

EIR

Executive Intelligence Review

August 9, 1985 • Vol. 12 No. 31

\$10.00

Peru's new President breaks with the IMF
Probe Don Regan ties to drug-money laundering!
Exclusive interview with Franz-Josef Strauss

**How private initiative can help
to colonize the Moon and Mars**



EIR

Quarterly Economic Report

The Looming Bankruptcy of the United States

June 15, 1985

Are the U.S. government's "free enterprise" policies bringing on the "final collapse of capitalism"?

How the Russians must be laughing. With an overvalued dollar, the United States is collapsing internal production capabilities at a rate which must soon reach the point of no return, while ruining the economies of its allies. An estimated \$1.3 trillion is being looted annually out of U.S. productive capabilities.

Did you know that . . .

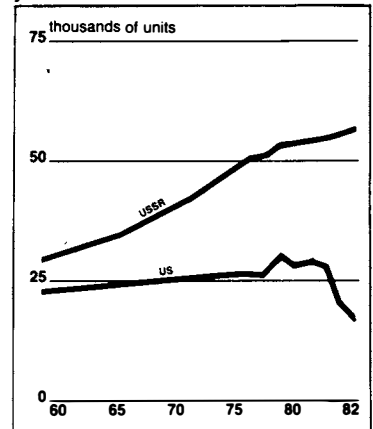
- **Out of the U.S. banking system's some \$3 trillion in loan assets, at least \$2 trillion is worthless?** The S&L panic is only the beginning.
- **Since the 1950s, America's living standard has been cut by 50%.** The American population has a deficit of 20% to 70% in basic goods needed for its survival.

Since the fall of 1979 LaRouche's forecasts have established a record unparalleled in accuracy by any other economic forecasting service in the nation. Data Resources International and Chase Econometrics proved unable, in the fall of 1979, to correctly forecast the consequences of the credit policy then being initiated from the Federal Reserve by Paul Volcker. LaRouche did. Those agencies, and their co-thinkers, have been repeatedly exposed as incompetent bunglers, while the LaRouche record has been maintained.

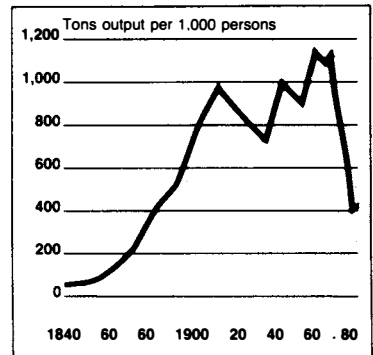
Full year subscription: **\$1,000**
Single issue (second quarter 1985): **\$250**

Order from:
EIR News Service P.O. Box 17390, Washington, D.C. 20041-0390

U.S. and Soviet production of power-driven metal-forming machine tools not portable by hand, 1960-82



U.S. iron output per member of the labor force



Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor-in-chief: *Criton Zoakos*

Editor: *Nora Hamerman*

Managing Editor: *Vin Berg*

Features Editor: *Susan Welsh*

Production Director: *Stephen Vann*

Contributing Editors: *Uwe Parpart-Henke,*

Nancy Spannaus, Webster Tarpley,

Christopher White

Special Services: *Richard Freeman*

Advertising Director: *Joseph Cohen*

Director of Press Services: *Christina Huth*

INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot*

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg*

Economics: *David Goldman*

European Economics: *Laurent Murawiec*

Energy: *William Engdahl*

Europe: *Vivian Freyre Zoakos*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Middle East: *Thierry Lalevée*

Science and Technology: *Marsha Freeman*

Soviet Union and Eastern Europe:

Rachel Douglas

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*

Bogotá: *Javier Almario*

Bonn: *George Gregory, Rainer Apel*

Caracas: *Carlos Méndez*

Chicago: *Paul Greenberg*

Copenhagen: *Leni Thomsen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Los Angeles: *Theodore Andromidas*

Mexico City: *Josefina Menéndez*

Milan: *Marco Fanini*

Monterrey: *M. Luisa de Castro*

New Delhi: *Susan Maitra*

Paris: *Katherine Kanter*

Rome: *Leonardo Servadio, Stefania Sacchi*

Stockholm: *Clifford Gaddy*

United Nations: *Douglas DeGroot*

Washington, D.C.: *Nicholas Benton,*

Susan Kokinda, Stanley Ezrol

Wiesbaden: *Philip Golub, Mary Lalevée,*

Barbara Spahn

Executive Intelligence Review (ISSN 0273-6314)
is published weekly (50 issues) except for the second
week of July and first week of January by New Solidarity
International Press Service 1010-16th N.W., Washington,
D.C. 20036 (202) 955-5930

In Europe: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic
of Germany
Tel: (06121) 44-90-31. Executive Directors: Anno
Hellenbroich, Michael Liebig

In Mexico: EIR, Francisco Días 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 © 1985 New Solidarity International Press Service.
All rights reserved. Reproduction in whole or in part without
permission strictly prohibited. Second-class postage paid at
New York, New York and at additional mailing offices. 3 months
—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10
Academic library rate: \$245 per year

To Post Master: Send all address changes to EIR, 1010-
16th N.W., Washington, D.C. 20036 (202) 955-5930

EIR

From the Editor

The *Executive Intelligence Review* is in the process of expanding our international bureaus and capabilities for two interrelated reasons: one, to give our readers truthful reports on what is going on in this dangerous world that you won't find in the appeasement-minded major media; two, to offer the expanding series of *EIR* seminars and private discussions that enables us to help shape policy alternatives in many countries of the world.

The lead section of this week's *Economics* report reflects the effective on-the-scenes reporting job done by the chief of our Lima bureau, Sara Madueño de Vásquez, during the inauguration ceremonies of the new Peruvian President, Alan García. As has now become news everywhere, President García has made his economic policy the closest approximation yet seen in any government of the Operation Juárez proposal of *EIR*'s founder and contributing editor, Lyndon LaRouche. During August, materials like those published in last week's *EIR* cover story, comparing the outcomes of the Kissinger, Fidel Castro, and LaRouche debt plans, will be made available throughout the continent in English and Spanish to help organize support for García's courageous initiative.

The *Conference Report* (page 36) on the International Democratic Union proceedings in Washington in late July likewise shows the impact of *EIR*'s intervention on strategic issues of defense and anti-drug policy, among a very different political layer—the leaders, in or out of office, of non-socialist political parties in Western Europe and the Americas, who were interviewed by *EIR* Washington reporters Webster Tarpley, Nicholas Benton, and Ronald Kokinda.

Next week, the cover story will focus on the Philippines, utilizing the reports of the two *EIR* representatives who recently toured that country. We intend to document the crimes of the U.S. State Department against this vital ally, and lay out the basis for what U.S. policy must be. The first step toward preventing an Iran-like disaster at this late stage, will be to disseminate this information as broadly as possible.

Nora Hamerman

EIR Contents

Departments

- 20 Pestilence of Usury**
IMF gets okay to monitor Colombia.
- 49 Dateline Mexico**
Bank of Mexico: more than devaluations.
- 50 From New Delhi**
Soviet-Iranian pressure on Pakistan.
- 51 Southeast Asia**
World Bank scheme exposed.
- 52 Report from Bonn**
Does DGB equal KGB?
- 53 Report from Paris**
The opposition swings to the SDI.
- 64 Editorial**
U.S. must support García.

Conference Report

- 36 Conservative leaders respond to EIR's 'Global Showdown'**
Our correspondents' interviews with several world leaders at the July 24-26 conference of the International Democratic Union.
- 37 Franz Josef Strauss**
- 38 Dr. Alois Mock**
- 39 Manuel Fraga Iribarne**
- 40 Misael Pastrana Borrero**
- 41 Konstantin Mitsotakis**

Economics

- 4 Peru's García draws the line against international usury**
Pending establishment of a debtors' cartel, he told the world, he is strictly limiting the percentage of the nation's earnings going for debt service, and will talk to creditors, but not to the IMF.
Documentation: Excerpts from his inaugural address, and reactions.
- 9 Mexican economy heads into new IMF nightmare of collapse**
- 11 International banks push budget crisis**
- 12 Volcker tells debtors: Don't plan on growth**
- 13 The S&L crisis: Big banks move in**
- 14 Rev. Mpolesha asks Nuremberg Tribunal**
The African churchman's denunciation of the IMF before a West German audience.
- 16 Currency Rates**
- 17 South African minerals and Soviet strategy**
- 18 'Junk bonds': How drug dollars are taking control of the U.S. economy**
- 21 Agriculture**
"Bumper wheat crop" a cartel hoax.
- 22 Business Briefs**

Feature



NASA

American astronauts on a manned Mars landing mission, in an artist's depiction. The scientific challenge of realizing this goal will require input from private entrepreneurs, as well as a government crash effort.

24 Private initiative for colonizing the Moon and Mars

In his June 15 keynote address to the Krafft Ehrlicke Memorial Conference, LaRouche argued for the adoption of a Moon-Mars colonization project as the guiding mission-assignment for implementation of the SDI and its "spill overs." We publish here a follow-up memorandum.

International

42 Can moderates stem the tide of holocaust in South Africa?

If Bishop Tutu and his allies are swept aside, then the death of more than 500 people in South Africa in the past year, is but a foretaste of the holocaust that will engulf the entire region, as per British and Soviet design.

44 Moscow's August war plans in the Mideast

An Israeli-Syrian deal on the "final solution" to the Palestinian problem, intersects the period of the Mecca pilgrimage, which has placed all Western intelligence agencies on high alert.

46 Scope of Soviet naval maneuvers 'astounds' NATO officials

48 Portugal: New elections set as instability increases

54 International Intelligence

National

56 Probe Don Regan for drug money-laundering ties

A new scandal is about to be visited on the Reagan administration, putting into the shade all previous affairs.

58 General says OSI is unconstitutional

John Bruce Medaris's July 23 attack on the KGB collaborators at the Justice Department's Office of Special Investigations.

59 Eye on Washington

America has lost \$23 billion in health care.

60 Congressional Closeup

62 National News

Correction: *EIR's* August 2, 1985 *Feature*, "The fraud of Kissinger and Castro's debt proposals," contained an error in Figure 15 (p. 29), "'Operation Juárez B' proposal: indices of production and debt service (1985-90)." The numbers labeling the two lines graphed, "Production" and "Debt Service," were reversed. Production should be indexed at 149, and debt service at 18.

Peru's García draws the line against international usury

by Valerie Rush

Citing holocaust conditions that are destroying his country, Peru's newly inaugurated President, Alan García Pérez, became the first Ibero-American head of state to take an unequivocal stand against the international usurers ravaging the Ibero-American continent.

"One of every two deaths [in Peru] is of a child under five years of age who dies of diseases which could be avoided through sanitation and immunization programs. For every 1,000 children born, 127 die before their first birthday. . . . Every 4 minutes a child under 2 dies in Peru, and almost half of them die without having had the opportunity to enter a medical treatment center. . . . Is this the democracy which we are all thinking about?" the President proclaimed in his July 28 inaugural speech.

Asserting that "the people have voted for economic emancipation," García declared the economy a national disaster, and ordered a preventive, temporary shutdown of the nation's banks, slapped on exchange controls, ordered a police sweep of Lima's black-market money changers, pledged to pay no more than 10% of the country's export earnings in debt payments, and formally rejected International Monetary Fund mediation in any and all future debt negotiations with Peru's creditors.

García summed up the scope of his actions: "Peru has only one great creditor: its own people, to whom this government will allocate those resources necessary for the reconstruction of its destiny. . . . All can be negotiated except sovereignty and the political destiny of my people."

The Peruvian President did not repudiate the debt, nor did he rant and rave against the capitalist system, as Fidel Castro had hoped. The debt crisis, said García, "is not a conflict between East and West. It is not a bipolar conflict

between the two hegemonies. . . . But it is a conflict between North and South . . . and thus, the response must come from Latin America itself.

In a post-inauguration press conference, García stated: "We need a collective position to solve our common problems, problems that each one is trying to solve on their own, but from a position of weakness. We must adopt a collective position to integrate our economies through a system of compensation. Who knows if also a common currency for trade and compensation for the region. . . . That is why it is urgent to convene a meeting of Presidents; such a meeting, without the supervision of the U.S., would by itself be a historic deed."

In place of the usual empty rhetoric of the Socialist International, to which he belongs, García's inaugural pledge to protect his nation's sovereignty took very concrete form. "We will conduct a dialogue with our creditors, without using the cold agency of the IMF as an intermediary. But during the next 12 months, unless the situation changes, we will allocate for servicing the foreign debt 10% of the total value of our exports, and not the 60% which is being asked for. . . ."

García went on to order a number of initiatives which left the international bankers gasping. All banks and exchange houses were shut for an indeterminate period to give the new government the chance to formulate its program without sabotage from the oligarchy. García declared that the dollarization of the economy would cease; from now on, "wages and profits will be measured in the national currency, and not in foreign coin."

On July 30, Lima's "Wall Street," el Girón Ocona, was raided and nearly 200 money changers arrested. The government announced that it is compiling a list for publication of

Peruvians suspected of orchestrating capital flight. The central bank has already requested names of dollar-account holders from all Peruvian banks, as well as the names of all those who have sent remittances abroad in the recent period.

The head of the homicide division of the Peruvian Investigative Police (PIP), Col. Leonel Zeballos, was fired Aug. 1, after his arrest for suspected black-market dealing in dollars turned up 870,000 dollars and 351 million Peruvian soles in his possession. Panic among financiers and others has soared, with the illegal dollar now selling for 20,000 soles, up from 12,000 one week ago.

Interest rates have been reduced by 50% while the minimum wage was raised 50% and public employee salaries 15%. The prices of all basic goods were frozen, while exchange policy—including a possible freeze of dollar accounts—is still under discussion in a ministerial council meeting as of this writing.

A critical moment

García's "daring challenge to existing monetary rules," as the *New York Times* described the Peruvian head of state's inaugural pledge, comes at a critical moment for Ibero-America. In September of 1982, the Mexican government of President López Portillo stunned the financial world by nationalizing that country's banks, a move comparable to García's historic break with the IMF. Today, Mexico is on its knees before the Fund, virtually eliminating exchange controls, imposing new, drastic levels of austerity on the population; in effect, committing economic suicide on IMF orders.

Argentina, which dared to confront the Anglo-American neo-colonialists during the Malvinas war, is now busily slitting its own throat on IMF demand. Colombia, whose President Betancur sponsored the Cartagena Group in hope of forging a united front against the creditors, has just signed for IMF monitoring of its economy—without a penny of Fund lending in return!

The rout began when López Portillo's actions failed to receive adequate support from a terrified and divided continent. Alan García's bold assertion of economic independence from the IMF today offers the continent a second chance: It can either serve as a rallying-point for his besieged neighbors, or it can lead to murderous retaliation from the international banks.

The Wall Street Journal summed up the thinking of the latter on Aug. 1: "Perhaps Peru is at the point where its long-term interest lies in learning what does not work, and would be served by an open break with the IMF, and perhaps something as close to foreclosure as banks can manage internationally [emphasis added]." Federal Reserve chief Paul A. Volcker coldly commented on García's declarations: "That kind of approach contains some arbitrary elements that are not conducive to progress on this problem." He added that Peru's chances for improving its financial situation will be hurt by García's "unrealistic" proposals.

Peru's new government has, in addition, been snubbed

by its erstwhile socialist brothers. Socialist International head Willy Brandt did not even bother to attend García's inauguration. Fidel Castro, enraged at García's refusal to send a delegation to his debt conference, sent what one diplomat in

García vows to fight drugs, terrorism

President Alan García's strong denunciation of the twin evils of drugs and terrorism disappointed many of Peru's pro-terrorist left who had hoped for an indiscriminate amnesty for the Shining Path (*Sendero Luminoso*) terrorists and drug mafiosi. His denunciation probably disappointed the IMF even more, since it is drug money which the IMF has promoted ("incorporating the informal economy into foreign exchange flows") as the means for Peruvian debt payment.

In his inaugural speech, he declared: "Democracy must have authority and energy, and must not allow subversion and much less death, because we will not withdraw one single step in the face of terrorism, whatever its origin or inspiration, whether leftist or rightist. . . ."

García called for the formation of a peace commission, similar to that created by his Colombian colleague Belisario Betancur, to "do the groundwork for dialogue to persuade the misguided to return to democracy and abide by its principles."

He was equally forceful on drugs: "A historic scourge threatens our country: drug-trafficking, whose prospects of sudden fortune corrupt people and has destroyed many Peruvian institutions. Neither Peru nor any other country can permit itself to be identified as an exporter of poison. To the President of our fraternal Colombian nation, I propose that we strengthen our coordinated action to improve our bilateral police action in order to totally eradicate drug trafficking."

The Peruvian daily *Marka*, a vehicle of pro-terrorist factions in the Peruvian left, was so angered by García's refusal to exonerate the Shining Path butchers that it condemned the entirety of the speech. Lima Mayor Alfonso Barrantes, head of the United Left coalition, stated after the speech that he "had no opinion on it yet," and "needed to study it."

Some of the bases of the United Left, however, gave support to the García program. The speech thus split the nationalist left away from the pro-terror, pro-drug apparatus that has served as the IMF's protection racket in the country.

Havana described as "the most insulting message I have ever seen." Castro elaborated on all of Peru's serious social ills and added, "If you really decide to fight seriously, firmly, and responsibly against this Dantesque panorama of social calamities and to free your country, as you have publicly pledged, from imperialist domination, you will get the support of the Cuban people."

To judge from the early reactions of Peru's neighbors, President García thus far stands very much alone in his challenge to the IMF. Argentine President Alfonsín stated, "What Peru has done seems interesting . . . but each country has its own peculiarities [which] force it to take measures which may be in their interest, but not appropriate to others." Panama's Barletta echoed him: "Each country has the right to face its international economic situation and its foreign debt problems in a way that is appropriate to its own economic and political condition." Brazilian Foreign Minister Olavo Setubal returned from the inauguration in Lima with the dry conclusion: "The debt must be paid."

Even Colombia's Betancur, believed to be one of García's closest colleagues, issued what appears to be a counterproposal to García's call for an Ibero-American presidential summit, urging the creation of an Inter-American Task Force to work with Henry Kissinger on formulating a "Marshall Plan" for the continent, the same Kissinger who has been a leading adviser to the usurious creditor banks for years. Sixteen Ibero-American nations signed the "Declaration of Lima" which, while urging more flexibility on the part of the creditors, fails to endorse García's declared limit on debt payments.

Moving into the breach, however, are democratic trade union forces on the continent. On the day of García's inauguration, a "manifesto" was published in the semi-official Peruvian daily *Hoy* by the Trade Union Commission of the Schiller Institute, which declared: "We back the recent public declaration of the President-elect of Peru, Dr. Alan García, to not pay the foreign debt with the hunger of the people; to reject the efforts to convert the problem of the foreign debt of Ibero-America into an East-West conflict, because it is not a question of leaving one imperialism to fall into another; and to launch total war against drug trafficking. . . . We commit ourselves to organize the needed popular backing on the continent to assure that these statements by Dr. García become reality."

The Schiller Institute, founded by Helga Zepp-LaRouche, has undertaken to mobilize forces worldwide to back García in his fight to defend the principle of national sovereignty. The Institute sponsored a conference on the debt problem in Mexico City on July 15-17, at which 45 Ibero-American labor leaders, representing the majority of the continent's democratic unions, called for "an end to IMF genocide" and "for the integration and development of Ibero-America. . . . The illegitimate foreign debt imposed on us as a looting mechanism cannot, and should not, be paid."

Documentation

'We will talk, but not to the IMF'

The following are excerpts from President Alan García Pérez's inaugural address to the Peruvian Congress and people, delivered on July 28, 1985.

Economic reactivation

My proposal is to promote agriculture in those areas where the living standards of millions of Peruvians has remained unchanged for centuries. Thus, those neglected lands, in which no seeds, fertilizers, or tractors have ever been used, lands that are cultivated once every eight years, will produce the food we are now buying abroad. We will then attain the social reactivation for production.

My proposal is also to give jobs or a chance to earn a living to the hundreds of thousands of unemployed and underemployed people in shantytowns. We will thus attain the social reactivation of consumption. We will be building a new nation if our agricultural production can meet the consumption needs of those who now have nothing to eat because they have no jobs. This process must take place at the foundations of society, at the lowest level in the social pyramid. The local market will then buy Lima's industrial production, which is slowly dying because of vanishing demand.

. . . Our objective is to stop using fish for industrial purposes. Our objective is for fish to become the nutritional base of Peruvians. Therefore, I have instructed the minister of fisheries to immediately channel the products of our fishing industry toward the freezers and the canneries and to reduce the import taxes on tinsheet so that fish can be made an immediate resource for our people. . . .

. . . I urge you all to work to turn a speculative state into a productive state. . . .

On economic sovereignty

We need a new nationalist and democratic state . . . a nationalist state that should defend our economic sovereignty and our industry and production from unfair competition with foreign goods . . . a nationalist state that should defend our national resources, doing away with tax exemptions which, as in the case of the oil sector, have seriously affected our economy. I am hereby submitting to Congress a draft law abolishing Law 23,231, which established an oil-tax exemption. I will make it clear, though, that we need trade and call

upon foreign investors to negotiate specific and mutually beneficial dealings. . . .

The nationalist state must raise the value of its presence through our own currency, because a currency that is the sign of world capitalism has flooded our economy, thus making it dependent on the dollar. I say that to renounce the national currency is to renounce our sovereignty, and I pledge that from now on, the economy, salaries, and profits, will be measured in national currency.

The 2% of the population who are at the top of the pyramid reap the largest income through their monopolistic enterprises and thanks to the ownership of the productive apparatus. Quite often, that wealth, amassed at the expense of Peruvians, was achieved by leaving Peruvians hungry. What is worse, that wealth has served to fatten bank accounts abroad, leaving Peru without resources. . . .

I want to announce that from now on the state will revise and restrict the remittance of profits, which, quite often, were excessive and unfair. . . .

We believe in private property that is linked to the common good. We believe in free creative initiative. We reject dogmatic egalitarianism and sterile statism. . . .

Foreign debt

The foreign debt problem is our priority issue right now. From our point of view, the foreign debt reveals the relationship between the poor and the rich of the world. It is the result of the unfair exchange of our raw materials for the manufactured goods of the richest countries. It is also the result of the overvaluation of the dollar in relation to other currencies. The situation has worsened even more because of the arbitrary and unjust increase in interest rates that increases the foreign debt, and, what is worse, because of the protectionist measures of the nations that now refuse to purchase our raw materials.

For our part, we must accept that the foreign debt has often been handled in an irresponsible way, incurred to finance unproductive investments and to favor, almost exclusively, 30% of the population. . . .

If we must denounce the unjust origins of the debt, we must also accept that as a people, we have not had sufficient power or courage to change the path of our history. For that reason, we tell the agencies of international financial control that are now trying to rule our economy, speaking of austerity and of spending cuts, that they were accomplices of the waste and unproductive use of those resources, that they were accomplices during the past decade in the injection of unproductive credits whenever the international bankers wanted. They did not then use the theory of state austerity. . . . That is why Peru today owes \$14 billion, and in this year of 1985, must pay \$3.7 billion, while its exports only reach \$3 billion.

I want to refer to some essential concepts regarding this fundamental issue. First, we want to repay our debt because we are honest. Despite the fact that we are aware of its unfair

origin, our people will assume their responsibility because they recognize their own mistakes.

Second, we maintain that the historical and final solution to this problem lies in the political treatment that a united Latin American continent should give to the issue. . . . A united Latin American continent will succeed in making the wealthy countries recognize that they are also responsible for this crisis, and that they must lower interest rates, extend repayment periods, and maintain our exports' prices. . . .

Third, we reaffirm our proposal: We want to deal with our creditor countries and banks; we want them to know our reality, our decision to reactivate our economy and to attend to our people's social needs, because we will not be able to honor our commitments, without the people's help. But we want to talk without intermediaries. . . . President Alan García is an elected President and only must report to 20 million Peruvians and not to the officials of an international organization. . . .

As long as the Latin American countries do not adopt a united position . . . I announce that we will engage in a dialogue with our creditors without using a cold agency such as the International Monetary Fund as an intermediary.

Fourth . . . I want to repeat that there is an extremely large internal debt that we have to pay and that we will first make a great effort in this direction. This does not mean that we will overlook our responsibilities to our foreign creditors. We want to pay under better conditions and acting together with other countries.

Yet, as long as the Latin American countries do not adopt a united position on this subject, and keeping in mind the spirit of Cartagena, and aware of the need to move from words to actions, I announce that we will engage in a dialogue with our creditors without using a cold agency such as the International Monetary Fund as an intermediary, and that in the next 12 months, as long as the situation does not change, we will allot for the servicing of our foreign debt no more than 10% of the total value of our exports, not 60% as is being asked of us.

I am thus reasserting Peruvian economic sovereignty and the right of each people to decide its destiny without the hated mediation of organizations that are only at the service of large international interests.

The world reacts to García speech

Federal Reserve Chairman Paul Volcker, speaking to the House Banking Subcommittee July 30, 1985.

That kind of approach contains some arbitrary elements that are not conducive to progress on this problem. . . . [García's plan] may hurt Lima's prospects for improving its financial plight. [I'm not sure] what he means, we will just have to see how the situation develops over time. [Peru] will certainly be on the agenda of the next U.S. bank regulators' meeting, in September or October.

U.S. Treasury Secretary James Baker III, in Guatemala on his way back from attending the García inauguration as the head of the U.S. delegation.

To talk about so-called 'political solutions' to the debt problem, is counterproductive, and would only reduce banks' willingness to make new loans.

New York Times lead editorial, Aug. 1, 1985.

His desire to link interest payments to export earnings sounds reasonable; debtor nations cannot hope to grow their way to solvency if all foreign earnings are drained off by debt payments. But Peru's creditors will not accept arbitrary below-cost returns on their loans. Nor will they let Peru proclaim a principle of export linkage that other nations would quickly exploit to reduce their promised repayments. If Peru's terms are to be relaxed, Mr. García will have to back off this linkage and show his creditors a serious plan for growth.

Penelope Hartland-Thunberg, economist for the Georgetown Center for Strategic and International Studies (CSIS).

An ominous development, [especially] if the U.S. economy continues to weaken. If Latin American debtor countries find they can't get enough export earnings, because of a declining world economy, they will be far more tempted to joint Alan García's initiative. . . . The threat of a debtors cabal has been around since Cartagena [meeting of June,

1984]. We were able to buy off some of the Latin American countries then by giving them goodies. We might have to try to do that again, if other countries decide to go along with García. But we're in a real quandary, because there's no way you'll get taxpayers in the U.S. or Europe to bail out the banks.

Die Welt, West Germany, Aug. 1.

All of Latin America thinks the time has come to have a new approach to the debt problem. It is a fact that under present circumstances, no country is able to repay its debt. The debt problem has turned into a political rather than an economic problem. The sooner this is recognized in the U.S.A., the better the future will look for the countries of Latin America which have just returned to democratic rule. Continued intransigency, however, could turn the mountain of debt into a volcano, the eruption of which could shake up the whole Western world.

Tom Wicker, New York Times, July 30.

With the most imaginative idea yet offered by the leader of a debt-ridden Latin American nation, Peru's new president has pointed a possible way out of the region's dangerous debt crisis, one that avoids both extremes—default or years of extreme economic austerity threatening political upheaval.

Carlos Andrés Pérez, former President of Venezuela.

The day before García's speech, he told the Peruvian press: "Kissinger . . . has shown in his latest speeches that he is getting closer to, and is tuned into, our positions, demanding that the United States transact a development plan for Latin America like the Marshall Plan."

Pérez was pinned down by *EIR* the day after the García speech, on whether Pérez's support for Kissinger, a backer of IMF austerity, did not conflict with García's declaration of independence from the IMF. Pérez's response:

"No, no. What I am saying is that, while the current financial system exists, the IMF is the head of the financial system which we attack, and Henry Kissinger is its maximum defender. When I refer to Kissinger, it is [to say] that even a gentleman like he, the maximum defender of the system, even he has recognized that there is a problem of the debt."

EIR: In regard to the example of integration of the European Economic Community which was referred to earlier, what do you think of the programmatic proposal of Operation Juárez by Lyndon LaRouche, which besides proposing joint renegotiation of debt and burial of the IMF, proposes the adoption of political and economic measures for the building of an Ibero-American Common Market?

CAP: Well, that is the ideal proposal, that is where we are going, that is what we are working for. Now, things are not always so easy. The path is slow, painful, but that is where we are headed.

Mexican economy heads into new IMF nightmare of collapse

by Silvia Palacios and Timothy Rush

On July 23, the Mexican government of President Miguel de la Madrid imposed a dramatic austerity package, which included firing over 50,000 government employees, devaluing the currency by 40%, and opening up the country to speculative foreign investment, especially in the area of tourism. The package, introduced just three years after the Mexican crash of 1982 first opened the door to wrenching, foreign-dictated contraction of the productive economy, places Mexico's national sovereignty and political stability in jeopardy.

On July 25, the *New York Times* published a full-page ad, placed by the Mexican tourism secretary, describing the advantages which the 40% devaluation of the peso will bring to Mexico's tourist industry, promising foreign visitors: "Your dollar will stretch beyond your wildest dreams."

The "new 1982" blow-out of the economy first took shape in the early months of 1985. Just prior to the July 7 elections in Mexico, economic warfare by foreign users intensified in the form of oil price manipulations, speculation on the peso, and a great increase in capital flight. George Shultz's State Department had allied with the fascist PAN party, encouraging PAN plans to use the elections as a pretext for civil violence aimed at overthrowing Mexico's republican institutions and imposing the new round of International Monetary Fund (IMF) austerity. The PAN's "Plan Madero" was at least temporarily aborted, however, by the ruling PRI's resounding electoral victory.

But instead of taking advantage of the victory to defend Mexican sovereignty, the de la Madrid government did exactly what the IMF wanted. The result of the austerity program could be the very chaos and upheaval which the PRI's electoral success temporarily averted.

The program

Government spokesmen described the measures as a means of "cleansing" Mexico's financial system. This phrase, with its companion phrase, "adjustment program," are grotesque euphemisms in light of the actual measures:

- A 40% devaluation of the "free market" peso, 20% on the "protected" peso used for priority government transac-

tions. The "free market" peso is being referred to popularly as a "super-free" peso, because the government had been controlling all exchange rates, even the "free" one, on a fixed daily slide of 21 centavos, but the super-free peso now fluctuates entirely on a supply-and-demand basis, and it can be obtained from new currency exchange windows in all major banks—virtually eliminating the exchange controls first established in 1982. The controlled peso, approximately 240 to the dollar on July 23, dropped 20% at a single shot at the end of July, and as of Aug. 5, will resume a downward float at rates varying daily.

- A large breach in nationalist foreign investment laws which have outlawed majority foreign ownership of Mexican firms for the past 12 years. The government made a humiliating about-face on a celebrated IBM "test-the-waters" case. In the first quarter of the year, the government rejected IBM's request to set up a wholly-owned micro-computer plant in Guadalajara. On July 23, it reversed the decision, and announced that IBM would be included in a package of \$500 million in new foreign investments that would be exempt from the existing laws. A Canadian-led consortium was granted permission for a \$250 million tourist complex near Mazatlán. Other projects under 100% foreign control were approved in oil equipment and pharmaceuticals.

- Elimination of 15 undersecretary positions and 50 "general directory" offices in the federal government. This leaves 51,000 people unemployed. The government will reportedly re-employ 23,000, although it has not said where. The other 28,000 have been left with no jobs. This layer is one of the most highly trained manpower pools in the country.

- Planning and Budget Secretary Carlos Salinas de Gortari, a rabid Malthusian, announced that there have also been "cutbacks in investment and current expenditure programs, in the amount of 700 billion pesos" (roughly \$1.75 billion at the new super-free rate of 400 pesos to the dollar).

- Sale of 34% of the stock of the nationalized banking system back into private hands, with as yet undetermined powers of decision also returned to private hands.

● Other cuts in government operating expenses averaging 20%, and a cut in the salaries of top officials, including the President, of 10%.

Mexico is now under pressure to concede ground on its long-standing refusal to join the General Agreement on Trade and Tariffs (GATT) because of the dumping of foreign goods it would entail, and its 50-year-old ban on casino gambling.

On July 29 Commerce Minister Hector Hernández convened a secret meeting of top government and private-sector officials "to review the GATT question."

The casino question, pushed by an alliance of drug mafiosi and foreign bankers anxious to get Mexico's debt paid with tourism and drug earnings instead of industrialization—has been put on the national agenda by Tourism Minister Antonio Enríquez Savignac. Its promoters inside and outside the country are putting immense pressure on President de la Madrid to announce the legalization of casino gambling in his annual State of the Union message (*Informe*) Sept. 1.

State Department happy

George Shultz descended upon Mexico two days after President de la Madrid announced the new package. Shultz arrived on July 25 in the company of the incoming assistant secretary of state for inter-American affairs, Elliot Abrams, whose "human rights country reports" earlier this year demanded that Mexico "prove" its human rights record by permitting the communist-backed Nazis of the PAN party to win major posts.

Shultz told the press that the austerity measures are "important and of great significance, and I believe that they will have good effects in the short and long term." Mexico is "an example for other countries through its intelligent and disciplined effort to restore its economy." He "laughingly" added, according to the next day's newspapers, that his arrival just two days after the program's announcement was "just an accident." Over the next few months, the United States and Mexico will begin talks on establishing a "special trade relationship." The United States will be asking for greater access to Mexican markets and fewer restrictions on investments. Shultz stated that the debt problem for Third World countries "has not worsened."

Shultz was in the footsteps of U.S. Federal Reserve Chairman Paul Volcker, who made a sudden, unscheduled trip to Mexico the first week of May to promote the IMF's debt and austerity policies. At the time, the first round of international oil price declines, together with diminishing Mexican non-oil exports and a surge in flight capital, had led some in the Mexican government to renew interest in an economic defense pact with other Ibero-American debtors.

Treason at the Bank of Mexico

Senior Mexican political commentator José Luis Mejías of *Excelsior*, on July 22, the day before the new measures

were unveiled, wrote that one man bore special responsibility for facilitating the new collapse: Miguel Mancera of the Bank of Mexico. "It has been unrestrained speculation, aided and encouraged by the Bank of Mexico, added to other measures of the same institution . . . which have in the end turned public opinion against the [Mexican political] system—with more effectiveness than all the treason of the PAN." He called for the government to "dispense with the services of the notorious individuals responsible for the failures—not to speak of sabotage."

The new surge of capital flight—estimated at \$4-5 billion in 1985—intersected international targetting of Mexico to "crack" its oil prices. At a press conference on July 24, Planning Minister Salinas de Gortari revealed that the fall in Mexico's oil exports during June—as buyers simply stopped purchases—"was notably greater than what had been anticipated." Insiders estimate that only half of Mexico's standard 150,000 bpd of exports was actually being lifted that month.

Salinas de Gortari made another admission at the same press conference, highly damning to himself, Finance Minister Silva Herzog, and Mancera. He announced that even more important than the decline in oil revenues in forcing the government's hand, was "greater internal interest payments." Mancera was referring to the government's treasury certificates, or CETES, which have become the basis of most government deficit financing. The use of CETES has grown so dramatically—a result of depressive IMF measures undercutting other sources of financing—that it has crowded out what little financing was available to the productive economy. Several days before the July 23 package, the Bank of Mexico and the finance ministry announced that the reserve requirements on deposits in the banking system were *being doubled*, rising to 90%, in order to back up the gigantic debt bubble created by the CETES. This means that for every peso deposited in the banking system, 90 centavos are used by the government to back up its credit, while 10 centavos are available to the bank for general lending.

For all their scope and intensity, the new measures are unlikely to hold for long. A new decline of just one dollar per barrel in international oil prices, government analysts warn, would unglue the package.

Similarly, the social effects are just beginning to be felt. Silva Herzog announced that wage adjustments will be considered once the devaluation-spurred surge in inflation has worked its way out into consumer prices. But there is no question that a hefty new chunk of purchasing power for the working population—already slashed 40% in the first three-year round of austerity—is about to evaporate.

The combination of social and political discontent, new pressures on oil prices, and the example of what Alan García's new government in Peru is doing (see p. 4), may spark a resurgence of the nationalist factions in Mexico—the factions clobbered on July 23.

International banks push budget crisis

by Susan Kokinda

The President, the Senate, and the House of Representatives, came to an agreement on a budget and deficit reduction package on Thursday night, Aug. 1. The agreement followed weeks of apocalyptic statements by the media and other frontmen for the international banking community about "institutional breakdown," "financial instability," and "threats to the sovereignty of the republic," if agreement were not reached and the deficit reduced. After months of infighting, agreement came quickly when President Reagan on July 29 rejected the proposals of Sen. Robert Dole (R-Kan.) and Senate Republicans for new taxes and cuts in Social Security cost-of-living increases. The House approved a package with both left intact by a vote of 309 to 119, and the Senate approved it 67 to 32, and then went into recess.

But what was demonstrated anew in the week's activities, is that the budget process itself is one of the gravest threats to U.S. national security. The destruction of U.S. military capabilities, and the destruction of American living standards, two key goals of the financial oligarchy which uses the budget process for these ends, advanced further.

Of the \$55.5 billion in budget deficit-reduction projected for FY1986, \$27.5 billion, or roughly half, will come from cuts in defense. Over three years, \$137 billion in defense cuts will be made out of \$277 billion in savings, or over half.

As the decimation of defense proceeds, President Reagan also proposed that the separation of Social Security from the budget process take place sooner than planned. That Social Security has been a political football, i.e., a subject of constituency pressure, is the only thing that has kept benefits from being slashed at a faster rate. Cuts in Medicare and Medicaid were made, and farm program cuts were projected to total \$7.9 billion over three years.

Setting the stage for this "budget" exercise, all the participants in the compromise immediately proclaimed it little better than no budget package at all. The most optimistic estimates of the effect of the package came from the Senate Budget Committee, which used Office of Management and Budget spending and economic growth-rate assumptions to project an FY1988 deficit of \$112 billion, compared to the Congressional Budget Office's figure of \$161 billion.

The "budget process" and its chief defenders, such as Federal Reserve Board Chairman Paul Volcker and the International Monetary Fund (IMF), are at the root of the U.S. deficit and the "institutional" crisis. The "out-of-control" deficits have two, controllable causes.

The first is the policy of usury instituted by Paul Volcker and the Federal Reserve Board in 1979. The skyrocketing of interest rates destroyed the productive economy, and thereby, the tax base of the United States, increased the magnitude of social expenditures because of unemployment, and ballooned interest payments on the national debt. The current budget deficit is wholly a function of this policy of usury. Indeed, the budget could be balanced tomorrow by freezing interest payments on the federal debt, which has been the *only* part of the budget to grow significantly in the last five years.

The second cause is the budget process itself.

In its present form, the budget process is unconstitutional. The role of the U.S. Congress is to create conditions in the U.S. economy for production, through appropriate tax and credit policies and through direct investment in activities such as water projects and research and development. The role of the U.S. Congress is *not* to engage in the accounting profession.

But, with the 1974 imposition of the Budget Act and the "budget process," Congress ceased to legislate policies to promote production and national security. Instead, Congress spends most of its time reshaping and cutting and paring federal programs to "fit" into a construct of budgetary ceilings, with the realities of national security and domestic economic production left wholly outside the process.

The budget process should be seen as the made-for-America version of the conditionalities imposed by the International Monetary Fund on the nations of Ibero-America and Africa—with results visible in famine and pestilence.

Under terms of the process, Congress ignores the demands of its constituents for prosperity and for national security, and all are sacrificed on the altar of the "budget process" in order to achieve creditworthiness in the eyes of international bankers.

A long dirty history

Enemies of the American Republic have been working for over 100 years to emasculate the American political process with the balanced-budget hoax. In 1888, Woodrow Wilson attacked the spending authority of the U.S. Congress, especially singling out its role in building a transportation infrastructure in the country. Wilson called for the imposition of a budget process and for revising the U.S. Constitution along British parliamentary lines! That same Woodrow Wilson would, as President 15 years later, set up the unconstitutional Federal Reserve as another bludgeon against the American System.

Volcker tells debtors: Don't plan on growth

The following are excerpts of the statement by Federal Reserve Chairman Paul A. Volcker at the July 30 session of the House Banking Committee's Subcommittee on International Development Institutions. The essence of the statement, stripped of technocratic verbiage, is that IMF "adjustment" programs which eliminate imports, development projects, currency values, and terms of trade, and thereby the very capacity of debtor nations to keep their populations alive, must continue indefinitely, and World Bank policy will be strictly coordinated with these IMF crimes against humanity.

Over the years I have had some opportunity to observe the Bretton Woods institutions—the International Monetary Fund and the World Bank. . . .

In the initial stages of the international debt crisis, the Fund played an essential and, in key respects, an innovative role. It worked with the borrowing countries to develop strong adjustment programs. . . . Concurrently, it helped coordinate an unprecedented international cooperative effort to provide sufficient external funds to meet immediate needs and to support the countries' adjustment efforts.

With its traditional emphasis on investment planning and project lending, the World Bank was not in a position to react as quickly as the IMF to the immediate adjustment needs of the major borrowing countries. Nor were borrowing countries—faced with overwhelming short-term needs to cut back on budget deficits, to bring monetary expansion under control, and to adjust exchange rates—able to give priority attention to long-term development and investment programs. Instead, cutbacks in overall investment and consumption expenditures . . . became unavoidable. In these circumstances, both existing and new investment projects assisted by the World Bank and other donors tended to slow down rather than increase.

In advising countries about "adjustment" programs, the Fund is always concerned with measures that should help promote economic efficiency and long-term development. . . .

The efforts of the Bank overlap with those of the Fund in two respects. The quick-disbursing Bank loans help provide the necessary external financing for the borrowing countries. And . . . the policies supported by the Bank should reinforce . . . the efforts of the Fund to promote economic efficiency

and competitiveness.

The recent efforts by the Fund and the Bank in Colombia exemplify these relationships, and could have implications for future cooperation. While that country has not requested or received IMF financial assistance, it has kept the Fund fully informed in developing its economic program. Just last Friday, the Fund, in turn, agreed to monitor progress in implementing the economic adjustment program, which, in the judgment of the Fund, is broadly appropriate to the needs of Colombia. Meanwhile, the World Bank is a major lender to the country, both for specific projects and for sectoral adjustment. The size of that lending program has been facilitated by the efforts of Colombia to implement suitable adjustment measures. The staffs of both institutions will work together in assessing Colombia's progress. . . .

Internal reform is critical in circumstances in which access to new foreign bank and trade credits seems bound to remain limited for the time being. The hope occasionally expressed for really major increases in long-term official lending on concessional terms to the middle-income developing countries does not appear politically realistic. Moreover, I doubt that industrial countries are prepared to ease substantially debt burdens by taking over and writing off existing debt to private lenders. Nor do such approaches seem to me essential if well-conceived adjustment efforts are maintained.

In time, renewed confidence could end capital flight and induce repatriation of capital by the citizens of the borrowing countries themselves as well as fresh flows from abroad. That process would be immensely helpful and the best possible evidence of success. But it is, of course, dependent upon a sense of sustained economic performance.

The implication of these conditions is that it is too early for the major borrowers to *plan* on significant net private inflows of capital. Imports will not be able to grow over time at a rate substantially exceeding the growth in exports. But that is *not* a recipe for stagnation, so long as exports in fact grow. . . .

That in turn may require import liberalization so that companies that have high export potential can in fact make use of the most rational and efficient production techniques. Much of this seems to be recognized, for instance, in the latest steps announced by Mexico only last week, in conjunction with actions to reinforce budgetary discipline and to adjust exchange rates. . . .

The [World Bank's] inherent discipline in project lending—the need to relate a loan to tangible projected returns—is important. But it also is quite possible that, as a matter of relative priority, heavily capital-intensive, long lead-time projects, with returns deferred far into the future, could give way to areas where more effective use of the existing capital stock is emphasized, with quicker and more evident returns. . . .

The S&L crisis: Big banks move in

by D. Stephen Pepper

In the final week of July, the following developments rocked the savings and loan industry: Bell Savings and Loan, a \$1.7 billion institution in the high-tech city of San Mateo, California, became the 58th S&L to fail. Sunrise Savings, a \$1.8 billion institution in the high-growth Fort Lauderdale area, was taken over by the Federal Home Loan Bank Board, and new interim management was brought in to run the institution, declared insolvent by federal regulators. Attorneys for the conservator of the Maryland Deposit Insurance Fund brought a \$200 million damages suit for fraud against the management of Old Court Savings and Loan in Baltimore.

A pattern of fraud and mismanagement emerges in many of these situations, but beyond the immediate circumstances of each case, they are being exploited to bring about a major transformation of the American banking system. Here, we look at the situation in Ohio and Maryland, then in Florida and California, and finally assess the changes being wrought.

In state after state, the collapse of institutions and the consequent threat to depositors are being used to introduce legislation to permit the major money center banks to come in and gobble up thrift institutions and to convert them into commercial banks. The latest example of this process is in Maryland, where Chase Manhattan has issued a firm offer to purchase three savings institutions, including the troubled Merritt Commercial Savings. Previously, Chase had taken advantage of the Home State scandal in the state of Ohio to buy up six thrifts, mostly centered in Cuyahoga County in northeast Ohio.

The Maryland situation follows the earlier Ohio pattern closely. In the latter state, the seemingly sudden collapse of Homestate S&L triggered a run on that bank, which soon spread to other institutions. The governor convened an emergency session of the legislature, and a bailout was soon rigged that had as one of its principal provisions the opening of Ohio banks to takeover from out-of-state, and the conversion of S&Ls to commercial banking.

In fact, investigation of Marvin Warner and his Homestate bank for corrupt practices goes back at least to 1980, when then U.S. Attorney in Cleveland James Sissel, had wished to launch an investigation for conspiracy under the

RICO statutes because of "a pattern of criminal activity" involving guarantees for construction loans. At the time, the investigation was quashed by Washington attorney and Democratic Party influence-peddler Edward Bennett Williams, who intervened on behalf of Warner, then U.S. Ambassador to Switzerland, with the Carter Justice Department.

Two years later, state regulators issued warnings that a cease-and-desist order should be issued to Homestate, but once more nothing was done. The collapse of ESM securities triggered the collapse of the Homestate house of cards, and immediately rippled through the state's other 72 state-insured thrifts because the fund was insufficient to cover such a major collapse. In the ensuing panic, the legislature passed the now infamous "Chemical Bank" bill, which was intended to allow Chemical New York to move in. As it happened, Chase made its move, while Chemical was beaten out at the last minute by junk-bond operator Carl Lindner.

The Maryland "crisis" was managed as a summer rerun of the Ohio operation. Old Court Savings was operated by Jeffrey Levitt and his associates as if the bank deposits "were their own private slush fund," to quote the suit brought against them. The same has been said of Warner and Lindner. This malfeasance had been known for years, and in recent months, warnings by auditors and regulators were ignored. Then the announcement by Maryland Attorney-General Stephen H. Sachs led to the eruption of the "crisis," the dramatic return from abroad of Gov. Harry Hughes, the emergency legislation which embargoed withdrawals of more than \$1,000 from Maryland's 102 privately insured S&Ls, and mandated that all institutions with more than \$40 million in assets seek federal deposit insurance. At this time, more than two dozen institutions are still operating under the \$1,000 limit. The insurance requirement is even more onerous; to qualify, an S&L has to have on hand by Jan. 1, net worth equal to 5% of its assets. Many thrifts can not raise the new capital, and face merger or liquidation.

With depositors still unable to recover their savings and bank officers struggling to raise capital, Paul Volcker intruded himself, holding a meeting toward the end of July with Governor Hughes. Volcker gave the green light for Chase's move when he assured the governor that the Fed, which must approve bank acquisitions, would approve any acquisition that satisfied the state of Maryland's requirements.

Not only is Volcker a former employee of Chase, but he is the chief architect of the high interest rate policy that wrecked the savings-and-loan industry. In recent testimony before the Senate Banking Committee, Edwin J. Gray, chairman of the Federal Home Loan Bank Board, indicated that fully one-third of the industry may not survive. So Volcker's policy comes full circle. Having created the conditions that wrecked the industry, he now steps forward as its saviour by approving the takeover of "troubled" institutions by the New York banks, his patrons.

More Dangerous Than Nuclear War



If IMF policies continue, the deadly tse-tse fly

may be ruling the world by the 1990s!

That's what *EIR's* new Special Report, "Economic Breakdown and the Threat of Global Pandemics," shows.

An exclusive presentation of the causal relation between economic policymaking and the outbreak of new deadly diseases.

- Features the world's only handbook for the general policymaker, on how pandemics are being generated and where they will next break out;
- Over 70 pages, including charts, maps, and graphs demonstrating the U.S. vulnerability to biological warfare;
- Prepared by the *EIR* scientific task force which 11 years ago forecast the precise location and time of the currently erupting epidemics in Africa.

Price: \$100

Order from:
EIR News Service
P.O. Box 17390
Washington, D.C. 20041-0390

Rev. Mpolesha asks Nuremberg Tribunal

The following speech was delivered by Reverend Mpolesha Dibala, head of the Ecumenical Council of Zaire and a founder of the Club of Life and the Schiller Institute, at a meeting with the West German charity organization Misereor, in July 1985.

My dear brothers and sisters in Christ, I bring you the fraternal greetings of your brothers and sisters in Africa. I want to talk to you about Africa, not as a Swedish tourist who visited the continent on holiday for a few weeks, but as someone who experiences Africa every day. I have found that people in Europe are not informed about what is happening in Africa, even though Europe is sending a great deal of help to Africa, food aid, medicine, and all kinds of aid. But this is only temporary help. You have heard a lot about Ethiopia, and the suffering there. Well, there are many Ethiopias in Africa, with millions suffering.

Here is what we are going to do. You and I will do an examination of Africa, and then we will make a diagnosis, and discover the solution.

Africa is a huge continent, with 470 million inhabitants, and 54 politically independent countries. There is one country, South Africa, where there is a political problem, where Washington should impose a solution in the same way it did in Zimbabwe. The fact is, blacks and whites in South Africa are condemned to live together, and they should find a solution. The whites should not be chased out, but neither should the blacks. Washington has the responsibility to find a solution to this problem.

There are many problems in Africa: misery, disease, ignorance, unemployment, and underdevelopment. There are also handicaps to Africa's development like polygamy, fetishism, and sorcery. These are blocks to Africa's development.

Africa needs roads. You can drive here in Sweden from one city to another. You can travel through the whole country by road. You can't do that in Zaire. To cover the same distance would take weeks.

Africa needs roads, bridges, industries to transform raw

materials, dams, and hydroelectric plants. We have no electricity, we don't have electric lights like you do here; we use storm lamps. We use wood for cooking, which means that the desert is spreading. We have no other fuel for cooking. Africa needs education! Africa needs clean drinking water!

For the last 14 years, all kinds of organizations have been sending help to Africa, the EEC, charities, churches. They have all been concentrating their help on Africa. Millions of dollars have been poured into Africa in aid. But if you go to Africa today, you will not see one sign of the effects of that aid; you would think nothing had been sent at all, even though you might think that so much aid would have been enough to help at least two or three countries to develop. Should you go on helping Africa in this way? I say *no!* There is another solution.

Aid that has been sent is blocked in the ports. It doesn't reach its destination. There are no trucks, there are no roads, there is no fuel to take the food where it is needed. Why not organize a huge airlift, like you did for Berlin in 1948? Send in large planes to bring the food to the big cities, then helicopters to bring the food to the villages. Food and medicine is rotting at the ports. You should think of building an airlift, if you really want to help Africa. Don't give just half the aid, go all the way, and provide the means to actually get it to the people who need it!

The food aid is necessary, indeed indispensable, but it is only temporary help, that alone cannot save Africa in the long term.

Genocide is occurring right now in Africa. The whole world will appear in front of a tribunal which will be bigger than the Nuremberg Tribunal after the Second World War. At that time, every German was questioned, "What was your job, what did you do to stop the crimes of the Nazis?" The whole world will be asked, "What was your job, how old were you, what did you do when you heard the cries of Africa?" The only ones who will not be questioned will be children who are not yet born—they have no responsibility for what is happening, but everyone else does.

In the Bible, we can read that when Cain killed his brother Abel, God asked Cain, "Where is your brother?" Do you know Cain's answer? He said, "I'm not my brother's keeper!" God asked Cain, Abel's brother, where he was, he didn't ask Adam or Eve. And he will ask you about Africa. The blood of Africa will be on your hands.

This genocide is caused by the International Monetary Fund and the World Bank. They don't accept the development of the Third World. Look at one example, the country of Senegal. Years ago, Senegal could feed itself. Then it asked for credit for investment. The IMF said, "We will give you credits, but only for investment in peanut production." So Senegal produced nuts, and in fact became the number two producer worldwide of peanuts, but they forgot about the production of food that people in Senegal could eat, like

corn, manioc, and rice. Today Senegal is one of the 21 African countries affected by famine, because of the policy of the IMF.

We need roads, dams, factories; we need Western agricultural technology. There are no communication facilities in Africa. We need a trans-African railway, linking north and south, east and west. You can cross the whole of Europe in one day; you can go from Bonn to Bordeaux in less than 24 hours. You can't do this in Africa.

This would create jobs in Africa. It would end the poverty. Unemployment is the biggest problem in Africa. There is no work! People who do have jobs earn almost nothing. When you have no money, you have no dignity. These jobs would mean people would be able to take care of their families, instead of just waiting for the next boat to arrive. When I have no money in my pocket, I get sick! Today the whole continent of Africa is sick!

Is Africa poor? I say No! Africa is rich—we have so many raw materials that it is an "economic scandal." So, why are we poor? If you look back in history, you see that God intended Africa to be the breadbasket of the world. In ancient times, there was famine everywhere in the world; only in Africa was there plenty. . . . The Jews came to Africa—not as slaves, but in search of food. Jesus Christ came to Africa too: he was saved, thanks to Africa. . . . Africa's problem was its meeting with the West—now we neither have our traditional way of life, nor do we have the Western way of life—we are somewhere in the middle.

The West is monopolizing three things. The West has a monopoly on science, on technology, and on our raw materials. You transform our raw materials, and sell the finished products back to us at a high price. We need your technology and science—leave the raw materials for us, and we can make a trade! We have political independence, but we do not have economic independence. We have no factories to process our raw materials, so we sell them to you, and you fix the price, then manufacture finished goods which you send back to us at a much higher price!

We need help, but how many years will you go on sending food aid, how many decades, how many centuries? When you die, who will send aid then? I heard of an EEC project which dug wells and built pumps in the Sahara—but then the money ran out, the technicians left, and now the pumps don't work anymore. So that can't be the solution.

What we need is a new world economic order, that will help Africa develop once and for all, and stop being the world's beggar. The old economic order has not helped the Third World to develop. I am not saying we should demolish the offices of the IMF and the World Bank; but we must change the way they operate. The United Nations passed resolutions 12 years ago calling for a new world economic order, Resolutions 3201 and 3202, calling for the new world economic order and the development of the Third World.

The leaders of the world knew then, that this was the only way to finally solve the problems of starvation. But what is happening now? The resolutions are rotting on the shelves, and have not been implemented. They must be implemented, in order to save Africa, and develop the rest of the Third World, too.

After World War II, the United States helped Europe and Japan to recover, to rebuild their cities and economies. The IMF and the World Bank were created to help the West develop. Only they forgot about Africa, Latin America and the rest of Asia.

Men in Africa, in Europe, in America were all created in the image of God, and we all need collaboration and development.

In the United States and in Europe, I have seen steel factories closed down. We need that steel to build the trans-African railway. This would mean jobs. People would be paid. Your factories would be opened again, and people would have work here too. We need your science, your technology. I have heard that shipyards in Sweden have been closed down, because "there is no market." The market! We need those ships to bring in steel, all kinds of goods to Africa to make it developed, like here.

This is how I think it should work: accounts would be opened for each country, and 75% of the money paid in would be used for projects in the individual countries, and 25% for Africa-wide projects, like the trans-African railway, to develop the Sahara and irrigate it. The money will not go through Africa, but will come to Europe and the United States, to pay for these projects. We would ask the French to build, say, 70 factories in Africa; we could ask Italy to build 300 dams; we could ask Israel to develop the desert. Sweden could build floating plants, like nuclear plants, which could be transported down to Africa by sea and could go into operation immediately. Young Africans could come here to be trained and educated on how they can build such plants themselves. Long-term credits would be issued at low interest rates to finance this.

We need advanced technology to do this. That's the solution to the problems of Africa.

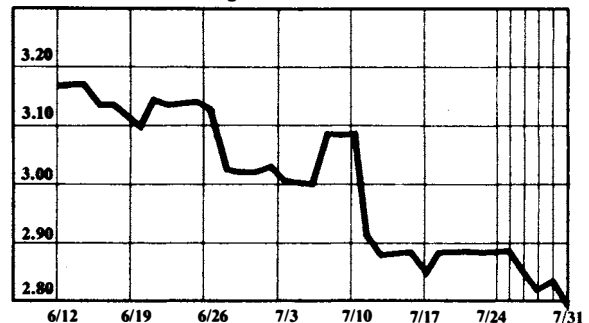
I would like to thank Europe—once you saved Africa from slavery, by banning the slave trade. Today you should act again. Today you should raise your voices to end the genocide in Africa.

Shall I show you the weapon you should use? The weapon is demonstrations! Here in Europe and the United States, the governments take notice of demonstrations. You should demonstrate in front of American embassies and consulates, with placards. You don't have to write much on these placards, just write, "We demand economic independence for Africa, we demand a new world economic order!" If you do this, you will have done more for Africa than someone who sends a ton of food. Follow the beacon of the Schiller Institute and march to build a new world economic order, and to save Africa.

Currency Rates

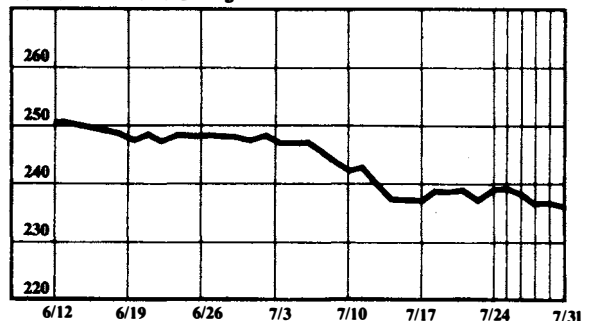
The dollar in deutschmarks

New York late afternoon fixing



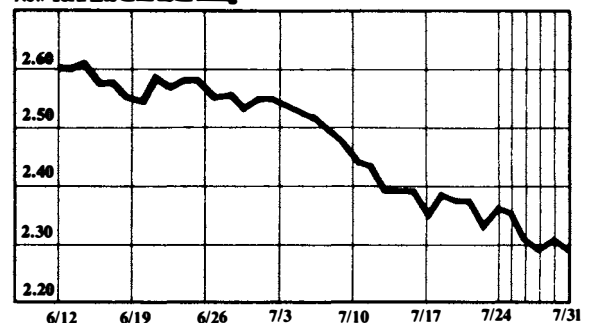
The dollar in yen

New York late afternoon fixing



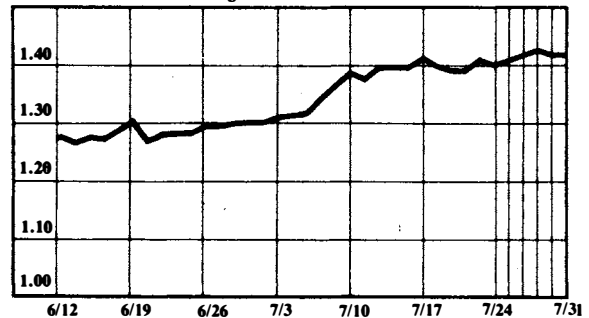
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



South African minerals and Soviet strategy

by William Engdahl

One of the least discussed aspects of the ongoing political destabilization of southern Africa is the role the Republic of South Africa plays as a supplier of certain minerals which are of strategic importance to the economies of the industrial West.

In the 1981 edition of *Soviet Military Power*, U.S. Defense Secretary Weinberger stated: "The Soviets are also seeking to develop a viable oil and strategic minerals denial strategy, either through physical disruption, market manipulation, or domination of producing or neighboring states. Soviet statements clearly reflect the U.S.S.R.'s understanding of the extent to which the United States and Western Europe currently depend on imports of vital strategic materials from the developing regions."

South African mineral resources, like it or not, are of vital and, in certain instances, irreplaceable significance for the defense and industrial needs of the West, especially the United States. If the demand for "economic sanctions" against South Africa is viewed from the standpoint of Soviet strategic interest, the events of recent weeks take on a very ominous character.

A geological uniqueness

Since the discovery of diamonds in the Cape Province in 1867, and gold near what is today Johannesburg in 1886, southern Africa has been the pivot in battles for world resource control. South Africa contains some of the most diverse mineral resources in the world, an abundance which has been the basis for one of the world's most advanced mining and minerals industries.

South Africa possesses the world's largest known reserves (Soviet bloc figures have to be estimated) of a number of precious metals and minerals essential to steel production. According to U.S. Bureau of Mines and Geological Survey data, South Africa has 75% of the non-Comecon world reserves (land-based) of manganese ore. Manganese is essential to the production of all steel, both as a deoxidizing agent and as an alloying element for hardening steel. As of 1983, no metallurgical grade manganese ore was produced in the United States. From 1979 to 1982, 33% of U.S. manganese and 43% of U.S. ferromanganese came from South Africa.

The Republic of South Africa has the world's largest reserves of the platinum-group metals (platinum, palladium,

iridium, osmium, rhodium, and ruthenium), in the famous Merensky Reef of the Bushveld Complex, one of the world's largest metal-bearing geological formations. It holds an estimated 86% of the non-Comecon supply of the precious metal, essential for automotive catalysts as well as a catalyst in petroleum refining and the production of nitrogen fertilizers. In 1979-82, South Africa supplied 56% of U.S. platinum.

Chromium is primarily used in the production of corrosion-resistant and special heat-resistant steel alloys, including all so-called stainless steels. In these applications, it is virtually impossible to replace. More than 99% of known world reserves of chromite are in southern Africa, with South Africa holding 74% in the Bushveld Complex and Bophuthatswana. In 1982, South Africa was the world's largest producer of chrome ore. The United States is the world's largest consumer of chromite, but produces none domestically. South Africa provided 48% of U.S. supplies in 1979-82.

Vanadium is used as an alloying agent in iron and steel production and in the production of titanium alloys. At present, there is no acceptable substitute for vanadium in titanium alloys, making it indispensable for production of jet engines and aerospace vehicles. In 1983, 52% of U.S. consumption was imported, with South Africa, which holds 49% of non-Comecon reserves, providing 54% of U.S. consumption.

South African uranium, primarily produced as a byproduct of gold mining, is the third-largest reserve base in the world. South African reserves of coal are estimated to be the fourth-largest in the non-Comecon world, with the Richards Bay coal-loading facility the quickest and most efficient in the world.

Anglo-Russian treachery?

One of the most obvious byproducts of the escalating international outcry against South African apartheid policies has been the announced decision by certain American banks, among them Citibank, Morgan Guaranty, Manufacturers Hanover, and the Bank of Boston, to refuse further lending to South Africa. Unnoticed, however, as American and increasingly West German and French firms and banks reduce their exposure, is the fact that the largest commercial bank of the British realm, Barclays, has *increased* its investment in South Africa, with an estimated \$14 billion in holdings there.

Barclays, known in London as the "Bank of the British Empire," was the bank for which NATO Secretary General Peter Lord Carrington served as director until last year. Carrington is a principal architect of the "New Yalta" deal with Moscow's leadership to recarve the geopolitical boundaries of the world under conditions of collapsed U.S. strategic power and influence, leaving a Soviet Empire, with the promised assist of the reconstituted British Empire as a kind of Russian colonial administrator. Collapse of U.S. economic ties with South Africa, would be a prime Anglo-Soviet objective.

'Junk bonds': How drug dollars are taking control of the U.S. economy

by William Engdahl

Over past months, one of the prime indicators pointed to as confirmation of the U.S. economic "recovery" has been the soaring prices of select corporate stocks on Wall Street. Little attention, however, has been given to the reason for the rising stock values, one of the most bizarre binges of speculative activity in this century. This speculation centers around a new phenomenon with the appropriate name, "junk bonds."

What has not been revealed until now, is the remarkable role played by one investment bank, Drexel, Burnham, Lambert, based in New York with Belgian-Swiss parentage, and by a cluster of financial "superstars" who coordinate a network of front-men reputedly tied to the reorganized empire of the late drug mafioso and Murder, Inc. mobster, Meyer Lansky.

Outside of perhaps the tiny Caribbean "banana republics," there exists no nation in the Western world which has allowed legalized corporate destruction to go to such extremes as the United States in the past two years under new tax and anti-trust regulations. The justification for this legalized destruction of corporate assets by often tiny, unknown firms, is the ideology of "free market" economics. Under this flag, legions of the dirtiest minions of organized international drug mafias have threatened the integrity of major industrial firms.

How junk bonds work

Some months ago, a little known company, Triangle Industries, with a net worth of about \$65 million and net income of \$2 million, borrowed \$428 million at 18% interest. Why? In order to take over one of the top 500 U.S. industrial firms, National Can Co., whose assets are numbered in the billions of dollars. Aided since 1981 by an explicit "hands-off" policy on corporate mergers by the Reagan administration, so as not to interfere in the so-called free market, a tightly organized circle of highly dubious financiers has gone after such established giants as Gulf Oil, Phillips Petroleum, CBS Television, Crown Zellerbach Paper, and TWA.

Few are aware of how this new takeover game is played. In the arcana of Wall Street, the most incredible takeovers of recent months have been done through a swindle known as

the "leveraged buyout" ("LBO").

Under the remarkably permissive American tax code, as modified in 1981 by the Accelerated Cost Recovery System, a firm which decides to "raid" a large corporation by making a purchase of a controlling majority of outstanding stock shares, can use *debt* as its main asset to grab a giant thousands of times its size.

Here is where the novel firm of Drexel, Burnham, Lambert enters. Drexel, Burnham, Lambert is the New York investment bank subsidiary of the Belgian-Swiss financial network of the mysterious Albert Frere, and the family of Baron Lambert. Drexel, Burnham, Lambert is the financial backer for a handful of slick corporate "raiders," names which five years ago were unknown, such as T. Boone Pickens, Victor Posner, Saul Steinberg, Carl Lindner, Carl Icahn, Ivan Boesky, Stephen Wynn.

Last spring, many of these so-called financial wizards such as Lindner and Posner met with Mike Milken, so-called "junk bond guru" at Drexel, Burnham, Lambert, in a villa in Beverly Hills, California. The mob's favorite crooner and former bagman, Frank Sinatra, was also there. According to reports, the group plotted strategy for going after the choice corporate assets of industrial America.

Case in point: TWA

The process has nothing to do with normal bank lending, even in these free-wheeling banking days. It is an insiders' operation, reliably reported to use the group's access to the tens of billions of dollars in "offshore" drug money which has been "laundered" through various Swiss, Luxembourg, and other secret accounts, coming back through the vehicle of Drexel, Burnham, Lambert where it backs up the incredible raiding process known as LBOs.

In June, for example, one of this cabal, a young New York-based operator named Carl Icahn, attempted to grab control of TWA. U.S. law requires disclosure of anyone owning more than 5% of the stock of a public company such as TWA. Icahn secretly began buying TWA stock at \$10/share last September. Purchases were hidden through a complex maze of front companies and obscure partnerships. Then,

on April 29, Icahn's group, with a stated access to several hundred million dollars, began buying feverishly within the 10-day "grace period" allowed under Security and Exchange Commission law before identity disclosure must be filed.

Icahn quickly obtained 16% more stock. The market price of the stock began to rise as rumors of the takeover spread. Wall Street insiders soon traced matters to Icahn, who put out fraudulent denials in order to keep stock prices from rising too fast, so that he could continue to buy cheaply. Stock was then selling for \$16 per share. On May 10, Icahn filed with the SEC, announcing his takeover plans. The price climbed to \$19 per share. Icahn announced he would buy all outstanding shares for \$18 per share. TWA immediately filed legal action to attempt to stop the raid. In a St. Louis court, the airline charged that Icahn's aim was to "loot TWA," leave the airline a financial cripple, and "move on to the next victim." The description is highly accurate. The process is known as "asset stripping."

But the most remarkable part of the dirty game is the fact that Icahn, Posner, Lindner, and their ilk make the raids using not a penny of their own capital! This is the LBO, facilitated by U.S. tax "loopholes" grown especially large since certain 1981 changes. It works as follows:

A relatively small but "well-connected" insider like Icahn or Boone Pickens can go to their friend Mr. Milken at Drexel, Burnham, Lambert, and propose a target; let us imagine it to be General Dynamics, for the sake of argument. Icahn says, "I have only \$1 million in assets, but General Dynamics, the company I want, had net sales in 1984 of \$41 million and net worth of (let's say) \$30 million." Icahn then adds the two figures together, his and his intended victim's. The total is then what he proposes to be *his* collateral for securing credit from Drexel, Burnham, Lambert.

In other words, he gets the money based on the assumption that he already owns General Dynamics, even though he may control only 4%! He then uses his credit line from Drexel, Burnham, Lambert to buy control of the victim company. Once in control, Icahn begins firing the company's tens of thousands of employees and selling off the best part of its assets to pay off the huge debt incurred in the raiding operation.

Drexel, Burnham, in turn, finances such operations by issuing "junk bonds," more politely (for benefit of the unwitting buyers) called "high-yield" bonds because they pay a higher interest than normal, blue-ribbon investment-grade bonds. These bonds are often bought by desperate small savings banks and pension funds anxious to get the promised high yield. They are called "junk" because they are considered high risk, below investment grade. If the company goes bankrupt, the holders of junk bonds are simply out in the dark, with no legal claim on any of the company's assets. By then, insiders like Icahn are long gone.

In the fast moving world of U.S. financial deregulation,

increasingly a kind of "anything goes" world, "junk bonds" and Drexel Burnham are the fastest growing portion of the debt market. In 1984, some \$14 billion in junk bonds were issued in the United States, 70% of this by Drexel, Burnham, Lambert's Mike Milken!

What's his secret?

The "junk bond" swindle is similar to a giant financial "chain letter." The insiders who first buy in, say in the TWA takeover bid, when TWA stock was underpriced at \$10 per share, are the first to sell when the raid is complete. The victim is then scavenged. All profitable or saleable corporate assets of what is usually a prudently or conservatively run corporation, are put on the auction block to pay off the debt that an Icahn incurred to make his raid. The profits go to those insiders.

For example, although Icahn's group did not succeed in taking over TWA, Icahn's group sold its TWA stock at \$23 per share, having purchased the stock at an average of \$16 per share, realizing a net profit of an estimated \$78 million. T. Boone Pickens, head of the Texas-based Mesa Petroleum and part of the Drexel, Burnham insiders' circle, reportedly cleared \$760 million profit in stock sales after his bid for the giant Gulf Oil Company in 1983.

The whole gang around Milken's Drexel, Burnham, Lambert reads like a who's who of the mafia. Carl Lindner, Cincinnati-based, is the major owner of the infamous drug-linked United Fruit Company (now called United Brands). He also is a major shareholder in Rapid American Corp., with the notorious Meshulam Riklis, spouse of porno queen Pia Zadora and a financial angel for Israel's Ariel Sharon. Lindner is intimately linked to Jimmy Carter's ambassador to Switzerland, drug banker Marvin Warner, whose Home State Savings and Loan bankruptcy in Ohio triggered a banking panic this spring. Victor Posner, another member of this insiders' circle of junk bond operators, is reliably reported to be the heir apparent to the late Meyer Lansky. Saul Steinberg's Reliance Group, an insurance holding company, is reputedly mafia-controlled. Stephen Wynn is owner of the Las Vegas gambling casino, the Golden Nugget.

Finally, in May, several U.S. Senators, led by Sen. Peter Domenici, Republican chairman of the Senate Budget Committee, introduced new legislative proposals that would outlaw the junk-bond takeover swindle. Nicholas Brady, chairman of Dillon, Read & Co. declared, "These activities [of the junk bond raiders] represent an abuse of the system that is among the most serious I have seen in 30 years . . . similar in some ways to the speculative abuses that led to the 1929 crash."

But in Britain, West Germany, and other European countries, where investment laws up until now severely restricted this kind of looting activity, moves are well under way to liberalize and "deregulate" markets.

IMF gets okay to monitor Colombia

But the Brazilian government, resisting IMF pressure, pushes for a presidential summit on the debt.

● **PAUL VOLCKER**, U.S. Federal Reserve chief, declared on July 30 that the World Bank, formerly a lender for development projects in the developing sector, will take a "much more critical role" as a policeman of Third World debt along with its twin, the International Monetary Fund. Volcker also stated that a cut-off of further infrastructural investment in developing-sector nations was required: "It is quite possible that as a matter of relative priority, [large development projects] . . . could give way to areas where more effective use of the existing capital stock is emphasized."

● **IN COLOMBIA** on July 30, the agreement that gives the International Monetary Fund the right to monitor the economy will go into effect. This was announced in a press release issued by Finance Minister Roberto Junguito Bonnet on July 18. Junguito also announced that the \$1 billion loan package being put together by a consortium of 200 international banks would be finalized by then. The banks were awaiting a green light from the IMF before joining the consortium. The green light came with President Betancur's decision to accept IMF surveillance.

At least one dozen police stations in the terrorism-ravaged department of Valle are being shut down because of lack of funds, which forced the officers to work under "sub-human conditions," according to police chiefs,

and their survival in the face of terrorist attacks "could not be guaranteed" for lack of training, weapons, etc.

● **BRAZIL'S** Planning Minister has declared that during the past five years, social expenditures have fallen by 30% in real terms, health expenditures by 46%, housing by 58%, and education by 19%.

According to Brazilian sources at the World Bank, President José Sarney was furious when IMF director Alexandre Kafka called him in mid-July to protest that the budget cuts which Brazil has made are "too modest." Kafka's phone call was transmitted through Chicago-trained Finance Minister Dornelles, whom sources say is in trouble with the President for his pro-IMF position.

In a televised address to the nation on July 22, Sarney demanded that the bankers sit down and negotiate, and not merely dictate conditions. "We cannot allow the dogmatic intransigence of the international financial institutions to impose an unnecessarily recessive policy upon the country. . . . We men of state must face facts, not theorems."

● **BRAZIL'S AMBASSADOR** to the United States Sergio Correa da Costa, speaking to a seminar of bankers and businessmen in Washington, D.C. on July 25, declared that his government could not accept growth rates incompatible with the country's needs. The worst thing the bankers can do,

he declared, is to force their debtors into bankruptcy.

Renewing economic growth, said Da Costa, is not only a national imperative, but "also serves the interests of the creditors. The principal concern of the creditor must certainly be the health and prosperity of the debtor. There can be no greater disaster for the creditor than the bankruptcy or suicide of the debtor. . . . Unfortunately, our creditors are not showing the greatest sense."

● **JORGE BLANCO**, President of the Dominican Republic, announced on July 24 that he and Brazilian President Sarney were planning to hold an informal summit meeting of Ibero-American Presidents during the opening of the U.N. General Assembly in September. Sarney will be giving the opening address to the General Assembly, which is expected to focus heavily on the debt, as will the summit meeting. No formal announcement of the summit meeting is expected, however.

● **CARLOS ALZAMORA**, Former head of the Latin American Economic System (SELA) and currently Peruvian ambassador to Argentina, has called for an Ibero-American presidential summit on the debt. "The Latin American presidents have never held a summit meeting, and when they have met, it was on the invitation of the U.S. President to consider U.S. initiatives."

In apparent response to Henry Kissinger's debt proposals, Alzamora added that Latin America, in three years, has paid to the creditor nations "the equivalent of two Marshall Plans," and that what the German people suffered after the war "is pale compared to what the Latin American people suffer today."

'Bumper wheat crop' a cartel hoax

Even where the bushels harvested are normal in number, the weight is so far down that nutritional value is nil.

While the media promote the deliberate lie of a "bumper wheat harvest" this summer, the real story is shown in the parched fields of the drought-stricken High Plains, the stubble left by the grasshopper plague, and the millions of acres idled by the government or left barren across the country by farmers forced off the land.

Over the last several months, the U.S. Department of Agriculture has routinely released its "forecasts" of sizeable 1985 crops, despite all signs to the contrary. Corn is "predicted" to be a near record. And wheat, though predicted to be less than some previous years, nevertheless, is supposed to be large.

As farmers describe these USDA predictions: "If the acres are down, they'll say the yield is up. If the herds are down, they'll say the weight is up."

By the time they say there is a food shortage, you'll be hungry.

The wheat harvest is under way right now—already completed in southern latitudes, and in progress in the northernmost states where the hot, dry weather has pushed the harvest ahead. The picture is grim.

The custom combine harvester teams who work their way from south to north report that thousands of acres went unplanted last fall. (Most U.S. wheat is winter wheat—planted in the fall, and harvested in mid-summer.) Large numbers of wheat farmers opted for the government program to idle acreage in exchange for loans from the Commodity Credit Corporation (using crops as collateral) for their remaining crop acreage, in case wheat

prices went too low.

As the USDA and media promote the myth of the "good harvest," and even "world wheat glut," grain prices have plunged.

Demand for the loans is running so high that on July 17, the CCC took the unheard of step of announcing it has ran out of money. It stopped all loans until emergency congressional and administration action produced a special \$1 billion allocation, and the CCC loan window reopened July 22.

The reason for the dramatic drop in the grain prices has nothing to do with the mythical grain "bounty" of the nation, but reflects deliberate price control by the grain cartels (Cargill, Bunge, Louis Dreyfus, André, Continental) who dominate the world grain trade.

Then, there is the weather.

Weeks of searing weather has parched the entire Plains states from sections of Iowa and Wisconsin, west through Minnesota, Nebraska, the Dakotas, and into Montana and Wyoming. This area accounts for up to 30% of the U.S. wheat crop, despite the preeminent role of Kansas in world production.

In the bordering province of Saskatchewan, the wheat crop (spring wheat) is a disaster. The province normally accounts for 30% of Canadian wheat.

In places across the north of the Dakotas, fully 75% of the crop is no good. The wheat fields are being grazed by cattle—it isn't worth the cost to harvest—or else harvested for hay and straw. The other small grains, like oats and barley, are so stunted,

they weigh nothing. You might get dozens of bushels per acre, but they're just bushels full of husks, hulls, and air.

Some grazing cows have died from eating standing grain stalks that were so stunted for lack of water that they were overconcentrated with nitrogen fertilizer.

Even the biased USDA has confirmed that far too much of the wheat crop is "testing light." The underweight wheat kernels mean that the cereal lacks food value. Although a person could eat as much on a volume basis as good, nutrient-filled wheat, he would have less to eat in terms of nutrition.

The test weights in Texas and Oklahoma are down. In addition, there are some disease problems in Kansas.

The governor and agriculture commissioner of North Dakota have declared an "unofficial" emergency situation in at least 30 counties. Farmers in 36 of Montana's eastern counties, and farmers across South Dakota have made applications for federal farm loans under the disaster relief program.

Hay farmers in parts of Wisconsin were reporting a 40% crop loss at the time of the summer's first cutting. Montana's range forage is 40% of normal and is the worst in the country. Cattle have been sold off, or trucked, at great cost, to feed on rented forage land farther to the west. The national cattle herd has now shrunk to its lowest number in over 20 years.

Then, there are the grasshoppers.

At least 11 million acres of crop and rangeland have been devastated by grasshoppers this year, covering large regions of the western states. This is the predictable result of recent years of budget cutting in the federal spraying program, and in income collapse of farmers who cannot afford to undertake control measures.

Business Briefs

Asia

China puts emphasis on consumer goods

Consumer goods production has shot up in China, according to the P.R.C.'s financial statement for the first half of the year, released July 30. Refrigerator production more than tripled, production of cassette recorders doubled, and television production went up almost 85%.

Industrial production overall was up some 23%, and retail sales by 35%. Energy production, the acknowledged weak link in the P.R.C. economy, only increased by 11.3% from the first half of last year, and the weight of freight shipped on the railroads was only up 4.9% from the same period.

Narcotics

DEA advocates renewed use of paraquat

The Drug Enforcement Administration is recommending renewed use of paraquat to destroy illicit marijuana cultivation in the United States. The plan could lead to the use of more than 300 tons of the controversial herbicide on 15,000 acres of "non-federal" lands. The DEA reported in May that approximately 87% of domestic marijuana cultivation is on state-owned land, Indian reservations, and private land.

California is the leader in illicit drug cultivation. California law enforcement officials announced in late July that their two-year federally financed program, which focused on aerial raids against marijuana growers, resulted in a 40% reduction in cultivation in the California highlands. But state officials said they will resist the use of paraquat, because of its alleged dangers to people and wildlife.

The use of paraquat—an effective herbicide against both marijuana and opium

cultivation—came under attack during the Carter administration. The program, which had been used successfully in Mexico, was brought to a halt by the pro-drug lobby in and around the Carter White House, and the National Organization for the Reform of Marijuana Laws. NORML brought a legal suit charging that paraquat-tainted marijuana caused lung damage to drug consumers and an economic threat to growers and traffickers. *EIR* investigators discovered at the time that many of the anti-herbicide groups—the majority were based on the West Coast—who joined in NORML's anti-paraquat scare campaign, were themselves involved in illicit cultivation.

Mining

British coal posts record \$3 billion loss

The British state-owned coal industry, the National Coal Board (NCB), announced on July 29 that it had a record loss of £2.2 billion (\$3.12 billion) for the fiscal year which ended March 31. The NCB owns 174 coal mines and employs 170,000 miners.

The NCB attributes the loss mainly to the year-long coal strike. Losses for the 1983-84 fiscal year were £875 million. The strike was called to stop the closure of 20 unprofitable mines. Output fell during the fiscal year, because of the strike, from 105 million tons down to 42 million tons.

The NCB's chairman is Ian MacGregor, who previously headed British Steel, and gained notoriety for his plan, known as the "Lazard Plan," to blow up the blast furnaces to force "rationalization" of 40% of capacity. Ian MacGregor came to British Steel from Lazard Frères, the investment bank owned by the Cowdray family, which also owns the *Financial Times* and *Economist*. MacGregor has secret plans to drastically "rationalize" British coal mining as well.

The lead editorial in the July 30 *Financial Times*, "The Future of Coal," demanded the privatization of the British coal industry.

"The Government needs to start thinking aloud very soon about the structure of the coal industry after 1987-88. . . . The present pruning and decentralization are steps in the right direction, but do not go far enough. . . . The Government's own philosophy suggests two obvious ingredients for a new-look coal industry: privatization and the introduction of more competition." The *Financial Times* is owned by the Cowdray Family Trust of Lord Blakenham, one of the largest family fortunes in the U.K.

High Technology

Germany's MBB sees big profits from SDI

After years of stagnation, the West German heavy armaments firm Messerschmitt-Bölkow-Blohm GmbH (MBB) is anticipating an increase in profits of an average 10% annually, starting in 1986, according to *Die Welt* of July 26.

This will be largely because of research and development activities associated with the U.S. Strategic Defense Initiative—a "very interesting technological project," said Hans Arnt Vogels, chairman of the firm. Vogel stated that MBB will participate in the SDI even without a definite political decision made by the Bonn government, and that at present, possibilities are being examined for acquiring orders commensurate with the firm's performance capacities.

Africa

Zimbabwe to announce new austerity measures

Prices of diesel fuel were raised 10% in Zimbabwe on July 31, and drastic increases in food and gasoline prices are expected to be announced soon. Finance Minister Dr. Bernard Chidzero has been cutting domestic

Briefly

spending for the past nine months, in an attempt to lower the budget deficit of \$515 million—28% higher than last year, and 11% of the Gross Domestic Product.

Zimbabwe is now spending 19% of its budget on debt repayment—almost \$493 million.

The price increases are intended to offset a 15% pay raise for public employees, a \$6.5 million monthly deficit in the state-owned Agricultural Marketing Authority, and losses at the state-owned oil procurement authority.

Zimbabwe will probably have 10,000 troops in Mozambique by the end of the year, which will force a substantial increase in defense spending, already 11.5% of the budget.

Mittleuropa

Swiss banker calls for European monetary zone

Pierre Languetin, the new president of the Swiss National Bank, called on European Central Banks and governments to make a decisive move toward construction of "a zone of monetary stability" in Europe, to counter the "volatility" of the U.S. dollar. Languetin made the statements in an interview with the *Financial Times* of London, published on July 31.

Monetary unity, he said, must be combined with coordination of European economic policies. "If you could have on top of a zone of monetary stability, a zone of economic and price stability, you would create in the long term (it cannot be done overnight), the necessary fundamentals for the European economies to become a European market of the size, importance, and efficiency of the U.S. market."

Languetin specified four conditions for world economic "stability": 1) drastic moves to cut the U.S. budget deficit; 2) continued fight against inflation; 3) no deflation in Europe and Japan through deficit budgets; 4) markets must be made "more flexible" to

allow for "quick adjustments."

Although Switzerland is not a member of the European Community, Languetin indicated the role that it would play in such an arrangement: "If there was a firm determination to move in the monetary field, to move toward greater stability in prices, and in foreign exchange, we would seek ways and means of cooperating."

Languetin declared that he is surprised at the speed with which the role of the European Currency Unit (ECU) has expanded. This, he said, is due to a "financial Kama Sutra," by means of which all kinds of devices for hedging risk are being developed for investors and borrowers. He pledged Swiss cooperation in international legal actions involving Swiss banking secrecy—"but not to the point of self-mortification."

The Debt Bomb

Labor support for Peru's Alan García

The battle of Peruvian President Alan García against the International Monetary Fund drew statements of support from labor unions internationally. In West Germany, the factory council of Norddeutsche Affinerie Corp., one of Europe's largest copper-processing plants with 3,300 workers, sent a telegram to García on Aug. 1: "We welcome and support your call for an all-Ibero-American economic summit meeting. Being Social Democrats, we wish you, and not Fidel Castro, to become spokesman of Ibero-America vis-à-vis the IMF and the banks."

In Panama, the trade union federation of Panama, CONATO, sent a telegram of support to the Peruvian President and called for a rally to be held on Aug. 8 in front of Panamanian President Nicolo Barletta's office, to pressure Barletta into accepting García's proposal for an Ibero-American heads-of-state summit on the debt, to be held in Panama. Similar rallies have been scheduled for the same day in Mexico (sponsored by the Mexican Labor Party), and in Colombia.

● **BETTINO CRAXI**, the Italian prime minister, declared on July 31 that he was "unsatisfied" with explanations given by the Bank of Italy and the ENI firm for the currency chaos which erupted on July 19, prompting the devaluation of the lira. It was ENI's purchase of \$125 million, in defiance of a central bank request, which contributed to the lira's collapse by 20% against the dollar.

● **BRITISH** Foreign Office minister Malcolm Rifkind ended a one-week visit to Moscow July 27 by stating his conviction that Moscow is "committed to boost bilateral trade between 40-50%." The U.K. trade deficit with the Soviet Union reached £600 million in 1984. "The potential for growth is quite considerable," Rifkind said. Soviet Chemical Industry Minister, Vladimir Listov, will be in London the week of July 29 for high level talks which Rifkind hopes will result in contracts for British industry.

● **THE FIRST VICTIM** of AIDS to die in China, a 43-year-old Argentine tourist, died in early June in a hospital ward reserved for foreigners. Hospital spokesman Fei Xiuying announced that this was the first confirmed case of AIDS in China. Earlier this year, the head of the Chinese National Center of disease prevention, Zeng Yi announced that the center had begun blood tests to detect AIDS and increased preventive measures.

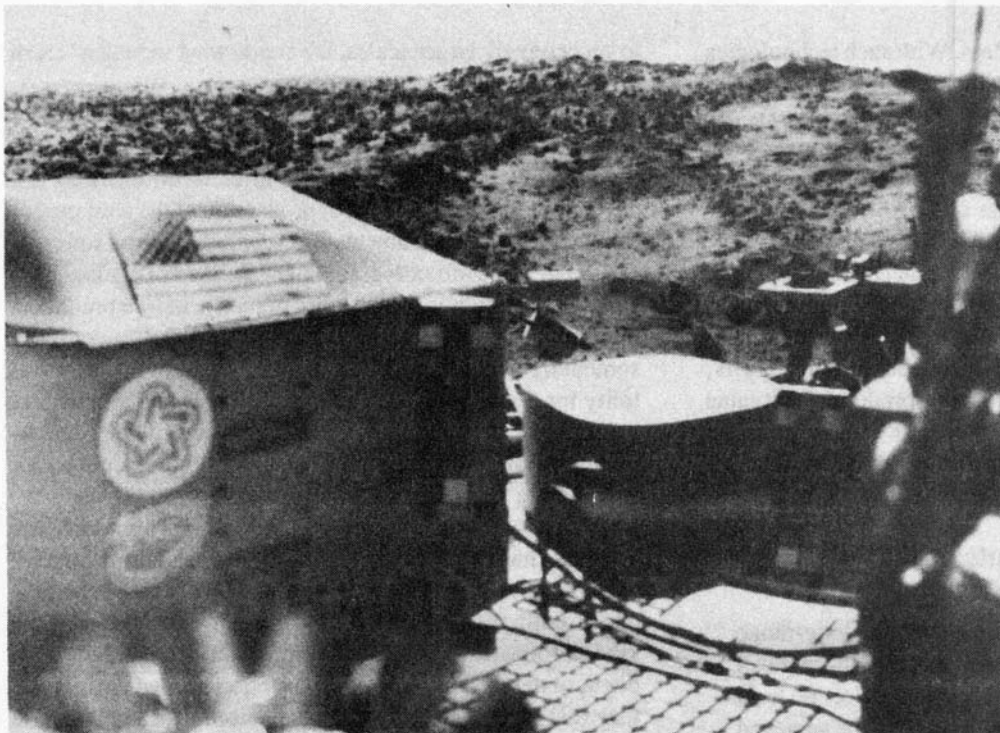
● **BRAZILIAN** Central Bank President Antonio Carlos Lemgruber led a delegation to "explain" Brazil's economic progress to European central and commercial bankers during the last week of July. The group visited Spain, Switzerland, West Germany, France, and Britain. An agreement with the International Monetary Fund is pending, contingent on the rescheduling of Brazil's external debt. The current extension to Brazil of short-term commercial credit and inter-bank lines of \$16 billion expires Aug. 31.

Private initiative for colonizing the Moon and Mars

The following memorandum, titled "International Private Initiative on Behalf of the Successive Colonization of the Moon and Mars," elaborates a proposal announced by Lyndon H. LaRouche, Jr. during the recent (Reston, Virginia: June 15-16) Krafft Ehrlicke Memorial Conference of the Schiller Institute and the Fusion Energy Foundation. In his June 15th keynote address, LaRouche argued for the adoption of a Moon-Mars colonization project as the guiding mission-assignment for implementation of the SDI and its "spill overs." During the discussion period, he proposed that this approach to fostering of scientific progress be spearheaded by an international private initiative. For further background, see the transcript of the keynote address.¹

It can be safely estimated, that during the coming fifty years or longer, all scientific and technological progress will be shaped primarily by the interrelationship among three presently well-defined frontiers of scientific research: 1) Controlled thermonuclear fusion, 2) coherently directed electromagnetic impulses, and 3) optical biophysics. Advances in other classifications of technological progress will be indispensable auxiliaries to the application of the three primary classes of developments, but the overall technological progress of mankind will be directed and bounded by the advances effected in these three cited, primary classifications.

The implications of these primary technologies are shown most immediately, most clearly, and most exhaustively, by examining the interdependent role all three perform together in interplanetary colonization. Thermonuclear fusion is the preferred mode for powered space-flight, and is absolutely indispensable for maintaining a permanent colony on Mars. Such coherently directed energy-modes as lasers and particle beams, powered by thermonuclear fusion, are indispensable to constructing and maintaining a permanent colony on that planet. So-called biotechnology is but an indispensable auxiliary for the optical biophysics needed for such colonization. Interplanetary colonization draws upon virtually all of the potentialities of these interrelated technologies, as no other foreseeable choice of application does so to approximately the same degree.



NASA

Humanity's next "mission-assignment": the colonization of the Moon and Mars. With the technologies developed for Mars, the cultivation of the Sahara and Gobi deserts on Earth become relatively child's play. Shown here is NASA's Viking 1, on Mars in 1976.

Therefore, the best way to achieve breakthroughs in each and all of the kinds of applications of technological progress over the coming fifty years or so, is to create a mission-oriented, crash-program task-force, assigned to developing all of the technologies required for beginning the permanent colonization of Mars by some preassigned target-date, such as 2010 A.D. In other words, develop all of the technologies required for the Strategic Defense Initiative, as a by-product of a Moon-Mars-colonization mission-assignment. This applies to not only the SDI, but to every other area of application. In sum, there is no technological breakthrough likely during more than fifty years ahead, the which is not best obtained as a by-product of such a Moon-Mars mission-assignment.

We propose, therefore, to put all of our "science-eggs" in one "basket." There is no advancement in the general level of technology which is not subsumed by the Moon-Mars mission-assignment? Very well, for a period of perhaps the next twenty years, let us write "Moon-Mars-colonization mission-assignment" wherever present custom would have us write the words "science" or "technological progress." Every important breakthrough accomplished during that period, or longer, will be either implicitly required for accomplishment of the mission-assignment, or will occur as a by-product of that mission-assignment. Once all the technology needed for a permanent colonization of Mars is completed, perhaps twenty years ahead, we shall then shift the mission-assignment, to a next, more ambitious task to go into construction during the middle of the next century, such as, perhaps, the "earthforming" of the moon Titan.

Let us henceforth define scientific progress as an ordered succession of ever-more-ambitious grand-scale mission-assignments. Let "science" be defined in such a task-oriented way during each generation. Let "science" signify both the current grand-scale crash-program mission-assignment in progress and the work of defining the successor to such a mission-assignment.

This is not an altogether novel proposal. The emergence of modern European science, from the work of Nikolaus of Cusa during the middle of the fifteenth century, until France's Jean-Baptiste Colbert assembled such scientists as Huygens and Leibniz to design the industrial revolution during the 1670s, implicitly adopted geometry and astrophysics as the mission-assignment responsible for all scientific and related progress during those two centuries. The next century and a half, into the work of the 1794-1814 Ecole Polytechnique, on coal-fired forms of steam-power for machinery, had the mission-assignment of creating the industrial revolution. Chemistry and electrodynamics, the growing infants of the eighteenth century, became the mission-assignment of nineteenth-century scientific progress. The creation of an economy based upon submolecular physics, the child of nineteenth-century progress in electrodynamics and chemistry, emerged as the mission-assignment of the twentieth century.

Today, we can foresee the clear possibility that colonies totalling millions of persons will exist on Mars by the middle of the coming century. With sufficient density of energy per capita, with lasers and similar devices as tools, and with aid of optical biophysics, millions of colonists will live, work, and produce trees and foodstuffs, in artificial environments

in the cities and greenhouses of Mars. With such technologies developed for Mars, the colonization of the Sahara and Gobi on Earth become relatively child's play. That obvious example, illustrates the general functional relationship between the Moon-Mars mission-assignment and the by-products supplied to solve problems of life on Earth. That is clearly humanity's next mission-assignment.

There is no possibility for the Strategic Defense Initiative which is not implicitly subsumed by the Moon-Mars mission-assignment. There is no advancement in agricultural or industrial technology, perhaps during the coming fifty years, which is not implicitly subsumed as a by-product of that same mission-assignment. That latter fact, is key to our proposal that the Moon-Mars-colonization mission-assignment be undertaken as an international private initiative.

The practicality of a private initiative

In 1953, Wernher von Braun argued:

Since the actual development of the long-range liquid rocket, it has been apparent that true space travel cannot be attained by any back-yard inventor, no matter how ingenious he might be. It can only be achieved by the co-ordinated might of scientists, technicians, and organizers belonging to nearly every branch of modern science and industry.²

With those words themselves, we can imagine no competent objection more than thirty years after that "Introduction" to the 1953 edition of the book was written. However, we do object to a misinterpretation of those words, to the effect that only governmental initiative could begin such a project. Von Braun himself would certainly have been among the first to point out that the accomplishments of Peene-muende were a working out of conceptions already defined as a privately supported undertaking of the collaborators of Dr. Hermann Oberth. If one compares relevant features of Fritz Lang's 1929 film, "The Woman in the Moon," for which Dr. Oberth was technical adviser, with a U.S. rocket-launch today, we have a sense of what private initiative had already accomplished before governments moved into the field.

Attention to the details of ordinary scientific work shows us how private initiative continues directly into those large-scale, government-supported projects we associate with the past forty years' work in rocketry. This shows us how private initiative can undertake, and profit from, the launching of the Moon-Mars-colonization mission-assignment today.

Scientific experiments require appropriate materials and instruments. In modern science, the instruments are assembled largely in tool-makers' shops associated with scientific research-centers. The scientist carries his notion of an experimental design into the machine-shop, and connives with his friends the machinists to whip up instruments which meet the specifications. By extending this traditional practice

to successively larger scales, we create what we call a "crash program."

The first step, from ordinary research-practice into the emergence of a "crash program," is the assignment of small portions of capacity of industrial firms to do research and development leading into pilot production of the new species of materials and instruments foreseen as required for completion of some mission-assignment. Instead of waiting until a scientific design is proven academically, before producing the kinds of materials and instruments needed to construct something according to that design, we develop the capability for producing such kinds of materials and instruments at the same time that the scientists are discovering the refinements of principle needed to design the objects which will require such kinds of materials and instruments.

What we wish to avoid, is the situation in which our scientists have proven the feasibility of designing which we very much desire, but that desirable object can not be produced until we first create the facilities for producing the kinds of materials and other components required. So, we begin to develop the lines of production needed at the same time that we launch the scientific research which will require such species of components. For the latter purpose, we assemble some patriotic and otherwise more far-seeing industrialists, and ask each to assign a corner of his facilities to working out the problems of prototype production of one or more of the species of materials and components we know we shall require. We ask far-seeing investors and contributors to assist us in funding the employment of scientists and others, in laboratories, perhaps by investing in joint-ventures of industrialists and scientific teams.

For example, we know that the next general advancement in industrial technology, for the Moon-Mars assignment and for production generally, will include new qualities of ceramics, tending to replace steel as the material of choice. We know this chiefly for two reasons. First, we know that the next leap in industrial productivity will require modal energy-densities in production approximately four times those prevailing today. Second, we also know that high-temperature fusion processes and use of coherently directed electromagnetic pulses will make possible such increases in energy-density, and will require new kinds of materials suited for operations at such temperature-levels. Therefore, farsighted industrialists will consider it prudent to assign some corner of their total capacities to research and development aimed at producing and working such materials.

Among the auxiliary technologies we require, are included certain qualitative advances in data-processing techniques. True parallel processing is needed for automatic control at the very high speeds required by applications of the primary technologies. We need to develop analog-digital computer-systems, whose analog component starts from the Leibnizian standpoint of Dr. Vannevar Bush's differential analyzer, but goes beyond that into the geometries of the

Gauss-Riemann manifold: we require that this be done electronically. On the latter, we must free ourselves from the cumbersome algorithms which digital computers require, and from certain mathematical absurdities intrinsic to the Cartesian manifold of arithmetic operations; otherwise, our instrumentation will not be capable of the speed and quality of response we require for foreseeable and important applications of primary technologies. There are absolute limits to the physical potential of digital computers on these accounts, which not even parallel processing can truly overcome: we need the higher speeds intrinsic to synthetical-geometrical substitutes for cumbersome algorithms.

These two examples illustrate the point, that, to a large degree, required new species of materials and other components are presently foreseeable. At least, we can foresee the direction which development-work must take, if we are to have, in time, the qualities of materials and other components we shall require.

Once we have actually assembled new objects, using new species of materials and other components, we must begin to move into larger-scale production. It is at this point in the sequence of events, that the sheer mass of a "crash program" emerges. At this point, the scientists as well as the specialists drawn from the pilot-projects in new materials and instruments move into production on a larger scale, to the effect that a very large segment of national economies is now at the disposal of the scientific teams. Now, science is directly driving technological progress in the economy as a whole: a mature form of "crash program." It is in this "mature" phase, that expenditures on the scale of governmental budgets are required.

What has happened in this process of expansion of the initial research and development to large-scale production, is, essentially, that the scope of the scientist's experimental work has been expanded from the scale of the university's machine-shop, to the scale of large-scale production. That process of expansion of scope of scientific experimentation, is the essence of a "crash program."

With certain exceptions, as we shall indicate, the private initiative belongs to the intermediate phase indicated above. At least, this is the case with respect to a project of the scope of a Moon-Mars-colonization mission-assignment. This does not preclude some spill-over of intermediate-phase development-work into larger-scale production within the private sector as such. It must be expected that numerous among the by-products of the intermediate phase will have an economical role to play in the private sector itself.

For example, designs for nuclear reactors as small as 15 MW already exist, designs which permit multiples of such reactors to be combined in a single, modularly expandable complex. There is no good reason that such a reactor could not be installed on a site within a year, rather than the minimum of approximately four years required today, if standardized elements, such as pre-stressed concrete elements, were

adopted to make this possible. Usually, folks suggest that only governments could make such programs possible; on the contrary, if private firms decided it were in their common interest to do this, it would happen.

There is no way to increase productivity generally without such proliferation of nuclear-energy plants. The most important limiting factor in efforts to increase productivity, is the energy-density of production, as measured in both energy-density per-capita, and energy-density per-square-kilometer of the class of land-usage involved. Since we can not reach the level of technology needed to launch a thermonuclear-fusion economy without large-scale increases in average energy-density of production, and since no such expansion could be accomplished without proliferation of nuclear energy, the human race is pretty much doomed to starve on the scrap-heap of "post-industrial society" unless a revolution is effected in scale of nuclear installations.

Such expansion of nuclear-energy installations, including high-temperature gas-cooled reactors for industrial process-heat, makes possible and requires improvements in materials. Lasers and kindred instruments make possible the new kinds of machine-tools—for working new ceramics, for example—which improved qualities of materials require. This implies an acceleration in use of robotics, which, in turn, can make good use of qualitative advances in computer technologies.

Or, medical science. The per-capita cost of delivering modern health services is high, and a large component of the market-basket of households and other institutions. Although there is much misguided chatter, alleging that society can not afford high-technology, capital-intensive medical care, the simple truth is that new technologies of this sort decrease the unit-costs of medical procedures per patient, relative to more labor-intensive procedures. There is no prospect today, that such technologies can replace the indispensable function of the physician's clinical judgment, but these technologies enable us to free the physician from more and more of those forms of labor which are not the exercise of that clinical judgment. Considering the scale of medical costs, the profitability of new technologies to society in this area is a large potential incentive for production of relevant by-products of the intermediate phase of a Moon-Mars mission-assignment.

Food is a large part of the market-basket of the world economy, and the costs of malnutrition, in terms of lost productive potential, are presently off the scale and rising. What we have done with chicken-hotels can be done with premium-value vegetables, with aid of the right biochemistry and sufficient energy-supplies. Here is another area of large opportunity for private investment in some of the by-products of a Moon-Mars mission-assignment.

We urgently require both safer motor vehicles, and a shift to a hydrogen-fuel-based mode of vehicular power. Today, hydrogen can be handled as safely as gasoline in various chemical and compressed forms, and the by-product of hy-

drogen combustion is water—not exactly a pollutant. We can conserve the fossil fuels for use as a petrochemical stock for industry. The combination of new materials, of non-polluting nuclear energy, and the non-polluting hydrogen mode for vehicular power, is the means for rendering urban centers once again desirable centers of both residence and industrial production, and an indispensable response to the continued growth of the world's population.

These examples merely illustrate the point: a private initiative in support of the intermediate phase of a Moon-Mars mission-assignment will in and of itself inevitably produce an array of by-products readily suited to immediate large-scale production within the economy.

Not only is private initiative implicitly an economical proposition; it is also more or less indispensable. A summary of certain highlights of the history of industrial capitalism in Western Europe and the United States is most relevant.

Beginning with the collaboration between Cosimo de Medici and Plethon, the Golden Renaissance was both a moral and cultural revolution, and a directed shift of European culture toward a "science driver" mode of development of economy. In order to free mankind from feudal socialism, the socialism of feudal agriculture and urban guilds, enlightened monarchs, including France's Louis XI and the English Tudors, used the royal power to issue patents, to grant limited monopolies (patents) to consortia of inventors and their partners; out of this came the modern industrial-capitalist firm. Out of this, the independent entrepreneurial farmer replaced the feudal peasant, the technologically progressive manufacturer replaced the progress-resistant guilds, and the free citi-

zen as employed operative replaced the emmiserated "proletariat" of the feudal urban centers.

Those creative powers of mind, by means of which individuals discover or assimilate and apply scientific principles, are, by their nature, uniquely the powers of individuals. Progress is sustained, therefore, by those who run ahead of, and often contrary to existing habits and prevailing opinion, by those who always appear initially as the few.

Science itself is characterized by great rigor. No scientist is a scientist if he pits his "free opinion" against the laws of the universe. Yet, as long as the scientist enslaves his judgment to such rigor, it is the nature of all scientific progress, that each important discovery opposes and overthrows previously prevailing opinion among scientists. It is the right of the scientist to be free, as long as he is also rigorous, which is indispensable to scientific progress.

True, there are certain aspects of economy which must never be left to random choices of private investors. Whenever the state fails to exert a monopoly of responsibility for issuance and regulation of its currency, disaster ensues. Basic economic infrastructure, such as large-scale water-management, general transportation, production and distribution of energy, general communications, and essential urban-industrial common services, must be either provided by the government, or provided by governmentally-regulated utilities. Otherwise, disaster ensues. On this point, President George Washington and other leading architects of the 1787 Federal Constitution were emphatically persuaded, and rightly so.

However, governmental bureaucracy is usually an abomination on several counts. As a collectivity, a bureaucracy

Space exploration: the need for a grand vision

Forrest Tierson, professor at the University of Colorado and member of the Space Foundation, Inc., contributed the following discussion of the requirements for a crash program for strategic defense and space exploration, at the Krafft A. Ehrlicke Memorial Conference, in Washington on June 16:

There are two things to make this program work. The first is to make the [Soviet] threat visible to the populations of the Western world. . . . The second aspect of getting this crash program to work is to provide some vision. It's not just a question of responding to Soviet provocation and some Soviet military construction programs.

We have to point out two things. First, what are the very short-term economic advantages to this particular

reindustrialization and movement into space, in the sense of Moon colonies, colonies on Mars, and that sort of thing? That kind of point could be made very easily, when you tie that to the development of power satellites for beaming power to earth, when you talk about metallurgical and crystal-growing experiments that can be done that can provide tremendous new impetus in the area of crystals and micro-electronics. There are crystals that can be taken to produce devices that have tremendous numbers of units per surface area.

One of the ways we can get industry interested is to demonstrate this to them. You get paid back very quickly.

But even more than that, there has to be almost a philosophical sort of Renaissance. It has to do with movement from place to place. I'll speak just for a moment as a biological anthropologist, talking about human evolution in general. Life has existed probably on this planet for three and a half billion years. When that life first arose, the planet was nothing like it is today. It had an atmosphere which was full of ammonia, carbon dioxide, and methade:

reduces the net behavior of its members to a lowest common denominator, stifling creativity. Only military institutions tend to be an exception to this, and those effectively so only under capable leaderships, and under the passion of determination not to lose whatever wars might be foreseen as possible. In agriculture and in industry, most emphatically, governmental bureaucracies, both the politicians and the permanent bureaucracies, are traditionally a disaster in every area but the management of arsenals.

Hence, outside of currency, of banking, of military affairs, of regulation of foreign and interstate commerce, and of provision and maintenance of basic economic infrastructure, a prudent nation prefers private entrepreneurship: wherever government's role in the economy is not indispensable, wise nations prefer that government and politicians not be present. This is not always possible, notably in developing economies, where the state sector performs an irreplaceable role in the industrial sector; but it is most desirable wherever feasible.

This has been shown in the recent years experience with entrepreneurship which has taken up the challenge, while the politicians and governmental bureaucracies either seek to sabotage the efforts or vacillate. The enlightened private sector recognizes readily, that a technological revolution is urgently needed, if economies are to recover from the "post-industrial" decay destroying our civilization today. Governments, which tend to prefer the rhetoric of assumedly popular ideologies to reality, are more concerned with the sound of the words in a policy than the practical consequences of either implementing or refusing to implement such a policy.

just wonderful stuff that we'd all love to step outside now and get a nice big smell of. Over a period of several billion years, those organisms made the Earth as it is today. They purified it. We were mentioning doing something like that with Mars earlier today. But these organisms did that to this planet. We share a history with those organisms, we have some of their genetic material in us today.

There was a period when life existed in the sea and moved out of the sea into a new environment, the land environment. And now we're facing another step in our development. We've reached a point where this planet is not big enough for us and we're facing another move out. We can leave this planet which has been our home for, if you want to talk in an evolutionary sense, perhaps three and a half billion years; if you want to talk in terms of us, ourselves, as a species, perhaps a couple of million years, or less. We can leave that now. It's like leaving home. Leaving home requires growing up, it forces growing up and if we intend to survive, that's certainly one of the things that we have to do as well.

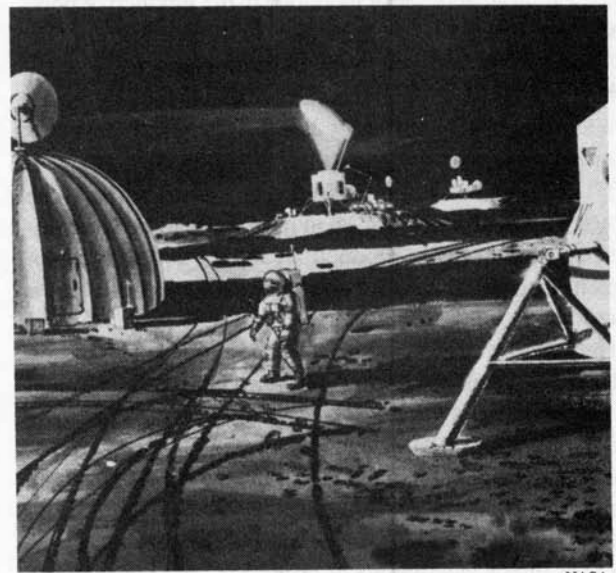
It is the minority of dedicated professionals and industrialists, who are either already taking the lead in the general implementation of the SDI's technologies, or are seriously considering such steps. If those private forces are brought into international cooperation, the aggregations of those persons and of relatively small corners of industrial capacity allotted to development, add up to the order of several billions of dollars in effective impact. For the initial and intermediate phases of a "crash program," cooperation on such a scale promises very impressive results.

We must also consider the important fact, that various nations not part of the Atlantic Alliance do not have the political option of participating in the SDI as nations, although some among these do desire to have use of such technologies for their sovereign purposes. It were an error, to delimit the development of SDI technologies to the U.S.'s own SDI program; this excludes the valuable contribution from nations not part of the Atlantic Alliance.

No matter, the adoption of a Moon-Mars mission-assignment subsumes implicitly every technology required by the SDI, and more. It provides each participating nation the "spill-over" benefits otherwise peculiar to SDI development. It bypasses the political obstacles to participation in SDI development. It puts the research and development in the task-oriented form which coincides with the fundamental interests of each and every nation.

Economic feasibility

It is a commonplace error, to attempt to judge the merits of investment in a new technology in terms of one specific



NASA

Artist's depiction of a lunar manned base.

application, without considering beneficial chain-reaction effects of the spread of that type of technology in the economy more generally. It is, similarly, a commonplace error, to attempt to estimate the profitability of such an investment solely in terms of priced-out output of production, without due regard to the more profound impact of technologically progressive investments, the increase of the quality of the productive process itself.

It is a fair rule of thumb, that to sustain high rates of profitability in modern economies, the portion of the labor force employed in support of scientific research and development ought to be not less than 5% of the labor-force. This is helped by taxation-policies which foster financial incentives for high rates of investment in research and development in private firms.

Assuming that there is sufficient increase of energy-intensity, in the case that two comparable economies each employ 5% of their respective labor-forces in support of scientific research and development, the higher profitability will occur in the economy in which the research and development is relatively more science-intensive, in which relatively greater emphasis is placed on breakthroughs in the frontiers of science.

Thus, to estimate the impact of a Moon-Mars mission-assignment on the growth-rates in economies of participating nations, we must consider, in first-approximation, the marginal increase in research and development introduced, and also, in second approximation, the increase of science-intensity of that economy's research and development as a whole.

The increase of productive powers of labor is effected through the following causal sequence:

1. Fundamental scientific research generates the principles which ultimately cause increases in the productive powers of labor;

2. Incorporation of improved technologies, produced by fundamental research, into capital goods, especially in the machine-tool sector, transmits the technological improvement to production more generally;

3. The improvement in productivity is transmitted to the average operative's work-place in proportion to both the relative capital-intensity of production, and the development of the mental potential of the operative to assimilate that new technology.

The introduction of the new technologies generated by fundamental scientific research into production, is radiated through the economy as a whole in a form fairly described as "technology waves." These "technology waves" may be better understood through aid of the following series of observations.

It is implicitly feasible, to restate the per-capita market-baskets of inputs and outputs of producers' and households' goods of an economy in terms of the putative energy-cost of those market-baskets. The total amount of energy so attributed to either inputs or outputs, whichever is greater, defines

the usable energy-throughput of the economic process as a whole.

This energy-throughput we divide, in a conventional way, into two general components: "energy of the system" and "free energy." The "energy of the system" is an estimate of the amount of energy-throughput, expressed in those market-basket forms, required to maintain the per-capita output of the economy at the current level. Any residue remaining after deducting this estimated "energy of the system," is the "free energy" component. Designate "energy of the system" by S, and "free energy" by E. We examine the economic process, in first approximation, in terms of functions of the ratio of $(S + E)/S$: total energy-throughput in ratio to "energy of the system."

In the rise of productive powers of labor in actual economies, the per-capita magnitude of S increases, but $(S + E)/S$ also rises. In other words, the quantity of energy-throughput per-capita increases geometrically, but the per-capita social cost of the enlarged amount of total energy-throughput either drops or does not rise.

Not only is an increase of the per-capita energy-throughput a precondition for increase of the productive powers of labor. There is also a generally required trend to increase the modal energy-flux density of both energy-supplies produced and at the point of production. In modern industries, such as the case of the iron and steel industry ably illustrates the point, the rise of productivity correlates with jumps in the modal energy-flux density of the productive process.

It is well known that the first-approximation measure of increase of productivity of an industrial society, is a reduction in the percentile of the labor-force required to produce needed agricultural output of food and fiber. It is also the case, that the ratio of labor-force employed in producers goods' output to household-goods output must increase. Also, the ratio of persons employed in physical (including biological) research and development, to combined agricultural and industrial operatives, must increase.

These, foregoing, are the principal, rough constraints defining the preconditions for increase of the productive powers of labor. The "reinvestment" of the "free energy" component of total energy-throughput, must be allotted to the effect, that the relative increases in ratios of employment and energy-composition, indicated by these constraints, result.

The increase in energy-intensity and capital-intensity, required by these constraints, is expressed topologically as an increase in density of singularities. In layman's language, this signifies a change in the structure of the economic process, a change in structure correlating with increase of energy- and capital-intensity. The average amount of S per-capita increases in this way. However, if this occurs in a technologically progressive mode, the quantity $S + E$ increases more rapidly than S: the average rate of profit on investment increases.³

As a result of such a pattern of investment, measured in

energy- and in capital-intensity, an average unit of economic action, per-capita, in the economy costs more energy, but the per-capita cost of producing this increased energy, is less than the cost of producing the smaller market-baskets of the preceding investment-cycle.

This transformation occurs in the manner outlined for the progress through intermediate to full-scale phases of a "crash program," above. Scientific progress affects most directly the use and improvement of machine-tools and other capital-goods. This connection occurs typically in the production of improved species of materials and instruments. The application of these new prototypes, including new kinds of materials and components, to production in general, "transfers" technology from capital-goods production to the productive process more generally. This transfer prompts the general increase of the productive powers of labor.

In addition, the addition of new species of materials and components, increases the complexity of the social division of labor in the economy as a whole. The development of the automobile reduced the demand for buggy-whips, but the new branches of production required by the automobile's development were more numerous than those branches made obsolete.

The spill-over of new technologies into the economy as a whole, through the intermediate phase of the process, occurs in several ways. New materials and instruments, proliferate as additions to the repertoire of the producers' goods market-baskets. New materials and instruments, mean new specializations in production of materials and components for producers' goods. Intrinsically less productive elements of the division of labor are replaced by more productive elements. These effects radiate in "technology waves."

The hydrodynamic imagery is the proper choice. The characteristics of the production and investment cycles, relative to capital-intensity, are metrical characteristics of the investment-process. It is proper to speak of the "tuning" and the "resonances" of the economic process as a whole.⁴ The steepness of the wave-front is chiefly a function of two sub-functions: 1) Combined increases of energy-intensity and capital-intensity; and 2) Science-intensity. The possibility of realizing the implicit advantages of a certain level of science-intensity, is bounded by the levels and rates of increase of combined energy-intensity and capital-intensity. Science-intensity, in turn, is a combined function of the relative portion of the labor-force employed in support of research and development, and the degree of emphasis upon fundamental scientific progress, as distinct from concentration on relatively well-established scientific principles. In sum, the greater the percentile of the labor-force usefully employed in research and development, and the greater the emphasis upon fundamental advances, the steeper the wave-front radiated from research and development into the investment-process.

The economic measure of relative "fundamentalness" of

research and development, is analogous to measurement of increase of firepower and mobility in those instruments we call weapons. Firepower and mobility, in the military sphere, is the analog of increase of productivity in the productive process. It is more than merely an analog. In each case for comparisons, the two are but different expressions of the same level of technology. "Firepower and mobility," so situated, is measured in terms of:

1. Per-capita usable energy-throughput;
2. Energy-flux density at the point of application;
3. Relative coherence of energy-application modes, according to the geometrical definition of a physical Principle of Least Action.

The rate of increase of these, in a form implicitly increasing the ratio $(S + E)/S$, for increasing per-capita values of S , is a reflection of relative "negentropy."⁵

Thus, on condition that a society's investment policy is energy-intensive and capital-intensive, the steeper the "technology-wave," and the more broadly this "wave" is directly integrated with research and development, the higher the rate of increase of productive powers of labor in that society.

Therefore, to increase the relative percentile of employment in research and development, to increase emphasis on fundamental research, and to deploy this in a manner approaching a "science-driver" mode of "crash program," is to ensure the highest rate of increase of the productive powers of labor, and therefore the highest rate of profitability of technological progressive investments in physical output for market-baskets in that economy.

This is the proper approach for projected estimated return on investment in improved technologies. Plainly, therefore, a Moon-Mars-colonization mission-assignment is implicitly the most profitable form of technology-policy for any society today.

Some concrete considerations

The most general problem of interplanetary colonization arises from the limited amount of supplies which can be ferried from one planet to another even with the best foreseeable kinds of interplanetary powered trajectories. This difficulty is somewhat reduced for Mars-colonization, by converting the Moon into the principal manufacturing logistical base for fashioning essential products to be delivered to Mars parking-orbit. On principle, the difficulty remains the principal obstacle to interplanetary colonization.

The general form of required solution, is the development of means for economically converting whatever materials and conditions exist on colonized planets into the primary materials and food-stuffs required by the colonists. On the first count, primary materials, the basic solution includes relatively very large energy-supplies per-capita, relative to present Earth modes of production, energy-flux densities at least four times those in use at present, and liberal reliance

on the super-high energy-flux densities realized by aid of the self-focusing properties of coherent electromagnetic impulses. On the second count, the subsumption of currently developing biotechnology with optical biophysics, defines the general form of solution.

As early as 1948-1953, as we have referenced this, Werner von Braun demonstrated the medium-term feasibility, even then, of launching a space-assembled flotilla of interplanetary craft, for a round-trip from Earth-orbit to a kind of "Antarctica station" set up by this expedition on the surface of Mars. Von Braun's preface to the 1962 edition of that proposal, is most usefully thought-provoking for those undertaking a fresh approach to the project today.

Krafft Ehrlicke has elaborated to a large degree the necessary plans for developing a manufacturing colony on the Moon, a colony based on fission technologies. It would be feasible to launch that Moon colonization as soon as the means can be mustered, without waiting for new developments in thermonuclear-fusion technologies. However, although von Braun's approach, using fission technologies, would suffice for establishing on Mars an analog of the "Antarctica station" under Rear Admiral Richard Byrd, fission technologies are not an adequate basis for establishing a permanent sort of more or less self-sustaining colonization.

As we have indicated, the general principle of interplanetary colonization must be the availability of technologies adequate to transform any materials and conditions abounding for the landing parties into primary materials of construction. This can be solved by sufficiently high energy-flux densities of thermonuclear plasmas, and by focusing such energy into suitable forms of high-energy coherent beams. The energy-regimes needed, are those which enable us, so to speak, to boil and distill any sort of raw material, to transmute some of the distillate, and to create new states of organization of matter. In broad principle, the nature of such requirements is already known, and the feasibility of meeting such requirements in the early future, known with sufficient precision to warrant a "crash program" in related matters.

Excepting biophysics-matters as such, every problem of technology on the present frontiers of scientific progress on Earth, is implicitly solved by solutions to this cited materials problem of Mars-colonization.

Now, let us shift our point of attention to biophysics.

It was already implicit in the cited discoveries of Pacioli and da Vinci, as in the later work of Pasteur, that the mastery of living processes requires us to shift the emphasis from particle-chemistry to hydrodynamics. Of greatest interest to us today, is the fact that organic molecules are tuned to receive and to emit characteristic frequencies of the electromagnetic spectrum, to the effect that we must stress the electrohydrodynamic properties of atomic and subatomic structures, rather than assuming an axiomatically statistical or dynamic interaction among discrete particles. Of special interest are those negentropic forms of tuned excitation-emis-

sion, in which the energy-flux density of the electrohydrodynamic action is increased by several orders of magnitude. This is optical biophysics.

Dear old chlorophyll dimers, are among the obvious targets of optical-biophysics research, especially as we prepare to colonize the Moon and Mars. This is less exotic than negentropic electrohydrodynamics of DNA and RNA, but not less essential. On Mars, we shall be obliged, at least to a very large degree, to rely upon hydroponics, and to supply the plants the energy they require, in appropriate doses of selective radiation created by artificial sources, from thermonuclear fusion. They shall also require the proper sort of paramagnetic regimes amid their dosages of nutrient. We need to master the designing and redesigning of chlorophyll dimers, to tune their little antenna-tails appropriately, and so forth.

We must also produce the right proteins within balanced nutrition, in light of the shortage of animal-protein supplies on the Moon and Mars. This touches some currently very important challenges of medical science here on Earth.

Relatively less critical, but very important nonetheless, for interplanetary flight, constant acceleration in order of 1 G of alternating acceleration and deceleration is needed for flights much longer than those between Earth and Moon geostationary orbits. For this, thermonuclear fusion is needed.

With foreseeable improvements in ceramics, the largest single component of a nuclear or fusion reactor could be reduced in weight to significantly less than 25 tons. Krafft Ehrlicke worked through some shrewd schemes for using fission on the Moon, but for Mars-colonization, we shall have to transport the components of reactors to the Mars surface, and assemble them there. For reasons given by von Braun, this expedition will involve a flotilla of manned interplanetary craft, kept in the same tunnel of trajectory at no more than space-boat distance from one another during the flight.

Probably, we shall construct most of the components of the Mars expedition's flotilla on the Moon, assembling the components into interplanetary craft in parking orbits. This will make the Mars expedition far more economical, but certain fundamental problems persist even so.

Probably, it were prudent to use 10 MW to 50 MW fusion reactor modules of common standard design, both to power the interplanetary craft and for power plants on Mars itself. These modules would be of a type which, not coincidentally, would have a large scale of general usage on Earth, too.

On Mars, it would be most convenient to have tunable lasers and particle-beams: one type of tool for the most varied of required applications. "Distilling" raw material, isotope separation of the distilled plasmas, and assembling such isotopes into desired states of matter in the form of primary materials, illustrate the point. The certainty that we shall have to manufacture water and oxygen, and so on, on colonized planets, also illustrates the point.

Imagine the impact of such technologies to economies on Earth.

There is another aspect to interplanetary colonization. Conventional physics today assumes that what we call "force" is a self-evidently primary existence in our universe. The work of Kepler, and of Gauss and his collaborators, implicitly argues that this is false, that the primary lawful composition of our universe is metrically force-free action, and that "force" is introduced as the correlative of work against a force-free pathway of action. We shall not discuss the possible solutions to this antinomy here, but merely stress that the advantages of practicing astrophysics beyond Earth, and outside the solar ecliptic, too, is among the indispensable measures required to settle fully the highly practical, as well as theoretical importance of this antinomy. We must observe the astronomical domain in the fullest range of the electromagnetic spectrum, and correlate what we learn on the scale of astrophysics with corresponding metrical invariances at the opposite, sub-atomic microphysical extreme. From this will come many practical benefits, as well as the new directions of fundamental physical research beyond the scientific frontiers essential to Mars-colonization.

The extraterrestrial imperative

Kraftt Ehrlicke laid particular stress on the moral importance of space-colonization, upon what he termed "The Extraterrestrial Imperative." The point is, to shift man's sense of identity, above hedonistic, Hobbesian squabbling over the mud of our home-planet, and to prompt mankind to locate its destiny in work in the universe more generally. At first glance, some may not think this aspect of the matter of much practical bearing upon a private initiative; a small amount of further reflection on the point ought to show that this is a very practical, as well as a moral consideration.

It is a profoundly mistaken, but unfortunately popular view today, to estimate that scientific work is essentially "logical," and therefore dispassionate. In other words, scientific work is judged to be "academic," in the worst sense of that term.

Any intelligent and reflective person, must recall as the most joyful moments of his or her life as a pupil in primary and secondary schools, as those moments of discovery, in which the act of discovery was associated with an emotion at once impassioned and sublime. We sometimes speak of such moments as "a light going on in the head." It can best be described as a "beautiful experience." When we, as happy children, relive some discovery of the past in the course of our studies, we experience a kind of joyful excitement akin to the most profound sense of love, the quality of love summed up by Dante Alighieri in the concluding, empyreal canto of his *Commedia*.

Examining the matter more closely, we should be able to recall, the joy of discovery was inseparable from the fact that acceptable solutions to the problem posed were delimited to

solutions fully consistent with a definite degree of scientific rigor. There is nothing arbitrary, as nineteenth-century Romanticism is arbitrary, in the peculiar sort of joyful excitement associated with genuinely reexperiencing a discovery by one of our scientific forebears. There is a godliness in such experiences: the essential thing, is that we delimit creative solutions to problems to those definitions of problems and solutions which are constrained by a sense of the universal and rigorous lawfulness of Creation as a whole.

Friedrich Schiller's profound attack upon Immanuel Kant's miserably philistine and Romantic notions of irrationality in creative discovery and the aesthetical sense, is a most useful reference on this point.

Exploring those childhood moments of great delight a bit further, we should recall that the lingering quality of that excitement was delimited to our anticipation of the practical benefits of the discovery we had just experienced. In our experience of the power within us, as individuals, to effect creative discoveries which are both consistent with a most rigorous and universal lawfulness of Creation, and which contribute increased practical power implicitly to all mankind, we experience in ourselves our divine potentialities, that which sets man apart from the hedonistic, existentialist, beasts and existentialist beast-men alike. Creative discovery partakes of the immortal individual action, that produced by one individual, of implicit benefit to all present and future generations.

In adult life, the individual's creative powers are an extension and maturation of such joyful experiences as young pupils. The adult scientist strives to reexperience those beautiful moments of childhood experience, within the scale of reference assigned to his practical duties as an adult member of society. To be able to retain such motives and creative powers, is to love oneself, is expressive of the highest degree of happiness an individual can attain in this mortal life. No matter how crabbed, peevish, or other the personality defects with which a scientist may be adorned in social practice in the classroom or in other practice of the profession or personal life, what makes him a fruitful scientist is a childlike quality within him, the sweet fruit among the worms of his personality defects.

The essence of science is such passion, such task-orientation. Herein lies the source of energy for sustained concentration-span in rigorous re-examination of prevailing assumptions. Herein lies not only the passion indispensable to creative-scientific fruitfulness; herein lies the capacity of the layman, as factory operative, or other, to assimilate scientific progress efficiently, creatively.

It is such so-impassioned "task-orientation," situated within a fierce attachment to Socratic rigor, which is the wellspring of great upsurges of scientific creativity, and upsurges of the enlarged capacity of populations for "imparting and receiving profound and impassioned conceptions respecting man and nature." To afford to scientific progress,

the unifying form of task-orientation supplied by a proper choice of grand mission-assignment, is the optimal circumstance for high rates of productions in the advancement of applications of fundamental scientific progress.

Herein lies the singular importance of that Peenemuende task-force born out of the civilian Moon-mission-assignment of Professor Hermann Oberth. It is the irony of modern history, that the larger-scale implementation of "crash programs" is fostered only under circumstances of military expediency; so, Professor Oberth's progressed beyond its initial private phase under the patronage of a German military which, in turn, fell prey to the mystically anti-rationalist, anti-scientific Nazi state. So, the continuation of that group's mission-assignment in the United States' aerospace program, was linked to a military expediency. The unpopular, and unhappy, features of the military destinies of Professor Oberth's group, have tended to prejudice judgment against sorting out what was and is primary, from amid the unpopular predicates of circumstance.

The lesson of Professor Oberth's task-force is the role of the Moon mission-assignment in forcing into play a wide range of the best fruits of nineteenth-century German science, and to force that German science to deliver a comprehensive solution to the tasks of bringing mankind into space. The "Extraterrestrial Imperative," excites the professional popular view of scientific progress as perhaps no other foreseeable choice of mission-assignment might do this. If we wish the highest rate of productivity in laboratories and in production, these benefits will be supplied as by-products of an impassioned commitment to master all of the tasks of the Moon-Mars mission-assignment.

1. Lyndon H. LaRouche, Jr., "Krafft Ehrlicke's Enduring Contribution To The Future Generations of Global and Interplanetary Civilization," in *Colonize Space! Open the Age of Reason*, Proceedings of the Krafft Ehrlicke Memorial Conference of the Schiller Institute, Reston, Virginia, June 15-16, 1985. New Benjamin Franklin House, New York, 1985, 384 pp.
2. Wernher von Braun, *The Mars Project*, Urbana, 1962, p. 1.
3. This process has a precise mathematical form in the LaRouche-Riemann Method of economic analysis.
4. In the LaRouche-Riemann Method, the metrical characteristic of an economic process is a rate of increase of a definite value of potential relative population-density. The appropriate extension of Leibniz's Principle of Least Action to this function, is the Gaussian conic self-similar-spiral action, as the elaborated form of circular (isoperimetric) action. The first-approximation of technological progress in an energy-intensive, capital-intensive mode, is such a form of Least Action acting everywhere upon itself. This is reflected as an hyperboloid projected upon the surface of a Riemannian sphere.

This hyperbolic function reflects the resonance of the economic process respecting that "technology wave" under those conditions. The zooming of the hyperbolic curve into the vanishing-point of the sphere, correlates with a "jump" of the economic process as a whole to a higher state, with altered metrical characteristics, a new function in terms of $(S + E)/S$, at a higher level of per-capita energy of the system. Since, in this case, perimetric action (surface displacement) subtends a partial volume of the sphere as the measure of work accom-

plished, the jump to a higher state of the system corresponds to a larger concentric sphere. At the hyperbolic singularity, the action continues on the larger sphere. The Least Action form of successive such jumps determines an harmonic series. Actual transformations of economic processes are measured against this normative, Least Action, case.

5. By "negentropy," we do not mean the statistical definition according to Boltzmann's theory of statistical fluctuations. We signify the distinction between living and non-living processes, first elaborated by the collaborators Luca Pacioli and Leonardo da Vinci, as adopted by Johannes Kepler for his own synthetical-geometrical construction of the least-action pathways of planetary orbits. In the range of phenomena lying between the astrophysical and microphysical extremes, living processes are distinguished from non-living by the fact, that the morphologies of growth and function of healthy living processes describe a self-similar harmonic series which is congruent with the Golden Section. All processes, in this range, which exhibit that harmonic characteristic, are either living processes or a special class of products of action on nature by living processes. The Golden Section, in turn, is the characteristic of projection of conic self-similar-spiral action in the Gaussian manifold onto the Euclidean manifold of brain-synthesized sensory images of physical processes. This Gaussian synthetic-geometric view of Pacioli's and Leonardo da Vinci's discovery, is the definition of "negentropy" employed. In economic processes, this correlates with the cumulative density of the kinds of singularities of technological progress which our ideal model associates with hyperbolic singularities and "jumps."

New!

From New Benjamin Franklin House Publishing Co., Inc.

Colonize Space!
Open the Age of Reason



Proceedings of the Krafft A. Ehrlicke Memorial Conference June 1985

Sponsored by the Fusion Energy Foundation and the Schiller Institute
ISBN: 0-933488-41-6

Order from: Ben Franklin Booksellers, Inc., 27 South King St., Leesburg, Va 22075

\$9.95 plus shipping (\$1.50 for first book, \$.50 for each additional book).

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988



What the director of the CIA does not know . . .
What the President's National Security Adviser is incapable
of understanding . . .
What many conservatives lack the guts to read . . .

The only comprehensive documentation of the current Soviet strategic threat available publicly in any language. This 368-page Special Report has been compiled by an international team of *EIR* experts. Includes 34 maps, plus tables, graphs, index, and extensive documentation.

Contents

Part 1:

The Soviets Have Already Declared War on the U.S.A.

- 1.1 The Two Qualitative Facets Of Soviet Strategic Mobilization Under the Operational Ogarkov Plan
- 1.2 Soviet Doctrine on the War-Economy
- 1.3 Soviet Conclusions from World War II
- 1.4 The 'Maximum Option' of the Ogarkov Plan: Winning Thermonuclear War
- 1.5 The Soviet Military Command for World War III

Part 2:

Soviet Imperial Motives

- 2.1 Soviet Imperial World-Domination by the 1990s?
- 2.2 The History of the Soviet Imperial Tradition
- 2.3 Imperial Soviet Russia and the Chaldean-Byzantine Model of Empire
- 2.4 The Andropov Dynasty: 'Stalin's Children'

Part 3:

Soviet Imperial Objectives

- 3.1 Redrawing the Political Map of the World
- 3.2 The Northern Flank
- 3.3 The Imminent Knockout of NATO's Southern Flank
- 3.4 Germany—the Key to Europe
- 3.5 The Socialist International-Comintern 'Popular Front'
- 3.6 Syria and Israel Within the Soviet Strategic Sphere
- 3.7 China vs. Japan and Vietnam, Under Soviet Strategic Hegemony
- 3.8 The Anglo-American Liberal Establishment and Its Penetration by Soviet Intelligence

Part 4:

The Build-Up of Soviet Absolute Superiority

- 4.1 The Soviet Military Build-Up's Two-Fold Role
- 4.2 Active Defense: The Soviet 'Star Wars' Program
- 4.3 Passive Defense: Survival After War
- 4.4 The Build-Up of the Soviet War Economy
- 4.5 The U.S. and Soviet Economies Since MAD
- 4.6 What Are 'Acceptable Losses' for the Russian Command in a Global Nuclear War?
- 4.7 The Religious Factor: Call to Arms for 'Holy War'

Part 5:

Soviet Strategic Sabotage and Assassination Programs

- 5.1 Andropov's Rise in the KGB: Warsaw Pact Enters International Drugs-and-Terrorism Business
- 5.2 Soviet Surrogates Provide 48 Months of Prewar Assassination and Sabotage

Part 6:

The Soviet Plan of Attack

Part 7:

Keys to U.S.A. and NATO Counter-Strategy

Order from: **EIR News Service**, P.O. Box 17390 Washington, D.C. 20041-0390
Order #85006

Price: **\$250**

Conservative leaders respond to EIR's 'Global Showdown'

When the International Democratic Union (IDU) met in Washington, D.C. July 24-26, the most important debates were not those prepared for delivery from the podium or reflected in the final communiqué. Although the conservative leaders from 21 countries did issue a public statement supporting the U.S. Strategic Defense Initiative in general terms, and calling for action against terrorism, the real policy battles raged behind the scenes. Each of the parliamentarians and government ministers in attendance is confronted more intensely than ever before with the Soviet drive for world domination, the threat of an economic collapse, and the worldwide explosion of drug-trafficking and narco-terrorism. Some among the attendees are deeply concerned about these matters, and said so in the interviews to *EIR* which we publish below.

EIR's correspondents at the conference circulated copies of the just-released *EIR Special Report*, "Global Showdown: The Russian Imperial War Plan for 1988," and reported great interest in the study from the world leaders in attendance. The study was released in order to prove, in graphic detail, the foolishness of the demand of the U.S. State Department, NATO Secretary-General Lord Carrington, Henry Kissinger, and allied circles, that the West conclude a "New Yalta" deal with the Soviet Union, that would include using the Strategic Defense Initiative (SDI) as a bargaining chip in the Geneva arms talks.

The IDU, founded in London in 1983 to counteract the left-wing Socialist International, has provided a forum for leaders of Christian, conservative, and center parties, from NATO countries as well as neutral and Third World nations. Among the participants in this year's meeting were Britain's Margaret Thatcher, who alternately pledges allegiance to the Anglo-American "special relationship," and praises the "new look" of Mikhail Gorbachov; Jamaican Prime Minister Edward Seaga, who, in an interview with *EIR*, rejected international cooperation in fighting drugs, and made the outra-

geous claim that the huge Jamaican marijuana industry has been completely shut down; Norwegian Prime Minister Kaare Willoch, who told *EIR* that he welcomed Gorbachov's "greater degree of rationality"; and Greek opposition leader Konstantin Mitsotakis, a friend of Hans-Dietrich Genscher, the West German foreign minister who is trying to steer the Bonn government away from cooperation with the SDI. The vice-chairman of the IDU is Richard Allen, the former U.S. National Security Adviser and current booster of Mexico's Nazi-communist National Action Party (PAN).

Reflecting the motley composition of the gathering, the final communiqué reached what one participant, West Germany's Franz-Josef Strauss, called a "least common denominator" position. Concerning the SDI, the participants declared that they believe it "vital that Western research does not lag behind the Soviet Union's. They underline that, for over a decade, the Soviet Union has devoted immense resources to research comprehensive antiballistic missile system's technology. . . . The Party Leaders consider the pursuit of research into defense against ballistic nuclear weapons as justified in the interests of the free world."

Left unsaid, however, was anything about *deployment* of an effective anti-missile shield—a position which caters to the insistence of Thatcher, Kissinger, et al., that the SDI be limited to a research program.

Somewhat firmer was the joint statement on terrorism: "The Party Leaders urge all governments to ratify, and enforce, international agreements to promote a common defense against the scourge of terrorism." But no specific actions were proposed, and the role of the international drug traffic, which finances terrorism, was not mentioned. The issue of economic policy was generally avoided.

It is no wonder that some of the leaders present, with strong views to express, did so in interviews with the journal of what one of them called "that famous fellow here in America," Lyndon LaRouche.

'I welcome the American initiative'

Minister-President of Bavaria and leader of the West German Christian Social Union, Dr. Franz-Josef Strauss, gave this exclusive interview to EIR correspondents Ronald Korkinda and Webster Tarpley at the July 24-26 conference of the International Democratic Union in Washington, D.C. The discussion was conducted in English.

EIR: You have been at the IDU meeting over the past several days and there has been some discussion of the Strategic Defense Initiative. Are you satisfied with what has been presented in the final communiqué?

Strauss: The communiqué restricts itself to a formula which is the lowest common denominator, that all participants at the conference express "understanding" for the American initiative. The conference was attended by members from other states, from neutral states like Sweden and Finland, from states which do not belong to Europe or to the Americas. And so a clear formula, a more distinct statement, was not possible.

I will shortly explain the history of the strategy of deterrence. One must distinguish several phases. Phase number one was that the Americans had a nuclear monopoly, and were not within the range of Soviet nuclear weapons. In this phase, the Europeans expressed the conviction that the Americans and the American security guarantee were reliable, because they were invulnerable.

Phase number two: This changed when the Soviets developed and produced weapons which could hit and also partially destroy the United States of America. Among the Europeans, doubts came up over whether the Americans were still reliable, because they were no longer out of the range of Soviet weapons. This was the time that Gen. Maxwell Taylor wrote his book, *The Uncertain Trumpet*. Here he said that states with nuclear weapons will not make use of nuclear weapons for their allies, but only for their very own sake. The Europeans asked—and I was one of them, as West German defense minister—if this was policy when Maxwell Taylor was reactivated [as chairman of the Joint Chiefs of Staff—ed.]. I talked with him myself, together with Paul Nitze, and he replied that no, this was no longer his doctrine. The strategic doctrine is that the Americans still maintain the security guarantee even under nuclear risk. But at this time, in phase number two, serious attempts were made to increase conventional forces and to raise the nuclear threshold in order

to reduce risk of nuclear war.

Now in the next phase, we have flexible response, but with the background of the strategy of nuclear deterrence. Nuclear deterrence became more and more the target of attacks; it offers bad outlooks and cannot be maintained forever. If we think of the memoranda of the American Catholic bishops and the European bishops, the memorandum of the West German bishops was more careful, but all of them had no alternative.

What are the alternatives to get out of the strategy of nuclear deterrence? One alternative would be unilateral disarmament. This is capitulation. This is to accept the Soviet domination.

The second alternative is not an alternative: to solve the problem by a preemptive war. Only a madman with criminal instincts would think of such a solution.

Number three, that the Soviets will, in the foreseeable future, change their imperialistic ambitions. This is unrealistic.

The alternative is to resort to a new dimension of modern technology. This new dimension of modern technology, the SDI, will not eliminate nuclear weapons but will modify, will relativize, the importance of nuclear weapons. It will not completely rule them out, but will make the accumulation of offensive nuclear weapons senseless.

I welcome this American initiative. No one knows whether or not it will be a strategic success. It will offer, surely, new insights in science and modern technology, and also industrial production, apart from the military field.

But we Europeans have a particular additional interest. The Americans are interested in getting anti-missile systems to destroy missiles in the boost phase or in the immediate post-boost phase. Our interest is the tremendous superiority of the Soviets in conventional weapons and their superiority in short-range and mid-range ballistic missiles, the targets of which are in West Germany or in the rest of Western Europe. Therefore, we want to extend this strategic defense initiative from instruments against intercontinental and submarine missiles, to short-range missiles, mid-range missiles, and maybe to modern weapons against armor, armored cars, armored artillery, armored transport cars, conventional air fighters, wiping them out or eliminating them.

EIR: The Tactical Defense Initiative or the European Air Defense Initiative?

Strauss: Yes.

EIR: Do you think the United States government is doing enough to guarantee equal access to technology and an equal partnership among the sovereign states?

Strauss: This is, up to now, not fully clarified and guaranteed. But in my talk with Vice-President Bush when he was touring West Germany, I emphasized this point and asked clear-cut questions. And he replied, that he sees no serious obstacles.

'We don't need any strange bedfellows'

Dr. Mock, Austrian Member of Parliament, former minister, leader of the Austrian Peoples Party, and chairman of the International Democratic Union, spoke with EIR correspondents Ronald Kokinda and Webster Tarpley at the conclusion of the IDU conference in Washington. Here are excerpts of the interview, which was conducted in English:

EIR: First, in your role as chairman of the IDU: Did people come away from this conference with a better understanding of the importance of the Strategic Defense Initiative?

Mock: There was agreement to take a positive attitude toward this research project. And there was another understanding, that when the research has been done, it is up for decision on how to use it.

Of course, within the framework of this common understanding, there is a slightly different accent, whether the parties came from countries of the NATO alliance, ANZUS, or other military alliance countries, or from permanent neutral countries. I personally would say that to the extent that the Strategic Defense Initiative, as a non-nuclear strategic defense initiative, removes the danger of nuclear warfare, you can take only a positive attitude toward this research project. . . .

EIR: Officially, the U.S. has welcomed neutral countries to be under the umbrella of protection.

Mock: I would say that permanent neutral countries certainly could not participate. For reasons of international law, but also for political reasons, they could not participate in such a military project. But it is up to single enterprises from neutral countries—Sweden, Austria, Switzerland—to decide whether to participate in the non-military components of the project. . . .

EIR: We have this new leadership in the Soviet Union around Mr. Gorbachov. Marshal Ogarkov is undeniably now the head of the Warsaw Pact. There was discussion of this at the IDU meeting. What were the conclusions?

Mock: There is, to my mind, too much speculation on this issue. You can read that Mr. Gorbachov is a Westernized person, and so on and so forth, because he has another way of dealing with mass media, or wears, in a different way, Western suits. It is all a bit ridiculous. He is a true, top,

Communist personality, otherwise he would not have become the first personality of the Soviet Union. And he will take care of the interests of the Soviet Union, and then take care of the interests of World Communism. . . .

EIR: Concerning the IDU itself: Here you have a group of parties, center, moderate, conservative in coloration. At the same time, we look at the other international party organizations, for example, the Communist Parties in Western Europe, which have a "Cominform" tendency that was visible at their meeting in Paris a number of weeks ago. And then in the Socialist International, we find the tendency of the SPD [West German Social Democratic Party] to enter into a kind of united front with the SED [East German Socialist Unity Party] and the Italian Communist Party. Can the IDU expand its activities to meet this challenge?

Mock: The IDU is already the biggest International, representing 150 million voters, and is expanding. The only real difficulty we are facing, is that we are growing too quickly. We face a lot of problems with the workload of a world-wide organization. So we are slowing down the acceptance of the applications of new members. . . .

You raised another important point which I regret very much, which is that the leadership of the Socialist International deals with non-democratic parties. . . . It is absolutely against any credibility if [SPD chairman Willy] Brandt deals with the Communist Parties, or kisses Fidel Castro, and then wants to be praised as the man representative of the democratic sort. That's why I not only criticize this tendency in the Socialist International, but am taking every measure to deny membership or status to any party which does not come from a fully functioning democratic system. We are too strict, according to the opinion of some members. But we don't need any strange bedfellows. We accept only truly democratic parties of a non-collectivist character.

EIR: You said before that the optimum situation is to have a balance between the superpowers. Do you have a feeling that the balance is being shifted in the direction of the Soviet Union?

Mock: In the 1970s, there was a shift in the favor of the Soviet Union. We said this also to the Soviets. A lot of them are quite realistic and accept this.

My advice to my friends in the West is: Take a firm position. Some of them [the Soviets] are very realistic and they respect firm positions, even if they are not always pleased. You can come to an agreement with them, but only if they are convincing and persuasive positions, not from an opportunistic position of giving in, showing weakness.

I want to come back to what the IDU really stands for, which is to take an offensive attitude in expanding democratic values. And not defensive attitudes. Western democracies normally only take defensive attitudes against authoritarian regimes and dictatorships. And one should remember what the consequences were. . . .

A war on drugs is now 'more relevant'

Mr. Fraga Iribarne, Spanish Member of Parliament, former government minister, and leader of the Alianza Popular party, spoke to EIR correspondents Webster Tarpley and Ronald Kokinda. The interview was given in English. Excerpts follow:

EIR: We read your speech on Central America with great interest. In terms of a strategy to pacify this region without military intervention, one thing that has been discussed in the United States, is a war on drugs.

Fraga: It was mentioned here as a relevant factor, especially in the speech of the former President Pastrana of Colombia, who emphasized the importance of this. As you find, I have not taken the suggestions of that famous Mr. LaLouche [sic]. There is a famous fellow here in America who pretends that everything is connected to drug traffic and has printed a book on this.

EIR: Mr. Lyndon LaRouche?

Fraga: Yes. Well of course, I am not familiar with all of the charges. But I have to say that recently—in a trip to Miami and in a trip to Panama, and regarding the information I can collect, especially in Colombia—in fact it seems that this is more relevant.

Today it was mentioned by President Pastrana that in Colombia—and this is not the worst of the cases—there are private armies. Big companies are paying to those private armies, amounts of money which are incredible, to keep protected. That creates a connection between drug traffic, terrorism, and private armies, which is one factor which would have been unthinkable several years ago. How big a problem it is, I don't know. But some say you can't understand the economy of Bolivia without taking this factor into account. You can't speak of the boom of the so-called banking center of Panama, and even some in Miami, without taking this into account. To what extent is terrorism as such connected to drug traffic? No one could say, but certainly there is a connection. In Colombia, without drug traffic, [terrorism] would probably already be suppressed.

EIR: They say that Carlos Lehder has an army there that is bigger than the national army.

Fraga: Well, that perhaps is an exaggeration. But certainly, it is such a big country that with a small army, there are parts of the country that can be under the control of those kinds of people. I would say that this is not the only, or more relevant

factor, and especially in Central America, where I suppose that traffic ends in Panama. I would not say more, because I am not an expert on the question. But when you remember that this may have more value than perhaps 10 locomotive engines or 2 ships, then you come to the realization that this is very serious.

EIR: The International Monetary Fund has been accused of pushing policies which promote drugs.

Fraga: These are the charges which Mr. LaRouche is promoting, which I think are exaggerated. Especially the personnel of the institution have nothing to do with this affair. But certainly the policies of the International Monetary Fund have not much to do with present reality in Latin America. The present state of economy in many of those countries is not understandable, explainable just in terms of their own policies. You need social and political considerations, that are part of the truth. The more you defend impossible theses, the more you put those economies in a situation where anything may happen. That is an indirect connection; I will not say more than this. Certainly, I think the present interpretation of the Fund of the debts of those countries, is out of order. You need to put political factors into consideration.

EIR: Another point in the discussions here was the Strategic Defense Initiative, and the economic spinoffs that could come from this program. Will Spain take part in the effort to develop an anti-missile shield?

Fraga: There are many of us who said, do not have a previous conception against this project. We had interesting discussions with Ambassador Nitze at the meeting. Second, we thought that instead of making a contradiction between the Eureka program and the SDI, the French have presented Eureka as a non-military one, and there is a possibility of mixing both. Spain, which now has a socialist government, has made a pronouncement in favor of the Eureka program, but means the non-military aspects. Unfortunately, Spain is not a high-tech country, and we should do more on this. We should incorporate them both, if we may, but we have to be sensible.

EIR: What do you think the future holds in terms of Spain's membership in the Atlantic Alliance?

Fraga: Our party is for full integration, further integration in military organization, and also for us to expand our responsibilities. But the Socialist government has made a gesture of being with the non-aligned people, and for keeping the present state of integration, which means refusing the military integration, and putting other conditions on the American bases. We are for full cooperation; we think it is good for everybody, and especially for Spain, of course. What is the future? I think our viewpoint will come. But for the moment, we are between the constant oscillations of point of view of the Socialists, who still keep the view of pacifism.

Latin America's debt burden 'an injustice'

EIR correspondent Ron Kokinda discussed the debt crisis with former Colombian President Misael Pastrana Borrero on July 27. In the excerpt of the interview published below, Mr. Pastrana's remarks are translated from the Spanish by EIR.

EIR: I would like to touch on a problem that is obviously related to drugs, which is the question of the debt. There has been a lot of discussion of the debt problem. Fidel Castro has made some proposals which essentially say: Bail out the major U.S. banks, and the U.S. should cut its defense budget. There have been some proposals by former Secretary of State Henry Kissinger for a "Marshall Plan." What are your reactions to both these proposals?

Pastrana: Yes, I was invited by President Fidel Castro to attend the conference now taking place in Havana. In fact, today the Bogota press published my response to Castro on this topic. There I explained that two and a half years ago I spoke at a Harvard University conference, where I said that what was happening in Latin America—taking the post-war Marshall Plan in Europe as a reference point—was an anti-Marshall Plan. The Marshall Plan was a flow of funds from the major financial power that emerged at that point, the United States, to Europe's crisis-ridden economies. Today, the flow of funds is going from Latin America's crisis-ridden economies to the industrialized creditor economies, creating a great injustice, increasing tensions, and jeopardizing social, economic, and political stability on the whole continent.

In response to both Mr. Kissinger's and Mr. Castro's proposals, I could say that I have taken an equidistant position. I agree with both, that this is the major problem on the continent, and until the debt problem is resolved, we are like a house of cards, whose governments and what we call political stability, could at any moment be jeopardized. I don't think the appropriate path is a moratorium on payments. I mention the comment of a European leader, Helmut Schmidt, who said, "The problem of the Latin American governments is that [they must] choose between feeding their people and paying the debt, and of course, they will choose to feed their

people. But they can only do that for a few months, because after that, they won't have what they need to feed them fully."

So, I think that this is a short-term, but not a long-term policy. I think that the idea of a debtors' club has not been defined on the continent. I think that Mr. LaRouche has spoken of the debtors' club, and the continent takes a stand in favor of, or against, a debtors' club without really knowing what they're talking about. We Latin Americans are very given to semantics. . . . If one were to do an analysis of a Latin American economic dictionary, "debtors' club" doesn't exist, and hasn't been fully explained. . . . I believe that individual actions are not a solution, because many times one country's refinancing or rescheduling agreement, limits other nations' possibilities to do the same, because in the end, funds from the creditor banks have been committed.

I think that some kind of joint action will be taken. But joint, in what sense? In the sense that individual negotiation will be maintained, but on the basis of some broader parameters, some reference point regarding the terms of amortization, repayment terms, grace periods, and interests. If the Paris creditors' club, known as the Club of Paris, has some reference points for its individual negotiations, I think that the Latin American countries should also have some reference points for their foreign debt commitments. But if you study the panorama of the last three years of the so-called eruption of the debt crisis with the Mexican case, Latin America has probably paid between \$120 and \$150 billion in interest, which I believe—and I don't say this with any populist overtones—is a grave injustice for a poor continent.

. . . When IMF officials confront the problem of the debt—and many of them are responsible for the problem, because they were the finance ministers, planning ministers or high-level government officials when the debts were contracted—now they are giving the advice on how to solve the problem they created. The problem is that they only consider the creditors' interests. . . . They look at the debt problem only from the financial standpoint, that the debts should be paid, but [they don't consider] the tremendous social cost for the continent of this type of policy.

And the social cost has become incredible. Some poor countries, instead of growing, regress to the levels of several years ago, and only by 1990 will they return to the still-poor levels of 1980. This has manifested itself in inflation rates, fiscal deficits, lack of investment in economic and social infrastructure, and tremendous unemployment, whose effects are not yet felt because this is unemployment of the young, who, by failing to get their first job, they have already determined their future. So, we have to look at both aspects—obviously from the standpoint that a debtor should comply with his obligations, but these should be considered within reasonable terms. This is what the IDU declaration states—that countries must seek discipline, but also allowing the necessary growth that will allow them to attend to the needs of their people.

Greece enters 'crucial and dangerous phase'

Mr. Mitsotakis, Member of Parliament and leader of the New Democracy party of Greece, spoke to EIR correspondents Webster Tarpley and Ronald Kokinda in Washington, D.C. Mr. Mitsotakis' remarks were translated by his aide. Excerpts of the interview follow:

EIR: We would like to ask you first, concerning the recent elections in Greece, do you see a pattern of intervention or interference in Greek affairs, for example, by the Soviet Union through Ambassador Igor Andropov?

Mitsotakis: I don't see any, either interference or intervention. Of course the policy followed by Mr. Andreas Papandreou toward the Soviet Union, has also its domestic targets and purposes. That is to say, he likes to be on good terms with the Greek Communist Party, internally. And it is well known that the Greek Communist Party closely and respectfully follows Moscow. In the last elections, a percentage of Communist voters cast their votes for Mr. Papandreou. They gave him the margin of difference in his victory. But there is no proof that this occurred following instructions from Moscow. We have no proof, no evidence.

EIR: There were reports in the American media of vote fraud, of trucks carrying electoral ballots into Greece from Bulgaria. Do you have any indication of how widespread the vote fraud was in the election?

Mitsotakis: Regarding fraud, we have a lot of suspicions. We are now carrying out a study. The government has so far refused to give us the data we have asked for, to carry out our study. Also, on the eve of the election, the government abused its authority and power. It carried out a policy of blackmail and threats. It monopolized the transportation facilities within the country, such as the local airline—the proof of that is that New Democracy, which represents 40% of the voters of the country, got only 2.5% of the total number of tickets for our voters. And most of the planes were taking off from Athens and coming back almost empty, and our voters did not have a chance to come in on the planes [to vote].

EIR: Did you feel, during the election or before it, that there was the implicit threat of a coup or military move by Papandreou, if he thought he was going to lose power?

Mitsotakis: The overall atmosphere in Athens was nervous. The government didn't look very prepared to surrender power if it lost. But I have the feeling that if New Democracy had won the elections, they [the government] would have surrendered power.

PASOK [Papandreou's socialist party—ed.] was not prepared, was not ready to maintain power without the approval of the popular vote. Not yet. The new phase is, in my belief, a very crucial and a very dangerous one, because Papandreou will try to complete and fulfill his task for overall control of the country. He will try first to control the armed forces, police, and security forces.

EIR: We have seen reports here that the Greek armed forces have now been reoriented in their deployments and where they are based, that they generally don't defend any longer against Bulgaria and the Warsaw Pact, but now primarily are deployed against Turkey. Do you think that Papandreou intends to get the U.S. bases out, to get out of NATO, and does he intend to go further? Does he intend to go toward the Warsaw Pact?

Mitsotakis: It is very difficult for anybody to predict what Papandreou will do. He is an unpredictable character. But for the first time after the election, I am very much concerned that he could proceed in reorienting Greek foreign policy. A basic change, a fundamental change—to ask Americans to get out, with their bases.

EIR: There is tremendous Soviet pressure on that region, on the southern flank of NATO, part of the Soviet drive for the Dardenelles. How do you view Soviet activity in the Mediterranean?

Mitsotakis: It is not only that there is a contest of the two superpowers in our region. I want to add the problem of Cyprus. I have strongly emphasized to the United States in my talks, that the Cyprus problem has to be solved. Today the Cyprus problem can be solved on the basis of the latest proposals of U.N. General Secretary Mr. Peres de Cueller. At this time, an active and decisive role by the United States for the settlement of this issue not only would lead to a settlement, but would mark a victory of the West in this area against the invasion of the Soviet Union.

EIR: What do you see as the future? What are your plans? What is your party going to do?

Mitsotakis: I am optimistic. We will win, finally, if democracy survives. After the elections, we feel stronger. Our morale is high. In contrast, Papandreou is weak.

EIR: So, will Papandreou finish his term?

Mitsotakis: I hope not.

Can moderates stem the tide of holocaust in South Africa?

by Linda de Hoyos

The survival of all of southern Africa, including the Republic of South Africa itself, now hinges on whether Anglican Bishop Tutu and moderate forces around him can retain leadership in South Africa, as the country is polarized in an all-engulfing race war. If Bishop Tutu and his allies are swept aside, then the death of more than 500 people in South Africa in the past year, is but a foretaste of the holocaust that will descend on the region.

The refusal of South African Prime Minister Pik Botha to proceed with his promise to meet with Tutu, may already have sounded the death knell for a negotiated settlement to the South Africa crisis, in which violence has been increasing daily since the July 20 emergency. "Ours is a desperate situation," stated Bishop Tutu after Botha announced his refusal to see him, "which calls for statesmanship. . . . It is not as if we have all the time in the world to find a solution to the unrest."

A solution is not on the agenda for the forces controlling the current crisis. As with the destabilizations throughout the underdeveloped sector, South Africa has become the target of two forces: the Western Malthusian oligarchy, represented by Henry Kissinger and his former business partner, NATO Secretary General Lord Peter Carrington, whose family has vast holdings in Africa; and the Soviet Union, which are seeking to destroy South Africa as a strategic ally and strategic mineral supplier of the United States.

The crisis management agreements for the South African destabilization sought by this alliance have been worked out by the U.S. State Department, acting as a deployable asset of the British Foreign Office and the Soviet KGB. In June, U.S. Assistant Secretary of State for Africa Chester Crocker

and his Soviet counterpart Vesev met to achieve a "mutual understanding" of the crisis—just as Assistant Secretary of State for Middle Eastern Affairs Richard Murphy has worked out agreements with Yevgenii Primakov, head of the Soviet Oriental Institute, for the successive withdrawal of the United States from the Mideast and the destruction of America's allies there.

In southern Africa, as in the northern and central section of the continent, the Soviets and the Western oligarchy have combined to create social chaos through Islamic fundamentalism and tribalism, and to carry out financial blackmail through the International Monetary Fund and World Bank, to destroy the potentials of any independent nation-state in the region. South Africa, the industrial powerhouse of southern Africa, upon which the economies of the surrounding countries depend, is slated for the same treatment.

The collapse of the South African economy has already begun. On July 24, Morgan Guaranty and Citibank of New York announced a cut-off of investment for South Africa. On Aug. 1, Chase Manhattan's announcement that it had halted new loans to South Africa and had refused to roll over existing loans as they matured, sent the South African Rand tumbling by 10% in one day. The forces controlling these banks are, of course, the same forces that set up and have fostered the apartheid regime for decades.

Orchestrated denial of credit has been used systematically for purposes of political destabilization by the banks against the Ibero-American countries and the Philippines.

Nor will South Africa be able to obtain further credits from the International Monetary Fund. According to an IMF spokesman, the Fund will abide by a U.S. Congress resolu-

tion which forbids the Fund from granting any *new* credits to the apartheid regime.

On July 24, France recalled its ambassador from South Africa, announcing economic sanctions against the country. France also pushed through the resolution for sanctions in the United Nations Security Council. This decision has no relation to morality; the French have few investments in South Africa, and according to an African expert based in Bonn, the French government has not halted its arms sales to the apartheid regime.

European foreign ministers, meeting on July 31 in Helsinki, declared that economic sanctions are "inevitable" unless there are changes in Pretoria's attitude "as soon as possible."

Sanctions will hurt the black African nations surrounding South Africa far more than South Africa itself. Prime Minister Botha announced on July 29 that he will retaliate by expelling 1.5 million black workers from South Africa to their respective countries. This would condemn to death millions of black Africans, who are kept alive by the remittances of family members in South Africa. Several African governments depend on these remittances for payment of taxes. Zambia is 30% dependent on remittances from workers in South Africa, with Lesotho 50% dependent.

Botha also threatened an embargo on the use of South Africa's railways, airlines, and ports by its neighbors, which would result in a total collapse of these countries' exports and vital imports.

Within South Africa, the Russian-backed terrorist African National Congress has begun a campaign of economic destruction. In a broadcast from Ethiopia, the ANC leadership called upon its supporters to wreck factory machinery by "removing vital parts or introducing foreign and dangerous elements." The ANC has taken credit for burning the Sasol coal-conversion plant and explosions at the Koeberg nuclear reactor.

The economic war worsens the existing recession in South Africa, which has caused widespread unemployment. In Soweto township, where some 2 million blacks live, unemployment is estimated at 25%. In the Vaal area, 55% of the residents are designated as "not economically active." The number of blacks below the poverty line doubled between 1960 and 1980.

Through credit cut-off, sanctions, and the Botha regime's programmed genocidal response now, all of southern Africa is being turned into a death camp. The model is the *bantustans*—the so-called independent homelands for blacks, where there is no energy, no infrastructure, no seed—no means of existence. In some instances, these vast death camps are administered by South African ally Israel, and it is noteworthy that after announcing his blackmail plans on July 29, Botha met with G. Kraft, the head of the B'nai B'rith International, and with the head of the South African branch of the organization. In the Ciskei bantustan, Israeli business has begun to invest, using the population as slave labor. Ciskei

administration is as repressive, if not more so, as that in South Africa proper. The police are trained in Israel.

This is the future for millions of blacks, not only in South Africa, but in the entire region, if the forces arrayed around Bishop Tutu are destroyed.

The widening conflagration

On Aug. 1, a London *Times* editorial predicted a "disorganized rising of the black underground," and declared that there is limited time left for moderate leaders "like Tutu." Even before the emergency, the radicalization of the black population in Soweto began to threaten uncontrolled violence among the blacks themselves. On July 12, Bishop Tutu confronted an angry mob of blacks. Moving through the crowd which had already set fire to a car, the Bishop waved people away from a gasoline-doused black man about to be burned alive who was accused of being a police informant.

The Bishop warned on July 28: "I believe many whites do not appreciate the mood of our young people. They are convinced that armed struggle is the only way to change the system, and they are ready to die for the cause." He expressed his surprise that young blacks continue to accept his leadership. "But I am afraid that this is already being questioned. I believe the day when they will sweep us away is perhaps not far away."

In June, the Russian-backed leadership of the ANC called upon its forces to make the townships "ungovernable." Russian broadcasts in Zulu are fanning the unrest. Since May, a number of prominent black leaders have vanished. Pro-government vigilante squads, such as the Western Cape Suicide Squad, and black extremists are carrying out assassinations of moderates of both camps. On Aug. 1, Victoria Mxenge, attorney for Tutu's United Democratic Front charged with treason, was ambushed outside her home, and shot by four hooded gunmen. Her husband, also a civil rights lawyer, had been stabbed to death in 1981.

Bishop Tutu is also a target of assassination. Tutu, who endorsed the Schiller Institute's Declaration of the Inalienable Rights of Man on June 18 and has declared his opposition to the International Monetary Fund, is a target not only because of his determination to force a settlement, but also because he eschews the racial and tribal divisions, used by the British and the Russian masters of the African National Congress to control and destroy the black population. "It was only recently," Tutu said in an interview with *Newsweek*, "that we got this preposterous notion that South Africa is made up of several nations. It was a smart ploy to retain power in the hands of the whites by balkanizing South Africa and saying that blacks formed different nations, whereas whites coming from different ethnic backgrounds by some strange alchemy were able to exist here as one nation. We have to point out that at the present stage in the evolution of black thinking, there is no notion of partitioning South Africa. We want a unitary state in which it is not race that counts, but the fact that you are a human being."

Moscow's August war plans in the Mideast

by Thierry Lalevée

Ongoing preparations for this year's Hajj or holy pilgrimage to Mecca, have put most Western intelligence agencies on a special status of alert. First, there is the growing fear that this year, Iranian-sponsored Islamic fundamentalists, who have been creating disturbances at Mecca since 1979, will attempt a replay of their November 1980 take over of the Mosque which brought the Saudi kingdom close to the brink. Indications abound that a global fundamentalist upheaval may be planned, with a crisis in Saudi Arabia as a focal point.

Iran's Hojatessalam Mehdi Karroubi, head of the Foundation of the Martyrs which helped plot the June 14 TWA hijacking, announced on July 23: "The Imam says that we must exploit the ceremonies of the pilgrimage to bring about a political awakening among all Muslims and stir up demonstrations at Masjed el Haram, in Mecca town, in Medina, and in Jeddah."

Karroubi had just been appointed by Khomeini the "commander-in-chief" of this year's pilgrimage.

The same day, Hojatessalam Hashemi-Rafsanjani, president of the Parliament who is expected to become prime minister after the Aug. 16 presidential elections, declared: "All pilgrims must shout with all their strength: Death to America, death to the West. This is the Imam's command."

Over the last three weeks of July, some four Iranian-organized meetings were held, one of them in Montreal on July 4, reportedly led by Ayatollah Sandjabi, an original member of the revolutionary council in 1979.

Ten days later, a conference in London organized by the Islamic Council of Europe under Salem Azzam, gathered to discuss Islamic banking and petrodollars, but included discussions between Algerian fundamentalist Ahmed Ben Bella, Tunisian Islamist Habib Mokni, and a score of Middle Eastern fundamentalists representing underground terrorist groups from the Gulf and Egypt, such as Iraq's al Da'awa party. Leading the discussion was Hojatessalam Mohadegh Damad of Khomeini's home town, Qom. Two other conferences are reported to have taken place in Africa, one in Gaborone, capital of Botswana.

At the top of the agenda of these meetings was the precise organization of the 150,000 Iranian pilgrims who will be sent this year, together with hundreds of thousands of Iranian

agents among other delegations. Pilgrims are to be organized along specific chains of command under a militarily-trained leader and a political activist. Non-Iranians have been requested to come to Iran by the end of July to perfect their military training. Up to 15% of the Iranian contingent will be veterans of the war with Iraq, most belonging to Brigade 110, established last year. Based in Iran and Lebanon, the brigade is running most of Iran's wet-work in the region.

Although Saudi authorities can be relied upon to take necessary precautions around the mosque and other key locations, a surprise may be afoot. There may be disturbances in Mecca, but the real operations could take place elsewhere: for example, in Saudi Arabia's eastern province around the oil fields of Dahrán, which is predominantly Shi'ite. Arms caches would have already been placed there.

An upheaval may reach as far as Bahrain, now linked to the Arabian Peninsula by a 25 km bridge. Last June, an

The all-out assault being readied against the Palestinians in Lebanon . . . has been worked out in secret discussions between the Syrians and Israelis, under the sponsorship of the Soviet Union.

Iranian-sponsored plot to overthrow the Emir of Bahrain was uncovered in London, the fourth such a plot in five years, as Khomeini revives Iran's historical claims to the predominantly Shi'ite island.

Moscow and Iran's war plans

Syria's July 29 decision to send some 50 Soviet-made T-62 tanks to the Shi'ite Amal militia in Beirut, is not only a gross violation of the June agreement which ended the so-called "war of the camps," whereby all heavy weapons were to be handed over to the Lebanese army, but is a signal that Damascus wants to deliver a final blow to the Palestinians in Lebanon.

The decision came less than 24 hours after the signing in Beirut of a new "political alliance" between Shi'ite leader Nabih Berri and Druze chieftain Walid Jumblatt. Laying the basis for such a pact were three days of consultations in Damascus with Vice-President Abdel Halim Khaddam, to strengthen the "anti-Arafat front in Lebanon," as it was called.

The danger of this genocidal operation was first identified by PLO Chairman Arafat in an explosive interview on July 19 broadcast by Radio Cairo. In the interview, Arafat explicitly identified Syria as harboring "a major plot against the Palestinian cause and against the Arab nation as a whole. . . . The aim of the plot was, and still is, to oust half a million

Palestinians from Lebanon in accordance with what Sharon said when he entered Lebanon. Nabih Berri is only the Trojan Horse used in the implementation of the plot."

The all-out assault being readied against the Palestinians in Lebanon is part of a final solution to the Palestinian problem that has been worked out in secret discussions between the Syrians and Israelis, under the sponsorship of the Soviet Union, whose deal with the Ariel Sharon faction in Israel has now surfaced publicly with the news that the Soviets and Israelis are getting set to reestablish diplomatic relations. Once the Palestinian problem is "eliminated," which all sides agree is best accomplished through a holocaust, then a redivision of the Middle East will occur.

A new massacre of Arafat's followers in Lebanon is to be coupled with Syrian-sponsored kamikaze operations by the Nazi National Socialist Syrian Party against Israeli soldiers in southern Lebanon. These, by pre-arrangement, will be used by Israeli hawks as a pretext to go after Jordan! The point has been underlined by July 29 and July 30 declarations by former Israeli Defense Minister Ariel Sharon, Foreign Minister Yitzhak Shamir, and Defense Minister Yitzhak Rabin, who announced that terrorist actions against Israel in Lebanon were organized by Arafat's PLO!

The Feb. 11 Arafat/Hussein agreement, merging Palestinian and Jordanian representatives for peace talks with Israel, was denounced in the Knesset by Rabin as a "terrorist pact." "We should strike at PLO bases in Jordan," announced Sharon. Such lying signals a reactivation of the secret agreement between Sharon and Assad to partition Lebanon and absorb Jordan.

In his July 19 interview, Arafat also warned of "plots aimed at partitioning Lebanon on a sectarian basis and Balkanizing the region." The main feature of such an arrangement will be to drive the U.S. out of the Mideast and to destroy all pro-Western nations, such as Egypt, Jordan, and Saudi Arabia.

Prior to Arafat's warning it is known that the Syrian-backed Amal had already received the go-ahead for these operations from a representative of the Israeli secret service, the Mossad. In a meeting between a Mossad operative, and Amal leader Daoud Daoud, held before the TWA hijacking, the Israelis guaranteed the Amal the right to Southern Lebanon, if they wiped out the Palestinians.

Arafat's warnings took place amid consistent attacks by the Amal launched against Palestinian refugee camps in Beirut and throughout Lebanon. At that time, the Amal and the Lebanese Army's 6th Brigade were shelling all parts of the Burj al-Barajinah camp in the southern suburbs of Beirut, the Al-Baddawi camp near Tripoli in north Lebanon, and the Al-Buss camp near Sidon in southern Lebanon.

All this, however, may be only the tip of the iceberg. Intelligence reports speak of more than 1,000 East German advisers arriving in Libya. That could indicate new fundamentalist operations against Egypt, as well as a new Libyan offensive in Chad.

EIR Special Report

How Moscow Plays the Muslim Card in the Middle East

In the past year, have you. . .

Suspected that the news media are not presenting an accurate picture of Soviet gains and capabilities in the Middle East?

Wondered how far the Khomeini brand of fundamentalism will spread?

Asked yourself why the United States seems to be making one blunder after another in the Middle East?

If so, you need *EIR's* new Special Report, "How Moscow Plays the Muslim Card in the Middle East."

This ground-breaking report covers:

- **History and Mideast policy of the Pugwash Conferences**, whose organization by Bertrand Russell in 1957 involved high-level Soviet participation from the beginning. Pugwash Conferences predicted petroleum crises and foresaw tactical nuclear warfare in the Middle East.
- **The Soviet Islam establishment**, including Shiite-born Politburo member Geidar Aliyev, the Soviet Orientology and Ethnography think tanks, and the four Muslim Boards of the U.S.S.R.
- **Moscow's cooptation of British intelligence networks** (including those of the "Muslim Brotherhood"—most prominent member, Ayatollah Khomeini) and parts of Hitler's Middle East networks, expanded after the war.
- **The U.S.S.R.'s diplomatic and political gains in the region since 1979**. Soviet penetration of Iran as a case study of Moscow's Muslim card. The August 1983 founding of the Teheran-based terrorist "Islamintern," which showed its hand in the Oct. 23 Beirut bombings.

\$250.00. Order from EIR Research, P.O. Box 17726, Washington, D.C. 20041-0726

Scope of Soviet naval maneuvers 'astounds' NATO officials

by Konstantin George

The Soviet Union has just concluded the largest naval and air exercises it has ever held in the North Atlantic. During the peak phase of the exercises, from July 20-22, more than 100 ships, including over 40 surface warships and landing ships with Marine Infantry, at least 39 submarines, and a number of supply ships, were involved. Naval units drawn from the Soviet Northern Fleet, the Baltic Fleet, and the Black Sea Fleet, took part. They were joined by numerous long-range naval aviation Badger bombers with long-range As-15 cruise missiles, and long-range Bear reconnaissance aircraft.

The exercises occurred in the midst of a large-scale command and control reorganization in the Soviet armed forces, whose elements themselves bear witness to the fact that another milestone has been laid on the road to war.

The command reorganization began in the spring, with Moscow giving renewed prominence to Marshal Nikolai Ogarkov, the Soviet wartime military commander-in-chief. In the latest round of wartime command changes, which is still under way, Ogarkov has been named First Deputy Defense Minister and commander in chief of all Warsaw Pact military forces. General of the Army Mikhail Zaitsev, who, since December 1980, has run the 470,000 Soviet troops stationed in East Germany, left that post on July 13, and is now assumed to be wartime commander-in-chief of the Western Theater of War—the Soviet first and second echelons of invasion troops, based in Eastern Europe and the western Soviet Union.

After Ogarkov assumed that Western Theater wartime command in September 1984, training for the hundreds of thousands of troops earmarked for the invasion of Western Europe, was hastily revamped during the autumn and winter, so as to become as realistic as possible in preparation for nuclear warfare. The Soviet military newspaper, *Krasnaya Zvezda*, has graphically illustrated the shifts since Ogarkov began personally overseeing the first and second echelons, quoting Afghanistan war veteran officers, serving in an artillery regiment based in the Byelorussian Military District. Minsk, Byelorussia is headquarters for the Western Theater. One Captain N. Lavrenchuk comments:

"When I arrived in this regiment from Afghanistan, to

tell the truth, I wasn't all that excited—the same old training grounds, the same old maneuver areas—why, you can fire and hit the target with your eyes closed. But starting last winter, everything here has changed radically. Suddenly, you were woken up in the middle of the night, and it went on all night long. Ammunition loads like in a real situation. Somebody shows you a point on a map, and says, 'Get moving'; and all personnel outfitted for ABC warfare. Obstacles on the road, and then an ambush . . . take position at top speed, fire 3-4 rounds at the target, break and rush on to a new position marked on the map. Everything just like in real combat."

Maksimov, Lizichev promoted

On July 26, *Krasnaya Zvezda* provided confirmation of yet another key promotion, involving the commander-in-chief of one of the Soviet wartime high commands. General of the Army Yuri P. Maksimov, head of the Southern High Command since September 1984, headquartered in Tashkent, was suddenly listed as having been promoted to Deputy Minister of Defense. Simultaneously, Maksimov is replacing Marshal Vladimir Tolubko as head of the Strategic Rocket Forces. *Krasnaya Zvezda's* latest listing of the heads of the service branches, for the Navy Day ceremonies, has Maksimov in the slot traditionally reserved for the head of the Strategic Rocket Forces.

Maksimov, unlike Tolubko or previous commanders of the Rocket Forces, is a Ground Forces commander, and personally directed the Soviet Union's butchery of Afghanistan.

A July 25 press conference in Moscow given by Col.-Gen. Nikolai Chervov of the general staff, confirmed some of these recent changes. Chervov also announced that Marshal of Artillery Vladimir Tolubko, 70, the head of the Strategic Rocket Forces since 1972, had retired, and that Gen. Aleksei Lizichev, the political commander under Zaitsev in East Germany, had leapfrogged over many more senior political officers, to become the new head of the Main Political Directorate. Lizichev replaces Gen. Aleksei Yepishev, who has run the Political Directorate of the Armed Forces since 1962.

That same day, *Krasnaya Zvezda* was already describing Lizichev as head of the Main Political Directorate, in its reportage of his meeting with a visiting Syrian military delegation.

Surprise attack and naval supremacy

The July 1985 naval maneuvers are the latest phase of a program, begun in earnest with the huge spring 1984 naval maneuvers in the North Atlantic, to enable the Soviet Navy to perfect the role assigned to it, in the case of an all-out Soviet nuclear assault on the United States. The mission of the Soviet Navy, deployed into the North Atlantic and Norwegian Sea, is to achieve naval supremacy in the North Atlantic, so it can execute the function of protecting the concentration of nuclear ballistic missile submarines in the Barents Sea, and to eliminate U.S. and NATO naval task forces operating in the Atlantic.

In late June, 24 Soviet ballistic missile and nuclear attack submarines armed with cruise missiles, stationed off the U.S. coasts, participated in a large-scale rehearsal of a nuclear "pin-down" barrage against U.S. land-based missile bases, and a simultaneous "strategic decapitation" barrage of Washington, D.C. and key U.S. command and control centers. Such a barrage would constitute the first phase of a Soviet thermonuclear surprise attack against the United States.

The size and scope of the July 1985 exercises surpassed even the naval maneuvers held in the North Atlantic from March 27 to April 4, 1984. Those exercises, in turn, were bigger than the Atlantic component of the Okean-75 global naval exercises. Already, during the spring of 1984, the size, scope, and speed with which Soviet warships reached their Atlantic battle stations, had triggered alarm in NATO quarters.

The just concluded maneuvers have caused no less alarm in the NATO military leadership. Only part of NATO's deep concern has been caused by the mammoth size of the exercises. As the Bonn-based editor of the *Süddeutsche Zeitung*, Alexander Szandar, verified on Friday, July 26, NATO was "astounded" at "the high level of readiness" demonstrated by the Soviet fleet. Echoing the West German Navy's evaluation of the maneuvers, Szandar stressed that never before had the Soviets rehearsed "the destruction of NATO forces stationed on the Northern Flank, and the attempt . . . to achieve naval supremacy."

Massive NATO surveillance

NATO's surveillance and shadowing of Soviet fleet and air movements in the Atlantic, were likewise the greatest ever. Nearly 50 NATO warships were involved, and many hundreds of sorties were flown by reconnaissance aircraft based in the United Kingdom, U.S. AWACS surveillance aircraft based at Geilenkirchen, West Germany, West German naval aviation long-range Breguet-Atlantic reconnais-

sance aircraft, and reconnaissance Tornado aircraft flown out of Schleswig-Holstein.

The Soviet surface warships fielded a task force from their Northern Fleet, led by the ASW carrier Kiev and the nuclear-powered 28,000 ton battle cruiser, Kirov, whose anti-ship missiles have an effective combat range of 500 km. Other large warships from the Northern Fleet which participated included: three Kresta-class cruisers, two Sovremenny-class destroyers, two Udaloi-class ASW destroyers, and two Krivak-class ASW guided missile frigates.

During the peak phase of the maneuvers, the Northern Fleet, operating in the GIUK gap (the sea passages between Scotland, Iceland, and Greenland) "fought" off "attacks" mounted by a surface warship task force, led by the Baltic Fleet Kynda-class guided missile cruiser Grozny.

As part of the exercises, a "barrier" of some 32 submarines was formed between the Norwegian and Barents seas, as an underwater line of defense against any U.S. nuclear attack submarines whose wartime mission would be to penetrate the Barents Sea, seek out and destroy Russian ballistic missile submarines. An additional underwater "barrier," composed of the seven conventionally powered submarines from the Baltic Fleet which joined the exercises, was formed across the North Sea, between the Skaggerak (southern Norway) and the Faroe Islands.

Soviet naval aviation participated, according to defense sources, in "very large numbers." Long-range bombers not only flew missions over the Norwegian Sea, North Sea, and North Atlantic, but also flew down the English Channel over the Bay of Biscay, as far south as the French and Spanish coasts.

This was the second huge exercise by Soviet naval aviation bombers conducted within six weeks. On June 4, for the first time in postwar history, there was a one-day exercise involving hundreds of Soviet naval aviation bombers and reconnaissance aircraft, which flew over the Baltic and East Germany.

The June 4 exercises and the ones just concluded also demonstrated that the Soviets are perfecting plans for a major component of their war plan—the seizure of the Northern Flank. Directly after the culmination of the high seas phase of the maneuvers, a Soviet Baltic Fleet task force led by the cruiser Grozny, with four Krivak-class guided missile frigates and one modernized Kashin-class destroyer, escorted four landing ships (LSTs) with Marines and armored vehicles, up the Norwegian coast. The ships rounded the North Cape, and proceeded eastwards through the Barents Sea. They then landed several thousand marine infantry on the coast of the Soviet Kola Peninsula, not far from Norway.

Amphibious landings on the coast of northern Norway would be one of the components of Soviet military operations on NATO's Northern Flank to seize Scandinavia before any possible help could arrive.

New elections set as instability increases

by Laurent Murawiec

Portuguese President Ramalho Eanes has issued a decree dissolving the National Assembly and calling early elections for Oct. 6. The June 4 breakdown of the uneasy coalition of the Portuguese Socialist Party (PSP), led by Premier Mario Soares, and the center-right Social-Democratic Party (PSD), had deprived the country of a viable parliamentary majority.

With a powerful Communist movement capitalizing on the nation's economic difficulties, Portugal is now threatened by reversion to extreme instability followed by dictatorship—the pattern which has characterized its political life for nearly two centuries. Given the country's geographic and strategic position, the crisis constitutes a danger to the Western alliance as a whole.

Portugal has never recovered from the effects of the oil crisis and the years of Communist-led revolutionary unrest that followed the ouster of the 50-year dictatorship of Dr. Salazar and his successors. President Eanes and the pro-Western officers who had planned the 1974 coup, had at first been overtaken by the radical explosion led by the Communist Alvaro Cunhal and the Communist-linked wing of the military movement, led by Lt.-Col. Otelo Saraiva de Carvalho.

Followed by the failure of Cunhal's "Leninist revolution," and his own failure to remain in power, de Carvalho established in 1980 a terrorist organization, the People's Forces of April 25 (FP-25), named for the date of the 1974 military coup. Since 1980, the FP-25 has claimed a dozen murders and several dozen bombings, including mortar attacks against U.S. ships in the port of Lisbon. If Cunhal's Communist Party (PCP) is not officially involved, intelligence sources in Portugal report that "no single act of terrorism could occur without the knowledge and the approval of Cunhal."

De Carvalho was arrested last year, producing an outcry among the Communists and the Socialist International, where "Otelo" had become something of a cult figure, a European Che Guevara. French President François Mitterrand, leaders of West Germany's Social Democratic Party, and others, interceded with their fellow-Socialist Soares, and asked for "explanations" of the arrest. De Carvalho plays a significant role in the international operations of the Soviet KGB. Given

Portugal's ancient links with the Portuguese-speaking nations of especially Africa (Angola, Mozambique, Guinea-Cape Verde), de Carvalho had been entrusted with important KGB operations, in cooperation with Mozambique's President Samora Machel.

The trial of "Otelo" opened at the end of July—and was adjourned forthwith until Oct. 7, the day after the elections, as the star-witness for the prosecution, a former member of FP-25 who recanted, was shot and severely wounded on the eve of the trial, while dozens of witnesses failed to show up, after an intimidation campaign was directed at them. The potential for the trial to turn into a destabilization of Portugal is based on de Carvalho's intimate knowledge of the "dirty laundry" of the 1974-76 period, backed up by his access to one of the Communist Party's best assets: The PCP has been in possession, since April 25, 1974, of the totality of the archives of the old dictatorship's political police (PIDE). For more than 10 years, these archives have been a powerful means of blackmail against many of the country's politicians. The Cunhal-de Carvalho alliance may partly sit in the dock, but it still has teeth to defend itself.

The other means at Cunhal's disposal is the spectacular power of the PCP, a party which cannot rule, but can keep power from being exercised. Thanks to the disastrous economic situation, the PCP is able to bring hundreds of thousands of workers, unemployed, and farmers to the streets, call strikes and mass actions, and thus wield a permanent sword of Damocles over any of the fragile governments that have succeeded one another at high speed for the last 10 years. The dependency upon and subservience to the International Monetary Fund of the Soares government, have further shattered the country's livelihood. The demagogy of the PCP finds a fertile ground.

President Eanes, whose second and last mandate expires at the end of the year, will step down and a successor will have to be elected. No leading personality has emerged yet, and much of the backroom negotiating has centered on persons and party-political affairs rather than on issues. The trial of terrorist de Carvalho, which threatens to open the floodgates of scandal, also raises the delicate issue of the relationship between military and civilian power. Even though the military has long returned to the barracks, its prestige and power are still immense—and there is some uneasiness at having one of their peers—even though he is a terrorist—judged by a civilian jurisdiction.

The military—whose leadership has strongly favored Portugal's cooperation with the U.S. Strategic Defense Initiative, and which represents certainly the most solid institution of the nation—does not desire to revert to open intervention in political affairs. But if the Portuguese democracy fails to secure stability, the Communist threat might well precipitate exactly what the military has tried to prevent at all cost for one decade—a civil war, in which a large part of an impoverished population would side with the Communists, against the State.

Bank of Mexico: more than devaluations

The Mancera Brothers Company takes advantage of cabinet posts to get rich and promote devaluations.

Miguel Mancera Aguayo, director of the Bank of Mexico and best known as the "Paul Volcker" of Mexico, is the person who is really dictating the monetary policy of the country and as a result, sinking the Mexican peso to levels never before seen. Compared to the devaluations carried out during the administrations of Presidents Echeverría and López Portillo, what Mancera has carried out has been styled by some experts as an "atomic bomb" which, if it explodes, will not only finish off the peso, but Mexico and its potential for development. This policy is aimed at making the dollar into the internal trade currency, as is already occurring in some places along the northern border.

Mancera distinguished himself during the last administration for having violently opposed the nationalization of the banks and the establishment of exchange controls to prevent what is now occurring: the fatal bleeding of the country through capital flight. For these reasons, then President López Portillo kicked him out of the same post which he now holds, but President Miguel de la Madrid found himself forced by the international bankers to reinstate him. Mancera was the man who would obediently put the country onto a path with no exit, sabotaging all of the recovery initiatives which the President has attempted.

The rumor that President de la Madrid brought him back in because of his great friendship is a lie.

In reality, Mancera as the director of the Bank of Mexico, like Paul

Volcker in the U.S. Federal Reserve, looms over the presidential power like a giant shadow. Aided in this case by most of the economic ministers in the cabinet, the presidential decisions have to bow to the dictates of the International Monetary Fund which these characters literally obey.

But recent investigations which are starting to come to light could help to get Mancera ousted again. Enormous fraudulent operations, abuse of authority and utilization of public office to conduct private business are being discovered, in which Miguel and his brother Gabriel Mancera Aguayo are fully implicated.

Gabriel Mancera Aguayo is the main partner of an apparently very prestigious private accounting and auditing firm called "Mancera Brothers & Co.," whose other partners are Victor Aguilar and Jorge Rico. This company manages the business of various transnational companies such as Nestle and NKS, the firm Salinas & Rocha, the Anahuac University of the Legionaires of Christ (to which Pemex director Mario Ramón Beteta is closely tied) and the Jesuit Ibero-American University. It also manages the business of Sabritas de Pepsi Cola, and the Comermex and CREMI banks (when they were still private) and the Mexican Institute of Public Accountants, among others. In the 1960s, it kept the books for the notorious U.S. company, National Broadcasting Company.

But that's not the whole story. The word of the fraternal relations be-

tween the Bank of Mexico director and an important public accounting firm has started to raise rumors that perhaps the prestige of this company is due to the very precise economic information that the company supplies, information perhaps coming from the administration of the Bank of Mexico, which managed to forewarn important clients on developments such as the devaluation.

One key partner in Manceros Brothers is Alvaro Gasca Neri, who worked in the firm until 1982, when he was transferred (some say suspiciously) to the Comptroller's Office as General Director of External Auditing, putting him in the number three position in the hierarchy of this very important Office. Gasca Neri is in charge of carrying out all the auditing of semi-public companies, municipal governments and state governments, among many other things. But by total coincidence, in order to lighten the tremendous amount of work, many of these auditing jobs are jobbed out to none other than the company in question, Mancera Brothers.

It is known that the auditing jobs given to Mancera Hermanos are so many, that this outfit in turn subcontracts to other firms to conduct investigations on condition that the signature appearing on the work be, obviously, Mancera's. Insiders report that Mancera never asks how much it will cost, but is only interested in the effectiveness of the work, which given the austerity strictures reigning in Mexico, translates into a lush government subsidy for Mancera and friends.

Many commentators are starting to ask if Comptroller Francisco Rojas is on the inside of these subterranean affairs—and so far the Interior Ministry, Attorney-General, and President. This may jeopardize the career of our Bank of Mexico director.

Soviet-Iranian pressure on Pakistan

The arrival of a new Muslim Soviet ambassador in Islamabad follows a series of fundamentalist riots.

Riots orchestrated by the Shi'ite fundamentalists in Baluchistan and Sind in early July have rocked Pakistan. The government has announced the arrest of a number of Iranians who had crossed the borders to arm and support the rioting Shi'ites.

On July 17, a week after the riots were finally quelled, the new Soviet ambassador, Abdul Rakhman Khalil Ogly Vezirov, a Muslim from Turkmenistan who replaced Vitalii Smirnov, presented his credentials to President Zia ul-Haq.

Vezirov is a protégé of Geider Aliyev. Born in Azerbaijan of a Shi'ite Muslim family, Aliyev is known to be the Soviet specialist in using Shi'ite fundamentalism to create chaos in Islamic nations, the overseer of the Soviets' "Muslim fundamentalist" card. Born of a Shi'ite Muslim family in Azerbaijan, Aliyev is a career KGB officer who rose to the top of the party leadership, and, according to one source, had field experience in Turkey, Iran, Afghanistan, and Pakistan.

One of Aliyev's more prominent cards is Dr. Kalim Siddiqi, sponsor of the "Assembly of United Islamic Movements." Siddiqi, who heads the Muslim Research Institute in London, has come in close contact with the Soviets' "Third World"-oriented political and cultural operations in Tashkent, Soviet Uzbekistan.

In early July, ten days before Vezirov arrived, Pakistani Shi'ites went on a rampage in Quetta, Baluchistan, demanding that Shi'ite religious and legal codes be instituted all over Pakistan. Outnumbered local police con-

fronted the armed fanatics and the resulting battle left at least 27 killed and scores injured. The Army was called in and the foreign residents, Americans in particular, were told to leave the town.

Three days later, on July 11, when the Sind police arrested a Shi'ite drug-pusher and three of his cohorts in the port city of Karachi, riots broke out in that town. Two bombs were exploded—one in Karachi near the Pan Am office, and the other in Islamabad which demolished a part of the American Information Center. Notably, the targets of the terrorists were American.

On July 9, Radio Nejat-e-Iran, a clandestine radio in Iran, announced the news that three armed members of the Iranian Guard Corps had been captured while returning from Quetta. The station reported that the three men were members of a 28-man unit sent from Teheran to bring arms and ammunition to the Baluchi Shi'ites.

Pakistan, cautious about its relations with Iran, kept quiet for several days before announcing the arrest of the Iranians. Meanwhile, official Teheran Radio launched a broadside against the Pakistan Government for "surrounding Shi'ite residential areas and arresting them en masse."

Days later, Pakistani government spokesmen revealed that a large cache of arms and ammunition had been seized along the Iran-Afghanistan border. A number of Kalashnikov rifles and East German pistols were seized in the raids made by the Quetta police.

Since then, Pakistani authorities have rounded up a number of Shi'ite leaders, who have pledged "to continue their protest meetings in Islamabad until the acceptance of their demands."

So far, the Soviets have been quiet about the riots. But their assets inside Pakistan are calling loudly for a mass uprising to bring down the government. On July 12 oppositionist A. Qayyum Butt made an impassioned plea to other opposition leaders to unite and "establish a countrywide peoples' front to mobilize workers and peasants in order to bring about a structural change and not a change of face."

As the Pakistani Army became enmeshed in fighting the Shi'ites within the country, the Soviets began accusing the Pakistan government of stepping up espionage activities against the Soviet-backed Karmal regime in Afghanistan.

It is apparent that the Soviets are intensifying pressure in an attempt to force Pakistan to unilaterally accept the Karmal regime as a legal government and acquiesce in the Soviet Union's continued occupation of Afghanistan. Vezirov's appointment is, in fact, part of that operation.

Last month, Pakistani Foreign Minister Shahabzada Yakub Khan was in India and the United States hoping to bring pressure on the Soviet Union to resolve the Afghanistan issue peacefully. There are recent indications that the Pakistanis have concluded that such indirect pressuring is ineffective. According to the July 31 issue of *India Today*, a news bi-monthly published in New Delhi, Pakistan is now looking for a way to talk to the Soviet Union directly.

The arrival of Vezirov and the Iranian tie-up with Pakistan's Shi'ites will put a high price on such desperate initiatives.

World Bank scheme exposed

Some cabinet figures in Thailand are not swallowing the privatization gimmick to 'solve' the economic crisis.

The Bangkok representative of the Fusion Energy Foundation and the Schiller Institute, Pakdee Tanapura, exposed the World Bank scheme to privatize state enterprises before some 70 trade union leaders on July 30. The Bangkok seminar was set up under the auspices of the Thai Trade Union Confederation, whose president is Paisal Thawatchainan. For the last two years, the World Bank has been crusading to privatize state enterprises, claiming that public enterprises are mismanaged and represent a debt burden for the state.

Privatization, sometimes called "joint ventures between public and private interests," is the latest free enterprise gimmick offered up to solve any economic ill in developed and developing countries alike. In his introductory remarks, Paisal reported that the giant Japanese Telecommunications Company was recently sold to the private sector. In addition, six private companies are in the process of taking over the Japanese railway business, resulting in layoffs for 57,000 of the 90,000 workers.

In the face of the economic crisis, most intellectuals and economists educated abroad take either a monetarist or a socialist approach, Pakdee began. Trained at such prestigious institutions as the University of Pennsylvania's Wharton School, the London School of Economics, Oxford, or Cambridge, these minds tend to think alike—along lines prescribed by the international establishments such as the World Bank and International Monetary Fund. But this does not make

their proposals correct!

World Bank officials have the same ready-made "recommendations" wherever they go—currency devaluation, floating exchange rates, austerity measures, price rises, population control, investment cutbacks, less imports and more exports. "Let me ask you: Who will buy the exported goods if everyone is supposed to reduce imports and increase exports?" Pakdee retorted.

Pakdee Tanapura presented facts and figures to refute some popular beliefs about state enterprises:

1) State enterprises, in general, are far from being bankrupt. Official 1984 figures show state enterprises assets total 371,205 baht, whereas their total debt amounts to only 275,845 baht.

2) State enterprises have over the past three years increasingly created revenue for the state. In 1982, the state earned 4.9 billion baht from public enterprises. In 1983, the state received 6 billion baht and in 1984, 7 billion baht.

3) State enterprises that are public utilities have cases of failures but also successes. The Electricity Generating Authority of Thailand producing 6,133 megawatts nationwide for three million electricity consumers made a profit of 3.7 billion baht last year.

As for the deficit state operations, such as the Provincial Water Works Authority and the State Railway of Thailand, the flaw does not lie in whether they are in the hands of the state or the private sector. The Provincial Water Works has 74% of its assets invested in land and 17% in pro-

ductive service equipment, Pakdee revealed.

The same distribution of assets problem exists in the case of the State Railway of Thailand. Only 30% of the SRT's total assets are in the form of service equipment. At a certain point, it costs the state firm more to maintain old equipment than to buy new. "If more investment can be channeled into renovating the service equipment rather than into fixed non-productive assets like real estate, more revenue could be generated," Pakdee asserted.

Discussion after the speech focused on the World Bank and its local creature, the National Economic and Social Development Board (NESDB), as responsible for the lack of development of Thailand. This intersects the recent rejection of World Bank policies by the Minister of Communications of Thailand, Samak Sundaravej. The World Bank would have preferred a 15% fare increase by the State Railway of Thailand, but the Thai cabinet had only approved a 5.8% increase.

"So long as I remain the Minister of Communications, I will find my own way to improve the operation of the State Railway of Thailand (SRT) without relying any more on loans from the World Bank, which charges high interest rates and puts the borrower at a disadvantage. . . . Thailand's development plans do not have to totally rely on World Bank support and loans," Samak announced.

The World Bank-created NESDB, the government's own planning agency, is becoming unpopular among cabinet members. At the last special cabinet meeting to examine the sixth national Five-Year Plan, the draft handed in by NESDB was so riddled with generalities that it was considered, to put it mildly, incompetent by the cabinet.

Does DGB equal KGB?

The trade union confederation's "autumn of protests" is headed toward becoming a major security threat.

The national German Labor Federation, the DGB, is on the war-path against the government here. For this coming autumn, a wave of mass demonstrations, strikes, and other forms of action have been announced. But the aim of the DGB, which has eight million German workers organized under its banners, is not merely to oppose the admittedly disastrous austerity policy of the government; the DGB is employing the weird argument that the arms race and defense spending are using up funds which could be spent for employment programs—and raising demands accordingly: A reduction in the defense budget.

The DGB has issued a public declaration condemning the American Strategic Defense Initiative as a waste of money, and calling upon the Bonn government to repudiate its support for the program. In short, the labor mobilization in the autumn will be largely directed against the Federal Republic's defense.

The German labor movement, two-thirds of which are Social Democrats or SPD voters, is back on the anti-defense track which characterized labor organizing here in the early decades of this century. This was the period when traditional, "programmatic" socialism in the labor unions was overrun by radical, anarcho-syndicalist, communist, and Trotskyist currents. This was also a period in which large parts of the labor movement were continuously mobilized against the state.

This anti-government sentiment was expressed by DGB executive

board member Siegfried Bleicher, who wrote in *Neue Osnabrücker Zeitung* on July 26 that if the government of Chancellor Kohl refused to change its policy (including on the SDI), the DGB would mobilize its eight million members to "vote for another policy in the next elections." In other words, voting for the opposition Social Democrats whose policy is explicitly pro-Soviet and against the alliance with the United States.

Moreover, if Kohl's austerity program is bad, the DGB's own economic program is even worse, basically "post-industrialist." It calls, apart from cutting defense expenditures, for state-funded environmental protection programs to "create jobs"! The DGB has dumped the idea of progress and industrial productivity, and has turned into a political instrument for Germany's economic and, if it need be shown, military destruction.

For the period of September-October, the DGB has announced as yet unspecified actions against industrial companies engaged in defense production, or which have committed themselves to participation in the SDI project. The powerful German Metal Workers Union (IG Metall)—with 2.5 million members, the largest of the country's unions—is also the most radical. It has enormous leverage over most German military industry. It is here, in IG Metall, where most of the 800 shop stewards the German Communist Party (DKP) controls are based, and the DKP has already announced blockades and related actions against the "military-industrial complex of

West Germany, but especially against companies collaborating with Reagan's 'Star Wars' program."

The DKP, although it is on the receiving end of massive funding from the Soviet KGB, is a tiny party, but its proclamations will gain a special weight in the DGB's autumn mobilization. Unlike in 1983, when the DGB leadership still kept its distance from the anti-defense movement controlled by the KGB through the DKP, it has now adopted most of the movement's slogans.

On July 25, the DGB's national chairman, Ernst Breit, and two other executive board members were in Moscow to meet Soviet "labor leaders"—but they also had a lengthy meeting with Andrei Gromyko, the former foreign minister and now State President. Both sides agreed that what they called "the arms race" should be halted, that it was important to have arms reduction and détente, and no American SDI. The Moscow meetings were a signal that the times had grown more favorable to the subversion of the DKP inside West Germany's labor movement.

It is not yet clear what the form or scope of the DGB's actions in the autumn will be; but Chancellor Kohl, whose government is not the most stable, must be concerned. With three million jobless workers, the Chancellor could have a hard time of it this fall. Even if only a minor portion of the labor movement takes part, the unions will be able to close down and paralyze most of the nation's essential industries for weeks, even months on end. A repetition of the confrontation in Britain during the 14-month miners' strike—supported by the Russians—cannot be ruled out.

In this instance, yet again, we see how Western economic policies are the Soviet Union's most powerful weapon.

The opposition swings to the SDI

But while the leading politicians have endorsed the American program, the matter is not yet clear-cut.

Just before leaving for Washington for the International Democratic Union meeting, Paris Mayor Jacques Chirac, also the chairman of the Gaullist RPR party, gave a July 23 press conference here, in which he stated: "I would hope that European states consult, in order to join the U.S. Strategic Defense Initiative effort." He then attacked French President François Mitterrand's anti-SDI attitude, labelling it "very negative and very excessive."

Most opposition circles—with the exception of the shadowy Swiss-linked former prime minister, Raymond Barre—now agree on the necessity of joining America in the SDI, including former President Valéry Giscard d'Estaing. But this is the first time that a leader of the French opposition has been so unequivocal. Chirac is following the lead of his young adviser on defense questions, François Fillon, who has dared to contest doctrinal attachment to the old and obsolete deterrence concept dear to the Gaullists, which was once, in de Gaulle's time, the only appropriate policy for France, but which is not fit for today's or tomorrow's threats.

The Foundation of the Future, a think-tank headed by RPR member of parliament Jacques Baumel, had invited Edward Teller to address a Paris audience in late June on the SDI. Baumel himself, in a meeting between French and West German defense experts in West Berlin in mid-July, called for European participation in the SDI, as well as an extension of the French nuclear "umbrella" to West Germany.

In this meeting, he apparently got the tacit support of former Prime Minister Pierre Messmer, a defense minister under de Gaulle, and later, the architect of the French civilian nuclear program.

The opposition consensus is such that even the extreme right-wing demagogue, Jean-Marie Le Pen, whose previous defense position betrayed ridiculous incompetence, has come around to a sensible posture. In his bi-monthly *National*, he writes: "Our Pluton [short-range] missile launchers should at least partially be deployed in the territory of West Germany, that is, closer to the Iron Curtain; then, it is necessary to launch the production of the neutron bomb, the only means of stopping a massive tank aggression; and then, we should participate, not as sub-contractors, but as full partners, in the American Strategic Defense Initiative."

Meanwhile, "Eureka," Socialist President Mitterrand's pet civilian high-technology proposal—offered to Europe in order to counter the SDI—is so heavily listing that it might sink at any moment. At a recent meeting of various European countries' representatives on Eureka, France offered FF1 billion (a mere \$115 million), and everyone expressed "general agreement" with the blurry project. The Paris daily *Le Monde* quipped justly: "The agreement thus expressed reminds one of Woody Allen's famous joke: The answer is yes, but, by the way, what was the question exactly?"

Even Defense Minister Charles

Hernu, who was visiting West Germany, had to state publicly on July 21: "On top of participating in the SDI, Europe should also work out its own project. France, which will remain outside of the SDI, has been working for some time on anti-missiles technologies and has offered cooperation on that to its European neighbors." In other words, the civilian Eureka project is not taken seriously because it fails to offer strategic defense.

If the most important leaders of the opposition are now clearly in favor of the SDI, and the opposition is now breaking records in popularity (59% of the voters in recent opinion polls on the spring 1986 parliamentary elections), the matter is not yet clear-cut. First, there are still some politicians and power-brokers who, out of misguided conviction or foreign allegiance, strongly oppose the SDI and may seek to ally with the Socialists and the Communists on this account. The most obvious such case is Raymond Barre, who has no party machine, but retains powerful influence on 60 to 80 MPs. And then there is the foreign office. In this regard, a powerful clique at the Quai d'Orsay represents just about as dirty a network as the U.S. State Department.

Even Jacques Chirac's entourage is not clear-cut. On his trip to Washington for the International Democratic Union meeting, he took along two foreign policy advisers, Jean de Lipkowski and Kosciusko-Morizet, both of whom any French patriot would regard as suspect, to say the least. Sources report that Lipkowski, a Middle East expert, is most knowledgeable in the field of Lebanese casinos—something that makes some people vulnerable to certain forms of blackmail. As for Kosciusko-Morizet, his office is decorated by a large, autographed portrait of, not de Gaulle, but Henry Kissinger!

International Intelligence

Catholic liberals in offensive against Pope

Liberal opponents of Pope John Paul II want to set up "parallel structures" within the Catholic Church, to counter attempts by the Pope and West Germany's Cardinal Ratzinger to use the forthcoming bishops' synod in November 1985, to reverse the reforms of the Vatican II Council, the *Economist* reports.

Ten Brazilian bishops are attacking the Pope for his attempts to rein in Franciscan liberation-theologist Leonardo Boff; the liberal West German Catholic magazine *Herder Korrespondenz* has denounced the Pope for "Roman centralism"; and four British theologians, writing for the Dominican magazine *New Blackfriars*, have attacked Ratzinger for "infantilism," for "identifying communion with the bishop of Rome with an unquestioning acceptance of every word that comes from the Vatican."

Liberal critics of the Pope will "sit things out until the Pope dies, hoping he will be replaced by a more liberal one," the *Economist* writes.

'Unparalleled' epidemic of AIDS is looming

"There is a danger of an epidemic of unparalleled proportions" of the disease AIDS (Acquired Immune Deficiency Syndrome), a British epidemiologist was quoted as saying on Radio Israel on July 30. The latest reports from the Atlanta, Georgia Center for Disease Control, on the international patterns in the spread of the disease, bear out this forecast.

The CDC's *Morbidity and Mortality Weekly Report* shows that during the first three months of 1985, 175 new cases of AIDS were reported in Europe, bringing the total there to 940; the U.S. total is 12,067 cases. The number of European cases has doubled every six months from 1981 to 1983,

and after that doubled every year.

The disease is commonest in Denmark, with 8.0 cases reported for every million people; Switzerland came next with 7.9 cases; and then France with 5.6. In the United States, there are 40.9 cases per million people. Of the European patients, 124 originally came from Africa, mostly from Zaire or the Congo.

Orthodox Patriarch honored by Soviet state

Patriarch Pimen of the Russian Orthodox Church/Moscow Patriarchate received the Order of the Red Labor Banner on July 22, in honor of his 75th birthday and services to the Soviet state.

The Moscow Patriarchate continues to build for the 1988 celebration of 1,000 years of Orthodoxy in Russia. The cornerstone of a grandiose new church headquarters and residence for Pimen was laid at the reconsecrated Danilov Monastery in early June; construction is slated for completion by the 1,000-year jubilee.

Also in June, the Moscow Patriarchate deployed its representatives internationally. Archbishop Varfolomei of Tashkent and Central Asia led a group of clergy on a pilgrimage to the Holy Land. Metropolitan Nikodim of Lvov and Ternopol visited Argentina, where he expressed full support for "the Soviet state's activity to maintain and consolidate peace on earth and avert the danger of the outbreak of new wars."

Swedish diplomat warns of Soviet surprise attack

Ambassador Curt Lidgard, who heads the Swedish delegation at the Stockholm Conference on Confidence-Building Measures and Disarmament in Europe, said that Western Europe is threatened by a surprise attack from the Soviet Union, according to a July 25 report by the Soviet news agency TASS, broadcast on July 26 by Swedish national

radio news. TASS charged that Ambassador Lidgard's statements, made in a speech in Malmö in southern Sweden, were harmful and irresponsible.

Swedish Foreign Minister Lennart Bodström publicly reprimanded Ambassador Lidgard, saying that a Swedish government spokesman should not have used Lidgard's words and that Lidgard did not speak on behalf of the government.

Ambassador Lidgard denied the accuracy of press reports on his speech, explaining that he had just sought to describe the threatening picture prevailing in West European countries, and that he does not believe that either side is preparing an attack. The daily *Sydsvenska Dagbladet*, however, which TASS used as the source for its report, maintains that the ambassador's speech was correctly reproduced.

Italian communists press government to reject SDI

The Italian Communist Party (PCI) has put forward a Parliamentary Question to the government of Prime Minister Bettino Craxi, demanding to know the government's official position on the U.S. Strategic Defense Initiative—"the Star Wars program of the United States."

The PCI is further demanding to know details of the discussions held in Washington recently, by a government delegation.

Meanwhile, PCI Secretary-General Alessandro Natta praised the Social Democratic parties of West Germany and Sweden and the Labour Party of Great Britain, for their work against the SDI, during a recent Central Committee meeting of the Communist Party. The work of these groups, and of "religious organizations" and French President François Mitterrand, "will strengthen us in our commitment and our will," he said, "to multiply our efforts to create a movement in Italy and on an international basis, with the aim of avoid a new and horrible arms race, and of forcing the Italian government to take a strong position to discourage such an arms race."

Briefly

● **YASSER ARAFAT**, the PLO chairman, charged that a "New Yalta" deal is out to destroy the Palestinians. "I must tell our Arab nation that unless we can reach at least a minimum agreement and minimum Arab solidarity, we will have no place in the 'new Yalta,'" Arafat said, in an interview with the Cairo newspaper *Al Ahram* July 25.

● **'IF YOU HAPPEN To Be Norway, Start Worrying,'** is the headline of an *Economist* magazine story on the recent Soviet naval maneuvers in the North Atlantic. "This year's operation . . . has two messages for NATO's planners: that Russia's northern fleet, based in Murmansk, is prepared to move farther south than ever before in an effort to frustrate NATO plans to reinforce Norway in time of war or threatened war; and that, if push ever did come to shove, the Russians probably plan a sea-borne landing in Norway themselves."

● **IN MUNICH**, West Germany, 63 people attended a press conference given by *EIR* intelligence experts on Aug. 1, on the recently released *Special Report*, "Global Showdown: The Russian Imperial War-Plan for 1988." Among those who attended were Bundeswehr officers, retired military officials, Bayerische Fernsehen, Bayerische Rundfunk, Katholische Nachrichten Agentur, American Consulate-Voice of America, Radio Liberty/Radio Free Europe, representatives of various religious institutions and "captive nations" groups.

● **ISRAEL'S KNESSET** on July 31 banned any party from the electoral process that incites to racism or endangers state security. This is seen as a ban on Rabbi Meir Kahane's Kach Party. It will not affect Rabbi Kahane's current seat in the 120-member parliament, but his party could be struck from the list in the 1988 elections.

Gaullist deputies back SDI over 'vague' Eureka

Two deputies of France's Gaullist RPR party, François Fillon and Michel Noir, on Aug. 1 announced their full support for the U.S. Strategic Defense Initiative (SDI), over French President François Mitterrand's Eureka program for laser development. The Eureka plan is being promoted by Europeans who oppose participation in the American effort.

Fillon and Noir, who are members of the RPR's Defense and Industry Commissions, respectively, issued their endorsement of the SDI in an op-ed in the Paris daily *Le Monde*:

"The SDI . . . puts the European countries before a twofold challenge: a strategic and an industrial one. . . . Undeniably, the SDI called for a French and a European response. Unfortunately, Eureka didn't take the right path. . . . The power of the SDI concept remains in the fact that it mobilizes energies around one simple idea, but one which is revolutionary and about which everybody feels concerned. On the contrary, the official declarations about Eureka are still vague, and not very favorable to a mobilization."

Terror wave hits Western Europe—again

The most intensive pattern of terrorist activity since the June 14 hijacking of a TWA jetliner in Athens is hitting Europe:

● On July 29, terrorists believed to be from the Basque separatist group ETA assassinated a high-level Spanish defense ministry official, Rear Admiral Fausto Escrigas. As general director for defense policy, Escrigas was a key adviser to the Spanish Joint Chiefs of Staff.

● The Irish Republican Army (IRA) set off a bomb in Belfast, Northern Ireland on July 29, injuring one person. Police said a van, believed packed with about 500 pounds of explosives, blew up.

● Police launched a man-hunt July 29 to find the gunmen who assassinated the head of the anti-mafia police unit in Palermo, Sicily, and Italian Interior Minister Oscar Luigi Scalfaro fled to Palermo for an emergency meeting with authorities. Capt. Giuseppe Montana died July 28 after two masked men fired four shots into his face at close range.

The attack occurred four days after Montana's squad seized Tommaso Cannella of Prizzi, a fugitive mafia boss, and seven of his associates, in a raid on a villa stocked with weapons. The arrests were the latest of a series of successes for Montana's unit, empowered to track suspected mafia figures and investigate links between organized crime and the police.

Indian prime minister wants answers from FBI

Indian Prime Minister Rajiv Gandhi has reiterated his government's unhappiness with U.S. law enforcement authorities, in particular the FBI. In spite of assurances that all information bearing on Sikh separatist assassination plots against Indian leaders would be shared, Gandhi told a Bombay weekly at the end of July, "We nevertheless feel that there is something that they could tell us which they are not telling us, about the training camps, about the information they have, and so on."

Frank Camper, owner of the paramilitary training camp in the United States attended by the Sikh terrorists, had been asked to provide instruction in industrial sabotage as well as assassination to the Sikh separatists as early as November 1984, but it was not until the Indian embassy and Attorney-General Edwin Meese intervened, days before Rajiv Gandhi's visit to the United States, that the FBI was forced to move against the terrorist gang.

In a parliamentary debate on the matter July 29, Indian Minister of State for Foreign Affairs Kurshed Slam Khan said that the United States should fight terrorism either by closing the commando schools or amending the law to prohibit such training.

Probe Don Regan for drug money-laundering ties

by Kathleen Klenetsky

A new scandal is about to be visited on the Reagan administration, putting into the shade the previous affairs which led to the dismissals of National Security Adviser Richard Allen, Labor Secretary Ray Donovan, and other high-ranking administration officials. The target of the brewing scandal is none other than the man whom the international press has been calling "Acting President," White House Chief of Staff and former Treasury Secretary Donald Regan.

Preliminary investigations suggest that the former Chairman of the Board and Chief Executive Officer of Merrill Lynch is implicated in a pattern of illegal drug-laundering schemes and other "funny money" operations that would have already put less well-protected mortals behind bars.

The possibility that Regan may be linked to the banking side of the international narcotics traffic is of particular significance, given that both President Reagan and Mrs. Reagan have repeatedly stressed that a war on drugs, aimed at eliminating the Soviet-backed drug plague from the United States, is one of their foremost priorities. It is hardly credible that the President or the First Lady would tolerate someone as tainted by the global dope trade as Don Regan appears to be. Washington insiders believe that if the Regan "dirt" does capture public attention, Don Regan will soon find himself out on the street, as Richard Allen did in the first Reagan administration after it was discovered he had a watch allegedly given him by a Japanese dignitary.

If Regan is forced out of the White House, it will not be a minute too soon. From the moment he entered the administration as Treasury Secretary, through his recent arrogation of presidential functions during the President's convalescence, Regan has functioned on behalf of the interests of that small, international financial elite which not only runs the global drug trade, but which wants to destroy the United States.

Regan has placed himself in direct opposition to funda-

mental U.S. interests on a score of issues. Not least of these is his loud insistence that America be forced to submit to International Monetary Fund surveillance, and his successful battle to force deep cuts in defense spending. Since becoming White House Chief of Staff, Regan has placed a nearly impenetrable screen around the President, preventing him from receiving vital national security and economic intelligence. Regan's exploitation of the President's illness to consolidate his own position as Acting President has been so obscene, that even the liberal media have cautioned him to adopt a lower profile.

Will Don Regan go to jail?

EIR's investigations have thus far established that Regan and/or Merrill Lynch is implicated in the following money-laundering and related sleazy operations:

- **Baldwin United Securities:** Merrill Lynch is the main defendant in a lawsuit brought by the State of Georgia, under Georgia's Racketeer Influenced and Corrupt Organization (RICO) statutes, in the case relating to Baldwin United Securities, a multibillion-dollar securities firm, which collapsed in 1983, triggered in part by the failure of Tennessee banker Jake Butcher's United American Bank. Baldwin United was a massive securities scam and money-laundering front for financing Democratic Party campaigns during the Carter years.

In the late 1970s and early 1980s, Baldwin United's head, a wheeler-dealer named Morley Thompson, acquired an annuities firm named MGIC (often called "MAGIC"), owned by Milwaukee-based mobster Max Karl. Karl was a front for the financial concerns of top mafiosi like Michigan's Max Fisher and Ohio's Carl Lindner, the two "Mr. Bigs" of the United Brands drug-trafficking empire. Financial adviser to Morley Thompson, in his buy-up of MGIC, was Don Regan's Merrill Lynch.

According to evidence prepared for Baldwin's bankruptcy proceedings on April 15, 1985 in the Southern District of Ohio, Thompson wrote to "Donald Regan, then president of Merrill Lynch," on Aug. 25, 1980, "proposing a joint venture between Baldwin United and Merrill Lynch, which would provide each company a tax saving of \$40 million a year."

In the court documents, Merrill Lynch next turned up on Dec. 18, 1981, in a letter from a Merrill Lynch official to Thompson, "confirming that Merrill Lynch will act as financial adviser to BU for the MGIC acquisition." Through the early 1980s, Merrill Lynch served as adviser to Baldwin in buying MGIC; engineered a consortium to finance the Baldwin buyup of MGIC; and promoted annuities/securities shares of Baldwin, as it went under.

The Georgia suit charges Merrill Lynch, along with a score of other New York-centered investment houses, with having defrauded Georgians of millions of dollars, by marketing Baldwin United stock, even though Merrill Lynch, et al., knew that Baldwin was bankrupt.

The state's formal complaint reads, in part: "Defendants offered for sale and sold securities . . . by means of deceptive practices, false and misleading statements and omissions . . . and with reckless disregard for the truth. . . ." The broker/dealers and insurance agency Defendants . . . participated in a 'pattern of racketeering activity'" in order to sell Baldwin United securities.

A Georgia source close to the case, asked if the investigation would touch Regan, laughed: "We assume down here that Don Regan is still working on behalf of his former employers."

- A multimillion dollar, drug-related scam involving the notorious Swiss dirty-money bank, *Crédit Suisse*. Merrill Lynch's role as a primary conduit for millions of dollars in heroin profits was publicly documented in an October 1984 report issued by the President's Commission on Organized Crime. Entitled "The Cash Connection: Organized Crime, Financial Institutions, and Money Laundering," it levels the following charges:

"In 1980, . . . couriers were observed transferring enormous amounts of cash through investment houses and banks in New York City to Italy and Switzerland. Tens of millions of dollars derived from heroin sales in this country were transferred overseas in this fashion. . . ."

"One of the couriers for this laundering operation was Franco Della Torre, a Swiss resident. In March 1982, Della Torre deposited slightly more than \$1 million in \$5, \$10, and \$20 bills in the 'Traex' account at the Manhattan office of the brokerage firm Merrill Lynch Pierce Fenner & Smith. Thereafter, Della Torre made four additional cash deposits totaling \$3.9 million in the 'Traex' account. . . ."

Merrill Lynch also helped arrange security for the transfers: "In making large cash deposits at Merrill Lynch, Della Torre's practice was to request that security personnel accompany him from his hotel to Merrill Lynch offices. After several such deposits . . . arrangements were made to escort

the money from Della Torre's hotel directly to Bankers Trust, where Merrill Lynch maintained accounts."

According to federal indictments of Della Torre and others in this heroin ring, Merrill Lynch moved the funds directly to Switzerland, where one of the major depositories was *Crédit Suisse*.

- *Crédit Suisse* figures in another major scandal involving Merrill Lynch: the Bank of Boston case.

Earlier this year, drug-money laundering became the biggest issue in international law enforcement when U.S. Attorney for Massachusetts William Weld cut a deal with the First National Bank of Boston, and arranged a fine of a mere \$500,000 for felonies committed by the Bank in laundering over \$1.22 billion in drug money to *Crédit Suisse* and other secret bank accounts in Switzerland.

First National had systematically violated federal law by failing to report large cash deposits that were being funneled by organized crime through the bank to Switzerland. Federal laws requiring the reporting of cash transactions over \$10,000 were passed explicitly to prevent drug-money laundering and other illicit proceeds.

Within weeks of Weld's deal, *EIR* discovered why Weld imposed only minimal penalties on the bank: The Weld family, through *Crédit Suisse*, White Weld securities, and Merrill Lynch, were indirect business partners of both the Bank of Boston and *Crédit Suisse*.

Although the Justice Department launched an investigation into Weld's conflict of interest, sources in Washington say Weld is confident the scandal will blow over. Weld's confidence that the presidential war on drugs will not target him, could well be due to the protection of Don Regan, who was chairman of Merrill Lynch when White, Weld securities became inextricably entwined with *Crédit Suisse* and Merrill Lynch.

During the spring and summer of 1978, a sequence of transactions took place between White Weld, *Crédit Suisse*, Merrill Lynch, and First Boston, Inc., which led to the creation of a new entity, *Crédit Suisse First Boston* (formerly *Crédit Suisse White Weld*). The actual outcome of these transactions remains something of a mystery. Initially, Merrill Lynch appeared to have bought White Weld for the sum of \$50 million, but subsequently, *Crédit Suisse* purchased White Weld's stockholders' "stake" from Merrill Lynch for \$25 million—resulting in the formation of *Crédit Suisse First Boston*. White Weld securities remained listed on Merrill Lynch's organizational chart until 1983. Don Regan, then chairman and CEO of Merrill Lynch, oversaw the side of the transactions that ended in the marriage of the drug-linked *Crédit Suisse* to the Weld family.

- In March 1984, then-Treasury Secretary Regan was grilled by Congress on his dismantling of an "air interdiction" anti-drug program to have been administered by Treasury. Regan looted more than \$18 million in Treasury funds from the anti-drug program and put them into an administrative fund to remodel his office.

General says OSI is unconstitutional

by Leo Scanlon

General John Bruce Medaris, U.S.A. (ret.), speaking at a July 23 Washington press conference called by the Coalition for Constitutional Justice and Security, accused the Justice Department Office of Special Investigations (OSI) of carrying out a campaign of persecution against leading American scientists, and called upon Congress to conduct an oversight review of the agency's activities. General Medaris warned that the tactics used by the OSI in the persecution of NASA scientist Dr. Arthur Rudolph, have "created a second class citizenship for naturalized citizens."

The Coalition for Constitutional Justice and Security (CCJS), an organization formed to defend the constitutional rights of U.S. citizens from the abuses of the OSI, called on Sen. Strom Thurmond to exercise his authority as chairman of the Senate Judiciary Committee, and conduct a review of the OSI's actions.

The CCJS pointed to the over-broad and vague language in the 1978 "Holtzman Amendment" to the Immigration and Naturalization Act, as the key to the current unconstitutional legal actions of the OSI.

The Rudolph case

The CCJS spokesmen documented the case of Dr. Arthur Rudolph, a German-American scientist who pioneered the American space effort, who has been chased from the country and is now residing in Germany, without any citizenship, as a result of threats made by the OSI.

The OSI alleged that Dr. Rudolph had withheld information about his alleged "participation in the slave labor system of Nazi Germany." The cited accusations were contained in a deposition conducted in the Soviet Union, by the KGB, of a former inmate in a camp associated with the Mittelwerk missile production facility.

Dr. Rudolph's accuser has never been allowed to leave the Soviet Union to testify in a U.S. court of law, and no American lawyer has been allowed to cross-examine him—yet the OSI considers this farce as sufficient proof that Dr. Rudolph had "concealed" information about his past. Dr. Rudolph has never been and is not now accused by any government, of committing any crime, at any time in his life!

"What the OSI is doing," Medaris continued, "depends on this issue of 'collaboration,' and what their argument

amounts to is this: ' . . . Dr. Rudolph did not commit suicide and have himself executed by the SS—therefore he is guilty!' . . . I have . . . testimony of witnesses, that Dr. Rudolph was threatened with execution by the SS if he did not stop his efforts to secure humane treatment for the laborers in the production facilities, and it has been long established that the SS, not the engineers, ran the labor camps.

"I am concerned about this issue not only because Dr. Rudolph is a great personal friend of mine," said Medaris, "but because there are fundamental constitutional issues at stake here. . . . These procedures arbitrarily deny constitutional rights to naturalized citizens . . . and it is important to note that naturalized citizens maintain and carry forward the cutting edge of our technology. . . . Most of the Nobel Prize winners from America have been naturalized citizens! We have not been able to create the educational conditions which duplicate this ability . . . so this is an issue which affects not only the SDI, not only our vital national defense, but all of our science and thus our way of life."

"I have been committed to the American concept of fairness and justice through my entire life, first as an officer of the United States Armed Forces, and now as a clergyman," stated Medaris, "and if there is any group of people we owe fairness to, it is this group of scientists suffering persecution at the hands of the OSI."

The OSI, it should be noted, is not really looking for war criminals. The violation they prosecute is, "concealing information about participation in religious, political or racial persecution. . ." on immigration questionnaires. These vague terms are the "Holtzman Amendment," violation of which carries a penalty, upon conviction, of loss of citizenship. The charge can only be leveled against a naturalized citizen.

In a civil trial, the accused has no right to a jury, and no right to a public defender. He is thus confronted with the worst possible circumstances: His costs will be enormous, he will have little likelihood of appeal, and if he successfully defends himself, he cannot recover his expenses. The Rudolph family concluded that the 80-year-old scientist, a victim of two heart attacks, would emerge from such an ordeal "both broke and dead." They convinced him to plead "nolo contendere," and "return to Germany, a man without a country."

To illustrate his point that the OSI activities are not confined to kangaroo-court judicial proceedings, Medaris produced a letter, written by the OSI, which stipulated the conditions under which an open hearing on this case would be held before the Senate. The letter demanded that "all of Dr. Rudolph's colleagues who had signed a letter in his defense would agree to testify with *no Fifth Amendment* guarantees against self incrimination . . . and that the U.S. government will disclose the contents of all files, *public and non public*, involving Dr. Rudolph and his colleagues."

Unfortunately, General Medaris reported that he has received no response to his personal letters to President Reagan and Senator Thurmond on this matter.

America has lost \$23 billion in health care

The American population was denied \$23 billion in health care services last year, according to a report on "budget savings" just released by Health and Human Services Secretary Margaret M. Heckler. The cutback resulted in the lowest increase in national spending for health care in over 20 years, and, of course, Heckler treated it as great news.

However, her description of how all this money was saved in 1984 makes it clear that this was achieved entirely at the expense of the health of the American people.

Heckler's report indicated that the annual average rate of increase in health care costs of 15.2% in the early 1980s fell to only 9.1% last year, bringing the total national health bill to \$387.4 billion. The slowdown in the rate of increase was not due to a slowdown in the inflation rate, but rather: "Other more fundamental changes . . . have occurred in the delivery of services and in the financing of care."

The four key "actions now paying off in a slowdown of health cost growth" cited are:

- The rise of Health Maintenance Organizations (HMOs), in which subscribers pay a fixed annual fee for service. The number of enrollees in HMOs was 17 million at the end of 1984, more than double the number six years ago. HMOs, of course, remain solvent only by keeping their expenditures for treatment below their income from fixed subscriptions. This is done only by shortcuts in treatment.

- A shift from high-cost hospital-centered treatment to lower-cost, so-called "alternative" treatment either at street-corner outpatient centers, or in

the home. The cost differential here, of course, is due to lack of equipment and services for the patient.

- Pressure from business and "community coalitions" to urge hospitals to restrain costs. Again, the only avenue given the hospitals to do this is to restrict the quality of care, especially through restricting testing and early release of patients. According to the report, average stays in the hospital in 1984 for those over age 65 dropped a whopping 7.5%.

- Institution of the "prospective payment" system in Medicare in 1983, in which the government will reimburse a hospital only a fixed fee per stay for Medicare patients. This puts hospitals in the same boat as HMOs—faced with the necessity to restrict treatment to patients in order to remain financially solvent.

In sum, all the reasons given by Heckler for the 6% "savings"—amounting to \$23 billion—are the result of reductions in patient care. None of the real reasons for the structurally high growth rates in the cost of health care—such as usurious interest rates and the monstrous impact of malpractice insurance fees—were touched to achieve the \$23 billion "savings."

Particularly noteworthy is the sacrifice of the elderly to this altar of "savings." The drop of 7.5% in the average hospital stay for persons over age 65 in one year is shocking, especially when the slower healing rates and greater required treatment of elderly patients are taken into account.

This means that patients are either being sent home prematurely, or, increasingly, under provisions of "living will" legislation passed in 26 states, are being denied treatment and even, in some cases, nourishment, and thus are dying after a few days in the hospital.

Heckler's report is a ghastly documentation of our nation's willingness to allow the "pound of flesh" to be extracted from its people in the name of honoring usury.

War on domestic marijuana production

Over 2,500 federal, state, and local law enforcement officers were poised to begin massive raids on U.S. domestic marijuana producers on Aug. 5. The release of a 200-page "environmental impact study" justifying the use of herbicides such as paraquat to kill marijuana plants was the signal for the attack.

Senators Paula Hawkins (R-Fla.) and Strom Thurmond (R-S.C.), two of the most ardent supporters of the administration's War On Drugs legislative initiatives, hailed the planned charge as Congress neared recess on Aug. 1. "August is the harvest time, and the time to strike is now," Hawkins said.

However, Hawkins and Thurmond were cautious about openly advocating use of paraquat, even though the environmental study advocated it as part of a "preferred alternative" of "operational flexibility" for eradication of marijuana plants that "would permit use of the full range of eradication methods based on site-specific criteria."

While establishing that paraquat does not create serious health problems to humans or wildlife except in cases of extraordinary amounts of direct consumption, the study stated: "For mature cannabis plants, paraquat would be the preferred herbicide because its speed of effectiveness minimizes the possibility that cultivators could harvest treated cannabis," the report said.

Kennedy, Mathias push nuclear testing ban

Within days of the latest Soviet propaganda offer to halt nuclear weapons testing for six months, Sens. Edward Kennedy (D-Mass.) and Charles Mathias (R-Md.) continued their efforts to give Soviet offers credibility by introducing Senate Joint Resolution 179, calling on President Reagan to "resume negotiations with the Soviet Union for a verifiable comprehensive test ban treaty" on all nuclear tests.

While the Senate last year passed a similar resolution by 77 to 22, this time, S. J. Res. 179 was referred back to the Senate Foreign Relations Committee. Sen. Richard Lugar (R-Ind.) has promised hearings on the resolution, which are expected to come in late October of this year.

Kennedy claimed that the resolution backers were not making a "judgment about what Secretary Gorbachov's motivation is in making his proposal," but other supporters, such as Sen. William Proxmire (D-Wisc.) made their judgment of Gorbachov's credibility explicit. Proxmire claimed: "Mr. President, we are on the spot." Sen. Daniel Moynihan (D-N. Y.) also spoke out for the resolution. Sen. Dale Bumpers (D-Ark.) indicated his total obliviousness to the Soviet leadership state-of-mind, urging members to give the new Soviet leadership an opportunity to respond to serious negotiating offers.

The resolution was opposed by the administration. Lugar put forward an amendment stating some simple points, and in the ensuing wrangle, Sen. Bob Dole (R-Kan.) suggested that further hearings be held, returning it to committee. Lugar proposed, first, that a testing ban had to be "related to

the ability of the United States to maintain credible deterrent forces." Second, that the ban had to be "verifiable" and made in the context of "deep and verifiable arms reductions." And third, that the United States "has concluded . . . that the Soviet Union has repeatedly violated the Limited Test Ban Treaty and likely violated the Threshold Test Ban Treaty." It was pointed out also that the President has invited the Soviet Union to observe and measure a nuclear test at the Nevada Test Site without reciprocity.

Kennedy was joined by a cacophony of liberal House members who blamed Reagan for arms-control failures, including Reps. Pat Schroeder (D-Colo.), Tom Downey (D-N.Y.), Ed Markey (D-Mass.), and Dante Fascell (D-Fla.), chairman of the House Foreign Affairs Committee. Rep. William Broomfield (R-Mich.), ranking Republican on the Foreign Affairs Committee, called the Soviet moratorium proposal "dishonesty," and said it "smells like left over borscht." "Coming just a week after the Soviets set off three nuclear explosions, it makes you wonder if there really is anything new in Moscow other than the smiling face of Gorbachov."

O'Neill delays defense vote

House Speaker Tip O'Neill has put off a vote on the defense authorization conference bill until after the August recess, under pressure from liberal House Democrats eager to slash an already disastrous zero-growth-plus-inflation defense budget passed by the conferees. On July 31, O'Neill indi-

cated that the House might be willing to accept the defense bill as part of a compromise with the Senate on a broader budget package, but indicated that House Democrats still had plenty of time to strike more money from defense in the appropriations process.

The defense authorization bill continues to ignore military and strategic reality. Earlier in the week, House-Senate conferees, generally more sympathetic on defense than the Congress as a whole, resolved disputes between the House and Senate in a more pro-defense direction. But, given the constraints of congressional action already taken, the budget passed is virtually one step short of the unilateral disarmament advocated by both House Democrats and some Senate Republicans.

Unless President Reagan decides to invoke a declaration of national defense emergency, he is unlikely to get anything substantial from Congress, even if he returns to ask for supplemental defense funds.

The specific decisions by the conferees included \$2.75 billion for the Strategic Defense Initiative, with management of the program left with the Pentagon. Specific language in the bill requires studies to ensure that this research program does not spill over into "development" of a piece of hardware.

Rep. Bill Chappell (D-Fla.) attacked this funding. "I think there'll be serious damage to the program at the \$2.75 billion level," he warned, leading to SDI management prejudging some technologies, and to serious delays in the program.

Three tests for the anti-satellite system (ASAT) will be allowed next year, instead of the testing moratorium passed by the House. However,

the Air Force has an indefinite postponement on further tests, and there are reports they are reconsidering the viability of the system.

Sen. Sam Nunn's (D-Ga.) proposed level of 50 MX missiles was agreed to, rather than the House-passed level of 40. This compared with the Jimmy Carter level of 200, and came despite the fact that the much touted alternative, the Midgetman missile, is not big enough to deliver its warheads.

The chemical weapons program was agreed to without the politically sensitive condition that NATO countries must accept deployment. However, O'Neill and Rep. Les Aspin (D-Wisc.), chairman of the House Armed Services Committee, have agreed to a separate up or down vote on this issue. If it fails, which seems likely, the conference will be reopened.

Among 22 research and procurement programs restored in conference were the advanced medium-range air-to-air missile (AMRAAM), the P3C Orion antisubmarine warfare patrol plane, the E6A communications aircraft, and the JSTARS airborne, tank-hunting radar.

Winston Lord's nomination on hold

Winston Lord's nomination as U.S. ambassador to the People's Republic of China was delayed in the Senate Foreign Relations Committee on July 30, when Sen. Jesse Helms (R-N.C.) put a hold on the nomination. The Committee had been scheduled to vote and send it to the Senate floor, but now will not act until after the August recess.

Lord is currently head of the New York Council on Foreign Relations,

and is a protégé of Henry Kissinger. Lord was nominated for the post, by the State Department, despite the fact that he was a foreign policy adviser to Walter Mondale's presidential campaign.

The placement of such personnel in sensitive foreign policy posts by Secretary of State George Shultz has prompted several former U.S. ambassadors and a range of new-right and conservative groups to call for Shultz's resignation. However, led by the Heritage Foundation, most of these same groups are ecstatic over the passage this week of the first foreign aid bill, S. 960, since 1981 (see *EIR*, July 25, 1985). Passed by 262 to 161 in the House on July 31, liberals agreed to support a range of liberation movements including the Contras in Nicaragua, the Afghan resistance, the Cambodian resistance, and supported the repeal of the Clark amendment which had banned aid to the Angolan resistance groups. The coherence of the foreign aid bill with "New Yalta," however, was completely overlooked.

The bill, which also includes \$1.5 billion in aid to Israel, and \$500 million for Egypt, has been sent to the President for his signature.

One more attempt at immigration changes

Proponents of changes in the immigration laws of the United States are going to try once again, despite their failure to pass a piece of legislation over the last four years. Heralded with great optimism in much of the press coverage to date, the only major new factor is that House Judiciary Chairman Rep. Peter Rodino (D-N.J.) has

put his prestige on the line by putting himself forward as the major sponsor of the legislation.

In the last Congress, proponents got different bills passed by the Senate and the House, but failed to work out the major points of controversy in House-Senate conference.

As in previous attempts, the Senate once again passed its legislation early in the session. On July 30, the full Senate Judiciary Committee passed Sen. Alan Simpson's (R-Wyo.) bill 12 to 5, after Sen. Howard Metzenbaum's (D-Ohio) amendment to create criminal as well as civil penalties against employers who knowingly hire illegal aliens more than once, was accepted. Last year, Simpson included the penalties on his bill, so the legislation is much the same.

The House Judiciary Subcommittee on Immigration will begin hearings when the Congress returns from the August recess.

Among the major points of controversy are differences in what financial, medical, and other benefits newly legalized aliens should be entitled to. The Senate has consistently put forward a lower dollar amount. Another controversy between the houses is whether and what type of mechanism should be set up to investigate and prosecute employers who discriminate against hiring legal aliens. The Senate has no mechanism. Employers generally are caught between civil and criminal penalties for knowingly hiring illegal aliens, and penalties for discriminating against legal job-seekers.

The entire impetus behind the so called immigration reform has been to close U.S. borders to the flow of immigrants from Mexico and Latin America.

National News

Special U.S. forces to combat narco-terrorists

U.S. Special Forces are training Ibero-American elite military units in drug interdiction and search-and-destroy procedures as part of a program designed to fight narco-terrorism there. According to a July 17 article in the *Miami News*, the Pentagon program "is so secret that many senior officials at the Pentagon, in Congress, and at the Drug Enforcement Administration are unaware it exists."

Pentagon officials responsible for directing the secret program call it "a major effort against drug trafficking out of Latin America."

Green Berets assigned to conduct the training of their Ibero-American counterparts have been ordered to stay clear of any combat situations.

Citing unnamed sources, the *Miami News* also reported that the Central Intelligence Agency "is becoming more active against the drugs-terrorism-insurgency axis, both in surveillance and direct action."

Speculation as to why the program was hushed up centers around sensitivity to charges of U.S. military intervention and "adventurism." However, a plan for direct U.S. military aid and intervention in the war against drugs was developed by *EIR* Contributing Editor Lyndon LaRouche and presented at a seminar in Mexico City earlier this year. A similar plan was announced by Adm. James Watkins, and has been endorsed by the Joint Chiefs of Staff.

War on drugs on U.S.-Mexico border

The attorney-generals of the United States and Mexico, Edwin Meese and Sergio Garcia Ramirez, will meet in August in Mexico City to discuss plans for a new joint anti-drug program aimed at the border area. U.S.-Mexican narcotics enforcement relations were severely strained following the murder

of Drug Enforcement Administration agent Enrique Camarena at the hands of the drug-traffickers in Mexico. Charges of corruption and lack of cooperation were made by both sides during the ensuing investigation.

The U.S.-Mexican border has become a hotbed of narcotics trafficking, a situation many law enforcement officials believe was caused by the squeeze placed on narcotics trafficking in southern Florida. Record seizures are being made every week in Texas. The city of Houston reported cocaine seizures are up 7,900% there; in 1983, U.S. Customs seized 18 pounds of cocaine, but in 1984 there were 1,409 pounds seized. Customs reports that seizures have risen sharply throughout the Southwest.

Texas banks are reportedly now rivaling the Miami banks as laundromats for illicit narcotics profits.

The density of current narcotics activity along the border is demonstrated in the recent raids on large refining laboratories—operated by U.S. and Mexican nationals—for cocaine and heroin, as well as a large processing center for the manufacture of methamphetamine ("speed").

Congressional junkets during August

Congress adjourned Aug. 1, and will be out on recess for the entire month, not to return until after Labor Day in September. Many congressmen and senators will not be showing their faces to their constituents at home, but instead will be going on what are delicately called "fact-finding" journeys abroad. The trips include:

The Senate leadership, destination unknown. Senators John Chafee (R-R.I.), Jeff Bingaman (D-N.M.), and Carl Levin (D-Mich.) travel to the Soviet Union. Bingaman is reportedly trying to get an assessment of where the Soviet's Strategic Defense Initiative program stands, as if the Soviets are really going to let him know.

Senator Phil Gramm (R-Tex.) will travel to Hawaii, Japan, Korea, and the Philippines. Sen. Rudy Boschwitz (R-Minn.) goes to Europe. Sen. Robert Kasten (R-Wisc.)

travels to Ethiopia. Sen. Majority Leader Robert Dole (R-Kan.) goes to Canada.

The House Foreign Affairs Committee will travel to Central America, the House Armed Services Committee to the Mediterranean, the House Select Committee on Narcotics Abuse and Control to South America, and the House Agriculture Committee will travel to the Soviet Union for talks with Soviet agriculture and trade officials on the prospects of selling more U.S. grain to the Soviet Union.

House Ways and Means, particularly its trade subcommittee, will be on a trade issues mission to the Far East, apparently with emphasis on Japan, the subject of growing trade and protectionist sentiment within the Congress.

House Majority Leader Jim Wright (D-Tex.) will also be traveling to Europe. Another 27-day trip to the Soviet Union, Finland, Poland, Czechoslovakia, Hungary, Yugoslavia, and Spain, by the House Energy and Commerce Committee chaired by Rep. John Dingell (D-Mich.), was left up in the air when the Pentagon informed Dingell that it did not have enough aircraft with which to supply the committee's request for travel. Dingell has been strongly attacking the Pentagon.

Global Showdown author tours Midwest

Webster Tarpley, *EIR* Contributing Editor and an author of the newly released *Global Showdown: The Russian Imperial War Plan for 1988*, was featured on a number of leading Midwest radio talks shows. From Chicago, he spoke on the Dale McCarin show on all-news WBBM, and on WIND, eliciting scores of questions both from the interviewers and the callers. Tarpley was also on WCMY in the Joliet, Ill. area for one hour, and the popular Eddie Schwartz all-night talk show.

Tarpley held joint press conferences with a number of leading candidates of the National Democratic Policy Committee. In Sioux Falls, Minnesota, he appeared with Andy Olson, NDPC candidate for governor

of Minnesota, generating an article in the *Worthington Daily Globe* reporting that Tarpley, a "self-described Soviet expert," has warned that the Soviets were actively preparing a "nuclear sneak attack on the U.S." and had called on the United States to put all its missiles on a 2-minute firing alert to counter the "nuclear showdown."

SDI on congressional chopping block

Rep. Bill Chappell (D-Fla.), a leading member of the House Appropriations Defense Subcommittee, declared in Washington: "There'll be serious damage" to the Strategic Defense Initiative program at the \$2.75 billion level just agreed to by the House-Senate conferees. Chappell made his remarks to a luncheon meeting of the American Defense Preparedness Association August 1.

Chappell enumerated the disastrous consequences of the agreed-upon funding level. The "SDI management will have to prejudice some technologies—and drop those that we can't afford to investigate—and extend many program element schedules," he warned. The consequences, he said, will be a decision on the SDI in the early 1990s "with less than complete information, or a decision delayed until the mid- or late 1990s. In either case, we increase the risks to national security."

Among the areas that he suspected SDI management would be forced to cut back, Chappell listed the area of surveillance, acquisition, tracking and kill assessment, the "eyes" of SDI. He further warned of cutbacks in the airborne optical adjunct. This "was cut 30% last year—and will probably be hit again." Data collection projects would be hit, as well as space surveillance and tracking systems, boost surveillance and tracking systems, and terminal imaging radar.

In the area of directed energy weapons, "the part of the program that would more fully answer the Soviet response to our SDI," Chappell warned of "cutback victims" including chemical laser work, short wave-

length laser options, pointing and tracking, particle beam projects, and program delays in most other areas.

Battle management, the command and control of the SDI, including "processing technology projects, algorithm investigations, and test-bed work would be subject to some degree of deferment."

Finally, in the critical areas of survivability, lethality, and "key technologies," program lapses or delays could be expected in "enhancing survivability, reducing uncertainties regarding missile-kill mechanisms and vulnerabilities, evaluating countermeasures, investigating means of achieving a more cost-effective access to space, and assessing space power concepts." "The multi-megawatt space power effort could be jeopardized," Chappell warned, "as could survivability work involving x-ray and pulse lasers."

Chappell criticized "some of the critics and much of the media" for alleging a 100% increase in SDI funding. The Reagan administration's original request, \$3.7 billion, was already below the \$3.8 billion recommended by the Fletcher Commission.

Teller says SDI 'life and death' question

Development of the SDI is "a matter of life and death" for the free world, Edward Teller declared in a front-page interview published in the *Washington Times*. Teller lambasted such SDI critics as the Pugwash-linked scientist Hans Bethe, for continuing to cling to the doctrine of "mutual and assured destruction" (MAD), "which has horrified the American people."

Teller stressed that President Reagan's personal backing for the program is crucial to its success. It is necessary to advance far enough with SDI technology to demonstrate it will work while Reagan is still President, Teller said. Otherwise, the SDI project could easily be shelved by the next President. He also emphasized that with a Manhattan Project approach, scientists could create a laser-based defense system by 1988, which "could be extremely useful to our European allies."

Briefly

● **FIRST LADY** Nancy Reagan will be the houseguest of *Washington Post* publisher Katharine Graham for three days in August, according to the *New York Post*. Mrs. Reagan will stay at Graham's Martha's Vineyard summer home Aug. 7-9, where she will be the guest of honor at a series of dinners attended by such guests as TV news heroes Walter Cronkite and Mike Wallace.

● **TWENTY PERCENT** of the American population, or about 60 million people, are "functionally illiterate," according to a study published by the Northeast-Midwest Institute. The study defines "functionally illiterate" to mean the inability "to read, write or compute with the proficiency needed to function in society." The report, released at a joint hearing of the House and Senate Education subcommittees, refutes the U.S. Census Bureau claim that 99% of Americans are literate.

● **SENATOR WALLOP** (R-Wyo.) has called for a public investigation of the Soviet KGB. Speaking on July 29 before a Washington, D.C., conference of the Moon-connected CAUSA organization, he called this "one of the more urgent tasks before the Congress today." Wallop spent eight years on the Senate Select Committee on Intelligence.

● **GEORGE ELDER**, a farmer from Erie, Pennsylvania, announced on July 31 that he is challenging Sen. Arlen Specter (D-Pa.) in the state Democratic primaries. Elder, who unsuccessfully ran for Congress in 1984 as part of the slate of the National Democratic Policy Committee, the political action committee of *EIR*'s Lyndon LaRouche, was flanked at his press conference by three other NDPC activists running for congressional offices: Bernie Salera (1st C.D., Philadelphia), Anthony Hadley (5th C.D., suburban Philadelphia), and Stan Waterfield, (8th C.D., in the interior of Pennsylvania).

Editorial

U.S. must support García

Five days after Alan García's inauguration as President of Peru on July 28, the Peruvian government sent telexes to the international banks, demanding a six-month postponement of payment on Peru's direct and indirect public debt, and inviting the banks to send representatives to Lima to discuss the situation. At the same time, the new government is escalating its war on drugs, and moving to clamp down on corrupt sections of the political police which have been aiding terrorism and drug trafficking.

Thus, a new flank has been opened up against the enemies of Western civilization, including one of the world's most savage terrorist gangs, the Soviet-backed Shining Path group nurtured in Peru by Nazi anthropologists like Jacques Soustelle.

It should be stressed that President García's actions are not those desired by the leaders of the Moscow-loving Socialist International, to which his own party belongs, and whose leaders had assiduously courted him in the pre-inauguration period.

Rather, they coincide with the statements made by the Pope during his visit early this year to Peru. As we reported in *EIR*'s issue dated Feb. 19, 1985: "Pope John Paul II, during his five-day visit to Peru which began Feb. 1, braved a red-alert threat to his own security to deliver a vigorous challenge to the international financial oligarchy whose austerity conditionalities in the Third World are breeding despair, pseudo-religious cults, drugs, and terrorism. . . . In Ayacucho, the stronghold of the Shining Path terrorist gang, he laid the blame for terrorism squarely on the international institutions that have fostered unemployment and desperate poverty. Although he did not name the International Monetary Fund and the World Bank, his inference was unmistakable," we summarized then.

"There is nothing in common between Fidel Castro and me," President Alan García said in an interview to the Italian magazine *L'Espresso*. But there is something in common between Castro's Soviet sponsors and the U.S. State Department: They are both out to destroy President García.

On Aug. 3, the State Department announced that it is suspending all new economic and military aid to Peru, citing an obscure statute which requires an aid cut-off to a country which owes money to the United States for more than a year (Peru owes only \$11 million, of which only a small portion is in arrears).

The *Wall Street Journal* proposes a food war against Peru. As we go to press, international bankers are meeting in Paris to define a common war plan among creditors, fearing a "dangerous precedent."

What the government of Alan García is doing at this moment is demonstrating the republican method of resolving the present crisis—the method outlined in Lyndon LaRouche's "Operation Juárez," which was named in honor of the collaboration between the great Mexican nation-builder and the United States' Abraham Lincoln. When, three years ago, the Mexican government opened up the same fight, it was crushed by the IMF when other nations failed to join Mexico's battle against the banks.

If this occurs again, not just Peru but the entire Ibero-American continent will be ground up in civil wars, border wars, and economic devastation.

The State Department is cutting off García for steering a courageous course between the IMF and Castro. It is the same process that we are witnessing in South Africa and the Middle East, where the United States blindly stumbles along behind the British and Soviet gamemasters, who are out to destroy any moderate leadership, such as Bishop Desmond Tutu or Palestinian leader Yasser Arafat, in favor of a bloody polarization between extremist fanatics.

What Peru has done must be supported. The time has come for President Reagan to make the kind of command decision he made on March 23, 1983, and to withdraw U.S. support from the International Monetary Fund dictatorship which is destroying our allies around the world. By this means, and only by this means, the President will disarm the unelected "secret government" which is rapidly imposing an IMF dictatorship on the United States, too.

EIR Alert Alert Alert Alert

Our special service for the policymaker who needs the best intelligence EIR can provide—**immediately**.

World events are moving rapidly: The economy is teetering on the brink, and even the largest American banks are shaking at their foundations. Soviet-backed terrorists have launched a shooting war against the United States. In Washington, the opponents of the President's defense program are in a desperate fight to finish off the Strategic Defense Initiative, the only hope for averting Soviet world domination.

We alert you to the key developments to watch closely, and transmit 10-20 concise and to-the-point bulletins twice a week (or more often, when the situation is especially hot). The "Alert" reaches you by electronic mail service the next day.

Annual subscription: **\$3,500**

Contact your regional EIR representative or write:

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

Executive Intelligence Review

U.S., Canada and Mexico only

3 months \$125
6 months \$225
1 year \$396

Foreign Rates

Central America, West Indies, Venezuela
and Columbia: 3 mo. \$135, 6 mo. \$245,
1 yr. \$450

Western Europe, South America,
Mediterranean, and North Africa: 3 mo. \$140,
6 mo. \$255, 1 yr. \$470

All other countries: 3 mo. \$145, 6 mo. \$265,
1 yr. \$490

I would like to subscribe to
Executive Intelligence Review for

3 months 6 months 1 year

I enclose \$_____ check or money order

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to Campaigner Publications,
Inc., P.O. Box 17726, Washington, D.C. 20041-
0726. In Europe: *EIR* Nachrichtenagentur GmbH,
Postfach 2308, Dotzheimerstrasse 166, 62
Wiesbaden, Federal Republic of Germany,
telephone (06121) 44-90-31. Executive Director:
Michael Liebig.