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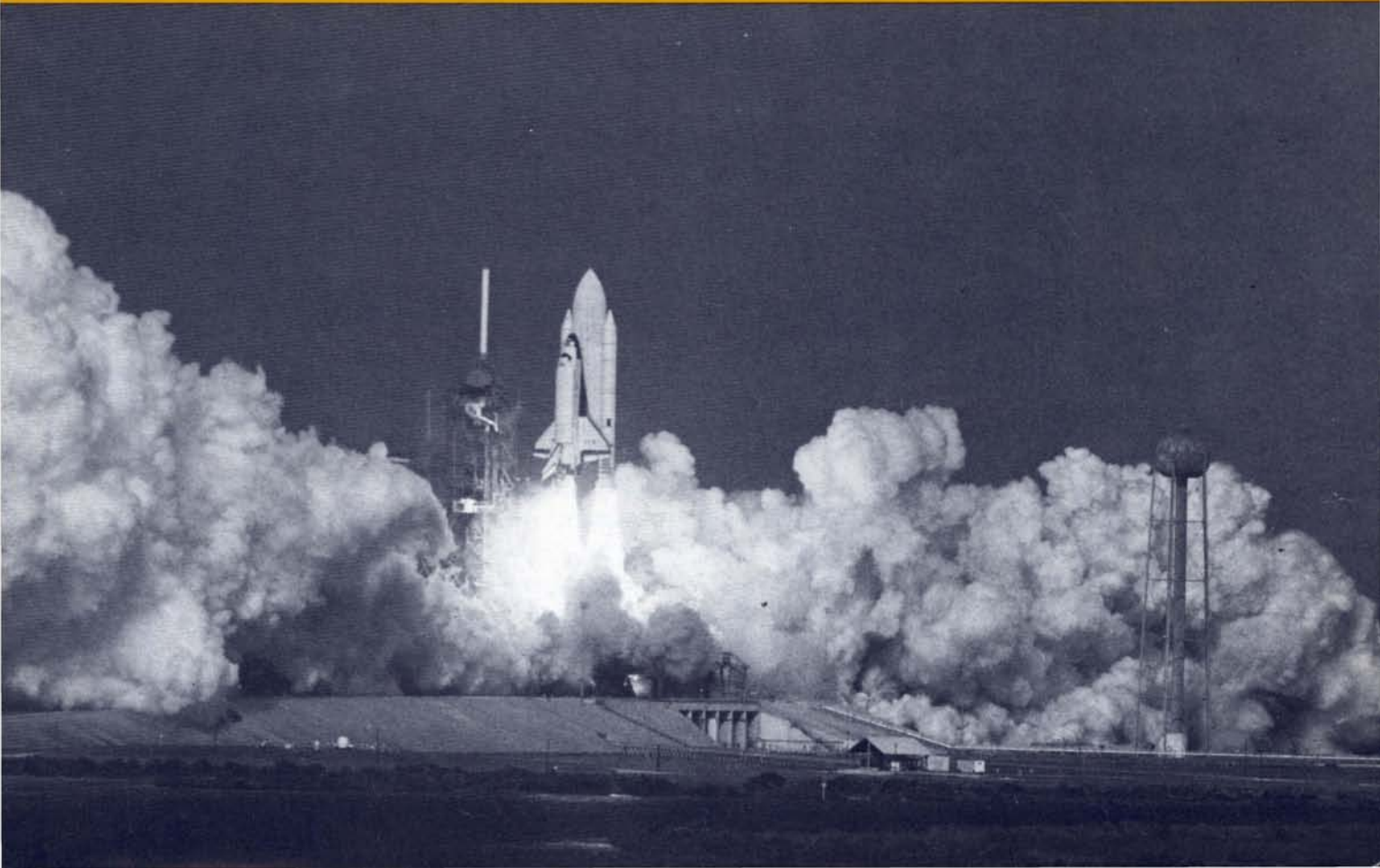
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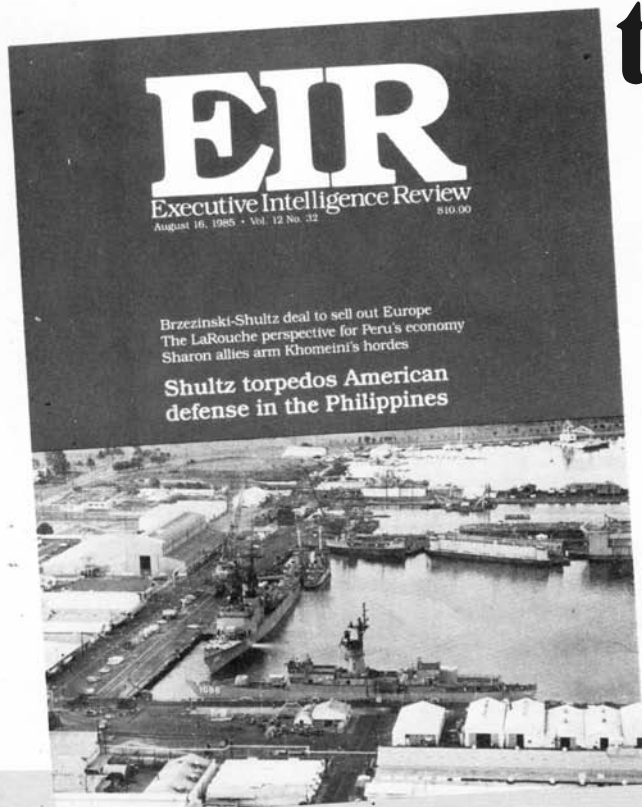
LaRouche Democrats win Illinois primaries
KGB killed Palme, attempts cover-up
The Ibero-American Common Market—Part I

How the space shuttle program was sabotaged



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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EIR

From the Editor

By now you have all read about the “upset of the century,” the Illinois primary election of March 18, in which two “LaRouche Democrats” won the Democratic nominations for lieutenant governor and secretary of state, and the LaRouche-backed slate garnered 1,167,000 votes in the state. The international media barrage did manage to leak some reality about Lyndon LaRouche’s policies into the public domain, but it is, as usual, *EIR*’s responsibility to provide the full picture:

● *The battle for Europe.* Shultz’s State Department is still intent on handing Western Europe over to the Soviets, while the Gramm-Rudman “balanced budget” legislation mandates massive cuts in the U.S. military commitment. The March 16 French election, which brought Jacques Chirac in as premier (page 26), is an important opening to a shift by the French government, both toward support of the U.S. Strategic Defense Initiative, and toward a long-overdue crackdown on the terrorist networks that have enjoyed the Socialist government’s hospitality. But the Trilateral Commission, set back in France, is moving to topple the government of West Germany (page 25).

● *The battle for Ibero-America.* This week’s Feature (page 16) is Part I of a report on the centerpiece of Lyndon LaRouche’s “Operation Juárez” proposal for a new, more just world economic order, an Ibero-American Common Market. A summary briefing on the status of the fight in March-April is on pages 36-37.

● *The battle for the space program.* The greatest hope for humanity to leap over the barriers of so-called fixed resources, lies in taking the U.S. Apollo program far beyond the goal of a manned landing on the moon, and into a conquest of space. The cover story (page 48) tells how forces hostile to technological progress have aborted that process, and now threaten to shut down NASA entirely.

The rapid pace of world events toward a war which can still be stopped, if LaRouche’s policies are adopted, explains why the Soviets unleashed a massive hoax attempting to link LaRouche’s European associates to the Palme killing (page 22). They had hoped to buy even a few weeks of time to consolidate their power, before the slanders were discredited. An *EIR Dossier* will soon be released, documenting the full, incredible story.

Nora Hamerman

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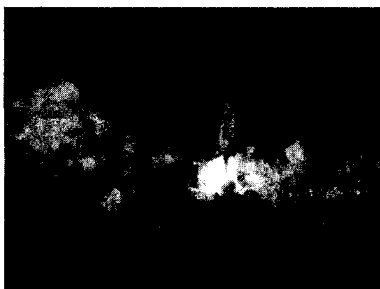
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Will BIS 'kill the goose that laid the golden egg?'

by David Goldman

Preston Martin, the vice-chairman of the Federal Reserve, resigned March 21, apparently ending a public squabble between Fed chairman Paul Volcker and the four Reagan appointees on the Fed Board, led by Martin. The latter voted down the Fed chairman earlier this month, and forced through a cut in the Fed's discount rate, the first time a Federal Reserve chairman had lost a vote on this issue since President Truman bore down on William McChesney Martin.

What Martin's resignation demonstrates is not that Volcker has won the point, but rather, that the press accounts thoroughly misunderstood what was at issue.

Fed chairman Paul Volcker's earlier embarrassment at the hands of Preston Martin, and other Reagan administration appointees, must be understood in the context of a much broader division among central banking circles worldwide. Many central bankers, including Volcker, are divided in their own minds over which poison they should swallow.

The dilemma reads as follows: If the central banks fail to rein in an "off-balance-sheet" banking market approaching \$3 trillion, they will be helpless to prevent a catastrophic fall of the American dollar later this year, and the resulting collapse of the American economy. If they rein it in, they will "kill the goose that laid the golden egg," as one senior Federal Reserve specialist complained.

The \$3 trillion bubble

The "golden egg," of course, is the spurious Reagan recovery, which has occurred only in the securities markets. "Off-balance-sheet" operations of the 15 largest U.S. banks are officially estimated at \$1.256 trillion, and the Federal Reserve believes that their estimate fails to capture the entire picture. Globally, such assets probably approach \$3 trillion.

These include futures market participation, foreign-exchange "swaps," guaranteed note-issuance facilities, and similar forms of exposure not registered on balance sheets. Their financial effect is simple: They permit banks or their customers to buy securities on credit (through the futures markets) or to sell currency they do not own. All of these are means of creating credit, no different than a direct loan to a broker to finance margin purchases of securities on the stock exchange.

"Off-balance-sheet" liabilities are now almost double the banks' official liabilities; for example, against more than one-and-a-quarter trillion dollars of the former, the 15 largest U.S. banks have only \$750 billion of liabilities on their balance sheets.

The implication of this for securities and currency markets is obvious, and has, in fact, been much commented upon in the margins of the financial press. The markets are now far more volatile than in 1929, when the supposedly insufficient 10% margin requirement permitted speculators to gamble with borrowed money. With futures-market margins well below any historical level for the stock market, the banking system can create a virtually infinite volume of credit to fuel the massive speculation of the past two years.

Without taking into account this multi-trillion-dollar phenomenon, which has ballooned upwards from virtual zero only a few years ago, it is impossible to fathom the simultaneous collapse of the dollar and the rise of the American markets. The simple equation between the financing requirements of the U.S. budget deficit and America's capital imports, so often intoned by central bankers and economists, breaks down: If America must import about \$180 billion a year in "savings" to finance its budget deficit, and if it sends

abroad \$200 billion in payments for the trade deficit, why should the dollar rise?

If the dollar falls, by this supposition, it must be the result of the withdrawal of "savings," which would then raise interest rates at home. In fact, this scenario is the basis of the warnings of a "hard land" economy by Stephen Marris of the Institute for International Economics and others.

The answer, of course, is that the notion that "savings" have anything to do with monetary developments in the short-run is ludicrous. We live in a world that the worst of the wildcat bankers of Andrew Jackson's era would find vertiginous. The generation of nearly \$3 trillion dollars in "off-balance-sheet" liabilities *ex nihilo* during the past couple of years is unique in financial history, possibly excepting the 17th-century tulip bulb craze, the 18th-century "Mississippi" and "South Sea" bubbles, or the Kuwaiti stock exchange (based on post-dated checks) before its crash in 1984.

Making it up on the volume

The banks can and have financed any amount of financial-market speculation they want. They did it on purpose. It is impossible to estimate how much interest the banks are really earning on their Third World, energy, and real-estate loans. The regulators have docilely granted them leeway to keep such bad loans on their books, writing off the capital value over whatever period of time suits their accounts. But if interest isn't being paid, where is the money coming from to pay their depositors? Part of the answer is, simply, that the banks have made up the difference by soliciting fees and commissions by diving into whatever speculative markets are available. The result resembles the old Jewish joke whose punch-line goes, "I make it up on the volume."

Bankers who manage this business report that competition has driven down margins to such a point that many of these operations barely break even. That further encourages the banks to "take a view," that is, speculate for their own account.

The point has been reached at which the company treasurer takes the last of the accounts receivable to the race-track. Understandably, the regulators are terrified that the banks will fail as a result.

But (in the very short run) the banks are less likely to fail, than to gang up upon the American dollar as a "sure bet," at the expense of the central banks, and the monetary system in general. The central banks of the industrial world have, in aggregate, less than \$250 billion of foreign-exchange reserves available for intervention on the foreign-exchange markets. The current size of banks' "off-balance-sheet" operations is 10 times that amount, and nothing is stopping them from doubling or tripling that amount at whim. Ronald Layton-Liesching of Chase Manhattan's investment banking arm warns, "There is absolutely nothing the central banks can do to prevent the dollar from collapsing."

Federal Reserve chairman Volcker has been warning any



Paul A. Volcker

NSIPS/Stuart Lewis

congressional committee that will hear him of the consequences of an outflow of dollars for the U.S. economy, and his attempt to prevent a "premature" cut in the U.S. discount rate was motivated by this fear.

America imports one-sixth of its livelihood, by borrowing the difference from foreigners. Perhaps half of what we borrow derives, ultimately, from illegal monies, including narcotics revenues recycled back into the United States. At the current rate of increase, our national debt will exceed \$1 trillion before 1990.

As the dollar falls, matters become worse, because we must pay out more dollars to purchase the same volume of goods priced in Japanese yen or German marks. (The one ironically mitigating side of the business is that 40% of our imports come from the Third World, whose currencies have been devalued to garage-sale levels by the International Monetary Fund. Most of these currencies fall with the dollar, putting the victim-countries in even worse shape).

Some bankers suspect that current discussions at the bank-regulatory, or "Cooke," committee of the Bank for International Settlements, concerning means to limit expansion of banks' off-balance-sheet operations, have to do with the central banks' attempt to get back in control of the foreign-exchange markets. The Cooke Committee met during the second week of March to review proposals. At this point, however, Federal Reserve staffers familiar with the issue do not see any means of overcoming the danger of "killing the goose."

Not only the central bankers, but part of the banking community, fear what will happen when the bubble bursts. The London monthly *Euromoney*, the glossy house-organ of

the London banking establishment, entitled its January editorial, "Cool It." The editorial warned:

"The explosion of trading volume in every type of financial instrument may not be a cause for celebration. It may be the beginning of a very unpleasant chain of events.

"Last year trading in foreign currency futures in the U.S. increased by more than 70%. . . . Market crashes are usually preceded by a sharp increase in the number of buys and sells. . . . Why is activity in the securities markets ballooning, when the real world of making and exporting widgets is almost static? We hope the answer is not what we think it is."

The central banks are in the same position that the Fed and the Bank of England found themselves in early in 1929, when the American stock market functioned like a gigantic vacuum for capital from the rest of the world. Capital flowed out of Germany, threatening to bring down the entire structure of refinancing of postwar reparations, thus ruining the City of London. Bank of England Governor Montagu Norman, observing the ruins of the City's loans to Germany and Eastern Europe, demanded that the American authorities take action to stop the bubble; after the Fed raised the discount rate, and the market crashed, he sent a congratulatory telegram to his counterparts at the New York Federal Reserve Bank.

Norman, of course, had killed the goose, namely, the Wall Street capital market which had financed London in the first place. . . . pound sterling, and began the collapse of world trade which left the world in depression until the beginning of World War II.

As matters stand, it does not matter much whether the Fed or the Treasury has the final word, since neither offers a policy leading to a different result.

'Merrill Lynch Mafia' rides the dollar down

by William Engdahl

"I just returned from Zurich, and people in the banking community there and in London compare the current Washington policy on the dollar to the 'malign neglect' which reigned during the Carter presidency." This is the comment of one of the leading monetary analysts in the City of London. "The power, we see, has shifted. Monetary policy is no longer being controlled by central banks, but by finance ministers. In the United States, the man running things is David Mulford."

To the horror of Federal Reserve chairman Paul Volcker, Treasury Assistant Secretary David C. Mulford is riding the

dollar's freefall, in fair imitation of Slim Pickens' rodeo ride on a hydrogen bomb in the 1961 film, *Dr. Strangelove*. London market participants, whose activity centers on dollar-denomination paper, are aghast.

Since the Sept. 22, 1985 Group of Five meeting at New York's Plaza Hotel, engineered by Mulford, the U.S. dollar, still the major currency of world trade, has collapsed at an alarming rate. Fueled by official government propaganda that the dollar fall would produce beneficial results for the U.S. economy, the dollar has lost 30% of its value of only five months ago. Its rise occurred over almost four years, up until the Plaza Hotel meeting, organized by Mulford with reported help from his former boss, Donald Regan. Volcker was kept uninformed of the important meeting until two hours before and had to be picked up by helicopter from a Potomac fishing trip.

The dollar was due for a crash in any event, and the current decline has only brought the U.S. currency roughly into range of commodity market-basket parity with the German mark and the Japanese yen. However, Mulford has created the conditions for what observers call the "hard landing scenario," or, more politely, "overshooting" of the dollar's proper exchange rate—and total chaos in the world economy.

Collapsing world trade further

Until now, the only obvious gainers from the dramatic dollar coup of the past several months have been the stock exchanges of Wall Street and major industrial countries. The real economy, and most importantly, world trade, appear to be undergoing major dislocations as a result of the rapid freefall. Since George Shultz, Paul Volcker, and others in the Nixon Treasury Department engineered the decoupling of the 1945 Bretton Woods fixed exchange rates, on Aug. 15, 1971, the world has undergone an escalating series of monetary shocks which have devastated the real trade in goods throughout the economy.

Europe geared its entire economy to exporting to the United States while the dollar's collapse leaves Europe without an export market, and the threat of economic breakdown.

"European farmers are being devastated by the collapse of the dollar," one West German beef trader told *EIR*. Since last fall, the West German mark has risen in value from about 3.35 DM to under 2.25 DM to the dollar. Since world food trade for grain and other major exports is priced in dollars, this has meant an effective loss of almost 30% in the value of German farm exports alone. This has produced a major budget crisis in the European Community as West German Finance Minister (and Trilateral Commission member) Gerhard Stoltenberg announced that no new monies would come from EC finance ministers for the troubled farm sector. Under EC farm-export subsidy programs, if the dollar price of world grain and other food falls below EC cost prices, the EC should pay farmers the differential. A collapsing dollar has meant in

effect, a 30% increase in the prices of German exports on world markets. If Brussels refuses to make up the difference, the competitive advantage of EC farm exports will rapidly collapse.

Additional reports that chemicals, steel, and other bulk exports are beginning to be hit by the loss of the dollar price differential are coming from major European industrial nations.

The man reportedly orchestrating U.S. dollar strategy since the September "Plaza Hotel coup," David Mulford, got his present job as head of international relations at Treasury in February 1984, when Don Regan was Treasury Secretary. Sources say Regan and Mulford form the "Merrill Lynch mafia" inside the administration. Mulford was a director of Merrill Lynch, the huge Wall Street stock, commodity, and investment conglomerate, when Regan headed the firm in the late 1970s.

The 46-year-old Mulford became a director of Merrill Lynch when Regan bought White, Weld. White, Weld reportedly funneled untold millions of dollars in assets out of China after the war into Montevideo and secret Swiss accounts. It was the only bank in the 1950s and 1960s to maintain ties to a Swiss bank, Cr dit Suisse, which was laundering Meyer Lansky's illegal funds for Bernie Cornfeld's Investors Overseas Services. From 1970 until its purchase by Don Regan's Merrill Lynch, Mulford headed the White, Weld International Financial Group in New York and London.

London sources report that it was Regan personally, despite his transfer to become White House chief of staff, who lashed out in rage at the decision by the Federal Reserve Board, at Volcker's initiative, to restrict the "wild west" process of so-called "junk bond" borrowing to buy up corporations. Under permissive deregulation rules of recent years, tiny firms suddenly are able to borrow many times their assets in order to launch hostile take-over bids of giant multinational companies such as TWA airlines. One firm, Drexel Burnham Lambert, last year raised some \$47 billion generating such junk bonds. The paper is worthless in event of bankruptcy, but takeover specialists like Saul Steinberg or T. Boone Pickens "asset-strip" the victim companies, selling off what they can and laying off who they can to pay off debts. Reliable reports indicate that the clients able to get such junk bond financing are an exclusive insiders club tied to Las Vegas gambling interests. Merrill Lynch is also a junk-bond financier.

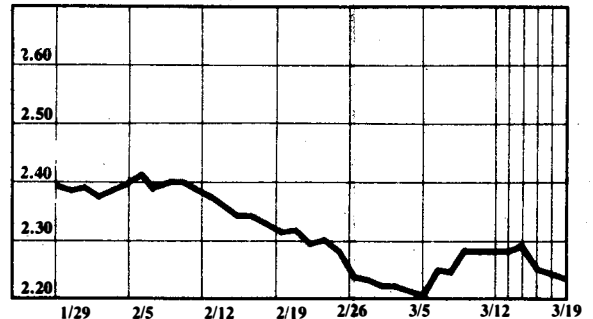
Regan, in January, is said to have launched a power-play to pull control away from the Federal Reserve, using the weight of "offshore" dollar flows to make it. At this point, observers say, Volcker's Federal reserve has turned into an unwilling "rubber stamp" on dollar and interest-rate policy to Regan and Mulford and the "Merrill Lynch mafia."

"[Treasury Secretary] James Baker doesn't know anything about international monetary policy, and Mulford is running the show by default," commented a former senior U.S. economic policymaker.

Currency Rates

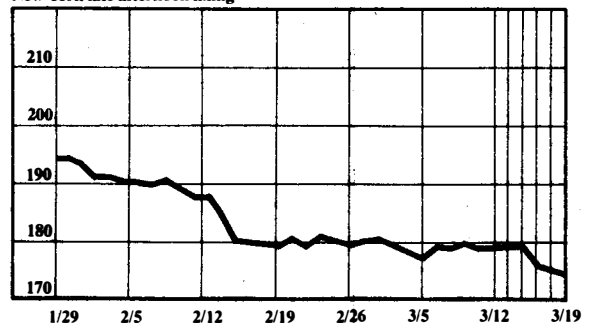
The dollar in deutschemarks

New York late afternoon fixing



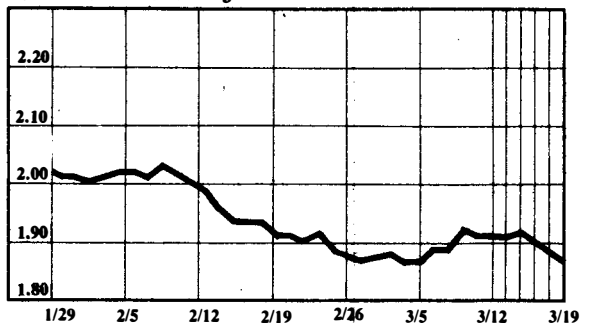
The dollar in yen

New York late afternoon fixing



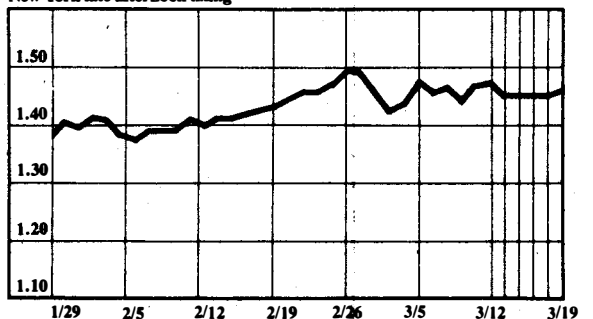
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Swedish stock market scandal implicates Soviet-linked giants

by C. Polhem from Stockholm

On Feb. 19, the nation of Sweden was hit by the surprise revelation that one of its most prominent new businessmen was not what he seemed. Refaat el-Sayed, the president of a Swedish drug and "biotechnology" company, Fermenta, had lied in his curriculum vitae, claiming to hold a doctorate in biochemistry. Investigation revealed that el-Sayed, a young Egyptian-born, naturalized Swedish citizen, does not appear to even hold a bachelors degree. This had been one of the major factors used to build a certain dynamic media image for Fermenta and el-Sayed, last year's "Swedish Businessman of the Year."

Were this simply a matter of padding a resumé, no one would be overly concerned. But, much more was involved: the largest stock market scandal in Sweden in the past 50 years. The trail of investigation leads one to the board rooms of Sweden's most famous multinational corporations. Immediate targets of investigation include Volvo and its flamboyant chairman, Pehr G. Gyllenhammer, and the empire of the Wallenberg family, specifically Electrolux Corporation.

On Dec. 29, 1985, the late Prime Minister Olof Palme had formed a special commission to investigate reports of massive "insider trading" on the Stockholm Stock Exchange. At the time, Palme stated: "We must get to the bottom of this affair."

The investigation, whose final results are due in early summer, was triggered by the so-called "Leo Affair."

According to publicly available evidence, the Leo Affair involves insider stock trading deals in which Gyllenhammer is implicated. Shares in Leo, a subsidiary of a company linked to Gyllenhammer named Sonessons, were reportedly sold to Sonessons' board members, including Chairman Eric Ovin and Gyllenhammer, at a price of 50.60 Swedish Kroner, prior to its public introduction at 75 SKr on the stock market in 1984. Later investigation revealed that Gyllenhammer was among a select insider circle which was offered prior preferential purchases. (Gyllenhammer subsequently sold his shares in Leo to a charitable cancer foundation in an apparent attempt to distance himself from the affair.)

The scandal also implicated a top official in Sweden's second largest private bank, Handelsbanken, which reportedly offered loans to insiders for purchase of Leo shares at the favored rate. Hours prior to Palme's announcement of formation of the special commission to take up the Affair,

Sonessons' chairman, Ovin, suddenly resigned.

Less than two weeks later, Gyllenhammer made financial headlines around the world by announcing a dramatic and complex merger between his Volvo group and a "hot" new growth company, Fermenta.

Gyllenhammer put his name to a deal to buy a 20% interest in the biochemical company. Under terms of the agreement, as Gyllenhammer told press, Fermenta would absorb Volvo's own holdings in the drugs and medical industry to become Sweden's largest pharmaceutical concern. Volvo had agreed to pay 220 SKr per share, or \$540 million.

Only hours after the Fermenta-Volvo deal was made public, Swedish press reported that American oil financier and long-standing Soviet intelligence operative, Dr. Armand Hammer, had offered to buy Fermenta for double the price set between Gyllenhammer and Fermenta. Predictably, the carefully planted report of the Hammer interest only served to increase stock market fever over Fermenta. Until, that is, the startling revelations that the company's principal asset, the fastest rising star of the Swedish business world, voted "Swedish Business Man of the Year" last year, was a fraud.

It turned out that his highly touted firm, far from being a futuristic innovator in the glamorous bio-engineering field, merely sold bulk antibiotics, which it obtained largely by buying up other companies.

el-Sayed was virtually unknown in Swedish business circles until he bought Fermenta in 1981. He apparently had very interesting promoters in the 1970s, however. According to public records, Electrolux, one of the multinationals of the Wallenberg group, paid el-Sayed an unspecified sum back in the 1970s, supposedly for a patent to a water purification device held by the Egyptian.

According to financial sources based in Stockholm, Fermenta grew strictly via acquisitions. el-Sayed, the largest shareholder in Fermenta, would buy up target companies by giving their owners shares in his expanded Fermenta. The method was reported to be remarkably similar to illegal chain-letter or "Ponzi" schemes.

The strangest aspect of the Leo affair is the little attention which has been paid to its Chairman, while all reports focus on el-Sayed, nominal owner of the majority of shares. Goesta Bystedt, Fermenta chairman, is also a board member and chief executive of Electrolux Corporation.

Bystedt has stayed on as chairman of Fermenta, despite the revelations. Perhaps his sudden departure would trigger far more questions than the principals were prepared to answer.

The curious Wallenberg empire

According to Stockholm sources, Electrolux moved to get rid of its Fermenta shares when the Leo Affair investigation was initiated. Fermenta's share-issuing bank, as in the Leo Affair case, was Handelsbanken, through Svenska International, Ltd. of London. Handelsbanken is the traditional bank of Gyllenhammer's Volvo empire, which in recent years has been effectively merged with the huge Wallenberg family empire.

Electrolux is notorious as an "asset stripper." It has become one of the most aggressive of a select handful of asset-stripping multinationals in recent years. When it bought up the Italian appliance maker, Zanussi, late in 1984, it immediately moved in and fired or "retired" 7,000 employees and hived off the firm's most valuable assets. It conducted a similar stripping action when it absorbed a part of the troubled West German AEG in 1982. In one AEG plant in Tubingen, Electrolux moved in in what West German press called a "nacht und nebel" operation, shipping off machines and parts and firing a major section of the workforce, despite protest from local politicians.

In mid-March, Electrolux moved into the corporate acquisition field with a hostile takeover bid to buy White Consolidated Industries of Ohio. The victim company has filed charges of massive violation of U.S. securities law against Electrolux.

Electrolux situation report that the White move is another major asset-stripping operation to prop up troubled holdings elsewhere in the complex conglomerate.

Electrolux's chairman is Hans Werthen, known as a ruthless dealer in such takeovers. Werthen is the hand-picked protégé of Marcus and Jacob Wallenberg. During the last war, Jacob was in Berlin where he facilitated the transfer of vital ball bearings from the family's SKF company in Sweden to the trains and trucks of Adolf Hitler's war machine.

Werthen's Electrolux is a peculiar, joint holding company, according to informed reports. Deputy Chairman Peter Wallenberg is also deputy chairman of the family bank, Skandinaviska Enskilda Banken, the largest in Scandinavia. SE-Banken has been involved in the Russian market for decades. It is believed to be the lead bank for bids by Swedish companies on multibillion dollar construction projects under the new Soviet five-year plan.

Wallenberg is a "confidential" client of Kissinger Associates. Wallenberg is also chairman of ASEA, the nuclear, robotics, and engineering firm which was caught smuggling sensitive American computer technology and other banned equipment to Russia.

Kissinger was a consultant to Wallenberg at the time of the illegal operations. Indications are that Kissinger remains a consultant to this day. Volvo is also a client of Kissinger Associates, according to public accounts. Volvo's Pehr Gyllenhammer was one of four people who, in 1982, founded the international consulting company which bears Kissinger's name. The other two were Peter Lord Carrington, now NATO secretary-general, and Robert O. Anderson of Atlantic Richfield and the Aspen Institute.

Fermenta's Bystedt also sits on the board of the world's largest private security and "cleaning" companies, Securitas AB, the Copenhagen-based multinational owned by ISS-Securitas. Securitas runs private security for major industrial corporations around the world and controls airport services internationally from security to cleaning to maintenance. One such airport is JFK in New York. Bystedt is also on the board of SKF.

Other directors include Jacob Palmstierna, who is director of the oldest Swedish company doing business with the Soviet regime, Axel Johnson & Co. Edward L. Palmer of Citibank and Sven Olving of Volvo and LM Ericsson, the telecommunications group of the Wallenberg empire, are also among the directors of Electrolux.

Electrolux became notorious during the 1940s, when its founder, Axel Wenner-Gren, an intimate of Goering, Hitler, and Mussolini, was exposed for extensive collaboration with the Nazis internationally, including in South America.

Just the beginning

On Feb. 27, 1986, the government of Olof Palme announced that the tax on stock market sales would be doubled from 1% to 2%. The Stockholm Stock Exchange underwent an immediate collapse in share values. Volvo suffered the biggest loss, with share values collapsing by some 10% in one day. Swedish press commentaries at the time put the tax increase in the context of the rising pressures against insider trading and other abuses.

One day later, on Feb. 28, the Palme's government announced its decision to cooperate with U.S. requests to ban export of sensitive, American-made technology to the Soviet Union. The Pentagon had campaigned strongly for this with the Swedish government after the ASEA scandal and other events revealed evidence of massive illegal smuggling via a cluster of companies associated with the Gyllenhammer and Wallenberg empires in Sweden.

Three days later, on March 1, Olof Palme was gunned down on a Stockholm street.

Reports that the Fermenta Affair and the Leo Affair have been cooled down are now being planted in international press after the announcement on March 11 that Gyllenhammer would assume the bulk of the debts of el-Sayed's corporate collapse. But evidence would indicate that the scandal is just beginning.

Book Review

Moscow's agents in British trade unions

by Laurent Murawiec

Scargill the Stalinist?

by Nicholas Hagger
Oak-Tree Books Ltd., London, 1984
128 pp., paperback, £2.50

Hagger's book, subtitled "The Communist Role in the 1984 Miners' Strike—A Warning to the British People," was published in November 1984 in London, in the wake of the senseless 15-month-long British miners' strike which National Union of Mineworkers (NUM) head Arthur Scargill led to defeat. The little volume is a useful case-study of the modus operandi of Soviet agents in the labor movement; through quotes from the "ex-"Communist leader of the miners, a portrait is presented of a Soviet agent cynically manipulating whatever grievances workers might have, in order to provide a model for "radicalized working-class struggle"—never mind the impoverishment and bitterness of the "rank-and-file" miners themselves as a result of the fiasco.

The miners' strike purportedly originated in the British government's and its Coal Board's policy of shutting down unprofitable coal mines. The coal industry itself is a testimony to the backwardness of the British economy. The NUM for many decades has been the flagship of the narrowly focused, corporatist, and anti-technology British trade-union movement; it is also a union capable of toppling governments, as Prime Minister Edward Heath learned in 1974.

Hagger quotes Scargill's profession of love for the U.S.S.R.: "I went to the Soviet Union . . . met Khrushchev and a lot of other leaders and played an important international role in the Young Communist League. . . . I supported the Soviet Union over Hungary. . . . I objected to the moving of Stalin's body outside the mausoleum. . . . I am not prepared to be party to these attacks on the Soviet Union, which has established a socialist system and wants to improve the quality of life of its people."

Scargill's methods are clearly stated: "I think it is as daft to suggest that we talk to this government, who are impervious to logic, as it would have been for people in the Second World War to talk to the Nazis," and since there is to be no

talk, "we wished to paralyze the nation's economy. It's as simple as that. We were fighting a class war and you don't fight a war with sticks and bladders. You fight a war with the weapons that are going to win it . . . the issue is a very simple one: it is them and it is us . . . my position is extremely clear: I want to take from them for us. In other words, I want to take into common ownership everything in Britain."

Countless other class-struggle lunacies were proffered by Scargill, with "stuff the outside world"—reported in January 1984 by the London *Daily Express*—being the ultimate expression of his outlook. It also appears clearly, from his own statements, that Scargill was ordered out of the Communist Party of Great Britain, a miserably ineffective sect, and assigned by his Soviet controllers to take over the single most powerful British labor union.

Documented in the book are the close relations of Scargill with the international apparatus of what used to be called the Comintern: the International Department of the Soviet Central Committee, the Soviet "trade unions," and their international extension, the World Federation of Trade Unions, etc. A few million pounds of Libyan Colonel Qaddafi's money also came in handy in the NUM coffers, after trips by Scargill and his lieutenants to Libya and other places, to meet the terrorist dictator's emissaries.

Early in March of this year, the London *Financial Times* reported "the biggest shakeup in the international trade-union movement in more than 30 years," namely the formation of a new, Moscow-controlled International Mineworkers Organization (IMO), which the French CGT (Communist) miners' union joined, along with the Soviet bloc's own miners' "unions." The event is the first salvo in a Russian bid to "roll back" their postwar failure to completely conquer the Western labor movement. The Western unions have for years been undergoing a "paradigm shift," away from the belief that participation in their nations' productive technological growth is the source of improvement for their members' material and cultural standards, to the radicalized "class war" policies which make them ready tools for Soviet designs. The worst examples of this are the United Autoworkers (UAW) and AFL-CIO in the United States and the German Trade Union Federation (DGB) in West Germany.

What Hagger's book fails to address is the question of *why* the ravings of such an ideological fanatic, a buffoon, could exert such a hold on the minds of hundreds of thousands of British workers?

Struck by massive unemployment, deprived of access to technological progress, the British worker is handed over to the Scargills for lack of any other opportunity. Britain being a class society, and in the absence of any potential for an alliance of labor and industry, both are at loggerheads in the framework of "class struggle." Britain's failure to develop the extraordinary potential of its nuclear industry, after a more than promising start in the 1940s and '50s, determined an absurd over-reliance on coal as a major fuel for industry, and slowed down technological progress at large. When the

vagaries of the oil price priced much of British coal out of the market, the inevitable shutdowns of coal pits were then made to appear as the cruel decision of a particular government, whereas actually the failure of British society *as a whole* to engage in technological progress was ultimately responsible. This is not meant to absolve the Thatcher government, which has done nothing to break this pattern.

The entrepreneur cannot, in Britain, expand his business from a shop-sized operation involving a few employees into a larger company: his "high-street" bank (the major commercial banks) will refuse to extend credit, on the grounds that it only funds consumer credit, and will rather advise the would-be captain of industry to turn to one of the City's merchant banks. The latter's Oxbridge manager will refuse, since such distinguished banks would not condescend to fund anything that small. However, if the gentleman were to be interested in having his company taken over by a larger one, an acquisition can be arranged—for a small fee.

Subjected to the dictates of strictly financial criteria, British industry—save a few national-security pockets of advanced industry—stagnates and fails to create skilled employment. The stage is set for class struggle, and the "credibility" of the Scargills and their opposite ideological numbers.

The trade unionists will remain faithful to such perceived "fighters for the workers' interest" as Arthur Scargill, as long as no productive alternative is provided.

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Interview: Jorge Carrillo

A battle against usury

The following interview with Colombian Labor Minister Jorge Carrillo Rojas was conducted on March 14 by Javier Almario in Bogota.

EIR: For the first time in Colombia, the minister of labor is a labor leader. Why do you think President Belisario Betancur took this historic decision?

Carrillo: I believe that the most important thing is not having a labor leader as minister of labor, but rather, than *this* labor leader, as labor minister, is interpreting and carrying out the long-held desires of the working class. I think this is what moved the President to designate me as minister of labor. He knows the Colombian labor movement very well, having participated in its struggles and its hopes. He believed it appropriate that some changes to strengthen that labor movement be carried out in his last year of government.

EIR: You have frequently proposed a labor-industry alliance for production that would take as its foundation the fight against usury. How is this proposal faring?

Carrillo: I have presented this proposal in different business forums and in numerous union meetings, and it has had the greatest reception. Today I received a letter from the businessmen of Valle del Cauca, in which they insist that a seminar be held there, in which business and labor could participate, on the subject of the "harmony of interest" between them. Thus, this proposal has moved forward rapidly, and I am convinced that once concretized, the country will advance. . . .

The problem at this time is the decision that governments must take in defense of the lives of their citizens. If they continue to defend usury, to bow before the financial institutions that promote usury, ignoring man as the fundamental element in society, then the republics and democracies of the West are in serious trouble. Therefore, a great turnaround in the world economy is necessary. Why not, therefore, design new financial institutions that take into account the important precept that man comes first and that usury is a disturbing element in relations among human beings?

EIR: How do you view the prospects for continental unity among workers to address the problem of the foreign debt?

Carrillo: I have information that the problems affecting our nations are creating the miracle of uniting workers around a single purpose, from Mexico to Argentina. There is no doubt that this unity will become reality in short order and that we are going to have an Ibero-American labor movement committed to battle for the survival of our peoples.

The fight against usury

Colombian President Betancur denounces the World Bank and IABD as "instruments of colonial policy."

“Colombia’s position has been one of open and categorical resistance to limitations” imposed by the World Bank and Inter-American Development Bank (IABD), declared Colombian President Belisario Betancur in a March 14 address to an audience of industrialists who, together with other sectors of the Colombian economy, have been furiously protesting the destruction of their productive capabilities by these banks’ lending conditions.

Betancur’s denunciation of the usurious practices of the multilateral lending institutions occurs at a moment of fast growing ferment across the Ibero-American continent. Exemplary is the March visit of Peruvian President Alan García to Argentina, where his demands for continental solidarity against usury and the debt drew strong support from labor and the Peronist movement. Simultaneously, Panama has been convulsed by strikes and protests by a labor/industrial alliance against International Monetary Fund-dictated “reforms” that threaten to destroy labor and the national industrial sector.

In his speech to the Colombian industrialists, Betancur denounced the myth of free trade under an unfair world economic order. “We should never forget that the structures of the international markets rarely adjust to conditions of perfect free competition as defined in the textbooks; today international trade in manufactured goods is ruled by the major multinationals and by international poli-

cies. . . . Our policy of foreign trade must take into account the fact that free trade, in the majority of cases, is a myth.”

Betancur gave, as evidence, the fact that, “increasingly, flows of credit to the developing nations are conditioned on the purchase of products made in the creditor countries.” This colonial practice, he said, was not only carried out by the private commercial banks, but also “in the case of credits from the multilateral institutions, like the World Bank and Inter-American Development Bank, [where] strict limitations are placed on protection of national industry and where a refusal to finance non-exportable goods causes a deviation toward imports and disturbs national industry. The government’s attitude has been one of open and categorical resistance to these limitations.”

Among the many protests against World Bank lending practices in Colombia is that of the agricultural producers, who charge that the Bank has conditioned its credits on the demand that Colombia 1) lift all restrictions on food imports, 2) raise interest rates on agricultural credit, 3) keep any increases in state-subsidized prices for agricultural goods “below the inflation rate,” and 4) give the right to import food to private businessmen.

Development Minister Gustavo Castro Guerrero declared on Feb. 25 that these conditions of the World Bank reflect a “double morality,” because they are demanding the “free import of wheat and other products whose

[domestic] cultivation their loans are designed to encourage.” The minister insisted that in negotiations with the World Bank to achieve a modification of these conditions, “the Betancur administration’s golden rule of protecting national industry will be maintained” at all cost.

In the February issue of the milk producers’ newsletter, Antioquian dairyman Jenaro Pérez Gutiérrez—manager of a dairy cooperative—charged that “well informed sources in the Development Ministry have informed us that the World Bank is blackmailing the Colombian government to open up to imports of powdered milk or lose a \$250 million loan. Is it fair for the consumer that powdered milk surplus should arrive in Colombia to be mixed with water and sold as if it were fresh and pure? In some countries, this practice is a crime.”

And yet the Betancur government is being forced to yield to many of the very conditions it protests. On March 12, just two days before Betancur’s address to the industrialists, director of the Federation of Grain Producers Adriano Quintana Silva rejected newly established price subsidies as too low to sustain adequate dairy production levels. He pointed out that while dairy producers expected a price increase of 13.5% to 16%, the increase was only 7% to 9%. According to Quintana Silva, this decision “constitutes a fulfillment of impositions set by the World Bank, to the detriment of the country’s agriculture.”

The Betancur government is only too well aware of the implications of these conditions for the Colombian economy. However, until Ibero-America creates the kind of continental financial institutions which can step into the breach, few countries are willing to incur a credit cutoff which rejection of those conditions implies.

Finally, a union that's for labor

The LIU is acting like a trade union should: opposing Gramm-Rudman and supporting nuclear power.

The current issue of *The Laborer* (Jan.-Feb.), bi-monthly publication of the Laborers International Union of North America (LIU) bears the welcome headline, "Hundreds of Local 383 Members Take Pride in \$5.9 Billion Nuclear Power Plant's Completion."

Rarely these days does one see a strong pro-nuclear statement, outside of *EIR*. The labor movement itself has been officially anti-nuclear, under the "leadership" of the Trilateral Commission's Lane Kirkland. "Environmental hazards" generally dominate the news coverage of AFL-CIO-affiliate publications.

And, it wasn't a mistake. The same issue of *The Laborer* leads with an editorial "Gramm-Rudman and You," by General President Angelo Fosco. Fosco hits the unconstitutional "budget balancing" bill hard. "The brighter future I discussed with you in my December 1985 message will be possible only if we are constantly on guard against the small minds and weak men who will sell out the future of our nation for apparently quick and easy solutions to current problems. A perfect example of such actions is the Gramm-Rudman 'balanced budget' Act."

Fosco goes to the heart of the problem in the Reagan economic philosophy. "At the outset of this Administration the promise of tax cuts, increased defense spending and a balanced budget were to be achieved by implementing 'supply side' economics. . . . It all sounded good in 1981, but as we have seen, 'supply side' re-

ligion is only so much rhetoric.

" . . . In passing Gramm-Rudman, the Congress was reacting to genuine public concerns about mounting deficits. As the President appealed to our pride in the traditional values of America, his rhetoric masked the dismantling of the infrastructure supporting those values."

The Laborer's feature article on nuclear power demonstrates the benefits of continuing to build that infrastructure. "At the peak of construction, more than 5,000 union building tradesmen were employed at the [Arizona] site." Later this year, the article points out, when all three units of the Arizona Nuclear Power Project are in full operation, they will provide over 25% of Arizona Public Service Company customers' electric needs.

"The Project will also provide a \$13 million annual payroll for area residents and a state tax return representing 20 percent of the state's total property tax receipts."

The nuclear project, located on a 4,050-acre site, 55 miles from downtown Phoenix, is the largest nuclear power plant in the United States, if not in the world. Approximately 6,000,000 cubic yards of earth were excavated during the 10-year construction project. More than 77,000 tons of reinforcing steel were installed and approximately 694,000 cubic yards of concrete were mixed in a computerized batch plant set up on the site and poured into various structures.

The Laborer goes to pains to point

out that the nuclear construction project "has been a leader in industrial safety. The safety of the plant's construction and operations work force has been a prime concern since its inception. As a result, the plant has one of the best construction safety records in the nation."

Though he should be applauded for the union's strong stand against Gramm-Rudman and in support of nuclear energy development, President Fosco fails to propose concrete measures to be taken to defeat the treasonous policies he opposes. He rightly says, "More is demanded of the Labor Movement, however, than merely being a cheering section for congressmen who are attacking the Gramm-Rudman concept in the courts."

But Fosco does not go beyond grandstanding. "Your international union will not tolerate such indifference to the needs of America and its people. I can pledge that we will be in the forefront of Labor's fight to retain a full measure of compassion and social justice in the policies and activities of the federal government."

Specific measures, including the trial of the authors of the Gramm-Rudman bill for treason, need to be spelled out and supported by an actually potent labor movement. Internationally coordinated strikes directed at the policies of the International Monetary Fund and the Trilateral Commission would give these supranational institutions pause before implementing their genocide.

The LIU would do well to listen to its own advice: "America can have a great future. We are still the strongest economy, with the greatest industrial base and the most efficient workers in the world. To achieve that future, we may have to face up to some very hard choices, but that is the nature of achieving greatness."

Business Briefs

Middle East

IMF orders Israel to slash wages and budget

An International Monetary Fund team says that Israel must cut wages and reduce its budget immediately. The delegation is preparing an annual report on the Israeli economy.

The report criticizes Israel for reducing its budget deficit through a tax increase and reducing subsidies, rather than cutting spending. It states that the deficit is still too high by about \$400 million, and that salaries, temporarily slashed by 20%, would have to be reduced further during upcoming negotiations with the Histadrut Trade Union to "prevent inflation."

The present austerity plan was introduced by Prime Minister Shimon Peres. Official inflation was reduced from 445% in 1984 to 185% in 1985, by means of "wage and price controls."

Agriculture

German parties call for farm cuts

West Germany's Free Democratic Party has called for drastic cuts in German agricultural production and for retiring land from production, as the "solution" to Europe's agricultural crisis. The FDP is a tiny ultra-liberal party which is part of the ruling coalition.

Georg Gallus, state secretary in the Bonn Ministry for Food Supply and Nourishment, was quoted in the *Sueddeutsche Zeitung*: "Stretches of land must be taken out of production; there's no other way out."

Gallus predicted that at least 100,000 full-time German farms will go bankrupt during March and April. "Agriculture in Germany will consist of part-time farmers exclusively until the year 2000," he said.

A similar program of cutbacks was issued by the environmentalist Green Party in the parliament. Greenie Helmut Werner declared: "Agricultural surpluses can no longer be paid for. . . . For ecological reasons,

the use of nitrogen fertilizers must be reduced. . . . By not using fertilizers, the surpluses can be cut down."

Organized Crime

Assassination blocks U.S. anti-drug drive

The United States government will no longer seek the extradition of three top Colombian drug traffickers, since the murder of a key witness, Adler Berriman "Barry" Seal, has potentially ruined the government's case, officials announced in mid-March. Seal was assassinated by a Colombian hit team in New Orleans on Feb. 19.

Seal was the primary witness in the cases against traffickers Pablo Escobar, Jorge Ochoa, and Carlos Lehder. Following the withdrawal of the U.S. request, Colombia's justice minister informed all security agencies that the order to capture and detain the drug traffickers is no longer in effect.

Thomas D. Scalfani, one of Seal's attorneys, said, "The year-long efforts to prosecute the person who the government says is the largest cocaine dealer in the world has just been lost."

In 1984, Seal was the key government informant-witness in the case involving three Ochoa co-conspirators and linking the Medellin cocaine kingpins to Nicaragua's Sandinista government. In summer 1985, Seal's testimony helped to convict three of Ochoa's cohorts.

A former U.S. Army Special Forces member and later a pilot for TWA, Seal had become a pilot for the major cocaine traffickers. He oversaw loading and unloading of tons of cocaine headed for the United States. Seal admitted making 100 flight runs, smuggling into the United States for the cocaine mafias narcotic loads that grossed \$75 million.

Assistant U.S. Attorney Richard D. Gregorie, chief of narcotics prosecution in Miami, says that the government plans to proceed with its case, but he told the *Miami Herald* on Feb. 21, "We won't have live testimony. . . . We'll have to use the testimony Seal had given in the trial of Ochoa's

co-conspirators." Unfortunately, Seal had a lot more to tell.

Seal was assassinated while parking his car outside a Salvation Army halfway house where he had been ordered to spend week-nights, as part of his five-year probation sentence ordered by U.S. District Judge Frank Polozola in January 1986 in Baton Rouge. Although the halfway house was described by law-enforcement officials as a "perfect place for a hit," Judge Polozola refused to allow Seal to have bodyguards.

'The Recovery'

Half of U.S. farms 'to be eliminated'

The Office of Technology Assessment (OTA) of the U.S. Congress has issued a report forecasting that half of all U.S. farms will be eliminated by the year 2000. Of those remaining, 50,000 farmers will produce 75% of the nation's food.

Moderate-sized farms will be hardest hit, when nearly 1 million out of 2.2 million farms disappear. Rep. Cooper Evans (R-Iowa), who sits on the OTA board, said the 1985 farm bill, by scuttling limits on per-farm subsidies, will accelerate the change that is occurring "naturally."

Austerity

State Department pressures Egypt

Assistant U.S. Secretary of State Richard Murphy is reported to have threatened Egyptian President Hosni Mubarak during their meeting on March 10 in Cairo, that the United States will cease to support Egypt unless Mubarak agrees to impose International Monetary Fund austerity on his nation immediately.

The United States has withheld some \$265 million in economic aid to Egypt since last October. During his meeting with Mubarak, Murphy said that Washington would

transfer the funds, as well as next year's, only when Cairo has begun implementing the IMF demands.

Coming two weeks after riots by Egyptian security forces, such demands will intensify the political destabilization of Egypt, where living standards have drastically declined in recent months. Many important development projects are being curtailed. Since last October, because of lack of funds, Cairo has not been able to sign the final contract for its first nuclear power plant.

Egyptian journalists in London stressed that Mubarak is desperately trying to get the economic situation under control, without having to implement the IMF demands. He is reported to have delivered an ultimatum to Prime Minister Ali Lotfi to overhaul the Egyptian economy. Mubarak told the Parliament in a televised address that "strong, practical, and radical" measures were urgently needed. He said that the economic crisis was the primary cause of the riots.

Panama

Workers end strike, continue mobilization

Panama's labor council, CONATO, announced on March 19 that it was calling off the nine-day general strike which had brought the economy to a standstill, but will continue organizing against the government's imposition of austerity policies demanded by the International Monetary Fund and the World Bank. Organizing will begin now for a 24-hour strike on April 30.

The strike resulted in an extraordinary labor-industry alliance in defense of the nation; on March 17, Panamanian industrialists joined the strike. In the country's third-largest city, David, the Chamber of Commerce officially joined in.

Nevertheless, on March 16 the National Assembly passed the labor code "reforms" demanded by the World Bank, by a vote of 41-1, with the opposition party members absent.

CONATO responded, "Although the malignant measures were passed, they never were consented to by the workers and our

struggle will continue." CONATO has formally withdrawn from the governing political coalition and from all joint government-labor commissions.

Panama's military officials blame the economic crisis on the International Monetary Fund—the "giant loan shark," as a high-ranking officer called it.

On March 18, Gen. Manuel Noriega, commander of the Panamanian armed forces, met for three hours with CONATO leaders. According to press reports, he offered to explore various means for compensating for the changes in the labor code.

Economics

Just let Warren Rudman keep on talking. . . .

Major Robert Patton (ret.), Democratic candidate for U.S. Senate in the state of New Hampshire, says he wants his opponent, Sen. Warren Rudman, to receive more coverage in the press: "I believe my campaign benefits every time Senator Rudman opens his mouth."

"Why, on March 18, Mr. Rudman gave a speech in Washington, where he called his infamous Gramm-Rudman bill a 'planned trainwreck,' and a 'bad idea whose time has come.' When asked about the bill's effect on U.S. troop strength in Germany, Rudman told 200 members of the American Defense Preparedness Association that Germany was 'like New Hampshire on the Rhine, it's like a country club. . . .'

"I've estimated that if Mr. Rudman gets better press, I will be able to cut my campaign expenditures by 50-75%."

Mr. Rudman's remarks to the ADPA did seem to confirm Major Patton's evaluation. Among other things, Rudman demanded the dismantling of the Western alliance and attacked Defense Secretary Caspar Weinberger as not "man enough" to face "reality." On the domestic effects of his bill, Rudman said: "It is time the American people realized there is no free lunch. I wonder if the population is really ready to accept the major decline in the standard of living that awaits them."

Briefly

● **MICHELE SINDONA**, the Sicilian financier, was sentenced to life imprisonment by a Milan court on March 18, for ordering the 1979 murder of a lawyer.

● **A BANK OF AMERICA** investment officer, Guillermina Watson, and five other persons, were charged on March 19 with laundering \$36 million in drug money through three financial institutions, including Blue House Financial, Inc., a currency exchange in San Ysidro, and California Commerce Bank in San Diego. Three of the defendants are Colombians.

● **THE AMERICAN** Medical Association has issued new "ethical guidelines" which permit physicians to withhold not only life-saving treatment, but even food and water, from patients deemed terminally ill or "irreversibly comatose."

● **JAPANESE INVESTMENT** will create some 5,000 jobs in Britain in the next two years, according to a survey of 107 Japanese companies. Japanese firms already provide some 10,000 jobs in Britain.

● **U.S. OIL** producers are announcing mass layoffs and cutbacks in capital investment, as a result of the collapse in oil prices. Chevron will reduce its 61,000-member workforce by up to 15%, eliminating up to 9,000 jobs. Tenneco eliminated 450 jobs, or about 15% of its exploration workforce. Exxon had earlier announced a 26% cut in capital investment for this year; Phillips Petroleum cut 30%; and Atlantic Richfield cut 33%.

● **THE HOUSE TRADE** Subcommittee approved a bill in mid-March that would give the President power to act against countries that restrict U.S. exports of telecommunications equipment. The bill, aimed primarily at Japan, requires that the United States negotiate with other countries on the removal of trade barriers. If negotiations fail, the President would be required to take action against imports from those countries.

The need for an Ibero-American Common Market

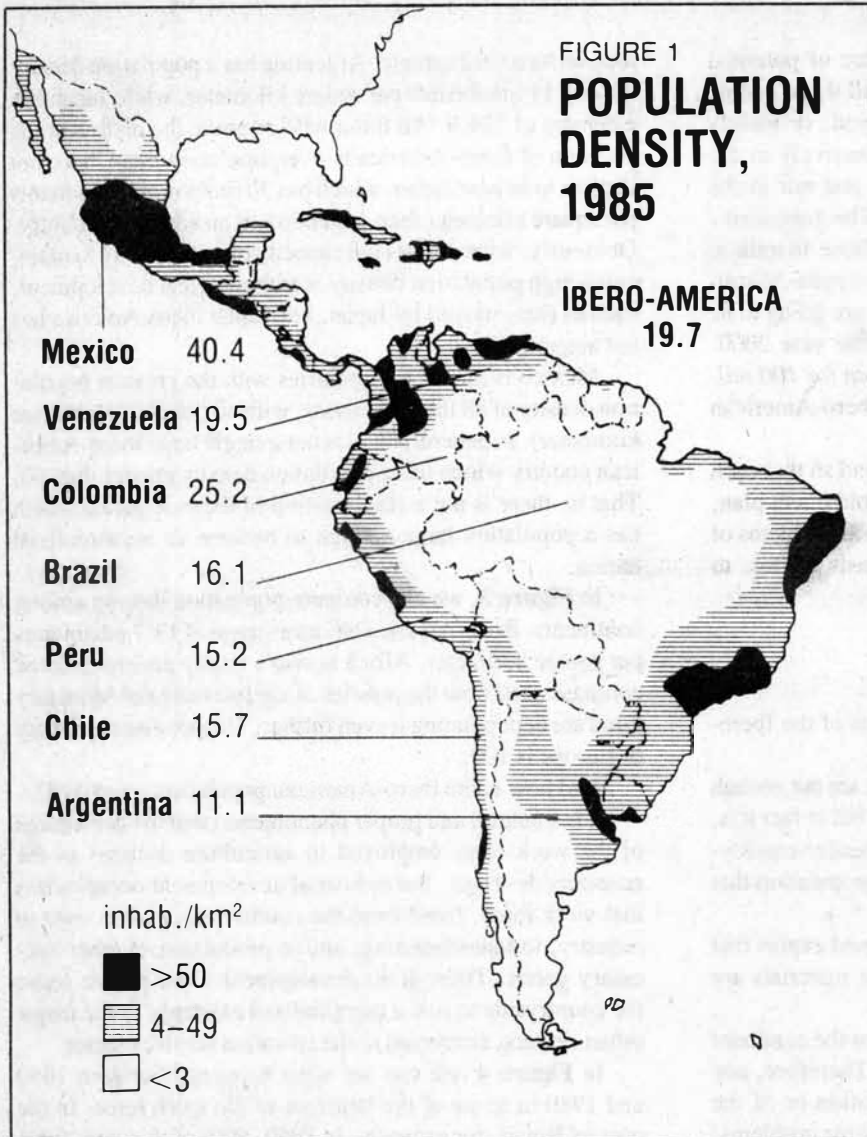
by Dennis Small

The following is Part I of an abridged translation, from Spanish, of the author's presentation to the International Conference of Food Producers on Feb. 22, 1986, in Ciudad Obregón, Sonora, Mexico. Part I shows the need for a Common Market; Part II, which will appear in the next issue of EIR, outlines concrete measures to be taken.

The theme I want to address today is the economic and political framework within which it is both feasible and possible to resolve the current food and economic crisis facing Ibero-America. Concretely, I want to speak with you about what has come to be known as the Ibero-American Common Market, or Ibero-American integration: that is, the means by which the countries of the Ibero-American continent, jointly, can solve the crisis which no single nation, by itself, is capable of resolving.

Several years ago, the great nationalist Argentine leader Gen. Juan Domingo Perón said: "The year 2000 will find us either united or subjugated." A campaign of international proportions was launched against General Perón's integration project to stop it. The oligarchy fabricated the *desarrollista* [the Spanish term comes from the word for "development," but the content is quite the opposite—ed.] movement of British agent Raúl Prebisch, a school which has had significant influence on many governments on the continent, as well as with the Interamerican Development Bank under Ortiz Mena. The *desarrollistas* and their British masters are attempting the impossible to try to eliminate the integrationist influence of General Perón.

Because what the general said is a great truth: If we do not unite, they will dominate and destroy us. I would disagree with Perón only in regard to the limit he imposed of the year 2000. In view of the way things are going, this battle will be decided in 1986, *in this year*. By the end of 1986, we will find ourselves either united or subjugated. Because what is hanging over us is the worst, the bloodiest offensive of the international financial institutions, of the international banks, of the International Monetary Fund, of international usury, that humanity has faced in 600 years.



EIR Ibero-America Editor Dennis Small, who headed up a team which devised the Ibero-American Common Market program.

FIGURE 2
POPULATION DENSITY, BY COUNTRY, 1985
(inhab./km²)

GERMANY	245.8
ITALY	189.7
JAPAN	324.9
SOUTH KOREA	432.9
THAILAND	102.5

FIGURE 3
POPULATION DENSITY, BY CONTINENT, 1985
(inhab./km²)

IBERO-AMERICA	19.7
AFRICA	17.5
ASIA	101
EUROPE	100
UNITED STATES	26.1

Whichever Ibero-American leader acts sovereignly to limit interest payments, as Alan García of Peru did, or whichever country says, "We have reached the limit of what our people can suffer," that leader or that country will be threatened with total economic warfare: "They will cut off our credit supply, they will cut off all imports, they will strangle us, they will impose economic and trade embargos impossible to withstand."

I would like to confess something to you: All of this is absolutely true. There is no nation of the continent, working alone, which in the medium or long term could resist this kind of embargo and strangulation. But *united*, it is possible. United, anything is possible. And that is the great difference.

Peru, by itself, under embargo, will soon or later be strangled for lack of food. Brazil would die for lack of oil, Mexico for lack of food and capital goods, and Argentina would also suffer, although that country has better possibilities of national self-sufficiency.

Nonetheless, if we see the continental economy as a whole, if we analyze the countries of the Latin American Economic System (SELA) as if it were a single economy, if we see this continent of ours as if it were a single "Patria Grande" [Great Fatherland], we must ask ourselves, "How much can we resist?" "How self-sufficient are we?" and "How can we develop?" To these questions, there are very interesting and revealing answers, answers which the bankers would no doubt consider revolutionary. The fact is that the continent taken as a whole is self-sufficient in practically everything: in food, in fuel, in minerals, in many manufactured goods. And so it would appear that the principal problem facing the continent, in terms of its self-sufficiency and in terms of its development possibilities, is the fact that Ibero-America is an *underpopulated* and *underemployed* continent. Nearly half of the Ibero-American population is unemployed, its population density is very low. That is: there are not enough people, and of those there are, too few are working.

But this weakness is also the main source of potential wealth of the continent, because if we take all those people who today are mis-employed, under-employed, or merely unemployed—if we put them to work productively in the countryside, in industry, in manufacturing, and *not* in the “services” sector—tremendous wealth would be generated.

What we must do therefore is put to work those 48 million Ibero-Americans currently unemployed, and create 54 million new jobs for those Ibero-Americans who are going to be entering the work force from now through the year 2000. What we propose, thus, is an *employment plan for 100 million*, 100 million productive new jobs in the Ibero-American economy over the next 15 years.

To be able to employ these 100 million, and so that each country also has a corresponding national employment plan, it is necessary to identify the principal structural problems of the Ibero-American economy, and on the basis of this, to define the correct solutions.

Population and employment

The three fundamental structural problems of the Ibero-American economy are the following:

- 1) The problem of under-population. There are not enough people. This may not appear to be a problem, but in fact it is.
- 2) The problem of mis-employment, of under-employment and of unemployment of the minuscule population that does exist.
- 3) The economic structure of production and export that currently exists is overtly neo-colonial. Raw materials are exported and capital goods imported.

These are the only three important problems the continent faces; all the others derive from these three. Therefore, any “solution” to the economic problems of a nation or of the entire continent which does not resolve these three problems, is not a serious program.

Figure 1 shows the “population density” of Ibero-America. A developed economy is historically defined and measured by a minimum population density of 50 inhabitants per square kilometer. But as you can see, there are few regions of Ibero-America where this level of density exists. Almost the entirety, and especially the interior of the continent, has a population density of less than three inhabitants per square kilometer: the area of Matto Grosso, of the Amazonas, all of eastern Peru, nearly all of Bolivia and Paraguay. Argentina is probably the most underpopulated country in the entire continent. In sum, the continent is dramatically underpopulated.

There should be a national and continental goal of increasing the population density, and of course of improving the economy so that such a level of population may be adequately maintained.

In **Figure 2**, one can see some comparisons between Ibero-American countries and other countries, those of Eu-

rope or Asia for example. Argentina has a population density of only 11 inhabitants per square kilometer, while Japan has a density of 324.9. All those who promote the myth that the problem of Ibero-America is overpopulation must therefore explain to us how Japan, which has 30 times more inhabitants per square kilometer than Argentina, is an advanced country. Obviously, what defines the capacity of an economy to maintain a high population density is technological development, such as that enjoyed by Japan, but which Ibero-America has not acquired.

Mexico is one of the countries with the greatest population density of all Ibero-America, with 40 (inhabitants/square kilometer). In general, there is not a single large Ibero-American country which has a population density greater than 50. That is, there is not a single nation in Ibero-America which has a population large enough to become an industrialized nation.

In **Figure 3**, we can compare population density among continents. Ibero-America has an average of 19.7 inhabitants per square kilometer. Africa is also a totally underpopulated continent, and now the policies of the International Monetary Fund are depopulating it even further. The population density of Europe is 100.

And how is the Ibero-American population employed?

It is a natural and proper phenomenon that the percentage of the work force employed in agriculture declines as the economy develops. But industrial development occurs when that work force, freed from the countryside, passes over to industry, to manufacturing, and to production of other necessary goods. There is no development when people leave the countryside to live a marginalized existence in the major urban centers, employed in the so-called services sector.

In **Figure 4** one can see what happened between 1950 and 1980 in terms of the structure of the work force. In the case of Brazil, for example, in 1950, 60% of the work force was employed in agriculture. By 1980, that figure was reduced to 30%. That is, 30% of the work force left the countryside for work elsewhere.

They should have gone into industry, but this is not what happened: They went instead into the so-called services, or into disguised unemployment.

The case of Peru is similar: From 1950 to 1980, agriculture declined, industry declined, and unproductive services increased dramatically.

Now compare this with what happened in an Asian country, South Korea, which did succeed in going from underdevelopment to the beginnings of industrial development in this 30-year period. There too employment in agriculture was reduced from 65% to 35%; and although there was a minimal increase in services, the majority went into industry.

Some commentators have noted that Ibero-America has gone from a pre-industrial to a post-industrial economy, but without ever going through the “inconvenience” of the industrial age.

FIGURE 4
COMPOSITION OF THE LABOR FORCE, 1950-1980

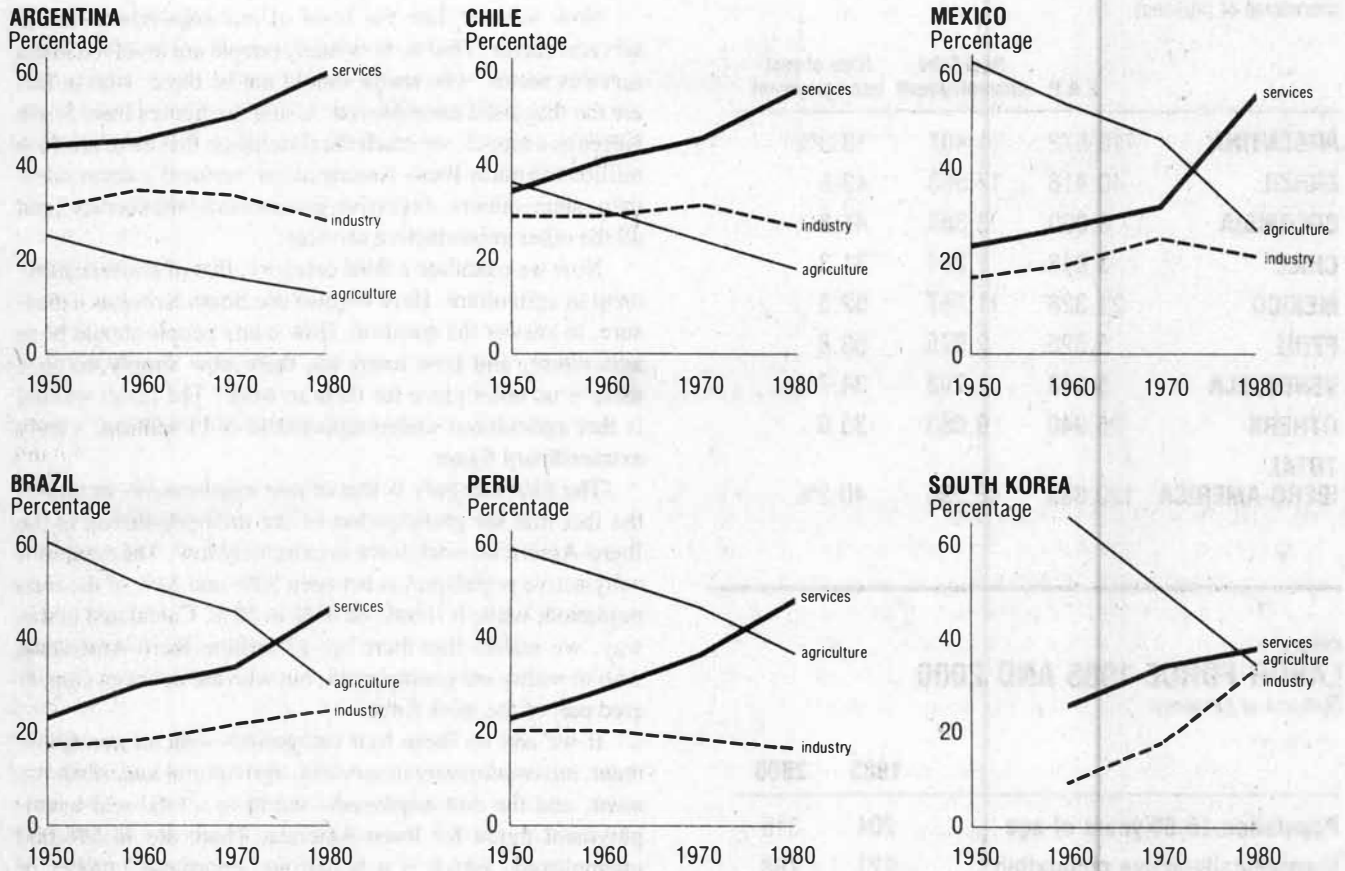


FIGURE 5
NOMINAL AND REAL UNEMPLOYMENT
(thousands of persons)

	Official unemployment	Mis-employment in services	Agricultural under-employment	Non-employment	Real total unemployment
ARGENTINA	244	1,163	0	0	1,407
BRAZIL	2,083	5,012	5,948	4,440	17,563
CHILE	648	1,400	0	1,335	3,383
COLOMBIA	648	550	73	172	1,204
MEXICO	902	4,138	1,604	4,545	11,189
PERU	355	995	631	995	2,975
VENEZUELA	303	557	248	683	9,083
OTHERS	1,202	2,720	2,553	735	9,083
TOTAL					
IBERO-AMERICA	6,145	16,615	11,057	12,905	48,596



FIGURE 6
**ECONOMICALLY ACTIVE POPULATION
 AND REAL UNEMPLOYMENT, 1982**
 (thousands of persons)

	E.A.P.	Real total unemployment	Rate of real unemployment
ARGENTINA	10,572	1,407	13.3%
BRAZIL	40,416	17,563	43.5
COLOMBIA	8,090	3,383	41.8
CHILE	3,848	1,204	31.3
MEXICO	21,328	11,187	52.5
PERU	5,526	2,975	53.8
VENEZUELA	5,163	1,792	34.7
OTHERS	25,940	9,083	35.0
TOTAL IBERO-AMERICA	120,883	48,596	40.2%

FIGURE 7
LABOR FORCE 1985 AND 2000
 (millions of persons)

	1985	2000
Population 15-60 years of age	204	316
Economically-active population	121	198
Real unemployment	48	10
Productive employment	86	188
Necessary new jobs created	—	102

This is a useful analysis, because it enables us to determine the real level of unemployment of Ibero-America (Figure 5). First, we take *official unemployment*. Everyone knows that official unemployment statistics are a total lie, but no matter. We will begin there.

Now we calculate the level of *mis-employment* in the services sector. That is, how many people are involved in the services sector, who really should not be there, who in fact are the disguised unemployed? Using the figures from South Korea as a model, we reach the conclusion that there are 16.6 million too many Ibero-Americans in "services": street salesmen, shoe-shiners, excessive government bureaucracy, and all the other unproductive services.

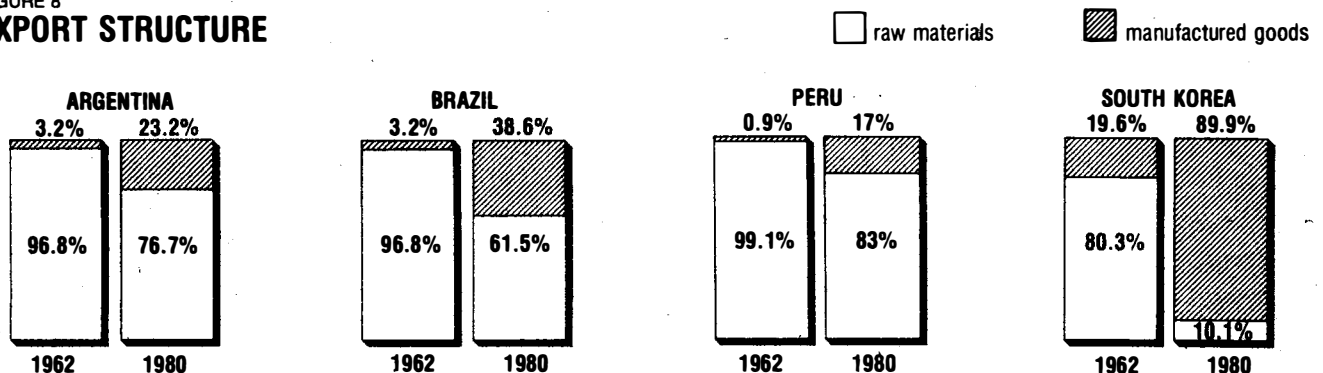
Now we calculate a third category, that of *underemployment* in agriculture. Here we also use South Korea as a measure, to answer the question: How many people should be in agriculture, and how many are there now simply because there is no other place for them to work? The result we find is that agricultural underemployment is 11 million, a truly extraordinary figure.

The final category is that of *non-employment*, or rather, the fact that the participation of the total population in the Ibero-American work force is extremely low. The economically active population is between 30% and 32% of the total population, while it should be 35% to 38%. Calculated in this way, we realize that there are 13 million Ibero-Americans who in reality are unemployed, but who are not even considered part of the work force.

If we add up these four categories—*official unemployment*, *misemployment* in services, *agricultural underemployment*, and the *non-employed*—we have a total real unemployment figure for Ibero-America. There are 48,596,000 unemployed, which is a barbarous, enormous number of people. Almost 50 million Ibero-Americans who could be producing, are not producing anything.

In Figure 6, one can see what this means in percentages. For example, Mexico's real level of unemployment is 52.5%, and 40% in Ibero-America taken as a whole.

FIGURE 8
EXPORT STRUCTURE



What a waste of wealth! The greatest wealth that exists is that of the productive worker. But if he is not allowed to work productively; if there is no modern technology in the countryside which which to produce; if there is no industrial employment; if the only employment one can find is selling chewing gum on the street; you have a dramatic waste of the continent's most fundamental resource, worse in fact than if one were to extract all of Mexico's oil and toss it into the Gulf.

This leads us to **Figure 7**, which shows both the potential and the need for creation of jobs for the year 2000. Real unemployment, then, is 48 million, while 96 million are productively employed. We calculate that by the year 2000, 54 million new individuals will be entering the work force. Adding this to the figure of 48 million currently unemployed, one concludes that we must create 102 million new jobs between now and the year 2000, in order to fully employ the fundamental wealth of the continent.

This means that in fact we are doubling the continent's work force in a matter of 15 years, from the approximately 50 million today to 100 million. If in addition we achieve a moderate increase in labor productivity of about 3% a year through the introduction of new technologies, this combined with the increase in the labor force would triple the continental economy in 15 years.

The colonial trade structure

In **Figure 8** we can see the problem of the continent's neo-colonial structure of production and of exports.

Taking the case of Argentina, we see that in 1962 96.8% of all its exports were raw materials, and only 3.2% were manufactured goods. By 1980 the percentage of manufactured exports had increased to 23%, but raw material exports still predominated. The case of Brazil is the same, with the percentage of raw material exports decreasing from 96.8% to 61.5%, and also the case of Peru. Compare this with South Korea, which in 1962 had an export structure very similar to that of Ibero-America: 80.3% of its exports were raw materials. But the structure of its production and exports was totally changed in those 18 years, and by 1980 it was exporting 10% in raw materials and 90% in manufactured goods.

But the problem is not merely the *content* of the exports, but also the *direction* of the trade, that is, with whom is trade carried on. In **Figure 9** the problem can be clearly seen.

Here we have the exports of several countries to other countries of Ibero-America, that is, within SELA (Latin American Economic System), and it is a minuscule percentage of the total. For example, in 1981 Argentina was exporting only 19% of its total exports to other Ibero-American countries. All the rest went to Europe, to the United States, and to the Soviet Union. Mexico is even worse, because its trade with the United States is so huge. Of the total of Ibero-American trade, only 16.5% is conducted within the continent itself.

How ridiculous! We are speaking of a single *Patria*

Grande, of the need for continental integration, and only 16.5% of all trade is carried out among one other! And from 1981 to 1983 that percentage fell; the dependence on countries outside the region grew worse.

The same can be seen in **Figure 10**, the case of imports.

How do we deal with this? We must change the pattern of trade, to give priority to interchange within the continent. For example, Peru today buys Argentine wheat, but on the New York market, instead of having a direct relation with Argentina. And so on, in case after case.

The fact is that if the continent were to make internal trade a priority, it could establish continental self-sufficiency in virtually all fundamental areas. This translates into a continental defense capability in the event of a possible trade embargo imposed by the creditor banks. In other words, if there is an embargo, if no one will sell us anything, what will we do? How much will we be able to produce and export within the continent, and how much will we continue to depend on from abroad?

To be continued.

FIGURE 9
EXPORTS TO SELA COUNTRIES
(percentage of total)

	1981	1983
ARGENTINA	19.3	13.1
BRAZIL	19.2	10.2
COLOMBIA	22.7	9.6
MEXICO	9.7	8.0
PERU	12.7	9.5
OTHERS	17.5	16.4
TOTAL		
IBERO-AMERICA	16.5	12.6

FIGURE 10
IMPORTS FROM SELA COUNTRIES
(percentage of total)

	1981	1983
ARGENTINA	21.4	30.7
BRAZIL	14.0	14.7
COLOMBIA	19.5	18.1
MEXICO	4.6	3.5
PERU	15.2	13.2
OTHERS	19.8	8.9
TOTAL		
IBERO-AMERICA	14.9	11.1

The Soviet KGB tracks to the Palme assassination

by Vivian Freyre Zoakos and Rachel Douglas

The Soviet tracks to the Feb. 28 murder of Swedish Prime Minister Olof Palme are now, three weeks after the event, indisputable, and furthermore constitute a classic study of Soviet disinformation techniques.

The U.S.S.R. was naturally among the prime suspects of the assassination, once its highly professional character had been established by Swedish authorities. But it was Moscow's mobilization of its enormous international press and media capabilities for the purpose of pinning the guilt on "right-wing" CIA circles, as well as the manner in which this was rapidly narrowed down to target the European Labor Party (EAP), which uniquely identified the Soviet paw print.

One need only review the sequence to see how the operation worked.

Beginning the morning after the assassination, the Moscow machine went into high gear. Georgii Arbatov of the Soviet party Central Committee, the U.S.-Canada Institute and the Palme Commission back channel, began the campaign with a speech to the then-ongoing Soviet Communist Party Congress. Arbatov claimed that, whoever the specific individual who pulled the trigger might prove to be, the authors of the crime were indubitably "right-wing" circles in the West, characterized as tied to the American CIA. Continued Soviet fingering of "the right-wing," "the CIA," "reactionary dark forces" and the like was then duly echoed by Soviet assets in the Swedish press, as the accompanying roundup shows.

Then on March 13, the Swedish police picked up one Victor Gunnarsson as a suspect. A one-time member of the Hare Krishnas and a known kook, the pathetic Gunnarsson could hardly be considered a serious prime suspect in what was established to have been a highly professional murder. Predictably, Swedish police chief Hans Holmer was forced to announce, only six days later, that Gunnarsson was to be released. Holmer reported that the chain of evidence which

police had used to establish Gunnarsson's guilt had collapsed.

In those intervening six days, however, the enormous Soviet press disinformation capability went into high gear. The aim was to use Gunnarsson to attempt incriminating Moscow's actual target and number one public enemy—U.S. presidential candidate Lyndon H. LaRouche—by concocting spurious evidence linking Gunnarsson to LaRouche's political associates in the European Labor Party.

The Boris Pankin network

The operation was directed out of the office of the Soviet Ambassador to Stockholm, Boris Pankin, a man who is no mere ambassador. This is the same Pankin who is credited with engineering the 1981 election victory of Greek Premier Andreas Papandreou, through the medium of a press empire set up by Pankin and centered in the newspaper *To Ethnos*.

Pankin established his media empire, in Greece, Sweden and elsewhere, in his capacity as chief of the KGB's Disinformation Department (Department A). He holds the rank of Major General in the KGB. To indicate the intimate relationship between Soviet assassinations and subsequent disinformation, Pankin's Department A is housed jointly with the KGB's Department V (the infamous "wet affairs" or assassinations department), and Directorate S (responsible for recruiting and training agents to infiltrate Western organizations, including political parties, police and intelligence services, and journalism). Overall coordination for the three branches is conducted by the KGB's Special Directorate No. 1, which evaluates all information gathered, evaluates potential targets for liquidation, and then coordinates their execution and subsequent coverups.

Most likely collaborating with Pankin in the present disinformation campaign was his close friend and associate Sergei Losev, general director of the Soviet press agency TASS.

Losev is not only, by virtue of his position, necessarily a ranking figure in Soviet intelligence, but is one of the top Soviet experts on political assassinations and is, according to the testimony of his own lieutenants, a frequent visitor to Sweden. He is also a well-known "LaRouche watcher." It was Losev's employee at TASS, and co-author of many books and articles, Vitalii Petrusenko, who in 1975 "fingered" the Swedish EAP as being "a North American anti-communist organization which in Sweden and other countries is suspected of having committed various acts of espionage and sabotage" on behalf of "the CIA."

According to his book, Petrusenko's "information" came from—i.e., was laundered through—such Soviet assets as Per Fagerstroem, Olof Palme's press secretary from 1973 to 1976, and the "respectable" Swedish newspaper *Aftonbladet*. This is the same *Aftonbladet* which this month ran over a dozen pages "proving" the Gunnarsson connection to the EAP.

The surfacing of that presumed connection did not come from Swedish authorities. Once again, it was Pankin's Department A at work. It was a Swedish journalist writing for the *Svenska Dagbladet*, frequent publisher of anti-EAP slanders originating from Moscow, who was mysteriously directed to look up the names of 1,800 signators of EAP electoral lists from 1985 to find there the name of Victor Gunnarsson.

Never mind that the EAP at that time had rejected the unstable Gunnarsson's request to enter the party. Department A mobilized its assets worldwide to orchestrate the classic disinformation campaign. Well-established Soviet assets, such as the terrorist Institute for Policy Studies in Washington, were among those offering the advice that members of the EAP "make the perfect political assassins."

In Sweden, the unethical behavior of the press came in for attack from police chief Holmer. In a prepared statement issued March 19, Holmer criticized the Swedish press and media for its highly unethical and illegal behavior in "starting a witchhunt" by publishing the name and photograph of the arrested Gunnarsson, thus destroying, he said, the credibility of Gunnarsson's possible identification as a suspect in the case.

According to *The Times* of London, Holmer was particularly targeting the Malmoe Socialist newspaper *Arbetet*, which not only first published Gunnarsson's photo, but subsequently dug up a photograph of an EAP 1976 political rally and "identified" Gunnarsson as among those participating. *Arbetet* reporter Hakam Hermansson, who was among those responsible for publishing the photograph, admitted after Gunnarsson's release that not only was the photo fraudulent, but that his newspaper expects "to be sued for a lot of money" for its activities.

The aftermath to the Palme assassination is thus a textbook case of heavy-handed Soviet disinformation. It is precisely that disinformation which gives the murder of Palme a distinctly Soviet signature.

Documentation

Moscow's propaganda swept the news media

February 28: Swedish Prime Minister Olof Palme is assassinated.

March 1: Georgii Arbatov, co-founder of the Palme Commission, Soviet Central Committee member, and head of the U.S.A. and Canada Institute, says at the Soviet Party Congress: "I do not know who killed Palme, but I know all too well who hated him. . . . I was with him at conferences in many corners of the globe, from Hiroshima to Mexico City, from Stockholm to New Delhi, and I saw demonstrations against him by fascist thugs, inflammatory articles, and provocations. Reaction loathed Palme. This is understandable, for Palme was an honest and bold man, although not of one mind with us, not a supporter of Communist ideas. . . . The last time I met him was in New Delhi. He delivered a lecture there on the first anniversary of the vile murder of Indira Gandhi. . . . Little more than a month later, he fell victim to a vile murder of exactly the same kind. . . ."

March 1: The Soviet news agency TASS says the motive for the murder and the culprit are still unknown, but it is "no secret" that Palme was inseparably linked with peace and disarmament, and East-West cooperation campaigns. It claims an all-out campaign is being conducted against pacifists in the United States and Western Europe.

March 2: Soviet Communist Party paper *Pravda* claims "right-wing circles" are behind the assassination.

March 2: Soviet government paper *Izvestia* claims "Western circles" were behind the assassination.

March 3: Georgii Arbatov tells Soviet news agency Novosti that the murderers come from "right-wing circles who are working against peace." A similar assessment in Novosti is given by prominent Soviet writer Chinghiz Aitmatov, a member of the kooky Esalen circles linked to Carl Sagan.

March 3: *Extrabladet*, Denmark's most widely circulated tabloid, runs a story by Paul Gazan claiming "police suspect the EAP [European Labor Party] as one possible extreme right-wing group" behind the Palme murder.

March 3: *tageszeitung*, the West German pro-terrorist newspaper linked to the Red Army Faction and the Green Party,

runs a story citing *Expressen* (whose article was to appear one day later) claiming the EAP is being investigated as a possible suspect in the Palme murder.

March 4: *Expressen*, Sweden's largest liberal daily, claims that the EAP is among the suspects for the Palme murder, saying the party "is known for its hate propaganda against Olof Palme." The same issue carries an article authored by Soviet Central Committee member Arbatov, entitled "Palme Hated by Many." "I don't know who murdered Olof Palme," Arbatov writes, "but I know very well who hated him. He was hated, bestially hated, by those who cannot accept, by those who hate what he spent his life for—peace and disarmament, dismantling of colonialism and its implications, safeguarding security in Europe and in the whole world, military, economic, and political security. . . . As a member of the Palme Commission . . . I have seen demonstrations by neo-fascists, seen hooligans curse him and threaten him, read slander articles. . . ."

March 4: Harry Schein, a Palme intimate, writes in the Swedish *Dagens Nyheter* an op-ed claiming that "all those who hated Olof Palme are guilty of his murder."

March 5: Radio Moscow reports that the Palme murder "is an attempt by right-wing elements who want to deliver a blow to peace and disarmament movements."

March 10: The Soviet *Literaturnaya Gazeta*, mouthpiece of KGB disinformation, publishes an article by Vladimir Lomeiko claiming that "many things" Palme stood for are close to "the new approach of the leadership of our party on questions of today's global problems," including "organizing for a nuclear-free civilization," etc. "For that reason, he was a target of the ideological adherents of violence. That is why they hated him. That is why the Ton-Ton Macoutes of the world's Dark Forces killed him. At this moment we do not know the names of his assassins, but we know the handwriting of political assassination."

March 13: Swedish police arrest Victor Gunnarsson as a suspect in the Palme assassination.

March 14: A correspondent for the Soviet press agency TASS in Stockholm tells a caller that the EAP is "the same group" as the neo-Nazi "European National Socialist Party," which had recently claimed the Palme murder in a public letter. The TASS spokesman reports his source as the Swedish news agency TT; TT denies it has ever issued such misinformation.

March 14: The second-largest Danish newspaper, *BT*, the noon tabloid of the *Berlingske Tidende*, reports that Gunnarsson is connected to the EAP. *BT* alleges Gunnarsson has

authored articles for EAP publications on a free lance basis, citing the Swedish security police, SAEPO, as the source of the information.

In a call to the SAEPO that day, Swedish EAP leader Michael Ericson is told categorically that no such accusations had originated with SAEPO, which has no information linking Gunnarsson to the EAP.

March 15: *BT* prints a statement from an EAP spokesman denying any links between Gunnarsson and the EAP. The spokesman is quoted saying, "It is a lie which must have come from Soviet or Soviet-related circles."

March 18-19: Newspapers and wire services all over the world put out the report that suspect Gunnarsson is a member of the EAP. Many link the party to Lyndon LaRouche; some quote the statement of EAP leader Michael Ericson, that the EAP broke off all ties with Gunnarsson when he was perceived to be an unbalanced individual, and that "there have been clear attempts by Moscow to lay the murder at our door."

March 19: Radio Moscow broadcasts in English to Europe: "Murder suspect Gunnarsson is a member of the fascist European Workers' Party with headquarters in the Federal Republic of Germany." Just one hour prior to the release of Gunnarsson, Radio Moscow modifies its line, omitting mention of the EAP and the epithet "fascist": "Speaking in a press interview, a spokesman for the police gave it to understand, that the man is involved with an extreme right-wing organization. The man is said to have hated Palme. One of the motives of his hatred was Sweden's good relations with the Soviet Union."

March 19: Swedish police release Gunnarsson, saying that a key part of the prosecution's evidence had collapsed. Police Chief Hans Holmer told a press conference that the decision was made after a confrontation with a key witness: "didn't give us what we expected." Holmer criticized the Swedish press for breaking Sweden's law against publishing the name and photograph of a suspect, and for launching a witchhunt.

March 19: Swedish journalists at the center of the KGB's disinformation campaign against the EAP are furious at Gunnarsson's release from custody, and fearful of lawsuits, particularly since they violated Swedish law by publishing the suspect's photograph.

March 19: Illinois Democratic primary victory for LaRouche-associated candidates Mark Fairchild and Janice Hart. WBBM radio, a CBS affiliate in Chicago, during coverage of the election results, adds, "In other related news, a man associated with the LaRouche organization has been identified as a suspect in the assassination of Palme."

Trilateral candidate for chancellorship

by Mark Burdman

As the government of West German Chancellor Helmut Kohl is hit daily by new scandals and difficulties, media attention has zeroed in on Kurt Biedenkopf, the former member of the Trilateral Commission who recently became head of the Christian Democratic Union (CDU) in the state of North Rhine-Westphalia. Biedenkopf is being groomed as a possible alternative to the besieged chancellor.

A mediocre, "technetronic" personality, Biedenkopf graduated in international law from Georgetown University in Washington, D.C., the Jesuit-run institution that trains most of the employees of the U.S. State Department and diplomatic corps. His "constituency" is not the voters of North Rhine-Westphalia, but the international think-tank set, the zero-growthers, and the Trilaterals.

It was in the 1970s, that Biedenkopf began to rise in the ranks of the CDU, achieving the post of general-secretary by the mid-1970s. By taking over the North-Rhine Westphalia CDU, Biedenkopf has now assumed control over the regional party that is most important in West Germany. Forty percent of the party stalwarts nationally come from this state. This presents Biedenkopf with quite an impressive springboard for launching a bid for the chancellorship, should he and his controllers decide to do so. Already, informed speculation in the Federal Republic, is that Biedenkopf will try to enter the CDU presidium, the most influential policymaking body in the party.

But Biedenkopf has made many enemies in his rise to prominence. Says one Biedenkopf-watcher: "Kurt is his own worst enemy. He's arrogant, and overambitious. The risk for him, if he challenges Kohl now, is that as soon as he moves in this way publicly, all the enemies will come out, and Kohl will not be the only one."

The following story, which has gone unreported by the media, reveals much about Biedenkopf's character. In January 1976, as general-secretary of the CDU, he attended a meeting of the Konrad Adenauer Foundation, where he unexpectedly launched into a diatribe against the "sexual ethics" policy of the Vatican, charging that, by its efforts to maintain moral standards in sexual relations, the Vatican threatened to "make itself ridiculous."

Slightly over one year later, Biedenkopf showed up at an

important political function, arm in arm with a woman who was not his wife. Traditionalists in the CDU protested that this was hardly the man with the image to lead a party that had based itself on support for Christian family values!

A deindustrialization policy

Biedenkopf's economic policy is modeled on the computer printouts of the Malthusian Club of Rome. In an interview with *Der Spiegel* magazine released March 17, he attacked the Kohl regime for its belief that "economic growth creates employment. . . . That is no longer true." He praised past years' trends in the West German economy, which have involved the "redistribution of the public wealth" toward "environmental protection," and away from past years' versions of consumer and industrial spending. He also attacked patterns of defense spending, insisting that money for defense should go into a "conventional build-up." Given Bonn's negotiations with the United States on the Strategic Defense Initiative (SDI), and the ongoing controversy over deployment of U.S. Pershing II and cruise missiles, it was no mystery what Biedenkopf was actually attacking.

Days before the *Der Spiegel* interview, Biedenkopf had told a meeting of the regional leadership of the CDU in North Rhine-Westphalia that the region was suffering from "overproduction and overabundance"—this in a region which, like the Midwest industrial centers of the United States, is suffering from colossal unemployment and idle plant and equipment. Biedenkopf praised the policies of the CDU government in Lower Saxony, headed by Ernst Albrecht, which has pioneered introducing the Club of Rome's "post-industrial society" policies, under a "conservative" cover.

Biedenkopf's views on foreign policy and strategic issues favor distancing West Germany from the United States. According to a Bonn insider, "Biedenkopf is really most close in his thinking to Helmut Schmidt and Hans-Dietrich Genscher." Schmidt, the former Social Democratic chancellor, has become the most vocal spokesman for the Trilateral Commission's policy of accommodation with Moscow; Genscher, the German foreign minister, is at the forefront of attempts to sabotage U.S.-German cooperation on the SDI. "Biedenkopf doesn't like the SDI," the source reported.

Biedenkopf's Soviet connection runs through his Institute for Economic and Social Studies in Bonn, which is hosting operatives from the main Soviet international affairs think-tank, IMEMO. There is a liaison between Biedenkopf's people and IMEMO influential Anatolii Gromyko, son of the former Soviet foreign minister, Andrei Gromyko.

On March 22, Biedenkopf shuttled off to Washington for secret meetings at the State Department, with other U.S. government officials, and at Georgetown University. U.S. Ambassador to Bonn Richard Burt, coincidentally or not, will be there at the same time for "political consultations." Is the State Department becoming the headquarters for a "Committee to Elect Kurt Biedenkopf Chancellor?"

Chirac named premier following crushing defeat of French Trilaterals

by Philip Golub

Following two days of intensive coalition negotiations between the two victorious parties in the March 16 elections, and discreet talks between Socialist President François Mitterrand and opposition RPR leader Jacques Chirac, the new French government, headed by Chirac, was announced late in the afternoon of March 20.

Chirac, leader of the largest and most powerful of the victorious coalition parties, the Gaullist RPR or Rally for the Republic, called on the country today to unite. "I call upon all French men and French women to unite to save the country," declared the new prime minister in unusually dramatic fashion.

In effect, the French election victory of the RPR and their coalition ally, the UDF (Union pour la Démocratie Française) came in the midst of multiple foreign policy crises for France, including a very bitter and harsh hostage crisis in Lebanon and an escalating military conflict in Chad.

The new ministers

The principal new ministers of the government include:

- Mr. Robert Pandraud, minister of national security, a new ministry created by the new prime minister to coordinate all national security affairs. Robert Pandraud has long experience in police and intelligence matters and served as head of the French National police for many years, until becoming chief of staff for Jacques Chirac, mayor of Paris until his recent appointment as premier.

- Mr. Charles Pasqua, minister of the interior, whose responsibilities traditionally include internal security, oversight over elections, and law and order. M. Pasqua was chairman of the RPR group in the French Senate until his appointment and played an important role in the election campaign.

- M. André Giraud, minister of defense. M. Giraud was minister of energy under the presidency of Valéry Giscard d'Estaing and was one of the architects of the French civilian nuclear power program; he is known as a supporter of the idea of French participation, in one form or another, in the

Strategic Defense Initiative of President Reagan as well as of an autonomous European high-technology defense effort.

- M. Michel Noir, minister of finance. Michel Noir headed the study group of the RPR on industrial affairs and was the RPR candidate in the Rhone Department (Lyon) against Trilateral Commission member Raymond Barre, a former premier. Noir scored a stunning success against Barre on March 16, gathering 21.7% of the vote, although the polls had projected that he would receive barely above 14%. Barre had been expected to win a landslide victory with over 29% of the vote, but just did manage to outdistance Noir with 22.8% of the vote. Noir has also been prominent in the RPR as a spokesman for a "Colbertist" industrial policy—a reference to government-directed economic development, as pursued by Louis XIV's greatest minister, Jean-Baptiste Colbert.

Other ministers include the former diplomatic counselor to President Georges Pompidou and close friend of Chirac, Eduard Balladur as state minister, Republican Party Leader Leotard as minister of culture, Farmers Union head Guillaume in agriculture, and Bernard Pons of the RPR as minister of Overseas Territories, which will become an important, if not crucial, post given the years long destabilization campaign run by leftist and communist subversives and by Warsaw Pact intelligence services in New Caledonia, Guadeloupe, la Réunion, and French Guyana. In a compromise between Mitterrand and Chirac, ambassador J. B. Raymond, a career diplomat, was appointed minister of foreign affairs.

The hostage crisis

The composition of the new government, and in particular, the creation of the new Ministry for National Security, underlines the desire of the new government and of Chirac to deal firmly with the foreign policy and security crises France is facing in the Middle East, Northern Africa, Sub-Saharan Africa, and in the overseas territories. According to sources close to the new government, one of the major priorities will be to combat international terrorism in an effective fashion,

a policy long neglected under the previous Socialist governments.

As the bomb attack the evening of March 20 at the Champs Elysée emphasizes, the Lebanese hostage crisis is the most acute and most immediate of these problems. There are presently seven French citizens who are hostages in or around Beirut. Three are hostages of the Iranian-controlled Hezbollah organisation, while four recently kidnapped journalists of French Television are said to be in the hands of an organization close to Syrian intelligence. An eighth hostage, Michel Seurat, was assassinated by the Hezbollah a number of months ago. His assassins released the pictures of his corpse only recently as part of a calculated pre-election psychological maneuver.

For months prior to the elections, the previous Socialist government negotiated frantically with both the Iranian and Syrian governments without any result. Systematic concessions were made to the Iranians, in particular, including not very discreet sales of weapons, in a futile attempt to achieve the release of the hostages.

Knowledgeable observers believe that this crisis will worsen before it gets better. The new prime minister is considered to have long-standing ties to Iraq, one of France's traditional trading partners in the Middle East. These same

sources note that both the Iranian and Syrian governments, albeit for different reasons, want to force France to shift its entire Middle East and Gulf policy. The Syrians in addition are said to want to force the French once and for all out of Lebanon, where French influence is still strong, particularly in the Christian community. Ultimately the hostage crisis will boil down to a fundamental foreign policy choice which the new government, in coordination with President Mitterrand, will have to make.

A novel arrangement

Constitutionally, the new French government arrangement is entirely novel. Never in the history of the Fifth Republic (founded by President Charles de Gaulle in 1958, creating a strong presidential regime supported by clear majorities in the national assembly) has there been a President presiding over a government of entirely different political party affiliations. Long thought to be unworkable or leading to ungovernability, it appears that the new government is the result of an agreement struck between the new legislative majority and the President; it therefore may have greater chances of lasting than originally expected.

The success of this arrangement will demand—has already demanded—that some basic understanding be reached

European Labor Party exposed the Trilaterals

The European Labor Party, known in France as the Parti Ouvrier Européen (POE), ran candidates in 27 French "départements" (roughly, the equivalent of states) in the legislative elections, on a platform calling for a shift in economic policy to "Colbertist" fostering of high-technology industrial growth, and a defense policy of French cooperation in the U.S. Strategic Defense Initiative. The party is headed by POE secretary Jacques Cheminade, who reached millions of voters in several incisive national television appearances during the election campaign. It is inspired by the ideas of American economist and political leader Lyndon LaRouche.

The POE became known for spearheading opposition to Trilateral Commission policy schemes designed to destroy France's sovereignty, beginning with last year's "Greenpeace" affair. At that time, POE spokesmen exposed the U.S. Trilateralist lawyer Lloyd Cutler, attorney for the environmentalist-terrorist Greenpeace organization, for attempting to destroy French intelligence capabilities to the benefit of the Soviet Union. The POE then

took the lead in exposing the dangerous ambitions of Swiss bankers' agent and Trilateralist Raymond Barre, who was played in the press as a major force in the opposition. The heavy defeat of Barre-linked candidates was one of the biggest upsets of the March 16 vote.

On March 20, the daily *Le Monde*—France's "newspaper of record," which had ignored the POE's entire electoral campaign—wrote that the campaigns of the European Labor Party, "in particular those against the Club of Rome, the Trilateral, and in favor of Third World development, make a sound that, in effect, evokes the Gaullism of the left rather than ultra-conservatism." The article was *Le Monde's* response to a Soviet-orchestrated slander campaign, attempting to link the European Labor Party to the Palme assassination (see pages 22-25).

Le Monde otherwise notes that the POE claims to be in the tradition of (Socialist) Jaurès, former President Charles de Gaulle, and Jean-Baptiste Colbert, the 17th-century founder of the governmental policies conducive to industrial capitalism. The article labels the POE's attitude on the Soviet Union "obsessional," but adds that this has led to a strong support for President Reagan's Strategic Defense Initiative.

Despite meager resources, a blackout by the national media, and a wildly variegated slander campaign, the POE candidates were officially credited with 43,000 votes.

on foreign policy, traditionally considered to be the "special domain" of the President, as well as security policy and economic policy. The delimitation of powers is clear in the constitution in the case of a unified presidency and government. In the present case, this delimitation is more blurred, but can be practically resolved by a minimal consensus on major issues on the part of the President and the prime minister. President Mitterrand, of course, will remain chief of the armed forces and sole guarantor of the nuclear option, although defense policy will be worked on between both the presidency and government.

It is too early to say whether the agreement between the new government and the Elysée (presidential palace) will work. Mitterrand has over 40 years of political life behind him and is known for his versatility in dealing with such situations. If, however, the arrangement (known as *cohabitation* in France) were to break down, this would inevitably lead to early presidential elections and a new round of legislative elections soon after.

Raymond Barre had based his entire campaign on this latter assumption, expecting an early government crisis and presidential elections which would permit him to run for the country's highest office. His relative defeat during the elections March 16 has certainly momentarily neutralized any early attack on his part upon the new government, although it has in no way cooled his ambition.

Barre, a leading member of the Trilateral Commission and an advocate of détente and "East-West convergence" theories—i.e., a global Russian empire—cannot now afford to lose further ground among the conservative electorate which desires stability. Barre is said to hope that the new prime minister will become inextricably stuck in the Lebanese quagmire and hence discredited. This perilous game could turn against him, however, if the new government scores significant successes in any major foreign policy or economic field, such as the fight against terrorism.

A strong military policy will also enhance Chirac's chances to succeed, and thus prepare for his own presidential candidacy in 1988.

As far as the relative electoral success of the right-wing populist National Front is concerned, this will in no way seriously affect the actions of the government. It will be very difficult for the rabble-rousing Jean-Marie le Pen—who polarized nationalist discontent and was used by the Socialist Party to limit the victory of the RPR and UDF—to denounce a "weak government" when the latter includes both R. Pandraud and C. Pasqua.

The French elections thus demonstrate a shift in the French population itself, demanding a fundamental change in French economic and foreign policy. The stakes are high and the new government needs a couple of major successes to overcome the international and domestic obstacles it is already facing.

For the Trilaterals, it's on to Moscow

by Mark Burdman

Leading lights of the Trilateral Commission are reportedly most unhappy about a report that appeared in the Italian magazine *Panorama* on March 9, claiming that the Commission is planning to hold a plenary meeting in late 1986, or in 1987, in Moscow. But certain evidence, available to *EIR*, lends credibility to the *Panorama* report.

The article was written by Rome correspondent Pino Buongiorno. We present segments of his unusual exposé:

"Here in the office of Count Giovanni Auletta Armenise, president of the Banca Italiana dell'Agricoltura, on Tuesday March 11, the 20 Italian members of the Trilateral Commission, first among them Gianni Agnelli [of Fiat], will meet. On the agenda: the general assembly in Madrid, in the middle of May, of the powerful international organization that collects industrialists, financiers, bankers, and politicians from Europe, Japan, and the United States. There are two issues for the important meeting: 'The next phase with the Soviet Union and Eastern Europe,' and 'The conditions for partnership in international economic organizations.'"

Buongiorno added that the Trilateral Commission "gained its bad name with the election, in November 1976, of the 'unknown' Jimmy Carter, to the presidency of the United States. Carter was one of the most active members of the Commission. He called into his administration 18 Trilateralists: first of all, as adviser for national security, Zbigniew Brzezinski, exactly the same man who had the idea to create the organization, then supported by the banker, David Rockefeller. Was it not the Trilateral Commission that imposed that administration, many asked themselves?"

Noting that many have considered the Trilaterals a dangerous international conspiracy, Buongiorno published a disclaimer from one leading Trilateral leader in Italy: "'The truth is that the Trilateral Commission is only a place for discussion, of exchange of experiences. The influence we are trying to have is only at the level of public opinion of the leading classes,' says Piero Bassetti, former Christian Democratic parliamentarian, and now chairman of the Union of Chambers of Commerce, one of the first members of the Commission."

Then, the clincher: "'In fact,' Bassetti says, 'we still feel today a certain bureaucratization of the Commission. But, fortunately, the speech of [Soviet leader] Gorbachov at the Congress of the Soviet Communist Party, which relaunched the great planetary issues, security, the use of high technology, the environment, hunger in the world, issues that are Trilateral issues, could allow us to revitalize our ideas.' *It is precisely in Madrid that the idea will be launched of organizing a meeting over coming months in an area 'external' to the Trilateral Commission: probably the Soviet Union* [emphasis added]."

According to one knowledgeable source, the decision for the Trilateral Commission to meet in Moscow, either later this year or in 1987, had already been taken at its 1985 meeting in Tokyo. The decision, this source says, will merely be finalized in Madrid. The key back-channels for the "Moscow Connection" have been provided by the North American members of the Commission. "Meetings have been going on secretly with high-level people in the U.S.S.R.," said the source.

In its summer, 1985 edition, the Soviet Foreign Ministry's *International Affairs* journal lavishly praised the Trilateral Commission, for its opposition to President Reagan's Strategic Defense Initiative.

To judge by the West German members of the Trilateral Commission, the "move to the East" is quite believable:

- Trilateral member Theo Sommer, editor-in-chief of the influential *Die Zeit* weekly, issued an analysis in early March, calling for West Germany to shift its economic orientation to helping the Soviet Union achieve the plans announced at the Soviet Party Congress, envisioning a large rise in gross national product over the next 15 years. The March 14 *Die Zeit* followed up Sommer's piece, with a front-page commentary that asserted, "For its attempt to modernize its economy, Moscow has no more reliable partner in the West than Bonn."

- Otto Wolff von Amerongen, head of the German trade and industry federation, during the first days of March, advocated a general expansion of East-West trade deals.

- Kurt Biedenkopf, the new head of the North Rhine-Westphalia Christian Democratic party, has his own private institute in Bonn, the Institute for Science and Social Studies, which is planning to sponsor visits by strategists from the Soviet IMEMO think-tank for joint seminars in Bonn later this year.

- Volker Rühle, one of the leaders of the CDU parliamentary defense fraction in Bonn and a co-thinker of Foreign Minister Hans-Dietrich Genscher, is planning to visit East Germany for almost a week in May of this year, immediately prior to the May 17-19 Trilateral summit in Madrid.

- Karl Kaiser, head of the German Institute for Foreign Relations in Bonn, is the co-director of the "East-West" task force that will present its findings in Madrid.

French Socialists plot against Tunisia

by L. Colombe et Ahmed Ben Khader

The March 14 issue of *EIR* published an article on Tunisia which contained a few errors and that we mistakenly attributed to two of our regular authors. We publish here the original article as it appeared in the March 10 issue of the French weekly *Nouvelle Solidarité*. Upon its publication, the article provoked immediate political debate in Tunisia. The article was reprinted in five weeklies and dailies, including on March 20 in the daily Tunisian government newspaper, *La Presse*. On March 21, the French dailies *Quotidien de Paris* and *Le Monde* gave prominence to the report of *Nouvelle Solidarité* and reported that the French foreign ministry, still led by Socialist Minister Roland Dumas, had denied as "absurd" the charges of the articles. However, *Le Monde* predicted that M. Eric Rouleau, ambassador in Tunisia, may soon find his job too difficult to pursue any further.

Executive Intelligence Review has been informed by well-placed Western intelligence sources that leading members of the French Socialist Party are plotting the overthrow of Tunisian Prime Minister M'zali, to replace him by a well-known Tunisian political personality closer to the African and North African political line of the French Socialists. According to the same sources, French Ambassador to Tunisia Eric Rouleau would be coordinating the internal and external aspect of the operation. In the last few weeks, half a dozen or perhaps more French special intelligence agents have been dispatched to Tunisia for this operation.

Rouleau is not an ordinary ambassador. Appointed in the early summer of 1985 to the dismay of the Tunisian authorities, Rouleau is better known as a specialist in Palestinian and Libyan affairs than as a friend of Tunisia. His openly displayed pro-Libyan sympathies made his appointment the more provocative, as it happened in the midst of a Libya-Tunisia crisis which led to the expulsion by Libya of thousands of Tunisian workers by the end of August and September of last year. Prior to his appointment, Rouleau had played an important role—while still a journalist for *Le Monde*—in the secret negotiations between the French and Libyan governments on the Chad crisis, and had mediated the summit between François Mitterrand and Muammar Qaddafi in November 1985 on the island of Crete.

Born under the name of Elie Raffoul some 60 years ago, in the 1940s Rouleau became a member of the newly re-created Egyptian Communist Party. He socialized with Henri Curiel, another Egyptian communist who, in the 1960s, created from Paris the famous "Curiel Network." In 1952, Rouleau became a personal friend of Roland Dumas who was then visiting Cairo. According to information from several sources, Raffoul/Rouleau was expelled from Egypt in 1956. In 1960, he joined the *Le Monde* newspaper. He then played a role not only as a journalist but as a power broker in the period which immediately preceded and followed the coup against the Shah of Iran, by displaying himself as a strong supporter of the Bazargan/Bani-Sadr faction of the new Islamic regime. Rouleau was one of the advisers for legal and political contacts for this group, from the time of Khomeini's residence at Neauphté le Château, close to Paris.

Closely associated with political layers around the famous Curiel Network in Europe and in the Middle East, Rouleau has been used for many secret missions on behalf of a specific intelligence network of the Socialist International, with significant power and influence in the present French and Greek socialist governments. Not by chance, both regimes maintain close ties with the regime of Col. Muammar Qaddafi. Rouleau's personality is ambiguous. The July 22 issue of the French weekly *Valeurs Actuelles* reported that the American government has given orders, preventing Rouleau from accessing certain American governmental archives. This kind of decision is generally made only against agents of unfriendly foreign powers or suspected of being that.

The aim of the plot is to derail the succession plan to Tunisian President Bourguiba. Clearly chosen by the Tunisian President as his legal and constitutional successor, Prime Minister Mohammed M'zali represents stability and continuity in Tunisia at a time when the Maghreb region is faced with numerous crises provoked by the subversive activities of Libya and of Islamic fundamentalists. Trapped, like most other developing countries by an economic crisis aggravated by most other developing countries by an economic crisis aggravated by International Monetary Fund policy, Tunisia remains an authentic democracy, and one of the true allies of Western civilization in the southern Mediterranean region. Until now, the political strength of President Bourguiba has prevented the explosion of any major crisis. This was underlined by the rapid and determined reaction of the Tunisian government after the assault of a Libyan commando unit against the city of Gafsa in 1980; during the 1984 bread riots; and more recently after the favorable U.S. reaction to Israel's raid on the PLO center in Tunisia in October 1985.

By attempting to destabilize the constitutional process of the succession, the French Socialist government is not only promoting institutional instability, but is playing with the fire of subversion, chaos, and insurrection. The French Socialists are relying on some of their Tunisian friends, such as former

Interior Minister Driss Guiga, presently based in Paris, and the clique to which he is associated within Tunisia. Guiga was purged in 1984, as he reportedly encouraged the bread riots to overthrow Prime Minister M'zali. Trained in the 1950s by the Socialist elements within the BND (West German intelligence), Guiga is now at the center of the activities of the opposition abroad. At the same time, the French Socialists have tolerated the growing development of the MTI (Mouvement de Tendance Islamique), which is being used to pressure the Tunisian government. The MTI is financed by both Libya and Iran and is associated with the Algerian Democratic Movement of Ahmed Ben Bella, who is also financed by the Iranians, as well as the Swiss Nazi banker, François Genoud of Lausanne.

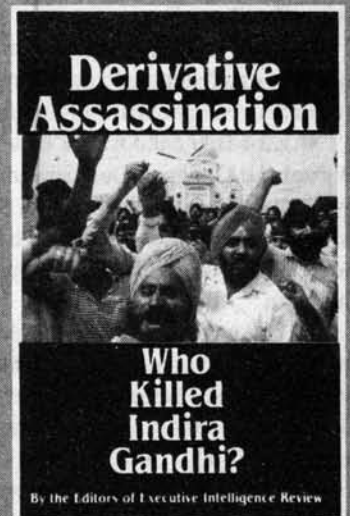
Two weeks before the French elections (March 16), this group of French Socialists was intensifying its efforts to destabilize Tunisia, one of France's historical allies. Though the victory of the opposition will play a useful role in neutralizing this subversive plot, the network will remain active from within the Elysée Palace and the Rue de Solferino. Is Qaddafi really so important for the French Socialists that they are risking the destabilization of the whole of Northern Africa? Unfortunately, the answer seems to be yes!

Derivative Assassination: Who Killed Indira Gandhi?

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Contadora, not Contras, for Central America

by Gretchen Small

U.S. policy towards Central America has indeed taken on the character of war: not against the Soviet threat, but against America's allies in the Western Hemisphere. In the past weeks, the United States has thrown more threats, diplomatic pressure, and economic warfare against its Ibero-American allies than against Nicaragua.

Repeatedly, Ibero-American governments tell Washington that a change in economic policy would do more to isolate Nicaragua and local radicals, than its policies of arming 20,000 combatants in Central America, or a mooted direct U.S. military intervention. Accept the principles outlined in the Contadora Accord, the peace plan drafted by the Contadora-Group nations—Panama, Mexico, Venezuela, and Colombia—Washington is told; your policies are handing the Soviet Union the conflict they seek in the Western Hemisphere. Now the message is getting tougher: Ibero-America will not stand by the United States in this folly.

Peruvian President Alan García was the most blunt in his warnings. "Any act of hostility and intervention against Nicaragua, will be an act of hostility and intervention against all of Latin America," García stated in his address to the Argentine Parliament. He specified that if foreign forces invade Nicaragua, Peru will break relations "with the aggressor power," and "make all efforts to defend that brother country." The parliament answered García here with a standing ovation.

Wire services attempted to twist García's warning into support for communism, or the words of an isolated radical. It may make good propaganda, but it is a foolish Washington bureaucrat indeed who believes that García does not express the sentiment of the region on this issue:

● Stated Colombian President Belisario Betancur on March 9, "I think that an initiative such as the request for \$100 million taken by President Reagan is wrong," and "will not produce good results." He added: "*All of Latin America doesn't like the Reagan proposal. . . . I know we can get more through negotiation. I know that the Reagan administration is aware of the fact that Latin America has its own language, and that language is expressed through Contadora.*" Investment in poor regions where guerrillas recruit, is a government's best defense against subversion, Betancur stated.

Betancur made his statements to the *Washington Post's*

Bradley Graham, to make sure they reached Washington. They did. The State Department, in reply, accused Betancur of aiding and abetting terrorism. "President Betancur has demonstrated his good intentions by extending the hand of friendship to the Sandinistas and has maintained a conciliatory attitude toward communist guerrillas in his own country," read the State Department statement. "Unfortunately, the response to that policy has been increased Sandinista support for terrorist activities in Colombia, including arming Colombian guerrillas for their attack last November on the Palace of Justice in Bogota, where they killed 11 Supreme Court Justices."

Shortly thereafter, the United States announced that it was considering pulling out of the World Coffee Pact, which sets coffee prices. Privately, the State Department made sure the move was understood in Bogota, as an answer to Colombia's opposition to aiding the Nicaraguan "contras," and defense of non-intervention. "To express such truths in the company of the greater part of Latin America, could not interfere with negotiations on the Coffee Pact, which, after all, affects all the producing companies of our America, Asia, and Africa," Colombian Foreign Minister Ramirez Ocampo remonstrated March 17.

● Brazilian Foreign Minister Abreu Sodre stated March 20: "The United States' radical position with respect to Nicaragua really hurts the search for a political solution to Central America's problems." In his zeal to sell his "contra" policy, President Reagan created a diplomatic incident, as yet unresolved, with the Brazilian government, by presenting a map of Ibero-America in his U.S. television address, which painted Brazil, and several other nations, red: Brazil's foreign ministry has requested "a formal explanation to the government" from the U.S. government, and rejected a statement at a White House briefing by spokesman Larry Speakes as insufficient.

● "Guatemala is not supporting President Reagan in his position of support for the anti-Sandinistas," Guatemalan Foreign Minister Mario Quinonez Amezquita stated March 20. The foreign minister was answering declarations by U.S. envoy Philip Habib that all Central America supports the U.S. policy. From Venezuela, where he was visiting, Guatemalan President Vinicio Cerezo chastised Habib as "tactless," and reiterated that Guatemala's policy is "active neutrality." This is no "ideological neutrality," the President emphasized, but an insistence that a "political solution" can be found in Central America. "We in Guatemala have adopted the position of demanding of both. Demanding that the U.S. not do something, and of Nicaragua what it should do."

● Costa Rican President-elect Oscar Arias, calling himself "an intelligent anti-Sandinista," stated March 20 that Central America's solutions should be solved "through dialogue, the diplomatic answer, and not by war." Under his presidency, he added, Costa Rica will fight to maintain its "neutrality."

García's call to unity in Argentina rattles bankers

by Cynthia Rush

"Finally, someone introduced reality into the situation here. . . . We're tired of ideologies. For three days, García took over the country. It was as if *he* were really the President, not Alfonsín."

This was the way one political observer in Buenos Aires described Peruvian President Alan García's official three-day visit to Argentina, March 14-16. It is this reaction, expressed by members of Argentina's Peronist movement, the CGT labor federation, and even the ruling Radical Civic Union (UCR), that had Ibero-America's major creditors sweating profusely in New York, London, and several European capitals. One wire service remarked that during his visit, García had "captured, with his ideas, the attention of both Argentina's government, and the opposition."

The international banking community knows that its grip on Ibero-American debtors is precarious. The world economic crisis, and the years of the International Monetary Fund's usury, make foreign debt payments impossible, despite the threats, blackmail, and political destabilizations which creditors and the U.S. State Department are now directing against virtually all debtors.

The inability to continue tolerating the IMF's murderous conditionalities, which threaten economic and political stability, as well as human life, is driving debtors to seek alternatives to the existing bankrupt monetary system. One of those alternatives is *Operation Juárez*, the document authored by Democratic Party presidential hopeful Lyndon H. LaRouche, Jr. in 1982, in which he proposed the creation of a debtors' cartel, an Ibero-American common market, and new regional financial and credit mechanisms.

At this critical juncture, Alan García chose to travel to Argentina, to persuade his neighbors to act now to create a unified Ibero-American power bloc, along the lines of *Operation Juárez*. He came armed with a packet of proposals for economic defense, including the idea of expanding the existing Andean Reserve Fund to become a "Latin American Monetary Fund," and the proposal that Ibero-America have

"a common currency," which "would not be a paper bill," but a compensatory system, to allow for regional trade without depending on a foreign currency.

The Peruvian President, who has prohibited IMF visits to his nation and limited foreign debt payments to 10% of Peru's export earnings, had already won the respect and admiration of Ibero-America's population. But the overwhelming response he received in Argentina was without precedent.

After witnessing the success of this trip, Henry Kissinger's banker friends are madly trying to sabotage García's trip to Panama, set for early April. The Panamanian labor movement has just finished a nine-day general strike against the IMF; nationalist feeling in the country is explosive.

For three days, García addressed all sectors of Argentina's political spectrum—in the national congress, in private meetings with political and labor leaders, and spontaneously on the streets and from his hotel balcony—and provoked a tumultuous and emotional response to his call for Ibero-America's programmatic unity. Having witnessed their own President, Raul Alfonsín, succumb to the dictates of foreign creditors, Argentina's population and political leaders responded with unchecked enthusiasm to García's repeated call for Ibero-America to show the "voluntarism" to stand up to the "evil" IMF, and to unite as they had done at certain crucial moments in their past history.

Using, what is for all Argentines, the emotionally charged issue of Great Britain's illegal re-occupation of the Malvinas Islands in 1982, García likened Ibero-America's foreign debt burden to a "territorial occupation" by a foreign invading force. Speaking in the northern city of Salta on March 16, where he was greeted by 35,000 people, García said that this occupation "without weapons, but with the same deadly efficiency . . . destroys our industries, takes food from our children, and work from our citizens." In the face of this challenge, the Peruvian President stated, "We can give only one answer: to know that in Latin America, and in any threatened nation, there is a Malvinas conflict to be resolved."

Are there risks involved in forging continental unity? Yes, he told members of the national congress in a March 14 speech. But these are the same risks taken by the patriots who fought for the independence of Ibero-American nations, and built their political institutions. "Would they have done it, if they had asked themselves, as many now ask us, 'What will happen if we become the protagonists of our historical destiny?'"

Thirty-four times during that speech, congressmen interrupted García with applause, and often with standing ovations. The halls of Congress were packed, while 2,000 people demonstrated their support outside, and García's speech to the Congress was broadcast over a loudspeaker system from his hotel. After he left the Congress, before getting into his car, the tall Peruvian President mingled with the crowd, shaking hands and greeting the supporters who surrounded him. This scene was repeated again and again during the trip.

Later, from his hotel balcony, in a spontaneous address to citizens gathered below, he said, "We should fear no one, and nothing, in the creation of the Great Fatherland," and warned that "any aggression against a country because of the debt, will be taken as an intervention against Latin America."

Sour grapes

Aware of the impact that the Peruvian head-of-state could have in Argentina, where the IMF's "Austral plan" has made Raul Alfonsín dangerously unpopular, foreign interests and other pro-IMF elements within the government tried to create mistrust in the country against García, even trying to cancel the trip altogether.

Foreign ministry sources lied to Alfonsín that García secretly planned to aid the opposition to the government, led by the Peronist party, or trigger a coup. Hard-core defenders of the IMF from the Radical Party who met with President García, emerged from these meetings apparently unaffected by the Peruvian's leadership. Foreign Minister Dante Caputo, a Socialist International asset who meets with Henry Kissinger on every trip to New York, sniffed: "The Peruvian solution to the debt issue has been judged inconvenient for Argentina, by the government of President Alfonsín. . . . Our purpose is to remove from the debt problem all demagogic components, letting our voice be heard, but without proposing confrontation."

These petty efforts to contain García's impact on the population failed. A particularly warm reception was accorded him by leaders of the Peronist movement, and the CGT trade union federation, who see close parallels between García's nationalism and that of their founder, Juan Domingo Péron.

The CGT, under the leadership of its secretary general, Saul Ubaldini, has repeatedly denounced the Alfonsín government's submission to IMF policy, and mobilized several million workers in general strikes against it. Its next general

strike is planned for March 25, to protest the wage-slashing policies of the "Austral plan."

On March 15, Saul Ubaldini met with García at the latter's hotel, and then told the press, "Alan García has spoken sincerely to all Argentines, and has put forth the guidelines of one who loves liberty. . . . We have spoken of the drama which payment of interest on the alleged foreign debt could bring, [because] it does not permit reactivation [of the economy] for the attainment of social justice." Ubaldini also announced that he and the Peruvian President had discussed summoning a meeting of all Ibero-American labor leaders, to be held in either Lima or Buenos Aires, before June of this year.

García also met with most of the top leadership of the Peronist movement in Buenos Aires; and in Salta, on the last part of his trip, he held an unscheduled meeting with a group of Peronist governors from Argentina's northern provinces. At that meeting, Salta Gov. Roberto Romero presented Peruvian Foreign Minister Alan Wagner with several proposals on Argentine-Peruvian cooperation. The Peronists recommended that Argentina sell Peru food, tractors, and other agricultural machinery and that government-to-government contracts be signed with a special focus on development of Argentina's northwest, Bolivia, and southern Peru.

Bilateral agreements

The final communiqué, signed by both Presidents, reflects García's thinking on a number of key programmatic points, despite Alfonsín's efforts to keep his distance from the Peruvian President. The document states: "In the framework of the solidarity of the region's debtor nations," the two countries "agreed to give reciprocal and effective support to any measures relating to the foreign debt adopted by either of them . . . and to seek formulas allowing for the creation of a Latin American mechanism for support for balance of payments, taking as a base, the experience obtained by the Andean Reserve Fund."

The document places special emphasis on "food security for the nations of the region," noting Peru's willingness to seek a regional assistance agreement for any food emergency. The communiqué also states that both heads of state believe that "new forms of cooperative mechanisms could consolidate the basis for establishing a network of regional economic security," which would permit reciprocal assistance among member nations, in the event that any nation were the victim of "economic aggression." This proposal was first raised by the Latin American Economic System (SELA).

The two Presidents also agreed that Argentina will continue to provide Peru with technology for its nuclear industry, and to explore "new areas of cooperation in the area of the peaceful uses of nuclear energy." Argentina will complete the projects now under way at the atomic center in Huarangal, Peru.

García urges Ibero-Americans to unite on debt, sovereignty

The speech of Peruvian President Alan García Pérez before Argentina's National Congress in Buenos Aires, March 14, 1986.

Gentlemen Representatives of the Congress:

In greeting you in the name of the people of Peru, who are represented by the democratic will of the Argentine nation, I want to express my gratitude for the generous welcome that Peru has been given through my person, and to ratify what is already an historical design, the brotherhood of our two peoples and the profound fondness that exists in every Peruvian heart and in every Peruvian home for Argentina, which we feel as flesh of our flesh and to whom we are linked by our common bonds of Latin America. And it is in the exercise of my Latin American citizenship that I come to this other land of ours to loudly proclaim that we who lead Peru's decision to affirm a nationalist and just government know, however, that all attempts for revolution bounded by the borders of our countries would be completely precarious and ephemeral [applause].

When we in Peru speak of nationalist democracy, we are not speaking of it only for Peru; we know that we are part of what would have to be a continental revolution, and we understand that without a united Latin America, there will not be a profound transformation in Peru [applause]. There may be a better administration of the poverty, but the revolution which increases well-being, development, and technology will take place only to the degree we join with other peoples in a great and new decision.

Thus, gentlemen, I come as a Latin American to give and to seek solidarity for the very same cause in which at this moment, Latin America adds up its problems to gain consciousness of them. I come now that the foreign debt compromises our destiny, now that the imperial power intends to intervene in our America, in Nicaragua, now that we share as common problems underdevelopment, misery, and a social order that despite our efforts preserves injustice. And now, more than ever, gentlemen, our obligation is to build a Latin American democracy whose revolutionary essence is solidarity in the dramatic moments.

Perhaps, without wanting it, our adversaries have managed, thanks to their imperial domination, to make us at last

conscious of our unity. And for that reason, gentlemen, my visit shows our solidarity in the beautiful process of the creation of Latin America. And, I must say that if for some, the visit of the Peruvian President could be a theme for contradiction, for us, it is only a message of affection [applause].

Our continental democracy will be constructed with our differences, with our discrepancies, with our specific decisions. It is not up to anybody else to give lessons; it is not up to anybody to show the way. It is up to us to support each other. And if our decisions be not the same, our willingness to support [each other] must be the same . . . and to know that, as far as the Peruvians are concerned, if someone commits aggression against Argentina, he also commits aggression against Peru.

That's why Peru—a Peru that is not rich either in cannons or in money, a Peru that is not a country of imperial vocation, a humble country but great in its moral power, big in its solidarity toward Latin America, and in the struggle of the peoples for their history, is, and will remain, side by side with Argentina—that is the reason for our profound, emotional identification with the rescue of democracy in this great country, a democracy whose path we follow with great expectations, because we feel it as if it were ours, and we see the great President Alfonsín as the moral expression of democracy in Latin America [applause from the deputies and senators].

We, as you do, also believe that democracy is the plural voice of the majorities and the broad path is the one that is affirmed by the people in their history, always advancing, and we know that it is its vanguards who broaden the horizon. In our America it was first the middle classes and then the industrial workers, and behind them, the distant chorus of the peasants asking for a place, and in this progressive march we now render homage to Hipólito Irigoyen and to Juan Domingo Perón as leaders of the continent [applause].

We believe that democracy is liberty, that only the people can elect their rulers and also sanction them, that there is no national problem that justifies the imposition of a dictatorship; the worst national problem is always a dictatorship. We believe that democracy [applause] is peaceful coexistence, because the victory of arms only gives right to might, and might can only impose itself, but never convince. . . .

But, if democracy is liberty and the expression of the will of the majority, democracy must also be a commitment to real transformation for justice. It cannot coexist with exploitation and inequality. Democracy must exist to cancel the unjust differences in the distribution of wealth and power and to open the way to egalitarian societies. Democracy does not exist if it is limited to those who have wealth and privilege. . . .

We took power in the midst of the gravest crisis in our history, with inflation and devaluation similar to that faced by other countries, but with the social reality of a much larger misery, and, also, with a situation of violence responsible for thousands of victims during the last few years, the sensationalist reporting of which, has made Peru known in the world.

Some told me that in the face of that situation, what was needed was a government that did away with a free press, with the labor unions and their collective demands, with parliament and its oversight functions. We replied: We can be anti-imperialist, we can affirm economic independence within democracy. . . .

. . . Democracy for us is nationalism as the principle of identity, as the rescue of economic sovereignty which rejects all intervention or conditionality. Democracy must define itself as the reply to the modern servitude of foreign debt, and as the defense of our natural resources.

. . . Here in Argentina, I feel upon my already mature shoulders the push and the vigor of the university reformists, to ask that we promote a Latin American conception of development, leaving behind the dictates of foreign economic theories. Our history is the history of growing subordination to the international economy, and because we have lacked a continental project, we have lived isolated one from the other, shaping our societies to the big interests of international capitalism. Without exception, the history of all our countries has followed the same path; since the middle of the last century until the great crisis of the 1930s, we were exporters of raw materials.

. . . Later, in the 1970s, when, faced with the increased oil price, world capitalism sought to sell more goods to pay for the higher price of energy, increased the interest of the previous debt, and shortened the period of repayment—in the face of that reality each one of us, separately, opened our borders, purchased foreign goods, destroyed industry, and accepted the dramatic conditions of debt repayments, asking for new loans to pay the debt. And today we see, and we have the duty to see, that the path we have all taken has led us to a dead end, but also to exhaust that same dependency.

Crisis of dependency

This is then a crisis of dependency itself, and it will have no solution without the unity of Latin America, without its sovereign stance, without freeing ourselves from the theoretical taboos that have governed us. . . . For a long time,

governments accepted as universal and absolute truth some of the theories that today are expressed by the International Monetary Fund. Dressed with new words, the old liberalism has imposed itself as a theory that preaches internal equilibrium within our economies.

First, it demands equilibrium between the economy of Latin America and the industrial economy of the richer countries, and by transforming us into an open market for imports, it has only led to the destruction of our factories, and our production. . . . But the liberal economic theory also demands the equilibrium between supply and demand, and it states that if there is no supply there can be no increase in the demand.

We in Peru say that to block the demand and the consumption of the people, also leads to a recession in produc-

That future, which others see as distant, we will create now . . . uniting so that those who come after us will know, that in the critical hour, our crisis became consciousness, and our poverty, our capacity to act.

tion. Truly we know that to increase demand without redistributing income and wealth can cause inflation, if the social structure which we inherited remains deformed. . . .

. . . Liberal theory demands equilibrium of international credit flows, because, it says, development depends on those credits and everything must be sacrificed to that, and that is why they offer us new credits to keep paying the debt. The truth is that that theory of equilibrium, and the contraction which it has brought about, has led us in the past few years to the crisis we are living through, and there is nothing new that we can expect from it in Peru. . . .

Latin America for the Latin Americans

. . . In the bipolar world of today, we must advance by proclaiming, Latin America for the Latin Americans. . . . We must respond united to each threat that is made to any of us . . . and the times demand that we speak with one voice. . . .

Any act of hostility and intervention against Nicaragua, will be an act of hostility and intervention against all of Latin America, and before this sovereign Congress, I proclaim the decision of the government of Peru, to break relations with

Continued on page 38

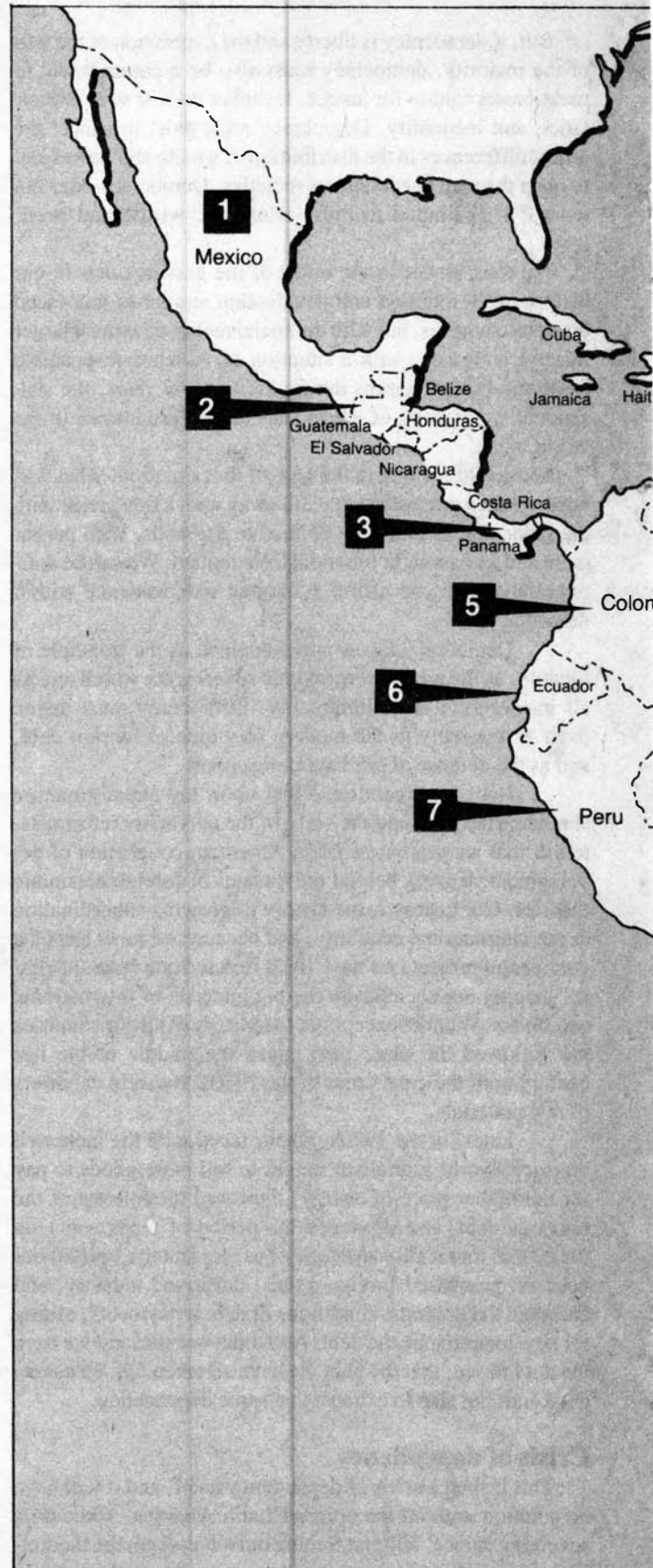
Ibero-America: the fight for integration, against the IMF

March and April form a turning-point in Ibero-America's fight to resist the onslaught of the international banking fraternity against its sovereignty and its very physical survival. The key to winning this battle lies in American political leader Lyndon LaRouche's "Operation Juárez" proposal, for continental integration in a Common Market. The U.S. State Department and almost the whole of Congress are allied with the bankers to destroy our friends and allies in the hemisphere. Abetting this process is the Reagan administration's insane "contra" policy, of funding one band of drug-running terrorists in Nicaragua, against the others, the Sandinista government. The Contadora group of Mexico, Panama, Colombia, and Venezuela, adamantly opposed to funding the "contras," has scheduled its next meeting for April 5-6.

1. Mexico: Since Kissinger's visit in February, Mexico has been under heavy pressure to cede sovereignty over its oil reserves to pay debt. Mexico is the second government targeted, after Panama, to change its policy on Central America and back the "contras." The State Department is threatening to issue a "travel advisory" warning U.S. tourists against travel in Mexico.

2. Guatemala: On March 19-20, an *EIR* delegation of Webster Tarpley, Dennis Small, and Jeffrey Steinberg was extensively covered by the media following a series of meetings with military and civilian leaders of Guatemala. Tarpley, a long-time adviser of Lyndon LaRouche and now Democratic candidate for Senate from New York, drew wide coverage for his attacks on the Reagan administration's "contra" policy, and also the Illinois election victory of LaRouche-linked Democratic candidates (pages 46-47).

3. Panama: The State Department and Sen. Jesse Helms are working to overthrow the government. Labor and industry have united in strike actions to defend the nation against the government's imposition of austerity policies demanded by the International Monetary Fund and the World





Bank. Organizing will begin now for a 24-hour strike on April 30. Panama's military officials blame the economic crisis on the International Monetary Fund—the "giant loan shark," as a high-ranking Panamanian Defense Force official called it.

4. Venezuela: Venezuela has been a weak link in the debtors' front. Guatemalan President Vinicio Cerezo made a four-day visit to Caracas, in which he discussed Contadora with President Jaime Lusinchi. Wires reported on March 20: "Cerezo said he agreed with Peruvian President Alan García's proposal that the debt problem has a political connotation. . . . He stressed that on this problem a political position should be taken which would oblige Latin America to seek joint solutions, 'because, if not, we will not be able to deal with the global problem of being debtor peoples through the suffering of the majority of the inhabitants.'"

5. Colombia: The narcotraffickers' political machine is threatening to retake the country in May presidential elections. But on March 14, President Belisario Betancur counterattacked the World Bank and Inter-American Development Bank for their deadly "conditions" on loans. In Ottawa on March 21, Labor Minister Jorge Carrillo called on trade unionists and government officials at the 12th Conference of American States of the International Labor Organization to take up Cardinal Ratzinger's challenge to develop the "new economic ideas" needed to overcome an economic crisis which threatens to destroy humanity.

6. Ecuador: The only government on the continent which publicly backs aid to the "contras," is also the government most committed to the U.S. Treasury's "Baker Plan," designed to prevent formation of a debtors' cartel for a new, just world economic order. President Leon Febres Cordero has brought a colony of drug running Sikh terrorists (the killers of Indian Prime Minister Indira Gandhi) into the country and officially protects them.

7. Peru: Peru faces a "financial Malvinas," President Alan García warned during his recent trip to Argentina. The International Monetary Fund has given the country, which is leading the fight for continentwide integration, an April 14 deadline to pay interest due on the foreign debt—or face total credit cutoff.

8. Brazil: Brazil is a member of the Contadora support group, and one of the continent's largest debtors. President Reagan's March 16 address to sell the "contra" policy, showed Brazil painted red on a map, creating an international diplomatic incident.

9. Argentina: Peruvian President Alan García's March 14-16 visit was warmly received by Peronists and CGT labor federation. He won a commitment from usually pro-IMF President Raúl Alfonsín to back Peru if it comes to a showdown with creditors, and agreements for a continentwide summit of labor leaders (pages 32-39).

the aggressor power in the event that foreign forces invade Nicaragua, and that we will make all efforts to defend that brother country [standing ovation].

Whether regarding Central America, or the debt question, the countries and governments cannot remain as passive spectators to what is happening to a brother nation; as we did not do in the case of the Malvinas Islands, the Argentine rights to which we here ratify, and before whose dead, almost all of whom were youth, we render an emotional homage [applause]. Latin America cannot wait disunited. In the entire continent, economic subjugation of the foreign debt is equivalent to today's occupation and to the naval blockade of yesterday. . . .

To believe that our problems will be solved with a future expansion of the world economy which will bring about an increase in the prices of raw materials is to again put our trust in the mechanism that has already victimized us. The recovery is not, nor will it be, worldwide. We in the underdeveloped nations are paying and will pay for the expansion of the North at the expense of our development, and no one should believe that they will be an exception and that they will receive favored treatment. . . .

That is why we have raised the flag of voluntarism, taking the risk of what might happen. And those who built our countries with pain, with blood, in adventurous searches for liberties and independence, would they have done it if they had asked themselves, as many now ask, "What would happen if we became the protagonists of our historical destiny?" [applause, the congressmen jump up for a standing ovation.]

Baker Plan: only to buy time

Therefore, Argentines, we believe that the proposal launched at Seoul under the name of the Baker Plan, which offers new provisions of world credit, is more of the same that we have already experienced, and a dissuasive offer to buy time, offering each one temporary relief which will only last a few months, in exchange for the acceptance of the conditionality which seeks to perpetuate a tributary development model in the interest of the transnationals.

In addition to all this is the intervention of the IMF, whose prescriptions Peru has tested and found to be evil, destroying industry, indebting us, devaluing the money, making the poor poorer, and whose austerity proposals, and budget cuts, respond to the interests of the international oligarchy, to create a surplus to satisfy creditor voracity. . . . [another standing ovation from the floor]

And because we do not recognize the IMF's theoretical or moral authority, we have decided not to follow its recipes, nor accept them as an intermediary with the banks. We have decided not to permit technocratic missions from the IMF [to] review, meddle in, and direct our economy, which is sovereign. . . .

We have decided to restrict the payment of the debt to a level which does not exceed 10% of the value of our exports [applause]. . . . Some say it is 15%, others say it is 12%; that is a secondary detail. The important thing is that we have decided to set our rules, demonstrate our will, and declare ourselves independent, because that means linking the price that we are paid for our labors and our raw materials, with the amount that is demanded of us. It is not a demagogic act, it is not an attack of passion; it is the necessity of finding a just balance between our poverty, caused by them, with the requirements of the development that our people demand. . . .

There is talk of possible economic and commercial sanctions [against us]. It is said that Peru will be declared ineligible, for not respecting the International Monetary Fund's theories. Well, we choose to be ineligible! We need only review the history of Latin America to see that its relationship with world capitalism has been one continuous sanction. . . .

For this reason, when it is said that Peru is alone, because it makes a sovereign decision, I, as a Latin American, say no. I say it is acting for the people, and with the people of the continent. I say that it is with Argentina, and that it was this country, from which in 1902, the Drago Doctrine emerged, as the voice of solidarity. When in 1902, the European fleet blockaded Venezuelan ports to collect the debt, there emerged a doctrine carrying the name of an illustrious Argentine, saying that no one had the right to collect the debt by force from any country.

We have proposed, among other things, that the current Andean Reserve Fund, which at this time is composed of five countries, be progressively expanded to include other countries, so that it can be transformed into a kind of Latin American Reserve Fund. It has also been proposed that a meeting of Latin American Presidents be held, whose realization, not convened by the most powerful country, would be an historic event, but whose possibility should be thought of, not as a passing eventuality, but as a periodic meeting that would take place each year, to concentrate our decisions. . . .

. . . 165 years ago San Martín came to our land to proclaim that Peru was free and independent because of the general will of its people. Today, in view of its multitudes and its dreams, we must say that Latin America will be free and independent, because of the general will of its people, because its cause is just, and defended by God. And that future, which others see as distant, we will create now . . . uniting so that those who come after us will know, that in the critical hour, our crisis became consciousness, and our poverty, our capacity to act. Argentines and Peruvians: For our people and for the poor of our earth, for those who dream, for those who seek tomorrow, for justice and for freedom, for our aspirations for the future, and for the certainty that together, we will make of our land, an authentic land of bread with freedom, Viva Argentina, Viva Peru, Viva Latin America!

Book Review

In search of a decent and true biography of Juan Perón

by Stephen Pepper

Peron, A Biography

Joseph Page.
Random House, 1983.
594 pp. \$25.00.

The overthrow of the legitimate government of the Philippines led by President Ferdinand Marcos by agencies of the U.S. government, and the campaign to villify and discredit him and his wife, Imelda, is almost a carbon-copy of the campaign that Washington conducted against President Juan Perón of Argentina and his wife, Eva, and which is in fact still continuing. Spruille Braden, the U.S. ambassador to Argentina from April 1945 to June 1946, and subsequently assistant secretary of state for Latin American affairs, casted himself in the role of Perón's destroyer, much as Stephen Bosworth, Paul Wolfowitz, and Michael Armacost performed in the present Philippine fiasco. Then as now the State Department was willingly aided by the U.S. news media.

The present biography is a continuation of this campaign, written by Joseph Page, who is a professor at the Georgetown University Law Center, and a former collaborator of Ralph Nader. Page's book is the typical product of an American academic who believes that he lends credibility to his prejudices by maintaining the posture of scholarly objectivity. The result is a mealy-mouthed text in which each absurd scandal against Perón is treated as if it were a major affair of state. For example, Page writes (p. 295), "As Juan Perón moved steadily toward his sixtieth birthday [as opposed presumably to certain alcoholics who move unsteadily toward their 60th—S.P.] . . . telltale traces of gray were still absent from his slick hair. Many suspected that he was using dye to maintain a relatively youthful mien."

Nevertheless, the book is valuable on two counts: It introduces to someone like myself, who knew nothing of Perón, the fascinating account of his rise to power and world influence, which persists to this day; secondly, it unwittingly serves to indict State Department policy over a period of several decades.

This would be a very different review were it written by someone well-informed in the subject, for surely it would

shred much of Page's assumed command of the subject. But in fact it may be useful for it to be written by a *Yanqui*, because the surprise of the encounter with one of the most important and impressive figures of our century is still fresh. It is as if someone knowing little or nothing about France, but able to appreciate greatness, comes upon the life of Charles de Gaulle.

Indeed, the comparison to de Gaulle is apt because Perón, too, was one of the few individuals in our time to have truly served his fatherland. It can be said of him that he saved Argentina, and made it rise to a period of greatness. Significantly Perón bore witness to de Gaulle's greatness, as this passage from Page's book testifies, which also incorporates his typical snideness toward his subject (p. 386): "In early October [1964], French President Charles de Gaulle arrived in Argentina on a tour of Latin America. Perón instructed his followers to greet the distinguished visitor as if he were their *conductor*. It was an opportunistic gambit that succeeded. Shouting slogans that linked the two men, the Perónists gave de Gaulle a warm reception."

De Gaulle and Perón had in common that they were both military men, both strong nationalists, and both were well hated by the State Department. In fact, the reason they were so despised was that they were first and foremost national patriots, and in the Anglo-American scheme of things this is the worst of all crimes, as President Marcos, also a former military man, is the latest to experience. The State Department invariably identifies this outlook as fascist, as in the case of de Gaulle, sympathizing with Nazism as in the case of Perón.

An excellent example of this attitude was Washington's response to a speech made by Perón on June 10, 1944 at the University of La Plata on the occasion of the inauguration of a new professorship of national defense. The speech was entitled, "The Significance of National Defense from a Military Point of View." As Page reports (p. 74), "[North Americans] . . . found in the speech nothing less than the blueprint for the creation of a totalitarian state." Shortly afterward, on July 11, 1945, newly arrived Ambassador Braden cabled Washington, "Perón as the one outstanding leader now on [the] Argentine scene is [the] embodiment of [the] present

Fascist military control. . . .” Page weighs “objectively” the evidence of Perón’s Nazi ties and finds it lacking any substance, but still manages to defame Perón with the charge (p. 89): “. . . Expediency always enjoyed first priority in Perón’s scheme of things. . . . His admiration for the German and Italian experiences burned most brightly when the Wehrmacht was enjoying its spectacular success. . . .” Key to Page’s liberal bias is the view that Perón’s “approach obviously carried with it a predisposition to authoritarian rule.” Proof of this disposition is speeches Perón made in 1944 where “he reiterated the proposition that the state should harmonize the interests of employees and employers and thereby achieve true social justice.”

What’s wrong with that? one may well ask. In fact, for me, one of the most surprising discoveries in reading this book is that Perón possessed a mature philosophy of government and leadership called “Justicialismo” in which the head of state is referred to as “the Conductor” to re-enforce the concept of “harmony” in governance. *Justicialismo*, which has more in common with Henry Carey’s *Harmony of Interests* than with Marxism, conceives the state as a potential unity for action, a concept beyond Page’s grasp. Indeed, it’s rejection of the text-book class-struggle creed so infuriates Page that he calls it, “nonsensical obscurantism” (p. 221).

In fact, *Justicialismo* depends on a highly developed sense of productive labor power, obviously not in the Marxist sense, but in the sense of the American System. From his earliest entry into politics, Perón possessed this sense, which set him apart from other military officers, a fact which Page grudgingly acknowledges (p. 62). As already expressed in his speeches of 1943 and 1944, Perón conceived of a society functioning in harmony in which the engine of progress is a well-organized labor force: “Modern experience shows that the better organized masses of workers without doubt are those who can best be directed and led in a completely orderly way” (p. 70).

Perón developed his sense of labor power from a military concept called the “nation-under-arms,” which he encountered in the Spanish translation (1927) of *Das Volk in Waffen*; a book written by German Gen. Colman von der Goltz in 1883. The concept has its modern origin in Lazar Carnot’s “levée-en-mass” of 1793, in which, for the first time, the entire population of a nation was mobilized. It became the basic doctrine of the German General Staff from whom Perón derived it. He then converted it into a theory of governance in which the labor force plays the role of the army, and the nation must be mobilized to achieve secular strategies in peacetime the way the army achieves them in war. This doctrine is actually most similar to the West Point concept of the military-engineer as applied by General Douglas MacArthur to post-war Japan.

Perón first wrote of the “Nation-under-Arms” in a text called *Apuntes de historia militar (Notes on Military History)*, written around 1931 as a military-history course at the

Argentine War Academy, where he was lecturer at the time, but not published until 1951. It is interesting again to note that de Gaulle was similarly engaged in these years, and produced his later famous, *France and its Army*. But Perón’s interests were if anything wider than de Gaulle’s, who remained narrowly focused on military issues until circumstances forced him into political life.

The second surprising discovery for the novice in these matters is Perón’s fully developed international program. He considered *Justicialismo* to be an appropriate formulation for all developing nations and he developed his Third Position as an international outlook. Within the Latin American continent he actively strove to create a unified movement. Perón frequently told his fellow Latin Americans, “The year 2000 will find us either united or enslaved” (p. 274). Page adds that, deriving his notion from the European common market, “he saw the confederation of Latin states as the only road to development. . . .” And indeed, he struggled until the day he died to bring this unity into being, first with Chile and then

De Gaulle and Perón had in common that they were both military men, both strong nationalists, and both were well hated by the State Department.

with Brazil. The elections of Getulio Vargas as President of Brazil in 1950 and Gen. Carlos Ibanez del Campo as President of Chile in 1952 provided the conditions for Perón. In his famous remarks before visiting Chile in 1952, he said, “I believe that Chilean-Argentine unity, a complete unity and not a halfway one, should be made total and immediate. Simple economic unity will not be sufficiently strong. . . . In this situation, one must be bold. Create unity and then solve the problems as they arise” (pp. 275-6). He then added that Argentina would give Chile all the meat and wheat she needed, and with a wink, added that Argentina would be disposed to annex Chile. The political opposition, which included the unsuccessful Socialist Party candidate, Salvador Allende, hammered away at the Argentine leader and his Chilean supporters, and eventually blocked the attempt to achieve unity.

The antagonisms between Argentina and Brazil have been the cornerstone of Anglo-American policy toward the southern continent throughout the 20th century. Vargas, however, was the one politician who could overcome this situation from Brazil’s side. He was sympathetic to Perónism, “and open to the idea of continental unity.” But the combination of the State Department and the Brazilian oligarchy was too

much, and Vargas allegedly committed suicide in 1954. Joao Goulart, then minister of labor, became President in 1961, and was overthrown by the United States under the direction of then Ambassador Lincoln Gordon three years later. Regardless of Goulart's own reliability, the U.S. justification of its role in the coup was that, "[Goulart] was about to attempt a Perónist solution to the crisis confronting his nation at the time" (p. 278).

In the larger world, Perón put forth the foreign policy of the Third Position. He unveiled this in a global radio address he made early in his first term. In it he claimed that a policy to steer between the emerging power blocs was a solution for all those nations unwilling to enroll in one or the other. He called for the adoption of this policy as a means to put an end to the Cold War. In a follow-up note to other Latin American governments, he invited them to join together for peace and make contact through the good offices of the Vatican (p. 185). At the same time Argentina remained a bulwark against Soviet penetration of the continent. Even though Perón's initiative clearly preceded and inspired the non-aligned movement, Page is at pains to disparage this claim, and to ridicule Perón's effort.

In Page's text the State Department and its allies, the U.S. press, stand indicted for their intemperate meddling in the affairs of a sovereign nation. Secretary Cordell Hull, who never thought to help Jewish victims of Hitler throughout his reign, nevertheless set in motion the unremitting persecution of Argentina as a Nazi-fascist state. But it was Ambassador Braden who, in the words of the British Ambassador, "came to Buenos Aires with the fixed idea that he had been elected by Providence to overthrow the Farrell-Perón regime" (p. 96). Braden met with the representatives of the North American press to declare U.S. policy to be non-intervention in the affairs of a sovereign power, but at the same time to promote representative government throughout the Americas. Page reports, "The ambassador immediately won over the reporters who, as one diplomat put it, henceforth 'foamed at the mouth when they heard Perón's name'" (p. 96). Clearly, very little has changed from Perón to Marcos.

In the national election of 1946, the first in which Perón ran for the presidency, Braden, now assistant secretary, planned his masterstroke to destroy Perón. He quietly directed U.S. agencies to compile a dossier of Nazi-Argentine relations. Braden then made the decision to release what has come to be called the *Blue Book* just before the vote and to accompany it with a drum beat of publicity in the U.S. press. The *New York Times*, *Life* magazine, and *Look* magazine all published venomous scandals to accompany the release of the book. The book was issued on Feb. 11, thirteen days before the vote.

Perón won a smashing victory, which was followed by the customary accusation that the results were rigged because of violence. But Page in this case drew the right conclusion: "Braden-style diplomacy, in the form of direct political in-

terference, had failed. More subtle methods, based upon the economic relationship between the two countries, would yield Washington more satisfying results."

In fact, it was Perón's struggle to maintain the pace of industrial expansion in Argentina that opened the way for North American interests finally to get rid of him. In 1952, he was forced to seek foreign investment. One source, Kaiser industries, was represented by none other than Washington attorney Lloyd N. Cutler. Anglo-Dutch companies were represented by Prince Bernhard of the Netherlands. Finally, Perón was forced to invite foreign companies to develop Argentine oil resources. Squeezed by these companies, Perón was reduced to requesting the help of the State Department, which did not raise a finger to expedite the negotiations. Ultimately, the agreement with Standard of California failed to be ratified, and this more than any other event turned the political environment against Perón.

In September 1955, Perón was forced to leave Argentina, not because he had been defeated by overwhelming forces, but because as a nationalist, he could not countenance civil war and destruction of the infrastructure of the nation that had been won by so arduous an effort. In the course of the rebellion, the Navy threatened to bomb the huge oil refinery in Eva Perón City. "When Perón heard about it, he voiced a deep dismay. . . . He called the Navy 'barbarians,' and complained of their willingness to destroy 'the great work of my government, a project that cost \$100 million'" (p. 321). Faced with this blackmail, Perón decided to resign to ensure the well-being of the nation. In the end, the mutineers relied on Perón's love of his nation.

Following Perón's departure, the campaign to vilify him and Eva raged on. The issue of the Peróns' hidden wealth persisted throughout his exile, despite the fact that Perón lived an openly modest life in the 17 years he was abroad. Immediately after the overthrow, the ruling junta decided to display their extravagances. Thus, as Page reports (p. 343): "The new rulers of Argentina convinced themselves that once people looked at the evidence of the dissolute life styles of their idols, they would realize how badly they had been defrauded and would become permanently disillusioned with Peronist rhetoric. . . . These exhibits drew large curious crowds, but did not change their minds."

Throughout this history, what emerges, one might say over the irritable and carping debater's style of the author, is the force and strength of one of the most remarkable men of the century. Even more important, however, is that we learn once more the history of the principal political fight of our time: on the one hand, those champions of national sovereignty who conceive of politics as the organization of a free people to achieve dignity through the growth of their sovereign powers, and the international oligarchy committed to Gnostic belief structures, which view nations as impediments to their perversities. All the more reason that republican forces urgently need a decent and true biography of Perón.

Korean Peninsula: an early trigger point for general war

by Linda de Hoyos

South Korean Defense Minister Lee Ki-Baek went on national television March 20 to warn his countrymen that the Soviet military build-up in the Pacific and North Korea's escalating propaganda and war preparations are bringing the Korean peninsula to the brink of war. "I have reached the conclusion that the nation will face a grave danger of war breaking out at any moment between now and the end of 1988," he said. "It is our judgment that the next two to three years will be a most dangerous period on the Korean peninsula. U.S. military intelligence also agrees with such an assessment."

The specific target of the North Koreans is the Asian Games, to be held in Seoul this year, and the 1988 Olympics, also slated to be held in Seoul. Defense Minister Lee pointed out that North Korean President Kim Il-Sung termed the 1988 Seoul Olympics as "not a simple athletic question, but a serious political issue. Our people cannot sit idle. It is more than natural for us to oppose and reject the Seoul Olympic Games."

This must be taken as a declaration of intent for North Korean military action—with terrorist actions the very least that can be expected. The year 1988 is the year that the Soviets have projected for completing their bid for world domination. Since the rise of Mikhail Gorbachov, Lee said, the Soviet Union has strengthened its policy of "southward advancement," attaching greater strategic importance to North Korea. Moscow now endorses the North Korean demand for the "reunification of the Korean peninsula," a stance from which Moscow had previously distanced itself, given the North Koreans' unpredictability and willingness to act boldly without superpower back-up.

Militarily, Lee stated, the Soviets have been in the process of preparing for a winning confrontation in the Pacific theatre. The Soviets maintain in the Far East 2,000 strategic and tactical aircraft, about a quarter of its total air force, and has emplaced a quarter of its nuclear arsenal in the region, including upwards of 150 SS-20s. The Soviet fleet in the Pacific is now larger than the U.S. Seventh (Pacific) Fleet—with a total of 800 war-fighting ships, with major bases at Vladivostok and Cam Ranh Bay in Vietnam. Moscow has built bases on the Kurile Islands, opposite Japan, with the

intent of seizing the northern island of Hokkaido, giving the Soviet fleet a break-out capability from Vladivostok.

As part of this build-up, in the past two years, the Soviets have been cultivating Pyongyang as a hard-core military partner. Not only is North Korea a major component of the terrorist international, along with Syria and Iran. Since the October 1983 North Korean terror-bombing in Rangoon, Burma, which murdered 19 South Korean officials, including four cabinet ministers, the North Koreans have come under Moscow's diplomatic and military sponsorship. That decisively has ended Pyongyang's previous policy of a careful balance between Moscow and Peking. The Soviet Union, in contrast to China, defended the North Korean action at Rangoon, and has since delivered six MiG-23s to Pyongyang, with another 20 to be delivered soon. The North Koreans have also received Scud-B ground to ground missiles and SAM-3 ground to air missiles from Moscow.

North Korea, Minister Kim stated, currently maintains a 2-to-1 advantage over Seoul in military strength, lagging behind only in naval capability. In the last two months, the North Koreans have moved 65% of their 800,000 standing army to the demilitarized zone, where they have an intricate network of underground bunkers, giving them a capability for a hidden war mobilization at the border. The DMZ is 40 miles from Seoul.

A North Korean invasion of South Korea would function for the Soviets as 1) a point for testing U.S. will in a superpower confrontation, given the U.S. nuclear commitment to South Korea and the presence of 40,000 U.S. troops there; or 2) a point of diversion while the Soviets carry out operations elsewhere, as the Soviets attempted in 1962, when they whipped up a crisis in Korea to divert attention from their military build-up in Cuba.

State Department pyromania

This is the military-strategic setting for the current destabilization of the South Korean government being carried out by the U.S. State Department, liberals on Capitol Hill, and the Soviet front organization, the World Council of Churches. In implementing its policy of strategic withdrawal

from Asia, the State Department has targeted first the Philippines, with the objective of creating conditions of destabilization as a cover for the removal of the strategically vital U.S. bases from Luzon. The next target is South Korea, a destabilization that is now fully under way, with the intent of finally executing the stated policy of the Carter administration to withdraw U.S. troops from the Korean peninsula.

In the case of the Korean peninsula, the Soviet appeasers at the State Department are operating on the basis of a grave miscalculation. In this case, they are playing with a tripwire to World War III.

The State Department sponsored destabilization of the government of President Chun Doo Hwan began last January, when the State Department sent back exiled Korean opposition leader Kim Dae Jung—the self-annointed Benigno Aquino of South Korea—with the explicit orders that he was not to be arrested or harassed in any way by the South Korean government. Kim was accompanied by a phalanx of human rights crusaders, including Carter administration Assistant Secretary of State for Human Rights Pat Derian, the pro-Sandinista former Salvadoran Ambassador Robert White, and Rep. Thomas Foglietta (D-Pa.).

In January of this year, the opposition New Korea Democratic Party led by Kim Young Sam, along with Kim Dae Jung, began a petition campaign for 10 million signatures to force through an amendment to the constitution for direct elections in 1988, when President Chun's term is over at which point Chun has promised to step down. The opposition organizing campaign was flanked by violent brawls, sit-down strikes and boycotts carried out by opposition members of the Korean parliament, where the opposition carries about one-third of the vote. When the Chun government attempted to crack down on the petition campaign, the State Department sent an official note of protest, stating that petitioning is a "right of all citizens."

The opposition makes little of its actual policy differences with the Chun government; its main point is that South Korea must immediately become a "democracy." However, as with his counterpart Mrs. Aquino in the Philippines, Kim Dae Jung is ambivalent about the presence of the U.S. military in South Korea.

As in the Philippines, the churches are playing a major role in the opposition. South Korea is 25% Christian, with 1.8 million members of the Roman Catholic Church. Many of the Christians come from North Korea, a ripe area for Christian missionaries before the communist takeover.

Following the model of the Philippines' Cardinal Jaime Sin, South Korea's Cardinal Kim Sou-Hwan declared March 8 that "democracy is the will of God," and he is leading prayer rallies with opposition leaders. Cardinal Kim was joined March 15 by the Protestant National Council of Churches, speaking for 8 million South Koreans, which declared, "We devoutly believe that it is God's will for democracy to be established at this moment in our nation's history. Time is running out. Now may be the last chance for us. . . .

The government and the ruling party have . . . permitted the continuation of physical and legal oppression, thus institutionalizing tyranny."

Behind this campaign is a violent student movement on campuses (where Christians are the majority of students), which has launched repeated riots against the government, averaging one a week.

Outside of South Korea, the operation is being directed by the World Council of Churches, based in Geneva. According to one World Council official, "Korea will be the next exercise; the same kind of things will happen here as happened in the Philippines. In the churches, they are well-equipped, they are used to confrontation with the government, they are ready for it. The students, the workers, the farmers, they are all well-concentrated. The South Korean President is a well-known dictator."

The North Koreans have a significant penetration capability into the anti-government Christian layers. Contacts between North Korean and overseas South Korean church-linked dissidents have taken place three times since 1981, in Vienna, Austria, and Helsinki, Finland. The second of these meetings, held in Helsinki Dec. 3-5, 1982, was entitled "Second Dialogue between Northern and Overseas Compatriots and Christians for the Reunification of the Fatherland." The third meeting was held the following December, and called the Dialogue between North and Overseas Compatriots for National Unification, with 39 North Koreans and 50 overseas South Koreans attending. The meeting voted to unanimously support the North Korean proposals at the time for three-way talks among North and South Korea and the United States. The South Korean representatives included U.S.-based support networks for Kim Dae Jung.

It is for reasons such as these, combined with the military build-up in North Korea, that the South Korean military would be forced to draw lines against destabilization which the Philippines military was neither willing nor capable of drawing. The South Korean military further is on a war-footing, but not for defensive war. Any perception of imminent North Korean invasion, sparked by the windows of opportunity offered by destabilization, would likely propel the South Korean military to take decisive action.

In September 1985, Assistant Secretary of State for Far East and Pacific Affairs Paul Wolfowitz traveled to Moscow where he met with Soviet Deputy Foreign Minister Mikhail Kapitsa. The Korean peninsula was on the agenda for their "exchange of views," but Wolfowitz told Seoul leaders on his way back to the States that the discussions in Moscow had been "confidential." Likely, Wolfowitz and his treasonous bosses in Washington believe that they received Soviet guarantees of non-interference from North Korea under circumstances of South Korean destabilization. Such guarantees have as much credibility as the guarantees for peace given to Neville Chamberlain by Adolf Hitler. Such is the level of miscalculation and treasonous stupidity now reigning in Washington.

Syria's hostage games

The kind of maneuvers coming out of Damascus could lead to war at any time.

Although Syrian President Hafez el-Assad doesn't like too much publicity, he becomes restless as soon as Damascus is not in the news as first item. What matters to Assad is that Syria be universally recognized as the strategic center of the Middle East. So, he shyly accepted a new title offered to him by the French daily *Liberation*, the "Bismarck of the Arab World." Besides accepting honors, Assad has been busy in recent weeks establishing Syria's predominance on the issue of war or peace in the region, and forceably inserting himself into the French hostage crisis.

Since November 1985, when Damascus began playing the game of deploying and redeploying its SAM missile batteries in and out of Lebanon, military tension has been rising between Israel and Syria. The initial deployment coincided with the Soviet delivery of 35 SAM-5 batteries to Libya, and the year-end terrorist massacres at Vienna and Rome airports. Clearly, there is a broader coordination between Moscow, Tripoli, and Damascus, to raise tension in the region.

In early 1986, Syria withdrew the SAM batteries inside its borders. However, it began redeploying a significant force of troops toward the Golan Heights. In mid-February, Assad announced that in answer to "Israel's attempt to annex the Golan," the Syrian people will "extend Syria, to ensure that the Golan is in its center!" Such rhetoric was partly aimed at compensating for Assad's loss of face in Lebanon; his Dec. 28 agreement

between Lebanese factions, which was to have ended Christian power in the country, was successfully fought and blocked by Lebanese President Amin Gemayel and Christian militias.

However, by late February, Syria's military deployment in the region began causing concern in a few capitals. In Washington, Secretary of Defense Caspar Weinberger was quoted on March 10 warning that an Israeli-Syrian conflict would lead to a "superpower conflict." In Israel, Chief of Staff Moshe Levy, whose term had come to an end, was kept on for another year, rather than risk a personnel change affecting the army command. Raising tension further was the early-February kidnapping of two Israeli soldiers in Southern Lebanon. Israeli intelligence soon determined that Syria was responsible, ostensibly in retaliation for the Israelis' January intercept of a Libyan jet carrying the deputy secretary general of the Syrian Ba'ath Party.

A lot of sabre-rattling like this on both sides, as the French daily *Le Matin* explained on March 2, can lead to war at any time, and not just any war, *Le Matin* continued, but a well-planned war whose outcome would be to establish Syria and Israel as the region's only powers.

To maintain its exclusive control over Lebanon, Damascus was not going to

To maintain its exclusive control over Lebanon, Damascus was not going to allow direct negotiations between Paris and the Hezbollahi over the hostages to succeed. Assad be-

came worried when, in February, it looked as if Paris was going to give in to the Hezbollahi. Syrian Defense Minister Mustafa Tlas was dispatched to Paris, with an offer to mediate in exchange for a large arms shipment. Paris was shocked by Syria's enormous demand. Tlas left Paris on March 3, reportedly angry and dissatisfied.

On March 8, less than two days after the Islamic Jihad had announced the murder of one of the hostages, Michel Seurat, four French television journalists were kidnapped. At first, this was claimed by Islamic Jihad. Then, on March 10, the Jihad denounced the kidnapping as a "rival operation." On March 14, the unknown "Organization of Revolutionary Justice" claimed the kidnapping; investigators began suspecting the truth: Syria's intelligence service was responsible. It was Damascus's unmistakable message that it was the key to the negotiations.

By the middle of that week, Paris had decided to resume negotiations with Damascus on the arms shipment. Mitterrand sent emissaries to Damascus, including a French diplomat and a Syrian businessman and personal friend of Mitterrand, Omrane Adham. Adham is also a long-standing associate of the Syrian intelligence chief and President's brother, Rifaat el-Assad, in business and in intelligence.

Sharing direct physical control of the hostages with Iranian Revolutionary Guards in the Bekaa Valley, Damascus is involved in a power play which it is determined to win. However, on March 13, a car bomb killed 60 in the center of Damascus. On March 18, a large bomb hidden in a truck was defused in front of the SANA newsagency. Syria accused Iraq, but few believed it.

President Assad cannot be too surprised that certain political forces might be seeking revenge.

Pope confronts liberationist bishops

The Pope's statements on the economic crisis and social injustice expose his opponents as only wanting a schism.

Pope John Paul II has fully entered the battlefield of one of the fights announced at the Extraordinary Synod of Bishops that ended in Rome on Dec. 8, 1985. Sitting down at the discussion table with the hierarchy of the Brazilian Church, the Pope went right to the heart of the so-called Theology of Liberation, a modern heretical tendency whose power feeds on the implicit threat of provoking a schism in the Church.

The encounter takes on heightened relevance because the Congregation for the Doctrine of the Faith, headed by Joseph Cardinal Ratzinger, will soon make public a new document on the Theology of Liberation. The contents of it were already known to the Brazilian bishops at the Vatican meeting.

During the Extraordinary Synod, the Brazilian bishops, including the president of the National Conference of Bishops of Brazil, Ivo Lorscheiter, championed the defense of the "Popular Church," refusing to contribute to the Pope's efforts to deal with the crisis of Western civilization. The one exception was the Cardinal of Rio de Janeiro, Eugenio Sales, who located himself on the side of the Augustinian current. He is a recognized enemy of the neo-Nazi sect Tradition, Family, and Property, and was the one who showed the most interest in promoting the meeting between the Pope and the bishops and cardinals on March 12-14.

The Pope opened the meeting by discussing the true meaning of libera-

tion, as previously clarified in the Synod. It is not that the Church should separate itself from humanity's day-to-day problems, but that there is a right way to do this: "In the face of the challenges barely sketched out here, the bishops as pastors of the Church, and the Church as a whole, have a specific role to play which is not identical to, nor a substitute for, the politicians, the economists, the sociologists, or the intellectuals. It is the role of one who by profound conviction knows that he is carrying out a specifically religious task, he is putting into action a true and full humanism, and therefore he is offering a very effective collaboration in the solution of human problems. To state the contrary is to believe that only immediate sociopolitical activity is effective." Referring to the first document on Liberation Theology, the Pope added that: "Purified of elements that could adulterate it with grave consequences for the faith, this Theology of Liberation is not only orthodox but necessary."

In this context, he laid out to the Brazilian bishops and cardinals the great problems in which the Church has a moral role "in the face of the historic moment of Latin America," and in particular "the historic crossroads in which the giant Brazil is living. . . . We have the duty to confront grave problems such as health, housing, jobs, literacy, hunger, and need for wisdom to discern behind all these problems the moral crisis, which, as in the entire world, is the cause and effect of the same [problems]."

Pope John Paul II's words on the economic crisis and injustice reveal that the only interest of the "Liberation Theologists" is to provoke a schism.

At the Extraordinary Synod, Cardinal Ivo Lorscheiter and others, at the same time they defended this theology, called for decentralizing the Brazilian church from the Vatican hierarchy. "Over-centralization—arising from suppression of the principle of subsidiaries—has great drawbacks. The Vatican II Council fought against this, but even today the periphery does not participate," Lorscheiter said emphatically in December 1985 in Rome.

This is the so-called Popular Church, which has sought or created local theologies separate from universal truth. A case in point is the involvement of at least 75 Brazilian bishops in the *Suma teologica*, a continental project to publish a 15-volume Theology from the standpoint of the Latin American Church.

There is also a strong tendency in the Brazilian clergy to resist the *ad limina* visits which the bishops must make to Rome every five years. Things have gone so far that some bishops prefer going to Nicaragua—center of the Popular Church—over the Vatican. One bishop, Pedro Casaldáliga, refused to make the *ad limina* visit, but agreed to stay in Nicaragua for 45 days at the express invitation of Chancellor Miguel D'Escoto, to participate in "prayers for peace."

This tendency was also scored by John Paul II. In his message to the Brazilian bishops, he defended the importance of periodic visits, "first, because each of those pastors comes here not in his own name, as the bearer of individual worries or aspirations, but bearing in his heart and on his shoulders a whole Church: that churchly community which a mysterious design of God entrusted to his citizens."

International Intelligence

Commander warns of narco-terrorist threat

One of the greatest threats to the stability of Ibero-America is the growing alliance between the drug mafia and terrorists, Gen. John Galvin, commander-in-chief of the U.S. Southern Command, told the Senate Armed Services Committee March 11.

Galvin called drug trafficking an "awesome" challenge to our society. He continued: "The increasing level of cooperation and mutual support between drug dealers and terrorists can be clearly seen in the Colombian M-19 . . . attack on the Palace of Justice. . . . Drugs are a serious national security problem for Latin Americans and the United States. Fortunately, Latin Americans understand the danger and are increasingly willing to act. This is a major positive change. . . ."

"The links between drug dealers and insurgent groups are becoming more apparent. The bond needs to be cut before this practice spreads throughout the hemisphere. . . . We must eliminate this means of support for the guerrillas, thus enabling countries such as Colombia, Peru, and Ecuador to keep the insurgents at a manageable level."

General Galvin's testimony coheres with the report of President Reagan's Commission on Organized Crime, released March 3, which pointed out that terrorists and insurgents finance their operations through the drug trade. It called for the U.S. military to take a greater role in the war on drugs. FBI Director William Webster, on the other hand, insists that drugs and terrorism are unrelated.

Genscher limits SDI pact to commercial deals

"We want no military agreement" on the Strategic Defense Initiative with the United States, West German Foreign Minister Hans-Dietrich Genscher told the German radio station Deutschlandfunk on March 13. "In

no case whatsoever" will Germany sign an SDI military cooperation agreement; "We are only interested," he said, in "framework conditions for the mutual transfer of scientific and technological knowledge."

The signing of any U.S.-German accord on the SDI has long been delayed because of Genscher's opposition. Instead of a government-to-government agreement for far-reaching technical and military cooperation, an agreement in principle has been reached on a low-profile, commercial pact governing SDI contracts.

Chancellor Helmut Kohl announced at a press conference after talks with U.S. Secretary of State Caspar Weinberger that "basic problems have been cleared away" with regard to such a pact. Economics Minister Martin Bangemann will go to Washington to finalize the negotiations. Washington wanted German Defense Minister Manfred Wörner to sign the agreements, but Genscher's foreign ministry refused to allow this.

Moscow journal aired complaints about Palme

The Soviet monthly journal *International Affairs*, organ of the foreign ministry, complained in an article published before the assassination of Sweden's Prime Minister Olof Palme that Palme, despite his professions of friendship for the U.S.S.R., had not lived up to expectations.

In the January 1986 issue, Yu. Denisov wrote: "Troubles in Soviet-Swedish relations also made themselves felt after the Olof Palme government came into office in 1982. Although the government's programmatic statement did refer to its intention to improve relations with the Soviet Union, it failed to take consistent and decisive practical steps in this direction. Admittedly, trade and economic ties, scientific and technological cooperation, and cultural contacts developed fairly well during that period. But, at the same time, the government was still under strong pressure from the right-wing opposition which grouped around the moderate party, and sharply opposed whatever

contacts and exchanges with the Soviet Union they deemed political."

Denisov noted positively that the Swedish trading company A. Johnson & Co. was the first Western firm to engage in trade with the Bolshevik regime, in May 1918. The company is tied to the Wallenberg/Gyllenhammer industrial group, which had been under pressure from Palme's government in recent months in connection with shady stock trading.

Look who's calling for 'democracy' in Mexico

Leaders of Mexico's Nazi-communist National Action Party (PAN) have launched a campaign to "democratize" the country, right in step with U.S. Sen. Jesse Helms's (R-N.C.) investigation of "democratic structures" and "corruption" in Washington hearings. At a meeting of the PAN in the city of Durango, on March 15, leader Manuel J. Clouthier warned, "All political currents are demanding the democratization of the country; this change has been in the works for some time now, and will soon occur."

Who are these new "democrats"? The PAN is the party of drug-pushers, separatists, and Nazis, out to overthrow the central authority of the Mexican state. Clouthier, the largest landowner in the state of Sinaloa, is linked to drug-running circles, notably through his protégé Adalberto Rosas, a PAN leader in neighboring Sonora. Press reports indicated that during the 1960s, police found marijuana stored at a warehouse belonging to Clouthier.

At the PAN's meeting in Durango, Rodolfo Elizondo Torres, the PAN candidate for governor of the state, proclaimed that the drive for "national reconstruction" is beginning, "and will not be built on the basis of what has already failed."

Elizondo was formerly mayor of the city of Durango, whose principal financial broker is Jaime Herrera Herrera, a drug-runner who was languishing in jail for narcotics-related crimes until his release by a corrupt judge in February of this year. Herrera, who

controls most of the state's "private sector" through construction companies, hotels, banks, resorts, and cabarets, is promoting the gubernatorial candidacy of Elizondo.

This "private sector" is now being boosted by none other than Coparmex, the PAN's business grouping which was formerly headed by Clouthier (with Rosas as his vice-president). The group has now released a series of demands for "economic reform," including privatizing the state-sector companies and turning to the "free market."

Moscow threatens to base nuclear weapons in space

U.S. implementation of the Strategic Defense Initiative could "force" the Soviet Union to use orbiting space platforms as bases for nuclear missiles that could reach ground targets in two minutes, an 80-page Soviet report released March 14 warned. The warning contradicts previous assertions by Soviet scientists that they have not considered using orbiting platforms for launching nuclear warheads.

"The deployment of a large-scale (space based) anti-missile system will create a basically new situation in the assessment of deploying nuclear weapons in space," the report says. It was prepared by a group of Soviet scientists headed by Roald Sagdeyev, director of the Institute for Space Research.

Sharon to use party split to boost his position

Ariel Sharon, the kingpin in a deal between the Soviet KGB and the Israeli Mossad, is attempting to assume the role of "peacemaker" in the Herut Party of Israel's Likud bloc, after the party's convention broke up in disarray on March 13. Sharon is making his own power bid to assume the party's top leadership post.

A bitter factional battle broke out at the

convention between Vice-Premier Yitzhak Shamir and David Levy, spokesman for Israel's Sephardic communities. No leader was elected at the convention.

"There will not be any split within Herut," Sharon told Israel's Armed Forces radio. "I will definitely make a great effort in the next days to restore harmony."

"Sharon Alone Unscathed After Herut Party Uproar," was the headline of an article in the *Times* of London on March 14. According to the *Times*, "Sharon, the rogue elephant of the party, alone emerged relatively unharmed from three days and nights of near constant vindictive abuse among the leaders." Sharon's "charisma and ability to fight against the odds" had been discounted by observers before the convention, but he was able to "appeal directly to delegates of both camps on the basis of his past reputation." So violent had the insults and fighting gotten at the convention, the *Times* reported, that Shamir attacked Levy as "a criminal" and a "man driven by megalomania."

Japan to decide soon on SDI participation

A 55-member Japanese delegation will arrive in the United States on March 31, to discuss participation in the U.S. Strategic Defense Initiative. The delegation will include representatives from Japanese companies. The group will visit the Los Alamos National Laboratory in New Mexico, the Massachusetts Institute of Technology, the Army's Strategic Defense Command, Hughes Aircraft Corp., and Lockheed Missiles and Space Corp.

Prime Minister Yasuhiro Nakasone, who favors full participation in the program, is reported to want a final decision on the SDI before the early May economic summit in Tokyo. The Japanese foreign ministry is known to be more cautious on the SDI, and is headed by Shintaro Abe, who has aspirations of succeeding Nakasone.

At the beginning of April, U.S. Defense Secretary Caspar Weinberger will be going to Japan for a week of discussions.

Briefly

● **SIR JOHN GLUBB PASHA** died on March 17, at the age of 88. One of the gamemasters of British intelligence operations in the Middle East for the better part of this century, he had been head of the Arab Legion until fired by Jordan's King Hussein in 1956. Sir John was one of the creators of the Muslim Brotherhood organization of Islamic fundamentalists.

● **THE BULGARIAN Communist Party** has dismissed or punished more than 250 Sofia officials for "incompetence," and more purges are expected before the party congress in April.

● **VENEZUELAN JUDGE** Ana Luisa Gandica was fired on March 13, when it was discovered that she had not met the legal requirements for her post. Judge Gandica on Feb. 5, 1985 had authorized a raid on the offices of *EIR* in Caracas, shortly after the release of *EIR*'s book *Narcotráfico, SA*, the Spanish-language version of *Dope, Inc.* *EIR*'s correspondents were forced to leave Venezuela.

● **ISRAELI SPYMASTER** "Dirty" Rafi Eitan was chosen on March 17 as chairman of the state-run Israeli Chemicals firm. He was sponsored for the post by Minister of Trade and Industry Ariel Sharon; he was the controller of Jonathan Pollard, who was arrested on Nov. 26, 1985 for stealing U.S. military secrets.

● **RICHARD BURT**, the U.S. ambassador to West Germany, recently threw a party for members of the Green Party, at the American embassy in Bonn, the *New York Times* reported March 16. Greenie leader Petra Kelly gushed that Burt was "so charming that hardly anyone was able to make an argument against him."

How the space shuttle program was sabotaged

From its inception, enemies of man's exploration of space have sometimes changed their arguments, but always made sure the program didn't have enough funding. Marsha Freeman reports.

From the greatest heights of accomplishment, to the dog days of massive budget cuts, the U.S. space program has always been surrounded by individuals and institutions that have tried to stop man's exploration of space. The critics have changed their mode of attack, depending upon the circumstances and political environment in the nation, but their aim has always been the same.

Since Jan. 28, the nation's attention has been focused on the shock of the Space Shuttle Challenger loss, and the public circus of the Rogers Commission "investigation." The press, speaking for the space critics, has asked whether the Shuttle program should continue at all, whether it is safe, whether it is worth the money, ad nauseum.

But before manned exploration of space was even technologically possible, its opponents were amassing their forces. Once President John Kennedy had gone above the counsel of all of his advisers and started the race to the Moon, the focus of attack became the supposed negative "social impact" of such a large-scale science and engineering effort.

With Kennedy gone, the assault on the space program shifted, as opponents insisted that the United States could not afford the Apollo program, due to the high cost of the Vietnam war, and the poverty here on Earth. President Lyndon Johnson's Great Society replaced the Apollo project, thereby ushering in the anti-technology "paradigm shift" in the U.S. population, which has become so much more pronounced today.

The Nixon administration certainly did not buy the idea of cutting the space program to pay for more social programs, but the economic crisis of the early 1970s put the "conser-

vative" budget-cutters firmly in charge of major policy decisions. Thanks to Budget Director George Shultz, "cost effectiveness" became the watchword for all federal programs—to the detriment of scientific rigor.

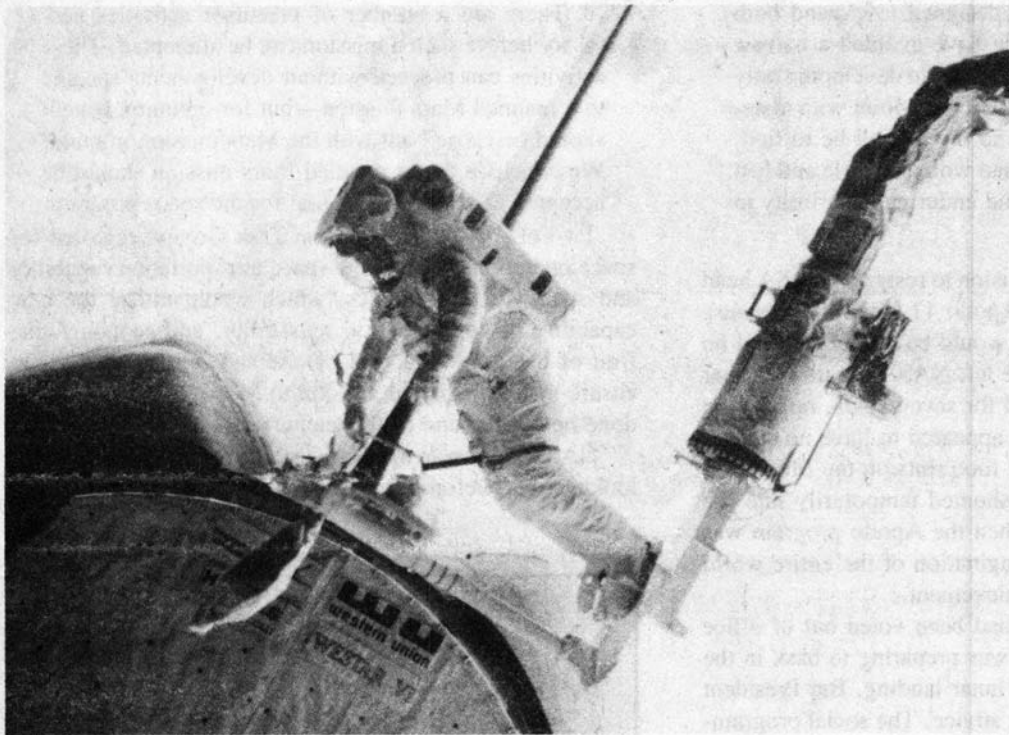
At the same time, the administration and the Congress were being convinced by Henry Kissinger (who was assistant to the President for national security affairs) and Shultz that rather than spend money on advanced technology for defense, the United States should sign the Anti-Ballistic Missile and SALT treaties. Since the Soviets had no intention of slowing down either their offensive or defensive science-and-technology weapons programs, these treaties, plus the slowdown of the civilian space program, were to lay the basis for the current strategic superiority of the Soviets.

The same situation exists today, in that the first cuts that will be made in defense spending, under the guise of balancing the budget, will be the leading-edge laser and other technologies in the Strategic Defense Initiative programs, giving the Soviets the final superiority.

Under President Carter, as "small is beautiful" became the stated policy of the White House, the decision was made that no new large programs for space would be started, while billions of dollars would be wasted on energy conservation, welfare, and "appropriate technology."

Although President Reagan would like to have a space program with challenging goals and a future, he is ending up with the "Richard Nixon" approach to cost-benefit analysis and "private enterprise" for the National Aeronautics and Space Administration (NASA).

Let us be clear about the current situation. If there are



Astronaut Bruce McCandless II tests a "cherry picker" device during historical extravehicular activity, Feb. 7, 1984.

NASA

safety compromises that have been made in the design and fabrication of the Space Shuttle system, or in the launch rate or other operational procedures, the blame does not fundamentally lie with the management of the space program, or the contractors. Over the 15 years of the development and first flights of the Shuttle, the wrong criteria were used in making crucial choices. When you straightjacket a research and development agency, and instruct it to build a capability spending half as much money as it should spend, you can hardly complain when it does not function according to your expectations.

When fundamental engineering considerations, such as the frequency of launch, are determined not by readiness but by political pressures and the requirement to bring down the "cost" of the system, there is pressure put on the agency to increase the launch rate. Combine that with a constant media campaign that has made NASA look "like a bunch of idiots who can't even handle a launch schedule," as Kennedy Space Center Director Richard Smith recently charged, and you are increasing the risk in the program, and potentially compromising safety, as senior astronaut John Young has pointed out.

The two questions facing the Congress—the elected representatives of a nation, three-quarters of whose citizens insist that they want the Shuttle program to continue—are first, whether we are willing to commit the resources to actually have the kind of Space Shuttle capability the nation requires; and second, whether we will make the same budget-balancing mistakes with the upcoming space station that was made in the Shuttle program.

The lost opportunity in space

Plans for what should follow the Apollo program, after man had landed on the Moon, started years before astronaut Neil Armstrong took that famous first step, on July 20, 1969. By 1965, much of the hardware for the lunar voyages had already been ordered, built, and had begun testing, and NASA was ready to begin planning for the exploration of the next frontiers.

By 1965, however, NASA was under a barrage of attacks from the "social" think-tanks such as the Brookings Institution, the Tavistock Institute in London, and the self-proclaimed Aquarian Conspiracy (see box). President Johnson's State of the Union address on Jan. 4, 1965 was the first since Sputnik (1957) that did not even mention the space program.

As the NASA budget began to decline, program planners fought to keep open the space frontier. German-American space pioneer Wernher von Braun, for example, penned articles and books on lunar colonization, the exploration of Mars, and other projects that required an Earth-orbital space station, and a shuttle-type vehicle to service it.

NASA Administrator James Webb refused to operate with the notion that NASA had been created just to go to the Moon. In motivating the NASA budget request for Fiscal Year 1965, Webb stated:

The policy on which this budget is based is the mastery of space, and its utilization for the benefit of mankind. This mastery and the relation of our position to those of other nations will not be determined by any single achievement.

The NASA program is designed to expand both science and technology. We have avoided a narrow program, one limited, for example, to developing only the technology needed to reach the Moon with state-of-the-art hardware. To do so might well be to find, some years hence, that we had won the battle and lost the war as far as ultimate and enduring superiority in space is concerned.

Webb made the painful decision to resign as NASA head in 1968, just months before Apollo 11 lifted off, because it had become clear that there would be no budget, and no post-Apollo plan for space. He left NASA before the lunar landing which he had prepared for seven years, rather than preside over an agency which appeared to have no future.

But when man put his first footprints on the Moon, the anti-science lobby was again shunted temporarily into the background, as it had been when the Apollo program was begun by Kennedy, as the imagination of the entire world was captured by this great achievement.

The Great Society crowd had been voted out of office in 1968, and a new President was preparing to bask in the glory of the upcoming Apollo lunar landing. But President Nixon was to get contradictory advice. The social programmers in the Congress, the media, and a faction in the "scientific" community, accelerated their campaigns to make sure that Apollo would mark the *end*—not the beginning—of man's exploration of space.

In February 1969, President Nixon established a Space Task Group headed by Vice-President Spiro Agnew, to establish goals in the post-Apollo era. The Task Group consisted of NASA Administrator Tom Paine, Secretary of the Air Force Robert Seamans, and Presidential Science Adviser Lee Dubridge. Robert Mayo, who directed the Bureau of the Budget, had only an observer status.

The Group's report, titled, *The Post-Apollo Space Program: Directions for the Future*, was released two months after the Apollo 11 landing. It projected an exciting vision of a Mars landing before the end of the century, at the latest.

The lunar landing, the authors said, was "only the beginning of the long-term exploration and use of space by man." They continued:

We see a major role for this nation in proceeding from the initial opening of this frontier to its exploitation for the benefit of mankind, and ultimately to the opening of new regions of space to access by man.

We have found questions about national priorities, about the expense of manned flight operations, about new goals in space which could be interpreted as a 'crash program.' Principal concern in this area relates to decisions about a manned mission to Mars. We conclude that NASA has the demonstrated organizational competence and technology base to carry out a successful program to land a man on Mars within 15 years.

There are a number of precursor activities necessary before such a mission can be attempted. These activities can proceed without developments specific to a manned Mars mission—but for optimum benefit should be carried out with the Mars mission in mind. We conclude that a manned Mars mission should be accepted as a long-range goal for the space program.

Two of the systems that the Task Group suggested for space operations were a new space transportation capability and space station modules, which would utilize the new capability of commonality, reusability, and economy, the fruit of the Apollo success. These capabilities would then ensure that the manned mission to Mars could certainly be done before the end of this century.

NASA, too, was working furiously to put such forward-looking goals before the Nixon White House, after the lunar

Who's out to kill human space exploration

As early as President Kennedy's 1961 announcement of the Apollo program, thinktanks such as the London-based Tavistock Institute and the Brookings Institution were "warning" that the space program was driving America in the dangerous direction of "technological and cultural optimism." The fledgling anti-science environmentalist movement pitted the space program against the needs of the "ghettos" and pollution. NASA was under continuous assault. Here are a few of the leading spokesmen who set out, on various pretexts, to prevent man from exploring space.

Barry Commoner, *The Nation*, Dec. 16, 1962.

Other undertakings are more important than space. At this moment, in some other city, a group may be meeting to consider how to provide air for the first human inhabitants on the Moon. Yet, we are meeting here because we have not yet learned how to manage our lives without fouling the air man must continue to breathe on Mother Earth.

Tavistock Institute, *Human Relations*, 1966.

The space program is producing an extraordinary number of "redundant" and "supernumerary" scientists and engineers. "There would soon be two scientists for every man, woman, and dog in the society."

landing. Also released in September 1969 was a space agency report titled, "America's Next Decades in Space." It presented four scenarios through which new space capabilities could be developed. By 1975, the United States could have a 12-man space station, it proposed, which could be expanded to house 80 people by 1980.

A station orbiting the Moon would be put into place, with the first permanent lunar surface base to be established in 1978. At the fastest pace, NASA stated that the first manned Mars expedition could be in 1981. Even if the NASA budget were limited to a ceiling of \$4 billion per year, these missions could all be achieved, if a few years later.

NASA estimated that by 1975, an Earth-to-orbit shuttle vehicle would be operational, and a year later a tug could take passengers from Earth orbit to the Moon. By 1978, a nuclear-propelled orbital transfer vehicle would be ready.

All it took was the will to set NASA to work.

But there was no chance that the rational deliberations of the space agency itself, or the past accomplishments of space exploration, would determine the future of the effort. Even before the task force reported its recommendations to the President, Budget Director George Shultz slashed the NASA FY 1970 budget request by \$45 million!

The Office of Management and Budget dictated to NASA, and the President, that they would have to operate with no major increases in the budget; that the OMB would have to be satisfied that "cost-effective criteria" were met before any large project could be developed; that any new program, like the Space Shuttle, would have to use as much Apollo-developed technology as possible; and that there would be no "crash" programs. Similar constraints have been made upon President Reagan's space station initiative.

Tavistock Institute, *Social Indicators*, 1966.

Measures of social performance are all the more important in a "postindustrial" society, one in which the satisfaction of human interests and values has at least as high a priority as the pursuit of economic goals. . . . The Great Society looks beyond the prospects of abundance to the problems of abundance.

Father Theodore Hesburgh, Council on Foreign Relations, Trilateral Commission, President of Notre Dame, November 1962

The preoccupation of scientists with space and military research is prostituting science to something far below its capacity for abolishing disease, hunger, and illiteracy on a worldwide basis. Should we pioneer in space and be timid on Earth and leave man in bondage below?

Brookings Institution, *Proposed Studies of the Implications of Peaceful Space Activities for Human Affairs*, March 1961

The exploration of space requires vast investments of money, men and materials and creative effort—investments which could be profitably applied also to other areas of human endeavor, and which may not be so applied if space activities overly attract the available resources.

Senator William Proxmire, Aug. 20, 1962.

I think there is great waste in this program. This latest single increase in the space budget will result in a tax of \$70 for every American family—of all of our 50 million American families—for the nondefense program. I wonder if most people approve of spending at that rate for this kind of program.

Senator J. William Fulbright, *Washington Post*, May 5, 1963.

Fulbright said that he found it "strange" that "in a world which bears an intolerable burden of hunger, disease, poverty and animosity among its people, we should devote so many of the best minds of both Western and Communist worlds to achieve a landing on the Moon, where, to my knowledge, no solutions to our problems await us."

New York Times, John Finney, April 7, 1963.

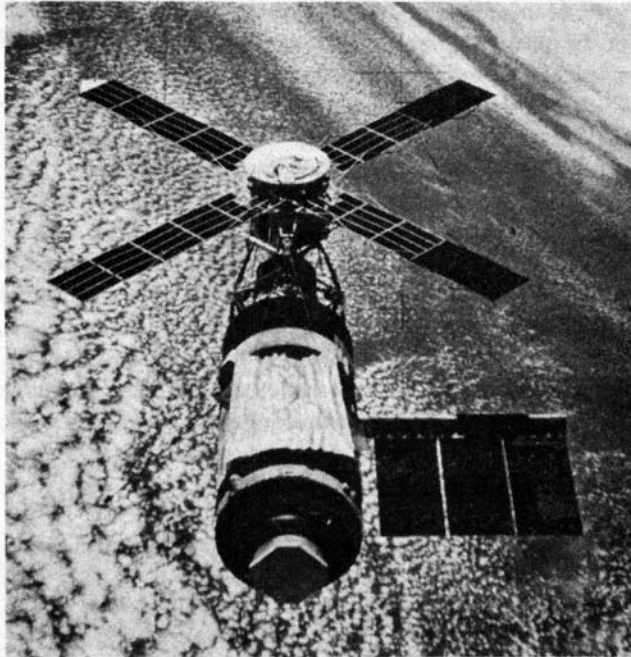
With the appreciation of the cost have come questions as to whether the space agency needs so much money and whether some of the funds could not be spent more profitably on earth or even not be spent at all.

Dr. Philip Abelson, American Association of the Club of Rome, editor of *Science*, April 19, 1963.

NASA has sought examples of technology fallout in its program. To date, those cited have not been impressive. The problems of space are different from the earthly tax-paying economy. . . . I believe the program may delay conquests of cancer and mental illness.

Newsweek, Sept. 30, 1968

Now as NASA draws close to the time when it either fails or fulfills that commitment [to land on the Moon] the U.S. space program is in decline. The Vietnam war and the desperate conditions of the nation's poor and its cities—which make spaceflight seem, in comparison, like an embarrassing national self-indulgence—have combined to drag down a program where the sky was no longer the limit.



Skylab circles the earth.

NASA

On Capitol Hill, many of the same cast of characters who today are clamoring for the dismantling of the space program, were also doing so then. Thus, Sen. Edward Kennedy (D-Mass.), speaking at the dedication of a new Goddard Library at Clark University on May 19, 1969, called for a slow-down of the space program. NASA historian emeritus Eugene Emme described this as a "profanity to the memory of John F. Kennedy, who had set Apollo in motion, if not also to the memory of Robert H. Goddard." The landing of Apollo 11 was just two months away.

NASA planners were determined, however, to use the giant Saturn V rocket and the Apollo technology for at least a temporary space station. Skylab was launched in 1973, and produced stunning results in space science, astronomy, biology, and materials processing. Designed for only temporary service, Skylab 1 was to be followed by a second U.S. space station.

That station, Skylab 2, sits today as an exhibit in the National Air and Space Museum in Washington, D.C., never having been launched. Skylab was a larger station than the entire series of Soviet Salyut stations used for the past decade.

Space station: déjà vu?

In his State of the Union address in 1984, President Reagan asked NASA to build an Earth-orbital space station, to begin operations within a decade. In a replay of the Nixon Shuttle decision, the OMB immediately cut NASA's funding request for the new initiative.

Originally, the space community had hoped to bring the station on-line, for the 500th anniversary of Columbus' dis-

covery of America, in 1992. With the budget cuts in the past two years, NASA is now uncertain it can even meet the 1994 deadline that the President had given the program.

Colonel Gilbert Rye, who is director of space programs on the National Security Council staff, wrote in 1985: "President Reagan believes a space station can stimulate a boom in the commercial development of space, much as the railroads opened the western frontier." In September 1984, according to Rye, Reagan said, "Bringing into full play America's greatest asset—the vitality of our free enterprise system—will do more to spur the development of space for the benefit of man than any of us can now imagine."

Both Rye and President Reagan seem to have forgotten that it was only *President Lincoln's* commitment to link the transcontinental railroads that got the job done, and laid down the infrastructure for the real growth of, not some mystical "free enterprise," but American industry and agriculture.

A different view of the importance of the space station project has been stated by former NASA Administrator James Beggs. In 1985, Beggs stated that, "A space station is the logical expansion of our activities into space. Indeed, a look back at the origins of our planning for the Space Transportation System shows that we had two things in mind. One was efficient, routine, and economical transportation into space with the Shuttle."

"The other was a space station to provide a continuous manned presence in orbit. While the Shuttle allows us to do many new things in space, it is not an end in itself. Rather, it is an enabling mechanism toward other ends, which together with a space station, will promote broad-reaching expansion of the space program over the next century and beyond."

In 1975, former NASA head Tom Paine, "one of the most innovative thinkers," according to Beggs, laid out a 100-year scenario, which included the Space Shuttle and Spacelab; an Earth-orbital station, then moving the space station capability further out to geosynchronous orbit; then a lunar orbiting station, a lunar colony; and then a station and colony on Mars. Those are the reasons to build a space station.

In an interview in *Sky and Telescope Magazine*, on the occasion of the 25th anniversary of the space age, Beggs stated, "When you come down to it, the bottom line is what they allow you to do in the budget. What I would like to see during the period I occupy this chair is the establishment of a policy and precedent that says the country will continue to do research and technology development on a long-term basis, at a level commensurate with the benefits that we receive from the program.

"... With another billion dollars in the program, we would be able to do a lot of things that we or even the scientific community would like to do. We would like to see some new beginnings because this program lives by stepping up so often to something new. That's what keeps our people thinking, creating."

Because Skylab II was never orbited, and the building of

a space station has been postponed, the Shuttle has had to do double duty as a space laboratory and a transport vehicle.

Convinced, as President Reagan is today, that an economic "recovery" would be obtained by slashing government spending, President Nixon crippled the very federal agency that could lead a recovery by extending the frontiers of science and technology.

Years with no vision

By 1978, it was becoming clear that the underfunding of the program, which led to cutbacks in testing of key components and replacing tests with cheaper computer simulations, plus the difficulty of the technologies themselves, meant that either NASA would have to ask the Congress for more money, or it would never complete Shuttle development. As the program schedule slipped further behind, the NASA leadership refrained from an aggressive lobbying effort to get more money, fearing that the entire project might be scrapped.

But in 1978, President Carter was persuaded that the Shuttle was needed to verify any violations of the SALT II treaty. Former astronaut Schmitt recalled: "I was serving in the Senate at that time, and it became clear to me, and to others, that the day of reckoning had come for the early underfunding of the Shuttle program."

Carter administration presidential science adviser (and current head of the National Academy of Sciences) Frank Press and Carter-era NASA head Robert Frosch made clear that NASA would get no budget relief, no planned fifth orbiter, and no new space project during their tenure.

That the frontal assault was against NASA, and *not* simply against all federal spending, can be seen in **Table 1**. While social welfare and "soft" technology boondoggles were growing by leaps and bounds, NASA's budget increased by a mere 4%, between 1967 and 1980. It would have had to increase by 147%, just to keep up with inflation. It is indeed amazing that NASA was able to build the Shuttle at all.

Though federal aid to higher education began skyrocketing in the early 1970s, the peak year for the graduation of new physicists was 1969, close to the NASA peak funding year. All of the billions of dollars in federal aid to education has never produced as many scientists and engineers as NASA did.

The same is true for developing new energy technologies. NASA-supported projects throughout the 1960s in advanced nuclear technologies for propulsion, new energy conversion techniques such as magnetohydrodynamics, and other programs contributed more to the nation's energy R&D than the billions of dollars spent on solar energy by Carter's Department of Energy.

Speaking at the annual conference of the American Astronautical Society in 1982, then staff director of the House Subcommittee on Space Science and Applications, Darrell Branscome, stated, "Inflation has had a significant impact on NASA spending power. Whereas in 1982 the actual dollar amounts are increased slightly above the 1966 funding level, in terms of purchasing power, the current NASA budget is less than one-third the 1966 level." Former NASA head James Beggs has repeatedly made the same point.

Some have charged that President Carter's interest in the space program stemmed from his report in 1969 that he had seen a UFO. Be that as it may, look at his niggardly approach to space exploration, as conveyed in an October 1978 speech at the Kennedy Space Center:

We have invested some \$100 billion over the history of our American space program. It is now time to capitalize on that major investment.

The first great era of the space age is over. The second is about to begin. It will come into its own with the new space shuttle, the heart of our new Space Transportation System, when it becomes operational. Paradoxically, the most exciting thing about the space shuttle is that it will make our use of space in the future routine and perhaps not very exciting[!]"

Carter described his policy as the "evolution of our space program from exploration to operations."

General Robert Rosenberg, speaking for the Carter National Security Council, stated that since the Shuttle will be less expensive, the "freed funds and talent can be applied to important space efforts we cannot afford today." Shuttle optimization and increases in productivity, he said, "perhaps can only be found through forced fiscal restraint."

NASA began to bring the Shuttle into the public eye with the aerodynamic tests of the prototype orbiter Enterprise during the Ford administration. Finally, the agency had "something to show for the money." But the advent of the Reagan presidency in 1981 did not change the direction of the Shuttle program—it merely rationalized the miserly approach toward space that the previous administrations had institutionalized.

The 'cost-effective' Shuttle

When Dr. James Fletcher came in to head NASA in May of 1971, it had become very clear that the space agency would wrangle only one new manned space program out of the Nixon White House. Since there was little point in having a

Table 1
Budget increases for various federal government agencies (1967-80)

NASA	4%
Transportation	193%
Education	344%
Energy	888%
Income security	481%
Health	685%

space station without a transportation system to get astronauts there and back, NASA opted to build the Space Shuttle, or Space Transportation System.

According to space historian John Logsdon, unlike the Apollo initiative, the Shuttle was arrived at through a three-year negotiating and compromise process, rather than from a presidential mandate. He has described this as "pluralistic policymaking." It was also the first space program which was analyzed in terms of cost effectiveness.

Of course, not everyone agreed that the Shuttle was necessary. Senators Walter Mondale, William Proxmire, Clifford Case, and Jacob Javits continued their opposition to any new manned space initiative. The Budget Office was unconvinced that it was a good "investment."

The military did not want the kind of quick and small transport-to-orbit capability that NASA had first envisioned; it wanted a large vehicle that could accomplish military missions that were outside the scope of its available expendable launch vehicles. This greatly increased the size of the orbiter NASA designed, and it has been estimated that this increased the cost of the Shuttle system by about 20%.

The sensible programmatic approach would have been to develop a stable of launch vehicles, including a reusable Shuttle and a heavy-lift expendable vehicle, that could carry military payloads comparable to the lunar-Saturn V. No money was available to pursue the parallel development of these next-generation systems.

President Nixon stated in his budget message on Feb. 2, 1970 that he had "received many exciting alternatives for the future. Consistent with other national priorities, we shall seek to extend our capabilities—both manned and unmanned." Behind the scenes, warfare against the space program was being conducted by George Shultz at the OMB and White House staffer Peter Flannagan, a representative of Wall Street's Dillon Reed.

NASA had proposed to build a fully reusable two-stage Shuttle system, where the first-stage manned booster would separate from the orbiter before reaching orbit, and fly back to Earth to be reused. The Shuttle would continue on up to orbit, using its own engines.

Fletcher recognized that he would have to sell this to the White House, and that the only effective argument would be that the Shuttle would be cheaper per pound of payload launched, than the available expendable rockets. He awarded a \$600,000 study contract to Mathematica, Inc. to study the economics of the Shuttle program.

The study showed that with a *fully reusable* Shuttle, costing about \$12.8 billion for its development, savings of about \$100 million would accrue, compared to the use of expendables. The determining factor in cost was shown to be the number of operational flights. It was thus clear from the beginning, that if the major proof of the viability of the system were to be its "economics," the number of flights would be key.

Fletcher knew that NASA would have to develop this system within a fixed budget, a peak funding level of \$2 billion, with a projected development time of six years. There was no way they would be allowed to spend \$12 billion. He sent Mathematica back to the drawing board, and the company did an analysis based on the cheaper, one-stage, not fully reusable design. Meanwhile, the OMB had told Fletcher that he would probably end up with about *half* of the \$12 billion.

The mission model was a highly optimistic one, showing a two-week turnaround time for the orbiters, and sufficient flights to make it "economical" enough to sell to the Budget Office. NASA ended up with a \$5.2 billion total development price, a 1978 flight start, and a 20% limit on cost overruns. According to the anti-science *New York Times*, "NASA left itself no margin for error. This is, of course, the classic engineer's nightmare."

To cut the cost of the Shuttle in half, of course, design compromises had to be made. Instead of being boosted on a reusable first stage, the Shuttle would have two partially reusable boosters, at its side. To increase the payload capability, the fuel tank would be external to the orbiter, and would be used up on each mission. Both of these decisions would have a negative impact on the overall safety of the system.

The debate on final Shuttle design continued until days before Nixon announced the program, on Jan. 5, 1972. He declared that the Shuttle "will revolutionize transportation into near space, by routinizing it. In short, it will go a long way toward delivering the rich benefits of practical space utilization and the valuable spinoffs from space efforts into the daily lives of Americans and all people."

He continued, "1972 is a year of conclusion for America's current series of manned flights to the Moon." He described the Shuttle as being used up to 100 times per vehicle, which would bring operating costs down as low one-tenth those of present launch vehicles.

On March 15 that same year, NASA announced that it had decided to opt for solid-fueled boosters instead of liquid-fueled boosters, because of lower cost and lower technical risk, since this was a proven technology. Solid-fueled boosters had been used for years on expendable rockets, but never before in a manned spacecraft system.

Since the contract for the boosters had to go to the lowest bidder, which turned out to be Morton Thiokol, the location of their production plant in Utah meant that the 149-foot-long boosters had to be shipped in segments, in order to be transported safely.

This created the requirement that the boosters had to be stacked together at the Kennedy Space Center. Questions about the joints between these segments have been raised during the investigation of the Challenger explosion.

Within *weeks* of Nixon's announcement, the NASA budget was cut by nearly *half a billion dollars*. The projected

The real economics of the NASA space program

The economic results of space exploration, like any great project, can never be comprehended or judged simply in terms of the project's immediate, or even long-term economic payback, since also reaped are both the technological spin-offs hitting many other, even all other projects and industries, and the technological optimism that lays the basis for conquering new frontiers. Whole generations of mankind have been transformed by the accomplishment embodied in Brunelleschi's dome on the cathedral in Renaissance Florence, or by the great internal improvements programs inaugurated in the 19th-century United States, particularly under Abraham Lincoln.

The scientists and engineers graduated and trained for the Apollo lunar landing, like those who came through the training of Admiral Rickover's nuclear navy, have fanned throughout society to make breakthroughs that have given us the artificial heart, new energy sources, and so forth.

Even had President Kennedy's Apollo program failed to achieve its goals, and a landing on the Moon and return to Earth had never been accomplished, the technical manpower and the technological developments accrued from having taken up that challenge would have made it more than worthwhile.

From the ability to operate in orbit above the Earth, mankind gained the capability to survey his planet continuously from space. If the remote-sensing capabilities developed in the Apollo program were actually applied on a

large scale, world agriculturalists could intervene to prevent large-scale destruction of food from floods, drought, pestilence, and disease.

From orbit, it is possible to bring even the remotest village into contact with the rest of the world, through the use of communications satellites and small Earth-based antennas. Planning new development projects, where the careful mapping of rivers, geological formations, and other natural features is key, can only be done efficiently from space.

Technologies such as advanced solar cells, which had to be developed for space application, have brought rural communities in India their first bit of electricity—to run a refrigerator, a radio, and a reading light.

Nearly every piece of equipment in today's intensive care units in hospitals were developed when doctors had to be able to monitor the health of astronauts thousands of miles from Earth. It is very likely that tomorrow's breakthroughs in genetic engineering or cancer will be significantly influenced by the problems NASA will have to solve in sending the first human beings millions of miles away, to Mars.

Experiments being performed aboard the Space Shuttle now are producing ultra-pure biological materials that hold out the hope of curing, not simply treating, chronic diseases such as hemophilia and diabetes.

It is not really possible to turn into dollars what the space program has bought for the world community over its 25-year history. Those who would try to force the space program to justify itself in return-on-investment statistics are either fools, or are out to cripple mankind's most valuable undertaking.

Shuttle launch date slipped from 1978 to 1979, and the process of underfunding the next NASA manned space program was off and running. If President Nixon's Space Shuttle was off to a bad start, President Reagan's space station is faring no better.

NASA has estimated it will cost at least \$700 million just to replace the equipment lost in the explosion (excluding a replacement orbiter), pay for the investigation and salvage operations, do the modifications the Rogers Commission might recommend, and store the payloads that were ready for launch until the Shuttle starts flying again. A replacement orbiter will cost about \$2 billion, and take more than three years to complete and test. The Congressional Budget Office released a report earlier this month saying that all of this is certainly too much money. They state that money could be taken from the space station program, which won't be built on time without a full orbiter fleet anyway, and from the

development of new science experiment payloads, which won't be able to fly, either.

Will the lesson be learned?

This country has a fundamental decision to make. Cuts in operating costs, maintenance, training, and pay through the deregulation of the commercial airlines, produced a year with more fatalities than any other in the history of flight, in 1985.

Space Shuttle accidents are, of course, more spectacular and shocking than airline crashes, but the causes are not that much different. No matter what the investigating bodies may finally determine the cause of the Challenger explosion to be—even if it was sabotage—we have, as a nation, paid for the 15 years of cheating the space program.

By fiscal year 1974, the NASA budget of \$2.9 billion

was the lowest it had been since 1963. According to historian Emme, "Later cuts, though less severe, reduced confidence even in the 1979 date, which undoubtedly had some impact on schedule delays in 1978-80. Although President Nixon (and subsequently President Ford) continued to support the Shuttle Program in principle, the budgetary process with its cuts did not allow the orderly development that the Apollo Program had enjoyed."

Speaking before the National Academy of Engineering in November 1975, NASA head Fletcher stated, "The OMB, which controls the government's pursestrings, rarely plans beyond one or two years at a time. NASA's Space Shuttle program is an excellent example of the effects of year-to-year budget cycles. The program has never been funded in its entirety, but has been piecemealed together out of the agency's overall yearly budget. Yet, if NASA did not proceed with the development of the Shuttle, the nation would be without a major new space program for the 1980s."

That commitment to the interest of the nation, despite the most unworkable constraints and demands on the space agency, was reflected recently by former Apollo astronaut Harrison Schmitt. In a commentary written two days after the Challenger loss, Schmitt stated, "In sharp contrast to Apollo, the early years in the design and development of the Space Shuttle were played out in a far more constrained fiscal environment. . . .

"There were many of us 'old Apollo heads' who, on detailed exposure in 1973 to the near-final concepts for the Space Shuttle, felt that the new program was underfunded by a factor of three or four." The Space Shuttle orbiter "was itself an extraordinary technical challenge. It would require more than just state-of-the-art engineering to take a spacecraft as big as a DC-9 into orbit, make good use of it in the harsh environment of space, fly it on return through hypersonic ranges never before experienced by aircraft, land it on a standard airport runway, and then recycle it for reuse within a few weeks.

"Those of us who were skeptical about NASA's ability to succeed in this endeavor were wrong. We underestimated, as so many have, the unexcelled motivation and heart of the NASA family. Space and space flight generate a belief in hundreds of thousands of Americans that working on the exploration of this new ocean is the most important endeavor of their lives."

NASA persevered, trying to build a leading-edge Shuttle system, without enough money. NASA also realized that the Shuttle would be the only manned space capability that the United States would have for nearly two decades. The agency built into the Shuttle the ability to spend 7 to 10 days in space, so scientific experiments in the European-built Spacelab could be done on orbit, since there would be no space station. The Shuttle was no longer simply a "truck" to haul cargo to Earth orbit or to a space station; it became a major space facility on its own.

Budget constraints and safety

Were there any red-flag warning signals that the Space Shuttle system was being stretched to its limit, before the loss of the Challenger? Absolutely.

The Aerospace Safety Advisory Panel, which is independent of NASA, recently released its annual report for 1985. It contains a frontal attack on the stated Space Shuttle policy of the Reagan administration, which for the past three years has been to make the system "operational and cost effective."

The panel objects that neither of those goals is coherent with maintaining safety as the primary responsibility of the space agency, and warns NASA that budget constraints will continue to compromise the safety of the system.

One part of the report gave NASA the opportunity to respond to statements made in the report from the year before. The panel had recommended that the NASA management "would be well advised to avoid advertising the Shuttle as being 'operational' in the airlines sense when it clearly isn't. . . . Shuttle operations for the next five to ten years are not likely to achieve the 'routine' characteristics associated with commercial airline operations. Given this reality, the continuing use of the term 'operational' simply compounds the unique management challenge of guiding the STS through this period of 'development evaluation.'"

All that NASA could do to respond was to quote directly from National Security Decision Directive 42, which is the stated policy for the space program by the White House:

NASA's highest priority is to make the Nation's Space Transportation System operational and cost-effective in providing routine access to space. Fully operational means that the STS is ready and available for routine use in the intended operational environment to achieve the committed operational objective.

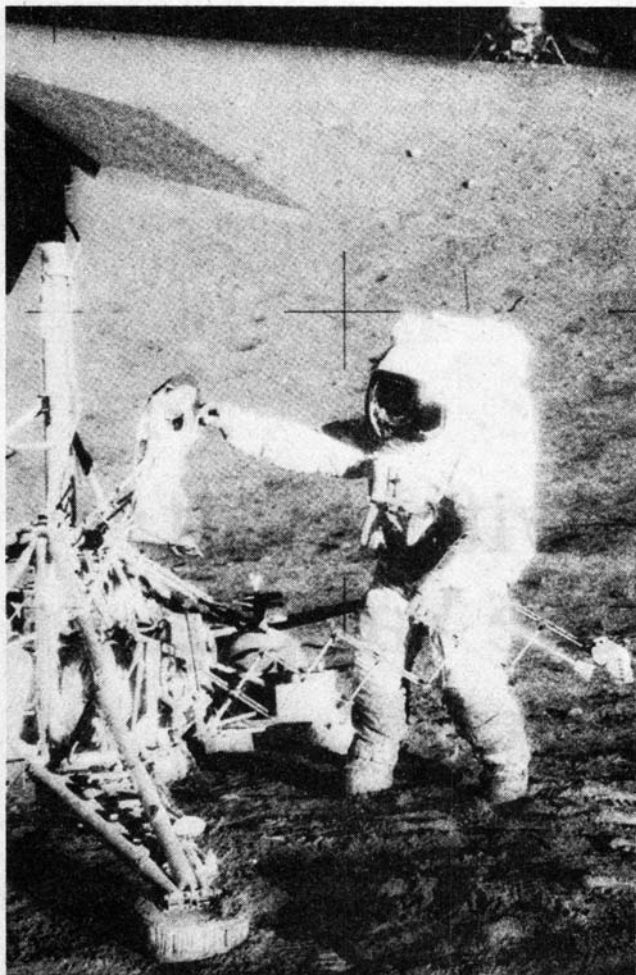
This means that . . . adequate logistics support for the systems is in place; that the ground and flight processing capabilities are adequate to support the committed flight schedule of up to 24 flights per year with margins for routine contingencies attendant with a flight surge capability.

Cost effective means that the Shuttle provides space services for specific levels of mission capabilities with an efficiency at least equivalent to the cost of alternate systems.

It has always been the case that the major parameter that determines the cost of launches is the flight rate. Safety is not mentioned in the directive.

As soon as the Shuttle started flying in April 1981, the Heritage Foundation, the KGB's favorite Washington, D.C. "conservative" think-tank, suggested that it may be time to consider abandoning the Shuttle program as too costly, particularly if the number of flights turned out to be "less than needed to generate sufficient revenues."

The report of the Aerospace Safety Advisory Panel states



NASA

Astronaut Charles Conrad, Jr. examines the Surveyor III spacecraft on the surface of the Moon. Apollo 12 arrived Nov. 19, 1969. Surveyor III had soft-landed on the Moon on April 19, 1967.

that the "attainment of NASA's goal of 24 launches per year will challenge the capacities of both the physical and human resources" of the agency. The report points to the following facts:

- 1) "A number of flight hardware components are still undergoing development for both performance and reliability." That is, this is by no means a fully operational system.
- 2) Additional "brick and mortar" facilities are required at the Kennedy Space Center "for orbiter processing and component maintenance." Without these facilities, it is not possible for NASA to turn the orbiters around in a decreasing amount of time. The alternative is to try to keep to the launch schedule without doing all the work on the Shuttles that is required.
- 3) "There are ultimate limitations of human resources to compensate for shortfalls in the physical resources (even with extraordinary dedication and effort)."

4) "Sufficient logistics support, in both hardware and systems, lies sometime in the future."

5) The fact is "that all of the above are subject to constraints by budgetary allocations."

The panel goes into detail on some of the results of the continual funding limitations. Regarding crew training, mentioned by senior astronaut John Young in his recent memo: "Time available in the present fleet of orbiter flight simulator aircraft is becoming marginal and can be foreseen as being inadequate to meet future training demands." They recommend that "NASA commit the funds in a timely manner to ensure an adequately-sized fleet of training aircraft." This problem only gets worse, as the number of missions and therefore, number of required trained crews, increases with launch frequency.

In 1983, the panel reports, a three-phase program was initiated to substantially improve the Space Shuttle Main Engines. "However," they state, "as a result of severe funding-rate limitations, the program was restructured in 1984 to address only certain improvements to the wear life of various turbopump components."

In the crucial, and much criticized, area of spare parts which are needed to be able to maintain a higher launch rate with safe vehicles, the panel states that the "entire program is being 'restructured' to comply with budget restraints. A significant element of this restructuring is the use of planned cannibalization," from other orbiters.

"Today cannibalization is a prime means by which many spares are provided," they remark. "STS orbiter 103 [Atlantis] has been a major 'spare parts bin,' but what crisis will develop in six months when these units are needed for the first flight out of Vandenberg? There has to be a minimum allocation of spare units to permit the planned number of flights."

"Reducing the allocation of spares to fit the budget is going at the problem backwards . . . realistic planning should be accomplished to establish the number of missions that can realistically be flown based on such curtailments. The number of missions should be based on real capability."

Expressing further concerns about flight rate, the panel states that the existing constraints include hardware, spares, needed modifications, and payload manifesting (preparation) difficulties. "The goal of 18 flights per year is not within reach at present," they conclude. "A more realistic goal is between 12 and 15 flights per year."

Despite the President's manifest enthusiasm for the space program, in the final analysis, he has merely continued the policy of sabotaging America's space initiative, by starving it of the funds which were critically necessary to allow it to keep functioning, much less allow it to expand. Whatever the immediate cause of the Challenger disaster finally proves to be, the seeds of disaster were laid by the years of underfunding and the series of policy decisions which sabotaged the Space Shuttle program from its inception.

Satanism and witchcraft: a concern for the Vatican

An *EIR* inquiry by Sandro Mitromaco and Ira Liebowitz

The growth of weird satanic cults, occult practices, witchcraft, and the like, in recent years, has been astounding. The rate at which these deranged activities have spread in recent years defies any past experience of similar outbreaks of mass psychosis. Most persons of normal moral orientation recoil in fear before these types of phenomena and quietly, but in vain, wish them away.

A team of *EIR* investigators has been quietly watching these developments over a number of years and has already identified certain unmistakable patterns of paramount *political* significance. Contrary to what is ordinarily believed respecting these phenomena of aberrant behavior, their outbreak is associated with their methodical promotion, by a certain well-known and well-identified agency, which represents a major strategic and political influence in today's world, and about which we shall have much to say in the near future. At this time, we are prepared to state that the Benedictine Order and its variegated and polymorphous affiliations, operating within a variety of cults, religions, and denominations, appears to be very much the "Brain Trust" of this well-known and well-identified agency which promotes the spread of satanism.

Experts who will follow our argument in the weeks and months ahead, will readily recognize what we have to report on the role of the Benedictine Order in inducing the creation of notorious forms of political satanism, including the rise of Hitlerism to power, the formation of the more potent features of Russian Bolshevism, out of the island of Capri, and the

creation of overt Gnostic forms of worship, in opposition to the Vatican I Council of the 19th century, such as the Old Catholic Church, the Liberal Catholic Church, the Gnostic Catholic Church, and other similar outfits.

Fewer, however, will be willing to agree with what we consider the most essential discovery of our long-standing investigation, namely that the activities of the Benedictine Order of the last two centuries, including their current assault under the guise of "liberation theology" and assorted "grass-roots" misinterpretations of the Vatican II Council, form a continuity with centuries-old "satanist" projects of the Order, dating back to the first consecration of certain Benedictine facilities on the island of Capri. We shall assert that what the Benedictines and their allies would prefer to present to the world as mysterious, arcane, and outlandish is merely a convenient smokescreen for simply and straightforwardly vicious political scheming.

We expect, in the course of our forthcoming reports, to be able to shred the artful cloak of liturgical mystery, and we expect that the truth will out in this matter. Meanwhile, we shall report below on three recent cases: the outbreak of satanism in the city of Turin, Italy, which has justly occasioned serious concern in the Vatican; Cardinal Ratzinger's recently published policy against the spread of satanism; and the case of a certain United States dissident Catholic faction defending the practice of witchcraft.

—The Editor

The outbreak of satanism in Turin

“Do you know anything about the satanist outbreak that preceded, and formed, the Nazi Party in Germany after World War I, the Thule Society? Well it is happening again.”

This surprising statement was made by a very well-known expert on satanic cults who prefers to remain anonymous. It was a comment on what is going on in Turin, the capital of auto production in Italy, the city of the Trilateral Commission's Gianni Agnelli and Fiat.

During the first week of March, Turin made the headlines as the “satanic city” of Italy, following a Feb. 5 announcement by the city's Anastasio Cardinal Ballestrero that he would nominate six new exorcists to face a growing demand: Over the last three years, in Turin alone, 1,350 people asked the Church to be exorcised. The Turin Curia stresses that the large majority of these people “fell into the trap” of satanic cults and lost their mental and emotional equilibrium. They turned to the Church in desperation, claiming to be possessed by the devil.

Turin is, on the surface, a very orderly city, but it is also the city that leads the nation in number of suicides. In recent years, it has been hit by a harsh economic crisis and a terrible wave of unemployment. According to Cardinal Ballestrero, “The people professionally involved in occultism in northern Italy are 50,000, many of them in Turin.” An incredible number of magic shops continue to open, and are apparently successful, a measure of the collapse of morale and morality in the population. You can buy special herbs and amulets that are supposed to defend you from the “evil eye,” or guaranteed, made-in-Brazil puppets made of “human herbs” to be used to punish your enemies. Witches, fortune-tellers, and magicians have their offices everywhere, publishing houses specializing in magic produce local bestsellers to reinforce the idea that “Turin is a magical city.” A large number of black and “white” magic sects are recruiting.

After London, Turin is the city that has the most adepts of the satanic church, which is subdivided into parishes, each with its own chapel.

The municipality had been forced to place fences around the old cemetery of San Pietro in Vincoli to prevent the satanists from performing rites based on sacrifice of animals. Other monuments have been surrounded with guards for the same reasons, including the Church of the Grande Madre; it reportedly attracts the cultists because of its name, recalling the cult of the Magna Mater: Great Mother.

In 1984, the cardinal of Turin, in a homily in the city cathedral, appealed to the population to stop stealing sacred objects from the church in order to practice sacreligious rites. In vain! The satanist splurge has only escalated. The press is reporting (and the allegation is not so fantastic, unfortu-

nately) that even priests and former priests “are linked to a particular masonic lodge, and actively participating in black masses.”

Mass human sacrifice

On Feb. 13, 1983, fire destroyed the Cinema Statuto, killing 64 people. It was a case of arson. By whom? The guilty parties were never found, but it was reported that the massacre had been planned in a villa in Turin where a meeting of all Italian satanic lodges took place. Only one week earlier, Mrs. Giuditta Dembech, the best-known spokesman of the so-called white magic sects in Turin and author of the book *Turin, Magic City*, gave an interview to *Panorama* in which she warned that “something terrible” was going to happen in the first days of February, and it was going to happen in the

The municipality has been forced to place fences around the old cemetery of San Pietro in Vincoli to prevent the Satanists from performing rites based on sacrifice of animals. Other monuments have been surrounded with guards for the same reasons, including the Church of the Grande Madre, Great Mother.

area of Piazza Statuto where the cinema was located! The press is now saying that this was nothing but a mass human sacrifice.

A few miles away from Turin, a whole community of satanists live, who consider themselves the new Essenes, after the famous Gnostic cult that lived in Palestine 2,000 years ago. They practice old Druid rites. In Giaveno, one Lorenzo Alessandri, initiated into the black church, has organized a museum of “satanic art.”

Every night in Turin, at least one black mass is celebrated. There are many cases of young women found murdered “in a ritual way,” but despite investigations, lasting for years in some cases, no assassins have ever been brought to justice. “The numerous unsolved cases of murder of women,” wrote *Il Giorno* on Feb. 18, “most of them virgins, could be linked to the ritual of the black mass.”

“They are probably the victims of some monstrous rite. Believe me: Horrendous things happen in Turin,” said Ugo Saroglia. Saroglia is one of two exorcists who operated in Turin before the most recent decision of the Cardinal to expand their number.

High-level protection

Turin police officials insist that they have no evidence against the satanic cults, and that, in any case, they have no basis on which to act against even the most horrendous and pornographic cult sessions or black masses when these occur in a private home.

Obviously, the cults have high-level protection.

"The problem is that very high-level people are at the top of the satanic lodges, and nobody dares to challenge them," three different sources told *EIR*. One added: "They are important people, indeed, but please do not ask me their names, for I would not tell you. I do not fear spiritual evil, but I fear very much a real, solid knife or gun. . . ."

In the meantime, "Turin, the satanic city" continues to make headlines even outside Italy, being used by the media with morbid sensationalism. CBS-TV has jumped on the story and is now planning a big special for the American public. French TV is doing the same, and so on.

The aim of the media, however, is not to cause authorities to take action against this criminality. On the contrary, media treatments of this criminality are designed to terrorize the population. Moral standards having gone progressively down, the impact of such well-publicized outbreaks of evil irrationality is even more disruptive of moral sentiments.

The precedent we have already cited. During the pre-Nazi period in Germany, all normal moral parameters and reference points were systematically undermined.

Of course, Turin is not the only case. The same thing is happening in the United States and in the Western world in general. The border between what is rational and what not is being constantly blurred. And, while atrocious crimes are being committed, and it is reported that there are "high-level people behind it all," and even names are privately whispered, the society's institutions themselves are now too immoral, too impotent to do anything.

Wicca

The *National Catholic Register* published in Los Angeles, California, recently carried a front-page article, entitled: "Wicca" written by one Todd Ackerman as a Register Special Report. Astoundingly, it endorsed the practice of witchcraft and the worship of "Great Mother," upon which the documented cases of Turin satanism are based. The author makes a spurious distinction between "satanism" and "witchcraft," and advocated quite openly the acceptance of witchcraft by Roman Catholicism.

The article reads:

"It's Called Dial-a-Goddess and it is—make no mistake—completely on the level.

"You know you can Dial-A-Goddess by tuning into

yourself—I'm only here to remind you of that," says Ariadne, the San Francisco woman whose telephone recording serves as a beacon to many of the movement's local members.

"With the changing of the seasons, we can't help but think of the waxing and waning of our lifeblood, our life energy. . . . All of us already have a death sentence, we're born with a death sentence. The only thing we don't know is when we get to cash it in."

"The 'goddess' refers to the Great Goddess, or Nature, the female deity worshipped by members of Wicca, the pagan faith which has quietly carved out a niche in contemporary American spirituality over the past couple of decades.

"In short, witches are back. And they're bigger than ever. Three hundred years after witches were burned at the stake, witchcraft has become a 'legitimate' religion, tied to the feminist and ecology movements and aiming for even wider acceptance.

"Since blossoming in the early 1970s—historians discount claims by witches that the movement dates back to antiquity—Wicca has enjoyed slow but steady growth. Its exact size is unknown, but estimates of its national membership range from 30,000 to 100,000.

"What is clear about the last few years is that Wicca has succeeded in getting people to sit up and take notice. Wicca seminars at a women's spirituality conference in the Midwest last fall drew more attendees, including some nuns, than any other of the meeting's diverse offerings.

"In the San Francisco Bay area, a self-proclaimed witch teaches at a Catholic college. And the National Film Board of Canada is currently shooting a roughly three-hour documentary on patriarchal and matriarchal pagan religions. It will come down strongly, said its director, on the side of matriarchal pagan faiths.

"What's going on? As late as the 1620s, Pope Gregory VI ordered that anyone who had made a pact with the devil be handed over to the secular courts and sentenced to death. But that was a couple of time warps ago.

"The first thing Wicca followers say in their defense is that, contrary to most people's misconceptions, they are not Satan worshipers. Most do not, in fact, even believe that Satan exists. There may be Satanists out there who claim to be witches, but they have nothing to do with Wicca, members insist.

"It's a point witches take great pains to stress. A Los Angeles witch recently addressed L.A. County Sheriffs to dispel negative stereotypes. And one of the main reasons witches will even talk to journalists—who invariably end up promoting sensational myths anyway, they claim—is to try to improve Wicca's public image.

"Satanism is the opposite of witchcraft," claimed Selena Fox, a high priestess of the Church of Circle Wicca in Madison, Wisconsin. "We don't believe in evil practices, we abide by a love ethic. Harming any of Nature's creations is

the last thing we'd ever do. The faith is about a oneness with Nature. It's a positive thing. And it's something I had with me even as a child, though of course, I wasn't conscious of it at the time. But today, when I'm out communing with the wilderness, I recognize some of the same feelings I had as a kid.'

"Fox is a former Southern Baptist, a one-time Bible scholar who left the Church because of dissatisfaction with her fellow Christians and with the 'secondary role women were relegated to.'

"I saw a lot of hypocrisy,' she told the *Register*. 'Christ's love consciousness wasn't being expressed the way I thought it should be by congregants. And I wanted to take on more of a leadership role than the Church would allow a woman to. I wasn't happy being a second-class citizen.'

"Fox's experience is not unique among witches. Many of

In the San Francisco Bay area, a self-proclaimed witch teaches at a Catholic college. And the National Film Board of Canada is currently shooting a roughly three-hour documentary on patriarchal and matriarchal pagan religions. It will come down strongly, said its director, on the side of matriarchal pagan faiths.

those who had a traditional religious background claim that they felt repressed in their Church and wanted to enter the clergy.

"Margot Adler, priestess of a New York coven, granddaughter of renowned psychiatrist Alfred Adler and author of *Drawing Down the Moon*, the best book-length study of today's witches, was brought up in a family of agnostics and atheists. But feeling some dimension lacking in her life, she 'embarked on a quasi-religious search as a teenager.'

"I found ecstatic power in Catholic ritual in the Latin Mass,' Adler told the *Register*. 'I desperately wanted to be a Catholic. But because of beliefs or dogmas that seemed irrelevant, I couldn't find acceptance in the traditional Church. That's where pagan religions are appealing to many—they provide that ritual.'

"One of the most influential authorities on Wicca ritual is Starhawk (her real name is Miriam Simos), author of *The Spiral Dance* and *Dreaming the Dark*. Last fall's 'women and spirituality' conference at Minnesota's Mankato State University drew heavily on both works.

"In recent years, Starhawk has gained some credibility

within Catholic circles as a faculty member at the Institute for Culture and Creation Spirituality at Holy Names College in Oakland, California. Neither she nor Dominican Father Mathew Fox, the institute's director, returned *Register* phone calls. But in the past, Fox has told the *Register*, 'Starhawk herself is very ecumenical and that's why I hired her. She can help Christians in waking up to divinity. We have to get back to creative rituals. We're not getting enough in the Church—that's for sure.'

"Wicca has no set creed or doctrinal statement and has only begun to think about theology. But, according to religious historians, one could catalog a long list of beliefs held by most pagans that are inimical to Christian faith.

"In place of the Trinity are the Mother Goddess and her consort. Most witches believe in reincarnation (and karma), and have generally adopted the Eastern ethic of 'harmlessness,' as summarized in a Wiccan code, 'That ye harm none, do what ye will,' instead of the Christian approach of active love. And they strongly criticize 'the way the planet has been plundered in the name of Christianity.'

"Underlying everything they believe is a pantheism,' said Gordon Melton, director of the Institute for the Study of American Religion at the University of California at Santa Barbara. 'There's some polytheism there and it's all overlaid with Jungian philosophy, but the bottom line is that they worship nature to be dead, to be usable. Witches consider it to be alive, to be revered.'

"Melton, a United Methodist minister, has studied paganism since the early '70s when it experienced its biggest growth spurt. Although he admits data is still fairly sparse on the movement, he did offer some general facts.

"Wicca is a rural phenomenon as well as an urban one, with its largest concentrations in the Midwest. Its average member is well-educated, interested in science fiction and alternative lifestyles and often has a lot of pets and plants.

"Many work in the 'helping professions.' Leadership cadres tend to be in their late 20s and early 30s; members in their early-to mid-20s. Some 50 percent come from Protestant backgrounds, 25 percent Catholic and 10 percent Jewish. But few were active in the Church while growing up.

"Their weakness is organization,' said Melton. 'Their average group, rarely exceeds 15 people. They're uncomfortable, to say the least, doing things in concert. Large numbers scare them. [Wicca's] strength is that its laity-led. It can survive and grow. It'll never be dominant, but it will also always be around. It's a good religious home for those who don't fit in elsewhere.

"I've seen good things in the movement. They're good holding tanks for people who otherwise could be complete social misfits. They get their act together and move on, whereas Evangelicals, by attempting to meddle in their lives, could really mess them up.

"All in all, they're harmless. They're not a threat to anyone. At worst, they waste people's time.'

“There’s something very American about pagan cultures,” said Margot Adler. “It’s religion without the middle person, it’s do-it-yourself religion. And it’s looking for your roots.”

“Traditional religion dry-cleans the feeling out of spirituality. We want to get that back.”

The letter of Cardinal Ratzinger

On Feb. 21, a letter sent by Joseph Cardinal Ratzinger, the Prefect of the Congregation for the Doctrine of the Faith, to the world’s 4,000 Catholic bishops, was published in the official Vatican gazette, *Acta apostolicae sedis*. The letter condemns the satanic cults, and states that nobody is allowed to perform exorcisms without explicit authorization by the local bishop.

The letter would appear to be of limited importance and involve only certain “strange” questions peculiar to the Catholic Church. In reality, the position taken by one of the highest leaders of the Vatican, the author of the condemnation of “Theology of Liberation,” on the one side, and of libertine (“free market”) economics, on the other, is a signal that this time, unlike the pre-Nazi period, the challenge of the satanic cults and their bosses will be met by the Church.

The letter, according to sources, had already been prepared last September, i.e., before the Extraordinary Synod of Bishops in Rome (Nov. 26-Dec. 8) and before the historic condemnation of all distinctions between morality and economics which are destroying Western civilization.

The decision to appoint six new exorcists in Turin is one result. The incredibly fast escalation of satanic activities has brought many faithful to practice a sort of “spontaneous exorcism,” with all the problems in terms of spreading hysteria that this involves.

But more broadly, Cardinal Ratzinger’s letter signifies that the leadership of the Church is now determined to deal in an organized fashion with an organized evil, before it is too late. Theologically and epistemologically, the issue here is exactly the problem of “evil.”

What must have especially worried the satanists by this de facto announcement was Cardinal Ratzinger’s statement on the question of the existence of the devil, of organized evil. “There are already signs of a return of obscure forces,” wrote the Cardinal, “while in the secularized world, satanic rites are growing. . . . The devil is a mysterious but real presence; it is personal, not symbolic. It is a powerful reality, the Prince of this world, as the *New Testament* calls it.” It was a firm restatement of what Paul VI said in 1972: “From some hole, the smoke of Satan entered into the temple of God.”

Some preliminary notes on C. G. Jung and satanism

The issues addressed by Cardinal Ratzinger in biblical and theological terms, can also be readily identified in “worldly” terms, in a way which renders numerous events, such as the *National Catholic Register* article in defense of witchcraft more comprehensible. “Satan,” as a non-symbolic existent, or, in Ratzinger’s language, as a “personal” existent, describes a psychological state in which a person locates his or her sense of identity in an overwhelming willful commitment to commit evil actions precisely because they are evil—a phenomenon roughly equivalent to the case of a Charles Manson.

During most of the 20th century, the Swiss psychologist Carl Gustaf Jung exerted a seminal influence on psychiatric, theological, and governmental circles, with his theory that the essential prerequisite for mental health is the elimination of all the constraint which society and religion place upon evil. In a series of lectures toward the end of the Second World War, at a time in which he was serving as the family psychologist for the Dulles family (of Allen and John Foster Dulles), C. G. Jung delivered a series of broadcast lectures, later dubbed the Eon lectures, in which he argued in favor of the need for a social engineering program to eliminate what he presumed “arbitrary” social constraint against evil social behavior, as a precondition for producing what he imagined to be “repression-free” and thus psychologically “healthy” persons.

At that time, in 1945, Jung nicknamed his program the “Age of Aquarius,” in contradistinction to the age of Christianity which, in imitation of theosophist Rudolph Steiner, he dubbed the “Age of Pisces.”

After the war, Jung went on to collaborate with numerous influential personalities, drawn from the world of politics and administration, such as the Dulles brothers, from the world of theology, such as Karl Rahner, and the world of academia, such as the leaders of Princeton University.

Jung-collaborator Karl Rahner, nominally a Jesuit but in reality controlled by the Benedictine Abbey of Regensburg, whose abbot is a prominent member of the oligarchical Thurn und Taxis family, was a theological adversary of Cardinal Ratzinger almost throughout his life. Rahner’s voluminous literary remains are a systematic theological justification of Jung’s conception of “evil,” and of what should be done with it. Today, Rahner’s writings are the theological justification of “liberation theology,” and of all libertine interpretations of Vatican II, including on matters of sexual conduct, homosexuality, masturbation, lesbianism, and so forth.

From Princeton University, C. G. Jung created an organization, the Bollingen Foundation, which he liked to call his “mystical body,” through which a number of significant

projects were spun off, especially in collaboration with the United Nations' Lucis Trust (earlier known as the Lucifer Trust). One important such project involved a protracted effort to discredit the authority of the *New Testament* text, initially through an academic hoax, carried out at the University of California, known as the "Nag Hammadi texts."

The open aim of Jung and his followers was precisely to reverse the process started by the Christian movement some 2,000 years ago. He was one of the most important promoters of old Gnostic, pagan doctrines, the same doctrines rivitalized in the present spread of satanic cults, and spared no effort, financial or otherwise, to have ancient Gnostic documents reprinted and spread.

The essence of Jung's psychoanalysis is that what our "repressive" society calls mental insanity is exactly the archetype of the old pagan religion. He carefully analyzed the parallels between the old cults destroyed by Judeo-Christian teachings and mental diseases—for example, the obvious parallel between chronic hysteria, such as that promoted by rock music today, and ancient Dionysian cults.

Jung, of course, did not just discuss his theory or write books about it. In his seminars in Eranos and Ascona, he "educated" the elite of the Western world. Through his hands, to mention a few, passed the Dulleses, the Bruces, the Melons, and so on.

What happens when you apply Jung's method to strategy? One example is the book *Breakthrough to the Future?* by Alfons Rosenberg, a sort of bible for the Jungians. This book explains, in a psychedelic style, why the Age of Pisces (the age of Christ, or moral and material progress) is coming to an end and the Age of Aquarius is now reshaping the world. It discusses the cultural paradigm shift of the Western population down to lower levels of morality and rationality, but then, gets to the real point: The key "instrument" in achieving the new "Age of Aquarius" is the victory of Russia over the West!

Contrary to the materialistic West, "The Russian people present the most Aquarian-like mentality among the peoples of the world. . . . Will Russia remain communist? For the moment only, but Russia will change . . . and this will happen after the elimination of Pisces-like Christianity and its replacement with the Aquarian age." In fact, "Pisces-like Christianity cannot be accepted by Aquarian Russia."

A significant Jungian network is operating today in California, with extensive influence and penetration into the main body of the Roman Catholic Church there, which could well explain, at least in part, the unprecedented, and unabashed defense of witchcraft in the *National Catholic Register*, reported above. This network seems to be centered around a group which involves the Gnostic Church of Los Angeles, and local offshoots of the Old Catholic Church and Liberal Catholic Church, as well as collaborating academics from the University of California.

One Stephan Hoeller, aged about 50, of 4516 Hollywood Boulevard, Los Angeles, is the leader of the Los Angeles

Gnostic Church, also known as the "Pre-Nicene Gnostic Church," and "Sophia Gnostic Center." He admits contact with the leaders of the Mexican, Salvadorian, Peruvian, Colombian, Brazilian, and Ecuadorian Gnostic Churches. He is also an Old Catholic Church (OCC) Bishop in the "American Catholic Church," according to OCC sources.

According to other sources, he is part of a Gnostic-Theosophy network in Southern California which includes Dr. Robert Ellwood of USC, a leader of the New Religions Project of the Berkeley Graduate Theological Union, and a member of Theosophy who poses as a non-committed academic and psychiatrist. The New Religions Project is the psychiatric control agency over the mass array of Aquarian cults spun out of Theosophy, in conjunction with the Lucis Trust of New York City, from the mid-1960s to 1980.

During most of the 20th century, the Swiss psychologist Carl Gustaf Jung exerted a seminal influence on psychiatric, theological, and governmental circles, with his theory that the essential prerequisite for mental health is the elimination of all the constraint which society and religion place upon evil. . . . The aim of Jung was precisely to reverse the process started by the Christian movement some 2,000 years ago.

Hoeller exemplifies the fact that the Gnostic Church (overt and covert) is run by the Old Catholic Church. According to sources, Hoeller's Gnostic Church was ordained by OCC Bishop Ronald Powell, a.k.a. Richard duc de Palatine, who is one of the OCC leaders in Britain. Hoeller confirmed this, adding that Powell was ordained in OCC by Hugh de Wilmott Newman of the Liberal Catholic Church.

Hoeller wrote a book on Carl Jung's Gnosticism, on Jung's secret *Seven Sermons to the Dead*, of 1916. Hoeller is also in the Theosophy Society, works with the Lucis Trust, and was raised a Roman Catholic. Hoeller boasts that there is a close relationship between Gnostics and the Benedictine monastic orders. Hoeller and Dr. James Robinson, coordinator of the translation of the Gnostic Nag Hammadi manuscripts, report that they are in contact with two leading East German Gnostics now in the process of moving to the United States: Dr. Kurt Rudolf of Leipzig University, now at USC, and Hans Martin-Schenke, a "defector" now teaching with Elaine Pagels at Princeton University.

'The day the sky actually fell': LaRouche victories in Illinois

by Stephen Pepper

In one of the most stunning political results in recent history, two candidates backed by the National Democratic Policy Committee (NDPC), the political action committee which supports the policies of Lyndon LaRouche, won the Democratic nomination to statewide office in Illinois. Janice Hart won the nomination for secretary of state, defeating Aurelia Pucinski, the hand-picked candidate of gubernatorial nominee Adlai Stevenson III, by nearly 15,000 votes, and Mark Fairchild defeated State Senator George Sangmeister in the race for lieutenant-governor by a slightly larger margin.

Stevenson, in a fit of unreason, declared that he might withdraw from the race, and certainly from the slate.

The reason that these results have set off such a shock is the close connection between the NDPC-backed candidates and LaRouche. The Illinois election successes have the greatest importance for the 1988 presidential race, in which LaRouche is an announced candidate for the Democratic nomination. LaRouche declared at a January national gathering of NDPC-backed candidates that the 1988 outcome would be determined in 1986. "The fate of civilization on this planet, not only for today or tomorrow, but the fate of the attempt to build civilization in Europe for over 2,500 years, will rest, will fall or prevail, on the basis of what is done in 1986; and in the greatest degree, on what is done within this fading, collapsing, rotten superpower we call the United States" (see *EIR*, Jan. 10, 1986).

LaRouche has based his own candidacy on the fact that the electorate is fed up, and that this mood has passed from a passive griping to an active sense of alarm. In a statement issued immediately after the Illinois returns first became known, he called the result a "protest vote, as every vote is

in the United States today." AIDS, and the action of the Congress in passing Gramm-Rudman, are the immediate issues that have caused this shift in the population. "The voters are sending a message to Washington," LaRouche's statement continued. "They are fed up with the administration and Congress which resists addressing these problems."

In the face of the primary outcome, with such consequences for the party, the nation, and civilization, the Democratic leadership has responded with such pathetic confusion and impotence as to make Chicken Little a model of courage. Indeed, the *Chicago Tribune's* editorial of Friday, March 21, entitled, "The Day the Sky Actually Fell," summed it up very neatly, when it described Adlai Stevenson III, the party's nominee for governor, as having "proven himself to be the kind of character who can get almost 90 percent of the vote and still lose the election." No one in any position of leadership, nationally or in Illinois, has the slightest idea of what happened, nor are they even curious or interested enough to find out. They simply hysterically wish to deny it happened.

In fact, Hart and Fairchild achieved a smashing victory against the most powerful Democratic organization in the country. Hart defeated Pucinski, the daughter of former Congressman Roman Pucinski, now an alderman, which in Chicago is considered a promotion. In doing so, she actually carried Pucinski's Chicago ward. Fairchild ran almost 50-50 with Sangmeister in Chicago itself, absolutely unprecedented for an insurgent in the Democratic primary, and defeated him by a wide margin downstate, and in the second city of Illinois, Rockford.

A spokesman for the NDPC in Chicago said that the

coalition that actually produced the result was nearly the same as FDR's: "We ran very well in the black wards. For example, Fairchild carried the 9th by 3,600-1,200. He also carried Cook County party chairman Ed Vrdolyak's ward, the 10th, 2,800-1,057.

"Outside of Chicago, we carried Rockford, which is heavy manufacturing; we carried Peoria, which is International Harvester; Decatur; and East St. Louis, which are blue-collar cities; and we ran very well in farm regions."

Indicative of this strength were the returns for Sheila Jones, the NDPC-backed candidate for the senate nomination against incumbent Alan Dixon. Although unable to mount a sufficiently high-profile campaign to win, she received 17% of the vote, and in black Chicago wards, where she is well known, carried 40% of the vote.

Under the spell of absurdities

These figures actually show the real Democratic Party of the era before 1972, the FDR alignment upon which these Democrats, in the tradition of the party since 1932, actually won.

In the face of this, Stevenson, whose appeal is more based on name recognition than on accomplishment, scandalized even the press by suggesting that the election result was a "colossal mistake." Appearing on television's MacNeil-Lehrer Report, Stevenson announced that he would withdraw from the ticket rather than accept the result of a free election. He was asked if this did not impugn the electoral process? "Not at all. It was simply a case of a colossal mistake."

It was publicly stated that in view of the inclement weather and the apparent non-contests, that only the most dedicated voters turned out for the primary, but here is a grown man asserting that over 350,000 people voted for each of these candidates in a sort of blind stupor. Not only he, but every other official. They add the fact that the two candidates had "simple Anglo-Saxon" names compared to the complicated ethnic names of their opponents. And this explanation is offered in Illinois, the home of Representatives Rostenkowski, Lapinski, and Russo, not to mention Pucinski. At one point the interviewer was forced to inject, "But, sir, you don't give the voters much credit."

Not every one fell under the spell of these absurdities. J. Michael McKeon, a Democratic Party pollster, was said to have reported as far back as June 1985 that the LaRouche candidates were "hot." He added, "LaRouche knows how to connect with the population. . . . They are not in Disneyland the way Washington, D.C. is." The *St. Louis Globe-Democrat* editorialized, "Democrats LaRouched in Illinois. . . . The LaRouche candidates undoubtedly waged vigorous campaigns, but it is doubtful if they could have won, if voters were not sending a message to the Party that they don't like its leftward drift. . . . Beware of chasing witches, the Party will need a little . . . magic to win. . . ."

But the same crowd that brought you Carter and Mondale

have already proven that they would rather die than win. It is clear that Stevenson wants to add his name to the list of dedicated losers.

The returns

The table below, based on figures appearing in the *Chicago Tribune* of Thursday, March 20, shows that, statewide, the old FDR coalition emerged: blacks, blue collar, and farmers. These figures reflect 95% of the vote. The totals show Fairchild running even with his opponent in Chicago (Cook County). Fairchild then widened his lead throughout the night, winning nearly 54% downstate, with an overwhelming victory in the last 5% of the vote (downstate) counted, not reflected in the table. Hart meanwhile stayed relatively close to her much-better-known opponent in Chicago (the daughter of former Rep. Roman Pucinski), but won downstate by an overwhelming margin. This composition of votes can spell victory in November.

Lieutenant-Governor

	Chicago Vote/%	Downstate Vote/%	Total Vote/%*
Fairchild	148,176/50	110,982/51	306,169/50
Sangmeister	148,599/50	105,643/49	307,044/50

Secretary of State

	Chicago Vote/%	Downstate Vote/%	Total Vote/%*
Hart	152,672/44	160,858/65	359,744/51
Pucinski	192,420/56	87,138/35	345,426/49

*Also includes Cook and Dupage counties

The pundits

J. Michael McKeon, *Democratic Party public opinion pollster based in Joliet, Illinois*

The LaRouche vote in Illinois was "a protest against the liberalism of the Democratic Party. It's the disenfranchised lower middle income vote that can't identify with the Republican Party and feel the Democratic Party has left them behind." McKeon said his polling as early as June 1985 detected a "a big core vote" for LaRouche candidates. What's being reflected here is "the mood of the working class people in this country who are tired of having things rammed down their throats. . . . This has been sitting here for a long time waiting to happen."

The LaRouche candidates succeeded in "connecting with the voters by bringing the issues down to the street level." Especially in blue collar and rural communities, voters feel their concerns are not being addressed by the two major parties, especially on issues of "the home and family, such as crime and drugs."

Philip Klutznick, *Trilateral Commission member, former secretary of commerce (Carter administration), official of the Anti-Defamation League.*

"LaRouche caught us asleep at the switch. We can no longer underestimate him. . . . He has demonstrated you don't need the media if you do good leg work. . . . We can't ignore this now. Maybe people will react to ensure this doesn't happen again. The President can no longer ignore this. It is now proven that LaRouche's program can win."

Terry Michael, *spokesman for the Democratic National Committee.*

"It's shocking that followers of Lyndon LaRouche have been able to deceive voters in the Illinois primary. The Democratic Party abhors their extremism and their outrageous activity. Obviously we must step up our efforts to educate voters to what has now become a significant threat to our electoral process. . . . We do not want to lose a U.S. senator or a governorship, and who knows how this thing can turn out in the end?"

Dave Drucker, *Democratic Party spokesman in Illinois.*

"It's a sad day in the Illinois Democratic Party. The shock still hasn't worn off."

Ben Benjamin, *spokesman for Democratic gubernatorial candidate Adlai Stevenson III.*

"We feel that Fairchild's unusually strong showing against Sangmeister is a distortion and possibly a predisposition to an Anglo-Saxon name."

John B. Livengood, *Indiana state Democratic chairman.*

"We wouldn't want what happened in Illinois to happen here."

James Ruvolo, *Ohio Democratic Party chairman.*

"I'm not losing sleep over it. I make our county people know they [the LaRouche candidates] are not Main Street Democrats. It's obviously too bad what happened in Illinois."

Paul Kirk, *chairman of the Democratic National Committee.*

"We will work closely to alert party officials in all states to closely monitor the names and views of those who file for Democratic nominations at all levels of government."

Wade Nelson, *executive assistant to Adlai Stevenson III.*

"This is the all-time fluke in the history of Illinois politics, brought about by a confusion of causes."

Don Totten, *Republican Party chairman in Cook County.*

"Stevenson should not discount Fairchild as a running

mate. . . . Maybe Stevenson can learn something from him."

James Thompson, *governor of Illinois (Republican).*

"It's going to be a very long year."

National Public Radio, *news broadcast March 20.*

"Obviously, some people were deliberately trying to get them elected." Many people heard their "free radio spots" (actualities) played in downstate Illinois and others "walking up to their displays" saw that their concerns were AIDS (Acquired Immune Deficiency Syndrome) and the Gramm-Rudman legislation, which they called a "stranglehold on the federal budget."

Financial Times of London, *March 21:*

"The ideology of Mr. LaRouche's National Democratic Policy Committee is notoriously hard to pin down. Mr. Fairchild's platform, however, includes a call for mandatory testing for AIDS and a quarantine on all those infected by the disease. It also includes severe punishment for banks caught laundering drug money, and an end to farm foreclosures. . . ."

Houston Chronicle *editorial, March 21.*

The victory for candidates affiliated with Lyndon LaRouche and the NDPC "was the choice of the voters, and so be it. . . . This claim [that voters made their choices based on Anglo-Saxon names] presumes a majority of those voting in two statewide races did not know the candidates, which is quite a large presumption of ignorance. Perhaps the results constitute a protest vote of some sort. . . . [In Houston], voters should take the time to learn as much as possible about those seeking their support. If the policies of that candidate represent their views, that's who they should vote for."

Chicago Tribune *editorial, "The Day the Sky Actually Fell," March 21.*

"Adlai Stevenson wasn't Chicken Little after all. On election day the sky fell, and he hadn't even seen it coming. . . . The whole Democratic leadership let itself in for the LaRouche surprise. But now it is primarily Mr. Stevenson's problem. The Dems walked right into the ambush and Mr. Stevenson was the point man. . . . Even if Mr. Stevenson pulls together a third-party ticket, the Tuesday debacle will haunt him. . . . Gov. Thompson might be the luckiest politician in the state. But Adlai Stevenson has proven himself the kind of character who can get almost 90% of the vote and still lose the election."

Man on the street, *a barber in Taylerville, Illinois, quoted in the March 22 Chicago Tribune.*

"I think it can shake things up. People are waiting for a change. The politicians are pussy-footing around."

Will PANIC stop AIDS in California?

by Marla Minnicino

The Prevent AIDS Now Initiative Committee (PANIC), a California citizens' action group, has announced a crash effort to place on the ballot in the June 3 primary a referendum requiring state authorities to add Acquired Immune Deficiency Syndrome to the list of diseases considered infectious under present statutes, and to take emergency public health measures to prevent its spread. "There is no better way to rid the state of California of the rock-drug-sex counterculture which started in Hollywood and Haight-Ashbury, than to back this initiative," said Brian Lantz, candidate for the Democratic nomination for U.S. Senate and a co-sponsor of the PANIC initiative.

Lantz is heading a slate of 125 candidates backed by the National Democratic Policy Committee (NDPC), a political action committee which supports the programs of Lyndon H. LaRouche. The candidates, including 18 for Congress, 12 for State Assembly, 78 for Democratic Central Committee, and 19 for Republican Central Committee, are campaigning to force a rational public health approach to AIDS, to restore basic morality to politics, and to effect a shift in cultural values away from the "Age of Aquarius" outlook.

Many of the Democratic incumbents being challenged by NDPC congressional candidates in California personify this "Aquarian" tendency in its worst form. Representatives Ron Dellums, Henry Waxman, Sala Burton, Fortney Stark, Leon Panetta, Mel Levine, Julian Dixon, and Mervyn Dymally are among those whose policies have not only contributed to the destruction of the U.S. economy and threatened America's defense capability, but are now posing a threat to the population's health and welfare, through their refusal to confront the danger posed by the AIDS outbreak.

The NDPC-backed candidates, on the other hand, have deemed AIDS a "worse threat than nuclear war," charging that unless the Gramm-Rudman budget-cutting legislation is repealed and a program implemented to build up urban and rural infrastructure and increase the standard of living in both Africa and the United States, the whole world is "at risk" from AIDS and other pandemics—not only homosexual and drug addict populations. The NDPC candidates have made

the success of the PANIC ballot initiative an integral part of their election campaigns.

Two AIDS-related bills have recently been introduced into the California state legislature. The first would require universal screening for people applying for marriage licenses. The second would require screening for all prisoners detained longer than three days in a penal institution. Public hearings on the bill, scheduled to occur within the next four to six weeks, are expected to open the door for a full-scale discussion of public health measures to combat AIDS, as the NDPC has been urging since 1985.

At press conferences in San Francisco, San Diego, and Sacramento March 12-14, PANIC spokesmen announced that they have collected over 100,000 of the 393,385 signatures required to place the initiative on the statewide ballot in November. According to PANIC co-sponsor Khushro Gandhi, West Coast coordinator of the NDPC, the petition-gathering effort is the result of a grass-roots campaign to force public health officials to deal with the AIDS crisis. Over 1,000 churches and at least 100 other civic organizations throughout the state are collecting signatures to help put the initiative on the ballot. In February, the newsletter of the Police Officers Research Association of California (PORAC), read by 50,000 law enforcement officers, ran a two-page spread calling attention to the initiative and the need for public health measures to combat AIDS.

Gandhi and Lantz were joined at the press conferences by John Grauerholz, M.D., F.C.A.P., medical coordinator of EIR's Biological Holocaust Task Force, and co-author of EIR's new Special Report, *An Emergency War Plan to Fight AIDS and other Pandemics*. Dr. Grauerholz presented previously unreleased documentation of the role of environmental factors, including insect transmission, as a mechanism in the transfer of AIDS. His remarks provoked hysteria from California health officials, who are, like the Atlanta Centers for Disease Control, trying to cover up such data and squelch fears that non-"high-risk" groups may also be vulnerable.

The head of the California Medical Association's AIDS Task Force, attending the PANIC press conference in San Francisco, tried to downplay the role of environmental factors, such as sanitation, nutrition, and insect vectors. He attempted to explain away the 10 million AIDS cases in Central Africa by attributing them to unorthodox sexual practices!

The AIDS issue has become such a political bombshell in California, that State Health Department officials are accusing the organizers of the PANIC initiative of acting entirely for political reasons, and the large and vocal homosexual community is reportedly mobilizing against the referendum. On March 6, the *San Francisco Chronicle* ran an op-ed by political analyst Larry Liebert reporting that "gay leaders from around the state have been meeting secretly," mapping plans to move against the initiative if it qualifies for ballot status.

Melcher's 'modest proposal' for farm crisis

Sen. John Melcher (D-Mont.) gave a tub-thumping speech to the breakaway Alabama Farm Bureau on St. Patrick's Day, in which he blasted the Reagan administration for destroying America's agricultural and industrial base, while spurring stock-market speculation.

Commenting on how the Reagan "farm program" has destroyed U.S. agricultural exports, and with them, many American farmers, Melcher, a key member of the Senate Agriculture Committee, proffered a modest proposal of his own:

"Reagan likes you," Melcher told his audience. "Reagan likes rebels. You know his attitude—Keep the wheat and export the farmers. Well, the President is ready to start fulfilling his commitment to the policy of exporting farmers and helping the rebels in Nicaragua. . . .

"Instead of sending \$100 million to [the contras], we are going to divide up the \$100 million among 5,000 of you and we will send some real rebels from Alabama's farms. From Mobile to Managua, we'll get more bang for the buck and we'll kill two birds with one stone—5,000 Alabama farmers exported to Nicaragua and we'll give you each \$20,000 this year—tax-free—and more next year. Just sign up! . . . I would like to go with you, but someone has to stay here with the wheat—and to keep piling up the wheat and all the other stuff we don't export. Then, I can help Ronald Reagan liquidate the next bunch of U.S. farmers he wants to export."

Melcher assailed the administration's economic policy, insisting: "We must tell them that to hold support under the stock market on Wall Street,

there is only a foundation built on sand, unless the basic industries spread across America are sound. And they are not sound—agriculture, minerals and mining, energy-oil-gas-coal, forest products, steel, and transportation are all down and sinking lower.

"Reagan's bunch has to be told that, and the communication has to be of the firm kind, *like communicating with a mule* [emphasis in original]."

Melcher also lashed out at one of his favorite targets, the striped-pants set at the State Department. He repeated a charge he has leveled in the past, that State's policy of "blocking or reducing exports to countries that they think are not marching to their tune," including the Philippines, Mexico, and Kenya, has forced a 26% drop in American agricultural exports.

Marcos 'scandal' targets U.S. politicians

As documents seized from former President Ferdinand Marcos continue to be analysed, there is evidence of "a massive plan to influence U.S. politics" with tens of thousands of dollars in campaign contributions, according to Rep. Jim Leach (R-Iowa).

Several of those listed as apparent recipients, including President Ronald Reagan, former President Jimmy Carter, and Sen. Alan Cranston (D-Calif.), vigorously deny knowing until the revelations were made that they might have got contributions from Marcos associates.

Contributions listed for as many as nine Democratic officials—all outspoken foes of Marcos—now also target the Reagan administration, although several members of Rep. Steven Solarz's (D-N.Y.) Subcommittee

on Asian and Pacific Affairs have expressed confidence that those cited in the documents may have been unaware of the illegal contributions Marcos might have made.

Senate, House hack away at defense

The Republican-controlled Senate Budget Committee has unceremoniously dumped President Reagan's budget plan for FY1987 into the trashcan.

By a vote of 13-9, the committee March 19 approved its own alternative plan, which would hike taxes by more than \$18 billion, freeze most domestic programs, and gouge the defense budget beyond recognition.

The Budget Committee plan, approved by a majority of Democrats and Republicans, was the result of week-long negotiations between chairman Pete Domenici (R-N.M.) and ranking Democrat Lawton Chiles (D-Fla.). Domenici had originally proposed a budget that would cut defense by \$21 billion, but to meet demands from Chiles and other Democrats, agreed in the end to a \$25 billion cut—worse than a freeze.

Chiles specifically asserted that the magnitude of budget cuts he was seeking would "drive the kind of reform we're looking for"—an allusion to the proposals emanating from the Packard Commission, the Senate Armed Services Committee, and elsewhere, to restructure the Pentagon so that budgetary considerations are the number-one priority, and the defense of the country comes in, at best, a poor second.

Given that Domenici had previously opposed a defense-spending freeze, his acceptance of such sharp

cuts, is a sure sign that the Pentagon budget will face even rougher handling as the budget process unfolds. Indeed, liberal press outlets like the *Washington Post* exulted that Domenici's shift means that Reagan's defense budget is going to be butchered. And the House Budget Committee chairman hailed Domenici's alternative as "refreshing," explaining that it proves that even Republicans are willing to "stand up" to the White House on the defense issue.

The Budget panel's action occurred just days after the full House voted down the administration's spending plan, by a margin of 312-12, with most Republicans abstaining. Although the vote was mostly ceremonial, as the Democrats simply introduced it "as is" and pushed through a yes or no vote, it was taken as yet another indicator that Congress intends to make a drastic overhaul in the President's overall budget.

House armed services staff warns of troop pull-out

Members of the House Armed Services Committee have been bluntly informed that a proposal to cut \$50 billion from the defense budget could result in such drastic measures as a total American troop pull-out from South Korea, a massive reduction of U.S. soldiers stationed in Western Europe, and the cancellation of entire weapons systems.

The plan, now under consideration by the House Budget Committee, was the subject of an unusual briefing which staffers of the Armed Services Committee gave to committee members March 18.

The potential cuts "could severely jeopardize national security," staffer

Russell Murray told the committee. While the \$50 billion in reductions being discussed by the Budget Committee "could severely jeopardize national security," he said, even deeper cuts could occur if Gramm-Rudman's automatic-cuts provisions are invoked. "We'd have to eliminate 500,000 American troops altogether, if that happens," Murray said in an interview.

Murray claimed that the briefing was intended to provide options, not recommendations to committee members. But it remains that Aspin, together with Sen. Sam Nunn (D-Ga.), are the leaders of the gang in Congress who want to sever the United States from its allies, and who have seized upon the alleged need for budget reductions to justify defense cutbacks that would necessitate removing the American military presence from Europe and elsewhere.

Senate sources have pointed to the fact that Carole Hansen, a long-time associate of U.S.-Europe decoupler Zbigniew Brzezinski, has recently taken over as staff director of the Senate's European affairs subcommittee, as an omen that decoupling will soon emerge as a major issue on the Hill.

Hollings probes White House pressure on NASA

Charging that White House pressure was responsible for the fatal decision to launch the shuttle Challenger Jan. 28, Sen. Ernest Hollings (D-S.C.) has demanded that the White House produce the telephone logs of nine presidential assistants for the time period Jan. 20 through noon, Jan. 28.

"It is important the White House undergo the same scrutiny in this matter NASA is undergoing," said Holl-

ings, in a letter to White House counsel Fred Fielding.

"Rumors of White House involvement have persisted too long," Hollings wrote. "The time has come to be more open and put this issue to rest once and for all."

Among the logs requested are those belonging to chief of staff Donald Regan, communications director Pat Buchanan, and chief White House spokesman Larry Speakes.

According to rumors circulating in Washington, Don Regan placed a call to NASA on Jan. 26, demanding that the Shuttle launch take place in time for it to be featured on the President's State of the Union message, which had been originally scheduled for Jan. 28. Both Regan and the President have denied that any White House pressure was brought to bear on NASA.

Reagan loses first round on Contras

The House of Representatives handed President Reagan a stinging political defeat March 20, when it voted 222-210 against the administration's \$100 million aid package for the "contras" in Nicaragua. Sixteen Republicans joined 206 Democrats to sink the President's proposal, after bitter debate on the floor.

The defeat came despite intense lobbying by the White House and the President, and a last-minute compromise, whereby Reagan agreed to put the funds in escrow for 90 days, to allow for further negotiations between the contras and the Nicaraguan government.

The Senate will be voting on the issue during the last week in March, and a second vote will be taken in the House in April.

Space center head attacks commission

The director of the Kennedy Space Center charged March 14 that the presidential commission investigating the Challenger Space Shuttle disaster has needlessly damaged the reputations of space agency officials, and warned that this might mean a "mass exodus" of top-level personnel that could "cripple the agency."

Roger Smith, a colleague of the late rocket scientist Wehrner von Braun, said that the Rogers Commission could cause "long-term damage [to the space program] that cannot be repaired. I'm getting a lot of people who would like to retire, that want to leave," he said, noting that while most top NASA people plan to stay through the next Shuttle launch, there will be a "mass exodus" of key people afterward.

Smith also charged that "98% of the pressure" to launch the Challenger came from the news media, which openly ridiculed the agency whenever there was a launch delay. "Every time there was a delay, the press would say, 'Look . . . here's a bunch of idiots who can't even handle a launch schedule,'" Smith said. "If you think that doesn't [have an impact], you're stupid."

Abrahamson pledges U.S. support for Europe

Lieutenant-General James Abrahamson, director of President Reagan's Strategic Defense Initiative (SDI), told reporters in West Germany after briefing NATO defense ministers that Washington was committed to finding technologies to combat the short- and medium-range weapons threatening Europe.

West German Minister of Defense Manfred Wörner said this showed that the "insistent pressure of the European [govern-

ments], and particularly of us Germans, has been successful."

British officials said Abrahamson told the NATO Nuclear Planning Group meeting that his office would invite proposals within 30 days for studies on intercepting short-range missiles. The offer would be open to European as well as American firms and institutes.

Two senior U.S. officials explained to the ministers Washington's uncompromising rejection of Soviet proposals for a ban on nuclear-weapons tests. The officials declared that, even if such a treaty could be adequately verified, it would be against NATO interests since the West needed to experiment with improved warheads.

General Abrahamson stated that the SDI program was making startling technological progress, adding that the political problems were harder to overcome than the technical. Among recent breakthroughs, he cited super-miniaturization of components, the projection of laser beams accurately through the atmosphere, and the development of infrared detectors secure against radiation. British officials said Abrahamson's message appeared to be that those allies who did not join the SDI research drive soon would miss advances in a broad range of defense technology.

The ministers, treated to video recordings, slide shows, and displays of SDI components, also discussed the program's implications for NATO strategy. Wörner said a permanent dialogue was now under way but that he still thought that "Star Wars" would not provide an alternative to the alliance's strategy of nuclear deterrence for at least another decade. "I don't even see a distant alternative," he said.

Eastern Airlines faces large fine over safety

Eastern Airlines faces a "substantial" penalty, perhaps the largest ever levied against a commercial airline, for alleged maintenance and safety violations, officials of the

Federal Aviation Administration said March 14.

The fine will be \$9.5 million, according to a report appearing in the *New York Times*.

The most serious infraction involved was the use on several Boeing-727 flights of landing gear that were supposed to have been removed from the fleet.

Radio interviews with Transportation Secretary Elizabeth Dole quoted her saying that the violations were "probably" related to Eastern's financial problems, and that certain lack of reporting had occurred.

With the bankrupting of airlines over the years since the Carter administration introduced deregulation, cost-cutting and skimping on maintenance procedures made 1985 the year with the highest number of air passenger fatalities in the history of flight.

U.S. says Soviets have SDI program

U.S. Delegate to Geneva Donald Lowitz charged on March 20 that the Soviet Union has secretly conducted a "Star Wars" anti-missile program of its own for the past two decades. He disputed Soviet charges that Washington seeks a first-strike capability and that the United States will cause an arms race in space with its SDI.

"The Soviet Union is heavily involved in strategic defense, with programs that go well beyond research," he said. "In fact, over the last two decades, the Soviet Union has spent roughly as much on strategic defense as it has on its offensive nuclear forces."

He claimed the Soviets have "the world's most active military space program," including the 1960s "development and testing of what remains today the world's only operational anti-satellite system." He maintained: "The U.S. is not expanding the military competition into new areas. The Soviet Union has been pursuing the same technologies for two decades."

Moscow has "an in-depth national air

defense force, an extensive political leadership survival program, and nationwide civil defense forces and programs, he said. "Since the 1960s, the U.S.S.R. has also been pursuing research on advanced technologies for strategic defense. These technologies include those for high-energy lasers, particle beam weapons, radio-frequency weapons, and kinetic energy weapons. It is these same types of technologies that are being researched in the SDI."

Howitz added, "The strategic defense program of the Soviet Union has been largely overlooked in the recent public debate," because "due to the closed nature of Soviet society, their strategic defense efforts have proceeded free from debates of the sort that are occurring now in the West over the utility and implications of our program."

U.S. Senate candidate on Guatemalan TV

Webster Tarpley, the "LaRouche Democrat" challenging the Senate seat now held by Republican Alfonse d'Amato in New York, was on Guatemalan national television for 15 minutes on March 18 as the lead news item. He used the occasion to blast President Reagan's "Contra aid" policy toward Nicaragua, expose the State Department plot to destabilize Panama, and called for regional development along the lines proposed by Peruvian President Alán García.

Tarpley, an *EIR* contributing editor, also spoke at a conference at the Guatemalan Center for Military Studies, with *EIR* Ibero-American Editor Dennis Small and Counterintelligence Editor Jeff Steinberg. The 70 attendees included the entire military command, government officials, and students of the Center.

Tarpley spoke on the Soviet culture and military strategy for a global confrontation with the West, emphasizing the critical role of the President's Strategic Defense Initiative. One Guatemalan official present also emphasized the importance of the SDI—as

Guatemala's oil fields are a target of Soviet missiles.

Small outlined *EIR*-founder LaRouche's proposed monetary reforms for development, contained in a 1982 booklet, *Operation Juárez*, stressing the importance of an Ibero-American Common Market.

Crocker: terrorists are 'freedom fighters'

Chester Crocker, assistant secretary of state for African affairs, called the Soviet-backed terrorists of the African National Congress in South Africa "freedom fighters in a generic sense," in testimony to a subcommittee of the House Foreign Affairs Committee, March 12.

He also called the recent offer of the South African government to negotiate an end to apartheid with black leaders "a sham."

On March 11, another State Department official told an inquirer: "Reconciliation in southern Africa is not our goal." He was replying to queries concerning current U.S.-Angolan negotiations over Namibian independence.

The source stated that since there can be no military solution to the regional situation—affirming that Dr. Jonas Savimbi's UNITA rebel movement against the Soviet-controlled government will most likely be left up a certain creek—the State Department's only concern will be a pullout of South African and Cuban troops from the area.

"Reconciliation has never been our concern. Once the foreign troops are out, UNITA and Luanda can fight it out themselves, if they want," he said.

When asked whether the Soviet presence in Angola might represent a threat to Namibia and South Africa, despite a Cuban pullout, the official replied: "Well, yes, the Soviets do tend to poison the water and foul things up . . . but I don't see any reason to worry. . . . There is, of course, the possibility of continued conflict . . . but that's no reason for holding up the process."

Briefly

● **CASPAR WEINBERGER** met during the week of March 11 with Rep. Jim Courter (R-N.J.) and Rep. Nick Mavroules (D-Mass.), two leading proponents of defense reform, to discuss Packard Commission and other defense restructuring proposals. Courter later told *Defense News* that Weinberger "was generally quite supportive" of the Packard panel findings.

● **THE HOUSE** of Representatives has allocated \$4.4 billion to enhance U.S. embassy security around the world. The bill also provides funds to be paid to Americans taken as hostages by terrorists.

● **NAVY SECRETARY** John Lehman in mid-March told the Senate Armed Services Committee that he was generally in agreement with a bill being pushed by Sen. Dan Quayle (R-Ind.) that would set up an elite civilian procurement service within the Pentagon and would establish special "enterprise" programs to be run by managers with experience in weapons acquisition.

● **THE UNITED STATES** "desires better relations with East Germany," Rozanne Ridgway, former U.S. ambassador to East Germany and current under secretary of state for European affairs, told the American Council on Germany in Washington in mid-March. Using the watchwords of the "New Yalta" crowd of which she is a part, she said that the United States is interested in "a more pragmatic relationship" with East Germany.

● **THE STATE** Department is willing to meet with representatives of Western European allies who have complained about cutbacks in the U.S. contribution for the U.N. The complaint from 12 members of the European Community addressed to Secretary of State George Shultz was made public the week of March 10. The U.S. contribution was cut by \$70 million this year.

Editorial

The real NASA scandal

Since Robert McNamara's tenure as secretary of defense, the United States defense effort has been consistently sabotaged. The method of cost accounting which he introduced as the criterion for decision making, has penetrated to every department of government. The responsibility for the Jan. 28 Shuttle accident can rightly be laid at his doorstep; and at that of George Shultz who, as head of the Office of Management and the Budget in the Nixon administration, applied these policies to cripple the Shuttle program right at its inception. Notwithstanding, immediate responsibility for the tragedy must be sought elsewhere.

It is curious that the Presidential Commission investigating the Shuttle accident has failed to ask the key question: Why was a manifest incompetent such as William Graham placed in charge of the program? Every decision made by NASA over the past several years is being second-guessed but this one. The media is using all its persuasive power to try to turn the American public against the space program, yet no one asks why Graham was made acting administrator of NASA?

The Shuttle may or may not have had some close shaves on earlier flights, but the fact remains that it had an excellent safety record, until Jan. 28, 1986—two months after Graham assumed responsibility for the agency. This can be attributed to the exceptional quality of leadership offered by James Beggs. Precisely because of the high level of risk involved in flying the Shuttle, his on-the-spot command decisions provided the necessary margin between mission success and tragic failure.

Yet, James Beggs had been forced out of his position by indictment on criminal charges, relating to his tenure as vice-president at General Dynamics Corporation. The case is so flimsy—even were it merely a civil action—as to raise the question of why the Justice Department is pursuing it. Indeed, one special agent of the Justice Department, Gary Black, appears to have been replaced when he recommended against prosecution in early 1985. Surely, a decision as serious as that involved in forcing the head of NASA out of a position

of key importance to national security, would have had to involve Attorney-General Ed Meese.

This makes the replacement of Beggs by Graham particularly significant. His appointment was forced through by White House pressure, over heated opposition from within NASA. For over six months, NASA had been under pressure from the White House to appoint Graham deputy director to fill the vacancy left by Hans Mark, who left the agency to become chancellor of Texas University. A list of more qualified candidates for the job was available, but it was made clear to NASA officials that the White House "palace guard" was insisting on Graham.

Nevertheless, for over six months, they did resist, on grounds that Graham was clearly not qualified to assume even the responsibility of second-in-command, since his past experience had been as a Pentagon consultant on arms-control questions, rather than the space program. Nor did he have experience as a top administrator. Graham was, however, an active member of the California GOP. Was his appointment a matter of political patronage?

A mere 10 days after Graham became deputy director, James Beggs was handed the criminal indictment which forced him to take a leave of absence from NASA. Graham was then made acting director of the agency. From the minute that he stepped into James Beggs' shoes, he made it clear to everyone concerned that he was there to clean out the "old boys." He was so abrasive that it was feared that many of the most qualified top management of the agency would be driven to resign.

If the Shuttle accident had not occurred, we can be assured that the substitution of Graham for Beggs, could only have more slowly resulted in the erosion of NASA's performance.

The questions which the Presidential Commission must now ask are: Where was William Graham when the decisions were being made, what was his input into the decision-making process, and who was behind Graham's appointment to the number-two spot at NASA?

EIR

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