

EIR

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How Holland became Death Lobby's stronghold
Supreme Soviet shows way for U.S. defense cuts
Danny Graham syndrome delays progress of SDI

**Gramm-Rudman backers plot
against the Constitution**



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

From the Editor

In keeping with our unique responsibility to give reliable reporting on economic issues, this week's *EIR* inaugurates a series of "Nuremberg Files" to publish relevant dossiers, which can be used in future trials of those committing crimes against humanity today. The first (page 54) deals with euthanasia, condemned as a crime against humanity by the Nuremberg court—yet practiced flagrantly and on an ever-widening scale in the West today.

Euthanasia is being advocated mainly as a cost-cutting measure—just as it was under the Nazis. This brings us to the fundamental issue of moral law in economic policy, and to the theme of the cover *Feature*.

The purpose of the Gramm-Rudman-Hollings balanced budget legislation is *not* to cut the budget, nor to force a tax increase upon President Reagan, nor any other such thing. Its intent is to turn the administration and Congress into a pack of drooling imbeciles—and it appears to have succeeded.

The United States government is holding the bag in a general crisis of the financial system, in which every new institutional failure will demand additional billions of dollars of federal support. Every cut in aid to farmers, urban subsidies, or foreign governments will conjure forth emergency expenditures to bail out the Farm Credit System, the government's own mortgage-market agencies, and the biggest American banks.

Every staffer on Capitol Hill knows that the legislation is lunatic, that the President's forthcoming budget is a bad joke, and that a series of disasters are pre-programmed for the weeks ahead. But Gramm-Rudman's "framework" offers Congress the perfect excuse to take no moral responsibility for the next round of budget cuts, or for economic policy in general.

EIR's fourth *Quarterly Economic Report* for 1985, released on Jan. 31, deals in detail with the debacle that will ensue from Gramm Rudman. It must be in the hands of every concerned citizen and policy-maker.

In contrast to the imbecility in Washington, note that this week's *Science & Technology* section contains very exciting reports on the frontiers of theoretical physics and fusion energy—the basis of a sound economic policy.

Nora Hamerman

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Feature



NSIPS/Philip Ulanowsky

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Corrections: Art. I of the U.S. Constitution mandates Congress "to promote the general welfare." A typographical error in the article "The Constitutional Challenge to the Gramm-Rudman Bill," on page 57 of our Jan. 24, 1986 issue, rendered this as "to promote the general warfare." Apologies to the Founding Fathers!

In the same issue, on page 52, the correct name of the leader of the African National Congress is Oliver Tambo.

Church, García call for unity on the debt issue

by Robyn Quijano

While the Latin American Parliament met in Lima, Peru on Jan. 17, a few miles away in Callao, cardinals and bishops were meeting to discuss "Reconciliation, and the New Evangelization." The meeting of representatives of the continent's democracies, did not discuss theological matters, but the bishops did discuss politics, what they called the principles of grand politics, from which the Church cannot be absent: the fight for true liberation, that is, for the dignity of man in the image of God.

The deputies and bishops agreed on crucial issues: The continent must unite, if it is to survive, and there must be an immediate solution to the debt crisis, based on the dignity of man and his inalienable right to life. Much of this had been said before in summits, and political conferences since the debt bomb nearly exploded in 1982. But this time, the Catholic Church is deployed to organize on the principles laid out at the Extraordinary Synod in Rome in December: The debt problem is a problem of economic ethics, and peace will only be brought to the region through economic development.

A "crusade" has been launched both by the Vatican and Peruvian President Alan García to assure the survival of the populations threatened by the current, usury-centered economic order.

The Peruvian President, who has met with Pope John Paul II twice since his election last April, addressed the delegates of the continent's democracies: "All isolated efforts by our countries will not have the same results as if we unite efforts and undertake a great continental crusade. . . . Without Latin America there can be no democratic revolution in Peru, but only better administration of its poverty; but technological revolution and unbounded development for our people and their aspirations will only take place to the degree we can forge with other Latin American peoples a homogeneous concept of continental revolution. And the key to that

revolution is the unity of our America, unity without which any national effort would be ephemeral, perhaps episodic, or would rest on a precarious foundation."

He called for creation of a "Latin American Executive," the first step toward which must be a summit of the continent's heads of state, he insisted.

"If America already has its parliament," said García, "it now needs a meeting of Presidents which can take on the substantive problems, the first of these being the foreign debt and the second being disarmament. . . . It is impossible for us to continue looking at one another in enmity, in rivalry, remaining a continent in which consciousness of its own unity has not yet been born. . . . As long as we are not united, each day that passes is one more day of treason against the people of Latin America."

Through the unequal exchange of Ibero-America's raw material exports for capital goods, the continent's foreign debt "has already been paid many times over," said García. The debt today "reflects and encompasses the subordinate, dependent, and colonial history of Latin America. Without a total, absolute and final response to the problem of the foreign debt, democracy is mere appearance, mere formality."

García also called for a common currency, for more intra-regional trade, and for "an economic and monetary entity . . . which, little by little, makes us free . . . of conditions such as credits with strings attached [like those of the] the supranational and supracontinental IMF [International Monetary Fund]. . . ."

When Pope John Paul II addressed a group of former Ibero-American Presidents on Dec. 6, he also called for economic unity of the continent "to confront the grave problem of injustice and misery." "The question of foreign debt has become expanded into a problem of political cooperation and economic ethics. The economic, social, and human cost of

this situation is frequently what places entire countries on the edge of rupture. . . . Let the hope of a peace that is the fruit of justice, open the minds of the men who govern and of political leaders, to induce them to the indispensable actions to destroy the spiral of violence at its roots. . . . I vow that the children of that beloved continent of hope, faithful to their noblest traditions and their Christian roots" may achieve that unity.

García's continued organizing for a Presidents' summit thus has crucial Vatican backing. Panamanian President Eric Delvalle returned from the inaugural ceremony of Guatemalan President Vinicio Cerezo, a Christian Democrat, to declare that preparations for García's proposed presidential summit are "well underway," and will be of "transcendent historical importance." He emphasized that a preliminary meeting of foreign, and possibly finance, ministers of the continent is slated for March 6-9, to be held in Punta del Este, Uruguay. He added, "An important number of countries are openly interested in the meeting, although now is not the moment to name them."

Delvalle's caution reflects awareness of an attack against the summit and its sponsors that is being pushed by forces both within and outside Ibero-America.

Argentina vs. IMF

The Argentine General Confederation of Workers (CGT) which held a general strike on Jan. 24, released the following communiqué: "Until the [Argentine] government takes a clear and dignified position as the President of Peru took with valor and patriotism, the position of the Argentine workers will be constant resistance to the looting of the product of our labors and of our goods. Our drama is common to all our brothers in what should be the great Latin American fatherland, and we take this initiative so that the year 2000, that is, tomorrow, will find us free and united, promoting the mobilization of all the workers of Latin America."

The CGT declared before the strike: "We are going to strike for 24 hours to take off the straitjacket we have been locked in by the IMF, with the acquiescence of the government."

CGT president Saul Ubaldini spoke to 1,000 strike delegates, calling on workers "to fight to confront the IMF," since the labor movement "does not take orders from Rockefeller." He said that the cost of living has gone up 59% since June, but the government is offering only 5% wage increases. He emphasized that the strike was to reactivate the productive apparatus, not just for wages.

Argentine President Raúl Alfonsín, who promised before he was elected not to starve his population, capitulated to IMF dictates, and has lost popular support. And the model of Alan García, who fulfilled his electoral promises and stood up to the IMF, has captured the imagination of the Argentines. A week before the strike, posters appeared throughout Argentina, with a small Argentine child saying, "Beloved Fatherland, give me a President like Alan García."

In other nations like Mexico and Venezuela, where oil price drops have wiped out billions of expected export earnings, making the criminal levels of austerity already imposed on the populations inadequate for required interest payments, the President who blasted the injustice of collapsing terms of trade, and began paying only 10% of his nation's export earnings for the debt, is the model of what can be done.

Leaders of nations that have paid the debt with hunger, appear as cowards and even traitors in the light of the new crusade. In this context, the Vatican's battle against immorality in economics, against Adam Smith and the invisible hand, as well as against Marxism and theology of liberation, has sparked a shift toward optimism, and a clarity on how to move the IMF fight forward in the continent's largely Catholic population.

The final document of a Venezuelan bishops' conference held in early January, insists: "The State, despite the reduction in oil [revenues], has the dollars and bolivars to promote economic development where the Venezuelan people would have access to creative labor which dignifies it, instead of [the state] succumbing to pressures to pay the foreign debt."

The bishops also linked the crisis of unemployment with capital flight. "It is said that in foreign banks there are deposited some \$35 billion belonging to Venezuelans . . . the equivalent of the country's foreign debt. There can be no doubt that this flight capital is directly related to unemployment and lack of investment in Venezuela. The decision on its use was neither then nor now exempt from moral obligation. This money, returned, could open up many sources of employment and encourage production of goods and services."

"The exaggerated capitalist criteria of our businessmen are also noteworthy. They want profits of over 50% on their investments. This favors disinvestment and thus, unemployment." Banks are not investing all their deposits. "Most of the national territory and natural resources are waiting for the talent which puts the requisite capital and labor at the service of the human person," concludes the document.

Foreign debt and Social Darwinism

Colombian Cardinal López Trujillo declared at the Callao conference on Reconciliation on Jan. 17, that the Catholic Church has launched "a great crusade for peace and dialogue. We are soldiers, defending these principles, and Pope John Paul II is our great standard bearer," he said. The Cardinal also addressed the problem of foreign debt, saying that "If the road is not opened to dialogue, and if the rich countries are not sensitive to the problems of the poor countries, the world runs the grave danger that the law of 'Social Darwinism' be fulfilled, the law that establishes that in the animal world only the strongest in the fight for life survive."

In contrast the Cardinal preached an end to the "Epicurean" model, and a "reconciliation with God," in which a total conception of man, man making his own history, must prevail.

Russia's role in the world shipping crisis

by William Engdahl

The tightly controlled cartels which dominate world shipping are facing what one London observer called "the most serious crisis in the industry in the postwar period." One of Japan's shipping giants, Sanko Shipping, has filed for bankruptcy, with losses exceeding \$150 million; the huge Hong Kong-based Tung Group, with extensive London shipping interests, is in emergency negotiations with its creditors; the Salen Group in Sweden has gone into bankruptcy; Neptune Orient of Singapore and Seatrain in the United States are facing massive losses and potential collapse. From discussions with leading industry sources from Norway to London to West Germany, *EIR* has developed a picture of a crisis, whose dimensions threaten to collapse the infrastructure of world trade-carrying capacity in the immediate weeks ahead.

"This is not a failure of some tiny shipping companies with two or three ships," the editor of the London-based industry journal *Shipping Research Economist* told us. "These are the world's major lines which are going under. The writing is on the wall. In the last two years, their banks have for the first time ever called in their loans. The banks are desperate. Now banks, which do not know how to operate ships, are becoming owners of some of the world's major tonnage. What do they do? Sell them for scrap at auction?" Banks which have major exposure on lending to the shipping industry include Hambros and Midland Bank of Britain; Chase Manhattan, Citibank, and Bank of America in the United States; Bergen Bank and DNC in Norway; and the Hong Kong and Shanghai Bank, to name only a few.

Rate dumping

One leading Norwegian shipper, who operates regularly between the Far East and Western Europe, characterized the dimensions of the crisis facing the industry today: "Shipping rates are disastrous. A typical coal ship, Panama Canal-size—say, 75,000 tons—today fetches a market rate of \$4,500/day for charter. You need about \$9,000/day now simply to cover operating, post, financing insurance, and other costs. With this kind of economics, most shippers simply are forced to let ships lie idle, hoping for better scrap or some future recovery in trade volume. On a typical petroleum product tanker, we will get \$6,000/day, when \$14,000 is needed to break even. It is a disastrous situation for the industry."

To illustrate the dimensions of the crisis, the actual volume of sea-going trade since 1975 has dropped from 15,366

billion ton-miles down to 13,060 billion ton-miles in 1984. Only large shipments of Western grain to the U.S.S.R. have kept the collapse from becoming a total one. Since the combined oil and interest-rate shocks of 1979, world sea-trade tonnage has been reduced fully 16%, while, according to European Community studies, world fleet utilization rate measured in ton-miles, fell by 25%. Major reductions in world energy consumption, as entire sections of the world economy have sunk into depression conditions, are principal causes. IMF and bank credit restrictions on developing-sector countries since the early 1980s, have been a major contributing factor to the collapse of world trade. As a result of this collapse, in 1983 and 1984, for the first time since the 1930s depression, the amount of ship tonnage scrapped or otherwise lost to active service exceeded the total of new ships launched.

According to a leading Oslo shipbroker, as of the first week of January 1986, the idle capacity unable to economically charter freight in the world's oceans, is at staggering levels. He reports a total of 39.650 million DWT (dead weight

"Everybody now is scrapping for a share in the market. It's a real dog fight among shippers," a London observer related. "Other countries are involved in rate-dumping, but the Russians are clearly the worst abusers."

tons) of idle tanker and combination (e.g., oil/grain) carriers lying off major calling ports in Norway, Japan, and elsewhere. This figure includes some 117 of the giant oil super-tankers, over 200,000 DWT each. In the bulk and combination carrier class, there is an estimated 48 million DWT as of the first of the year which is unable to charter. Here a substantial volume of ship tonnage is also being "slow-speeded," in which the travel speed for a cross-ocean delivery is deliberately slowed, simply because the return cargos are not available.

Combining both bulk and tanker idle tonnage figures means that some 88 million DWT of the entire non-communist world's total tonnage, which was 418 million tons in 1984, is presently unable to operate economically. This represents fully one-quarter of the world carrying capacity. Industry sources report record numbers of idle tankers and cargo ships lying in harbor around the world waiting for the scrap heap. "It's a frightening thing. If we lose this capacity to carry on world trade, the crisis will be incalculable," one London-based energy trader declared.

Russian-Greek collusion

In this context of collapsing volumes of world trade, the role of the considerable Russian merchant fleet in undercutting Western shipping rates is substantial, by all informed accounts of people contacted in the industry. According to the Brussels-based Association of Shipowners of the European Community, the Soviet Union operates 23 million DWT of carrying ships for commercial trade in the West. By comparison, Norway, one of the major shipping countries in Europe, operates 27 million DWT. The United States operates 25 million DWT under its own flag. But, more significant than the absolute tonnage size of the Russian merchant fleet, is the leveraged deployment of that fleet to target and bankrupt vital Western ship lines. Reliable reports indicate that the Australian merchant fleet was one such victim of Soviet rate dumping several years ago.

Since 1980, the problem of Russian rate dumping has become so serious that the European Community in Brussels has launched official investigations. According to an EC spokesman, those reports remain "confidential." One reason why they should be considered sensitive, could be reports that one member country of the EC, Greece, has secretly (and illegally) entered into a series of cartel-type rate and market agreements with the Soviets. One such deal was reported last summer, in which Greek-Soviet trade would only be divided between the flag carriers of those two countries. Reliable sources close to the EC report that the agreements are probably actually far more substantial. If true, this would mean that Western Europe's largest flag carrier, Greece, with almost 60 million tons fleet capacity, would give the Russians a staggering advantage over Western competition.

"You have an industry rule-of-thumb today," one Oslo shipper said. "Fifty percent of your total cost is for financing the ship. Another 25% is for crew costs. The rest is food, insurance, parts, repairs. The Russians have no financing costs to cover and their labor costs are negligible. Their cost advantage is such that they can undercut anyone they choose." For several years, Greece has been the favored source for Soviet charter of bulk carriers to carry grain, according to one EC source, who declined to comment further on the reports of Russian-Greek collusion. The principal advantage the Russians have, is the fact that their entire merchant fleet is deployed out of their military fleet. The vessels and crew are all dual-purpose, ready for mobilization for military purposes. This is an advantage shared by no Western shipper.

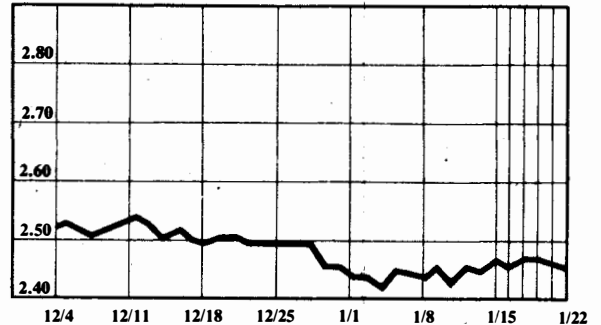
One source close to the debate raging within the European Community reports that an investigation into rate-dumping problems in the industry is presently being blocked by Greece. The reason reportedly involves the illegality of the Greek arrangements with Russia.

"Everybody now is scrapping for market share, the Japanese, Taiwanese, everybody. It's a real dog fight among shippers," a leading London observer related. "Other countries are involved in rate-dumping, but the Russians are clearly the worst abusers."

Currency Rates

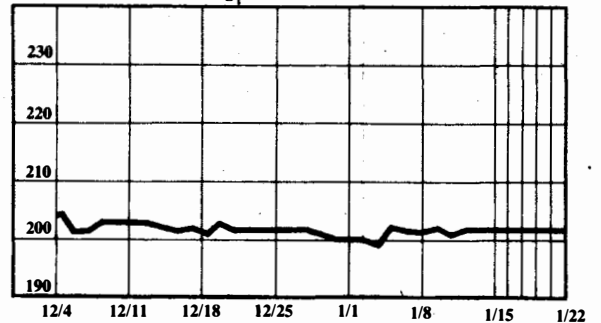
The dollar in deutschmarks

New York late afternoon fixing



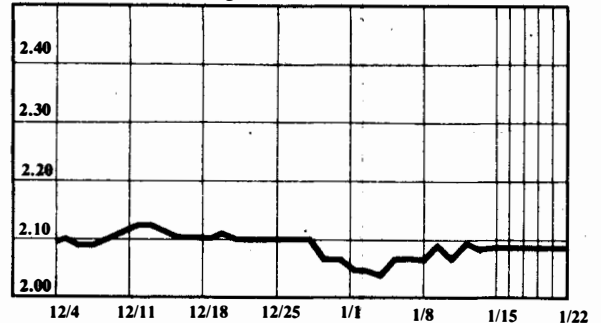
The dollar in yen

New York late afternoon fixing



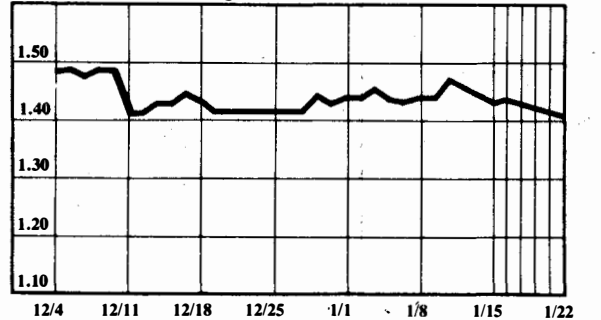
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Does technology steal jobs? German economy shows the opposite

by Helmut Böttiger

For a spokesman for West Germany's Green Party, Lieschen Müller, it's really quite clear:

"The new technologies, especially microprocessors and robots, are solely to blame for the large number of the unemployed. Hitler had the right idea in his law of July 1934: Out with the machines if the same work can be done by men."

It's so simple—then for the Nazis, now for the Greens, and those who borrow arguments from the Greens.

But like most such things, this simplistic conclusion is absurd.

The largest of the five sectors of goods production in the Federal Republic of Germany employs 60% of all the robots in use in West Germany—but hasn't eliminated any workers since 1977. In the streetcar manufacturing sector, management learned from the crises of the past, and did everything to introduce the most modern and rational methods of production. The result is that 67,600 new jobs have been created in this sector of industry since 1977, up to and including 1985 (see **Table 1**).

Jobs are not simply "rationalized away." Businesses that delay investing in new technologies blunt their competitive edge, lose ground economically, and are then forced to cut back on or totally halt production. A classical example is watch manufacturing. In the 1970s, the industry hesitated to move on a technological advance then appearing—quartz watches; as a result, 40% of the jobs in the industry were lost. Only by means of strenuous exertions, through which production per employee was increased by 47%, was the industry again able to approach competitiveness, and thus to save the jobs still existing.

The textile and clothing industries had a similar experience. What was decisive in this case was not the technological level of the product, but the quality of the production

process. This sector of industry is labor intensive, and so, manufacturing was transferred to the so-called low-salary countries. At the beginning of the 1970s, an attempt to stop this trend was made through mergers and rationalization of sales, management, and production, and by holding down against wage increases. Despite all that, prices fell so sharply that only government subsidies protected the remaining companies from complete collapse.

In the meantime, manufacturing was so modernized and mechanized that prices were reduced to the levels found in Brazil or India. Simultaneously, production flexibility was increased so much that customer demand, which changes rapidly with the fashions, could be largely satisfied at the least possible risk, and without long-term speculation in fashion trends. Both apparently contradictory tendencies were effected by employment of microelectronics and computerization. And thus, the comparable production advantages of the so-called low-salary countries vanished. The German textile industry could once again stabilize its position on the world market and halt the process of job elimination.

The machine-building industry profited from the exertions of the endangered sectors, but found itself facing the same problems. In 1960, 39% of the machinery used in production was less than 6 years old, and 39% was over 10 years old. In 1980, 46% of the machinery was over 10 years old. Because of this backwardness, German machine building lost its leadership in the production of computer-controlled automated work stations to Japan.

Since 1983, the industry has gotten back on track, and has regained some of its lost territory. Of the 91,000 jobs lost between 1977 and 1984, 12,500 jobs have been re-created in the last year, thanks to technological modernization of production as well as in the products produced.

TABLE 1
West German street-car manufacturing sector

	Employed (1,000s)	% change	Unemployed (1,000s)	Productivity change (%)	Output change (%)	Work time per employee, % per annum
1970-74	26,658	+0.2	287	+4.77	+3.5	-1.4
1975-79	25,679	-0.4	1,007	+4.0	+2.8	-0.8
1980-84	25,630	-0.7	2,200	+1.9	+0.9	-0.3

Considered more generally, it can be seen that branches of industry strong in productivity were better able to defend jobs during the economic crisis than branches weak in productivity. While goods-producing companies overall eliminated some 10.7% of their jobs between 1980 and 1984, sectors strong in productivity, which make up 21% of the total firms, lost 7.6% of their jobs; sectors of average productivity, 24% of the total, lost 8.2%; and sectors weak in productivity, over half of the total, lost 13.2%. This relationship becomes clearer if the effects of processing innovations are considered. Branches that especially invested to increase their productivity, lost 5.1% of their personnel from 1979-82, average companies lost 10.3%, and firms neglecting productivity lost 15.5%.

What emerges from the comparison of the sectors is confirmed, if the development of the Federal Republic as a whole is considered. Table 2 shows clearly the connection between declining rates of growth in productivity and increases in unemployment. The reason for the retardation of productivity, as well as for the sales problems which led to the layoffs, was in the economic crisis, which had its causes in stunted monetary flows into industry. But it can be demonstrated that firms on the highest level of technological development came

through the crisis better, and could better maintain jobs, than those firms who avoided necessary investments out of other economic considerations.

In a recently concluded research project, the Technology Center of the Union of German Engineers investigated the effect of introduction of microprocessors on the number of jobs. The reason for this investigation was the powerful Green propaganda against the introduction of such technology. The research showed that only 0.4% of the total jobs lost in the firms investigated were directly made superfluous by the introduction of microelectronics. Three-quarters of all layoffs came in companies which had introduced no microelectronics.

Incidentally, the study refuted another dogma of the Greens: that the introduction of microelectronics leads to the deterioration of work skills. The research showed that demands on workers' skills increased. Investigations by the federal economics ministry, for example, show that in firms that introduced microelectronics, in comparison to conventional firms, productivity in research and development increased by 265%; administration, by 165%; sales and organization, by 156%; maintenance and repair, by 66%; and planning in the area of electronic data processing, by 56%.

TABLE 2
Shifts in employment by sector

Sector	Employment 1977-84	% change	Employment 1985
Agriculture/forestry	-219,000	-14	—
Electronics	-94,000	-10	+45,600
Machine manufacture	-91,000	-9	+12,500
Chemical industry	-21,000	-4	+5,900
Precision machining/optics	-25,000	-15	+5,400
Data processing	-45,000	-14	+5,300
Textile/clothing	-166,000	-28.5	-8,300
Steel	-84,000	-27	-7,500
Ship construction	-25,000	-36	—
Construction work	-60,000	-3	-115,000
Mining	-22,000	-9	-6,500
Quarry, sand mining, etc.	-27,000	-14	-7,800
Food	-46,000	-9	-3,100
Furniture Mfg.	-13,000	-13	-7,100
Streetcar Mfg.	+45,000	+6	+22,600
Office machines	+17,500	+28	+6,700
Synthetics	+14,000	+7	+6,000
Aero-, astronautics	+11,000	+22	n.a.
Energy	+11,000	+4	n.a.
Government employment	+379,000	+10	
Other services	+323,000	+12	
Management	+138,000	+19	
Credit, insurance	+73,000	+11	

Lessons of the Hormel strike

Either strikers will take on the International Monetary Fund, or be crushed.

Meatpackers at the Hormel plant in Austin, Minnesota got a brutal lesson in what International Monetary Fund austerity policies, being imposed by Congress and the Executive branch on the U.S. economy, mean to the future of trade unions. On Jan. 20, Minnesota Gov. Rudy Perpich called in the National Guard to break a strike by meatpackers of Local P-9 of United Food and Commercial Workers Union (UFCW).

The Hormel strike began last Aug. 17, when about 1,500 P-9 members walked off their jobs to dispute Hormel's attempt to cut wages and repeal most contract benefits in order to "stay competitive." Local P-9 organized the strike from the beginning as a grassroots support effort, and also launched a boycott of Hormel's major creditor, First Bank Systems, which it considers to be the "power" behind Hormel.

The battle began to escalate during the week of Jan. 13, when the company began hiring "replacement workers." More than 1,500 job applicants, driving cars with license plates from as far away as Iowa, crossed picket lines Jan. 14 at the Hormel plant, seeking jobs starting at \$8.00 per hour. Most union strikers had rejected the company's offer of a \$8.25 wage—down from \$10.69 an hour before the strike—and loss of most union benefits, if they would return to work Jan. 13.

On Jan. 17, international union head William Wynn refused permission for picketing Hormel's other plants and told strike leaders they were leading a "mass suicide." In a mail-

gram to Local P-9 president Jim Guyette, Wynn said, "In the name of human compassion, I urge you to put a stop to the suffering P-9 members and their families have endured for five long months before it is too late. I will not sanction an extension of P-9's picket lines to other Hormel plants."

But local union spokesman Ray Rogers said in an interview: "They [the international union] have been working extremely closely with the company. It's become very evident. They don't want these workers to succeed down here. The biggest obstacle to getting the settlement here has been the international union."

The conditions that provoked the strike, according to Rogers, would not have been tolerated by any honest union leadership. "The strike goes way beyond the wage and benefit cut. The safety conditions in this ultra-modern plant are abominable. For the end of 1984, 33-38% of the workers suffered a major work-related lost-time injury.

"And the company is trying to gut the entire contract. Seniority system, two-tier wages, bogged-down grievance procedures, end all past practices, and the company has refused to sit down and bargain since the inception of this strike. And the only reason they're getting away with this is because of the pact with the international union, not to make one move, but to be willing to destroy this local union, because they were willing to challenge the international and go out and fight the kind of fight that they knew needed to be fought."

Union picketers were sent in rov-

ing squads to other Hormel plants in the Midwest, contrary to the stated orders of the international president of the UFCW, William Wynn. An estimated 97% of the workers at the Hormel Ottumwa plant in Iowa refused to cross picket lines on Jan. 21, jeopardizing their own jobs.

According to Ray Rogers, "Ever since the beginning of the campaign, even before the strike, [IFCW head] William Wynn and the packing house director, Louie Anderson, have expended a lot of resources trying to undermine the campaign here. . . . It's rotten politics at the highest levels of the labor movement."

Early on Jan. 21, six troop trucks of guardsmen arrived and took up positions around the plant. The pretext for Gov. Perpich to call out the National Guard was that workers had encircled the Hormel plant on Jan. 20, and slashed tires and broke a car window in protest against the hiring of scabs. But picketers denied charges of heavy violence: "There's about as much violence here as Saturday night downtown. All we want to do is bargain with the company. They won't bargain."

On Jan. 23, twenty-five union officials demanded that Perpich withdraw the national guardsmen and close the plant for "the sake of public safety." Perpich refused, but ordered representatives from company and union to meet with a federal fact-finder to resolve strike issues.

The situation is ripe for the Hormel workers to internationalize their strike—by extending support to Argentina's nationwide strike against the International Monetary Fund, for example (see page 4-5). If they don't, the Hormel story will go down exactly as the media wants it played—an example of how "radical" efforts to defend the industrial workforce will lose.

Oligarchs accused of capital flight

Under scrutiny are noble families whose ancestors appeared 700 years ago in Dante's Inferno.

Sixty-one representatives of leading noble families in Florence have been caught in criminal capital flight operations (the indictments are for "constituting currency reserves abroad" and "failure to cede foreign currency to the Italian Exchange Office") into Switzerland, according to an investigation being conducted by magistrate Michele Polvani, deputy prosecuting attorney of Florence. These individuals have been conduiting funds (some 12 billion liras, or \$7,140,000, and maybe more) into the Jean Leon Steinhauslin Bank in Florence, and thence into the Pictet Bank of Geneva, one of Switzerland's oldest, most prestigious private banks.

Back in the 14th and 15th centuries, it was common practice for noble families to commit the crime of usury—officially forbidden by the Church—through illicit profits on shady foreign-exchange dealings. The case which has just broken suggests that nothing has changed—not even the names.

The inquest originated by chance in early 1983, after an investigation into Steinhauslin shareholder Guido Niccolai, the former world champion of offshore dealings, who stole 20-40 billion liras (\$12-24,000,000) from the Steinhauslin Bank.

Magistrate Polvani, with the help of the Italian Tax Police discovered a sort of "private compensation" among the Steinhauslin and the Pictet banks. Under this system, at least 61 persons were able to illegally transfer capital into Switzerland, in 2,000 illegal transactions. The illegal transactions

were carried out by means of "cashier's passbooks" (bearer's passbooks) of the Steinhauslin Bank, where people deposited their money to be simply transferred into the Pictet Bank accounts of the Steinhauslin Bank. The "passbook" owners invented false names like "Pinco Pallino," "Monello," "Pinocchio," "Luna," "Stellina," "President," "Napoleon." Only in recent days have some of the real identities behind these phony names become known.

Among the 31-name list released, one finds descendants of the old Florentine families, connected with all the other, even older, oligarchical families of Italy, and Europe. Some of these families were put in the "Inferno" by Dante Alighieri in his *Divina Commedia* almost 700 years ago!

For example, the Steinhauslin inquest went into Wilfredo della Gherardesca, a descendant of the famous "Conte Ugolino" of Dante's *Commedia*.

The half of the list which has been made public, includes representatives of families like Colonna and Pignatelli, families that vaunt a genealogy going back before Christ, and more than 2,000 years of history. For example, the Princess Gloria Pignatelli d'Aragona Cortes, a representative of the so-called "black" nobility that predates the founding of modern Italy, and Count Riccardo Vivarelli Colonna received warrants.

The degeneration seems to also have hit families with a once-proud humanist history, such as the Piccolomini and Borgia who contributed

gloriously to the Renaissance period. Prince Stefano Piccolomini Clementini Adami, descendant of the family of Enea Silvio Piccolomini (Pope Pius II), turned out to be involved in the Steinhauslin affair. Also on the list were descendants of the Borgia family (of Pope Alexander VI and the famous Cesare Borgia), the brothers Gigliola and Fabio Borgia.

Other "VIPs" on the list are Count Cesare Puccinelli Sannini, Princess Lucrezia Corsini Miari Fulcis, Marchioness Ilaria Antinori in Marsichi Lenzi, Marchioness Carla Placidi di Mazzarosa, Maria Giovanna Bosio de' Peverelli Luschi, the industrialists Roberto Bini and Giuseppe Benelli, latifundist Carlo Capogquadri, lawyer Edison Giudice, Paolo Mario Leati, who heads "Lombardfin" finance company, and political scientist Giovanni Sartori.

Since 1805, the Pictet Bank of Geneva has reared the political banking intelligentsia for Switzerland and large parts of Europe. On its board also sits the de Saussure family, the family of the founder of modern linguistics. The partners of the Bank are, in New York, Brown Brothers Harriman & Co. and Chase Manhattan Bank.

Jean Leon Steinhauslin, descendant of the founder, former actor of the Comédie Française, has been in Switzerland since 1984 when a warrant was sworn out for his arrest. He is a Swiss citizen with an important role in the Swiss Chamber of Commerce in Italy, and also the honorary consul of Norway in Florence.

Professor Giovanni Sartori, who headed, in recent years, the Casa Italiana at Columbia University in New York, is a close friend of former U.S. ambassador to Italy Richard Gardner, a member of the Trilateral Commission, who is married to a member of the old and powerful Venetian Luzato family.

Business Briefs

Labor

Airline uses emergency measures to stay aloft

Eastern Airlines, the fourth-largest U.S. company, announced on Jan. 20 a series of emergency measures in an attempt to stay solvent. The package includes a February lay-off of 1,010 flight attendants, drastic pay cuts for 6,000 other employees, and the imposition of a new work contract to make the lines more competitive with cut-rate operators.

The Miami-based airline is under orders from its banks to obtain new wage agreements with its three unions by Feb. 28 or face technical default on its \$2.5 billion in long-term debt.

Eastern's chairman of the board, Frank Borman, says the proposed new contract calls for 20% permanent pay cuts, or 2% more than the 18% cuts already in effect for two years.

Reports are circulating that cuts in airliner maintenance will be necessary as the result of the debt crisis.

Development

Arab countries offer billions to Panama

Panamanian foreign ministry sources reported in mid-January that "several Arab countries" have offered "enormous sums of money," in the billions of dollars, to help Panama pay off its foreign debt and launch social development projects in the country.

The money is being offered at the lowest interest rates and, according to the sources, is being offered "in an effort by the Arabs to establish relations with Panama, now that the United States government, headed by Ronald Reagan, is trying to establish a blockade, in the wake of certain diplomatic frictions with the Arabs, especially with the Libyan government."

Simultaneously, the foreign relations

ministers of Egypt and Mexico opened the Third Dialogue Seminar on Jan. 20, seeking to promote cooperation between Africa and Ibero-America.

Some 50 diplomats and experts from Mexico, Argentina, Colombia, Chile, Venezuela, and 10 African nations attended. Stressing the need for "south-south" cooperation to overcome economic and political problems, Mexican Foreign Minister Bernardo Sepulveda inaugurated the meeting: "It is important that this dialogue develop so as to have a more effective role in serving interests of both continents."

Egypt's Foreign Minister Butros Ghali said, "The idea behind African-Latin American dialogue is the need to overcome the obstacle of geographic distance between the two continents and strengthen cooperation."

Industry

Argentina, Brazil, Peru launch innovative deals

Argentina's defense ministry on Jan. 17 signed an unprecedented agreement with the Brazilian government aeronautics firm Embraer to join in production of both civilian and military aircraft of their own design.

The first step in the agreement will likely be Argentine production of parts for Brazilian planes, in return for complete Brazilian aircraft.

This bond between the two nations' military-industrial complexes is probably the most significant advance toward industrial integration made in recent Ibero-American history. Argentina has the oldest airplane factory on the continent, in Cordoba. Embraer has become a major international competitor in the manufacture of light civilian and military aircraft.

Simultaneously, a Brazilian firm offered to finance a major irrigation project in Peru. The Tinajones project, which would be completed with a \$298 million deal, would permit Peru to produce 1,219,000 tons more food and to generate \$45 million worth of electricity.

Brazil's Rebras, S.A. offered the credit

at 8% with 4 years grace and a repayment period of 10 years, according to Deputy Director Cesar Limo.

Debt Bomb

Will the explosion come in 1986?

"I believe that 1986 will see the explosion of the international debt problem in uncontrollable ways": This is the assessment of a well-placed source in the London financial community, interviewed in the aftermath of the Group of Five meeting of Jan. 18-19.

The prospect of further collapse in the oil price will aggravate the problems of such major debtors as Mexico, Nigeria, Indonesia, and Venezuela, he said, while the continuing failure to resolve the three-month-old tin crisis is creating devastating problems for the economies of Malaysia, Thailand, and Bolivia.

At latest report, 213 of Malaysia's 448 tin mines are shut as a result of the trading close on the London Metal Exchange.

Oil

Spot prices tumble, threaten debt payment

The latest fall in oil prices has forced Mexico to delay its talks with leading New York creditor banks. Finance Minister Jesus Silva Herzog was to have conducted the negotiations in New York City.

Mexico exports 1.5 million barrels/day and depends on oil for 70% of its export earnings. In December, it was forced to lower its price by \$1.50/barrel to retain export markets, before the latest collapse in world prices took place. Venezuela, Nigeria, Indonesia are also being devastated by the oil price collapse.

In mid-January, the spot-market price of North Sea crude oil dropped below \$20 for April futures deliveries as market conditions

continue to worsen, and especially as Saudi Arabian production continues to climb.

In U.S. spot markets, West Texas intermediate grade crude traded at below \$22 on Jan. 20. The futures price for North Sea oil has dropped a dramatic \$8 a barrel since the first of December, to the lowest level since the Iranian oil shock of 1979.

One immediate result, since the vast share of world oil today is traded on the spot markets, was a sharp fall in the British pound, reaching its lowest level against the German mark to date.

London banking sources report commonplace speculation in that city's financial community that the oil price may not restabilize until it hits \$15/barrel.

"We must suspend debt service," if oil prices continue to collapse, the Mexican daily *Excelsior* warned on Jan. 23. A second editorial called on the Ibero-American nations to take a more energetic and unified position, first as debtors, but also as producers.

Mexican Energy Minister Francisco Labatida Ochoa said that oil price warfare would end up "without a winner but with many losers."

Money Laundering

Bank of America fined for secrecy violations

The nation's second-largest bank, Bank of America, was fined \$4.75 million on Jan. 21 for violating the Bank Secrecy Act on 17,000 occasions, the Treasury Department said. Bank of America is the 11th U.S. bank to be fined under the act, and its fine is the largest yet imposed.

"The violations by Bank of America were widespread throughout the units and branch system of the bank," said Francis Keating III, assistant treasury secretary for enforcement and operations.

Keating said further that while Treasury has no information that Bank of America engaged in criminal activity, the failure to file the information "deprived the government of timely law enforcement leads in drug, tax and other investigations."

Steel

'National emergency' requested by union

Approximately 550 local leaders of the United Steelworkers of America called on President Reagan on Jan. 23 to declare a "national emergency" in the nation's steel communities and to take immediate action to soften the impact of unemployment.

In its 1986 policy statement, the Basic Steel Industry Conference also proposed a "domestic Marshall Plan" to repair the country's aging infrastructure and revitalize its industrial sector.

In making its request for a national emergency, the policy statement pointed out that 250,000 steelworkers have lost their jobs in the last seven years, and predicted that another 30,000 would be unemployed in the next few years.

"The disaster is of such severity that we call on the President to acknowledge that a 'national emergency' exists in steel communities and to issue the appropriate declaration so that these communities may obtain much needed government economic relief," United Steelworkers head Lynn Williams said.

Agriculture

Soviets to buy Argentine grain

The Soviet Union will buy at least 4.5 million tons of grain per year from Argentina, in a deal announced on Jan. 21, to be signed by Argentine Foreign Minister Dante Caputo in Moscow in late January.

This renews until 1990 Argentina's existing economic relationship with Moscow. The big change is that Argentina, which has been buying \$30-\$60 million worth of goods from the U.S.S.R. annually, now pledges to buy \$500 million, a 10-fold increase.

The grain deal is for at least 4 million tons per year of feed grains, such as corn and sorghum, and 500,000 tons per year of soybeans.

Briefly

● **IRAN AND INDIA** have signed a comprehensive three-year agreement on bilateral cultural, scientific, and technical cooperation. The agreement was signed Jan. 13 by Indian External Affairs Minister B. R. Bhagat and Iran's Foreign Minister Ali Akbar Velayati after a five-day session of the Indo-Iranian joint commission.

● **DEPOSITORS' CHECKS** cannot be held by banks beyond a fixed time limit, before the customer's account is credited, according to a bill passed by the U.S. House of Representatives on Jan. 23. The bank can waive the time limit, however, if the institution has "reasonable belief" that the depositor is about to go bankrupt or is involved in check fraud.

● **BOLIVIAN WORKERS** began a general strike on Jan. 23 to protest the fact that their wages have been frozen since August, while prices have more than doubled in the last month. The Bolivian minimum wage is now \$12 per month; and the average industrial worker earns \$20.

● **DANTE CAPUTO**, the Argentine foreign minister, stated on returning from a trip to Guatemala on Jan. 17, that conditions were not right for an Ibero-American presidential summit to discuss the debt crisis and that he doubted that such a meeting would take place.

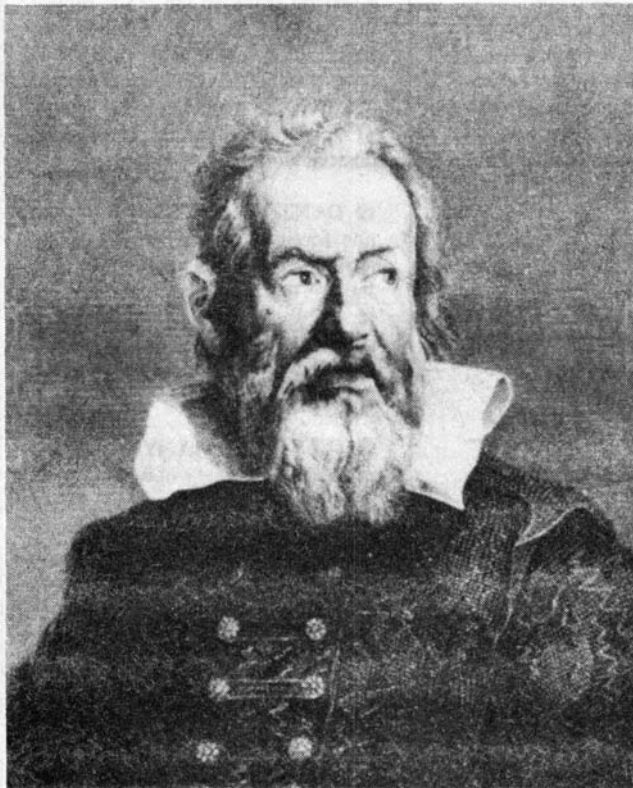
● **WEST GERMANY** is facing a financial bankruptcy of huge proportions. The real-estate company "Neue Heimat," linked to the Social Democratic Party and trade unions, has accumulated debts of 17.8 billion Deutschmarks, and cannot pay the annual debt service of DM 1.2 billion.

● **MEXICO'S** public expenditure in investment in infrastructural works dropped in 1985 back to the level of 20 years ago, according to the deputy ministry of planning, Pedro Aspe.

Galileo proven wrong!

Dr. Robert Moon and Carol White evaluate the discovery of a "fifth force" in theoretical physics. It's revolutionary—but is it true?

A group of physicists led by Ephraim Fischbach, of the Department of Physics of the University of Washington, has made public a claim that challenges the foundations of accepted doctrine in physics. If they are right, Galileo's "discovery" that all bodies fall to earth at the same time, regardless of their mass, will have been proven false. Fischbach



Galileo Galilei "discovered" that all bodies fall to earth at the same time, regardless of their mass.

published this revolutionary assertion in the Jan. 6, issue of *Physical Review Letters*.

Of course, the amount of the discrepancy which is involved, is orders of magnitude below what might have been observed by Galileo (supposing he actually conducted an experiment—and there is a convincing body of thought which indicates that he did not). Fischbach's group posits the existence of a new, repulsive, "fifth force" in the universe, which is correlated to the distance between masses and varies according to the composition of the mass. According to the theory now dominant within the physics community, there are four forces: the electromagnetic force, related to the charge of objects; the gravitation force, which depends upon the distance between objects and their mass; the strong force within the nucleus, which is presumed to account for the fact that the nucleus is held together despite the repulsive electromagnetic force; and the weak force, which is the discrepancy which occurs in the formation and dissolution of electron-positron combinations from gamma rays, correlated to the supposed existence of the heretofore undetectable neutrino.

While we think that Fischbach's findings are extremely interesting, empirically, it is our view that his approach is wrong theoretically. Force theory as such, is incorrect. Even the traditional classical physicist must admit to being in a quandary when he tries to express exactly the forces operating among three bodies simultaneously. We have argued, in the pages of the *International Journal of Fusion Energy* and *Fusion* magazine, that the correct approach to physics must look upon the universe as a self-developing whole. Forces are typically described as primary relationships between objects. We argue, that they should instead be looked at as symptoms of a disturbance within the physical geometry of the universe—with the appearance of a force indicating work done against the universe. Thus, we agree with Kepler when

he asserted that the orbits came first, and the planets were created within them, according to laws of physical-geometry.

The ratio between the gravitational force and electromagnetic force is 40 orders of magnitude (one 10 thousand trillion trillion trillionth.) The strong force of the nucleus is, of course, orders of magnitude greater than the electromagnetic force, as is evidenced by the power of a nuclear explosion. The "fifth force," according to Fischbach, would have an order of magnitude 12 times less than the gravitational force, which itself is of an order of magnitude 40 times smaller than the electromagnetic force.

Fischbach asserts that not only do we have four forces operating, but that there is in addition a fifth. This force acts as a repulsion between objects and is at its maximum at a distance of 200 meters. This is a surprising distance, since it is neither an astronomical distance nor an atomic distance.

The results which Fischbach obtained do not depend upon independent experimental work, but rather represent a re-looking at the work of Roland von Eötvös, a Hungarian scientist who made a number of precise measurements of the acceleration of different bodies under gravitational acceleration. For more than a decade, he compared substances such as cooper-platinum alloy, a silver-iron sulphate mixture, a copper asbestos mixture, a combination of water and copper, and one of tallow and copper, and concluded that, within

While we think that Fischbach's findings are extremely interesting, empirically, it is our view that his approach is wrong theoretically. Force theory as such, is incorrect. The correct approach to physics must look upon the universe as a self-developing whole.

what was then assumed to be an acceptable level of error, these bodies were accelerated at the same rate.

Fischbach has reviewed this data from the point of view of modern physics, and discounted the effects of the strong and weak force (unknown to Eötvös). He then subjected the remaining error to statistical analysis, and determined that, according to the standards of high-energy physics, there is a significant error, and that it is incorrect to state that the acceleration of these bodies was equal.

The formula which Fischbach uses to describe his fifth force, has actually been in circulation several years. It was



NSIPS/Stuart Lewis

Dr. Robert Moon, physicist and editor-in-chief of the International Journal of Fusion Energy.



NSIPS/Suzanne Kiebe

EIR's Science & Technology Editor Carol White gives a geometry class.

empirically derived by D. R. Long, who published it in the magazine *Nuovo Cimento* in 1980. It has also been referred to in the work of several scientists who used it to account for discrepancies in the measurement of the gravitational constant.

In the upcoming *International Journal of Fusion Energy*, Dr. B. A. Soldano, professor of Physics at Furman University, offers a more fundamental explanation of this discrepancy, which entails a far more revolutionary challenge to accepted physics. He postulates that there is a difference between gravitational and inertial mass which accounts for Fischbach's results, but also accounts for many other so-called paradoxical findings which have been plaguing modern physicists. In his soon-to-be-published *IJFE* article, "The Lagéos Satellite: A 'Laboratory' for Testing General and Special Relativity," he writes:

For decades, a conflict has raged in physics over the question of the primacy of classical physics inherent in general relativity or of quantum mechanics. At present, physics maintains two parallel paths and occasionally attempts to interrelate these two conflicting disciplines.

We take the position that an answer to the question of primacy already exists. Specifically, we propose to show that classical physics, slightly modified to accommodate a restricted non-equality between inertial and gravitational binding mass, leads to a purely classical explanation of the quantum h . Further, we propose to show that the seeds of a resolution of the above conflict already exist in the framework of both quantum mechanics and general relativity. . . .

In order to obtain accurate enough parameters for resolving a wide array of problems in both general relativity and quantum mechanics, we shall begin by demonstrating that the Lageos satellite constitutes an extremely sensitive "laboratory" for quantifying some of the parameters required by explanations based on nonequivalence in gravitational binding. [A gravitational binding force is the attractive self-energy of a nucleus—ed.]

From this, Dr. Soldano derives a definition of both inertial and gravitational mass. Lageos, NASA's geodynamic satellite, was placed in nearly circular orbit at approximately twice the radius of the Earth at approximately 110° inclination to the Earth's equator. This satellite is well above the Earth's ionosphere and is in a nearly perfect vacuum; nonetheless it is falling at a rate of 1.1 millimeters per day. *According to accepted theory, the satellite should not be falling.* Furthermore, the plane of the satellite is rotating. Both of these otherwise inexplicable results, as well as the Fischbach results, are explained by Soldano's non-equivalence theory.

Interview: Dr. B.A. Soldano

What follows is an interview which the authors conducted with Dr. Soldano on Jan. 17, regarding the relationship between his own work and the postulated "fifth force."

Dr. Soldano has taught physics for 15 years at Furman University. From 1949 to 1971, he was a researcher in chemistry, physics, and engineering at Oak Ridge National Laboratory. For the past two years, he has been a Goddard summer research fellow, under NASA's physics research program.

EIR: Dr. Soldano, can you explain what you mean by the difference between gravitational and inertial mass?

Dr. Soldano: There are only two properties of mass: first, that a given mass will attract all other mass, and that's called *gravitational mass*; and second, that mass resists change in motion, and this resistance to change in motion is called *inertial mass*. Now, these are two different properties of mass, but interestingly, when a substance falls, it can be "inerting" and "gravitating" at the same time.

Since these are two different properties, one would, without being told differently, assume that the values you would associate with inertial and gravitational mass would be different. The fact that—assuming they are in a vacuum—all things appear to fall to the ground with the same acceleration, is indirect proof that the inertial mass and the gravitational mass are one, and identically equal to each other.

EIR: Is this what Galileo showed when he asserted that things of different mass fell to the earth in the same amount of time?

Dr. Soldano: He proved that the inertial mass and the gravitational mass properties, appear to be identically equal to each other—which is contrary to reason, you would have thought. And Einstein, then, took this apparent equality, and he made it a principle—the so-called equivalence principle.

EIR: Can you describe how you came to develop your theory?

Dr. Soldano: About 25 years ago, I concluded that the central difficulty which Einstein had run into when he attempted to unify physics, was the fact that General Relativity could not describe, surprisingly, gravitational energy—of all things. It could handle all other forms of energy, but it couldn't handle gravitational energy. It ran into such problems as apparent violation of conservation of energy at the microscopic level, and it required a special model of the universe in order to fit a series of complications.

I concluded, upon analysis of General Relativity's in-

About 25 years ago, I concluded that the central difficulty which Einstein had run into when he attempted to unify physics, was the fact that General Relativity could not describe, surprisingly, gravitational energy—of all things.

ability to quantitatively handle gravitational energy unambiguously, that this was a manifestation of a difficulty in the theory's fundamental assumption. In the gravitational-energy part of energy in general, which is a very small but very important part, the assumption that inertial and gravitational mass were identically equal to each other, was false. This is very important for any unified field theory.

EIR: Can you give us your opinion of Fischbach's communication to *Physical Review Letters*?

Dr. Soldano: The Eötvös experiment measured the acceleration of an object relative to the earth—how it falls. It can be done with pendulums, or by means of bending torsional fibers; but essentially you're looking at the acceleration, how things fall relative to the earth. And contrary to the equivalence principles of Einstein and Galileo, the fact is, they found that in the Eötvös experiment, just by analyzing what he had done 60 years ago, heavier objects (objects that had more nucleons associated with them) would fall just a little bit slower than substances composed of a smaller number of nucleons.

EIR: How come no one has ever commented upon this up until now?

Dr. Soldano: Because the fact that the equivalence principle has almost become "theological." Because Special Relativity depends upon the validity of the equivalence principle; General Relativity depends upon the equivalence principle; the entire foundation of science depends upon the equivalence principle.

EIR: Why hasn't the equivalence principle been challenged before? At the time when Eötvös did his experiment, why do you think that there wasn't any question raised about the discrepancy which was found?

Dr. Soldano: At the time, the experiment was considered so much more accurate and sensitive than anything up to that time, that they thought that this was a remarkable extension of the principle. And a whole body of literature has arisen—a massive amount—that always refers to the ex-

periment and its modern variants as proof of the validity of the equivalence principle. And then one starts to construct theories like special and general, which depend upon that single-minded assumption.

EIR: What was the analytic technique the Fischbach group used?

Dr. Soldano: Just curve-fitting, and using modern error-analysis and graphical techniques, they just went back and re-examined the data, and found, lo and behold, that the conclusion of the null hypothesis—that there is no difference between inertial and gravitational mass—really doesn't seem to hold up. The data actually fit the pattern, that the more nucleons (that is protons and neutrons, the mass number) you have in any pair of atoms which you are comparing, the less will acceleration occur. A fancy name for nucleon, which Fischbach and his group like, is "hypercharge"; that gives you the idea, you're able to introduce quantum considerations, like strangeness; but in the Eötvös experiments, you're dealing with non-strange material, and nucleon number and hypercharge amount to the same thing.

EIR: Can you expand on the fact that what is actually being compared are not densities as such, but mass number?

Dr. Soldano: It's not densities which you're comparing, but the number of nucleons, the number of protons and neutrons associated with the nuclei. If you could densify something, by some means, by compressing it, it would not



Dr. B. A. Soldano

necessarily be the case that it had the same mass number as something else which had an equal mass density. The mass number is called hypercharge in modern quantum physics.

EIR: Can you describe your objection to the so-called fifth force?

Dr. Soldano: They evoke a fifth force, hypercharge force, which is repulsive. It will (they say), tend to repel the earth as a substance falls, so that the substance won't fall as fast. This, I submit, is an attempt to save Special and General Relativity theory, which both depend fundamentally on the equivalence principle—the equality of inertial and gravitational mass.

They went to an equation which has been evolving over the last 10-15 years, in which the general premise is that the Newtonian gravitational constant indeed is not quite a constant. There is a Newtonian gravitational constant at infinite extension from some reference frame, which has a larger value than the gravitational constant which you find when you make measurements in a laboratory. We're talking about a small difference, but it's real, it's measurable, it's come out of a lot of geophysical measurements: that the Newtonian gravitational constant really has a slight variation in it.

They say that a hypercharge effect can account for this disparity between the gravitational constant at infinity, and a local gravitational constant. They say that these empirical constants, the constants of the equation, produce the new fifth force they're talking about. They think they've avoided the central question, but the equation they use already betrays them.

General Relativity is based upon strict equivalence, and in General Relativity, the Newtonian gravitational constant must remain constant under all conditions. General Relativity based upon the equivalence principle, requires that the Newtonian gravitational constant remain an absolute constant; it can't vary. But here they're using an equation, based upon experimental data, that shows the constant varies! And they say the hypercharge explains it! Well, obviously, whatever the hypercharge is doing, it's inconsistent with General Relativity.

EIR: How does this relate to your own theory?

Dr. Soldano: The equation they're using to fit their data, is easily calculable according to my theory. In fact, the equation is actually referenced in the paper of mine which you are publishing [in *IJFE*—ed.], and I am sending you an appendix which deals directly with Fischbach's conclusions. There are a lot of arguments which I go into.

EIR: Can you explain this for a popular audience?

Dr. Soldano: I can make it very simple. I can derive the

empirical constants which Fischbach uses from my formula for the non-equivalence in gravitational binding. I take the body of information that's in their paper, and show how to derive what they call the hypercharge from my formula. This hypercharge is only one manifestation of non-equivalence in gravitational binding.

EIR: So, according to the work which you've done, in which you state the non-equivalence of inertial and gravitational energy, you can make your work cohere with the values which they found empirically?

Dr. Soldano: Absolutely. I can derive them theoretically. A fifth force tends to localize this difficulty being encountered by the Establishment. Non-equivalence in gravitational binding clearly shows that this effect appears at every level of physics. We handle the strong interaction, we handle electromagnetic force, we handle the weak force, and we handle gravitation. Because non-equivalence in gravitational binding *can't* be restricted; it appears at every level of interaction in science.

EIR: Do you want to make a statement about what you consider to be the philosophical implications of your theory, that there is a non-equivalence in gravitational and inertial energy?

Dr. Soldano: In my opinion, the weakest of the weak of all interactions, non-equivalence in gravitational binding, will provide the key to uniting all four levels of interaction in science. And more importantly, it will provide an answer to the fundamental dilemma that's faced all of science for the last 70 years, namely: Does Planck's Constant, on which the modern revolution in physics has been based, have priority over classical physics?

That is the central question. And, from a non-equivalence standpoint, the answer is, non-equivalence in gravitational binding strongly indicates that classical physics, when modified by this non-equivalence idea, leads to a unit of action which mirrors all of the characteristics of the quantum itself. So that, in principle, non-equivalence says classical theory ultimately has precedence over the dominant physics today, which is quantum mechanics. Today, quantum mechanicians think that you start with Planck's Constant, and from it you can derive the world. Non-equivalence says, you start with classical physics; once you introduce non-equivalence in gravitational binding, you can arrive at the quantum itself—which is the fundamental question of modern science.

Dr. Moon is the editor-in-chief of the International Journal of Fusion Energy and professor emeritus at the University of Chicago. He is a veteran of the Manhattan Project. Carol White is science and technology editor of EIR and editor-in-chief of Fusion magazine.

Will we have fusion power by 1988?

The Sandia National Laboratory fires the world's most powerful particle beam. A report by Charles B. Stevens.

Scientists at the Sandia National Laboratory in Albuquerque, New Mexico, on Dec. 11 successfully test-fired the world's most powerful particle beam accelerator, the PBFA-II (Particle Beam Fusion Accelerator). The 108-foot-diameter accelerator produces a 100-trillion-watt light ion beam, designed to achieve inertial confinement fusion. Given recent budget cutbacks in magnetic fusion research, the PBFA-II is now positioned to be the first facility to achieve net energy generation from igniting controlled nuclear fusion reactions in the laboratory, before the end of 1988. Compared to other inertial confinement fusion (ICF) drivers, such as lasers and heavy ion beam accelerators, the Sandia PBFA-II will definitely be the first to demonstrate significant fusion gain.

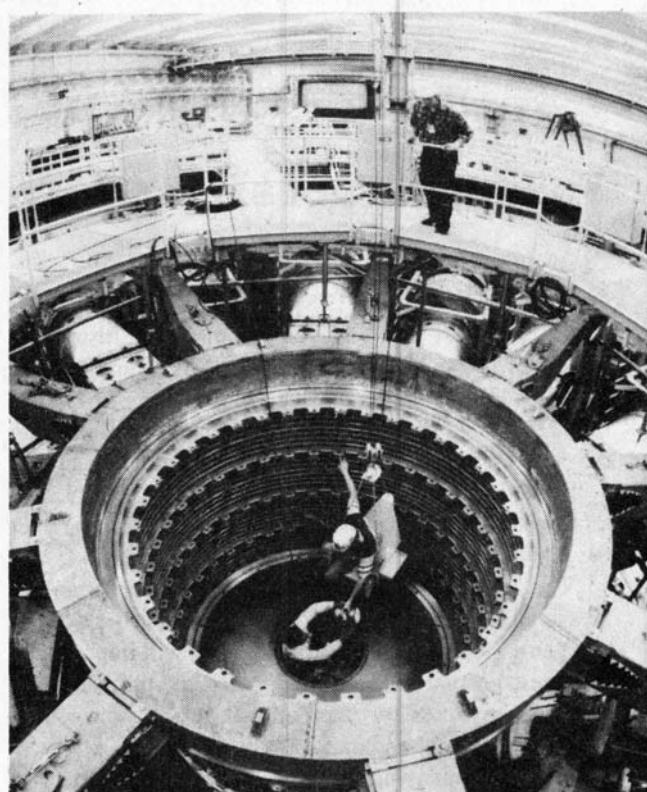
This means that, despite the general curtailment of funding for the U.S. fusion research effort, commercial fusion reactors could still be attained by the 1990s. And while substantial technical problems remain to be resolved for commercial electrical power production, the amazing rate of progress demonstrated by light ion beam accelerator technology over the past decade, makes such a development more than possible. The successful test-firing of PBFA-II, seven weeks ahead of schedule and within budget, reflects a broad revolution in particle beam accelerator technology, which promises to produce very soon a wide range of technological marvels beyond that of fusion energy. The prototype PBFA-I has already been converted into an x-ray research facility. X-ray laser experiments will also be carried out on PBFA-II.

The march to fusion

The Sandia light ion beam program is among the youngest in the fusion field. Under the direction of Dr. Gerold Yonas, currently assistant director and chief scientist for the Pentagon's Strategic Defense Initiative Organization (SDIO), Sandia scientists began exploring electron beam diode accelerator technologies as possible ICF fusion drivers in the early 1970s. Previously, this technology had been developed to produce intense bursts of x-rays that would simulate the effects of nuclear weapons. For fusion, the idea was either to utilize the electron beams directly, or the powerful burst of x-rays they were capable of generating, for compressing and heating a small pellet of fusion fuel, much in the same manner as in laser pellet fusion.

To obtain significant ICF pellet fusion, the driver, whether it be a laser, heavy or light ion beam accelerator, must

deliver several millions of joules within a few tens of nanoseconds (one nanosecond = one billionth of a second) onto a fusion fuel pellet a couple of millimeters in diameter. In other words, the beam must have a power level of 100 trillion watts and a power density of several hundred watts per square centimeter. Furthermore, the beam energy must be efficiently deposited within a thin layer of the outer skin of the pellet. In this way, most of the incident beam energy will go into driving an implosion of the fusion fuel, while not heating the interior fuel until maximum compression has been attained. This type of implosion, which does not pre-heat the interior fuel, is called isentropic compression, and is essential for achieving relatively large fusion energy outputs compared to beam energy inputs—"high-gain ICF."



The interior of the PBFA-II central vacuum chamber hub is shown here. The water insulator has been removed in the outer sections. The 200-trillion-watt electrical current pulse, which will be directed into this central hub, will contain more energy than all of the world's power plants combined, for 50 billionths of a second.

Electron beam diode technology has both advantages and disadvantages relative to other ICF drivers. In the first place, relativistic electron beam (REB) diode accelerators are based on the highly efficient and high-energy technology of electrical pulsed power. This means that REBs are most capable of attaining the necessary multi-megajoule energy and 100-trillion-watt power levels needed for ICF, and attaining these outputs at high system efficiency—upwards of 25% of the input electricity used to power the REB ends up in the beam, as compared to a fraction of a percent for the case of high-power glass lasers. (High-power lasers, such as the Lawrence Livermore National Lab Nova, are only now approaching the 100,000 joule energy level—see accompanying article.)

On the other hand, it is extremely difficult to focus REBs to the high power densities, and it is difficult to deposit the REB's energy within the short distance required for isentropic compression.

In the mid-1970s, REB technology proved capable of efficiently generating intense, high-current beams of light ions. (PBFA-II achieves 80% conversion from electron to ion beam; that is, 80% of the already high efficiency of the REB pulsed power technology is preserved.) Ions have even better pellet deposition properties than laser beams, in terms

of meeting the stringent conditions needed for isentropic compression. 100% of the incident light ions are deposited within a very thin layer of the pellet, without pre-heating the interior fuel.

In 1984, a series of breakthroughs was achieved on PBFA-I in ion-beam focusing, which totally transformed the prospects for PBFA-II. When originally designed, PBFA-II was expected to at best *approach* fusion breakeven—production of as much fusion energy output as beam energy input—and to at least produce significant fusion burns. It was expected to produce multi-megajoule beams at a 100-trillion-watt power level, focusable to power densities of 100 trillion watts per square centimeter.

But light ion beam focusing experiments in 1984 and 1985 on the Sandia PBFA-I and Proto-I, experimentally demonstrated that much higher power densities were obtainable. It is now projected that PBFA-II will be capable of 3.5-million-joule energy pulses, produced in 50-nanosecond bursts at a delivered power level of 100 trillion watts, but with potential power densities of 10,000 trillion watts per square centimeter. This *100-fold improvement over original projections* is based on the scaling seen in beam focusing experiments on PBFA-I and Proto-I.

Fusion budget slashed

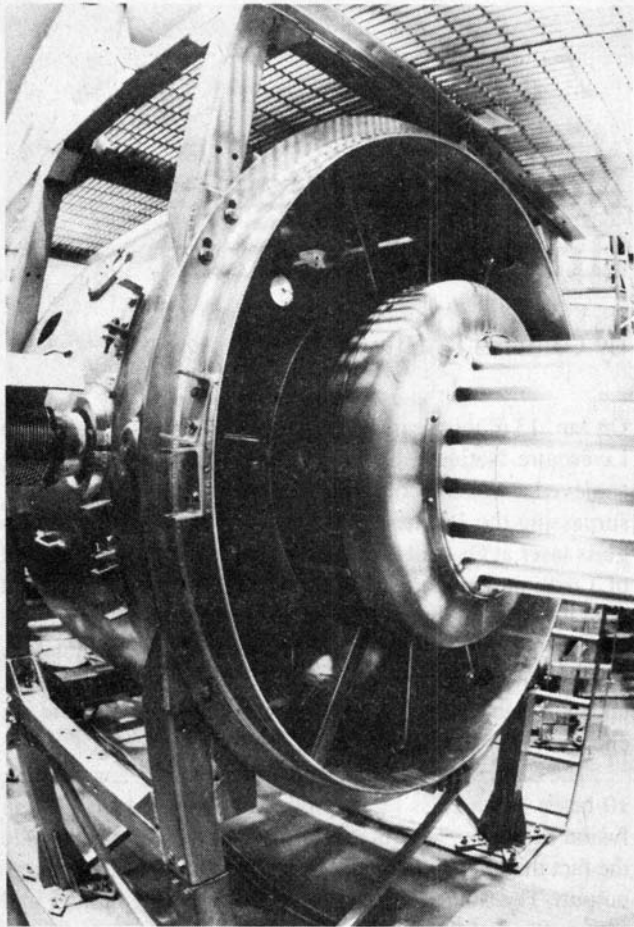
On Aug. 25, 1980, the U.S. House of Representatives passed a 20-year plan to develop commercial fusion, introduced by Rep. Mike McCormack (D-Wa.) and cosponsored by 159 congressmen (the vote was 365 to 7). The bill, HR 6308, mandated the Department of Energy to develop a plan to demonstrate the commercial feasibility of magnetic fusion energy by the turn of the century. The total cost authorized by the Congress was \$20 billion over the 20-year period.

The McCormack bill motivated the need for an aggressive fusion program as follows: "The early development an export of fusion energy systems will improve the economic posture of the United States and ultimately reduce the pressures for international strife by providing access to energy abundance for all nations."

The accompanying figures tell the story of what has actually happened to the fusion budget in the intervening period, and particularly with the current Gramm-Rudman legislation. President Reagan's proposed FY 1986 budget

was \$8 million more than the \$436.9 eventually adopted by the Congress for magnetic fusion research (pre-Gramm-Rudman), and \$85 million *less* than that adopted for inertial confinement fusion. In the case of inertial confinement, the Gramm-Rudman cuts are still being made as we go to press.

Fiscal year	Magnetic fusion (\$M)		Inertial confinement (\$M)	
	Budget line	Constant 1972 dollars	Budget line	Constant 1972 dollars
1977	219.1	163.6	103.0	77.1
1978	316.3	224.3	111.9	79.4
1979	332.4	222.0	130.6	87.2
1980	355.9	224.1	144.1	90.8
1981	350.2	207.1	194.9	115.3
1982	394.1	219.6	208.8	116.3
1983	453.8	247.8	209.1	114.2
1984	447.1	259.0	190.0	110.1
1985	468.5	270.1	169.7	98.0
1986	436.9	254.6	254.6	98.7
Before Gramm-Rudman:				
	379.9	221.4	155.0	90.3
After Gramm-Rudman:				
	365.5	213.0	n.a.	n.a.



The wide-angle photo shows the new Sandia fast-opening gas switch that has just been experimentally demonstrated. This switch could double the beam power level of the PBFA-II to 200 trillion watts.

If this scaling is successfully demonstrated on PBFA-II, it will mean that the facility will be capable of going far beyond simple ICF breakeven. Conservatively, PBFA-II could shoot targets with fusion energy outputs 10 times greater than beam energy inputs. More significantly, PBFA-II could reach high-gain ICF, in the range of 20 to 100 times greater output than input—the level needed for commercial ICF electric power plants.

The technical success of the Sandia light ion beam program can be judged by the fact that as little as two years ago it was thought that a facility for experimentally demonstrating high-gain ICF would cost on the order of one billion dollars. The PBFA-II, which clearly has the potential for attaining high-gain ICF, has cost only \$48 million—20 times less than the previous projection.

Further improvements have been achieved in the PBFA-II design. "PBFA-II is a state-of-the-art accelerator with 1985 technology, even though we've been building it for the past three years," pointed out Dr. Pace VanDevender, who has replaced Dr. Gerold Yonas as Sandia Director of Pulsed

Power Sciences. "We achieved that by fast-tracking the design, at the same time that we were constructing the accelerator. The successful first shot demonstrated that the risky fast-track process works beautifully." Dr. VanDevender explained that "fast-tracking" means that accelerator design research continues during the construction process, making it possible to modify yet-uninstalled portions of the machine without impeding the construction process.

One example of such design improvements is the newly developed gas switch (see photo). This fast-opening power switch, which has just been experimentally demonstrated, may make it possible to double the PBFA-II power level to 200 trillion watts.

The PBFA-II

The \$48-million PBFA-II consists of 36 pulsed power modules which are arranged around a central experimental hub and which deliver electric power pulses to it from all directions. These modules are arranged in four layers. Each level is arrayed like the spokes of a 108-foot-diameter wheel. Each module consists of capacitors, switches, and transmission lines, submerged in oil and water in separate sections of a 20-foot-tall tank.

During a test firing, the capacitors are charged up by Marx generators which receive their power from ordinary electric power lines. The switches release the capacitor banks' electrical energy in a short burst, which then travels down the water- and oil-insulated transmission lines. The transmission lines shape and compress this initial electrical current pulse and deliver it to the central hub, toward which all of the modules converge. The hub consists of a vacuum chamber containing the Applied-B diode. When the electrical pulses arrive simultaneously at the diode, intense lithium ion beams are generated and converge at the very center of the hub. It is here that the fusion fuel pellet will be placed.

These lithium ion beams will be utilized to compress a pellet of hydrogen fusion fuel to 1,000 times solid density—a density greater than that found in the core of the sun—and temperatures greater than 100 million degrees Celsius. Under these conditions, the hydrogen nuclei fuse to form helium, releasing fusion energy before the pellet disassembles. The resulting burst of energy could be directly used to generate fuel for nuclear fission reactors and heat liquid lithium, which is then used to produce electricity. (The most recent reactor designs at Livermore National Laboratory envision utilizing the liquid lithium in a magnetohydrodynamics—MHD—channel to directly generate electricity at the highest efficiencies. In this way, ICF could generate electricity at less than half the cost of existing nuclear fission and coal electric power plants.)

Over the coming year, extensive pulsed-power testing will be conducted on the PBFA-II. The first year of operation will be devoted to characterization and optimization of the accelerator. In the second year, experiments will concentrate

on ion beam formation and focusing. In the spring of 1985, PBFA-I delivered an 8-trillion-watt pulse of hydrogen ions onto a spot 4 to 4.5 millimeters in diameter. This represented a power density of 50 trillion watts per square centimeter and a 33-fold improvement in focusing over the .5 trillion Proto-I experiments in 1984. These experiments demonstrated that beam focus scaling increased beam current, .4 million amperes on Proto-I to 4 million amperes on PBFA-I. PBFA-II will demonstrate beam focusing with increased beam voltage. PBFA-II will have 30-million-volt lithium ions, as compared to 2-million-volt hydrogen ions in PBFA-I.

Many of these beam-focusing experiments will be directed at demonstrating alternative applications of the PBFA-II and new beam-focusing geometries. Among the alternative applications of PBFA-II will be the demonstration of ion beam-driven x-ray lasers. Recent developments with particle beam weapons could also be included in the PBFA-II experiments. For example, following up research originally carried out at Sandia, Livermore scientists have recently shown that intense particle beams can be focused and transported over long distances, through specially prepared plasma channels. A low-energy excimer laser pulse was utilized in these experiments to successfully produce such a plasma channel.

Beam transport through laser-produced plasma channels could provide the solution to one of the only major technical problems remaining for use of the light ion beam accelerator in commercial ICF power plants—"accelerator stand-off." Currently, the beam-generating diode is placed in close proximity to the fusion pellet. As a result, the pellet implosion-explosion damages this diode and it must be replaced after each shot. By utilizing plasma channels for beam transport, the pellet could be located at a sufficiently great distance, that no diode damage would result—known as accelerator stand-off. Given the current projections for PBFA-II's extraordinarily high beam power density, proposals to experimentally demonstrate beam stand-off are currently being considered by Sandia researchers.

Fusion experiments

By 1988, PBFA-II will begin experiments with actual fusion fuel pellets. These will include both direct and indirect drive pellet target designs. If PBFA-II attains the power densities currently indicated by existing experiments, it will produce significant and possibly high-gain ICF fusion. Throughout the 1970s, electrical pulsed power made tremendous strides forward, outpacing all other high-energy technologies, as PBFA-II demonstrates. This was achieved with shoestring levels of funding. But now electrical pulsed power has become a major focus of President Reagan's Strategic Defense Initiative. The Sandia pulsed-power fusion program is only now beginning to benefit from this several-orders-of-magnitude increase in research funding for pulsed power research. Therefore, the prospects for light ion beam fusion are quite bright.

Nova laser takes first fusion shot

by Charles B. Stevens

On Jan. 13 of this year, U.S. fusion researchers at Lawrence Livermore National Laboratory in Livermore, California, achieved a world record for laser fusion energy production, surpassing the Japanese, whose experiments on the Gekko glass laser at Osaka University had held the previous record of 1 trillion fusion neutrons generated. But with anticipated cuts in funding for the American program under the new Gramm-Rudman "balanced budget" regime in Washington, the Livermore achievement could rapidly be undermined, and with it one of the best prospects for achieving the limitless energy resources of laser fusion.

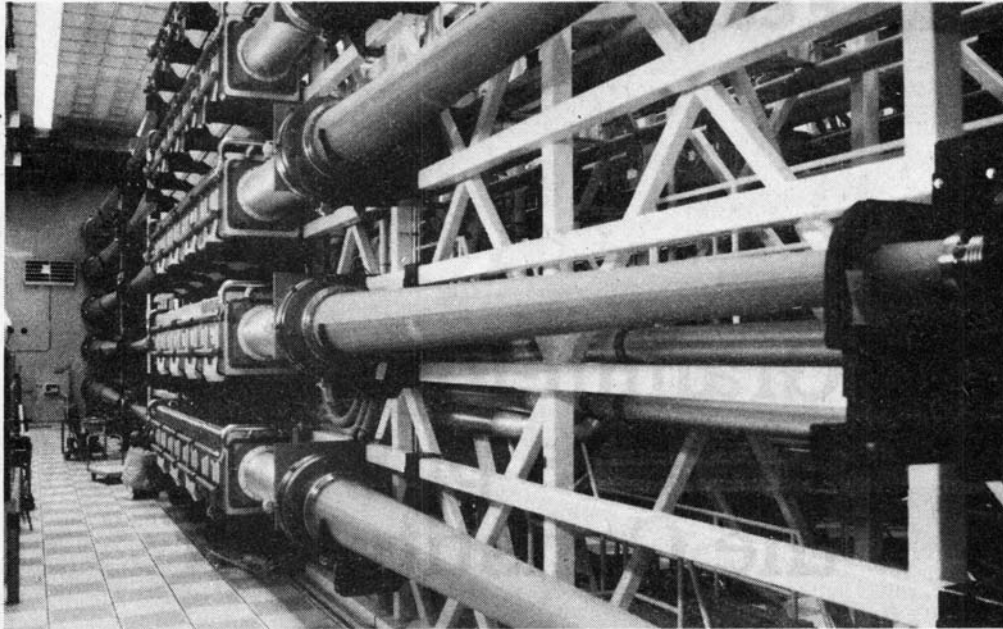
The Livermore researchers fired their newly constructed, 10-beam Nova glass laser, producing more than 10 trillion fusion neutrons. The successful result was achieved despite the fact that this was not an optimal design for fusion energy output. The small glass sphere containing deuterium and tritium fusion fuel (the two heavy isotopes of hydrogen) was primarily designed to test the various Nova fusion system diagnostics and measuring instruments. Only 18,000 Joules of the 100,000-Joule capability of the 10-beam, 100-trillion-watt Nova laser was used in the shot. The 10 ultraviolet (.35 millionths of a meter) Nova laser beams were directed onto a small sphere for one-billionth of a second, and produced 28 Joules of fusion neutrons.

In a 1984 study, laser fusion pioneer and Livermore Associate Director for Physics, Dr. John Nuckolls, showed that laser fusion has the potential of providing a virtually limitless source of electricity at half the cost of existing nuclear fission and fossil fuel energy sources. Dr. Nuckolls based his analysis on:

1) The cheap cost of fusion fuel and ready availability of hydrogen fusion fuel. One gallon of sea water contains enough fusion fuel to produce the equivalent energy of 300 gallons of gasoline.

2) The high quality and extreme concentration of fusion energy, which makes possible the efficient direct conversion of the fusion output to electricity.

As Dr. Nuckolls detailed in his study, given the fuel costs, of almost zero, and the almost-double electrical output per unit fusion input, nuclear fusion reactors would provide electricity at half the cost of existing types of nuclear fission



Brian Quintard/LLNL

The Nova laser, at Lawrence Livermore Laboratory in California. It is the world's largest optical instrument and most powerful laser, an essential laboratory tool for weapons research and the development of fusion energy.

and fossil fuel power plants. Dr. Nuckolls emphasized that nuclear fusion could provide the key to reindustrializing the United States, and making it the leader once again in technology and resources.

How laser fusion works

Laser fusion basically consists of making miniature stars, for a few billionths of a second, on Earth. Nuclear fusion is the process from which the stars derive their vast energy outputs. In the cores of massive stars, their huge gravitational pressures compress and heat the lightest element, hydrogen, to tremendous densities and temperatures. As a result, the nuclei of these hydrogen atoms are "fused" to form heavier elements, such as helium. In the process, a small portion of the hydrogen mass is converted to energy, which we see in the form of light and electromagnetic radiation.

For generating a miniature star on Earth, fusion scientists direct powerful laser beams onto a small sphere of hydrogen fusion fuel. As the laser light irradiates the surface of the fusion target, it produces converging shock waves, which crush and heat the target's interior, producing tremendous compression of the fuel, and hundred-million-degree (Celsius) temperatures, under which conditions nuclear fusion reactions are ignited. Both the compression-heating process and the fusion burn take only a few billionths of a second.

The fusion energy output is in the form of high-energy neutrons and helium ions. By surrounding the exploding pellet with appropriate material, such as solid and liquid lithium, the fusion energy can be converted into a form readily transformable to electricity. For example, the lithium, which is a metal, will generate an electrical potential as it moves through a magnetic field. This type of electricity generation cycle is called magnetohydrodynamics (MHD), and

is already used in prototype form in fossil fuel power plants. The much higher temperature of the fusion process makes it much more amenable to efficient MHD generation of electricity.

The Nova laser system is primarily designed to demonstrate the scientific basis for laser fusion. It will be able to explore and simulate the essential conditions needed for developing reactor-grade laser fusion targets. But Nova is not large enough to actually generate in one experiment all the conditions needed for reactor-scale fusion energy production. The Sandia Laboratory's Particle Beam Fusion Accelerator (PBFA II) is expected to have this capability by 1988 (see accompanying article). Although the PBFA-II uses light ion beams instead of light to crush fusion fuel pellets, results from the Nova experiments will provide important information for the Sandia project.

Besides nuclear fusion research, the Livermore Nova is also used in experiments to perfect x-ray lasers. Powerful flashlamps irradiate large disks of neodymium-doped glass. The neodymium absorbs the incoherent light from the flash lamps, and the glass then re-emits this light energy input, in the form of coherent light. The powerful Nova beams can be used to generate bursts of x-rays, which can form the basis for x-ray laser flashlamps.

The Nova prototype, Novette, produced the first laboratory x-ray laser in 1984. Nova will vastly improve on those results. The Nova-powered x-ray laser will greatly extend the frontiers of laser research. Because of its shorter wavelength, the x-ray laser provides a unique means to probe both the extreme physical conditions of the fusion process, and the dynamics of living cells. In fact, the x-ray laser can be used to make atomic-scale pictures of living cells for the first time.

Gramm-Rudman's backers plot against the Constitution

by Edward Spannaus

"Gramm-Rudman will cause such a political and constitutional crisis, it will force people to see the need for constitutional reform." This is the view expressed recently by Peter Schlauffer, director of the Committee for Constitutional Reform, a group set up in 1981 to promote the replacement of the United States Constitution with a British-style parliamentary model of government.

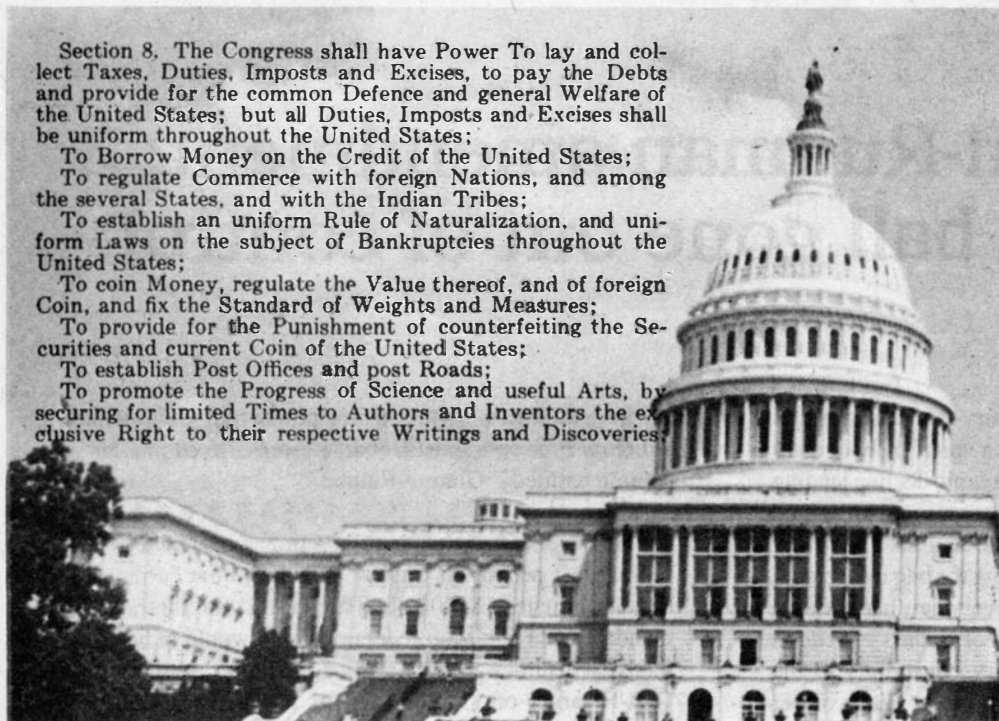
That Schlauffer's committee is involved in somewhat more than mere academic contemplation of the subject, is highlighted by the critical role of attorney Lloyd Cutler in the current Gramm-Rudman crisis. Cutler, a key participant in both the Committee for Constitutional Reform and its sister organization, Project '87, represents the U.S. Comptroller General in the lawsuits now pending in federal court challenging the constitutionality of Gramm-Rudman.

Not only did Cutler defend the constitutionality of the Gramm-Rudman automatic budget-cutting mechanism during the Jan. 10 hearings on the lawsuits—when even the President and the attorney-general have conceded the probable unconstitutionality of the "sequestration" procedure—but it is his client, Comptroller General Charles Bowsher, who marched into the Oval Office on Jan. 21 to dictate budget cuts to the President of the United States. Applying a "strict construction" of Gramm-Rudman on advice of his lawyers, Bowsher, a little-known appointive official, ordered President Reagan to slash an additional \$44 million from military programs. He argued that the President had erroneously omitted \$6.3 billion of military spending authority from the total amount subject to automatic cuts this year.

During the Jan. 10 hearing, even the Justice Department was compelled to attack the constitutionality of the Comptroller General's role under Gramm-Rudman: Assistant Attorney General Richard K. Willard argued that "the President is made subordinate to another official in the execution of the law" and that "for the President to be made a mouthpiece of the Comptroller General" is repugnant to the Constitution. Cutler, however, defended the Gramm-Rudman scheme, taking the fanciful position that it does not violate the constitutional plan of the separation of powers, because the Comptroller General is not merely an arm of Congress, but

Section 8. The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;

- To Borrow Money on the Credit of the United States;
- To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;
- To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States;
- To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;
- To provide for the Punishment of counterfeiting the Securities and current Coin of the United States;
- To establish Post Offices and post Roads;
- To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.



99th CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
99-121

INCREASING THE STATUTORY LIMIT ON THE PUBLIC DEBT

The Senate, 1985. (Referred to the printed

Mr. ROSTENKOWSKI, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 372]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the amendments of the House of Representatives to the amendments of the Senate numbered 1 and 2 to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment to part (2) of the amendment of the House to the amendment of the Senate numbered 1.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of inserting the matter proposed to be inserted by the Senate amendment, insert the following at the end of the joint resolution:

TITLE II—DEFICIT REDUCTION PROCEDURES

SEC. 200. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985."

(b) TABLE OF CONTENTS.—

Sec. 200. Short title and table of contents.

35-400

The Gramm-Rudman amendment (above) rejects the U.S. Constitution's requirement that government "promote the general welfare"; further, it gives the power of the legislative branch over to computers at the General Accounting Office.

is an independent officer of the United States. (Cutler failed to identify which Article of the Constitution provides for an "independent officer of the United States.")

Cutler has addressed the question of the Constitution and the separation of powers previously, in a rather more frank fashion. Writing in the Fall 1980 issue of *Foreign Affairs*, the journal of the New York Council on Foreign Relations, he wrote: "The separation of powers between the legislative and executive branches, whatever its merits in 1793, has become a structure that almost guarantees stalemate today. As we wonder why we are having such a difficult time making decisions we all know must be made, and projecting our power and leadership, we should reflect on whether this is one big reason."

Cutler cited budgetary requirements as one of the principal considerations. "During the second half of this century, our government has adopted a wide variety of national goals. Many of these goals—checking inflation, spurring economic growth, reducing unemployment, protecting our national security, assuring equal opportunity, increasing social security, cleaning up the environment, improving energy efficiency—conflict with one another, and all of them compete for the same resources. There may have been a time when we could simultaneously pursue all of these goals to the utmost. But even in a country as rich as this one, that time is now past."

What Cutler and the scrap-the-Constitution crowd hate most of all is the strong and independent Executive which our Constitution created. Under the guise of overcoming the "stalemate" created by conflicts between the Legislature and the Executive, they repeatedly emphasize the alleged virtues

of the parliamentary system, in which a premier or prime minister is selected from the ranks of the majority parliamentary faction, thereby ensuring the ability of a parliamentary majority to carry out its program. However, this model was explicitly rejected by the Framers of the Constitution, who insisted on the necessity of the strict separation of those who make the laws, from those who carry them out. That, of course, is precisely what has been obliterated by Gramm-Rudman.

The granddaddy of the 20-century Constitution-busters was of course Charles Beard, with his "economic interpretation" of the Constitution. When Beard helped write a model state constitution for New York State in the 1920s, he wrote extensively on the need to get control of the budget out of the hands of politicians and into the hands of technocratic experts.

In an interview during 1981, Cutler elaborated on his perspective, noting that "many people think it's impractical or foolish to change the Constitution, but I believe we're making some progress." Cutler identified that budget reconciliation process in Congress as "a great step forward." "It brings us much closer to the parliamentary system," he said. "I believe that we are the only major government in the world where the legislature can vote a budget higher than what the head of government proposes. We should definitely strengthen the OMB [Office of Management and Budget], or create some other unit along these lines in the executive branch to keep control over the budget process."

What Cutler proposed in 1981, has come to pass with a vengeance in 1985-86.

The Gramm-Rudman amendment: a wrecking ball gone out of control

by David Goldman

Gramm-Rudman—even under the fairy-tale assumptions prevailing on Capitol Hill—describes a spiral of budgetary chaos leading to economic decline, economic decline leading to *higher deficits*, higher deficits leading to tax increases, and tax increases provoking further economic decline. The reality is worse. The U.S. government is holding the bag in a general crisis of the financial system, in which every new institutional failure will demand additional billions of dollars of federal support. To adopt automatic budgetary constraints in the present financial environment is equivalent to a jeep driver reacting to a minefield by setting his vehicle on automatic speed control, donning a straitjacket, and stepping on the gas.

Under the unlikely premise contained in the Washington “consensus” forecast of slower but positive economic growth in the United States during 1986 (about 1.5% per annum), the Gramm-Rudman-Hollings legislation will dictate more than \$100 billion in budget cuts, including a \$50 billion defense cut, for the 1987 fiscal year beginning next September. The arithmetic, employing the usual rules-of-thumb employed by the Congressional Budget Office, is trivial:

Fiscal 1986 deficit	\$230 billion
plus effect of slower growth	\$10 billion
plus consolidation of off-budget accounts	\$10 billion
Total	\$250 billion
less Gramm Rudman ceiling for FY 1987 deficit	\$144 billion
<i>equals</i> mandated cuts	\$106 billion

Of course, the “consensus forecast” is nonsense. The world is in the midst of a deflationary breakdown crisis, in which the current free-fall of the oil price typifies the conditions which will throw large portions of the world financial system into bankruptcy over the next several months. A deficit forecast for Fiscal 1987 in the range of \$300 billion, due to lost revenues and increasing entitlements claims under conditions of widespread layoffs, is more realistic.

The above exercise, conducted with the help of Congress-

sional Budget Office staffers, corresponds roughly to what *Washington Post* columnist Hobart Rowen offered in a Jan. 23 column entitled, “Gramm-Rambo”:

Here is the devastating arithmetic, as compiled by senior staff people on Capitol Hill. From the current deficit estimate of \$220 billion for fiscal 1986, subtract mandated \$11.7 billion reduction. That would reduce this year’s deficit to \$208 billion. Thus, to reach the G-R-H target of \$144 billion for fiscal 1987, there will have to be additional cuts of \$64 billion—five to six times the reductions the agencies are now scrounging to meet.

But wait a moment, says a Joint Economic Committee economist: What happens if the economy proves to be weaker this year than the 4% economic growth rate projected by the Reagan administration. . . . “Suppose the growth rate is projected at 2.5%,” says a leading Hill economist. “Since each one point of GNP is worth \$18 billion in tax receipts, that would add \$27 billion to the budget reductions needed to meet the Gramm-Rudman deficit target of \$144 billion for fiscal 1987.”

That would mean a budget cut not of \$64 billion on Oct. 1, but \$91 billion. In the real world, such a budget amputation could not take place.

Instead of instilling a sense of predictability in the financial markets, as the legislation pretends, Gramm-Rudman has set off a series of panic reactions in anticipation of much higher taxes, as former Council of Economic Advisers chairman Alan Greenspan predicted before the American Economics Association on Dec. 31. The anticipation of these tax increases will, by itself, set in motion the worst effects of Gramm-Rudman, before any actual cuts have been made.

By the time we reach the statistical stratosphere of \$100 billion-plus tax cuts, the numbers become irrelevantly large. Under no circumstances can the federal government reduce expenditures by \$100 billion, without general, unilateral disarmament, and without imposing conditions of hardship upon sections of the population dependent upon entitlement

programs, sufficient to cause general social instability. In any case, if the economy goes into negative growth for four successive quarters, the Gramm-Rudman strictures are automatically suspended. Nonetheless, the operation of the legislation automatically steers the economy into a deflationary disaster, by straitjacketing the federal government's capacity to intervene into the crisis.

During the past three years of supposed economic recovery, the speculative bubble that passed for economic growth depended, in almost every case, upon direct federal support. Gramm-Rudman, especially in context of debate over tax reform, closes out the entire range of subsidies and loopholes. In an economy which consists of nothing *but* subsidies and loopholes, the drying-up of the federal teat will have repercussions that the prognosticators have not yet even attempted to imagine.

Most remarkable is that neither the Congressional Budget Office, nor the Office of Management and Budget, nor the Brookings Institution, nor the usual oracles from which economic advice is dispensed, have bothered to follow through on the implications of this arithmetic—except for the handful that predict massive tax increases in order to avoid the budget cuts.

The most devastating effect of Gramm-Rudman is that it has locked the Congress and administration into the equivalent of a debate on fuel-saving maneuvers on a ship entering an iceberg zone. By the time reality intervenes, i.e., when the hull crumples on an iceberg, it will be too late. Sometime during the summer, when the next round of deficit projections appear, or perhaps after the Treasury has had to pick up the pieces of Bank of America or other failing financial giants, a "crisis atmosphere" will develop in Washington. In anticipation of that, entire sections of the economy will begin to flake away.

Absurb assumptions

The current Congressional Budget Office growth forecast for "real" (inflation-adjusted) Gross National Product for 1986 is 3.4%, against the administration's 4% forecast. A General Accounting Office report released Jan. 21, 1986, concludes:

... the OMB and CBO real growth forecasts are well within the range of current private sector forecasts. At the same time, both agencies, but especially OMB, forecast somewhat faster real growth than is expected by ... the private sector consensus. ... Differences with respect to unemployment are minor and are consistent with the differences in the forecasts of real growth. Finally, the OMB and CBO forecasts of interest rates seem to be consistent with current private sector thinking.

However, the GAO study adds the following remarkable statement concerning the assumptions beneath the optimistic consensus:

Several positive factors suggest that a recession is unlikely:

The deterioration in the trade balance should be behind us as a result of last year's (15%) decline in the dollar;

Last year's rapid money growth and declining interest rates suggest higher real growth in 1986. In particular, lower interest rates should support renewed strength in housing starts;

Expected further declines in oil prices should moderate inflationary expectations, giving the Federal Reserve room to respond to any weaknesses that seem to be developing.

All three conditions listed imply the opposite of what the GAO (as well as the government and private forecasters) conclude from them. As *EIR* exhaustively documented in its October 1985 *Quarterly Economic Report*, the trade deficit equals about one-sixth of all physical goods consumption in the United States; since it would cost roughly 60% above the September 1985 dollar-cost of these imports to produce them at home, and since our trading partners accept our IOUs in return for them, these goods amount to a straight subsidy of U.S. economic activity.

Electronics, automobiles, primary metals, and a wide variety of other industries are dependent on cheaper imports. It is not simply a matter of higher U.S. inflation due to more expensive imports; higher import costs will raise production-costs (in terms of the price of semi-finished production inputs) to the point of unprofitability in many sectors. America's capacity to export is limited by the catastrophic debt position of its major trading partners, more than by the price of its goods.

Second, the Federal Reserve's largesse in money growth during 1985 fueled a 20% per year rate of growth of consumer debt during the first three quarters, permitting the economy to maintain the semblance of growth despite the continued deterioration of physical-production capacity. The GAO admits as much in the report's next sentence: "Consumer spending has been outstripping income growth, leading to a historically low personal savings rate." Where, then is the "higher real growth" to come from?

Finally, the free fall of oil prices—hailed by the White House as a positive factor, as spot market prices on Jan. 20 dipped below \$20 per barrel for the first time in seven years—threatens to blow out not merely such debtors as Mexico, Nigeria, and Indonesia, but a large part of the U.S. energy sector as well.

On the negative side, GAO cites "the moderate rate of manufacturing capacity utilization and the high office and apartment vacancy rates, [which] should weaken the attractiveness of business investment."

The problems in the real estate sector are at the heart of the matter, as we shall discuss below.

Surprisingly, GAO does not mention:

- 1) the fact that 600 savings institutions are operating in the red, and half of those have a negative net worth;
- 2) the bankruptcy of the \$80 billion Farm Credit Administration and, by extension, of almost all of the \$220 billion in outstanding agricultural credit;
- 3) the fact that Bank of America posted a \$338 million loss for 1985, facing continuing loan problems, and threatening a repeat of the Continental Illinois fiasco of 1984;
- 4) an uninterrupted chain of bank failures continuing, last year's postwar record of 115 commercial bank failures;
- 5) the implications of collapsing oil prices for Third World debtor nations, particularly Mexico and Nigeria.

Former chairmen of the Council of Economic Advisers Alan Greenspan and Paul McCracken call for tax increases to cushion the impact of the mandated budget cuts. But the effect *already registered* after the President merely proposed to substitute \$25 billion in corporate taxes for a \$25 billion personal income tax cut, indicates what chaos would be unleashed by this kind of "solution."

Real estate

The high office and apartment vacancy rate cited by the GAO indicates one of the mines which Gramm-Rudman will detonate. Most of the employment increase in the United States during the past five years depends upon the *credibility* of real-estate deals marketed either to institutions or individual investors, for whom tax advantages determine whether a proposal is profitable or not. The federal government has been the godfather of this bubble, and its withdrawal would collapse the bubble almost instantly.

The federal government currently has outstanding \$525 billion of so-called agency issues, bonds emitted by "federally sponsored corporations" such as the Federal Housing Administration, the Government National Mortgage Association ("Ginnie Mae"), the Federal National Mortgage Association ("Fannie Mae"), and so forth. Almost all of it (including most farm-related lending) underwrites real estate development of one sort or another.

The federal mechanism for underwriting the trillion-dollar mortgage market dovetails with provisions in the tax code, now in jeopardy under "tax reform," permitting real-estate investors to write off interest as an expense, and use the benefits of low-equity leveraged investments for tax purposes. Virtually all commercial and residential construction in the United States depends upon this combination of mortgage-market underwriting and tax subsidies. Whether the current version of tax reform according to House Ways and Means Committee chairman Dan Rostenkowski (D-Ill.) is adopted, real-estate operators now operate under the assumption that the federal teat has run dry.

Until the President's budget for FY 1987 is issued at the end of January, we will not know the precise disposition of the off-budget agencies. However, assume in advance (as the

real-estate market does) that off-budget borrowing authority will be reduced. Gramm-Rudman forces the government to report all off-budget expenditures on a consolidated basis, effectively ending off-budget status for such agencies.

For that matter, the administration is expected to propose the sale of the Federal Housing Administration to the private sector, along with other government agencies and functions.

Much more hangs on the end of this combination of market support and tax subsidy than real-estate development per se. Virtually all of the 10 million increase in employment during the past five years has occurred in sectors such as retail trade, restaurants, and so forth, which are intimately linked to real-estate values, through the development of shopping malls. Anything that disturbs the balance between the rental rate of retail and restaurant floor space, the tax benefits derived from holding such real estate, and the anticipated capital gain on the underlying real estate, will produce disastrous effects throughout the economy. It will no longer be feasible to rent retail and restaurant floor space at current rates, if the tax and capital-appreciation advantages of owning such space are wiped out. The employment associated with such real-estate development, particularly in the spreading blight of suburban shopping malls, will disappear.

That is all the more true, because the most aggressive development has occurred in those parts of the country which earlier benefited from the oil boom. The collapse of oil prices will have an additional effect, producing high bankruptcy rates and rapid disemployment throughout the Southwest, Rocky Mountain states, and other affected areas.

Insurance

Mere anticipation of the end of tax breaks for the property-casualty insurers has triggered 400-to-1,000% premium increases for a wide variety of liability coverage, and the elimination of certain types of coverage altogether. The insurers have known for a year that the old tax code, which allowed them to run operating losses as a tax shelter for investment income, would be eliminated under whatever tax changes emerged this year.

It is impossible to estimate the costs of the economic chaos ensuing from the sudden unavailability of liability coverage at less-than-impossible rates, for many sectors of manufacturing, including chemicals, pharmaceuticals, sporting goods, child products, weapons, as well as transportation and construction. Two large trucking firms have filed for bankruptcy rather than pay the higher rates. These costs will run into the high scores of billions, if not the low hundreds of billions of dollars. Robert Hunter of the National Insurance Consumer organization suggests that the total costs are two to four times the annual increase of premiums paid, of \$25.6 billion last year. In other words, the insurance spinoff effect is in the same range as the FY 1987 Gramm-Rudman budget cuts. The trigger for these additional costs to the economy is less than \$5 billion in additional taxes.

Defense

While attention has focused on the *size* of defense budget cuts, the *nature* of these cuts under Gramm-Rudman may be just as devastating for arms procurement, even if the size of the cuts is relatively low. The specific approach dictated by the legislation throws the defense industry into utter chaos. Since defense makes up 6% of all industry shipments, and perhaps twice that amount of investment, the impact on the economy, let alone upon national security, will be devastating.

A private research report released Dec. 19 by the New York investment bank Oppenheimer and Co. warns:

The "across-the-board" cuts (horizontal) suggested by Gramm-Rudman are highly impractical and have a historical record of cost ineffectiveness. Given that the Pentagon has upwards of 200,000 contracts outstanding at any one time, it would be ludicrous to expect a biannual review of each program. Moreover, lower funding for individual programs tends to inflate unit costs, resulting in fewer but more expensive systems. Thus, the eventual dollar savings are only marginal or entirely illusory. Some scaling back or stretch-outs of major "platform" programs (i.e., tactical aircraft, naval vessels, etc.) can be expected, but vertical program eliminations (entire program cuts rather than portions) will be a more frequently used alternative to reduce costs.

A dollar cut in the defense budget does not necessarily suggest an equivalent dollar savings. Only about 15% of the procurement allocation is spent after one year versus 80% of the operations and maintenance (O&M) budget and nearly 100% of personnel expenses. Thus, most of the true saving will come from the O&M and personnel portions.

... For each program cut, there are likely to be retrofits and upgrades of older systems.

Gramm-Rudman, as the investment firm argues, does not merely hit hardest at the military's capacity to function (personnel and operations and maintenance), but it throws the defense industry into a form of Russian roulette over the elimination of entire weapon-systems programs.

The financial crisis

Between now and Sept. 30, 1986, the end of the current fiscal year, the U.S. Treasury will find perhaps \$50 billion in unexpected bills on its doorstep, due to the failure of commercial banks, savings institutions, and federal agencies responsible for farm and real estate debt. These include:

1) **The \$80 billion Farm Credit System.** By imposing a draconian liquidation policy for delinquent debtors upon the bankrupt system, the Treasury has ensured that the majority of FCS debtors will have no means to pay any portion of their obligations. The spiral of foreclosures resulting from the

Treasury's lunatic approach to the FCS will bring the bailout requirement for the system to the range of \$20 billion toward the end of 1986, according to astute farm-sector analysts. Should the Treasury fail to act promptly in support of the FCS, the entire half-trillion-dollar structure of federal "agency" debt will crash, bringing down all the mortgage-market support agencies along with the farm lending agency.

The administration will have little choice. A recent analysis of the banking sector by Prudential-Bache securities wrote, "We believe the administration will cave in partially to the farmers of the politically crucial Midwest, despite the constraints of Gramm-Rudman and the fact that it recently rejected a request by the Farm Credit Administration (FCA) for a \$6 billion bailout. We expect a lesser amount, between \$3 to \$4 billion, could be advanced on a 'needs basis' to the Farm Credit System through bond purchases."

Penny wise, pound foolish, the administration will try to save money in the short term, and allow the farm debt crisis to snowball out of control.

2) **The insolvent Federal Savings and Loan Insurance Corporation.** The FSLIC, which underwrites the deposits of the nation's savings and loan institutions, has available funds of \$2 billion. Six hundred of the institutions it supervises are in bad trouble, half of them in extreme duress. According to Prudential-Bache, to resolve only the 12 most pressing cases in California, would cost \$4 billion, or twice the resources of the FSLIC. A rash of problems for real estate developers, as anticipated above, would bring the FSLIC's urgent requirements above the \$20 billion range. Prudential-Bache suggests that the FSLIC's absorption by the Federal Reserve System might be the "solution of last resort"; the consequences of a \$20 billion hole in the Fed's balance sheet may be left to the reader's imagination.

3) **The real estate crisis.** The Government National Mortgage Association has already had to sell hundreds of housing units which it acquired through foreclosure into the depressed Florida real-estate market. For reasons given above, it and other federal agencies which buy packages of mortgages from savings banks and re-sell them to institutional investors, will be caught in the middle of the real-estate disaster we anticipate as a result of Gramm-Rudman. The Federal National Mortgage Association, a similar agency, has \$92 billion in debt, and only \$1.3 billion in capital. Losses in excess of that will presumably be borne by the Treasury.

4) **The Third World debt crisis.** The crash of oil prices has drawn attention to Mexico's \$100 billion foreign debt; but the oil price development merely corresponds to a generalized crash in commodity prices which has wiped out the earnings capacity of the entire developing sector. During the 1983-84 round of the debt crisis, the Treasury lent a few billion dollars as "bridging funds," and contributed \$6 billion to the International Monetary Fund. The bailout requirements to avert a crash of the Eurodollar market will be several times in excess of that amount.

A political Pearl Harbor hits Congress and the American people

by Kathleen Klenetsky

It is testimony to the incompetence and craven opportunism which characterizes most members of Congress these days, that, just one month after the Gramm-Rudman-Hollings "balanced budget" amendment was voted into law by hefty majorities in both houses, a major drive has been launched for its repeal.

Within hours after Congress reconvened Jan. 21, two New York Democrats, Reps. Mario Biaggi and Ted Weiss, introduced separate bills that would overturn Gramm-Rudman completely. Biaggi, according to an aide, motivated his measure on the grounds that the balanced-budget law is "legally and economically flawed . . . dangerous and destructive."

Another Brooklyn Democrat, Rep. Charles Schumer, is also considering sponsoring a bill to repeal Gramm-Rudman. In the interim, he is circulating an analysis prepared by his staff which shows that if Gramm-Rudman's automatic-cuts provision is triggered in fiscal year '87, most government programs could be cut from anywhere from a quarter to a third. "We want to make sure that everybody on the Hill and elsewhere is aware just how bad this bill is," an aide told *EIR*.

According to congressional sources, certain Republicans may also initiate action to overturn the bill.

These moves are just the most public indications of the panic which is enveloping Capitol Hill as it begins to penetrate that Gramm-Rudman is detonating a political explosion which could cost every single member of the House and Senate his or her job. As one staffer to a prominent Democratic congressman put it: "Congress has woken up to the fact that it gave birth to a Frankenstein, and now it's trying desperately to strangle it."

The bill which many members of Congress saw as a heaven-sent device by which they could relieve themselves of their constitutionally mandated responsibility for managing the budget of the United States, by handing it over to a computer oblivious to political pressures, has instead turned into a political hot potato of the first order. Members of Congress—including some who voted for Gramm-Rudman in December—are scrambling wildly to disassociate them-

selves from the measure.

"The devil made me do it" has suddenly become the theme song of the 99th Congress. A startling number of senators and representatives—again including members who endorsed the bill—are attempting to absolve themselves of responsibility by claiming they didn't know what it was they were voting for!

"We don't understand Gramm-Rudman, even though we voted for it," an aide to a Gulf States Democrat told *EIR*. The House Budget Committee was forced to schedule a closed-door briefing Jan. 22 to "explain" to congressmen and their staff exactly what it was they chose to impose on the country last month, because so many legislators claimed to be ignorant of Gramm-Rudman's provisions.

But these pitiful excuses are hardly likely to satisfy the hundreds of millions of Americans who are going to suffer bitterly as a result of the irresponsibility and cowardice of their elected representatives. The reason why so many members of Congress are suddenly trying to put as much distance as possible between themselves and the bill, is that they were treated to a harsh dose of reality when they went back to their districts for the Christmas recess.

Numerous congressmen and senators have admitted in discussions over the past few days that their constituents were "absolutely up in arms" over the anticipated effects of Gramm-Rudman. "Before the holiday, everybody up here [on Capitol Hill] was for a balanced budget. Now, no one is," confided one aide to a Gulf States Democrat.

Rep. Jamie L. Whitten (D-Miss.), an old-line Democrat and chairman of the powerful House Appropriations Committee, said that half the banks in his district are in "serious trouble" and that the cuts in farm subsidies demanded by Gramm-Rudman will just make matters worse.

Rep. Silvio Conte (R-Mass.) told the *New York Times* that he was besieged by representatives of the 13 colleges in his western Massachusetts district, who were apoplectic over the huge reductions the bill will make in higher education funds. "My God, there will be more gnashing of teeth and screaming up here," said Conte, predicting that his colleagues would soon be hearing similar complaints from other

constituencies about Gramm-Rudman—if they hadn't already.

What members of Congress are hearing from their constituencies is a grim but simple message: Gramm-Rudman will wreak havoc over every area of life.

Shortly after Gramm-Rudman's passage, *EIR* began monitoring the impact which the bill was having, both economically and politically. In speaking to hundreds of state and local government officials, trade union leaders, farm representatives, and spokesmen for other constituency groups, it became evident that anyone who had actually studied the bill realized that it threatens virtually to close down whole sections of the economy, bankrupt many less prosperous towns and cities, impose devastating cutbacks in others, and force huge increases in taxes to compensate for the loss in federal funds.

"This is going to kill us," one state official bluntly told *EIR*. "People didn't understand what Gramm-Rudman was. Now that it's been passed, they're beginning to realize that it's an uncontrollable monster which could wipe us all out." The official stressed that the threat of Gramm-Rudman was so great, that state and local government representatives were "panicking" even though the actual cuts won't be implemented till March 1. Furthermore, those cuts will only amount to \$11.7, piddling compared to the \$64 billion which some administration spokesmen say will be necessary in FY87.

That's the message which congressmen and senators got when they were back home, and they haven't escaped by fleeing back to Washington. Twenty-four hours after Congress reopened, a group of big-city mayors, in town for a meeting of the U.S. Conference of Mayors, turned up at House Budget Committee hearings to warn about Gramm-Rudman's consequences.

Chicago Mayor Harold Washington, noting that his city stands to lose 8% of its total budget for FY86 as a result of the cuts, called Gramm-Rudman "devastating" and "chaotic." The "guts of local government" will be "torn apart" and "the future of our cities is at stake," he said. Boston Mayor Flynn charged that the legislation represents "urban terrorism." Kansas City Mayor Richard Berkley, a Republican, said that even if all the programs which the mayors were concerned about were eliminated, "it would hardly make a dent in the federal deficit but . . . would wreak havoc at the local level." And Mayor Terry McKane of Lansing, Michigan, testified: "We've already cut all the fat. We're down to the muscle and bone."

Political pickle

It's obvious that the Democrats are hoping to capitalize on the growing uproar over Gramm-Rudman as a choice opportunity to advance their own political interests and agenda. It's no accident that the individuals who are positioning themselves at the head of the anti-Gramm-Rudman move on the Hill are by and large liberal Democrats, who see Gramm-Rudman as a device to embarrass Reagan politically and lead

to massive Democratic victories in the 1986 elections, and possibly in 1988 as well.

Perhaps the most bitter irony of the current situation is that many of the same Democrats who fought tooth and nail against the Strategic Defense Initiative, the MX missile, and other elements of the Reagan defense program, are now sanctimoniously parading around as defenders of U.S. national security. The Democratic National Committee, whose new executive director held top posts in several pro-disarmament groups, had the nerve to issue a statement that Gramm-Rudman was at odds with the party's stand on defense.

This concern is totally fraudulent. By their own frank admission, the majority of congressional Democrats, at least those in tune with the DNC, are not opposed to the idea of a balanced budget achieved through massive cuts; they just want the cuts to be in defense spending, and they want tax increases too—an objective shared by many Republicans as well, notably including Senate Majority Leader Robert Dole (R-Kan.).

But some Democrats are politically acute enough to realize that Gramm-Rudman is so explosive that any attempt to reap political benefits out of the misery it will inflict could backfire badly. As Leon Panetta (D-Calif.), chairman of the House Democratic Caucus economic committee, said: "It's a double whammy. All incumbents are going to suffer."

President Reagan could suffer worst of all: After coming into office in 1981 pledging to end Jimmy Carter's economic austerity, and to rebuild America's depleted defenses, he has put himself in the unenviable position of having ripped up the U.S. Constitution, placed the nation's economic policy in the hands of the International Monetary Fund, and set the stage for the most drastic military build-down since the World War II demobilization.

Although the President is insisting that he will stick by his guns and wrench from Congress a 3% increase for the Pentagon for FY87, that's a complete pipe dream. He couldn't even get that from Congress last year—when the economic pressures weren't as intense, and when Gramm-Rudman's mandatory budget-deficit ceilings weren't in effect.

Unless the President is willing to throw out Gramm-Rudman, fire his economics advisers, and adopt an economic policy geared at rebuilding America's industrial and agricultural base—an approach that requires a radical restructuring of the national debt—Reagan may go down in history as the last President of the sovereign U.S.A.

The same holds true for those in Congress now trying to overthrow Gramm-Rudman. No matter what the political pedigree or motives of those involved, repealing the bill is both desirable and necessary. But it is not sufficient, by a long shot, to solve the underlying problems of the American economy. That takes the kind of guts that millions of Americans are now looking to their political leadership for. But they won't find it, unless they effect a drastic change in the people and policies in the Congress and other key U.S. institutions.

The great Mediterranean sellout is under way

by Criton Zoakos

The Soviet ambassador to Turkey, Vladimir Lavrov, held a press conference in Ankara on the morning of Jan. 24, hours after the U.S. naval task force launched a series of naval and air war games at the Gulf of Syrtis, off the Libyan coast.

"I can tell you," Ambassador Lavrov stressed to the press present, "that now the United States has started military maneuvers at the Libyan coast, and that the Soviet Union has made a demarche. We have called on the United States not to seek results which would escalate the matter to serious proportions." This was the second time in three weeks that the Soviet Union has warned Washington not to involve itself militarily in Libya.

The first time was on Jan. 7, when "TASS was authorized to state," that the Soviet government will ensure, "by all necessary means," that no American military action against Libya would succeed. At the time, the Soviet government made the significant assertion that it will not tolerate any alteration in *Mediterranean* military relations "because the Soviet Union is a *Black Sea* power." Most people failed to either comprehend, or appreciate this extraordinary logic.

The Soviet statement, however, was meant to draw attention to the fact that only two days earlier, the first-ever full-fledged Soviet aircraft carrier, the *Kremlin*, had sailed from the Black Sea, through the Turkish Straits, and into the Mediterranean. Though not fully operational and still about to enter sea trials, the *Kremlin*'s passage through the Turkish Straits was a masterful abrogation, *sotto voce*, of the 1936 Monteux Convention which prohibits the passage of this type of warship from the Straits.

'Cyprus is not far. . .'

During his Jan. 24 press conference, Ambassador Lavrov presented to the Ankara press his country's just released proposal for a solution of the 12-year-old crisis of the Mediterranean island of Cyprus. Lavrov's argument was, once again, based on this new Russian theory of "spheres of influence," namely that the strategic realities of geographical proximity, the fact that "Cyprus is not far from the southern Soviet Union and in a region about which the Soviet Union cares," oblige the Soviet Union to put forward its demands.

The Soviet Union's Cyprus proposal, made on Jan. 21, is militarily very significant. It calls for a) the elimination of the two major British air and naval bases there, b) the removal of some 17,000 Turkish troops, and c) the convening of a "representative international conference," made up of the Soviet Union, Great Britain, France, the United States, Greece, Turkey, and "certain non-aligned states." By the latter, some suspect the Soviet Union might mean nearby Syria!

Purpose of this "international conference," according to Moscow, will be to produce a treaty providing for: "demilitarization of the island, including withdrawal of all foreign troops, removal of all foreign military bases and installations, a system of effective international guarantees for independence, sovereignty, unity, and territorial integrity of the Republic of Cyprus, respect by all states of its non-aligned status."

Unless the United States categorically rejects this proposal, Turkey will, inevitably, find herself obliged to accom-

moderate. In such a case, this year's diplomatic-military tug-of-war in the Mediterranean will revolve around Moscow's efforts to produce two sets of Mediterranean "international conferences," one over Cyprus and one over the Arab-Israeli conflict. Both of these conferences have as their objective to establish the Soviet Union as the dominant power and the arbiter center for the Mediterranean.

The State Department is all for it, and is stage managing its efforts in conjunction with Israel. The turning point which introduced the present spate of diplomatic and military maneuvers in favor of designating the Soviet Union as the leading imperial power in the Mediterranean basin was a quasi-secret message to the Arab governments, on Dec. 10, 1985, from Secretary of State George Shultz and special Middle East negotiator Richard Murphy, announcing that the United States favors a comprehensive, international conference on the Middle East, with the Soviet Union.

Subsequent to that message, most of the behind-the-scenes maneuvering was conducted by the pro-Sharon faction of the Israeli establishment, with the partisans of Prime Minister Shimon Peres and his Labour Party allies maintaining their own parallel version of a Soviet-Israeli accommodation.

For example, Israel's role in the Greece-Turkey-Cyprus matter: Former deputy chief of the Mossad, and present director-general of the Israeli foreign ministry, the Irgunist David Kimche, engaged in an intricate play with his friends in the Socialist Mr. Papandreou's government of Greece, which involved delivering the critical "Zionist lobby" vote in the U.S. Congress in favor of Greece's requests for U.S. military aid, and against Turkey's parallel and conflicting requests. Briefly: on Jan. 10, the State Department announced the commercial sale to Greece (i.e., without any treaty obligations), of a large shipment of American F-16 jets.

Three days after this announcement, David Kimche made a triumphant visit to Greece, proceeded to draw up a series of long-term projects with Greece's KGB- and Qaddafi-ridden so-called "National Security" establishment, and from there proceeded to a secret three-day visit to Finland, of all places.

Finland is the officially designated diplomatic liaison between Israel and the Soviet Union, for lack of diplomatic relations between the two countries. Very little is known about the Sharon-ally Kimche's whereabouts in Finland, and even less about the speculation that he might, secretly, have slipped into neighboring Soviet Union.

What for?

Sharon and his strategists, among whom Kimche is the most prominent and influential, have been in secret talks with the Soviets since at least August of 1981, for the purpose of defining and developing a new politico-military order of things in the Mediterranean, where Soviet interests would be dominant, and Israel would be the principal broker.

While Kimche was in Finland, and perhaps in Russia, a

deputy foreign minister of the Soviet Union arrived in London to hold far-ranging cooperation discussions with the Foreign Office there. At about the same time, the South Yemen crisis broke out, whereupon, Foreign Office and Soviet foreign ministry, decided, on the spot, to create a joint "crisis management team," to manage the Aden crisis. Not much is known of the team's doings, other than the fact that Britain is both according Russia the status of Middle Eastern arbiter, as well as housebreaking its diplomats into the mysteries of Yemenite and other tribal intrigues.

The crisis management committee was hardly in place when King Hussein of Jordan and Prime Minister Peres of Israel both arrived in London, to be joined by the State Department's "special Middle East negotiator" Richard Murphy. The King reiterated his insistence on meeting Israel only in an international conference with the Soviet Union present.

Peres reiterated his insistence that the Soviet Union first establish diplomatic relations with Israel and then join the international conference. Murphy repeated that the U.S. has "no objection" to such "international conference." Ironically, the Russians do not appear to be in as great a hurry for such an "international conference" as some others are.

It is said that Ariel Sharon and his friends in Israel very much want to preemptively force a military crisis, preferably a Mediterranean-wide one, in order to precipitate this "international conference" before Gorbachov and his Russians are fully prepared for it, in order to improve Israel's—i.e., Sharon's—bargaining position. It is also said that Sharon, together with George Shultz, would very much like to see a direct military clash between the United States and Libya, which will allow him the free hand to engage in a shooting war with Syria.

The overall military situation throughout the Mediterranean is deteriorating dramatically. The American naval and air maneuvers near Libya are probably timed to coincide with the imminently threatened activation of Soviet-built SAM-5 anti-aircraft batteries in Libya; while the U.S. naval buildup in the area has been going on, a similar Soviet buildup has proceeded which has brought the number of major Soviet combat ships in the area to over 35: The Italian armed forces in the two weeks since Jan. 10 have engaged in a massive buildup of their defense positions in the south, especially Sicily and the positions of Sigonella, Pantelleria, and the cruise-missile base of Comiso itself. Additionally, there is the Syria-ordered final military offensive in Lebanon, aimed at toppling President Gemayel and transforming Lebanon into a political appendage of Syria in short order.

It appears that the ongoing military buildup, and the intensification of conflict, are about to precipitate, some time in 1986, the convocation of a major "Mediterranean international conference," in which the Soviet Union is expected to assert its new imperial prerogatives in the Mediterranean region.

The question for Sharon-Kimche is how big a piece of the action they are going to get.

Fifty years after Stalin and Yezhov—the Gorbachov sweep

by Konstantin George

At the end of February, the Soviet Communist Party will be holding its 27th Party Congress, the first under the “new Stalin,” Mikhail Gorbachov, and a landmark Party Congress by any yardstick. The 27th Party Congress will ratify the already adopted 1986-90 Five Year Plan, drafted by Gorbachov, the military high command and the military-industrial Party mafia brought to the fore in the past year. The Five Year Plan, stressing a massive acceleration in the rate of implementation of “scientific-technological progress” into the Soviet economy, provides the war economy foundation for Russia’s final phase military buildup to achieve overwhelming strategic superiority.

It will also “ratify” the results of one year of mass purges—the biggest wave of purges since the 1930s under Stalin—conducted since Gorbachov’s attainment of power in March. To date, in a zealous drive to remove bureaucratic “dead wood” accumulated during the 20 years under Leonid Brezhnev, which would impede the accelerated war-economy push, nearly all Politburo members from the Brezhnev era have been removed, along with dozens of Central Committee members, nearly 30 cabinet ministers, scores of regional party leaders, and thousands of local party functionaries and plant managers.

In the next weeks, besides the “daily routine” of TASS announcing new purge victims—in the third week of January alone at least four cabinet ministers or officials of cabinet minister rank were removed (the ministers for Petrochemical and Oil Industry, and Cattle Raising and Animal Feed, along with the heads of the State Committees for Vocational Education, and for Labor)—the 14 scheduled Party Congresses of the non-Russian Republics, which will all take place before the 27th Congress, as well as the 27th Party Congress itself, will all be the occasions for further big house-cleanings.

The first of these non-Russian Republic Party Congresses—the Turkmenistan Party Congress—began on Jan. 19. The meeting, as reported in *Pravda* of Jan. 20, was characterized by strong denunciations of the Turkmenistan Party’s first secretary, Mohammed Nazar Gapurov, who was dumped last month. Gapurov, 63, who had been the Party leader of Turkmenistan since 1969, was removed in the midst of a Gorbachov sweep during November and December of the

Party leaders in three Central Asian Republics with a Muslim majority; Turkmenistan, Tadjikstan, and Kirghizia. Of the four Central Asian Republics with Muslim majorities, only the first secretary of Uzbekistan has so far escaped being purged, though the Uzbekistan Party leadership itself has been the subject of heavy recent criticism in *Pravda*.

The Jan. 20 *Pravda* blasted Gapurov for having exhibited “a wide gulf between words and deeds” in his performance, especially concerning the failure to fulfill the goals of the last Five Year Plan (1981-85). Gapurov’s rule had been characterized by “nepotism and favoritism,” “irresponsibility,” and “abuse of power,” a system where “one hand washed the other.”

After noting that Turkmenistan had achieved a record cotton harvest in 1985, *Pravda* quickly added that the Five Year Plan quota had not been fulfilled, and furthermore blamed Gapurov along with Turkmenistan Deputy Prime Minister Michenko, as responsible for “serious shortages” in agriculture. In even angrier tones, *Pravda* reported that Turkmenistan industrial production had not met the goals set in the Five Year Plan, “despite the fact” that Turkmenistan is one of the few Soviet Republics with a “labor surplus.”

The polemic in the *Pravda* article, labeling poor economic performance as doubly criminal under conditions of a “labor surplus,” is a polemic and a purge warning not only meant for Turkmenistan. This point will be made very clear in the coming days as the Party Congresses in the other Muslim “labor surplus” Republics, Tadjikstan, Kirghizia, and Uzbekistan.

The purges have just begun

As the first reports on the Turkmenistan Party Congress illustrate as a paradigm, the clean-out Gorbachov has accomplished to date is only a warm-up. What took place in 1985 will pale in comparison to the purges planned—indeed already underway—in 1986, which happens to mark the 50th anniversary of the inauguration of Stalin’s Great Purge, known in Russian as the “Yezhovshchina” (named after Stalin’s Secret Police Chief, Yezhov). This is emphasized by two striking articles recently, one in the weekly KGB-“house organ” *Liternaturnaya Gazeta*, and the other in the Party journal *Kommunist*.

In *Liternaturnaya Gazeta* for the week of Jan. 13, one Vladimir Katayev, writing in a style evoking memories of articles commissioned by Josef Stalin in the 1930s, calls for: "A moral purge of society. This is a vital question. . . . We have to be strong [militarily] to preserve peace." Katayev then "recalls" how inspired and privileged he was to hear Gorbachov "addressing workers" in Leningrad last May: "Comrade Gorbachov stressed the necessity of purging work in society (raising efficiency and ending laziness). I was most impressed by this."

The author, Katayev, then "confesses" in the style of classical Stalin period prose, that he himself had been in error in believing that there were no problems in the Soviet oil and gas industry, but then was "enlightened" upon hearing the great leader "Comrade Gorbachov," again "addressing workers" in the center of the Soviet oil and gas production, the Tyumen region of Western Siberia; "I remember Comrade Gorbachov speaking in Tyumen . . . and I realized I had been wrong." "Comrade Gorbachov" emphasized that regarding oil supplies, "now it's getting more difficult."

Then follows the "heads will roll" message: "Listening to Comrade Gorbachov, I asked myself: Why didn't the people at the Ministries tell us?" Katayev-Gorbachov supply the answer; "They disinformed us. They lied. They distorted the truth. These are the people who are now being hounded from their posts."

Since this article appeared, the purge axe moved into both regions named. On Jan. 15, TASS announced that the Party boss for the Leningrad Region, one of the key regions in the U.S.S.R., had been named—rather exiled—new Soviet ambassador to Cuba. On Jan. 13, *Pravda* blasted the party leadership of the Tyumen region as being responsible for four straight years—1982-85—of below-target oil production. *Pravda* said, "Last year's plan was not fulfilled," and despite heavy new investments poured into the region, fingered the Oil Ministry. "So far, there is little in return from them." The same day, Jan. 13, TASS announced that the Minister for Petrochemical and Oil Machine Building, Konstantin Brechov, 78, was "retired." The week before, the government newspaper, *Izvestia*, ran a large article citing complaints by three workers from Tyumen, detailing plan failures and mismanagement.

Purges and—trials

The only parallel to Stalin's purges still lacking, is the phenomenon of big trials of the deposed and disgraced. That will not be long in coming. The wheels have now been set in motion.

In the January issue of the party journal *Kommunist* a menacing article appeared signed by the Supreme State Prosecutor, Rekunkov, denouncing those party functionaries who consider themselves "above the law," and adding that "still, a lot has to be done to eliminate widespread corruption among party functionaries." Rekunkov then informs that those slated

for removal are primarily the thousands of functionaries who had built comfortable nests for themselves during the Brezhnev era: "Especially during the 1970s and early 1980s," Party functionaries had permitted corruption to continually expand. Rekunkov, mindful of his own cover-up role, having been chief prosecutor also during this period, quickly added; "Many of those who had abused their power also tried to prevent the judicial authorities from doing their job."

In his new role as a Grand Inquisitor, or, "son of Andrei Vyshinsky," the prosecutor at Stalin's Purge Trials, Rekunkov on Jan. 13 made an appearance at the Kharkhov Region party meeting in the Ukraine. The meeting ordered the removal of several regional party functionaries, charged with "abuse of power," economic mismanagement, and "violations of Party discipline." Rekunkov's presence was a sure sign that trials are to follow the dismissals.

Stiff penalties are not only in store for Party functionaries and economic managers. The Russian Federation newspaper, *Sovietskaya Rossiya* of Jan. 20, carries a signal article of a different sort. *Sovietskaya Rossiya* announced that the time has come to put an end to "parasitism" in the Soviet Union, citing a "growing number" of primarily young people, many "with a good education," who refuse to work, and "live off others." These young people subsist through "odd jobs," sponging off their parents (given that the sponging is going on in the Soviet Union, the "parents" in question are party and government functionaries, economic managers, and professional job categories). The number of "tramps" and "beggars" has grown.

Sovietskaya Rossiya calls for stronger penalties and "criminal prosecution" for these "parasites." The same publication recently carried an article, denouncing an intolerable "labor shortage" in the Soviet Far East. The article stressed that the goals of the 1986-90 Five Year Plan for the Soviet Far East had to be met, and to do so would require a net addition of 1 million to the labor force in the Soviet Far East during that time frame. Part of that ambitious goal will now be met "Stalin-style," from the "parasites" of today.

The 27th Party Congress will be a celebration of the new ruler, Gorbachov. The new leader in a matter of months has removed all but one of the Moscow-based Politburo members belonging to the pre-Andropov era. The sole survivor, former Foreign Minister Andrei Gromyko, will probably, for reasons of Soviet status and prestige, not be unceremoniously dumped. Gromyko, 76, will stay on to die with honors. Severe illness or death may not be far away. Gorbachov has assigned Gromyko, who is notorious for never going anywhere on foot, to conduct walking tours—in mid-January's freezing weather—of Moscow department stores, shops and hospitals, to collect information on shoddy goods, wrongdoings, etc. Gromyko, in his new assignment has become the daily hero of Soviet television, fighting to help the "common man" against the bureaucracy. How long Gromyko can survive his new hero role is certainly an open question.

Soviets bid to split Japan from the U.S.

by Linda de Hoyos and Mary McCourt

With the visit of Soviet Foreign Minister Eduard Shevardnadze to Japan Jan. 15-19, the Soviet Union has made its diplomatic bid to break away Japan from its alliance with the United States. It was the first visit by a Soviet foreign minister to Japan in over 10 years. Soviet Foreign Minister Andrei Gromyko had declined Japan's repeated invitations with statements complaining that Japan's "attitude" would have to change first. Japan would have to meet two conditions: drop its support for the U.S. Strategic Defense Initiative (SDI), and drop its claim to the four "northern territories," the four lower islands of the Kurile chain that were seized by the Russians from Japan in the last minutes of World War II.

Shevardnadze's visit did not signify that the Soviets have dropped such demands, but was designed to place the emphasis on Moscow's "offers" to Japan: lucrative business deals developing resources in Siberia. Although the Japanese government of Prime Minister Yasuhiro Nakasone made no concessions in Soviet demands to break away from the United States, the visit did yield a joint communiqué that was produced after hours of wrangling by Soviet and Japanese foreign ministry officials.

The way for the communiqué was cleared when Shevardnadze admitted that Soviet retention of the northern territories of Japan is an "issue" between the two countries. Because of the islands dispute, the Soviets and Japan have not signed a peace treaty ending their war relationship of World War II. Nakasone emerged from his 80-minute meeting with Shevardnadze to declare, "We are in agreement to continue negotiations on a peace treaty upon the basis of confirming the 1973 joint statement" between then-Prime Minister Kakuei Tanaka and Soviet leader Leonid Brezhnev. This statement declared that the U.S.S.R. and Japan acknowledged that there existed unresolved issues, including the four Kuriles.

On the SDI, the Soviets got nowhere. Japanese Foreign Minister Shintaro Abe informed Shevardnadze that "Japan is studying its position on the SDI and will make its own decision independently within the context of security arrangements between Japan and the United States." On this issue, the Soviets will continue to rely on the stalling by the State Department and certain quarters in the Pentagon on Japan's

repeated indications that it is ready to collaborate on the beam-weapons program.

On the economic side, Moscow is eager for as much Japanese high technology as possible, to build up its war machine, and blames the United States for blocking its access to Japanese capabilities. In the 1970s, *Pravda* recently claimed, Japan was the Soviet's biggest trading partner in the capitalist sector, but by 1984 was down to sixth, because of Japan's sanctions against the Soviet invasion of Afghanistan. The Japanese lifted the sanctions in December.

Development deals are already in the works. According to the East German newspaper *Neues Deutschland*, the Japanese financial daily *Nihon Keizai Shimbun* had reported that Japanese firms will take part in developing offshore natural gas deposits on the continental shelf of Sakhalin Island to the north of the Kuriles. An agreement exists, the East German paper reported, to start a project in 1989 to build facilities to extract, liquify, and transport the natural gas.

"Shevardnadze hopes for a basic agreement on a joint natural gas project," reported the Jan. 17 *London Guardian*, when a Japanese team goes to Moscow later in January. Japanese companies just entered bidding on \$4 billion worth of contracts for two large processing plants in the U.S.S.R., offering long-term credit at low rates supported by the Japanese Export-Import Bank, in an attempt to undercut European bidders.

No victories

But these deals by no means constitute a Japanese shift in policy. Foreign Minister Abe bluntly told Shevardnadze that "conditions are not right" for more cooperation. Furthermore, when Shevardnadze extended an invitation for Nakasone to visit Moscow, the Japanese prime minister declined for the short term, stating that such a trip would be a waste unless there were evidence that the visit would yield "substantial progress."

The Japanese are under no illusions of the intention of Soviet policy. Foreign Minister Abe "expressed concern" to Shevardnadze, according to official reports, "over the Soviet Union's buildup in the Far East . . . called on the Soviet Union to scale back its presence." And just as Shevardnadze was executing his diplomatic maneuvers in Tokyo, Moscow Soviet Chief of General Staff Sergei Ahkromeyev declared that Soviet reduction of its 145 SS-20 missiles east of the Urals would depend upon the removal of U.S. nuclear bombers in the Pacific theatre. The U.S. nuclear capability in the Far East is the only protective military umbrella Japan has against the Soviets.

Nor do the Japanese believe the Soviets are prepared to give up one inch of the four northern territories. The Soviets have built bases on the southern two islands, which at the extreme end are but 2.5 miles from Japan. The islands are armed with 10,000 combat troops, long-range artillery, MiG-

23 fighters and the Mi-24 Hind helicopter gunships. In October, the Soviets ran a military exercise for the seizure of the Japan's northern-most island, Hokkaido. Russian control over Hokkaido would give the Soviet Pacific Fleet a break-out capability from its Vladivostok home base.

The key factor in determining Japan-Soviet relations is Washington. The SDI for Japan provides the country with a viable defense against the Soviet Union. Conversely, if the United States self-destructs the Strategic Defense Initiative or blocks the program for Japan, then Japan will continue to sit defenseless in the Pacific under conditions of a U.S. strategic withdrawal in the region—a circumstance that will force a reappraisal in Tokyo of Japan's strategic position.

The decisive point for Japan's final answer to Moscow may well be U.S. policy toward the Philippines. If the United States, as it is currently projecting, withdraws its strategic bases from the Philippines, leaving the South China Sea to the Soviets, Moscow will have gained a blackmail capability over the economic supply line to Japan. In that case, Japan would be forced to take a new look at Russian "offers."

The Korean kicker

From Tokyo, Shevardnadze traveled back to Moscow through Pyongyang, where he met with North Korean leader Kim Il-Sung. Contiguous with Shevardnadze's diplomacy, the North Koreans have put out their own highly unusual offers. On Jan. 15, Pyongyang said it would cancel its own maneuvers if the United States and South Korea canceled their "Team Spirit Exercises" which take place annually in January-February. The offer was rejected, understandably enough. The North Koreans have moved a full 65% of their forces to the border area with South Korea and are being equipped with SAM missiles and MiG-23s from the Soviet Union.

Since the Oct. 9, 1983 North Korean terrorist bombing of the South Korean cabinet in Rangoon, Burma, the Soviets have drawn Pyongyang closer under their wing. On Jan. 14, the *Korean Herald* reported that Shevardnadze carried to Tokyo a message for Nakasone from Kim Il-Sung, and that Japanese parliamentarian Yoichi Tani, a member of the ruling Liberal Democratic Party and chairman of the Japan-North Korea Parliamentarians' Friendship League, was on his way to Pyongyang, via Beijing, carrying a response.

The contents of these missals is unknown. However, as one diplomat cited by the *Korean Herald* pointed out, the fact that the Soviet foreign minister is carrying Kim Il-Sung's messages signifies that Moscow has taken over the role of North Korea's protector and benefactor—shifting Pyongyang's previous careful balance between Moscow and Beijing. The Russian takeover of the crazed North Korean regime, which functions as an integral component of the terrorist international, implies danger for all the countries in the region.

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Summit meeting sets the stage for breakthrough in India-Pakistan ties

by Susan Maitra

A succession of creative initiatives from India over the past months has struck a responsive chord in Pakistan, and there is new anticipation—and in some quarters, anxiety—that the obsessive and embittered relations that have produced three wars between the two countries since the wrenching experience of partition may be on the way to being transformed.

That a qualitative change was in the offing became apparent in December, when Pakistani President Gen. Zia ul-Haq paid a half-day visit to New Delhi for consultation with Prime Minister Rajiv Gandhi, their sixth meeting in about 14 months. At a press conference following the Dec. 17 summit, the two leaders announced the conclusion of an agreement not to attack each other's nuclear installations, an agreement initiated by Prime Minister Gandhi. That was big news in itself, in light of new upsets caused by evidence that Pakistan's nuclear energy program has a weapons component.

In addition, Prime Minister Gandhi and President Zia set forth an agenda of contact and consultation even up to a state visit by Rajiv Gandhi to Pakistan before June—the first time an India prime minister has set foot on Pakistani soil since Jawaharlal Nehru went to Islamabad in 1957 to sign the historic Indus River watershed agreement, that had taken years of painstaking negotiations.

One day before President Zia and Prime Minister Gandhi met in New Delhi, a delegation of Pakistani scientists led by the chairman of the Pakistan Atomic Energy Commission, Dr. Munir Ahmad Khan, had attended the inauguration of India's fast-breeder test reactor by Prime Minister Gandhi at Kalpakkam, Tamil Nadu. Rajiv Gandhi had invited President Zia himself to join him at the inauguration, an offer accepted by the Pakistani leader when the two met in Oman in November. Later, public outcry in Pakistan that the event fell on the anniversary of the Pakistani Army's surrender of Dhaka to the Indian Army in the 1971 Bangladesh liberation war, forced General Zia to reschedule his visit.

By all accounts—including the affirmation of General Zia himself, who in a candid television interview in Sri Lanka prior to visiting Delhi, stated that there was undoubted political will in the leadership of both India and Pakistan to improve relations—the new momentum in Indo-Pakistani re-

lations is the result of mutual efforts and initiatives.

At this writing, the third high-level Indian delegation in as many weeks of the new year is winding up meetings and discussions in Islamabad, where significant progress has been made in broad areas of economic cooperation and political relations, as well as on specific prickly points. In February, all four of the sub-commissions of the Indo-Pakistani Joint Commission, under the leadership of the foreign secretaries, will be meeting in Islamabad.

Indian Foreign Secretary Romesh Bhandari, who left Delhi on Jan. 16 at the head of a five-man team, told a press conference in Islamabad on Jan. 20 that each of the seven or eight rounds of talks with his counterpart Nia Naik, had marked a step forward in putting Indo-Pakistani relations on a solid and sound basis. The aim, he said, was to make Prime Minister Gandhi's spring visit a "historic event."

Bhandari and Naik released a joint statement summarizing their discussions. Besides setting out solutions for a number of minor irritants between the two countries, and outlining plans for increased contact, the foreign secretaries finalized a common draft legally binding the two countries not to attack each other's nuclear facilities, as has been agreed to by President Zia and Prime Minister Gandhi.

On the central task of preparing a common draft of a comprehensive bilateral treaty, one that would merge the "no war pact" proposed by Pakistan and the "friendship treaty" offered by Delhi, some progress was made. Pakistan submitted a revised draft of the two points that has constituted the main stumbling block—namely, India's insistence that outstanding issues between the two countries be handled on a strictly bilateral basis (a reference to the hoary Kashmir issue), and that neither country provide military bases to a third country (reflecting India's concern over Pakistan's relations with the United States).

Significantly, while the Bhandari mission was still in Pakistan, the long-awaited verdict was delivered in the cases of 14 Sikh militants, members of the separatist Dal Khalsa and All-India Sikh Student Federation involved in hijacking two Air India planes to Lahore in 1981 and 1984. Special Judge Fazal Karim announced in Lahore on Jan. 20 that 10

of the 14 had been convicted, and that the leader of the hijacking and two accomplices were given death sentences, and 7 others life imprisonment.

Failure to prosecute this case has been one of the sore points between the two countries, highlighting India's concern that Pakistan had an interested hand in the destabilization of Punjab. India had at first demanded extradition of the terrorists for trial in India, but Pakistan refused and, finally, in 1984, constituted a special court under the Anti-Terrorist Act to try the case in Pakistan. There were many delays in the process—it took another year, until March 1985, to start the trial—fueling Indian suspicion.

Now, responding to a direct question regarding the Pakistani attitude toward the Sikh terrorists, Bhandari said there had been a frank exchange of views and that there was "an understanding."

Economic cooperation

On Pakistan's suggestion, the January meeting of Congress ministers scheduled to follow up the Rajiv-Zia summit was raised to the level of finance ministers. Consequently, on Jan. 8-9, Indian Finance Minister Z. P. Singh and his counterpart, Dr. Mahbub Ul-Haq, the former World Bank official who visited India in November and has reportedly played a key role in the normalization process, held talks in Islamabad. The result was the reopening of private-sector trade between the two countries, which was frozen eight years ago. According to the Indian finance minister on return to Delhi, Pakistan has responded favorably to the idea of a long-term trade agreement with India, which he said could materialize during Prime Minister Gandhi's visit to Pakistan.

In 1978 General Zia banned private trade and squeezed economic relations under the public sector channel down to the present minuscule level of \$50 million annually. Discussions now envision the expansion of private trade from the present 42 items to 200-300—to be finalized by a special committee with Pakistan within the next month—and a doubling of public-sector commerce during the current year. The mutual benefit is obvious: Pakistan needs iron ore, wheat and pesticides, which India has in abundance, and India needs fertilizer, which Pakistan can supply.

The two finance ministers also agreed to promote joint ventures between the two business communities, whose leaders will set up a committee to work out the details.

At the same time, talks were underway on some testy defense matters. On Jan. 10 a second Indian delegation had left for Pakistan, this one led by Defense Secretary S. K. Bhatnagar, for two rounds of talks on the Siachen border issue with their Pakistani counterparts and a meeting with Prime Minister Junejo. The snowbound mountainous area called Siachen has been the scene of skirmishing and some deaths over the last two years, and was discussed by President Zia and Prime Minister Gandhi on two occasions, before they agreed to refer the matter to the defense secretary level.

Since V. P. Singh's mission was the first of the new year's activity, it is not surprising that upon his return to Delhi, the finance minister was greeted with a roaring "controversy"—had he or had he not actually signed a memorandum of understanding? Behind the surfacing of such a non-issue, lies what is fast becoming Delhi's political equivalent of the flat earth society—the anti-Pakistani lobby. They have found their most sophisticated spokesmen, not surprisingly, among the pro-Moscow lobby in the capital. So far this lobby has been hesitant to attack the prime minister directly—his stated priority to improve relations with the neighbors is so patently in the country's national interest.

But by mid-January, the gloves were off, as left-intellectual press outlets began linking strident attacks on the "Foreign Office bosses" with an ultimatum to Rajiv himself: "It is for Prime Minister Gandhi to realize," one of these guardians of the faith intoned, "that there are serious misgivings in the country at the current moves for settlement with the military junta in Pakistan—moves which are known to be integrally linked to a concept of strategic overlordship over South Asia."

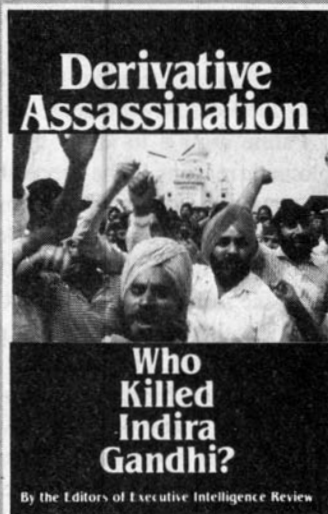
Pakistan also has its "guardian of the faith"—and it is no great surprise either to find the newly revised Muslim League hastily passing a resolution cautioning against normalization of relations with India, because such a process ignores "historical facts."

Derivative Assassination: Who Killed Indira Gandhi?

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Navy commander warns of Soviet plan for surprise attack against Sweden

by Göran Haglund

In two articles published on Jan. 20-21 in Sweden's largest morning newspaper, *Dagens Nyheter*, Navy Commander Hans von Hofsten warns of a Soviet surprise strike against Sweden, in a repeat of Hitler's successful surprise occupation of Denmark and Norway at the outset of World War II. Hofsten is the ranking officer and spokesman of the so-called officers' revolt that erupted after the Swedish elections last September. At the time, Hofsten bluntly accused Social Democratic Premier Olof Palme of lying, after Palme had claimed, in his inaugural address to the parliament, that Sweden now had "created respect for its borders."

The first of Hofsten's two articles, titled "Do the Swedish People Know About This?" asserts that "the Soviet Union, by means of espionage, assassination, and submarine operations, is planning an attack against Sweden, regardless of the season of the year or the time of day."

The extraordinary warnings by an active Swedish officer were issued to the public amid intense efforts by the Palme regime to "normalize" and warm up relations to the Soviet Union, in spite of new hard evidence of continued submarine incursions into Swedish waters. This evidence includes analysis of the "noise spectrum" of a detected submarine as distinctly that of a Soviet "Whiskey class" submarine's characteristic double poppler.

Underscoring the treasonous policy of Olof Palme, the British military analyst John Erickson, in an interview broadcast on Jan. 12 by national Swedish TV, asserted that the Swedish Navy in the fall of 1982 captured a Soviet submarine during the Hors Bay incident, but was ordered by the incoming Palme regime to allow the submarine to escape, "for diplomatic reasons." The successful cover-up of that incident inaugurated the close cooperation between Olof Palme and Soviet Stockholm ambassador Boris Pankin, both of whom took office at the time of the incident.

On the same day that Navy Commander Hofsten's new dramatic call for an alert was published, Palme's under-secretary of state, Pierre Schori, gave a press conference in Stockholm upon his return from a visit to Moscow, announcing that "the relations to the Soviet Union have improved" and "have been normalized." Schori's visit, which he claimed took place in "a good atmosphere," was made in preparation of Palme's own, much-heralded visit to the Kremlin, scheduled for early March.

Writing in direct response to Palme's official foreign policy, and drawing upon some lessons of history, Hofsten shows that appeasement doesn't protect you from an attack by a ruthless enemy that needs your territory: Hitler attacked Denmark and Norway without warning in 1940, despite the fact that these countries had declared their neutrality at the outbreak of war on the continent. Thus, the real hostilities of World War II started with an attack on Sweden's neighbors—two peaceful, non-aggressive nations.

Hofsten emphasizes that Hitler's attack was based solely on strategic logic: He had to have these countries to have forward bases for the fight against England. The lessons of World War I informed Hitler that he had to gain supremacy at sea before undertaking a coastal invasion, and he also needed fifth columnists, quislings, to assist him.

"These historical events are of utmost interest for us today, since the strategic situation has many remarkable similarities with the situation 45 years ago," Hofsten writes.

The Soviet Union has virtually all its shipyard capacity bottled up in the Baltic, and its strategic fleet is way up north in Murmansk. In addition, both fleets are far from the NATO lines of supply across the Atlantic. It is a strategic necessity for the Warsaw Pact to acquire forward basing for its navy and supporting aircraft, Hofsten concludes. "Can this be the reason why the Soviet Union has tried, and succeeded, in using diplomatic rumblings to persuade Norway to refrain from having allied forces on its territory during peacetime?"

Sometimes it's not comfortable to look the truth in the face, Hofsten admits, but the experience of Sweden's neighbors proves that it is necessary.

Today there are huge standing armies on the continent. To start hostilities there by either side would be extremely risky and would lead to enormous losses. But in Scandinavia the situation is different, Hofsten points out: "In Norway there are in this connection pathetically small standing forces." Sweden has no standing army. Only its Air Force and Navy are ready for action at all times, but they have been halved in strength in the recent period.

"A surprise opening gambit by the Warsaw Pact on the Scandinavian peninsula would, for that reason, be likely to succeed," Hofsten writes. To attack Sweden after a Swedish mobilization would be risky, but a surprise attack would be different. Some experts have said that Sweden runs a greater

risk today of being drawn into a major war in an early phase. "Well, in fact, there are strong grounds to assume that a major war would begin here. Neutrality, weakness, and general peaceability would be as little help to us as they were to Finland in 1939 and Denmark and Norway in 1940."

"Achieving rapid success against an unmobilized and unsuspecting Sweden can therefore appear to be a simple and inexpensive venture. But," Hofsten asks, "can the aggressor really be entirely sure that the Swedes are actually 'sleeping' at the moment the attack is to begin?"

A single Swedish submarine or missile cruiser, or a few fighter-bombers, could wreak havoc on the invading forces. Although Hitler was wont to take big risks, the Russians have historically been very cautious. This does not necessarily mean that they would not take the risk, but there is ample evidence that they would do everything to minimize the risk ahead of time.

Spetsnaz for Sweden

On two occasions the Swedish police have arrested groups of persons alleging to be "door-to-door salesmen" of paintings, traveling around the Swedish countryside. These groups had a total of 66 detailed maps of Swedish strategic and military targets, Hofsten writes. They also visited the homes of officers from every Air Force squadron in the country. Before the summer of 1984, 60% of the pilots in the Jämtland Air Force wing had been visited by these "salesmen."

"The Soviet Union has close to 4,000 elite troops specially trained for sabotage and assassination in Sweden," Hofsten reports. "They are trained against prisoners condemned to death in order to work off any scruples they may have. Knowing this is enough to understand the merciless brutality these units would apply as they went about their jobs in our idyllic Social Democratic paradise. They are trained for two years and then serve in the reserves, which now total 150,000 men, of which 15,000 are earmarked for Sweden."

"If the Soviets are to rotate these numbers of sabotage groups every other year, it is not surprising that their training requires frequent operations for those of them that are going to operate from submarines in Swedish waters."

"An attacker knows 'to the t' how many submarines and missile ships Sweden has, what their names are and where they are stationed and whether they are armed. He knows exactly how many Air Force units we have of various kinds and where they are located. He knows the name of every officer on every ship and every Air Force base. He also knows where all of these officers live and in many cases in which room they sleep; they are only a few hundred of them who have key positions in a surprise attack, not more. He knows all of this and more from public, up-to-date and reliable sources."

"... our air force would be totally paralyzed without pilots. For professionally trained and equipped sabotage units,

it would not be difficult to murder most of our few hundred pilots."

"If the aggressor would like to increase the certainty that the Swedish navy's ships will be unusable, he only has to extend his hit list by a few key individuals in their crews. If he wants to pour sand into the entire mobilization machinery in the opening stage of the war, he can blow up a few well-chosen telephone stations and electric switching stations. The list of the chaos that can be achieved by extremely modest means in our modern society by a well-informed attacker can be made quite long."

Some might say that this is alarmist. But all the Soviet submarine violations are reality, Hofsten emphasizes, and the implications anything but far-fetched: "This picture of a foreign power who is intensively engaged in preparations for sabotage against Sweden by espionage, assassination and submarine operations to provide routine security for a surprise attack in any season of the year and at any time of the day or night, is one that has been compiled by adding two and two from published sources and supplementing this information with professional knowledge."

The Soviet Republic of Sweden

In his second article, titled "The Soviet Republic of Sweden?" Hofsten outlines Russian expansionism after World War II. Throughout the postwar period, communism has been on the offensive, and more and more countries have been gobbled up. Referring to a report issued last summer by a Swedish parliamentary defense commission, which stated that "the border-line between war and peace can become floating," Hofsten writes that "my only objection is that the border-line is floating."

Sweden is now in the situation that if the Soviets were to attack, one of two things would happen, according to Hofsten: NATO would come to Sweden's assistance too late or not at all, and Sweden would be "the Soviet Republic of Sweden," or NATO would come to Sweden's aid at an early stage, and the country would be a battlefield that would be laid waste. In any case, the only thing that can prevent both possibilities is action by the Swedes themselves, Hofsten emphasizes.

"I and some of my colleagues presented some of these ideas in public last fall, and we were subjected to severe criticism. Prime Minister Palme answered us in public by saying that 'I'm not worried. On the contrary, I feel secure, thanks to our consistent security policy.' As far as the military defense element of that policy is concerned, it certainly has been consistent: continuous disarmament for the past 15 years!"

Writes Hofsten: "Sometimes, when a person notices some disturbing fact, you will hear him ask facetiously, 'Do the authorities know about this?' I would like to turn that around and ask, quite seriously: 'Do the Swedish people know about this?'"

Crisis in Yemen: Moscow 'stands back'—and reaps the benefits

by Thierry Lalevée

In the midst of one of its most important diplomatic and military offensives since the election of Mikhail Gorbachov last year, the Soviet Union has engaged in a successful deception ploy since Jan. 15, when fighting broke out in the Politburo meeting of the South Yemen Socialist Party. The crisis there has to be seen in the context of Moscow's diplomatic offensive toward Europe and the U.S. Congress—with Gorbachov's latest proposal for nuclear arms reductions—as well as the ongoing, discreet takeover of the entire Middle East and Horn of Africa. The very fact that these diplomatic moves are occurring simultaneously on all fronts, should have alerted those analysts who were so quick to proclaim a Soviet "defeat" in Yemen.

Can it be a coincidence that three days before the Yemen crisis erupted, Soviet Deputy Defense Minister Gen. Vladimir Govarov arrived in Kuwait, at the head of the highest-ranking Soviet delegation in the region ever? The visit concluded with a \$300-million arms deal, and is expected to lead to the establishment of diplomatic relations between Moscow and the United Arab Emirates, and then between Moscow and Saudi Arabia. According to well-informed diplomatic sources, General Govarov warned the Kuwaitis to expect trouble in Yemen.

But Govarov's visit has only been the tip of the iceberg of the Soviet diplomatic offensive. Days before, Moscow's trouble-shooter Karim Brutents of the Central Committee Secretariat had toured Kuwait and the Gulf. Brutents, an old specialist in the Central American crisis and a controller of Armenian terrorism, belongs to the inner foreign-policy circles of Mikhail Gorbachov and Geydar Aliyev, together with Yevgenii Primakov, now the head of the IMEMO institute in Moscow. His trip coincided with new closer relations with Iran, as well as an intensification of warfare against Pakistan.

Meanwhile, the lack of American foreign policy initiatives in Eastern Africa has also led to significant developments in Moscow's favor. A regional conference to coordinate efforts to stem the drought held in Djibouti, led on Jan. 18 to a reconciliation between Ethiopia's Mengistu and Somalia's Siad Barre, as they decided to renounce claims against each other's territory. On Jan. 20, it was announced in Sudan

that the deputy chairman of the ruling Transitional Military Committee was leaving for Moscow. A spokesman for the TMC revealed that the delegation would request the good offices of the Soviet government to mediate a reconciliation between Sudan and Ethiopia, as well as an honorable settlement in the civil war between the central government and the southern forces of Colonel Garang.

Disinformation in the West

Oddly enough, most Western analysts have failed to establish any relation between these Soviet moves and the Yemeni events. Either Western foreign ministries and intelligence services were totally blinded, or they deliberately decided to accept Moscow's rules of the game. Indeed, Western propaganda about alleged Soviet weakness in the Yemen crisis, provides Moscow with its best cover. The Kremlin has decided to stay publicly on the sidelines, transmitting policy initiatives only through the South Yemeni prime and foreign ministers, who reached Moscow by Jan. 15. Meanwhile, Soviet military advisers have been advising both camps.

This "hands-off" ploy has supplied badly needed ammunition to those European appeasers who, given a choice between Qaddafi and Reagan, have chosen Qaddafi because of his relationship with Moscow, or for those American congressmen who, blushing with pleasure at Gorbachov's latest blandishments, swallow any and all Soviet propaganda on Moscow's "weakness" and sincere desire for peace.

The British Foreign Office, whose policies may not entirely represent those of Prime Minister Margaret Thatcher, is playing a leading role in such antics. With the appointment of Stephen Day of the Middle East Desk of the Foreign Office as "crisis manager" for the duration, London has established direct channels to Moscow, concealing the deal behind a display of chauvinistic outbursts. No one bothered to ask what Queen Elizabeth's private yacht *Britannia* was doing just off the coast of Aden at the time that the crisis erupted. One answer may have come from the British security officer in Aden, who told the London *Times*, "We certainly knew that the Army was split, and we expected it to happen." If the British knew, so did the Soviets—and so did everybody else.

The true concern of Foreign Secretary Sir Geoffrey Howe was not with the evacuation of British citizens from Yemen, but with establishing a special relationship with Moscow. As the London *Times* editorialized on Jan. 20, "It will be noted, however, that East and West are capable of crisis management after an event of this kind." Was it a coincidence that Soviet Deputy Foreign Minister Nikita Ryzhov appeared in London just at this time, to prepare the March visit of Foreign Minister Eduard Shevardnadze? Ryzhov's presence gave birth to an indecent display of Anglo-Soviet solidarity, with the Foreign Office stressing how "impressed" it was by "Soviet readiness to exchange information and play a central role in an international operation."

The Yemeni coup

If only because of such diplomatic successes, the Yemeni caper was worth the trouble for Moscow. Whether or not the Soviets determined the precise timing of the Yemen war remains to be determined, but is not the most relevant question. The countdown began in February 1985, when Abdel Fattah Ismael, a founding member of the Yemeni National Liberation Front and President of the country from 1978 to 1980, left his self-imposed exile in Moscow to return to Yemen. By the time of the Congress of the Yemeni Socialist Party in September 1985, he was reinstated as a member of the Politburo in charge of the ideological reorganization of the Party. This appointment was an indication of Moscow's displeasure at the more pragmatic policies of President Ali Nasser Mohammed.

Though Nasser's policies of dialogue and regional détente with Oman and North Yemen did play an essential role in the present Soviet diplomatic successes, there are serious indications that Moscow wanted tighter control of what has become its closest military satellite in the entire region. There were, for example, visible signs of tensions when, in 1984, Nasser Mohammed decided to lease for \$25 million a year the Island of Kamaran, off the coast of North Yemen in the Red Sea, to the Palestine Liberation Organization of Yasser Arafat, instead of giving it to Moscow. Not only the Soviet Union was displeased; Syria's President Hafez al Assad considered it a betrayal from a member-country of the Rejection Front, and the Israelis were enraged. Citing these developments, some intelligence sources have suggested that Israel, which is one of the few countries apart from Britain to know the Yemeni tribal system from the inside, may have had a hand in triggering the current crisis. Fattah Ismael, a close friend of Assad, will take no time to expel the PLO from Kamaran.

However, Fattah Ismael's coup may even have other and more dramatic reasons: Moscow's willingness to show that it is ready to take risks to strengthen its military power in the region, from Afghanistan to Ethiopia—a decision prompted by the fact that even if Nasser Mohammed were to win the

battle today, he could not end the Soviet grip over his country, short of calling for Western military help—which would likely not be forthcoming.

Already by early 1981, less than two years after the signing of a 20-year friendship and military cooperation treaty with the Soviet Union, South Yemen was described as a "land-based Soviet aircraft carrier." The Soviets can only rely on their political and military control over the capital city of Aden, the other coastal city of Mukalla, the island of Socotra and Perim, whose inhabitants have been forcefully evacuated since 1980, to control a country the size of Italy, with a little more than 2 million inhabitants. Indeed, as a heritage of British colonial rule, the hinterland or tribal territories have never been involved in national politics, and have no say in the decisions taken in Aden. A look at a map shows that Soviet military presence in Perim can block the Bab el Mandeb strait any time, and complements Soviet military bases on Ethiopia's coast. The mere presence of a few cannons on Perim was enough in 1973 to prevent any ships from going to Israel. With Socotra, the Soviets have at their disposal a military base equal to the U.S. base on Diego Garcia in the Indian Ocean; they are able to monitor traffic from the Persian Gulf to the Red Sea and the Indian Ocean. According to the latest information, the base Socotra is manned by Soviet, Cuban, and East bloc—especially East German—military advisers. Reports that the Soviets may have had no more than 1,000 military advisers, should be treated with caution, as more than 3,000 Soviet families had reached Djibouti by Jan. 20.

No one outside the Kremlin can accurately predict how the fighting will end, but it is a safe guess that the conflict will lead to another Soviet offensive in the region. The rise to power of radical hardliner Fattah Ismael is unlikely to scare the Gulf countries into a closer relationship with the United States, unless Washington were to pose a real policy alternative to Moscow on the issues of Gulf security and Middle East peace. Instead, the United States has backed away in recent months from taking decisive actions, such as against Iran's mad Ayatollah Khomeini. Instead, Moscow can be expected to use the threat represented by the new regime of Fattah Ismael, as a blackmail threat to force Saudi Arabia, the last piece of the Gulf puzzle, into a deal. Indeed, Fattah Ismael has gone on record over the last 20 years as an advocate of forced reunification of the two Yemens—under his leadership, of course. This card, Moscow is likely to play close to its chest. As the Saudis' increasing financial support to Qaddafi's Libya demonstrates, Riyadh is always ready to pay a high price for its own security.

Quite a successful outcome all around, for a crisis that the Jan. 22 issue of the London *Financial Times* described as "probably little more than a hic-cough [for Moscow] and one, through its assistance in evacuating other foreign nationals, which has even won it international credit."

Guatemala enters a period of great hope and grave danger

by Jeffrey Steinberg

The Jan. 14 inauguration of Christian Democrat Vinicio Cerezo as President of this pivotal Central American nation marked the beginning of a new epoch in Guatemalan and Central American history, one that, for the moment, is defined by great opportunities as well as grave dangers. Entering office following a decade scarred by a devastating earthquake, by a brutal U.S. Carter administration military cutoff and even more crippling U.S. economic embargo, and by an invasion of foreign dope profiteers who gave new life to a defeated Cuban- and Soviet-backed insurgency, Guatemala's new civilian President faces a series of challenges in the first hundred days of his rule that will determine the fate of Guatemala and Central America for years to come.

It is not an oversimplification to say that Cerezo must decide in the immediate days ahead whether he will model his presidency on that of Peru's Alan García, who has courageously taken on the narco-terrorists and the International Monetary Fund (IMF) while moving to forge Ibero-American integration, or that of Argentina's Raúl Alfonsín, a "comprador" of the Kissinger faction in the United States and the IMF who devoted his first year in office to destroying Argentina's economy and its armed forces.

Cerezo's inaugural speech, and a series of prominent interviews given during the same week, indicate that, for the moment, Ibero-America's newest elected President has not caved in to the enormous pressures, both domestic and international, to swallow the Alfonsín "medicine."

Speaking with journalists from the Mexican daily *Excelsior* on inauguration day, Cerezo attacked the IMF for helping create the present international debt crisis and vowed, "before we pay, the people who are hungry must eat."

In answer to a question about his willingness to support the proposals for an Ibero-American-wide approach to the debt put forward separately by Fidel Castro and Alan García, Cerezo carefully distanced himself from the Cubans while leaving himself open to participation in a dialogue on the debt if "any of the democratic countries wants to propose it."

Cerezo returned to the same themes during his inaugural address, when he declared, "We have a project of a nation before us. . . . There is a fatherland that is yet to be built. . . .

Other fellow countrymen and other distinguished Latin Americans have already made specific reference to the injustice of the international economic order and how our weak economies have been ravaged in the turmoil of world recession. . . .

"We are now faced with an unprecedented economic crisis. Economic activity has dwindled due to serious factors of imbalance in international trade and in the finances of the public sector. Savings and investments have also been reduced and the margins to overcome such imbalance and adopt an effective economic policy are very tight. There are no funds to begin new projects and the government lacks sufficient resources to finance its operating expenditures. Our foreign debt is four times the value of our yearly exports, having mortgaged the future of our children and grandchildren. By virtue of this debt, each Guatemalan will have to pay over \$320. . . .

"According to the cold and cruel language of statistics, by dividing the earnings of all Guatemalans into the number of inhabitants, each Guatemalan has one quetzal [approximately 40¢] daily for food, housing, education, transportation and health. . . . There are 8 million Guatemalans, 5 million of whom live in poverty. Many of our children die at birth, and of those who survive, only one out of three is not undernourished, while the other two are doomed to suffer malnutrition and deficient growth, lack sufficient strength for study and work, and consequently be branded lazy and worthless in the future. Fellow Guatemalans: This is the nation we are receiving."

Implicitly rejecting the pressure to launch an Alfonsín-style blood letting against the nation's military leadership, Cerezo said there is "a military structure which supports this [nation building] project." He went on to warn: "Today, as we return home and pick up that challenge, we see our Guatemala with our eyes and heart rising with determination and without rancour, full of hope with every Guatemalan shoulder-to-shoulder, united in the free play of our democratic decision to build rather than destroy, to cooperate rather than demand, to give ourselves another opportunity rather than to bicker about it, and to give ourselves more space to rectify

rather than seek revenge. . . . We must promote development that seeks to improve the living conditions of the population and to meet their needs with our own resources, fully respecting the community's aspirations. It must be a development where man, not the isolated individual but rather a human being, is the central axis of our efforts."

Facing up to the IMF

The first serious test of Cerezo's noble inaugural words will come in the pending negotiations with Guatemala's foreign creditors. The International Monetary Fund has declared open war against the Guatemalan armed forces and will, along with the U.S. State Department and the international "human rights" mafia, heavily arm-twist Cerezo to launch a pogrom against the nation's military. Pressures in the same direction will also come from within Cerezo's own cabinet, which includes a heavy dose of jesuitical radicals led by Education Minister Eduardo Meyer Maldonado, the chancellor of San Marcos University which was the center of the September 1985 riots that nearly brought down the Mejía Victores government and preempted the elections. The role to be played by Development Minister René de León Schlotter, the elder statesman of the Guatemalan Christian Democracy, and Cerezo's "European connection" into the international Christian Democracy, is yet to be determined.

If Cerezo goes into the IMF negotiations with any delusions that the international financial community is "pleased" that Guatemala has "returned to democracy," and, will, therefore, soften its loan conditions and aid in the economic revitalization of the country, he would do well to take a careful look at the economic and institutional devastation that is today's Argentina.

The measure of Cerezo's leadership will be his rapid forging of an alliance with the García-led forces of Ibero-American integration, and his collaboration with the Guatemalan armed forces, who still represent the most powerful institution committed to the preservation of Guatemala's national sovereignty. In a pre-inauguration interview with *EIR* Ibero-American editor Dennis Small, Cerezo gave his endorsement to the Guatemalan military's recent anti-narcoterrorist operations in the Peten region in the north of the country. His appointments of two experienced and professional military officers, Gen. Jaime Hernández and Gen. Hector Gramajo, as the defense minister and chief of staff of the armed forces respectively, indicated a channel of cooperation with the armed forces to which Cerezo made frequent reference in his public pronouncements before Jan. 14. He has assiduously avoided pressures to call for show trials against the members of the previous military governments, and has deferred to the Supreme Court the responsibility for investigating any such abuses.

For its part, the Guatemalan military has adopted a "wait and see" attitude towards the new President, taking careful

note of both the Argentine example and that of Panama, where National Guard Gen. Manuel Noriega recently moved—belatedly—to depose President Nicolás Ardito Barletta, a former World Bank technocrat who had moved to turn Panama into a safe haven for offshore dope money and a model of capitulation to IMF looting, and install a new President. During a trip to Guatemala City just 48 hours before the inauguration, in which he met with outgoing head of state General Mejía Victores and incoming Defense Minister General Hernández, General Noriega had released an interview to the Panamanian press in which he accused the IMF of "financial terrorism."

Reinvigorating Contadora

Cerezo has already indicated that he has an appreciation of the potential role of Guatemala in reversing the recent years' slide into chaos in Central America by making a strong intervention to reinvigorate and redefine the Contadora peace process. After winning the election by a landslide margin in December, Cerezo briefly visited the United States and every Central American country, as well as the countries comprising the Contadora Group—Panama, Colombia, Mexico, and Venezuela. Then, on Jan. 11-12, foreign ministers from the Contadora countries and from the so-called Contadora Support group—Argentina, Brazil, Peru, and Uruguay—met in Carabellada, Venezuela to discuss new options for Central America. At the conclusion, a 10-page declaration was issued, announcing that Contadora will immediately renew its diplomatic efforts based on a call for a ban on offensive weapons and an elimination of all foreign support for "irregular forces which operate in the region."

During the morning of Cerezo's inauguration, the presidents of four of the Central American nations held a breakfast meeting at which they endorsed the Carabellada document and accepted Cerezo's proposal for a heads of state summit within two months at a Guatemalan town on the border with El Salvador and Honduras. A major agenda item at that summit will be the creation of a Central American parliament.

Enter the Vatican

At a packed press conference at Christian Democratic Party headquarters days before the inauguration, called to formally announce the new cabinet, President-elect Cerezo made a point of emphasizing his pleasure that Pope John Paul II was sending four representatives to his inauguration, a precedent. Observers pointed to this as a potential signal that John Paul II may play a strong support role in securing Guatemala's democratic revival and fight for economic sovereignty, in much the same way that the Pope has had a dramatic impact on Peru's Alan García. The role of the Catholic Church in the 80% Catholic country will undoubtedly be a critical factor in the next hundred days' unfolding.

Mexico suffers setback in the war on drugs

by Héctor Apolinar

The government of President Miguel de la Madrid has suffered a grave political setback in the fight which it is trying to lead against the international drug trafficking mafia, which is building up its operations day by day in Mexico.

In mid-December, the ruling Partido Revolucionario Institucional (PRI) named as its candidate for governor of the state of Chihuahua—the biggest in Mexico, bordering the U.S. state of Texas—the federal deputy Fernando Baeza Meléndez, who is tied to the interests of international narcotics racket in Mexico. This occurred despite the opposition of the majority of the PRI and its chairman, Adolfo Lugo Verduzco, who is known as the man closest to President de la Madrid.

Baeza was named without consulting any of the national leaders of the PRI, or the President, as is customary in Mexican politics. The mass media announced his candidacy in Chihuahua, and the national leaders were only informed later. The decision was taken by three ex-governors of the state: Oscar Flores Sánchez (also an ex-attorney general of the Republic), Manuel Bernardo Aguirre (also ex-secretary of agriculture), and Teófilo Borunda. All three hold enormous economic and political power.

The kingmaker in naming Baeza was Oscar Flores Sánchez, whose role as a protector of national and international drug trafficking in Mexico is well known by the U.S. government. Between 1977 and 1982, as attorney general, Flores worked closely with Arturo Durazo Moreno, alias El Negro, the chief of police of Mexico City, who had more than 25,000 forces under his command.

Durazo, currently in jail in Los Angeles, California, is up to his elbows in the dope traffic, not only in Mexico but all over Ibero-America. In the 1970s, he was part of the so-called French Connection, thanks to his marriage with Graciela Izquierdo Ebrard, sister of Arturo Izquierdo Ebrard, recently shown to be linked to the drug traffickers Reynaldo Rodríguez, of Perú, and Ramón Matta Ballesteros, a Honduran-Colombian who was the key man in the murder of Enrique Camarena Salazar, a Drug Enforcement Administration (DEA) agent in Mexico.

Shortly after divorcing Graciela Izquierdo, Durazo was

sent to Chihuahua as bodyguard of a powerful businessman in that state. There he established ties with the dope traffickers of Ciudad Juárez, a town just across the border from El Paso, Texas, and of great strategic importance in drug trafficking into the United States.

The Durazo-Flores Sánchez collaboration in the 1977-82 period was no accident. Both as governor of Chihuahua and as Mexican attorney general, Flores kept Fernando Baeza as his most faithful lackey. Both were directly involved in an international drug scandal which exploded in mid-1979.

The scandal broke out after the charges of a grand jury in Los Angeles, California, which dismantled a cocaine trafficking network based in the Banco Comercial Mexicano (Comermex). The bank's manager in Tijuana ran the group, but in the city he passed as a respectable businessman, with a highly diversified investment portfolio. The scandal grew because Arce Flores had a long police record in Mexico. In July 1975, he was arrested together with other persons when, as functionaries of the Banco de Comercio of Tijuana, they ran a big money-laundering operation for drug traffickers from Colombia and the Mexican state of Sinaloa.

The problem was discussed by the board of directors of Comermex, whose president, until the banks were nationalized in 1982, was Eloy S. Vallina. Vallina decided that he had to block any investigation into the bank, and so he went to Attorney General Oscar Flores Sánchez. Flores Sánchez was a stockholder of the bank and, before 1977, was "commissioner general" of the institution. Needless to say, the investigation died on the vine. But the scandal left a nasty stigma on Comermex, Vallina, and Flores Sánchez.

Baeza's drug connections are not limited to his past. The most recent case in which he was involved was the marijuana fields of El Búfalo, raided in Chihuahua in late 1984. In those fields, 10,000 peasants and outcasts from various states "worked," and processed 8,000 tons of weed that was sent to the United States via Ciudad Juárez and Ojinaga, Chihuahua. The discovery and dismantling of the fields was one of the reasons for the murder of the U.S. DEA agent Camarena and his Mexican pilot, Alfredo Zavala, at the hands of known dope traffickers such as Rafael Caro Quintero.

There are strong suspicions that Baeza knew about the El Búfalo marijuana fields, given his position as assistant attorney general, as well as his extensive friendships in Chihuahua. He was friends, among others, with Gustavo Quezada Fournell, agent of the Federal Public Ministry in Chihuahua is supposed to monitor drug production and trafficking. But Quezada "did not see" the huge marijuana fields, which many people see as proof of how "dirty" his eyesight is.

Every time Baeza went to Chihuahua, he was met at the airport by Quezada, who was named to the Public Ministry by Oscar Flores when Flores was attorney general. Baeza's other face is his affiliation with the opposition National Action Party (PAN). Baeza was a leader of the PAN youth, and his entire family belongs to that party.

The quest for a lasting peace

The Pope rejects the policies of crisis-management and realpolitik, which only maintain the world in a state of "permanent conflict."

Pope John Paul II's message for the 19th World Day of Peace was a demand for a global transformation of "ethical and juridical relations"—encompassing economic as well as strategic policy—as the indispensable prerequisite for "a just and lasting peace."

The Pontiff's principal message was that the absence of global war does not imply the existence of true peace. Thus he calls for the establishment of a new world order, grounded in a "new international system" of economic relations.

The speech attacked the policy of crisis-management as a method, the primary one practiced today, for running world affairs. He targeted the promoters of the "permanent conflict" doctrine—whose most infamous spokesman is, of course, Henry Kissinger.

"There are those," the Pope said, "who say that the present situation is natural and inevitable. They say that relations among individuals and states are characterized by permanent conflicts. This doctrinary and political vision is translated into a model of society and into a system of international relations which are dominated by competition and antagonism in which the strongest prevails.

"Peace deriving from such an approach can only be an 'arrangement' suggested by the principle of *realpolitik*, and as an 'arrangement,' it seeks not so much to resolve tensions through justice and equity as to maintain a kind

of balance that will preserve whatever is in the interests of the dominating party. . . . Such a 'peace' cannot deal with the substantial causes of the world's tensions or give to the world the kind of vision and values which can resolve the divisions represented by the poles of North-South and East-West."

But since world leaders have an "ethical and juridical duty" to found a lasting peace, he continued, they have the obligation of tackling the "unforeseeable and fluctuating financial situation, with its direct impact on countries with large debts who are fighting to reach some positive development. In this situation, peace as a universal value is in great danger. Even if there were no armed conflicts, there exists de facto a cause and potential factor of conflict," inherent in this Third World indebtedness.

Since "underdevelopment remains an ever growing threat to world peace," what the Pope endorses is a new international system: "If we study the evolution of society in recent years we can see . . . signs of a determination on the part of many of our contemporaries and of peoples to overcome the present obstacles in order to bring into being a new international system. This is the path that humanity must take if it is to enter into an age of universal peace and integral development."

This, he says, is the only possible viewpoint of "sound realism." All other approaches, ostensibly more

pragmatic, will not work.

The Pope continued: "Armed conflict is not the only thing for which the poor bear an unjust part of the weight. . . . In its several dimensions, underdevelopment remains an always growing threat to world peace. The fullness of order is lost because of the social and economic exploitation by special interest groups operating internationally, or acting as 'elites' inside the developing countries.

"Peace . . . is lost when economic exploitation and the tensions inside the social fabric leave the people undented, disillusioned, ready prey for the destructive forces of violence."

But this exploitation is not some sort of sociological phenomenon. "As a value, peace is continuously jeopardized by consolidated interests. . . ."

The developing sector, the Pope added, requires relief from indebtedness, technology transfers, and the training and education of its labor force in order to ease unemployment.

In order to ensure that his words could not be misunderstood, the Pope had his spokesman underline three principal issues, in presenting the speech to the international press.

Speaking in Rome on behalf of the Pontiff on Dec. 13, 1985, Roger Cardinal Etchegaray told the press that the Pope had asked him to emphasize three aspects of the World Day of Peace message. First, he said, "the Holy Father rejects all the theories that try to justify the status quo or tensions, by considering them normal or inevitable. He rejects Social Darwinism and the ideology of the strong."

Second, Cardinal Etchegaray reported that Pope John Paul's economic references were meant to be a "rejection of economic liberalism." Third, "The Pope . . . proposes tenacity in searching for new models of society."

Resignations in Thailand—*who's next?*

The government is under fire for sticking by the devastating prescriptions of the IMF and the Wharton School.

The resignation of Commerce Minister Kosol Krairiksh and three other deputy ministers from the Thai government forced a slight reshuffle of the cabinet, but did not succeed in ousting the much-criticized finance minister, Sommai Hoontrakul.

Social Action Party (SAP) leader M. R. Kukrit Pramoj has for months been critical of the government's economic and financial policies. Now, hardly a day passes without the much-revered intellectual and shrewd politician warning that continuing austerity policies, dictated by the International Monetary Fund-World Bank and implemented by the government, would necessarily bring disaster to Thailand.

In a recent interview with *Asia Week*, M. R. Kukrit called for the ouster of Sommai, the finance minister responsible for implementing present austerity measures. "The cause of all the economic failures of this country is the financial policy," he said. "... We did not ask for the academic doctors who are now working as the prime minister's adviser. Those people of the prime minister always override us. We are now using textbooks to govern. We don't use facts." Earlier in January, M. R. Kukrit stepped down from the leadership of the SAP in protest against the policies of Prime Minister Gen. Prem Tinsulanonda.

M. R. Kukrit also blamed Minister Sommai for having deliberately blocked funds for rice price support programs, thereby creating a situation in which Kosol was forced to resign,

along with three other deputy ministers and a deputy prime minister (though the latter for other reasons). "Had the finance minister been more cooperative with Mr. Kosol, he would not have left his post. The floor price is fixed at 3,000 baht a ton for paddy [unprocessed rice]. The finance ministry has not released the money. So, how could it have worked? If Mr. Kosol cannot solve it, it also means that the government cannot solve it. The entire Cabinet should resign and not just Mr. Kosol," M. R. Kukrit argued.

With the arrival of Surat Osathanukroh at the helm of the commerce ministry, the following price support measures were scrapped: the requirement for rice exporters and millers to hold additional stocks, export quotas, the regulated 3,000 baht floor price for first-grade paddy as well as the premium on low-quality white rice and glutinous rice. However, the government has made available 2.5 billion baht in the form of low interest loans through commercial banks and the farmers' welfare fund for millers, to buy first-grade paddy at 3,000 baht a ton.

Under this scheme, the farmers would be paid 90% of the value of their produce, and the remaining 10% within 90 days. Reaction from former Commerce Minister Kosol was swift: "Using money to hike up agricultural prices can be done by anybody," he said, proudly making it clear that during his two years and eight months as commerce minister, he had never had to resort to state funds to boost prices

for agricultural products.

Prime Minister Prem's economic austerity adviser, Dr. Virabhongse Ramangkura, immediately heaped praise upon the government for its decision to dump Kosol's rice price support scheme, most probably gloating over his opponent's "technical knockout" on the question of rice price support program. True to his alma mater, the Wharton School, Dr. Virabhongse cheered the new commerce minister on the path of free-trade policy. "Dr. Grong," as he is referred to by his peers, predicts that the market magic will somehow push the paddy price up to about 2,700 baht a ton.

Meanwhile, the SAP still remains within the government coalition, with Acm Siddhi Savetsila as caretaker leader of the party and accumulating a new deputy prime minister post along with the foreign minister portfolio. Siddhi shot up with the help of Pong Sarasin, owner of the local Coca-Cola company called Thai Namtip. Pong is close to Prem and was the only private businessman in all the political meetings that Prem held with Indonesian officials early last September.

It is also said that with the Siddhi-Pong tandem, the faction of north-eastern members of parliament has been temporarily strengthened within the SAP. Election of an official new leader of the SAP will take place in six months.

In the meantime, however, M. R. Kukrit Pramoj and Boonchu Rojanastien, both fervent critics of IMF-World Bank violation of Thai sovereignty in economic and financial matters, may be teaming up in the wings in order to consolidate a stronger hold on the SAP, while the Siddhi-Pong duo is discrediting itself along with the increasingly unpopular Prem government. "A new government will soon come to the rescue," Boonchu told a seminar of businessmen in Thailand on Jan. 16.

Assad sets off new Lebanese battles

The "peace accord" is already under attack in Lebanon. Did Syria itself manipulate the Christian revolt?

The "peace agreement" signed in Damascus on Dec. 28, 1985 between the various Lebanese factions, has paved the way for another round of domestic fighting, as opposition to the Syrian-imposed settlement surfaced immediately. Two intertwined developments are now considered likely: a new large-scale massacre of the Christian communities, and a limited confrontation between Israel and Syria over Lebanon. Such a confrontation has been in the making for weeks, since the "missiles crisis" when Syria deployed, then withdrew, its missiles from Lebanese territory.

The Israeli political faction of Ariel Sharon is now openly discussing using such a "limited war" to provoke an early collapse of the government of Israeli Prime Minister Shimon Peres, clearing the way for Sharon's long-nurtured power bid. Syria may just be tempted now to seize the bait, as on Jan. 22 it expressed outrage at the London negotiations among Peres, the U.S. State Department's Richard Murphy, and Jordan's King Hussein. The same day, Syria's daily *Tishrin* warned King Hussein, newly reconciled with Syrian President Hafez al Assad, that a deal with Israel, exclusive of Syria, was "out of the question."

Whether Assad expected the Dec. 28 agreement to be fully implemented within Lebanon is dubious. The accord signed by Druze leader Walid Jumblatt, Nabih Berri of the Shi'ite Amal group, and Elie Hobeika of the "Lebanese Forces" called for far-reaching constitutional reforms, ter-

minating the 1943 agreement which specified that Lebanon's President should always be a Christian, the prime minister a Sunni Muslim, and the speaker of the parliament, a Shi'ite Muslim.

More than merely taking away from the Christians the post of the presidency, such an agreement would put them in the uncomfortable position of being *Dhimmi*s within an Islamic-dominated state. A *Dhimmi* belongs to a "protected minority," with a very uncertain future. As opponents of the agreement quickly pointed out, this also meant that Lebanon, a secular republic, could quickly become an Islamic state—Sunni or Shi'ite.

With Damascus promising that it would guarantee a fair status for the Christians, Hobeika, who has been for a long time associated with Syria's intelligence services, went ahead and signed the accord. Ten days later, he was forced into exile in France, as his "Lebanese Forces" were decimated and the Christian leadership overtaken by Samir Geagea.

President Amin Gemayel and Geagea—"El Hakim," as he is nicknamed—both opposed the Damascus agreement. Gemayel, whose record in defense of Lebanon's sovereignty has been close to nil, reacted out of personal opposition to the Assad/Hobeika relationship. Geagea, a commander close to the Christian rank and file, had already imposed himself as a national commander in the spring of 1984, fighting against the compromises made by Gemayel with Syria's Assad.

More than six months of fighting followed within the Christian community, as no one was able to seize the mantle of former commander Beshir Gemayel. A later political compromise imposed Fuad Abu Nader as leader of the "Lebanese Forces," until he was himself pushed out and replaced by Hobeika, whose credentials included the fact that he led those units deployed by then-Israeli Defense Minister Sharon and Syria, in the massacres perpetrated against the Sabra and Chatila Palestinian refugee camps in September 1982.

There are strong indications that Syria, which must have expected a revolt, placed its agents on both sides, betraying—as usual—its new ally, Hobeika. A decisive blow to Hobeika was the execution of his 40 closest associates: All were shot in the head while sleeping. Though associated with Hobeika and accepting the Damascus agreement, they had been trained in Israel. Syria's intelligence service may have used the fighting to cover its own assassination plans.

Meanwhile, by Jan. 22, Syria began sending its commando units into Lebanon to surround the headquarters of Amin Gemayel, unleashing the first round of fighting with the Christian sections of the Lebanese Army. At the same time, it convened its Lebanese Muslim protégés in Damascus to discuss how to impeach Amin Gemayel for "high treason," a legal process which requires a two-thirds majority vote in the parliament.

However, Assad cannot allow the Christian revolt to go unchallenged, out of fear that other Lebanese or Palestinian factions would then feel free to question what Damascus considers as its "natural" leadership over the country. Legal actions may be a step, but the Syrian way is always military, in the last resort: a very bleak future for the Lebanese nation.

A small party's 'grand design'

The French political landscape is being changed by the Parti Ouvrier Européen, which evokes France's historical leadership.

As national legislative elections approach on March 16, one of the surprise factors that has emerged, is the role of France's Parti Ouvrier Européen (European Labor Party) in defining the policies a new French government would have to adopt, to reverse the profound economic, strategic, and cultural crises France is undergoing.

The POE, co-thinkers of U.S. presidential candidate Lyndon LaRouche and headed by former French presidential candidate Jacques Cheminade, has secured a slate of candidates numbering between 100 and 125. The slate extends over at least 20 "departments" (the rough equivalent of American "states"), out of France's 95 departments. This candidate base will allow the POE, under French electoral law, to address the population on national television, on three occasions, for seven minutes each.

The POE's impact on the legislative elections, apparently out of proportion for a relatively new and small political party, is attributable to two factors.

First, it is expected that the Socialist Party will lose its majority in the 500-plus-member Chamber of Deputies. This will, almost certainly, produce the conditions whereby Socialist President François Mitterrand (whose presidency is not up for challenge in the current electoral round) will have to "cohabit" with a cabinet made up of opposition parties, mostly from the Rassemblement pour la République (RPR, or "Gaullists"), and

the Union pour la Démocratie Française (UDF). The new "opposition" government, necessarily, would seek a policy-package to distinguish itself from the five years of Socialist rule, especially in defense and strategic policies, and relations with the United States.

Second, the political situation in France is very volatile. Citizens are so angry, that polls show voting loyalties switching fast. In mid-January, there was even a pattern of reported voter swing-back toward the discredited Socialists. Otherwise, at least 50% of the voter base of Jean-Marie LePen's National Front party is purely a protest vote, with no special loyalty to LePen, but which rallies to his populist-style "spitting at the politicians," in the words of one Frenchman.

Thus, a party like the POE can win support from voters in all the main political parties, way beyond its apparent power in numbers. The core of the POE program is for France to rally around the kind of "Grand Design" that characterized France in its greatest moments, particularly under the 17th century's Jean-Baptiste Colbert, and revived, to a large extent, by Charles de Gaulle in this century. The "Grand Design" idea is based on a combination of government-directed, or *dirigist*, national economic policies, together with French mobilization for the rapid development of the Third World. This combination would provide the economic power-base for France to be able to attack a whole

range of threats, including terrorism, the drug traffic, and the spread of AIDS.

Such a "Grand Design" cuts through the prevailing insanity in France over the "immigrant question." National Front leader LePen and others play upon cheap racism in layers of the population, against immigrant workers from Africa, Asia, and the Middle East, while Fabian-Socialists and Communists, on the other hand, build up radical, fundamentalist, and other "countergangs" among immigrants. By its Colbertist policy, the POE gives the basis for a choice, by defining parameters for healthy growth, both in the French "metropole" and in the French-speaking areas around the world.

So explosive is this issue, that the POE created a shock in France when it dubbed its slate a "multi-racial" slate, composed of, among others, French African, French Muslim, and French Asian citizens.

The "Grand Design" policy also hits the Achilles Heel of many of the French oppositionists. The common position of most of the opposition, outside the Gaullists, is for "denationalizing" the Banque de France, and "privatizing" the French insurance system. For the cross-party formation behind former Prime Minister Raymond Barre, a pawn of the Venetian insurance interests, these two measures would be the first stages in a generalized "liberalization" of the French economy, reversing the economic dirigism that Charles de Gaulle made the core of his policies.

The POE's impact on this question is reflected in the fact that RPR industrial-policy spokesman, Michel Noir, stated, at the turn of the year, that the RPR would revert to a "Colbertiste" economic perspective, reversing an earlier position in favor of denationalizing the Banque de France.

The Greens are a security risk

A decision by West Germany's supreme court opens the way to the constitutional outlawing of the neo-Nazi Green party.

West Germany's Federal Court ruled on Jan. 14 against a formal protest from the neo-Nazi Green party, which complained that the national parliament had not granted them a seat on the parliamentary control commission for the secret services.

The commission, consisting of five parliamentarians, is responsible for oversight of funding and other details of the secret services, and has access to secret service files. The Greens, who announced shortly after their entering the parliament in March 1983 that they would not respect state secrets, but preferred "full transparency," demanded a seat on the commission, with the obvious intention of using that seat as a platform for spying on agencies whose main task is to fight East bloc espionage and subversion.

The majority of the parliament voted against the seating of a Green deputy on the commission. But the Greens, undeterred, in the summer of 1985 marched to the Federal Court, claiming a "constitutional right" to the seat. The Federal Court has now officially denied this self-proclaimed "right."

The implications of the court's decision go far beyond the mere protection of the services from Green indiscretions. By not allowing the Greens a seat in this most secretive commission of the parliament, the Court has judged that the Green Party is not loyal to the state; in other words, the Greens do not adhere to the federal Constitution. This is what many in the country

have said all along, ever since the Greens ran for seats in the parliament. Political opposition against the Greens and their violence-prone movement has remained a majority sentiment, even after the Greens made it into the parliament in March 1983.

The Greens themselves never concealed their cynical disrespect for the state and the juridical order. Convicted terrorists and criminals were put on Green Party slates for elections, giving them political immunity against police investigations. An official report of the West German government stated in late 1985, that 10% of all Green deputies in the German parliaments (national, state, and local) had a left-wing-extremist background. Of 27 Green deputies in the national parliament, 9 had such a background, and of the 7 deputies in the European Parliament, 3 had been on trial for terrorist activities. The facts speak for themselves.

There was, and is, reason enough not only to deny the Greens access to state secrets, but to bar them entirely from the parliament. Conservative deputies, mainly from the Christian Democratic Union, complain that Green obstructionism has paralyzed up to 90% of all legislative work in the most important parliamentary commissions. The leaders of the Christian Democratic group have taken note of these complaints, but have never acted to protect the institution of the parliament against the Green subversion. "One should not provoke the Greens,"

they impotently argue. The Greens have "honored" this soft treatment by escalating their own provocations against the institutions and the other parties.

But now, the federal court's decision has called this pragmatism into question, and has set the stage for declaring the Greens unconstitutional. It is also partial vindication of the nationwide campaign of the Schiller Institute, which ran newspaper ads in late 1984 calling for constitutional action against the Green movement. At the time, the Schiller Institute received no political support from the cowardly political parties in Bonn. Now chances are better that at least some politicians may have a change in heart.

One of the most prestigious conservatives in the national parliament, Christian Democrat Jürgen Todenhöfer, already brought up the theme of the constitutionality of the Greens immediately after the terrorist attacks on the airports of Vienna and Rome. He pointed to the well-known fact that the Greens host terrorists among their ranks, and said that sadly, the German parliament stands out as the only one in the West which houses such extremists.

The party manager of the Christian Democrats, Heiner Geissler, also took off the pragmatist gloves, when rioters incited by Green Party leaflets tried to disrupt his address at Göttingen University on Jan. 15. The riots were also meant as a protest against the Federal Court's decision of the day before. Geissler denounced the rioters as "akin to the fascists and communists of the Weimar period"—as being in the tradition of those who destroyed the first German republic. With the political controversy thus far advanced, the next logical step is a constitutional ban of the Green party and its Jacobin movement.

International Intelligence

CDC doctor's appointment under attack in France

The appointment of Dr. Jonathon Mann of the Atlanta Centers for Disease Control (CDC) as the World Health Organization's new "Mr. AIDS," was attacked by the Paris daily *Le Monde* on Jan. 18. Correspondent Franck Noutchi called the appointment "somewhat surprising," given the reports filed by *Le Monde* a week earlier about prestigious American and European doctors attacking the "hardly constructive" role played in Africa by the CDC, which is covering up the extent of the AIDS epidemic.

Dr. Mann, said Noutche, "was, in effect, until now, with Dr. Joseph MacCormick, the principal representative of the CDC on the black continent. His stated concern about information to the general public on AIDS is certainly laudable. But the statistics circulated by the WHO, as by the CDC, on the situation in Africa—31 cases!—seems, alas, to confirm his intention to deny the evidence of an AIDS endemic in the countries of Central Africa."

Dr. Mann was director of research for the CDC in Kinshasa, Zaire.

Who says Humboldt's education is 'outmoded'?

According to a recent outpouring of testimony from academic "experts" writing in the West German press, the classical educational system of 19th-century scientist and republican Wilhelm von Humboldt is "outmoded."

The sudden debate on this issue is a reaction to the campaign of Helga Zepp-LaRouche and organizations associated with her, to revamp the German education system along the lines developed by Humboldt, to repeal the ultra-liberal "reforms" introduced during the chancellorship of Willy Brandt in the 1960s. In an advertisement published in all major German newspapers last fall, a group called Patriots for Ger-

many, of which Mrs. LaRouche is a founding member, declared, "We demand that the education of our youth be based upon the foundations of German classical culture and the Humboldt conception of education. . . ."

Die Welt's weekend edition of Jan. 18-19 ran an article by former Mannheim University Dean Prof. Gerd Roellecke, alleging that von Humboldt never really had a practical effect on the university system.

Prof. Hartmut Schiedermaier of Cologne University, writing in the *Frankfurter Allgemeine Zeitung*, called for a "reform" of scientific research, but stipulated that this "should, however, not be read as an inappropriate attempt to revive the example of Wilhelm von Humboldt's university. . . ."

Spain, Israel establish diplomatic relations

Spain announced on Jan. 17 that it was extending formal diplomatic recognition to Israel. The announcement came in the form of a joint statement by Spanish and Israeli diplomats at the Hague, Netherlands.

Spanish Prime Minister Felipe Gonzalez traveled to the Hague on Jan. 19 to meet Israeli Prime Minister Shimon Peres. The joint Spanish-Israeli statement stressed the "profound historical bonds that link the Spanish and the Jewish people."

Cooperation between Spain and Israel's secret service, the Mossad, has been close, and will become closer, now that full relations between the two countries have been established, Spain's *El Pais* daily reported on Jan. 17.

According to *El Pais*, the Mossad has "given courses in preparation and improvement in the anti-terrorist fight to Spanish elite police corps," while Spain has given Israel "advanced technology to combat violence."

The Spanish elite police corps that has participated in the Mossad training programs, includes the Special Operations Group of the National Police, the anti-terrorist unit of the Guardia Civil, and experts

of the General Commissariat of Information. Special ties have been built up by Under-Secretary of the Minister of the Interior Rafael Vera, who has obtained special information on the Basque terrorist group ETA from the Mossad, during trips to Tel Aviv.

New leader of Lesotho urges reconciliation

General Metsing Justin Lekhanya, who seized control of the government of Lesotho on Jan. 20, declared in his first radio address the following morning that his regime would bring "true national reconciliation." He immediately sent emissaries to Capetown, South Africa, to negotiate an end to the blockade that has been in effect against Lesotho since the beginning of January.

Lekhanya had deposed the government of Prime Minister Leabua Jonathan, in order to end Lesotho's drift toward the Soviet Union and to repair deteriorated relations with the Republic of South Africa. Lesotho is a tiny landlocked nation of 1.5 million people in the middle of South Africa.

In the month before the coup, the South African government had been escalating pressure on Lesotho to stop allowing terrorists of the Soviet-funded African National Congress to use the country as a base for terrorist operations against South Africa. When Jonathan refused to cooperate, and began making overtures toward the Soviet Union, North Korea, and Cuba, South Africa imposed a blockade on Jan. 1.

Anti-drug activist will advise Colombian gov't

Colombian drug runners, gnostic cultists, and international drug-money-laundering bankers were left gnashing their teeth in fury Jan. 22, when Maximiliano Londoño was sworn in as an official adviser to Colombian Minister of Labor and Social Security Jorge Carrillo.

Londoño was vice-president of the Na-

tional Anti-Drug Coalition (ADC) in Colombia, which mobilized public support for the war on drugs which President Belisario Betancur launched three years ago. Londoño also helped found the Schiller Institute's Ibero-American Commission of Trade Unionists (COSIIS), which has led the fight to forge continental unity against the International Monetary Fund.

Labor Minister Carrillo, since his inauguration in October 1985, has fought for a labor-industry alliance for industrial growth, against the drug pushers and the IMF's policy of usury. The forces committed to this fight have now been visibly strengthened, with the addition of Londoño to the ranks of government. Londoño has long been hated by the forces of Dope, Inc. in Colombia, who waged a war against the ADC that included the kidnaping of Londoño's wife in August 1984.

At the inauguration ceremony for Londoño in Bogota, Carrillo stated, "I am convinced that the tasks which we began some months ago in the labor ministry are going to continue to be successful, and to assure that, from now on, we will have the cooperation of Dr. Londoño."

KGB rewrites history of JFK's presidency

One of the KGB's top propagandists, Fyodor Burlatskii, appears to have found a new career as a playwright. Burlatskii's new drama, *The Burden of Decision*, opened on Jan. 22 at the Moscow Theater of Satire. The play shows President John F. Kennedy as an anguished figure fighting off the hard-liners in his administration to avert nuclear war, during the 1962 Cuban missile crisis.

Just who is this "peace-loving artist" Burlatskii? A correspondent for *Literaturnaya Gazeta*, the "cultural weekly" which provides an outlet for some of the KGB's more sophisticated disinformation, he is best known abroad for his attacks against the U.S. Strategic Defense Initiative. In May 1983, he came to Walter Mondale's Minneapolis to kick off a groundswell of anti-SDI protest

in the American "nuclear freeze movement"; and in an Aug. 10, 1983 article, he was the first Soviet journalist to denounce the SDI as a "casus belli." He is one of the principal Soviet polemicists against Lyndon and Helga LaRouche (e.g., *Lit. Gaz.* of Oct. 26, 1983), and tested out his purple prose in a series of articles in the spring of 1984, praising Walter Mondale to the skies.

Burlatskii's current drama goes behind the scenes at the Kennedy White House. After almost two hours filled with the threat of nuclear holocaust, Kennedy negotiates a secret peace agreement with the Soviet embassy. The play hints that Kennedy's assassination was engineered by right-wingers angry at his refusal to pursue a hard line.

The cast is full of figures from the Kennedy administration. Frank Sinatra makes a brief appearance, interrupting a clandestine meeting between Jackie Kennedy and FBI-head J. Edgar Hoover, the villain of the play.

Peace group in England infiltrated by Soviets

Soviet-trained agents have infiltrated the Greenham Common Women's protest against the presence of U.S. nuclear missiles in Britain, *Jane's Defence Weekly* charged on Jan. 20. The Greenham group is one of the major disarmament organizations in England.

The publication said that as many as six Soviet special agents have been among the women demonstrators. Citing information from unidentified Soviet defectors, *Jane's* said agents come from Warsaw Pact and Western European countries and belong to *spetsnaz* forces, whose job is to launch guerrilla and sabotage operations against specified targets in the event of a Soviet invasion of Europe.

The British Ministry of Defense declined to comment on the report. There are 96 cruise missiles now at Greenham, England, stored in six underground silos. The Greenham agents are controlled by the Soviet GRU—military intelligence—and are rotated regularly, the British weekly says.

Briefly

● **PRINCE JOHANNES** von Thurn und Taxis, the German oligarch who is said to be one of the richest men in the world—and is certainly one of the most evil—is granted one of the highest awards of West Germany, the Great Federal Service Medal (*Grosses Bundesverdienstkreuz*) for "merits in the economic and social sphere."

● **AFGHAN PRESIDENT** Babrak Karmal gave a rare interview to the Tokyo paper *Asahi Shimbun* Jan. 11, in which he rejected President Reagan's offer at the Geneva summit to serve as guarantor of a peace settlement in Afghanistan. Karmal said that Washington ignored the political and social realities of Afghanistan.

● **PRINCE CHARLES'** attacks on Margaret Thatcher were featured on the front page of the Italian Communist Party daily *L'Unità* on Jan. 20. Bonny Prince Charlie is quoted: "I don't want to become King of a divided nation." He accused Mrs. Thatcher of widening the gulf between rich and poor, and not doing enough to stop unemployment.

● **FBI DIRECTOR** William Webster arrived in Thailand, in mid-January, with the announced purpose of delivering a lecture to law enforcement officials from 12 countries, gathering in Bangkok for a four-day seminar. The seminar is sponsored jointly by the FBI and the Bangkok police.

● **RAJIV GHANDI**, the Indian prime minister, announced an overhaul of Congress Party leadership, appointing his trusted aide Arjun Singh as vice-president of the party. Three current government ministers were shifted into party leadership posts, and hence a new cabinet will be announced soon. The new Congress Party leadership is preparing for a party election called for the spring, the first such election in the history of the party.

'Descent into barbarism': euthanasia in Holland

by Mark Burdman

One of the immortal contributions of the nation of Holland to civilization, is the paintings of the 17th-century master, Rembrandt. Through the centuries, admirers of Rembrandt have been particularly moved by his portrayals of aged people, as those who transmit wisdom and the powers of reflection to future generations.

It is, then, all the more sickening and criminal that today, that very nation has assumed the front lines, on behalf of the international "Death Lobby," to promote the murder of the elderly, and others, under the euphemism, "legalized euthanasia."

In August 1985, an official Dutch government commission drew up "conditions," or "guidelines," for how euthanasia might legally be committed. In the first days of 1986, the Dutch Cabinet forwarded a study on euthanasia to the Parliament, outlining under what specific conditions euthanasia might be defined as "legal." In the spring and summer of 1986, the Parliament will discuss legislation for "legalization of euthanasia, in one form or another," in the words of a Dutch source. All expectations are that legalization of euthanasia will occur in Holland, during the course of 1986.

Worse, the "Dutch model," as it is now increasingly being called by euthanasia advocates in Europe, is being billed, in the media in the United States, Sweden, and elsewhere, as the "wave of the future." In the United States, CBS-TV's "Sixty Minutes" program, in its first airing of 1986, favorably portrayed the work of Dutch euthanasia fanatic Dr. P. V. Admiraal; the show claimed that one in six people who died last year in Holland, died from euthanasia—a figure proudly corroborated by Admiraal himself. On Feb. 15-16, Admiraal is to be the featured speaker during two days of pro-euthanasia events at the Peoples' House in Stockholm, Sweden, which events are intended by its organizer, Berit

Hedeby of the Swedish "Exit" organization, to "force the Swedish population to give up its objections to euthanasia."

Happily, the shock effect of the Dutch case may also provide a rallying point for the opponents of euthanasia. When the Dutch government commission released its August



Rembrandt's "Bust of a man wearing a high cap, three-quarters right." The etching, dated 1630, is believed by some to be of the artist's father.

1985 findings, the Italian Catholic publication *Prospettivo nel Mondo* labeled the action "a fact of unprecedented gravity, on the edge of crime, which puts Holland outside of that culture of life that has spread in Europe."

In Holland itself, there are rearguard signs of resistance to the "Death Lobby" assault. In the same August-September period, the Dutch Catholic Bishops denounced the decision of the government euthanasia commission as a "descent into barbarism." Certain individuals and factions within the Christian Democratic Party, the predominant party in the ruling coalition, are known to be against euthanasia.

And, while Admiraal and the ultra-liberal Dutch media and political world like to project the image that Dutch citizens welcome this policy of mass murder, *EIR* has received reports of at least two *known* cases of panic, among Dutch elderly citizens, living in old-age homes where doctors had performed euthanasia, fearful, in the words of an anti-euthanasia Dutch source, "that they would be the next to go."

With such cases in mind, and with the paintings of Rembrandt motivating our conscience, we now present the case for the indictment of Dr. Admiraal and friends, for crimes against humanity, punishable under the statutes of the Nuremberg Tribunal. The main evidence presented, will be their own words.

In the footsteps of Hitler

Admiraal came to the attention of individuals outside Holland, with the publication of a mid-December, 1985 op-ed in the Swedish daily *Dagens Nyheter*, by Berit Hedeby, entitled, "Holland Legalizes Euthanasia." The article proclaimed, "Holland will be the first country in the world to legalize euthanasia." It favorably cited Admiraal, arguing that the disease AIDS will be the greatest boon to the euthanasia movement yet: "The AIDS epidemic will reap a lot of victims," Admiraal is quoted. "Why refuse them the liberation from a cruel death?"

In a private discussion during the first days of 1986, speaking from his office at a hospital in Delft, Holland, Admiraal concurred with this reported statement, and worse.

Asked about the truth of the contention of CBS-TV that one in six deaths in Holland are from euthanasia, Admiraal replied: "We think, for example, that 6,000-10,000 cancer patients, out of a total of 20,000 patients, are dying now from euthanasia. Some say the total may be well over 10,000. So, it's possible. But, nobody knows, because nobody tells. The difference with me," he boasted, "is that I *told* the prosecutor that I was performing euthanasia, and I was, nonetheless, set free last summer."

On the AIDS question, Admiraal was explicit: "There will be a problem in the future on this. The number of AIDS victims, is growing very, very, very fast. A lot of AIDS victims will ask for euthanasia. In fact, I think that the AIDS problem, in the future, will overrule the opposition to euthanasia. It will take 5-10 years, but it will come."

He then boasted that he was part of a group of doctors advising Holland's prestigious Royal Society of Medicine and Royal Society of Pharmacy, on "the right drug to use for euthanasia. We are all trying to do it, the way the government commission on euthanasia has advised. Certain criteria have to be fulfilled, in the commission's view: It has to be the end of the patient's life; there must be no cure for the patient; the family must know; another doctor must be present; it must be voluntary; and the prosecutor must be told. Of course, once the prosecutor is told, you will be set free, and everybody will accept it!"

EIR has received reports of at least two known cases of panic, among Dutch elderly citizens, living in old-age homes where doctors had performed euthanasia, fearful, in the words of an anti-euthanasia Dutch source, "that they would be the next to go."

Still bursting with pride, Admiraal exclaimed, "For the rest of the world, these developments may be news, but not here in Holland. What we are doing in Holland is different, but what we are doing in Holland, maybe will help the rest of the world to move in the same direction. So far, Holland is completely unique for the whole world. The unique thing here is the good relations between doctors and patient, which provides the basis for what we have done with euthanasia. People are open to the idea."

Evidently, the protests from those Dutch senior citizens not wanting to be murdered, had not reached his ears. Or, perhaps they had, and had been stifled with the latest, accepted "euthanasia drug."

The clincher, was when Admiraal compared the euthanasia situation in Holland with that of West Germany, which has recently been the site of an extraordinary battle over euthanasia, centering around the case of a confessed murderer, Dr. Julius Hackethal. Hackethal, who is associated with the Society for Humane Death, was indicted on Jan. 1, 1986 for giving cyanide to a 69-year-old cancer patient. The "mercy-killing" was defended by Wolfgang Zeidler, the head of the Federal Constitutional Court, who not only promoted euthanasia, but blamed the Catholic Church for being an obstacle to the introduction of such a policy in Germany. His statement was roundly denounced by Joseph Cardinal Höffner, head of the West German Catholic episcopal conference (see box). Höffner charged that Zeidler was acting against morality and against the Constitution and, "in his function as

the highest judge in the country, is also whitewashing Hackethal before his trial even begins.”

Referring to this controversy, Dr. Admiraal reported that he had attended a conference of the European Congress of the Societies for the Right to Die, in December 1985, in Frankfurt, West Germany, and was “disappointed” in the German situation.

“The problem with Germany is that you can’t even use the word, ‘euthanasia.’ The problem, of course, is Hitler. You can’t use the word ‘euthanasia,’ with the way the population is feeling about the Hitler period. But this is all wrong. Euthanasia is not killing innocent people and the disabled, as Hitler did, but it is, rather, helping people to die in a good way. In Germany, the problem is a misunderstanding, which makes it impossible to even say the word. Hitler misused the word ‘euthanasia.’”

In Holland, he said, such touchy problems don’t exist. Admiraal counts on support from a large ultra-liberal base in the Dutch population, supported by gnostic elements in the Dutch Reformed Church, centered in the Dutch InterChurch Council. It is this large constituency for ultra-liberal-gnostic ideas, that has made Holland the center of the European drug trade and for the activities of the Soviet-backed “peace movement.” Nonetheless, Admiraal’s assertion may be shocking

to those among Holland’s older citizens who fought in the wartime resistance against the Nazis.

For Admiraal and others like him, euthanasia is now Holland’s most exportable product. He is in touch with the California-based “Hemlock Society,” headed by British subject Derek Humphreys, which supports actively “suiciding” terminally ill patients. “I hope the United States follows the same path we are on, but it will probably take longer,” Admiraal says.

Admiraal-admirer Berit Hedeby claims that the “Dutch model” had been widely discussed during the meeting of the Fifth International Congress on Euthanasia, which took place in Frankfurt last year. This will also be a subject of discussion at the next international euthanasia congress, scheduled to take place, she asserted in a recent private discussion, in Bombay, India, at the end of this year.

The organizational channel for propagandizing on behalf of these kinds of euthanasia policies, according to Hedeby, is the World Federation of Societies for the Right to Die, whose head is New York lawyer Sidney Rosoff, one of the leaders of the New York Society for the Right to Die (a euphemism for the Euthanasia Society of America). The New York Society for the Right to Die is headed by Evans Collins, a banker at the Kidder Peabody firm, and by members of the

Cardinal denounces judge for backing euthanasia

Joseph Cardinal Höffner, head of the West German Catholic episcopal conference, issued the following statement on Jan. 15, charging the highest judge in the Federal Republic, Wolfgang Zeidler, with acting against morality and against the Constitution. He demanded that the appropriate “consequences” be drawn respecting Zeidler’s legal standing, and called for him to be relieved of his post.

Zeidler, the head of the Federal Constitutional Court, had given a speech in Trier the week before, at a public panel convened to discuss “mercy-killing” and abortion. In it he backed the act of euthanasia committed by Dr. Julius Hackethal, who was recently indicted and will soon come to trial for murdering an elderly patient. Zeidler cynically compared the developing human embryo to a raspberry—ostensibly to demonstrate that the Catholic Church is absurd in its antagonism to abortion.

It is with great astonishment and deep consternation that I note the following remarks by the president of the Federal Constitutional Court, Prof. Dr. Wolfgang Zeidler:

- 1) The prohibition of murder on request (§216 of the Penal Code) is “an island of inhumanity, resulting from ecclesiastical influence on our legal order.”
- 2) Regarding the evaluation of genetic engineering and of human dignity, he fears “a return to religion.”
- 3) It was a step forward, that over the past years religion has been expunged from the legal order.
- 4) A fertilized egg-cell is a “raspberry-like structure,” an “overgrown substance from the very first hour.”

These are monstrous statements, which must be refuted once and for all.

1) The prohibition of murder on request is an expression of respect for the dignity of man. It protects the dying person from becoming the object of the decisions of third persons. The Catholic Church has repeatedly emphasized, that there does not exist a transition between letting a person die, and actively bringing about his death. In the former case, we are dealing with passive assistance for the dying; in the latter, with intentional killing.

Proskauer family, a New York Jewish-name family, whose 1930s claim to fame was in the same tradition: attempting to prevent American Jews from mobilizing against the Hitler regime.

In various countries, there exist national-euthanasia, or "right to die" societies. In Holland, there exists one of the most explicit, the Association for Voluntary Euthanasia, which is listed in the Amsterdam phone book, under the word "Euthanasia." In Australia, too, there is a Voluntary Euthanasia Society, and regional "voluntary euthanasia" groups. But, in most countries, the discrediting of the word "euthanasia" from the Hitler years, has engendered curious cover names, as in the organizations named Exit, in both Sweden and Britain, and the Society for the Right to Die with Dignity in France.

The perversion of constitutional law

The proponents of the "Dutch model" of state-legalized and state-"guided" euthanasia, have chosen Sweden as their next front, with the anticipated visit of Admiraal to Sweden for a Feb. 15 public forum and press conference, and a Feb. 16 private seminar with leading Swedish doctors and lawyers.

In preparation for this event, Hedeby is active on all

2) The dignity of man has its insurpassable foundation and exaltation in the precepts of Christian ethics. These are also binding upon the Federal Republic of Germany's Basic Law, which was adopted in "responsibility before God and men," and which guarantees the "inviolability" of the "dignity of man."

3) If over the past years religion has been expunged from the legal order, then this represents a loss, a step backward. The connection between right, law, and ethics, is inabrogable.

4) On Feb. 25, 1975, the Federal Constitutional Court declared that "the life developing within the mother's body . . . as her legal private possession, [is] protected by the Constitution (Art. 2, Sec. 2, Par. 1; Art. 1, Sec. 1GG)." It is the obligation of the state to protect the development of life. The human being is "human from the very beginning." This fact is not a mere juridical, or peculiarly Catholic statement, but is based on the relevant scientific knowledge. The assertion that the fertilized egg-cell is a "raspberry-like structure" exhibits remarkable ignorance.

In his remarks, the president of Germany's supreme constitutional body has not only departed from the Basic Law, he has spoken contrary to the Constitution. Our Constitution is protected by Article 20(4) of the Basic Law.

fronts, contacting government officials, the media, and leaders of the medical and legal professions, to win support for euthanasia. She has held private discussions with a Swedish television team, which is planning a late-January trip to Holland, to prepare favorable coverage on Admiraal's activities.

Hedeby's main collaborator, former Swedish Chief Judge Bertil Wennergren, is preparing a media barrage on behalf of changing the criminal codes of Sweden to expedite euthanasia. Wennergren cites the cases both of Holland and Switzerland; in the latter, statutes expediting euthanasia exist, but the issue lacks the parliamentary initiative and popular pro-euthanasia propaganda that exists in Holland.

The main argument being cited by Wennergren and Hedeby is so lunatic, that it would seem to have to have originated from a radical Calvinist standing on his head. In a December 1985 piece in *Dagens Nyheter*, "The Swedish Constitution Prescribes Euthanasia," Wennergren's argument was that constitutional guarantees of "individual free will" allow for euthanasia, as long as the euthanasia is "voluntary," since "free will" provides the "right" to kill oneself!

This argument, according to Hedeby, will form the basis for challenges to legal systems, in all Western countries. In a private discussion, she exclaimed, "The wish for euthanasia must be expressed by the patient himself. If we stress this, then we should absolutely succeed, since all countries guarantee free will. In fact, it is *against* the law, it is *criminal*, to treat a person against his free will. In that sense, the Swedish Constitution, and many other constitutions, prescribe euthanasia! Everything is okay, as long as we stick to free will!"

The shrill Ms. Hedeby, however, has little concern for the "free will" of Swedish citizens, to be freed from the psychological and political terrorism of the Euthanasia Lobby. She says: "I will *force* the Swedish population to accept euthanasia! This country has been in a quiet atmosphere for centuries! But we cannot avoid this question any longer, and keep giving meaningless medical treatment to keep people alive who are 80 years old, and very sick, and who are sent to so-called intensive care. This is a crazy situation! We must have a new society! Even the words, 'death with dignity,' mean nothing to me. In some cases, yes, we must give a morphine overdose, to help people die. But passive euthanasia is often not enough. I will struggle to have all these hospitals *stop* these meaningless treatments! All these life-sustaining treatments are a form of torture!"

Ms. Hedeby, however, had better beware. There is a certain brand of traditional conservatism in the Swedish population, and in segments of the medical profession, that could be mobilized in reaction against her chilling advocacy of murder. Indeed, in 1979-80, when it was revealed that she had "helped" an ill journalist friend commit suicide, there was a virtual lynch-mob atmosphere in certain quarters in Sweden, and Hedeby spent six months in a Swedish prison, as a result.

Should a Nuremberg Tribunal be reconstituted, to try her ilk, she might not get off so easy, the next time around.

Supreme Soviet tells U.S. Congress how to cut defense

by Criton Zoakos and Nora Hamerman

Knowledgeable observers in Washington, D.C. believe that the "new arms control proposal" fielded by Soviet leader Mikhail Gorbachov in mid-January was mainly crafted as a lever of political intervention into the United States Congress which has little to do with arms control negotiations per se.

The same sources point out that congressional leaders were briefed about this proposal in a special session at the Soviet embassy in Washington, 24 hours before it was officially released to the U.S. government.

The chief feature of the Gorbachov proposal is its so-called Stage One of a plan for the complete elimination of nuclear weapons by the year 2000. This is identical to the proposals made by the Soviets last year at Geneva, and rejected, for good reasons, by *both* the Reagan administration and its liberal critics.

Now the same proposal has been refurbished and returned with the appendages of a "Stage Two" and a "Stage Three," which are purely of cosmetic and political-propaganda value.

The three stages

The guts of the proposal are as follows. Gorbachov proposed to eliminate all nuclear weapons, by the year 2000, in three stages:

1) Within the next five to eight years, the Soviet Union and the United States should agree to reduce nuclear arms that can reach the other's territory by 50%. On the remaining delivery vehicles of this category, no more than 6,000 warheads are to be retained. The Russians are ready to do this—but only if the United States renounces "the development, testing, and deployment of space strike weapons." The U.S. and U.S.S.R. should also agree to eliminate intermediate range missiles from Europe, both ballistic and cruise missiles, as a first step to ridding the continent of all nuclear weapons.

2) Between 1990 and 1995-97, other nuclear powers will begin disarmament, by freezing nuclear arms and withdrawing any nuclear arms stationed in foreign territories. Following the completion, in the U.S.S.R. and U.S.A., of the 50% reduction in their relevant strategic arms, another radical step will be taken: All nuclear powers will also eliminate their tactical nuclear arms.

3) Beginning no later than 1995, through 1999, remaining nuclear weapons will be eliminated. A universal accord will be drawn up pledging all parties never again to build a nuclear weapon.

During the 1985 negotiations in Geneva, the Russians presented an arms-control offer to the United States that is identical to what the Russians now call "stage one." The Reagan administration rejected it, for excellent reasons: Given the asymmetry in the two nations' nuclear arsenals, the proposal for a 50% reduction in ICBMs, etc. by both sides, would leave the Soviets with an even more massive relative superiority in land-based strategic weapons than they now possess.

Confirming the evaluation of the Washington observers cited above, is the following series of events that took place in Washington.

On Jan. 15, the Soviet news agency TASS gave details of the Gorbachov proposal. Two days later, on Jan. 17, the former director of the Central Intelligence Agency, William Colby told assembled press that he, in his capacity as a board member of an anti-SDI group called the Committee for National Security, enthusiastically supports Gorbachov's dreamy cornucopia of a world free of all nuclear weapons by the year 2000. What Gorbachov proposed was "on our wish list," said the former CIA chief, "a singular opportunity to change the world." To the applause of representatives of every anti-SDI organization in town (SANE, Nuclear Freeze, etc.), he con-

cluded: "For the United States, the price is Star Wars. . . . We are not giving up anything but the President's dream."

One day later, on Jan. 18, in Moscow, Chief of Staff of the Armed Forces Marshal Sergei Akhromeyev, encouraged by Colby's cue, told more than 300 members of the foreign press and diplomatic corps of his burning desire as a Russian man-of-arms to see all nuclear arms destroyed by the year 2000. The only U.S. government official attacked at that news conference was Defense Secretary Caspar Weinberger.

Supreme Soviet commands . . .

On that same day, the Supreme Soviet issued a 10-page letter addressed not to the administration, but to the U.S. Congress, "explaining" Gorbachov's dreamy vision, and asking the Congressmen to "raise their voices . . . in favor of the introduction of a bilateral Soviet-American moratorium on any nuclear explosions"—notably including those necessary to research and testing of SDI technology. As administration officials later complained, the Russians had thus given Congress details of Gorbachov's proposal before any were made available to the administration.

One day later, on Jan. 19, two days before Congress actually reconvened to consider the agenda the Russians had set for it, House Majority Leader Jim Wright (D-Tex.) proclaimed the Gorbachov plan a "useful tool" for cutting the U.S. defense budget (See *Congressional Closeup*, pp. 68-69).

Thus, Gorbachov's proposal is perfectly clear, and was perfectly clear even before William Colby had completed his endorsement of Gorbachov's dream against "the President's dream." Gorbachov's proposal is a well-conceived political-propaganda initiative, designed to build a movement in the West to bring massive new pressure to bear against the U.S. defense budget and the Strategic Defense Initiative. With the Gramm-Rudman bill now in place to force massive budget cuts on Congress and the administration, Gorbachov has simply proposed to maximize the pressure to concentrate those budget cuts in the area of defense, SDI in particular.

The timing was obvious. Gorbachov's proposal came only three days after the Gramm-Rudman "balanced budget" abomination mandated that an additional \$5.8 billion be cut from the current year's U.S. defense budget, representing a net reduction in U.S. defense spending for the first time since 1973, when Henry Kissinger and William Colby held office in the Nixon-Ford administration.

The real defense spending scandal

Make no mistake, current U.S. defense spending, after President Reagan's "arms buildup," is pathetically inadequate to the threat now posed by the Soviets. Even Reagan's first administration, despite the heroic efforts of Caspar Weinberger, spent less on defense after inflation than the prodismament Carter administration. During the same period, the Soviet Union steadily accelerated its defense spending,

to the point that it is estimated today at 5 to 10 times the U.S. figure. The Russians are known to spend \$300 billion annually just on the production of military equipment and weapons, compared to America's \$50 billion—one-sixth the Soviet amount.

In recent years, the Russians developed and, in 1985, deployed three new types of ICBMs, SS-25, SS-26, and SS-27—all prohibited by the SALT agreements.

The SS-27 is the largest military engine in human history, and just before his new proposal, Gorbachov deployed 45 of the monsters, perhaps up to 100, each carrying an unknown number of warheads. (The second-largest Soviet missile, the huge SS-18, carries up to 30 warheads.)

Such action, in blatant disregard and contempt of arms-control agreements, is the best guide to interpretation of Gorbachov's latest offer. Its sole purpose is to give propaganda ammunition to the reckless crew of budget cutters in the Congress, who would disarm the country and throw it at Moscow's feet, as that proves necessary to maintain service on the Treasury's domestic and foreign debt, the real mandate of Gramm-Rudman.

'Moscow feels no urgency'

In March 1985, Kremlin "Americanologist" Georgii Arbatov stated on Soviet television that pressures to reduce the U.S. defense budget would be the means by which to realize all Soviet objectives in "arms control." In mid-January this year, a Soviet official acknowledged to the *Wall Street Journal*: "Gramm-Rudman is a process we are watching very carefully."

"Moscow feels no urgency," commented the *Journal's* reporter. "The Soviets believe U.S. domestic politics and budget-cutting will work in their favor."

And indeed, no sooner had Jim Wright, House Majority Leader and probable successor to Speaker Tip O'Neill, proclaimed Gorbachov's offer a "useful tool," than other lawmakers endorsed his attitude. Rep. Pat Schroeder (D-Colo.) of the House Armed Services Committee, who was Gary Hart's 1984 campaign co-chairman, told a reporter Jan. 20: "Jim Wright is absolutely right. The administration is going to have to accept deep cuts in defense. Why? Two reasons: First, Gramm-Rudman, Gramm-Rudman, Gramm-Rudman. Second, Gramm-Rudman, Gramm-Rudman, Gramm-Rudman."

Tom Downey (D-N.Y.) told a reporter on Jan. 21: "I would agree with Wright completely. The budget argument is a good argument to make" in favor of accepting Gorbachov's proposal. "Congress won't let the [the administration] wriggle out of it [Gramm-Rudman]."

Senate Majority Leader Bob Dole is cooking up an "alternative" to the administration's proposed 3% increase in defense spending: Dole will demand a \$20 billion cut in defense, a like amount in domestic programs, along with a \$20 billion tax hike.

'Danny Graham syndrome' delays progress of Strategic Defense Initiative

by Lyndon H. LaRouche, Jr.

The *Washington Post* of Jan. 16, carries a page-one report, headlined "SDI Plans Are Likely To Fail, Pentagon Panel Concludes." Typical of Katharine Graham's *Post*, the headline greatly exaggerates the content of *Post* writer Fred Hiatt's article. This headline, is an echo of Soviet party secretary Mikhail Gorbachov's recent deployment of Soviet fellow-travelers in the West, for escalated offensive against President Reagan's Strategic Defense Initiative (SDI). Gorbachov's fraudulent arms-reduction proposal, announced by President Reagan on Jan. 15, has no purpose but as a signal to Soviet fellow-travelers in the Congress and Western Europe, to crank up new efforts to cut the funding of the SDI.

Contrary to the misleading *Post* headline, the content of Hiatt's article refers to a different, and interesting set of facts. Hiatt reports two charges, by a panel of Pentagon advisers, against current implementation of the SDI:

[The government] has put too much emphasis on weapons and hardware and not enough on the computer software needed to make the system work. . .

The panel of scientists from government, industry and universities drew a scathing picture of the military-industrial complex as "an industrial culture that resists change."

Hiatt's reference to the lack of emphasis on computer systems, is written in such a way as to mislead the average reader. The argument, that there is a "computer software crisis" in the SDI Office's effort, is a wildly false report, but one widely circulated by the Soviet sympathizers of the Union of Concerned Scientists. On the second point, the criticism is an accurate picture of the foot-dragging by Lt.-Gen (ret.) Daniel P. Graham's co-thinkers in the Defense Department.

Hiatt wrote, "The arms companies and the Defense Department today are too hide-bound and bureaucratic to adapt necessary new technologies to the SDI project, the panel warned."

That problem has been notoriously endemic within our military bureaucracy, since long before the President's first announcement of SDI, on March 23, 1983.

The principles of supersonic flight had been proven, in

supersonic wind-tunnels, in Italy during the mid-1930s, and worked out by German scientists under the guidance of professors Ludwig Prandtl and Adolf Busemann, at Peenemünde. In the early postwar period, the U.S. and British governments crashed planes and killed test-pilots unnecessarily, out of stubborn clinging to the wrong and discredited arguments of Dr. Theodore von Karman.

For similar reasons, including stubborn clinging to von Karman's disproven dogmas, the successful rockets developed under Maj.-Gen. John Medaris, were mothballed during the mid-1950s, until after the Soviet launch of Sputnik. Since Danny Graham led the fight to kill U.S. development of lasers and particle beams as modes of strategic ballistic missile defense, back during the mid-1970s, Graham has made his "High Frontier" career, by insisting upon use of obsolete high-speed rocket-systems, to the exclusion of "new physical principles." Wherever one finds a co-thinker of Danny Graham, in the military or the Defense Department's civilian bureaucracy, the passion for clinging to technologically obsolete ideas prevails.

The only major misuse of money and effort, in the present SDIO program, is the massive ration of limited funds



NSIPS/Stuart Lewis

Lieutenant-General (ret.) Daniel P. Graham

and efforts being spent to prove, that Danny Graham's "High Frontier" is an obsolete, and essentially unworkable, approach to strategic ballistic missile defense, against present Soviet capabilities. Any rocket engineer, armed with a blackboard, chalk, erasers, and a Texas Instruments' pocket calculator, could prove the economic and strategic absurdity of Graham's proposals, in a single briefing. For purely political reasons, the Defense Department is pressured to waste a large portion of the present research, on efforts to find ways in which Graham's scheme might be made to work, and always discovering, after months and months of such efforts, that the scheme is so full of holes, that it is unworkable. What is proven, over and over again, is what the rocket engineer at the blackboard could have proven, conclusively, in less than an hour's briefing, before all this money and effort were wasted.

The most obvious problem with Graham's approach, is that for each Soviet missile to be destroyed, up to 50 U.S. anti-missile missiles must be deployed. These anti-missile missiles, and their supporting systems, must be deployed into space-orbit, and deployed from space-orbit. Even if the anti-missile missiles achieve velocities of up to 20 kilometers per second, against 3-5 kilometers per second for the missiles they attack, the slowness of the anti-missile missiles represents an enormous targeting problem. The number of such anti-missile platforms required, is in the hundreds, or even more, and every one of those platforms is a sitting duck for Soviet countermeasures. All this could have been proven by the rocket engineer, from the start; in fact, the essential argument was published, by Soviet Marshal V.D. Sokolovskii, back during the early 1960s, and was widely circulated in U.S. military circles long before "High Frontier"! My associates and I supplied a new proof of Sokolovskii's argument, on the basis of new technological developments, to leading circles in the U.S.A. and Western Europe, months

prior to President Reagan's announcement of March 23, 1968.

Graham, who had been attacking me, and Dr. Edward Teller, violently and absurdly, on his lecture-circuit, up to the summer of 1983, made a "peace agreement" with Teller's circles during the summer and autumn of 1983. As a result of this arrangement, that autumn, Dr. Teller accepted Graham's demand that he write a letter attacking me. As a result of this "détente arrangement" between Graham and Teller, Graham's "High Frontier" was tolerated as an option to be considered in SDI research; politics being as it is, "High Frontier" gained a stranglehold on a large ration of the funds and efforts available. The Heritage Foundation's clout within the Republican Party and the Reagan administration, forced the military to take actions appeasing such corrupting political pressures.

Although high-speed rockets, including those fired from rail-guns, have a real, but declining importance, for intercepting warheads in their final phase of descent, and also for certain tactical applications, these methods cost about 10 times as much, per target hit, as lasers or particle-beams; they are also far, far less reliable, and far more vulnerable to readily available Soviet countermeasures. With Graham's approach, the U.S. cost of strategic missile defense would rise to approximately three times or more than Soviet cost of producing and launching offensive missiles, and for every improvement in U.S. strategic defense, the Soviets would have an effective, and much cheaper countermeasure. With lasers, particle-beams, and related kinds of electromagnetic weaponry, the economic advantage lies with the strategic defense: for every Soviet countermeasure against defense, the United States has a counter-countermeasure cheaper than the Soviet countermeasure. Dr. Lowell Wood, and other leading experts, have made this kind of point repeatedly. Marshal Sokolovskii also made the essential point back during the early 1960s.

The failure to dump Graham's "High Frontier," is the report, by the *Post's* Hiatt, that there is a major problem in the development of the architecture of SDI "battle management."

For reasons of modern physics, there is no way in which Graham's "High Frontier" could be made to work against Soviet capabilities. Every effort to make it to work, requires adding more and more anti-missile missiles to the system; this vastly increases the cost, and the system is still readily vulnerable to Soviet capabilities for countermeasures. For political reasons, instead of admitting that simple fact, the orders are given: Develop a "battle management" system which makes "High Frontier" overcome these Soviet countermeasures. It's like telling IBM to invent computer software, so that by installing a computer on the back of the horse, the horse could be caused to fly. If IBM fails to produce that software, then tell the *Washington Post*, solemnly, that the SDIO's flying-horse task-force has a "software-development crisis."



NSIPS/Stuart Lewis

Dr. Edward Teller

CDC fires health official who blew the whistle on AIDS in Florida

by John Grauerholz, M.D.

Gus Sermos, a public health adviser from the Atlanta Centers for Disease Control, assigned to Florida to investigate the extent of the AIDS epidemic there, was abruptly moved to another assignment for "overzealous" execution of his job. Sermos had charged the CDC with misusing federal funds, and had challenged the CDC's contention that "environmental factors" have nothing to do with AIDS; he cited the now-famous case of Belle Glade, Florida, a poverty-stricken sugar-cane plantation community which has an unusually high number of AIDS patients from No Identifiable Risk (NIR) categories.

Defying a CDC gag order, Sermos charged, in testimony before the state legislature on Jan. 7, 1986, that little or nothing is currently being done for AIDS surveillance in the state.

The latest chapter in the CDC's cover-up of the AIDS problem in southern Florida, of which Belle Glade is only the most widely publicized example, began on Nov. 26, 1985, when Sermos received a phone call from his supervisor in Atlanta, David Collie, who informed him that his assignment in Florida had been terminated and ordered him to report to Atlanta for a new assignment on Dec. 2.

Collie explained that John Witte, M.D., of the Health Program Office of Florida's Department of Health and Rehabilitative Services (HRS) had ordered Sermos's removal from Florida due to a series of articles in the *Miami Herald* regarding Florida's AIDS program. The articles, by reporter Steve Sternberg, pointed out alleged inconsistencies and inadequacies in the management of the AIDS program in Florida by HRS officials.

Florida's AIDS program is federally funded by annual grants to the Health Program Office of HRS, which is directed by Dr. Witte. The funds are granted from the CDC in "co-operative agreement" with the Florida officials. According to Sermos, "In several specific instances the federal funds have not been and are not being utilized by the Health Program Office for the purposes for which they were granted."

A confidential CDC report critical of the program, which was leaked to the press, charged that Florida spent the bulk of its federal AIDS funds in the north of the state, although the majority of cases were in Dade County and contiguous areas of south Florida. The report also reported that the state did not contact drug clinics and other logical places to find AIDS cases.

An experienced disease investigator, Sermos had been assigned to investigate and report AIDS cases in Florida since June 1983, when he was sent to work in Dade County, the epicenter of AIDS in the state. Before Sermos's arrival, Florida, which has the third-highest number of AIDS cases in the nation, had allowed the disease to go almost unreported. Through contacting health officials, doctors, and victims, Sermos expanded the state's case file from 98 to over 1,100 cases.

Sermos contends that the CDC allotted its funds in such a way as to guarantee they would be misspent, and thus frustrate the effort to gain an accurate assessment of the full magnitude of the problem in Florida. On Jan. 7, 1986, he testified before hearings in Tallahassee held by State Sen. Roberta Fox, chairman of the committee which oversees HRS, that little was being done for AIDS surveillance, and that, in particular, Drs. John Witte and James Howell, the responsible officials, were doing nothing about it. Senator Fox promised to bring this to the attention of Gov. Bob Graham (D).

Prior to his testimony, Sermos had been informed by Larry Zyla of the Atlanta CDC, that he was not approved to testify before the committee. CDC informed the Senate that Sermos did not represent the CDC and was only testifying as a private citizen. Certainly in his desire to document the full extent of the AIDS problem, and especially the possible role of environmental and other factors, he definitely does not represent the CDC line on AIDS, as the following incident indicates.

In July 1984, Sermos sent a letter to Dr. Harold Jaffe of the CDC AIDS Task Force, informing him of the unusual pattern of AIDS in Belle Glade and its possible relation to environmental factors. Jaffe's reply was to dismiss the findings as of no significance and to discourage further investigation of the situation.

Environmental factors ruled out

The position of the CDC was stated by its head, Dr. James Mason, acting assistant secretary for health of the U.S. Department of Health and Human Services, in a letter to Warren Hamerman, director of *EIR's* Biological Holocaust Task Force, dated Aug. 27, 1985. Dr. Mason wrote:

In your letter you mentioned specifically the cur-

rent outbreak of the acquired immunodeficiency syndrome (AIDS) in Belle Glade, Florida. At the invitation of the Florida Department of Health and Rehabilitative Services, the Centers for Disease Control (CDC) has been conducting an investigation of a cluster of cases of AIDS in Belle Glade in cooperation with local public health officials. To date, most of the patients reported from Belle Glade have known risk factors for AIDS, such as homosexuality or intravenous drug use. If the AIDS virus were transmitted by insects or crowded and poor living conditions, we would expect more of the patients to be children. 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 State of Florida is requesting additional assistance from CDC to evaluate the occurrences of AIDS and HTLV-III infection in the Belle Glade community. Included in the proposed investigation will be epidemiologic case-control studies to determine the risk factors possibly associated with HTLV-III infection in this population. Factors associated with environmental conditions will be included in these studies. The Florida application is being reviewed at this time.

This statement of the situation in Belle Glade was totally false. At the time of this letter, Belle Glade had 46 reported AIDS cases in a population of 20,000 people, the highest rate in the United States, and probably in the world, and 25 of these cases were among non drug-abusing, non-homosexual, non-hemophilic persons, whose only common characteristic was residence in a slum area.

This situation was first widely reported by Drs. Mark Whiteside and Caroline MacLeod of the Institute for Tropical Medicine in Miami, Florida, at an international conference on AIDS held in Atlanta, Georgia in April 1985. Since that time, the response of CDC and other federal agencies has been to deny the findings and impugn the credibility and personal integrity of Drs. Whiteside and MacLeod.

Why this refusal by government health authorities to confront the reality of the AIDS crisis? The scientific facts conflict with cherished illusions held by an administration which is committed to enforcing the austerity exemplified by the Gramm-Rudman amendment. To admit the implications of the Belle Glade AIDS cases, would force the administration to face up to the widespread devastation of nutritional and sanitary infrastructure in the United States, and to change its economic policies.

Instead, those doctors and scientists who tell the truth are given the treatment which Sermos received. The fol-

lowing quote from the *Miami Herald* of Dec. 7, 1985 correctly identifies the consequences of this sort of practice:

The public properly must wonder whether AIDS research might suffer with him gone. *Given his fate, how aggressive will any replacement dare be?* With AIDS cases growing geometrically, Florida ill can afford to lose the momentum that Mr. Sermos established. He ought to be left in Florida, where he's desperately needed, and given more help. Whether or not he was overzealous or had run-ins with state officials, the Federal Government must not allow state health officials to impede the national effort to combat this plague.

Sermos has now filed formal allegations of misconduct in the handling of the Florida AIDS program, including against his Atlanta superiors, David Collie and Larry Zyla, as well as CDC Personnel Director Carl Crittenden. These

Defying a CDC gag order, Florida public health adviser Gus Sermos charged, in testimony before the state legislature, that little or nothing is currently being done for AIDS surveillance in the state. He also filed allegations of misconduct against his supervisors from the Atlanta CDC.

charges are now being reviewed by attorneys of the Office of Special Counsel of the Merit System Promotional Board, for possible recommendation that the inspector general of the Department of Health and Human Services do a complete investigation.

In addition, Sermos has contacted Florida Sen. Lawton Chiles (D), who is conducting an inquiry into the situation.

The outcome of these legal maneuvers is doubtful, as long as the underlying policy of avoiding the full magnitude and implications of the AIDS situation in southern Florida remains entrenched in the federal health bureaucracy. This willful suppression of scientific evidence is consistent with the general approach to public health exemplified by funding for rat control in Miami, which was cut from a million-dollar-a-year program to \$80,000 a year, even before Gramm-Rudman!

Unless steps are taken to avoid the spread of the unsanitary conditions of Belle Glade, then diseases like AIDS, tuberculosis, and dysentery will continue to spread.

State Dept. builds up the guerrillas

by Gretchen Small

On Jan. 1, El Salvador's terrorist guerrilla army, called the FMLN, announced that in 1986, they will concentrate their war against economic targets, as the most efficient way to collapse civilized life in El Salvador.

Before January ended, the U.S. State Department had begun the terrorists' economic warfare for them in El Salvador, and spread it throughout the isthmus.

State Department officials threatened three nations of Central America this month, that unless austerity measures

which shut down major sections of their economy are implemented, all U.S. military and economic aid will be cut off. In each case, national leaders informed the relevant embassy officials that the economic policies demanded will hand their hungry populations over to Soviet-backed guerrillas. *In each case, officials were told that such concerns did not matter.*

The government of El Salvador had resisted these U.S. pressures for almost a year, as military and civilian forces attempted instead to encourage local businessmen and landowners to meet wage requirements of the population, to undercut the guerrillas' organizing base. In early January, the embassy leaked the austerity measures demanded. The proposals were rejected by "virtually every sector of society, from conservative businessmen to leftist unions," UPI reported. Moderate labor leaders warned that a sharp increase in the cost of living will help the terrorists rebuild their support in the unions. Anti-government marches began.

"The U.S. and the International Monetary Fund are putting the democratic process in danger," warned the head of the National Conciliation Party, Hugo Carrillo. "Implementing economic measures which will hurt the majority of the population and allow the left to make political inroads again

Shultz's 'strategy for ambiguous warfare'

The State Department's rationales were given in a speech by Secretary George Shultz, at the Low-Intensity Warfare Conference in Washington, D.C. on Jan. 15, 1986. Below is the concluding section of his speech.

... Thus, the United States needs an active strategy for dealing with ambiguous warfare. We must be better prepared intellectually and psychologically as a nation; we must be better prepared organizationally as a government. Many important steps have been taken. But more needs to be done.

First of all, our policy against ambiguous warfare must be unambiguous.

It must be clearly and unequivocally the policy of the United States to fight back—to resist challenges, to defend our interests and support those who put their own lives on the line in a common cause. We must be clear in our own minds that we cannot shrink from challenges.

For this, there must be public understanding and congressional support. That is why, again, I applaud you

for holding this conference—not only for probing deeper into the problem but for contributing to the body of public knowledge and education.

In fact, we are much farther along as a nation in this regard than we were a few short years ago. Unfortunately, much of what we learned, we learned the hard way. Public discussion and debate about the problem must continue—not to magnify our hesitations but to crystallize a national consensus.

Second, we must make the fullest use of all the non-military weapons in our arsenal. Strengthening the collaboration of governments, developing new legal tools and methods of international sanctions, working to resolve conflicts through diplomacy, taking defensive measures to reduce our vulnerability—all this we must keep doing.

Our programs of security and economic assistance to friends are essential. In this era of budgetary stringency, I want to record an urgent plea on behalf of security assistance. As the President has said, "Dollar for dollar, security assistance contributes as much to global security as our own defense budget." In El Salvador, we see how the wise provision of sufficient economic and military assistance obviates the need to consider any direct involvement of American forces. And we must extend moral or humanitarian or other kinds of support to those resisting totalitarianism or aggression. Our ideals and our interests coincide.

We must also strengthen our intelligence capabilities—not only intelligence collection and intelligence co-

is a mistake.”

Yet on Jan. 22, Salvadoran President José Napoleón Duarte capitulated, and announced some of the austerity measures the State Department demanded. Gasoline prices were increased by 50%, the currency devalued, imports from outside Central America banned, and emergency taxes imposed. Why did Duarte capitulate?

“The U.S. was behind the move, despite Duarte’s objections that it would hurt the poor majority and could lead to political chaos,” Reuters news agency reported. “All the pressure came from [U.S. Ambassador Edwin] Corr and the Agency for International Development (AID),” a senior Duarte aide told Reuters. At one point Duarte told Corr that if he implemented the measures desired by Washington, the political backlash would be so strong he could face a coup. “The adviser said that Corr replied, ‘You implement the package. I will worry about the coups.’”

A senior Salvadoran military official reported, “It was made very clear what it would mean if the government were not to do this. . . . The military knows what aid means to it.” The political backing of the population which the FMLN guerrillas have failed to win on the battlefield, is now being

given them, for free, by the U.S. State Department.

The same story is being repeated in Honduras and Panama. A Panamanian congressional delegation to Washington, D.C. was recently told that Panama has been blacklisted from any further credits from the World Bank or IMF, until the government changes the labor code to eliminate labor protection, increases fuel prices, and takes other austerity measures. The congressmen reminded U.S. officials that these were the measures which former President Nicolás Ardito Barletta had tried to impose, but that he had met with such hostility from labor and military that he had been forced to resign. Washington officials remained obdurate.

In Honduras, the United States has refused to disburse a promised \$50 million loan, until the government allows the currency to float down to black market rates, claiming the government has not met “conditionalities” of the loan. Rebuking the United States in a communiqué on Jan. 2, the Honduran government noted that these same policies, when implemented in Guatemala, Costa Rica, Mexico, and other nations of the region, did “not solve their economic problems,” but rather led to a “drop in the real income of their respective peoples, thus undermining their general welfare.”

operation with allies, but also our means for covert action. In this regard, it is imperative that we stop leaks. There is no disagreement within this administration that unauthorized disclosure of military or intelligence information is a crime. Since time immemorial, governments—including democratic governments—have conducted sensitive activities in secret, and the democracies only court disaster if they throw away this instrument through indiscipline.

One of the clichés one hears these days is that covert operations leak, so why try to do things covertly? First of all, I think we can keep things secret if we try harder. Second, other countries working with us often have good reasons not to want publicity, and unacknowledged programs afford them some protection even if there are leaks in the press. It can mean the difference between success and failure for our effort. In addition, unacknowledged programs mean a less open challenge to the other side, affording more of a chance for political solutions. Covert action is not an end in itself, but it should have a place in our foreign policy.

Finally, there is the military dimension of our strategy. Just as we turned to our men and women in uniform when new conventional and nuclear threats emerged, we are turning to you now for the new weapons, new doctrines, and new tactics that this new method of warfare requires.

I have no doubt that we have the physical resources and capability to succeed. To combat terrorism, we have created the Delta Forces; we have created the Special Operations Forces for a multitude of tasks; the Army is

forming new light divisions; the Marines are developing new capabilities; the Air Force and Army are developing new concepts and doctrines. The courage and skill of our armed forces have been proven time and again—most recently in Grenada and in the capture of the *Achille Lauro* hijackers.

But the challenge we face continues. I am confident you will know what is required to ensure coordination and effectiveness. I do know we will need the closest coordination between our military power and our political objectives—because I, as secretary of state, know full well that power and diplomacy must go together. We need to relearn how to keep our military options and preparations secret. There may be an important new role for our military in the area of covert operations.

Cap [Weinberger] and I discuss these issues and these challenges frequently, and we will be working together, in full agreement on the urgency of the problem.

Prospects

So, in conclusion, I can tell you that your topic is a prime challenge we will face at least through the remainder of this century. The future of peace and freedom may well depend on how effectively we meet it.

I have no doubt we can succeed. We have learned much in recent years—about terrorism, about Soviet-backed insurgencies, and about how to use American power prudently. Our armed forces are better equipped, both physically and psychologically. . . .

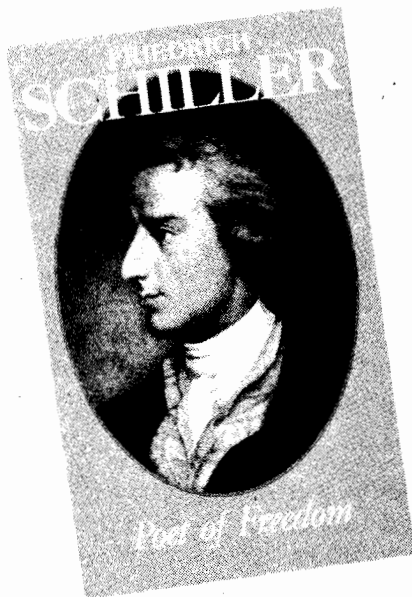
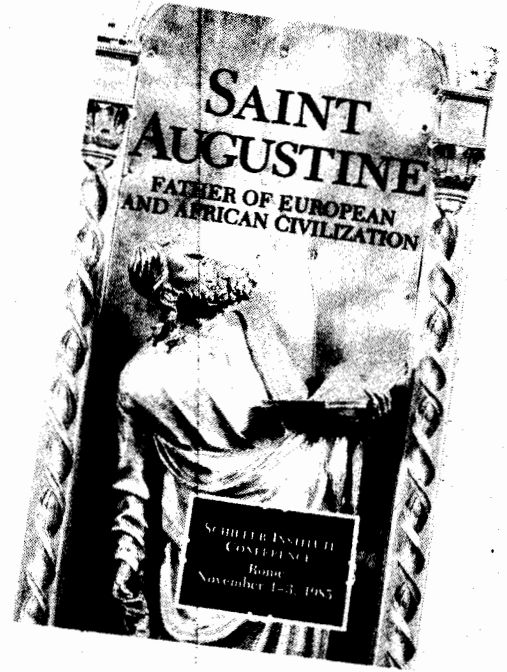
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Blowing his trumpet

While in Israel for several days beginning Jan. 17, Henry Kissinger managed to stick his nose into almost every conceivable corner of the country, including places it certainly did not belong.

In a matter of days, Henry modestly put himself forward, at least twice, as a potential mediator for Israel's outstanding disputes with Egypt, over the disputed Taba region between Egypt and Israel, and with Syria, over the Golan Heights and other issues. The *Jerusalem Post* Jan. 19 reported rumors that Kissinger would be assuming a direct, personal role in U.S. diplomacy in the Middle East!

During the same period, Henry managed to meet, if not eat, a substantial chunk of the Israeli cabinet. At a dinner at the house of former Foreign Minister Abba Eban Jan. 17, Henry and wife Nancy sat at the same table with Finance Minister Yitzhak Modai, Energy Minister Moshe Shahal, Health Minister Mordechai Gur, and Economics Minister Ga'ad Yaccobi.

While the subjects of discussion have not been made public, Modai's first political act, the next week, was to announce that Israelis "must tighten their belts." People having dinner with Henry Kissinger would do well not to moralize in such fashion.

To be specific, Modai's austerity measures are wreaking havoc in Israel's health system; well, certain quarters have warned that "Henry Kissinger causes AIDS."

On Saturday night, Jan. 18, the Kissingers dined privately with Israel's Prime Minister Shimon Peres, barely hours before Peres left for his European tour to the Netherlands, Great Britain, and West Germany.

This dinner coincided with an extraordinary array of international diplomacy, criss-crossing Israel, London, and European capitals, that involved U.S. State Department special envoy Richard Murphy and U.S. Ambassador to Israel Thomas Pickering, reminiscent of Kissinger's shuttle diplomacy.

Kissinger's shuttles, of course, left a body-count of tens of thousands of slaughtered, particularly in Lebanon. Would that the families of those slaughtered were present the next night, Jan. 19, at Tel Aviv University, when Kissinger received an honorary doctorate, for his "efforts on behalf of furthering understanding between Arabs and Israelis."

A painting by Chagall?

Only the kind of deranged surrealism of a Marc Chagall, the Russian-born painter, would befit what happened the next night, in Jerusalem. In fact, the site was Chagall Hall. The hall is in Israel's Knesset, or parliament. The occasion was the Jan. 20 commemoration of the birthday of Martin Luther King. Henry Kissinger was an invited speaker, thanks to what appears to have been a joint invitation from the Israeli Foreign Office and the U.S. Embassy. Other speakers were U.S. Embassy number-two Mr. Flaten, Israeli Foreign Minister Yitzhak Shamir, and Eban.

When one wag pointed out to an American official that inviting Kissinger to speak on behalf of the memory of Dr. King, was like inviting Adolf Eichmann to intone the Jewish prayer for the dead at Auschwitz, the official used the renowned "Mt. Everest" excuse: "Well, Henry Kissinger was there."

Never one to shy from hypocrisy, Kissinger invoked his Jewish upbringing

and his having grown up in totalitarian Nazi Germany, to express his admiration for Dr. King.

'Not very impressed'

While Nancy vegetated in her King David Hotel room Tuesday afternoon, Jan. 21, Kissinger had meetings with Shamir and Jerusalem Mayor Teddy Kollek. "Mum was the word" from both men's offices. An official at Minister of Trade and Industry Ariel Sharon's office reacted with a stony "No comment!" when asked if Sharon had met with Kissinger. Also not talking was the household of former Israeli ambassador to Washington, Simcha Dinitz, at whose house the Kissingers had a private dinner during the evening of Jan. 20.

Off the record, *EIR* was told by an Israeli strategist who attended an unpublicized, private briefing by Henry, at the Tel Aviv Center for Strategic Studies Jan. 20:

"Kissinger said that he thought that some sound agreement with Syria could be reached, a semi-tacit understanding, short of something called peace. It would be based on extending the old idea, from Lebanon before 1982, of Syria and Israel both maintaining 'Red Lines,' but this time widened to include larger parts of the Middle East. He cited the 1973 separation-of-forces agreement between Israel and Syria, to show that this could work. He said that both sides have a real interest in this, so, it is possible to make deals with Syria, but these have to be kept low-key.

"He came off as an elder statesman, very detached, but something else was obvious. After all, it was Kissinger himself, who had negotiated the 1973 agreements. What he was doing, then, was just blowing his own trumpet. I wasn't very impressed."

Congressional junkets sow chaos, destabilization

Congress has returned to Washington this week. We therefore resume our coverage of its pécadillos, but in the interest of continuity, we bring our readers up to date on the doings of that intrepid body during the recess. For those with short memories, it should be recalled that Congress snuck out of town in December, having left ticking the Gramm-Rudman bomb. Not content with ruining their own country, members of Congress then set off to travel abroad at the taxpayers' expense, to ruin the countries of our allies.

• A bipartisan Senate delegation including John Danforth (R-Mo.) and Alan Simpson (R-Wyo.) went to Japan for a meeting with Prime Minister Nakasone. They warned him that Japan's huge trade surplus "threatens world stability" and must be reduced by a sweeping campaign to boost imports. Nakasone replied that he needed time, since the export-oriented Japanese economy "does not move swiftly."

Meeting with reporters in Tokyo, Danforth accused Japan of behaving like a selfish child: "No other nation contributes so little to the open trading system of the world in proportion to what it gains. . . . The world trading system cannot long function when its second-largest economy abdicates its responsibilities. . . . Japan is a great nation. It should begin to act like one. . . . There's more to leadership than flooding the world with Walkmans and VCRs."

Danforth threatened that Congress is likely to approve protectionist legislation this year which could "wreck" U.S.-Japanese relations.

• Six congressmen led by Rep.

William Gray III (D-Pa.) traveled to South Africa, and left under a storm of criticism. South African radio said the delegation was "a form of foreign interference in the country's affairs that has grown dramatically in popularity among certain kinds of Western politicians in the last year or two. It finds expression in high-profile political activity, which, while ostensibly designed to accelerate reform in South Africa, in fact retards it." A black group, the Azanian People's Organization, refused to meet the delegation.

Congressman Gray told a news conference at the Johannesburg airport that the delegation was leaving convinced that Congress was right to support tough economic sanctions against South Africa.

• Senator Ted Kennedy (D-Mass.) went on an Ibero-American tour that included visits to Peru and Chile. In Peru, he attempted to put himself forward as the best friend of Peru in its battle with the international bankers: "While there is a Kennedy—and there are many more in my country—they will be dedicated to the people of Peru and committed to democracy," he said. He urged the banks to be more "flexible" in negotiating the debt with Third World countries like Peru.

In Chile, Kennedy was forced to cancel a visit to the Church's human rights office, when the country's cardinal refused to meet with him, because, he said, the meeting would have "political overtones."

Mexico enraged at Rangel's charges

Representative Charles Rangel (D-N.Y.) headed a six-person delegation

to Mexico during the winter recess, and denounced that country's government for allowing illegal drugs into the United States. The delegation warned Mexican officials, including President Miguel de la Madrid, that increased U.S. funds would depend on ending "corruption." Rangel charged that mobster Caro Quintero was able to leave prison "frequently" to dine in restaurants.

Mexican Attorney General Sergio García Ramírez angrily replied to these charges: "These are absurd and fantastic declarations coming from a man who did not even make the trip to Cu-liacan to see how narcotics are being destroyed." He demanded that Rangel come up with proof that Caro Quintero eats outside of prison.

Dole competes with O'Neill to cut defenses

Robert Dole (R-Kan.), the Senate majority leader, is cooking up an alternative to the Reagan administration's FY 1987 budget which will include a \$20 billion cut in defense spending. To meet the \$60 billion in cuts required by the Gramm-Rudman amendment, Dole also wants to slash domestic spending by \$20 billion, and to raise \$20 billion in new revenues by closing "tax loopholes" and imposing a national tax on consumption. The plan "is certain to provoke a bitter political confrontation with Reagan," commented the *New York Post* on Jan. 21.

Backed by Senate Budget Committee chairman Pete Domenici (R-N.M.), Dole also wants a spring "economic summit" between Congress and the administration. The aim would be to force President Reagan to accept the

Dole budget plan, or be faced with a stalemate which would trigger the automatic cuts provision of Gramm-Rudman. Dole's budget alternative is being drafted by unnamed "economic experts."

Dole's "summit" plan is meant to help congressmen escape the wrath of constituents who are furious about the Gramm-Rudman cuts. The idea is to forge a "grand coalition" that would involve members of both parties and both houses, in such a way as to "immunize members of Congress from political risk by creating a framework of bipartisan cooperation and an atmosphere of national purpose," the *New York Times* reported Jan. 18.

Wright moves left, boosts KGB line

Jim Wright is not only seeking to succeed Tip O'Neill as Speaker of the House, he seems bound and determined to emulate the present Speaker's politics as well. The latest Soviet arms offer could help the United States to cut its budget deficit, because it would make military budget cuts possible—if you believe what House Majority Leader Jim Wright (D-Tex.) told a press conference on Jan. 19.

According to the *San Antonio Light*, Wright declared: "We are spending \$300 billion this year on military strength for fear of what the Soviet Union will do to us if we didn't. Meanwhile, the Soviet Union is spending a like amount on military strength for fear of what the U.S. will do if they don't. Wouldn't it make sense to free up that money?" Citing the growth of the federal deficit over the last five years, Wright claimed, "We can't take a glib attitude [toward

Gorbachov's proposal] by saying it's just politics. We have a responsibility to take it seriously."

Wright's statement was vigorously contested by Elizabeth Arnold, who is challenging his congressional seat in the 12th C.D. Mrs. Arnold's campaign is backed by the National Democratic Policy Committee (NDPC).

In a press conference in Fort Worth, Texas on Jan. 20, she charged that Wright was "not morally fit to serve." "It is apparent," she said, "that Jim Wright believes that a requirement for election as Speaker of the House is the support of the Kremlin. . . . What Jim Wright did not tell the press is that the Supreme Soviet in Moscow issued a 10-page appeal to the U.S. Congress, on Friday, to 'raise their voices' on behalf of the Gorbachov policy."

If Mrs. Arnold is correct, and Wright does believe that KGB patronage goes with the job, then perhaps the Texan also plans to emulate other characteristics of the outgoing Speaker. If so, Washington area tavern-keepers can also look forward to continuing high-level patronage.

Lugar to 'observe' Philippines elections

Senate Foreign Relations Committee chairman Richard Lugar (R-Ind.) announced on Jan. 24 that he will be heading a congressional delegation to "observe" the Philippines elections, which are scheduled to occur on Feb. 7. A spokesman for Lugar's office said that the delegation was intended to "send a signal that we're on the side of democratic reform."

Congressional liberals are making a last-ditch effort to oust President

Ferdinand Marcos, as election day approaches. Rep. Stephen Solarz (D-N.Y.), chairman of the House Subcommittee on Asia and Pacific Affairs, opened hearings on Jan. 21 to try to prove that Marcos and his wife have secretly channeled millions of dollars of U.S. aid into private property holdings in the United States.

If Solarz is so anxious to stop "corruption," he might look closer to home. New York City is now hit by scandals involving its judiciary, its criminal justice system, the city administration, and the Queens Borough president's office. In recent years Brooklyn congressmen have been prosecuted for everything from child molestation to vote fraud. But Solarz is so busy examining the mote in his neighbor's eye that he cannot see the beam in his own. Rep. Gerald Solomon (R-N.Y.) charged that Solarz "is doing this for the sole purpose of bringing down President Marcos," and had accepted campaign contributions from Filipino supporters of opposition candidate Corazon Aquino. "I could say Mr. Solarz has been paid to conduct this witchhunt," Solomon said. "It's disgusting."

The *Washington Post* and the *New York Times*, which have devoted thousands of column-inches of copy to the attack against Marcos, nevertheless saw fit to delete the charge of illegal campaign contributions from their reports on Solomon's statement.

Solarz also came under attack from Rep. Toby Roth (R-Wisc.), who called his hearings a "kangaroo court." Solarz and company could not meet his challenges to the witnesses to produce ownership papers with the Marcos's name on them. Roth said that the hearings were "politically motivated and an attempt to influence the democratic elections in the Philippines."

National News

Abortion counselor is excommunicated

The Vatican has excommunicated the executive director of Planned Parenthood of Rhode Island, saying that her work has "resulted in the sinful termination of human life." The church ousted Mary Ann Sorrentino in June 1985, but the move was not made public until Jan. 22, the 13th anniversary of the *Roe v. Wade* decision legalizing abortion. The announcement was made by a priest on Providence TV.

Reverend John Randall called Sorrentino "public enemy No. 1 of all babies being killed in the womb in Rhode Island."

Sorrentino criticized the Church for "persecuting me for my personal beliefs. I don't see that I represent anything that Ted Kennedy hasn't represented, that Geraldine Ferraro hasn't represented."

Pio Laghi, the Papal Nuncio to the United States, affirmed the excommunication in a letter stating: "It is not the bishop of the diocese who has excommunicated you, but rather you are excommunicated by reason of the universal law of the Church. It is incomprehensible that you cannot perceive that you are an accomplice, when you direct an agency" doing thousands of abortions.

Researchers score CDC for AIDS cover-up

The *New England Journal of Medicine* will shortly publish a study claiming that 1,750,000 Americans have tested "seropositive" for AIDS, and that the number is increasing by 1,000 per day, a European expert on AIDS told *EIR* on Jan. 20. He said that the facts of this report were recently circulated privately at a conference on AIDS in Martinique.

"All the major European and American researchers on AIDS," he said, "who are not directly working for the World Health Or-

ganization or the Atlanta Centers for Disease Control, asserted that the WHO and CDC are covering up, greatly, the full extent of AIDS in Africa."

He said that these European and American researchers "are reluctant to let their names be known publicly, for fear of tremendous political pressure on them." This pressure is linked to "Soviet political activities in Africa," and there "is a growing struggle between the U.S. and Soviets over the matter of AIDS in Africa."

Kissinger protégé to run NSC operations?

"The hand of the long-departed Henry Kissinger is expected to be seen again on the National Security Council staff, with a key appointment that will also boost the authority of Secretary of State George Shultz," syndicated columnists Rowland Evans and Robert Novak reported on Jan. 25.

Peter Rodman, the Kissinger protégé who is currently director of policy planning at the State Department, has been mooted to run NSC operations, replacing Vice Adm. John Poindexter, who has now taken Robert McFarlane's job as NSC director.

Rodman is Shultz's top speechwriter, and is described by Evans and Novak as "the strongest pro-Israel influence on the secretary inside the State Dept., [who] has advocated tough U.S. retaliation against Palestinian terror."

Heritage Foundation calls for defense cuts

The Heritage Foundation is calling for cuts in the defense budget of \$13.3 billion, as part of the budget recommendations for FY 1987 which it issued on Jan. 22. The Washington, D.C.-based foundation purports to be "conservative" and has considerable influence upon the Reagan administration; yet

this is by no means the first time that its policy recommendations have dovetailed with those of the Soviet KGB and the British Fabian Society.

The Heritage plan, authored by British Fabian Stuart Butler, also recommends that the federal government sell off 3,030 federal agencies to private investors. Some of the agencies auctioned off would be the Federal Housing Administration and Amtrak's northeast corridor service.

The Heritage Plan would also eliminate 25 federal programs, including bilingual education, rural housing, the Job Corps, energy assistance to the poor, the Export-Import Bank, non-nuclear energy R&D, the Rural Electrification Administration, NASA civilian aeronautical research, urban development grants, and the Economic Development Administration.

A copy of the plan was given to Office of Management and Budget chief Jim Miller in November 1985.

Rabbi hits witchhunt by Boston bluebloods

Rabbi Gerald Kaplan of Brooklyn, N.Y., of the Human Rights Commission of the Schiller Institute's Commission to Investigate Crimes Against Humanity, declared on Jan. 17 that the current Boston grand jury investigation of individuals and companies associated with presidential candidate Lyndon H. LaRouche is "a complete travesty of justice."

Under orders from Boston elite families like that of U.S. Attorney William Weld, the grand jury had demanded that Caucus Distributors, Inc. (CDI) confiscate from political consultants in the company's employ, index cards containing the names of contributors, and turn them over to the grand jury.

In the hearing which Rabbi Kaplan observed on Jan. 17, Judge A. David Mazzone granted the motion of Assistant U.S. Attorney Daniel Small for additional contempt-of-court fines against CDI, for failure to produce all the cards. CDI maintains that the

cards are the personal property of its political consultants, some of whom have refused to hand over cards in the belief that contributors will be subjected to harassment and intimidation.

Rabbi Kaplan declared: "There is no question in my mind, that Caucus Distributors has been taking a terrible beating, in many ways, from people who seek to destroy its philosophy." The American rights of freedom of speech, thought, and "dignity, for the individual" were "not seen in this trial.

"But CDI has been crucified for many months, in a hearing that seems like there is no ending. And it is the policy, or the philosophy, of the opposition, to destroy CDI through constant abuse through legal tactics, which has been costing them a tremendous amount of money."

Rabbi Kaplan is a youth adviser to Temple Hillel in Brooklyn, and a spiritual leader of the Learners Worship Service. He was one of 10 rabbis invited to the White House to celebrate the signing of the Camp David treaty in 1978.

Dannemeyer's position on AIDS clarified

Representative William Dannemeyer's (R-Calif.) position on the treatment that should be accorded AIDS victims, one of the subjects of a Los Angeles AIDS poll treated in *National News* in our Jan. 17, 1986 issue, is in fact that quarantines should not be implemented, since they are impractical. He has introduced legislation for other public-health measures to curb the spread of the disease.

Due to an error in editing, an entirely different proposal, made by Harvard University professor Dr. Vernon Mark, to consign AIDS victims who insist on continuing promiscuous sexual activities to an abandoned leper colony off the coast of New England, was mistakenly attributed to Representative Dannemeyer.

Unlike Representative Dannemeyer, the EIR Biological Holocaust Task Force does advocate quarantine for AIDS victims as a

necessary public-health measure, but regards proposals such as that made by Dr. Mark as deliberate efforts to provoke hysteria and obscure the serious public-health issues involved.

FEC holds hearing on LaRouche Campaign

James Schoener, attorney for The LaRouche Campaign, on Jan. 22 blasted the finding of the Federal Election Commission's audit division and office of general counsel, that TLC should repay the Treasury \$54,607. TLC was the committee for LaRouche's 1984 bid for the Democratic presidential nomination.

The office of General Counsel Charles Steele has advised the commissioners that LaRouche must *pay the government* for campaigning which he did after June 7, the date at which he was declared ineligible for further matching funds. Speaking before a hearing of the full Commission, Schoener argued that this demand constitutes a "tax" on the candidate's political activity.

Once LaRouche had failed to receive the necessary 10% in two consecutive primaries, he chose to continue to campaign at his own expense, and did not request any further matching funds for the new debts incurred.

The lawyer pointed out that campaign activities after the date of ineligibility were not financed by federal funds at all. He demonstrated that all federal monies LaRouche received after June 7, were used to retire debts incurred prior to that date. "LaRouche was, by your own definitions, no longer a publicly financed candidate," he declared.

Most devastating to the position adopted by the general counsel's office, was Schoener's discussion of the legislative history of the FECA, which raised the issue of a candidate's right to continue to campaign. He reported the statement of Senator Taft during the past debates on the formation of the Commission: "There is nothing in this amendment which would prevent a man from continuing to be a candidate."

Briefly

● PRESIDENT REAGAN'S

Council on Economic Advisers has warned that the Simpson-Mazzoli immigration restriction bill will have adverse effects on the U.S. economy. The report contends that "restrictions on immigration, like restrictions on trade, are costly" to employers and to the economy as a whole.

● HOWARD PHILLIPS, chair-

man of the Conservative Caucus, filed a formal complaint with the FEC on Jan. 23, charging that George Bush, the Republican National Committee, and Bush's Political Action Committee plan to illegally finance a poll testing out the vice-president's 1988 presidential prospects.

● JOSEPH KENNEDY II, an-

nouncing his candidacy for the congressional seat being vacated by Tip O'Neill, made a plea for deep defense cuts. "Our sense of our prosperity is in part our illusion," said Kennedy. "We have mortgaged our future" to Pentagon spending.

● AN ADL "Study Mission" went

to Israel in mid-January, meeting "with all our top people," at the home of Israel director of the Anti-Defamation League Harry Wall, *Jerusalem Post* gossip columnist Mark Segal reported Jan. 17. Included in the U.S. delegation were "the publisher of the highly influential *New Republic* magazine," Martin Peretz; Thomas Tish of the "prominent New York family"; and Sen. Albert Gore, Jr. (D-Tenn.).

● MARIO CUOMO, Democratic

governor of New York State, is coyly suggesting he might be forced to run for the U.S. presidency, to avenge the honor of Italo-Americans. He told reporters on Jan. 19: "If anything could make me change my mind about running for the presidency, it's people talking about 'an Italian can't do it, a Catholic can't do it.'"

Editorial

The just war

Military forces in Ibero-America have been fighting wars against terrorist subversion for the better part of a decade. In the last year, terrorist activity on the continent has been proven to be the servant of the drug mafia, in Peru, Colombia, and Guatemala. But at the moment when the most military assistance is needed to wipe out terrorist subversion and the drug trade, the United States has cut off military aid to Peru, whose President shut down cocaine laboratories that produced billions of dollars worth of cocaine.

The republics of the continent need strong military forces, well-equipped to win the war against narco-terrorism. This includes some new democracies, like Guatemala, whose first elected President in two decades was sworn in on Jan. 14. These countries need economic development, a national project that allows them to win the peace, in the war against terrorism and subversion. On both counts, the United States has directly aided the enemy, by cutting military aid because of "human rights violations," and by imposing IMF conditions that destroy populations.

In El Salvador, a most fragile democracy, the U.S. embassy forced the government to accept IMF austerity conditions that aid subversives far more than Fidel Castro could afford to do. At a Conference on Low Intensity Warfare sponsored by Defense Secretary Caspar Weinberger on Jan. 14, Gen. Adolfo Blandon, chief of staff of the Salvadoran Army, described the "disillusionment" of the populations of Ibero-America with U.S. economic policy, which "forces decisions to be made by our leaders, which undermine the foundations upon which they rule . . . decisions which turn the population into a rabble."

The war against terrorism will not be won unless these IMF policies are abandoned. Instead, there is a loud operation to destroy the military forces of Ibero-America, while imposing economic conditions that encourage narco-terrorists. While the IMF forces the cuts that disarm the armed forces, the media campaign against the military intensifies.

The liberal press blamed the Colombian military

for the death toll—after narco-terrorists assaulted the Justice Palace and murdered half the Supreme Court Justices—even suggesting that the military and not the terrorists burned down the palace to destroy records of military involvement in torture. Now the liberal press, along with the "human rights" mafia, is on the move to try to force Guatemalan President Cerezo to bring the military to trial there, on the model of the Argentine show trials.

The horror of the Argentine trials, which put put former Presidents and military leaders behind bars for life because they waged war against subversion, is that the man who designed the policy of "disappearing" thousands in the dirty war, Henry Kissinger's buddy José Martínez de Hoz, got off scot-free. Martínez de Hoz, economic czar during the military government, designed the policy to silence opposition to his IMF policy, while he pocketed millions of dollars.

The war against narco-terrorism is a just war, necessary to save the nation-states of the region. As such, it must be an open war, fought with the ruthlessness that the purpose requires. Many military officials in Argentina demanded such an open war, in which casualties would be named, in which military trials and executions, as in time of war, would be practiced, instead of "disappearances" that created national psychosis. The constitutional government of Mrs. Perón had decreed such an open war on terrorism. Instead, Martínez de Hoz's dirty war was imposed, designed to crush and paralyze Argentine youth, who lived in fear. It was designed to destroy the armed forces, and to destroy the possibility of winning the peace. It was designed to end in show trials, as a model for how to destroy the continent's sovereign republics.

Let Ibero-America's military fight the just war with the economic weapons to win the peace. And let the liberal press that decries human rights violations and demands military show trials, say why it has not decried the fact that Martínez de Hoz got away. Why has it not called for a trial, for crimes against humanity, of those who designed the policies of genocide?

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