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EIR

From the Editor

If any of you have been gulled by the “contra” support policy that has been swallowed hook, line, and sinker by the Reagan administration, please turn immediately to the *Feature* dealing with U.S. Central America policy, which begins on page 26. It is not merely the case that the President is being lured into a trap, baited by the appearance of effective military action against the Sandinista government of Nicaragua—a trap the liberals plan to spring in the near future by revealing, at the opportune moment, that the “contras” are a bunch of drug-trafficking terrorists.

Nor, is it only that this policy is being used to destroy any possibility for the Contadora group of Panama, Mexico, Venezuela, and Colombia, to act for a regional political solution to the mess in Central America—although that, too, is a major feature of the policy, as promoted by the State Department and International Monetary Fund.

Most important of all, the “contra” policy is the first step in consolidating, after the Philippines, the new Reagan foreign policy doctrine of “democratization” in every alleged “dictatorship” among our allies. “Democratization” was the doctrine of Jimmy Carter, the worst President the United States ever had. It gave us the Ayatollah Khomeini in Iran. In the Philippines, it has given us an unstable coalition that has yet to find a means of legitimizing itself; an upsurge of communist terrorism; and the peril of loss of the two vital U.S. bases, Clark Field and Subic Bay. What it will produce in Panama, is shown in shocking detail in the cover story.

The global disaster being brought about by this policy is shown in the Strategic Map in the centerfold.

So: WHAT'S WRONG WITH THE U.S. GOVERNMENT?

We have just published a Special Report that answers that question: *Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*. Wherever one goes in Washington these days, one hears that “Israel is America's most reliable ally in the United States.” And indeed, wherever one goes in Washington, as this report documents, one is likely to find an agent of Israeli intelligence in a high position in government. Or: Are they really agents of Soviet intelligence?

Nora Hamerman

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The Federal Reserve girds for a banking crash

by Chris White

Officials at the Federal Reserve, and at the nation's other banking regulatory agencies, are now girding for a collapse of the banking system. Their proposals were set before Congress in hearings before the Senate Committee on Banking, Housing and Urban Affairs on March 11.

On that occasion, officials from the Federal Reserve Board, lead by Preston Martin, Volcker's number-two, were joined by William Seidman, chairman of the Federal Deposit Insurance Corporation, Edwin J. Gray, chairman of the Federal Home Loan Bank Board, and Robert L. Clarke, comptroller of the currency. The officials presented a united front on the dangers facing the banking system, during what they called "this transitional period."

But it was the chairman of the Federal Deposit Insurance Corporation whose testimony revealed what the nation's banking regulators now expect to come to pass.

Seidman recommended "that a Federal depositor preference statute be enacted." This, he said, would prefer depositors to other bank creditors, including those creditors who might establish claims in connection with letters of credit, other guaranties, law suits, etc. It would apply to all FDIC-insured banks.

Seidman's proposals confirm what was suspected when Paul Volcker and the central banks of Germany and Japan acted abruptly to lower interest rates recently. That move was not made because of the strength of the so-called United States recovery, but simply because the United States banking system, stretched by the impact of collapsing dollar and oil prices, is on the verge of collapse and needs infusions of credit. Indeed, Volcker himself had implied as much in his semi-annual report to the United States Congress, in which

he counterposed the benefits of the oil price fall, with what he called "the stresses and strains" accumulating in the U.S. banking system.

What the Seidman proposals mean is that bank regulators have now figured out that the explosive bankruptcy crisis of the dollar monetary system, and the United States, have reached the point where the accumulation of unsupportable speculative paper has, even in their minds, become insupportable. That conclusion won't exactly be news to regular readers of *Executive Intelligence Review*.

Admission of bankruptcy

If boiled down to essentials, two alternate sets of proposals were presented to the Senate that day. The proposals differ in regard to the timing to be expected for the crash, though neither set of protagonists said as much openly.

Seidman's call for legislative action on the question of depositor preference is an admission that a collapse can no longer be delayed. Other officials advocated the opposite, seeking to buy more time for the doomed banking system, by such means as accounting tricks, restructuring loans without forcing banks to take write-offs, and promoting the usual panacea of interstate banking, with which Seidman agreed.

The two alternate sets of proposals conform to the political line-up that has prevailed since the beginning of the year, between the politicians in the administration, typified by James Baker's Treasury Department, still committed to the psychotic illusions of the continuing great recovery, and the technicians at the Federal Reserve. Thus far, the technicians have fought the politicians on the question of "junk bond"-financed mergers, and on the question of the dollar, and their

views seem to have prevailed on both accounts.

Junk bond mergers, the purchase of perfectly good companies with rotten promissory notes of some third party, were stopped by order of Volcker, despite the opposition of the Treasury and White House. Measures were taken to stem the system-endangering slide of the dollar—despite the insistence of the administration that it should be allowed to fall yet further. Measures typified by the recent lowering of interest rates are part of the same picture.

Now, the issues involved are beginning to come out. The FDIC chairman's core proposals signify that the key controllers of the nation's banking system have determined that time-buying measures, of the sort pursued so obsessively since the Bretton Woods system first began to unravel back in the monetary chaos of 1967, will no longer work.

Those who argue on behalf of the latter approach still insist on the existence of any number of separate crises, a farm sector crisis, an energy patch crisis, a real estate crisis, a Third World debt crisis. They obsessively maintain that each such crisis can be handled separately, by stretch-out measures for the associated banks, without regard to the economic plight of the productive economy the afflicted banks have lent to.

The combined collapse of the dollar and the international price of oil, over the last two months, seems at least to have disabused some officials of that kind of idiocy.

But the kind of crisis those officials now expect cannot be dealt with by the kind of measures they propose. Depositor preference, favoring depositors, employment, and employment-related services, is necessary in any banking reorganization, as declared presidential candidate Lyndon H. LaRouche proposed last year at the time of the Maryland and Ohio savings bank crises. Such measures would separate out those parts of a bank's money flow and operations which are related to economic reality, from those which are totally the creation of the speculative fictions of usurious speculations, or worse forms of criminality such as the drug trade. The claims of depositors, that is, wage earners, family households, pensioners, would be given priority over letters of credit and other such instruments.

Under present circumstances such measures would simply hand over the remaining healthy functions of the economy to looting by essentially bankrupt institutions like the major money-center banks, Chase Manhattan or Citibank. Or, to that group of institutions known to the regulators, as "non-bank banks," or "phantom banks," the Searses and Merrill Lynchs, a creation of the regulators' permitting the laws to be undermined or changed to preserve the expanding bubble.

Meanwhile, the lowering of interest rates, with its impact on the mortgage and related markets, is functioning as a kind of bridge to such envisioned reorganizations, as debt instruments are shifted through refinancing agreements from higher interest cost to lower interest cost. The scramble to suck much financing into such new low-interest packages, ex-

pected by mortgage associations to leap more than \$50 billion this year, is part of the effort.

None of this will work. The dollar won't be stabilized. Interest rates will not stay down. Perhaps within the next three to six months the question will be called.

What is needed, in addition to measures to protect depositors, is simple recognition of the broader reality that the entire monetary and banking system is bankrupt. Depositors whose money and earnings are hostage to a bankrupt banking and credit system can never be given the protection that is in equity their due. The usurious monetary system which the bankrupt banking system serves must be swept away, and replaced with a return to a U.S. Treasury-backed gold reserve standard. The issuance of Treasury notes, gold-backed, into the banking sector to provide backing for issuance of credit for productive purposes in agriculture, industry, utilities, infrastructure, would ensure the protection of depositors, banks, and economy alike, while permitting the revival of production and trade internationally.

If such measures are not taken, then the Federal Reserve and the banking regulators are simply organizing the biggest deflation of paper values, i.e., the biggest and bloodiest depression collapse, in human history. In Texas and parts of California, it is widely considered that that is exactly what is going on. It was evident in Ohio and Maryland last year. Action by regulators helped to bring about collapse, while setting up the victims and their depositors for takeover by out-of-state, drug-money dependent interests.

The oil collapse

This reality is underscored by the emerging direct and indirect consequences of the collapse in the oil price, on top of the unraveling of the monetary system. Over the last year, the number of active wells in the United States was reduced by almost 40%. Now, fields are being shut down and wells capped in every major oil producing region of the country. The estimates of those knowledgeable of the industry range from a low estimate of a further 15% of U.S. oil production to be shut down at \$15 per barrel, to 30%. Exxon and Mobil are leading the majors in making cuts of 25% and up in their operating budgets for the next year.

Already, the question has been called on Third World oil-dependent debtors like Mexico, Venezuela, Nigeria, and Indonesia. Now, it is the advanced sector's turn, not only in the United States, but also Canada and Britain.

The reality that has been set into motion over the last two months makes a mockery of those who argue that time can still be bought for the decaying remnants of the Bretton Woods system. Such advocates no longer have anything left to buy time with.

The technicians are themselves equally incompetent. Committed to the defense of the indefensible, the maintenance of a bankrupt monetary and financial system, their proposals won't work either.



Parliamentarian calls for club of anti-IMF politicians

The Honorable Publio Fiori is a member of the executive of the Christian Democratic group in the Italian House of Deputies. He served on the councils of Rome and the Latium region during the 1970s, and in 1978, was seriously wounded in a terrorist attack by the Red Brigades. In 1979, he was elected to parliament with 100,000 preferential votes.

He chaired the Feb. 15 session of the Committee of Italian Parliamentarians Against Starvation (PARIFA) in Rome. He was interviewed on March 4 by EIR's Rome correspondent; the interview is translated from the Italian.

EIR: You have recently engaged in activities that favor the development of the emerging countries, both with your participation at the Schiller Institute's conference on St. Augustine in Rome Nov. 1-3, and by contributing to organizing the conference of the PARIFA a few days ago. Can you give us some details of what you are doing?

Fiori: When we started to concern ourselves with these problems, which was a quite a few years back, we linked up with the ideals of the Catholic tradition that arose and grew around Pope Paul VI in the 1960s; at that time, the initiative was launched to place Italy in the center of North-South relations with a revolutionary concept with respect to the past. That is, no longer conceiving of the West's attitude as a kind of neo-colonialism masked as aid to the countries of the Third and Fourth World, but attempting to encourage in those countries a form of social, cultural, and economic development that would truly eliminate the risks that existed, and still exist, for peace in the world. That is, to speak of peace in the world—when there are 300 million persons in danger of dying, when there are 30 million persons who die of starvation every year, when there are 10,000 children under the age of two who die of hunger every day—is an abstraction, a philosophical exercise, an illusion.

Whoever really wants to build peace must act so that the African continent and that of Latin America can finally join in one future.

Italy and Belgium are the only two countries in the world which have passed laws—in Italy two laws—to institutionalize aid to developing countries. At the last international conference, 10 days ago, various foreign heads of state or their representatives came to Rome, and they recognized that

we have created a law that earmarks 0.35% of the GNP for aid to Third World countries.

But naturally, the appropriation of these large sums attracted the appetite of the big financial groups, and therefore, a conflict opened up inside parliament and in the political parties on the distribution of such sums. The balance was not positive. While a part actually did go to help the inhabitants of the developing countries, a large part unfortunately has been the object of big business. Many Italian groups succeeded in getting the Foreign Ministry Department for Cooperation or the Italian Aid Fund to send the developing countries, not what they needed, but their unsold inventories. The charge that was leveled against us by the developing countries at the recent conference is that, yes, Italy is an example of a new way of linking up with the problems of peace and development, but we have not respected the true needs of populations. They told us, "Be careful: in the future, don't give us what you don't need, but give us what we need; don't give us what's lying in the bottom of your warehouses, which for us can be useless—if not downright harmful—but what we ask for, for development and for survival."

The fundamental theme which has guided our action is: no to emergency aid, yes to extraordinary integrated interventions. What does this mean? No to aid that keeps people alive but maintains the status of economic and political subjugation of the developing countries vis-à-vis the West, which allows them to survive, but not to live and develop, thereby achieving a parity of conditions in North-South relations. Yes to extraordinary integrated and localized interventions that allow populations to eat, become educated, understand, develop themselves, and finally to weave with Italy and the West a relationship of parity.

. . . There are countries where people are dying of hunger because they lack sufficient food—they don't have grain, for example—but they are forced to produce coffee for export to pay the debts to the International Monetary Fund and the World Bank. But the total exports are no longer sufficient to pay even part of the huge debt, which has reached the monstrous figure of \$10 trillion, if my information is correct. This is the source of the positions taken by [Peruvian] President García and also by the President [Abdou Diouf] of Senegal, the two leaders of the new course of the Third and Fourth

World countries.

Now, at this point the West should ask itself: Do we really want to behave as the Soviet Union does, which keeps these people deprived of food, but supplies them weapons in order to wed their desire to be free from hunger with guerrilla warfare and uprisings, which are pushed against the West? Or instead do we want to aim toward economic and spiritual growth of the developing countries. So, going back to the teachings of St. Augustine, we must fight to create a new great ideal frontier for the West, so that the bridge with the African, Asian, and Latin American countries becomes spiritual and moral, even before it comes to actual aid.

We have rejected the aid system and we are linked in some way to the effort, which unfortunately failed in the 1960s, of the U.N.'s Development Decade for the Third and Fourth World countries. But we have also understood that that plan failed because it was drawn up by the world financial and banking system in such a way that, behind the screen of an aid intervention, it frankly contained a plan of exploitation and neo-colonialism, which is today the line of the International Monetary Fund and World Bank. If we don't understand that such aid is useless if it has no soul within it, we do not understand what the real cosmic, world problem is, which is about to lead the world into war, ruin, and destruction; because the problem is not resolved with quantitative financial means only. The funds help, but before the funds, we need a philosophical and cultural decision.

We must realize that the laws of economics alone would not be sufficient to feed all the human beings of our planet, if we don't first accept the discovery of a link between the laws of morality and those of economics: Detached from morality, the laws of economics have never resolved any problem, at least, the laws of free-market economics and those of historical collectivism, Marxism, do not resolve problems, since they leave out immense strata of people. I want to invoke the Extraordinary Bishops' synod, the words also recently pronounced by the Pope, and to recall Cardinal Ratzinger's speech at the Urbaniana University [on Nov. 19, 1985—ed.]: Either we rediscover a new type of solidarity which is built on the true principles of Christianity or, on this road, the gap between us and the developing countries will widen. We call them developing countries, which is a euphemism. They are dying: The last figures given by the FAO tell us that the food needs of the African countries of the Sahel have grown in the last 10 years. That is, the more we give, the more they need, and the more funds we bring in, the more they starve, which means something has gone wrong. We try to give *carit pelosa* ["hairy charity," an Italian expression meaning apparent generosity inspired by an ulterior motive—ed.] as the saying goes in Rome—charity, not to resolve others' problems, but to try and solve our own problems.

But this is a myopic vision, because in reality, we are not solving our problems, but frankly, the West is preparing its own eclipse. I would like for politicians throughout the world

to reflect on this fact, because already the wisest men of culture are realizing that the West, with this policy toward the Third World, if it is not blind, is certainly nearsighted, and is destroying the possibility for building a real relationship with the countries of Latin America, Asia, and Africa. And we all run the risk of seeing these countries plunged into an orbit which is no longer the Western one, which would mean a military upheaval in the world balance.

EIR: At the Schiller Institute's St. Augustine conference last November, several developing sector participants took up proposals to reform the international monetary system which were similar to those of American economist Lyndon LaRouche's Operation Juárez. What do you think about this?
Fiori: This problem of developing-sector indebtedness and the responses that are given to such a problem are significant. They bear witness to two strategies. One is the strategy of Castro and hence, of the Communist parties, to exacerbate the conflict—essentially planning a revolution in the developing sector countries that have Western-type regimes, to

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force them to break with the West; on the other hand, the position of Peru and Senegal, which, on the contrary, wish with all their might to keep their relations to the West, but which know that to keep it, they must not fall into the two extremes, of paying all the debts, which would be death for their countries, or not paying anything, which would mean a total break with the Western countries.

We must find a middle way, and this middle way carries with it these points: the reduction of the quota of the GNP of the developing countries which goes to debt payment, which quota cannot surpass 15-20% of revenues; moreover, the West must utilize and appropriate funds for the developing countries which aim at self-subsistence, which are bilateral accords for intervention, i.e., not emergency ones but for independent development; third, the use of part of these funds for a cultural exchange, such that young leaders of the advanced countries can go to work in the developing countries and vice versa, youth from the developing sector countries come to live and work in our countries, because only by an osmosis of this type can we build a common future.

EIR: How do you see the need for a change in U.S. policy toward the developing sector, which today unfortunately tends not just toward distancing them from the West, but even toward their destabilization?

Fiori: I don't want to seem naïve, but I am flabbergasted, because I cannot understand how the United States—a rich country from the economic standpoint, and above all, from the standpoint of the tradition of freedom which represents, without a doubt, the reference point of the entire Free World—I don't understand how it has not understood that it must put itself in the lead of a great world movement for solidarity among peoples; I don't understand why the United States does not understand that the right path is not only that of building ever-more-perfected systems of defense and offense, but of creating firm ties of solidarity, ties with the millions, the billions of human beings who essentially want their right to life guaranteed. The world challenge will be won by him who applies completely the principles of St. Augustine. It seems like an abstract idea, but actually the future of the world is at stake between those who deny the dignity of man and those who instead believe and work from the concept of the *Filioque*, who believe that man draws his dignity and his responsibility directly from God.

But whoever expects to go into Africa or Latin America to get rich, is just working for his own destruction.

EIR: You proposed at the PARIFA meeting the creation of a club of politicians against the International Monetary Fund. Could you give details on this idea?

Fiori: I am convinced that this concept, this idea is an idea-force. I think that it, like all idea-forces when they are right, have a pulling power, and hence I don't think that to make this idea win, it is necessary to create a huge line-up with quantitatively imposing means. I think it is enough to start to bring together the political leaders who in the various Western countries understand that this is the decisive move. They must also link up with the political representatives of the Third and Fourth World, who have understood that this is the route to follow. Now, we of PARIFA have decided that from now on, we will go outside Italy. Next month we will organize a meeting in Paris, then Brussels, then Madrid.

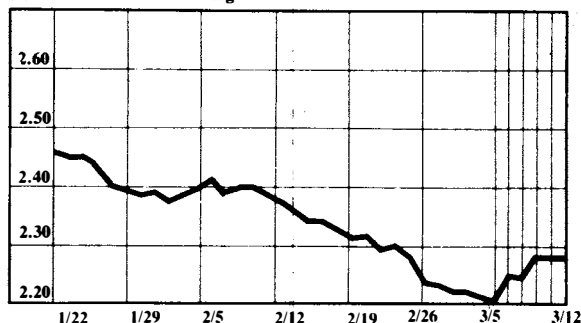
That is still not enough. It is not possible to face and resolve these problems if European parliamentarians do not link up with those of the United States. It seems impossible to me that within the U.S. Congress there are not men who can understand these problems.

And that's still not enough, because such a link-up must be carried out with all the developing sector politicians, who have understood that what is at stake in their countries is not just freedom, vis-à-vis the East, but their lives are at stake. We must put together an international club, without superstructures, which poses as its central objective modifying the international monetary system, changing the rules, the objectives, the behavior of the IMF and World Bank, to give an immediate, real hope, to the developing countries.

Currency Rates

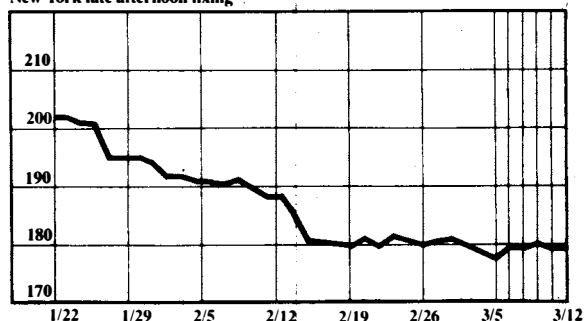
The dollar in deutschemarks

New York late afternoon fixing



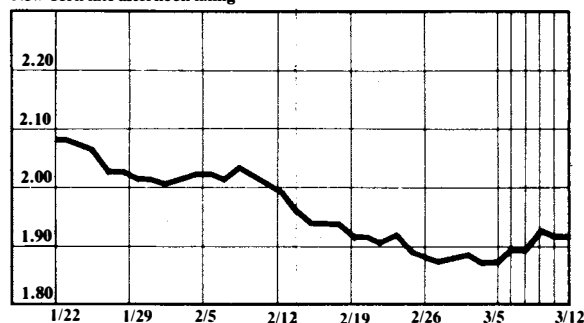
The dollar in yen

New York late afternoon fixing



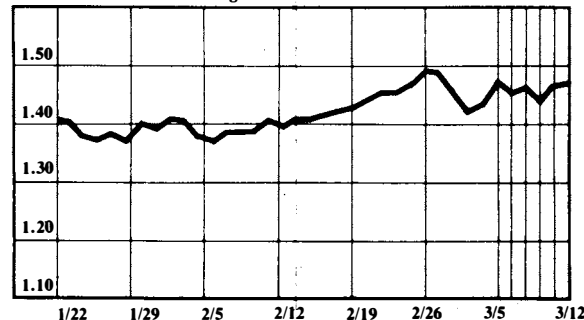
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



AID chief proposes 'privatization' to recolonize the Third World

Peter McPherson, administrator of the U.S. Agency for International Development, gave a press briefing at the United States Information Agency's Foreign Press Center in Washington on Feb. 14, on the subject, "Privatization and Development." McPherson outlines how AID, a State Department agency, intends to use depression conditions to reintroduce colonization to Third World nations, under the policy term, "privatization." McPherson links state-sector sell-offs to debt rollover and reschedulings, for example. Whether under the term "debt-for-equity," "privatization," or any other, the policy is: You can't pay your debt, so give creditors your country instead. This, McPherson emphasizes, includes the United States. The following was edited from a Federal News Service transcription.

Privatization is the transfer of government ownership or activity from the government to the private sector. . . .

After World War II, with the independence of many countries, and with the further developments in countries who had been independent for some time, there was a marked philosophy in many developing countries of statism, of controlling the economy from the heights. . . .

. . . In the five, going on six years that I've been head of AID, I can see around the world really a marked move away from such government control of economies and government ownership. . . .

The United States, of course, has had some experience here with our recent sale of Conrail as an example of a privatization activity; Great Britain with the sale of their phone company, was a huge, big, big sale, as you remember. . . . What we have in place in AID is technical assistance to help countries with this. . . .

Q: . . . How do you wean away countries that have been so reliant on statism from that system . . . particularly since . . . major operations that have gone into privatization in developed countries have not always succeeded?

McPherson: Well, the reason that privatization has begun to really catch on is . . . because the old option of government ownership hasn't been working because they didn't have the money to maintain it. . . . The countries begin to recognize that they can't do the job. . . .

And all over the world, governments, of course, have been broke these last few years. Governments being broke throw a whole new weight on matters with—people have begun to be forced to do things that they otherwise just wouldn't have considered. . . .

The other thing that is important to realize here is if a public enterprise is losing a substantial amount of money and a country is very poor, how do you reconcile maintaining that substantial loss. . . .

Q: I'm from Brazil. Could you please tell us, how much money is AID ready to apply in this venture in order to entice governments to get rid of their public corporations? . . . You have concentrated your focus on public corporations that are losing money, but how about the ones that are supposedly efficient, but are seen as an instrument of concentration of power in the hands of the state?

McPherson: We definitely encourage the sale of such entities. In fact, it's usually quite a lot easier to sell moneymakers than it is moneylosers. There are a lot more buyers for that type. And countries too often have started off with the losers, when in fact it was easier to start off with the winners. Over a period of time, usually such companies will become more efficient, there'll be more competition, and for other reasons it makes sense to transfer them. . . . In general we think the transfer of production activity out of the hands of the government makes sense.

Q: . . . Is private just always better than public? If you would show up in Switzerland and say "Well, we've got to privatize the Swiss Railways" which have a somewhat good reputation, you would be laughed at, because this is a government system. It functions perfectly, and it assures that we have decent public transportation in the whole country, and not just between Berne and Zurich. . . .

McPherson: Well, let me ask you a question about the railroad in Switzerland. Does the President's brother-in-law have a senior job on that railroad?

Q: I doubt it.

McPherson: I doubt it. You often find such in the Third World countries. Is there, over the years, the service has not

only been maintained but in your opinion apparently improved? Well, that again is a serious problem. Almost consistently in Third World countries, major government-owned activities, the service, particularly in hard times, deteriorates. . . . Those are the kinds of things that happen in public enterprises in the Third World. . . .

Take this agricultural price issue we've had. All this ties into policy issues, economic policy issues. One of the big things we've argued a lot in the last few years . . . is how much farmers should be paid. . . . The urbanites that could riot and all that, could get cheap food. For years, when you talked about that, people said, "You're going to take that cheap food away from those urban people?" In fact, those urban people were better off than the farmers. And we've argued this issue now in terms of, stop discriminating against the poor farmers.

. . . Well, in some senses, what we're saying about privatization now is that it is not really fair to discriminate against the masses of people in a country by subsidizing these public enterprises that have only a few thousand employees. Stop discriminating against the mass of people.

Q: . . . What can you offer apart from the \$9 billion the World Bank would give under the Baker Plan?

McPherson: Well, the reason that this is an issue that is in the thoughts of everyone is because countries are broke; systems have fallen apart. Things just aren't functioning. And so leadership in countries are beginning to look at matters that 10 or 15 years ago would never have been considered. . . .

I've talked about this in the context of the Third World, that's where it is pinching the most in my opinion. . . . But I don't mean to say I believe this is only a Third World issue. . . . It's clear as to the United States that we feel this is very important. Our sale of Conrail is a good example. . . .

Q: But looking at a country like India, for instance, where the investment is really extraordinarily huge, and there are no private sector agencies that could conceivably buy out the government.

McPherson: Well, one of the things I think can be done and often is done is what are called ESOPS, where employees, in effect, buy the enterprise. Where usually, if the employees buy it, they have to borrow some money for working capital from someplace, or even money to rejuvenate the enterprise. . . .

Q: . . . Monies are attracted into enterprises because of the return on investment. Investment on public enterprises like the infrastructure of railways or telecommunications and steel mills are simply not that great. That's the reason why these are losing enterprises.

McPherson: I don't really want to try to argue what—indi-

vidual enterprises here or in individual countries because there's not time enough to go into the details and besides, of course, I'm not going to know all the situations in depth. . . .

Q: Are you suggesting . . . that the government could reasonably be expected to sell a steel mill—there are six or seven of these giant complexes—to its workers who, in turn, will borrow from the government, which in turn, borrows from the public? So you end up. . . .

McPherson: I don't think it's appropriate for me, in Washington, D.C., to recommend to Mr. Gandhi that he sell his steel mills. I think that's something that Mr. Gandhi has to sort through. If they are major losers, then he will have to look at that and wonder if those losses is the best place to put government revenues.

What I am saying is that around the world, countries are being forced to ask, what's the best thing to do? To lose millions of dollars on my government-owned enterprises?

. . . But I would strongly say that countries all over the world are broke. Countries all over the world need to decide where to put scarce revenues. . . .

Q: Mr. McPherson, Ed Bauman from Caracas, *El Nacional*. . . : The United States is being asked to help out debtor countries—Mexico, Brazil, Venezuela, and so forth. And these countries are ones which are leaders in having national enterprises, state enterprises. Is there any thought being given by your government to linking up the idea of giving the aid, bailout, and doing away with some of these costly state enterprises?

McPherson: You remember the Baker Plan proposals set forth in Seoul, Korea in connection with the IMF-World Bank meeting talked about such an effort; they suggested that countries, debtor countries had the obligation to help themselves . . . and helping themselves generally meant looking at state enterprises, especially state enterprises that were losing substantial amounts of money. . . . But it is clear to me that privatization is part of the whole picture. . . .

Q: Well, you're being asked to bail out Mexico now on an emergency basis. Are you prepared to get tough?

McPherson: I think that question needs to be addressed to Secretary Baker. But I will only say again that Baker's comments in Seoul talked about . . . overall economic policy as well as looking at the extent of the public sector that was there.

. . . I'm talking not just about privatization; I'm talking about the whole range of sort of opening up the economies. . . . Countries that have been most successful in general have been countries that have been in the most difficult financial straits, countries that really had to examine options which they just wouldn't politically be able to consider except for the fact that they didn't have a lot of others. . . .

Abraham Lincoln's 'space program': the national railroad system

by Anton Chaitkin

If it were useful to select one person as the central figure in American history, that person must be President Abraham Lincoln.

The United States of America had ended, by insurrection. Advised by his Secretary of State to allow the seceding portion to depart without interference, Lincoln instead called for volunteers from among the loyal population. He directed the greatest war in American history, which recreated the nation by force.

In the course of that war, Lincoln ordered the end of the system of Black slavery. Lincoln ended and reversed the rule of "Free Trade" or "laissez-faire," by which the London-directed opponents of the American Revolution had expanded plantation slavery to the detriment of American industrial power.

Lincoln stopped, for a time, the dictatorship of international merchant-banking interests over American economic affairs.

His breathtaking economic development program, begun when the country was bankrupt, continued in effect at least long enough after his assassination, for the United States to make itself the world's greatest industrial power.

Lincoln is unquestionably the most beloved figure in American history. Even in the South, the section subdued by the federal armies, the popular mind affectionately prefers Lincoln over the radical Eastern financiers whose postwar usurpation kept the South unindustrialized.

Since Lincoln's murder, his international enemies—the people Lincoln called "those respectable scoundrels"—have reasserted their power over our country. The purpose of the founding of the United States, in the tradition of the 15th-century Golden Renaissance, has been lost. The very idea of progress is rapidly being erased from the popular mind, amidst feudal back-to-nature ideology, fundamentalist irrationalism, and a nearly total political and social dictatorship of the bankers who promote these things.

The single most astonishing victory of Lincoln's enemies

is that they have taken the philosophy and the accomplishments of the man out of history.

Historians have revised the Civil War into an affair of geography, parties, and conflicting selfish interests, rather than an attack on civilization which civilization, represented by the American Union, defeated. This distinction is of more than academic importance, when treason to national interests once again has nearly undisputed power in Washington.

Lincoln's restoration of the American (as opposed to the British) system of economics, *by which he revolutionized world affairs*, has been misrepresented, ignored, or denounced by historians hostile to the founding concepts of American life.

President Lincoln's program, aside from building the world's most powerful armed forces, included the following economic measures:

- government organization of a railroad system reaching from the Atlantic to the Pacific Ocean;
- the creation of the American steel industry, virtually overnight, by government design;
- launching scientific agriculture, by methods including free Western land for farmers, the establishment of the Agriculture Department, and government promotion of a new age of farm machinery and cheap tools;
- recruitment of immigrants, to increase the population as fast as possible;
- free higher education throughout the United States—the Land Grant College system;
- reestablishing national control over banking, with cheap credit for productive purposes.

Until the Morgan trusts and Teddy Roosevelt reversed it a generation later, Lincoln's program controlled inflation through constant industrial innovation, raised U.S. living standards to unprecedented heights, and was eagerly copied by much of the world.

Before and after signing the Pacific Railway Act on July 1, 1862, President Lincoln moved to accelerate the beginning

of construction of the long dreamed-of transcontinental railroad. When completed in 1869, the 1,776 miles of new track took passengers and freight across mountains and desert from Iowa to California.

Historians usually ascribe the creation of this railroad, which immensely strengthened the United States, to such historical coincidences as the withdrawal from Congress of its opponents. Abraham Lincoln's unique, lifelong personal identification with the fight for Western development, is covered over with contemptuous, patronizing remarks, from Lincoln's "supporters," and charges of corruption from his "detractors."

When President Andrew Jackson closed the Bank of the United States, and stopped federal support to road, canal, and railway construction, he put the brakes on pioneer settlement of the West. But American nationalists, mostly members of Henry Clay's Whig Party, fought to continue the "internal improvements" construction policy, with the action of state governments to replace the missing federal support.

State legislator Abraham Lincoln, aged 27, led this fight in Illinois. He sought to turn the mud-and-ice-bound Midwest into the new industrial center of the continent, beginning with the construction of 2,000 miles of railways and canals to crisscross Illinois.

Here is what his first important biographers, John G. Nicolay and John M. Hay, say about this matter:

"If Mr. Lincoln had no other claims to be remembered than his services in the Legislature of 1836-7, there would be little to say in his favor. Its history is one of disaster to the State. Its legislation was almost wholly unwise and hurtful. . . . In the account of errors and follies committed by the Legislature . . . he is entitled to no praise or blame beyond the rest. He shared in that sanguine epidemic of financial and industrial quackery which devastated the entire community, and voted with the best men of the country in favor of schemes which appeared then like a promise of an immediate millennium, and now seem like midsummer madness.

"He entered political life in one of those eras of delusive prosperity which so often precede great financial convulsions. . . . It was too much to expect of the Illinois Legislature that it should understand that the best thing it could do to forward this prosperous tendency of things was to do nothing. . . ."

"Madness"? "Delusive prosperity"? In fact, as the *Encyclopaedia Britannica* puts it, "The growth of manufacturing in Illinois, largely because of the development of the state's exceptional transportation facilities, was the most rapid and remarkable in the industrial history of the United States. In 1850 the state ranked 15th; in 1870, 6th. . . ."

Yet, virtually all historians, and Lincoln biographers, reiterate the Nicolay and Hay vituperation of Illinois' "internal improvement follies" of 1836-37. Since Nicolay and Hay were secretary and assistant secretary to Lincoln during his Presidency, their 10-volume Lincoln biography was given almost unlimited credence.

Abraham Lincoln was the spirited young leader of the "Long Nine" (all over six feet tall), Sangamon County's representatives who went to the Illinois legislature in December 1836. Lincoln's forces pushed through plans for the state to build a series of rail lines and canals; his leadership of this drive was Lincoln's first really important political role. Twelve million dollars was appropriated, three and a half million for the state-chartered Illinois Central line to be built from Galena in the north to Cairo in the South.

Money would be borrowed in U.S. and European capital markets, taking advantage of the great international excitement over America's development prospects. New York's state-constructed Erie Canal, the world's largest artificial waterway, had been completed in 1825, had opened the West for development—and its tolls had completely recovered its cost of construction by 1833!

Lincoln also took the lead in defending and trying to expand the capital of the state bank of Illinois, hoping that, for Illinois' purposes, it could take the place of the moribund Bank of the United States.

Construction began with the Northern Cross Railroad, projected to be built from Quincy on the Mississippi River eastward across Illinois to the Indiana line. The first locomotive to be put in operation in the Mississippi Valley was built in Paterson, New Jersey, and was delivered by riverboat in November 1838. The line was in operation from Meredosia on the Illinois River to the new state capital of Springfield by May of 1842.

But British-centered opposition to this American development proved too strong. In the summer of 1836, following up on President Jackson's closing of the U.S. Bank, the Bank of England refused to refinance the loans of those British merchants and bankers who continued to accept bills of exchange drawn by Americans. By the winter of 1836-37, three of the weaker British commercial firms dealing with Americans became insolvent and were forced to submit to the Bank of England's terms. A leading private banker in London and a large Manchester bank cracked under the pressure, and soon the entire British market for American goods and securities collapsed. British creditors called in their international loans.

In those days, the products of the Midwest were shipped down the Mississippi River to New Orleans, then to the East Coast and to Europe. New Orleans was thus the commercial and banking center of the West, upon which the Western banks were financially dependent.

In the spring of 1837, the British concentrated their attack on New Orleans. Agents in New Orleans were ordered to stop all purchases for British merchants and manufacturers. With American credit now draining away to England, there were no U.S. buyers to replace the British. New Orleans banks were forced to deny credit to merchants, factors, and banks serving the entire Mississippi Valley.

The Illinois railroad building project failed for want of credit, though the Illinois-Michigan Canal, connecting Lake Michigan with the Mississippi River system, was completed

by the state government in 1848.

In 1850, the U.S. government, temporarily in the hands of the Whigs, authorized the granting of federal land to the state of Illinois for the construction of a north-south railroad with a Chicago spur: Three square miles of land were to be granted for each mile of railway constructed. In February 1851, the state legislature, frightened by the earlier collapse of its plans for state-owned enterprise, chartered the Illinois Central Railroad Company. The state gave the federal land grant as inducement to Eastern private investors to buy into the construction. Lincoln reluctantly supported this scheme, unavoidable under the circumstances of the lack of national sovereignty over credit.

The rail network which Lincoln had planned and championed was now quickly built, and eventually made Chicago the rail center of the continent. It was paid for with huge public giveaways . . . but would be owned by private parties!

Turning back again to the attack on Lincoln's legislative "follies" by his supposedly friendly biographers, we must now look for a motive. It was John Hay who wrote the first volume, on Lincoln's first 50 years, and who steered and edited the other nine volumes of the Nicolay-Hay biography, covering Lincoln's remaining six years.

Hay's career as a traitor to the United States closely parallels that of his intimate friend and political superior, Henry Adams. As Hay sold out the heritage and reversed the accomplishments of Abraham Lincoln, with whom he had been identified as assistant secretary, so Henry Adams betrayed the heritage of his great-grandfather and grandfather, the two Presidents Adams. Henry Adams was effectively the British pro-consul in late 19th-century Washington; Hay was the pet of his salon.

In his 1883 novel, *The Bread-Winners*, Hay attacked the working people of America, and "the restless haste and hunger to rise which is the source of much that is good and most that is evil in American life." Lincoln's opposite world-view was expressed to a German group in Cincinnati in 1861: "I hold the value of life is to improve one's condition. Whatever is calculated to advance the condition of the honest, struggling laboring man . . . I am for that thing."

Whereas Lincoln's nationalist economics, his life and his death were identified with the American Union, Hay expressed his own sense of identity in 1898, as U.S. ambassador to Great Britain: "Knitted as we are to the people of Great Britain by a thousand ties . . . there is a sanction like that of religion which binds us to a sort of partnership in the beneficent work of the world. . . . No man and no group of men can prevent it. . . . We are bound by a tie which we did not forge and which we cannot break. . . ."

Hay's "definitive" biography of Lincoln, published in 1886, does not even mention Lincoln's role in building the Pacific railway; nor does the scant mention of President Lincoln's extraordinary economic measures contain even a hint that they had to do with a lifetime philosophy. It is no surprise, then, that John Hay was Secretary of State under Pres-

idents William McKinley and Theodore Roosevelt, when the whole American economy was delivered to the control of international British-centered banking cartels.

J. P. Morgan and E. H. Harriman did indeed stop the further development of American railroads. But Lincoln's earlier success was central to the further development of the United States, and his historical enemies have always feared that Americans, and others, might simply re-adopt his outlook.

In August 1859, Lincoln visited Council Bluffs, Iowa, meeting privately there with a young railroad engineer/surveyor named Grenville Dodge—who was to be the chief engineer of the Pacific railroad.

As Dodge wrote later, Lincoln asked "what I knew of the country west of the Missouri River. He greatly impressed me by the marked interest he displayed in the work in which I was engaged, and he expressed himself as believing that there was nothing more important before the nation at that time than the building of a railroad to the Pacific Coast. He ingeniously extracted a great deal of information from me about the country beyond the river, the climate, the character of the soil, the resources, the rivers and the route. When the long conversation was ended, I realized that most of the things that I had been holding as secrets for my employers in the East, had been given to him without reserve. . . ."

"[On] a high bluff known as Cemetery Hill, just north of town. . . . He was greatly impressed with the outlook; and the bluff from that time has been known as Lincoln's Hill. . . . From here he looked down upon the place, where by his order, four years later, the terminus of the first trans-continental railway was established."

Lincoln signed the Pacific Railway Act July 1, 1862, authorizing huge government land grants to finance the construction. Two years later a second bill doubled the land grants and sweetened the other terms. Altogether 45 million acres of land were given away, and the government laid out some \$60 million in cash, compared to only \$4 million in private capital.

Lincoln was determined to "conquer space" to the west. At one point, when the project seemed dead for lack of funds, he arbitrarily redefined the Rocky Mountains as starting in their foothills, so that more money could be paid under formula to the builders. It was said at the time, "Abraham's faith moves mountains."

Lincoln requested, and Congress approved, the placing of agents in Europe to solicit immigrants to America. Lincoln planned to develop the Mountain West, which his railroad would open up, by pouring in immigrants. On the evening of April 14, 1865, Lincoln wrote to Speaker of the House Schuyler Colfax, "I have very large ideas of the mineral wealth of our Nation. I believe it practically inexhaustible . . . its development has scarcely commenced. . . . I am going to encourage that in every possible way." Lincoln was assassinated a few hours later.

To be continued.

A strike against corporate raiding

The TWA flight attendants' walk-out could determine whether safety or profit governs the airlines from now on.

Six thousand flight attendants employed by Trans World Airlines struck the airline March 7. The ostensible issue is the demand by TWA majority stockholder and chairman, Carl Icahn, for a 22% cut in wages and a 23% cut in benefits. Icahn claims that, otherwise, TWA will lose \$125 million in the first quarter of this year. The attendants have offered a 17% salary reduction.

Icahn has demanded longer working hours in the air and longer stays away from home for the attendants. The attendants have rightfully countered that this will adversely affect passenger safety and comfort.

Talks resumed on March 12, but broke off after only four hours. Vicki Frankovich, President of the Flight Attendants' Union, charged that the negotiating session failed because chairman Icahn failed to show up.

The real issue, however, is what is being done to airlines, affecting both workers and passengers, by the likes of Icahn.

Carl Icahn, like his counterparts, Frank Lorenzo at Texas Air and Donald Burr at Peoples Express, is a corporate raider. His only purpose in buying airlines is to strip them of assets and make a fast buck. Between the three, most of America's airlines have been bought, sold, or put through bankruptcy proceedings in the eight years since the Carter administration rammed through the deregulation of the industry.

Icahn acquired TWA last year,

winning the right to purchase the airline when TWA's employees sided with his bid over that of Frank Lorenzo. Lorenzo's reputation for union-busting was fixed in cement when he purchased Continental Airlines in 1984, put it through Chapter 11, and tore up the union contract.

Icahn's reputation is being forged in this strike. Speaking on "The MacNeil-Lehrer News Hour" March 11, Icahn said, "we cannot give anymore. We must have those concessions to exist." He announced that 3,000 of those attendants now on strike would be permanently replaced by new hires, i.e., scabs brought in during the strike. He also threatened to sell off parts of the airline if TWA proved to be "unprofitable" as a whole. He named TWA's reservations system and Atlantic routes as "valuable assets."

"I would love to see TWA flourish," he said, but added that he would not let his creditors and stockholders down. He noted that he owns a majority of TWA stock himself, and "I'm not going to let myself down."

"That is the reaction of a corporate raider, not that of a manager of an airline," Frankovich, also on the news show, charged.

Indeed, corporate raiding in itself is a quite profitable business. Airlines desperate to prevent forced bankruptcies offer potential buyers a bonus simply for tendering an offer to buy. Frank Lorenzo made \$20 million from Eastern Airlines this year, just by agreeing to make a bid on the troubled

airline. In 1985, he made \$33 million on his unsuccessful attempts to buy TWA and Frontier airlines. In 1979, he made \$46 million, when Pan Am beat out his bid for National Airlines.

The attendants' strike is growing hotter as the days turn into weeks and organized labor begins to realize that this is a strike for the basic right to organize the industry. On March 12, the International Brotherhood of Teamsters issued a press release announcing its support for the strike. "We have always used the full force of our union's might to uphold the principles of unionism and worker solidarity," the release stated. The Teamsters also called on the AFL-CIO to assist the flight attendants' independent union. "These workers should not be left out in the cold," the release concluded.

The first violence in the strike also occurred March 12, when 16 strikers were arrested for blocking a TWA cargo hangar in New York. The same day, a TWA mechanic, who was crossing picket lines in TWA's maintenance center in Kansas City, was charged with assaulting a police officer. The mechanics, who had been honoring the attendants' picket lines, were ordered back to work by a federal judge on March 11, pending arbitration of a no-strike clause in their contract.

Since TWA is no longer an airline, but a "business enterprise," in the corporate raiders' sense of the term, the fate of its workforce and its passengers is entirely dependent on making a "profit." That means cutting safety, working conditions, and service to the bone, as People Express, New York Air, and Continental have amply demonstrated. The "budget" airlines are now profit-making, but the real cost—passenger comfort and safety—is never reckoned in the corporate raiders' account books.

Washington's 'free trade' line

It's a warmed-over version of the policy the British East India Company tried to use to destroy America.

On March 18, state agricultural commissioners from most major farm states humbly sat in obedience at the mid-year conference of the National Association of State Departments of Agriculture, and were subjected again, as they have been in the past, to a barrage of "free trade" propaganda from "guest speakers" that included former Agriculture Secretary Orville Freeman; Rep. Kika De La Garza (D-Tex.), chairman of the House Agriculture Committee; U.S. Trade Representative Clayton Yeutter; Environmental Protection Administration head Lee Thomas; Assistant Agriculture Secretary Peter Myers; Ray Lett of the USDA Intergovernmental Affairs Office, and Agriculture Trade and Export Policy director Jimmy Minyard.

The bloodthirsty line they retailed—with one exception, a guest speaker, Mexico's agriculture commissioner—was a warmed-over version of the old British East India Company trade war policy of the early 1800s, under which cheap goods were dumped on countries, including the young United States, to destroy their economies.

Today, "free trade" is the euphemism for food cartel and International Monetary Fund domination. Most of the agriculture policies of the last 20 years have been designed by the banking circles associated with these cartel interests, and the speakers at the state agriculture commissioners' conference are prominently associated with them.

Most prominent is Orville Freeman, Democratic agriculture secretary in the 1960s, who has consistently pursued food output reduction, in part

because he thinks the world has too many black, brown, and yellow people, and it would be best if many of them starved.

Freeman is associated with the "New Yalta" food trade policy, in which food flows from the West are guaranteed to the Soviet Union, while at the same time, trade war is conducted within the Western Alliance—between Argentina, France, and the United States in wheat exports, for example—in the name of "free trade." Computer scenarios of trade war options under this perspective have been done in Freeman's home base, Minneapolis, at the Hubert Humphrey Institute, with which Freeman is associated.

The 1985 farm bill is perhaps the most rabid "free trade" format ever enacted into law by the U.S. Congress. In a special section called "Export Enhancement," which Freeman called the "only way to move exports," the mechanisms are specified by which U.S. government-owned grain stocks are to be given *for free* to the cartel trade companies (Cargill, Continental, Pillsbury, Bunge, André, Archer Daniels, and the rest), in order to guarantee profits to these privileged New Yalta companies while they offer discount exports, to the Soviet Union primarily. Under this program, the cartel pays prices to the U.S. farmer that are way below his costs of production, and at the same time, breaks the world market.

One of the main topics of discussion at the conference was prospective trade wars with the European Community.

That same week, new Agriculture

Secretary Richard Lyng initiated tough trade war talk. Lyng said that the key to turning the U.S. farm sector crisis around is to expand exports: "It may take two years before we get it turned around—last year's farm bill that reduced prices of U.S. commodities was the first step." We will "make deals" and work very aggressively in the export enhancement program, he said.

Lyng has been avoiding the obvious question: How will U.S. farmers be able to pay their debts and costs, and survive to continue producing food, with the low prices paid in the "export enhancement" swindle.

As department statistics prove, the U.S. exported a higher volume of goods when world prices were high than when they were low. Developing countries, under low world price levels, are forced to export more commodities (that they desperately need for their own consumption) to try to meet the IMF's demands for debt payments. This, in turn, reduces their ability to buy needed imports because of lack of income. The U.S. farm sector is experiencing the same IMF policies under the guise of "export enhancement." However, despite state appeals for financial help for farmers, Lyng said: "We're not considering any kind of gradual loans to farmers, nor would he exercise the option for the Commodity Credit Corporation to make special loans for the 1986 crop.

Mexican Agricultural Minister Eduardo Pesqueira disagreed with the other speakers at the session, and voiced opposition to free trade, rightly terming it the "law of the jungle." Mexico had been treated unfairly in its trade relations with the United States, he stated. He called for a "fair trade" or "equity of trade" policy. "Policies should make us partners in progress." Under "free trade," said Pesqueira, summing it up, "the beast devours the human."

Business Briefs

Health

Doctor warns against cuts in medical care

"Just one year of reduced effort in immunizing children will cause morbidity, mortality, and increased costs of care for many years to come," Dr. Louis Cooper of New York said at a hearing of the Subcommittee on Health and the Environment of the U.S. Congress.

Subcommittee chairman Henry A. Waxman (D-Calif.) said, "The number of children to whom the federal government can provide vaccine alone has declined by two-thirds. . . . If the President's budget for 1987 were adopted by the Congress, we will be able to supply states with vaccine for 400,000 fewer children than that."

He continued, "If present deficit forecasts are accurate, hundreds of thousands of children may be eliminated from the program. . . . As cynical as many of the administration's budget proposals have been, I cannot comprehend how anyone can oppose adequate funding for polio or measles vaccination."

The War Economy

Soviet Union boosts its industrial output

According to government figures released in early March, Soviet industrial output increased by 7.3% in the first two months of 1986, as compared to the same period of last year.

Radio Moscow credited the new restructuring of industry and the economy under General Secretary Mikhail Gorbachov with the success. Key sectors, like machine-building, gas extraction, and others, performed well above plan targets. The oil industry is still lagging behind, as is the output of plastics and some other products.

Meanwhile, Soviet Deputy Prime Minister Ivan Silyayev, who is responsible for the national machine-building industry, demanded a return to the proven methods of World War II for the mobilization of industry, in an article in *Izvestia* in mid-March.

The Soviet war economy build-up receives enthusiastic support in the current issue of *Die Zeit*, the Hamburg liberal weekly run by Countess Marion Dönhoff: "Moscow has no more reliable partner in the West than Bonn in its attempts to modernize its economy."

U.S. Budget

Gramm-Rudman lay-offs to hit state employees

The Federation of State Employees, a division of the American Federation of Teachers union, declared in a press release issued March 6, "In the wake of the Gramm-Rudman-Hollings deficit reduction law and additional plans by President Reagan to cut federal aid for many state programs, the FSE predicted that states will have to lay off more than 126,000 workers or increase taxes by nearly 7 percent in order to preserve current programs and services."

President Reagan's proposed Fiscal Year 1987 budget calls for reduction in grants to the states of \$14.234 billion, an 11% reduction. The states that will be hardest hit, according to the FSE, include New York, Florida, California, Texas, and Pennsylvania.

"If you live in a state dependent upon oil for tax revenues, then you are at risk from the President's proposed budget," said Albert Shanker, the president of the union.

The Recovery

U.S. unemployment rise largest since 1980

The increase in civilian unemployment in February was the worst in six years, rising to 7.3% from January's 6.7%. The Department of Labor reported that this was the largest rise since May 1980. Most of the increase came from three states, for reasons reflecting the entire array of economic breakdown: Texas led the country, as a result of the impact of collapsing oil prices. Next were California, suffering from the ag-

ricultural crisis, and Illinois, with a significant loss of manufacturing jobs.

Ultra-monetarist Beryl Sprinkel, head of the Council of Economic Advisers, said only that the rise was unexpected. The White House called the increase an "aberration," while the Labor Department termed it "unusual."

"It certainly is a puzzle," said Steve Zeller, an economist with Wharton Econometric, Inc. "We're kind of moving along sideways." The National Association of Manufacturers said the February increase was "simply not believable" and had to be blamed on "measurement error."

The U.S. Chamber of Commerce said the figures were in "chaos" because of a new procedure for estimating overall population designed to reflect illegal aliens. The head of the Labor Department's Bureau of Labor Statistics, responsible for the figures, said "the labor market weakened in February," but the "long-term impact remained unclear."

Defense Industry

Jordan, Turkey look to Europe for arms

The indefinite postponement by the U.S. government of \$1.9 billion worth of military equipment sales to Jordan has forced that nation to look elsewhere for defense and related purchases. Jordan may buy 12 European airbuses for \$550 million, instead of Boeing jets, for its commercial airline, Reuters reports. Jordan is also negotiating an arms deal with France.

Jane's Defence Weekly reported on Feb. 22 that the British expect to win a \$600 million contract with Jordan that will include Tornado aircraft, the MCV80 infantry fighting vehicle, and sophisticated equipment to modernize Jordanian tanks. The Jordanians will probably receive financing from Saudi Arabia, which is said to have insisted on the purchase of Tornados over the French Mirage.

The Turkish government, meanwhile, is negotiating with Panavia, the Italian aircraft company that builds the Tornado aircraft, along with Britain and West Germany, for

Briefly

the purchase of 40 Tornado IDS strike aircraft—a deal worth \$1.2 billion. A team led by Panavia managing director Hans-Joachim Klapperich met Turkish Prime Minister Turgut Ozal in Rome, and representatives from MBB and British Aerospace met with him in Turkey.

Petroleum

Saudi Arabia sets austerity budget

Saudi Arabia is preparing a new budget to take account of the falling world oil price. Reuters wire service reports. Cuts of 10-15% are expected.

Saudi oil production dropped from 10 million barrels per day in 1980 to 2 million last year; now production has been boosted to 4 million bpd so far this year, as the price has plummeted. Government revenues have fallen, down 40% from the \$107 billion of four years ago. Many infrastructure projects have been canceled or put on ice, leading to a downturn in the construction industry. Subsidies on wheat production have been cut, and prices for services of the state-run utilities have been raised. Even defense is expected to be cut back.

The Saudis have dug deeply into foreign reserves in the last two years, and are now moving out of dollar reserves, because of the dollar's falling price.

Operation Juárez

Rumors of debt moratorium in Mexico

Mexican President Miguel de la Madrid was going to declare a debt moratorium during his Feb. 21 speech, according to rumors floated by various columnists in Mexico City on March 7.

According to one press report, "the indiscretion of some PEMEX [Mexico's national oil company] officials" preempted the move by leaking it before the speech, resulting in, among other things, "a direct phone call from the White House."

Columnists in Monterrey say that Finance Minister Jesus Silva Herzog's visit to Washington D.C. on March 6-7 was to tell the bankers that Mexico would not give up the possibility of declaring a moratorium.

Luis E. Mercado, a columnist close to Silva Herzog, wrote in *El Universal* and *El Norte* on March 8 that it has been decided that Mexico will declare a moratoria if the banks remain inflexible. Mexico was embarrassed in 1982 when it could not pay, he wrote, and now it is angry, "because after three years of efforts, the situation is the same. And if the creditors don't understand that, they will be the ones who push the country into a moratorium."

Senator Mirna Ester Hoyos de Navarrete, a member of the ruling PRI Party from Yucatan, declared on Feb. 28, that Mexico should form a common front with Latin America to defend its interests and to solve the problems derived from the foreign debt. She argued that a 90-day moratorium would be consistent with President de la Madrid's statement of Feb. 21, that payment of the debt could not imply more sacrifices from the people.

Debt

Bank refuses further loans to So. Africa

Barclays Bank announced on March 5 that it would stop all future loans to South Africa and not reschedule its \$1.2 billion in existing loans, sparking fears that other banks may follow suit.

The shock over the announcement is particularly great because Barclays has almost a 50% share in South Africa's biggest commercial bank, Barclays National Bank.

Barclays' chairman, Timothy Bevan, set as conditions for granting new loans that South Africa end apartheid and give a clear indication that it can reduce its foreign debt.

Barclays is also organizing a meeting on March 26 between Nigeria and its creditor banks, to discuss rescheduling its \$23 billion foreign debt. Nigeria requested the meeting. It derives 95% of its foreign exchange from oil exports, and has been badly hit by plunging crude prices.

● **TANZANIAN** Finance Minister Cleopas Msuya called for the establishment of an African Monetary Fund on March 10. The official newspaper *Uhuru* quoted Msuya as saying that the International Monetary Fund did not act in Africa's interests, while an African fund could do much to solve balance of payments problems of African nations, and help to meet development needs.

● **FIVE PERCENT** of the Panamanian population—100,000 people—went out on strike March 12, in a demonstration against the International Monetary Fund. Business leaders are also rejecting the IMF's austerity package.

● **VEGETABLES** from Mexico will claim a larger share of the U.S. winter market than Florida's for the first time in history, the U.S. Department of Agriculture revealed March 7. Florida production is expected to drop 14% over the winter, while Mexican sales rise 23%. Mexico is shipping out vegetables that normally would be consumed domestically.

● **AN IMF TEAM** arrived in Israel to prepare the drafting of the Fund's annual report, the *Jerusalem Post* reported on March 6. Finance Minister Yitzhak Modai told the group that he has no interest in helping financially beleaguered firms that do not have a reasonable chance of recovery: "We will not deal with targets that are too costly." Many key Israeli firms, especially those connected to the Histadrut labor confederation, are in danger of collapse, the *Post* reports.

● **THE ROCKEFELLER** group is dominating U.S. monetary policy, as evidenced by the recent synchronized lowering of central bank interest rates, London financial sources told *EIR*. David Rockefeller's Chase Manhattan Bank on March 7 reduced its prime interest rate. The next phase in the process will be to push for a formal mechanism for interest rate coordination, the sources report.

The x-ray laser: a new era in laser technology

Have advances in fact been made? Yes, report Charles B. Stevens and a number of Lawrence Livermore scientists.

The x-ray laser promises a revolution in medicine and biology as well as in defense, opening up a new world of lasing on the subatomic scale. Imagine the leap in understanding of the process of life that will come from being able to watch "movies" of cell life on a subatomic scale. No field of scientific research will be excluded from this technological advance—from microbiology to controlled thermonuclear fusion research. The coming into operation of Lawrence Livermore National Laboratory's powerful 10-beam Nova laser will greatly enhance the development of x-ray laser technology, and we can expect continuing breakthroughs.

For the x-ray laser as a defensive weapon, there are also breakthroughs on the horizon. Lawrence Livermore has developed larger-scale x-ray lasers, powered by nuclear explosives, as an effective defensive weapon against nuclear-tipped missiles. In fact, according to many experts, the nuclear-pumped x-ray laser offers the most potent means of making ballistic missiles "impotent and obsolete." More advanced designs, currently being studied, are reported to have sufficient firepower such that one x-ray laser module, lofted on one defense missile interceptor, could have the capability of destroying entire fleets of Soviet ICBMs.

The vehemence of the attacks on Lawrence Livermore and its x-ray laser development seem to be in direct proportion to the promise of the technology. The Soviets directly and indirectly through their allies in the U.S. anti-beam-defense lobby have showered the laboratory with slanders, even to the point that critics claim no advances have occurred with the program, that the x-ray laser advocates are making it all up to make themselves look good, and that flawed instrumentation was responsible for alleged advances. The

Los Angeles Times, the *New York Times*, and *Science* magazine figured prominently in this disinformation campaign against the lab during late 1985.

Ironically, as the following material by the Livermore staff demonstrates, much of the important scientific basis for x-ray lasing was developed by Soviet scientists. It is also the case, despite propaganda claiming that the poor Soviets are trailing behind the United States in this area, that the Soviet R&D effort in x-ray lasing is at least 10 times that of the United States.

What follows are excerpts from a series of articles by Lawrence Livermore National Laboratory scientists in the lab's *Energy and Technology Review* June and November 1985 issues (UCRL-52000-85-6 and UCRL-52000-85-11), reviewing the history, technology, and potential of the x-ray laser. The authors include Mordecai D. Rosen, Peter L. Hagelstein, Dennis L. Matthews, Kenneth R. Manes, Glenn D. Kamback, Mark J. Eckart, and Natale M. Ceglio.

1) X-ray lasing

For over a decade, workers within the laser community have sought to produce coherent radiation at extreme-ultraviolet or soft-x-ray wavelengths. Although there is no general agreement on precisely what regions of the spectrum these terms designate, we may regard the extreme-ultraviolet regime as including wavelengths somewhat less than 10 nanometers (nm) and the soft-x-ray regime as those wavelengths between 10 and 2 nm; the respective energies range from 10 to 124 electron volts (eV) and from 124 to 620 eV.

Although a variety of theoretical schemes has been proposed and a number of laboratory experiments carried out,

none, until recently, has resulted in confirmed x-ray lasing. In October 1984, a team of Lawrence Livermore scientists announced a well-diagnosed series of experiments that unambiguously demonstrated coherent amplification at wavelengths characteristic of the extreme-ultraviolet region. In addition to encouraging other experimental efforts, their success has generated considerable interest in applications of this fledgling technology.

All stimulated emission of coherent radiation depends on producing a population inversion in the lasing medium [see box]. In principle, the only distinctive feature of lasing at wavelengths shorter than the visible is the higher energy of the lasing transitions required. In practice, however, such transitions have proved extremely difficult to invert.

The approach that was successfully utilized in the LLNL experiments was that of electron collisional excitation. To generate a plasma, we irradiate a thin-film target with optical wavelength laser light. Free electrons in the plasma collide with ions, exciting $2p$ electrons, either directly or otherwise, to the $3p$ state. This is followed by very fast radiative decay out of the $3s$ state, creating a population inversion between the $3s$ and $3p$ states. Stimulated emission is then initiated by (slower) spontaneous decay from a $3p$ to a $3s$ state [Figure 1]. Although other collisional excitation schemes have been proposed, the $3p$ - $3s$ approach more or less dominates the field, and now seems to be synonymous with this scheme.

An electron collisional excitation scheme for short-wavelength lasing was first published in 1972 as an extension of optical $3p$ - $3s$ neon II lasers into the extreme-ultraviolet or soft-x-ray regimes. The first quantitative analysis of kinetics and gain in $3p$ - $3s$ transitions was published in 1974.

The earliest positive experimental results were published in the Soviet Union in 1977, reporting 10 nanojoules (nJ) of laser light near 60 nm on the diagnostic film and an inferred total output of one microjoule from $3p$ - $3s$ transitions in calcium. The investigators pumped a calcium plasma produced by irradiating a target with pulses from a neodymium laser having pulse lengths from 2.5 to 5 ns and a pulse energy of 30 J.

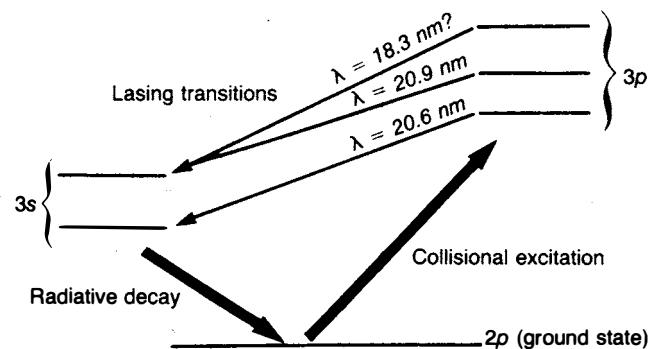
We have found no reports of the Soviet experiment being replicated elsewhere. Unfortunately, no precise wavelengths were reported; otherwise, it might have been possible to determine whether the lasing lines resulted from monopole excitation [that is, excitation by collision with free electrons in the plasma], as one would expect from theory, or by other mechanisms. Consequently, controversy continues as to whether lasing at short wavelengths was actually demonstrated.

2) X-ray lasing research at LLNL

Our work has focused almost entirely on excitation and decay sequences in neon-like ions—that is, ions stripped of all but 10 electrons. (Carbon-like and nickel-like ions are

Figure 1

Lasing transitions



Very simplified diagram of the electron atomic orbitals utilized in generating soft-x-ray lasing in neon-like selenium. The precondition for lasing is that of "population-inversion," which occurs when atomic electrons are driven—excited—from a ground state orbit to a high energy orbit. Simultaneously there must exist intermediate orbits, between this high energy orbit and the ground state orbit, which are unpopulated—that is, no electrons occupy them. In this schema, the $2p$ is the ground state orbit; three $3p$ orbits provide the excited, high energy orbits; and the two $3s$ provide the unpopulated intermediate orbits required for lasing. When a plasma made up of neon-like selenium ions and free electrons is brought to the requisite temperature and density through irradiation with optical laser light, the free electrons will "collisionally excite" electrons in the selenium ions to the high energy $3p$ orbitals. Electromagnetic radiation emitted from the excited ions will ensure that the intermediate $3s$ orbitals are unpopulated (radiative decay). Therefore, as shown, there exist three different, possible soft-x-ray lasing transitions at wavelengths of 18.3 nm, 20.9 nm, and 20.6 nm.

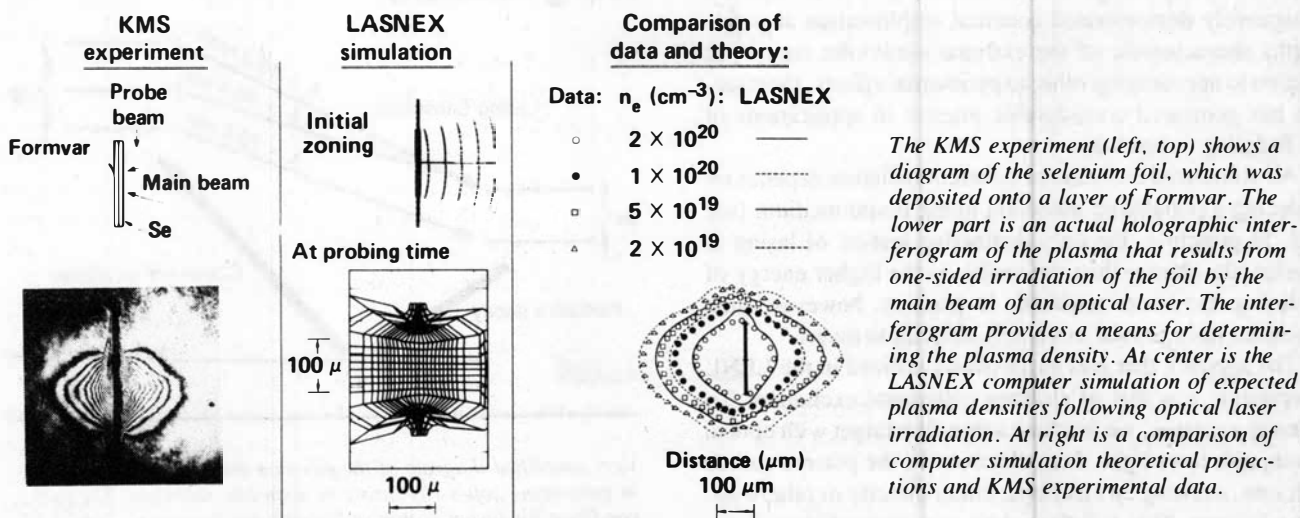
also candidates for short-wavelength lasing, but it is much easier to produce a plasma consisting of about half neon-like ions than one of half carbon-like or half nickel-like ions.)

The x-ray laser targets used in the LLNL experiments consist of thin foils of selenium and yttrium. Theory suggests selenium as a preferred lasing medium. Given the available power and wavelength of Novette [the predecessor to the Nova laser] as the driving laser, elements with lower atomic number (Z) tend to overionize, and those of higher Z have inadequate $2p$ - $3p$ collisional excitation rates.

When irradiated by light from the Laboratory's Novette laser, the x-ray laser target explodes to generate a roughly cylindrical plasma that contains neon-like ions. The experiment is carefully designed to produce a uniform electron density in the plasma; this allows the stimulated soft-x-ray emission to proceed straight down the long axis of the plasma cylinder with minimal refraction in the radial direction, thereby maintaining gain.

Figure 2

Predicted evolution of the density profile of the exploding foil as confirmed by interferometry



The KMS experiment (left, top) shows a diagram of the selenium foil, which was deposited onto a layer of Formvar. The lower part is an actual holographic interferogram of the plasma that results from one-sided irradiation of the foil by the main beam of an optical laser. The interferogram provides a means for determining the plasma density. At center is the LASNEX computer simulation of expected plasma densities following optical laser irradiation. At right is a comparison of computer simulation theoretical projections and KMS experimental data.

Our design goal is to produce a plasma with:

- a flat electron density of approximately $5 \times 10^{20} \text{ cm}^{-3}$
- a flat temperature profile
- a scale length of a least $100 \mu\text{m}$

These conditions must last at least 100 ps, which, according to theory, will produce an appreciable density of neon-like ions and therefore a significant gain. These values are motivated by simple considerations. For a system with an electron density gradient of $5 \times 10^{20} \text{ cm}^{-3}$ and a scale length of $100 \mu\text{m}$, a 50 eV x-ray will refract about $100 \mu\text{m}$ as it proceeds 1 cm down the gain medium, thereby just staying within the high gain region. The transit time for the x-rays down the 1 cm is about 33 ps, which yields the requirement of a plasma duration of 100 ps or so.

Lasnex and Xraser

In designing our x-ray laser experiments, we make extensive use of two computer codes, *Lasnex* and *Xraser*. *Lasnex* is a two-dimensional hydrodynamics code that simulates interactions between the laser light and the targets (in our case, thin foils). As we understand the processes at work, the target absorbs the laser energy primarily via the classical process of inverse bremsstrahlung. The free electrons oscillate in a reversible manner in the laser's electric field. Upon colliding with an ion, the electron's oscillatory energy is converted irreversibly into random thermal energy. In this way, the plasma absorbs the laser energy.

The laser energy is absorbed only at electron densities equal to or less than the critical density, which for the Novette green light is $4 \times 10^{21} \text{ cm}^{-3}$. Thermal conduction then trans-

ports the heat into the denser parts of the target. For the thin foils that we have designed, the thermal-conduction wave burns through the entire target before the termination of the laser pulse itself. The target thus becomes relatively dense and hot. It relieves this high pressure by exploding and expanding rapidly. The *Lasnex* computer code models this entire sequence of physical processes. Since it was introduced in the 1970s, *Lasnex* has been repeatedly extended, refined, and tested. In particular, it has been used with great success in modeling high-Z, laser-generated plasmas. Thus, we have developed considerable confidence in its predictions.

The second code, *Xraser*, was developed by P. Hagelstein. It uses the hydrodynamics input from *Lasnex*, together with atomic-physics data, to calculate electronic energy-level populations, resonant line transfer, and amplification. More specifically, *Xraser* accepts from *Lasnex* such quantities as the time-evolving temperatures of electrons and ions, densities, and flow fields. These data are then combined with previously calculated electron-level energies, radiative rates, and collision rates to yield predictions of gain and of the fraction of the plasma medium in various ionization states. Once the theoretical predictions for density, temperature, and ionization state are fully confirmed by experiment, we will be able to predict gain with greater confidence.

To facilitate direct comparison of the *Xraser* results with experimental data, a postprocessing code, *Spectre*, is used to predict the brightness of an emission line in any particular line of sight (including the effects of one-dimensional refraction).

To test the *Lasnex* and *Xraser* modeling of the exploding-foil, x-ray laser targets, preliminary experiments were per-

formed at KMS Fusion, Inc., Ann Arbor, Michigan, in 1984. In these experiments, a single beam of $0.53\text{-}\mu\text{m}$ laser light was used to illuminate selenium thin-foil targets [Figure 2].

Our successful demonstration of lasing at soft-x-ray wavelengths was made possible, in large part, by the accuracy of our theoretical modeling with *Lasnex* and *Xraser* and by our theoretical understanding of the processes at work in short-wavelength lasing. However, there are areas of this subject that we still do not understand properly, as revealed, for example, by the weakness of the $J = 0$ to $J = 1$ lasing line.

It should be noted that our successful x-ray lasing experiments were single-pass—that is, the stimulated emission was not further amplified by multiple reflection in a cavity oscillator, as is standard practice in optical lasers. Short wavelength lasers will require new technology to achieve resonant amplification.

Most x-ray laser experiments are being conducted, with new laser technologies applied as they become available. The data obtained will be incorporated into our modeling codes, enabling us to refine and extend our theoretical understanding of short-wavelength lasing.

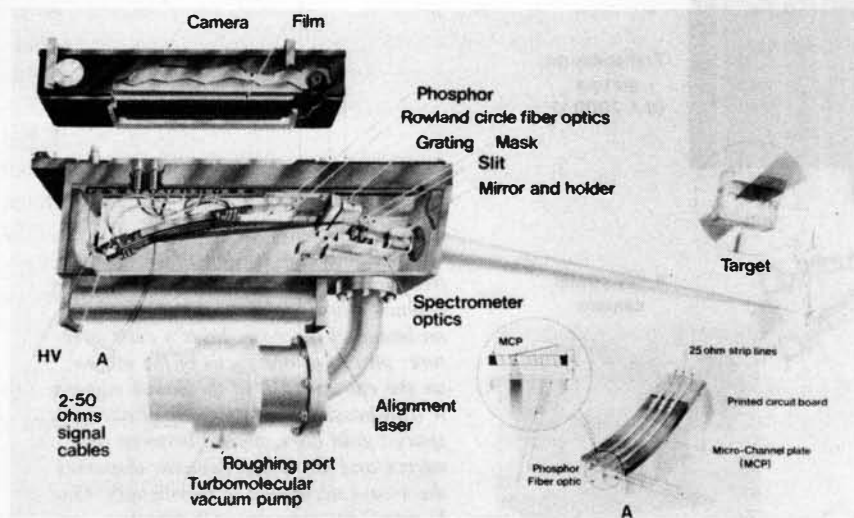
3) The diagnostics

To collect evidence that the radiation detected in our x-ray laser experiments was indeed produced by lasing, we developed unique diagnostic capabilities to provide temporally, spatially, and directionally resolved soft-x-ray spectra. These innovations made our x-ray laser experiments some of the most thoroughly diagnosed experiments ever attempted.

Whenever the beam from one of our high-powered lasers strikes a target of any kind, a wide variety of radiation is produced. There is, of course, scattered laser light. There also is a broad spectrum of blackbody radiation from incandescent gases, as well as line radiation from resonant processes. The task of the diagnostic instruments in our x-ray laser experiments was to distinguish and characterize those x-rays produced by laser activity amidst all the other background radiation.

Ordinary laser light is directional, coherent, highly monochromatic, and, in many cases, pulsed. One can use an interferometer to demonstrate the coherence of ordinary laser light, but there is no similar instrument that works with soft-x-rays. The usual instrument for measuring the wavelength of light and for demonstrating the monochromaticity of an ordinary laser is a spectrometer. However, conventional x-ray spectrometers lack the sensitivity and discrimination to detect the radiation from our x-ray laser experiments. Therefore, to detect a directional beam of highly monochromatic x-rays of the appropriate energy occurring at the right time in the Novette laser pulse, we had to design our own high-sensitivity, time-resolving x-ray spectrometers. There are many ways to demonstrate the directionality of an ordinary laser beam, especially when it can be operated in a dark room. In our x-ray laser experiments, the flood of stray radiation (inherent in all laser irradiation experiments) eliminated most of these easy ways. Instead, we had to use duplicate spectrometers, one in the beam (on axis) and one at an angle of 77° out of it (off axis), and observe the difference in their readings.

Figure 3
MCPIGS Micro-channel plate intensified grazing incidence spectrometer



This Microchannel-Plate Intensified Grazing-Incidence Spectrometer (MCPIGS) provides time-resolved measurement of the spectra of plasma radiation during x-ray laser experiments. Plasma radiation coming through the entrance slit strikes the spherical reflection grating at a small angle (grazing incidence). It is then dispersed according to wavelength and focused into lines on a curved microchannel plate, which transforms incident x-rays into avalanches of electrons. Separate conductive strips define different regions of the microchannel plate that can be each turned on or off at will. Thus, this provides three separate images of the radiation spectrum at different times. (See Figure 6 for experimental data.)

Finally, we knew that the conditions suitable for x-ray laser action would occur for only a very short time during the Novette laser pulse. It takes time (fractions of a nanosecond) to deposit enough energy to vaporize the target foil and heat the vapors to a plasma. Shortly thereafter (in a few nanoseconds at most), the plasma dissipates and cools. Only when the plasma is both hot and dense, in the time between buildup and dissipation, can it act like a laser.

The shortness of the x-ray laser pulse was, actually, an advantage in our experiments. Computer modeling of the interaction of the Novette beams with the target indicated exactly when to expect this pulse. Thus, we could ignore background light that reached the detectors either too early or too late, greatly improving the signal-to-background ratio. To take advantage of this feature, we designed our instruments to provide time-resolved data.

Furthermore, because laser light is stimulated emission, the beam intensity varies nearly exponentially with the length of the laser cavity when all other parameters are held constant.

To demonstrate this feature, our spectrometers had to be able to measure the absolute intensity of the emitted x-rays over a series of experiments in which we varied the length of the selenium or yttrium foil (and thereby the length of the laser cavity) exposed to the Novette laser light.

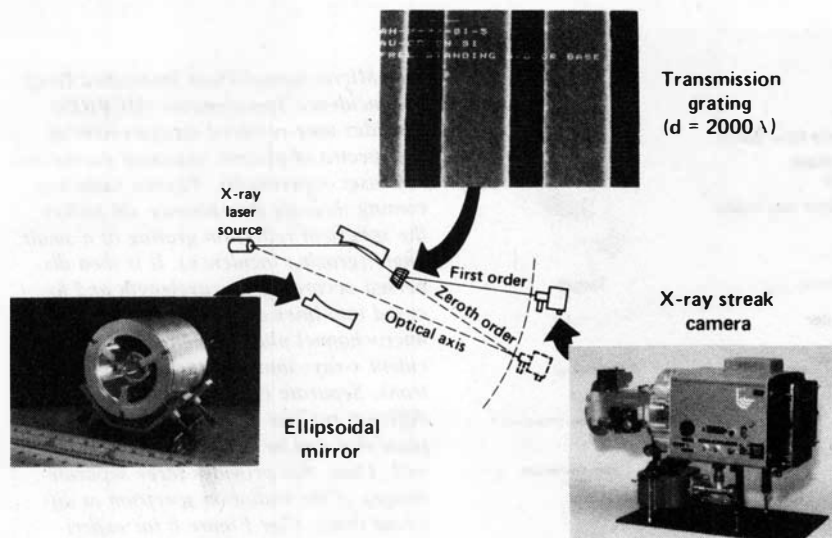
Microchannel-Plate Grazing-Incidence Spectrometer. Although x-rays cannot be reflected back toward their source with surface mirrors, they can be reflected at a small angle when they strike a mirror at grazing incidence. This is the basis for our microchannel-plate grazing-incidence spectrometer [MCPIGS], in which x-rays are dispersed according

to wavelength by a concave grating set almost edge on to the beam (Figure 3).

With a pair of these spectrometers, one on the x-ray-laser target axis and one 77° off that axis to provide a measurement of directionality, we were able to detect target radiation between 12.5 and 27 nm with 250-ps temporal resolution, high spectral resolution ($\lambda/\Delta\lambda = 1,800$), and a line-radiation detection threshold of 6×10^{-7} J/sr. This spectral bandwidth enabled us to detect radiation from $n = 3$ to $n = 3$ transitions of selenium ions in or near the neon-like state. The intensity of the x-ray lasing lines increases as the foil length is increased.

Transmission-Grating Streak Spectrometer. Another way to disperse x-rays into a spectrum is with a transmission grating. This makes it possible to use an ellipsoidal mirror that focuses an achromatic [wavelength-independent] image of the radiation source onto the focal plane [Figure 4]. The transmission grating disperses this image into its constituent chromatic components or wavelengths. To obtain time resolution, we added an x-ray streak camera to streak the spectrally dispersed images in time. The resulting instrument, known as the transmission-grating streak spectrometer (TGSS), provides a two-dimensional data record of the spatially and temporally resolved spectrum from the x-ray laser target. The TGSS produces an image of the x-ray laser output (with an ellipsoidal mirror) that is separated horizontally into its constituent wavelengths (with a transmission grating) and resolved vertically in time (with a streak camera). At any given wavelength, then, a time-resolved image of the source is provided. This is accomplished with high sensitivity as a result of the large collection solid angle of the ellipsoidal

Figure 4
Transmission grating streaked spectrograph: TGSS-EM



The transmission-grating streak spectrometer (TGSS), showing the grazing-incidence ellipsoidal mirror, which forms an image of the x-ray laser's exit aperture, placed at one focus of the ellipse, on the entrance slit of the streak camera. A transmission grating made of narrowly spaced gold bars, placed between the mirror and the streak camera, disperses the x-rays according to wavelength. (See Figure 7 for experimental data.)

mirror. The TGSS has been recognized by *Research and Development* magazine as one of the top 100 industrial inventions of 1985.

Altogether, both spectrometers represent a significant advance in our ability to measure soft-x-ray spectra. Our x-ray laser experiments provided "the first absolutely incontrovertible evidence" of the production of a macroscopic, high-gain amplification medium for soft x-rays. Collection of this evidence was made possible, in large part, by our innovative diagnostics.

4) The experiments

During 1984, we performed more than 100 separate experiments in which we irradiated x-ray laser targets with Novette's two beams [Figure 5]. The $0.53\text{-}\mu\text{m}$ [green] laser light, frequency-doubled from Novette's fundamental [$1.05\text{-}\mu\text{m}$] harmonic, was focused by a cylindrical lens to a region of the foil 1.2 cm long by 0.02 cm wide. The foil exploded as the laser burned through it, creating a fairly uniform electron density in the plasma, which expanded into a roughly cylindrical shape. The uniform density enabled the beam of the x-ray laser to proceed straight down the long axis of the foil, staying within the high-gain region and propagating into the narrow angle of acceptance of the diagnostics.

Targets were irradiated in two different geometries: single-sided, in which a segment of the foil was illuminated with only one laser beam, and double-sided, in which opposing laser beams irradiated a common target area.

We used the double-sided configuration in an attempt to compensate for random nonuniformities in a single beam that could lead to refractory inhomogeneities in the density of the lasing medium. We found, however, that since a single beam exploded the foil almost symmetrically, the beam profile was sufficiently smooth to make this an acceptable, although not preferred, illumination scheme.

Our measurement strategy was to vary the thickness of the selenium foil from 75 to 300 nm and optical-laser irradiance from 1.2×10^{13} to $2.5 \times 10^{14}\text{ W/cm}^2$ at pulse lengths of 120 to 750 ps , values that bounded our basic theoretical design. We searched for neon-like transitions that were brighter and briefer than nearby spontaneous emission lines and that showed strong angular anisotropy when viewed both on and off axis. In addition, we measured the variation of brightness with length, a rough index of amplification. This overall approach was distinctive inasmuch as we were not forced to rely on any one criterion of lasing action.

The results conclusively demonstrated, for the first time, amplification at short wavelengths. We observed amplification of at least four $3p$ to $3s$ transitions, the largest gain being detected for the $J = 2$ to $J = 1$ lines at wavelengths of 20.9 nm (59 eV) and 20.6 nm (60 eV) in selenium and at 15.5 nm (80 eV) in yttrium. The last is the shortest wavelength at which significant amplification has ever been produced in the laboratory. By varying the length of the selenium targets, we were able to observe the exponential growth with increasing

Figure 5

Schematic of x-ray laser diagnostic

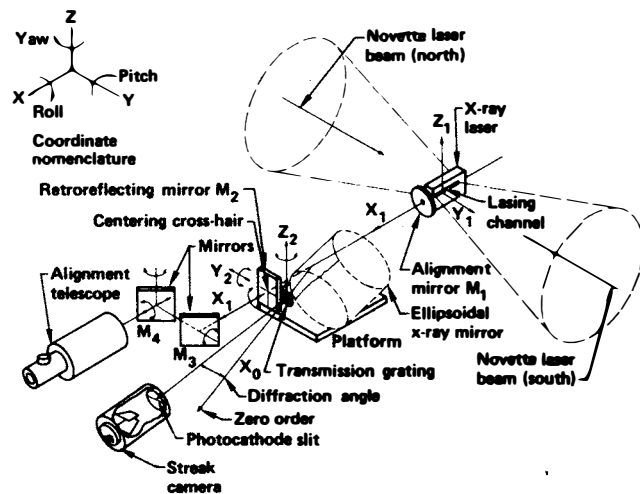


Diagram of x-ray laser experiment with two-sided laser irradiation of selenium x-ray lasing foil. An anvil (x-ray laser) holds the selenium foil in place with openings on both sides (lasing channel) for irradiation by the two-beam Novette optical laser (Novette laser beam, north and south). An alignment mirror M_1 permits the anvil to be located with extreme accuracy.

length that characterizes stimulated emission.

With the selenium targets, we found that optimum amplification occurred at a target thickness of 75 nm , a pulse length of 450 ps or longer, and irradiances of about $5 \times 10^{13}\text{ W/cm}^2$ for double-sided irradiation. Because of the limited range of parameter space explored, however, it is unlikely that these values represent the ultimate performance of this type of amplifier.

We also were able to verify the strong anisotropy of emission lines. Figure 6 shows both film data and spectral representations of typical time segments monitored by the microchannel-plate grazing-incidence spectrometer. Sodium-like transitions in selenium, which are not amplified, are visible both on and off axis, whereas the strong transitions at 20.6 and 20.9 nm can be seen only on axis.

Superimposed on Figure 6 is a calculated spontaneous-emission spectrum of neon-like transitions in a steady-state plasma at an electron temperature of 1.0 keV and an electron density of $10^{21}/\text{cm}^3$. The observed 20.6- and 20.9-nm lines, recorded here at less than maximum intensity, are much stronger than all of the other nonlasing, neon-like transitions, some of which have larger unamplified values. These two lines dominated the spectrum in about 100 laser shots, and their intensity increased with the length of the foil targets.

Figure 7, a time-resolved spectrum obtained with the transmission-grating streak spectrometer, demonstrates the

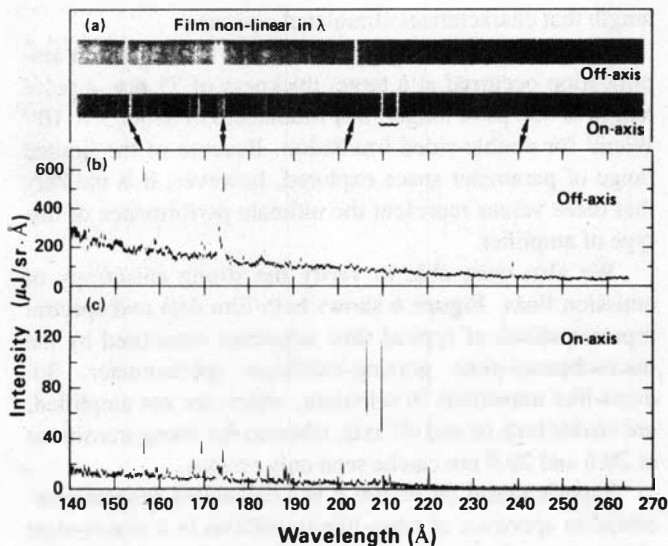
maximum amplification achieved. In this single-sided shot, the two laser beams were displaced to give a total amplification length of 2.2 cm. The amplification is so intense that the filtration necessary to keep the signal within the instrument's dynamic range almost eliminates the background spectrum. The very intense emissions at 20.6 and 20.9 nm are a strong indication of nonequilibrium conditions in the plasma. Assuming that the width of the Doppler-broadened line at 20.6 nm is 0.004 nm and given the measured source area of 200 μm diameter, we obtain an equivalent radiation temperature of between 30 and 50 keV. In contrast, the brightness temperature of the sodium-like nonlasing line at 20.1 nm is only 0.1 keV.

5) Conclusions

Using an optical laser to produce a population inversion in an exploding-foil plasma, we have demonstrated substantial amplification of spontaneous emission at soft-x-ray wavelengths. Scaling the experiments to even shorter x-ray wavelengths seems straightforward up to the power limit of the driving laser. The feasibility of such scaling was demonstrated by our experiments with yttrium targets, where we demonstrated amplification of the same $J = 2$ to $J = 1$ lines at 15.5 nm. Future experiments will include foils of higher-

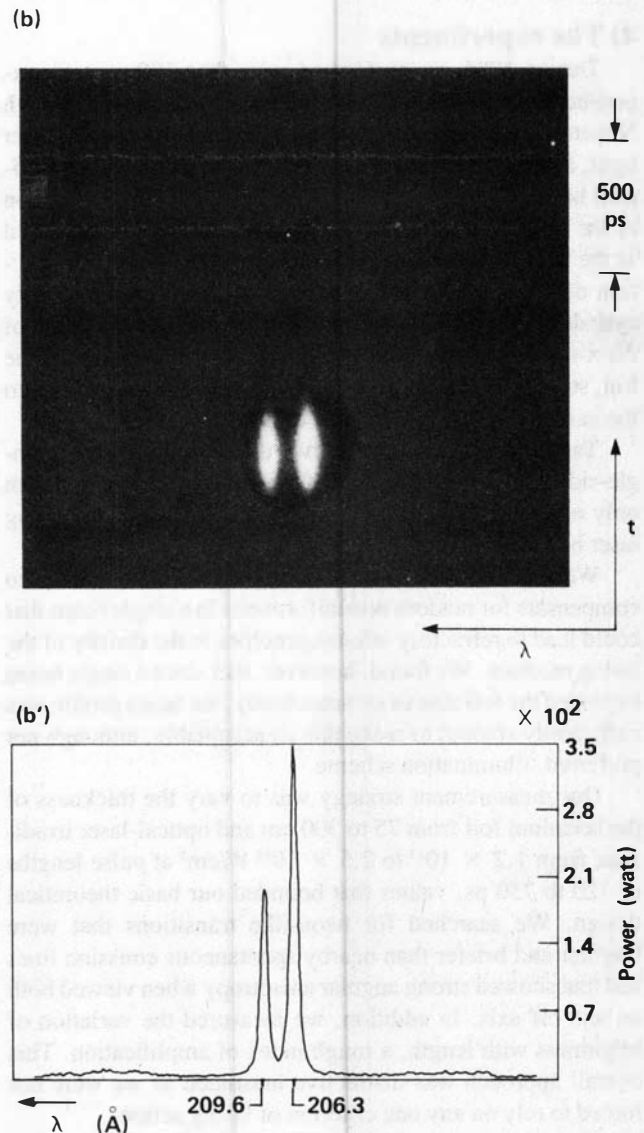
Z elements, whose inner electrons are more tightly bound and therefore capable of more energetic lasing transitions. It is estimated that lasing at wavelengths as short as 8 nm is attainable with the collisional excitation scheme, although a price will be paid in terms of lower gain. Current targets provide unsaturated, single-pass amplification; we plan to saturate gain and improve energy output by adding a resonant

Figure 6
Some lines are only observed in axial spectrograph



The experimental measurements by the MCP-IGS (see Figure 3). The lines on the film provide measures of both the wavelength and intensity of the radiation emitted from the plasma. When the MCP-IGS is aligned "off-axis"—that is, not along the line defined by the axis of the x-ray laser—the two x-ray lasing transitions, 20.6 and 20.9 nm (206 and 209 angstroms) are not seen. But when aligned along the x-ray laser axis, the two x-ray lasing transitions are very strong.

Figure 7



The TGSS measurements of the selenium x-ray laser (see Figure 4). At the top is the actual streak camera film during the x-ray laser experiment. The graph at the bottom shows that the selenium x-ray lasing transitions, at 206 and 209 angstroms (20.6 and 20.9 nm respectively), seen on the film are well above the background thermal radiation. The streak camera film also shows that the x-ray laser pulse duration is less than that of the incident Novette optical laser pulses.

cavity or by focusing the plasma-generating laser beam over a greater target length.

Now that we have indeed demonstrated lasing at soft-x-ray wavelengths, we must next refine the technology and build a fuller understanding of our current x-ray lasing scheme. Toward this end, we have identified five major tasks on which we will concentrate our efforts in the next year or so:

- quantitatively characterizing the ionization balance and inversion kinetics in exploding-foil x-ray laser targets
- achieving a saturated, well-characterized x-ray amplifier at wavelengths of 20.6 and 20.9 nm (those observed with the selenium targets)
- demonstrating amplification at shorter wavelengths¹
- developing a multipass x-ray laser cavity [oscillator]^{2,3,4}
- illustrating significant applications.

The new experimental campaign began in October 1985. Our experiments are the first in a facility designed to accommodate two of the ten laser beams on the Laboratory's powerful new Nova laser. (The target chamber is the same used in the original soft-x-ray experiments conducted with the Novette laser.) To diagnose these experiments, we will field an improved array of instruments. Altogether, this expanded effort promises to make important contributions to our understanding of the physics of x-ray lasers.

Potential Applications. In mid-February of this year, about three dozen scientists in a variety of disciplines ranging from microbiology to solid-state physics gathered for three days at the Asilomar Conference Center in Monterey, California to discuss potential applications of the x-ray laser. This international meeting sponsored and organized by Lawrence Livermore National Laboratory, provided a unique forum for the cross-disciplinary exchange of ideas and opinions about how best to exploit the fledgling x-ray laser technology. Not surprisingly, the occasion produced valuable suggestions, new insights, and some lively debate. By the close, several lines of promising directions for future work had emerged.

For example, the technology may have a role in the microscopy of biological structures, especially if the operating wavelength can be shortened below 4.4 nm. The dramatic differences between x-ray and electron micrographs of biological structures clearly indicate that a mature technology of x-ray microscopy may provide a whole new perspective to the field. Current electron-microscopy techniques require sectioning specimens or treating them with metallic fixatives. Holographic imaging at x-ray wavelengths, in contrast, could record *in vitro* structures with high resolution in three dimensions. (Although the intensity of the x-radiation would kill tissue, recording would be fast enough to preserve an image.)

In micromechanics, a well-characterized source of coherent x-rays could be used to produce high-resolution diffraction gratings with periodic spacings significantly smaller than those now attainable. Coherent sources of soft x-rays can also prove valuable for applications that depend on interference effects.

Detailed knowledge of the chemical and physical properties of solid surfaces is essential to the control of many surface processes such as catalysis, crystal growth, oxidation, corrosion, and microelectronic-device fabrication. The newly emerging discipline of high-resolution, time-resolved photoemission spectroscopy is helping us make great strides in understanding the physical structure and electronic-state distribution at the solid-state surface. However, advances in this field are currently limited by the availability of appropriate sources of short-wavelength, monochromatic radiation. An x-ray laser with a high repetition rate, good mode quality, turnability, and very short pulses (less than 10^{-12} s) could significantly expand research in this area.

Summary. Our current experimental campaign, being conducted at the new two-beam Nova facility, has several important goals. First, we are seeking a better understanding of the physics of the x-ray laser in order to predict experimental results more accurately and perhaps to suggest new techniques for producing population inversions. A major effort also will be focused on optimizing the gain and efficiency of our selenium and yttrium targets. We hope to saturate output at about 10 MW per emission line. We will also conduct experiments designed to demonstrate the feasibility of a multipass amplifier consisting of multilayer mirrors. Another important goal will be to demonstrate lasing at even shorter wavelengths using targets of higher atomic number. Finally, we will explore a variety of applications of the soft-x-ray laser, including measurements of the coherence and divergence of the laser beam, the generation of holographic images, x-ray microscopy, and the susceptibility of various materials to x-ray damage. As the technology develops in directions more adapted to the needs of specific applications, it can also be expected to stimulate new approaches to current and future research problems.

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State Department plots with Nazis to destroy Panama

by Valerie Rush

In our March 7 issue, *EIR* charged that Sen. Jesse Helms (R-N.C.) and the U.S. State Department had joined forces to bring to power a Nazi-run opposition movement in Panama, in the name of “democracy” and “human rights.” We presented preliminary evidence, then in hand, that Arnulfo Arias Madrid, leader of the State Department-backed “democratic opposition” in Panama, was a bona-fide Nazi who had conspired with the Hitler regime to foment a Nazi movement in Ibero-America against the United States.

Since our initial report, the plot has advanced on several fronts, making immediate action by U.S. and Ibero-American patriots more vital than ever.

For those of our elected representatives who claim they “didn’t know,” we point out that the full story on Arias’s Nazi history—from his 1937 meeting with Hitler, from which he reportedly emerged “a Nazi convert body and soul,” to his post-presidency travels throughout Ibero-America to foment anti-American revolutions—has been sitting all this time in the National Archives in Washington, D.C., from which we have drawn our documentation.

While the U.S. government’s files—despite the disappearance of key missing documents—provide incontrovertible evidence of Arias’s Nazi commitment, he is but one of a circle of fascists with whom Jesse Helms and the State Department have made common cause, in their zeal to overthrow the government of Panama:

- **Nicolás Ardito Barletta**, former World Bank vice-president and ex-President of Panama, is the son of a Nazi. Ardito Barletta the father was the chief of Arias’s secret police force, which was reportedly deployed to massacre resident Jewish families in Panama; he was linked to the same drugs-and-gambling mob which ran Panama with Arias; and, as mayor of Panama, he protected Japanese and German spies who were conducting surveillance of the Panama Canal, preparatory to planned war-time bombing raids on that strategic chokepoint of the Western Hemisphere. Ardito Barletta the son, of course, drafted and pushed through the banking legislation which turned Panama into a “hot money” haven of the international narcotics mafia.

- **Hugo Spadafora**, the dead terrorist whom Helms and the State Department have hailed as an “insistent critic” of the “dictatorship” in Panama, was not only



NSIPS/Leo Scanlon

The National Democratic Policy Committee demonstrates outside Senator Helms's hearings, which brought in a parade of terrorist sympathizers and liberal economists to demand that the United States destabilize Panama, like it did the Philippines.

financed and armed by Hitler-admirer Muammar Qaddafi of Libya, for the overthrow of several governments, among them that of Guatemala, but was hired by Arias himself in 1969 to wage terrorist warfare against the Torrijos government in Panama.

The efforts of the State Department to overthrow the Panama government are now being pressed on two fronts.

First, the U.S. Senate hearings on Panama, sponsored by Senator Helms, began March 10 with the announcement that this was just the first in a series of hearings to take up the "problem of restoring stability" in Panama. Helms added that U.S. administration witnesses, including Assistant Secretary of State Elliott Abrams, spokesmen for the Drug Enforcement Administration, and members of the Bureau of Human Rights and Humanitarian Affairs, have agreed to testify at hearings planned for late March or early April.

Using the halls of the U.S. Senate as their arena, Panamanian "opposition" witnesses called for a terrorist insurgency against the government of Panama, a strategically key ally of the United States, and for the imposition of the old Nazi Arias as President of that country. Equally dangerous as a President Arnulfo Arias, would be Arnulfo's vice presidential candidate in the last elections (and nephew!), Ricardo Arias Calderón, head of the Christian Democracy and prominent opposition leader.

It became clear throughout the Helms hearings that the next phase of the destabilization of Panama will be run under the hypocritical cover of fighting "narco-terrorism," with special targeting of Panamanian Defense Forces head Gen. Manuel Noriega, for allegedly forcing Barletta from power when the President tried to impose an International Monetary

Fund dictatorship on the country. The hypocrisy of this attack on Noriega is especially unconscionable given whom Helms and the State Department have chosen to embrace in their quest for "a democratic solution" for Panama.

The second destabilization front is to use economic chaos to drive a population still standing behind President Eric Delvalle straight into the arms of the Nazis. With Panama constitutionally prohibited from printing its own currency, (the U.S. dollar is legal tender in Panama), the Delvalle government has been forced to accept World Bank austerity conditionalities, designed to destroy industry and break the labor movement and turn Panama into a Hong Kong-styled sweat shop, along the lines of the recommendations of Henry Kissinger's commission on Central America.

But the population is not turning to the Nazi-led opposition. A nationwide strike to protest the World Bank's blackmail is underway, gathering strength with each new day. In an unprecedented development, the nation's industrialists, with as much to lose as labor from the austerity regimen being rammed down their throats, have joined forces with the trade unions to send a message to Delvalle that acquiescence to the World Bank will not be tolerated.

With the example of the Philippines still fresh in its memory, the Panamanian government has few options to choose from. Should it accede to the World Bank's austerity dictates, there will be social explosions and Panama will become ungovernable. Its other choice is to join the strategy of Peruvian President Alan García, when he arrives in Panama March 31, and move ahead with the Ibero-American debtors' summit meeting to discuss creating a new international economic order.

Arnulfo Arias: the record of a Nazi

The following is drawn from documents available in the National Archives in Washington, D.C. Emphasis and Spanish accents have been added by EIR. The numbers following each excerpt refer to the National Archives (NA) code under which each document is filed.

'Heil Hitler!'

The most explicit indictment of Arias as a Nazi came out of his own mouth, according to a "strictly confidential" report sent to the U.S. State Department by then U.S. Ambassador to Chile Claude G. Bowers, entitled "Subversive Activities and Statements of Arnulfo Arias," in which an informant holds "an interesting and significant interview with Arnulfo Arias, former president of Panama, in the latter's hotel room on September 7, 1942."

The agent above mentioned entered Dr. Arias's room with the Nazi salute and the greeting "Heil Hitler!" which was answered in kind by the Panamanian. . . . Arnulfo Arias started off by attacking the "imperialistic" policy of the United States in Panama and the "false and hypocritical" democracy of the United States. . . . Questioned specifically as to his opinion concerning the outcome of the war, Dr. Arias stated that formerly he had believed in the possibility of Allied Victory, but that during recent months, the triumphs of Hitler in Russia and North Africa had changed the international situation, that Russia would be completely "liquidated" during the winter, and that with the forthcoming Axis victory the day was arriving when "we shall be free". . . .

Finally, when questioned as to whether he was a partisan of Nazism, Arias said that above everything he was a Panamanian, but that if the Nazis should cooperate in "our emancipation" (presumably of Panama and other Latin American states), he would be their fervent admirer.

(Sept. 12, 1942, NA 819.001. Arias, Arnulfo/311)

One year after Arias was deposed from power, the U.S. embassy in Panama sent a dispatch (No. 3126) to the State Department, which contained a detailed intelligence evaluation of Arias's pro-Nazi activities. The dispatch itself is now missing from the State Department archives, yet a quote

from it survives in an Office of Naval Intelligence report (R-473-42, index guide 104-300):

Enrique García de Paredes, an employee of the *Compañía Internacional de Seguros*, recently returned from a business trip to Chile, states that he had a long interview with Arnulfo Arias, deposed president of Panama, in which Arias stated to him that the German Ambassador in Santiago, Baron von Schön, had proposed to him that he go to Berlin, take with him such elements of his previous administration in Panama as would consent to go, and set up there the Panamanian Government in exile. That the German Ambassador in Santiago had one million pesos available for the expenses of this movement. That he had not decided to accept as he still had high hopes of returning to power in Panama shortly.

(Oct. 16, 1941, NA 702.1921/12)

During Arias's presidency, he was indicted by his own family members, brother Harmodio and nephew Roberto, for being a Nazi sympathizer, as identified in the following letter from the U.S. embassy in Panama to U.S. Undersecretary of State Sumner Welles, and in a State Department memorandum:

This morning Harmodio Arias came to see me and we had a long talk. . . . He stated in the first place that what he had to say was extremely embarrassing to him, as it had to do with his brother. . . . He finally said to me as clearly as any one could, without using the definite words I am employing, that he felt that Arnulfo was in some way committed to the Nazis and was definitely playing their game. . . . He said that if the United States enters the war he fears that we shall have a most difficult situation here. . . .

(July 7, 1941, NA 819.00/2134 1/2)

Roberto Arias, the nephew of the President of Panama, came in to see me day before yesterday. . . . said that his uncle's paper *La Tribuna* is decidedly pro-Nazi. . . . [Roberto] Arias says that his uncle has sent police into all of the shops who advertise with their paper and has made inventories of their stocks with the warning that they would be unable to replenish their stocks if their sympathies did not change. . . . Arias says that the Germans have convinced his uncle that the canal should be international and not belong to any country. . . .

(Feb. 8, 1944, NA 819.00/2-841)

Arnulfo Arias met with Adolf Hitler in 1937, and the following confidential memorandum was prepared by the U.S. Office of Military Intelligence (G-2):

[Arias's] minister to Germany, **Francisco Villalaz**, obtained for him an audience with Adolf Hitler in Berlin in 1937. Villalaz has much influence in Ber-

“At Berlin, Dr. Arias was treated as an important and influential personality and received by Hitler, Goering, Goebbels, Himmler and others of the most powerful and strategically placed Nazis Arnulfo became a Nazi convert, body and soul, and on returning to Panama, established a Nazi political party, National Revolutionary Party.”

lin. . . . President Arnulfo Arias appointed two pro-totalitarians as his secretaries—**Dr. Cristóbal Rodríguez**, General Secretary, and **Antonio Isaza Aguilera**, private secretary. Both have been rather outspoken in their totalitarian views, and they were chosen, it is said, precisely for this reason. . . . In 1936 [Isaza] was appointed Consul General to Hamburg, occupying this post until this year. In Germany he engaged in illegal speculation of currency using his diplomatic immunity to advantage. He has direct contact with the German Legation and is very pro-Nazi.

(October 1941, NA 819.00/2106)

Two months later, “an informant” to the FBI filed the memorandum which follows here:

Dr. Villalás carefully made inquiries in Panama as to local conditions there, and by a stroke of luck found out that the brother of the then President of Panama was suffering from a bad case of dictatorship. It was no problem to the Nazis, and lost no time reaching this man, Dr. Arnulfo Arias, a young Panama City physician and only brother of Harmodio Arias, then serving the presidential term 1932-36, and bringing young Dr. Arias to Berlin.

At Berlin, Dr. Arnulfo Arias was treated as an important and influential personality and received by **Hitler, Goering, Goebbels, Himmler** and others of the most powerful and strategically placed Nazis. This visit of Dr. Arias was solemnly stated to have “no political significance,” but in fact it was a typical Nazi job. Dr. Arias was under the sympathetic and calculating tutelage of Nazi specialists and with typical German thoroughness, he was given a short but intensive course in Nazi public administration and party organization. In these matters the intermediary between him and his Nazi hosts and patrons was Francisco Villalás. So extraordinary was the interest shown

in Dr. Arias, that the late U.S. Ambassador to Germany, Mr. Dodd, could not help noticing what was going on. His written commentary on this intrigue of the Nazis was a masterpiece of observation. The predictions therein contained, based on the Ambassador’s scrutiny, have been to date amazingly secret. When Arnulfo left Germany he visited Italy and with German recommendations was received by the Fascist with open arms and given an opportunity to see the inside workings of the Fascist government under the personal guidance of **Achille Staraci**. Arnulfo became a Nazi convert, body and soul, and on returning to Panama, established a Nazi political party, National Revolutionary Party.

A report of the State Department’s Division of the American Republics, titled “Anti-American and Pro-Axis Activities of Arnulfo Arias,” dated Nov. 2, 1943 includes the following:

To an informant of the Embassy [of the United States in Santiago, Chile], Arias stated that in his opinion the true German patriot is incarnate in Hitler. He expressed complete faith in the triumph of Nazism. Ambassador Bowers reported that there was evidence of the possibility of Japanese funds being used to assist Arias in propaganda efforts and explained that there was no doubt that Arias was in Santiago working as an agent for the enemy.

Arias surrounded himself with Nazi sympathizers, as demonstrated by the following descriptions of his closest friends and cabinet members, taken from a biographical sketch of the President’s most intimate circle of friends, prepared by the U.S. embassy in Panama:

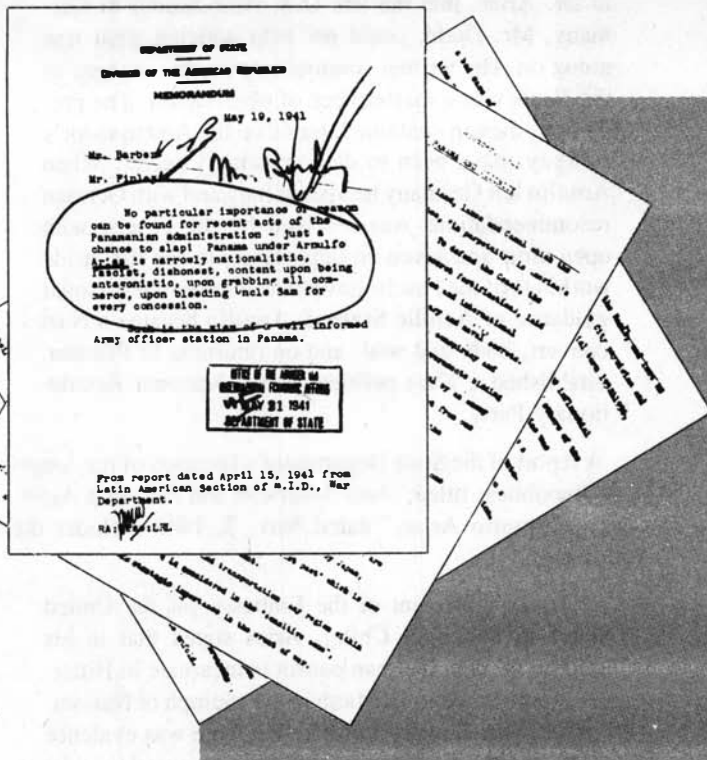
Julio Ernesto Heurtemate is a loud-mouthed young man, of French descent, blatantly pro-Nazi and anti-American. He studied in Paris and later at the Wharton School of Finance, University of Pennsylvania. For months [his wife] has been under suspicion as being an agent for the Nazis. . . .

Manuel María Valdes. He is a close personal friend of President Arnulfo Arias . . . [and] is openly pro-Nazi and convinced that Germany will win the war. . . .

José “Pepe” Ehrman has been closely associated with Arnulfo Arias for the past ten years. For several years previous to 1940, he was Secretary of the Panamanian Legation in Paris, and was also secretary to Arnulfo when he was Minister to Italy. It is said that he often accompanied Arnulfo on his visits to Germany, and there became imbued with Nazi ideas. . . .

Colonel Olmedo Fabrega is the Aide-de-Camp and a close personal friend of President Arias. He is an enthusiastic supporter of the Axis Powers.

(May 31, 1941, NA 819.00/2133)



In 1941, the State Department branded Arnulfo Arias (right) a Nazi; but today, they have made him their candidate to overthrow the government of Panama.

In a confidential assessment of the Arias government by the military intelligence division of the War Department General Staff, his “pro-Axis” and “anti-American” sympathies are noted repeatedly:

The only national organization closely patterned along the lines of Nazism is the National Revolutionary Party of which Dr. Arnulfo Arias, President of the Republic, is the leader. . . . The present policy of the Arias administration appears to be one of support of the ideology of the Axis powers. . . .

Throughout his period in exile in the early and middle 1940s, Arias traveled extensively around the continent, always working in close coordination with known Nazi agents and attempting to forge a Nazi support apparatus wherever he went. On Oct. 10, 1942, U.S. Ambassador to Chile Bowers sent the following “strictly confidential” airgram to the Secretary of State:

The Panamanian Minister has received the following report from a confidential source considered by him to be most reliable: On September 22 Arnulfo Arias had a long conversation with **Guillermo Izquierdo Araya** and **Roberto Vega Blanlot**, both active officials of the Chilean Nazi party. Furthermore,

Arias receives mail from **Manuel Olamedo**, a high official of Transocean in Buenos Aires, who was expelled from Chile in August of this year.

In April 1942, Philip W. Bonsal of the U.S. embassy in Caracas wrote a memorandum to the Secretary of State, noting:

The Department has learned from unofficial sources that Arias left Mexico with definite plans for entering Argentina, where he hopes to affiliate himself with Axis sympathizers and to set himself up as the symbol of “American aggression.”

Links to drugs and gambling

A U.S. Military Intelligence report of Feb. 11, 1941, details President Arias’s interest in establishing a gambling haven in Panama, a project for which he anticipated substantial personal gain:

President Arias apparently concentrated his activities during January on the distribution of gambling concessions in which he is reported to have a large interest. He made several trips to the interior, allegedly to investigate the agricultural possibilities of certain provinces. However, the main object of these visits,

it has been learned, was to lay the foundation for the construction of tourist hotels [to contain gambling concessions] at different points of the interior.

(Feb. 11, 1941, NA 819.00/2120)

On Feb. 1, 1943, U.S. Navy Intelligence in Panama sent an urgent, "confidential" report to the Office of Strategic Services on the arrival of Arias intimate **Dr. José Rafael Wendehake** to Panama from Venezuela, where he had been residing, together with Arias:

Dr. José Rafael Wendehake . . . during the Arnulfo Arias regime, not only was the beneficiary of extensive gambling concessions granted by the then President, but a reliable informant has stated that he also was protected in his illicit narcotics sales. This office . . . believes that Wendehake's presence in Panama constitutes a definite threat to the security of the United States. Wendehake is the logical person to solidify the ranks of those disgruntled racketeers with whom he was associated under the Arias regime.

(OSS Confidential, c.i.d. 28776)

Another Arias intimate during his presidency, according to a U.S. embassy in Panama report of May 1941, was:

Julio López Masegosa . . . a close personal friend of President Arnulfo Arias and a member of the "inner circle." He is . . . prominent in the gambling rackets, from which it is said he receives cuts and concessions. Masegosa is a first class racketeer. . . .

(May 31, 1941 NA 819.00/2133)

Arias's brother Harmodio identified the links between the Arias presidency and the criminal underworld, in an interview with the U.S. embassy in Panama, described in a letter to then U.S. Undersecretary of State Sumner Welles. Summing up Harmodio's viewpoint, the letter stated:

Anything in the nature of an apparent victory for this Government would make the gangsters and racketeers who are running it so sure of themselves that they would be doubly difficult for us to deal with in the future.

(July 7, 1941, NA 819.00/2134 1/2)

An Office of Naval Intelligence report of March 21, 1942, contains details of the illegal activities of Arias's crony, **Nicolás Ardito Barletta**, the former mayor of Panama City, former head of Panama City police force, and father of the recent President of Panama, Nicolás Ardito Barletta:

Nicolás Ardito Barletta and others of his former compatriots in the mayoralty of Panama City finally indicted for abuse of office . . . their activities as such constituted part of the reign of terror for alien merchants, which existed while Barletta was in office.

The District Attorney in his petition mentioned instances of Chinese merchants being forced to sell out for a song or else face arbitrary imprisonment. Barletta is specifically being accused of collusion in these extortions, an offense bearing a penalty of from one to seven years in prison and a perpetual ban from holding public office.

(March 21, 1942, ONI report serial 86-42, monograph 102-200)

'Unmistakably anti-American'

On Feb. 11, 1942, J. Edgar Hoover, head of the Federal Bureau of Investigation, sent a "personal and confidential" letter "by special messenger" to Col. William J. Donovan, head of the OSS, in which he stated:

Information from a . . . reliable source has been received to the effect that Arnulfo Arias arrived at Havana, Cuba . . . [and] that Arias has been associating in the past with a Japanese espionage agent by the name of **Dr. George Osawa**. Dr. Osawa is alleged to have stated that Arnulfo Arias, during his visit to Havana, upon the occasion of his being deposed as President of the Republic of Panama, visited the above city for the purpose of meeting with **Rafael Trujillo**, Dictator and President-elect of the Dominican Republic, and **Fulgencio Batista**, President of Cuba, with a preconceived plan of effecting a bloc between the Dominican Republic and against the United States. The exact nature of this bloc or coalition has not been determined.

On July 22, 1942, the American ambassador to Venezuela, Corrigan, sent the following confidential telegram to the State Department:

Arnulfo Arias, who is unmistakably anti-American, left Caracas at the end of April. He was here for eleven weeks and when he left he had in his possession a visa which had been issued under the direction of the President of Brazil, entitling him to permanent residence in that country. Because of his anti-American sympathies he would possibly be more dangerous in those countries which still have relations with the Axis powers. His contacts with Panama would be easier from any country along the west coast.

A Military Intelligence report from the War Department General Staff wrote in July 1941:

President Arias devoted much of his time and energy during his visit to Costa Rica to an endeavor to sell the Costa Rican people on his program of advanced nationalism, the principal point of which, it became apparent to American residents there, is hatred of the people of the United States.

On Sept. 12, 1942, U.S. Ambassador to Chile Bowers sent a report on Arias's "Subversive Activities and Statements" to the Secretary of State, reporting on the exiled Arias's conversation with an informant:

Arnulfo Arias started off by attacking the "imperialistic" policy of the United States in Panama and the "false and hypocritical" democracy of the United States. He said that the Good Neighbor Policy was only a weapon used to strangle the smaller Latin American nations economically. At some length he developed the theme that the nations of Latin America must emancipate themselves from United States influence and "control," and that after the imminent German victory, liberators such as O'Higgins, San Martin and Bolivar will arise to fight the "hypocritical policy of the Good Neighbor". . . . When asked whether he considered it desirable at this time to attempt a movement for the emancipation of Panama from the North Americans, the ex-President of Panama replied that such a movement must await the time when "our enemy" is debilitated and when other nations are in a position to help Panama. Thereupon he launched into a long tirade in favor of the internationalization of the Panama Canal.

(Sept. 12, 1942, NA 819.001 Arias, Arnulfo/311)

In his Oct. 1, 1940 inaugural speech, Arias openly threatened the United States:

As Panama has ceded its territory to the United States to construct the Canal, Panama also can cede territory to the Germany of Adolf Hitler, so that they can construct here what they wish and can help us against Imperialism.

The next day, in a radio address to the Panamanian nation, Arias repeated:

The United States knows that . . . the Republic of Panama may be small and weak and lack material resources for the defense of its rights, but on the other hand *it could, in case of reprisal, affect the high interests of the United States by granting concessions in its territory to other powerful countries which would have material force to defend it.* [Emphasis by U.S. Ambassador William Dawson. Panama, Oct. 5, 1940. Airmail letter No. 681]

(Oct. 2, 1940, NA 819.001 Arias, Arnulfo/49)

A racist and anti-Semite

In 1933, as health minister in his brother Harmodio's government, Arnulfo Arias presented legislation for the sterilization of Blacks and for euthanasia of the elderly. This was the same year that Hitler imposed mass sterilization in Ger-

many. Highlights of Arias's 1940 presidential campaign included the recommended "purification of the race" through sterilization of Blacks and prohibitions on immigration of Blacks, Orientals, and Jews into Panama. In his inaugural address, Arias declared:

The words democracy, liberty, liberalism, are so bandied about that they have no meaning. . . . The demagogic concept that all men are free and equal is biologically without foundation.

A State Department memorandum just before Arias's overthrow, notes that his government was planning to issue a decree clarifying bans on immigration against certain races and nationalities:

The Decree-Law serves to confirm earlier reports that President Arias planned to bar all the Jews from business in Panama. The promulgation of the Decree-Law may be expected to encourage a panic similar to that in which the Chinese were persecuted early this year. . . . There will be rich booty for the Arias Administration if the persecution of the Jews is started. (Sept. 29, 1941, NA 819.55J/4)

Repeated reports of massacres of Jewish families resident in Panama during the Arias administration have surfaced, the details of which are as yet unavailable. In the book *Holocaust in Panama*, by Aristides Iván Hassan R., one of the 12 Panamanian police members of the elite death squad formed under the Arias government reportedly confessed to the mass execution of 13 German Jewish families in the region of Cotito, province of Chiriqui, where Arias today owns vast tracts of land. The remains of what are believed to be 18 bodies, were found in Cotito in a mass grave. Skulls with bullet holes and German-made dentures were unearthed.

Although no scandal was ever raised at the time about massacres of Jewish families in Panama, other mass murders by Arias's police were reported. According to a War Department General Staff report of July 14, 1941:

On July 3, 1941, the Panama police massacred 12 of the 23 Swiss and German agricultural-religious colonists at Cotito, Province of Chiriqui, about 20 miles south of the Costa Rican border. Three of the colonists—an 82-year-old man and two boys—escaped unhurt. The remainder, six women and two children, were wounded by the fire of the police, and four of them are still in grave condition in the hospital at David.

The general opinion prevails in all circles that the attack on these people was hardly justified and it has created indignation in all quarters.

(July 14, 1941, NA 819.00/2136)

Terrorists, bankers testify vs. Panama

At Sen. Jesse Helms's initiative, terrorist-linked witnesses threatened violence against the Panama Canal, before official hearings of the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee. The March 10 hearings mark a day of infamy for the senator, who was once looked to as a bastion of patriotism in the Senate.

While Panamanian opposition witnesses promised violence, former U.S. special assistant on National Security Affairs, Norman Bailey, demanded that the U.S. government expend its efforts to return to power a man who dedicated his career to opening the doors of Panama to drug-money banks, Nicolás Ardito Barletta, a former vice-president of the World Bank. For 10 years, Barletta ran Panama's "off-shore" banking center, bragging that under his direction, Panama guaranteed "more secrecy laws than Switzerland."

Bailey seemed to have a grudge against Panamanian Defense Force Chief Gen. Manuel Noriega, for allegedly forcing Ardito Barletta to resign from the presidency last September. He departed from his prepared testimony to remark that it was not true that he was being paid to destabilize the government of Panama, as had been published in the Panamanian press. Although he did not say so, Bailey was referring to a story written by *EIR*, which reported that Barletta had hired Bailey's investment advisory company, Colby, Bailey, Werner & Associates, to represent him in the United States!

The testimonies which we excerpt here, from Bailey and other witnesses, all assume that Panama has no choice but to accept the dictates of the International Monetary Fund and World Bank, which demand that "foreign investors" be granted even more freedom from scrutiny than they now enjoy. Here Bailey made no claim that his testimony was disinterested; Colby, Bailey, Werner & Associates openly admit that they intend to become "the first true investment bank in Washington," and have former Wall Street bankers and IMF officials on their board.

Statement by Sen. Jesse Helms to the U.S. Senate Committee on Foreign Relations Subcommittee on Western Hemisphere Affairs, March 10:

... When the commitment to turn the Panama Canal over to Panama was made in the 1976 treaties, there were many of

us in this country who felt that Panama, physically, was too small a country to bear the burden of responsibility for a strategic waterway coveted by the major military and economic powers of the world. But there was an implicit agreement in the treaties that the United States would work to encourage stability and development to Panama during the transition period so that Panama would be as strong as possible in the year 2000.

So far Panama has not achieved either political stability or economic development. Despite the many additional millions of dollars which the treaties have brought to Panama, the Republic faces an economic crisis. Unemployment has reached catastrophic proportions. And its political structure has almost ceased to operate effectively. In the past 45 months, Panama has had five Presidents, three of whom were removed by pressure from elements in the military. The brutal murder of Dr. Hugo Spadafora last September has not been solved. Panama's free press, with traditions stretching back to the founding of the Republic, feels increasing pressure and intimidation. . . .

The brutality of the murder of Dr. Spadafora, an insistent critic of powerful elements in Panama, is without precedent. It has served as a catalyst to action for many, inside of Panama and without, who believe that it marks the end of Panama's independence and signifies the hidden takeover of the country by illegitimate and anti-democratic forces. We have called these hearings, therefore, to probe the truth of the assertion, and to do what we properly can to help Panamanians recover their dignity, freedom, and stability.

Recent events in the Philippines illustrate graphically the instability that results for a society that is not open and dynamic. I might add, also, that the situation in Mexico is a grave security risk to the United States. Within the next four to six weeks, this Subcommittee will also examine the corruption and power structure of Mexico in the context of assisting reform. . . .

Testimony of Norman A. Bailey, former U.S. special assistant on National Security Affairs:

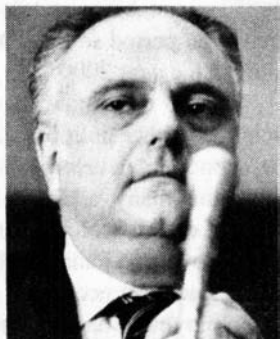
... On September 27, 1985, Panama suffered the first reversal of the process of democratization since President Reagan assumed the presidency. President Nicolás Ardito Barletta was forced out of office as a direct result of the new cycle of state-supported narco-terrorism the Panamanian Defense Forces (PDF) are alleged to have supported in the region. Barletta had agreed to the formation of an independent commission to investigate the assassination of Dr. Hugo Spadafora, found earlier that month in a U.S. mailbox, de-



Senator Helms

capitated and showing particularly brutal torture marks on his body. He was last seen alive while under arrest by a member of the G-2, the PDF security forces. He was returning to Panama after vowing publicly to expose key PDF officers' involvement in the drug traffic. . . .

The reason given for Barletta's ouster was the country's economic and financial crisis and his inability to deal with it. Panama's crisis descended, ironically, on the eve of the international financial convocation in Seoul, where the U.S. unveiled the outline of a new program for dealing with Latin America's huge external debt—thus offering these countries a light at the end of the economic tunnel for the first time in three years. . . .



Norman Bailey

The overthrow of President Barletta's government is triply dangerous. In the first place, his downfall, as mentioned, is the first reversal of the recent process of democratization in Latin America. Second, the excuse used (and it is certainly nothing more than an excuse) is the economic and financial crisis. There is not a country in Latin America where this pretext could not be used to justify a coup. Thus the worst fears of the pessimists may be coming true. Finally, [Gen. Manuel Antonio] Noreiga, widely suspected of drug dealings and the murder of an opposition figure shortly before the coup, has indicated that he staged the takeover to forestall a similar action by his second-in-command, Lt. Col. Roberto Díaz Herrera, a leftist with reported ties to the Sandinistas

and Castro, who was slated for retirement early this year, but did not.

Nicolás Barletta claims that he is still constitutional President of Panama. . . . Since the coup d'état, Panama has been steadily moving farther into the narco-terrorist orbit, the military openly taking over key civilian institutions, one by one, such as the ports, airports, railroad, customs and immigration services. The ingredients are there for Panama to become the first country to institutionalize the drug traffic and laundering of narcodollars under the auspices of a government run by the PDF. . . .

The present voice of Panama in the Contadora process is the voice of a government controlled by military officers who regularly visit Managua and Havana . . . given the dangers of the lethal formula of drugs plus guns in strife-ridden Latin America, is it too much to ask the countries of the Hemisphere to meet in the council of the Organization of American States, put aside their habitual hypocrisy for once and demand that the constitutional president of Panama be restored to the exercise of his office?

Statement of Laura Spadafora Justice, sister of terrorist Hugo, read to the Subcommittee by Adetaida Eisenmann, head of the Panamanian Human Rights Committee:

. . . It is the opinion of a large section of Panamanian society that Panama is the Philippines of tomorrow for the Western Hemisphere. There are many significant parallels: Panama has an 18-year-old corrupt and brutal military dictatorship which is now totally exhausted. Panama's dictatorship has received almost the highest per capita U.S. aid support in the world. There is visible multi-million dollar ostentation by

Qaddafi, Spadafora, and a plot against Guatemala

Former Panamanian terrorist turned "Contra," Hugo Spadafora, hailed by Sen. Jesse Helms (R-N.C.) from the floor of the Senate on March 10 as an "insistent critic" of the Panamanian military, in 1980 received \$4 million and an unspecified amount of arms and military equipment from Libya's Col. Muammar Qaddafi, in order to build a new insurrection against the government of Guatemala.

According to information uncovered by this news service, Qaddafi financed the creation of Spadafora's International Brigades, whose mission was to establish a "beachhead" for their insurrection in Belize, with weapons transhipped through Surinam, and from Belize to launch a bid to overthrow the Guatemalan government.

Spadafora suggested that the plan would also give crucial support to the Salvadoran "revolutionary movement."

This is the same Hugo Spadafora whom Senator Helms now cites as a model of courage, in his ongoing campaign to destabilize the Panamanian government and replace it with avowed Nazi Arnulfo Arias. Spadafora was killed in September 1985, by unknown persons, and since then a campaign has been launched to pin his murder on the Panamanian Defense Forces and its commander, Gen. Manuel Noriega.

EIR uncovered Spadafora's Guatemalan plot while researching the Nazi background of the leader of Panama's Democratic Opposition Alliance, Arnulfo Arias Madrid, whom aides to Senator Helms have stated they will help to return to power in Panama. Arias and Spadafora are first known to have worked together in 1969, when Spadafora joined the terrorist resistance organization established by Arias, to combat the new Torrijos government.

officers in the military and their cronies, who travel to Paris and Switzerland on almost a weekly basis. There was a grossly fraudulent U.S.-inspired election in which the loser was declared the winner. . . .

The major differences with the Philippines situation is that Panama does not yet have a violent insurgency movement, and the fact that the Panama military governs through a figurehead civilian President who is assigned and "resigned at will". . . .

The Panamanian Defense Forces functions more like a gang of thugs than a military institution. Corruption is rampant. . . . Frustration is reaching the boiling point when the Panamanian people are no longer prepared to accept fraudulent elections, and human rights abuses. . . .

Furthermore, the military regime is a threat to the security of the Panama Canal. The irresponsibility of military commanders could lead them from their current position of blackmail to a position of terrorism and sabotage of the Canal. The continuation of the military government in Panama will produce the same effects as in other countries: civil war, terrorism, sabotage or general violence. When this happens the Canal will become the most sought after target. . . .

Testimony of Ambler H. Moss, Jr., dean of the Graduate School of International Studies, University of Miami:

The ouster of President Ardito Barletta, the first elected president after 16 years of military and quasi-military rule, was seen by virtually every observer in the country—in government, the media, academia, and business—as a lamentable event. . . .

Modification of the labor code, which President Ardito Barletta was unable to accomplish politically, is being urged by the IMF and World Bank as necessary to improve the country's investment climate, with the Panamanian private sector in strong agreement. . . .

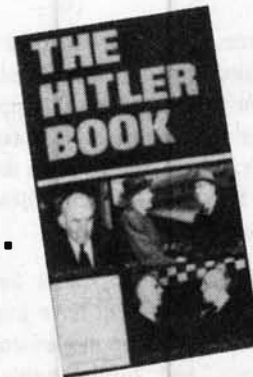
Panama could become a very successful economy by the proper application of the private-sector strategy of the Caribbean Basin Initiative. . . .

The negative factor most often cited by foreign investors in Panama as standing in the way of these desired ends is the country's labor law, which the government is committed to change. . . .

Testimony of Dr. Richard L. Millett, senior policy adviser for Latin America for Frost and Sullivan lawfirm:

. . . There have been signs of growing turmoil within Panama. Part of this has centered around the current economic crisis and resultant labor unrest, but it has also involved such shocking events as the killing of a prominent political figure, Dr. Hugo Spadafora, and the kidnaping of businessman Sam Kardonski. [Kardonski's kidnappers were rumored to be Colombia's M-19 terrorists, angry that he refused to release \$10 million they had deposited in his Tower Bank!—ed.]

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The global chokepoints: State Department's gift to the Soviet Navy

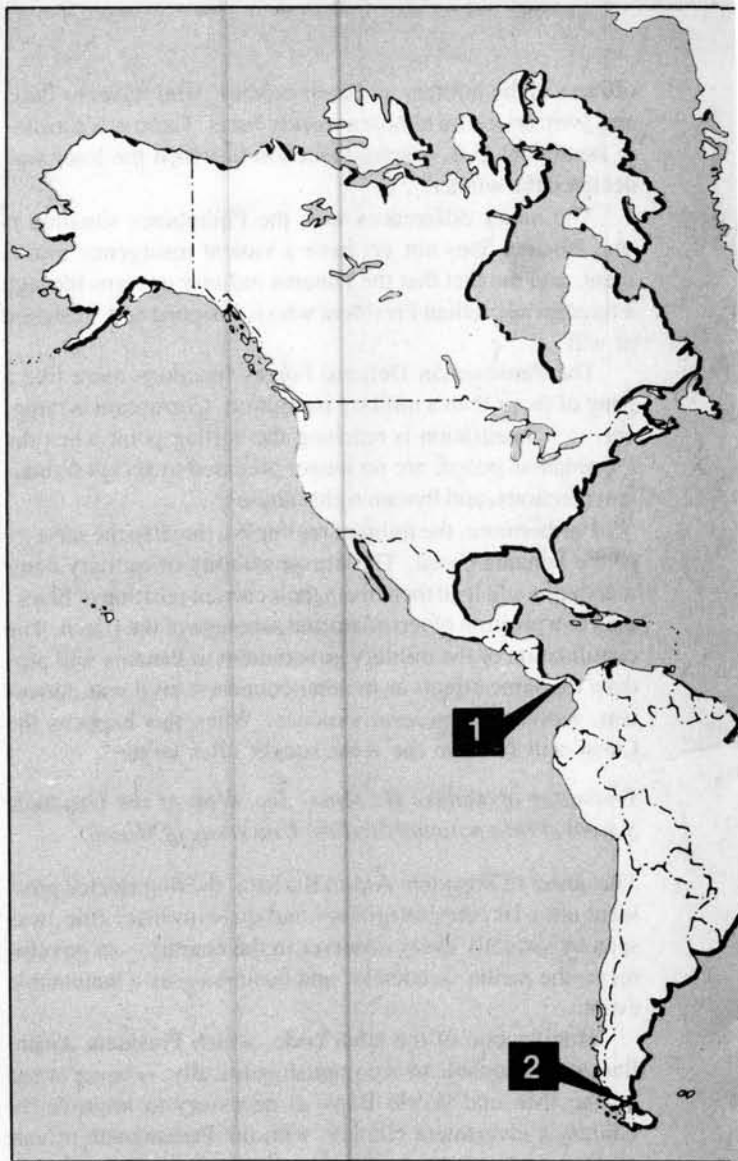
In our March 7 issue, *EIR* warned that the State Department's policy of abandoning our allies in Asia, signaled by the overthrow of President Marcos in the Philippines, was not only treason, but was giving the Soviet Navy control of the world's naval chokepoints. Many figures from the Congress are co-traitors with the State Department. Below is the updated review of that process:

1. Panama: Panama Canal. Sen. Jesse Helms (R-N.C.) and the State Department have joined forces to bring to power a Nazi-run opposition movement in Panama, in the name of "democracy" and "human rights." Their efforts are moving forward rapidly on two fronts: Senate hearings that began on March 10 and are to be expanded through March and April; and the forcing of Panama's Delvalle government to accept World Bank austerity conditionalities, designed to destroy industry and break the labor movement (pp. 26-35). The hearings are also designed to target Mexico, a pivotal country in the four-nation Contadora group of Colombia, Mexico, Panama, and Venezuela. In Colombia, the supporters of narco-terrorism and the international banks have just won sweeping victories in elections (pp. 46-47).

2. Argentina: Straits of Magellan. Argentina has accepted the "Baker Plan" imposed by the State Department, to implement IMF austerity at the risk of that nation's fragile democracy. But with the arrival March 13 of Peruvian President Alan García, the fight opens up for Argentina to take a leading role in launching a world financial reorganization.

3. Spain: Strait of Gibraltar. The March 12 national referendum on Spain's role in NATO approved by a wide margin the option of "yes" to continuing in NATO. In the weeks before the vote, mass anti-American actions, and separatist/terrorist activation occurred. *EIR* has posed the fight in Spain now as opposition to the Trilateral Commission and its plans to use Spain's role in NATO to "decouple" Europe from the United States (pp. 42-43).

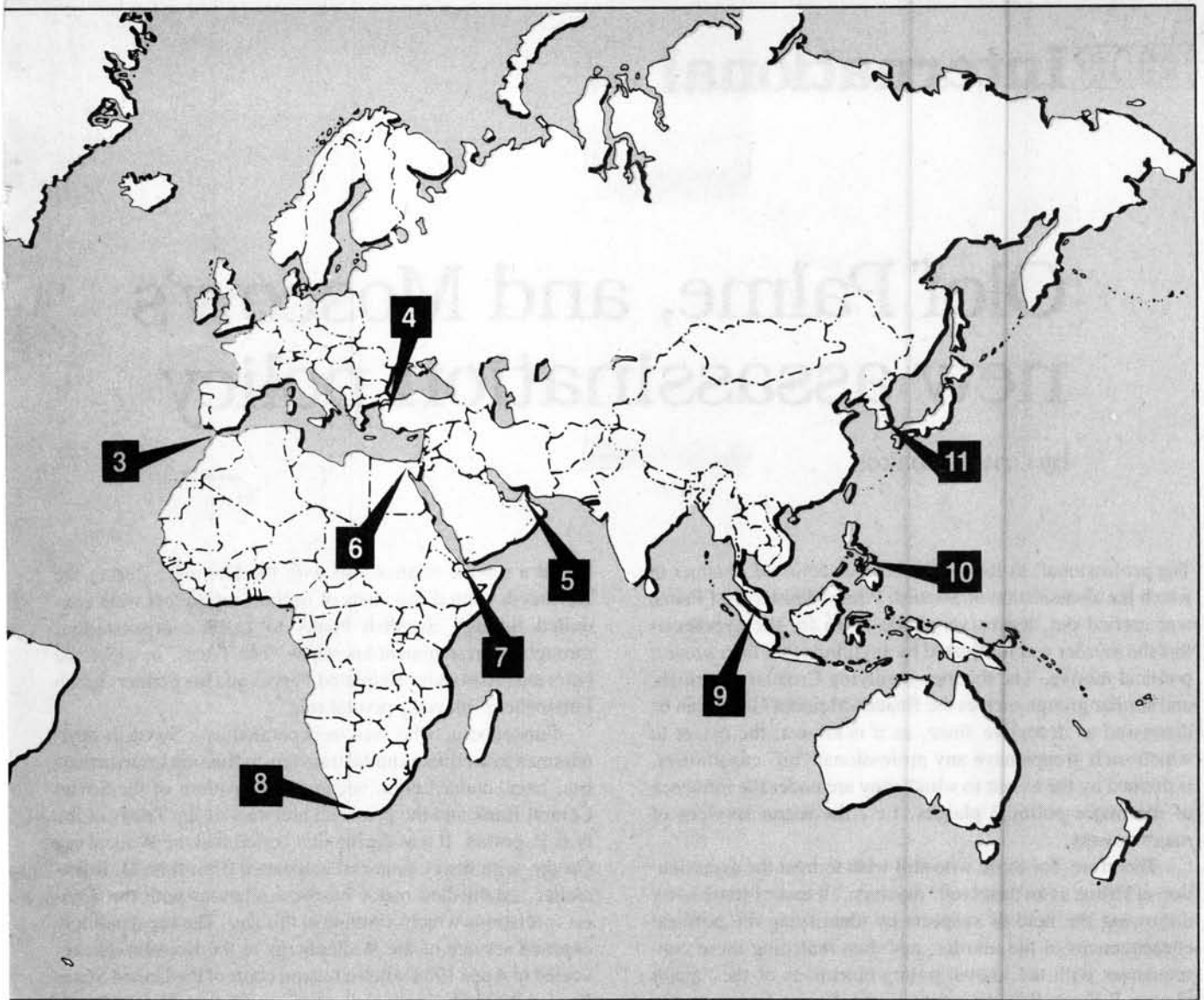
4. Turkey: Dardanelles and Bosphorus. More than 20,000 workers staged a mass protest on Feb. 22. Turkey has been under intense strategic pressure from the Soviet Union, which it borders, while U.S. military aid is held up. It is on



the same State Department destabilization list which featured President Marcos of the Philippines.

5. Saudi Arabia: Persian Gulf. U.S. Senator Alan Cranston is spearheading congressional opposition to the sale of jetfighters to the Saudis, who are threatened by Iran in the Gulf War. On March 11, Cranston overtly targeted the Saudi regime for the same treatment that was meted out to the Shah of Iran in 1979 (page 69).

6. Egypt: Suez Canal. Egypt continues to be highly unstable after some 8,000 security policemen rioted from Feb. 25 to March 1, killing several hundred and causing millions of dollars in damage. On March 10, U.S. Undersecretary of State Richard Murphy delivered an ultimatum to Mubarak in Cairo, demanding that Egypt implement "economic reforms" before some \$265 million of economic aid would be released by Washington (pp. 48-49).



7. Yemen/Horn of Africa: Gulf of Aden. Both South Yemen and Ethiopia are tied to the Soviet Union.

8. South Africa: Cape of Good Hope. On March 5 South African President Botha announced that his government would lift the state of emergency and is ready to implement U.N. Resolution 435 on Namibia. If the State Department and allied banking circles persist in economic sanctions, it will become clear they never intended a peaceful settlement. On March 7, Barclay's Bank in London announced that it would refuse all new loan requests or rescheduling of existing debts of South Africa (page 51).

9. Indonesia: Strait of Malacca. The oil crisis has already provoked an economic collapse. Jesuit operations are in progress by the same groups that started the Filipino destabilization. State Department-IMF operations against the

ASEAN countries are exemplified by the targeting of Thailand's Kriangsak (page 50).

10. Philippines: South Pacific. The Aquino-Laurel government, imposed by the U.S. State Department, is in a total crisis as it has been unable to "legalize" itself. Communist insurgency by the New People's Army has increased since the overthrow of President Ferdinand Marcos; the government is attempting to negotiate an amnesty with the terrorists. The International Monetary Fund, the State Department's AID, and Manufacturers Hanover Bank are all in the country.

11. South Korea: South China Sea. The State Department-backed opposition says it is encouraged by the "people power" in the Philippines. More than 1,000 students battled with riot police at Seoul universities on March 14. North Korea may start a war with South Korea.

Olof Palme, and Moscow's new assassination policy

by Criton Zoakos

The professional, as it now has been established, manner in which the assassination of Swedish Prime Minister Olof Palme was carried out, leaves very little room for the hypothesis that the murder was motivated by anything other than a major political motive. The theories involving Croatian, Kurdish, and similar groups such as the Baader-Meinhof Gang, can be dismissed as deceptive since, as it is known, the extent to which such groups have any professional "hit" capabilities, is defined by the extent to which they are under the influence of the major political players, i.e., the secret services of major powers.

Therefore, for those who still wish to treat the assassination of Palme as an unsolved "mystery," it makes sense to try narrowing the field of suspects by identifying the political consequences of the murder, and then matching these consequences with the known policy objectives of the "major players." From this perspective, the Soviet Union would appear as the principal beneficiary of the Palme assassination.

To argue, as Georgii Arbatov did repeatedly, that "imperialist dark forces," were behind the murder, is vacuous political hot air. The KGB's own *Literaturnaya Gazeta*, employing a mouthful, informed us that Palme was killed by the "ton-ton macoutes of the international dark forces," a description which might fit anyone from a Russian Orthodox deacon to a Bulgarian narco-trafficker, or a Sikh fanatic. Yet, numerous Russian officials insist solemnly that "they know who is responsible for the killing of Palme." One cannot help but suspect that they know only too well.

Some things ought to be said about Soviet presence in Sweden before the reader can form an adequate context for the Russians' bizarre behavior surrounding the Palme assassination. First, the greatest financial and industrial power of Sweden, associated with the Wallenberg family's group of interests, had, from the inception of the Soviet state, main-

tained a unique relationship with the Kremlin. During the Bolshevik coup d'état, tens of millions of dollars were conduited through Swedish banks to Lenin's organization, through an arrangement known as "The Trust," in which the notorious Alexander Helphand Parvus and his partner, Jakob Furstenberg, played a pivotal role.

Furstenberg, who was incorporated as a Swedish businessman to facilitate capital transfers to Russian insurrectionists, later, under Lenin, became the governor of the Soviet Central Bank and the principal architect of the Trusts of the N.E.P. period. It was during that period that the Wallenberg Group, with heavy financial assistance from John D. Rockefeller, established major business relations with the Soviets—relations which continue to this day. The latest publicly exposed service of the Wallenbergs to the Kremlin was revealed in April 1984 when a federal court of the United States fined a Wallenberg-owned company, Datasaab, \$3.12 million for having illegally exported to the Soviet Union an ultrasophisticated radar system which is capable of tracking "Stealth technology" aircraft.

The Wallenberg Group's chief executive officer, Hans Werthen, is so extensively involved in Soviet economic affairs, that many in the international business community consider him to be "the Soviet Union's third most important operative internationally," "more important than Kim Philby ever was," as one of them put it.

Equally important for forming an adequate background picture of Swedish affairs, is the current Soviet ambassador to Stockholm, Boris Pankin. Before his posting to Stockholm, Pankin was not a member of the Soviet diplomatic service. His officially listed job was "Director of the Copyrights Bureau of the U.S.S.R.," and his real job, Chief of the KGB Disinformation Directorate, in which capacity he directed, for a period of over ten years, a program of covert acquisitions and takeover of numerous newspapers and pub-

lishing houses in the Western world. Along with the businesses, Boris Pankin is reputed to have bought numerous influential journalists and opinion makers.

Yet, according to some very old observers of the top rungs of Soviet society, even the very impressive KGB director credentials of Boris Pankin are merely a deceptive cover story: He is supposed to be one of the most consummate and powerful men in the inner policy-making sanctum of the Russian state, his policy influence ranking close to that of Mikhail Gorbachov. These sources explain Pankin's present posting in Stockholm in terms of the important role that Sweden plays as a location where major Soviet policies are first tested out. To Kremlin policymakers, Sweden is, first and foremost, a "Trust" country, as it has been since 1917.

The "Trust," a generic characterization of the Kremlin's arrangements with the Western oligarchy—arrangements always characterized by "common and conflicting goals"—has been an ongoing relationship since the replacement of the Romanov dynasty with the, presumably more efficient, Soviet dynasty of the Russian Empire. This ongoing relation has been marked by numerous ups and downs, reflecting the successive dominance of "common" or, alternately, "conflicting," goals in the partnership.

Characteristically, during the height of Stalin's power, in the 1930s and 1940s, the Kremlin had embarked on a policy of bludgeoning Western oligarchical partners into submission to a Russian preeminence in policy. The Kremlin's principal instrument of persuasion against its Western oligarchical partners was the notorious "purges," and "Stalin trials." It was in the context of this policy that Josef Stalin ordered the disappearance of Raul Wallenberg, an illustrious member of the Wallenberg group of financial interests with whom the Kremlin does business.

Similarly with the disappearances and executions of persons such as Bukharin, Trotsky, Zinoviev, Kamenev, and numberless Social Democrats throughout Eastern and Western Europe. Whenever the Kremlin wishes to assert its "conflicting" over its "common" goals over those of its Western oligarchical partners, it is the Social Democrats, the financial oligarchy's principal political tools, who pay with their lives.

Against this general background, can one ask the question whether the Kremlin—say, Boris Pankin—arranged for the assassination of Olof Palme? Numerous factors indicate how easy such an arrangement would have been for Pankin, who, by position, integrates the functions of three powerful Russian agencies capable of arranging assassinations: Ponomaryov's International Department of the Central Committee, Chebrikov's own KGB, and the Foreign Ministry—not to mention Pankin's numerous personal avenues of access to Western professional assassin outfits. In addition, Pankin and the KGB have more than ample means inside Swedish police, political organizations, and newspapers to ensure the post-assassination management of the news to best Soviet advantage.

For one thing, the KGB was in a position to know that there had emerged grave differences between Prime Minister Palme and Hans Werthen of the Wallenberg Group, over government economic policy. The KGB also knew that the differences were so grave that Palme brought himself to believe that he could get away by attempting a cleanup and reorganization of the Wallenberg banking and industrial empire. The KGB—or Pankin—were in a position to know that a potential assassination of Palme could, with skill, be attributed to the Wallenberg Group, itself a "Trust" partner. If not attributed, then threatened to be attributed to ensure post-assassination cooperation.

Such details, of course, can only be clarified by straightforward investigation of facts which, however, is very slow in coming. There is, in fact, a growing number of indications, that KGB "moles" inside the Swedish police are quite close to manipulating the ongoing investigations.

The most important, politically, element of the Palme assassination is the fact that it was timed to occur immediately prior to the keynote speech of KGB chief Victor Chebrikov to the 27th Communist Party Congress, and slightly before the announcement that the notorious Boris Ponomaryov had been removed from the Central Committee leadership. This sequence of events, significantly, was pointed out by a well known KGB/Trust disinformation conduit, the Israeli-Soviet immigrant Mikhail Agurski, who wrote his own analysis in a March 10 issue of the *Jerusalem Post*. Agurski's main error was his failure to mention Boris Pankin in his article, and many believe that Agurski owes Pankin more than a few favors.

Where Agurski is accurate is in his insinuation that the Palme assassination is probably some sort of political signal to the West, though he does not specify what kind of political signal.

For our part, we do not have to look far to identify the character of the political signal that the Kremlin is sending. Two days after the Palme assassination, Radio Moscow was broadcasting that former Austrian Chancellor the Social Democrat Bruno Kreisky, had received numerous death threats. Later, on March 13, a skillfully disguised message was published in certain Pankin-influenced papers, claiming that "Willy Brandt is next" to be assassinated after Palme. Clearly, the publicly recognizable heads of the Social Democracy have been targeted.

Those among the Western oligarchs who know how the game of "The Trust" is played, ought to open their eyes and recognize a return, in the Kremlin, of the old policy of Josef Stalin, that of killing the Social Democratic political assets of the Western partners, in order to ensure preeminence of the Russian "conflicting" goals. If our analysis is right, and if what we say happened at the 27th Congress indeed happened, then, not so much the retired Brandt and Kreisky, but François Mitterrand—the Social Democrat still in office (like Palme)—may be in imminent danger.

Soviet party congress ushers Red Army into political leadership

by Konstantin George

The 27th Soviet Party Congress which crowned Mikhail Gorbachov as the new Czar, ended March 6 by electing a new Central Committee of 307 full and 172 candidate or non-voting members. A look at the new Central Committee's composition documents the control of Soviet policy by the Soviet Military High Command under Marshal Nikolai Ogarkov and the party's "Andropov Mafia" which propelled Gorbachov into power.

The personnel changes introduced at the Party Congress give a picture with the following key elements:

1) *All of the commanders in chief of the secret Wartime High Commands established in late 1984, are now full members of the Central Committee.* In addition, the Congress elected six new generals and admirals to the Central Committee, and no less than nine new generals and admirals to candidate Central Committee status, all but one being commanders of combat forces.

2) A purge of "dead wood" in the party hierarchy, blocking the heightened tempo of the war-economy drive, was completed. Between deaths and purges, at least 139 of the old, 319-member 1981 Central Committee are no longer there.

3) Promotions were accorded to 1) **Yevgenii Primakov**, former head of the Soviet Oriental Studies Institute and now director of the IMEMO intelligence think tank, raised to full Central Committee membership; and 2) **Karen Brutents**, the figure for Third World affairs—read: destabilizations—at the International Department, now elected a candidate member.

4) The chief editor of *Literaturnaya Gazeta*, the KGB's unofficial weekly mouthpiece, **Aleksandr Chakovsky**, the man known for having first launched the rehabilitation of Stalin back in the late 1960s, is now a full member of the Central Committee.

5) There was a strong shift to all-out "Russification" inside the Soviet Union, as the calendar approaches the 1988, 1,000th anniversary of Orthodox Mother Russia. Of the 19 ethnic Muslims elected to the Central Committee in 1981, only 5 remain. With the distinct and important exception of KGB veteran **Geidar Aliyev** of the Soviet Politburo, and his "Muslim Card" subversion machine, the Muslim component

in the Soviet leadership has been obliterated. The "Muslim Card" is for export only, not for the domestic policy of Holy Mother Russia.

The pre-war leadership

Also announced was the creation of a new National Defense Council, consisting of the military high command under Marshal **Nikolai Ogarkov**, and, on the "civilian," or more precisely, economic side, Gorbachov and his inner circle of tough-minded Russian imperial cronies brought for the most part onto the Politburo during the course of 1985: Gorbachov's number-two man and personal hatchet-man, **Yegor Ligachov**, Prime Minister **Nikolai Ryzhkov**, former Leningrad party boss **Lev Zaikov**, in charge of the Soviet arms industry; and, of course, the "Andropov Mafia" KGB boss, **Viktor Chebrikov**.

The military representation

Curiously, with all the words written on the party congress in the Western media, almost zero attention has been devoted to reporting, let alone discussing, the facts concerning the military influx onto the Central Committee, perhaps the most ominous feature of all.

Gorbachov's rise to power was preceded in late 1984 by the formation of four wartime high commands, under the overall direction of former chief of the general staff, Marshal Nikolai Ogarkov. Besides having become overall wartime commander, Ogarkov also assumed the command of one of these four: Wartime High Command Strategic Direction West, responsible for both total war against the United States and NATO, and any limited war in central or northern Europe. The other three commands are:

1) Wartime High Command Strategic Direction Southwest, HQ in Kiev, under Army General **Ivan Gerasimov**, responsible for military operations in the Balkans, Turkey, the Mediterranean, and the Middle East.

2) Wartime High Command Strategic Direction South, HQ in Tashkent, responsible for military operations in Iran, the Persian Gulf, and the Indian subcontinent. Its first commander-in-chief was Army General **Yuri Maksimov**, promoted to command the Soviet Strategic Rocket Force in July

1985, replacing Marshal of Artillery **Vladimir Tolubko**. Maksimov was subsequently replaced in Tashkent by Army General **Mikhail Zaitsev**. Until July 1985, he was the commander in chief of the Group of Soviet Forces in Germany, as their forces in East Germany are called.

3) The Far East High Command, HQ in Chita, commanded by Army General **Ivan Tretyak**, with responsibility for all military operations in the Far East/Pacific Ocean region and against China.

With both Army Generals, Gerasimov and Maksimov promoted to full Central Committee membership by the 27th Party Congress, *all the wartime commanders, in addition to the heads of each service branch, the Ground Forces, the Strategic Rocket Forces, the Air Defense Forces, the Air Force, and the Navy, are now full members.*

Two of these service-branch heads are new to the Central Committee membership roster: Air Marshal **Yefimov**, successor to the deceased Air Marshal Pavel Kutakhov as Air Force chief, and **Admiral Vladimir Chernavin**, recently appointed Navy commander in chief, replacing the 76-year-old **Admiral Sergei Gorshkov**, who had directed the Soviet Navy since 1956. The retired service heads, including Gorshkov and Marshal Tolubko of the Strategic Rocket Forces, have retained their rank of full members of the Central Committee.

The new military faces

For 1986, Russia has assigned a big priority to the drive to dominate the Mediterranean and the Near East. The "summit" level of this policy commitment is evidenced by Gorbachov's announcement that he will be visiting Italy later this month, and later this year, Greece. Moreover, of the 9 new generals and admirals made Central Committee candidate members, three were military commanders serving under the Southwest Wartime High Command, HQ in Kiev. They are:

1) Colonel General **V. V. Osipov**. Osipov became the commander of the Kiev Military District in late 1984, having replaced Army General Ivan Gerasimov, when Gerasimov was elevated to head the newly created secret Wartime High Command Southwest Strategic Direction.

2) Army General **V. A. Belikov**. Belikov is the commander of the Carpathian Military District, located in the northwest Ukraine, one of the military districts comprising the ground and air force components of the Southwest wartime high command.

3) Colonel General **V. S. Rodin**. From 1982 to late 1984, Rodin was the chief political officer for the Kiev Military District, when Gerasimov ran the district. In late 1984, he moved up with Gerasimov, becoming the chief political officer for the Southwest wartime high command.

These political promotions, along with other recent transfers of top-grade Soviet field commanders into the Southwest command, are evidence of a massive upgrading of combat strength and readiness in this region.

A similar emphasis can be discerned in Northern Europe,

a fact doubly significant since it occurs in the immediate aftermath of the Palme assassination. The 27th Party Congress simultaneously promoted to candidate memberships the commanders of both the largest land forces facing Scandinavia, and the powerful Northern Fleet, headquartered in Murmansk. They are:

1) Colonel **B. V. Snetkov**, commander of the Leningrad Military District, which includes all the ground and air forces facing Finland and those on the Kola Peninsula facing northern Norway.

2) Admiral **Ivan Kapitanets**. The commander of the Baltic Fleet until late spring 1985, he was promoted to command the Soviet Northern Fleet, the most powerful of the four Russian fleets, containing the bulk of the Soviet nuclear ballistic missile and nuclear cruise missile carrying submarines.

The Kremlin's satisfaction over the pace of the Soviet SDI and ABM pre-war programs was proven by the elevation of a key Air Defense commander onto the candidate Central Committee roster. This marks the first time that a senior commander below the level of commander in chief of all Air Defense forces (by definition ABM forces) has ever been named to the Central Committee. It wasn't just any Air Defense commander.

The honor went to Air Marshal **A. Y. Konstantinov**, commander of the Moscow Air Defense District. Konstantinov oversaw the crash program to install the modernized *Galosh* ABM missile system—now reportedly complete—to protect Moscow and the Kremlin from a U.S. retaliatory strike. In the second half of the 1980s, his command is to be allocated top priority for the stationing of the first operational Soviet SDI system.

The others promoted to Central Committee candidates are:

1) Colonel General **N. I. Popov**, commander of the Turkestan Military District since late 1984, who has been playing a key role in directing Soviet combat operations in Afghanistan.

2) Colonel General **V. Shuralev**, appointed in early 1985 to command the Byelorussian Military District, the largest military district in the western U.S.S.R., which contains the Soviet ground and air forces which would constitute the bulk of the Russian second echelon used in any invasion of Central Europe. Shuralev was promoted from first deputy commander when Army General **Ivanovskii** was promoted to commander-in-chief of the Soviet ground forces.

The final promotion sheds light on a crucial branch of the Soviet military, often ignored in writings on the subject—the Rear Services Administration, responsible for all military logistics and the mammoth Soviet pre-war stockpiling programs. The Rear Services have been headed for nearly 15 years by Marshal **Semyon Kurkotkin**, a full member of the Central Committee. Now, one of his top protégés, Colonel General **V. V. Nikitin**, chief of the Fuel Supply Administration, has become a candidate member of the CC.

Spanish voters say 'Yes' to NATO, but what does that 'Yes' mean?

by Mark Burdman

The results of Spain's March 12 national referendum on continued membership in NATO could turn into a setback for those who want to "neutralize" Europe on behalf of the Soviet Empire. But only if Spain's pro-NATO voters mobilize to keep the Trilateral Commission from using Madrid as a launching point for breaking up the Western alliance; and, if the Reagan White House distances itself from the "Trilateral Agenda" for Europe.

On March 12, more than 50% of those Spaniards who voted, voted "Yes," to the referendum which calls for Spain to maintain *conditional* participation in NATO. Approximately 40% of the voters voted "No," even to conditional participation. Seven percent voted to abstain. The rest of the votes were considered "null and void," for one disqualifying reason or another.

Since the "abstention" option was that put forward by the most strongly pro-NATO voice, the Alianza Popular coalition headed by Manuel Fraga, it would be fair to say that almost 60% of those who voted rejected the "No" campaign of Moscow, the Spanish Communist Party, and the European "peace movement," for Spanish withdrawal from the alliance.

The turnout in favor of NATO is all the more significant, as the Soviet KGB's assets were fully mobilized against it. In Madrid, Spain's capital, this correspondent saw, in the last weekend before the referendum, anti-NATO stickers and posters dominating the walls and the streets, circulated both by the political left and the pro-Nazi CEDADE organization. Rallies of over 100,000 people were held in Madrid and other cities in the days leading up to the March 12 tally, with speakers from the European "peace" movement, including West German Green Party leaders Petra Kelly and Gerd Bastian, and Campaign for Nuclear Disarmament chief Monsignor Bruce Kent.

The Soviets were also mobilized in their usual brutal fashion: Moscow's chief U.S.A. expert, Georgii Arbatov, warned Spain that if it stayed in NATO, it would be a target of Soviet missile attack. In a Spanish-language Radio Moscow broadcast, on the night of March 10, another Soviet commentator said, on the referendum, "The question now for Spain, is: To be, or not to be."

Exactly what the vote means about Spain's future in NATO is still open to question. Two entirely different kinds of "Yes"

votes were cast. For the loyalists of Prime Minister Felipe González inside and outside of his Socialist Party, "Yes" is, in practice, tantamount to "No" on the ground. The conditions of the "Yes" vote include: 1) "progressive reduction" of the American presence in Spain; 2) no nuclear missiles on Spanish soil; 3) no integration of Spain into NATO's military command.

This might be called the "Trilateral Yes," after the Trilateral Commission, the U.S.-European-Japanese bankers' clique set up by David Commission, the U.S.-European-Japanese bankers' clique set up by David Rockefeller. According to this viewpoint, Spain's role is to help NATO redefine itself, into a more "European" organization, with the U.S. role sharply cut. Some Trilateral-linked think tanks in Europe and North America even go so far as to see Spain as "filling the gap" left by a reduced American role in Europe as a whole. One idea would have Spanish troops play a certain role in Germany, with the United States progressively phasing itself out, "Europeanizing" NATO.

The reality behind the verbiage is that this would hand Europe over to Moscow's sphere of influence in phases.

Many "Yes" voters, however, were not González loyalists, and voted "Yes" as a way of not voting "No," acting on the "lesser of two evils" basis. Their "Yes," was an affirmative to NATO, not an affirmative to Felipe González and the Trilateral Commission. Now, the battle over Spain's participation in NATO, shifts into other arenas, including Spain's legislative chambers, where the full details of how Spain will work with NATO, will be resolved. Meanwhile, the "witches' brew" of emotionalism whipped up by the referendum-process itself, may create conditions for destabilization of the Spanish situation.

The Trilateral agenda

On May 17-19, the Trilateral Commission will be holding its annual international summit in Madrid. The main item on the Trilaterals' schedule, is the phase-out of NATO as a workable institution. According to information currently available, the Trilateralists, in Madrid, will have the following items on the agenda:

- "The Next Phase of East-West Relations," based on a panel headed by William Hyland, former underling of Henry Kissinger at the U.S. National Security Council, and present

editor of *Foreign Affairs*, the magazine of the New York Council on Foreign Relations (CFR); and Karl Kaiser, head of the West German branch of the CFR, based in Bonn.

- According to the Italian weekly *Panorama*, a decision will be taken to hold the Trilateral Commission's next plenary at a site never before used by the Trilaterals, with Moscow the chief candidate.

- There will also be a discussion on the future of "international organizations," the strengthening of the supranational power of David Rockefeller's "banker socialism," via increasing power for the International Monetary Fund, the General Agreement on Trade and Tariffs (GATT), and other institutions. This is, in part, an outgrowth of a "Managing International Order" project of the Commission, headed by Count Etienne Davignon, banker at the Societé Générale de Belgique and a director of Kissinger Associates; his "Davignon Plan" of the European Community bureaucracy in Brussels has wrecked the European steel industry.

- There will reportedly be discussions on further Trilateral Commission efforts to reduce the U.S. defense budget.

It is on this latter point, that we find the ironies of Spain's national NATO referendum: The decision to preserve or ruin NATO is being made in the United States.

On March 3, nine days before the NATO referendum, the *Times* of London ran a feature from Washington, D.C., on how NATO, in the view of Americans, was no longer a "sacred cow," especially in light of the increasing pressures to cut the U.S. budget. The *Times* identified, among others, three individuals leading the strategic campaign against NATO: Henry Kissinger, Carter-era National Security Adviser Zbigniew Brzezinski, and former Treasury Secretary William Simon. Kissinger, deployed out of David Rockefeller's piggybank, is a Trilateral Commission executive committee member. Brzezinski is the recognized founding ideologue of the Trilateral Commission. Simon is a recently appointed director of Kissinger Associates.

The justification for phasing out U.S. involvement in NATO is the Gramm-Rudman budget-cutting bill, the first phases of which went into effect on March 3, the same day as the appearance of the *Times* article. The lawyer for Gramm-Rudman, in U.S. federal courts, is Lloyd Cutler, the former Carter White House counsel, and a Trilateral Commission member for over 10 years.

As the *Times* documents, although omits to state explicitly, the anti-NATO strategic campaign is wall-to-wall Trilateral Commission. On March 7, *EIR* briefed an audience of 40 journalists, students, diplomats, military officials, and others in Madrid, on "The Trilateral Commission, the Greatest Threat to the Western Alliance," stressing that, however Spaniards voted on March 12, the policies of the Trilateral Commission for "decoupling" the United States and Western Europe would destroy NATO.

On March 9, the daily *El Alcazar*, which is widely read among Spanish military and intelligence officials, published

a front-page article quoting this correspondent: "The Trilateral Commission will come to Madrid to destabilize national sovereignty." The article cited *EIR*'s evidence of full Trilateral-Soviet cooperation on certain issues, especially against President Reagan's Strategic Defense Initiative.

Spanish-American friendship, or Ostpolitik?

This last point, as reported in *El Alcazar*, underscores the dilemma facing President Reagan, in reacting to the Spanish and other European developments. Insofar as he supports the budget-cutting measures of the Trilateralists that are becoming the excuse for decoupling the United States from NATO, he is supporting those who are out to destroy his own SDI program.

Many in Spain, for example, would love to have the United States extend an offer for Spanish participation in the SDI, which, so far, has not been forthcoming. This, coupled with other overtures to better Spanish-American economic and strategic relations, could revitalize the most advanced sectors of Spanish industry, in electronics, nuclear energy, construction, and so on. Now that the referendum has occurred, will the United States extend such an offer? If not, those who want to use the referendum to promote an anti-American NATO, will be reinforced.

Similarly, the U.S. ambassador in Madrid, Thomas Enders, is the embodiment of State Department-Trilateral Commission policies. Enders showed his character when, as U.S. ambassador to Cambodia in the early 1970s, he destroyed the Lon Nol government and expedited the takeover of Pol Pot's Khmer Rouge. Today, Enders is associated with those banking and financial forces in Madrid linked to the laundering of drug-trafficking monies, and his stay in office in the American Embassy can only weaken Spain's ties to the Western alliance.

At this moment, Spain is not in truth a sovereign nation. Its industrial and economic infrastructure are being systematically weakened by the Trilateral bankers' cartel, represented by such institutions as the Banco Hispano-Americano, Banco March, and other institutions whose heads are on the Trilateral Commission. IMF austerity pressure on the country is enormous. Drug addiction is growing among the youth, and best estimates are that 100,000 Spaniards are already infected with AIDS.

Short of statesmanship by the United States and other Western nations winning for Spain an effective role in the Western alliance, other considerations of pragmatism and opportunism will prevail. Felipe González is reportedly committed to a trip to Moscow for a state visit, probably in May. Around this time, the Spanish industrialists' confederation is planning to send a large delegation of business chiefs to the U.S.S.R. In some quarters in Madrid, there is talk of a "convergence" between the East and the West, modeled on the kinds of proposals put forward by Zbigniew Brzezinski over past decades.

Hostage crisis erupts on eve of elections

by Thierry Lalevée

A major issue of French foreign policy, avoided during most of the current legislative election campaign, was finally raised in the last week of the race: the question of terrorism, and the fate of the French hostages in Lebanon.

By March 8, with the kidnapping of four journalists in Beirut, the number of hostages rose to eight; two days later, it became clear that only seven actually remained, as researcher Michel Seurat had been executed by the terrorist group Islamic Jihad, as it had claimed on March 6.

The Socialist government of President François Mitterrand is on the chopping block because of this tragedy, as scandals began to unfold which revealed the unbridled cynicism of the regime. The government had expected that the hostages could be released by early February; but when this failed, negotiations were terminated and the issue shelved, until after the elections—or so the government hoped.

But the press revealed that the CIA had warned last October of the presence of terrorist Imad Muganyiah in Paris, but the Mitterrand government chose to ignore the report. The CIA identified Muganyiah as involved in the June 1985 TWA hijacking; but thanks to the personal intervention of Foreign Minister Roland Dumas, who described the terrorist as a "key negotiator," the police were prevented from arresting him. Mitterrand refused even to meet with the U.S. ambassador on the issue.

Press exposés of secret deals between the government and the terrorists mounted, as the government found itself forced to enter into last-minute negotiations to prevent the execution of another hostage, which the Islamic Jihad threatened to carry out by March 15. It warned the French government to stop making "noisy declarations," and continued, "We know that you are unable to retaliate. We have killed your soldiers in the past and you have done nothing!" The group demanded the release of an Iranian commando who had attempted to kill Shahpour Bakhtiar, the former Iranian prime minister and anti-Khomeini exile, in 1980, as well as the return to Paris of two Iraqi fundamentalists who had been extradited in February to Baghdad.

As negotiations proceeded with Damascus, Beirut, and Baghdad, the French government found itself the accused. Seurat's wife Mary told the press on March 12 that she considered the interior minister and prime minister "guilty" for

the murder of her husband. Interior Minister Pierre Joxe had signed "a blackmail deal with Abu Nidal" in February, she charged, which prompted the release of two agents from a French jail. "Why a deal with Abu Nidal, and not with the Jihad?" she asked. Could the elections have had something to do with it?

Upon confirmation of Seurat's death, negotiator Razah Raad accused Paris of having prevented him from traveling to Lebanon three weeks earlier, in an effort to negotiate his fate. Of Lebanese origins, and with an extended family in the Shi'ite region of the Bekaa valley, Raad had gone twice in August and December to meet with the kidnapers. Twice he had come back empty-handed, as Paris refused to recognize him as an official negotiator—perhaps because he is a candidate for the March 16 elections on an Opposition ticket. Only on March 8, when the Jihad requested his presence, did Paris provide him with a negotiating mandate.

The government answered the execution of Seurat with a warning that the hostage issue "should not become an electoral issue"—while allowing some carefully timed leaks to the effect that Paris may consider special military or intelligence operations to release the hostages, or to retaliate for Seurat's death.

Disarray in the intelligence services

The fate of hostages has raised fundamental issues about the future of French policy. As *Le Figaro* pointed out in its editorial on March 12, the country has now lived through "five years of a foreign policy based on complacency and compromises with international terrorism."

What about the effect on France's foreign intelligence service, which the Socialists changed from SDECE into DGSE in 1981? The transformation included purges of most of the SDECE's agents worldwide; scores of full-time agents and informants were forced to retire, under suspicion of being anti-Socialist. The Socialists transformed French intelligence into a political operation, open for manipulation. The result was soon felt. Besides its lack of political will, Paris has displayed a total inability to deal with the Lebanese terrorists. Whenever a retaliatory military operation was considered, it had to be abandoned immediately, as no one could confirm the accuracy of the target.

In the last weeks before the election, both Mitterrand and Joxe have been busy appointing their own men to "non-political" positions which cannot be affected by a change of government. Mitterrand, for example, has been seen establishing direct contacts with key personnel within the police, the interior ministry, defense, and the army, to ensure that they will keep him personally informed, bypassing the hierarchical structures of the government. Just before the election, Joxe reassigned no fewer than 67 directors and deputy directors of the police and DST intelligence service to appoint his own men, creating a legacy which may endanger the viability of France's next government.

Japan will decide on SDI role soon

by Sophie Tanapura

In the wake of Japanese Prime Minister Yasuhiro Nakasone's visit to the United States April 12-14, Japanese press have been saying that Japan will most likely decide to join the American Strategic Defense Initiative program. Most Japanese government and corporate cadres expect Japanese participation in the SDI research program to be similar to that of West Germany, i.e., no formal, bilateral government-to-government agreement will be signed, but participation will be left up to the initiative and interest of private corporations, institutes, laboratories, etc.

However, through systematic close consultations with these agencies, the Japanese government will be informed of every detail, and will most certainly act as an encouraging coordinator in the program.

In Japan, everyone will tell you that the SDI is a very delicate question. As in other countries, Japanese have many reservations about the program, some peculiarly Japanese, some not.

There are essentially three reasons for the Japanese hesitation:

1) The stigma of Japan's role in World War II is still there.

Today, Japan does not want to be misunderstood by her Asian neighbors. She does not want her Asian economic allies, on whom she depends for raw materials and not-insignificant markets, to think that by participating in the SDI program, Japan is enhancing her defense forces and could be suspected of harboring designs to overrun the Pacific once again.

The Soviets are already pointing their finger at Japan as one of today's formidable "imperialist" powers—the other two being Western Europe and the United States. We can expect that the "peace movement" in the Pacific area, such as the one growing in Thailand, represents an attempt to turn students and religious layers into an anti-Japanese movement, something which was mobilized quite effectively a little more than a decade ago. The mobilization issue could easily be Japan's involvement in the "Star Wars" program. In line with Soviet party chief Mikhail Gorbachov's announced determination to nullify the SDI program, such an attempt by Soviet channels (perhaps with Chinese collaboration) to punish Japan is not a far-fetched scenario.

2) The other factor which might explain Japanese caution or reservations concerning the SDI and their eventual participation in the program lies in the domain of mutual trust between Japan and the United States. Japan is wondering if this is not just another ploy by the United States to steal Japanese high technology. Would Japan benefit from the civilian spin-off technologies? Would Japan benefit by gaining a strategic defense useful to the island nation?

One must admit that U.S. foreign policy, to put it mildly, has been far from reassuring to U.S. allies. A Japanese commentator sarcastically told this author that one can note a "slight" improvement in American foreign policy in that the U.S. government did agree to shelter President Marcos on American soil, whereas the Shah of Iran was not welcome. Perhaps, this is the "big" difference between President Reagan and President Carter.

Not only has U.S. foreign policy been failing U.S. allies. U.S. economic policy is far from a redeeming feature. The U.S. Congress and State Department continue to threaten extreme protectionist measures against Japanese exports, and U.S. pressures and actions are already dampening the Japanese economy.

3) Finally, there is tremendous fear that should Japan place her high technology within the constraints of a joint defense program, this would hamper her dynamic rate of economic growth and technological improvements and innovations. Perhaps this is the main reason for Japan's hesitation to enter into any formal, binding agreement on the government-to-government level.

Should Japan decide upon participation in the beam defense research program, it will be because mutual strategic and economic interests in the Western Alliance definitely outweigh the above-stated fears.

Observers have noted that there is a difference of views between Prime Minister Nakasone and Foreign Minister Shintaro Abe over whether or not Japan should participate in the SDI. Abe is more hesitant, and suggested early in February that a third mission be sent to the United States to obtain more information. Nakasone, more favorable toward the SDI, had commented to media representatives, "Japan cannot indefinitely defer a decision." The prime minister has reportedly ordered the foreign ministry to speed up studies of "all aspects" of the problem in preparation for Japan's participation.

Abe will be accompanying Nakasone to Washington, D.C. this April. On the agenda for discussion with President Reagan, will be an explanation of Japan's medium-term economic policies, designed to tone down trade friction and, at the same time, ensure economic growth.

In the tête-a-tête, Nakasone will also seek Reagan's advice on the organization and the subjects to be discussed at the Tokyo economic summit scheduled for early May. While it is not formally on the agenda, it is expected that Nakasone will take this opportunity to broach the question of Japanese collaboration in the SDI.

Colombian elections witness comeback by narcotics mafia

by Valerie Rush

Just-concluded legislative elections in Colombia provided the stage for a sweeping comeback of the dope mob into positions of influence in that country. The March 9 elections gave the "official" wing of the Liberal Party, under the leadership of former Presidents Alfonso López Michelsen and Julio Cesar Turbay Ayala, a powerful majority in both houses of the Colombian Congress, and the *oficialistas*, as they are known, are already salivating over the prospects awaiting them in the presidential election May 25.

According to the latest official reports, the López/Turbay forces took nearly 49% (3.2 million) of the vote, with the ruling Conservative Party of President Belisario Betancur taking 37.5% (2.4 million) and the dissident New Liberalism wing of the Liberal Party garnering a pathetic 6.9% (440,000 votes). Abstention was more than 50%.

And yet the percentages are not nearly as frightening as the story behind them. In case after case, the most blatantly pro-drug, mafia-allied forces of the Liberal Party were elected, re-elected, or strengthened in their congressional positions.

Exemplary is the case of Jairo Ortega Ramírez, who was reelected to the Chamber of Representatives for Antioquia province. Ortega Ramírez is the congressman whose 1982 electoral campaign was funded by cocaine king Pablo Escobar Gaviria in exchange for picking Escobar as his "alternate," and thereby providing the drug trafficker with parliamentary immunity. Escobar, his immunity finally lifted by a vote of Congress last year, is now a fugitive from justice, wanted for his role in the April 1984 slaying of former Justice Minister Rodrigo Lara Bonilla. Ortega Ramírez was also an announced enemy of Lara Bonilla.

Reelected to the Senate was Alberto Santofimio Botero, from Tolima province. Santofimio Botero has repeatedly been accused, tried, and found guilty of a range of fraud and other shady dealings, but the Colombian government has never been able to keep him behind bars. Members of his faction within the Liberal Party include some of Colombia's most notorious drug criminals, such as Pablo Escobar. This faction was repeatedly denounced by Lara Bonilla as a haven for the mafia. Not only has Santofimio's "base" in Tolima managed

to put him in the Senate for yet another term, but the fat, greasy-haired, effeminate Santofimio has bought himself another machine, this time a city council seat in the capital city of Bogota, as a stepping-stone to a future presidency.

Drug lobby advances

Ernesto Samper Pizano, formerly campaign manager for López Michelsen's 1982 presidential bid and chief lobbyist for a project to legalize the production and export of marijuana, reportedly strengthened his own political prospects by "turning out the vote" for Barco in the capital city of Bogota, a former stronghold of New Liberalism. Samper, who publicly admitted to taking money from self-confessed Nazi cocaine trafficker Carlos Lehder in 1982 as a down-payment for drug legalization under a new López administration, won his bid for a Senate seat and is expected to be offered a ministry in a Barco administration. He is also rumored to be the next presidential hopeful of the "official" Liberal Party.

The list goes on. Ernesto Lucena Quevedo, who joined with known mafiosi in a smear campaign against Lara Bonilla shortly after the anti-drug fighter took office as Justice Minister, was reelected to the Chamber as representative from Cundinamarca (Bogota) province. Alfonso Gómez Méndez, the defense lawyer of fugitive narco-financer Jaime Michelsen Uribe, was elected to the Chamber from Santofimio's home turf of Tolima. Rafael Forero Fetcua, the frontman who took over the stocks of imprisoned drug trafficker Gilberto Rodríguez Orejuela in the Colombian Workers Bank, a money-laundry, when things got too hot for Rodríguez inside the country, was elected to the Bogota city council. Guillermo Plazas Alcid, one of the bitterest enemies of Lara Bonilla in his home province of Huila, won election to the Senate.

Outside of the "official" Liberal Party itself, the self-proclaimed witch Regina II—whose success in manipulating the cultural pessimism of the Colombian population was won her a mass-based "Metapolitics" movement—got herself elected to the Chamber of Representatives as well.

The drug mob and its political front-men had been dealt a number of devastating blows during the Betancur admin-

istration, due in large part to the courageous anti-drug battle waged by Rodrigo Lara Bonilla during his short nine months as justice minister. Lara Bonilla's brutal murder at the hands of mafia assassins spurred President Betancur into intensifying that battle, despite threats and blackmail from the international bankers whose financial institutions are centered on usury and laundering the proceeds of the drug trade.

And yet, the drug-linked oligarchic forces in both his own and the opposition Liberal Party joined forces to make certain another "maverick" like Betancur would never again attain the Colombian presidency. Former President López Michelsen imposed the oligarchic puppet Virgilio Barco as Liberal Party candidate, and Alvaro Gómez Hurtado—son of the despised former dictator, Laureano "the Monster" Gómez—by calling in his chips among the various Conservative Party factions to take that party's presidential nomination.

López and Gómez were universally known as *la tenaza* ("the pincers") during the 1974-78 López administration, for their not-so-secret alliance which handed the country over to the drug mob in return for the so-called "marijuana bonanza" that boosted Colombia's foreign reserves . . . and "creditor confidence."

The third party option

The dissident candidacy of New Liberalism's Luis Carlos Galán was the natural successor to the "supra-party" national movement that swept Betancur into office in 1982. New Liberalism was founded as an explicitly anti-López political tendency within the Liberal Party, and became a genuine force to be reckoned with at the point that López's overtly treasonous alliance with the dope mob triggered a wave of disgust within the Liberal Party's mass base.

Lara Bonilla had been a prominent force in the New Liberalism faction, and had represented the best of the anti-drug patriots who had gravitated to that movement. New Liberalism made a strong showing during the 1984 congressional elections, especially in the capital city of Bogotá, and the basis clearly existed for turning his movement into an anti-oligarchic third party with a shot at keeping the presidency in the hands of nationalists.

However, abandoning the path forged by his slain colleague Lara Bonilla, Galán ran a tepid campaign with lots of moralizing but little content. His critique of the Ibero-American debt crisis never went farther than vague attacks on "imperialism," and the critical issue of drugs and drug-related corruption was put on the back burner. Worse still, he joined with Lara Bonilla's worst enemies in denouncing President Betancur's courageous and principled handling of the narco-terrorist siege of the Justice Palace last November, in which over 100 people were killed and the nation's legal archives destroyed.

Had Galán but chosen to do so, he would have found the

ideal model for his "campaign of moral renovation" in the Alan García presidency of neighboring Peru, where drugs, corruption, and international usury have become the burning, personal concern of every honest Peruvian, thanks to García's leadership.

Yet, having waged a lackluster and "symbolic" protest campaign, Galán's New Liberalism was predictably smashed at the polls. Responding to the official results, Galán called a press conference at which he lamented that "the nation has chosen a different path from that proposed by New Liberalism," and announced the withdrawal of his candidacy for the presidency, leaving the field to Barco and Gómez.

A triumphant López Michelsen rubbed salt in the nation's wound by claiming that Galán's defeat was the result of "an excess of morality for political ends" and that the Colombian population was only demonstrating its "fatigue with the Messianism practiced by New Liberalism."

The other half of "the pincer," Alvaro Gómez Hurtado, responded to the news of Galán's withdrawal from the race with crocodile tears, offering to take up Galán's mantle: "It would be a pity if the banners of renovation and modernization of politics were abandoned. As I have always been beyond the parties, I propose to defend these banners."

International ramifications

When Betancur steps down from the presidency this August, it will matter little whether it is Barco or Gómez who succeeds him. Under either presidency, Betancur's hard-fought commitment to a "non-aligned" foreign policy will be abandoned posthaste. The Contadora Group, inspired by Betancur in his desire to promote an *Ibero-American* solution to the Central American conflict, has been repeatedly denounced by the "official" Liberals and by Betancur's enemies within the Conservative Party as "moribund," "inadequate," and "inappropriate."

Needless to say, Betancur's anti-drug offensive will be quickly reversed. The drug mafia's 1984 offer to repatriate their ill-gotten gains in return for a formal "amnesty"—unequivocally rejected by President Betancur—will no doubt come up for reconsideration under the next administration. The project to legalize drug production and export, promoted for years by López Michelsen's "number-one boy" and Liberal Party presidential hopeful Ernesto Samper Pizano, will doubtless be revived as well, with devastating implications for the entire continent which has only lately begun to fight back against the drug mob.

Finally, the important, if behind-the-scenes, backing that the Betancur government has been able to give to Peru's Alan García in his vanguard battle with the international debt collectors and their junior partners in the dope mob, will vanish with a Barco or Gómez administration in Colombia. Without García and with a drug-backed Barco or Gómez ruling in Colombia, prospects for the region would be grim indeed.

Is the State Department considering its 'Abu Ghazala option' for Egypt?

by a Cairo insider

Several weeks afterward, there has still been no satisfactory answer to what really happened in Egypt on Feb. 25, when some 8,000 security policemen went on a rampage in Cairo and, simultaneously, in Upper Egypt and some other Egyptian cities. Many theories have circulated to explain the riots, which killed several hundred people caused millions of dollars worth of property damage.

The riots were not stopped until March 1, when, after several days of direct military intervention, the last rioters, besieged in a military base at Heliopolis near Cairo airport, surrendered. Were these part of an elaborate, orchestrated plot within or outside Egypt? Were they a spontaneous revolt brought about by the intolerable living conditions of these conscripts? Or were they a dry-run for a much larger operation yet to come?

Speaking before the national parliament on March 8, President Hosni Mubarak, who was supposed to give a final and comprehensive report on those behind the riots, diplomatically avoided these questions. There was no proof of an orchestrated plot by either foreign-based or Egyptian-based fundamentalist organizations, much less communists, he stressed. He then dismissed as preposterous the Syrian claim that the revolt had been a popular expression of rejection of the Camp David treaty with Israel, rightly judging as not worth mentioning the Syrian claim that the revolt came in support of "Arab national martyr Abu Khater"—the policeman responsible for the death of six Israelis in the Sinai, condemned to life imprisonment, who then committed suicide.

Mubarak, whose government had hinted on Feb. 26 at "foreign involvement" in the rioting, now concentrated on the economic basis for such rioting, such as the soldiers' appalling living conditions. Eagerly awaited, Mubarak's speech did little to clear the political atmosphere. Everybody knows that something much larger was and is at stake.

Plots and purges

The political drama behind the riots is being played at several levels. There is Egypt's internal political and economic situation. There is the relationship with Washington which is becoming stranger each day. Is it based on a state-

to-state relationship, or has Washington become another name for the International Monetary Fund?

Mubarak's first steps during and after the riots concentrated on solidifying the power structure of the government. At least half a dozen intelligence chiefs who had visibly failed at their task were demoted to posts closer to their actual qualifications such as "data and documentations" or "financial and administrative affairs." Paying the full price was Interior Minister Maj.-Gen. Ahmad Rushdi, who was replaced on Feb. 27 by Maj.-Gen. Zaki Badr. A close associate of Mubarak, Badr was governor of the Assiut province and has been considered successful in dismantling the Islamic fundamentalist network in his region.

When confronted with the riots the evening of Feb. 25, Rushdi, who had provided no advance intelligence, also proved unable to stop the riots' spread. By the early morning of Feb. 26, the army of Defense Minister Abu Ghazala, which had worked on contingency plans during the night, was ordered to move in with tanks and artillery. Though the army is credited with having restored order, it nonetheless took close to three days to totally end the rebellion.

Similarly, just prior to his speech at the parliament, Mubarak authorized a purge affecting no less than 21,000 members of the 300,000 strong security force, conscripts and officers alike. The central security police force, whose conscripts rebelled, was originally created by Nasser in 1967, and expanded by Sadat after the 1977 food riots, as a paramilitary security force. Most of its members are conscripts from the countryside who, because they serve for at least three years, are chosen by the military leadership to serve in that particular force. (University graduates and students only serve one-and-a-half years.)

The rioters obviously had no chance of overthrowing the government, and this was obviously not their aim. However, contrary to what Mubarak told the parliament, the rapidity with which the riots expanded nationally indicates two things: first, that preparation for the revolt had gone on for some time prior to the riots; and second, that however small, a network existed to coordinate the explosion.

There is little chance that the network was a communist one, given the low popularity communists generally enjoy in

Egypt, in the countryside in particular. It was almost certainly a religious fundamentalist network. It was not by chance that one of the first targets of the rioters was Turah jail, to release the Islamic fundamentalist prisoners.

How is it possible that Egyptian intelligence failed so miserably to notice that such planning was under way?

Admittedly, one of Egypt's problems is that it has too many official intelligence services—not counting the private ones—and that they spend much time neutralizing each other or running operations against each other. Within such intelligence warfare, any particular department or service could have allowed such an operation to develop. The question is *why*.

The Feb. 25 riots can as well be considered a warning to Mubarak's regime as a dry-run operation. Though Mubarak's prestige did not suffer much, the star of his ambitious defense minister, Abu Ghazala, rose high.

Coinciding with the intervention of the army on Feb. 26, a well-orchestrated press campaign began abroad, contrasting the "uninspiring leadership of President Mubarak," to quote the *Wall Street Journal* of the following day, to the "pretty sight" of the new "strong man," Abu Ghazala, to quote the London *Economist* of March 8 and several American media.

By Feb. 28, the French daily *Le Matin* ran a "scenario which could happen in the next few days: . . . Marshal Abu Ghazalah announces that President Mubarak has been dismissed, and that the army has taken over. In the name of the people, Abu Ghazala would try to save the regime by sacrificing the President. . . ."

Such scenarios have circulated widely abroad, and are openly talked of in Egypt itself. The desire of this "Egyptian Ariel Sharon" to be named vice-president, i.e., Mubarak's successor, "should anything happen," is legendary. In the last cabinet shuffle, he was appointed a mere deputy premier. What cannot be legally achieved, obviously has to be done in other ways.

The State Department option

Aside from the clear differences in "style" between Abu Ghazala, who has imposed a fundamentalist *chador* [black robe] on his wife for a year and half, and the more cautious Mubarak, who shuns any personality cult, what would be the political differences between a Mubarak and a Ghazala regime? Abu Ghazala, a former military attaché in Washington, is as pro-American as Mubarak. While Mubarak's military career is certainly more prominent than Abu Ghazala's, both had the same kind of training between Egypt and the Soviet Union.

The answer lies in Washington. This was blatantly underlined during the March 10 visit to Cairo of U.S. Undersecretary of State Richard Murphy, who delivered an ultimatum to Mubarak. Washington had unilaterally withheld since October some \$265 million of economic aid, because it was not

satisfied by the progress of "economic reforms" within Egypt. That meant that three-man teams from the International Monetary Fund, who visited in December 1985 and again in early 1986, left, having failed to force the Egyptians to implement their recommendations. If the Egyptian authorities had forgotten them, Murphy re-stated them bluntly: Egypt has to impose an "agricultural pricing reform," i.e., end basic food subsidies; it has to curb imports to free foreign exchange for debt service; it has to push ahead with the "open door" policy initiated in 1974, opening its economy to foreign takeover, etc. Murphy arrived in Cairo authorized to disburse some \$150 million, and then, incredibly declared, "We do not want to get into an IMF-type of relationship with Egypt."

One of his aides, according to the *Financial Times* of March 12, was blunt: "U.S. assistance programs . . . don't last forever. You have got to take advantage of them while you have got them!" Is Washington seriously considering cutting aid to Egypt?

No need to dive into conspiracy-theories to see the old pattern. First, an IMF team visits Cairo with outrageous, genocidal demands. Then, the United States withholds economic assistance. Then, a large-scale military revolt erupts. Fourth, an American team arrives with a little money and a lot of threats, asking for more reforms. What does it mean? Ask President Marcos.

The United States has also cut aid to certain vital projects. For example, it has adamantly refused to get involved in providing Egypt with its first badly needed nuclear-power plant. To have been signed last October, the contract with either the West German KWU or the American Westinghouse has had to be postponed to the end of June, as Cairo desperately seeks financing. If such a project is scrapped, it is Egypt's entire strategy of developing the desert, of creating new towns and new irrigated lands, which goes down the drain. Without such projects, Egypt's growing population, branded its "problem number-one" by Egypt's enemies, will become a problem in fact.

As Egyptian observers remarked, it is within such a framework that the rivalry between Mubarak and Abu Ghazala takes on particular meaning. Abu Ghazala's position has been described as very comfortable these days. Mubarak is the President, he is the one who takes the blame for everything, and if large-scale riots erupt again, his army will appear as the saviors.

Upon the advice of the State Department, Egyptian insiders these days are reportedly reading a set of official documents from the American archives of the 1949-52 period, which detail how Washington decided to stop supporting King Farouk, and began favoring the army.

Mubarak is only ready to go so far in implementing "economic reforms," and knows that implementing the full IMF program would depend on the imposition of a harsh military dictatorship. He is not ready to go that far. Abu Ghazala apparently is.

How State Department targeted Thai patriot

by Linda de Hoyos

The appeals court in Bangkok on Feb. 17 finally granted bail to Gen. Kriangsak Chamanon and four other generals on trial on conspiracy charges for the Sept. 9 aborted coup in Thailand. The ruling from the appeals court overturned previous refusals by the courts, under pressure from the government of Prime Minister Prem Tinsulanond, to maintain Kriangsak and his high-ranking co-defendants in jail during the trial proceedings.

The appeals court, however, stipulated, that the five have their passports rescinded to ensure their stay in the country; that they not exercise their political influences and be watched 24 hours a day by police from special branch; and they not do anything that might influence the court's decision on the coup.

The release of the five came after a building campaign of pressure against the jailing of Kriangsak, an unprecedented action in itself. In Thailand's coup-fraught postwar history, it is customary for the military to handle discipline for suspected failed coup plotters. In this case, the Kriangsak trial was taken into a civilian court and Kriangsak was summarily jailed, along with four other senior active officers and retired generals.

EIR reported, based on sources in Thailand and Washington, that Kriangsak's incarceration was a result of pressure from Henry Kissinger, who reportedly told Prime Minister Prem in New York at the end of September that Kriangsak "is dangerous and should be eliminated." The *EIR* revelations caused a storm in Thailand, and during a November stopover in Bangkok, Kissinger was hounded by the press corps on the issue.

Although Kriangsak himself in October gave credence to the story by referring to it in an interview with *Asia Week*, he has since publicly denied both the *EIR* and *Asia Week* stories. In January, the *Far Eastern Economic Review* also published a report that General Kriangsak was seeking international support for his release, especially from Japan. The General also denied this story.

What is clear, however, is that the retention of Kriangsak, a former prime minister and respected international statesman, became a more untenable proposition. On Feb. 5, a group of parliamentarians from the National Democracy Party, the party Kriangsak founded, asked the court to release him, arguing that article 121 of the Thai constitution states

that parliamentarians cannot be held for prosecution when parliament is in session. Requests by police and other investigative officials to hold MPs in other cases, have always been turned down by the courts.

The prime minister from 1978 to 1980, Kriangsak found himself a target of the same Kissinger-tutored State Department operatives that destabilized the Philippines.

He was prime minister of Thailand, one of the most important logistical bases for the Vietnam War, during the period that Vietnam invaded Cambodia. Throughout his two-years in office, he followed a different foreign policy for ASEAN than that of the Carter administration. In keeping with the policy of strategic withdrawal from the Pacific, under cover of Kissinger's China Card, the United States refused to honor its peace agreements with Vietnam, denying the country development aid and diplomatic relations. The objective was to force conditions of permanent instability in the region, a project made easy by the wild provocations of the Chinese-backed Khmer Rouge. In February 1979, the world was brought to the brink of war with Vietnam's invasion of Cambodia and China's attempt "to teach Vietnam a lesson."

Kriangsak did not follow the Carter "line." Instead, stating that Thailand would seek its own independent foreign policy, he worked with Foreign Minister Upadit Pachariyangkul to build bridges to the Indochinese countries, particularly Vietnam and Laos. This remained his foreign policy throughout his tenure as chairman of the parliamentary foreign relations committee, and in 1983, Kriangsak headed a parliamentary delegation to Vietnam. The crux of the policy is that Thailand has no real quarrel with its quarreling neighbors, including Vietnam, and that the polarization of the region, encouraged by superpower geopolitical strategies, is detrimental to all the Southeast Asian countries.

Kriangsak also came into office with a list of 14 industrial and infrastructural development projects, that quickly earned the disapproval of the World Bank. A World Bank mission in Thailand in July/August of 1979 demanded that the projects be scrapped, along with low import tariffs on capital goods, because such a policy was capital- and not labor-intensive. The World Bank had only a few months to wait before Prem, defense minister under Kriangsak, had taken over, bringing into the government a whole array of technocrats centered in the National Economic and Social Development Board.

Morton Abramowitz, ambassador to Thailand during Kriangsak's prime ministership, played a key role in Kriangsak's ouster. Only two weeks before Kriangsak lost a vote of confidence in the parliament, he was visited by Abramowitz, Carter Assistant Secretary of State Richard Holbrooke, and Admiral Robert Long. Abramowitz, now head of Research and Planning at the State Department, is a member of the "208 Committee" that just accomplished the ouster of President Ferdinand Marcos in the Philippines and is now working on Panama, Mexico, South Korea, and Indonesia.

Botha lifts the state of emergency

The March 5 announcement of South African State President P. W. Botha that his government would lift the state of emergency and is ready to implement United Nations Resolution 435 on Namibia, has created the conditions in which the real intentions of the major powers involved in the region will be exposed. If the U.S. State Department and allied banking circles in the West push ahead with economic sanctions against South Africa, it will become obvious to all that they never intended a peaceful settlement in the region. The Soviets, on the other hand, will now be forced to escalate their own drive to explode the southern African tinderbox with terrorism and military operations.

By lifting the state of emergency, Botha removed one of the major obstacles to the participation of black leaders in negotiations with the government, along the lines of his recent speech to Parliament, in which he invited black participation in a National Statutory Council. The difficulty of black leaders' doing so, without fear of losing their base to the violence-oriented elements of the United Democratic Front (UDF) and the African National Congress (ANC), has been a major problem for those in Botha's government and National Party who are committed to negotiated constitutional reform to end apartheid.

The townships have calmed down to a significant degree, with unrest localized. The recent Alexandra Township riots were started by provocateurs from outside the Township. Of course, once the first clashes with the police took place, events took on a life of their own.

The problem for the authorities is how to protect black councilors and other officials who live in the townships from being assassinated. Upwards of one-third of the 757 deaths during the state of emergency were victims of roving assassination gangs. The clear object of the ANC terrorists has been to destroy the town government structure, which moderates intend to be the vehicle for regional cooperation with the white city and state governments, overcoming the economic and administrative anachronisms of apartheid.

Zulu Chief Mangosuthu Buthelezi is exemplary of the black moderates, an outspoken opponent of apartheid, but supportive of peaceful moderates, an outspoken opponent of apartheid, but supportive of peaceful negotiations and industrialization as the key to South Africa's future.

If a consensus emerges in the West for sanctions in the next few months, as ANC and UDF leaders are loudly demanding, then their internal tactics will be aimed at creating

bloody incidents to generate press headlines with the intensity of the recent Philippines spectacle.

The March 7 announcement by Barclay's Bank in London that it would refuse all new loan requests or rescheduling of existing debts of South Africa is most ominous, and could signal an unraveling of the February agreement between creditor banks and South Africa.

The Namibia resolution

Botha's Namibia proposal calls for a U.N.-supervised election and the removal of South African Defense Force troops, if firm agreement is reached on the removal of over 30,000 Cuban troops from Angola. Some 50% of the population of Namibia lives within 120 kilometers of the Angolan border. Standing between the Angolan army, the Cubans, and Namibia is the operational area of Dr. Jonas Savimbi's pro-Western UNITA. Any settlement of the Namibia problem would also require a settlement in Angola acceptable to UNITA.

The crux of the problem is that the Soviets are only interested in seeing, not the destruction of apartheid, but the destruction of South Africa as a Western ally. Successful motion towards Namibian independence and constitutional reform in South Africa removes their justification for being there and their standing in the eyes of the Organization of African Unity (OAU).

As long as the Soviets and Cubans are firmly entrenched in Angola, those war-weary elements of the Marxist government who might incline to negotiations with UNITA risk death if they even utter such thoughts.

Botha has proposed Aug. 1 as a target-date for a pre-agreement on the Cuban-troop issue and subsequent implementation of U.N. Resolution 435. Before that date, however, comes the April/May end of the rainy season, and the expected beginning of another Soviet- and Cuban-commanded Angolan offensive aimed at driving UNITA out of its base in southeast Angola. Heavy use of Angola's Soviet-equipped air force is expected. Soviet supplies have been built up at three staging areas in preparation for a three-pronged offensive.

The South Africans are quite aware that the Soviets have it within their means to sabotage the new Botha initiative. If they do, then Resolution 435 is dead, and the South Africans will unilaterally supervise Namibia's independence. The Soviet-backed Southwest Africa Peoples Organization (SWAPO), by their own choice, will have nothing to do with this independence.

As those in the West committed to furthering Moscow's ambitions in the region begin raising their voices for sanctions, the Botha government will have to consider its most formidable weapon, the "debt bomb." The potential for both South Africa, and those black Africans suffering under International Monetary Fund policies, to recognize their common interest in breaking the power of their mutual enemy, will then become the crucial factor.

Liberation Theologists are gleeful

After the Philippines coup, there is an open fight over economic policy—and the outcome is still uncertain.

Perhaps no man of the Church pushed himself so far back to medieval times as the Filipino Cardinal Sin. He declared one President legitimate and deposed another." With this enthusiastic statement, Gianni Baget Bozzo, the friend of the Theology of Liberation priests, commented in the press on the role played by Cardinal Sin in the recent coup d'état in the Philippines. Baget Bozzo gloated: "What Sin has carried out in the Philippines, with the Vatican's consensus, goes beyond everything that the Theology of Liberation has dreamed of."

Baget Bozzo, an ex-priest and Socialist Party figure, plunges into bold prognoses: "After the deeds of Cardinal Sin, the Church can change much more: perhaps also in the Roman Pontificate. What we see enacted in the Philippines is a form of primacy of action over theory. . . . The Cardinal's choice remains an event which marks the Church and history."

For this fantasy-ridden rebel "priest," Cardinal Sin is the modern reincarnation of Pope Boniface VIII, whom the poet Dante Alighieri justly put among the damned for simony in Hell. For others, he is just the latest opportunistic servant of the multiple interests that wanted to bring Mrs. Aquino into the government of that key Asian country. But Baget Bozzo leaked important aspects of the new destabilizing plots of the Theo-libbers: Sin's victory will be used to attack groups inside the Church fighting against the genocidal monetary policies of the major financial institutions

which, not by accident, helped bring Aquino to power.

Baget Bozzo spilled the beans: "Cardinal Sin has achieved on the practical level precisely those results of the Church's direct engagement in society which Cardinal Ratzinger condemns on the theoretical level." And it is against Ratzinger and his recent stances against free market economics that everyone is now raging. Part of the strategy is the attack on the Opus Dei order kicked off by the weekly *l'Espresso*, by printing revelations from a book released last year, by Paulist Father Giancarlo Rocca.

According to *l'Espresso*, Opus Dei is run by secret statutes or rules which "establish members' access to high office, in particular in administration, as a peculiar means of attaining social goals, and tie them to obedience to superiors in the association's hierarchy." The exposé prompted Independent Left parliamentarians Franco Bassanini and Stefano Rodotà to put a parliamentary question to the premier and interior minister, as to whether Opus Dei is an illegal secret society. The two deputies also asked the government to start inquiries into the nature, purposes, and possible secrecy of Opus Dei.

The real source of the attack is clarified by the magazine itself, when it labels Cardinal Ratzinger as Opus Dei's strongest ally. According to *l'Espresso*, Opus Dei has no financial problems, unlike other Catholic organizations; it managed to organize an international meeting on the Church and the Economic World in the Vati-

can in November: "a pharaonic symposium," writes the article's author. He certainly was not there, or he would have known that the echo from that meeting did not come from its grandiosity, but from the speech Cardinal Ratzinger made against Marxism and free-market economics, and for reconciling economics with morality.

Ratzinger's economic views seemed to have been shared by Opus Dei. One of their spokesmen, Father Antonio Livi, summed up to a journalist from a Milan newspaper: "Neither Marxist state capitalism, nor the capitalism of 'hard' free market economics, attains the common good. The former, because it strives for the hegemony of one class over the other with the vision of an abstract, atheistic, and totally impersonal society; the latter, because it determines the concentration of wealth in a few hands, making capital hegemonic over man. The optimum is a capitalism which conceives profit as a means to reach the common good." Father Livi calls for a state policy of incentives for productive investments, and protection of citizens' lives through good public services.

The Theo-lib crowd is gloating over the recent victory in the Philippines, but in a few months, when the situation explodes due to the unpayable Philippine debt, they will have to admit that those who today have the courage to condemn the usury of the big international financial institutions were right. For Cardinal Sin's Jesuit friends, if they lose the fight, there's a spot waiting in Moscow. A Russian Orthodox Church spokesman told a Roman newspaper: Pope "Wojtyla may want to ruin the Society of Jesus and replace it with Opus Dei, but the Jesuits could take refuge in Russia again, as they did in Catherine the Great's time."

Another SDI delegation to Washington

The German defense community is waking up to the fact that it's the only path for survival—but no Easter SDI deal is likely.

The prospects for the long-postponed birth of an Strategic Defense Initiative agreement between Bonn and Washington by the Easter holidays are not good. No better, in fact, than they were for the agreement promised before Christmas 1985, nor in the weeks following the visit of a West German delegation led by Horst Teltschick in the Fall of 1985. To tell the truth, the prospects for an SDI agreement are as miserable as they became after that famous Bonn National Security Council resolution of Dec. 18, 1985, which sent Economics Minister Martin Bangemann off to Washington to fall on his nose when he tried to treat SDI as a subsumed commercial project embedded in a general "technology cooperation agreement."

Bangemann, it became known at that time, considered the SDI accord an odious business. Its only saving virtue was, that it monopolized the political and strategic dimensions of Bonn's treatment of SDI in the hands of liberal Free Democratic Foreign Minister Hans-Dietrich Genscher. Free Democrat Economics Minister Bangemann was actually spending most of his time granting new Federal Export Guarantee coverage for upcoming mega-mark deals with the Soviet Union.

Nevertheless, in the first week of March, the negotiating team led by Bonn economics ministry assistant undersecretary Schomerus flew off to Washington for the second time in two weeks. That adds up to five or six big West German delegations, scientific, industrial, military, and foreign policy personalities, visiting Washington

in as many months. Such delegations demand time, patience, good-will, hospitality, openness, respect, and above all, trust of the SDIO.

All that is left over after these demands have been met is petty-mindedness, a lack of a grasp of strategic realities, and impertinence. The Bonn defense ministry knows that the SDIO is getting tired of West German delegations who "never seem to know what they want."

The new delegation led by Schomerus apparently has "new negotiating guidelines." But for any guidelines to be "new" would require a real power shift in Bonn. Foreign Minister Genscher is more committed to modernizing the Soviet economy than he is to stable defense and the effectiveness of the U.S. security guarantee for Western Europe. Washington will have taken note that a West German delegation flew off the same week in the opposite direction, to Moscow, where—one hears—West German Special Ambassador for Disarmament Ruth was told that Moscow will not let East German leader Erich Honecker visit the Federal Republic until the SDI is dropped from Bonn's strategic agenda. That is a point of view Foreign Minister Genscher is known to sympathize with.

Reportedly, Genscher will use his persuasive powers with U.S. Secretary of State George Shultz directly in an effort to produce some kind of SDI agreement (compared here to two liberal mules trying to impregnate each other). Once that power play is consummated, it is difficult to imagine what West German Defense Minister

Wörner might discuss with Caspar Weinberger.

Bonn defense ministry sources freely admit in background discussion, that the guidelines Genscher has worked out for the commercial negotiating team are nonsense.

The Schomerus group was incensed on its first trip to Washington, because the Pentagon resists letting West German firms have the utilization rights to results of research in a U.S. SDI contract. Bonn's foreign ministry would like to be able to "influence" the development of SDI, but does not want to be "involved" or directly "participate" in SDI, which is "purely an American program," as they insist. Bonn's foreign ministry says Bonn does not want to put money into SDI, and that money = "participation," but Bonn's foreign ministry does not want to "participate," whether it costs money or not.

What all of this nonsense ignores, say the defense ministry people, is that the United States already gave away enough technical information "to fill a five-year information gap," which is worth several hundred million, if not billion, German marks. This was a gift made to the delegation last year under Kohl's security adviser Horst Teltschick. This fact is contained in confidential reports to the Bonn cabinet by the Teltschick group. There is speculation in the defense community in Bonn, that Genscher has insisted these reports remain confidential, because that enhances their value as a bargaining chip in his pocket in dealings with the Soviets. It is suggested by those who speculate on such matters, that the Soviets in turn find Genscher's use of those confidential reports in that way even more useful to them than learning the various technical specifications of equipment contained in the reports.

Faction fight over drug trafficking

For the first time in Mexican history, a judge is suspended based on charges from another branch of the judiciary.

On March 7, Attorney General Sergio García Ramírez launched a surprise counterattack on the networks protecting drug trafficking in Mexico, when he asked the Supreme Court of Justice to suspend Judge José de Jesús Taboada Hernández, as magistrate of the Unified Circuit Tribunal in the city of Torreón, Coahuila, because he released Jaime Herrera Herrera and 15 of his top lieutenants who were in jail on charges of being one of the biggest gangs smuggling drugs in Mexico.

Last July, Herrera and his gang were arrested by Gen. Rodolfo Reta Trigos, commander of the IX Military District, as heads of a top international drug ring headquartered in the state capital of Durango, with branches in Colombia, Peru, Ecuador, Central America, Mexico, and the United States. The Herrera family was one of the seven that run the drug trade in Mexico.

The same day, an extraordinary plenum of the Supreme Court met to review the Attorney General's request. After a four-hour tug of war, the body removed Judge Taboada Hernández from his job, so that he can be investigated and prosecuted for collaboration with drug traffickers. The judge had behaved outrageously. At the beginning of February he was named judge in Torreón; 20 days later, on Feb. 27, he ordered the release of the Herrera gang. At this point it became obvious that the naming of Taboada Hernández in this circuit was preordained to release the Herrera gang. His orders were so blatantly il-

legal, he didn't inform the Federal Public Ministry of his decision to release Herrera.

Attorney General García Ramírez's unexpected action clearly ruffled certain magistrates' feathers. Mariano Azuela, top magistrate of the Supreme Court, told the press on March 11 that, although the action was justified to prevent the unremovability of judges from being used as immunity, such decisions must be "very thought out, cautious, to keep from spreading the fear that it will make judges lose their impartiality."

In reality, the Attorney-General's corrective action will have a positive effect on judges, to make them more rigorous and careful. Two Supreme Court decisions in the last month have been flagrantly more political than judicial; both involve the far-flung tentacles of former Sonora governor Carlos Armando Biebrich, whose machine intersects some of the dirtiest networks in Mexico. In February, Judge Mariano Azuela himself was scored in the press for his decision to exonerate Biebrich from the embezzlement charges that the government of the state had brought against him in 1976. Azuela is accused of basing his decision on his close association with Interior Minister Manuel Bartlett Díaz, also an intimate of Biebrich.

Biebrich was also the beneficiary of a second Supreme Court ruling in February, ordering that Huivulai island be returned to the wealthy Castelo family, and rescinding the expropriation order issued in 1982 by Son-

ora Governor Samuel Ocaña García. The decision to give the island back to the Castelos—one of whom, Javier, ran for mayor of an important Sonoran city on the party of the drug-linked, Nazi National Action Party—was drawn up by Supreme Court magistrate Fernando Castellanos Tena. In 1982, Fernando Castellanos Tena, at the time inspector-general in Sonora, was accused of receiving special favors from Biebrich. The press described an orgy sponsored by Biebrich and his cronies in Sonora.

Biebrich was the Castelos' lawyer in the island case, and charged a fat 100-million-peso fee. Also, Biebrich is Pietro La Greca's lawyer, in a suit which the Attorney General's office is bringing for illegal trafficking in dollars. Through their companies in Tijuana, the Grecas laundered drug money.

At the same time, José Biebrich, the former governor's brother, has been fingered as a drug runner by a former official of the Attorney General's office. Biebrich is also a close friend and admirer of former U.S. Secretary of State Henry Kissinger, with whom he had contact through former Arizona governor, Raul Castro.

As far as Jaime Herrera's case goes, the situation is serious, since he counts on political backing within a sector of government, both on the state and federal level. Agents of the Attorney General are now looking into all of the Herreras' properties in the state. What they have discovered is that the capital city of the state of Durango almost belongs to him. The city is ruled by the National Action Party. Unofficially the current governor of Durango, Armando del Castillo Franco, is not far from Jaime Herrera. At the same time, Herrera controlled most of the state's "private sector" through construction companies, hotels, banks, resorts, cabarets, discos, and more.

A streamlined budget

Cumbersome and counterproductive regulations have been removed, and major allocations introduced to alleviate poverty.

The budget presented to parliament on Feb. 28 by Indian Finance Minister V. P. Singh is another step in the process of simplifying policy and rationalizing regulations and restrictions which have accumulated over the last 38 years. Many of these have become overtly counterproductive as far as economic growth and rising productivity are concerned.

To the surprise of populist critics who have popped up in the recent few months to charge the government with a "pro-business" bias, the budget also awarded the highest-ever allocation to anti-poverty programs.

At an unscheduled appearance at the post-budget news conference traditionally presided over by ministerial bureaucrats, V. P. Singh claimed that the main thrust of his budget was alleviation of poverty. The anti-poverty programs got \$1.2 billion.

Another highlight of the budget was the strong package of incentives given for boosting production of edible oil and oilseeds. Since India's importation of edible oil is draining more than \$1 billion of foreign exchange annually, the incentive to the farmer to choose a cropping pattern has been welcomed widely. "We want to avoid a situation in which there is surplus wheat for export, but the country has to import edible oils," the finance minister told newsmen.

A provision of \$18.58 billion has been made for the Seventh Five-Year Plan (1985-90) in the central-govern-

ment sector in 1986-87, with another \$6.15 billion in assistance to the various states and union territories. The total budgeted expenditures for 1986-87 amount to \$26.56 billion, of which defense expenditures account for \$6.56 billion. Interest payments on debt to domestic banks and major subsidies total \$4 billion, of which food-related subsidies account for \$1.5 billion. The budget shows a deficit of \$3.3 billion.

So far, reactions to the budget proposal have been mixed. It is generally believed that the budget proposals encourage industrial growth and generate employment. However, the industrialists, who enjoy many protections and have come to believe these their *right*, continue to quibble about "excessive excise duties," and so forth.

Historically, India's annual budget has been wrapped in the aura of astrological mystery. The salaried middle-class awaited its unveiling, on the lookout for tax relief: Industrialists' minions waded through the voluminous budget items searching for corporate tax breaks and changes in industrial licensing and regulations. Everyone else generally waited anxiously for the list of freshly taxed commodities to calculate the price rises it would entail. Each year the budget session of parliament indulged in elaborate discussion of those issues, while the major outlays and allocations, the relationship of the budget itself to the economy, and so on, went unnoticed.

This year, the budget was a bit of a disappointment from that standpoint.

In fact, the Long-Term Fiscal Policy (LTFP) issued by the finance ministry last December, has already set the tone for the budgets of at least the next few years. While it calls for abolition of surcharges and surtaxes on corporate profit, it also categorically states that personal and corporate tax rates would not be changed for the next five years and only simplification of the tax structure was promised. The import policy, a subject of much discussion here, has also been drawn up for a period of three years, and import of technology has been made pragmatic. An attempt has been made to make the industrial licensing process flexible.

The LTFP has set to rest lots of wasteful speculation.

About four weeks before the budget was presented, the government announced price hikes on some agricultural commodities and petroleum-related products, and a reduction in fertilizer subsidies. This drew an angry response. Typically disunited and programless, opposition leadership under the direction of George Fernandes called for a series of *bandhs* or nationwide strikes over the price increases. While press reports are contradictory, this campaign appears to have already flopped.

There was manifestly no alternative to the price increases. Fertilizer subsidies had soared by 1,000% in the last five years, and would have consumed 250% of the total allocation for all subsidies in the next five years. Imported-petroleum consumption had similarly soared. It is anticipated that the petroleum price hike, which will raise additional revenue of \$500 million, will reduce the annual increase in consumption of imported oil from 7% to 5%.

International Intelligence

Peruvian drug-pusher returned to slammer

Peruvian President Alan García fired five prison officials and five top police officials on March 10, in part of his continuing crackdown against the drug mafia. The prison officials were purged for having signed statements on behalf of Gen. Frank Tweddle, who had been sentenced to 14 years in prison for carrying 12 pounds of cocaine into the United States. The general was let out of jail by a corrupt judge in January; the judge was subsequently fired and the Supreme Court issued a resolution that sent Tweddle back to jail.

President García termed the Tweddle case "a scandal and a mockery of the country, since it violates all ethics." He asserted that Peru will not give any pardons nor tolerate any shortening of jail terms for narcotics traffickers. He added that this case "is one more proof of the immorality reigning in certain sectors of Justice."

Five of the officers García fired were from the Peruvian Investigative Police, the country's detective force. They had let former PIP director Gen. Jorge Zarate waltz in and out of their custody repeatedly. García had Zarate arrested for the abundant evidence that he was paid off by one of Peru's top cocaine operators, Reynaldo Rodríguez.

Swedish military chief urges stronger defense

In the first such public comment since the assassination of Swedish Prime Minister Olof Palme, Armed Forces Commander-in-Chief Lennart Ljung called for a "reversal in the trend of our defense." Addressing a conference of state workers on March 7, Ljung pointed to "a considerable increase in Warsaw Pact air attack squadrons" and "unacceptable violations" of Swedish territorial sovereignty.

Addressing the same conference, Foreign Minister Sten Andersson stressed, "Violations of our territorial sovereignty have

been very serious, something we cannot tolerate. We will fight such violations of our territorial integrity with all available means."

Andersson was referring to frequent Soviet submarine and other incursions upon Swedish territory and territorial waters, which Palme had minimized.

Witness denies Demjanjuk was Nazi mass murderer

The sole Spanish survivor of the Treblinka concentration camp, Joaquin García Robles, has declared that Ivan Demjanjuk, who is now going on trial in Israel as the alleged "Ivan the Terrible," a mass murderer of Jews at Treblinka, is the wrong man. In an interview with the Spanish journal *Diario de Sabadell*, García Robles asserted that the actual Ivan the Terrible was killed on Aug. 2, 1943. According to a report in the Spanish daily *Diario 16* on March 8, there is no legal impediment to García Robles testifying in the Demjanjuk trial, should the latter's lawyers desire it.

The U.S. Supreme Court had ordered Demjanjuk's extradition to Israel on Feb. 24, based on a case submitted by the Office of Special Investigations of the Justice Department. Demjanjuk is a retired Cleveland auto worker.

As *EIR* reported on March 7, the OSI's case was based on fraudulent evidence, supplied by tainted sources in Israel and the Soviet Union, who are seeking to rev up Holocaust-psychosis in Israel, in service of the deal between Ariel Sharon's Israeli faction and the Soviet Union.

South Africa debates multiracial legislature

Zulu nation and white leaders on March 3 urged the government of South Africa to agree to the creation of a new multiracial authority to govern Natal Province. Zulu Nation Chief Mangosuthu Buthelezi and Natal's state-appointed white administrator,

Radclyffe Cadman, presented proposals for the joint body to Constitutional Development and Planning Minister Chris Heunis.

The proposed Joint Executive Authority would bring together black leaders of the KwaZulu homeland and white officials of the hitherto separate provincial authorities, to decide on matters of mutual interest, including health, education, job creation, and roads. Both sides said the proposals would save money and rationalize administration. Buthelezi said that many white leaders in Natal say they want to go one step further and set up a separate legislative body in the province.

"It's a giant step towards a unified South Africa," said Buthelezi.

Radical opponents of the government such as the Soviet-controlled, pro-terrorist African National Congress (ANC) have rejected the proposal. "If the South African government rejects the proposals we are tabling today . . . a golden opportunity of working towards stability at the local and regional level will have been missed," said Buthelezi. "I am simply saying we need a black and white partnership in the defusing of violence."

North Korea set up for 'Philippines treatment'

North Korea's "Voice of National Salvation" radio broadcast, which is beamed into South Korea, proclaimed on March 2: "In a period of less than three months, two dictators, Duvalier of Haiti and Marcos of the Philippines, have been expelled. It is now [South Korean President] Chun Doo Hwan's turn."

The broadcast cited opposition leader Kim Young Sam for his declaration that the Philippine situation has shown a lesson that a "dictatorial regime inevitably will fall," and that "no one can resist the trend of the world moving forward toward democracy."

The opposition in South Korea, backed both by the U.S. State Department and North Korea, is pushing for a constitutional amendment for direct popular elections for

Briefly

the presidency. The constitution currently mandates election by an electoral college. On March 8, the ruling Democratic Justice Party of President Chun Doo Hwan, who has vowed he will step down when his term is up in 1988, voted up an amendment for direct elections for the term to follow him, beginning in 1989.

This did nothing to quiet the opposition, which commands one-third of the parliament. At a huge rally March 11 in Seoul, opposition leader Kim Young Sam declared that if President Chun Doo Hwan does not immediately carry out constitutional reforms for direct elections, as demanded by the opposition, then the government will face a popular revolt like that in the Philippines. "In the Philippines," Kim said, "all but Marcos emerged as victors. . . . If things go like this [in South Korea], however, there would be just two options left for the dictator—death or exile."

The opposition rally was backed by a violent demonstration by students at the Seoul National University, which ended in a 40-minute clash with riot police.

Foggy Bottom turns the screws on Mexico

The U.S. State Department will soon issue a warning to Americans who plan to visit Mexico, that "there has been no decrease in serious crimes committed against Americans," reported the *Washington Times* on March 12.

The statement comes as Mexico is being subjected to intensive financial pressure by the international banks, and as Sen. Jesse Helms (R-N.C.) begins Senate hearings on alleged "corruption" in Mexico.

In a report to the Senate Foreign Relations Committee, the State Department said that it is "concerned with Mexico's inability to adequately investigate and prosecute such incidents. . . . For those who have the misfortune to become the victims of crime and violence, action to find and prosecute the criminals responsible is often slow and too frequently ineffective." Although the De-

partment noted a "spirit of closer cooperation" between Mexican and U.S. officials, it alleged that "a serious problem has been lack of vigorous prosecution and follow-up at the middle and lower levels of the Mexican bureaucracy."

The report added that U.S. tourists have recently become "the object of harassment, mistreatment, and extortion by persons who represent themselves as [Mexican] officials."

Cardinal Ratzinger: Rock music is anti-Christian

Joseph Cardinal Ratzinger delivered an impassioned polemic against the cult of rock music, "the antithesis of the Christian faith," in a speech last fall which was just recently reported in the press. Ratzinger is the Vatican's Prefect of the Congregation for the Doctrine of the Faith.

His speech before the VIII International Congress for Church Music, on Nov. 17, 1985, was published in the March 3 English weekly edition of the Vatican newspaper *L'Osservatore Romano*.

"We can recall the Dionysiac type of religion and its music," the Cardinal said, "which Plato discussed on the basis of his religious and philosophical views. . . . Today we experience the secularized variation of this type in rock and pop music, whose festivals are an anti-cult with the same tendency: desire for destruction, repealing the limitations of the everyday, and the illusion of salvation in liberation from the ego, in the wild ecstasy of a tumultuous crowd. These are measures which involve a form of release related to that achieved through drugs. It is the complete antithesis of Christian faith in the Redemption. . . ."

"In a way which we could not imagine 30 years ago, music has become the decisive vehicle of a counter-religion. . . ."

"Music truly appropriate to the worship of the incarnate Lord exalted on the cross exists on the strength of a different, a greater, a much more truly comprehensive synthesis of spirit, intuition and audible sound."

● **EGON BAHR**, the West German Social Democrat and architect of treaties with the Soviet Union, said in a television interview that the U.S. Strategic Defense Initiative "will not survive the current American President, not even the current legislative year. . . . It is no longer what President Reagan conceived it to be."

● **TUNISIAN PRESIDENT** Habib Bourguiba received a quick visit from U.S. Vice-President George Bush on March 8, in an effort to repair relations, which were damaged on Oct. 1, 1985 when President Reagan gave approval to an Israeli bombing raid on the PLO headquarters on the outskirts of Tunis. Soviet Foreign Minister Eduard Shevardnadze is scheduled to visit Tunisia soon.

● **POPE JOHN PAUL II** called Cardinal Sin of the Philippines to Rome and told him that the bishops in the Philippines had become too involved in politics, in their stand against President Marcos.

● **DER SPIEGEL** magazine was forbidden by a court of appeals in Hamburg, West Germany from repeating slanders that characterize the European Labor Party (EAP) as right-wing extremist, anti-Semitic, CIA, and following conspiracy theories. The libel case resulted from a four-page attack by *Der Spiegel* on the EAP and its national chairman, Helga Zepp-LaRouche, in 1984.

● **THE HERUT PARTY** of Israel's Likud bloc broke up in disarray March 13, following the abrupt suspension of its first national convention in seven years, amid bitter factional infighting. Chief rivals for party leadership—Foreign Minister Shamir, Deputy Prime Minister David Levy, and Trade Minister Ariel Sharon—exchanged verbal attacks, and the convention broke up at 4:20 a.m., without reaching a decision on who will take over the leadership from Menachem Begin.

What is wrong with the CIA's Robert M. Gates?

by Criton Zoakos

On Feb. 24, 1986, the deputy director of the CIA, John McMahon, resigned secretly, at approximately the same time as the President of the Philippines, Ferdinand Marcos, was almost forcibly being placed in an American aircraft en route to Guam. The man who replaced McMahon, Robert M. Gates, was, prior to these events, at the private residence of Secretary of State George F. Shultz, taking care of the final details of the toppling of Marcos, together with John Poindexter, chief of the NSC, Michael Armacost, Richard Armitage, Paul Wolfowitz and Philip Habib. The news was made public one full week after the event. No explanation was given, nor is the promotion of Gates necessarily connected with the "preemptive destabilization" of the Philippines.

The promotion of the 42-year-old Mr. Gates is yet another calamity for the intelligence effort of the United States: Mr. Gates, through his past contributions, has been intimately associated with one of the great disasters of American intelligence, the infamous "crumbling Soviet Empire" thesis, now dominant in government thinking. This thesis, which downplays the Soviet threat to the West on grounds that the "rotten" Soviet economy is collapsing from within and that ethnic and religious revolts are about to topple Soviet power, began gaining currency during 1982, the year in which CIA Director William Casey made Robert Gates deputy director for intelligence at the CIA, and chairman of the National Intelligence Council, which produces the National Intelligence Estimates of the United States Government. That was also the year in which the experienced Prof. Richard Pipes was unceremoniously kicked out of the National Security Council, to be replaced, first by 30-year-old "Russian expert" John Lenzowski, and, later, by Carter-era diplomat Jack F. Matlock.

Under the direction of Robert Gates, who, in his professional circle, is reputed to be the CIA's "best" Soviet analyst,

the CIA, in 1983, produced a report on the Soviet economy, stating that mismanagement, corruption, and inefficiency had all but doomed the Soviet system to an untimely death. One year later, in 1984, Gates himself, testifying before Congress, further elaborated that the "crumbling Soviet Empire," suffers from "a perverse system of incentives [which] promotes inefficient behavior by enterprise managers and dampens the introduction of new technology into the economy."

The implications for United States security concerns, according to this "crumbling Empire" theory, are that the Soviet leadership is embarking on "reforms," which include the transfer of managers and resources from the military to the civilian sector of the Soviet economy, thus diminishing the potential Soviet threat to U.S. security.

EIR had occasion, in early 1983, to doubt Mr. Gates' professional credentials as the "CIA's best" Soviet expert, at a time when *EIR* first circulated its analysis that all Soviet policy making is determined by the Russian-chauvinist "Third and Final Rome" tendency, associated with the military elite and the Andropov-Gorbachov power combination. The response, in 1983, to our "Third Rome" analysis, from Mr. Gates' general direction was: "There is no such 'Third Rome' tendency; and, what is this 'Third Rome,' anyway?"

Ignorance of that school of Russian statecraft associated with the "Third Rome" would be enough to disqualify anyone from professional intelligence duties. Apparently, the ignorance of the CIA's Soviet experts under Mr. Gates, was somehow, protected. As the debate between the two contending analyses, "Third Rome," versus "crumbling Empire," grew, it became obvious that the ignoramuses at the various "analysis" desks of the CIA, were enjoying more than protection: the protectors of the "crumbling Empire" folly were engaged in a deception.

The matter of Leo Cherne

The crisis of U.S. Intelligence evaluations respecting the Soviet Union goes back to the mid-1970s, associated with the strong reactions of the U.S. military leadership to Kissinger's arms control sellout in SALT, and the establishment of Soviet strategic supremacy. After the forced resignation of President Nixon, which prevented him from investigating Admiral Zumwalt's charges of double-cross at the SALT negotiations, the concern of numerous patriotic leaders over Soviet intentions and capabilities continued to grow. During George Bush's tenure as director of the CIA, Prof. Leo Cherne, a member of the President's Foreign Intelligence Advisory Group since 1973, devised an ingenious way of defusing this ferment: He proposed the commissioning of two competing, rival intelligence reports on the Soviet Union, a game which was dubbed "Team 'A' versus Team 'B.'"

The arrangement was that the official 1976 *National Intelligence Estimate on the Soviet Union*, would be produced by two rival teams: one, "Team A," was headed by Howard Stoertz, the CIA's national intelligence officer on the U.S.-Soviet strategic balance, and others selected by the CIA. Robert M. Gates worked under Stoertz in various capacities. The other, "Team B," was headed by Richard Pipes, and included Daniel Graham, Paul Nitze, William Van Cleave, Gen. John W. Vogt, Paul Wolfowitz, Seymour Weiss, and others.

"Team B," rivaling official CIA estimates, presented at the time a much more alarming view of Soviet capabilities and intention, and many of the team members went on to found the Committee on the Present Danger, which later attained senior positions of influence in the Reagan administration. Eventually, out of the heirs of the "Team B" analysis, came the theory of the "crumbling Empire," in which Leo Cherne, now presiding over the President's Foreign Intelligence Advisory Board, plays a significant role.

Leo Cherne, a lifelong political friend of CIA Director Casey (in fact, Casey's first employer after the war), is the elderly statesman of a semi-formal group of very influential Social Democrats, which includes Paul Nitze, Jeane Kirkpatrick, Irving Kristol, Roy Godson, Max Kampelman, and others, all of whom played critical roles in the Reagan administration and its periphery. Cherne's influence over U.S. intelligence is much greater than merely his official position at the PFIAB would suggest—he is a very special "backchannel" between East and West, best approximating the old "Trust" arrangement of the 1920s and 1930s. Moreover, he and his friends exert an absolutely overwhelming influence over what is called the "arms control process."

Why Prof. Richard Pipes should part ways with such distinguished friends and be dumped from the National Security Council back in 1982 is an important question. It bears on the reasons why such consummate bureaucratic fools as Robert M. Gates become deputy directors of the CIA. Since Professor Pipes has, after numerous direct questions from the undersigned, refused to divulge the reasons for his break with

the NSC, and his replacement by the young Lenczowski, we can only offer our educated guess as to why he parted ways with his old company.

Sometime after the "Team A-Team B" exercise, the growing influence of Russian-chauvinist ideological themes in the Soviet leadership had become a matter of concern among intelligence analysts. By reason of his background as an historian, Pipes was better qualified than most to pinpoint the threat to the United States represented by such ideological bent in Moscow. Others, however, among them Leo Cherne, chose to welcome the public surfacing of Third Rome Russian chauvinist themes in Russian society, as, presumably, a rival to the hated "Communist" ideological establishment, and as a potential ally of the United States. Since at least April of 1983, the Soviet desk of the National Security Council, on the record and in background discussions, has maintained that any Russian chauvinist revival, including the "Third Rome" variety, even if it came from Russian military circles, would be a welcome ally "against Communism."

This also has been the policy of William J. Casey, of the United States Information Agency, of Radio Free Europe and Radio Liberty Russian-language broadcasts which began under Casey appointee James Buckley and continue to this day, of the Russian-language programs of the Voice of America which are run by old Russian aristocratic families, and also the policy of various informal, para-governmental intelligence operations such as those run out of Sen. Jesse Helms's office by the notorious "Trust" operative Jon Speller.

The policy of the Kremlin has been to systematically encourage this pro-Third Rome bias in official U.S. intelligence circles. One of the Soviets' most favored ways of exerting this sort of influence is by means of so-called defectors being supplied to the CIA and others, who provide the appropriately tailored "debriefings." Leo Cherne and his notorious International Rescue Committee have, over the years, monopolized the "defectors' market," both genuine and fake. One of Cherne's more self-important sidekicks, Roy Godson of CSIS, has carved out a career interpreting defectors' debriefings for the Washington intelligence community. Cherne and his people have imposed the single most damaging criterion for establishing the bona fides of defectors: Those who profess intense Russian nationalism and anti-communism are accepted as authentic defectors, and are thus afforded every opportunity to pass on exactly the kind of information the Kremlin wishes Washington to believe.

It is the kind of data Robert Gates feasts on each time he testifies before Congress to argue either that the "Soviet SDI poses no threat," or that "the Russians had no involvement in the assassination plot against the Pope," or any other of the extravagant claims before Congress for which he has become famous.

If the United States never learns what happened at the last Soviet Party Congress, it will be because old fools like Cherne and Casey promote young fools like Gates, to feed on each other's political delusions. Meanwhile, Moscow laughs.

Texas governor urges oil tariff, sees parallels to 1929

Governor White, a Democrat, has taken national leadership in the fight for an oil import tariff. This interview was conducted by EIR's Houston bureau chief, Harley Schlanger, on March 7.

EIR: You recently wrote to President Reagan, calling on him to take some immediate action to impose a tariff on imported oil. What, precisely, have you been proposing?

White: I have proposed a temporary variable tariff that, at present, would peg the price of oil at a level that would foreclose the shutting-in of wells, and would hopefully be high enough to induce people to go out and drill for new oil. As the price of oil on the world market moves up and down, that tariff would as well move up and down. If the oil drops lower, the tariff would be larger; as the oil price worldwide increases, the tariff would diminish. It would give us the bridge we need, between this highly volatile market and a more stable, more realistic pricing system. Today, we find that the Saudis are dumping enormous amounts of oil into the market and have effectively broken the market.

EIR: So you see this primarily as a need to protect domestic oil production?

White: For national security reasons, we cannot allow the nation to become more dependent on foreign oil, more than it is already, from whatever source it might be, out of our own territory.

EIR: President Reagan seems to have rejected this. What can you, as governor of Texas, do?

White: Today, I held a press conference, upon the announcement that unemployment in Texas has gone up to 8.8%, that we have 150,000 more unemployed people in Texas today than we did just a month ago, and urged the President once again to reconsider his position. Because what we've been saying would happen, is happening. It is imperative that the President act now, and not wait until the damage is done. He has to be able to see into the future, and predict the future. To the degree that we can show him that this is what is going to happen, we have one month of experience. It is dramatic, it's tragic, and it's also avoidable. I asked the



President to consider his position and impose such a tariff as quickly as he can. He does not have to wait for the Congress to act. The President has the authority under the Tariff Act of 1974 to impose these tariffs when he makes certain findings that the economy is being dislocated or that there's dumping in the world markets, as we see today, or that the national security is being jeopardized.

Will Governor White survive the crash of '86?

As the price of west Texas crude oil dropped below \$15 per barrel, and then below \$12, political observers in Texas have begun speculation on whether the economic collapse hitting this state will bring down its Democratic governor, Mark White, with it. Despite opposition from three well-known, well-financed Republican candidates, and several opponents in the May Democratic primary, White was considered, until recently, by most to be a shoe-in for re-election in November.

However, the drastic collapse in oil prices has brought about a drastic change in those expectations. It is now generally acknowledged that there is a severe economic emergency battering Texas. The precipitous oil price drop comes on top of a devastated agricultural sector, depressed real estate markets, and a significant drop-off in trade moving through the Texas Gulf ports, all of which have placed enormous pressure on the state's over-extended banks.

With the passage of Gramm-Rudman (which will cost the state at least \$600 million in Fiscal year '87), and the oil price drop, the state faces an uncontrollable budget

EIR: Governor, in that same initial statement, you warned that the fall in oil prices has brought the United States, I think you used the term "to the brink of an emergency." Yesterday, it was reported in the Houston papers that you told an American history class that the present economic conditions could trigger another depression. Could you elaborate on this?

White: I just was drawing certain comparisons between the situation that existed in 1929 and the situation that exists today, that we're more interested in the speculative increase in the price of stock than we are in producing goods and services. No one seems to look at the underlying strength of the economy in those industries that are being traded at record highs on the stock market today. Are we making good cars? Are those cars selling in world markets? Are we making steel that is economical in world competition? Are we as strong as the market indicates? When I look around the country, I see that agriculture is flat on its back, that the oil and gas industry is flat on its back. There are numbers of industries: timber, you can just go down the list.

EIR: In recent speeches, I've heard you bring up this theme repeatedly, the move from a production to a service economy. I presume that you think this should be reversed, so let me ask you. . . .

White: Not at all! I don't believe in trying to reverse it. I'm just saying that you don't abandon basic industry at the expense of the nation's economic substance. We have to have a domestic steel industry of some sort. We have to have a domestic automobile industry of some sort. We've got to have an oil and gas industry on-shore. But that's not to say that we don't have information age technology. But I don't want to see us turn into a nation of people who, all we do is shine each others' shoes.

EIR: What steps do you see that can be taken to protect our industries?

White: First of all, the best protection is good fiscal management in Washington. We have an administration there that has created the largest debt in the history of mankind, in

crisis. The Comptroller's office estimates that each \$1 drop in the price of a barrel of oil costs the state \$100 million in direct tax revenue, 25,000 jobs and \$3 billion in gross state product. Since Texas has a state law requiring a balanced budget, panic is setting in as to how to handle the revenue shortfall, which is estimated at \$1.6 billion for 1986, and as much as \$6 to \$7 billion for 1987.

Governor White called on state agencies to make initial spending cuts of 13%. State Treasurer Ann Richards has warned that, even with such cuts, the state may have to write some "hot checks" to get through 1986: "By mid-December, we will have paid out almost \$2 billion more than the state's general revenue fund has in the Treasury." She said she would have to get agreements from banks to honor the "hot checks."

Governor White has been under intense pressure, from members of the legislature, the media, and his opponents, to respond by either increasing the budget cuts, or introducing new taxes, including the possibility of a state income tax (since Texas has no such tax at present, such a move would be highly unpopular).

After an initial period in which he insisted things were under control, and that the 13% budget cuts would suffice, White has begun to redirect his focus—toward Washington, and how misguided policies there are threatening to collapse the economy. He has taken the point in pushing for an oil import tariff to protect domestic oil producers. In early February, he wrote to President Reagan, asking him to impose such a tariff, warning that Texas may lose

\$10 billion in revenue and 170,000 energy-related jobs without such action.

After the President rejected this proposal, and February unemployment figures showed that 161,000 Texans lost their jobs in one month alone (the official unemployment rate went from 6.4% to 8.4%), White went back on the offensive. At an emergency press conference, he asked, "Why won't the President act now? How many Americans must lose their jobs, and how dependent must our country become on foreign energy supplies before this administration realizes that doing nothing is tantamount to saying last rites over domestic energy vital to our national security."

He expanded on this theme in a talk given to a class of high school students. White warned the students of the dangers of a 1929-style crash. Referring to the stock market, he said, "What goes up fast can come down just as fast. That's what happened in the '20s . . . whether this will trigger another depression or not, we don't know."

One seasoned Texas politico commented on these developments by saying that it may be good politics for White to focus on problems out of Washington, but it may not be enough for him to retain his governorship. The real question is whether he will lead an effective intervention, on the national level, to change the present economic policy drift in Congress and from the Reagan Administration. If so, then some of the talk of his potential as a national candidate for 1988 may gain some credibility.

Harley Schlanger

five years. Rather than a balanced budget, we have the most out-of-balance budget in the history of the country. Blame it on whomever you want, but it happened in a combination of events in the White House and the Congress. Let me say, any way you want to handle it, that's where the culprit is.

EIR: Do you see Gramm-Rudman as a solution?

White: I don't think Gramm-Rudman is a very wise way to solve the problem. The way we're attempting to solve a shortfall of revenues in Texas happens to be a much better approach, I think. That's to ask our agencies for their thoughts on how they can reduce their expenditures without cutting into services. We're getting an enormously favorable report, and already, in this two-week period of time, we're talking about something in the neighborhood of over \$600 million saved, which is almost half of the short-fall.

EIR: To go back to the oil situation. I believe you also have said that you would think that Mexico should be exempted from the tariff, because of the debt crisis that has hit that country and also because of the overall economic problems that Mexico is having right now. Is that the case?

White: Basically, what we need to do is exempt Mexico, at least to the extent of a cap that would be put on their imports. We ought to also try to engage Mexico in some trade agreement concerning oil pricing, that would give them some predictable price for their oil over the next several years, so that they can plan their economic future. Mexico's economic future is so closely intertwined with our own country's future

that we should not ignore the very favorable economic impact it would have on the ability of Mexico to guide its own economy to a stronger position than exists today.

[Referring back to the issue of the proposal for a tariff on imported oil, and the opposition to it] To put a tariff on it, might trigger more control over domestic production. There's a vast difference. The controls that we had on domestic production in the past, the tariff is totally different from those controls. That was over domestic production, all the regulations and all the bureaucracy. It doesn't take any bureaucracy and very few regulations to impose a tariff on imported oil. They further say that it won't have much impact on the price of oil, because so much of our oil is imported from Mexico, and they give you two or three other reasons why it won't have much impact. Well then, if it doesn't have much impact, why don't you try it and let's see how it works.

EIR: It seems as though part of what the administration, and Congressman Phil Gramm (R-Tex.) in particular, have been saying, is that we don't need these kinds of measures because we're in a recovery. I presume that you don't quite share his optimism on the state of the U.S. economy.

White: No. I think he's overlooking the fact that this recovery is fueled by a trillion-dollar deficit-spending, in the defense industry, and most of the market increases are fueled by buy-out agreements and take-over agreements. That's not sound economic growth—that's speculative fever. That is not the way this country has been built into a national economic empire.

LaRouche: Set an oil parity price

At a Jan. 29 gathering of congressional candidates backing emergency economic measures proposed by presidential candidate Lyndon LaRouche, LaRouche called for a tax on imported oil.

In answer to a question on what steps to take against the Gramm-Rudman amendment or Rostenkowski tax bill, LaRouche came back on the oil issue: "First of all, I would do one thing right away. As President, I could raise some more taxes . . . with \$10 [a barrel] oil. I've got to save our good people down in Texas and Oklahoma, and a few other places. I've got to help our friends in Ibero-America, such as the Mexicans, who are about to be ruined. . . .

"I would slap a tax—an import tax—on petroleum, where the tax would be equivalent to the amount at which petroleum was sold below a parity price for the United States petroleum. Because I would have to protect our petroleum industry . . . for military as well as other reasons. Therefore, I cannot have wells shut down. I've got

to have a stable supply, domestic supply, of oil. And I need some money. . . . If people want to sell oil at \$10 a barrel or \$5 a barrel, let them sell it. We'll buy it, but we'll put a tax on it so that it becomes \$15- or \$20-a-barrel oil by the time it gets inside the U.S. market. And let the government keep the change."

The government would get about \$5 billion in 1986, if crude oil imports continued at a 1984 average import rate. The United States currently imports about one-third of its annual oil consumption needs. Oil experts vary on what would be the appropriate U.S. oil parity price, because of the difference in crude oil types, and the wide-ranging differences in efficiency, technology, and indebtedness of oil well production operations.

However, in order for the United States to maintain a reliable, adequate oil supply, there is an average price which needs to prevail, in order to not only continue oil production in the short term, but guarantee constant initiatives of oil exploration and new well development. While a parity price could be as low as \$20, a price of \$27-28 per barrel would guarantee the healthiest augmentation of reserves.

LaRouche slate takes on Ohio dope mob

by Marla Minnicino

A bipartisan slate of LaRouche candidates in Ohio has opened fire on the "dope mafia," which controls both political parties in the state. Although Ohio's liberal Democratic Party leadership is among the most corrupt in the nation—after years on the payroll of indicted drug banker Marvin Warner—the Republican Party has also shown its colors by publicly "disowning" those LaRouche candidates who are running as Republicans.

That might seem surprising, since those candidates' program is based on support for President Reagan's Strategic Defense Initiative, an expanded space program, low-interest loans for farmers, and an all-out war on drugs. Perhaps it is the last point that especially disturbs them.

Ohio Republican Party spokesman Dave Garick has stated that the LaRouche candidates present a problem only for the Democratic Party. LaRouche candidates may be "running as Republicans, [but] they are uninvolved in the mainstream of the Republican Party. We don't pay him or them much attention."

Said James Cary, political director for the Ohio Democratic Party: "They are not part of our party. They don't subscribe to our beliefs." He said Ohio Democratic leaders would be notified of LaRouche candidates in their areas and would be urged "not to support them."

What has them so worried?

On Feb. 20, twenty-one LaRouche supporters filed petitions in Columbus to qualify for the May 6 primary ballot as candidates for Congress, and were endorsed by the National Democratic Policy Committee, the political action committee which reflects the ideas of LaRouche. NDPC-backed candidates also filed for U.S. Senate, governor, lieutenant-governor, state attorney-general, and Republican and Democratic Party positions at the state and county level.

Immediately, a major effort was mounted to keep LaRouche candidates off the ballot. The petitions of U.S. Senate candidate Edgar Bradley, a well-known Republican political activist, were challenged on technicalities, as were those of gubernatorial candidate Dave Muhlenkamp—the only announced opponent of Gov. Richard Celeste in the Democratic primary—and Tracy Prudhoe, candidate for lieutenant-governor. Election officials also refused to certify the petitions of five NDPC-backed congressional candidates, citing "irregularities." Bradley, Muhlenkamp, Prudhoe, and the other candidates will now run as independents in the November general election.

The petitions of Ron Bradley, the Senate candidate's son

and NDPC-backed Republican candidate for attorney-general, were also challenged. Bradley is a prominent lawyer who last year filed suit to prevent a drug mafia takeover of Cincinnati's Home State Savings and Loan. In the course of his campaign, he had promised to make public further revelations on the workings of the dope mob and its financial networks in Ohio.

A spokesman for the NDPC slate described the challenges as "nit-picking political harassment." Such efforts, he said, were the "only recourse the dope mafia's flunkies have left in Ohio" and only served to "intensify the commitment of the LaRouche candidates to unseating the incumbents of both parties in November."

The Ohio slate, comprised of farmers, businessmen, and veteran political activists, is led by Don Scott, a former congressional candidate who is challenging incumbent Sen. John Glenn in the Democratic primary. Scott won the 7th C.D. primary in 1984 despite the Democratic Party's refusal to endorse him, and polled 24% in the general election. He charged that the "drug mafia has almost completely taken over the U.S. banking system" and is "bleeding industry, labor, and farmers dry."

There is plenty of dirt for the LaRouche candidates to clean up. For example, Home State's owner, Marvin Warner, helped Jimmy Carter buy the 1976 election in Ohio, and was instrumental in financing the campaigns of Governor Celeste, Senator Glenn, and others. Warner was recently indicted by a state grand jury in connection with the March 1985 collapse of Home State Bank, which pulled the plug on savings and loan institutions throughout Ohio.

Ohio plays a crucial role in shaping industrial and agricultural policy nationally. When the editors of *Newsweek* were looking for a typical American community to profile, they chose Springfield, Ohio—the district won by Don Scott in 1984. The region is now among the states hardest hit by the "economic recovery," with unemployment at record levels, factories and farms abandoned, and only bankers flourishing.

The NDPC candidates have made defense of the nation's productive sector their key campaign plank. "The industrial and agricultural production base of the U.S. economy is in a shambles and getting worse every day," says Scott, "We must produce ourselves out of this mess" by establishing a new world monetary system "with equity in trade among all nations throughout the world." Scott recently joined political leaders from the United States and Ibero-America at a conference of food-producers in Sonora, Mexico, discussing ways to increase agricultural production.

A campaign press release labels the Gramm-Rudman-Hollings law, which 16 out of Ohio's 21 congressmen backed, "overtly treasonous," and a threat to the nation's industrial infrastructure and defense. It also states that the population is threatened with AIDS and other pandemics, while Congress, state and local governments, even public health agencies, defend the "civil rights of AIDS carriers."

Federal prosecutor in the dock: the sorry performance of Daniel Small

On February 28, 1986, Boston Assistant United States Attorney Daniel Small, the prosecutor who, for over one year, has conducted a politically vindictive grand jury probe of Lyndon H. LaRouche, Jr. and his political associates and supporters, testified for two hours in the case of *The LaRouche Campaign, et al. v. First National State Bancorporation, et al.*, a breach-of-contract and libel action pending in Federal District Court in New Jersey. The unusual appearance of a federal prosecutor as a witness in a private civil proceeding occurred because Small submitted an affidavit in defense of the Bank, now known as First Fidelity, an act which in itself raised grave issues of prosecutorial propriety. The testimony of Small confirmed beyond any doubt that his grand jury is a political inquisition and nothing else.

The circumstances giving rise to Small's day of infamy began when the magistrate supervising pretrial discovery, Serena Perretti, ordered The LaRouche Campaign (TLC) and Independent Democrats for LaRouche (IDL) to provide interrogatory answers to a third party defendant in the litigation. Since the information could only be obtained from credit card documents (the criminal investigation involves allegations of credit card fraud) which had already been produced to the Boston grand jury, TLC attorney Joel Reinfeld, sent a letter dated Aug. 7, 1985 to Mr. Small's boss, William Weld, informing him of the New Jersey court order. Reinfeld further requested an opportunity to inspect and make copies of the documents.

Small informed Reinfeld and several other attorneys who made inquiries on behalf of the two organizations that all of the records were in Washington D.C. at the FBI Laboratory and would not be made available to TLC and IDL. On Oct. 1, 1985, Magistrate Perretti peremptorily levied a \$500 per day fine against the two campaigns for failure to comply with her court order. TLC and IDL appealed this ruling to Judge Harold Ackerman, the presiding judge on the case.

On December 7, 1985, two days before the appeal was heard by Judge Ackerman, First Fidelity submitted an opposition which contained an affidavit from Daniel Small. In this sworn statement, Small claims the plaintiffs' lawyers never made it clear what they wanted from the grand jury records and why they wanted it. Judge Ackerman, confronted with conflicting statements and accusations of misrepresenta-

tion, ordered Small to appear in his New Jersey court to testify about the entire matter.

The nervous demeanor and equivocating testimony of Mr. Small made it clear from the outset who the guilty party was. The witness's equivocations caused Judge Ackerman to jump into the fray and conduct the cross-examination himself at various key points. Below he begins by asking Small about Reinfeld's Aug. 7 letter:

Q: He wants to inspect the documents and obtain copies of the relevant documents?

Small: Yes, sir.

Q: That is very clear. Is there anything ambiguous about that request, sir?

Small: No, your Honor.

Q: What I cannot understand in my own mind at this time, if that were the request, what was the problem? In other words, he wasn't looking for the originals. He wanted copies. Copies means copies. What was the problem?

Small: Your Honor, if all he had said was he wants to make copies or obtain copies—

Q: That's all he said.

Small: Your Honor, what he specifically said, both in the letter and in every conversation that I had, was to inspect the original documents and obtain copies. It wasn't a matter.

Q: In order to make a copy you have to have the original?

Small: Not necessarily, your Honor. We could make copies of copies.

The judge quickly grows impatient with the little cat-and-mouse game that Small is playing with the Court. He picks up a calendar which had been lying on the bench and says:

Q: But you would make a copy of the original. So he would have access. In other words, I'm holding in my hand a calendar. I don't want to give you this original. You say, "Listen, I want a copy." All I do is go to a Xerox machine. I make a copy. You have a copy of the original. What is the difference?

Small: Well, your Honor, if they had asked me then, then there wouldn't have been a problem. My understanding was, and because there were these credit card type records, it made

some sense that they wanted to inspect, in the words of the letter, the original documents. All I did was tell them that some of the originals were not available.

Q: All right. I'll back up Mr. Small. I'll back up. Did you say to him: "Listen, I don't want to let you see the real McCoy but I'll make copies for you. You pay, for it. You pay for it. I'll make copies of the originals"?

I don't want to get this conversation on an asinine level. I'm trying to think of some reasonable modality to accommodate the interests that you speak of. What I'm asking you is when you received that letter did you say to Mr. Reinfeld, "Listen, I don't want you to see these but we'll get you copies of the originals"? Did you say that to him?

Small: No, your Honor. . . .

Further, in the proceedings, Judge Ackerman realizes that there may be an ulterior motive governing the seemingly irrational conduct of the prosecutor from Boston. He asks Small point-blank:

Q: I know it is never a happy occasion when there are criminal proceedings which are participated in by an AUSA [U.S. Attorney] and certainly a defendant who doesn't look kindly on an AUSA and that sort of thing. Let me put it to you very clearly. Was there bad feeling here on your part with the LaRouche people, putting it as plainly as I can?

Small: I wouldn't say there was bad—well, they've taken a lot of—spent a lot of time insulting my boss, Mr. Weld, calling him a dupe of the dope lobby.

Q: What else?

Small: A Harvard punk and a liar and all kinds—the chants outside every time we have a grand jury. We have little chants outside, "William Weld is a fag." Those kinds of things.

(. . .)

Q: Obviously you were offended by these alleged sayings?

Small: No one had insulted me at that point, your Honor. Not me personally.

Q: I was about to say Mr. Weld was the target of these alleged character assassinations, and the like, right?

Small: That's right.

Q: And you were offended by it, right? Vicariously?

Small: Vicariously, yes.

Q: Now, when you heard that they had problems down in New Jersey, in a civil case, do I detect that you weren't overwhelmed with sympathy for their plight?

Small: I was not overwhelmed either with sympathy or with surprise, your Honor. The pattern was quite familiar to me. . . .

Q: And Mr. Reinfeld asked you previously whether you had said, "Well, it couldn't have happened to a nicer bunch of guys" [referring to Small's reaction upon hearing that the magistrate had levied the \$500 per day fines against TLC and IDL]. Do you deny saying that or you have no recollection of ever saying that?

Small: No. I did not say that, your Honor. Because Mr.

Reinfeld did not tell me at the time there were sanctions.

Q: Did you ever think of that Mr. Small, realistically?

Small: Did I think of it? Probably.

Q: Probably. Okay. Okay. So having thought it—having thought it, let's take this back to August—August, now, they send you this letter. They make this request. You're not going—not having kind feelings toward them. Not only wouldn't you jump through a hoop for them but you're not really going to put yourself out for these people, are you? They've been giving you a hard time?

Small: On the one hand, I was not going to put myself out for these people. On the other hand, they had filed numerous suits in various places against all kinds of banks. And if there was a way, and there is a certain amount of sympathy for the banks who were being used to get discovery in the criminal case, basically—

Q: Oh?

Small: I was not going out of my way for them. But I was not, certainly not going to do anything to interfere with the case.

Q: Let me pursue that a bit further. In other words, when this request was made you were aware of the fact that they had instituted suits in various places against various financial institutions?

Small: Yes, your Honor.

Q: And do I perceive that you viewed this as a pattern of conduct on their part? In other words, this was their MO, in plain language?

Small: Absolutely, your Honor.

Q: Oh. All right. So that in a sense you viewed the plight of the Fidelity Bank somewhat sympathetically in light of your knowledge in what the LaRouche people had been doing, correct?

Small: Correct, your Honor.

Q: And so when they checked in with this request, is it fair for the Court to conclude you weren't too sympathetic toward whatever problems they had?

Small: I wasn't sympathetic to LaRouche. . . .

Finally, under cross-examination by IDL attorney, Arthur D'Italia, Small admitted that his "sympathy" for the Bank was more than abstract. Small confessed to numerous contacts with the law firm of Hanoach, Weisman, the Bank's attorneys in the action, a condition which strongly suggests that the Boston U.S. Attorney is coordinating the civil case in New Jersey. This close relationship between a prosecutor and private litigants is highly improper since it threatens to turn the civil action into a mere arm of the grand jury investigation. The Bank's lead attorney, Albert Besser, admitted as much last fall when he declared, "I am going to make the government's case for it."

If Mr. Besser is serious, he might think about filing a job application in Boston. After the sorry performance of Daniel Small, U.S. Attorney Weld is probably in the market for a new assistant.

Weinberger-Kennedy: Cap wins—and loses

In the much-heralded debate between Defense Secretary Caspar Weinberger and Senator Ted Kennedy here on March 14, Weinberger repeatedly sounded the warning first fully documented by *EIR* a year ago, that the Soviet military strategic doctrine is a war-winning doctrine based on a first strike.

On the defense issue alone, if this had been a debate between presidential candidates, Weinberger would have won readily. However, Weinberger's Achilles heel was the economic question. While warning of the effects of Gramm-Rudman for defense, he said the only way to avoid the danger would be to make the deep cuts in domestic spending proposed by President Reagan's current budget.

Kennedy unashamedly echoed the Soviet argument against the Strategic Defense Initiative by asserting that it would give the U.S. a first-strike capability, and ignored the fact, reiterated by Weinberger, that the Soviets have been working on an SDI of their own for 17 years.

The problem of the arms control talks, Weinberger countered, was that they occur in a context in which the Soviets "believe a nuclear war can be fought and won." Later, he underscored: "Philosophically, the Soviets believe they can win a nuclear war, and that if they can get their forces sufficiently out of balance with ours, that they can make a first strike." He added that all military decisions in the Soviet Union are ultimately made by "four, five, or six men in the Politburo," and without the scrutiny or pressure of public opinion.

Kennedy had nothing new to say

from anti-defense arguments he has been using for years. Even the audience of Harvard University alumni found it hard to stomach his assertion that it was the U.S. nuclear freeze movement, based, as he put it, on millions of grass-roots Americans who knew nothing about the intricacies of the nuclear issue, that brought the Soviets to the negotiating table at Geneva.

Gramm-Rudman peril to security

Kennedy blamed the MX missile and SDI program for increases in the defense budget that are entirely unacceptable, he said, to the Congress under the Gramm-Rudman restrictions. Weinberger, on the other hand, warned of the dire consequences of Gramm-Rudman for national security. He said that under the provisions of the budget-balancing law, there are no priority areas in the defense budget that can be excluded from cuts once the automatic sequestering procedures of the law go into effect.

"Every one of the 3,250 accounts in the defense budget will be cut equally under the sequestering of Gramm-Rudman," Weinberger said. "This would mean the loss of 280,000 personnel in next year's budget if such sequestering becomes necessary. It would cause very deep, serious and dangerous reductions in the military security of the United States."

A Harvard alumnus asked Weinberger about U.S. commitment to NATO, and whether or not our allies should be asked to make a greater commitment themselves.

Weinberger stressed that the NATO alliance was as much in the U.S. interest as in that of our allies, and that "we all need to be doing more." He added that he will have a

very hard time convincing our NATO allies to increase their defense budgets, given that the U.S. cut its real defense budget—thanks to Congress—by 6% in the last year.

Kennedy took the contrary view that the European NATO allies cut their defense obligations to NATO because the U.S. increased its defense spending in the early 1980s (sic)! He argued that the U.S. could have spent less, and forced the Europeans to spend more. He cited the efforts of Sen. Sam Nunn to legislate U.S. troop withdrawal from Europe, as having been frustrated by the Reagan administration. withdrawal from Europe, as having been frustrated by the Reagan administration.

Another questioner posed the Heritage Foundation crackpot formula that if the U.S. forces the Soviets to increase defense spending, the effect will be to undermine the Soviet economy.

Weinberger denounced this ploy, saying that it is in no way in the West's interest to compel the Soviets to hike their military spending—but only to reduce it. He said that in the Soviet system, there is no guarantee that curtailing military spending will have any positive benefit on Russians' living standards, but asserted that it is the administration position to support achieving major reductions in missiles on both sides to the level of real parity, based on thorough verifiability, and then to bring on line the SDI to "eliminate once and for all the threat and horror of nuclear weapons."

As real as the Soviet threat is, there is no way the Defense Secretary's warnings are going to be heeded unless Gramm-Rudman is repealed, and monetary reforms in the tradition of Washington and Lincoln, as proposed by Lyndon LaRouche, are carried out to protect the population from the devastating effects Gramm-Rudman will inflict.

Guilt by Kissinger association

Once upon a time, when Henry Kissinger would visit West Germany, he would be invited to dinner, as guest of certain of the leading bankers and leading families of the Federal Republic. Today, however, if Henry Kissinger were to want to have dinner with one of his favored hosts, he would have to do it in a federal jail.

The case involves a certain Count von Galen, a leading figure in the Schroeder, Hengst, Muenchmayer banking group. Von Galen is now languishing in detention, for having engaged in what could be most simply labeled a "fraudulent bankruptcy." As the bank for which he was employed was having severe financial difficulties, Count von Galen was caught siphoning off hundreds of millions of deutschemarks, into a "shell" construction firm. The German authorities have rejected a large bail offer from the Count's legal war-chest, and he remains in detention.

The case has received a certain amount of international notoriety, but certain interesting questions have tended to be buried. Let us present these now:

- The "ties that bind" Count von Galen and Henry Kissinger are more than whatever passed over dinners. The Count is the *only* West German trustee of Georgetown University in Washington, D.C. Georgetown, of course, is one of Kissinger's headquarters for operations. The "Georgetown Mafia" in West German politics has become more interesting, in view of the recent ascension of Georgetown

graduate Kurt Biedenkopf to be the head of the North Rhine-Westphalia region Christian Democrats. What, if anything, does Georgetown have to say about its only West German trustee now being in jail? What does Biedenkopf have to say? Biedenkopf himself, our sources say, has a lot his own "skeletons in the closet."

- Extending this line of analysis one step further, we find that the "Muenchmayer" in question, Alwyn Muenchmayer, is one of the West German members of the Trilateral Commission, on which Kissinger sits as an Executive Committee member. Muenchmayer is an enthusiast for the Trilateralists' policy of expanding Western contributions to the Soviet economy. His daughter, named Frau Breuel by marriage, today is the economics minister of the state of Lower Saxony, and is a vocal sponsor of "post-industrial" economics. One interesting fact about Frau Breuel, is that she is a founding member of Kurt Biedenkopf's Institute for Science and Social Studies in Bonn. Small world! Another interesting fact, known to astute investigators, is that Frau Breuel is herself implicated in a scandal, whereby she has set up special oil-trading relationships with Ayatollah Khomeini's Iran, interceding for oil refineries in Lower Saxony.

- The "Schroeder" in question, is from the same banking group, Schroeder's Bank, which sponsored the rise of the Adolf Hitler regime in the early 1930s.

And on to Vienna

Matters don't stop here.

Another good banking friend of Henry Kissinger, Hannes Androsch, the head of Austria's largest bank, Kreditanstalt, is in deep trouble these days.

Readers of Kissinger Watch will recall that in May 1984, we reported that Kissinger was the honored guest of Androsch, at a symposium and dinner in Vienna.

Androsch, too, is one of the key advocates of expanded East-West trade, in Western European banking circles. His bank interfaces with important Vienna-based operations of the Club of Rome, and the International Institute of Applied Systems Analysis (IIASA), two institutes that serve as key back-channels for deals with the Russians.

Androsch was caught, several months back, in a tax evasion violation. Now, in the first weeks of 1986, he has been charged by the state prosecutor, with what would be called in English, "false testimony," which is one step short of actual perjury.

Androsch's case has been receiving considerable play in the Austrian press.

As of this writing, it can not be said with certainty, where else we will see Kissinger Associates in dire straits. One point for the astute reader to watch, is Turin, Italy, and the nexus of Gianni Agnelli of Fiat. During mid-February, the Italian Christian Democratic daily *Il Giorno* leaked that Agnelli and his financier friend in Venice, Carlo De Benedetti, were procuring, gratis, the services of a practitioner of "white magic," one Signor Rol. It is not known why *Giorno* chose to leak this select piece of information, but it is known that Gianni Agnelli is personally unhappy about the leak having been made.

Agnelli is one of Henry Kissinger's longest-standing buddies in Italy. He is one of a circle of Kissinger's friends who are also close to Israel's Ariel Sharon and to some of New York's most prestigious "blueblood" families.

If it's Monday, we must be overthrowing Freedonia

In view of the magnitude and diversity of congressional activity aimed at destabilization of U.S. allies at any one time, *EIR* will try to keep its readers as current as possible. This week's agenda includes South Korea and Saudi Arabia.

● South Korea: House Foreign Affairs Committee chairman Dante Fascell (D-Fla.) took to the floor of the House on March 12, to urge his colleagues to turn their attention from the Philippines to the "disturbing events" taking place in South Korea. Citing the Korean government's reaction to recent opposition party moves, Fascell fulminated, "These actions are but the latest in a series of repressive moves by the Korean government against its own people. . . . I realize that comparisons with the Philippines are not very appropriate for Korea. . . . However, one lesson does seem worth heeding: President Marcos lost his mandate to rule as he violated the rights of his people and frustrated their longing for democratic rule. . . . The United States simply cannot condone the continued abridgement of freedoms in Korea."

● Saudi Arabia: One of the KGB's top activists, Sen. Alan Cranston (D-Calif.) has turned his sights on Saudi Arabia, spearheading the congressional opposition to the administration's proposed sale of Sidewinder, Stinger, and Harpoon missiles to that Mideast nation. Cranston announced on March 11, that he will offer a resolution of disapproval of the sale. That resolution will be cosponsored by Senators Bob Packwood (R-Ore.), Alan Dixon (D-Ill.), Al D'Amato (R-N.Y.), and Frank Lautenberg (D-

N.J.). Cranston has announced that he may also try to block the delivery this June of five AWACS radar-warning planes approved by Congress in 1981, after a bitter fight on the Senate floor.

In a revealing statement, Cranston attacked the notion that "U.S. interest in the Gulf region could best be secured by aggressively arming the Shah and the Saudis. Despite the fact that one pillar has fallen in Teheran and despite the actions of the Saudis in scorning basic American interests in the region," the United States continues its support for Saudi Arabia.

Clearly, Cranston is hoping that the second pillar will fall. He is showing himself to be a valuable ally of the KGB-Israeli Mossad alliance known as the Trust. He is also up for reelection in a state where Jewish support is crucial for a Democrat.

Schumer backs '25% solution' to debt crisis

Representative Charles Schumer (D-N.Y.), in a commentary in the March 11 edition of the *New York Times*, attacked the Third World debt refinancing proposal of U.S. Treasury Secretary James Baker (the "Baker Plan") as "too little, too late." Schumer called for a solution to the Ibero-American debt crisis based on limiting annual service charges to 25% of the debtor nation's export earnings.

In the draft of the article originally submitted to the *New York Times*, Schumer had reportedly singled out positively the actions of Peruvian President Alan García, who has implemented a similar "10% percent solution."

In recent months, the likes of the

Washington Post's Katherine Graham have been trying to coopt García's initiative and blunt his leadership in the drive for financial reorganization. But the *Times*, closer to Wall Street, dares not even print the name of García. No mention of him or Peru appears in the published version of the Schumer op-ed.

Schumer, a member of the House Banking Committee, wrote that the banks should write off that portion of the debt that is "clearly unpayable"—as much as 30¢ on the dollar—and implement the "25% solution." Without the specifics of the 25% cap, Schumer had introduced an amendment, incorporating these ideas, to the International Monetary Fund reauthorization bill in 1983.

Apparently referring to the Schumer article, Treasury Secretary James Baker defended his own proposal at Senate Appropriations Committee hearings on March 12. "The people who have labeled it [the Baker proposal] a plan have missed the point. It is a principle, an initiative, or a concept, and I haven't heard of an alternative except writing down the debt, and that would only cause a serious 'hit' to our banks and the loss of some democratic countries in Latin America."

Congressman Schumer has represented a "realist" faction of the financial community, which is ready to cut its losses, in order to maintain ultimate control of the international financial system.

Schumer appears to be staking out the "left-wing" alternative to the Baker initiative. Similar ideas about debt relief were recently put out in a book called *From Debt to Development*, published by the Debt Crisis Net-

work—a conglomeration of left-wing groups such as the Institute for Policy Studies and Bread for the World.

Melcher scores U.S. role in Philippines

Speaking at a forum on the Philippines organized by the Fund for New Priorities, Sen. John Melcher (D-Mont.) laid the blame for the economic problems of the Philippines, in part, at the feet of the U.S. government. Melcher lambasted the United States for not meeting its economic obligations to the Philippines and called on the United States to increase aid.

Much to the dismay of Rep. Stephen Solarz (D-N.Y.) and other attending congressmen and senators, who prefer to portray the economic problems of the Philippines wholly as an outgrowth of former President Ferdinand Marcos's "corruption," Melcher detailed the policy actions of the United States which helped disrupt the Philippines economy. Pointing at the crucial sugar industry, Melcher said: "Until 1982, the Philippines sugar quota was set at 27% of that imported into the U.S. In 1982 that quota was cut, practically in two. The mills and plantations connected to the sugar industry were set back drastically. We should correct that if we can. Furthermore, we imposed a duty on sugar which was entirely uncalled for. We don't do it to other countries, but we do it to the Philippines."

Melcher also reported that about \$450 million in U.S. aid to the Philippines is stuck in the pipeline. "These are funds that are due and payable. We carry obligations for base rent [for Subic Bay and Clark Airfield—ed.]. We

should recognize that that rent is a bargain, compared to the funds we distribute each year to Turkey and Greece and Spain."

Melcher could have made his audience squirm even more had he added that the U.S. aid policies were executed for the purposes of overthrowing Marcos.

In a 1985 interview with *EIR*, Senator Melcher had charged the International Monetary Fund with carrying out policies disruptive of the Philippines economy.

Who's to blame for the crisis in Panama?

Joining Sen. Jesse Helms's (R-N.C.) bandwagon to destabilize Panama, Rep. Webb Franklin (R-Miss.) added to the flow of disinformation about that country currently clogging foreign policy channels.

On March 12, Franklin inserted into the *Congressional Record* an article from the Feb. 7 *Star-Ledger*, written by G. Russell Evans. The article begins: "When things go wrong in the Republic of Panama, the United States is often blamed. Recently, according to a foreign broadcast from Panama City, the U.S. State Department was charged with a 'seditious scheme' against the country, provoking internal problems, and 'discrediting' the military. But the problems were all generated by the . . . [Panamanian] Defense Forces through their implication in drug trafficking and murder of patriot, Dr. Hugo Spadafora."

The cited foreign broadcast was based on information from *EIR* on the State Department plot against Pana-

ma. The erstwhile "patriot, Dr. Spadafora," was actually a left-wing revolutionary turned right-wing gun-runner," who was probably murdered by the Nicaraguan "contras" for being a double agent (see *Feature*, p. 26).

Strange bedfellows, Chapter 79. . .

On March 12, Sen. Bob Kasten (R-Wisc.) introduced S. Con. Res. 116, relating to the famine in Ethiopia and the government's resettlement policy. Kasten was joined by a mixed bag of both conservatives such as Orrin Hatch (R-Utah), Don Nickels (R-Okla.), and Chuck Grassley (R-Iowa), and liberals such as Mark Hatfield (R-Ore.), Carl Levin (D-Mich.), Dale Bumpers (D-Ark.), and Alan Cranston (D-Calif.).

This flurry of activity around the brutal policies of the government of Ethiopia has one fallacy of composition: It ignores the role of the International Monetary Fund in creating the continent-wide economic holocaust in the first place, and proposes nothing that would reverse the IMF's policies.

Among the groups cited by the "conservative" spokesmen, as on-the-ground experts in the matter, is Cultural Survival, a leftist anthropologist grouping which has profited "native" insurgencies in Ibero-America, Africa, and the Philippines. Speaking in the House on March 11 and in the Senate on March 12, Rep. Toby Roth (R-Wisc.) and Sen. Paul Trible (R-Va.) cited Cultural Survival as authorities in the matter. Cultural Survival is supported by the international oligarchy, and Queen Margerethe of Denmark is its honorary chairman.

National News

Chicago declares itself 'nuclear free zone'

The nation's largest "nuclear free zone" was created on March 12 when the Chicago City Council passed an ordinance banning the design, production, or storage of nuclear weapons in Chicago. No one in Moscow was immediately available to say whether Soviet missiles would, in turn, be retargeted away from Chicago.

The ordinance, adopted on a voice vote, requires a phase-out of Chicago's nuclear weapons industry within two years. Alderman David Orr, author of the proposal, claims that Chicago has few companies and few jobs that will be affected by the ordinance.

Illinois Gov. James Thompson called the ordinance "stupid and un-American." A spokesman for the Governor quoted him as stating: "Are we supposed to just lay down for the Russians?"

Rudman in new tirade against Japan

Sen. Warren Rudman (R-N.H.) burst into a tirade in the Senate against Japan, after the posting of a record U.S. trade deficit of \$50 billion with Japan. Rudman, of Gramm-Rudman bill fame, a member of the Senate Appropriations Committee, stated:

"I have had it. I'm tired of their polite and protracted negotiations, of the befuddling and befogging of the issues. Maybe the only way to get their attention is to hit them right square between the eyes with a bat, and some of us are willing to pick up the bat."

Rudman was joined in this vein by Sen. Dale Bumpers and Sen. Ernest Hollings, who threatened trade legislation against Japan.

Their display is consistent with the Gramm-Rudman-Hollings budget-cutting bill, which, exempting only federal debt payments from budget cuts, raises usury to

the first principle of the American economic system. Since, therefore, the United States cannot produce goods that are competitive with those produced by the Japanese, the Japanese must be prevented from producing and selling such goods in the United States.

Vatican disciplines American heretic

The Vatican has cracked down on a leading American heretic, Fr. Charles Curran, professor of moral theology at Catholic University in Washington.

Curran disclosed at a press conference yesterday that Joseph Cardinal Ratzinger, prefect of the Congregation for the Doctrine of the Faith, had sent him a letter Sept. 17, warning him he will be stripped of his right to teach as a Catholic theologian, if he does not "reconsider and retract" views that differ from official church teachings on questions of sexual morality.

Curran said he had been informed by Ratzinger in a personal meeting in early March, that Pope John Paul II had approved the findings of an inquiry which concluded that he no longer meets the definition of a Catholic theologian.

Curran would be hard-put to deny Ratzinger's charge, to say the least: He is pro-abortion, pro-homosexuality, pro-euthanasia, pro-masturbation, ad nauseam. He asserted yesterday, "I cannot and do not retract" the view that "dissent from authoritative, noninfallible church teaching is possible and in certain cases is justified."

Reagan says 'partial defense' possible

President Reagan said he might consider deploying a partial strategic defense, in an interview published March 13 in the *Baltimore Sun*. Reagan said he would "have to seriously think" about whether he would favor partial deployment of a point-defense

for land-based nuclear missiles, if it proved feasible.

Reagan cautioned that to deploy a partial defense "without a lot of further meetings and exchanges" could make it seem that the United States "might be seeking to get a first-strike advantage," which would be "the most dangerous thing in the world." But if a partial deployment were technically feasible, said Reagan, the United States might "go earlier to both our allies and to the others and say, 'Look, here is the potential now for this weapon and we want it to be used for all mankind,' and see what we could work out."

The original concept of the President's Strategic Defense Initiative envisioned a layered defense system, capable of intercepting enemy missiles in their boost phase and mid-flight trajectories as well as final, point defense of targets. Whereas opponents of the program like Zbigniew Brzezinski and Henry Kissinger have demanded "point defense only" deployment to protect U.S. missile silos, but not population centers, the President's remarks gave no indication that he has adopted this view, but only that, were point defense capabilities to come into being first, he might deploy them.

Did Tower resign over Pentagon post?

John Tower's resignation March 10 as chief American representative to the strategic-arms talks in Geneva may have been prompted by his realization that the post of defense secretary, which he has coveted since 1980, will not open up during the Reagan administration.

Writing in the *New York Post* on March 11, Niles Lathem reported that the former Texas senator had decided to leave his current position, because of the failure of his year-long drive to replace Caspar Weinberger. "Weinberger had been at the center of an intense, year-long bureaucratic war over his opposition to cuts in the defense budget and his hard-line views on arms control," noted Lathem. "His enemies in the administration and Congress had hoped to use the

Briefly

Packard Commission [on defense reform] to get rid of Weinberger and replace him with Tower."

The strategy failed, Latham said, when Weinberger appeared to accept the Packard Commission's recommendations. Rhett Dawson, chief staff member of the Packard Commission, was formerly a top aide to Tower.

Tower has been replaced by Ronald Lehman, currently deputy assistant for national security affairs at the National Security Council.

On March 11, Weinberger said that "some of these things can help, and some of them would cause a certain number of problems," in reference to the "reform" proposals of the Packard Commission and Senate Intelligence Committee.

Is intelligence chairman target for blackmail?

Serious questions are being raised about whether Sen. David Durenberger should continue as chairman of the Senate Intelligence Committee, following revelations that the Minnesota Republican is experiencing serious problems in his personal life, which could make him susceptible to blackmail by the KGB or other foreign intelligence services.

According to accounts in the *Washington Post*, *Washington Times*, and other newspapers, Durenberger recently concluded a lurid, extramarital affair with his former 28-year-old secretary; is seeing a psychologist; was arrested early this year on disorderly conduct charges in Boston; and has two sons with serious drug problems. Durenberger himself admitted in an interview with a home-state newspaper that because of "marital problems," he has taken up residence in a Christian retreat house, and is making "sort of a historical review of some of the events in my life and how I was unhappy in my relationship with my wife and with other people."

Several of Durenberger's colleagues, including former Intelligence Committee chairman Barry Goldwater (R-Ariz.) and

committee member Malcolm Wallop (R-Wyo.), are strongly hinting that Durenberger should give up the committee chairmanship, because its highly sensitive nature is incompatible with unstable personal behavior. "When you get playing around with another woman, that can cause problems [threatening national security interests], probably more than being on narcotics," the March 12 *Washington Times* quoted Goldwater as saying.

A product of the Benedictine St. John's College in Minnesota and a close friend of Zbigniew Brzezinski, Jimmy Carter's National Security Adviser, Durenberger has already backed some highly questionable policies, including his early demand that the United States mount covert operations to destabilize the Marcos government of the Philippines, and his recommendation that Washington unilaterally withdraw its tactical nuclear missiles from Western Europe.

New York Rabbi says Koch 'has moral AIDS'

Rabbi Yehuda Levin, former Right-to-Life candidate for Mayor of New York, said March 11 that City Mayor Ed Koch "has moral and political AIDS, and he's trying to infect you all." Levin spoke at a preliminary City Council hearing on a homosexual "non-discrimination" bill which had been approved by a sub-committee of the council 5-1. Mayor Koch, a bachelor, has strongly supported the bill.

While the city's Catholic, Protestant, and Jewish religious leaders led an opposition force to the hearings, "gay advocate" Andrew Humm replied, "You may think of me as a faggot, but you will not make me ashamed of the way I live and I love," for which he was applauded by the homosexuals in the audience and kissed by the man sitting next to him.

When Mayor Koch gave a detailed analysis of the bill's good points, the Hassidic Jews in the audience stood up en masse and turned their backs. The gesture was morally understandable, if, perhaps, an unwise temptation.

● **SEN. SAM NUNN** will soon reintroduce a treasonous measure to withdraw U.S. troops from Europe, according to a spokesman for the Institute for East-West Security, which overlaps with the Trilateral Commission. The issue of withdrawing American troops from Europe "is sure to become a major topic in Congress soon," said Terry McNamara, because of Gramm-Rudman budget-cutting pressures. He "doubted" that more than a "token number of U.S. troops, probably around 20-30,000," would actually be withdrawn.

● **MONEY-LAUNDERING** legislation was the subject of hearings begun in the Maryland state legislature on March 11. The bill, introduced by legislator Clarence Davis and backed by the National Democratic Policy Committee, would make it a crime for banking officials and institutions to launder drug money. Davis was supported by a contingent of 20 NDPC activists and candidates plus 50-60 black junior high school students from his district. They applauded when he stated: "Mr. Chairman, we've got to get the scum off the streets, but we also have to go after the big boys at the top."

● **THE NEW JERSEY** State Senate voted overwhelmingly in favor of bill sponsored by Sen. Frank Graves for a mandatory three year minimum sentence for drug pushers. The bill was approved 35-2 after nearly an hour of debate in which supporters argued that the state is losing the war on drugs and that new, tougher measures are needed.

● **THE PENTAGON** has enjoyed an "inflation windfall," according to a new report by the General Accounting Office. Inflation, claimed the report, was "overestimated," and therefore, since September the Pentagon has received several billion dollars more than Congress intended. The GAO, of course, assumed an inflation rate of 3-4%. *EIR* has proven that inflation is now actually 14%.

Editorial

The post-Reagan era has begun

In the second issue of 1986, *EIR*'s editorial promised that this would be a "tumultuous year." Today, we survey a world panorama, as the first quarter of the year draws to a close, that more than testifies to the accuracy of that forecast.

As President Reagan's foreign policy speech of March 16 established, the post-Reagan period definitely began with his second inauguration. The truth is, that Ronald Reagan is essentially working under license from Soviet party boss Gorbachov, in a deal worked out at Geneva. He probably does not know all the details of the deal, but that does not change the situation. He wants to impotently throw American support behind a gang of drug pushers and mercenaries, against the Sandinistas, that nest of Soviet-Cuban power which Jimmy Carter brought to power in Nicaragua.

The irony is that Reagan has done the same thing in the *Philippines* as Carter did in Iran, and he is in the process of destabilizing the government of *Panama*, which is only hanging on by a thread.

This is the situation which "Jimmy Reagan" has created, and is creating around the world. *Mexico* will be destroyed within three months, because President Miguel de la Madrid is doing the International Monetary Fund's bidding, while taking self-righteous pride that he is "incorruptible." *Colombia*, as an article in this issue details, has between 120 and 180 days to survive as a nation.

AIFLD, the State Department-funded American Institute for Free Labor Development, which promotes the drug-trafficking mafia and the dirty work of Fidel Castro's protégé Robert Vesco, has several operations going in *Argentina*. AIFLD will move in on *Peru* once it has been isolated.

The U.S. government is about to overthrow the government of *Tunisia*, whose prime minister, M'zali, represents the stability and continuity of one of the few real allies of the West in the southern Mediterranean, and an actual democracy. If Tunisia is toppled, the whole of Africa goes.

Part of the new "Reagan doctrine" is also to destabilize *South Africa*. Assistant Secretary of State Chester Crocker designated the African National Congress, a Soviet-controlled terrorist organization, as "freedom fighters," just as the South African government took steps to fulfill its pledge to end apartheid.

We may even be at war with the Soviets by the end of this year, because of another war between North Korea and *South Korea*, set off by the stupidity of "Jimmy Reagan's" policies. A State Department official told the New York *Daily News* on March 2 that the State Department will carry out toward South Korea the same policy it did toward the Philippines—that is, aiding the destabilization of the country. The opposition NKDP party in the Republic of Korea makes no pretense of hiding its overriding aim to overthrow the government of President Chun Doo Hwan; and it is tied to an emerging anti-government student agitation which is boosted by North Korean infiltrators.

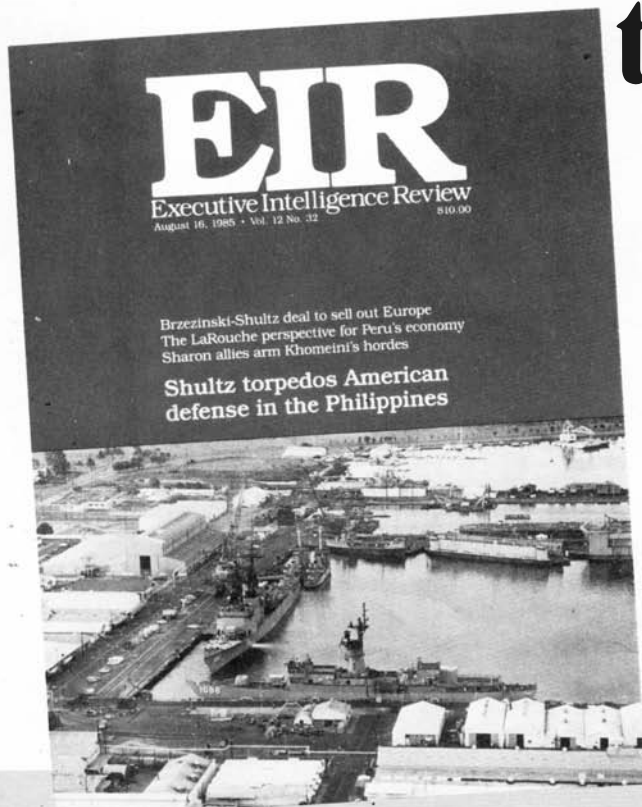
Under the tutelage of "heavy metal rock" fan Richard Burt as U.S. envoy to Bonn, the United States is preparing to give *West Germany* away to the Soviets. The outcome of the French election March 16, in which the opposition led by Jacques Chirac won an absolute majority, and the March 12 referendum in Spain, in which the majority of Spanish voters expressed a pro-NATO view, represent opportunities to stem the tide toward the "decoupling" of Europe from the United States.

This can only occur if the population is transformed into a republican movement that sees the world as a whole from the perspective of making history. We must become, as Peru's President Alan García addressed the challenge to the parliament of Argentina during his speech of March 14, "the protagonists of our historical destiny."

We believe that the United States, and the world, are ready for such a change. To achieve this, there is no alternative to the rapid growth of the number of subscribers to *EIR*. The next weeks will be decisive.

State Department coup in the Philippines

Who Said it First? **EIR** Did!



How did the U.S. State Department destroy Ferdinand Marcos, America's long-term ally in the Pacific? EIR on-the-scene reporters had the story, seven months before the Philippine tragedy unfolded, and President Reagan succumbed to the State Department conspiracy: they documented how traitors in the U.S. State Department and Senate had *already* plotted a coup against Marcos. By August 1985, Philippine traitors Lt.-Gen. Fidel Ramos and Defense Minister Juan Ponce Enrile had been tapped to lead the coup.

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