back into Namibia, would have provided the pretext for Castro to call off the troop pullout—even though evidence exists that Castro had devised a means of cheating on the accords that would have left a 10,000-man Cuban contingent in place in Angola even under the U.N. arrangement.

Ironically, the continuing "Gorbymania" among many Western governments may be one reason why the SWAPO claims of innocence fell on deaf ears for the first time ever.

At the point that the SWAPO forces made their cross-border incursion, the U.N. Transitional Assistance Group (UNTAG) overseeing the independence process was to have had 4,650 troops in place. Only 1,600 had arrived as of April 1. UNTAG therefore called upon the South African Army troops already confined to bases in the north of Namibia, as per the agreements, to come to the aid of the 500 security police forced to deal with the SWAPO invaders. In a week of heavy fighting between South African soldiers and SWAPO guerrillas, 140 SWAPO men and 21 police were killed.

Not only were the SWAPO forces routed. International reaction was nearly universal in its condemnation of SWAPO for violating the accords. South African Foreign Minister Pik Botha delivered an ultimatum to U.N. Secretary General Javier Pérez de Cuéllar: Bring SWAPO under control, or all deals are off. An emergency meeting involving Cuban, Angolan, South African, American, and United Nations officials occurred April 8-9 in Namibia, at whichpoint additional pressure was put on SWAPO to withdraw its guerrillas back to the prescribed bases in Angola.

As of this writing, the accords are proceeding ahead, although SWAPO guerrillas have refused to report to checkpoints near the border from which they will be escorted back to their Angola bases by UNTAG observers.

Fate of UNITA is key

The precarious situation in Namibia and South Africa may hang or fall on the basis of what happens in Angola, now that the dry season is beginning and full-scale combat between the Marxist MPLA government and Dr. Jonas Savimbi's UNITA will commence over the next 60 days. UNITA's military presence in southern Angola is a key guarantor that SWAPO will not be able to continue its cross-border subversion, perhaps with greater support from Cuban, Angolan, and East German military forces.

According to one regional military expert, if Savimbi is

driven out of the border area, all hell will break loose across southern Africa by early next year at the latest. The key to Savimbi's survival now lies squarely with the Bush administration. With South Africa restricted by the Brazzaville Accords from providing overt military support to Savimbi, American Stinger missile shipments and other military aid are essential for UNITA's survival. In late January, President Bush had communicated to Savimbi that American support would continue unabated. A mid-April report of UNITA forces shooting down a Soviet cargo plane with a Stinger missile suggests that Bush is keeping his word. However, the MPLA regime in Luanda has clamped a near-total blackout on information about the fighting inside Angola, and South African Air Force shuttles into Jamba, Savimbi's headquarters, have been discontinued since April 1, meaning that Western journalists have been unable to obtain firsthand reports from the front.

Perfidious Albion?

After last month's British-Soviet-South African parleys in London regarding the fate of southern Africa, reports have come out of Pretoria that the financial group associated with Sir Harry Oppenheimer's Anglo-American Corp. and with Rio Tinto Zinc have been secretly negotiating with Sam Nujoma of SWAPO to impose a weak SWAPO government in Windhoek that would turn over looting rights to the London-centered group.

What has some analysts concerned is the fact that the Oppenheimer-Rio Tinto Zinc group has apparently gained significant added clout within South Africa's ruling Nationalist Party, as the result of the successful showdown with President Pietr Botha. Botha agreed early in April to step down from the presidency this summer for "health reasons" and allow Friedrich de Klerk, the party chairman, to take his place in early elections.

President Botha had been tentatively moving in the direction of reestablishing South Africa's role as the economic kingpin of the region, committed to a series of infrastructure projects that would have brought economic growth to the bordering countries. In such an arrangement, the newly "independent" Namibia would be a natural ally in a prosperity zone stretching into Angola and across to Mozambique and Malawi.

Even a defeat for the SWAPO insurgents, as Windhoek officials are predicting, without such a development perspective, would only postpone briefly the day of reckoning for southern Africa. If Pretoria goes the way of Sir Harry and Lonrho's Tiny Rowland, then the region will be turned into a looting ground.

And under such circumstances, Soviet generals will be slapping Gorbachov on the back for his adept playing of the "Pretoria card." For now, the situation is still very much open-ended. For the first time in a decade, events could take a turn for the better, and regional players may be in a position to determine their outcome.

Supranational rule for Central America

by Gretchen Small

When leaders of the Socialist International, Soviet chieftain Mikhail Gorbachov, former President Jimmy Carter, and President George Bush all join forces to gang up on a region of the world, watch out! Between March 30 to April 7, a series of meetings brought together exactly that nasty combination, to work out details of a supranational apparatus to rule over Central America.

The show started on March 30, at a Consultation on the Hemispheric Agenda held at the Carter Center in Atlanta, Georgia. The socialist President of Venezuela, Carlos Andrés Pérez, and U.S. Secretary of State James Baker gave keynote speeches, hailing bipartisan cooperation and dialogue as a part of "a new world . . . struggling to be born." Among those participating were ex-Presidents Jimmy Carter and Gerald Ford from the United States, Rafael Caldera of Venezuela, and Daniel Oduber of Costa Rica; the foreign ministers of Mexico and Venezuela; ex-U.S. Federal Reserve chairman Paul Volcker, and the ubiquitous David Rockefeller.

The Carter crowd hammered away at the need for supranational government. One proposal which caused an outcry, was that an international tribunal to oversee national elections be created under the auspices of the Organization of American States, which would have the power to certify whether election results were fraudulent or valid. When a Mexican official stood up, with the backing of several other Ibero-American representatives, to challenge this idea as an elimination of sovereignty, Carter graciously offered them the right to file a "minority" resolution stating this objection.

"Minority" objections were overruled. "Latin America and the United States agreed unanimously today that Latin America will support the U.S. President's strategies on Central America and against drugs, in exchange for determined action by his government on the foreign debt problem," Carter announced in a final press conference. He was quickly seconded by Pérez.

Then came the April 2-5 visit of Gorbachov to Cuba, hailed by the U.S. media as a "stunning end of an era." Gorbachov was practically serving as Bush's emissary, according to most media coverage. Indeed, Gorbachov suggested that Central America's future be resolved at an international conference. The White House responded that a U.S.-U.S.S.R. summit could deal with such matters.

German Socialists in Washington

But before Gorbachov took off from Havana, a delegation of West Germany's Social Democratic Party (SPD) had landed in Washington, D.C. to offer the Socialist International as the enforcers on the ground for any U.S.-Soviet deal to control the region. The Socialists, led by SPD chairman Hans-Jochen Vogel, were received with open arms. Bush administration officials galore received them, starting with the President himself. Secretary of State Baker, Defense Secretary Richard Cheney, Federal Reserve chairman Alan Greenspan, U.S. Trade Representative Carla Hills, and several prominent members of Congress, among them the Democratic Party defense team of Senate Armed Services Committee chairman Sam Nunn (D-Ga.), and his House counterpart, Rep. Les Aspin (D-Wisc.), were all involved.

Discussions ranged from the importance of Gorbachov's "reforms," to the Brady Plan for Third World debt and the need for an equivalent plan for Eastern Europe. The scope of the discussions led foreign policy experts to observe that the Bush administration "isn't waiting till the elections to start treating the SPD like it's running Germany." Vogel, bragging that he had been the first European politician to meet Defense Secretary Cheney, commented upon leaving, "In our talks here, we noticed that unlike the years before, the SPD is now taken very seriously again by the Americans."

Other members of the delegation announced they were "extremely gratified" by the changes in Washington's approach to the Soviet Union. "The *Ostpolitik* policy which was initiated by my party, by Willy Brandt, is now being acknowledged as a very fruitful policy, and the right way for the West to approach Moscow. The administration has come around to this view. . . . NATO must develop a new approach, which moves beyond the old black-and-white view that East and West are eternal enemies," delegation member Norbert Wiczorek confided to a reporter.

Concrete agreement was reached to coordinate Central American policy, it appears. The SPD offered to play a "flanking role" in the joint Bush-Gorbachov diplomacy for a "pacification" of the region, European papers reported. Wiczorek explained, "We praised the new point of view of the administration" toward Nicaragua, and "pledged to use all our influence in Central America to help achieve a democratic resolution." The delegation also promised to help arrange West German participation in the supranational police force for Central America's borders, which the United Nations is now forming.

Upon leaving April 7, Vogel declared that Baker had shown "deep interest" in the Socialist International's political contacts in the region. He hinted that the U.S. State Department will soon invite Hans-Jürgen Wischniewski, the SPD's special envoy for Central America, to Washington, to hear his report on Central America.

When Vogel flew off to Moscow the following week, it appeared that the Socialist envoy was acting as an intermediary between Bush and Gorbachov.

Plot afoot to stop Argentine elections

by Cynthia R. Rush

The March 31 reshuffling of the cabinet of President Raúl Alfonsín, which was supposed to enhance the electoral aspirations of the ruling Radical Civic Union's (UCR) presidential candidate, Eduardo Angeloz, hasn't produced the desired results. The resignation of Finance Minister Juan Sourrouille, and his replacement by House of Deputies president Juan Carlos Pugliese, momentarily calmed Buenos Aires' uncontrolled financial markets. But as of this writing, the national currency, the austral, has continued to plummet, reaching the unprecedented level of 56 australs to the dollar on the open market. Two months ago the exchange rate was 17 to the dollar. The inflation rate for April is expected to be at least 30%.

For months, assets of national and international Freemasonic networks, including the U.S.-based Project Democracy apparatus, have waged an intense campaign against the Peronists, whose presidential candidate, Carlos Menem, is expected to win the May 14 elections. Now, with the thorough discrediting of Alfonsín and his UCR, and a Menem victory virtually guaranteed, these factions have stepped up their anti-Peronist propaganda with threats of a military coup and civil upheaval, and a smear campaign of a sort not seen since the mid-1950s. Their purpose is to delay the elections or, alternatively, interfere with Carlos Menem's assumption of power.

UCR candidate Angeloz is adding to the tense environment, with warnings that if Menem wins the May elections, Peronists will take to the streets and violently seize all public buildings in Buenos Aires. Movie theaters have begun to show a documentary which purports to describe the "fascist dictatorship" of Gen. Juan Perón, whose nationalist policies got in the way of those oligarchical financial interests which had always considered Argentina "theirs." A pornographic novel on the lives of Juan and Eva Perón has also begun to circulate.

On April 10, retired Lt. Gen. Alejandro Agustín Lanusse, a leading member of the oligarchical landowning faction of the army, expressed "concern" over the report that many younger military officers intended to vote for Menem. "I try to understand what Juan Domingo Perón did as a politician, but what he did in the military arena, particularly in the army,

on balance, was very negative." After explaining that young officers are confused, and really don't understand the concept of democracy, Lanusse pontificated, "Democracy is not a man, nor a party . . . [but] a way of life," which all Argentines must help to maintain.

This, from a man who, for the entirety of his military career, has been a bona fide *golpista*—organizer of military coups—beginning with his 1951 attempt to overthrow General Perón, for which he served a four-year jail sentence. After overthrowing Gen. Roberto Levingston in 1971, Lanusse ran the military junta that ruled from 1971-73, during which time he coordinated closely with the Grand Master of Italy's notorious Propaganda-2 Freemasonic lodge, Licio Gelli, in hopes of orchestrating his own election to the Argentine presidency.

Almost simultaneously, Gelli himself bragged on a Rome television program that he was responsible for bringing General Perón back to power in 1973 "with the help of the Argentine Masons." Gelli failed to add that P-2 networks entrenched within the Perón government (1973-76) collaborated with other oligarchical factions, including from the UCR, to bring about financial and political upheaval, including the deployment of left- and right-wing violence, which culminated in the 1976 military coup by Henry Kissinger's military and banker friends.

Both Lanusse and Gelli's statements reflect desperation over the likelihood that their faction is about to lose power. What Lanusse describes as Perón's "negative" impact on the army is the fact that under Perón's presidency, the armed forces were brought into the process of national economic development together with the organized labor movement, and circles associated with the Catholic Church. Their fear is that this combination of forces might come together once again under Menem.

In contrast, Lanusse's own financial empire, which he relied on heavily during his presidency, acted on behalf of Soviet strategic and financial interests, to the detriment of national industry. Financier David Graiver, whose money-laundering financial schemes gained him notoriety in 1975, served as Lanusse's social welfare minister; U.S. narco-banker Robert Vesco figured prominently in the circles through which Lanusse carried out his financial manipulations.

Angeloz, who maintains good relations with the same liberal military factions for whom Lanusse speaks, insists that the only way to save Argentina economically is to create a vast tourist industry, capable of generating more foreign exchange. Such a program for "reinserting Argentina into the world economy" means handing the country over to drug-trafficking and money-laundering interests, which have flourished under Alfonsín's "democracy." Perhaps for this reason, Angeloz's candidacy has earned the support of all of Argentina's major rock groups, some of which are appropriately named "Virus," "Paranoid Rats," and "the KGB," which also flourish in drug economies.

Noriega opponent arrested for drugs

With Washington backing the real drug traffickers, a clean election will mean victory for Noriega's candidate.

Talk about embarrassment. For over two years, the United States has been waging a campaign to oust the head of Panama's Defense Forces (PDF), Gen. Manuel Antonio Noriega, screaming that he is "a kingpin of international drug trafficking." On April 6, President George Bush notified Congress that the United States is in a "state of national emergency" to defend itself from the "unusual and extraordinary threat to the national security and foreign policy of the United States" posed by Panama and Noriega.

But it turns out that it is the political opposition to Noriega who are the real drug traffickers.

The same afternoon that Bush renewed the emergency decree against Panama, the owner of Panama's main opposition television network, RPC, Carlos Eleta Almarán, was busted on drug charges in Macon, Georgia. Eleta, who has been working with the U.S. Embassy to "bring democracy to Panama," was arrested for conspiring to import 600 kilos of cocaine per month, worth \$300 million, into the United States. Bail was set at \$8 million, \$3 million of it in cash, and he is forbidden to leave the United States. Arrested with Eleta were his long-standing associate, Manuel José Castillo Bourcy, 52 years old, whose appointment he once arranged as Panama's ambassador to Belice, and Juan Karamañites, 35.

In an interview with this news service, Bibb County, Georgia Sheriff Ray Wilkes said that Eleta was lured to Macon in a joint operation by his office and the Drug Enforcement Administration. "I will say that these people were high in the structure of drug trafficking in Panama," said

Wilkes.

Panamanian officials charged April 8 that the money from the drugs was intended to finance the electoral campaign of the U.S.-supported anti-Noriega Democratic Opposition Alliance (ADO) in the upcoming national elections May 7. The sources noted that Eleta is a partner in several businesses with ousted President Eric Delvalle, whom the United States supports, and with Samuel Lewis Galindo and his brother Gabriel, who has been working from Washington with the State Department in the anti-Noriega campaign.

Nabbing Eleta hits at the top of the Rockefeller business networks in Ibero-America. Eleta belongs to the grouping which, among other things, controls the communications media and includes the brothers Gustavo and Oswaldo Cisneros in Venezuela, Manuel Ulloa in Peru, and the Alemán family in Mexico.

Juan B. Sosa, whom the United States claims is "Panama's ambassador to the United States," representing the nonexistent Delvalle government, said that Eleta "is regarded as a political enemy of Noriega," reported the *Atlanta Constitution* April 8. Sosa said that the drug charges against Eleta are "very hard to believe. I would not rule out anything at this point, including a frameup," he said.

Also defending Eleta was Willy Cochéz, a leader of the opposition Christian Democratic party, who frequently travels to Washington to coordinate anti-Noriega operations with the National Democratic Institute for International Affairs. Cochéz said April 12 that Eleta's arrest was the result of a "setup" arranged by Norie-

ga—as if Noriega runs the Bibb County Sheriff's office.

Besides his television network, Eleta owns a subsidiary of Philip Morris, interests in thoroughbred horseracing, and a number of other businesses, including the Panamanian subsidiary of General Mills.

This, of course, makes him a business partner of the U.S.-backed ADO presidential candidate, Guillermo Endara, a major stockholder and member of the board of directors of the company. In an interview published in the *Christian Science Monitor* April 12, Endara said that he "consults with U.S. Embassy officials two to three times a week."

Endara's running-mate on the ADO slate—handpicked by the U.S. Embassy in Panama—second vice-presidential candidate Guillermo "Billy" Ford, was a co-owner of Dadeland Bank of Miami. Dadeland was determined, by a federal court in Florida, to be involved in drug money laundering. What's more, one of Ford's partners in Dadeland Bank was drug trafficker Antonio "Tony" Fernández, currently serving a 50-year drug sentence. Ford, also a co-owner of Continental Bank of Panama, another bank caught in drug money laundering operations, recently told the members of Panama's Banking Association that if elected he would prevent any changes in Panama's bank secrecy laws, which make money laundering possible.

It was when Noriega agreed to back a modification of these laws, and the Noriega-led PDF dealt a major blow to bank secrecy with Operation Pisces in 1987, that the campaign to oust him was launched in earnest.

Given the sleaze the U.S. is backing, it is no wonder, as the *Christian Science Monitor* reported on April 12, that "a clean election would give [Noriega's] candidate a victory."

Soviets back Shining Path

U.S.S.R. praises narco-terrorists' "local roots" while Soviet agents of influence inside Peru defend their butchery.

The Soviet Union is opposed to exporting revolution to Central America, or to any other place, because "one cannot impose happiness on other people; that is their own affair," declared Soviet foreign ministry spokesman Gennadi Gerasimov in early April. He added that if a political movement does not have "local roots," then it is not a legitimate revolution. In other words, the Soviet Union does legitimize movements which seek to impose "happiness," as long as those movements have "local roots."

Although Gerasimov's message encompasses a wide variety of so-called home-grown narco-terrorist groups, the direct recipient of this Soviet "nod" is the Pol Pot-styled narco-terrorist army in Peru known as Shining Path. Shining Path's apologists are forever proclaiming the group's "local roots," despite the fact that the group's creators are widely known to be French anthropologists.

As if confirming Gerasimov's statements, Soviet Ambassador to Brazil Leonid Kuzmin told the press March 23 that "the guerrilla movements in Latin America are the result of systems which do not provide adequate living conditions for the population," and that "it is very significant that Shining Path has its bases in the poorest regions of Peru."

These Soviet commentaries are part of a New Yalta deal that the Anglo-American Establishment has set up with the U.S.S.R., to include the withdrawal of U.S. troops from Europe and their redeployment to Ibero-America. On March 15, U.S. Defense

Secretary Richard Cheney said that "in the coming years . . . our military needs will be increasingly influenced by the need to see ourselves involved in low-intensity conflicts in the Third World." Creating those conflicts is the task of Moscow's narco-terrorist irregular warfare armies.

Not accidentally, the Soviets' declarations occur at a moment when Shining Path is in a full-scale offensive to "impose happiness." This offensive is occurring while Interior Minister Armando Villanueva—responsible for the fight against subversion—is doing absolutely nothing to contain it.

This situation is perhaps best illustrated by the March 27 assault, by 300 Shining Path narco-terrorists, on the national police garrison in Uchiza.

According to various policemen who were involved in the siege, not only did their ammunition run out, but the help promised by the notoriously pro-Soviet Minister Villanueva never arrived. In its early April edition, the magazine *Sí* published the transcript of a tape recording of several dialogues between the interior minister and the defenders of Uchiza, who were repeatedly requesting assistance. What follows are fragments of that transcription:

"5:30 p.m. First communication. . . . Major Carlos Farfán Correa, chief of the Uchiza police post, speaking: 'We are surrounded, Mr. Minister. Some 300 narco-terrorists are attacking us. . . . I need immediate help. The ammunition is running out. . . .' Villanueva: 'Calm down,

Major. I am coordinating with the defense minister. . . . We, Peru, democracy is with you. You must stay calm. Continue to defend yourself. . . . Don't worry, Major . . . help will arrive. . . . Tell your boys that I am personally arranging for reinforcements to arrive.'

"7:20 p.m. Major Farfán: 'Minister, please . . . we need help. They are killing my people.' Villanueva: 'Calm down, calm down, Major. . . . The arrangements have been made. Help is going to arrive. You are trained to resist. The country has trained you to defend yourselves.' Major Farfán: 'We are not going to surrender. We will resist.' Villanueva: 'The country needs people like you, Major.' Major Farfán: 'But Minister, we have been in combat since 5 o'clock. We cannot manufacture ammunition. . . . The narco-terrorists are better armed than we. . . . They are killing my people.'

"7:45 p.m. Villanueva: 'Major, help is on the way. . . . You have the mission to defend democracy. . . . (Capt. Walter Moscoso interrupts him, shouting: 'Shut up! You ask us to be calm because you're not here! I want to see *you* here, along with those government imbeciles who say defend the Fatherland. . . .') Major Farfán: 'Mr. Minister, we don't know in truth if help will arrive, because they have not even communicated with us. . . .'

"8:15 p.m. A voice claiming to be from nearby Tingo María: 'Three helicopters have already left. . . .'

But the helicopters never arrived. "Without bullets, there was no other choice but to surrender," one of the surviving policemen told the daily *La República* of March 31. He added, "The Shining Path group . . . told us 'send out the [police] officials,' supposedly to make a deal with them, but then they assassinated three of them in the main plaza."

Nepal's anti-India games

Relations between neighboring Nepal and India have deteriorated in the recent period. Does Beijing have a hand in it?

India's political and economic relations with the Hindu Kingdom of Nepal began to take a wrong turn following expiry of the trade and transit agreements between the two countries in March 1988. Although the agreements were extended by six months, talks have so far failed to produce significant results due to what the Indian government claims is foot-dragging by Nepal. Meanwhile, actions taken by the Nepal government, designed to break the "special relationship" the two countries enjoy, has made the Indians wary of the former's motives.

The Indo-Nepal Treaty of Peace and Friendship signed in 1950 committed the two nations to "everlasting peace and friendship." It also guides both parties "to inform each other of any serious friction and misunderstandings with any neighboring states likely to cause any breach in the friendly relations subsisting between the two governments."

The treaty and the closeness of the two countries encouraged free movement of their citizens and a flourishing trade along the border areas. Nepal, landlocked and mountainous, could move its cargo freely through India under the transit agreements. The 1950 treaty also permitted their nationals to settle in either country, entitling them to use of all facilities, including the right to employment in government services and to own property. The 100 km border has remained practically open and it is estimated that a half-million Nepalese are settled in India and about 30,000 Indians are working in Nepal.

However, a series of events has begun to create misunderstandings. In 1987, the Nepal government told all employers to seek work permits from all "foreign employees." Since more than 95% of "foreign employees" are Indians, this was perceived as a violation of the 1950 treaty and a unilateral action to violate the relations. Nepal, in reply, stated that the permit applied only in the Kathmandu Valley, and that no Indian had been denied the work permit. In Delhi's view, Nepal was only begging the question.

The second matter of concern to India is Nepal's increasingly anti-Indian bias in awarding contracts on projects funded by the World Bank and the Asian Development Bank. Nepalese authorities claim that most of the contracts were awarded to Chinese firms because they are the lowest bidders—which the Indians simply don't believe.

India has reason to be upset, since over the years it has provided substantial financial assistance to Nepal's development. India is presently assisting in a number of irrigation projects. The most important is the Chhatra Canal Project which will irrigate about 80,000 hectares of farmland in Nepal.

But by far the most serious breach from India's standpoint, is Nepal's decision in 1987 to procure Chinese arms, including some anti-aircraft guns. India has sent a number of high-level officials to Kathmandu, including Foreign Minister P. V. Narasimha Rao, but the mood of Indian authorities implies that nothing fruitful has emerged. King Birendra, according to

Nepalese sources, wants to modernize the army and had approached India earlier for arms, but did not get a response. Indian officials do not deny this, but say there is more to it than that.

Nepal's *bonhomie* with China, at the expense of India, has a definite pattern. In the early 1960s, when Sino-Indian relations were at their nadir, Nepal King Mehendra had snuggled up to Beijing. Accusations were made at the time at the highest levels in Nepal that Nepalese rebels based in India were trying to overthrow the monarchy.

China, sensing a victory in the propaganda war, had seized upon these allegations, and in 1962, Gen. Chen Yi told the visiting Nepali foreign minister that "China shall always support Nepal's policy of independence, peace, neutrality, and friendship with China." The Chinese press used to play up the anti-Indian demonstrations in Kathmandu, and freely published irresponsible statements of well-established India-baiters in Nepal.

Although during the last two decades the India-baiting games in Nepal were more muted, they seem to have come back loudly. The pro-Beijing group, Akhil Nepal Vidyarthi Sammelan, is holding regular anti-India demonstrations. There are also reports of Maoists assaulting Indian workers and businessmen. More than 3,000 Indians are said to have fled Nepal as of early April to avoid violence.

There are reasons to believe that the Nepali Maoists have the tacit approval of the government. While Nepal imposed a 12 km ban on foreigners' movements on its northern and southeastern borders, the ban does not apply to the Chinese. The government has also slapped discriminatory duties on Indian goods. It imposed similar duties on Chinese goods, but with concessions.

International Intelligence

American arrested for clandestine Panama radio

The Bush administration's campaign against Panama's government and military suffered a setback April 5, with the arrest in Panama of Kurt Frederick Muse, an American "businessman" who was running a clandestine anti-government radio and television network on behalf of the U.S.-sponsored opposition to the government.

Muse admitted in a televised statement that he received his equipment and instructions from an entity called "the U.S. Program Development Group," housed at a military base of the U.S. Southern Command in Panama.

A Command spokesman denied that Muse was employed by the U.S. military, but admitted that the "Program Development Group" was housed at the base, and that it was a "U.S. government agency."

Fire bombings hit Frankfurt exchange

Molotov cocktails were thrown into the Frankfurt stock exchange by groups of terrorist supporters the morning of April 12. Minor material damage was caused. Two of the arsonists have been arrested by police.

The action was coordinated with a nationwide hunger strike by all 42 West German terrorists now in prison.

A similar action, also involving Molotov cocktails—homemade gasoline bombs—was carried out a night earlier in the city of Muenster, where the target was the office of an electric company supplying the military.

Anti-terror police take the two incidents to be the beginning of a broader wave of "terrorist solidarity attacks" in connection with the prison hunger strike, especially if one of the hunger strikers should die. A special anti-terror alert has been called.

Two of the prison inmates are reportedly in critical condition. By law, the authorities are forbidden to force-feed the inmates.

Slovenia demands right to secede

A proposal by the leaders of Yugoslavia's Republic of Slovenia to include the right to "self-determination and secession" in its new constitution could lead to the breakup of Yugoslavia, federal authorities in Belgrade warned April 10.

The amendment, proposed April 6 by the Constitutional Commission of Slovenia, was to be submitted to the republic's parliament April 14. If approved, it would undergo two months of public debate before being ratified.

To ask that a republic be allowed to secede without the approval of other members of the federation is "playing with fire" and constituted a "counterrevolutionary element," said Alexander Fira of the Yugoslav constitutional advisory council.

Peruvian daily blasts sentencing of LaRouche

The Peruvian daily *El Popular* printed an article on April 9 entitled: "15 Year Sentence to the Man Who Denounced Narcodollar Laundering: LaRouche Jailed in Virginia" *El Popular* says that the recent arrest of Peruvian diplomat José Manuel Pacheco in London is breaking open the biggest British judicial operation against "banking secrecy."

In fact, the paper continues, "this would be the second phase of a huge secret war between the 'narco-bankers' and those who have tried to unmask them, such as Lyndon H. LaRouche did in his book, *Dope, Inc.*"

Under the subhead, "LaRouche in Jail," the paper reports, "We have to say that the abovementioned economist and politician, who dared to confront the world narco-powers, is in jail in Virginia, U.S.A., sentenced to 15 years on charges of 'conspiracy to defraud the IRS.'"

"A dozen years before the Reagan administration launched its so-called War on Drugs, the economist and politician Lyndon LaRouche led a tremendous campaign

mainly directed against the political power which derives from the illegal sale of drugs in the world."

El Popular cites the testimony of Bolivian Gen. Lucio Añez at the trial, where he recounted his meeting with Lyndon LaRouche and his fellow defendant Dennis Small to discuss a 15-point program to fight drug trafficking. The lengthy article mentions that the "decisive investigations" of LaRouche and his co-workers "bother many people," including Henry Kissinger.

Seoul clamps down on 'church' subversives

The South Korean government is continuing to crack down on networks of the National Council of Churches who are coordinating the subversive actions of pro-communist opposition elements.

State prosecutors in the second week of April indicted Lee Bu-yong, the leader of Chonminyon, South Korea's main dissident coalition, and two other officials. Lee is accused of trying to arrange contacts with North Korea and organize protests in support of strikers at the giant Hyundai shipyard in South Korea.

One of the National Council of Churches' main operatives, Rev. Moon Ik-hwan, was arrested upon his return to Seoul April 13 from North Korea (by way of Beijing and Tokyo).

On April 7, police raided about 300 printing shops and bookstores and seized more than 10,000 copies of 61 books which praise North Korea and its leadership.

On April 11, North Korea postponed a scheduled border meeting with South Korean government representatives. A South Korean spokesman said the North notified Seoul it would not send a delegation to Panmunjom for the talks, which were intended to set up a meeting between prime ministers of the two Koreas. North Korea also had warned South Korea that there would be "serious consequences" if Moon Ik-hwan were arrested.

The leader of the largest opposition party, Kim Dae Jung, is meanwhile, attempting

Briefly

to convince President Roh Tae Woo and conservative military leaders that he does not sympathize with the "reckless" Moon Ik-Hwan, the *Korea Times* noted.

Li Peng pays visit to Japan

Chinese Premier Li Peng began a visit to Japan April 12. The Japanese Foreign Ministry reported that human rights issues will not be discussed, but rather, improved trade ties.

Japan had a huge \$4-6 billion trade surplus with China through 1986, but by 1988, with bilateral trade up 23.5% at \$19.3 billion, China had a surplus of \$377 million after a 33% increase of exports to Japan.

Li will reportedly urge Japan to increase technology transfer and investment in China. A Sino-Japanese investment protection agreement signed in August 1988 when Prime Minister Takeshita visited Beijing, will come before the Japanese Diet for ratification soon.

Rock concert leads to Mexico riots

An estimated 120,000 youth turned out for a concert by British-born rock star Rod Stewart on April 9 in the La Corregidora stadium of Querétaro, Mexico, and as in similar affairs around the world, violence and death were the order of the day.

To begin with, buses were hijacked by gangs of youth in Mexico City and driven to Querétaro. Then, police threw 18 tear gas bombs into a mob of 5,000 drugged or drunk gang members who demanded to be let in for free. But police were then forced to step back when the youths started throwing them back at police. In the end, more than 20,000 youths forced their way into the stadium without tickets.

El Universal reported more than 3,000 injured; *Excelsior* reported that the head of the Red Cross had stated that five had died in the melee. The official report states only

that one individual was seriously injured.

Most Mexican newspapers covered up the disaster, however, reporting that "only" 200 were injured and that the concert went on calmly. Most also gave top billing to the "concert," publishing color photos of "Rod Stewart Live," accompanied by logos of the sponsor—the Pepsi Cola company.

Kissinger: India to have international role

Henry Kissinger gave the Indian News service an "exclusive interview" endorsing India's role as a "regional superpower," the *Hindustan Times* reported April 4.

Kissinger all but endorsed the Indian nuclear power program, and stated of India's rejection of the Nuclear Non-Proliferation Treaty: "If I were an Indian Prime Minister, I could understand the reasoning that leads India to take this position. I do not think it should become a fundamental bone of contention between the U.S. and India."

Kissinger said that India would become one of five top global powers in the near future, and the strongest country in South Asia. But there is no such future for Pakistan, according to Kissinger. While saying, "There is really no inherent reason why there should be conflict between China and India, Pakistan, of course, has been a different issue for India." India will pull ahead of Pakistan, Kissinger said, "Pakistan will be primarily a regional country, while India will play a more global role."

On the Indian nuclear program, Kissinger said that nuclear power "is the direction in which many countries who do not have large oil resources are to go. . . . The one clear-cut disaster that occurred [at Chernobyl, U.S.S.R.] was a combination of incompetence and the absence of any of the safety mechanisms that exist in any of the relatively advanced nuclear countries, like India."

Kissinger also said that non-alignment had served India well, and, in what may be considered very warm praise coming from him, said, "India judges issues on a very cold-blooded calculation of its interests."

● **BRITISH** Foreign Office minister Lord Glenarthur visited Hanoi on April 9. He was the first Western official to receive a direct briefing since Vietnam's early April offer to pull its troops out of Kampuchea by September.

● **EGYPTIAN** authorities arrested 41 people including Sheikh Omar Abdel-Rahman, leader of Muslim fundamentalists, after riot police and Muslim militants demonstrating against the government exchanged gunfire in the town of Fayoum 60 miles outside of Cairo, according to Reuters wire reports. "Egyptian commentators said they viewed the violence as a symptom of growing discontent over Egypt's economic ills."

● **RUPERT SCHOLZ**, the West German defense minister, resigned on April 13 in a cabinet shakeup. He was the only remaining opponent, in Chancellor Helmut Kohl's government, of the pro-Soviet policies of Foreign Minister Hans-Dietrich Genscher. He was replaced by Gerhard Stoltenberg, who will leave the Finance Ministry to push through budgetary austerity measures which Scholz had rejected.

● **'RENATA TEBALDI** announced her candidacy for a seat in the European Parliament, on the Patriots for Italy ticket, to 'ward off the threat that opera and classical music might die because of the incompetence of present political and government institutions,' reported the April 15 U.S.-based magazine *Opera News* concerning the famed Italian soprano.

● **POLAND'S** Communist rulers April 13 called elections for June 4 and 18 which will bring the Solidarity-led opposition into parliament for the first time, and Lech Walesa said he was considering running for a seat.

Narco-satanism invades America's living rooms

by Harley Schlanger

As Americans were sitting down to dinner on Tuesday night, April 11 the nation was given a collective jolt, as the gruesome details of a gang involved in drug trafficking and Satanic activity, including human sacrifice, began to unfold from Matamoros, a Mexican border town across the Rio Grande from Brownsville, Texas. Mexican police were led to this grisly discovery after chasing a car which had attempted to avoid a drug roadblock. When they apprehended the driver, they found marijuana and a gun, which led them to raid the Rancho Santa Elena, taking three others into custody.

They were then led to a burial site on the ranch. Officials in Texas were notified, since a major manhunt had been under way, looking for a University of Texas student, Mark Kilroy, who had disappeared almost one month earlier during spring vacation, while in Matamoros. Within hours, 12 bodies were dug up, including Kilroy's; a 13th was later found, and the search for more continues. The bodies had been mutilated, with organs cut out and limbs amputated.

In a nearby shack, police found an altar and candles, providing evidence of Satanic rituals. There were bowls with animal parts, and a large cauldron, with twigs, feathers, and a rotting turtle shell. Police reported that human hearts, brains, and amputated limbs had been mixed with herbs and boiled in the cauldron.

Police now believe that the group responsible for these ritual murders includes at least 12 members, headed by Adolfo de Jesús Constanzo, a Cuban national from Miami. Called "El Compañía" ("The Company") by members, the cult was shipping 2,000 pounds of marijuana per week to the United States. At the time of the arrest, police found 220 pounds of marijuana, 4 ounces of cocaine, and 12 high-powered fire-

arms on the ranch.

The members of the group in custody admitted that the human sacrifices had been conducted to "give them power, to protect them from the police and make them invulnerable to bullets." They practiced a form of Satanism which includes Santeria, a Cuban-based cult which incorporates animal sacrifice as part of its rituals. Investigation into Constanzo's background revealed that his family members were active adherents of Santeria; former neighbors in Miami reported finding animal heads and bodies in their yards following confrontations with the Constanzo family.

While some so-called experts attempted to downplay the role of Satanism in El Compañía's criminal activities by saying that Santeria does not include human sacrifice, police in Houston pointed to Palo Mayombe as an offshoot of Santeria, in which human skulls are used as part of the rituals.

Constanzo is still at large. As police were seeking him, they were stunned again when they entered the room of his girl friend, Sara Villareal Aldrete, a student at Texas Southmost College in Brownsville. (One of the other members of the cult, Serafín Hernández García, was also enrolled at the college.) Known at school as a very good student and an outgoing, attractive girl, it has been learned that she is a practicing witch, who lured some of the victims to their death, and who was present during many of the murders.

In her room, they found an altar, other occult paraphernalia, blood-spattered walls, and children's clothing covered with blood stains. Police have confirmed the stains are from human, not animal, blood.

As this scene was beamed onto television screens throughout the United States, a previously hidden phenom-

enon was seared into the American consciousness: that "narco-satanism" is a reality that threatens us all.

This is not the first time the connection has been made between drug trafficking and Satanism. The raids by the Colombian Army against the headquarters of convicted drug kingpin Carlos Lehder led to discoveries of Satanic practices similar to those found in Matamoros. (In fact, several law enforcement officials have suggested that investigators look for links between the Matamoros gang and the Medellín Cartel due to the mutual practice of Santeria, and connections to Miami.)

This connection challenges the pronouncements of many sociologists, psychologists, and other "experts," who vehemently deny any link between criminal activity and Satanism, or who say it is "unusual" to find such a bond. They argue that Satanism is "like any other religion," with constitutional protection.

However, the evidence linking the two is overwhelming, starting with the very nature of Satanism. Satanic belief begins with a rejection of Western Judeo-Christian morality, which is the cornerstone of our system of law. In his *Book of the Law*, Aleister Crowley, the father of modern Satanism, makes this explicit when he says "There is no law beyond 'Do what thou wilt.'" Commenting on this mentality, Lyndon LaRouche recently said, "On the very simple level, Satanism is evil. In a well-organized society, to be a Satanist means to be a criminal mind, a form of criminal insanity." (See box.)

The events in Matamoros must therefore be seen as not one ghastly event, but as a window through which the existence of narco-satanism can be seen, understood, and defeated.

This is not a new phenomenon. In his book *The Ultimate Evil*, investigative reporter Maury Terry presents conclusive evidence that the "Son of Sam" murders in the New York City area in 1976-77 were committed not by a "lone psychotic," David Berkowitz, but by a Satanic gang involved in drug traffic and pornography. Terry is able to connect these murders to those committed in August 1969 by Charles Manson's "family" in Los Angeles, which he says were also drug-related.

There is ample evidence to reopen the investigation into the Atlanta child murders, in which at least 29 children were killed. The investigation was closed in 1981 when then-Vice President Bush went to Atlanta and pressured Director of Public Safety Lee Brown (now Police Chief in Houston) to stop the murders, i.e., find a scapegoat. Wayne Williams was convicted of two murders and the books were closed on the rest, in spite of evidence showing that the children were victims of a drug and pornography ring involved in Satanic practices, which may have killed some of them for the production of "snuff films."

Prior to the discovery in Matamoros, two similar finds were made along the U.S.-Mexico border. On March 24, five

bodies were found near Tucson, Arizona. Police said that they had been mutilated; it is suspected that these murders were drug-related. And in Agua Prieta, south of Douglas, Arizona, 12 bodies were found. Again, the victims had been tortured and mutilated, with fingers cut off (a particular *modus operandi* of Satanic killings).

Law enforcement officials along the border expect more of this activity to come to light, especially since the Mexican government has escalated its war on drugs. Since April 5, the army and the federal police have conducted a crackdown, which has resulted in the confiscation of 11,191 pounds of cocaine. It was this anti-drug task force which broke the Matamoros case.

Growth of narco-satanism in Texas

In spite of the preceding evidence that narco-satanism is not limited to "Latin cultures" but has been a feature of criminal activity in the United States, the media continue to focus on the Matamoros case as something as foreign to the United States as it is unbelievable. Fortunately, many law enforcement officials are beginning to wake up. Texas Attorney General Jim Mattox indicated this when he said, "These same cults could have taken place in Dallas, Houston, or anyplace."

In fact, they do. Houston Police Department Investigator Jaime Escalante said that practitioners of Santeria and Palo Mayombe have been found among Houston drug dealers. "It's just like guns are a part of the drug trade . . . part of the business. These cults have evolved as part of the drug traffic world, too."

Another official predicted a proliferation of this activity in Houston. He said that the drugs run by the Constanzo gang in Matamoros would come to Houston, and that the bank-roller and controller is probably based there. He rejected the media story that Constanzo is the big boss, the *padrino*, saying, "These things are always run from higher up, with political protection."

On April 13, Houston undercover drug agents entered a house near downtown Houston to make arrests after having made a buy. In the house they found pentagrams, a poster of a young, blonde boy with the caption "Eat Human Flesh," and both live and dead animals.

Other Satanic incidents in the Houston area include: In Chambers and Liberty Counties, mutilated and skinned animals, including dogs, have been found. In Baytown, an abandoned house was found to have Satanic symbols on the walls, and mutilated animal remains inside. In Pine Grove (east Texas), two 14-year-olds are in custody, charged with having killed the mother of one in a Satanic death pact.

Had the press been reporting on Satanic activity in the Rio Grande Valley (in which Brownsville is located), the events in Matamoros would not have been such a surprise. Officials there have been quietly noting an enormous growth of Satanic activity. Incidents have been reported in San Ben-

LaRouche: Satanism is the criminal mind

Political prisoner Lyndon LaRouche, connected by telephone to a meeting of the Martin Luther King Tribunal on Crimes Against Humanity convened in Houston, Texas on April 8, was asked what more can be done to fight Satanism. Below is a transcript of his reply.

"We have to understand what's at stake, we have to understand it on various levels. First of all, on the very simple level, Satanism is evil. In a well-organized society, to be a Satanist means to be a criminal mind, a form of criminal insanity. Having a Satanist in your neighborhood is like having an axe-murderer in your neighborhood. In the past two years, in particular, there has been a great increase in the amount of Satanist organizing activity in the United States and in Western Europe, particularly through the aid of the spread of the heavy metal and other rock concert organizations, which are all controlled by Satanist groups. That is, heavy metal rock is controlled by the Satanist so-called religious movement, and has been from the beginning. The effect of this is an increase in suicides of pre-teen children in particular, and others, an increase in ritual murders of infants and other abominations performed on very young children, as part of Satanist rituals prescribed by the father of Western Satanism,

Aleister Crowley, in his manuals. This means other kinds of effects. For example, one leading official reported to Interpol, an Interpol report, that one murder in five in Western Europe is committed by Satanists. With these kinds of things going on, with as many as 80% of the school children in West Germany being exposed to Satanist practices incidentally or otherwise in the course of an average year, we've reached the point that this epidemic must be stopped. It is not a sociological phenomenon, as some try to claim. It is not a religious issue, as the U.S. Army has insisted since 1980, in legalizing Satanism within its ranks. It is evil. It is the face of the enemy. It is what the Army is supposed to shoot at, not foster.

"Here's another one. What is happening in the attempt to bring about a one-world system of government between London and its friends, and Moscow, around the 'I love Gorby' movement, is a pure and simple effort to set up a satanic form of world imperial system.

"So, when we are fighting Satanism in the neighborhood, fighting to keep it out of the schools and streets, fighting to save children from being abducted for human sacrifices and other abominations, by Satanist groups lurking and spreading throughout the country, fighting to prevent mass murders of the type we've already seen due to the spread of Satanism, we're also engaged in resisting organized Satanism at very high levels, who are attempting to bring into power on a global scale, their system of government and eradicate Christianity and even the memory of Christianity, from the face of this planet."

ito, Port Isabel, Rio Hondo and Mercedes. In Pharr, the Church of the Eternal Flame, believed to be a center of Satanic activity, burned down the night Mark Kilroy's body was found.

Lesson of Matamoros

One anguished parent told a reporter that what shocked him about Matamoros is that "this thing has grown up from under us without us even realizing it." There are many reasons for this. One was stated by convicted serial murderer Henry Lee Lucas, who was involved in a Satanic cult. He said, "No one wants to believe the cult story. The TV people cut it out. The writers don't write about it."

Several law enforcement officials expressed their frustrations in dealing with this problem. One said, "Police aren't trained to deal with it, they don't know what they're up against." Another, DEA Special Agent William Rochon from Houston, cited budget problems. "We need more manpower, more resources." Almost all blamed the U.S. legal system and the courts.

While these are partial explanations, they are subsumed by a broader problem, a cultural problem. Citizens have been steered increasingly toward obsession with the pursuit of

immediate gratification. This outlook has been shaped by those who control cultural trends. These are the people "above suspicion," who have promoted drugs and Satanism. Drug sales account for almost \$500 billion which passes through the U.S. banking system. The "War on Drugs" has been a failure so far, as it has failed to target the money launderers, those citizens above suspicion. Heavy metal music, integral to both the drug and Satanic scene, is also big business.

More importantly, both reflect the outlook that man is a beast, which is predominant among those elites who shape our culture, who have promoted narco-satanism. To clean out narco-satanism, law enforcement must start at the top, with those who promote it, benefit from it, and truly support its goal, the destruction of Western Judeo-Christian culture. For example, they might investigate why the Board of Regents of the University of Texas, the college once attended by Mark Kilroy, allows Stephen Flowers, a professed Satanist and top official of the Temple of Set, to teach in the Department of Germanic Languages. Or why Dominique de Menil, the Houston patron of the arts, promotes in her museum pagan garbage of a so-called artist, Michael Tracy, who is suspected by police in his town of being a devil-worshipper.

Bush's Irangate role: in deeper and deeper

As *EIR* reported last week ("North Trial Spills the Beans on Bush Irangate Role"), many of the minor figures in the Iran-Contra arms deals, the "pawns" who have been "hung out to dry" to cover up for the culpability of their superiors, have begun to talk. During the trial of Oliver North, new documents have surfaced implicating not only former National Security Advisers Adm. John Poindexter and Robert McFarlane, but also George Bush himself.

Explosive revelations appeared earlier during the trial of *United States v. Heinrich Rupp*. Rupp, as we reported last week, claims that he flew a plane carrying Bush and William Casey, the future director of the CIA, to Paris on Oct. 19, 1980 to meet with top Iranian officials, during the height of the Iran hostage crisis—and two weeks before the U.S. presidential election. According to a deposition heard by the judge without the jury present (*in camera*) by former CIA agent Richard Brennecke, Bush and Casey arranged to have the hostages released only *after* the election of the Reagan-Bush ticket.

Defendant Rupp was born in Switzerland and was recruited during World War II by OSS Switzerland (i.e., Allen Dulles). Later he became the personal pilot of Saudi Crown Prince Fahd (now the king of Saudi Arabia). He seems to know the details of the financial aspects of the Iran-Contra arms deals, especially in Switzerland, including the U.S. connection of former Swiss Justice Minister Elisabeth Kopp and her husband, Hans.

Participants in the Paris meetings with Iranian representatives reportedly were, besides Casey and Bush: Donald Gregg, later national security adviser and CIA liaison to Vice President Bush and a major Irangate figure; Richard Allen, national security adviser to President Reagan; Cyrus Hashemi, the Iranian arms trader and informant for the U.S. Customs Service (now deceased, under mysterious circumstances); French intelligence operative Robert Benes (a relative of the late Czechoslovakian leader President Eduard Benes); Iranian arms-dealer Manucher Ghorbanifar, a protégé of future State Department adviser Michael Ledeen; and a representative of Ali Akbar Hashemi Rafsanjani, the future Speaker of the Iranian Parliament, and one Secret Service agent for Bush.

A kind of curse surrounds many of those involved in that

fateful trip to Paris. *EIR* has just learned of the latest known victim of the "curse": Bin-Laden, a wealthy Saudi businessman close to the Royal Family, who happened to be the owner of the plane flown to Paris by Rupp. He died last summer in a mysterious plane accident near Austin, Texas.

What follows are excerpts from the *in camera* testimony of Brennecke during the *United States v. Heinrich Rupp* trial in Denver, Colorado on Sept. 23, 1988, before Judge Jim R. Carrigan.

The Brennecke revelations

The Court: Now Mr. Scott [defense attorney], the reason for this hearing in chamber is that you wanted to offer some evidence which might be relevant to sentencing from a witness who might not be available later; is that correct?

Scott: That's correct. . . .

Mr. Brennecke, do you have personal knowledge that Mr. Rupp has been engaged in activities in behalf of the Central Intelligence Agency and/or the National Security Council. . . ?

Brennecke: I have known Harry Rupp since about 1957, and he has been engaged in that activity since that time. . . . I met first Mr. Rupp in Southeast Asia.

Scott: And do you have any personal knowledge of any flying activities that Mr. Rupp was involved in on or about October 1980, involving a vice-presidential candidate at that time by the name of George Bush?

Brennecke: Yes, sir, I do. On the 19th of October, Mr. Rupp brought Mr. Bush, Mr. Casey, and a number of other people to Paris, France, from the United States, for a meeting with Iranian representatives.

Scott: And were you engaged in any meeting after the arrival of Mr. Casey, Mr. Bush and other personnel?

Brennecke: Yes, sir, I was. I was involved in a meeting which involved Mr. Casey specifically. . . . We're talking about William Casey who later became the Director of the Central Intelligence Agency, sir. . . . I believe at that time he was the chairman of the Republican Presidential Campaign. . . . The meeting I was engaged in was held at the Hotel Florida, in Paris, France, on the 20th of October, 1980. Present were acquaintances of mine from France, an individual by the name of Robert Benes. Also present was Mr. Donald Gregg.

The Court: G-r-e-g-g?

Brennecke: Yes, sir, G-r-e-g-g. And he was, at that time, affiliated with the National Security Council of the United States. . . . Present were Mr. Casey, a representative of Mr. Rafsanjani. . . . a gentleman by the name of Cyrus Hashemi; Donald Gregg, as I've said; Robert Benes. There were other people present from time to time during the day, Your Honor. . . .

The Court: Be as specific as you can with dates and names, will you, please?

Brennecke: In October of 1980, I was present in Paris,

France, at a meeting that was the third of three meetings held within a two-day time period on the 19th and 20th of October, 1980. The meetings were held at the Crillon Hotel and two of the meetings were held there. The third meeting was held at the Hotel Florida.

The purpose of the meetings was to negotiate, not only for the release of the hostages then being held at the U.S. Embassy in Teheran, but also to discuss—if the negotiations were successful—the means by which the terms that were agreed to would be dealt with, how we would go about satisfying everybody involved. The French were present because they would become a major factor in satisfying the requests. In the end, agreement was reached; and the logistics of transferring \$40 million for the purchase of weapons was worked out. And it was for this meeting that Mr. Rupp brought the then vice presidential candidate George Bush and Mr. Casey. . . . Subsequent to that, Mr. Casey went on to Frankfurt; the Vice President, who remained less than 24 hours, returned to the United States. And a number of people were left in Paris to deal with the disposition of the funds placed at their disposal and to deal with the logistics of getting those weapons delivered to the Iranians. . . . As a result of this meeting, certain French individuals did go on and did purchase weapons; did in the end exchange those weapons for—or at least as part of the condition of—the release of American hostages then being held in Teheran.

The Court: Exchange them with Iran?

Brennecke: They exchanged them with the Iranians, sir.

The Court: So you are saying the \$40 million was paid to the French and the French bought weapons with it?

Brennecke: Sure. Approximately \$40 million was placed in a number of bank accounts in Europe. It was placed at the disposal of the individuals involved in the purchase and exchange of weapons. Some of those people doing the purchase were French; others were Iranian—Mr. Ghorbanifar, for instance. . . . The people involved have, as I say, either, in my opinion, been killed or systematically discredited over a considerable period of time.

The Court: Which ones have been killed?

Brennecke: Cyrus Hashemi, for example. And I would be happy to furnish the Court with a copy of the autopsy report for Mr. Hashemi, who was at that time an informant of the U.S. Customs Service. I knew Mr. Hashemi and his family. He had discussed [the Paris meeting] with his family. . . . His brother subsequently died, and I personally question the circumstances. . . . You ask who else. An individual by the name of Steven Carr, who participated in the Contra portion of the activities, died of an overdose of drugs while under the protection of the Federal Witness Protection Program. I am not, sir, talking about people I have read about in the newspaper. I'm talking about people I have met and upon whom I can at least evaluate whether they died of natural causes or were—were—otherwise.

Now I will say, I have made these statements to Senator

Kerry's committees and the United States Senate—again, under oath. I have made these statements and I've given this information to investigators from the Tower Commission. They have found me to be accurate with my information; they have found it to be precise and detailed. And I've spent innumerable hours talking to Senator Kerry's staff, for instance, and their investigators. They have decided, for whatever reason, not to pursue this. . . .

The Court: Were you at this meeting in Paris as a member of the CIA or what?

Brennecke: Yes, sir, I was. . . .

The Court: How do you know it was \$40 million?

Brennecke: Because that was the figure that the director—William Casey and Mr. Gregg discussed at the meeting. . . .

O'Rourke [the prosecutor]: Has anybody attempted to kill you?

Brennecke: Yes, sir. Approximately two years ago, I was shot at in Portland, Oregon. I reported the incident to the state police; they investigated and found residue of a bullet shell, of a bullet which had been fired at my vehicle, which missed my face by about an inch and a half.

Scott: Do you know who shot that bullet?

Brennecke: No, sir, I do not. I do know I was called afterwards and told if I spoke with anyone about anything, this would happen again. My son was—in addition to that—my son was threatened and was detained against his will. . . . I will find out someday; and, sir, I will tell you exactly who they were, and then I will tell the world. . . .

Scott: Has anybody ever tried to kill Heinrich Rupp in the past since this meeting in October of 1980?

Brennecke: I don't know. I would suggest that what's being done now is going a long way towards doing it.

Scott: Are you suggesting that the United States Attorney's office for the District of Colorado presented this matter to the Federal Grand Jury, here, is some effort to discredit Mr Rupp? . . . Are you saying that someone, in the jargon, has framed Heinrich Rupp?

Brennecke: Yes, I am.

Scott: Are you suggesting that someone has fabricated evidence. . . ? Are you suggesting that someone in the FBI has done this? . . . Are you aware that in July 18th 1984 Mr. Rupp was bound and gagged in an hotel room near the airport in Denver? . . ."

Brennecke: Yes, I am. . . .

At the end of this in camera session, Rupp gave a short statement defending himself. He stated in particular that "I am sorry to say that my division chief in the Middle East, Mr. [William] Buckley, was brutally killed, due to revelation of our government that he was the station chief." This extremely serious allegation did not provoke any request for clarification from the court. Rupp was convicted and sentenced to 41 years in prison, where he now sits.



If Kissinger policy prevails, United States is pro-drug

Nora Hamerman interviewed Lyndon LaRouche by telephone on April 14. Mr. LaRouche has now been in jail at the Alexandria Detention Center in Virginia for three months, as a political prisoner of the "parallel government."

EIR: What do you think about the administration program that they've announced for a war on drugs, especially focusing on the Washington, D.C. area?

LaRouche: The war on drugs is a mixed bag and has been for the past period, particularly over the past five years or so. The Reagan administration was, on the one hand, committed to maintaining the *appearance* of a war on drugs. Within that, they were actually supporting some activities which were credible, but overall doing nothing which would actually attack the problem. Now we come into a new administration, in which we have featured the roles of so-called anti-drug czar Bennett, flanked by my dear, old acquaintance, the representative over at Housing, Jack Kemp.

Now look at the package. The package that they feature, has two aspects to it. First of all, in the midst of an administration which appears to be flagging, even threatening to disintegrate on many major fronts, the war on drugs has been put forward as probably, the best, most vigorous public relations stunt, by the new Bush administration. And Bennett and Kemp, particularly Bennett, are the leaders of this effort.

They've singled out Washington, D.C., which is admittedly a tale of horrors, and have said they are prepared not to win the war in Washington, D.C. against drugs, but to show, as Bennett put it the other day, within approximately six months' time, a credible improvement accomplished by means, not of throwing money at D.C., but of relieving some of the pressure from the Washington, D.C. situation, to see if that would cause a significant improvement. Some of the measures that Secretary Bennett has proposed, and part of what Kemp has proposed, are in themselves quite credible measures. There are other features, particularly in the housing side, which are troublesome in the sense that they get into the area of constitutional rights, civil liberties, and may represent a dangerous precedent for erosion of an already-eroding package of constitutional rights in the country.

So one would hope that they would succeed. One would

hope that the United States government would acquire a little more sense of political support and credibility, as a result of this. But we must also be concerned that these efforts have not yet shown themselves to be serious, as an overall change, and we have to be concerned about the fact that there are some dangers to civil liberties, and constitutional rights, in the package.

EIR: Especially at a time when we have very active presence of the so-called "secret government" or the "shadow government."

LaRouche: That's always been the thing. We had Kissinger back in the Nixon administration, who did everything that the Nixon administration was accused of in this direction. And now we have the Trilateral Commission, of which Kissinger, of course, is one representative, with this Samuel Huntington business now virtually in the position to impose dictatorship on the United States, through secret government, through the Federal Emergency Management Agency, and related facilities, which were established in the Huntington theses [on the "end of democracy"] of the Trilateral Commission.

EIR: Since you bring up Kissinger and the Trilateral Commission, in your own history of intervention on the question of the drug problem, which goes back to before the publication of the famous book *Dope, Inc.* in 1978, that's kind of a landmark, and the republication of a new edition in 1985-86: You have always emphasized the people "above suspicion" so-called, and the international nature of the drug business. What would you have to say today about what Henry Kissinger's role in this is, for example, and how this might relate, as some international media have pointed out, to the "Get LaRouche" effort?

LaRouche: One has to note that in Paris, at the Trilateral Commission meeting this past week, Kissinger did a very unusual thing: He not only told the truth—three times in the same day—but even in the same press conference!

He said, first, that, in connection with drugs, he was an admirer of Syria's President Hafez al-Assad, who is the biggest drug-pusher in the eastern Mediterranean, and the big-

gest drug-pusher south of Bulgaria.

Secondly, Kissinger said that he never allows morality to intrude into his politics—quite true.

Thirdly, Kissinger said that God may punish him, which is also quite true. But Kissinger's—and Eagleburger's, now at State—support for Assad in the case of Lebanon, the attack on Aoun, implicitly an attack on Aoun by Eagleburger, the Kissinger man, and by Kissinger himself: This is pro-drugs. What Aoun did, as Interim President, as well as general in the Lebanese forces, was to move into the port areas of Lebanon, and take them over. These ports were the main ports, by which the Syrian government exports Bekaa Valley and other opium and hashish out, to places like Bulgaria, and so forth. This is the main source of marginal income for the Syrian government, which, of course, has been running all of the various hostage-taking against the United States and our friends. So to the extent that the United States government allows Kissinger's perception of Assad to shape our policy in the eastern Mediterranean, the U.S. is pro-drug.

The same problem occurs in other parts of the world—South and Central America. The United States, for example, in the case of Panama, falsely accuses General Noriega and the present Panama government, which the United States does not recognize, of being the drug-pushers, when actually these are among the few effective friends of the United States in cleaning up drugs from that area! Whereas the United States is supporting, politically the drug-pushers. This is manifested in the case of the drug arrest in Macon, Georgia, of one of the owners of the anti-Noriega television network, working with the United States to overthrow the present government of Panama. He's now being held on an \$8 million bond, down there, and there's not much talk about that in the U.S. media. [See page 49 for story.]

EIR: There certainly isn't!

LaRouche: The DEA, Customs, and so forth—and Swiss intelligence sources, helping our services—determined that the Bulgarian government, through its official agency, Globus, the successor to Kintex, is actually conduiting drugs, through Bulgaria, and is conduiting the money for the drug traffic through Switzerland, into a Republic Bank account in the United States, a bank associated with Edmund Safra and with a fellow caught in the operation that's associated with a fellow called Shakarchi.

Now, the State Department intervened at the end of March to try to kill the investigation and the exposure of the Bulgarian government for pushing drugs. Now, one knows why the U.S. government, in its "I love Gorbachov" fantasy-life now, is trying to cover up drug-pushing by Bulgarian government. But nonetheless, it's happening. Now, we understand that Mr. Mohammed Shakarchi, a key figure in this, is not to be indicted, but rather, two Magharian brothers, who are being held in Switzerland are to be brought back for a show-trial, which in effect, will take all the spotlight, the target of the

investigation, away from Edmund Safra and Mr. Mohammed Shakarchi.

EIR: Regarding Kissinger's comment about never involving morality in any way in politics, that is exactly the expressed credo of former Colombia President Alfonso López Michelson, who has functioned as the go-between, or advocate, of the Medellín Cartel in that country, to demand drug legalization.

LaRouche: López Michelson was Jimmy Carter's friend in Colombia. The Trilateralist Jimmy Carter was very much for softening anti-drug laws. López Michelson legalized the Gnostic Church, which is actually a sort of Unitarian form of Satanism, tied to the M-19 terrorists, and he struck the deal with Todor Zhivkov, the President of Bulgaria, which brought Bulgaria's Kintex, the state transport agency, directly into the cocaine traffic in that region. And of course, López Michelson has been the sponsor, together with the Inter-American Dialogue people here in the United States, of the proposed legalization of the drug money secured by things like the Medellín Cartel.

EIR: It seems as though the Bush administration, even those forces in it that are committed to fighting drugs, is afraid to take on this level of antagonist.

LaRouche: Well, it's a real problem. Our problem here, is two things: You have the forces tied to Henry Kissinger, not Kissinger's people, but the people for whom Kissinger works, in Britain, and in the United States. The Trilateral Commission and the Chatham House crowd in Britain are already for the legalization of drugs. They like the money, their bankers *like* that drug money, particularly if it's been laundered, suitably, coming into their banks. They wish to increase it. Then you have at the same time, another problem: Freedom House. My enemies over there, who are *very* intimately tied to the drug lobby, the drug legalization, and are usually on the side of political protection for political forces in Central and South America which are tied to drug-trafficking.

This means the friends of Leo Cherne of Freedom House. This means the section of the so-called right-wing social democratic sections of the CIA and the intelligence community. It means people funded by Smith Richardson, funded by, taken over by the agency in Milwaukee, the good old friends who have been taken over in the Bradley Foundation. It means the Richard Mellon Scaife Foundation and the Olin Foundation, a lot of big money. This involves ProDemCa, the National Endowment for Democracy, in which many congressmen are complicit—including heads of the two parties—and in which Project Democracy is complicit, and which was behind the Contras. In Central and South America, we find consistently that those sections of the United States government which are tied either to Leo Cherne's crowd or to the Kissinger circles are—on the ground—in political bed with those allied to the drug-pushers.

The administration's 'War on Drugs': only a 'containment' operation?

by Leo F. Scanlon

The Bush administration launched its version of a War on Drugs with a headline-grabbing, multi-agency press conference chaired by Office of National Drug Control Policy head William J. Bennett, Jack Kemp of the Department of Housing and Urban Development (HUD), and Attorney General Richard Thornburgh. The troika used the April 10 event to unveil a program aimed at breaking the back of the drug traffic in the nation's capital. The plan is expected to be the template for a wide array of programs aimed at providing visible federal support to city and state governments which are rapidly being swamped by the nation's horrific drug plague.

Like other programs established by these technicians during the Reagan years, this one relies heavily on reorganizing existing federal programs and capabilities and focusing them on a problem which has great symbolic significance. Experts believe that the current flood of drugs into the city, cocaine and crack primarily, represents a deliberate effort to "Colombianize" the capital, establishing zones of lawlessness which threaten the stability of the city. Any measurable success in this area will give a much needed boost to an administration which is perceived as directionless on domestic policy.

But the reality of the proposal delivers a bit less than it promises. The Bennett plan contains little new funding outside of that authorized by the last Congress, and what money is allocated is kept in the hands of federal agencies, and out of the control of city officials. Bennett was able to draw attention away from this obvious shortcoming by using the press conference to take some swipes at D.C.'s increasingly unpopular mayor, Marion Barry, and thereby ignite a feud which has overshadowed the mayor's own proposals, which center on the need to rebuild the city police force, devastated by years of budget austerity.

Ominously, Attorney General Thornburgh described the federal role as limited to "containing" the drug problem, a strategy far short of the commitment to victory which the American people desire and expect. Having now taken the reins, the Bush administration is going to have to "put up or shut up" on the issue, for the popular rage now directed at hapless local officials will next be directed at the federal

agencies if they also fail.

The Office of National Drug Control Policy is planning a national anti-drug program which will be submitted to Congress in five months, and it is using the crisis in the capital to test various mechanisms for employing federal agents and prosecutors to assist local efforts to attack the drug-trafficking infrastructure. In Washington, this translates into the immediate construction of new prison space and reorganization of the notorious city-run facilities within the District and at nearby Lorton, Virginia. To this end, the Department of Defense has been drafted to provide 10 lawyers and 5 analysts to help locate a site for a new detention facility.

Intelligence coordination

According to Bennett's office (but not the Pentagon) these analysts will then be detailed to a unified intelligence office which will coordinate information gathered by a joint task force composed of 10 federal law enforcement agencies (Customs, DEA, U.S. marshals, etc.) the Metropolitan Police Department, and police departments from Virginia and Maryland. While this looks formidable on paper, it is the case that all of these agencies operate within the District on a daily basis, and do coordinate among themselves on many issues already, so the addition is one of focus of activity, not new manpower as such.

The FBI will make its facilities available for sophisticated forensic examinations of firearms and other evidence developed in drug-related murder investigations. While this may be a useful technical capability, it will not remedy the collapse of the homicide squad of the Metropolitan Police Department, which occurred under the present administration.

It is undetermined what role the National Guard will have to play, as the proposal made by the District under provisions of the Omnibus Anti-Drug Act of 1988 are being reviewed at this time. Local police sources dismiss out of hand the value of the Guard in an urban setting. They point out that there is little value in the transport capabilities possessed by the Guard, no value in equipment such as night vision devices (useless in a lighted urban area), and a negative value to untrained, unarmed troops standing around on street corners in the ghet-

to. Military spokesmen share this assessment, and prefer to utilize Guard assets in rural areas, where military operations can be conducted against large-scale smuggling and processing networks.

By far the most controversial proposal in the plan is the role of the Department of Housing and Urban Development (HUD), which has proposed to ease the regulations governing eviction procedures from federal housing in order to facilitate the rapid removal of drug dens from public housing projects. Civil libertarians have pointed out that overzealous use of this power, and the potential of “guilt by association” punishments directed at innocent family members of drug users, open the door for sweeping violations of due process, which could become the substance of fundamental constitutional challenges to the plan.

Kemp’s proposal additionally provides for federal assistance to city administrators and police to clean up the public housing projects, conduct painting and maintenance which has been long overdue, erect security fencing and provide police and guard services, and otherwise do the things which should have been done over the last 10 years. No one has explained why it takes a national emergency to undertake these obvious corrective measures.

Despite the concerns over the potential abuses inherent in Kemp’s proposal, many elements of his proposal are very popular among residents of the housing projects, who live in conditions which rival the infamous “opium dens” of the 19th century. Crack dealers routinely operate by addicting a welfare mother, moving into her apartment, setting up a “crack house” (which is a combination of a drug shooting gallery and a brothel), and then threatening to harm her children to guarantee continued collaboration. Neighborhood children are recruited as surveillants and informants, and the den soon dominates an entire building. Neighbors who oppose the operation, or inform to the police, are assassinated in broad daylight. The common areas and parks become open-air drug markets established to service addicts and users from other areas. The normal citizen, helpless in the face of this terror, is desperate for any presence of law enforcement.

In theory, the new measures allow police to move in on the dealers, drive them out of the tenements, treat the addicts, and prevent the establishment of deep-rooted neighborhood drug gangs. In reality, the treatment programs are meager, depending on already existing funds, the prison space planned for the users and dealers is still minimal, and the ultimate solution depends on reestablishing effective police patrol in these neighborhoods—which the federal plan is not designed to address.

The home rule controversy

Secretary Bennett emphasized that his plan is not designed to attack the basis of “home rule” of the District, and is designed to supplement the efforts of local officials to strengthen law enforcement capabilities. If that is so, and the

federal operations are seen as secondary to the measures to restore the local police forces, there is merit to the effort, if not to all of its components.

Nonetheless, Bennett’s plan was issued in the shadow of a proposal by the staff of Rep. Stan Parris (R-Va.), issued on April 5, which calls for the creation of a presidentially appointed public safety director, who would administer the police, ambulance, fire, and health services of the city, under congressional supervision. This proposal produced screams and howls that this would overturn the home rule charter by which the city is presently governed. In fact, such a proposal is probably quite legal under the home rule charter, which mandates a similar office to control the federal district (area of principal government buildings) in just such a manner. This brings up the question of what exactly is “home rule”?

According to Article 1 Section 8 of the U.S. Constitution, the Congress has full authority over federal lands, and in particular the area established as the nation’s capital. Until 1961, with the passage of the 23rd Amendment, the residents of the District did not vote—it was generally considered a privilege to live in the District as a political ward of the Congress, and by extension, of the nation.

During the 1970s, environmentalists and “reformers,” led by the *Washington Post*, began to attack the development of roads, highways, and the continuous expansion of L’Enfant’s original plan for the capital, which was characteristic of city planning under congressional control. The easiest way to do this was to build a movement to put the planning and budgetary functions of the city under control of an elected council, which would become dependent on and eventually strangled by real estate speculators and bond salesmen from the commercial banks—just like every other major city.

In 1973, Richard Nixon signed the bill which would establish the creation of such an elected government. Section 601 of the Home Rule Act states: “Notwithstanding any other provision of this Act, the Congress of the United States reserves the right, any time, to exercise its constitutional authority as legislature for the District by enacting legislation for the District on any subject. . . .” And while the budget of the government, is, and will be, under the control of the Congress until the Constitution itself is altered, the revenue authority has in part shifted to the elected council, which has succeeded in making the District into a “real” city, with one of the highest rates of per capita indebtedness of any city in the nation.

If city officials demand funds for effective local police capabilities, and give police the latitude to enforce order on the drug-controlled streets, the need for federal intervention will be minimized, and police-state measures (as were characteristic of the Nixon administration “War on Crime” conducted in the District) will be muted. What will then come right upfront is the underlying poverty which is wracking the city—and the Bush administration will not be able to blame that on anyone else.

Henry Kissinger and his associates place themselves above the law

by Scott Thompson

The confirmation of former Kissinger Associates president Lawrence Eagleburger as deputy secretary of state by the Senate Foreign Relations Committee on March 20, showed, once again, that Henry Kissinger and his principal associates are above the law in the United States. There is compelling evidence that Kissinger, the global consultant and influence-peddler, has violated the Ethics in Government Act.

Yet, despite this evidence, there has never been a grand jury or other investigation carried out by the U.S. Department of Justice. That in itself is a violation of Executive Order 11222, "Prescribing Standards of Ethical Conduct for Government Officers and Employees," promulgated by President Lyndon B. Johnson on May 8, 1965.

On April 12, 1989, President Bush issued an Executive Order affirming the main clause of Johnson's Executive Order 11222, as stated in the Bush administration's "Report of the President's Commission on Federal Ethics Law Reform." E.O. 11222 "expresses the intent that employees avoid actions that would result in or create the appearance of using public office for private gain; giving preferential treatment to any organization or person; losing independence or impartiality of action; making a government decision outside of official channels."

A few recent examples of Kissinger and friends' violation of this order:

1) During his confirmation hearings, Lawrence Eagleburger named only those clients of Kissinger Associates and the affiliated consulting firm of Kent Associates (for which he was, respectively, president and director, and president and employee) for which he had done over \$5,000 worth of service. Posturing that he did not wish to "create the appearance of using public office for private gain," Eagleburger had negotiated one-year recusals from dealing with the clients of these two firms, through Judge Abraham D. Sofaer, the legal adviser to the State Department and the Office of Government Ethics. The clients named included; Anhaeuser-Busch; ASEA; Bell Telephone Manufacturing Co., Belgium; Coca-Cola; Daewoo Corporation; L.M. Ericsson; Fiat S.p.A.; H.J. Heinz Company; Hunt Oil Company; Kriti Management, Inc.; Midland Bank PLC; Three Cities Research; A.B. Volvo; Global Motors, Inc.; and Union Carbide.

However, Eagleburger refused to name all the clients of the two firms, on the basis that this would violate a confidentiality agreement signed by Henry Kissinger with the clients.

Sen. Jesse Helms (R-N.C.), who later capitulated to Eagleburger's nomination, pointed out that unless all these clients were known, it would be impossible to enforce the Ethics in Government Act, which "prohibits participating in a particular matter in which the employee or specified other related persons, business associates, or entities has a financial interest. (18 U.S.C. 208)."

Questioned about this refusal, Kissinger angrily accused the Senate of merely dragging him "through the mud."

2) Since taking office, National Security Adviser Gen. Brent Scowcroft, another of Kissinger's associates, and Eagleburger have given preferential treatment to their former boss, Henry Kissinger, who has also engaged them in a process of "making a government decision outside of official channels." The importance of the latter provision has been highlighted by the recent Iran-Contra scandal, where leading Reagan officials, from then-Vice President George Bush to CIA director William Casey to the National Security Council, virtually as a whole, were caught making critical policy decisions outside official government channels.

A recent example of such actions by Henry Kissinger involved his travel with David Rockefeller, who is chairman of the Trilateral Commission, and two other leading Trilaterals, to meet with Mikhail Gorbachov in Moscow on Jan. 23. Kissinger made the proposal for formal Western recognition of the Yalta division of Eastern and Western Europe in exchange for cosmetic changes that would make Eastern European countries appear more pluralistic. Kissinger bore a note from President George Bush, himself a former Trilateral, to Gorbachov, that gave credence to Kissinger's negotiating position. On his return to the United States, the record shows that Kissinger reported Gorbachov's response to this policy proposal to President Bush and to Secretary of State James Baker on Jan. 26, while writing a public version of the plan for a "neutral" Central Europe (including the NATO frontline state of West Germany) in a newspaper column on Feb. 6. Finally, on March 27, Secretary Baker told the *New York Times* that Kissinger's proposal was under consideration by the Bush administration, adding that it would be considered in the context of major U.S. troop withdrawals from NATO forward positions. Secretary Baker also spoke of Lawrence Eagleburger's seminal role as a liaison with Kissinger on this proposal—whose entire negotiation was "outside of official channels" and in violation of E.O. 11222.

But one felony-level violation stands out, namely, the conflict arising between various Executive Branch positions held by Kissinger and Eagleburger, and their function in a consulting firm which is central to the debt collection policies of the International Monetary Fund and major banks.

Executive Order 11222 is merely a code of conduct, but the Ethics in Government Act carries felony penalties of up to two years imprisonment and fines of up to \$250,000. Have Henry Kissinger and associates broken this law? Let the record speak for itself.

In 1983, Henry Kissinger was appointed by President Ronald Reagan to chair the National Bipartisan Commission on Central America—while Kissinger still retained his position as chairman of the multimillion-dollar consulting firm, Kissinger Associates. This proved too much for a bipartisan group in Congress, who could not approve such flaunting of conflict-of-interest ethics.

On Aug. 25, 1983, Rep. Henry Gonzalez (D-Tex.) telegraphed the President: "I sincerely request you dissolve the so-called Bipartisan Commission on Central America or at least remove Kissinger from the Commission. The continued presence of Kissinger taints the Commission because of his conflict of interest as head of Kissinger Associates."

When the Congressman failed to receive an adequate response, on Aug. 30, he announced in an exclusive interview with *EIR* his plans to introduce a "Resolution of Inquiry" on Henry Kissinger's conflict of interest as chairman of the commission. He stated, "That's right, I have called upon the President. . . . Kissinger has profited, and continues to profit from such things as even the arms sales in Central America. . . . If Kissinger, in his role as chairman of this commission, holds himself out as a sort of private State Department, which is what he's been doing since he formed Kissinger Associates, I don't see how the President can be anything but a party to it. . . ."

"There is a daily trek on the part of most ambassadors and diplomats from European countries, from Third World countries, making a beeline for his consultation services because of, and especially now, since his recognition by President Reagan, but beginning with his influence over Secretary of State Shultz, who immediately after he took office, brought in Kissinger as a sort of unofficial consultant. . . . Once these foreign entities find that out, you can't blame them for using those resources to try to gain influence. And that's all it is. It's influence-peddling, a private State Department that Mr. Kissinger has set up. . . ."

"This is what I said a while ago. I look upon his involvement with Chase Manhattan Bank as a conflict of interest, too, because Chase Manhattan is one of the banks that has one of the biggest stakes in the Latin American debt situation. I know it does in Mexico. I think it's just atrocious, but when our people say 'Our soldier boys are being used as collection agents for Chase Manhattan,' they're telling the truth."

Sen. Jesse Helms also threatened hearings into the con-

flict involving the Central America commission. But, the point made by Representative Gonzalez was most appropriate to the law. Kissinger was then chairman of the international advisory board of Chase Manhattan Bank, which was also a client of his consulting firm. Chase held extensive financial interests in Central America at the time; it is the number-one creditor in Panama.

Other board members of Kissinger Associates had conflicts, notably including William D. Rogers, who is Kissinger's personal attorney and who represented Lawrence Eagleburger in recent Senate confirmation hearings. During Kissinger's years as secretary of state, Rogers, who is now a law partner in Arnold and Porter, was the Assistant Secretary of State for Latin American Affairs, then Undersecretary of State for Economic Affairs. He was President Carter's 1980 emissary to El Salvador. But, even more importantly, in 1981, Arnold and Porter was the registered foreign agent for the Sandinista government of Nicaragua.

According to the Department of Justice, and as acknowledged by Arnold and Porter, the law firm "advised the principal [Nicaragua] on U.S. laws, regulations and policies, arms exports, and trust and estates. Registrant represented the principal in connection with U.S. legal proceedings against Nicaraguan nationals and negotiations over a disputed contract. For the period of employment from January to August 1981, Arnold and Porter was paid \$126,765." Another Arnold and Porter client then was the Panamanian government, whose principal creditor was Kissinger's Chase Manhattan Bank business associates. Thus, shortly before Kissinger was appointed to chair a commission to develop a U.S. policy for Central America, the law firm of Kissinger Associates board member William Rogers represented the Nicaraguan Sandinista government in matters that included the export of arms.

Representative Gonzalez, among others, was convinced that Kissinger had used his position with the commission for profit ("influence-peddling").

The debt-for-equity scheme

On Aug. 27-28, 1983, Henry Kissinger was the keynote speaker at the American Enterprise Institute meeting on the Pacific Rim in Vail, Colorado. At that conference, which was attended by paying representatives from 50 major businesses, Henry Kissinger, in private sessions, first raised the debt-for-equity looting scheme to bail out Chase and other banks overextended in Third World debt.

On Aug. 28, Alan Greenspan, then a consultant to Henry Kissinger and a director of the Morgan Guaranty bank, reported, "Most of the private part of the meeting was on the pressing problem of developing country debt." "What must be done," Greenspan said, "is to convert bankers' holdings of debt, which the countries can pay or not as they choose, to bankers' holdings of 'equity in the debtor nations'"—actual ownership by private European and U.S. banks of assets in the Third World. "The only problem is what equity

means in sovereign nations, " Greenspan stated. "This is not self-evident."

Kissinger's Central America commission noted that debt collection is a prominent concern, and then made provision for debt-for-equity swaps by calling for free-enterprise havens modeled on the drug capital of Hong Kong, where companies such as United Brands, which the report called a "model" company, could operate.

Hence, Kissinger's "Latin American Marshall Plan" for relief of debtor countries, spelled out in 1985, was a ruse.

Since taking office, National Security Adviser Gen. Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger have given preferential treatment to their former boss. Kissinger himself has engaged them in a process of what E.O. 11222 defines as "making a government decision outside of official channels."

His real plan, spelled out at Vail, was to use a harsh dose of IMF "conditionalities" to force sovereign nations to trade debt they could not repay for chunks of their country.

The conflict rises

Kissinger's client, Chase Manhattan Bank, has billions of dollars at stake in Kissinger's ability to juggle such conflicts of interest. The latest figures on major Third World indebtedness from its 1988 annual report are: Brazil, \$2.66 billion or 2.7% of total assets of the bank; Mexico, \$1.51 billion or 1.5% of total assets; Venezuela, \$1.02 billion or 1.0% of total assets; and, Argentina, \$1.01 billion or 1.0% of total assets.

Edward Lewis Palmer, a board member of Kissinger Associates, is a former director and chairman of the executive committee of Citibank, which is even more exposed than Chase in Third World debt. There are reports, as yet unconfirmed, that among Kissinger Associates clients is Citibank. Still another Kissinger Associates client, which Lawrence Eagleburger personally serviced from his position at Kissinger and Kent Associates, is Midland Bank PLC of Great Britain, which acquired significant amounts of Ibero-American debt when it purchased Crocker National Bank in the United States. Clearly, Kissinger Associates' clients have a

multibillion-dollar stake in assuring that U.S. government policy assures that Ibero-America pays these debts.

Finally, Brazil's newspaper *O Globo* reported on June 22, 1985, that Brazil signed a contract with Arnold and Porter to provide "legal advice" on negotiations with Wall Street banks—including Chase Manhattan—on debt. Kissinger Associates board member and Arnold and Porter partner William Dill Rogers had been down to Brazil several times, where he was working closely with Felix Rohatyn, the major dealmaker of Lazard Frères. A usually reliable Brazilian source told *EIR* that Rogers had been recommended to the Brazilian government by none other than Henry Kissinger. As of the latest public reports, Rogers still represents the Brazilian government, putting him in position to keep Henry Kissinger, also still on Chase's international advisory board, informed on Brazil's debt strategy.

During the period from Feb. 20 through December 1987 Brazil, the major Third World debtor of Kissinger's Chase Manhattan business partners, declared a moratorium on interest payments on its debts, causing major financial jitters at Chase and Citibank. Henry Kissinger arrived in Brazil in June 1987, where he talked up his "debt-for-equity" looting scheme as an alternative. During the visit, Luiz Carlos Bresser Pereira, who was then finance minister, endorsed Kissinger's plan, stating that he wanted to thus convert \$1.5-7 billion at first, what Brazil owed as interest for 1987 and the first part of 1988. Kissinger's client, Chase, was therefore positioned to loot Brazil's vast raw materials and industry in exchange for its debt holdings.

While there is no evidence that any employee of Kissinger Associates other than Kissinger may have violated the Ethics in Government Act on the debt issue, it is notable that either Deputy Secretary Lawrence Eagleburger or National Security Adviser Gen. Brent Scowcroft, might be in violation of the act, if they become significantly involved in the issue while in the Bush administration. Already, Eagleburger, whose client was Midland Bank PLC, stated in the fall 1988 *American Agenda* report of the bipartisan group chaired by Presidents Ford and Carter, that the debt issue was too critical to be handled directly by the Treasury Department. Eagleburger, perhaps already aware that he would get the number-two post at the State Department, recommended that State be given responsibility for this issue.

Already, an attorney for Lawrence Eagleburger at Arnold and Porter named Ken Juster, has advanced the argument to a journalist from Intercontinental Media, that Eagleburger can, in fact, handle the Third World debt issue at State, because "he would be representing the whole class of creditors, not just his clients."

Should Eagleburger become so involved, this may be determined by the courts, assuming Eagleburger is not given the same "preferential treatment" that has been meted out by the Justice Department with regard to Kissinger's conflict of interest violations.

NDPC seeks action on food, power, water

At the Senate and House Appropriations Committee hearings to receive public comment on the FY 1990 budget appropriations, testimony on the need for emergency action on energy, water, defense, and food policy was presented by the National Democratic Policy Committee (NDPC), the political action committee of the LaRouche wing of the Democratic Party.

Conducted by subcommittees, the public input into the budget appropriation process has been planned by congressional staff to be *pro forma*. For example, the Senate Subcommittee on Agriculture, Forestry, and Rural Development scheduled three days of public testimony (April 13, 19, and 20), with each witness allotted five minutes. Usually, only one senator is present to chair the meetings.

This year, the submissions by the NDPC caused a stir, both because Lyndon LaRouche is in jail after a federal show trial last year, and because of the NDPC's request for the Appropriations Committee to cease the budgetary restraint syndrome, and initiate measures to expand national food, power, and water supplies.

On April 11, testimony was given before the House Appropriations Energy and Water Subcommittee by William Jones, on behalf of the NDPC. When Jones was called to the speaker's table, subcommittee chairman Tom Bevill (D-Ala.) remarked, "Well, it's good to see the National Democratic Policy Committee Back again." Jones replied, "I can assure you, Congressman, that the NDPC is still very much alive and well." This statement was greeted with total silence among the aides and audience present.

On April 13, testimony was given before the Senate Subcommittee on Agriculture, Forestries, and Rural Development by Marcia Merry, on behalf of the NDPC. Again there was stunned silence when Merry directly raised the issue of the jailing of Lyndon LaRouche—as part of "secret government" operations that should be investigated and dismantled.

She said, "On the question of the shadow government: Around the Federal Emergency Management Agency—it's called FEMA—there has arisen a whole grouping connected to the National Security Council that is doing unlawful acts. In the Oliver North trial across town, names are coming out—Secord, others, including Mr. Revell, the second man at the FBI. Similar things came out in connection with Lyndon LaRouche in the Boston case against him, on which the lid was slammed shut. Since then, in the LaRouche case, an Agriculture Department person connected with this shadow government—his name is Buster Horton, who is the liaison

of the Agriculture Department to the Federal Emergency Management Agency—became foreman of the jury that was set up in Virginia in December, and they convicted LaRouche. He is now in jail, and they sentenced him to 15 years—an incredible sentence for a man in his sixties. In other words, that's this 'secret government' on the loose."

Merry further stressed, "And I want to put to the committee, that there is no need for emergencies around things like food, energy and such things. Because we could build our way out of the mess into which our country has declined, and that the West in general is falling into."

Measures proposed

Both Merry and Jones presented specific measures to the Congress. In his testimony, Jones said that in light of the sabotage of the civilian nuclear power industry and electric utilities by the environmentalists, which has resulted in severe power shortages throughout the country, it was necessary to push forward with the nuclear program. For the defense industry, Jones stressed that a crash energy program approach was needed to complete three different "next generation" tritium-production facilities.

Jones referred the Senate to the day's *New York Times* article on experiments at Texas A&M University which corroborate the earlier "room temperature" fusion experiments at the University of Utah. Jones pointed out that the development of fusion power could put an end to the "limits to growth" hysteria.

In reference to the third straight year of drought, Jones drew attention to large-scale water projects, like the North American Water and Power Alliance (a 25-year-old project to divert water flowing north into the Arctic Ocean, to the south through Canada, to the United States, and to Mexico), which had originally been proposed by Sen. Frank Moss (D) of Utah. "Had this been done 10 years ago, we might not be facing the problems we're having today. But I'm an optimist at heart, and I always say, 'It's never too late—provided that it's done now.'"

On agriculture, Merry called for the committee to replace the Department of Agriculture's current restrictions of food output, with measures—as during the Second World War—to dramatically expand output. "There are 500 million people undernourished in the world . . . 15 million in the United States are dependent on some form of food assistance . . . in the face of this, 'set-aside' is genocide. Low-input 'sustainable' agriculture is genocide. Low inputs mean low food output. which means many are condemned to go hungry." Merry called for parity pricing for farmers, a stay on farm foreclosures, low-interest production credits for farming, and an investigation into the cartel companies manipulating the food crisis.

"We also need a stay on these exports to the Soviet Union," she said. "They are at an unprecedented rate, the food and grain exports."

Journalists' rights, and what's right

Despite a top-draw speakers list, the biggest crowd at the journalists' conference came to debate Geraldo and friends.

Every year, the American Society of Newspaper Editors convention attracts one of the most impressive lists of speakers of any of the hundreds of confabs held in the nation's capital.

This time, the more than 1,100 registrants were treated to President Bush, Vice President Quayle, Secretary of State Baker, Israeli Prime Minister Shamir, Soviet Ambassador Dubinin, U.S. Drug Czar Bennett, Colombian President Barco, Senate Majority Leader Mitchell, Democratic Party chairman Brown, and corporate raider Icahn, to name just a few crammed into the three-day schedule.

With such a program, including gala receptions sponsored by both the *Washington Post*, at the Corcoran Art Gallery, and *Washington Times*, and an invitation to a Ford's Theater show, compliments of the Gannett Company, lesser speakers like scientist Carl Sagan were barely able to pull 100 to hear them.

But despite the top-draw speakers, the session that enjoyed the biggest draw was the roundtable debate that featured such dubious figures as Morton Downey, Jr., Phil Donahue, and Geraldo Rivera—the most notorious “tabloid-style” TV personalities.

The title of the session was, “Who Is a Journalist? Talk Show Sensationalism.” Moderated by Fred Friendly of the Columbia University Seminars on Media and Society, the subject was whether or not the foul-mouthed, sensationalist antics of Downey, Donahue, Rivera, et al., and the screamer-headline format of such as the *New York Daily News*, is, in fact, journalism, or merely entertainment pandering to the lowest common denomina-

tor.

Included on the panel were Don Hewitt, executive producer of CBS's “60 Minutes,” which is considered the grandfather of the “tabloid TV” phenomenon, TV critic Tom Shales of the *Washington Post*, Robert Pittman of Quantum Media, which helped get Downey's show off the ground, Jack Nelson of the *Los Angeles Times*, F. Gilman Spencer, editor of the *New York Daily News*, Stanley Hubbard of Hubbard Broadcasting in Minnesota, Geneva Overholser, editor of the *Des Moines Register*, Iowa, and Larry King, a talk show host on Mutual Radio and the Cable News Network.

The free-wheeling debate, televised on the local Public Broadcasting station later that night, itself had much of the trappings of a typical Mort Downey show.

Part of the reason was that legitimate heat was being generated by some of the participants, who became emotional in their contempt for what they called the “pandering” that passes for news in tabloid newspapers and TV.

This was not a topic of idle amusement for anyone at the conference, because newspaper publishers continue to face a drop in revenues, due largely to greater competition from other media sources, especially with the advent of cable TV. The newspaper business, which has already undergone an incredible shrinkage in the last 30 years, continues to hang by its fingernails.

In fact, what's happened to the nation's newspapers since the 1950s rivals in volume the current collapse of the savings and loan system. Large U.S. cities which used to boast four, five, or even six daily papers are now

lucky if they have two, and especially lucky if those two are not owned by the same corporate giant.

Not only are daily newspapers facing virtual extinction as an American institution, except for those which are owned by one of the huge chains like Knight-Ridder or Gannett, but, increasingly, radio and TV stations are also surviving only by virtue of being bought out by a major newspaper or newspaper chain.

Where does this leave “news”? For some, it means having to compete for the advertising dollar and attention of the public by becoming more and more outrageous.

This was the argument of Donahue, for example, in the roundtable debate. He justified showing up on his show wearing a dress in one episode, for example, on grounds that it created interest, and that once you have the attention of an audience, then you can sneak in more important issues onto your show.

Others argued that Donahue made a fool of himself by resorting to such a tactic, hurting his credibility.

Rivera countered, “What we are experiencing is the democratization of news” that is permitting issues which are ignored by traditional news sources to now get covered.

Hubbard got into a shouting match with Rivera, insisting it is all being done not in the name of democracy, but only for money. Mind you, he thought that was just fine.

Those most upset by the overall trend represented by the “tabloid” phenomenon were Overholser, who said it was “pandering,” Shales, and King.

Moderator Fred Friendly at one point invoked a remark by Supreme Court Justice Potter Stewart, who said, “The problem with journalists is they don't distinguish between what are their rights and what is right.”

Pressure builds on Speaker Wright

The financial affairs of House Speaker Jim Wright (D-Tex.) continue to be the subject of scrutiny by the House Ethics Committee. A serious blow to Wright's case came as two Democrats joined with the six committee Republicans in ruling that the benefits provided by Wright's longtime friend George A. Mallick were gifts that should have been disclosed by the speaker.

Acting behind closed doors, the committee reportedly voted that Wright accepted those gifts from someone with a direct interest in legislation, and that Wright had bypassed House limits on outside income through bulk sales of his book *Reflections of a Public Man*. The committee is expected to announce its preliminary findings as early as April 14.

If the committee later finds that Wright should be reprimanded, censured, or expelled, the issue would go to the House floor, which might doom Wright's chances of remaining speaker. Wright's lawyer, William Oldaker, told House Democrats on April 12 that he expects the committee to accuse Wright of about 30 violations of House rules.

Wright held an emotional press conference on April 13, and insisted that he had not violated any "rules nor any commonly accepted standard of ethical conduct." He promised to fight the allegations, saying that the committee was elaborating and applying new rules retroactively.

Senate approves 'whistleblower' bill

The Senate voted on April 5 to authorize rewards of up to \$250,000 to in-

dividuals who "blow the whistle" on fraud by government contractors. By a vote of 82-16, senators agreed to give the U.S. Attorney General discretion to pay rewards to persons who provide information relevant to a possible fraud prosecution.

The bill, sponsored by Sen. Howard Metzenbaum (D-Ohio), was approved Feb. 23 by the Senate Judiciary Committee and reported on March 13. Sen. Dale Bumpers (D-Ark.) proposed a motion which would delete the reward provision, but this was tabled 55-43.

"In the ideal world," Metzenbaum said, it should not be necessary to offer incentives to people to "ferret out fraud." But, he added, "we live in a real world, and until contractor fraud is wiped out, we must use every tool available, including, in selected cases, incentives to informants."

Senate-Bush fight looms on minimum wage

The Senate on April 12 approved a Democratic plan to raise the hourly minimum wage by \$1.20 to \$4.55 an hour over the next three years, but fell short of the votes necessary to prevail in what threatens to become the first veto confrontation between Congress and President Bush.

Under a compromise designed to win the support of conservative Democratic southerners, the Democrats accepted the concept of a lower "training" wage for new workers for the first time, but sharply limited its application.

After adopting the Democratic plan, the Senate voted 58 to 41 to reject a Bush-backed alternative to raise the minimum wage floor to \$4.25 and allow employers to pay a lower "train-

ing wage" at 80% of the minimum to any newly hired worker for the first six months of employment.

Bush, who pledged to support a minimum wage increase during his campaign, has refused to compromise on the issue and has threatened to veto any legislation that goes beyond his proposal—a position which the White House reaffirmed after the Senate vote on the bill.

Bush nominees facing Iran-Contra problems

Information released during the trial of Oliver North has begun to cause problems for a number of Bush administration nominees who still face confirmation by the Senate.

Michael Armacost, the third-ranking official in the Reagan State Department, nominated by Bush as ambassador to Japan, was questioned by the Senate Foreign Relations Committee concerning a meeting which he allegedly attended on Feb. 7, 1985, in which the Reagan administration decided to reward Honduras for helping the Nicaraguan contra rebels. The reports stem from a 42-page government "statement of facts" released in the North trial.

Armacost denied participating in that meeting, and also denied that he negotiated in August 1985 with David Kimche, a top Israeli official whom he met with regularly, to continue that country's military aid to political forces in Ibero-America.

The Foreign Relations Committee delayed a vote on the Armacost nomination and that of John Negroponte as ambassador to Mexico. Negroponte, who was ambassador in Honduras from 1981 to 1985, was pivotal in winning Honduran support for the

Contra program. The vote was delayed because members want to examine whether Negroponte was involved in the 1985 decision to offer "enticements" to Honduras.

According to the *Washington Post*, Sen. Alan Cranston (D-Calif.), chairman of the Foreign Relations Asia Subcommittee, suggested to Secretary of State James Baker that the administration reconsider the nomination of Donald Gregg as ambassador to South Korea, since evidence from the North trial raised new doubts about Gregg's truthfulness and past assertions that he did nothing illegal or improper in his contacts with North and other Iran-Contra figures.

The Bush administration is so far sticking with the Gregg nomination.

Agreement near on austerity budget

Administration officials and congressional negotiators are in the process of reaching an agreement on the budget for the next fiscal year. The agreement will supposedly set the stage to reduce the budget deficit by \$28 billion for fiscal year 1990.

According to the Bush administration, this would meet the deficit limit of \$100 billion set by the budget balancing law. About half of the spending reductions would come from cuts in Defense, meaning that military spending in the next fiscal year would be slightly less than the administration requested, and domestic spending slightly more.

A large share of saving in domestic areas would result from changing the rules of government entitlement programs like Medicare and farm support payments previously written into

law. Medicare costs would be about \$2.5 billion lower than they would be without the changes, a smaller reduction than was sought by the President.

Congressman asks probe of LaRouche trial

Rep. Henry Gonzalez (D-Tex.), chairman of the House Banking Committee, has asked that the House Judiciary Committee hold hearings on the court procedures in the trial and conviction of political activist Lyndon LaRouche. The congressman's request came in a letter to Rep. Don Edwards (D-Calif.), chairman of the Judiciary subcommittee on Civil and Constitutional Rights, on Feb. 22.

"I am writing in regard to the trial, conviction, and appeal of Mr. Lyndon LaRouche and to ask you to hold hearings to investigate this matter," Gonzalez wrote.

Gonzalez said that he did "not agree with Mr. LaRouche's political philosophy, nor do I condone his tactics," but said, "I am concerned about the court's actions in this case."

"The actions of the court merit review. Under our system, a person's political philosophy no matter how repugnant is not cause for denial of due process. While the court may not have intentionally reacted to Mr. LaRouche's politics in denying bail, the appearance of impropriety merits investigation. We have no protection against the abuse of governmental power, if even one person is subject to persecution for their political views."

Representative Edwards replied on March 1 that the committee did not have the resources to investigate an individual case, and could not involve itself in pending litigation.

NDPC demands inquiry into Horton role

The role of Buster Horton, the Department of Agriculture official who both served on an elite task force which had a responsibility to "Get LaRouche," and was also the foreman of the jury which convicted Lyndon LaRouche in Alexandria, Virginia, was raised by the National Democratic Policy Committee in testimony to the House Appropriations Commerce, Justice, State, and the Judiciary Subcommittee on April 12.

NDPC representative William Jones urged Congress to "do what it must to ensure a thorough investigation, house cleaning, and, where appropriate, prosecution of those responsible" within the Department of Justice for the massive government misconduct in the LaRouche case.

Jones also outlined Judge Albert Bryan's failure to allow *voir dire* questioning by the defense of prospective jurors, which prevented the defense from learning who Horton was until after the trial. Jones underscored the seriousness of the civil rights violations by pointing out that former Attorney General Ramsey Clark, an opponent of LaRouche on many political issues, is now serving as lead attorney for him and his six imprisoned associates, on their appeal.

"The misconduct is ongoing," Jones warned, "which is clearly shown by the recent verdict of a Virginia court against 36-year-old Rochelle Ascher, a LaRouche associate, to 86 years in prison for alleged securities fraud. Eighty-six years! Not even mass murderers are receiving those kinds of sentences, and this for political organizing. Something is seriously wrong in the functioning of our judicial system when such atrocities are allowed to occur."

National News

Kennan claims Russian Revolution over

George F. Kennan, a leading figure in the Eastern Establishment circles credited with formulating the last 50 years of U.S.-Soviet policy, testified to the Senate Foreign Relations Committee on April 4, that the policies of Mikhail Gorbachov have brought an end to the revolutionary epoch in the Soviet Union.

"What we are witnessing today in Russia is the breakup of much, if not all, of the system of power by which that country has been held together and governed since 1917," Kennan claimed. "A new Russia is going to emerge from all this confusion which will not resemble the one we have known for the past seven decades."

Kennan, who first proposed 50% cuts in strategic arsenals in 1981, said that there have been insufficient efforts to reach accords with the Soviet Union for major weapons cutbacks. He said that while the condition of the Eastern European satellites had become "perilous," there was no chance of a Soviet invasion of Eastern Europe as happened in 1956. "That country should now be regarded essentially as another great power like other great powers," Kennan concluded.

Committee members, mainly ultra-liberals, gave him a standing ovation at the end of his testimony.

Bush slashes spy satellite budget

The Bush administration does not plan to modernize those U.S. surveillance satellites crucial for monitoring Soviet compliance with the Intermediate Nuclear Forces treaty, according to comments by Sen. David Boren (D-Okla.), chairman of the the Senate Intelligence Committee, on April 6.

President Reagan had promised that the satellites, mainly KH-11 and LaCrosse types, would be modernized as a condition for Senate approval of the INF treaty.

Boren said that failure to uphold the commitment "would seriously jeopardize our own near-term national security interests and could slow down completion of a strategic arms reduction treaty."

Webster moots CIA-KGB collaboration

Director of Central Intelligence William Webster confirmed increasing speculation that the CIA and Soviet KGB may collaborate on anti-terrorist actions in an April 7 New York *Daily News* column by Lars-Erik Nelson, entitled, "CIA and KGB To Be Pals?"

Webster, after noting that KGB chief Vladimir Kryuchkov had held an unprecedented meeting in Moscow with U.S. Ambassador Jack Matlock, said, "There's some suggestion that we might do something together about terrorism," and added, "It isn't what I have in mind, because I'm not lobbying for it, but I think this is being increasingly suggested and hinted at, and we will at some point be asked to make a recommendation on it."

Webster suggested that cooperation might take place in cases such as the Pan Am 103 bombing, where there is no conceivable political argument that might arise around the idea "that one man's terrorist is another man's freedom fighter."

The *New York Times* reported on April 7 that the Soviet Union has agreed to meet to discuss cooperation on the issue of terrorism, narcotics trafficking, and protection of the environment, on the initiative made by Secretary of State James Baker during his meeting in Vienna in March with Soviet Foreign Minister Eduard Shevardnadze.

Under the Reagan administration, the late CIA chief William Casey had concluded that the Soviets had a hand in training terrorists, and there was a consensus that Moscow has provided support to most of the countries identified by the United States as state sponsors of terrorism.

Herbert Meyer, vice chairman of the CIA's National Intelligence Council from 1982 to 1985, told the *Times* that evidence of Soviet involvement in terrorism was

compelling. "There is no question that in the past, the Soviet Union has been a key player in state-sponsored terrorism. . . . They have provided support through training facilities and other means. If the Soviet Union still supports those states which engage in terrorism—Iran, Libya, Syria, Yemen, North Korea—then the idea of cooperation is insane."

NRC speeds nuclear plant licensing

The Nuclear Regulatory Commission adopted a major streamlining of the licensing of nuclear plant construction on April 7, which may halve the time required to build a nuclear plant.

Unless Congress changes current law, the NRC must still hold separate construction and startup licensing hearings, but it will now attempt to approve siting, design, and construction plans at one time.

"We should be able to build a plant in six years or less" with the streamlined procedures, NRC Chairman Lando Zech said.

SDI laser test successful

The Strategic Defense Initiative Organization conducted a highly successful ground test of a high-powered chemical laser on April 7. Known as the "Alpha," the laser's beam can produce 2.2 million watts of energy, making it the nation's most powerful military laser.

"We have achieved a major advance in the laser's development," said Neill Griff. Griff, who heads the SDIO's space-based laser department, added that it would greatly increase "our confidence in being able to build directed energy weapons."

Original SDI plans called for the Alpha laser to be launched into space in 1994 as part of the "Zenith Star" experiment, to test its effectiveness against moving targets in space.

The success comes as Defense Secretary Cheney is calling the SDI "oversold."

NDPC appeals court 'death sentence'

Warren J. Hamerman, chairman of the National Democratic Policy Committee, announced on April 11 that the NDPC has filed an emergency motion for rehearing to challenge the multimillion-dollar contempt fines upheld by the U.S. First Circuit Court of Appeals in Massachusetts.

The NDPC motion points out that there was never a hearing to determine if the NDPC was in contempt. In the absence of such a hearing, it noted, the recent Appeals Court opinion upholding the fines misconstrued the factual record of the NDPC's full compliance with the grand jury subpoena. Prosecutors wrongly implied that there was a factual basis for the judgment against the NDPC, and invented the notion that the NDPC was the owner of index cards which were in dispute. The entire basis of the contempt fine against the NDPC is one vague and ambiguous affidavit on the Oct. 6, 1986 Leesburg search by FBI Agent Wilkes which does not even mention the NDPC by name.

The NDPC also noted that Judge Mazzone and the Appeals Court completely overlooked the fact that NDPC Chairman Warren Hamerman submitted two affidavits swearing that the NDPC was not in contempt, which entitled the NDPC to an evidentiary hearing before the fines were imposed.

The NDPC further argued that the enormous amount of the contempt fines should not have been imposed without a hearing to determine if the political organization had the basis to pay. The NDPC argued that the fines were excessive and would destroy the political committee as a political organization.

The NDPC also argued that the Appeals Court cannot ignore the First Amendment violations of delivering an economic death penalty to a PAC. Citing two similar precedents involving the NAACP and the United Mine Workers, the NDPC argued that "it would be unfortunate if NDPC—because of

its political association with Lyndon LaRouche—were judged by different rules. The best way to insure that the same rules are applied to all political organizations is to mention those rules, and we ask for reconsideration in light of them."

U.S. probe of Safra, Shakarchi still open

In a brief interview with *EIR* on April 13, U.S. Attorney Andrew Maloney of the Eastern District of New York corrected a false report circulated in an AP wire in Europe, that his office had shut down its criminal investigation into drug money laundering by the Zurich-based Shakarchi Trading Company, New York's Republic National Bank, and its director Edmund Safra.

The Shakarchi and Republic/Safra investigations are "active and continuing criminal probes," Maloney told *EIR*. He explained that a civil litigation by the U.S. Justice Department filed in early April, seizing \$183,000 in the Shakarchi account at Republic National Bank, had been dropped because further investigations had shown that the frozen funds were not derived from drug trafficking or money laundering.

In a precedent-setting civil action, the DoJ had sued nine major U.S. banks to recover \$433 million in drug profits that had been allegedly laundered for the Medellin Cartel. That action was part of a several-year-long Drug Enforcement Administration "Operation Polar Cap." A simultaneous DEA effort, dubbed "Operation Moonbeam," has turned up evidence of an ongoing "Bulgarian connection" to the laundering of profits from Middle East heroin and arms sales.

Maloney told *EIR* that the Shakarchi-Safra probe is a spinoff of the "Polar Cap" investigation, which ended early in April with over 120 indictments.

Edmund Safra, a continuing target of the criminal probe by the Brooklyn U.S. Attorney's office, is the chairman of a banking empire that stretches from Switzerland to Brazil. He is closely linked to Kissinger Associates and has been a director of the American Express Corp. since 1983.

Briefly

● **RICHARD SILBERMAN**, a fundraiser for the California Democratic Party, was arrested for laundering drug money, which undercover FBI agents told him was coming from Colombian narcotics traffickers, according to press accounts April 9. Silberman held a number of positions under former Gov. Jerry Brown, including chief of staff.

● **RICHARD THORNBURGH**, the Attorney General, is accused of having his aides prepare a 10,000-name mailing list of political contributors and contacts on Department of Justice computers for which he is now the subject of an ethics probe, according to April 6 press accounts of the *Legal Times*. John Bolton, an outgoing Meese appointee, is alleged to have called Thornburgh to account on the matter.

● **DONALD RUMSFELD**, a former Defense Secretary, wrote FBI Director William Sessions that "unverified information" in FBI background checks was made available to members of the U.S. Senate in the Tower nomination, according to press reports April 5. Rumsfeld said that he had assisted on "literally dozens" of checks by the FBI over the past 25 years, but that he will cease all cooperation until there are significant changes in the handling of information. "While I respect the men and women in the FBI, I cannot in good conscience be a party to the process as it has evolved."

● **HENRY KISSINGER**, "He's back. Conservatives who call him the Mick Jagger of foreign affairs are sounding the alarm," reports Susan Bennett in the April 4 *Pittsburgh Press*, entitled "Nightmare on Pennsylvania Avenue—Kissinger Returns!" "Actually, Henry A. Kissinger and his controversial ideas about the politics of the world never exited the diplomatic stage. But it seems the Bush administration is restoring stature" to Kissinger.

Editorial

Is the United States fascist?

On Friday, April 14, a three-judge appeals panel in Richmond, Virginia handed down a one-sentence ruling, which decided to continue to deny bail on appeal to Lyndon LaRouche and his six associates who were convicted last Dec. 16 in an outrageous political show trial in Alexandria, Virginia, where they were deprived of any right to a defense.

Not only do those judges know full well that LaRouche is guilty of no crimes, but the whole world knows as well. The appeals process in the LaRouche cases will now be subjected to the scrutiny of the world, as a test to judge at each step of the way whether the United States can be kept from turning into a fascist state like Hitler's Germany.

Lyndon LaRouche, looked to throughout the world as the only spokesman of a sane policy toward our allies, remains in jail. He is unable to interact with other world leaders; his ability to write the kind of major theoretical and strategic documents which he produced at the rate of thousands of pages per year has been reduced to a bare minimum. Further, if the 15-year sentence he was given without a single substantive charge against him stands, the 66-year-old LaRouche is effectively condemned to death.

Even though a former Attorney General of the United States, Ramsey Clark, headed the list of lawyers who submitted the motion to free LaRouche and his associates on bond, the panel of judges turned down the motion without so much as granting a hearing.

The motion to grant bond while the case is being appealed included a detailed section (see *EIR*, Vol. 16, No. 16) showing how the jury selection process ran roughshod over the right to a fair and impartial jury: in an area where a large portion of the population is employed by, or related to employees of the federal government, and where the media slanders of LaRouche have been particularly obscene and intense.

Buster Horton, the foreman of the jury that convicted LaRouche and his six friends, is in fact a member of a select (approximately 100-person) emergency task force which also included Lt. Col. Oliver North and the FBI's Oliver Revell, the hands and feet of the "Get

LaRouche" conspiracy within the federal government. This stunning proof of the injustice of the trial, ignored by the three-judge Richmond panel, was put before the public in full-page advertisements appearing in the two major Washington daily newspapers and elsewhere.

The trial of LaRouche in Alexandria, and the trial of Rochelle Ascher in Leesburg, Virginia, which ended in early April with an 86-year sentence for her for *politically organizing* for the LaRouche movement, were run like the Stalin-era show trials that massacred opponents of the regime in Soviet Russia.

If LaRouche and his associates remain in jail after the appeals process has been exhausted, then it will have been clearly demonstrated that the United States is indeed a fascist state, just as was Nazi Germany under the Hitler regime.

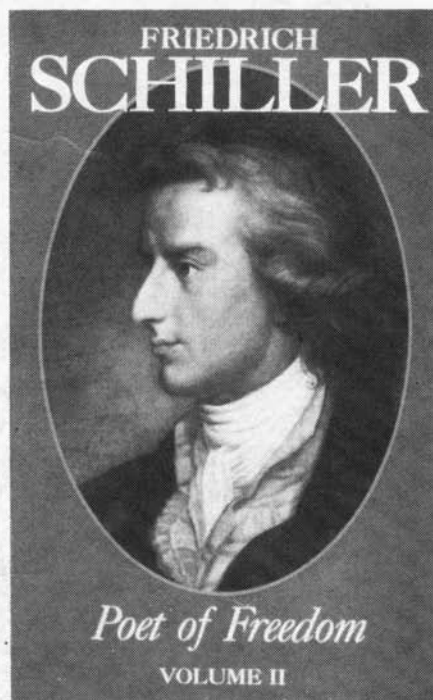
If this is the case, the lesson of this will have to be drawn by all the nations of the world, and the patriots within these nations will have to act to restore constitutional order in the United States. We would be shirking our responsibility if we did not immediately issue this warning: There is a grave danger that a coup d'état has already occurred in the United States. If this is the case, it will mean that Henry Kissinger and the Trilateralites have solidified a deal with the Soviets, which in turn will inevitably mean that there will be a general war.

We demand that every moral individual, every opponent of the Satanic forces who threaten to destroy Western civilization and threaten the very future of mankind on this Earth, call himself or herself personally to account to act now, that his or her voice be heard demanding justice. We demand that they mobilize with us to free LaRouche and his associates.

The penalty must immediately be escalated now on the Bush administration. They must be made aware of the political repercussions of allowing fascist justice to usurp constitutional law in the United States. They must be made to feel the consequences of carrying forward international policies which spell genocide on a scale hundreds of times greater than the atrocities perpetrated by the Hitler gang.

"There is a limit to the tyrant's power."

—Friedrich Schiller,
Wilhelm Tell.



The long-awaited second volume of the Schiller Institute's new translations of Germany's greatest poet. Includes two plays, "Wilhelm Tell," "The Parasite"; On Universal History; On Grace and Dignity; The Esthetical Lectures; and numerous poems.

562 pages.

\$15.00

Make checks payable to:
Ben Franklin Booksellers, Inc.
27 S. King Street, Leesburg, VA 22075

Shipping: \$1.50 for first book, \$.50 for each additional book. Or, order both volumes of the *Schiller, Poet of Freedom* translations (Vol. I contains the play "Don Carlos," poems, and essays) for \$25.00 postpaid.

Executive Intelligence Review

U.S., Canada and Mexico only

1 year \$396
6 months \$225
3 months \$125

Foreign Rates

**Central America, West Indies, Venezuela
and Colombia:** 1 yr. \$450, 6 mo. \$245,
3 mo. \$135

South America: 1 yr. \$470, 6 mo. \$255,
3 mo. \$140.

Europe, Middle East, Africa: 1 yr. DM 1400,
6 mo. DM 750, 3 mo. DM 420. Payable in
deutschemarks or other European currencies.

All other countries: 1 yr. \$490, 6 mo.
\$265, 3 mo. \$145

**I would like to subscribe to
Executive Intelligence Review for**

1 year 6 months 3 months

I enclose \$ _____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to EIR News Service Inc.,
P.O. Box 17390, Washington, D.C. 20041-
0390. In Europe: *EIR* Nachrichtenagentur
GmbH, Postfach 2308, Dotzheimerstrasse 166,
62 Wiesbaden, Federal Republic of Germany,
telephone (06121) 8840.

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

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

EIR

SPECIAL

REPORT

The Kalmanowitch Report:

Moscow's Moles in the Reagan-Bush Administration

with a preface by Lyndon H. LaRouche, Jr.

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

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

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

120 pages Price: \$150

Make checks payable to:

EIR News Service, Inc.

P.O. Box 17390

Washington, D.C. 20041-0390