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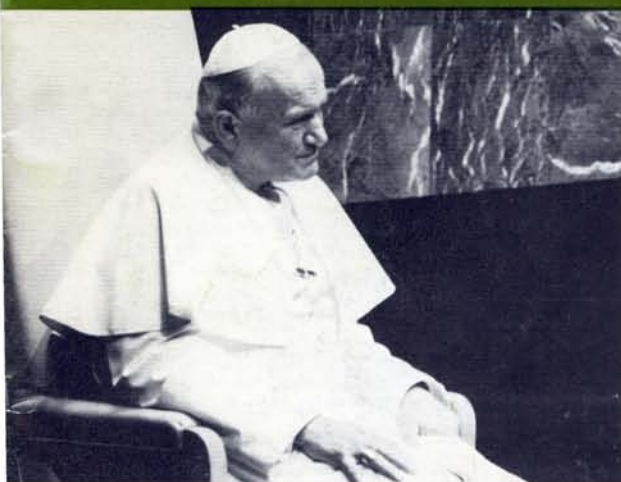
Executive Intelligence Review

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1985 in Review

The power of Reason,
or the power of usury?



EIR

Quarterly Economic Report

The Political Economy of AIDS and How to Fight It

Third Quarter 1985

Executive Intelligence Review

212 pages, over 150 tables and graphs

- **AIDS is becoming the Black Death of the 20th century:** Nearly 10% of the population in a nine-nation "AIDS Belt" in Africa may already be infected; U.S. cases may be 10 times the acknowledged number, and doubling every six months.
- **It is probable that AIDS can be transmitted by respiratory aerosols** as in tuberculosis, and by "mechanical" vectors such as insects in the tropics. It is not merely a sexual and blood disease, but a disease of economic breakdown—the IMF causes AIDS!
- **The Soviet Union controls information flow on AIDS.** Soviet health nistry officials under Sergei Litvinov run the relevant sections of the World Health Organization, and are responsible for the "guidelines" blocking measures of quarantine, prevention, and medical treatment in the West.



In addition, the EIR Quarterly Report continues to represent the only competent analysis available of the U.S. financial situation, the Ibero-American debt and trade picture, the deteriorating profile of the U.S. labor force, and, a special feature in this issue: "Space Age Technology Today." Even as the world careens toward disaster, humanity is on the verge of developing "universal machines," plasma and laser technologies capable of everything from making steel to turning garbage into valuable raw materials.

Compiled under the supervision of Lyndon H. LaRouche, Jr., the world's leading economist.

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EIR

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The past year was one of expansion for *EIR*, in the magazine's size, the extent and depth of our coverage, the extent of our own news-making operations internationally, and the degree of our influence in policy debates around the world. The world does not leave 1985 as it entered it, and *EIR* has not left the world as it found it.

In 1985, we expanded from 64 to 72 pages, inaugurated a regular *Science & Technology* section, and a *Report from Rio* column. In 1986, we will expand to 80 pages.

Our exclusives over the year were so numerous I dare not attempt enumeration, but of special importance was our coverage of Acquired Immune Deficiency Syndrome (AIDS). In no other location could you find the medical, public-health, economic-breakdown, and political aspects of this deadly pandemic's spread treated so exhaustively. In no other location could you find the information contained in several medical papers on AIDS which the professional establishment's journals suppressed, but *EIR* published. In no other location, to date, has the fact of Soviet officials' control over AIDS information flow (and AIDS' spread?) from their base at WHO in Geneva been allowed to appear in print.

That is important: We stand by LaRouche's prediction that in 1986-87, AIDS will become the number-one political issue in this nation, and the world.

Of special publications issued by *EIR* this year, several were important to the point of history-making. The book *Derivative Assassination: Who Killed Indira Gandhi*, not only answered that question, but demonstrated more broadly how high-level conspiracies to kill actually operate. Another book, *Narcotráfico, S.A.* (the Spanish-language *Dope, Inc.*) was banned in Venezuela on demand of one of the nation's wealthiest families, and helped prompt a drug-linked U.S. Attorney to convene a grand jury which subpoenaed *EIR* Managing Editor Susan Welsh, among others. There are fewer drugs being transshipped through Guatemala these days, thanks to the Special Report, *Guatemala: Case Study of Soviet Unconventional Warfare in Central America*—a model for a military war on drugs. Finally, *Global Showdown: the Soviet Imperial War Plan for 1988*, whose content and impact are reviewed in this issue (page 38).

In 1986, watch for an expansion on that theme: *Global Showdown in the Pacific*.

Vin Berg

EIR Contents

The Year in Review



Clockwise from upper left: Pope John Paul II; the inauguration of Peruvian President Alan García; an African starvation victim; a Schiller Institute demonstration in Washington, Jan. 15, 1985.

4 The year 1985: picking up history's thread from 1439

Most of us, living in the here and now, have trouble appreciating that our civilization's historical program, from its inception, was "to make all men into sons of God," and while nothing is sure in the coming year, we have a fighting chance.

Economics

6 The looming bankruptcy of the United States

The economy has now entered a bankruptcy reorganization dictated by the IMF—the end of an era in United States and world history.

12 1985: The prelude to a global financial breakdown

The commercial banks have endorsed James Baker's debt plan at last, but it is already guaranteed to fail. The reason? The depression in international trade.

14 The international war on drugs: Where U.S. wouldn't help, EIR did

In the face of a furious onslaught by Dope, Inc., the groundwork was laid this year for a military alliance against "narco-terrorism" in the Americas. Without this magazine, it never would have happened.

20 For a 'Strategic Defense Initiative' against AIDS and other pandemics

While government "experts" minimized the AIDS threat, *EIR* blew the cover off its true extent and the nest of Soviet officials running the disinformation campaign from Geneva.

24 AIDS: The lies of the coverup artists

25 Domestic Credit

U.S. Treasury at the brink.

International

- 26 The Synod: The Vatican intervenes in the world**
The authority of Reason was asserted, against collegial opinion, and against "pluralist" anarchy.
- 29 The 'Third Rome': Russian Church backs Gorbachov's war drive**
- 30 Ibero-America: the year of will, of action, and of Operation Juárez**
- 34 The year the Schiller Institute began to make policy for governments**
- 38 The first year of the Gorbachov era: Global Showdown 1985**
For the Soviet military build-up and Gorbachov's vow to transform the economy, the past year was a turning point. Yet, the United States declares national bankruptcy and unilateral defense budget cuts.
- 41 EIR's report jolts citizens, governments**
Webster Tarpley, an author of *Global Showdown*, reports on the results of his international tour.
- 43 The Battle for Europe: Will European nations survive 1986 as allies of the United States?**

- 45 In West Germany, a new policy voice**
- 47 The New Yalta deal in action: America attacks its Asian allies**
The goal of combined British, Soviet, and State Department operations has been to destroy the independent nations of the region.
- 50 Changing priesthoods in the cults of intelligence**
What was behind the year's "spy wars"?
- 52 Will the United States answer the challenge of terrorism?**
- 54 Southern Africa at year's end: Soviets push it to the abyss**
- 56 Africa: on the brink of action against the debt crisis**

National

- 60 The SDI: How the Russians and friends threw it off track**
Tremendous technological breakthroughs were made, but funding has been all but cutoff.
- 64 U.S. war on drugs: 'When going got tough, the administration cut and ran'**
- 66 The year money-laundering made the headlines—and nothing was done**
Hundreds of incidents earned banking institutions nothing but a slap on the wrist.
- 68 The citizen candidates' movement that took Washington by storm**
The National Democratic Policy Committee will be back next year with candidates for every congressional seat. And Lyndon LaRouche is running for President!
- 70 The Congress in 1985: The nation won't survive another year like that**
- 72 Kissinger Watch**
Emissary for a 'New Yalta'.

The year 1985: picking up history's thread from 1439

by Criton Zoakos

The year which is now behind us, 1985, will be marked in future history books as that year in which history's main thread, worn thin and nearly cut, in the aftermath of the reactions to Florence's 1439 Council, was fastened once again. Most of our contemporaries, living in the here and now, will have trouble appreciating this fact, for most of them would not know what this "thread" is, many others, because they have not fully assimilated what really occurred in 1985.

Our contemporaries' momentary difficulty in grasping the point does not lessen either the reality of what has happened, or the impact it is bound to have on future developments.

The panorama of this year's developments is dominated by the consolidation, inside the vast Russian Empire, of a ruthless, skilled, and very ambitious leadership, around a group which *EIR* had, early on, identified as the "Andropov Dynasty." These persons, brought to the fore by Mikhail Gorbachov, Marshal Nikolai Ogarkov's protégé, are now in their third year of a full-scale, wartime-style economic and technological resource mobilization. Their principal objective is, by not later than 1988, to establish sole world dominion, a modern version of their legend of Moscow, the Third and Final Rome (page 29).

In a history-making special report, titled *Global Show-down* (page 38), *EIR* alerted leading world institutions of the import of the present Soviet mobilization and posture.

Another influential report of *EIR*, on the Trilateral Commission, shed light on the question of who, in the West, is aiding and abetting Moscow's present drive for world domination. The close philosophical and moral affinity of the Trilateral Commission's leading luminaries with the present

Soviet leadership, when examined by informed persons, would surprise many. Though not sharing Moscow's ration for a Third and Final Rome, the Trilateral Commission is fully engaged in revamping the world map to accommodate an imperial condominium with Moscow.

The group's stated program is simple, and its results can be read in any daily newspaper's headlines: force the United States to accept living under the economic *diktat* of austerity, net disinvestment, and debt-collection policies of the International Monetary Fund, a future now imminently upon us, after the passage of the Gramm-Rudman legislation (page 6); accelerate the rates of economic looting at the expense of the heavily indebted Third World (page 12); transfer to the Soviet Union jurisdiction and responsibility for the affairs of the Middle East (page 58); abandon United States commitments to the defense of Europe (page 44); force a new American capitulation to Soviet arms-control, so called, demands, and derail President Reagan's Strategic Defense Initiative (page 60); unleash a new wave of cultural warfare against the world's population, principally by means of the growing plague of narcotics (page 15); intensify the efforts to reduce world population by means of permitting famine and pestilence to run unchecked (page 20).

The year 1985 was the year which saw virtually every single issue previously identified by *EIR* as critical, actually capture the agonized attention of the world public:

- Reagan's Strategic Defense Initiative (SDI) is now in jeopardy as a result of a Palace Guard coup d'état in the administration.

- AIDS, now spreading in pandemic proportions, has become the world population's most dreaded threat, and the

hottest political issue, in domestic and international politics.

● Third World debt has, by virtually every one concerned, been recognized to be unpayable.

Ibero-America, led by the extraordinary President Alan García of Peru, has launched its fight for preservation and economic development, along lines very similar to the *EIR*'s proposed *Operation Juárez* for financial reorganization.

The year leaves with the world population in a vast material and moral misery: in the Third World, decimated by famine and an incredible degree of sheer material deprivation; in the Middle East, further maddened by runaway sacerdotal and political warfare; throughout the advanced, Western sector, by mass unemployment, skyrocketing drug abuse, collapse of governmental services, disintegration of public health, growing moral confusion, and the new plague: AIDS.

Russian military power bursting at the seams.

Western Europe frightened and less defensible than the year before.

The Far East now wide open to Russian expansion.

The Middle East, virtually fallen.

Africa also.

The United States weakened, its defense budget mutilated, its SDI compromised, its President sounding the uncertain trumpet of 1938 Munich at his summit in Geneva.

When December had arrived, what old-timers used to call the "moral fiber" of Western culture appeared to be snapping. *EIR* and its political allies had just emerged from one of the most important political projects of the year, a great international conference in Rome, Italy, honoring St. Augustine, the one man most credited with weaving that which is Western civilization's "moral fabric."

And then, something momentous happened, the Extraordinary Synod of Bishops of the Roman Catholic Church, assembled in Rome by Pope John Paul II.

A call to arms and a resolution was issued from that truly extraordinary Synod, by a religious leadership which had resolved to address not its ecclesiastical, narrowly considered, concerns, but, finally, to do battle on behalf of a frightened, tormented, demoralized world. We have already spoken extensively on the subject of this Synod. We shall note here only two of its aspects.

John Paul II's Synod issued a call addressed not to formal members of his Church, but to all of humanity.

His Synod also, firmly and resolutely identified the one standard under which this good man will do battle: "To make all men into sons of God."

The strategic issues, as a result, have been restored to their true historical perspective, as they had been identified in the year 1439 at the Council of Florence, when Eastern and Western Christianity had resolved to achieve unity under a common acceptance of the principle of what theologians call *Filioque*, and what John Paul II's Synod explicitly named "to make all men into sons of God."

The immediate practical consequence of this, to many seemingly obscure issue, was spelled out by Joseph Cardinal

Ratzinger: No economic theory, and no economic practice, is considered acceptable from the standpoint of natural law, unless it is derived from moral responsibility. After indicting Russia's version of economic determinism, Ratzinger proceeded to deliver a devastating indictment of the Trilateral Commission's and of Rockefeller's, by name, brand of Adam Smith, amoral "free enterprise."

It has been made clear that the authors of the Extraordinary Synod have pronounced Russia's and the Trilateral Commission's economic philosophies and economic practices to be the root cause of virtually all the evils under which nations and individual human beings are being crushed today, and also pronounced both of these incompatible with the principle of the *Filioque*, the program "to make all men into sons of God."

Full circle from 1438-39: Between that time and the year that just passed, vast historical chapters were written. The Russian Orthodox Church took its specific national shape for the sole purpose of fighting the *Filioque* principle, of resisting the program "to make all men into sons of God." Protestantism was born into the world; then the Enlightenment; the American Revolution was fought and won; nations emerged and nations disappeared; the two rival forms of capitalism, feudal-based finance capitalism, i.e. Adam Smith's "magic of the market place," on the one hand, and the "American System," of dirigism and incessant technological progress, on the other, warred with each other.

The unresolved problems of all these great experiments, conquests, defeats, achievements, and disappointments of mankind, have accumulated and piled up over the centuries, to give us the agonizing picture of agony, fear, confusion, sheer human suffering that was 1985.

The crisis of this past year has produced such profound tremors inside peoples' deeper thinking processes, where the greater conceptions of our civilization are forged, that people had to go and confront fundamentals, such as that most fundamental, the thread of Western civilization's history, its "moral fiber," its program "to make all men into the sons of God," the *Filioque*.

In retrospect, though *EIR* had, from its inception a decade ago, campaigned precisely for this subordination of economics to moral law, we cannot say that John Paul II's Extraordinary Synod "had to happen."

It did not "have to happen."

All we can say in retrospect is, humanity's chances for survival, after what transpired during this tormented year, would have been very, very slim, had humanity's problems not been placed on the table for examination from the vantage point of absolutely irreducible fundamentals, such as our civilization's historical program, from its inception, "to make all men into sons of God."

This has now happened. Where it will lead, dear reader, will also depend on how you, too, will respond to this, nearly unprecedented challenge.

The next, could truly be a Happy New Year!

The looming bankruptcy of the United States

by Christopher White

During the period between the first week of October and the first week of December 1985, the United States economy entered into an International Monetary Fund dictated bankruptcy reorganization.

That reorganization in turn marks the end of an era in United States and world history.

The beginning bankruptcy reorganization of the predominant national economy of the Western world had been foreshadowed since the end of the first quarter of 1985. By that point, it had become clear that, given the deepening financial and economic crisis, either the power of the Executive Branch would have to be exerted on behalf of a reorganization designed to foster a reversal of the predominant tendencies of the last 25 years, or that the Executive Branch would itself be reorganized by those very financial institutions whose policies, and bankruptcy had created the crisis in the first place.

The inflection points in this process over the year were clearly marked.

First, in late March 1985, the collapse of the privately insured Ohio savings and loan system coincided with the beginning of the reversal of the run-up of the dollar on international markets. Fears for the integrity of the U.S. financial

system were exacerbated as realization dawned that the future of the national currency and credit was passing into the hands of foreign interests.

Then, in June, as Maryland's privately insured savings and loans companies followed the earlier example of those of Ohio, the United States was admitted to be, for the first time since before World War I, a net debtor nation. By 1986, the United States would be the single largest debtor nation, on foreign account, in the world economy.

Over the summer and into the fall, the accelerating crisis was compounded as the reality of the Farm Credit System's bankruptcy, more than \$70 billion, equivalent almost to the largest of the Third World debtor nations, or to the fourth largest bank in the United States, came to the surface. This crisis was intensified by the renewed eruption of political combat against the usurious policies of the International Monetary Fund, and associated financial institutions, typified by Peru's President García's debt reorganization program, and, by the realization that the international financial system could not be held together under a regime dominated by the usury and loot bloated dollar that had financed Donald Regan's so-called recovery out of the flesh and bone of the rest of the world, given the financing demands of the U.S.



government's more than \$200 billion financial deficit, and the parallel trade deficit of about \$150 billion.

On these matters, it was the financiers' conception of the faith and credit of the U.S. government that was called into question. The Farm Credit System typifies the problem as a whole. Not officially a government agency, the farmer's credit cooperative which used farm assets to raise commercial loans to finance farm activity, was nonetheless considered to have the implicit backing of the U.S. government. Threats were delivered to the effect that if the administration walked away from the outstanding liabilities of the farm-credit system, it would be considered to have walked away on the obligations of every other government agency, including agencies such as FHA, FHMA and GNMA, which insure the more than \$1 trillion dollar market in mortgage instruments.

As in 1981-82, the threat of a financial collapse, apocalyptic in its magnitude, dissolving all in its onrush, was used to force governmental capitulation to the dictates of bloody demands for usury. The bankruptcy reorganization of the United States was put into motion.

The visible results of the decisions thus taken include

- the Group of 5 Finance Ministers' and Central

Bankers' agreement to begin the devaluation of the dollar on international exchange markets, adopted in September and implemented in October.

- the asset-stripping reorganization of the bankrupt \$80 billion indebtedness of the Farm Credit System.

- the legislative enactment of the Gramm-Rudman-Hollings automatic budget-cutting package.

- the decision to sell the Federal Housing Administration, the guaranteeing agency of more than \$1 trillion of mortgage debt.

- the correlated implementation of the so-called "Baker Plan" to supposedly ameliorate the Third World debt crisis.

These actions, taken by officers of the U.S. government, sworn under solemn oath to uphold the United States and its Constitution, portend the suicide of the United States, the destruction of U.S. world power, and as Sen. Jeremiah Denton (R-Ala.) argued on the passage of Gramm-Rudman, sound "the death knell" for the 200 year history of the United States constitutional republican form of government.

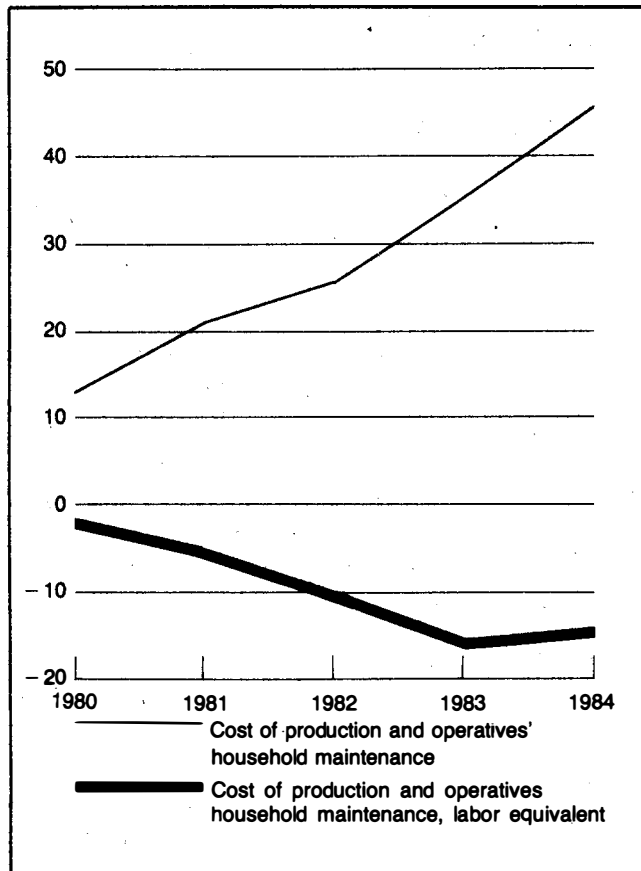
Not surprisingly, these are the same officials who have insisted since 1982-83 that the United States is undergoing

an economic recovery, who have maintained that there is no necessary connection between productive economic activity, and productivity.

As in 1982, *EIR* is entitled to say, "We told you so." The bankruptcy of the institutions of state now unfolding, is the result of an unimpeded process of destruction of the productive economy, exacerbated by the piling up of the usurious claims of debt. The United States entered 1985 as the world's largest debtor, owing on internal as well as external accounts, approximately \$6.75 trillion, about one-third of all world debt. We estimated, in the spring, that simply to service that mass of debt would require about \$1 trillion to be gouged out of the productive economy. We argued then that it could not be done, without breaking the back of the United States as a nation.

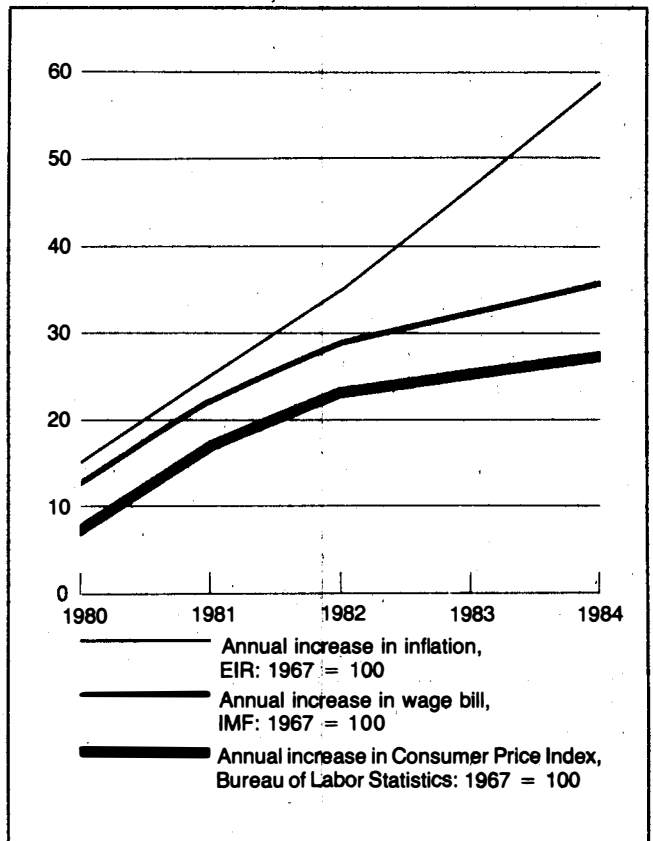
Yet that is precisely what the present administration has undertaken to do. Over the year, the federal government's debt has increased by \$500 billion, the equivalent of five debtor nations of Brazilian or Mexican size, and the in-

FIGURE 1
Cost of production and household maintenance, labor and monetary equivalent



Source: *EIR*; International Monetary Fund

FIGURE 2
Inflation and wages, *EIR* vs. the Consumer Price Index



debtedness of the banking system has increased by a corresponding \$500 billion.

The underlying process is indicated in the figures. Debt has accumulated on top of the expansion of the unproductive overhead, known to government economists, and their ideological co-thinkers, as the "service economy," or the "post-industrial society." To such people, it is not clear that the functioning of an economy depends on the production and consumption of physical goods and services, produced and distributed by labor, of defined skill levels, working with an equally defined technology.

EIR's distinction since 1979-80 has been to base its economic analysis, in first approximation, on separation of the physical process of production, from the expansion of monetary aggregates, or overhead activity as such. This has permitted the downward course of the economy to be plotted, and projected, against the lunatics and incompetents who have insisted on their fantasy that everything is really alright, or even improving.

Under conditions that prevailed in the 1960s, the cheapening of the process of production reflected in **Figure 1** would

not necessarily be reflective of the accumulated disaster now unfolding. Under conditions of technological progress, on which human existence depends, the process of production is cheapened as the level of technological intensity of production is increased. The indicated decline is correlated with a decline in per capita energy consumption, for the economy as a whole, and for productive operatives, and further with a decline in the market baskets of production goods required for both household consumption, and for the maintenance of the production process itself. Since the late 1960s, both have been cut by approximately half, as the productive base of the economy has been contracted under the impact of the so-called post-industrial society. The decline is reflected as a reduction in the economy's profitability.

The difference between the decline in the index representing costs of producing the system, and the same expressed in monetary terms, approximates the rate of inflation. In these terms, the ratio of economic profitability to costs incurred in the process of production has been declining at about 1.5% per annum, while inflation has been proceeding unchecked at about 11%. The service of usurious indebtedness is compounding on top of the overall decline in the capacity of the productive economy.

This is the reality that has been covered up and lied about since the 1982-83 decision to manufacture the so-called great recovery. We have contrasted *EIR*'s productivity index with the Federal Reserve's index and the index of the Gross Domestic Product. We proved in 1983 that the former is simply put together fraudulently, exaggerating the so-called swings of the so-called business cycle to reinforce the factional issues at hand. The latter is concocted by overlooking the difference between productive and non-productive activity in the economy as a whole. With this approach, the worse things get, the better they are said to be.

The bankruptcy reorganization of the United States brings the foreseeable consequences of these crimes and incompet-

Table 1

Productive costs versus monetary aggregates

Index 1967 = 100

	Costs of production and productive labor	Monetary and productive labor	Surplus equivalent
1979	75.8	242	64.2
1980	73.6	273	58.9
1981	71.1	295	55.9
1982	67.4	310	54.7
1983	65.2	342	51.0
1984	66.2	392	54.7

Table 2

EIR profitability index vs. the Federal Reserve and gross domestic product

1967 = 100

	EIR	'Fed Index'	GDP
1979	85	152	299
1980	80	147	326
1981	80	151	367
1982	80	138	381
1983	75	147	411
1984	79	163	457

Source:

Board of Governors, Federal Reserve
International Monetary Fund

ence home with a vengeance in treason of historical dimensions. The remaining economic potentials of the U.S. industrial system are Western civilization's principal means at hand to resist the looming threat of Russian world hegemony. Under the adopted reorganization, such remaining potentials are to be dismantled. It is, furthermore, the remaining potentials of the United States which provide a worldwide margin of capability against the lawful concomitants of accelerating economic decay, famine, pestilence, and plague.

With these measures, reality, typified by the accelerating collapse of productive activity of businesses and farms, increasing unemployment among productive workers, bank failures, liquidation sales, asset stripping mergers, asserts itself. Bankruptcy and bankruptcy reorganization are the offspring of the economic depression we have been in.

The bankruptcy reorganization of the United States government is the fulchrum around which such issues will be decided, as the remaining illusions associated with Ronald Reagan's promises of 1982-83 become the evident failures of 1984-85, and the looming disasters of 1986 evaporate.

The crisis in government finances

It is the ongoing depression crisis in the economy as a whole which ensures that the measures now adopted to reorganize government finances will not work. It is of no use to turn the government into the asset-stripping enforcement arm of the financial institutions which created the crisis, in order to supposedly deal with the crisis. This adopted approach will accelerate the collapse in the economy as such, while the claims of debt service against that collapsed productive capability continue to increase geometrically.

The official illusions cultivated since 1982 insisted that if the role of big government in the economy was reduced, and the burdens of tax-payers reduced, the mighty recovery would take care of all problems. In reality, the recovery did not happen, the burden of the tax-payer was not reduced, and the

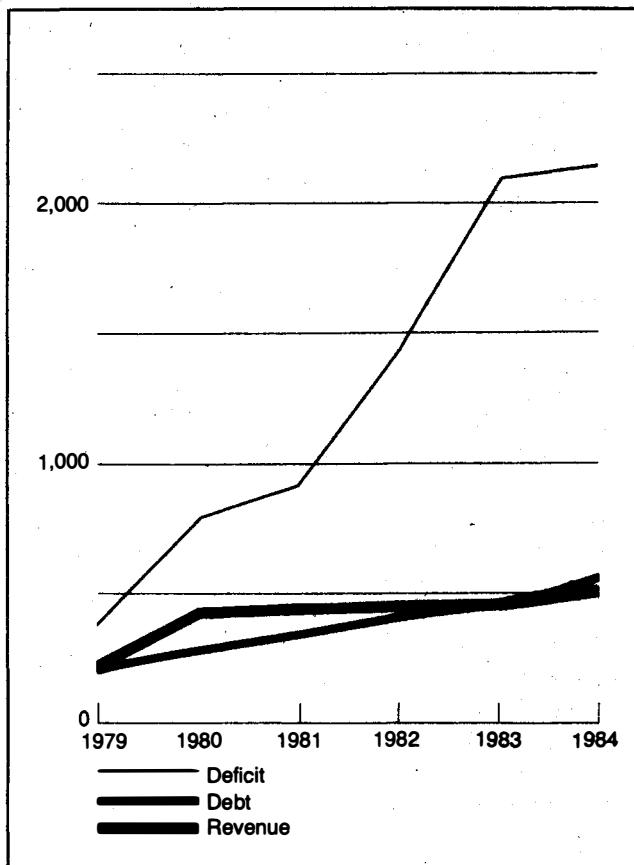
so-called "role" of big government increased, even as the government abrogated its responsibilities under law, and its power.

Through 1979, the half-way point in the Carter administration, the revenues and outgoings, and also the deficit of the federal government, grew in lockstep with each other. The total indebtedness of the government grew more slowly. Then, when Paul Volcker took over the chairmanship of the Federal Reserve Board, everything came unmoored.

Government revenues continued to increase, but at a rate less than the level of inflation, which the illusions insisted had been brought under control. Claims against the Treasury's revenues escalated as the government's outgoings increased at a rate half as fast again as the revenues. The deficit, compounding on the mass of debt accumulated under Paul Volcker's high-interest rate policy, increased at four times the rate overall expenditures were increasing, and six times faster than incoming revenues.

By the end of fiscal year 1985 (Sept. 30, 1985), the

FIGURE 3
Growth of government revenue, budget deficit, and debt
(1967 = 100)



Source: IMF

government's revenue from taxes amounted to \$750 billion, its expenditures to about \$1 trillion, its current deficit to about \$250 billion, and the mass of debt carried to about \$2 trillion, about 25% of the total outstanding debt claims on and within the U.S. economy.

How idiotic then is the refrain of the last years. Cut the budget's outgoings to reduce the deficit. Under this policy, compounded with the mythology of the non-existent recovery, the rate of increase of the deficit has increased, while the expenditures, as a whole, have also increased. Defense spending did increase, 10% over the last year, but less than the increase in federal revenues. Expenditures for social programs increased 2%, again less than the increase in government revenues. The only part of the government's expenditure budget which increased its claim on the federal revenues was the financing requirements of the debt, which increased by 17% over the year.

This is the ranking of claims on government revenue which is institutionalized as law by Gramm-Rudman. Therefore, that law will not reduce the deficit in the government's ability to finance its own operations, and, furthermore, it is not intended that it should. Anyone who argues the reverse ought to have their head examined. This so-called deficit reduction measure raises the increasing claim of federal debt service to a sacred cow, ensuring the future, compounding increase in the debt service, with revenues otherwise appropriated for defense and social expenditures.

Under this arrangement, the deficit is supposed to be reduced to zero by 1991. But service on the Federal debt will continue to compound from today's annual level. Thus, by the year the deficit is supposed to be reduced to zero, the Federal government may be projected to have to shell out

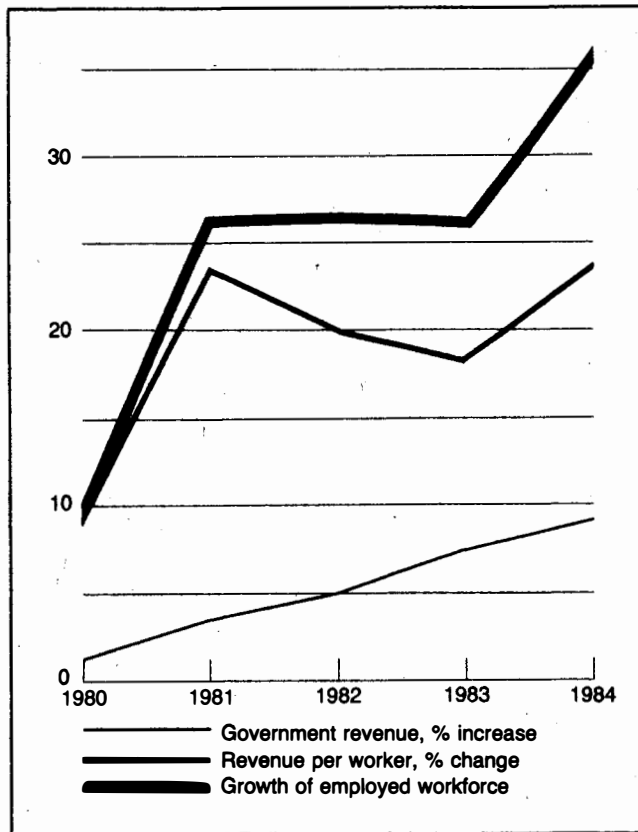
Table 3
Government revenues, expenses, deficit and debt
Index 1967 = 100

	Revenue	Outgoings	Deficit	Debt
1979	321	321	320	242
1980	356	380	789	271
1981	417	439	834	304
1982	408	467	1494	364
1983	411	508	2183	433
1984	458	548	2115	506
1985	503	632	2528	738
Annualized Increase	7.3%	11.2%	45.8%	15.8%

Source: International Monetary Fund and U.S. Treasury.

FIGURE 4

Government revenue and the tax base



Source: IMF, BLS

almost \$400 billion in interest payments on the sacrosanct debt, then conceivably approaching the \$4 trillion dollar level.

It ought to be obvious that there are two interrelated problems under discussion here. Of these, one, namely the lying legalisms adopted to protect the debt, in defiance of the Constitution's intent to secure "the safety and well-being of ourselves and our posterity," is political. There is no economic reason to tear down the nation's defenses or its health and social security system, nor could there ever be. The other, typified by the relative decline of government revenues, with respect to legitimate claims on the federal finances, is economic.

The relative health of the tax base is reflected in the national employment profile. After all, it is the employed population which is the primary source of tax receipts. The workforce since 1979 has grown, so it is said, by about 10%; that ought to have impacted on the Federal government's revenues. It has not because only part, a diminishing part, of the total supposedly employed labor force is employed productively to produce the physical wealth on which the economy's survival depends.

Table 4

Taxpayers and the tax base

Index 1967 = 100

	Employment	Revenue per worker	Productive worker	Revenue per productive worker
1979	127	252	101	322
1980	128	277	98	369
1981	131	315	97	435
1982	133	304	92	448
1983	137	298	91	457
1984	139	327	94	490

Source: International Monetary Fund
Department of Commerce, Bureau of Labor Statistics

If the economy as a whole is treated, for accounting purposes, in the same way an integrated agro-industrial complex is treated, the costs and expenses of maintaining the economy can be identified. Costs represent here the maintenance of the physical system, such as employment, operating costs of equipment and plant, and so forth. Expenses for overhead must be covered out of the enterprise's surplus or profit.

In an economy as a whole, government finance, necessary though it be, is not accounted as part of the productive cost of running the economy, but as primarily an administrative expense of overhead, to be covered out of gross profit or surplus. Viewed in this way, the entire expense of maintaining the government's activity must ultimately be produced by the activity of the productive sector of the economy and those employed to so produce wealth. Thus, in measuring the increase in the per operative contribution to the government's finances, we are measuring the growth in the government's claim on the economy's surplus. While gross profit has been cut in half since the late 1960s, the government's claims against the gross profit of the economy have increased nearly five-fold.

That should tell us something. The problem is not the big government as such, but rather that the economy as a whole has been contracted in scale and profitability relative to the claims of usury of which 25% are passed on through the government directly, and another 25% typified by the government's mortgage insurance operations, are guaranteed by the government.

To reverse the crisis, two sorts of measures are necessary. In the first instance, to get the government out of the business of providing security and political insurance to bankrupt loan sharks. In the second, to reverse the course of the last generation, and put the economy back on the path of increasing profitability and productivity through fostering capital intensive, energy intensive technological progress.

1985: The prelude to a global financial breakdown

by David Goldman

Major commercial banks finally endorsed U.S. Treasury Secretary James Baker III's program to contain the debt crisis, two months after he had unveiled it at the October annual meeting of the International Monetary Fund in Seoul, South Korea. Baker's scheme, the first official American admission that the debt crisis is *global* in nature, will probably shatter upon the debtors' objections to the most brutal of its terms: that they auction off major national assets, e.g., their petroleum companies, for a fraction of their underlying value, in return for additional loans.

What guarantees the failure of the Baker Plan, however, is the relentless spread of depression in international trade. World exports, running this year at a flat \$1.7 trillion annual rate, remain 10% below their 1980 level. The industrial nations' imports of raw materials are even more depressed, at 12% below the 1980 level. For the largest Ibero-American debtors, the situation is much worse: An *Executive Intelligence Review* study included in our most recent *Quarterly Economic Report* showed that exports to the United States of a basket of 18 agricultural and industrial commodities fell by 34.9%, in terms of physical tonnage, during 1980-83. The Ibero-Americans, meanwhile, increased their exports of energy-intensive intermediate goods by a staggering 153.2%.

Although the overall decline in trade is somewhat exaggerated by the much higher value of the American dollar, in which these figures are expressed, the financial results are what matter here: They reflect a 31.2% fall (according to the International Monetary Fund index) of the price of all commodities since 1980, including a 10% fall in the 12 months through 1984.

The 12% decline over 1979-84 in OECD nations' absorption of commodity imports, mainly from the developing sector, compares to a 58% rise between 1975 and 1979, the last period of industrial growth in both the developing and developed nations. This 70% swing in commodity export growth rates between the two periods explains the devastating fall of commodity prices, and makes the present situation parallel the 1929-34 period, when commodity prices fell by approximately 50% overall.

OPEC's decision in December to raise rather than restrict exports, provoked by Anglo-Norwegian-Soviet dumping of crude oil, has already pushed crude oil prices down by more than 10%, and threatens to bring oil prices down by an additional 25%. The situation is even bleaker in some other markets. After the bankruptcy of the Tin Producers Council last October, it is expected that the re-opening of tin trading will occur at roughly half the previous price level for the widely traded metal. In this context, a further 20% decline in raw materials prices during the next two quarters would be no surprise.

Leaving aside the disastrous results in the agricultural and energy-producing sectors in the United States, which are chiefly responsible for the 113 bank failures during the year to date, the situation of the developing nations has become insupportable. The London *Economist* described the effects of the price collapse as a \$65 billion "poor man's gift" to the industrial nations, and warned bluntly that a financial crisis would ensue unless something were done about it. The situation is even worse than the commodity indices show. An *Executive Intelligence Review* study demonstrated that the biggest Ibero-American debtors lost 35% of their export prices between 1980 and 1983 alone, i.e., an amount even larger than the decline in the prices they obtained for those exports traded on global commodity markets. That reflects the devaluation of their currencies under International Monetary Fund programs during the period.

Since the devaluation-bred decline of export prices is mirrored in higher import prices as well, the Ibero-American debtors' terms of trade fell, overall, by roughly 60% during the same period. That is, the major debtors must export 60% more, as well as import 60% less, in order to earn the same volume of dollars for debt payments. The resulting squeeze on their economies has cut domestic consumption in the range of 30%—exact numbers are incalculable from available data—and wreaked even more damage upon those countries' future, through the suspension of all infrastructural improvements.

Using estimates prepared by Morgan Guaranty Trust,

American Express International, as well as our in-house studies, the following picture of the debtor nations' finances emerges for this year.

For the 21 major debtors surveyed by American Express (*Amex Bank Review*, Nov. 4, 1985), total debt-service requirements are running at \$132 billion per year.

Of the \$132 billion, \$37 billion represents interest, \$20 billion represents principal on outstanding debt, and \$75 billion short-term debt payable immediately.

The 21 major debtor countries are, in fact, paying slightly more than their interest payments to creditor banks. In other words, they are paying down a fraction of the principal, albeit at crushing economic cost.

Of the 21, the 15 worst-off paid \$32.4 billion in interest during the year ended in June 1985. Amex Bank, however, calculates an additional \$2.6 billion in repayment of principal—after all World Bank loans, private capital investment, and other inflows are taken into account. During those 12 months, the developing nations shipped, net, \$35 billion to their creditors.

It is impossible to judge the size of flight capital still leaving the developing nations, although Federal Reserve officials believe that the \$50 billion "errors and omissions" inflow into the U.S. economy projected for 1985 reflects continuing flight capital from the developing nations. A recent *Wall Street Journal* estimate warned of \$5 billion in flight capital from Mexico alone, and the total for 1985 will



An impoverished slum in Mexico: A continuation of IMF policies, and these people will not be poor, but dead.

probably exceed \$25 billion.

Adding the flight capital to the net capital export figure, we see that the debtor nations are paying out \$60 billion annually in hard cash to their creditors.

The collapse of terms of trade

By the London *Economist's* judgement, the developing nations coughed up an additional \$65 billion, the "poor man's gift" in the form of a 10% decline in commodity prices during 1985. But, as indicated above, the overall decline in terms of trade since 1980 is 60%—60% of the non-oil developing nations annual exports of about \$725 billion adds up to \$435 billion.

The *Economist* survey, published last Nov. 30, observed that the \$65 billion cut out of developing nations' export earnings this year amounted to 0.7% of the industrial nations' Gross National Product. "Since real GDP growth in the OECD countries is running at an annual rate of about 3%, a quarter of it comes courtesy of cheaper commodities. The full bonus is probably even bigger, because anything that cuts prices directly will produce such second-round benefits as smaller wage increases and lower interest rates," the *Economist* concluded.

Taking 1980 as a base, and using *EIR's* more comprehensive measure of terms of trade, we find that the price-reduction of non-oil developing nations' exports since then, at \$435 billion, amounts to a full 4.8% of total sales (GNP) in the industrial world—or considerably more than their total reported "real growth." Leaving aside the fact that the real growth numbers, as reported in GNP terms, are at best misleading and at worst completely fraudulent, the broad result is entirely correct. Without the collapse of developing nations' export earnings, the charade of economic recovery could not be maintained anywhere in the industrial world, with the possible exception of Japan.

The developing nations are politically, financially, and economically exhausted after five years of looting at an accelerating pace. Their economies, deprived of spare parts, let alone infrastructure investments, cannot maintain the same rate of exports, and their social structures cannot withstand the concomitant spread of mass starvation and epidemic disease.

Treasury Secretary Baker's attempt to hold the financial system together with mirrors, appears in its proper light. According to the Amex Bank, full-fledged implementation of the Baker Plan would do no better than to reduce the net capital outflow from the developing nations to a mere \$20 billion per year, rather than the \$35 billion registered over the past 12 months. That leaves out, of course, the continuing problem of flight capital, which remains almost as large as the total interest burden to these economies. Most of all, it ignores the devastating damage done to the economies of the developing nation through the huge shift in their terms of

trade, which is, by an order of magnitude, the biggest problem of all.

Historically, the growth of Eurodollar market deposits began with the boom in international commodities trade during the last years of post-war economic growth. The Eurodollar market mushroomed in the wake of America's Aug. 15, 1971 suspension of gold backing for the dollar, and the 1973 reversion to "floating exchange rates." These amounted to a grand deregulation of the financial system, spurring a geometric growth rate in Eurodollar market operations.

Developing nations deposited their commodity earnings with London banks, which treated these as the equivalent of compensating balances for loans to the same countries.

During the 1969-74 period, before the first big rise in oil prices, OECD countries' imports of raw materials rose by 240%, from \$25.9 billion to \$62.4 billion. In the same period, the Eurodollar market ballooned from a small pool of funds serving (initially) the Soviet Union, which did not want to hold dollar balances in the United States, and assorted dirty money, into the major source of new international lending.

As of 1974, OECD nations' raw materials imports were equal to about 17% of total Eurodollar deposits of \$362 billion. By 1984, when Eurodollar deposits (by the narrowest measure) were at \$1.8 trillion, trade in raw materials covered less than 5% of total deposits.

Back in 1973, the biggest worry among international bankers was that a collapse of commodity prices might bring down the banking system, by suddenly shrinking the Eurodollar deposit base. That was the thesis of the most-talked-about report of the year, published in the August 1973 issue of *National and Grindlay's Review* in London.

The present situation seems incomprehensible from the nearly traditional banking standpoint from which the Eurodollar market was viewed a dozen years ago. To some extent, the Eurodollar market seems to ape the old joke to the effect that the entire population of Tel Aviv lived by selling the same bottle of orange juice back and forth to each other. For example: The dollar volume of international trade has not grown since 1979. Nonetheless, according to a just-published survey by the Group of 30, a private adjunct to the International Monetary Fund, the volume of global foreign exchange trading has doubled, from \$75 billion to \$150 billion *per day*. That is exactly 23 times the total value of international trade.

However, in all such speculation, there are (by definition) as many losers as winners; everyone can't make a living in the permanent floating offshore crapgame. What has held the Eurodollar market together, rather, is what economists politely call the "underground economy," i.e., \$500 billion a year in global narcotics traffic, \$100 billion a year in illegal arms traffic, and several hundred additional billions in flight capital, tax evasion, and assorted types of swindling.

If the Eurodollar market was commodity based in 1973,

it is narcotics based today. Skeptics are referred to the United States balance of payments tables.

During the first half of 1985, according to official government numbers, almost half of America's \$120-billion-a-year balance of payments deficit was financed by parties unknown, who took precautions to ensure that their investments in the United States were hidden. Analysts at the Federal Reserve Board, the Commerce Department, and the International Monetary Fund believe that the biggest source of revenues from these parties unknown is narcotics traffic, and that the second biggest is flight capital from developing countries.

That is, in hard numbers: The United States was importing \$124 billion per year more than it was exporting, as of the first half of the year.

Parties unknown

Parties unknown were paying for \$50 billion of that, according to the official data, which show a yearly rate of that amount as "net errors and omissions." In other words, we could not account for \$50 billion a year in money coming into the United States, enabling us to pay for our trade deficit.

That is not the end of it. American companies, and various U.S. government agencies, are borrowing at a \$35 billion annual rate from the offshore entity known as the "Eurobond market," founded, in the first place, to enable parties unknown to buy income-yielding securities without being traced. This market used to be a relatively small, dirty corner of the world financial market; it is now "closely lagging" behind the U.S. government debt market, the largest market for securities in the world, according to *Crédit Suisse-First Boston*, the London firm which dominates this market.

Fifty billion dollars a year of "errors and omissions," plus \$35 billion a year of "Eurobonds," adds up to \$85 billion, or more than two-thirds of our annual external financing requirement, from sources the U.S. government cannot identify.

One economist at the Commerce Department complained, "You read in the papers every day about some big bank laundering billions of dollars and sending the money abroad to Switzerland. We know that a lot of this money is coming back in. A lot of the errors and omissions represent drug money. But we get so many things thrown at us here, that we don't have time to look into it."

Isn't this a matter of serious concern to the Federal Reserve Board, whose chairman, Paul Volcker, has been ordering the United States to placate its "foreign creditors" by throwing out half the defense budget? Says a Federal Reserve staffer, "It's very disturbing not to know from whom we are borrowing the money."

Where does the Federal Reserve believe the money is coming from? "We know that a lot of it is the underground economy, and the biggest portion of the underground economy is drugs," the staffer continued.

The international war on drugs: Where U.S. wouldn't help, *EIR* did

by Gretchen Small

Dope, Inc. opened 1985 with a challenge: The valiant efforts of individual nations to defend themselves from the drug trade, will be crushed. The drug mafia, unified in its forces, would not stop until all order is overthrown in Ibero-America.

On Jan. 28, 1985, Colombia's drug czar, Carlos Lehder Rivas, called a press conference at his "secret" jungle hide-out. The hunted fugitive, a business partner of Robert Vesco, announced that he had returned to Colombia, after being forced into hiding for seven months by the military campaign which followed the assassination of Justice Minister Rodrigo Lara Bonilla in April 1984. He had returned now, Lehder announced, to seize power, and he warned Colombians that Hitler, "the greatest warrior which humanity has ever had," was his model of government.

Lehder declared that he planned to recruit a half-million-man army to overthrow the Betancur regime, and had initiated discussions on the matter with the "M-19" terrorist movement, otherwise known as good friends of Castro's regime in Cuba. Lehder praised the M-19 as "nationalist and revolutionary," intelligent in their decision to finance their activities through the drug trade. The M-19, he added, is "the only movement which has declared itself against extradition." Under the U.S.-Colombian Extradition Treaty, several captured drug chieftains had been extradited for trial in U.S. courts, and the drug mafia was demanding it be repealed.

As 1985 came to a close, Lehder's mob struck. When Colombia's Supreme Court began its review of the constitutionality of the Extradition Treaty Nov. 6, an M-19 commando unit seized the Justice Palace, took hundreds hostage, and demanded President Betancur come personally to the ministry, to "negotiate." Betancur refused to negotiate away the state, and ordered the army to recapture the ministry. When the 36-hour battle was over, more than 100 were dead, and the Palace, including vital records, 80% destroyed; 12 Justices, one-half the Supreme Court, had been murdered by Lehder's "army."

The narcotics kings had expected a different outcome, expecting to seize the state itself as hostage. Betancur's decision to stand firm saved Colombia's institutions, and with them, the institutions of all Ibero-America. Patriots from across the Western Hemisphere rallied in support of Betancur, recognizing that under current conditions, what hap-

pened in Colombia may happen next in their nation.

The Colombian state, however, suddenly found itself under a second wave of attack, now from the liberal international press, who defended the "idealistic" M-19 against Betancur's "brutality." The liberal press charged that the government fabricated the connection between the terrorists and the drug mob, and suggested that the Colombian state could soon topple from its weakness. Colombia's Justice Minister Enrique Parejo finally accused the *Washington Post* and *New York Times* of serving as "lawyers" for the narco-terrorists!

The international forces arrayed behind the drug trade have indeed become arrogant, as the drug mafia steadily conquered more territory, more peoples in the Western Hemisphere during the last 10 years. In retrospect, however, 1985 may prove the decisive turning point in that advance, and Betancur's choice of policy on Nov. 6, the spark that lights an unstoppable rebellion against the drug empire.

In 1985, the groundwork was laid for a military alliance against "narco-terrorism" to be formed in the Americas. *EIR* played a special role in that fight, catalyzing the resistance, centralizing the intelligence, and outlining a strategy to win a War on Drugs. As 1986 begins, *EIR* is optimistic that the war begun in 1985, can be won in 1986.

Dope, Inc.

On Jan. 23, New Benjamin Franklin House Publishing Company, Inc. released a revised, Spanish-language edition of the 1978 bestseller, *Dope, Inc.* Prepared by a team of *EIR* investigators, *Dope, Inc.* had revolutionized the anti-drug fight, drawing the attention of law-enforcement officials and ordinary citizens to the centralized command-structure controlling the international narcotics trade. The book documented how "respectable" oligarchic families and financial institutions profit from, and direct, the narcotics trade as a weapon in their drive to impose a New Dark Age upon the world.

Narcotráfico, SA, expanded on that original work, based on knowledge gained over six years of fighting drugs on five continents. In six years, the estimated value of the dope trade had more than doubled worldwide, while in Ibero-America, the cocaine trade had been transformed into a mass-production machine, now dominating the area. Featured in the new

edition is the Soviet and Cuban role in the drug trade, and how they cooperate with their Swiss and Venetian banking allies. For the first time ever, the "synarchist," Nazi-Communist, cult structure through which the drug trade and terrorism are organized, was exposed.

The book was rushed to print, to be in the hands of military and law-enforcement forces before Pope John Paul II began a two-week tour of Ibero-America, on Jan. 26, in Venezuela. Gnostic cults in the area, including the Tradition, Family and Property cult, had threatened to assassinate the Pope during his tour. *Narcotráfico, SA* was shipped out across the continent on Jan. 23, a warning to the drug command-structure behind the gnostic cults that an attempted hit on the Pope might turn the people's rage against them.

Narcotráfico, SA hit like a bombshell. Within a week, the book was being read nightly on a popular radio show in Panama. The book had been reviewed in the leading papers of Lima and Mexico City, each drawing attention to charges affecting their countries. In Venezuela, where President Jaime Lusinchi had been demanding coordinated hemispheric action against the drug empire, *EIR's* book had already become the talk of Congress.

But, on Feb. 4, police raided *EIR's* Caracas office, confiscated copies of the book, and arrested *EIR* correspondents. "The four journalists were held incommunicado by the DISIP



Guatemalan army troops burn marijuana on one of the drug plantations raided as a result of an *EIR* Special Report.

following a complaint by the Cisneros family," the Caracas daily *El Mundo* reported Feb. 6.

The Cisneroses, a wealthy Cuban-Venezuelan family, had objected to the few pages in the book reporting their links to international circles involved in dope money-laundering. Unwilling to contest *EIR's* revelations in court, the Cisneroses resorted to straight thuggery. The Cisneros press empire launched a slander campaign against *EIR* founder Lyndon H. LaRouche, Jr., and threatened the government that if it did not eliminate LaRouche's influence in Venezuela, the Cisneroses would bring down "the system." On Feb. 7, *EIR's* correspondents were deported, and police burned confiscated copies of the book.

EIR charged the Cisneroses with "attempting to prevent people from learning the role of Cuba and the Soviet Union in the international narcotics trade," by silencing the book which "for the first time reveals Russian and Cuban involvement in the international black economy . . . and their partnership with drug financiers such as Robert Vesco." Perhaps the Cisneroses' personal relations with Castro's Cuba may explain their reaction, *EIR* added.

While *EIR* correspondents left on one plane, David Rockefeller arrived on another. He delivered public threats that the Lusinchi government must "open up" the economy to foreign "interests," and made sure to remind the press that his friend, Gustavo Cisneros, was a member of Chase Manhattan's International Advisory Board.

Within a month, Gustavo Cisneros's lawyers secured a judicial court-order prohibiting the circulation, or reading, of *Narcotráfico, SA* within Venezuela. Sales of "the Book" soared at the Miami airport.

Assassinations, sabotage

The attack on *EIR* in Venezuela came in the midst of an international escalation against anti-drug fighters. On Feb. 7, U.S. Attorney in Boston William Weld granted an amicable settlement to the Bank of Boston on its \$1.2 billion money-laundering "transgressions," while continuing his grand jury investigation into LaRouche-associated political organizations. Funny thing about Weld: His family's fortune is run through the White Weld company—for which Cisneros's financial advisor, George Moore, had also worked!

That same day, Feb. 7, U.S. Drug Enforcement Administration (DEA) agent Enrique Camarena was kidnapped in Guadalajara, Mexico, by the drug mob. Camarena, a Mexican national considered one of the DEA's top field agents, was reportedly onto something big. Just back from three months in Colombia, his reports back to headquarters identified a network of corruption which extended from South America, into Washington, D.C. itself, sources on both sides of the U.S.-Mexican border later reported. Rather than investigating his charges, Camarena's kidnapping, and subsequent murder, became the excuse for a near break in relations

between Mexico and the United States, and as yet unrepaired damage to U.S.-Mexican anti-drug collaboration.

A certain pack of U.S. officials, including U.S. Ambassador John Gavin and then-DEA head Francis Mullen, began charging top-down corruption of the Mexican government. The United States began "Operation Intercept," a sealing of the U.S.-Mexican border, without notifying the Mexican government. Mullen flew personally to Mexico, and continued wildly attacking the entire Mexican government.

Only a personal phone-call from President Miguel de la Madrid to President Reagan on Feb. 23, reestablished working relations between the two governments. In a press conference that day, Mexican Attorney-General Sergio García Ramírez warned that the mafia sought to "create confusion and division, which benefit, above all, the drug-runners."

The subsequent arrest, by Mexican authorities, of the drug kings who ordered Camarena's assassination, including Rafael Caro Quintero and Ernesto Fonseca, led to revelations on how some of Mexico's top tourism and banking executives run the drug trade. The links of bankers Eloy Vallina and Arcadio Valenzuela to drugs, in turn, leads straight to the top of the National Action Party (PAN), the pro-Hitler synarchist group threatening the secession of the northern region from Mexico.

On April 9, *EIR* called for an investigation into the role of Francis Mullen in the Camarena affair, citing reports in both Mexico and the United States that Mullen, already linked to a Louisiana dope ring while serving as FBI director in New Orleans in 1978, had needed Camarena's investigations silenced.

War plan introduced

The sabotage of inter-American cooperation against drugs had to be stopped. *EIR* founder Lyndon H. LaRouche drew up a 14-point warplan against drugs in the Americas. The proposed plan was first presented March 13 at a Mexico City *EIR* seminar on "Illegal Drug Traffic in the Americas," attended by diplomatic and military representatives from many American nations, including the United States.

In a speech written for the seminar, LaRouche summarized the strategic threat of narcotics. "The international drug-traffic has become an evil and powerful government in its own right. It represents today a financial, political, and military power greater than that of entire nations within the Americas. It is government which is making war against civilized nations, a government upon which we must declare war," LaRouche declared, "a war which we must win in the same spirit the United States fought for the unconditional defeat of Nazism between 1941 and 1945."

"A treaty of alliance for conduct of war" must be established between the United States and the governments of Ibero-America, LaRouche urged. Under such a treaty, joint military command can be established to prosecute the war,

centralize intelligence, and establishes technological and logistical support operations, providing the functions of a "combat war-room," within a framework which protects the national sovereignty of each treaty member state.

By declaring war, populations can be roused to join the state in winning the war, LaRouche argued, and the aura of omnipotence now enjoyed by the narcotics trade broken as citizens see bankers and the mob's public relations officers brought to trial for "aiding and abetting an enemy in time of war"—treason.

"The primary objective of the War on Drugs, is military in nature: to destroy the enemy quasi-state, the international drug-trafficking interest, by destroying or confiscating that quasi-state's economic and financial resources, by disbanding business and political associations associated with the drug-trafficking interest, by confiscating the wealth accumulated through complicity with the drug-traffickers' operations, and by detaining, as 'prisoners of war' or as traitors or spies, all persons aiding the drug-trafficking interest."

EIR circulated LaRouche's 14-point warplan to governments and military institutions throughout the hemisphere. Political parties in the United States, Peru, Mexico, Venezuela, and Colombia took the proposal for "War on Drugs" to the streets and mass media of their nations, campaigning for its adoption. LaRouche's Plan introduced the concept of *victory*, turning around a dangerous pessimism in the Americas.

The idea caught hold. In mid-May, representatives of the navies of the Americas passed a resolution calling for a coordinated continental war against drugs. Out of the Norfolk discussions came an agreement for a follow-up meeting in August, in Caracas, to work out the details of joint military action against drugs. By mid-June, U.S. Navy chief of operations, Adm. James Watkins, could announce that the U.S. Joint Chiefs of Staff had unanimously recommended that the U.S. military be engaged in fighting drug production and trafficking, providing training and aid for other nations "as a rallying point for the hemisphere."

War begun: Guatemala

In the summer, LaRouche initiated another flank in the anti-drug war, throwing *EIR*'s resources behind the efforts of patriotic Guatemalan military forces determined to hit the growing drug trade in their country.

Guatemala, half-way between South America's production sites and the vast U.S. narcotics market, provided an ideal refueling and waystation for the drug route north. A 1977 embargo imposed by the Carter administration had cut off all U.S. military aid to Guatemala for eight years, while Soviet and Cuban-backed narco-terrorism gave Dope, Inc. a significant military capability within the country itself. With presidential elections scheduled for Nov. 8, and unrest building against the deepening economic crisis, Dope, Inc. con-

sidered it an easy target for takeover.

The Guatemalan military sent a delegation to Washington, D.C. in July to request critical logistical and material aid; they were listened to by official Washington, told their problem was appreciated, and promised nothing. "Area-specialists" rejected the concept of a "narco-terrorist" alliance in Guatemala.

EIR took action. In late July, *EIR* released a 33-minute film documentary on Guatemala's battle against the narco-terrorists, *Soviet Unconventional Warfare in Ibero-America, The Case of Guatemala*. Interviewed in the film were Guatemalan Army colonels, retired U.S. military officers, and *EIR*'s counter-intelligence specialists, who described the narco-terrorist threat, demonstrated in the footage of atrocities perpetrated by the terrorists.

Also interviewed in the film, LaRouche situated the importance of U.S. assistance to Guatemala's battle. The United States must "go from the word 'war' to the practice of what the word 'war' means," LaRouche stressed. "If we assisted one country, such as Guatemala, to wipe out the major part of the drug-trafficking apparatus, that is, the parts we could hit with military means . . . we would set a precedent where these countries and their governments would, for the first time, begin to believe that our deeds will match our words."

On Aug. 15, *EIR* issued a 109-page *Special Report* under the same title as the documentary. The report, identifying the enemy and his critical chokepoints, was written as a combat manual for a War on Drugs. On Sept. 8, *EIR*'s documentary was broadcast, in Spanish, simultaneously on three government-run national TV channels, and repeated again Sept. 15.

The week before the national elections, war was engaged. On Oct. 28, a battalion of Guatemalan Army troops, guided by Treasury Police, began a surprise, 72-hour search and destroy mission against marijuana plantations hided in the jungle of El Petén, near the border with Belize. In the operation, codenamed Guatusa I (after a rodent which lives in El Petén's jungles, known for its ability to maneuver through the nearly impassable terrain), 40 plantations, an estimated \$50 million in drugs, and hard evidence of the role of the Soviet-backed guerrillas in protecting and managing drug production were seized.

EIR correspondents Jeffrey Steinberg and Herbert Quinde were among the group of international and local journalists invited to witness the conclusion of Operation Guatusa, and inspect the captured evidence. "The revenues of the marijuana plantations have provided the terrorists with modern communication and transportation, and with sophisticated arms," Col. Marco Antonio Castellanos, public affairs director for the Guatemalan Armed Forces, told the journalists. "Operation Guatusa I was launched to crack the logistical base of the terrorists before the correlation of forces shifts increasingly to the side of the Soviet-sponsored narco-terrorists." The commander of the mission added, "This is just the

beginning. If we can muster the equipment, there will be two, three, four, many 'Guatusas.'"

The difficulties encountered by the Guatemalan military in its seemingly simple mission exemplify the logistical problems encountered in every Ibero-American anti-drug action. Lack of materiel forced the military to rent local trucks to transport troops, and drive hours to report findings, for lack of functioning radio equipment. Machetes and hand-saws were employed to locate plantations, which U.S. satellite infra-red photography systems identify precisely—if made available.

The South American front: enter Peru

On July 28, Alan García was inaugurated President of Peru, and a new flank in the war on drugs began. The reverberations of García's multi-front war are already shaking the highest level of Dope, Inc. internationally.

"Neither Peru nor any other country can permit itself to be identified as an exporter of poison," García declared in his inaugural speech, proposing that Colombia and Peru strengthen their cooperation, "in order to totally eradicate drug-trafficking." Action began the next day, and escalated rapidly.

On July 29, police raided Lima's money-changing houses, arresting 200. On Aug. 1, the first police official was sacked, caught running the dirty money laundromats. On Aug. 13, García requested, and received, emergency powers from Congress to reorganize the nation's corrupt police forces, under which powers over 400 corrupt police officials have been purged thus far.

That same day, a joint strike-force of Colombian and Peruvian military and police, using U.S.-supplied aerial photography, seized the largest cocaine refining complex ever uncovered in a pre-dawn raid deep inside Peru's jungle near the border with Brazil and Colombia. The modern equipment captured, and sheer scale of operation uncovered in this opening strike of "Operation Condor," revolutionized estimates of cocaine operations in South America. "Callaru," meaning Coca City, was a joint operation of Colombian and Peruvian mobsters, including Carlos Lehder, which provided close to one-third of the cocaine coming out of Peru.

Interior Ministry officials announced that an estimated 250 laboratories and airstrips lay in the northern Peruvian jungle. In subsequent raids, uniforms and literature of both Colombia's M-19 and the Peruvian terrorist group, Shining Path, were discovered cached in the drug labs. Operation Condor has continued throughout 1985.

But while Colombian and Peruvian police and military chase fleeing drug-traffickers into the jungle, neighboring Brazil has yet to fire a shot. Just as Colombia's Lehder survived, to return again, by crossing into the safety provided by Peru's last government, drug operations are now simply being relocated to the immense jungles of Brazil.

Narcotráfico, SA was published by the National Anti-Drug Coalition of Peru, as part of its campaign of support of the García government. Chapters of the book were serialized in the daily *El Popular*, and the walls of Lima were covered by the ADC poster advertising the book, which announced, "Learn Who Is the Godfather."

As García proceeded, the interconnected world of drugs, money-laundering, and official corruption which had dominated the previous regime of President Francisco Belaúnde Terry began unraveling. By mid-August, top officials of the Belaúnde government were running scared. Some officials, such as Luis Perkovich, prime minister in the years of the Belaúnde government, sought safe haven in Miami. Others hope to survive through intimidation.

Manuel Ulloa, the *éminence grise* of the Belaúnde regime commonly known as the "Man from the Bahamas," feared the title "the Godfather" referred to him. In late August, a brief article appeared in Ulloa's daily paper, *Expreso*, headlined, "Suit for \$100 million Will Be Lodged by Ulloa Elias Against Yankee Magazine." *Expreso* reported that Ulloa "will personally initiate" a suit against *EIR* in the United States, and ADC head Luis Vásquez in Lima, for alleged "defamation" contained in both *Narcotráfico, SA* and an Aug. 16 *EIR* article entitled, "To Aid Peru's War on Drugs: Open the Ulloa File!" Ulloa objected to *EIR*'s charge that the economic policies implemented under Ulloa's term as economics and prime minister had fostered the development of the drug economy.

Ulloa initiated a suit against the ADC in September, but has yet to sue *EIR* in the United States. On Oct. 14, a Peruvian court ruled that ADC's contention that Ulloa's economic policies had fostered the drug trade could not be considered slanderous.

Many in addition to Ulloa are trembling now. Ulloa's policies were approved by the international banking community and its enforcement arm, the International Monetary Fund. Ulloa's government was held up internationally as a model of "free enterprise." Pedro Pablo Kuczynski, Ulloa's buddy who served as energy minister for Belaúnde, now sits as co-chairman of First Boston Corp. Those policies today stand indicted, in a Peruvian court of law, as fostering narcotics.

U.S. turning point?

"Within the first 50 days of my administration, we have dealt the most successful blows against international vice," stated García in an address to the United Nations General Assembly on Sept. 23, estimating that the supply of drugs to the United States "will suffer a yearly reduction of approximately 80 tons, valued at \$5,600 million. We could therefore ask the American administration, if we have done that in 50 days, . . . when will it legally and in a Christian fashion, fight to eradicate consumption?"

García's was not the only voice demanding the United States take more decisive action against drugs, both inside its own borders and in aiding the war in Ibero-America. By mid-1985, it had become clear that the commitment of some sectors of the Reagan administration to prosecute a war on drugs, did not have the back-up of the administration as a whole.

"The United States, this great giant of democracy, is still asleep regarding a geopolitical strategy on drugs for the continent," the head of Venezuela's National Commission Against Drug Abuse, Dr. Bayardo Ramírez Monagas, stated bluntly during the First Inter-American Naval Conference on Drugs, Aug. 26-30 in Caracas, Venezuela. The nature of the enemy is not understood, Ramírez argued. "When we speak of 'scourge,' we are speaking from a psychological position of defeat. . . . The drug trade is not a scourge, it is activated and organized by the giant multinational and transnational organizations of crime, and it must be fought with organization."

Narcotráfico, SA may have been banned in Venezuela, but its ideas were not stopped in Venezuela. Ramírez charged that drugs served today, as during the days of the British Opium Wars against China, "as a neo-colonial element of domination. . . going to seize the sovereignty and the economies of the people." The United States must "unite with Latin America" to defeat the drug trade.

Venezuelan Justice Minister Manzo González, in his keynote speech to the conference, evoked the image of the Allied collaboration in World War II as the model for the full-scale mobilization required today. The technology exists to eradicate the narcotics industry, if the U.S. collaborates, Manzo argued. "All that is lacking is decision, will, the firm, sincere, and loyal will to coordinate efforts."

The Naval Conference itself, organized on the initiative of U.S. Admiral Watkins, was an historic achievement. For the first time, representatives of a branch of the armed forces, in this case the navies, met for the sole task of discussing coordination of the War on Drugs. Low-profile collaboration has continued after the conference on a bilateral basis between several nations.

Clearly, a faction of the U.S. government is willing to join the war. Yet, as shown most starkly in Guatemala and Peru, when the battles are fought, U.S. aid is missing. In the case of Peru, the Reagan administration has, in fact, initiated outright diplomatic and economic warfare against the García government, because of its anti-IMF policy on foreign debt.

The dichotomy between commitment and action has led officials from many nations to criticize the "meager" U.S. commitment to the war on drugs, but it was Venezuela's Ramírez who voiced what is on the minds of Ibero-American statesmen in his address to the Naval Conference:

"What do they want? For us to pay the foreign debt with the drug trade?"

For a 'Strategic Defense Initiative' against AIDS and other pandemics

by Warren J. Hamerman

In 1985, the lid was blown off the coverup of the true, horrifying dimensions of the global AIDS pandemic. The two principal institutions which have systematically downplayed the threat to mankind posed by this disease are:

1) The **World Health Organization (WHO)**, based in Geneva, whose Communicable Disease Division, which coordinates all AIDS and other lethal disease work internationally, is headed and manned by a Soviet nest of infectious disease specialists—Dr. Sergei K. Litvinov, Dr. T. A. Bektimirov, Dr. Morosov, et. al. Litvinov's superior in the Soviet chain of command is none other than Dr. Yevgenii I. Chazov, who received the 1985 Nobel Peace Prize on Dec. 11, 1985. Chazov has been a member of the Communist Party Central Committee since 1982, a deputy Soviet health minister, and the senior personal physician to the last several Russian party chiefs.

2) The **Centers for Disease Control (CDC)**, based in Atlanta, as a government agency, has been ordered by the brutal cost-cutting of Don Regan, James Baker III, the Office of Management and the Budget, and the International Monetary Fund to downplay the extent of the disease. Budget allocations for the very costly, but absolutely necessary programs will never be made, unless the policies currently prevailing are abandoned.

A realistic estimate of the magnitude of the threat posed by AIDS will necessitate a crash program of public health measures and research. The principal costs will include: 1) an Apollo Moonshot-style basic biomedical and optical biophysical research effort, especially widening the frontiers of biological laser spectroscopy technologies; 2) mass screening for AIDS carriers, strict quarantining to prevent the spread of the pandemic; 3) full hospital care using state of the art medical technology for all those suffering with the disease; 4) preventive economic measures to revive insect-eradication programs, repair collapsed sanitation systems, alleviate crowded and collapsed housing conditions, and upgrade the nutritional intake of populations to conform with protein-rich diet spectrums modeled upon those developed for astronauts.

Such costs must be expended not only for the United States, but also in an emergency effort to upgrade the hell-hole conditions in the disease-spawning tropical areas of Africa, Asia, and Ibero-America.

EIR's role in provoking an open policy debate on the real threat of AIDS is indicated by the following two reactions to our exposés:

1) On July 1, 1985, *EIR* issued a Special Report entitled *Economic Breakdown and the Threat of Global Pandemics*, which exhaustively documented the charge that the International Monetary Fund and the World Bank are waging "Malthusian biological warfare in depth" against the populations of Africa and other areas of the planet which they have chosen to "triage" as so-called overpopulated "Fourth World" regions. The report reviewed the devastating accuracy of a 1974 study by a scientific task force formed on the initiative of Lyndon H. LaRouche, Jr., which produced a study forecasting the precise consequences to the world's population and biosphere as a whole if the Fourth World and zero growth policies of Robert McNamara at the World Bank were imposed.

The CDC swiftly counterattacked. On Aug. 27, Dr. James O. Mason, acting assistant secretary for health and director of the Centers for Disease Control, sent an official response to this author in his capacity as director, since 1974, of the *EIR* Biological Holocaust Task Force. Dr. Mason dismissed the *EIR* assessment, on the grounds that the standard of living in the United States and Africa was *rising*, the national security of the United States was not threatened by AIDS, and that the World Health Organization could be absolutely trusted. He furthermore made statements about the AIDS epidemic in Belle Glade, Florida, which he knew not to be true, in order to impeach the massive evidence from Belle Glade (and Africa) that there is a direct causal link between economic breakdown and the spread of AIDS among the "non-risk" general populations—for example, immune suppression of populations through malnutrition, so-called mechanical insect transmission when the mosquito carries contaminated

blood like a "flying syringe" from one victim to another, aerosol transmission under constant contact as with tuberculosis or the sheep disease which is closely related to AIDS named *visna*, and co-infection "packages" of tropical disease which work in tandem to suppress the immune system.

2) The Soviet nest at the WHO was first exposed in an *EIR* cover story of Oct. 25, 1985, entitled "Soviet Role in Covering Up the Deadly Threat of AIDS," and provoked a howl of protest only five days later by the journal *Literaturnaya Gazeta* (see issue dated Oct. 30, 1985, the subsequent issue, on the eve of the Geneva summit, and the issue of Dec. 11, for three direct Soviet responses to *EIR*'s charges). The substance of the preposterous Soviet counterattack was to charge that our journal and its founder, Lyndon H. LaRouche, Jr., were only "exposing" the nest of Soviet operatives at WHO headquarters in Geneva in order to "cover" for the Pentagon/CIA, which had allegedly synthesized AIDS as a biological weapon and then unleashed it on the Western nations.

Contrary to *Literaturnaya Gazeta*'s claims, the Soviets themselves are involved in extensive research capable of producing the AIDS virus. Litvinov's operations officer in Geneva is T. A. Bektimirov, who in the early 1970s conducted research reported in such papers as "Isolation of a Leukovirus from a Continuous Human Cell Line" (*Arch. Gesamte Virusforsch.* 39:309-16, 1972). T. A. Bektimirov's co-worker V. M. Zhdanov was a collaborator of Boris Lapin, the Soviet Union's retrovirus expert stationed at the Sukhumi Primate Center, who as early as the late 1970s was experimenting with the AIDS-related virus disease Simian Acquired Immune Deficiency Syndrome, or SAIDS, in his African green monkey colonies. In the early 1970s, Doctors Lapin and Zhdanov had published numerous joint papers on animal RNA tumor viruses being expressed in human cells. Thus *Lapin and Zhdanov published numerous papers on infecting human cells with deadly animal retroviruses*. In short, the scientific nest currently controlling global AIDS policy at the WHO belonged to the Soviet scientific team which investigated retrovirus "species jumps" from primates to humans. *The AIDS virus HTLV-III/LAV is, of course, the most famous such retrovirus which made a species jump*.

Dr. William A. Haseltine of the Dana-Farber Cancer Institute of Harvard testified before the Senate hearings chaired by Sen. Lowell Weicker (R.-Conn.) that over 10 million Africans had already been infected with AIDS. The most likely hypothesis for the origin of the new disease was a virus "jumping the species barrier" from the African green monkey to humans within the past 20 to 30 years, he reported.

The same Dr. Zhdanov who specializes in retrovirus "species jumps" and is currently the director of the Ivanovskii Institute of Virology, was the first Soviet scientific official to admit, in a Dec. 7, 1985 interview in the newspaper *Soviet-skaya Kultura*, that there did exist "some" AIDS cases in the

Soviet Union. In their published scientific papers in the late 1960s and early 1970s, V. M. Zhdanov and T. A. Bektimirov were engaged in extensive research on the isolation of C-type RNA viruses from stable cell cultures of human tumors, and, in collaboration with Lapin at Sukhumi, investigated the ways of "cross-infecting" monkeys with these viruses.

Concentrated Soviet work has been coordinated by Vlail Kaznacheyev and Ludmila Mikhailova in Novosibirsk, with other experiments ongoing at the Institute of Physiology and Biophysics and the Frank Institute in Pushkino, just outside Moscow. Kaznacheyev is the former chief of the Medical Division of the Soviet Academy of Sciences in Siberia; his 1981 book *Ultraweak Radiation in Intercellular Interactions* describes the exploration of methods to *create* and *transmit* disease agents (pathogens) in the laboratory. Kaznacheyev found that he could induce a "cytopathologic mirror effect" when low-level ultraviolet radiation passed through a quartz window from a chamber whose cells were infected with virus. The cells in the adjoining chamber showed the same clinical disease manifestations, even though no virus particles could pass from the infected chamber into the adjoining chamber. A disease process was induced in the second chamber by weak light radiation alone. The Kaznacheyev group experimented with 12,000 pairs of chambers over a 10-year period.

The retrovirus pool

The potential for extremely rapid spread of AIDS worldwide is indicated by a presentation made by Dr. Robert Gallo to the Nov. 22-23 conference in Brussels "On African AIDS." He reported on the development of a "pool of human retroviruses" in the Tropics, and the anticipation that new retroviruses will be discovered soon. South America is another area where such discoveries are expected to be made. Whether these new retroviruses will be part of the same family as the AIDS virus or from new families, cannot be predicted.

During the "budding" of the AIDS virus, there is a rearrangement of the glycoprotein morphology. Differences in glycoprotein morphology distinguish the different AIDS viruses being studied in various laboratories. Dr. Myron Essex of Harvard has remarked that the AIDS virus glycoprotein coat may be mutating 100 times more often than that of even the highly mutagenic influenza virus. From a genetic standpoint, the similarity of the Pasteur Institute's LAV to the sheep *lentivirus* (or slow incubating virus) *visna* is very close, except for the existence of an additional so-called "F" gene in the LAV virus. The function of this gene is unknown. Therefore, while the entire genetic map for the basic AIDS virus has been completed, the functional aspects or "grammar" of the genomic language has not been entirely understood. Using computer maps, a phylogenic "tree" of the evolution of the AIDS virus with respect to other retroviruses has been completed by the Pasteur Institute team. Further-

more, according to Dr. Luc Montagnier of the Pasteur Institute, there appear to be an unusual number of "variations" in the virus isolates from Africa.

Testing and the AIDS coverup

For political reasons, various people have tried to downplay the magnitude of the AIDS pandemic, especially in Africa, by asserting that the blood antibody tests tended to be unreliable and give many "false positive" results. Even more important than the question of "false positives" on serological-antibody tests, are the far from negligible questions of 1) "false negatives," 2) "weak positives," and 3) "unmatured positives." Weak- or low-concentration (low "titre") positives are extremely problematic. They can, for example, represent a *true* positive reaction to a related virus.

Dr. Gallo reports, for example, that the way he discovered the existence of the human leukemia virus HTLV-II was by doing virus isolates from "weak positive" samples to HTLV-I antibodies. Unmatured positives result from the fact that, after people are infected, there is a lag time before they test positive. Scientists privately estimate that the number of "false negatives" and "weak positives" builds in as much as a 10% error in serological testing. If "unmatured" positives are also included, we may be talking about as many as 15% more infections than the tests are showing. Of course, one must subtract from this the relatively smaller number of "false positives." In other words, blood supplies are still dangerously contaminated. Furthermore, there is basically a "window period" after infection and before sero-conversion.

Thus, in many circumstances, we may be dealing with individuals who test "negative" for the HTLV-III/LAV antibodies, even though they are carrying the virus. At the Brussels conference, turmoil was created by a paper which reported that 27% of spouses of AIDS and AIDS Related Complex patients in Central Africa and Belgium were *virus carriers, who were negative by antibody testing*.

As several leading AIDS researchers have concluded, the AIDS virus could be considered the perfect "biological warfare agent," since it is remarkably successful in evading destruction by the immune system: 1) The virus escapes the immune system by destroying the system itself; 2) all human retroviruses remain silent; they don't express themselves until a late point; 3) the virus evolves a change in its own code, the more it reproduces.

Therefore, to be successful in mass screening for AIDS-virus carriers, new optical spectroscopy technologies must be utilized which go beyond antibody tests and directly assay for the presence of the AIDS virus itself. For such modern mass screening, the knowledge of optical biophysics must be brought to bear on the problem.

Exemplary of the most advanced optical biophysics technologies for the war against the AIDS pandemic would be the utilization of the modern diagnostics for accurate virus

assays, thereby avoiding most of the problems of "false negatives," "weak positives," and "latent window positives." One such optical spectroscopy technique has been developed by the Los Alamos National Laboratories and is now the property of MESA Diagnostics for application to the flow cytometer. In this technology, 20,000 cells per second can be passed through a tube subject to laser light at varying wavelengths. Current experimentation includes the range from 633nm (nm stands for nanometer, or one-billionth of a meter) down to as low as 42nm, according to public sources.

The current sensitivity of the technology enables it to identify viruses as long as they are in a "titre" or concentration of greater than 10^{10} (10 billion) virus particles per milliliter. In contrast, the serum viral titre in a patient with AIDS usually does not go higher than 10^4 or 10^5 viral particles per ml.

The sensitivity question is not only a matter of increasing the power of the instrument laser beam, but also requires determining which frequency bands must be explored, based on a more advanced perspective of biophysical processes in general. Thus DNA's potential ability to function as an "exciplex laser" within very narrow bands of frequencies, should be investigated, as suggested by Fritz Popp at the University of Kaiserslautern in West Germany.

Likewise, the resonant frequencies of glycoprotein attachment sites for viruses such as in AIDS are crucial. Nuclear Magnetic Resonance (NMR) has already made experimental inroads into identifying crucial changes in the electromagnetic resonance qualities of the glycoprotein coat of those breast cancer cells which are strongly metastatic. The NMR work on cancer has been done at the Texas Medical Center by James Fraser et al.

With the development of the flow cytometry technology, particularly in solving the problem of "sensitivity" in low-titre samples, it may be possible to get a virus signature from a blood sample and compare it to a "signature library" in approximately four minutes.

The current timetable for flow cytometer application to the AIDS question must be swiftly upgraded. The instrument, costing \$160,000, is projected for market availability in 1987, with plans for usage on AIDS tests to begin even later. One such diagnostic technology on the flow cytometer called Circular Intensity Diffraction Scattering (CIDS) has for some time been able to accurately distinguish, for example, between three types of influenza virus. It can also distinguish among the four types of Marburg virus and the various kinds of equine encephalitis virus.

CIDS is only one part of a multiparameter light scattering which includes circular intensity but also 16 different polarizing elements at each angle going through increments at 3° . A "Mueller Matrix" has been developed as a calculation technique of all of the different light polarization data to get a unique signature for each virus. The different polarizing elements include left and right polarization, circular polari-

zation, other scattering effects such as "upshifts" and "downshifts" in frequency, as well as total light scattered. These readings are currently taken at approximately 3° increments around the laser-irradiated sample and the data is then analyzed by the Mueller Matrix to develop a signature unique for each species of virus, bacteria, or whatever. Already, utilizing the method of circular dichromism, plasmids within bacteria can be signatred.

The amount of data which will be generated by the accurate measurement of polarization data from biological material will do much to deepen our understanding of the coherent processes which underly the living state. Since AIDS is associated with the breakdown of the immunological, neurological, and respiratory systems of its victims, conquering

this disease with advanced technology would unlock the door to solving problems of aging and preparing man for space colonization.

The importance of reviving the full spectrum of U.S. biophysics capabilities is made more urgent by the fact that the U.S. research program was destroyed in the late 1960s and officially buried when Henry Kissinger manipulated President Richard Nixon into signing the 1972 treaty protocols against biological weapons research and development.

A Strategic Defense Initiative against Disease, focused on advancing biophysics and raising the standard of living in the tropical and urban hell-holes of the world, is not merely a health question per se; it is a vital military question. At stake is the very survival of Western civilization.

LaRouche warned the world of AIDS threat

From "Spread Panic, Not AIDS," Sept. 15, 1985:

It is now becoming clear, that during the period of the 1986, 1987, and 1988 election campaigns in the United States and Western Europe, the hottest political issue will be the spread of a new global pandemic more deadly than the bubonic plague: Acquired Immune Deficiency Syndrome (AIDS). Governments, political parties, and candidates will rise or fall, on the basis of a spreading, and entirely justified popular panic directed against those politicians and governments which either attempt to cover up the spread of this pandemic, or to use the immoral and fraudulent pretext of "homosexuals' civil rights" as a pretext for blocking urgently needed measures of quarantine and prevention.

Excerpt from "I Announce My Candidacy for the 1988 Democratic Party Presidential Nomination," Oct. 4, 1985:

AIDS is the leading issue which every serious candidate must face, but it is also a symbol of the economic and foreign-policy issues in the mind of the majority of citizens. The justified terror of the deadliest communicable disease known to mankind, means that over the coming 12 months the two major political parties will be split apart over the AIDS issue.

The popular demand for massive action against the spread of this deadly disease, will trigger an explosion of traditional American moral and scientific values.

From "The Lessons of Augustinian Statecraft for the Contemporary Dark Age of Civilization," a speech to the Nov. 1-3, 1985 conference of the Schiller Institute in Rome, dedicated to St. Augustine:

Today, we are confronted by a man-made evil far more destructive than general thermonuclear war, a zooming spread of epidemic disease, which is more threatening to mankind as a whole than Europe's Black Death pandemic of the mid-14th century. The breakdown in nutrition and sanitation, is spreading both old and new pandemics, including the deadly AIDS, from areas of great misery, into the populations of wealthier regions. Today, as during the 14th century's dark age, the spread of anti-science irrationalism has fostered revival of evil cults out of the bowels of Babylon.

From "Why the Administration has Tolerated the CDC Cover-up of AIDs," EIR, Dec. 20, 1985:

The gay-lesbian-druggie voting blocs are a significant factor in shaping congressional and administration policy on the AIDS issue, but this is not the decisive issue for the White House itself. The Reagan administration itself tolerates the cover-up because the administration is terrified of the economic-policy issues involved. . . . Once the administration faces the simple medical fact, that AIDS is a general pandemic, not limited to "dirty sex and needles," the administration has to face up to the fact that there never was a "1983-84 Reagan economic recovery."

AIDS: The lies of the coverup artists

From the Centers for Disease Control to officials of the U.S. government, the World Health Organization, and the Soviet health ministry, the line went out in 1985: Don't panic about AIDS—and don't do anything to stop the epidemic.

The Atlanta CDC

This letter, dated Aug. 27, 1985, was sent to Warren Hamerman, director of EIR's Biological Holocaust Task Force, by Dr. James Mason, director of the Atlanta Centers for Disease Control (CDC). As acting assistant secretary for health, Dr. Mason de facto ran the U.S. Department of Health and Human Services for much of 1985, as a result of the political controversy surrounding HHS Secretary Margaret Heckler.

... We agree fully with your basic intent to defeat diseases which threaten the life and health of people throughout the world. We do not, however, agree with your analysis and conclusion that continuation of human life is threatened and that we are faced with an ecological-biological collapse. We are much more optimistic about the general health condition of mankind, particularly as compared to the past. Part of our optimism is based on significant advances which have been made in research and the application of those advances. We also have many clear indications that the health condition of mankind in general is improving as modern day technology to improve sanitation, water supplies, and general living standards spreads around the world. . . .

We also cannot agree with your conclusion that the national security is threatened by the diseases and conditions which your report discusses. Many of them could be threats if we do not maintain adequate surveillance, necessary expertise, continued research and control efforts, and an adequate standard of living. We are optimistic, however, that these are securely in place in this country and that we will continue to make advances toward protecting mankind against the diseases you discussed. We also have more confidence than you express in the multinational efforts through the World Health Organization. . . .

Although some migrant farm workers encounter problems with housing, health care, education, and other socioeconomic conditions, as seen in Belle Glade, no available

evidence establishes a cause and effect relationship between socioeconomic conditions and transmission of HTLV-III, the virus that causes AIDS. . . .

The New York Times

The New York Times published an editorial Oct. 7, titled "AIDS and Apartheid," which charged New York City Republican mayoral candidate Diane McGrath with "bigotry" because of her call for screening and quarantining:

There's every reason to try to contain bigotry; there's none for locking up those who carry the AIDS virus. . . . Mrs. McGrath is not the only victim of ignorance about AIDS. A severe case has befallen Judge Harold Hyman, [who] says he can't imagine why the city Health Department doesn't quarantine adults with advanced AIDS. . . . In the meantime [quarantine] promises only to institute a new apartheid, just as fruitless and just as cruel as the old one.

WHO and the Russians

The Soviet weekly Literaturnaya Gazeta published an article, "Panic in the West, or What Is Behind the Sensation Around AIDS," in its Oct. 30, 1985 issue. It charged that the CIA and the Pentagon have been carrying out biological warfare experiments at Fort Detrick, and this may have been the origin of the AIDS virus. The article, by Valentin Zapevalov, concludes:

P.S. As we were going to press, a "sensational" report appeared in the American journal *Executive Intelligence Review* that the Soviet Union was supposedly blocking the struggle against AIDS.

Let us note that this publication is one of the press organs of the extreme rightist American grouping of LaRouche, known for his ties to the CIA.

It is not excluded that the publication in *Executive Intelligence Review* is nothing else than a clumsy attempt at covering up tracks. . . .

Dr. Sergei Litvinov, assistant secretary general of the WHO for Communicable Diseases and an official of the Soviet health ministry, in a discussion with a journalist in October:

There has been a panic and exaggeration emanating from the originating country where AIDS developed—namely, the United States of America.

Dr. F. Assad, coordinator of the WHO Task Force on AIDS; assistant to Dr. Litvinov, in a discussion with a journalist in October:

My reaction to the fears on AIDS, is that, this is a disease, and anybody who does not have certain practices, won't get it. The most important thing is a good information system. It's tied up with certain sexual practices, and drugs, and that's all! It's the kind of disease that you have to go yourself and get it. It's hard to get. You have to work hard to get it. Everyone is free to speculate, but responsible people should restrain themselves, we shouldn't have panic.

U.S. Treasury at the brink

Panic swept the markets as the deadline approached for the Treasury to start bouncing checks.

1985 will be known as the year the United States almost went broke. 1986 will probably be known as the year the United States *did* go broke. The near default of the U.S. Treasury—for the first time since Alexander Hamilton rescued the credit of the young American nation—sent shudders through the world markets.

The crisis emerged in November and continued into the second week of December. At the suggestion of White House Chief of Staff Don Regan, three senators, Phil Gramm (R-Tex.), Warren Rudman (R-N.H.), and Ernest Hollings (D-S.C.), attached an amendment to the debt ceiling bill then being considered by the Senate, calling for a balanced budget by 1991 through stepped reductions each year. The first target was to be a deficit of \$144 billion in FY 1986. By attaching the amendment to the debt ceiling, and playing Russian Roulette with the credit-rating of the Treasury, pressure was kept on Congress to pass the amendment. This was done on Dec. 12, and the bill was signed into law by President Reagan.

During the recurring crises, the government resorted to various tricks to evade the debt limit. The most ominous for the future is that it breached the inviolability of the Social Security fund, borrowing securities from it to keep the doors open for a little while longer. This cost Social Security at least \$10 million.

The 1985 budget crisis highlighted the debt-service component of the budget. Present debt service is \$180

billion annually, and it will rise by another \$60 billion over the period the Gramm-Rudman amendment allows to balance the budget. Thus, while the Congress is reducing expenditures by \$200 billion, one portion of the budget, invulnerable to any cutting whatsoever, will continue to grow. It is this constant increase of debt service as a percentage of the total budget that is the real crisis, and not the deficit itself.

The federal budget crisis and the related credit crisis were the tip of a pyramid that reached down to the most modest level of domestic credit. The Farm Credit Administration admitted that it was nearly illiquid, and its executives went to Capitol Hill to ask for \$10 billion in new funds to keep the system afloat. What they got instead did not resemble new funds, but it was called a bailout nonetheless. The savings and loan institutions were in trouble all year, and in Ohio and Maryland, 1930s-style runs on the banks forced the governors to close the state-insured thrifts. In Maryland, up to 100,000 depositors have still not been able to withdraw funds. At the same time, the federal pension insurance plan was \$2 billion in deficit, when it was being asked to take on private pension plans abandoned by Allis Chalmers and Wheeling-Pittsburgh.

In each of these situations, crises passed from individual institutions to engulf entire subsystems of the domestic credit system. It is no longer the individual banks that are being bailed out by the federal insurance program; the insurance programs

themselves are facing illiquidity, seeking relief from Congress. And now Congress has thrown up its hands and, by allowing the country to verge on default and by introducing "automatic" budget-cutting mechanisms, abdicates any responsibility to deal with the crisis reasonably.

Two solutions have emerged to this impending collapse. First is the prescription of the Interim Committee of the International Monetary Fund, which is applied by Treasury Secretary James Baker. This is what Federal Reserve chairman Paul Volcker calls "controlled disintegration"; it is the "useless eaters" policy of Adolf Hitler. We don't need farmers anyway, the argument goes, so let us restrict credit in order to eliminate them. That was the so-called bailout of Farm Credit. We also eliminate up to 200 savings and loan institutions, merging the rest with the money-center banks, to insure the solvency, not of the economy, but of the "big boys."

The other solution has been proposed by economist Lyndon LaRouche. Domestic credit can only be saved by reorganizing the world monetary system, resuming orderly credit expansion through government bond-issues backed by gold, with credit channeled where we need it most—to agriculture, heavy industry, and construction.

In the 1930s, the financial institutions of the country were bankrupt, and domestic credit had collapsed. Starting in 1940, stimulated by the urgency of war preparations, the government channeled credit to the most critical industries, and by 1943 we had created the most powerful economic engine in history. There will be those who object to recreating that success because it is not based on "free enterprise." The answer to these cavers is, "You're damn right it isn't."

The Synod: The Vatican intervenes in the world

by Vivian Freyre Zoakos

What the Extraordinary Synod of the Roman Catholic Church accomplished, during its two-weeks of discussions from Nov. 25 through Dec. 8, was to chart a path for an "opening to the world" that would do away with the anarchistic "pluralism" of the previous 20 years. The Church emerged from the synod, at least in principle, both re-rooted in its unique Apostolic, Augustinian tradition, and committed to using that tradition to intervene into world affairs at the highest levels. Hence the meeting's world-historic significance, as previously emphasized by *EIR*.

Called by Pope John Paul II in late January to evaluate the implementation of the Vatican II Council that ended 20 years ago, the Extraordinary Synod diplomatically but unmistakably delivered a blow to *both* extreme left-wing and extreme right-wing tendencies inside the Church. In directing the workings of the synod, Pope John Paul II and his closest associates cut through the artificial divisions which had led to the well-documented chaos in Catholic affairs that spread progressively since the close of the Vatican II Council in 1965.

An informed perusal of the synod's concluding report, *Relatio Finalis*, (see *EIR*, Dec. 20, 1985) establishes all these facts beyond any doubt. This is particularly true if the report is taken together with an unprejudiced and informed view of what took place at the Vatican both inside the synod itself, and in various other meetings and papal audiences occurring during the synodal period.

The issue of the Church and economic policy affords an

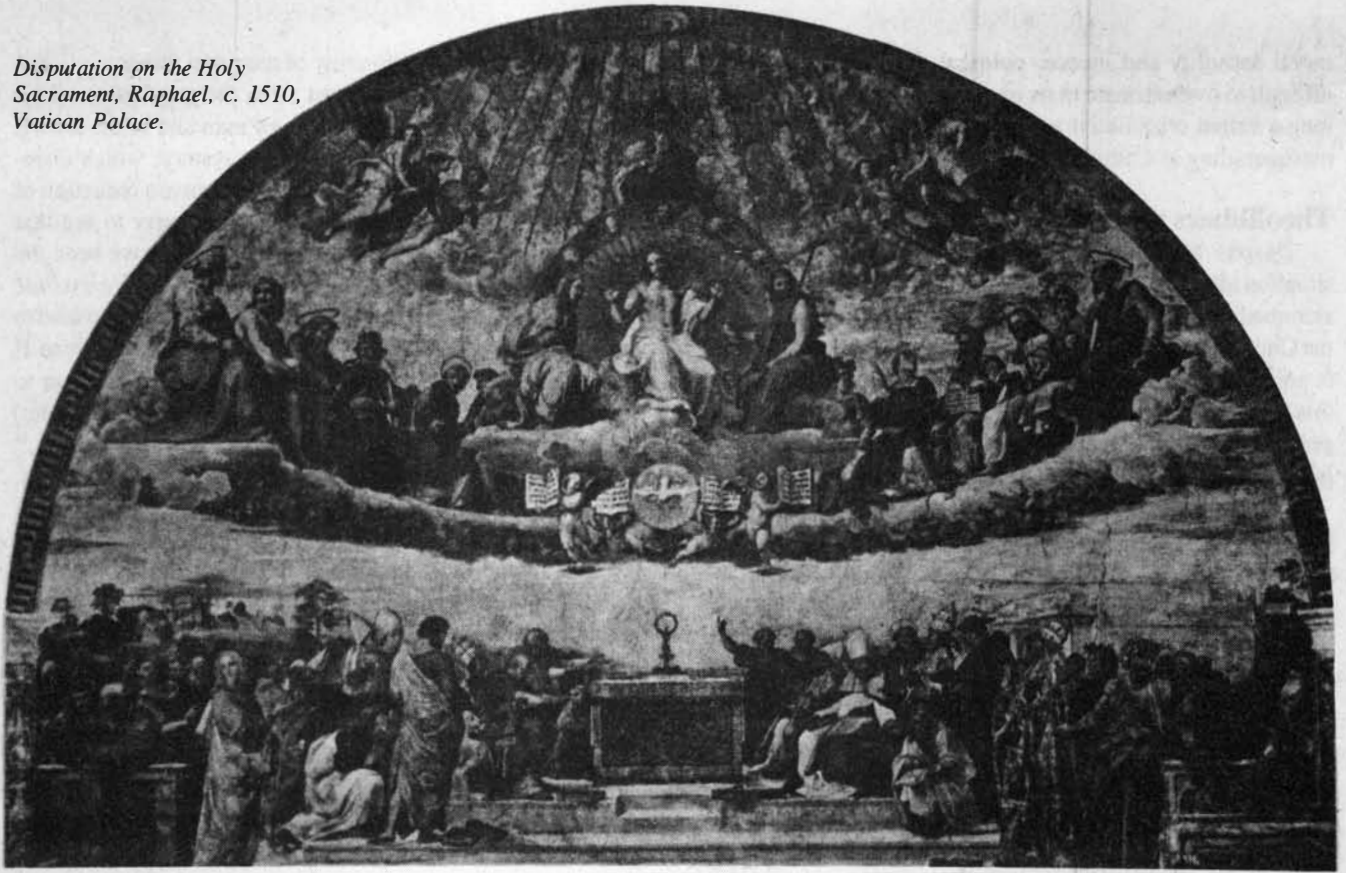
excellent example of the achievements of this synod, against the dangerous fallacies of both the left- and right-wing tendencies in the Church.

Before Vatican II, despite the beginnings of greater *overt* (as opposed to *de facto*) Church involvement in temporal matters dating from around the turn of the century, the Catholic Church was relatively sealed from official involvement in and pronouncements upon non-pastoral matters. Vatican II ushered in a phase of official *engagement* in the external world. As is well known, however, the intervening period has been fraught with enormous abuses, particularly visible in such national churches as that of the United States and Great Britain.

The so-called right-wing extreme of the Church and its fringes (e.g., the Archbishop Lefebvre phenomenon) have been clamoring for, and were hoping the synod would be the occasion for, a "restoration" of the previous Church model, including a disengagement from world affairs. This would mean, among other things, Church silence on matters that are shaping the continued survival of the human race itself, as exemplified by the current international depression and consequent genocide conditions in the Third World.

The left-wing extremists, best characterized by the Theology of Liberation cultists, have instead sought to destroy the very foundation of Catholicism. Their aim has been to transform the Church into a pluralistic church, composed of national federations of churches, committed to a Marxist-based, class analysis of society and all accompanying

*Disputation on the Holy
Sacrament, Raphael, c. 1510,
Vatican Palace.*



acoutrements of socialistic-liberalism: i.e., support for “national liberation struggles” (destabilization operations, often Soviet-backed), a “peacenik” ideology (cf. the pastoral on American economic policy, supportive of the International Monetary Fund, issued by the U.S. Conference of Bishops), a “small is beautiful” and “self-help” economic model for the developing sector (certain to worsen the already hellish conditions of that part of the world), and so forth.

Shunning the “right-wing” position, the concluding Pastoral Message of the synod said categorically that the Church must and will involve itself in such issues as the “international debt” situation. There would be no “restoration” of former complacency.

But the Church also defined an informed standpoint of religious and scientific morality as the basis for its intervention in international economic policy, doing this from a standpoint which harkens back to the developmental policies of Paul VI’s great *Populorum Progressio* encyclical—to the chagrin of the “theolibbers.” This was done most concisely by Cardinal Ratzinger in his keynote speech at the “Church and the Economy” seminar sponsored by the Vatican (Nov. 21-23).

As already extensively reported in this magazine, Ratzinger zeroed in on the *immorality* of the free-market liberal economics ideology founded by Adam Smith and practiced by such as “Mr. Rockefeller,” for preaching the absolute division between individual and human morality and economic policy formulation. He also lambasted free-market

economics for its *incompetence*—a fact proven, he pointed out, by an international economic picture today which rivals the military strategic situation in its threat to the continued survival of mankind. He called for a partnership of economic expertise and morality, to fashion a new approach to international economic policy that will redress the intolerable conditions of today, particularly in the developing sector.

Ratzinger was not speaking merely on his own behalf. John Paul II’s speech during his audience with a group of Ibero-American heads of state and government leaders, during the course of the synod on Dec. 6, focused itself uniquely on that continent’s crushing debt burden. He repeatedly urged the Ibero-American leaders to unify their continent as a precondition for coming to grips with its crushing indebtedness.

Most people took this to be a reference to the fight of Peruvian President Alan García, the Ibero-American nemesis of the International Monetary Fund, who was also the model held up at the “Church and the Economy” conference by the attending Ibero-American prelates. The Pope had visited Peru immediately upon his announcement of the synod, on Jan. 26, and has maintained an exchange of correspondence and visits with the Peruvian President since.

As stated, the concluding synodal message pointedly referred to Third World indebtedness as one of the pressing matters which the Church cannot shun, but which it must address. Thus, Pope John Paul and the Church as a totality, despite any deficiencies of its national leaders, are bringing to bear on a decisive issue of human survival a power of

moral authority and, hence, political weight that would be difficult to overestimate in its importance. In the process, the long-awaited crackdown against cultism and degeneration, masquerading as Catholicism, was finally begun.

Theolibbers slammed

Despite attempts to put the best possible face on the situation after the fact, the liberation theologians were clearly slammed at the synod. This is of the greatest importance, if the Church is to carry out a rational intervention into economic policy. But of equal weight is the long-awaited attack that this represented against the most virulent, anti-Christian, and pernicious of the degenerate cultist ideologies that have flourished in portions of the Church since the end of Vatican II.

The controversy broke out into the open Nov. 22 at the pre-synod meeting of the College of Cardinals, in what was doubtless a prepared intervention on the part of Ernesto Cardinal Corripio Ahumada. The speech was subsequently published in the Vatican's newspaper, *L'Osservatore Romano*. Addressing the College in the name of "the majority of the Latin American Cardinals," Corripio Ahumada expressed his solidarity and gratitude to the Pope and to Ratzinger for their interventions against liberation theology. "We wish," the Cardinal said, "to greet in a particular way the Congregation for the Doctrine of the Faith [headed by Ratzinger] for the condemnation of the mistakes of certain liberation theologians who, with the so-called 'Popular Church,' generated so much damage to the faithful."

Archbishop José Ivo Lorscheiter of Fortaleza, Brazil, took the lead role in defense of liberation theology. His speech to that effect was allowed to appear in the Spanish edition of *L'Osservatore Romano*. In it, Lorscheiter even went so far as to defend Leonardo Boff, the liberation theologian silenced by Ratzinger's Congregation this year for his theolibber heresies. On the day of the article's appearance, however, Colombian Bishop Dario Castrillon Hoyos, who is secretary general of the Latin American Bishops Conferences, gave a press conference refuting Castrillon Hoyos' formulations. "I am absolutely opposed to any type of liberation theology. . . . I do not recognize a church with machine guns as the Church of Christ."

Other denunciations of the Brazilian prelate followed swiftly, including from his own Brazilian compatriots such as Eugenio Cardinal Sales, Archbishop of Rio de Janeiro. The upshot of the battle was some very clear language in the concluding document. *Relatio Finalis* condemns the post-Conciliar excesses done in the name of "opening the Church to the world," and particularly condemns any conception of secularism that seeks to bring in through the back door the evils of our current degenerate society.

The document reads: "[T]here has . . . been lacking a spiritual discernment, not distinguishing strictly between a legitimate opening of the Council to the world and the acceptance of the mentality and ordering of the values of a secularized world. . . . Without any doubt, the Council af-

firmed the legitimate autonomy of temporal things. . . . But it is something totally different from the secularism which consists of an autonomistic vision of man and of the world, which leaves aside the dimension of mystery, which disregards and even denies it. This immanentism is a reduction of the integral vision of man. . . . [W]e are sorry to see that sometimes theological discussions in our day have been the occasion of confusions among the faithful. . . . We exclude a facile adaptation [to the modern world] which could lead to the secularization of the Church. . . . After the Vatican II Council, the Church became more aware of its mission to serve the poor, the oppressed, the emarginated. . . . [But] this preferential option . . . is not understood as exclusive."

So much for the Marxian class analysis of the theolibbers.

Collegiality defined

One of the most important, if little understood, issues decided at the Extraordinary Synod was the question of "collegiality"—an issue not accidentally addressed by all the bishops and cardinals who attacked Liberation Theology. Superficially, collegiality would seem to be a mere question of power and, from that standpoint, would appear to reduce to the following: Is power in the Church held by the bishops and particularly, in the post-Conciliar Church, by the national conferences of bishops, with the Pope a mere *primus inter pares*, or does power flow from above, from God through the Papacy down to the bishops?

The document submitted to the synod by the Conference of Bishops of England and Wales answered this question with unqualified pluralism. Power, it said, flows from below, from the laity, through its bishops and their National Conference of Bishops, upward. The synod document submitted by the American bishops was authored from an identical standpoint, albeit with more circumspection in its language.

The British document went so far as to claim a kind of infallibility for the laity in its totality. Therein lies a clue as to the deeper meaning of collegiality. In other words, is truth a mere matter of opinion, a matter to be settled by a majority consensus of the faithful? Or is truth one, is it unchanging and unique, unattached to current opinion? If the latter is the case, as the Church has always correctly maintained, then a pluralist answer is unacceptable.

The *Relatio Finalis*, under the leadership of the Pope, thus gave a categorical answer to the collegiality matter: "[T]he theology of collegiality is much fuller than its simple juridical aspect. . . . [N]o distinction can be made between the Roman Pontiff and the Bishops, considered collectively, but [only] between the Roman Pontiff alone and the Roman Pontiff together with the Bishops . . . because the college [of bishops] exists with its 'head' and never without it. . . . [P]luriformity must be distinguished from pluralism. When pluriformity is a true richness and bears plenitude, this is true catholicity. Instead, the pluralism of fundamentally opposed positions leads to dissolution, destruction, and loss of identity. . . . [emphasis added]."

Russian Church backs Gorbachov's war drive

by Luba George

From late 1984 through 1985, the most significant role of the Russian Orthodox Church/Moscow Patriarchate has been to assist the Soviet state and military leadership in psychologically preparing the Slavic populations of the Russian Empire to fulfill Moscow's "destiny" and become the seat of world empire, the Third and Final Rome.

There are two leading facets to the Church's campaign: 1) the massive efforts, funded by the State, to restore the main Russian Orthodox cathedrals and monasteries to their imperial splendor, in time for 1988, the 1,000-year anniversary of Russian Orthodoxy—and the beginning of the Russian version of the Byzantine Empire; 2) an across-the-board assault on the Roman Catholic Church, on a scope not seen in decades. This began with the KGB kidnap-murder of the Polish Catholic priest Popieluszko in late 1984, and the simultaneous mass crackdown on Roman Catholic churches in Soviet Lithuania, and in Czechoslovakia. By early 1985, Soviet state media had declared open warfare against Pope John Paul II and the Catholic Church, rivaling the most intense levels witnessed under Josef Stalin.

It is therefore not surprising that during the celebrations marking the 40th anniversary of victory in what Moscow calls "the Great Patriotic War of 1941-45," the Moscow Patriarchate lost no time in praising Stalin's wartime role and in placing its ecclesiastical blessing on the new Soviet leader, Mikhail Gorbachov, soon after his formal assumption of power (in the *Journal of the Moscow Patriarchate*, no. 3, 1985).

In late summer 1985, Metropolitan Filaret of Minsk, in discussions with U.S. embassy representatives in Moscow, confirmed Gorbachov's personal interest and involvement in preparations for the 1,000th anniversary celebrations. Filaret disclosed that Gorbachov had exchanged several letters with Moscow Patriarch Pimen stressing that in conjunction with the Church's involvement in the 1988 celebrations, there would be state activities as well.

On Nov. 10 a Service of Intercession was conducted at the Patriarchal Cathedral in Moscow, in connection with the Reagan-Gorbachov summit in Geneva. A message from Pimen was read: "We have no qualms about our side in these talks. Mikhail Gorbachov has the full support of all our people in his peacemaking endeavors."

The Russian Orthodox Church is not a church as we in the West would understand it, but an imperial church in the Byzantine tradition where Church, State, and military join to promote imperial interests.

The ROC versus the Vatican

The past year has seen a marked escalation of the hate campaign against the Roman Catholic Church, as both the Russian Church and State have accused both President Reagan and Pope John Paul II of launching a "crusade" against the Soviet Union: Reagan for his Strategic Defense Initiative, and the Pope for his campaign to restore the Ukrainian Catholic Church and to crack down against "Liberation Theology" and related wings of the Roman Catholic Church that work hand in glove with the Russian Church. In late 1984, top Soviet mouthpiece Aleksandr Bovin, writing in the government newspaper *Izvestia*, detected "an indubitable shift to the right by the Vatican," and concluded, "The Vatican is working all out for Washington."

Beginning in January-February 1985, Soviet radio and TV, reporting on the Pope's trip to Ibero-America, denounced his attack on the Theology of Liberation. These attacks were followed by a five-page article appearing in the Soviet weekly *New Times* (no. 2, 1985) which listed the "crimes" committed by the Pope and the "reactionary quarters in the U.S. and in the Catholic Church." To cover up the "Bulgarian connection" in the attempt to assassinate the Pope, *New Times* concocted the incredible line that the assassination attempt on the Pope was a plot "cooked up" by Washington "to manipulate Catholic thinking in the United States, Latin America and Europe."

March 1985, the month Mikhail Gorbachov took power, saw a new level of attacks launched by the top leadership of the Moscow Patriarchate. In a 1,200-word interview with the Italian Communist Party daily *Unità*, Metropolitan Filaret (Vakhromeyev) of Minsk threw down the gauntlet to the Vatican, declaring war against the Pope and his collaborator, Joseph Cardinal Ratzinger, for denouncing Liberation Theology. "Liberation Theology is the policy of the Russian Orthodox Church," declared the Metropolitan of Minsk, who is also the Patriarchal Exarch of Western Europe and chairman of the Department for External Church Relations of the Moscow Patriarchate. In the interview, he warned that the Pope's activities will have "adverse" effects on Orthodox-Catholic dialogue and that, in addition, the Vatican's campaign to restore Uniate parishes in the Ukraine (outlawed by Stalin) would also be "harmful" to dialogue.

During October-November, attacks against the Papacy reached a new peak. Just prior to the convening of the Vatican's Extraordinary Synod, Radio Kiev broadcast a tirade, "Vatican versus the Ukraine," which accused the Pope of launching a "confrontationist" course by trying "to restore the Uniate Church in the Ukraine . . . in line with the policy of imperialist and reactionary circles in the West, which declared psychological warfare against real socialism."

Ibero-America: the year of will, of action, of *Operation Juárez*

by Robyn Quijano

For Ibero-America, 1985 was a year in which will and determination, and the action of a handful of individuals, changed the terms of the war for the New World Economic Order. While the continent suffered an unprecedented level of misery and starvation, natural and unnatural disasters, earthquakes, volcanic eruptions, and the advance of the narco-terrorist armies of the drug mafias, a few courageous fighters, with the backup of international forces dedicated to imposing moral principles of economics, began to change history.

On Feb. 6, Pope John Paul II dismayed international financial interests—and the oligarchy who had planned a third attempt on his life—by successfully completing his two-week tour, in which he transformed millions among the citizens, workers, and youth he addressed in South America. His message, of the Church's determination to "help to enlighten consciences, change hearts, and stimulate the will of all citizens, especially of those who have the possibility and responsibility to put into effect the means to create a more just social order," brought hope to the masses who gathered to hear the Pontiff. The Pope offered the Church as a moral force against the economic conditions that imposed genocide, and called for a solution to the debt problem, a war against drugs and immorality, and the economic integration of the vast continent, the continent of hope. A week before the Pope began his tour, the editors of *EIR* published the first Spanish language edition of the best-seller, *Dope, Inc. Narcotráfico, S.A.* was distributed to government, police, and military officials throughout the continent, as a crucial weapon against the Nazi-communist terrorist apparatus, linked into the continent's drug trade, which had threatened the life of the Pope. *EIR* investigations into the Tradition, Family, and Property cult, whose members used pictures of the Pope for target practice, aided the movement in Venezuela that succeeded in having the cult outlawed there, less than two months before the arrival of the Pope.

On tour, the Pope asked, "How long must man, and the men of the Third World, have to unjustly put up with the primacy of economic processes over the inalienable human rights, and, in particular, the rights of workers and their families?" He decried the interest rates and terms of trade that cause misery and unemployment, and demanded that international institutions "abandon all discriminatory trade practices, especially in raw materials markets," and renounce

"imposing financial conditions which, in the long run, instead of helping those countries to improve their situation, sink them deeper. . . ."

In Peru, the Pope prepared the way for then-presidential candidate Alan García, who was to collaborate with the Vatican throughout the year to make 1985 the year of "action and of will." Addressing millions of Peruvians, the Pope proclaimed, "This is the time for men of audacity," men who can ensure that "the people of your cities, your farmers . . . have their basic human dignity affirmed by being given the means to work."

Thus began the battle, centered on the simplest of principles, that human labor is the center of moral economics. "Man, created in the image of God, participates by his labor in the work of the Creation and of its perfecting, complying with the commandment of the Lord to subdue and dominate the earth," John Paul reminded his listeners.

On Feb. 1, the *New York Times*, voice of the liberal establishment, stated with disgust: The Pope has elaborated a social doctrine which, if put into practice, would change the face of Latin America.

Thus began the year of open battle between the economics of production and the immoral economics of usury. For Ibero-America, 1985 was the year in which labor rose to fight for the dignity of man.

The Schiller Institute

On Nov. 24-25, 1984, the goals for 1985 were set as the Schiller Institute, founded by Helga Zepp-LaRouche, held an international conference outside Washington which brought together 1,500 international leaders, among them, trade-union leaders representing the democratic trade-union movements of several Ibero-American nations, who met with Helga and Lyndon LaRouche, U.S. economist and author of *Operation Juárez*, an economic program for solving the debt crisis, to map out the creation of the Schiller Institute Trade Union Commission.

The conference heard speeches by the vice-president of the Union of Colombian Workers, (UTC), Jorge Carrillo, who became the first worker Labor Minister of Colombia in August; Pedro Rubio, secretary general of the UTC of Bogota and Cundinamarca, (UTRABOC); and Eduardo Rios, then president of Panama's CONATO union confederation, who

became coordinators of the commission, among others. Juan Rebas, secretary general of the Peruvian fishery workers union, who later also became a coordinator of the trade-union commission, was denied a visa by the U.S. embassy in Lima. Rebas, nonetheless, sent a message to the conference warning that the U.S. policy and treatment of the developing sector was designed to throw nations such as Peru into the arms of Moscow. "They would like me to go and get a visa to Moscow instead, but I will not give them the pleasure," he said. Today, Juan Rebas heads *Pesca Peru*, the state fishing company.

Neither Kissinger, Nor Castro

By June, the Trade Union Commission of the Schiller Institute had stirred the hopes of the leadership of the democratic trade-union movement of Ibero-America. Preparations advanced for an official founding conference that would make the continent's organized labor into a cohesive fighting force against the IMF.

At the center of the organizing was LaRouche's *Operation Juárez*, the program of Ibero-American defense he had written at the request of friends in Mexico, in August 1982, after a meeting with then President José López Portillo.

The key points of *Operation Juárez* are:

- 1) Reorganization of the foreign debt of Ibero-America through collective negotiations which would impose a moratorium on the existing debt, issue new long-term bonds by each debtor nation at 2% interest, and bury the IMF.
- 2) Formation of an Ibero-American common market through establishment of a customs union to stimulate intra-continental trade, creation of an Ibero-American development bank based on Hamiltonian principles, establishment of a "Golden-Peso," with new, revalued parities to the dollar, defended by exchange controls, and the re-establishment of the true value of the continent's exports.
- 3) The launching of great infrastructural development projects to integrate the continent.

Lane Kirkland, the Trilateral Commission speculator and enemy of labor that heads the AFL-CIO, and his minions of the American Institute for Free Labor Development, who had controlled the pursestrings of the mobsters in the continent's labor unions for years, went into a panic that has happily escalated to date. Fidel Castro, pulling the strings of the communist unions, set into motion the biggest propaganda drive of his career.

In May and June, Castro gave hours of interviews to Mexico's *Excelsior* and Brazil's *Folha de Sao Paulo*, centering on Ibero-America's debt crisis. Much of Castro's analysis came directly from *Operation Juárez*. There were, however, two crucial points of difference. "The IMF itself deserves to be saved," he stated. "We are going to save the banks. The debt no longer collectable from the Third World will be reimbursed to the banks by governments, with the approval of their parliaments. . . . A small part of the military budget will be injected into the financial system," Castro suggested.

President Reagan's Strategic Defense Initiative, of course, was the first thing to be sacrificed to the banks. Clever, but a bit too transparent, while Cuba's key creditor, the Soviet Union, expands its already advanced beam-weapons program.

At the end of June, LaRouche issued an open letter to Fidel Castro, made famous on the continent in the Spanish-language book, *Ni Kissinger, Ni Castro (Neither Kissinger, Nor Castro)*. LaRouche's letter described Operation Juárez as, in Ibero-American eyes, "the chief hope for a sane U.S. policy toward Ibero-America, in contrast to Kissinger's obscenities." Hardly had LaRouche's document begun circulating in policy layers, than Kissinger responded. In a June 22 syndicated column, "Building a Bridge of Hope to Our Latin Neighbors," Kissinger called for a "Marshall Plan," a "Western Hemisphere Development Program," within the context of IMF conditionalities. Some new soft-term loans must be promised in order to maintain the present austerity programs since "Sacrifice needs to be sustained by hope," he warned.

Thus, Kissinger renewed the old "threat to lend," the promise of funds that would never reach live economies that LaRouche had warned about as the principal hoax which gullible Presidents swallowed for fear of acting in a united way to save their populations from the preplanned genocide of the usurers.

In exchange for the hope of new loans, Kissinger demanded the usual: the total opening of the economies to "free enterprise" takeover, ending all nationalist restrictions, the payment of debt with equity at a penny on the dollar. The model was Hong Kong, the free-enterprise paradise of drugs, free banking, tourism, prostitution, and gambling.

The goal was to head off any possible joint action by the debtors. Alan García was already President-elect of Peru. He visited the Vatican during his first trip after the elections, in which 96% of the population voted against the incumbent party that had imposed the most perfect IMF dictatorship on record. Kissinger was worried.

He explained his Marshall Plan hoax this way: "The long-run economic cost of closed or controlled markets in Brazil, Argentina, Mexico, and Venezuela, would far exceed the cost of the program."

Schiller Trade Unions

The Schiller Institute Trade Union Commission called its first Continental Congress on July 15-17 in Mexico City. Cuba's trade-union federation later announced a continental labor conference for the same date, and Castro invited heads of state, and political leaders to attend a July 30 conference in Havana to discuss his debt proposal. Simultaneously, the American Institute for Free Labor Development (AIFLD), coordinated with the State Department to intimidate and threaten labor leaders who planned to attend the Schiller Institute conference.

But the counterdeployments backfired, as 40 trade-union

leaders from seven Ibero-American nations, representing the majority of the democratic trade-union movement on the continent, met to plan the battle against the IMF. The delegations, which included labor officials from Argentina, Bolivia, Brazil, Colombia, Mexico, Panama, and Peru, resolved to impose the common market and debt strategy as detailed in *Operation Juárez*, to organize a new Nuremberg Tribunal to try the IMF, the bankers, and the political officials responsible for committing genocide through the present immoral economic order, for crimes against humanity. They also resolved to organize the forces under their command to back then President-elect García's anti-IMF fight.

The Congress was entitled, "Neither Kissinger, Nor Castro," and the hall was decorated with portraits and quotes of Friedrich Schiller, the Poet of Freedom for whom the Institute was named, Pope John Paul II, Benito Juárez, President of Mexico and ally of Abraham Lincoln, who declared a debt moratorium to save his nation, and Juan Domingo Perón, the Argentine President, one of the most slandered leaders of the 20th century, who organized a continental labor movement as the cornerstone of Ibero-American integration.

The trade-union leaders went home to give the anti-IMF battle a sharper focus, and open up new flanks. Hundreds of thousands of workers were to take to the streets against the IMF. And the banner, *Ni Kissinger, Ni Castro*, was to become a key battle cry.

Viva García

Alan García was inaugurated President of Peru on July 28, 1985. In his inaugural address, he declared that no more than 10% of the nation's export earnings would go to payment of the foreign debt, as opposed to 60%, which was demanded, and that the IMF would no longer be permitted to mediate in future negotiations with Peru's creditors. "Peru has only one great creditor; its own people, to whom the government will allocate those resources necessary for the reconstruction of its destiny. . . . Everything can be negotiated except the sovereignty and the political destiny of my people."

He pledged to destroy the drug mafia and stop the dollarization of the economy. Within days of his inauguration, Lima's "Wall Street" was raided and nearly 200 money-changers arrested. Lists were compiled of those suspected of capital flight, police forces were purged of hundreds of drug mafia-linked officials, and major raids of Amazon cocaine-refining facilities shut down one-third of Peru's cocaine exports.

Interest rates were drastically reduced for the productive sector, prices of basic foods were frozen, the end of IMF-designed devaluations was declared, and by November, inflation had been lowered by over 60%. "I urge you all to work to turn a speculative state into a productive state," García said. The speculative economy was thus put on trial, and the economics of productive labor was imposed.

His inaugural address was the first of dozens in which García would go to the people, as teacher of a new economic

doctrine based on the simple principle of the right to life and the right to productive work. He warned there would be sacrifices, yet he set about to transform the population, as John Paul had done in February. The 36-year-old President's popularity soared. By the time he had the national orchestra and chorus perform Handel's *Messiah* in Lima's Plaza de Armas for hundreds of thousands in December, Lima was, indeed, a different place than it had been before July 28.

The *New York Times* assailed García's inaugural speech as a "daring challenge to existing monetary rules," and the *Wall Street Journal* declared on Aug. 1: "Perhaps Peru is at a 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 the banks can manage internationally."

Schiller Institute mobilizes

The Schiller Institute went into action to mobilize international support for the Peruvian President's courageous actions. On Aug. 3, Peru's most important television channels reported: "Forty million workers will mobilize behind the call of the Schiller Institute Trade Union Commission throughout the continent in support of the measures announced by President Alan García. Similarly, the Institute has mobilized an important sector of the Democratic Party of the United States. . . . Also five European congressmen from the Social Democratic Party have sent their greetings of support to the President." On Aug. 5, *El Peruano* reported hundreds of telegrams from the United States and Western Europe in support of García. A dispatch from Colombia reported, "Public and private institutions and individuals of the industrialized world and of Colombian politics yesterday expressed their unconditional support for the measure adopted by Peruvian President Alan García in his patriotic effort to defend the national sovereignty of his country."

Seven hundred García supporters marched in front of the United Nations on Sept. 23, and the Schiller Institute organized dozens of rallies throughout the world on the same day. Peruvian television showed scenes from the demonstrations in New York and Rome with banners: "Ni Kissinger, Ni Castro. Viva Alan García."

One week before, on Sept. 17, García received a delegation of the Schiller Institute Trade Union Commission, 20 labor leaders from seven sister nations. García spoke to the Institute leaders for over an hour, and warned them that his country faced a "bitter siege" in times soon to come, which would require international support. He thanked them for their mobilization, and emphasized the importance of the labor movement for the defense and integration of the continent.

At the United Nations, García's message was direct: The world economic system is unjust and is causing genocide. "We wish only to prove that a great step can be taken and that if many others decide to take it, we open up the avenues of the future . . . between grand and pompous speeches, and

the realism of decisions, we have taken the latter course. It is the hour of action, and the time for will," he said.

On Nov. 11, García brought the case against the IMF to Rome, where he addressed the United Nations Food and Agricultural Organization. Attacking IMF policies for creating "dramatic and terrible effects," he said: "It is not the duty of our governments to repay the external debt, nor to accept adjustment policies to this end. . . . It is the Christian duty of our governments to lead the fight against hunger and obtain justice. Everything can be sacrificed except the basic right to life. At this time, when hundreds of millions of people in Africa, Asia, and Latin America are waiting in vain for food, the banks can very well wait—the poor have waited long enough! . . . We are not going to pay, like the Merchant of Venice, with the last pound of flesh," he promised.

García was received at the airport in Rome by two representatives of the Pope and by a group of Schiller Institute organizers, who gave the President the collected works of Machiavelli.

According to a statement issued by the Vatican after a 30-minute meeting between the Pope and President, John Paul II presented García with a facsimile of a 15th-century manuscript of Dante's *Divine Comedy*.

A Schiller Institute demonstration of support in Rome was televised in Peru and reported in dozens of dailies in Europe and Ibero-America. The Peruvian newspaper *La Cronica*, reported that the slogan "Ni Kissinger, Ni Castro, Viva Alan Garcia," "has become rather well known in Rome since García's arrival."

The week before, the president of the Italian Senate, former Prime Minister Amintore Fanfani, and other Christian Democratic leaders met with Peruvian Sen. Josmel Muñoz, who was in Rome to address a Schiller Institute conference celebrating the year of St. Augustine. Senator Muñoz received important backing for García's war on drugs and battle for a just economic order from the Italian parliamentarians.

Worker minister

On Aug. 20, 1985, Colombian President Belisario Betancur named veteran trade-union leader Jorge Carrillo to the post of labor minister of Colombia. The appointment sent shock waves through international financial circles, and Kirkland's AIFLD as well. Carrillo was a friend of the Schiller Institute, a backer of Alan García, and a years-long vocal opponent of the IMF. In his first interviews as minister, Carrillo challenged the IMF-dictated decree of a 10% ceiling on wage increases. Inflation was over 20%. After months of negotiations, the minimum wage was increased by 24% in the first week of December.

Carrillo's victory on the salary question over the IMF faction in the cabinet was the most concrete demonstration of an organizing process going on in Colombia which is not unlike the transformation of Peru. Carrillo gained the support of business, specifically the head of ANDI, the industrialist association.

The labor minister has put forward a program of "Harmony of Interests" in which he has cited Henry Carey, Abraham Lincoln's economics adviser. Growth of the productive sector and the end to the speculative economy is in the interest of the workers and the industrialists. Emmiserated workers are unproductive workers, without buying capacity. One section of industry has already gotten the message.

On Dec. 2, Betancur opened a meeting of the Organization of American States in Cartagena, reminding the hemisphere's foreign ministers, including George Shultz, that "the moral basis of international politics is equality before the law, independent of material power." There, as at the meeting of the Cartagena group of the 11 most indebted nations in Montevideo the following week, the influence of García, the continent's labor movement, and the vocal call for morality in economics coming out of the Extraordinary Synod of the Vatican, was apparent.

One of the most important lessons of 1985 can be learned by studying the fall of Panamanian President Barletta, ex-official of the World Bank, who imposed IMF dictates, and refused to agree to Alan García's call for a summit to be held in Panama. A military/trade-union alliance ousted him.

While no joint action by the heads of state of the continent is expected now, no nation dared not back Peru's fight. Although there is still an extreme lack of courage and will on the part of the Presidents, they have demonstrated at least the fear of not backing García, the fear of their own trade-union movements, and perhaps, the fear of God.

The fall of Barletta

One of the most important lessons of 1985 can be learned by studying the fall of Panamanian President Barletta, ex-official of the World Bank, who imposed IMF dictates, and refused to agree to Alan García's call for a summit of Ibero-American Presidents to be held in Panama. A military/trade-union alliance, based on the refusal to destroy the nation with IMF conditions, ousted a President, and replaced him with a vice-president who understands clearly the base of his power.

The Presidents of Ibero-America may meet in 1986, for the first time in 160 years, to determine the destiny of their continent. Should the summit take place in Panama, it will be a major victory for the young Peruvian President, who has offered "Peru's determination" as a model for the world.

The year the Schiller Institute began to make policy for governments

by Vin Berg

In the summer of 1983, Helga Zepp-LaRouche, whose husband is *EIR* founder Lyndon LaRouche, made a speaking tour of northern Germany, and reported herself shocked "by how much progress had been made by tendencies on both sides of the Atlantic toward a decoupling of Western Europe from the United States." It was not uncommon, she reported, to find that even German conservatives viewed President Reagan as a warmonger, and the Soviet Union as peace-loving. And this, as such "decouplers" as Sen. Sam Nunn (D-Ga.) and Henry Kissinger grew increasingly active.

The result was her founding of the Schiller Institute, which held its first two international conferences on July 3-4, 1984 in Virginia, U.S.A., and Sept. 22-23, 1984 in Wiesbaden, West Germany. The intent was to strengthen the German-American alliance, by linking the best traditions of the two nations. Its purview, however, quickly came to encompass the nations of the West as a whole, and their friends and potential allies in Asia, Africa, and Ibero-America. More than 1,000 delegates from the United States and Europe were present on each occasion, and, at the second conference, delegates from African countries.

A third conference, Nov. 23-24, 1984 in Crystal City, Virginia, was intended to have a maximum impact on the composition and policies of the second Reagan administration. In particular, it was clear that if the U.S. administration continued its support for the International Monetary Fund's austerity policies, as a result of which famine was already exploding in Africa, the Third World would be plunged into chaos, thereby making it impossible for even pro-American governments to remain friends and partners of the United States.

The danger was that justified hatred of the IMF would turn into a blind anti-Americanism. Mrs. Zepp-LaRouche therefore issued a call to the nations of the West and developing countries to submit discussion papers proposing changes in American policy, that their nations might survive and they might be able to justify their pro-Western orientation. Representatives from 50 nations responded, and some 3,000 went from the conference hall to demonstrate in front of the White House for a new world economic order.

The conference was marked by Mrs. Zepp-LaRouche's dramatic reading of a "new" draft document of principles,

"The Declaration of the Inalienable Rights of Man." The conference hall grew hushed as participants realized that she was actually reading the American Declaration of Independence, with a few words changed ("the present International Financial Institutions" was substituted for "the present King of Great Britain," etc.). By thus simply extending the demands of 1776 to all peoples and nations, Mrs. Zepp-LaRouche had located a point of reference for Americans to understand the aspirations of developing nations, and for developing nations to understand the positive chapter in American history that justified their criticism of the U.S. State Department, while justifying a pro-American outlook.

Thus, in 1984, a new international movement had been born, which appealed to the patriotic traditions of all nations to express their profoundly common interest against supranational, oligarchical forces threatening their destruction. In 1985, that movement not only continued to grow, but began to take over the policy-making of certain governments.

An Indira Gandhi Memorial Summit

The political concept of the Schiller Institute was always at the same time cultural. It is indicative that on Dec. 15, 1985, Peruvian President Alan García, whose government, perhaps more than any other, has absorbed the influence of the Schiller Institute's work, directed that Handel's *Messiah* be staged, in a performance in the Plaza de Armas in Lima before tens of thousands, and broadcast nationally. Such great works of art as those of the Weimar Classic period of Mozart, Beethoven, and Friedrich Schiller, the Poet of Freedom, shaped Western civilization's great reverence for the creative power and the necessary freedom of the human individual. It is on this basis that the nations of the West must realize the historic importance of their unity against the despotic imperial culture of the East.

The year 1985 began with the Institute's Fourth International Conference, Jan. 12-14, in Richmond, Virginia, attended by more than 1,000 delegates from dozens of nations, and was followed on Jan. 15, Martin Luther King Day, by a demonstration in Washington, D.C. of more than 10,000 persons. Demonstrators were black and white, inner-city youth and Midwestern farmers: American civil-rights leaders of the 1960s talked with campaign workers for Gov. George Wal-

lace of Alabama. Mrs. Amelia Robinson, the leader of the famous and bloody Selma, Alabama civil-rights march of 1964, was pleased to announce that the day's activities were formally endorsed by Governor Wallace.

The demonstration's official demands were two: Support for the President's Strategic Defense Initiative, and an emergency program to feed Africa.

At the Richmond conference, Helga Zepp-LaRouche had issued a formal appeal for the convening of an Indira Gandhi Memorial Summit, a meeting of the leaders of the industrial North and the underdeveloped South, to resolve the world debt crisis.

On Jan. 15, in Washington, she addressed the throng of 10,000 at Union Plaza, near the Capitol Building:

"Today, the entire continent of Africa is condemned to death, and many nations are collapsing under the present monetary system. Therefore, we have created a new movement, the movement for the Inalienable Rights of Man, for all people on our planet; and we will not stop fighting until there is a new, just world economic order.

"We appeal to President Reagan to hold, within the first 100 days of his second administration, a summit meeting with Third World leaders to plan out for rapid implementation a program for massive debt renegotiation and for a new, just world economic order. This time, when civilization as a whole is at stake, we do not work only to overcome; this time, we must win."

The Krafft Ehrlicke Memorial Conference

On June 15-16, 1985, the Schiller Institute, together with the Fusion Energy Foundation, sponsored the Krafft Ehrlicke Memorial Conference, held in Reston, Va. The 450 participants included military leaders from Western Europe, Asia, and Ibero-America, and constituency leaders from throughout the United States, representing a body of knowledge and experience best equipped to devise and fight for the Strategic Defense Initiative, and also a European or Tactical Defense Initiative. Keynote speaker Lyndon LaRouche said, in his address to the conference, "Let us proceed to colonize the Moon and Mars, as Krafft Ehrlicke [late rocket pioneer and Schiller Institute board member] committed himself to implementation of this process. . . . Once civilization is secured, and the productivity of labor increased greatly by the technological revolution flowing through our SDI task, we shall have established the more powerful economy we require to begin actually the colonization, first of the Moon, and then of Mars . . . and thus fostering the opening of the long-awaited Age of Reason."

The Labor Commission

At the close of the Third Conference in November 1984, a group of trade union representatives from Argentina, Peru, Colombia, Venezuela, Panama, Mexico, the United States,

Sweden, and Italy, had conferred and decided to ally, in order to work toward a realization of Lyndon LaRouche's *Operation Juárez* program for unity of Ibero-American debtors to compel debt reorganization and the establishment of a new monetary order—in effect, to force an "Indira Gandhi Memorial Summit."

On July 23, 1985 in Mexico City, trade union leaders from eight Ibero-American countries, whose unions have more than 6 million members, convened the first conference of the Schiller Institute Labor Commission. The subsequently famous "Mexico Manifesto" was adopted, beginning with a quote from Schiller: "No, there is a limit to the tyrants' power," and supporting *Operation Juárez* against Kissinger's and Castro's debt proposals.

On July 28, 1985, Alan García Pérez was inaugurated President of Peru, and immediately declared war against Peru's drug mafia: Why, he was asked, since the drugs affected Peru little, most being sent abroad? He replied that he was only doing his duty, not merely as a patriot, but as a world citizen responsible toward those victimized by the dope mafia in other nations—Schiller's concept of republican citizenship.

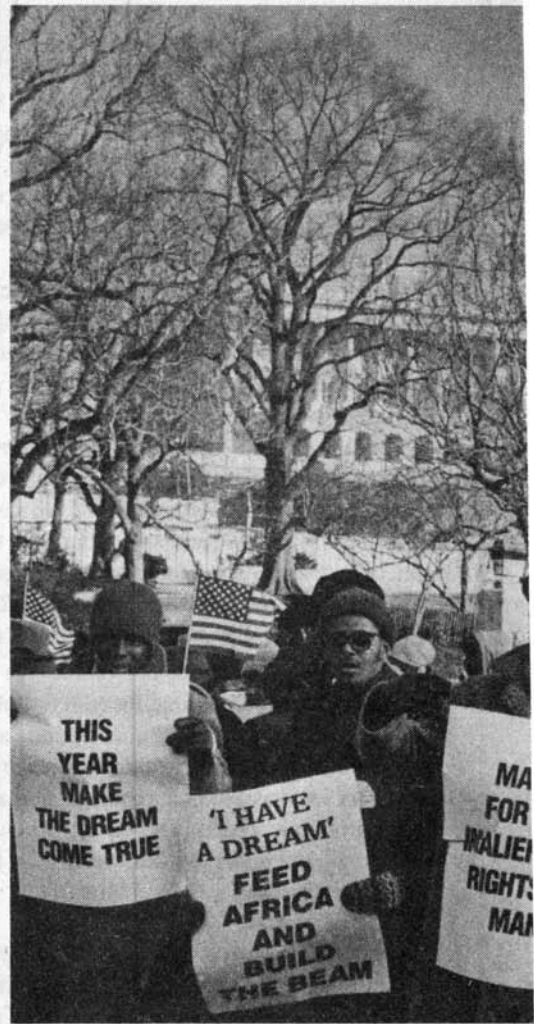
García showed the IMF the door, placed a 10%-of-foreign-exchange limit on debt repayments, and took the lead in fighting for *Operation Juárez*, rejecting both Castro and Kissinger. One of the leaders of the Schiller Institute Labor Commission, Jorge Carillo, was named labor minister of Colombia. In mid-September, President García received a 20-person delegation of Schiller trade union leaders, who extended their full support to his program.

From St. Augustine to the Synod

On Nov. 1-3 in Rome, Italy, the Schiller Institute sponsored a conference on the 1,600th anniversary of the conversion of St. Augustine, "founder of Western and African civilization." Theologians, political activists, Augustine scholars from around the world attended, on a single, overriding theme: *Filioque*—the significance of Christ as conferring divine potential on every, single human individual: the concept ultimately at the root of the Institute's Declaration of the Inalienable Rights of Man.

Within days of the conference's conclusion, Joseph Cardinal Ratzinger opened a Vatican seminar on Church and Economy (Nov. 19) with an attack on Adam Smith and the international banking community for destroying developing nations. The Vatican newspaper, preparatory to the Pope's convening of an Extraordinary Synod in Rome (Nov. 26-Dec. 8), headlined: The Spirit Flows from the Father and from the Son—*Filioque* in the Nicene Creed.

An extraordinary convergence had developed, between the commitments and goals of the world's oldest spiritual institution, the Vatican, and the world's newest, the Schiller Institute.



The year of the Schiller Institute:

counterclockwise from top: Helga Zepp-LaRouche; Italian representative Cristina Fiocchi presents Peruvian President Alan García with writings of Macchiavelli as he arrives in Rome in November; Institute Labor Commission delegates at a press conference after meeting with García in Lima in September; some of the 10,000 who demonstrated in Washington in January.





The first year of the Gorbachov era: Global Showdown 1985

by Konstantin George

1985 marked the beginning of the Gorbachov era in the history of the Russian Muscovite Imperium. Mikhail Gorbachov was officially enthroned in March, entrusted with seeing through Moscow's historic "mission" of achieving world domination, preferably by the end of this decade and at the latest, well before the end of the century.

Concerning the imperialist mindset of Mr. Gorbachov and the Kremlin leadership, we are indebted to Gorbachov himself for having candidly admitted this at his press conference in Geneva, directly following the summit with President Reagan. Gorbachov stated that he models his policies and political behavior on the 19th-century British prime minister, Lord Palmerston, a name synonymous with the creation of an empire upon which "the sun never sets." Gorbachov related how, during his December 1984 visit to London, he had listened to Prime Minister Margaret Thatcher repeat Palmerston's dictum, "Britain has neither eternal friends nor eternal enemies, only interests." Gorbachov told Mrs. Thatcher, "I fully agree with that."

Gorbachov's first year has moved Moscow to within a few years of absolute strategic superiority. The critical developments can be first summarized here:

1) Following the creation of the Soviet wartime High Commands in late 1984, 1985 marks the first year in which the entire Soviet military has functioned operationally under a wartime military High Command. Beginning in late 1984, and now nearly completed under Gorbachov, Marshal Nikolai Ogarkov installed a new generation of military commanders to oversee the various branches of the Soviet Armed Forces, all the front-line Groups of Forces deployed in Eastern Europe, and all three fleets facing NATO. The training and the maneuvers—conducted by an Army and Air Force increasingly filled with combat veterans rotated through Afghanistan—is made as realistic as possible, with the special feature of mounting a surprise first strike against NATO and offensive *Blitzkrieg* through Western Europe.

2) In missile hardware, the corner has been turned toward achieving both strategic and theater nuclear superiority. The decisions made under the Ogarkov Plan during 1975-77, to

produce and deploy a new generation of super-accurate mobile missiles, is now operational reality. On the intercontinental level, the mobile SS-24s and SS-25s are deployed, or nearing completion in deployment. The full complement of the SS-20s (450-plus launchers) are deployed. The full complement of SS-21, -22, -23, short- and medium-range missiles is operational in Central and Eastern Europe—with full stocks of nuclear and chemical warheads. Many other alarming military developments have occurred, as we shall see below.

3) Gorbachov has declared war on the millstone hanging around Imperial Russia's neck—the backwardness and inefficiency of the civilian economy—launching a policy of enforced rapid expansion in scientific and technological progress, and a "forced-march" rate of incorporating the latest technologies into all sectors of the industrial economy. This means, first and foremost, assigning as top priority the earliest possible deployment of a laser-based ABM system, giving Russia an ABM monopoly and thus the ability to dictate terms of capitulation to the West.

4) To ensure that the guidelines emphasizing science, technology, and labor productivity are actually realized, Gorbachov has launched the widest-ranging purges seen in the Soviet Union since the days of Stalin, removing systematically from the Party, government, and industrial enterprises, the mass of bureaucratic "dead wood" accumulated during the 20 years of the Brezhnev era.

A year of unpleasant surprises

Here we shall review the dramatic gains made in Soviet military capabilities during the latter half of 1984 and in 1985. This was a period replete with Russian military surprises, followed by a temporary state of shock and alarm registered in NATO, and then a return to slumber in the West, the result of the domination of foreign policy by the appeasement policies of a majority of the West's ruling elite.

Before 1985, there was no deployment of the new generation of mobile intercontinental missiles, the SS-24s and the SS-25s. Soon, the full complement of 460 SS-25 launchers and some 100 SS-24 launchers (each SS-24 can carry up

to 30 warheads) will be operational. While Russia was adding hundreds of modern intercontinental missiles to its inventory, as part of completing the hardware side of preparations for a crippling first strike, the U.S. Congress was wrecking the MX program. Instead of the planned 200 MX missiles— itself a totally inadequate figure—only 50 will be produced. The United States has unilaterally effected “deep cuts” in its strategic offensive missiles. With the passage of the Gramm-Rudman “balanced budget” legislation in December, this will continue in an even more brutal manner.

Before 1985, there was no large-scale Soviet deployment of nuclear attack submarines refitted with 3,000-km range nuclear cruise missiles, and no full complement of Russian nuclear submarines patrolling at all times off the American coastline. There are now at least 25 such submarines in service, each with 20 cruise missiles, and a number of them in continuous patrol off the U.S. coast. In June 1985, these submarines for the first time, together with nuclear ballistic-missile submarines also stationed off the U.S. coast, simulated their specific assignment under the Ogarkov War Plan: They mounted a barrage to “pin down” land-based U.S. ICBMs in their silos, until the Russian land-based “silobusters” arrive to cripple the U.S. retaliatory strike.

Before 1985, Russia did not yet have the capability to mount a surprise attack upon Western Europe, without giving “tell-tale” advance indications. In 1985, Russia began a round of late spring and summer exercises with its Groups of Forces stationed in East Germany and Eastern Europe, and its Air Force and Naval Aviation, each of which was characterized by a sudden launching of divisions and aircraft into an offensive action westward, near the borders of West Germany and Austria, with no prior detectable signs or preparations.

Hardly had NATO had the chance to absorb one such surprise, than the next shock was delivered:

Surprise No. 1: On May 26, Russia began a six-day exercise of its forces in Czechoslovakia; without notice, the troops simulated a surprise attack on West Germany. This was followed in rapid succession by parallel maneuvers in June in Hungary, along the Austrian border, and in July in East Germany, near the West German border.

Surprise No. 2: On June 4, hundreds of Soviet long-range bombers suddenly took off and flew west across the Baltic, simulating a surprise attack on West Germany and Scandinavia.

Surprise No. 3: The June rehearsal by 24 nuclear submarines stationed off the U.S. coast, of their role in a nuclear first strike against the United States.

Surprise No. 4: In July, the Murmansk-based Northern Fleet conducted the largest naval maneuvers ever held by Russia in the North Atlantic, with more than 100 ships and submarines participating, along with hundreds of aircraft. Moscow proved beyond any doubt that it can control the

North Atlantic, seize Norway, and sever NATO's North Atlantic supply lines at the onset of war.

To these most dramatic military developments, we must add the relentless build-up of offensive and military-logistic capability of Soviet forces in East Germany, where quietly over the past two years, some 100,000 troops, some 2,500-3,000 tanks, and hundreds of artillery pieces have been added to these invasion spearhead forces. In one of the latest moves, for example, right before the Geneva summit, an entire armored division was added to the Group of Soviet Forces in Germany.

The same pre-war build-up of invasion forces and stockpiles has also been witnessed in such key strategic areas as the Kola Peninsula, facing northern Norway, and the Soviet Far East Military District, including Sakhalin and the Kurile Islands, opposite Japan.

Most important, however, is the ongoing Soviet crash program to develop and deploy a first-generation laser-based ABM defense system. Tens of thousands of Soviet scientists and engineers are working at breakneck pace to achieve an ABM “breakout” in the next few years.

The High Command reorganization

Beginning in the spring of 1984, then Chief of the General Staff Marshal Nikolai Ogarkov began what has since become the greatest reorganization of the Soviet military command since the Second World War. The centerpiece of the reorganization was the creation of four wartime High Commands: High Command Strategic Direction West, the most important of the four, and personally commanded by Marshal Ogarkov, with headquarters in Minsk, responsible for both total war against the United States and NATO, and for “limited” war options against Western and Northern Europe; High Command Strategic Direction Southwest, headquartered in Kiev, commanded by General of the Army Ivan Gerasimov, with responsibility for limited war options in the Balkans and Turkey; High Command Strategic Direction South, commanded until recently by General of the Army Yuri Maksimov, and headquartered in Tashkent, responsible for the war in Afghanistan, and any future operations in the area of Iran, the Persian Gulf, Pakistan and the Indian subcontinent; and the already existing Far East High Command, commanded by General of the Army Ivan Tretyak.

The scope of the reorganization is breathtaking. During 1984 and 1985, nearly every one of the commanders of the 16 military districts in the Soviet Union was shifted to another post. Every one of the commanders of the four Soviet Groups of Forces in Central and Eastern Europe (in East Germany, Poland, Czechoslovakia, and Hungary), was transferred to other duties, and every branch of the Soviet Armed Forces, with the exception of the Air Defense Forces, received a new commander in chief, with most of the changes having occurred under Gorbachov.

The scientific-technological revolution

Even more dramatic than the military developments we have described, however, is that Gorbachov, in year one of his regime, has declared all-out war on the traditional Russian way of bringing the war economy to a production peak, while the civilian industrial economy flounders in waste, inefficiency, poor labor productivity, and relative technological backwardness.

Gorbachov was placed in power by Ogarkov and the Suslov-Andropov "mafia" in the Communist Party and KGB, with a mandate to do everything necessary to remove economic bottlenecks that would slow down or jeopardize the capability of the Soviet Empire to achieve absolute strategic superiority by 1988. Gorbachov wasted no time. In his 10 months in office, he has already conducted the greatest party and government purge since Stalin's of the 1930s. Two Politburo members, dozens of Central Committee members, and more than 20 government cabinet ministers have been dumped, along with scores of regional and local party chiefs, the party heads of two of the Central Asian Moslem Republics, Tadzhikistan and Kirghizia, and thousands of managers and heads of enterprises.

At the April Central Committee Plenum, Gorbachov began stacking the Politburo with handpicked appointees, each having not only the pedigree of belonging to the Suslov-Andropov mafia, but also known as champions of the accelerated introduction of new technologies.

The April Plenum set up the new bosses of the purge apparatus, by naming KGB boss Vitalii Chebrikov and Yegor Ligachov to the Politburo. The same Plenum appointed Nikolai Ryzhkov, with a background as a Party regional boss of a crucial industrial region, thoroughly committed to imposing a high technology economy throughout the Soviet Union. The drive to effect a transformation in Russian society was dramatically accelerated just two months later, in June, when Gorbachov convened an extraordinary conference of the Central Committee on the theme of introducing scientific and technological progress into the Soviet economy.

That the driving force behind these policies was preparation for a military showdown and possibly war, was candidly revealed by Gorbachov himself in a speech to members of the Leningrad Party organization on May 17: "Our prewar generation was faced with the task of having to accomplish in just a few decades what it took other countries 100 years to do, because our country was in a critical situation. Even then, we had the sense that the threat to our socialist country was the top priority. We didn't manage to get everything done that time, but we basically succeeded, and that was the foundation of the Victory of '45. Well, today we again have a long road to travel, but we have to do it in a short time."

With this backdrop, Gorbachov called the extraordinary Central Committee Conference. His speech at that conference is a landmark in Soviet policy documents. Calling for "urgent measures to accelerate the country's scientific-technological progress," he made it clear that he was not talking

simply about linear economic growth, but a technological revolution: "What is at issue, is a new quality of our development, rapid progress in the strategically important directions, a structural rebuilding of production, a transition to intensive methods and effective forms of management, and a more comprehensive solution to social problems."

A growth rate in machine-tool production of 50-100% was stipulated for the 1986-90 Five Year Plan, while capital investments in machine building are to increase by 80% over the same period. "The development of fundamental science should be given priority importance," said Gorbachov. "It is this science which acts as a generator of ideas, makes possible breakthroughs into new fields, and shows ways of reaching new levels of efficiency We must sharply turn the Academy's Institutes toward expanding research of a technical directedness and enhance their role in and responsibility for creating the theoretical bases of fundamentally new types of machinery and technology. . . . According to existing estimates, institutions of higher education are capable of increasing the volume of research they conduct by 100-150%."

Gorbachov did something at the June conference, which no Kremlin ruler except for Stalin had ever done before: He publicly rejected as "inadequate" the 1986-90 Five Year Plan drafted by the State Planning Commission (Gosplan), then headed by Nikolai Baibakov, demanding a thoroughly rewritten document.

At the end of September, Gorbachov appointed Nikolai Ryzhkov as his prime minister, replacing the octogenarian Brezhnevite Nikolai Tikhonov. Ryzhkov was given *carte blanche* to overhaul the Soviet government and economy. At the October Central Committee Plenum, Ryzhkov was appointed to the Politburo, and the Gosplan got a new boss, Nikolai Talyzin, a veteran of 25 years service to the Soviet war economy, in the electronics and telecommunications sectors.

In December, Ryzhkov presided at an extraordinary session of Comecon prime ministers, ordered by Gorbachov, six months ahead of the next regularly scheduled session in June 1986. Ryzhkov, in his speech to the group, stressed that the economy must be brought into "the most advanced state of science and technology." The meeting mapped out the implementation of the new Gorbachov economic policy guidelines, with emphasis to be placed on five principal areas: 1) micro-electronics, 2) automation and robotics, 3) nuclear energy, 4) new materials, 5) biotechnology.

The contrast between the Soviet Union and the United States could not be greater, as the U.S.S.R. enters the opening phase of a massive economic transformation, with all emphasis on the latest technological developments being incorporated into the economy, combined with a relentless military build-up. The United States, on the contrary, confronts a devolving economy and massive slashing of its own defense capabilities.

1985 was a turning point year for the Russian Empire—perhaps the last turning point that the West can afford.

Global Showdown 1985

Jan. 25: Assassination of Gen. René Audran of the French defense ministry, who had particularly close ties to West German and U.S. military officials.

Feb. 1: Assassination of Ernst Zimmermann, head of the West German Defense Contractors' Association and a manufacturer of jet and tank engines.

Feb. 2-10: Warsaw Pact maneuvers in East Germany rehearse the function of an Operational Maneuver Group (OMG), a *blitzkrieg* offensive task force.

Feb. 5: New Zealand Prime Minister David Lange states that his country will no longer permit the porting of the U.S.S. *Buchanan*, given its policy of refusing visits of nuclear-carrying and/or nuclear-fueled ships.

March 4: Australian Prime Minister Robert Hawke announces that the annual meeting of the Anzus Treaty partners—the United States, New Zealand, and Australia—is “indefinitely postponed.” He called the treaty a “dead letter.”

March 12: Mikhail Gorbachov is named successor to Soviet party chief Konstantin Chernenko, just hours after the latter's death.

March 24: Murder by Soviet soldiers of Major Arthur D. Nicholson, an American officer attached to the U.S. Military Mission in Potsdam, East Germany. Nicholson was conducting a reconnaissance operation, as permitted by the Four-Power Agreements governing postwar Germany.

March 28: U.S. House of Representatives votes \$1.5 billion to produce 21 MX missiles. The Reagan administration had requested funds for 48 missiles.

March 29: Greek President Constantine Caramanlis is replaced by Christos Sartzetakis, in a legal coup d'état carried out by Prime Minister Andreas Papandreou.

April 6: Military coup in Sudan overthrows Gaafar Numeiri, replacing him with Gen. Abdel Rahman Siwar Ad Dahab.

April 7: Soviet General-Secretary Gorbachov declares a “moratorium” on stationing of intermediate-range mobile missiles, and freezes deployments of short- and medium-range missiles in Eastern Europe. The United States rejects reciprocation, saying that it would only “freeze” “Soviet superiority.”

April 11: Terrorist bombing of restaurant outside Madrid frequented by U.S. military personnel. Eighteen Spaniards and 15 Americans are killed.

April 23-24: Soviet Communist Party meets for the first

plenum of the Gorbachov era, brings three “hardline” and military figures onto the Politburo: KGB Chief Victor Chebrikov, Yegor Ligachov, and Nikolai Ryzhkov. Defense Minister Sergei Sokolov is promoted to candidate member of the Politburo.

May 25-30: Warsaw Pact maneuvers in Czechoslovakia open a series which will continue through September. These are commanded by Marshal Nikolai Ogarkov.

May 26: West German Social Democratic Party chairman Willy Brandt arrives in Moscow for meetings with Gorbachov and other top officials.

June 2: Elections in Greece consolidate power of Prime Minister Papandreou, who promises to pull Greece out of NATO.

June 11: Gorbachov speech to Central Committee conference vows economic buildup for war mobilization and rejects draft 1986-90 Five Year Plan.

June 14: Hijacking of TWA Flight 847 in Athens by Shi'ite terrorists.

Last week of June: Soviet submarines off the U.S. coast simulate a thermonuclear “pin down” and strategic barrage.

July 2: Andrei Gromyko resigns as Soviet foreign minister, is named President. Georgian party boss Eduard Shevardnadze replaces him.

July 8: President Reagan speech denounces the terrorist “acts of war” which have been committed against the United States by “radical and totalitarian governments.”

July 10: Sinking of the Greenpeace anti-nuclear protest ship “Rainbow Warrior,” with broad ramifications in France's political life. Defense Minister Charles Hernu and intelligence chief Adm. Pierre Lacoste eventually resign.

July 16: Confirmation of Richard Burt as the new U.S. ambassador to West Germany.

July 20-22: Soviet naval maneuvers in the North Atlantic, the largest in history. Maneuvers were preceded by a reorganization of three of the four naval fleets.

Aug. 7: Eight nations of the South Pacific Forum sign a treaty to create a nuclear-free zone.

Aug. 8: Terrorist bombing of American air base in Frankfurt, West Germany.

Sept. 9: Attempted coup in Thailand.

Sept. 27: Nikolai Tikhonov replaced as Soviet prime minister by Nikolai Ryzhkov, a protégé of Yuri Andropov.

Oct. 1: Israel bombs PLO headquarters in Tunisia; United States initially supports the raid, later has a more cautious position.

Oct. 2: Gorbachov goes to France for a state visit.

Oct. 15: Soviet Central Committee Plenum dumps State Planning Commission (Gosplan) head Nikolai Baibakov, replacing him with Nikolai Talyzin, a Gorbachov man.

Nov. 6-7: M-19 terrorists lay siege to the Colombian Palace of Justice; nearly 100 people die when the Colombian military is deployed to retake the building.

Nov. 19-20: Geneva summit meeting between President Reagan and General Secretary Mikhail Gorbachov.

EIR's report jolts citizens, governments

by Webster Tarpley

Habent sua fata libelli—books have their destinies. During the second half of 1985, the hottest item being perused and discussed in the chanceries and ministries, in the media across the world was EIR's monumental study, *Global Showdown: The Imperial Russian War Plan for 1988*, commissioned by Lyndon LaRouche. *Global Showdown* highlighted the central importance of the Soviet all-out economic mobilization for war, reflected especially in the building of offensive ICBMs and beam-weapon defense exertions, in the drive to assemble the capabilities necessary for a first-strike surprise attack against the United States and our European and Pacific allies. The report also documented the leading role of Marshal Nikolai Vasilyevich Ogarkov as the author of the now-operative General Staff plan being followed by Moscow.

The French and Swiss governments reached the decision that *Global Showdown* was controversial enough to warrant seizure by customs agents at the border—in the former case, because the document “offends the Soviet Union, a nation friendly to France,” as *Le Figaro* of Paris quoted the functionary involved.

In the United States, the Washington press conference called at the volume's publication on July 25, which was addressed by *Global Showdown* authors Criton Zoakos, Rachel Douglas, and this writer, was attended by uniformed officers from the Pentagon, as well as by representatives of foreign embassies, defense industries, and the media. Many citizens who wanted their congressmen and officials of the White House and the Executive branch kept informed—and accountable—concerning the contents of the book, had endowed pre-publication copies, of which over 600 were duly distributed to the entire Senate, most of the House of Representatives, President and Mrs. Reagan, Vice-President Bush, the National Security Council, the Pentagon, the Central Intelligence Agency, and other federal agencies. Rumors began to circulate during August that *Global Showdown* was under study as early as August by several task groups within the U.S. national security community. A copy was delivered to Soviet Ambassador Anatoly Dobrynin, with the compliments of Lyndon LaRouche. About a hundred left-liberal members of the House of Representatives were assigned to a

“hopeless case” list, and received no copies. Among them was Speaker of the House Tip O'Neill, who dispatched a legislative aide to complain that the Speaker had not received a copy.

At a meeting of the International Democratic Union held two days later, Margaret Thatcher, Franz-Josef Strauss, Jacques Chirac, and Konstantin Mitsotakis, among others, were seen examining copies of *Global Showdown*. In Western Europe, a series of press conferences for the purpose of presenting the report was undertaken by *Global Showdown* authors Konstantin George and Clifford Gaddy. These were held in London, Paris, Bonn, Rome, West Berlin, Copenhagen, Geneva, Lisbon, and other cities. The main theses of *Global Showdown* were beamed into the Soviet bloc on the Czech language service of the Munich-based Radio Free Europe and broadcast in Scandinavia on Radio Free Stockholm. The paracommunist Rome daily *Paese Sera* responded with a slander of the report and its authors. The leading conservative newspaper of Italy, *Il Giornale*, covered the publication of *Global Showdown* with a news article in August, and then followed up with two full pages authored by prize-winning Italian journalist Maurizio Blondet, appearing on the first two days of the Geneva summit. In response to a letter to *Il Giornale* expressing shock at the strategic realities thus conveyed, editor Indro Montanelli responded that “your emotional impression is justified, since the picture given by Blondet, which is based on very credible information, is extremely disturbing.” The European impact of the report was further enhanced by the publication of an abstract in German and a more lengthy version in Italian.

In the United States, the National Democratic Policy Committee (NDPC) published a shorter abstract of *Global Showdown* and helped to organize a lecture tour in which this writer had the honor to participate. This tour touched 50 cities in 28 states of the United States, during which a slide presentation on *Global Showdown* was viewed by 25 audiences approaching 1,000 persons, many of them candidates and prospective candidates of the NDPC.

The tour provided significant access to radio and state-wide and local television, with a total of almost 30 hours logged on radio talk shows and similar broadcasts. This included a media bombardment of such areas as Chicago (including a live interview on WBBM all-news radio, an hour on WIND talk radio, and two late-night hours on WGN, the classic boomer of the Middle West), Boston (an afternoon hour on WTTP in Natick, followed by an hour each on WBZ and WHDH—with both talk show hosts freaking out), Tacoma-Seattle, St. Louis (an afternoon hour on KMOX radio, a short morning appearance on KSDK television, the NBC affiliate, and a Sunday half-hour on the ABC network's KTVI), the central valley of California, Salt Lake City, central Florida, and in the North Carolina Triad, thanks to WHPE of the Bible Broadcasting Network. *Global Showdown* was

presented on statewide public television in Indiana and Oklahoma, on local TV in San Francisco; Hanford, Washington; Greensboro, South Carolina; Huntsville, Alabama; and Monroe, Louisiana; on the Brian Bex Report on Midwest cable television; and on the network radio syndications of Hal Lindsay and Barry Farber.

American audiences were shocked first of all by the duplicity of their own government, which routinely lies to them about the most fundamental aspects of the Soviet strategic posture. The principal difficulty in understanding the devotion of the Soviet General Staff to a war-winning strategy for general thermonuclear war is the still-pervasive conceptual mythology of Henry Kissinger's Mutually Assured Destruction (MAD), which absolutely rules out any thinking about the vast and "unthinkable" range of eventualities that would ensue if deterrence were to fail. The impact of *Global Showdown* has been to prove to key political strata of the United States—most especially the NDPC candidates' movement—that the Soviet General Staff does not regard this topic as unthinkable, but has been thinking about it and preparing for just such a war with every resource at its disposal for well over two decades.

After the London press conference, summaries of the report appeared in the Turkish press. This elicited a livid denunciation of *Global Showdown* by the Soviet ambassador to Turkey. Somewhat earlier, the KGB's own *Literaturnaya Gazeta* had assailed an article by *Global Showdown* author Luba George appearing in the Wiesbaden German-language weekly *Neue Solidarität*, in which Mrs. George developed the thesis that the Russian Orthodox Church is in effect a state church of the Russian imperial regime, as betokened by the massive state-supported preparations for making the upcoming 1988 millennium of the conversion of Prince Vladimir of Kiev into a monster festival of Great Russian racist chauvinism and messianic imperialism. In the *Lit Gaz* article, Mrs. George's charge is denied, whereupon the KGB author proceeds to cite in some detail the evidence that compels precisely the conclusion that Mrs. George had advanced.

The impact in Washington

In Washington, the impact of *Global Showdown* was reflected in a spirited counterattack against the advocates of MAD, on the part of sections of the national security bureaucracy in favor of the Strategic Defense Initiative. During August, President Reagan was on vacation at Rancho del Cielo, California. Did he or top members of the National Security Council spend part of that time reading *Global Showdown*? The answer to this question is not known, but it is certain that during August and September the pro-defense forces grouped around Defense Secretary Weinberger went into a factional offensive. The United States declined a Soviet offer to halt underground nuclear testing that clearly aimed at crippling the U.S. x-ray laser program. One such underground test was

timed to coincide with a visit of the new Soviet foreign minister to the White House. The long-awaited test of the U.S. anti-satellite rocket, delayed three times since March under an ultimatum made by General Secretary Gorbachov and laser physicist Yevgenii Velikhov in London last December, was finally carried out successfully on Sept. 13.

Global Showdown stressed the unprecedented rate of production and deployment of land-based missiles by the Soviets—one a day in the case of the mobile truck-mounted SS-25. In September, a "senior White House official" finally addressed this issue with a series of off-the-record press briefings, in which he asserted that the new Soviet mobile land-based missiles were permitting the Soviets to acquire a first-strike capability, and were thus undermining deterrence. Since the Soviets had a substantial lead in "Star Wars" technology, said the official, the United States must reopen the question of further compliance with the ABM treaty.

Later, Defense Secretary Weinberger addressed the issue of the SS-25 by name. The State Department and the Pentagon co-sponsored the issuance of a white book on Soviet advances in ABM technology. Most significantly, President Reagan himself, in his first press conference after his summer vacation, radically changed the White House "party line" on defense, no longer pointing with pride to his own arms buildup, but viewing with alarm a Soviet predominance in every category of offensive weaponry. "We're playing catch up" in SDI and in other areas, the President said. This reversal of the official White House rhetorical posture generated hysterical criticisms in the *New York Times*, the *Washington Post*, and in the Soviet press. The *Global Showdown* view of grand strategy was clearly at work behind the scenes.

The comments of the "senior White House official" unleashed the celebrated controversy over the interpretation of the 1972 ABM treaty, which pitted the strict constructionists around Secretary of State Shultz against Robert McFarlane and Weinberger, who rightly argued that the treaty permits everything but actual deployment of SDI. SDI chief Lt.-Gen. James Abrahamson warned that the strict construction would lead to a delayed, more expensive, and inferior SDI product, but White House Chief of Staff Don Regan joined forces with Shultz to impose strict construction and oust McFarlane in the process, after the Geneva summit was concluded.

Global Showdown propounded a war-avoidance policy of launch on warning, the building of 1,000 MX missiles with assembly line methods, a \$200 billion crash program for the SDI with full and sovereign participation by the European and Pacific allies, and a National Defense Emergency mobilization of the U.S. economy. This program has become more urgent than ever, and the fight for its implementation will be a central theme of the 1986 congressional elections, which represent the last chance of marshaling sufficient economic and military power to ward off the Soviet rush to thermonuclear confrontation by 1988.

Will European nations survive 1986 as allies of the United States?

by Philip Golub

Lulled into a false sense of security by the recent superpower summit in Geneva, most European governments are heading into a period of East-West crisis, during which important electoral tests will occur. In consequence, the elections appear certain to inaugurate a period of growing instability:

- National legislative elections will be held in France in March 1986, or earlier were President Mitterrand to decide in favor of a dissolution of the National Assembly.

- The test regional election in Lower Saxony in the Federal Republic of Germany is scheduled for spring or summer 1986.

- National legislative elections will be held in the United Kingdom over the course of the new year.

The underlying issue in all these elections, though only likely to appear as such in the campaign platform of the West German Social Democratic opposition, is the Russian drive for domination of Europe by the end of this decade or sooner—and the collaboration of elements in the United States, as well as Europe, to ensure that result. There will be plenty of meddling by the “decouplers” on both sides of the Atlantic.

West Germany is the key, and the Lower Saxony election remains the unknown factor.

In France, assuming no major crises or radical shifts, the conservative opposition to President Mitterrand’s Socialist Party, led by the neo-Gaullist RPR of Paris Mayor Jacques Chirac, will win with a large margin in March. The only real question is how large. Similarly, leading British observers believe that Prime Minister Margaret Thatcher will manage to defeat both the neutralist British Labour Party and the Social Democrats of David Owen.

The Lower Saxony elections, however, are anyone’s guess at the present time.

Seen as a trial run before the national legislative elections in 1987 in the Federal Republic of Germany, the Lower Saxony vote will indicate the level of strength of the ruling Christian Democratic Union (CDU), whose support has steadily eroded for the past two years, as reflected in the large victory of the SPD’s Johannes Rau in North Rhine-Westphalia last year. The reasons for the defeat are largely economic policy. Should the CDU continue to lose in state-level elections—and no change in economic policy is contemplat-

ed—the already extremely fragile CDU/CSU coalition with the liberal party, the Free Democrats (FDP), is likely to break down before 1987.

The stakes are by the far the highest here. Contrary to the propaganda of the CDU, which presents a merry picture to the public based on assurances of a mythical economic upswing and a “new era of détente,” the political struggle between now and 1987 will be bitterly fought out amid a continuously deteriorating international strategic and economic situation. A coalition crisis followed by either an SPD victory or a new coalition arrangement between the SPD and FDP, would totally shift the Federal Republic’s strategic commitments. However soft the Bonn government’s present position toward Moscow and East Berlin—the permanent preoccupation over a visit by East German party boss Erich Honecker is a good measure—the Social Democratic opposition is pro-Soviet outright. An SPD victory would imply a qualitative shift in West Germany’s East-West alignment.

Hence, the beneficial effects of an RPR-led victory in France would, in this scenario, be entirely neutralized by a strategic reversal in West Germany. Just as Kohl and the CDU have had to contend with a socialist administration in France which has opposed most if not all of the major strategic initiatives of the past years—the Strategic Defense Initiative and the European Tactical Defense Initiative, in particular—an RPR-led majority in France favorable to such initiatives may have to face an entirely new, hostile government in Bonn in 1987 or earlier.

Though the collapse of the CDU government is by no means a certainty, political circles in Bonn point out that the growing rift between Foreign Minister Hans-Dietrich Genscher and Chancellor Kohl makes it increasingly likely.

Should the Kohl government survive the next year and a half until the legislative elections of 1987, then it is possible that the new French majority and the Kohl government will have a limited, mutually stabilizing effect—all the more so because Genscher has based his European policy on his close ties with the French Socialists. The French Socialists in turn have sought the help of Genscher in pushing their policies in Bonn.

The complicating factor, besides Soviet actions, is the

evolution of matters in the United States. Paris, Bonn, and other European governments are faced with the most unpredictable problem of all—the weakening of President Reagan and his policies at a crucial moment of European history. Since 1984, the West German SPD, the Mitterrand regime, and their liberal and socialist international allies have awaited the moment that President Reagan would be made into a “lame duck.” That moment seems to have arrived, and has seriously confused the political-strategic debate in Europe.

Britain's recent government agreement to join in SDI masks the fact that while individual industrial contracts have been allocated to European firms in the fields of optics, robotics, lasers, and guidance systems, there is no European consensus on this question. The level of British agreement is itself suspect—whether the U.K. adheres to the global concept initially brought forth by Reagan in 1983, merely to aspects of SDI, or, as is known to be the case with some leading Englishmen, seeks to sabotage the program from within. It is said that Margaret Thatcher “has gone a long way” toward understanding SDI, but how far has she really gone?

At the same time, the government debate in Germany over SDI is becoming interminable, the FDP attempting to drag out any government agreement until “the next U.S./Soviet summit.” The present French government is entirely hostile. The next will be favorable, but France will be confronted with a dual power situation, an RPR-led legislature, but a Socialist President, which will not make for a quick resolution of the debate.

And, Europeans, like Americans, now wonder if the Strategic Defense Initiative is actually real? In one sense, it is real, of course: The year 1985 saw amazing technological breakthroughs in a whole number of areas. It took over two years for the U.S. Department of Defense and all the talents of Lt.-Gen. James Abrahamson to achieve these results. But now, even these are threatened by the recent weakening of President Reagan and the budgetary cuts imposed on the U.S. defense budget by the Gramm-Rudman bill.

Should Europe strongly commit itself to something the U.S. government appears unable to commit itself to?

Europe will follow America's lead, not the other way around, and were the United States to fall back to mere development of a limited point defense system, as political pressures and “budgetary constraints” may well produce, the past two years of effort will have been largely in vain. Europe cannot financially afford to develop an SDI on its own, nor do Europe's present governments have the will to confront the Soviet Union at a moment of U.S. retrenchment and vacillation. This is true of all areas of policy, not merely SDI.

The political instability factor inherent in the European election years 1986-87 is thus only a feature of the instability of the West as a whole. Seen from Moscow, where the new leadership under Gorbachov is firmly entrenched—perhaps for decades—the picture of political agitation in the West is a welcome and entirely anticipated development.

In West Germany, a new policy voice

by Vin Berg and Rainer Apel

As 1985 drew to a close, the hottest issue in Bonn, West Germany, was the emergence of a new policy voice on the scene. It appeared as if out of nowhere, but suddenly was growing rapidly. “Patriots for Germany” is the name of the new citizens' organization, and it first announced its existence by placing two political advertisements in West Germany's major newspapers, Oct. 15 and Dec. 4. The ads stressed the deadly dangers posed to the country by the Soviet Union and its “decoupling” agents in the West, and by the global austerity policies of the International Monetary Fund, echoed in the economic policies of Chancellor Helmut Kohl's government.

“Artfully formulated,” was a not-too-happy Christian Democrat's description of the first, Oct. 15 advertisement. It had its most immediate impact among traditionally Christian Democratic voters and activists.

Overall, the response to the non-partisan call to political action was electric, for two reasons:

First, the signatories constituted an impressive cross-section of prominent Germans—political figures, engineers, farmers, professional people, etc. They included: Helga Zepp-LaRouche, founder of the Schiller Institute and the Club of Life; Prof. Emil Schlee, president of the Mecklenburg Expellee Organization and vice-president of the Organization of Expellees from Central Germany; Vice-Admiral (ret.) Karl-Adolf Zenker, former Inspector-General of the West German Navy; Brig.-Gen. (ret.) Friedrich August Freiherr von der Heydte; Robert Becker, chief editor of *Reichsbanner*, the monthly magazine of the anti-fascist resistance organization, Reichsbanner Black-Red-Gold.

Together with some 60 other signatories, as seasoned observers of German politics noted, these individuals are capable of commanding the support of some 15-20% of the West German electorate—a formidable political force, if translated, for example, into parliamentary seats.

Second, their intervention into the German policy debate came as fresh air rushing into a vacuum—and the result was a shock wave.

Only a minority of Germans can support the economic policy of Helmut Kohl's Christian Democrats, which is crushing all productive sectors of the German economy. On the other hand, only a minority can support the pro-Soviet policies of Willy Brandt and Johannes Rau's opposition Social Democrats, which would mean subjugating Germany

under the Russian imperial yoke.

Suddenly, there is an alternative. A backlash against the Kohl government's miserable austerity policies does not have to mean turning Germany into a Soviet satrapy. "Patriots for Germany" may harness and guide that backlash in constructive directions. The newspaper advertisements indicated which:

- A clear "no" to decoupling from the United States, the so-called "New Yalta" policy; "no" to a "Red-Green" government, a Social Democratic coalition with the neo-fascist Green Party.

- A just treaty of peace for Germany in all of its parts, in order that the German people may exercise self-determination in national sovereignty, a "no" to the original Yalta policy.

- Full, government-to-government cooperation with the American Strategic Defense Initiative.

- A policy of economic growth and opening of the German economy to a New World Economic Order, replacing the neo-colonial IMF, for industrialization of the non-developed sector.

- A cultural renaissance based on the foundations of German classical culture.

In the Dec. 4 advertisement, the Patriots also stated: "The economic policy of the IMF has forced many countries to pay their growing debts by expanding drug production. As a result, more of our children are becoming the victims of drug dealers. President Garcia of Peru and President Betancur of Colombia have declared war on drugs, and are attacking the drug mafia with military means. We patriots support the war on drugs, and we also demand, that banks, which annually launder \$600 billion, be prosecuted and brought to court!"

Political disarray

The proclamations addressed Germans at a time when the political situation of the country is in profound disarray. Chancellor Kohl's tactic of walking a tightrope between NATO commitments and appeasement of the threatening Soviets, his Free Democratic coalition partners, and the Social Democratic opposition, had jeopardized the Western alliance. His economic policies have brought his popularity to new lows.

One sign of appeasement is the fact that the year ended without a government decision to sign a German-American agreement on cooperation in the SDI. That decision is postponed to some indefinite point in 1986.

At the beginning of the year, there was hope that Chancellor Kohl would finally succeed in closing the endless debate on the SDI, and join the project officially. Although the Chancellor ran into serious problems with his Free Democratic coalition partners, who oppose the SDI, there was special reason to hope that the visit of President Reagan to Bonn at the beginning of May would break the impasse. German-American relations did reach a temporary high, but for the SDI, the moment was lost. It was lost because of the

Chancellor's inability to grasp the strategic importance of the Reagan visit.

By the time Reagan arrived in Bonn, the official story of the economic recovery had already been discredited among the electorate. In two important state elections, in the Saar and North Rhine-Westphalia—the centers of heavy industry and mining—the Christian Democrats lost 5% and 12%, respectively, to the Social Democrats. The Chancellor's austerity policy was sawing the legs off his own chair.

In view of this, it was even more important for Kohl to capitalize on the positive impact the Reagan visit had upon an estimated two-thirds of the German population, and to go ahead with the SDI decision. But, he dared not risk a confrontation with his Free Democratic coalition partners. Kohl preferred to appease. As a result, on every key strategic issue, he has allowed himself to be held hostage by the Free Democrats' threat of withdrawal from the government. From June on, his government has hung by a thread. With each new controversy, a break-up of the government coalition was to be feared.

Into this situation came a new American ambassador, Richard Burt, a disaster. The ambassador introduced himself to Bonn in early September with the remark that the American administration could "also get along with an SPD-led government in Bonn."

The SPD had, by this time, already made public what it would do in government. On June 19, it drafted a treaty on a "zone free of chemical weapons in Central Europe" with the East German ruling party (SED), and announced a similar proposal on nuclear-free zones to follow soon. In September, the SPD sent emissaries to all ruling East bloc parties, to sign or prepare similar agreements. In October, the SPD's defense policy commission published a document proposing substantial withdrawal of U.S. troops and weapons from West Germany.

Also in October, discovery of a series of "East German spies," all of them highly placed in Bonn, shook the government. The Free Democrats and Social Democrats forced the dismissal of the head of foreign intelligence (BND), Heribert Hellenbroich, and the jobs of Interior Minister Zimmermann and his undersecretary Spranger were only saved because the Christian Democrats made a foul compromise with the Free Democrats on the SDI question: no government-level agreement with the Americans.

Meanwhile, Johannes Rau, the SPD's chancellor candidate for the 1987 elections, announced that once he were chancellor, he would revoke the 1979 agreement on the stationing of U.S. nuclear missiles.

Among Christian Democratic voters, there is a mood of revolt, which could see another victory of the Social Democrats in state elections in Lower Saxony—or, a turn to the new non-partisan citizens' action committee, Patriots for Germany.

The year 1986 will show if an extraordinary non-partisan action like this can succeed.

The 'New Yalta' deal in action: America attacks its Asian allies

by Linda de Hoyos

On Dec. 16, India Prime Minister Rajiv Gandhi was in Madras to dedicate "to the nation" India's fast breeder reactor, making India the fifth nation in the world, second in Asia, and the first in the underdeveloped world, to build its own fast breeder capability. The occasion was further marked by the presence of representatives of the Atomic Energy Commission of Pakistan, there at the invitation of the Indian prime minister. Their presence acted as a symbolic statement that the two nations are capable of overriding their long-standing hostilities and working for the mutual goal of economic development.

India's fast breeder inauguration in Madras is a reminder to the world of the great potential waiting to be unleashed within the nations of the vast Asian continent. For India, the fast breeder's dedication sent out a message that India has weathered the total crisis and danger of disintegration that threatened the country in the process leading to the Oct. 31, 1984 assassination of Prime Minister Indira Gandhi. On Oct. 31, 1985, on the anniversary of this great leader's death, *EIR* editors released the results of a year-long investigation of the forces responsible for Mrs. Gandhi's death. The book, *Derivative Assassination: Who Killed Indira Gandhi*, proved that the assassination was the result of a combined conspiracy between British and Soviet intelligence, with subsidiary aid from the Israeli Mossad. The strategic agreement among these forces is the goal of destroying the independent nation-states of the region, achieving their economic pulverization and political fragmentation as the condition required for a new rule by empire, in the case of Asia, with Moscow and Peking as the capitals. Although India stood firm in the face of the crisis created by Mrs. Gandhi's death, other countries in the region have been thrown into a spiral of economic and social dislocation. In 1985, the ASEAN countries—Thailand, Singapore, the Philippines, Brunei, Indonesia, and Malaysia—were thrown "into the barrel." In this case, the chief agencies doing the dirty work were the International Monetary Fund and the U.S. State Department.

The most lurid case in point for the United States' attack on its allies is the Philippines. From Manila, *EIR* correspondents traveling there discovered, it looks like the United States has declared war on its own allies. The crisis in U.S.-Filipino

relations, begun with the August 1983 assassination of opposition leader Benigno Aquino, reached a fever-pitch beginning in June 1985 when the House Foreign Relations Committee threatened to end all military aid to the Marcos government—aid which Filipinos consider due rent for the U.S. bases at Clark Field and Subic Bay. In July, *EIR* broke the story, corroborated by sources in both Manila and Washington, that U.S. Ambassador Stephen Bosworth, a protégé of Henry Kissinger, was directing the opposition to the Marcos government and was also preparing a coup option against President Marcos, with the hope of using acting Chief of Staff of the Armed Forces, Fidel Ramos, as the replacement for Marcos. The *EIR* exposure of the plot momentarily ruined Bosworth's plans, but did not succeed in breaking the across-the-board consensus in Washington that Marcos must go.

The justification for this consensus is based upon a lie: that if Marcos does not go, Manila will be overpowered by the insurgent New People's Army and the Philippines will become a Nicaragua in the Pacific. This evaluation is false on two counts. First, the Marcos presidency is the core institution of the Philippines at the present moment, and its toppling in the manner prescribed by the State Department will produce only social chaos and disintegration—exactly what the United States presumably wants to avoid. Second, the biggest recruiter for the NPA is the International Monetary Fund, whose program for the Philippines, implemented under a credit embargo instituted since August 1983, has brought the economy to the lowest point since the Japanese occupation. According to State Department desk officer John Mais-to, the State Department "has a lot of input" into the Fund's dealings with the Marcos government.

However, State Department policy is worse than incompetent. Beginning in June, the liberal media led by the *New York Times*, which has cheered on the State Department's anti-Marcos policy, recommended that the United States start looking for alternative sites to the U.S. base on Luzon—pulling the U.S. air and naval forces back to Guam or Saipan. This option is known to be a chimera—the natural fortifications and deep water of Subic Bay and the skilled Filipino labor force are irreplaceable. Scrapping Subic Bay means pulling U.S. Trident submarines all the way to Bremerton,

Washington, and giving the U.S.S.R. strategic command of the South China Sea, the crucial link between the Indian and Pacific Oceans, breaking the supply lines to Japan.

The Philippines destabilization, led from Washington, is in fact a result of the New Yalta plan by which the United States is executing its strategic withdrawal from the Pacific. In the fall of 1983, the "arc of crisis" on the perimeter of the Soviet Union in the Middle East, was extended into Asia. At the end of 1985, the United States policy had produced one policy debacle after another in the Asian theater—and a deliberate game plan to hand hegemony in the region to Moscow and Peking. Negotiations for this imperial transfer of territory took place on two occasions. On June 18, U.S. Assistant Undersecretary of State Richard Murphy, a man who had earlier told the Russians, "Take Lebanon, we don't want it," met in Washington with Oleg Sokolov, the number-two man in the Soviet embassy, and Yuri Alekseyev, chief of the Mideast Department of the Soviet foreign affairs ministry, to "exchange views" on Afghanistan. In the first week of September, Assistant Undersecretary of State for Asian and Pacific Affairs' Paul Wolfowitz, met in Moscow with Soviet Deputy Foreign Minister Mikhail Kapitsa for an exchange of official positions. Although the views discussed were official, Wolfowitz told South Korean and Japanese leaders after the trip that his discussions with Kapitsa were "confidential."

On one level, such official discussions with Moscow are designed to avoid superpower miscalculation and confrontation, as both powers proceed to destabilize the countries of the region. On a deeper level, the United States is breaking up the economic stability and political integrity of its allies, in the process of handing them over to the U.S.S.R. Strategic withdrawal as a U.S. policy goal in Asia began with the escalation of the Vietnam War and was enunciated in the Nixon-Kissinger Guam Doctrine of 1969. But it is best put forward, in the words of former U.S. ambassador to Iran and the Philippines, William Sullivan, a protégé of Averell Harriman, whom *EIR* caught this year attempting to orchestrate a coup against President Marcos. Writing in his autobiography, Sullivan reveals the only policy which could possibly explain the grotesque posture with which the United States has confronted its Asian allies this year:

When an objective history of American international performance in the middle decades of this century is written . . . I believe that the pattern which will emerge will be more straightforward than the current record will suggest. It will be seen not as an effort to grasp for greater power, but rather as a sustained attempt to devolve unwanted responsibilities on others. . . . Our foreign policy . . . will ultimately be seen, not as a series of rear-guard actions by cohorts defending against assaults upon a jealously guarded

empire, but rather as a constant struggle to find and develop worthy heirs to handle *those elements of our hegemony we no longer wished to dominate* [emphasis added].

Sullivan's policy summary is the motivation for the U.S. declaration of war against its allies in Asia:

The political stability of Thailand was shattered on the morning of Sept. 9, when Young Turks, led by Col. Manoon Roopakhorn, and backed by leading military officers, attempted a coup against the government of Prime Minister Prem Tinsulanond. The coup failed, but before it was over that afternoon, civilians had been killed and many were wounded. In the aftermath of the coup bid, Colonel Manoon and his Young Turk brother were escorted out of the country, but within a week, the government had arrested former Prime Minister Gen. Kriangsak Chamonan and three other leading officers, including Deputy Supreme Commander ACM Arun Trontep, for their alleged involvement in the coup attempt.

Despite all the discussion of divisions in the Thai military, the underlying cause of the instability in Thailand is the 17% devaluation of the Thai currency, the baht, in November 1984. With that, the Prem government placed the Thai economy in the hands of the IMF and World Bank. The result: The Thai trade deficit has increased; farmers are going bankrupt because of the low price of their products, and industries are also failing. The World Bank has issued orders to halt all development projects. The newly issued Prem budget calls for cuts in all categories, with the exception of tourism. A government demand to raise the diesel fuel price by 30% is now expected to cause a strike in the Thai fishing and transport industries. Thailand is also a victim, along with the other ASEAN countries, of the Jenkins Textile Protection Act, which threatens to shut down 60% of Thailand's young textile industry.

Bangkok is now rife with rumors of another coup and possible counter-coups. The word from the U.S. embassy is that the United States is not concerned with the political crisis or who will govern, as long as the IMF austerity program goes through. Particularly, Henry Kissinger told Thai officials privately during a stopover in January, the Kra Canal development project—revived by the Fusion Energy Foundation and now under study by a parliamentary commission—must not go through. The economic and political instability has indeed put all such initiatives on the back burner.

From Bangkok, the view is that the United States has abandoned Thailand to the mercies of China and Russia—there is not even minimal intelligence cooperation from the United States in the areas of drugs and security. The relationship between Thailand and the United States is epitomized by the jailing of former Prime Minister General

Kriangsak. The orders for Kriangsak's full trial and prosecution reportedly came from Kissinger himself, since Kriangsak, who fought with Americans in World War II, the Korean War, and the Vietnamese War, is regarded in Washington as the one Thai leader that could rally a successful resistance to the IMF.

U.S. policy toward Japan has taken the same tone. On Jan. 2, 1985, Japanese Prime Minister Yasuhiro Nakasone met President Reagan in California. As a result of their talks, Nakasone declared his support for Reagan's Strategic Defense Initiative. The SDI is the only possible defense for Japan, which otherwise is extremely vulnerable to Soviet assaults upon its sea lanes and upon Japan's northern island of Hokkaido. At the end of November, Nakasone again affirmed his support for the SDI, indicating that there had been no progress in U.S.-Japanese cooperation on the projects since January. The SDI requires Japanese cooperation, especially in the area of the fifth-generation computer. But the response from the U.S. side has been dilatory, while Secretary of State George Shultz continues to complain that Japan is not meeting its "responsibility for global security."

The response from the Soviet Union to Japan's support of SDI has been violent. On Jan. 22, the Soviet Defense Ministry daily *Krasnaya Zvezda* called the Japanese endorsement of SDI part of a plan for a "greater Japan," and complained about a "Washington-Tokyo-Seoul axis." In September, the same newspaper claimed that the U.S.S.R. is being militarily threatened by Japan. "Building up its military and economic potential, Japan has become . . . one of the main centers of world imperialism," wrote Marshal Vasilii Petrov on Sept. 1. In November, the Soviet forces on the four islands directly north of Japan staged maneuvers for the Soviet takeover of Hokkaido. Soviet seizure of Hokkaido would secure a breakout capability for the Soviet fleet from Vladivostok.

In the face of Soviet pressure on Japan, U.S. policy has been carried out with the unofficial objectives of bringing down the Nakasone government, precisely because the Japanese prime minister is pro-SDI. The process began in earnest in January when Henry Kissinger moved successfully to split the faction of ruling party leader Kakuei Tanaka, Nakasone's primary base of support. Even more threatening, the State and Commerce Departments launched a full-scale attack on Japan's dirigist economic system, forcing Japan to open up its financial markets and create an offshore center for fully deregulated banking. These and other protectionist pressures—including a long memorandum delivered in September telling the Japanese to change their lifestyle to conform to American credit-fueled consumerism—are aimed at discrediting the Nakasone alliance with the Reagan administration. Although Nakasone is extremely popular with the Japanese people, political forces in Japan have put his chances of winning the third term he is seeking at almost nil.

Thus Japan finds itself the target of a squeeze play from both Moscow and Washington. It remains to be seen how long Japan will hold onto its nearly non-functional alliance with the United States, before it is forced to come to terms with the U.S.S.R.

Within the perverted logic of William Sullivan, such an outcome of U.S. policy toward Japan would be welcomed as a great success. Likewise, in November, Henry Kissinger happily admitted that his attempts at a strategic alliance with China, the policy with which the State Department turned away from its Asian allies, has been a failure. "China will never become the card of anyone," chirped Kissinger in Peking. The United States, he said, welcomes the Sino-Soviet rapprochement that has steadily advanced over the last year. U.S. and Chinese interests, he said without explanation, remain identical.

The year 1985 has thus brought about a situation in which the Asian nations face an effective alliance among Moscow, Peking, and the Kissinger forces of the West. The question for 1986 is whether patriots in the United States—who oppose the Harriman-Sullivan goal of capitulation—wake up to the crisis in time, or whether one by one, the nations of Asia are compelled to turn their back on the United States and make their *kotow* to the dual power of Moscow and Peking.

Derivative Assassination: Who Killed Indira Gandhi?

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Changing priesthoods in the cults of intelligence

by Criton Zoakos

By the end of the year 1986, little if anything has remained the same in the hazy, looking-glass world of the major nations' intelligence services. Much of what happened will probably remain forever unrecorded, but the overall meaning of the changes is unmistakable: The commanding posts of British, American, French, West German, and Israeli services are now under the influence of policy perspectives and evaluations guidelines which are committed to accommodating to a "New Yalta" deal with the Soviet Union.

In terms of spectacular episodes which erupted to the surface of publicity, the past year was exceptionally rich: It began in *March* when two of the Soviet Union's New Delhi Embassy's senior spies, Igor Gheja and Vladislav Khitzichenko, disappeared, amid rumors of kidnapping, assassination, and so forth. Ultimately, this episode proved to have been the overture of a spectacular worldwide play, whose theme continued to be the unexplained disappearances of senior Soviet intelligence officials. By August 1986, the uninitiated observer of the international situation began to develop the sinking sensation that the more that Soviet spymasters disappeared inexplicably, the more changes were being wrought in the major Western intelligence establishments.

In May, Sergei Bokhan, the deputy director of the GRU (military intelligence) in Athens, Greece, disappeared, to eventually surface "somewhere in the United States," where he launched a series of dubious, but highly interesting revelations, which resulted in dramatically consolidating the Israeli Mossad's supremacy throughout the Eastern Mediterranean.

At the end of July, Vitalii Yurchenko, the fifth-highest-ranking officer of the KGB, disappeared in Rome, to eventually resurface in Fredericksburg, Virginia. In the wake of Yurchenko's disappearance, the entire intelligence community of West Germany was taken apart by means of a series of well-orchestrated defections to the East, and the forced, senseless, victimization of the new head of the Federal Republic's intelligence community, Heribert Hellenbroich.

By the end of August, West Germany's vital intelligence services had been hermetically isolated from any cooperation with their analogues in other Western nations. In short, West

Germany's considerable, and invaluable, intelligence resources for studying and evaluating developments in the Soviet bloc, had been neutralized, isolated, and silenced.

In approximately the same time frame, France's traditionalist-oriented intelligence leadership was subjected to a watergating scandal, the so-called "Rainbow Warrior" affair, which resulted in the decapitation of French intelligence institutions. The scandal was launched, orchestrated, and followed through by leading members of the Trilateral Commission and other prominent friends of the Soviet Union, such as Armand Hammer. *EIR* published an extensive, detailed special report on the matter, which subsequently served as a rallying point for those patriotic French forces who had been routed by the scandal. But the scandal's result was that elements of the old, "Nazi-Communist," Moscow-managed Curiel Apparatus, are now in control of French government intelligence services.

The fake defection of senior KGB official Oleg Gordievski, in London in September, consolidated a policy shift in British intelligence services which had been under way from the beginning of the year: Her Majesty's Secret Intelligence Service is fully committed to a policy, spearheaded by Lord Carrington, now secretary general of NATO, of expelling the United States from the NATO alliance, and arranging a new "security partnership" between the Soviet Union and the principal nations of Western Europe. In this sense, British Intelligence, beginning in 1986, is "working for the Russians."

The Yurchenko affair

When, by the end of September, the major Western European intelligence services had been either knocked out of the picture or reintegrated into Lord Carrington's "New Yalta" scheme, it was time for the formidable interests behind this campaign to start working on the American intelligence services.

Dramatic events occurred, which will only be summarized or simply asserted here, leaving detailed exposition and "proof," if you will, for another occasion. The gist of the matter is located in the handling and the circumstances of the notorious "Yurchenko Affair." For two months after the KGB number-five man's defection—or whatever—the U.S. gov-

ernment maintained official silence, denying any knowledge of his whereabouts. On Aug. 27, the State Department finally announced that the man was in the United States, having, presumably, voluntarily defected.

This is still questionable. Others still think that he may be presumed to have defected involuntarily, or to have volunteered, on assignment, to be presumed a defector. Or, even, to have volunteered to be presumed a victim of involuntary defection. This just about exhausts the syntactical possibilities of "presumably," "voluntarily," "defected."

The interpretation does not really matter. Not as much as the final outcome, at any rate: On Nov. 4, one week before the Reagan-Gorbachov Summit, Yurchenko left his CIA custodians and re-defected back to the Motherland, leaving behind him a total ruin of American intelligence services. The mess is still at the desk top of the Senate Select Committee on Intelligence, waiting to be sorted out.

Some features of the mess, however, are unmistakable. The Yurchenko Affair was simply the highest dramatic point of an unprecedented wave of spy scandals, trials, and defections, more than have ever hit the American services in any one year. Despite the continuing, stubborn resistance of numerous isolated pockets of patriotic intelligence officers and other professionals, the overall picture which has emerged in the United States is as follows:

The command positions are now under the control of officials who are, in terms of policy, committed to the Carington-style "new Yalta" accommodation with the Soviet Union. These command positions are those places in the government mechanism from which policy guidelines and evaluations parameters flow downward to the collection and analysis components of the intelligence community: the National Security Council and the President's Foreign Intelligence Advisory Board.

Both of these have been reorganized to accommodate New Yalta. Its leading personnel is made up of two types: either the Kissingerian balance of power advocates who are proposing, as Kissinger often has, the retrenchment of the United States from all its international commitments, the "reduction of the American sphere of influence to approximately 25% of its immediate post-war extent." The other type is that which is committed to facilitating a revival, in Russia, of the messianic "Third and Final Rome" ideological mobilization, on the argument that a Russia motivated by classical imperialist ideological drives is a preferable partner to a Russia motivated by "Marxism-Leninism."

On Oct. 28, the new chief of staff of the White House, Donald Regan, caused an Executive Order to be issued, reorganizing the President's Foreign Intelligence Advisory Board. The result of this reorganization was the strengthening of the influence, on matters of setting intelligence policy guidelines and evaluations parameters, of the following persons: Henry Kissinger, Anne Armstrong, Leo Cherne, W.

Glenn Campbell, and Clare Boothe Luce, primarily. The group's direct access to the President was increased, as well as their authority over the director of Central Intelligence and other vital institutions.

The results of this group's new influence can be seen in the results of the Reagan-Gorbachov Summit, and in the reorganization of the National Security Council under Admiral Poindexter, the "insider's insider," "high priest's high priest," and friend of British intelligence.

Not much need be said of Henry Kissinger in this matter. Leo Cherne, however, is a very interesting person to size up. Leo, the founder of the International Rescue Committee, is, perhaps, the Western world's most experienced man in running what is called the "defection racket." As a private international "economic consultant," he has a politico-economic pedigree which goes all the way back to the old "Trust" of Dzhersinski, Sidney Reilly, Armand Hammer, Jacob Schiff, and the Warburgs.

This "Trust," of which the readers of *EIR* will hear more during the new year, has remained alive from the 1920s onward, to assume, in its present reincarnation, the form of Henry Kissinger's Trilateral Commission. At any rate, since Leo Cherne, who models himself after his fellow Social-Democrat Alexander Parvus, knows what we are talking about, the reader need simply know that the man's, and his associates', significance is located, primarily, in promoting the cause of Russian chauvinism in American intelligence circles.

Difficult though it is to believe, it happens to be true that a long trek of Russian fake defectors, channeled into the United States over the years through Leo Cherne's "International Rescue Committee" channels, have cultivated the myth that a revived Great Russian chauvinist movement inside the Soviet Union, would be preferable to American interests over the present Marxist-Leninist arrangement. Therefore, official United States policy should be to encourage the now triumphant imperialist doctrine of "Moscow, the Third and Final Rome."

The National Security Council, Jack Matlock, John Lenczowski, and all, are committed to this idiotic policy. The State Department, whose Intelligence and Research section has been upgraded as a result of Yurchenko's intervention, is also in agreement. The Voice of America and the USIA are already spending millions of propaganda dollars promoting what already is the ideological program of the Russian government and of Marshall Ogarkov.

This, so far, has been the net outcome of the past year's upheaval in the Western world's intelligence services. It is ironic but true, that Marshal Ogarkov's work has been done, for the most part, by David Rockefeller's and Henry Kissinger's Trilateral Commission. This has been the case with the blinding of the American, French, and German intelligence organizations. The British did not require such help.

Will the United States answer the challenge of terrorism?

by Jeffrey Steinberg

No one summed up the situation more clearly than President Ronald Reagan himself, speaking before a convention of the American Bar Association in Washington, D.C. on July 8:

Iran, Libya, North Korea, Cuba, Nicaragua—continents away, tens of thousands of miles apart, but the same goals and objectives. I submit to you that the growth in terrorism in recent years results from the increasing involvement of these states in terrorism in every region of the world. This is terrorism that is part of a pattern, the work of a confederation of terrorist states. Most of the terrorists who are kidnapping and murdering American citizens and attacking American installations are being trained, financed, and directly or indirectly controlled by a core group of radical and totalitarian governments—a new, international version of Murder, Incorporated. All of these states are united by one, simple, criminal phenomenon—their fanatical hatred of the United States, our people, our way of life, our international stature.

And the strategic purpose behind the terrorism sponsored by these outlaw states is clear: to disorient the United States, to disrupt or alter our foreign policy, to sow discord between ourselves and our allies, to frighten friendly Third World nations working with us for peaceful settlements of regional conflicts, and finally, to remove American influence from those areas of the world where we're working to bring stable and democratic government. In short, to cause us to retreat, retrench, to become "Fortress America." Yes, their real goal is to expel America from the world.

As the President was speaking in July, 39 Americans, seized by Islamic terrorists aboard TWA Flight 847 on June 14 in Athens, were still being held hostage in Shi'ite radical safehouses spread all over the Beirut area. The world waited to see whether the President's strong words would be matched by equally forceful deeds.

As 1985 drew to an end, the world was still waiting.

Even as the President was delivering his toughest statement ever on the role of the Soviet Union and its surrogates in steering a deadly terrorist international, the seeds of a

fatal compromise were visible to the informed eye. Glaringly missing from the President's ABA speech was any mention of the Syrian regime of Hafez Assad, Moscow's most deadly ally in the terror wars. Indeed, it would be through a U.S. State Department stage-managed compromise with the Assad regime that the American hostages would eventually come home. That compromise proved to be the fertile soil from which a series of follow-on terrorist outrages were launched, each drawing the United States deeper into a state of paralysis that carries into the new year.

In Moscow, as well as in the Western capitals, the burning question for 1986 remains: Will the United States break free from the grips of that paralysis and launch the kind of international war against terrorism that President Reagan advocated in that Bar Association address, when he concluded, "These terrorist states are now engaged in acts of war against the government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself."

A Soviet strategic instrument

The year 1985 commenced with a bloody Moscow-ordered terrorist offensive targeting the nations of Western Europe, most particularly the Federal Republic of Germany. As the result of that offensive, which peaked with the Jan. 25 assassination of French Gen. René Audran and the Feb. 1 assassination of BRD military industrialist Ernst Zimmermann, European counterterror officials confirmed that a tightly organized infrastructure existed servicing the Baader-Meinhof/Red Army Faction, Direct Action, and the Communist Combatant Cells, as well as Iranian- and Libyan-sponsored assassination squads.

As abruptly as the terrorist offensive began, with the announcement of a hunger strike by West German imprisoned RAF terrorists, it ended. European specialists concluded—correctly—that the terrorism had been ordered from Moscow as part of a "strategy of tension," and was, in part, aimed at demonstrating a fingertip control over the terrorist scene by *spetsnaz* and other Soviet intelligence units. The terrorists' targeting betrayed an access to NATO top-secret intelligence, including personal data on key military officials

and blueprints of mobilization plans and military-industrial "choke points." When a top-ranking West German counter-intelligence official, Joachim Tiedge, defected to East Germany later in the year, the connections between East bloc espionage networks and the Euro-terrorists was confirmed with a vengeance.

While the terrorist battering of military and corporate targets in Western Europe continued as an unabated "low-intensity war" throughout the year, by the spring, Moscow set its strategic sites on the Middle East.

It would be in the Middle East theater that the integration of the terrorist "low-intensity warfare" within the overall Soviet Ogarkov Plan would find its most graphic expression.

The signal activating the Soviet drive was an article published in early May on the front page of the *Washington Post*, blaming the CIA for a March 8 car-bomb attack against Hezbollah head Hussein Fadlallah in a Shi'ite section of Beirut that killed 80 people. That incident, and the *Washington Post's* fingering of the U.S. role, set the basis for the TWA hijacking. Behind the scenes, the Israelis were conducting furious negotiations with the Lebanese Shi'ite community, paving the way for a "post-U.S." Lebanon.

Through the personal involvement of Undersecretary of State Richard Murphy—the architect of the emergence of Syria as the new power center of the Arab world—Syria was credited with the "saving" of the American lives. To perpetrate this fraud, the State Department went to great lengths to cover up the fact that Syrian intelligence fingered CIA Beirut station chief William Buckley for kidnapping by the Hezbollah, and that Buckley died from torture at the hands of the Iranian Revolutionary Guard in Teheran in April of this year.

When the Reagan administration attempted in late summer to revive the Jordan-Egypt-PLO peace initiative, Libya and Israel joined hands in a succession of destabilizations of Tunisia, America's strongest traditional ally in North Africa, culminating in the Israeli bombing raid, which President Reagan initially endorsed.

Before the scandal had subsided around the PLO-Tunis affront, the Greek cruiser *Achille Lauro* was hijacked by radical Palestinians, the U.S. intercepted an Egyptian commercial airliner carrying the captured terrorists, thus bringing about the temporary collapse of the Craxi government, and half of the moderate Arab world decided that it was time to build distance from Washington.

By year's end, the failure of the United States to respond effectively to the terrorist onslaught had translated into a near collapse of U.S. ties with such traditional allies as Tunisia, Egypt, Kuwait, and Jordan. What's more, Israel, traditionally painted as America's "most favored" ally in the eastern Mediterranean, emerged—with the bombings near Tunis, with the Pollard affair, and with the Mossad-directed murders of Tscherim Soobzokov and Alex Odeh, both American citizens associated with moderate Arab causes—as an open partner of Syria and Libya, and as an emerging Soviet asset in both espionage and terrorist actions.

Terrorism thus fully emerged in 1985 as one of the most powerful geopolitical arms in the Russian drive to consolidate a global empire.

Since 1983, *EIR* has been on record as warning that the United States is a prime target for international terrorism. As part of the evidence supporting that estimate, we identified the Revolutionary Communist Party, a spinoff of the Weathermen wing of the Students for a Democratic Society (SDS), as part of a significant terrorist underground that had successfully carried out a string of murders and other violence in the United States, including the assassination of Gen. Robert Ownby, a senior U.S. Army Reserve commander.

In November of this year, the RCP emerged at the very center of international terrorism when it sponsored a 350-person rally in Paris in support of the Peruvian narco-terrorist *Sendero Luminoso*. RCP formally announced that Sendero was a member of the Revolutionary International Movement, a collection of over 30 communist groups operating in every major drug-producing country in the world. Now, European security specialists have confirmed that the RCP-RIM—

As abruptly as the terrorist offensive began, it ended. Specialists concluded—correctly—that the terrorism had been ordered from Moscow, in part to demonstrate a fingertip control over the terrorists.

whose European leadership is made up predominantly of exiled American radicals—is running the underground behind the 1984-85 terrorist offensive.

In the United States, the same RCP has established deep ties with the Nation of Islam sect of Louis Farrakhan, a black Muslim movement that has received over \$30 million in covert support from Libyan dictator Muammar Qaddafi this year, according to well-placed Arab diplomatic sources.

The threat of surgical terrorist actions on behalf of Moscow's accelerating drive for world power prompted the French conservative publication, *Minute*, on Dec. 16 to declare French Interior Minister Pierre Joxe a Soviet agent bent on butchering the opposition to the socialist Mitterrand government and supporting the Sendero drive to destabilize Peru.

This sign of recognizing reality coming from the Gaullist circles in France may serve to unseat Paris as the undeclared capitol of international terrorism. However, as we go into the new year, that same reality must invade the corridors of power in Washington, D.C. with respect to the terrorist issue. If Washington doesn't wake up quickly, 1986 may very well be remembered as the Year of the Terrorists.

Southern Africa at year's end: Soviets push it to the abyss

Hardly a day has gone by in 1985 without the world's media carrying headlines of the conflict unfolding in South Africa's black townships and the rising death tolls. Despite the immense focus of international attention on apartheid and South Africa, we can accurately maintain that virtually nothing has appeared to bring to light the actual determinants governing the fate of southern Africa, the most vital economic region on the African continent.

The year 1985 brought southern Africa as a whole to the abyss of a Thirty Years' War scenario, where Soviet-backed Cuban imperial legions and guerrilla forces would be roaming in forays against a South African Defense Force that had given up on any chance for peaceful internal reform and was ready to fight to the last man. Whether this danger becomes reality will be determined in the first months of 1986, by how the world reacts to two, largely unreported factors in the region: the Soviet build-up in Angola, and Zulu leader Chief Mangosuthu G. Buthelezi.

The Soviet Union has no intention of permitting a peaceful end to apartheid in South Africa. The recent declarations of Chief Buthelezi that the African National Congress (ANC) Mission in Exile, dominated by the South African Communist Party, has ordered his assassination make this clear. There are no other significant potential dialogue partners within South Africa outside of Chief Buthelezi and reform elements in the Afrikaaner National Party. Bypassing them for other "third forces" is suicidal. Such third forces will evaporate as the Soviets push military escalation.

Since the Dec. 4 congress of Angola's ruling party, the MPLA, there has been a new round of rumors of Angolan President Eduardo dos Santos's desire for negotiation. Since the alleged January 1983 purges of pro-Soviet hardliners from leading positions in the MPLA, there has been no serious consideration of Angolan preparations for a heavy military clash with South Africa. Allegedly pushed into the background at this time was one Colonel Henrique Teles Iko Carreira. Sent to Moscow for training after the death of MPLA President Augustino Neto, Carreira returned in August 1982,

and has since emerged as the head of the most modern air force in Black Africa.

Throughout 1984 and 1985, the Soviet military command put the highest priority on attaining air superiority in southern Africa, via the Soviet- and Cuban-piloted Angolan Air Force. According to *Jane's Defense Weekly* and *EIR* sources, the Angolans now have 23 MiG-23s and 10 SU-22s, all delivered since 1983. Additionally there are 70 MiG-21s. In total, 178 aircraft and helicopters have been added since 1983, plus extensive radar and anti-aircraft equipment. If the current Soviet directed Angolan and Cuban offensive against Dr. Jonas Savimbi's pro-Western UNITA succeeds in taking the southeast Angolan town of Mavinga, then the Angolan radar, and their air-operations area, will cover all of UNITA's territory, as well as South African troop and air bases in northern Namibia.

Add to this the rapprochement of Zimbabwe's Robert Mugabe with Moscow, the report that Castro is soliciting the Soviets for a Cuban declaration of war against South Africa, and the reported deployment of MI-25 HIND combat helicopters to Mozambique. A situation has emerged in which the Soviets, as long as the situation escalates, can force the frontline states into military pacts, opening up new opportunities for redeploying the 30,000-35,000 Cuban troops in Angola and expanding direct military involvement.

At the June 1985 Lusaka, Zambia meeting of the African National Congress, decisions were made to pursue a scorched-earth policy within South Africa. Elected black officials and policeman were to be eliminated, white non-military targets were sanctioned, measures to expand guerrilla warfare were adopted, and a renewed call was issued for the "international community" to pull down the South African economy by disinvestment and sanctions. The August decision by Trilateral Commission member David Rockefeller's Chase Manhattan Bank as well as the Bank of Boston and others, to cut-off short-term credit lines to South Africa, and thus exacerbate ongoing economic troubles, was clearly designed to help force polarization. The Soviets intend to destroy all middle

ground, and drive the Afrikaaners into a siege mentality.

Mangosuthu Buthelezi, chief minister of the "homeland" KwaZulu, and president of the 1-million strong Inkatha movement, is a long-time opponent of apartheid. Until the ANC was driven underground in the early 1960s, he had been a member of its youth wing. In 1961, the South African Communist Party convinced the ANC to set up an underground guerrilla-warfare wing, Umkhonto We Sizwe, Spear of the Nation.

We cite here selections from recent speeches of this leader of more than 5 million Zulus. Currently, Western foreign ministries and media are stepping over themselves to cultivate the ANC, and ignoring Chief Buthelezi.

New Jersey, Nov. 13, 1985: "The real struggle in South Africa is the struggle to get Afrikaaners to share power. This is the struggle which the ANC Mission in Exile has abandoned. Only history will tell whether they have abandoned it because they are not man enough for the job which others will now have to do, or whether they are correct in saying that reform in South Africa is impossible and the National Party has to be destroyed with violence. I think they are tragically wrong and history will prove that they were just not man enough to do what others will succeed in doing.

"From the outset I led Inkatha with the ideal of it joining with every other Black organization to form a united front in a multi-strategy approach. Right through the seventies, I was in dialogue with the ANC Mission in Exile, attempting to make them see reason and to throw whatever weight they had behind the democratic struggle inside the country. But finally in 1979, when I led a very strong delegation to meet Mr. Oliver Tambo and his colleagues in London at his invitation to pursue the matter, it became clear that the Mission in Exile wanted no partnerships and only wanted subservience. They have since declared war on me, just as they are now weekly exhorting elements working with them in the United Democratic Front (UDF) to kill all blacks who they stigmatize as 'working within the system' simply because they pursue the politics of negotiation and are committed to non-violent means."

London, Oct. 23, 1985: "The media image represents blacks as uniting in democratic action and being prepared to die for democratic ideals, in being prepared to use violence to sustain the movement towards a future democratic South Africa. This is a media lie. It is more than a distortion. The ANC Mission in Exile is exhorting black South Africa in radio broadcast after radio broadcast to kill blacks who refuse to become party to the escalation of violence. Children are being exhorted to murder black town councillors and to murder any whom the Mission in Exile stigmatize as a collaborator—and they stigmatize all who are not working within their framework of violence as collaborators with the system."

Umlazi, South Africa, Sept. 28, 1985: "I am a black South African who is proud to be engaged in struggle for liberation, who is proud to be in the forefront of the struggle against apartheid, and I simply will not be dictated to by South African exiles who sit drinking whiskey in safe places in the capitals of the world where they plot how to get more black South African children to kill more black South African children, and where they plot how to get more blacks to kill more blacks, and how to save face because their endeavors to run an armed struggle have led to such a long string of dismal failures.

"The Mission in Exile (ANC) wants you to go further than killing your black brothers and sisters in the most brutal ways. They are also calling on you to destroy the country's economy. They are calling on you to destroy factories and they are calling on you to support their disinvestment campaign which they are running as a parallel campaign to the armed struggle. They know quite well that South Africa's 22 million blacks will starve if the economy is destroyed."

New York City, Nov. 12, 1985: "South Africa has reached the phase of economic development in which the skills and expertise which are required to run the economy, the civil service, the police force, and the country's utility undertakings, cannot be found in the minority of whites. There is now a total white dependency on blacks to man essential jobs. The days are gone in which whites did the skilled work and blacks did the menial labor. Industry now needs more artisans than white society can provide. It needs more supervisors than can be found amongst white skilled workers. . . . It is this dependence of whites on blacks, and the reciprocal dependence of blacks on whites, which is working in favor of the politics of negotiation."

New Jersey, Nov. 13, 1985: "Everytime I look at economic realities in South Africa, I become more convinced how urgently we should address the question of the relationship between South Africa's constitution and the laws which govern economics. Whether we like it or not, South Africa is irrevocably locked into a north/south global economic axis. Whether we like it or not, the future economic prosperity of South Africa almost entirely depends upon the continuing free flow of investments from the West which bring with them new technologies and new management expertise. . . . And also whether we like it or not, we have to accept that a Western industrial-type market economy relying on free enterprise, demands a whole way of life which is a democratic industrial Western way of life. We just now dare not repeat the National Party's failure and dream up another failing constitution. Life and death issues must now make us prudent, and South Africa must move toward adopting the kind of modern, industrial democratic constitution which could be found in the West."

Africa: on the brink of action against the debt crisis

by Mary Lalevée

At the end of 1984, *EIR* called for 1985 to be made the "year of development for the starving continent of Africa," and for the implementation of great projects such as the building of the Jonglei Canal in Sudan, to expand food production and open up the interior of the continent. We warned that the continent stood on the edge of "catastrophe" unless a massive development effort was undertaken.

In fact, the early months of 1985 corresponded exactly to our warnings: Unknown hundreds of thousands of people died of starvation in Sudan and Ethiopia. Scenes out of Dante's description of Hell were broadcast on the world's television screens, spurring emotional donations to charities for food aid.

While food aid poured in—6 million tons were shipped to Africa (only 20,000 tons from the Soviet Union)—broken-down railways, and lack of roads, trucks, and unloading and storage facilities, meant that much of this well-meant aid did not arrive at its destination.

However, the scenes left international financiers and policy makers cold: They knew that their policies of enforcing debt repayment and preventing implementation of great infrastructure projects would lead to genocide. The International Monetary Fund's insistence that Sudan submit to its conditionalities while the nation faced devastating famine, led to the overthrow of Sudan's President Numayri in April, following riots in Khartoum where slogans were "Down with the World Bank! Down with the IMF!"

As the year wound to a close, there were serious signs that African governments would revolt against the IMF. In this connection, the actions of Peruvian President Alan García, who placed a limit on foreign debt payment of 10% of his nations' foreign exchange earnings, and refuses to allow the IMF to have anything to do with negotiations with private creditors, are now being studied closely.

Anti-IMF sentiment among African populations is not new: Riots in Morocco, Tunisia, and Egypt had followed governments' cutting of subsidies on IMF orders. Now, however, a different stage had been reached. African governments and institutions began directly criticizing the IMF, the World Bank, and international banks, pointing out that their policies were not only detrimental to the economic health of the nations which implemented conditionalities, but actually meant that African nations were increasingly unable to repay their debt.

Africa's debt now represents 60% of the continent's Gross National Product, and is growing at 20% a year. Sudan has broken a new record: In 1985, its debt service payments were higher than its export revenue. On average, African countries need 25% of their export revenue for debt service. Africa's debt service quadrupled between 1979 and 1984. The price of urgently needed food imports has tripled over the last 10 years, the price of oil has increased tenfold, while the prices of Africa's export-commodities have fallen drastically due to reduced demand in the advanced sector.

The OAU summit

For the first time, the annual summit meeting of the Organization of African Unity (OAU) in Addis Ababa in July, concentrated solely on economic issues. A summit document said that Africa "is facing an unprecedented economic and social crisis." Debt amounts to \$340 per capita, and 150 million people, one-third of the total population, face the risk of starvation.

The meeting's final declaration called for the acceptance of the principle that "debt service should not be allowed to exceed 20% of the export earnings, and total debt should not exceed 30% of the GNP of each country," a formula similar to that in fact implemented by Peru's García in August.

The conference was opened by the outgoing chairman, President Nyerere of Tanzania, who said, "Africa cannot let its children die of starvation, just to pay back its debts." He stressed that the economic fight facing Africa to overcome famine and recession was "more difficult than the political fight" to free Africa from colonialism.

Rather than bland platitudes, the final communiqué was highly critical of existing institutions, and grim in its description of the state of Africa's economy:

"At the end of 1984, the total debt of all African countries was estimated to stand at \$158 billion, and it is expected to exceed \$170 billion by the end of 1985. At the same time, total debt service payments increased from \$12.9 billion in 1982 to \$14.9 billion in 1983. According to projections by the World Bank, debt service payments would be about \$18.9 billion in 1984 and \$20.4 billion in 1985."

The statement described the change in the structure of Africa's debt over the past decade: "The share of 'soft' loans declined from 62.5% in 1972 to 47% in 1983; the share of borrowing from financial markets in sub-Saharan Africa rose

from 14.5% to 36% over the same period. Meanwhile, most other African countries were excluded from soft loan agreements as well as from bilateral and multilateral loans. Many thus turned to IMF standby agreements and extended fund facilities, despite the difficulties attached to such loans; the severity of the situation is underscored by the fact that in 1985 African countries will most likely repay more than they receive from the International Monetary Fund."

This year's chairman of the OAU, Senegal's President Abdou Diouf, issued an urgent call for two conferences to take place, one specifically on African debt, and the other to be an emergency meeting of the United Nations General Assembly, to be devoted to Africa's economic crisis. The U.N. meeting is now planned to take place in May 1986, while the idea of a debt conference has won the—reluctant—support of France, and sources report that it could take place as early as February 1986.

The IMF was also the target of a report on Africa published by the United Nations Children's Fund, UNICEF. For the first time outside publications by *EIR* and the Schiller Institute, the IMF was blamed directly for deaths of children in Africa. The report, "Within Human Reach—A Future for Africa's Children," with a foreword from Senegalese Minister of Planning and Economic Cooperation Sheikh Hamidou Kane, stresses that as result of IMF policies, "Many Africans are being saved from death only to be thrust into permanent dependency," as it details that the death of African children has been caused not by drought, but by austerity policies imposed from abroad.

The report lambasts those organizations for being more concerned with "international monetary affairs" than dealing with Africa's social situation, as well as forcing African countries to repay their debts "at the expense of boosting employment and social services." "Social and political upheavals" may well result from such policies, writes Sheikh Kane.

The report holds the IMF and the World Bank responsible for the fact that the health of mothers and children south of the Sahara is worse than in any other region: 17 million children under five years old in sub-Saharan Africa were malnourished even before the recent drought.

Africa under the IMF boot

Although the IMF came under increasing attack, a large number of African states were forced to submit to IMF demands during the year. Countries like Chad, Somalia, Zambia, Mauritania, Sierra Leone, Guinea, and others have been forced to devalue their currencies (increasing the cost of food imports), remove subsidies, fire government employees, close down semi-public enterprises, and end infrastructure projects.

The government of President Buhari in Nigeria, Africa's most populous nation, was even overthrown in August, because of its opposition to IMF demands. The new government, under Maj.-Gen. Babangida, did not, however, bow

The report holds the IMF and the World Bank responsible for the miserable health of mothers and children south of the Sahara. 17 million children under five in sub-Saharan Africa were malnourished even before the drought.

down to IMF dictates, but launched a popular debate on whether the IMF loan should be accepted or not, and in the middle of December, the government rejected IMF demands altogether. Speaking on national television, Babangida announced: "The path of honor and the essence of democratic patriotism lies in discontinuing the negotiations with the IMF for a support loan. . . . This is clearly the will of the majority of our people on this issue. We will continue to honor our legitimate obligation within the limits of our financial resources."

Nigeria is, perhaps, economically the strongest nation of black Africa, and has the most potential to resist IMF threats. Government representatives of other nations have repeatedly said privately, "What choice do we have? If we refuse to submit to the IMF, we will get no further loans from any source at all."

Contacts with Ibero-America

The way out of this dilemma is now being explored: contacts with Latin America. The lessons of Peru's actions against the IMF are being carefully studied in African capitals, and OAU Chairman Diouf had a much-publicized meeting with Peru's President Garcia at the September United Nations General Assembly meeting. A Peruvian envoy visited Tunisia and Algeria at the end of November, and further such contacts will be made.

The director of the African Development Bank, Babacar N'Diaye, specifically stated, in an interview in December to the French newspaper *Libération*, that the idea of a summit on debt was "based on the example of the Latin American countries with their 'Cartegena Group,' we want to force the particular attention of our creditors."

The year 1986 will see such contacts intensified, and perhaps even a joint Latin American-African initiative on the debt question and against the IMF. The conference on African debt is the priority for Africa, and open Latin American support for that will speed developments. Only united action by both continents can give African nations sufficient strength to resist the pressure applied by international financial institutions, and open the way for economic development policies which would allow the elimination of hunger and starvation.

The Middle East in 1985: from mistakes to catastrophes

by Thierry Lalevée

Without a political miracle, the United States, under the leadership of President Ronald Reagan, will cease to be a power in the Middle East, as well as in a large chunk of the Mediterranean and North Africa, by the end of 1986. The replacement will primarily be the Soviet Union, but, depending on the country and its role in the region, also smaller powers with certain "understandings" with the Soviet Union, especially, Great Britain.

Three intertwined developments are at the basis of this dramatic development, which threatens to be replicated in the entire Mediterranean basin and Western Europe: the political desire of the Western "New Yalta" faction to share the region with the Soviet Union; a series of political and military blunders by the American leadership; and the shortsightedness of many leaders of the region, who fell prey to their own propaganda concerning "superpower rivalry" in the region.

As 1984 drew to a close, *EIR* warned that, despite the 1983 Soviet offensive in the region, Washington stood a good chance to reverse the process of degeneration of its influence in the Near East, especially thanks to such allies as Egypt and Jordan. For reasons of their own survival, both Cairo and Amman by late 1984 had created a new momentum for peace negotiations. This development was concretized in an agreement on Feb. 11, 1985 between Jordan's King Hussein and PLO Chairman Yasser Arafat.

Given the past relationship between the two men, the agreement did not come easy. The Amman agreement, as it came to be called, represented major concessions from the side of the PLO, indicating the strength of the more pragmatic factions of the Palestinian movement. With the agreement, the PLO agreed to merge its powers of negotiation with those of Jordan, forming a single delegation. The timing for the agreement was also right; it coincided with the visits of Saudi Arabian King Fahd, Egyptian President Mubarak, and King Hussein to Washington.

And then everything went wrong. President Reagan was not impressed by the pleas of Mubarak and of Hussein, and the State Department stalled—its bureaucracy did not allow a meeting between a State Department representative, Assistant Secretary of State Richard Murphy and a joint Jordanian-Palestinian delegation before early July.

On June 14, the Cairo-Rome TWA Flight 847 was hi-

jackd in Athens, and began its Mediterranean journey from Athens to Beirut, then to Algiers, then back to Beirut. When the dust settled, one American, a Navy Seal, had been killed, and the momentum for peace dissipated. Murphy arrived in Amman, not in July, but in early August, arguing that he still could not meet with any PLO representatives or Palestinian delegates, even as part of a Jordanian delegation, unless the PLO first recognized Israel.

Why was there such stalling? The obvious answer lies in the Kremlin and the State Department, and what went on between. That the hijacking was aimed at derailing the peace process was obvious to everyone. What was less obvious was that it was engineered to strengthen the Western "New Yalta" faction by giving it an opportunity to show that Moscow was ready to make a deal.

A few days before the hijacking, in Geneva, under the sponsorship of the dubious Prince Agha Khan, Vice-President George Bush had signed an agreement with the Soviet Union, committing both countries to fight "against the threat and use of nuclear terrorism," the first such agreement between the two countries on terrorism.

Though the original agreement concerned only nuclear terrorism, the TWA hijacking was intended to provide proof that Moscow could be trusted in this. The hijackers were easily branded Islamic fanatics of the Khomeini brand. Syria and the Soviet Union, which controlled the incident from the start, were credited with having brought it to an end. Syria's "last-minute intervention" was proclaimed crucial. Some even went so far as to describe the hijacking as a plot engineered by one faction of Soviet intelligence against the newly elected general secretary, Mikhail Gorbachov, in case someone observed that Syria and the Soviet Union were in a position to run it.

By late July, intelligence scenarios heralded the period when joint CIA and KGB teams would be seen fighting terrorism together, scenarios which may become concrete in 1986 as Washington and Moscow are expected to sign another agreement to "coordinate" their actions against international terrorism before the end of 1985. If events to date are any judge, this will actually mean Kremlin/State Department coordination of terrorist acts.

The State Department's diplomatic rejection of the Am-

man initiative was made easier, not merely by the increasing terrorism, but the usual inter-Arab rivalries. Saudi Arabia, always suspicious of the Hashemite Kingdom of Jordan and the royal family's to be the direct heirs of the family of the Prophet, had never supported the Jordan-PLO agreement, and, in several Arab League meetings, had also opposed proposals for the re-admission of Egypt into that organization. As a result, an ill-fated Arab Summit which took place in early August in Casablanca, Morocco, also refused to endorse the Amman agreement.

The price to be paid was all too obvious; Damascus, the premier Soviet proxy, was recognized as the only power capable of action in the region.

The first ground for agreement between Moscow and the State Department was their opposition to the Amman agreement. The great fear of the State Department, after all, was that the Amman agreement would mean PLO recognition of Israel—the fear that the PLO would meet the State Department's demands! That would mean a peace process in the region, instead of a process of giving the region to the Soviet empire.

Something had to be done about Arafat. Something was.

From this understanding, the remaining events of the year have flowed all too logically. The isolation of the PLO, strengthening of Syria's Palestinian radicals, and splitting the PLO itself, led to widespread terrorist actions in Europe and in the Middle East. In turn it led to the Oct. 1 Israeli raid against the PLO headquarters in Tunisia, which led to the hijacking of the Italian cruiser *Achille Lauro*, and some more recent plane hijackings. Peacemakers didn't stand a chance.

None of these actions can be credited to a single group or even country; all of them, whether Palestinian or Israeli, received the approval, silent or not, of the Soviet Union, its regional allies, the Israeli intelligence factions around Sharon and "Dirty Rafi" Eytan, and the New Yalta faction in the United States and Europe.

The actions of the United States in response to these acts apparently flowed from the principle that the terrorism of enemy states, allies of the Soviet Union like Iran, Libya, and Syria, is to be conciliated or condoned, while allies accused, not of terrorism, but of "harboring terrorism," are to be attacked without hesitation. Syrian, and thus, Russian, terrorist attacks were met with requests for negotiation, Israel's attack on pro-American Tunisia was condoned by President Reagan, and a Egypt's airliner was intercepted and grounded. Any regard for America's national interest has been singularly absent from U.S. policy against terrorism.

North Africa

Its power eroded in the Middle East, Washington lost the confidence of those Northern African states with which it was building new relationships. By spring, both Algeria's President Chadli Benjedid and Tunisian President Habib Bour-

guibahad visited Washington heralding a new era, and thereby provoked anger from the former colonial power, socialist France. But by mid-October, France had regained much of its lost influence: Isolated when it was confronted with outright aggression from Libya during an August/September crisis that *EIR* covered on the spot, Tunisia could not accept American behavior in response to the Israeli raid. Indeed, who could accept the United States condoning a deliberate act of aggression committed against another sovereign nation's territory. Israel's message was simple: We are the superpower of the region. And the result? No one was angry at Israel for its action; the anger was directed at that which made it possible, the United States.

Israel: Soviet ally

No American official would have considered the Israeli raid and subsequent events in their interests. *Cui bono?* Obviously, the Kremlin. Neither Tunisia, nor Egypt, nor Sudan were actively involved in secret negotiations with the Soviet Union in this period, but Israel was. And Israel set the United States up.

As the espionage case, of Johathan Jay Pollard case revealed, Israeli-Soviet negotiations have been ongoing for a very long period. The American military secrets stolen by the Pollards were of interest to Israel only because they were of interest to Moscow. Begun by Sharon and Rafi Eytan, these negotiations have been upgraded, thanks to Armand Hammer and Edgar Bronfman. If 400,000 Soviet Jews have not yet been given the authorization to leave the Soviet Union and if there was no such spectacular announcement at the Geneva Summit, it is not because of lack of Israeli determination.

Instead, Gorbachov decided that, with Israel ready to make a deal, he could stall, to strengthen his own power over the Arab world.

The visit of Iraqi President Saddam Hussein to Moscow on Dec. 16, showed that Gorbachov's calculation was correct. Against the background of a Syrian-Jordanian reconciliation, and the establishment of diplomatic relations with Gulf countries like Oman and the Emirates, Moscow can add Iraq to its Middle East jigsaw puzzle. To officially support Iran is of little immediate importance to Moscow. It controls Iran. With Khomeini slowly dying, an Iraqi military victory will plunge Iran into a civil war, and Moscow has enough assets among the Mullahs to win that battle. And Washington has nothing with which to oppose such plans.

By early 1986, most Middle Eastern leaders, from Egypt to Algeria, will have followed Saddam Hussein to Moscow. By the spring of 1986, diplomatic relations between Israel and the Soviet Union will be established. Leaders of the region, who have foolishly sought to play off the superpowers for 30 years, will now discover that their fate is to bow to Soviet imperial suzerainty.

The SDI: How the Russians and friends threw it off track

by Carol White

On February 17, 1982, Lyndon H. LaRouche proposed to a Washington seminar that the United States develop a beam-weapon anti-missile defense capability. The argument developed then, and substantiated in detail since, was that despite the fact that the Soviets have been working on beam-weapon defense for more than a decade, the application of American methods—in particular the approach of a crash program—to the problem could put us comfortably in the lead of Soviet efforts, particularly if certain theoretical blocks in the methodological approach to the problem could be overcome.

In this regard, he emphasized the importance of applying Bernhard Riemann's analysis of shock waves to the possibilities for destroying missiles at reduced power densities. The idea was to induce nonlinear reactions between the beam and missiles, which would destroy the missiles without necessarily overpowering them.

Despite the disingenuous caviling of critics of the ilk of the Union of Concerned Scientists, and their congressional representatives in the Office of Technology Assessment, the program has proven more successful in its demonstrated potential than even its most sanguine supporters could have hoped—considering the miserable budgetary constraints to which it has been subject. Yet, just at the point that the program is ready for takeoff, it is in effect being strangled. By failing to fund the program adequately, and by restraining the program within the guidelines of a restrictive interpretation of the ABM treaty, the United States has ensured that it

does not and will not in the immediate future, have a deployable ABM capability.

While the Reagan-Gorbachov summit presumably ended in a deadlock, with President Reagan refusing to bargain away the SDI program, the reality of the post-summit period appears opposite. With passage of the Gramm-Rudman amendment, the KGB supporters in the U.S. Congress have moved quickly to gut the SDI budget still further for fiscal year 1986—to the amount of \$1 billion. This scenario of using budget-cutting as the weapon to destroy U.S. defense capabilities, had in fact been spelled out by Georgii Arbatov, head of the Soviets' U.S.-Canada Institute.

The enemy is working fast, through the congressional circles which they control. Not only has the SDI budget been cut, along with the general gutting of the defense budget, but funding for all future tests of anti-satellite (ASAT) weapons has been removed. This gives the Soviets complete freedom not only to use space satellites for the command-and-control of troops and submarines, but to mount a space ABM defense without fear of reprisal. This congressional action occurred on Dec. 13, just one day after the successful placement of ASAT targets in space. By stopping future tests, Congress has, ironically, wasted the \$20 million already invested in target placement.

The immediate response of the Pentagon was to the point: "This action places the future of the U. S. ASAT program in Soviet hands," a Pentagon spokesman told the assembled news corps. Pointing out that the Soviets have been testing

ASATs for over a decade, he said: "The congressional action in effect gives the Soviets life or death veto power over a vital U.S. defense program."

On Nov. 26, Lt.-Gen. James Abrahamson, director of the SDI office, gave newsmen a roundup on the accomplishments of the program this past year. This briefing was supplemented with remarks by the program's scientific advisor, Gerald Yonas.

Abrahamson emphasized that the Livermore Laboratory free-electron laser amplifier has made great progress over the year. Results were so good that the SDI Office, under the exigency of making forced choices, has decided to emphasize the ground-based free-electron laser. Abrahamson defended this premature narrowing of the focus of the program as the only competent response to an inadequate budget.

He described the situation faced by SDI planners: "We didn't get the money we needed either in FY85 or in FY86. And we had a choice. One choice is to try to take this broad range of technology and just slow it all down evenly. I don't think that's very good management. . . . In terms of laser technologies, and remember laser technologies are only one of several technologies, in terms of laser technologies, it's bursting. There are many different kinds of lasers which are coming ahead—excimer lasers, different chemical lasers, and the free-electron laser—and there's all kinds of ideas. We couldn't follow all those ideas. So what we did is, we picked as a primary one the ground-based free-electron laser. We're still doing some work in each of the other areas, but as I indicated, that's in a back-up mode and the primary one is the ground-based free-electron laser."

Their intention is to use these ground-based lasers for boost-phase defense. To quote Abrahamson: "For example, a ground-based laser, and you see one located there up in Alaska in this case [slides were shown in the briefing]—it might or might not be located in Alaska—going up and bouncing off a mirror in space and going forward to what we call a fighting mirror and then going down to destroy a missile in the boost phase." He emphasized that despite the insidious attempt now being made to redefine the SDI as merely a terminal defense program, these lasers are planned for use in boost-phase target kill. He also stressed that work on defense against short-range missiles, which is of decisive importance in the European theater, is ongoing.

No U.S. lasers in space

The key to the present SDI R&D program, as we shall develop in the second part of this report, is the fact that there is now no provision being made to place lasers in space. Not only does this bind the United States to the confines of the ABM treaty, which the Soviets are freely violating, but it means that those laser systems, such as chemical lasers, which might be readily *deployed* in the near future, in a first-generation SDI system, are being scrapped in favor of more long-term *research* goals.

In line with this, the Space Surveillance and Tracking System, which was scheduled to go into prototype development in January 1987, and which would have given the United States a space-based detection and tracking capability, has been frozen. Another program which is being held back, not mentioned specifically in the briefing, is space-based neutral beam detection, which can aid in discriminating between actual missiles and decoys, by inducing different radiation signatures when neutrons impact a decoy or missile.

Cuts in the ASAT program may well effect another side of the SDI effort—the use of electromagnetic rail guns to accelerate exceedingly small anti-warhead projectiles. Abrahamson pointed to the Air Force's progress in reducing the size of a lethal projectile from the 2,500-pound Homing Overlay Experiment missile tested in June of 1984 to less than 50 pounds in the ASAT program. Abrahamson reported the intent of reducing the missile to less than 10 pounds. Eight rail-gun installations are presently operating in the United States.

KGB sympathizers refuted

Abrahamson described the work being done by a U.S. "red team," which is simulating possible Soviet countermeasures to the SDI. It has been elsewhere reported to us that this team has decisively put to rest the Union of Concerned Scientists' bugabear that the Soviets would be able to deploy a fast-burn booster which would be impervious to attack because of its speed. It has been shown that such a booster, if it could be built, would merely make the detection of bus-phase decoys that much simpler, since the decoys would be released in the atmosphere, rather than above it.

One of the great successes of this year, not mentioned in this briefing, has been the x-ray laser. The continual press barrage against the x-ray laser by reporters of the ilk of Flora Lewis, is in itself convincing proof that Livermore is doing something right. In fact, they have achieved lasing intensities orders of magnitude brighter than any anticipated. Indeed, these intensities have been so great that the laboratory has been unable to accurately measure them as yet. This is the basis for the KGB-cacaphony to demand that the tests be stopped!

Dr. Edward Teller addressed the Laser '85 conference in Los Alamos on Dec. 5. He briefed the assembled scientists on the recent successes of the x-ray laser program, but he also warned that, in his opinion, the Soviets might well still be in advance of the United States. As he said, the Soviets have been working on beam weapons for the past 15 years, and the inspiration for American work on the x-ray laser came directly from the work which the Soviets had done first.

The presently adequate funding level for the U.S. x-ray laser program is being justified by the evidence that the Soviets will be deploying their own version of the x-ray laser, perhaps in the not too distant future. Those involved in the x-ray laser program are convinced that there are no elements of

the U.S. program which demand capabilities which the Soviets are not known to possess.

On the same point, Abrahamson was asked whether or not the United States is in advance of the Soviets in ABM beam defense. His answer is worth quoting in detail.

"Are we ahead of the Soviets? I don't think so. I think it goes something like this. The Soviets are going to build their system their way, if they're developing such a system based on their own techniques, and their own methods, and they have an operating system today that they have been operating for a decade and a half."

He went on to develop his idea that they not only have a terminal defense concealed in warehouses, the "long pole" which he mentions, but other capabilities as well. He said: "And it's not the same kind of a system that we have, but the potential for that and in particular the fact that they have placed the long pole in the tent for that kind of a system and maybe for our kind of system as well, the command and control system, they've placed that out there and it's in place and it will soon be operational, means that I think they are ahead of us quite substantially."

Yonas pointed to the following areas where considerable progress has been made in the United States: automatic atmospheric compensation, free-electron lasers, laser lethality, and mid-course discrimination technologies. Tests over the year in Hawaii have demonstrated ability to focus low-power lasers accurately through the atmosphere, by automatically compensating for distortions caused by turbulence in the atmosphere.

A record of successful tests

On Dec. 5, an underground test of the x-ray laser was performed. While results are not yet public on this test, despite adverse publicity to the contrary, previous such tests have demonstrated orders of magnitude increases in brightness of the laser over predicted values.

Chemical laser tests at White Sands have demonstrated that lasers are far more effective in killing boost-phase missiles than predicted by computer models. Yonas reported that tests showed that these missiles virtually self-destructed when hit with lasers. The power necessary for the laser kill was far lower than had been expected. He attributed this to the fact that the missile shells are "very highly stressed, very thin eggshell under aerothermal loads."

It is precisely results such as these which emphasize the need for continued tests, rather than reliance upon computer simulations, which depend upon built in, fixed assumptions. Only in this way can we learn about all of the potential, non-linear shock effects which can be expected to occur, according to the kind of theoretical considerations treated by Riemann, and successfully applied to fusion plasmas and aerodynamics.

Despite the fact that Abrahamson himself pointed to the necessity of experiments, in order to guarantee the vitality of the program, political restraints have been placed upon it, so

as not to offend the Soviets. In the next six months, he reported, a simulator will be built at the Martin Marietta Corporation for the purpose of "testing" pointing and tracking capabilities.

When asked about the restrictive interpretation of the ABM treaty, he replied: "At this point in time we are conducting a program within the President's policy, that was our planning and that was to do it in a strict way." The questioner had asked how much of the ABM system could be adequately tested by simulation. Abrahamson said that they were still limiting themselves to the phase of understanding elements of the system, rather than testing the deployment of the system.

His reply continued: "It's very different to take a large laser and to fire the laser and have it bounce off a mirror and go thousands of miles away and destroy a booster. That is a difficult problem. . . . It's really a matter of understanding more than . . . [Abrahamson here does not conclude his own thought, but says] at least at this point. Now at some point in time we may find that it is very very important, but we are conducting a program in accordance with the President's policy."

Russians knock SDI program off the track

As we have said, in the wake of the November Geneva summit, the American Strategic Defense Initiative (SDI) program has suffered a phase change, in the direction of a shut-down. Although the program made some notable advances over the past year, its mere existence appears in jeopardy, if we define its purpose to be to provide this country with a first-generation, workable, layered anti-missile laser defense system in the next several years.

Documentation

Since sometime in last year's presidential election campaign, SDI programs have been *restricted* to conform to the most restrictive possible reading of the 1972 Anti-Ballistic Missile (ABM) Treaty, wildly extending its domain of application to systems and technologies that its text explicitly excludes from its purview.

As a result, SDI program laser-power levels have been restricted to non-lethal values; and optical systems have been designed to be explicitly of insufficient quality for actual ABM components. In Appendix B of the Spring 1985 *Report to the Congress on the Strategic Defense Initiative Program*, the SDI office reports, "*Specific performance parameters for the experiments will be established to satisfy treaty compliant guidelines.*" In regards to one set of experiments, what this means is: "The power, optics, and laser frequency are not compatible with atmospheric propagation at ranges useful for ABM applications. *Tests are not planned against missiles or their elements in flight* [emphasis added]."

This outrageous policy is the meaning of the so-called

"restrictive" interpretation of the ABM Treaty. But by no means does this "interpretation" represent a literal reading of the treaty itself; rather, it was pushed through the administration early in the presidential campaign by White House Chief of Staff Donald Regan, Treasury Secretary James Baker, and U.S. Secretary of State George Schulz, to "restrict" the SDI program, and so satisfy the arms-control lobby in the Republican and Democratic parties. Because the restriction of the program under this policy is devastating and across the board, *EIR* reproduces portions of Appendix B below.

Former National Security Advisor Robert McFarlane's "broad interpretation" of the treaty was the only one extant at the time of its signing. Nine years of Trilateral Commission appeasement policies have read into the text, the so-called "restrictive" application. At the present moment, however, the appeasement forces have succeeded in forcing the primary advocate of a strict, legal interpretation of the treaty, McFarlane, out of office, after accusing him of violating "the supreme law of the United States" and conspiring to do so "in secrecy without consultation with the Congress," as former Treaty negotiator Gerard Smith did in the *New York Times* in November.

Smith and his associates have no legal ground to stand on. Every legal document from a lease on an apartment, to a treaty between nations, begins by defining the terms to be used in the matter that the document is to cover. The ABM Treaty is no exception to this. Article II of the treaty defines these terms, namely, what is covered by the treaty, just what is meant by an ABM system (and therefore what is not, namely, everything else). It reads:

1. *For the purpose of this Treaty*, an ABM system to counter strategic ballistic missiles or their elements in flight trajectory, currently consisting of: (a) ABM interceptor missiles, which are interceptor missiles constructed and deployed for an ABM role, or of a type tested in an ABM mode; (b) ABM launchers, which are launchers constructed and deployed for launching ABM interceptor missiles; and (c) ABM radars, which are radars constructed and deployed for an ABM role, or of a type tested in an ABM mode [emphasis added].

The SDI program, especially those parts that are being seriously limited by the "restrictive interpretation," involve lasers, electron beams, optical systems, railguns, and many other technologies that have nothing to do with "ABM interceptor missiles," or "ABM launchers." In other words, *laser* ABM systems are covered by the treaty about as much as pop-guns are. As *EIR* has reported before, this aspect of the treaty was additionally spelled out in Agreed Statement D on systems "based on other physical principles." The restrictive interpretation, however, makes analogies between the old technologies and the new, to arbitrarily extend the application of the treaty. This is exactly what is spelled out in the spring 1985 Pentagon report. The critical, compro-

missing paragraph (from Appendix B, "The SDI and the ABM Treaty") reads:

In this assessment, many of the SDI devices do not use traditional technology, but are 'based on other physical principles' (such as lasers). In these cases *they were reviewed by considering their capability to substitute for traditional ABM components*, whether they will be 'tested in an ABM mode' *by analogy* to the requirement for interceptors, launchers, and radars, and *the intended use* of the device in the experiment [emphasis added].

From a legal standpoint, this is as if a landlord rented you an apartment, and then afterwards, and in disregard for the lease, began to charge you rent on the supermarket he owns across the street, in addition.

McFarlane insisted on a strict legal interpretation. He read the lease as saying nothing about supermarkets, or lasers. This is hardly a "broad" interpretation, as it has been called.

Appendix B of the SDIO report outlines in horrifying detail, how the "restrictive interpretation" has put the program in a straight jacket. Section B.1.6 "Compliance Assessment," documents: the limitation of the power of laser components to levels not lethal to ICBMs, at ranges under test; the limitation of optical systems to qualities insufficient to focus a beam with required intensity to be lethal; the limitation of atmospheric propagation experiments to wavelengths inappropriate for atmospheric propagation; the conducting of as many experiments as possible within buildings, since anything conducted under a roof cannot be examined, "verified" by Soviet satellite, and therefore is permitted by the restrictive interpretation of the treaty; and many other cases. We quote the section briefly:

The bulk of the near-term effort consists of technology research efforts that support the 15 major experiments to be conducted by the SDI Program. . . .

The four DEW experiments . . . All of these tests are under-roof experiments using devices incapable of achieving ABM performance levels. . . .

The newly constituted Acquisition, Tracking and Pointing demonstration program. . . . These devices will also not be capable of achieving ABM performance levels.

Laser and optical subsystems from other programs will be integrated into an experimental device for ground-based testing against ground-based static targets. . . . This will demonstrate, in a ground test, the efficient integration of important subsystems, which (separated or in whole) are not ABM components or prototypes and are not capable of being based in space. The power, optics, and laser frequency are not compatible with atmospheric propagation at ranges useful for ABM applications. *Tests are not planned against missiles or their elements in flight.*

U.S. war on drugs: 'When going got tough, administration cut and ran'

by Marilyn Kay

In the wake of his landslide election victory, President Reagan declared war against organized crime and narcotics trafficking. It was believed by many, including the President, that once his close personal adviser, Edwin Meese, was successfully placed at the helm of the Justice Department, the American war on drugs would take off. That, however, was simply not the case.

The administration, in the end, dared not buck the Eastern Establishment on this issue, any more than on other issues. Eastern banking institutions were not seriously prosecuted for money-laundering (see the listing on money-laundering incidents). Meese did not clean corrupt elements out of the Justice Department itself. Instead, with at least his implicit approval, associates of Lyndon LaRouche, among the most effective international force fighting against drug trafficking, were subjected to a grand jury fishing expedition by the drug-linked U.S. Attorney in Massachusetts, William Weld, patently aimed at destroying the finances of organizations associated with LaRouche.

Ibero-Americans were astonished to see the U.S. "war on drugs" attacking those most opposed to the drug-traffickers, while leaving major drug-money laundries on Wall Street untouched. This was only one example of the U.S. administration demanding that our allies take actions that the administration lacked the guts to take at home.

In 1985, the American people managed to purchase and consume tons of heroin, cocaine, and marijuana, along with such dangerous drugs as PCP, amphetamines, angel dust, and LSD. Our failing agriculture industry turned more and more to drug cultivation as a viable way out of the depression; offshore money-laundering havens moved onshore to prestigious addresses in Lower Manhattan, and even the drug refineries moved onshore. Of the 21 cocaine refining labs found in the United States in fiscal 1985, 15 were found in Florida.

At the outset, dedicated law-enforcement agents took the administration at its word and boldly attempted to launch an effective anti-drug offensive. Their heroic actions to stem the flow of drugs into the United States and domestic cultivation and manufacture were marked by stunning seizures and record-breaking indictments in 1985. Yet, those accomplishments only touched the proverbial "tip of the iceberg."

The key to the administration's failure is money laundering. Official estimates of the underground economy in the United States range anywhere between \$222 billion to \$600 billion. So-called respectable banks, run by "citizens above suspicion," were caught red handed in gross violations of the Bank Secrecy Act. The Bank of Boston was the first, indicted for violating the law on 1,162 separate occasions involving \$1.2 billion in dirty money laundered through to nine very accommodating Swiss banks. But Attorney-General Ed Meese allowed William Weld, U.S. Attorney for Massachusetts—despite a clear conflict of interest because of family and political connections to the bank—to cut a deal. A token guilty plea to one felony count and a mere \$500,000 fine was all that was needed to balance the scales of justice. Other banks and prestigious Wall Street institutions quickly announced themselves also guilty, and the outcome was essentially the same.

The saboteurs of the war on drugs within the administration start at the top, with Don Regan, chief of staff. A full investigation of his corporate actions as head of Merrill Lynch is in order, considering the frequency with which this firm has been cited for Bank Secrecy Act violations, e.g., including laundering the profits of New York's "Pizza Connection" heroin ring, which imported \$1.65 billion in heroin into the United States while Regan headed Merrill Lynch.

On Dec. 5 in Zurich, Switzerland, Meese stated: "Because of the highly integrated nature of drug trafficking syndicates, major financial operations are often part and parcel of one large criminal enterprise. Tremendous sums of cash are created by drug sales, and the viability of a syndicate depends in large measure on its ability to process them. If it cannot turn countless 'dirty' bills into untraceable, readily usable forms, such as cashier checks, the syndicate will, figuratively speaking, choke on its own money. Consequently, by striking at money laundering, law-enforcement officials can shake an entire criminal enterprise."

Strides have been made in the U.S. war against drugs, but either Meese acts as he speaks, shutting down the money-laundries, or the war on drugs in 1986 will be as it was in 1985: When the going got tough, the administration cut and ran.

The LaRouche proposal in Mexico City in March for a

declared war against the narcotics insurgency was followed in June by a statement by Adm. James Watkins, chief of operations for the U.S. Navy, that the Joint Chiefs of Staff had unanimously endorsed a resolution that would commit the full military resources of the nation to combat the narcotics trade. The plan described by Watkins, and formally submitted to Defense Secretary Weinberger, was to include an international division of labor.

On Nov. 11, Vice-President Bush, in response to press leaks, announced the second phase of just such a multinational drug-enforcement operation, Operation Hat Trick, which began on Nov. 1, and involved the utilization of federal narcotics agencies along with all five branches of the U.S. military to run air and maritime surveillance and interdiction operations while their counterparts in cooperating countries conducted raids on the ground. Both Hat Trick I and II were timed to intersect the fall marijuana harvest in Colombia, the largest supplier to the U.S. market. In the

1984 effort, Colombian military forces alone were able to destroy half of the fall marijuana harvest and 30 cocaine refineries.

Domestic crackdown

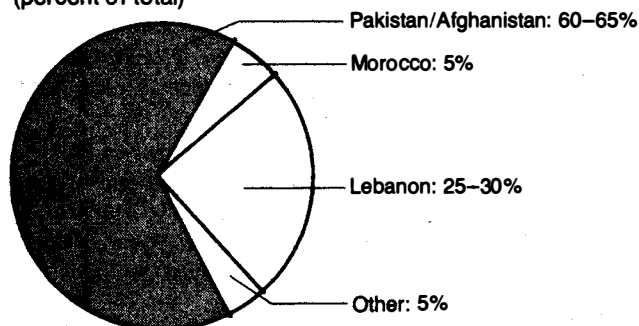
Domestic law enforcement also made progress. There are 13 regional Organized Crime and Drug Enforcement Task Forces, staffed by approximately 1,200 agents and 270 Assistant U.S. Attorneys. Initiated in 1983, by mid-November 1985, they were credited with over 1,900 indictments that named some 7,213 defendants, resulting thus far in just under 3,000 convictions. There are also financial investigative task forces modeled on Operation Greenback operating in 35 cities across the nation.

During the week of Aug. 5, federal agents, in coordination with state and local officials in all 50 states of the union, located over 3,000 marijuana plots, manually eradicated 405,000 marijuana plants, nearly 5,000 opium poppy plants, and arrested 225 people. This operation, dubbed "Delta-9," was hailed as a major success, and was quickly followed by an attempt—still in negotiation—to reinstate the use of the herbicide paraquat as a more effective and efficient means of eradicating domestic cultivation. The reinstatement of paraquat's use would be a major victory over the pro-drug lobby headed by the U.S.-based National Organization for Reform of Marijuana Laws (NORML), which successfully halted the spraying program with a court suit that argued the herbicide posed a threat to the health of pot smokers. It would also signal our allies that we are serious: The United States has encouraged paraquat use in other countries, while refusing its domestic use. Domestic cultivation accounts for 12% of the 14,000 tons of marijuana sold in the United States.

There were also record seizures made by U.S. Customs. In the Southeast region (Florida, Georgia, North Carolina, and South Carolina) 25 pounds of heroin, 42,462 pounds of cocaine, 357 pounds of hashish, and 1.7 million pounds of marijuana were seized. In the New York area, 344 pounds of heroin, 545 pounds of cocaine, 16,537 pounds of hashish and 78,551 pounds of marijuana were seized in fiscal 1985. To put these seizures in perspective, according to the most recent report by the National Narcotics Intelligence Consumers Committee, in 1984 the American people consumed 55-76 tons of cocaine, 7,800 to 9,200 tons of marijuana, and nearly 6 tons of heroin.

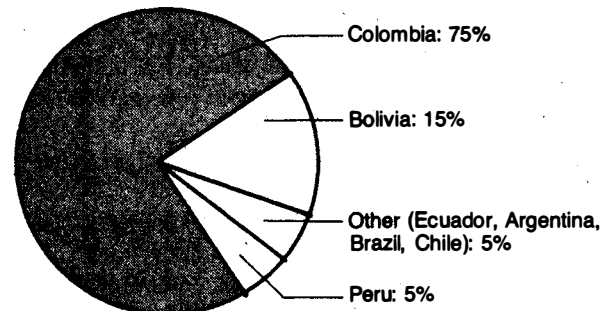
In light of the sacrifices made by individual law-enforcement agents, such as Enrique Camarena and his pilot-informant who were brutally murdered by the drug trafficking network headed by Rafael Caro Quintero, perhaps the most inspiring developments came with the seizure of Caro Quintero's assets held or laundered by several Texas banks, the indictment of "citizen above suspicion" Marvin Warner and his associates for their role in the ESM financial scam and money-laundering operation, and the continuation of Operation Hat Trick.

FIGURE 1
Probable sources of hashish available in the United States, 1984
 (percent of total)



Source: Drug Enforcement Administration

FIGURE 2
Probable sources of cocaine available in the United States, 1984
 (percent of total)



Source: Drug Enforcement Administration

The year money-laundering made the headlines—and nothing was done

The following listing strongly indicates what *EIR* documented over the course of 1985; that the American banking system, from top to bottom, as presently organized and under present economic policies, is a criminal enterprise. The reality of the U.S. banking system's dependence on dirty money for a critical margin of its remaining liquidity is undoubtedly associated with the remarkably mild penalties passed down by the U.S. Justice Department in its so-called "war on drugs," exemplified by the mere \$500,000 fine levied against a Bank of Boston convicted of laundering \$1.2 billion. A serious prosecution of the war on drugs, entailing a crackdown on money-laundering, would have to be followed up by thorough banking reform and re-regulation of a system thereby rendered bankrupt. It is to be believed, therefore, that the administration has pulled back from a serious war on drugs/money-laundering in terror of the economic policy issues involved.

This listing only reports on individuals indicted for money laundering if an associated bank is named.

Feb. 14: Bank of Boston. *New York Times* reports bank's acceptance of bags of cash from organized-crime family headed by Gennaro J. Angulo; grand jury investigation under way.

Feb. 20: Unidentified; Irish High Court in Dublin orders seizure of "secret IRA bank account" of \$1.6 million, laundered through "unidentified Boston bank to an unidentified Swiss bank."

Feb. 25: Provident Institution for Savings. Employee reported to be meeting regularly with reputed organized-crime bosses. SEC reported investigating for possible security violations.

Feb. 28: Bank of Boston. Rep. Fernand St Germain's House Banking, Finance and Urban Affairs Committee announces hearings for March 20, 1985 in Boston on Bank of Boston case. Senators Roth, Rudman, and D'Amato also announced hearings. New England Organized Crime Task Force investigation is continuing.

Feb. 28: Bank of Boston. Venezuela's *El Mundo* reports "the majority of the money exported [by the Bank of Boston] came from deposits made by Venezuelan politicians and

businessmen, amongst whom appear some ex-presidents."

Feb. 28: Cowen & Co. SEC investigating for possible violations of securities laws.

March 11: United Mizrahi Bank and Trust Co., North American Bank, Ltd. Court of Appeals reverses lower court ruling that dismissed charges against three former bank officers, indicted after a federal undercover agent asked them to secretly move \$3 million out of the country.

March 19: Irving Trust Co., Chemical Bank. Accounts totaling over \$30 million frozen, funds apparently related to narcotics offenses; Chemical will be fined \$210,000 for 857 unreported transactions totaling \$26 million.

March 25: First City National Bank of El Paso. DEA-led investigation shows bank handling money for top "drug kingpins" from Mexico.

March 28: Irving Trust Co. Bank announces it failed to report 1,659 transactions with 38 foreign banks, totaling \$292 million, and was fined \$295,000.

March 28: Manufacturers Hanover Trust Co. Failed to report 1,400 cash transactions under Bank Secrecy Act, totaling \$140 million; fined \$320,000.

March 28: Bank of New York. Reports failure to file on 12 transactions with two foreign banks totaling about \$1.5 million.

March 28: Citibank. Claimed to have reviewed all transactions and found no violations.

March 28: Morgan Guaranty Trust Co. Claimed to have reviewed all transactions and found no violations.

March 28: Marine Midland Bank. Claimed to have reviewed all transactions and found no violations.

March 28: Chase Manhattan Bank. Fined \$360,000 for failing to report currency transaction totaling \$850 million.

March 28: Bank of America. Claims violations but in smaller amounts than in banks fined.

March 28: First National Bank of Chicago. Claims violations but in smaller amounts than in banks fined.

April 3: Shearson Lehman Bros. Philadelphia office raided by IRS/FBI/Customs agents; 27 months' worth of cash receipts, disbursement blotters, and other records seized.

April 5: Shawmut Bank of Boston. Internal probe re-

veals nearly \$200 million in international transactions never reported; Comptroller of Currency notified on same day federal investigators were contacting bank to notify of possible violations.

April 5: Maine National Bank, Casco Northern Bank, and Norstar. *Boston Herald* reports these Maine banks are conducting internal investigations into their procedures for reporting large cash transactions.

April 21: Bank of Coronado, Texas. Forty four-count grand jury indictment against Cuadalupe M. "Cha Cha" Alcantar, manager of San Ysidro branch, and four others for processing \$20 million over 18 month period (or 10% of the bank's total business) through accounts held by known or suspected narcotics traffickers.

May 18: First City National Bank, El Paso, Tesoro Savings and Loan. Federal agents seize \$6.5 million on deposit at the El Paso bank and \$1.4 million at Tesoro, Laredo, as proceeds of narcotics sales. DEA says that \$6 million from Tesoro and \$2 million from First City was laundered out of these two institutions just prior to federal action.

May 23: Landmark First National Bank. Officer Hernan Botero charged with 7 counts of money-laundering (proceeds of narcotics sales), mail fraud, and tax violations, faces maximum penalty of 35 years in prison and \$70,000 fine; brother Roberto Botero also convicted.

June 6: Caribbean Federal Savings, Citibank, Western Federal Savings, Bayamon Federal Savings and Loan Association, Banco Financiero de Puerto Rico, First Federal Savings Bank, Banco de Ponce. Two hundred U.S. agents arrested 14 bankers and impounded records as part of Operation Greenback. Arrested were a Citibank branch manager and former manager, and the president of Caribbean Federal, Raul Penagaricano, also vice-chairman of Federal Home Loan Bank of New York.

June 27: Golden Nuggett, Atlantic City, New Jersey Casino-owner Stephen Wynn testified before the President's Commission on Organized Crime that Anthony Castelbuono did not launder \$1.1 million at the casino, but lost it legitimately. Castelbuono brought in the money in small bills in shoe boxes. Castelbuono was indicted in March for laundering \$3 million from drug sales through four Atlantic City Casinos including the Golden Nuggett.

July 9: Bank of Monroe, West Virginia. Fined \$1,000 for failing to report a \$58,000 cash deposit that federal prosecutors link to a drug case.

July 18: Bank of Irvine, California. Former vice-president acquitted of drug money-laundering charges because the jury didn't believe the government's chief witness, W. Patrick Moriarty.

July 29: Federal Home Loan Bank, New York. Altered examination reports of Puerto Rico's Caribbean Federal to hide currency reporting violations.

July 30: Midland Bank and Trust Co., Paramus, New Jersey Bank client Gerald Morelli convicted of laundering \$200,000 through the bank; bank convicted of failing to report cash transactions in 1979, 1980, and 1981. In March 1985, former president pleaded guilty to misapplication of funds, and concealing cash transactions.

Aug. 9: Sunshine State Bank, Miami. Owners convicted of buying the bank for purposes of money laundering; acquitted by a jury who felt the state's primary witness had no credibility.

Aug. 27: Crocker National Bank, San Francisco. Fined \$2.25 million for 7,877 unreported cash transactions totaling \$3.98 billion from Mexico and Hong Kong.

Sept. 18: Pan American National Bank, Union City, New Jersey Depositer convicted of "causing the bank to fail to file currency transactions reports"; former president sentenced to a five-year prison term for submitting false documents and failing to file currency reports.

Sept. 25: Bank of America, California. Announced negotiations with Treasury over violations discovered during internal audit. Bank spokesman Peter Magnani said fine would be on the order of \$1 million.

Oct. 14: Riggs National Bank, Washington, D.C. Fined \$296,750 by Treasury for 1,226 violations of currency reporting. Related: Marcos Cadavid, Colombian cocaine trafficker, laundered money thru D.C. lobbyist Fred Black and former Riggs Bank Vice-President William Helser. All three convicted.

Oct. 14: RIHT Financial Corp. (Rhode Island Hospital Trust): Records subpoenaed by U.S. Attorney regarding currency transactions of Columbus National subsidiary. RIHT also told Treasury that it was in violation of currency reporting requirements.

Oct. 15: Bank of New England, Boston. Bank and two employees indicted for allowing a loan shark to withdraw up to \$817,000 without filing currency report; 36 violations cited.

Oct. 25: Northwest Community Exchange, Medford, Oregon. Raided by IRS for unreported currency transactions.

Nov. 8: NBD Bancorp, Comerica, Inc., Michigan National Corp. Three admitted to 782 violations of cash reporting.

Nov. 8: Bank of Texas, Dallas. Vice-President arrested for agreeing to launder \$1.4 million for undercover agent. Three other men, two from Britain, also arrested. Money to be sent to Swiss banks.

Nov. 17: Republic Bank. DEA seeking under forfeiture laws to seize \$6.8 million from bank accounts alleged to belong to Mexico's Rafael Caro Quintero.

Nov. 17: Unidentified, McAllen, Texas. Federal investigators seize \$3.9 million deposited in two banks by former Mexican federal police official Rodolfo Moises Calvo. DEA claims funds derived from illicit narcotics trade.

The citizen candidates' movement that took Washington by storm

by Marla Minnicino and Stephen Pepper

Members of the National Democratic Policy Committee converged on Washington five times during 1985 in extraordinary lobbying efforts—designated “Operation Wake-Up”—aimed at forcing Congress to take emergency action on crucial issues of national defense, industrial collapse, drugs, terrorism, and the growing public-health threat represented by the spread of AIDS (Acquired Immune Deficiency Syndrome).

The 1985 lobbying campaign was the largest ever mounted by the NDPC—a political action committee formed in 1980 by Democrats associated with the policies of Lyndon H. LaRouche. “Waking up” members of the 99th Congress was viewed by the NDPC as a national priority to prevent the dismemberment of the Western Alliance and reverse the genocidal policies of the International Monetary Fund (IMF).

Although 1985 was not a key election year in national politics, the NDPC backed over 500 candidates in municipal, school-board, and state legislative races, focusing on a strategy to “rebuild the cities” by directing long-term, low-interest credit to industrial, farm, construction, and infrastructural projects. They also demanded that President Reagan begin to wage a war on drugs, targeting the “citizens above suspicion” who launder billions of dollars in drug money.

NDPC candidates also urged an immediate crash program to implement the Strategic Defense Initiative (SDI), despite the attempts by Congress to sabotage this program, at a time when the Soviet Union is fully committed to a war mobilization. Emergency public-health measures to stop the spread of AIDS, through screening, testing, research, and health care, was included in the NDPC’s electoral program during 1985, when few other political candidates would touch the issues.

During January, and again in April, the NDPC co-sponsored demonstrations which brought thousands of citizens to Washington from all over the United States, in protest against IMF policies. Speakers, including civil-rights and labor leaders, charged that President Reagan’s foreign and economic policies, dictated by the IMF, were wiping out whole populations the Third World through starvation and disease. In the name of the “inalienable rights of man,” the demonstrators demanded that Reagan “Dump the IMF” and “Save Africa with American Technology!” Following the demonstra-

tions, delegations went to Congress to demand that Reagan break with the IMF.

In a statement welcoming NDPC lobbyists to Washington on May 23, NDPC Chairman Warren Hamerman said: “The United States Congress is on a course to commit treason against the nation and people of the United States. We are here to stop it. . . . Control over national policy has been turned over to the IMF, representing the interests of an international oligarchy, who are the historic and committed enemies of our Republic . . . [while] the KGB-linked Democrats give aid and comfort to the enemy.”

The May lobbying effort drew 400 citizen-lobbyists who demanded from their congressmen full support for the SDI, opposition to the IMF, and support for an all-out war on drugs. Only six representatives agreed to meet personally with members of the NDPC delegation. The rest avoided meetings or threw their constituents out bodily.

In June, over 1,000 NDPC lobbyists re-doubled their efforts to convince Congress of the necessity for action. They came with four resolutions: 1) for emergency action to solve the U.S. banking crisis, 2) for a crash program to implement the President’s SDI, 3) for a declaration of global war on disease, and 4) for emergency food relief for Africa. Two hundred congressional offices were visited by the lobbyists, stressing the theme “We Will Not Be Russian Slaves!”

In July, 300 NDPC activists delivered the message to Congress that the traitorous Richard Burt must not be confirmed by the U.S. Senate as U.S. Ambassador to West Germany. At the same time, lobbyists presented each office with “NDPC report cards” rating each senator and congressman on critical national issues. Most flunked.

Following the lobbying days, the NDPC sponsored educational programs to prepare citizens to become candidates for office. Having seen first hand the moral ineptitude and callousness of most of the congressmen, many citizens were ready to run for Congress themselves.

As a result, the NDPC backed over 500 candidates in U.S. cities during 1985. With their call for an emergency public-health approach to AIDS, these candidates polled more than 300,000 votes in the fall elections. Two candidates endorsed by the NDPC won school board seats in California and three candidates polled more than 40% in Washington

state. In Houston, the NDPC's 11-candidate slate polled more than 90,000 votes. In New York, Mayor Edward Koch's challengers focused public attention on the AIDS issue, reflecting the influence of NDPC-backed candidate Judah P. Rubenstein, who had declared AIDS a public-health emergency.

In Atlanta, Georgia, 16 candidates collectively known as the "LaRouche slate" and campaigning against turning Atlanta into a "new international dope city" polled 25% of the total votes on Oct. 8, despite a hate campaign conducted by the *Atlanta Constitution*. In Pittsburgh, Pennsylvania, the NDPC-backed candidate for Allegheny County sheriff, Constance Brown, made major inroads into black and working-class districts with her call to lock up the "citizens above suspicion" behind drugs, clean up the Justice Department and the FBI and implement emergency measures against AIDS. It was Brown's campaign which led to the passage of an anti-AIDS initiative in the Clairton, Pennsylvania, City Council.

The NDPC's "Save Detroit Industries" (SDI) slate in Michigan won close to 100,000 votes, stressing the fight to reverse Detroit's economic decline and revitalize its industrial strength through the production of MX missiles in Detroit's idled auto factories. In Buffalo, New York and Quincy, Massachusetts, the call by NDPC-backed mayoral candidates to restore the country's defense capability by retooling vacant industrial plants influenced city officials to the point where the NDPC program was being discussed in local governing bodies.

The NDPC's campaign against AIDS forced public officials to confront the disease—not as a civil-rights issue, but as a deadly pandemic, whose unchecked spread could wipe out the entire country. As a result, AIDS became the number-one political issue in many 1985 municipal elections, and, as 1988 presidential candidate Lyndon LaRouche predicted, will also dominate the 1986 election.

NDPC to take over Congress

As 1985 drew to a close, the NDPC set plans for the most ambitious political initiative in this nation since at least the days of Abraham Lincoln's presidential campaign, namely, to contest every seat in the 1986 congressional elections, as well as numerous state and party positions, and to win control of the 100th Congress.

The NDPC's decision was occasioned by the dismal record of the 99th Congress, culminating in the passage of the Gramm-Rudman-Hollings amendment to the debt-ceiling act of 1985. This abdication of responsibility by the Congress, by its own admission, was the straw that broke the camel's back.

The NDPC networks were immediately put on alert that a crash program was to be initiated to recruit a full slate that could win in 1986. Warren Hamerman, chairman of the

NDPC, issued a statement on Dec. 19 calling on patriotic American leaders "to join the ranks of candidates already announced from the membership of the NDPC to run for Congress in 1986, so that a slate can be prepared to contest the 435 House seats, and for the 33 Senate seats up for election."

Hamerman drew attention to Lyndon H. LaRouche's Oct. 4 announcement to contest the Democratic Party nomination for President in 1988: "The opportunity to change the direction of politics in the coming year is greatly increased because Lyndon H. LaRouche has already announced his candidacy for President in 1988. LaRouche provides the program and the strong, national leadership around which we can rally in the fight to change the Congress."

At that time, the NDPC had already announced approximately 90 candidates for congressional elections in 1986. Among the leading contests already initiated are Jerry Belsky for Senate in Georgia, for the seat now held by Matt Mattingly (R). In the Democratic primary, Belsky will face Hamilton Jordan, among others, and will have the opportunity to drag out the sorry record of the Carter administration. George Gentry, an Oklahoma farmer, is contesting the Senate seat of Sen. Don Nickles (R). In the primary, Gentry will face Rep. Jim Jones, former chairman of the House Budget Committee, who will have to defend his role in the growing insolvency of the U.S.A. In North Dakota, Anna Belle Bourgeois, will face Sen. Mark Andrews (R); here the issue will be U.S. agricultural policy and the collapse of the U.S. farm sector.

But the task of building the NDPC slates has just begun. In late December, NDPC representatives were fanning out across the states to interview potential candidates. In the Southeast, at least five former congressmen had been contacted to join the NDPC campaign. In each case, the former legislators expressed great interest in the opportunity to run with the NDPC on the program articulated by Mr. LaRouche in *A Program for America*. The same initiatives were under way in Wisconsin and Ohio.

At the same time, the NDPC was mapping plans to involve the networks of its contacts in farm and military circles. These networks have been developed over months and in some cases years of joint work, and now represent a leadership capable of directing the political fight. Plans call for the farm network leadership to take responsibility for organizing the nine farm Plains States that lie west of the Mississippi. These states have 45 seats in the House, of which about 12 have already been assigned. There are about 100 additional seats in the remaining predominantly rural states, and it is here where the NDPC expects to make its biggest gains.

In addition to the farm sector, there are about 40 former military officers with ranks of major or higher who are being approached to run. The issue of national security is one in which both parties are vulnerable, since each has betrayed the country by putting the deficit before defense.

The Congress in 1985: The nation won't survive another year like that

by Ronald Kokinda

The national sovereignty and security of the United States are on the line in 1986, because of actions taken by the U.S. Congress in 1985.

By year end, the *New York Times* was gloating that the pro-IMF team of White House Chief of Staff Don Regan, Treasury Secretary James Baker III, Federal Reserve Board chairman Paul Volcker, and Secretary of State George Shultz, had seized unchallenged control of administration economic policy. But they were in fact assuming control of foreign, strategic, and defense policy as well.

A few leadership changes in Congress at the start of 1985 were key in ensuring that a closer working relationship existed between Congress and this IMF group.

In the Senate, the most important change was the election of Robert Dole (R-Kan.) as Senate majority leader. Then came the decision of Sen. Jesse Helms (R-N.C.) not to seek the chairmanship of the Senate Foreign Relations Committee, leaving it in the hands of Sen. Richard Lugar (R-Ind.). In the House, the single greatest leadership change was the dumping of pro-defense Rep. Melvin Price (D-Ill.) as chairman of the House Armed Services Committee, and his replacement by Rep. Les Aspin (D-Wisc.). A former aide to the Robert McNamara and Sen. William Proxmire (D-Wisc.), Aspin is an especially serious threat to defense because of his commitments to arms control and the MAD doctrine.

A brief review of Congress's actions spell out the dangerous situation now facing the nation.

Budget cuts cripple defense

The single most disastrous piece of legislation passed, the Gramm-Rudman-Hollings bill to balance the budget by 1991, was signed into law by President Reagan on Dec. 12. What Gramm-Rudman promises for 1986, by effectively placing the United States under International Monetary Fund (IMF) conditionalities policies instead of constitutional government, is America's extremely rapid descent into third-rate power status.

The administration is now preparing to submit a budget in January for FY87 with \$50 billion in domestic spending cuts. The defense budget will be hit with larger and larger real cuts, as much as 3%, 5%, and 8% over the next three

years. The defense cuts will impose America's "decoupling" from Europe and other U.S. allies, as troop, military, and other aid commitments are reduced under the mandatory budget straight-jacket.

A crippling blow to the Strategic Defense Initiative (SDI) came at year-end when House-Senate conferees agreed to a test ban on Anti-Satellite (ASAT) systems, important to future SDI development. Despite Pentagon denunciations of the ban as establishing "a Soviet veto" over the program, and a personal meeting between Defense Secretary Caspar Weinberger and the President, Reagan agreed to the ASAT test ban. It was another victory for Don Regan, who once described his role in life as keeping Weinberger away from the President.

The SDI program was given only \$2.75 of the \$3.7 billion requested, thanks to an effort led by Sens. John Chaffee (R-R.I.), Proxmire, Charles Mathias (R-Md.), and Dale Bumpers (D-Ark.), Reps. Aspin, George Brown (D-Calif.), Norm Dicks (D-Wash.), and with the complicity of senators such as John Warner (R-Va.) and Sam Nunn (D-Ga.). The result will be program delays and elimination of promising avenues of investigation.

The hard-target-capable, cold-start missile, the MX, suffered similar attacks led by Senators Warner and Nunn. Not more than 50 missiles may now be produced.

The final defense spending figure of roughly \$298 billion did not even compensate for inflation. The administration was fighting for a 3% real increase as late as April. But after Treasury Secretary Baker signed the documents in mid-April welcoming increased IMF surveillance and oversight, Sens. Charles Grassley (R-Iowa) and Dole, backed by Sen. Ted Stevens (R-Alaska) who said, "[the] IMF has the right to have surveillance" over the United States, and proposed a zero-funding-increase defense budget. Regan, blocking Weinberger's calls to the President who was then in West Germany, got the President to go along. An effort by Sen. Barry Goldwater (R-Ariz.) to kill the zero increase failed 51 to 48. Sen. Malcolm Wallop (R-Wyo.) summed things up when he denounced the vote as sounding the "death knell" of U.S. defense.

In September, Sen. Warren Rudman (R-N.H.) teamed

up with Sen. Phil Gramm (R-Tex.) and Sen. Ernest Hollings (D-S.C.) to push their balanced budget bill. Gramm, who purports to be pro-defense, attacked the Pentagon for defending its "special interest," the nation's defense, as comparable to those who lobby "for jogging paths." Deficit madness was so great that the bill passed the Senate by 75 to 24 on Oct. 9. The House followed suit. Representative Aspin is now predicting in the range of a 6% real cut in defense under Gramm-Rudman for FY87.

A year-long series of hearings in the Congress attacking defense cost overruns, Pentagon management, and pushing for defense reorganization had weakened resistance to the Gramm-Rudman cuts now about to be imposed. The House passed a bill reorganizing the Pentagon which gives tremendous new powers to the chairman of the Joint Chiefs of Staff to enforce cuts on the services. Senator Goldwater also decided that the Pentagon system was "broke" and needed fixing. Some form of JCS reorganization legislation will pass the Senate next year. The new JCS chairman, Adm. William Crowe, is expected to go along with what the IMF crowd wants.

On June 5, the Senate passed an amendment sponsored by Sens. Bumpers and Patrick Leahy (D-Vt.) to continue to abide by the unratified SALT II treaty by a vote of 90 to 5—although documented Soviet violations are massive. Similarly, when National Security Adviser Robert McFarlane pointed out in October that the ABM Treaty allowed development of SDI technology, a storm of protests from Congress gave Shultz the clout to announce that "the narrow interpretation" of ABM would be adhered to. By December, Regan and Shultz had forced McFarlane out of government.

Destroying U.S. allies

For the first time in five years, Congress passed a foreign aid bill—at the State Department's bidding. In the process, key allies such as Turkey and the Philippines suffered both assistance cuts and political abuse. The actions of Rep. Stephen Solarz (D-N.Y.) in regard to the Philippines are especially deserving of national-security investigation. The House added insult to injury by pushing a resolution condemning the 1915 genocide against Armenians by the Ottoman Empire, a move the Turks considered (correctly) an expression of support for Armenian terrorism. Congress also effectively blocked a \$1.9 billion arms sale to Jordan, delaying it until March 1, 1986. King Hussein accordingly announced that he had lost confidence in the United States.

The Soviet offensive in southern Africa was also furthered as much as possible by Congress. Led by the Congressional Black Caucus, virtually every member of which voted for IMF funding, although fully informed of IMF responsibility for genocide in Africa, a group of congressmen were arrested outside the South African embassy "protesting apartheid." Eventually, Congress threatened to impose sanctions against South Africa with such an overwhelming majority that Reagan announced his own sanctions to avert the

congressional variety. With aid of State Department opposition, Congress denied both humanitarian and military aid to the Angolan rebel UNITA movement of Jonas Savimbi.

Strategic decoupling: Although the proposal for dramatic U.S. troop withdrawal from Europe advanced by Senator Nunn in 1983 was not put forward again, the Senate placed a virtual traitor in the ambassador's job in Bonn, West Germany. Despite an intercontinental mobilization opposing his nomination, the Senate, by a vote of 88 to 10 over the summer, approved Richard Burt, and Rozanne Ridgeway to replace Burt as assistant secretary of state for Europe. Within weeks, Burt was organizing Europeans to complain about the interpretation of the ABM Treaty which would allow SDI testing.

The farm crisis: A new four-year farm bill, and a farm credit bill, passed by the Congress and sent to the President at the end of December, will mean a tremendous drop in U.S. food production and will do nothing to alleviate the plight of a farm sector facing unprecedented bankruptcies. Out of 2.2 million U.S. farmers, over 200,000 are now bankrupt and another 400,000 are in "serious" financial trouble. Yet, the bill drops farm income target price supports by 10% over four years, cuts dairy price supports from \$11.60 to \$10.10 per hundred pounds beginning in 1987, will cull roughly 600,000 cows from production, drops loan supports, and pulls about 40 million acres out of production. Farmers will be paid to drop land from production, and cut off from all federal income if they put land into production. A farm credit bill giving the Treasury an open-ended authority to buy up bad farm debt and put IMF-type technicians in charge of the Farm Credit Administration instead of farm interests, is solely designed to protect selected financial interests. It will do nothing to keep farmers out of bankruptcy.

The AIDS pandemic: In the face of the deadly AIDS crisis, Congress took virtually no action during 1985, largely because of the homosexual-rights lobby led by Rep. Henry Waxman (D-Calif.) and Rep. Ted Weiss (D-N.Y.). Sen. Lowell Weicker (R-Conn.) got about \$100 million added for AIDS research. A small group of more conservative House Republicans led by Reps. Dornan (R-Calif.), William Danemeyer (R-Calif.), and Thomas Bliley (R-Va.), took various initiatives for more stringent measures to protect health-care workers and shut down homosexual establishments facilitating the spread of AIDS. But they did not address the crucial question of the economic investment and cost of serious public-health steps to arrest the epidemic.

IMF economics: The Congress accepted IMF policy orientation, directly backing the fund in its dealings with nations around the world and domestically. As the year ended, the House passed a tax bill sponsored by the House Ways and Means Committee which eliminates investment tax credits, gives tax breaks to the speculative category of capital gains, and by eliminating other exemptions, treats non-productive activities and usury the same as technologically oriented production.

Kissinger Watch

by M.T. Upharsin

Emissary for a 'New Yalta'

For Henry Kissinger, 1985 was a year of world travels on behalf of the "New Yalta" deal between the Soviet Union and the Western oligarchy, and a year of unrestrained thuggery against American allies worldwide.

Given President Reagan's commitment to the Strategic Defense Initiative, Kissinger abandoned his own opposition to the SDI, delphically seeking instead to turn the space defense program into a bargaining chip in arms negotiations, while keeping intact the insane strategic doctrine of Mutually Assured Destruction which the SDI was specifically intended to overturn. "I would favor building the SDI into arms-control proposals now," he told West Germany's *Stern* magazine, in an interview published in June. His Sept. 8-9 syndicated column outlined a strategy for the Geneva arms talks—to "negotiate the scope and nature of strategic defense simultaneously and in relation to agreed levels of offensive forces."

Naturally, Henry was the first to try to convince President Reagan that Mikhail Gorbachov's accession to the Kremlin's top post in March meant a new opportunity for the New Yalta forces. On the March 14 CBS Morning News, Kissinger called Gorbachov's rise a potential "dramatic breakthrough" and a "moment of opportunity." In a speech in the Hague

on May 25, he called for drawing up "a code of conduct to guide East-West relations," hailing the "new leader in Moscow and fresh faces in the Politburo" as enhancing the chances for this.

These were the messages that the treacherous Kissinger took in his numerous visits to Western Europe. He described his view of European participation in the SDI, at an April 12 conference on arms control at Emory University in Atlanta: "Whether or not the Europeans participate seems to me to be entirely a European decision; it is not something on which we should expend a huge amount of energy."

On Aug. 2, Kissinger met with Foreign Minister Hans-Dietrich Genscher in Bonn, and the two waxed eloquent about what Genscher called the Soviet desires for a "new détente." Later Kissinger shuttled to Venice, giving a speech at the Banco Nazionale di Lavoro on "Italy and the SDI," in which he put himself forward as the Washington "insider" who can broker deals to bring Italy into the SDI—on his terms.

Kissinger's Middle East diplomacy was an extension of this strategic perspective, as he shaped the State Department's policy of courting Moscow's principal client states—Syria and Libya—while shooting American allies in the back. On Feb. 23, Dr. Kissinger delivered the keynote address to the Moroccan-American Foundation in Rabat. A member of the foundation reported to *EIR* that Kissinger was privately encouraging Morocco's King Hassan to make deals with Libyan dictator.

The content of Kissinger's plan for the Middle East? Look at Lebanon, which Dr. K. slated for demolition and partition back in 1972. Now in 1985 Kissinger proclaims, in a speech in New York on June 3, that "Lebanon

does not have what it takes to be a nation. Lebanon has not been an integral state for 2,000 years, or, at least, since the Crusades."

A global assault against U.S. allies

Kissinger's thuggery against one-time friends of the United States is most dramatically seen in the case of Thailand, which he visited at least twice in 1985, to counter nationalist and pro-development factions, such as that of former prime minister Gen. Kriangsak Chamonon, who is now undergoing a hoked-up trial for treason in the Sept. 9 attempted coup d'état. During a luncheon in New York in October, Kissinger reportedly told Prime Minister Prem Tinsulamongkorn, "Kriangsak is dangerous and should be eliminated."

For those who remember Kissinger's threats to Pakistan's Ali Bhutto before the latter's execution in 1977, the message was clear. Recall too what Kissinger said just after the Oct. 31, 1984 assassination of Indian Prime Minister Indira Gandhi: On NBC's "Nightline" program, he announced that he had always disliked Mrs. Gandhi for her "moralistic attitude."

While brandishing these threats, Kissinger simultaneously put himself forward as the author of a "solution" to the Third World debt problem. A \$1-million-a-year adviser to Chase Manhattan Bank, Dr. K. sought to head off an Ibero-American debt moratorium by demanding that big debtor countries such as Mexico and Brazil put their equity in hock to the banks, in lieu of debt-service payments, while intensifying the austerity conditionalities of the International Monetary Fund. This plan was spelled out in a June syndicated column, "A Plan of Help, Hope for this Hemisphere."

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