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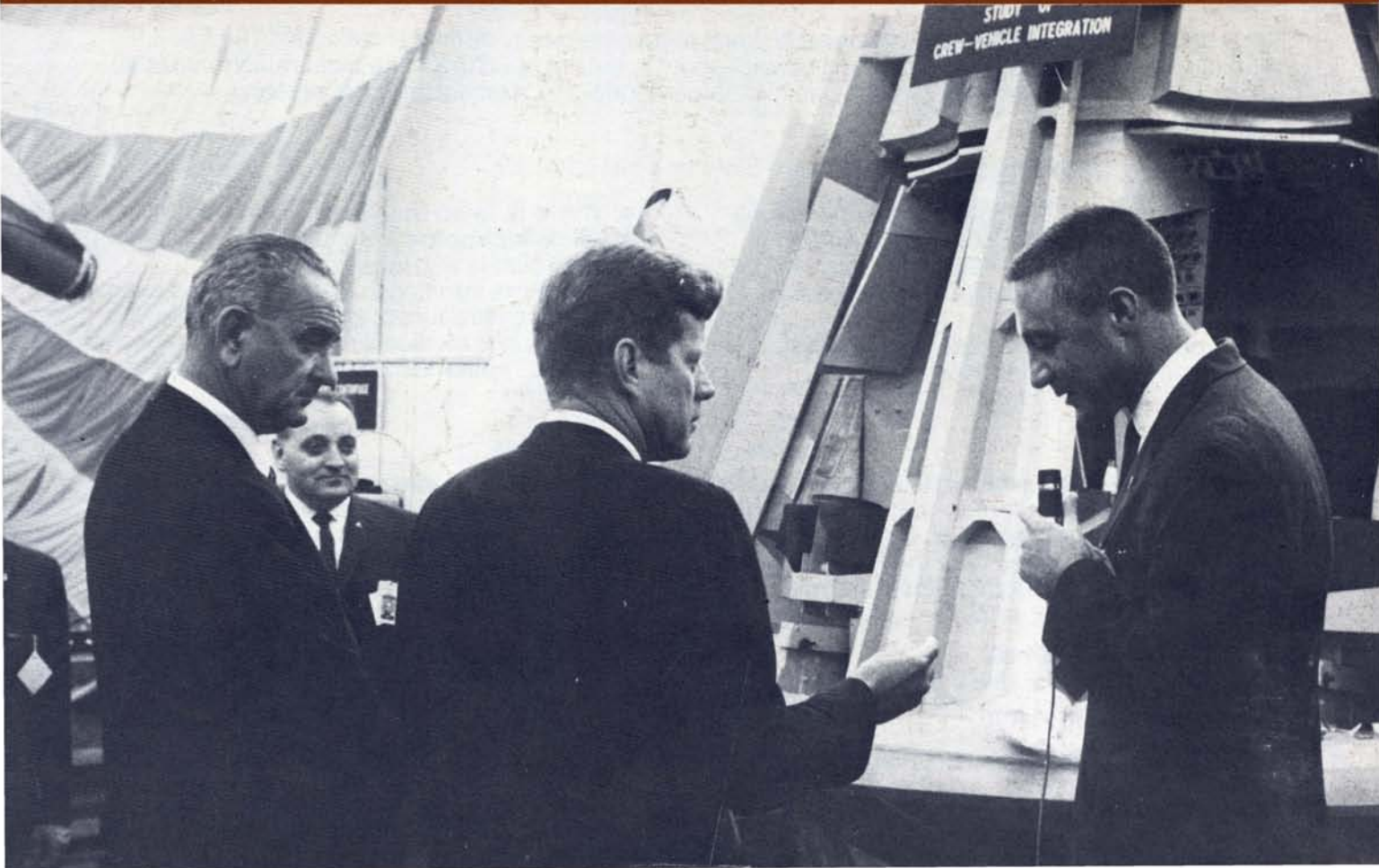
Executive Intelligence Review

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Dope Lobby's NBC to court for treason?
AIDS ballot initiative filed in California
Swedish police cover for Palme's killers

**Grounding of the space program:
a crisis worse than Sputnik**



EIR

Quarterly Economic Report



The need for an emergency oil import tariff

First Quarter 1986

The 60% collapse in the world oil price between January and March has destabilized the international financial system, and accelerated the impetus toward what has been called, "a new depression, on top of the present depression."

What should be done? The answer is simple. Impose an emergency oil import tariff now. The free-marketeters, and their Soviet friends, will scream about it, but the measure is the most readily available alternative to halt the unraveling of the bankrupt international and national financial system.

Did you know that . . .

- **\$250 billion of U.S. banks' domestic assets will go bad, in the wake of the collapse of oil prices since November 1985.** The crash will by no means be limited to banks' loans to energy companies.
- **Conditions have been set for a general panic among savings-bank depositors,** whose \$1.2 trillion in deposits lack federal insurance backing.

- **The U.S. is on the verge of a revolution in medical technology.** But the Gramm-Rudman budget-cutters and Washington cost-accountants threaten to keep these technologies from being introduced, and are "reforming" the Medicare and medicaid system into a means for wholesale euthanasia against America's sick and elderly.

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

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Editor-in-chief: Criton Zoakos
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Managing Editors: Vin Berg and Susan Welsh
Contributing Editors: Uwe Parpart-Henke,
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EIR

From the Editor

The National Action Party (PAN) of Mexico, which had its roots in the Hitler-Stalin Pact of 1939 and promotes policies in keeping with its origins, has gotten quite worked up over the fact that some responsible figures in Mexico have opted to play the "LaRouche card."

On May 23, the president of the PAN, Pablo Emilio Madero and Jesús González Schmall, the party's leader in the Mexican congress, held a press conference in Mexico, to deny charges by the LaRouche Democrat and candidate for U.S. Senate in Maryland, Debra Freeman, that the PAN had given documents to Sen. Jesse Helms to run a blatant intervention into Mexico's internal affairs.

Mrs. Freeman made her charges during a fact-finding trip to Mexico the week after Sen. Jesse Helms held hearings to smear Mexico as "undemocratic."

"These calumnies are made up by Senator LaRouche [sic], who attacks several parties around the world with Machiavellian designs," blustered Schmall, who added: "The straw that breaks the camel's back is that the Mexican government permits Lyndon LaRouche to act in Mexico. He is the editor of *Executive Intelligence Review* magazine."

As this week's *Investigation* indicates, the Nazi-communist PAN (which *EIR* has documented on several occasions to be up to its ears in drug-running), is being given a veneer of respectability by Senator Helms and the U.S. State Department, because the Wall Street banking fraternity and their friends in Zurich and London "worry" that the present government may not be willing to carry through with murdering its citizens to keep up debt service Mexico simply doesn't have the means to pay.

The case is exactly as in Panama, where Helms and the boys from Foggy Bottom tried to foist off the Nazi relic Arnulfo Arias on that country, under the incredible pretext of "democratization." In Panama, patriotic forces picked up *EIR*'s documentation on Arnulfo's very undemocratic past and spread it all over the press. They went a step further, and started publishing the details of the State Department's beloved "opposition's" involvement in laundering organized-crime money.

All of this will soon be the subject of an *EIR Special Report*. The State Department's friends may get a little paranoid, seeing "LaRouche cards" raining on them.

Nora Hamerman

EIR Contents

Departments

- 47 Report from Bonn**
The Morgenthau-Molotov plan revived.
- 48 Report from Rio**
Narco-terrorism in Brazil, too.
- 49 Mother Russia**
Drug alarm in Poland.
- 50 Andean Report**
Bolivians demand "Peru solution."
- 51 Africa Report**
Locusts could cause "catastrophe"
- 52 From New Delhi**
From bad to worse in Sri Lanka.
- 53 Middle East Report**
Discontent in Iran.
- 72 Editorial**
Moscow strikes against German Patriots

Economics

- 4 The Trilateral Commission's grab for world power**
The David Rockefeller organization has made a statement of intent: to become the unified creditors' organization, dictating policy to all governments.
- 7 AIDS initiative filed in California; research breakthrough announced**
Two developments on the same day have created the potential for a major breakthrough.
- 9 Could Chernobyl happen in the U.S.?**
Scientists misquoted by the *New York Times* are furious.
- 11 Currency Rates**
- 12 Brazil: War over Petrobrás surplus begins**
- 13 France: 'Free market' is Chirac's Achilles heel**
- 14 Abraham Lincoln's 'bank war'**
Part 3 of the series on Lincoln's economics by Anton Chaitkin, author of *Treason in America*.
- 17 Banking**
If it fails, feed it.
- 18 Agriculture**
Food trade war a cartel gameplan.
- 19 Medicine**
The perils of cocaine.
- 20 Business Briefs**

Science & Technology



NASA

HOUSTON, 1963—Astronaut "Gus" Grissom demonstrates the two-man spacecraft "Gemini" to President John F. Kennedy and Vice President Johnson.

22 The grounding of the space program

The United States lacks not the capacity to overtake the Soviets, but the political will to do so.

23 Teller confirms laser breakthrough

26 Dr. Teller reports to Congress on SDI

His May 9 testimony before the Senate Committee on Appropriations.

28 Need goal-oriented space program

31 Making sure we get back into space

Feature

34 The gross fraud of Gross National Product

The figures are rigged, but, more to the point, they don't measure the real economy to begin with.

International

38 Swedish police chief covers for Olof Palme's killers

A scandal unprecedented in legal annals throws some light on an international Soviet disinformation campaign.

39 Fact Sheet: Police chief assailed for political tampering

41 Military backing for Contadora proposed

42 So. Africa strikes at ANC terrorists

43 Mideast economic crisis could result in war

44 Italy loosens its ties to Libya

46 Bonn SDI pact felt the Trilateral hand

54 International Intelligence

Investigation

56 Helms's assault on Mexico helps drug mafia, PAN

His hearings were a diatribe of lies, slanders, and half-truths against a friendly nation.

Documentation: The response of the Mexican government

58 Behind the hearings: Mexico can not pay!

National

60 How seriously does Casey want to prosecute NBC?

The case is merely the tip of the iceberg, underneath which lurks one of the most dramatic fights within the intelligence community since the end of the Second World War.

62 ADL's tax exempt status in jeopardy

Kenneth Bialkin is out of the closet.

63 Presser indictment spotlights FBI crimes

64 Illinois: Stevenson keeps losing, Fairchild campaigns

65 LaRouche candidates strong in Ore., Pa.

66 Jersey slate out to 'jail dope bankers'

67 Eye on Washington

Real-estate lobby: tax reform hurts "little guy."

68 Congressional Closeup

70 National News

The Trilateral Commission's grab for world power

by Mark Burdman and David Goldman
with Leonardo Servadio in Madrid

Italian Finance Minister Nino Andreatta let the cat out of the bag, in a discussion before Italian reporters following the May 16-18 meeting of the Trilateral Commission in Madrid. Andreatta, en route to the Madrid meeting, announced that no more than 30 financial institutions would survive the century, and that it was the task of governments to accede to this inevitable evolution.

The David Rockefeller organization, long headed by Henry Kissinger, emerged in the 1970s as the Carter administration's think tank, and in the early 1980s as a cartel of creditors against the developing world. It has propounded a global central bank, global controls on the world economy, and one-world government since its founding in 1973. It has made a statement of intent: to become the unified creditors' organization, dictating policy to all governments. When Andreatta spoke of a handful of institutions controlling world credit, unrestrained by national borders or local regulation, he had just emerged from a gathering of precisely those institutions which intend to be the survivors.

The future belongs to the multinational banks, David Rockefeller told the meeting. "The general interest of humanity will develop, in economic terms, when the forces of the free market go beyond national frontiers," he said. "The moment has come to end the siege upon the multinational firms, to continue to develop the world economy."

Andreatta's remarks came at an economic strategy meeting held May 15-17 in Venice, under the sponsorship of the Banca Nazionale del Lavoro (BNL). The topic of the meeting was "strategies of the big international banks," and "management of banks in the future." Henry Kissinger was made an international adviser to BNL almost one year ago.

The financiers who gathered at Madrid are the subject of the just-released second edition of *Dope, Inc.*, published by the editors of *EIR*. The financiers' source of strength derives from over \$500 billion per annum in international capital flows associated with narcotics traffic, not including related flows derived from tax evasion, arms traffic, and other illicit business. Aside from David Rockefeller of Chase Manhattan, there were two top officials from Shearson Lehman Brothers and its sister organization, Shearson Lehman American Express, including Shearson Lehman senior manager Philip Caldwell and Shearson Lehman American Express managing director Richard Holbrooke, a former Carter administration State Department operative, most recently active in the overthrow of Philippines President Ferdinand Marcos. Also in attendance were chief officials from Midlands Bank, Banque Brussels Lambert, Banco March of Spain, Milan's Banca Commerciale Italiana (BCI), and others.

Henry Kissinger joined the board of American Express in 1984, immediately after one of the world's shadiest financiers, Edmond Safra, took control of Amex's international banking operations. *Dope, Inc.* shows that the reorganized American Express, incorporating the old Lehman, Kuhn Loeb, and Loeb Roades investment bankers, became the new legitimate front for international dirty money moving into the United States.

Kissinger's most recent public sally was a widely-circulated proposal, praised by Secretary of State George Shultz, to withdraw American ground troops from Western Europe. That is not merely consistent with Kissinger's profile, but with the policy-objectives of the financier-faction which owns him. The banks which plan to ride the financial tidal wave,

know that their strategy includes the industrial and military ruin of the West, and made clear their intention to accommodate the Russians' principal territorial demand: Western Europe.

Postlude to Tokyo

The final Trilateral Commission declaration, issued May 20 by the three regional presidents, Rockefeller (North America), Georges Berthoin (Europe), and Isamu Yamashita (Japan), praised the May 2 Tokyo summit for having "enhanced the needed Trilateral cohesion," particularly because the summit went beyond the limit of discussing only economic issues, but also discussed "fighting international lawlessness and worldwide perspectives on environmental protection." The Trilateral Commission had urged the summit-participating nations to adopt both of these latter issues, the Rockefeller-Berthoin-Yamashita declaration claims.

Unfortunately, the seven heads of state or government who met in Tokyo did heel to the Trilateral agenda—although not in the way the group's declaration claimed. The Tokyo summitters agreed to give the International Monetary Fund a set of measures of economic performance, making the IMF the referee in all disputes over exchange rates, trade policy, as well as domestic economic policy of the major industrial nations. However, the criteria were left vague, in what amounts to a common declaration of intent among the leading nations to cheat with respect to these criteria.

The essence of the Trilateral Commission meeting was to install an international system of mutual cheating, in which that group, operating as the deliberative body from which IMF decisions are generated, would supervise the cheating.

An official of the Trilateral Commission said May 19:

International economic cooperation must be strengthened, and this must not be ad hoc, but systematic, which means that institutions like the IMF, the General Agreement on Trade and Tariffs, and so on, must absolutely be strengthened. The IMF has been partially successful in what it has set out to do, but, in the end, there is the need for a political realization on the need for cooperation, and that will mean, some time, overcoming the impediments represented by national sovereignties.

For all the talk of international cooperation, "the representatives of the major industrial countries found plenty to quarrel about at this meeting," wrote the

New York Times' Leonard Silk, a Rockefeller friend. The *Times* was the only other U.S. publication to attend the meeting. "Heading the list of disputes were the European Community's protectionist agricultural policy and American threats to retaliate against it; United States discontent with the huge Japanese trade surplus and Japanese discontent with the rapidly rising value of the yen; American insistence that other countries, especially West Germany, expand their economies faster, and foreign criticism of American slow-

ness in closing its budget deficit."

What emerges is that the Trilateral Commission is playing a coordinating role in the "trade war" now emerging between the United States and Western Europe. On May 16, European Community commissioner for external relations Willy de Clercq demanded that the Europeans invoke trade restrictions against the United States, supposedly in retaliation for U.S. import limitations from Europe that followed upon the entrance of Spain and Portugal into the European Community. He accused the United States of "har-

Trilateral mediation of a trade war should be taken seriously; if the leading industrial nations are imbecilic enough to fight with each other over what is left of world trade, they are entirely capable of inviting the Trilateral Commission to mediate the mess.

assment," and of unilateral contravention of the General Agreement on Trade and Tariffs (GATT). Le Clercq's remarks fed directly into the protectionist momentum in the U.S. Congress, where the House May 22 passed a trade bill with a veto-proof margin, despite President Reagan's best efforts to stop it.

After handing Congressional protectionists the ammunition they needed against the President, the same Willy de Clercq showed up in Madrid, to be one of the four featured panel speakers at a May 17 afternoon Trilateral panel on "The Future of the International Mercantile System"—sharing that podium with panel director Arthur Dunkel of Switzerland, the international director of GATT!

Trilateral mediation of a trade war should be taken seriously; if the leading industrial nations are imbecilic enough to fight with each other over what is left of world trade, they are entirely capable of inviting the Trilateral Commission to mediate the mess.

The reality is that world trade collapsed after 1980 and never revived. Without measures to revive trade, particularly in high-technology capital goods, the world economy will continue its spiral into financial collapse. In the midst of this, the same supranational agencies which caused the problem, i.e., the International Monetary Fund and the General Agreement on Trade and Tariffs, increase their own powers to meddle in the affairs of the disputants.

In 1980, all the world's nations exported a grand total of \$1.9 trillion in physical goods. By 1983, the volume had fallen to \$1.67 trillion, or about 12% less than the 1980 total. At the height of the supposed "recovery," in 1985,

world exports were only \$1.72 trillion, still 10% lower than the 1980 level. During the 1975-80 period, world trade had grown by 5% a year.

The true position of world trade is even worse than the numbers show. To start with, American imports rose from a total of \$256 billion in 1980, to \$361 billion in 1985. These imports, bought at 40% to 70% below American producer prices, merely replaced production capacity we lost at home. In other words, the increase in U.S. imports reflects, not economic growth, but decay. Total world trade in 1985 minus the \$104 billion increase in U.S. imports was only \$1.663 trillion, lower than the supposed nadir of international trade in 1983, when exports fell to \$1.667 trillion.

Discounting the bloating of America's import bill, the fall in international trade since 1980 amounts to 19%—not quite as bad as the worst of the 1930s, but grim by any historical standards.

Recent developments show that the American import surge has proved to be a very temporary phenomenon. The dollar has fallen by 30% against the West German mark in the past year, and even further against the Japanese yen, which means that the United States can no longer afford to soak up foreign production at a fraction of its true cost. World trade is ready to collapse from the present diminished levels in any event; the Trilateral Commission intends to extract the maximum political leverage from the disaster.

The economic issue

What the Trilaterals promise is the continuing de-industrialization of the West, in what amounts to a generalized asset-stripping. Both in the industrial world and the developing sector, the main policy demand was so-called privatization, that is, the generalized sell-off of government assets, as first initiated on a grand scale by Britain's Thatcher government.

The principal statement of economic policy at the meeting came from Europe's most hated proponent of deindustrialization, Viscount Etienne Davignon. "The Davignon report issued here is the most important policy statement of this Trilateral meeting. It has a lot in common, in the area of international economic policy, with the approach Count Davignon took to the European steel situation," an official spokesman of the Trilateral Commission told a reporter.

Davignon, of the Société Générale of Brussels, Belgium, had authored the "Davignon Plan" for shutting down European steel production. Over the past months, he has become a member of the board of directors of Kissinger Associates.

The Soviet dimension

The creditors' empire propounded by the Rockefeller group implies the final deindustrialization of the West, and, by implication, the collapse of Western defenses. Accommodation with the Soviets, therefore, formed the second major agenda item at Madrid. While the first two days of the meeting were devoted to "international economic policy,"

the last day focused on "East-West relations," under the chairmanship of former Carter national security adviser Zbigniew Brzezinski. Brzezinski was the founding executive director of the Trilateral Commission in 1973, replaced by Kissinger when Brzezinski went to the White House in 1977.

Kissinger himself did not attend the meeting of the organization he directed for years, reportedly because he and Brzezinski cannot stand each other; but Kissinger's discussion in the public press of an American troop withdrawal from Western Europe, published while the meeting was in progress, summarized the content of the meeting's second phase. The creditors' empire will preside over a ruined industrial West, ceding to the Russians suzerainty over Western Europe, in the odd hope of unchallenged power within their own empire.

Appropriately, David Rockefeller arrived in Madrid fresh from a 10-day visit to the Soviet Union, for the annual Dartmouth conference, held this year in Baku. Rockefeller was flanked there by several veterans of Kissinger's National Security Council and State Department. Among the American participants at the Baku meetings were Robert Neumann, Middle East-Afghanistan hand at the Georgetown Center for Strategic and International Studies and former U.S. ambassador to Saudi Arabia and Morocco; Hal Saunders, former State Department Middle East director, now at the American Enterprise Institute in Washington; Seweryn Bialer, of the Brzezinski-related crew at Columbia University; and Harrison Salisbury, of the *New York Times*' international network. Their private discussions with the Soviets, centering on the sellout of Western Europe, were the implicit content of the Trilateral meeting; the Trilateralists merely ignored the bloody surrogate warfare the Soviet Union is conducting against the West through its Libyan puppets, and the present Soviet war mobilization.

"Prospects for improvement in the near-term" in East-West relations were emphasized in the final Rockefeller-Berthoin-Yamashita declaration issued May 20. These "prospects" exist, because of "mutual commitments and interests," although the "highly competitive" relation between East and West will continue. The declaration complains of a "lack of East-West cooperation on matters of interdependence," such as "nuclear safety."

The report of the East-West panel insisted that the West is in an "historically favorable position, and, with imagination and ability, can rebuild a better relation with the Soviet Union." The report's co-authors were William Hyland, former Kissinger aide at the National Security Council and now editor of the Council on Foreign Relations' *Foreign Affairs* journal; Karl Kaiser, of the CFR-counterpart German Institute for International Relations; and Japanese strategist Hiroshi Kimura. They evaluated the Geneva summit of President Reagan and Soviet leader Gorbachov as having brought "an end to the phase of tension in relations between East and West," and said that the West was now negotiating from a "position of strength."

AIDS initiative filed in California; research breakthrough announced

by John Grauerholz, M.D.

Two major developments, on the same day, at opposite ends of the United States, have created the potential for a major breakthrough against the Acquired Immune Deficiency Syndrome epidemic presently threatening to become the "Black Death" of the 20th century.

'PANIC' filed in California

In Los Angeles, on May 22, the Prevent AIDS Now Initiative Committee (PANIC), sponsors of the AIDS Initiative Statute, announced the filing of approximately 690,000 petition signatures, to qualify this statute for the November 1986 California general election. The signatures were gathered over a five-month period.

The AIDS Initiative Statute defines AIDS and the condition of being a carrier of the HTLV-III virus, by law, as "infectious and communicable," as they are in fact, and places this disease and this condition on the reportable diseases and conditions list. This list is already maintained by the California Department of Health Services, according to statute and contains virtually all dangerous communicable diseases and conditions in the state, such as German measles, typhus, tuberculosis, syphilis, plague, etc. Once AIDS and the condition of being an HTLV-III carrier are on this list, all those existing public-health statutes and codes that now apply to every other communicable disease, will also apply to AIDS and its carrier form.

This bill would mandate the application of existing, proven, traditional public-health measures to AIDS—laws and codes already on the books, laws and codes that have been applied day-in and day-out for years. These procedures are applied every day, throughout California, and in most other states, for at least 58 different communicable diseases.

The most prominent provisions of the existing health law that would now apply to AIDS are: 1) All cases of the disease must be reported. 2) Nobody infected with the virus may be present in a public or private school, whether as teacher, student, or employee. 3) Nobody with the virus may be involved in commercial food handling. 4) It is a serious misdemeanor to knowingly spread the disease. 5) The Department of Health Services has the power and obligation to test as much as may be necessary to halt the spread of the

disease, a power which Ken Kizer, head of the Department, has already requested. 6) The Department of Health Services has the power and obligation to apply measures of quarantine, as they deem necessary, to halt the spread of the disease. It should be stressed that the term "quarantine" means some restriction on activity, and is not synonymous with the term "strict isolation."

The impact of the filing of this petition will be enormous, precisely because the so-called "gay" community, which is heavily represented in California, has constituted one of the major obstacles to any serious public-health approach to this disease. The collection of these signatures over the last five months has demonstrated that the overwhelming majority of Californians are acutely aware of the enormous danger posed by the unchecked spread of this hideous epidemic, and are committed to the application of traditional public health measures to stop it.

New approach to AIDS vaccine

On the same day that the filing of the California petition was announced, scientists from the George Washington University Medical Center and the National Cancer Institute reported that they had successfully inhibited the AIDS-associated virus (HTLV-III/LAV) from invading human cells using antibodies against thymosin- α 1, a hormone of the thymus gland that stimulates immunity. Results of this study published in the latest issue of *Science* (May 30, 1986) suggest a new approach to making a vaccine against the AIDS virus.

Since the antibodies were raised against a chemically synthesized virus protein, rather than against a genetically engineered or inactivated virus, these findings may significantly reduce the time needed to develop an effective AIDS vaccine that could protect the general population against the spread of the AIDS virus.

Furthermore, the scientists believe they have identified the weak point in the armament of the AIDS virus which will provide a clue to a unique approach to making a vaccine. The study suggests that the anti-viral activity of the thymosin- α 1 antibodies is due to a chemical identity shared by the thymic hormone and a small region of the internal core of the AIDS

virus which is part of what is termed the "gag" protein.

This study is significant for three reasons:

1) It provides the first direct scientific evidence that it may be possible to develop an effective AIDS vaccine using a chemically synthesized peptide similar to the inner (core) region of the AIDS virus rather than the external (envelope) region. This inner core region is a highly conserved region which may in fact be common to a number of retroviruses more distantly related to the AIDS virus.

This discovery is important because a major obstacle to the development of an effective and protective AIDS vaccine is that many of the proteins in the envelope of the AIDS virus change rapidly—a process called genetic drift—so that a vaccine which is effective against one strain of the AIDS virus, may be totally ineffective against another strain. The attempts to develop an effective AIDS vaccine have thus far not dealt with the question of the many different strains of the HTLV-III/LAV viruses that are being isolated. This same type of problem has hampered development of an effective vaccine for the common cold for more than 25 years.

The problem of genetic drift may now be solved, since scientists in this study have demonstrated that a vaccine which raises antibodies against a peptide from the conserved inner (core) region, which is not as subject to genetic drift, may be more effective against AIDS viruses with variability in the envelope region.

These findings clearly demonstrate that neutralizing antibodies against the AIDS virus can be raised against a synthetic protein. Evaluations of antiviral activity of the resulting antibodies against the AIDS virus in animal model systems and humans are the next important steps. The scientists believe that such studies should receive the highest priority.

2) The study provides scientific evidence that neutralizing antibodies against the AIDS virus can be developed using a chemically synthesized protein which can be easily produced in large quantities, (i.e., thymosin- α 1 or small regions of the viral core protein) compared to the more expensive and complex methods for producing genetically engineered proteins.

3) The study also provides critical evidence for the involvement of the thymus gland in AIDS and suggest potential use of the thymus hormone itself. The extensive destruction of the thymus gland (the master gland of the immune system) in AIDS may potentiate the severe immune suppression following viral infection. Such severe immune depression has been seen in children with rare diseases, especially with the absence or malfunction of the thymus gland. Since the clinical symptoms of AIDS such as profound immune deficiency and increase in opportunistic infections are systemic and indistinguishable from symptoms seen in pediatric immune deficiencies associated with thymic dysfunction, a destruction of thymus function via AIDS virus infection is suggested by this study.

4) The ability to produce large quantities of specific neutralizing antibodies against the various AIDS viruses can lead to the near-term development of better tests for the presence of the AIDS virus. One of the drawbacks of the current tests, which measure the presence of antibodies to AIDS virus, and not the virus itself, is that they will not detect individuals who are carrying the virus but have not yet formed antibodies to it. These false negative carriers may represent a significant reservoir of undetectable carriers. However, by using labeled antibodies, one can test for the presence of the actual virus. The use of fluorescent antibodies, combined with high-speed flow cytometry, would provide the ability to rapidly screen large numbers of individuals with a high degree of specificity.

The principal scientists involved in the study are Prem S. Sarin, Ph.D., deputy chief of tumor biology branch, National Cancer Institute; his colleagues Daisy K. Sun and Arthur H. Thornton; Allan L. Goldstein, Ph.D., professor and chairman, department of biochemistry, The George Washington University Medical Center; and Paul H. Naylor, Ph.D., associate research professor of biochemistry, The George Washington University Medical Center.

In his remarks at the Washington press conference, Dr. Goldstein stressed that one of the major beneficiaries of this type of vaccine would be the asymptomatic carrier, the very person who would be the prime object of a mass screening program. Such a person, according to a recent Danish study, has essentially a 100% chance of ultimately developing a life-threatening disease as a result of his or her infection. Immunization with a vaccine capable of producing neutralizing antibodies would prevent the virus from reproducing and destroy existing virus, thus preventing the development of AIDS, and eliminating the carrier state.

Mass screening needed

When questioned about the need for mass screening of the population for AIDS, Dr. Goldstein said that such an approach was absolutely implicit in his work, and stressed the importance of the most rapid possible progress in developing a better AIDS test and moving toward vaccine development and clinical trials.

Funding is absolutely critical to the most rapid development of a vaccine and a screening program to locate those most in need of the vaccine. Ironically, Dr. Goldstein, who is perhaps the foremost authority on thymus hormones, and has large grants for studying these hormones in cancer and aging, has not received one cent from NIH for his work on AIDS, which was funded by a private venture which now holds a patent on the synthetic hormone that stimulates the production of the anti-AIDS antibodies. Perhaps the effect of this scientific breakthrough, combined with the political impact of the California PANIC, will finally shake loose the necessary funds to implement the crash mobilization that will be needed to stop the spread of AIDS.

Could Chernobyl happen in the U.S.?

Scientists misquoted by the New York Times are furious at the anti-nuclear campaign in the press, reports Marjorie Mazel Hecht.

Within days of the publication of *EIR*'s May 16 cover story, "The Soviet Disaster—Accident or War Push," which featured interviews with U.S. nuclear experts on how a Chernobyl disaster could not happen in a U.S. nuclear plant, the *New York Times* fraudulently used the words of the same experts to make the opposite case. Stuart Diamond, a *New York Times* reporter who has been an anti-nuclear activist since the 1970s, alleges in a front-page May 19 article that "new" information about Soviet plant designs was discovered, showing that the Chernobyl plant had safety systems and a containment structure like U.S. plants. The headline on Diamond's article was "Chernobyl Design Found to Include New Safety Plans: U.S. Experts Say Construction Is Similar in Some Ways to Plants in America."

The "experts" Diamond quoted by name, at least those that this reporter spoke to personally, are furious that Diamond twisted their words to convey his own meaning, and three of them have signed a letter to the editor of the *New York Times* in protest. "We would like to make it clear that we are not among the experts who have changed our minds about the structure of the Chernobyl reactor," said Dr. Richard Wilson, professor of physics at Harvard University and chairman of a Nuclear Regulatory Commission-sponsored study on nuclear accidents. "We have had accurate information all the time and have been attempting to square it with the public and the press. The Chernobyl reactor has no containment in the sense that we and other safety analysts in the United States use the word."

Why would Diamond write such a lying article? Wilson, whose interview appears in the May 16 *EIR* and who was also quoted by Diamond, put it this way: "Some Russians want to attack the United States economically. It would be an irony if unreasonable fear caused us to cripple our nuclear electric capability as a result of this Russian accident, which has done us no harm and which would not occur here."

As for Diamond, Wilson said, "He is a KGB agent, quite clearly."

In fact, the most important difference between the Chernobyl-type reactor and the light-water reactors used in the

rest of the world is that *the Chernobyl reactor has no overall containment structure*. This fact was known right after the accident, and it is still a fact, despite Diamond's attempt to convince his readers that "experts" found a containment structure after they "translated from Russian" more of the technical specifications.

Although the Soviets "Westernized" their safety procedures in the late 1970s, U.S. nuclear experts familiar with the Soviet nuclear program feel that the Soviets are willing to take more risks than the United States. *EIR*'s May 16 article cited Gordon Hurlbert, former president of Westinghouse Power Systems, who had visited Soviet nuclear installations in July 1983, and who described a three-level safety system at the Chernobyl plant. That the plant had this three-level Western-style safety system was a fact known at the time of the accident and not any "new" knowledge as alleged by Stuart Diamond. However, the system was not up to U.S. standards and could not be licensed here.

Hurlbert commented again in an interview May 20, that the Chernobyl plant was not designed, as American plants are, to withstand an explosion, just a steam break, and that it had no containment. The fabled "containment building" that Diamond describes, is actually just a structure built around the steam collectors and headers, not around the entire reactor. (This is like putting the hood of your car over the radiator part only.)

The Chernobyl reactor was an archaic design, a graphite-moderated reactor used both for power production and weapons plutonium production and rejected in the 1950s by other nuclear nations as unsuitable for civilian power production. The Soviets went with this design in the early 1970s because it was cheaper and easier for them than mass producing the more technologically sophisticated light water reactors used in the West. In particular, their scaled-up graphite reactor avoided the problem of producing large pressure vessels. The Soviets put their first two 1,000-megawatt graphite reactors at a site near Leningrad in 1973 and 1975, and by 1982, they built eight more, which produced at the time 64.5% of all electric power produced by nuclear plants in the Soviet Union.

Today, there are 17 graphite reactors, known as RBMK-1000, and the Soviets have plans for a 1,500-megawatt version.

From a safety standpoint, the Chernobyl reactor is a "nightmarish problem," according to Robert Bernaro, director of boiling water reactor licensing at the Nuclear Regulatory Commission. The engineering difficulties are inherent in the use of the graphite as a moderator, among other things. U.S. reactors have what is called a negative coefficient, which means that when the coolant temperature goes up, the reactor shuts down. In the graphite reactor, if the coolant temperature goes up, the reactivity goes up, which requires the Soviets to have a variety of special emergency measures to ensure that the graphite doesn't ignite.

Bernaro, who was also quoted by Diamond, commented on the question of safety: "I'm unwilling to hinge the acceptability or unacceptability of U.S. reactors on what the Russians do or do not do. If we can learn something from what the Russians have done or have not done, fine. . . . But in the meanwhile, I think that our primary attention ought to be on our own reactors."

That the New York Times's Diamond crafted his article solely to make the anti-nuclear case is amply demonstrated by the accompanying full-page ad for Ralph Nader's "Public Citizen" group in the May 19 *New York Times*. The ad, signed by Robert Pollard and Daniel Ford of the Union of Concerned Scientists, is a fund-raising piece with the message that the Russians and Americans are the same when it comes to "covering up nuclear dangers." Using Diamond's line, the ad warns: "The Chernobyl nuclear plant, contrary to earlier reports, did have a containment building. Indeed, the design used by the Russians bears a striking resemblance to the long-suspect design used by General Electric." The ad includes a map of locations of the 39 GE plants in question. "Check the map to see how close you live to a GE nuclear plant," the ad warns ominously.

To all but the most credulous, the ad is a cruel joke. In the first place, Pollard and Ford have been thoroughly discredited in the scientific community because of their history of lying about nuclear power. Interestingly, Bernaro noted that although he invited the Union of Concerned Scientists to attend task force meetings discussing core melt accidents,

General Electric replies to the New York Times

The following is excerpted from a statement issued by General Electric on May 20.

The ad sponsored by Public Citizen in yesterday's *New York Times* is an effort by that antinuclear organization to raise funds by rehashing and exploiting items which were raised and then resolved eight years ago. The ad tried to make a connection between 15-year-old memos which were reviewed by Congress in 1978 and the Chernobyl accident through an invalid comparison between the GE and the Chernobyl containment design. . . .

The first issue of containment integrity was raised as a public concern in 1978 when internal Nuclear Regulatory Commission memos obtained under the Freedom of Information Act appeared to question the capability of this type of design. A great deal of public attention was raised, including public hearings before a House subcommittee where the Nuclear Regulatory Commission and nuclear industry spokesmen were called upon to address the challenges being raised by public interest groups. . . .

The original internal NRC memos were authored in 1971 and 1972. Since that time the integrity of the three styles or configurations of U.S. pressure suppression sys-

tems have indeed been extensively reviewed and approved through the normal regulatory process. . . .

In support of this review, a great deal of pressure suppression testing, including full scale segment tests, was performed for each configuration. . . . The structure designed to withstand one of the postulated events did exactly what it was supposed to do. In fact, integrity of the containment remained intact throughout a number of tests. Thus, GE believes the issue of U.S. NRC regulatory acceptance of pressure suppression type reactor containment designs is closed.

Lack of Similarity Between GE and Chernobyl Designs The second issue deals with the comparison between GE and the Chernobyl #4 reactors. . . . GE reactor containments are similar to Chernobyl only in that both have large pools to quench steam released from process pipe breaks. The GE reactor and all important piping are inside the strong containment structure, whereas the Chernobyl core and part of its piping appears to be outside the containment boundary in an industrial-type building. . . .

In the United States, a primary containment structure completely surrounds the reactor including both the inlet and outlet piping. Thus, in a GE pressure suppression type containment, all coolant lost in an accident within this structure is vented to and condensed in the suppression pool. In the Russian design, the reactor, its outlet piping and the steam separators are located outside the containment boundary. . . . Thus, there is no means of containment or pressure suppression for substantial steam release from the reactor core or outlet piping. . . .

“their participation was shallow indeed”—they rarely showed up. They have a “vested interest” in shutting down U.S. plants, not in safety studies.

The Public Citizen ad raises allegedly “secret” safety issues about 39 General Electric plants that were publicly aired in Congress and put to rest in 1978. Nevertheless, the Public Citizen group uses this to demand that the Nuclear Regulatory Commission halt construction and licensing of 29 commercial power plants now being built, saying that they had the potential for catastrophes like the one at Chernobyl.

Public Citizen’s “Big Lie” number-one is, of course, to state directly what Stuart Diamond only implied, that the Chernobyl plant had a containment building. Second, it broadcasts a totally fabricated scare story about a “confidential 1971 memo” by nuclear safety adviser Dr. Stephen Hanauer. The ad says that Hanauer’s secret memo advises the government not to let GE build this type of plant because the “pressure suppression containment system” was unsafe. Public Citizen sounds the alarm that the government, nuclear regulatory officials, and GE are thus conspiratorily involved in a “30-year cover-up of nuclear safety dangers.”

Public Citizen neglects to mention that the so-called secret safety issues involved were exhaustively and publicly discussed and resolved by Congress and the Nuclear Regulatory Commission when the very same memos were surfaced by the anti-nukes in 1978. Public Citizen also neglects to let readers know that the same Dr. Hanauer stated in a letter to the Nuclear Regulatory Commission on June 20, 1978: “My current opinion is that designs including pressure suppression containments can be licensed, because we have adequate assurance of their safety. This was also my opinion in 1972.”

A spokesman for the Nuclear Regulatory Commission commented: “The technical issues were specifically discussed in a report called ‘A Technical Update on Pressure Suppression Type Containment in U.S. Boiling Water Reactor Plants,’ which was put out in July 1978 to address that subject to members of Congress and the public. That report concluded that the designs of pressure suppression type containment had adequate safety margins to protect the health and safety of the public.”

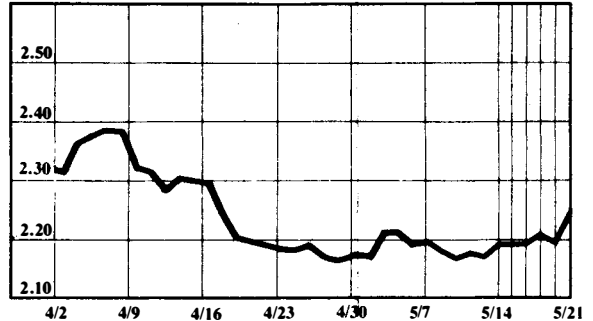
The issues raised in the Public Citizen advertisement are addressed in detail in the response of General Electric. GE documents how the safety issue raised by Hanauer—how a pressure suspension containment system compared to other “dry” containment systems—was subjected to testing, review, and modification in the 1970s. The record of this successful testing, of course, is not secret and is accessible to Public Citizen and to reporters.

GE also refutes in detail the Big Lie that Chernobyl’s safety system bears any resemblance to GE’s nuclear reactors. As one GE spokesman put it, “To say that our reactor and Chernobyl are the same is like comparing a Rolls Royce to a Yugo—they are both automobiles with four wheels.”

Currency Rates

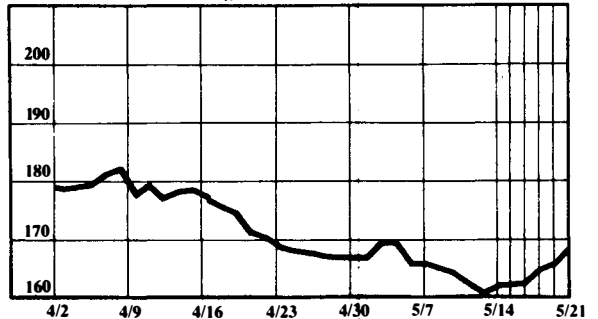
The dollar in deutschmarks

New York late afternoon fixing



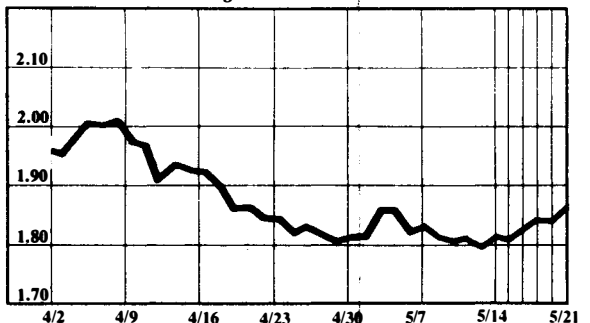
The dollar in yen

New York late afternoon fixing



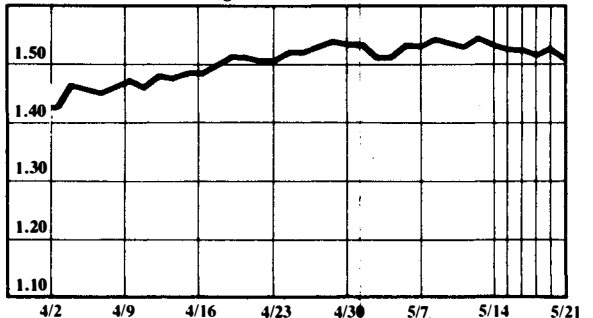
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



War over Petrobras surplus begins

by Lorenzo Carrasco

The surprise resignation of the president of the semi-public Brazilian oil company Petrobrás, Helio Beltrão, brought to the surface what have been up to now the underground rumblings inside the cabinet of ministers of President José Sarney over control of the immense resources of Brazil's most important company.

Traditionally, Petrobrás has been known as the battle trench and headquarters of a Brazilian nationalist faction vowing to defend the policy of great projects which was launched during the government of Gen. Ernesto Geisel (President 1974-79)—who, apparently, is still the leader of this group.

The drop in the price of oil produced a sudden increase in the financial surplus of Petrobrás, which raised the level of factional warfare around it. Petrobrás, as a net importer of oil, is now reaping the benefits of the gap between lower crude-oil prices and the high market prices of gasoline and other refined petroleum products.

On the one side, Dilson Funaro, the finance minister, and João Sayad, the planning minister, are seeking to control this surplus by imposing special taxes on the profits of the semi-public firm. On the other side is Mining and Energy Minister Aureliano Chávez, who opposes these measures.

Ministers Funaro and Sayad, in their incompetent strategy to reduce the public deficit, have come up with various measures, one of which would be to suck the money out of those state companies with a big surplus, such as Petrobrás or the Vale do Rio Doce company, which is in charge of huge investments in the "iron mountain" of Carajás, and whose president, Elieser Batista, also stepped down recently.

This policy of attack on the state-owned companies is not new to the economic ministers currently in office. Both the former planning minister, Delfim Netto, and the former finance minister, Francisco Dornelles, tried to do the same thing previously.

Besides the \$1 billion they plan to loot from Petrobras in this way, the economic ministers are planning to trim \$2 billion out of investments in state companies. To these cuts would be added the reduction of grain subsidies, which would be another \$2 billion, and a freeze on government-backed

bank loans to state and municipal governments and companies.

With these measures, President Sarney's economic team thinks it will reduce the public deficit from 5% to 2% of the Gross Domestic Product. This deficit, in reality, was brought about by the exaggerated interest payments on the foreign debt. It turns out, in the end, that the Sayad-Funaro ministerial team is earmarking the economic surpluses of the semi-public companies for payment of debt service—under the disguise of reducing the public deficit.

In open opposition to Sayad and Funaro, we find a group of ministers led by Mining and Energy Minister Aureliano Chávez, who want to maintain levels of investment within their areas. He particularly wants to keep Petrobrás's economic surplus inside the company, and allocate it for petroleum investments. Although this group is more rational and closer to reality, in trying to prevent the drain of more resources toward foreign debt payments, nonetheless, it has a very limited vision.

What to do with the \$4 billion

The truth of the matter is that the resources at stake are even greater. Despite the enormous interest payments on foreign debt which Brazil will make this year, at the expense of the cruelest looting of the economy and the population, this country will have an excess in its trade balance of a little bit more than \$4 billion dollars, because of the lower oil price and the drop in international interest rates.

It is not known with scientific certainty what the government's policy on these surpluses will be. For right now, the pressures from the most monetarist-minded groups in the country are going in the direction of applying these \$4 billion to paying part of the principal on foreign debt, while internally they maintain a policy of increasing austerity, which as far as one can see is being endorsed implicitly by ministers Sayad and Funaro.

The most rational decision would be to set up a special fund for to investments in infrastructure and public services, which are urgently required throughout the country. The savage policy of exporting to pay debt, and the austerity which has been prolonged over decades, have created an untenable situation for the majority of Brazil's population. Outbreaks of epidemics of new and old diseases are appearing all over Brazil as the result of hunger and the destruction of municipal public services. As *EIR* has reported (May 6), 50-60% of the summer crops were lost due to drought, and there are huge outbreaks of malaria and dengue fever. Brazil, by official reports (far below the actual situation), has the second highest rate of AIDS cases in the world.

The right thing to do—beyond any doubt—is to use the windfall surplus of the Brazilian economy to cure these injustices. And this, bearing in mind that the public deficit could easily be solved if domestic financial speculation were eliminated, and limits were set on the payments of debt service.

'Free market' is Chirac's Achilles heel

by Vivian Freyre Zoakos

Newly elected Gaullist Premier Jacques Chirac of France is launching a "free market" economic policy program that will yield for him the same disastrous economic and political results now visible in practically every nation in Western Europe.

Adherence to the "magic of the marketplace" is threatening to collapse or has already collapsed conservative governments in West Germany, Norway, Belgium, Great Britain, and the Netherlands. The threatened or already accomplished shift of power in these countries to Socialist International-led regimes could bring to power parties that have indicated their willingness to hand over economic hegemony to the Soviets.

In the name of free-market ideology, Chirac went before the National Assembly on April 9 to outline what he intends to accomplish, via a series of decrees to be issued in the first 100 days of his administration:

- To seek lower inflation through a tight-money policy;
- To reduce sharply all public expenditures, thereby cutting the public-sector deficit;
- To lift price and exchange controls;
- To denationalize, over the next five years, 42 state-owned banks;
- To privatize nine industrial groups (not including the big money losers, the Renault automobile manufacturer and the steel groups Sacilor and Usinor);
- To denationalize at least one of three state-owned insurance groups;
- To give more leeway to companies to offer part-time or temporary jobs.

Chirac also expressed a commitment to removing the present restrictions on the firing of French workers, and to allow greater labor mobility. Due to opposition from President François Mitterrand, a Socialist, the premier was forced to drop his plan to include removal of these restrictions by executive decree—a method which will be used to implement all the rest. Instead, a bill with new labor-firing and mobility guidelines will be submitted to the National Assembly.

With his policy of deregulating the French economy and selling off state-owned industrial and banking assets to private interests, Chirac is giving away government control of precisely those instruments needed to halt the collapse of

France's productive economy. The government will get a one-time windfall from the sale of its assets, in exchange for giving private speculators the right to expand their speculative activities.

Given the overall collapse of international trade, and high interest rates that penalize productive activity in France and abroad, those measures ostensibly geared to making funds available to existing corporations—e.g., lifting price ceilings, cutting the workforce, and announced plans for corporate tax breaks—will not yield funds to be plowed back into corporate capital improvements. As experience has shown in the case of Britain, the United States and elsewhere, the actual result will be to increase speculative, non-productive activity, sinking the newly deregulated economy into greater uncontrolled chaos.

Implications for SDI

On May 22, Mr. Chirac made his first endorsement as premier of the U.S. Strategic Defense Initiative, which he had backed before entering office last March. "This movement is irreversible and it is justified. . . . France cannot afford not to be associated with this great research program," he said.

This emphatic statement marks a major positive shift from the previous government's policy, but also indicates Chirac's dilemma: The focus on slashing spending has been totally at odds with collaborating in the American project, and may be the reason why two months went by before this policy was stated.

At the same time, interests inimical to French national security can be expected to move in to buy up the freed national assets. This is precisely the reason that Chirac's political forebear, President Charles de Gaulle, always pursued the wise policy of maintaining key French industrial and banking assets in French government hands. The vultures are already circling.

Carlo De Benedetti, chairman of Italy's Olivetti Corporation, announced at a press conference in Paris April 16 that he would target major-stock market takeovers in France, in anticipation of government sales of state holdings. He revealed plans to build an industrial empire in France modeled on his Italian operation, where he is taking over entire sectors of the economy such as agro-industry.

De Benedetti represents the interests of the powerful Venetian financial and political mafia, and associated interests as grouped in the European Industrialists' Roundtable Group, of which he is a ranking member. This is the power behind the faction of pro-Soviet appeasers, whom Chirac opposes on most political grounds. De Benedetti's French takeover operations are already under way. Last month, Chirac was subjected to political embarrassment when he moved to block De Benedetti's takeover of the Valeo Corporation. De Benedetti and his political crony, Gianni Agnelli of FIAT, are also looking to move into the Peugeot and Renault groups, and French telecommunications.

Abraham Lincoln's 'bank war'

Part 3 of the series on Lincoln's economics by Anton Chaitkin, author of Treason in America.

In 1839 the Illinois state legislature faced with gloom the complete ruin of its pioneering railroad system. The state had persisted in selling bonds for the construction of some 2,000 miles of rail lines, despite the national depression. Financial chaos had erupted with the closing of the Bank of United States, and the Bank of England stopping credit to the unprotected American economy. Quoting the Hay-Nicolay biography of Lincoln, "One banker and one broker after another, to whose hands [state bonds] had been recklessly [sic] confided in New York and London, failed, or made away with the proceeds of the sales."

The Whig Party leader in the Illinois legislature, 30-year-old Abraham Lincoln, had led the fight for the state-built railroads. He was justifiably bitter against the aristocratic "free trade" faction which had brought down the Founding Fathers' economic system; the northeastern bankers, political followers of Swiss nobleman Albert Gallatin, president of John Jacob Astor's National Bank of New York; and the South Carolina-based slaveowners' secession movement, organized around the free-market doctrines of British revolutionary immigrant Thomas Cooper.

Alexander Hamilton's program of protective tariffs, government-sponsored transportation projects, and the national bank, enacted in the first Congress over the opposition of Albert Gallatin, had now been aborted. The bankers-planters alliance was rolling the U.S.A. back to colonial status, to be a mere producer of cheap raw materials for the British Empire, with themselves the colonial overseers.

Abraham Lincoln and the other Henry Clay Whigs were determined to rescue American financial, industrial, and political independence. From late 1839 through the presidential election of 1840, Lincoln led the Illinois Whig campaign by

focusing his party's program around the restoration of the Bank of the United States.

Lincoln knew that national survival depended on their political success. This is the conclusion of his Dec. 26, 1839 speech on banking:

"[A debate opponent] confidently predicts, that every State in the Union will vote for Mr. Van Buren at the next Presidential election. Address **that** argument to **cowards** and to **knaves**; with the **free** and the **brave** it will effect nothing. It **may** be true; if it **must**, let it. Many free countries have lost their liberty; and **ours may** lose hers; but if she shall, be it my proudest plume, not that I was the **last** to desert, but that I **never** deserted her. I know that the great volcano at Washington, aroused and directed by the evil spirit that reigns there, belching forth the lava of political corruption, in a current broad and deep, which is sweeping with frightful velocity over the whole length and breadth of the land, bidding fair to leave no green spot or living thing, while on its bosom are riding like demons on the waves of Hell, the imps of that evil spirit, and fiendishly taunting all those who dare resist its destroying course, with the hopelessness of their effort; and knowing this, I cannot deny that all may be swept away. Broken by it, I, too, may be; bow to it I never will.

"The **probability** that we may fall in the struggle **ought not** to deter us from the support of a cause we believe to be just; it **shall not** deter me. If ever I feel the soul within me elevate and expand to those dimensions not wholly unworthy of its Almighty Architect, it is when I contemplate the cause of my country, deserted by **all** the world beside, and I standing up boldly and alone and hurling defiance at her victorious oppressors. Here, without contemplating consequences, before High heaven, and in the face of the world, I swear eternal

fidelity to the just cause, as I deem it, of the land of my life, my liberty and my love. And who, that thinks with me, will not fearlessly adopt the oath I take. Let none falter, who thinks he is right, and we may succeed. But, if after all, we shall fail, be it so. We still shall have the proud consolation of saying to our consciences, and to the departed shade of our country's freedom, that the cause approved of our judgment, and adored of our hearts, in disaster, in chains, in torture, in death, we **never** faltered in defending."

The Whig candidate, Gen. William Henry Harrison, was elected U.S. President. He appointed as Treasury Secretary Thomas Ewing of Ohio, stepfather of future Gen. William Tecumseh Sherman and co-leader of the Whigs with Sen. Henry Clay. But the boisterously healthy President Harrison mysteriously died of pneumonia complications one month after inauguration; the disloyal vice-president, John Tyler, assuming Harrison's place, vetoed the Bank. Another Whig President elected in 1848, Gen. Zachary Taylor, also died early in his term.

Lincoln was forced to watch his country fall under the complete control of the free-trade faction. Instead of government-fostered industrial development edging out the slave plantation system, plantation cotton, supported by anti-industrial bankers in New York and London, spread westward and dominated national politics. The banking system itself was an unregulated, chaotic swindle. Each bank printed its own notes, redeeming what it would. There was no national currency. Bank-fed speculation exploded in 1857, collapsing much of the factory system.

Lincoln, the respected political leader of the Henry Clay tradition, was elected President in 1860, prompting the anti-nationalists to launch secession and civil war. It was a two-front war, militarily in the South . . . and politically against the London-allied Northern bankers, only recently the main brokers of slave cotton. The Associated Banks of New York were led by James Gallatin, a resident of Switzerland and the son of Albert Gallatin.

The Eastern banks had agreed to a \$150 million government loan package just after the Civil War commenced in 1861. They would resell U.S. bonds in England with the Barings and Rothschilds, putting the United States at the mercy of the British aristocracy.

In December 1861, President Lincoln's own financial plan was presented by Treasury Secretary Salmon Chase (a free-trade liberal sweating and agonizing in the President's harness), and by Lincoln himself. Its measures included:

- a nationally regulated private banking system, which would issue cheap credit to build industry;
- the issuance of government legal-tender paper currency;
- the sale of low-interest bonds to the general public and to the nationally chartered banks;
- the increase of tariffs until industry was running at full tilt;

- government construction of railroads into the middle South, promoting industrialism over the Southern plantation system.

Lincoln spelled out his underlying republican philosophy, and shot his barbs at the aristocratic bankers, in his Annual Address to Congress, Dec. 3, 1861:

"Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration. Capital has its rights, which are as worthy of protection as any other rights. Nor is it denied that there is, and probably always will be, a relation between labor and capital, producing mutual benefits. The error is in assuming that the whole labor of the community exists within that relation. . . . In most of the southern States, a majority of the whole people of all colors are neither slaves nor masters; while in the northern a large majority are neither hirers nor hired. . . .

"Many independent men everywhere in these States, a few years back in their lives, were hired laborers. The prudent, penniless beginner in the world, labors for wages awhile, saves a surplus with which to buy tools or land for himself; then labors on his own account another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all—gives hope to all, and consequent energy, and progress, and improvement of condition to all. No men living are more worthy to be trusted than those who toil up from poverty—none less inclined to take, or touch, aught that they have not honestly earned. Let them beware of surrendering a political power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them, till all of liberty shall be lost. . . ."

On Dec. 28, 1861, the New York banks suspended payment of gold owed to their depositors, and stopped transferring to the government the gold which they had pledged for the purchase of government bonds. The banks of other cities immediately followed suit.

James Gallatin headed a delegation of bankers who came to Washington to meet with the administration and Congress. His program contradicted the President's. First, the Treasury must deposit its gold in private banks, and let those banks pay the government's suppliers with checks, keeping the gold on deposit for the investment use of the bankers. Second, the government should sell high-interest bonds to these same banks, for them to resell to the European banking syndicate. Finally, a great deal of the war should be financed by a tax on basic industry.

Gallatin was shown the door. While Lincoln fought the Eastern bankers over the national banking system, the Treasury issued several hundred millions of the new green-colored currency. Banker Jay Cooke was hired to sell small government bonds to the average citizens; with 2,500 sub-

agents Cooke sold over \$1.3 billion worth of bonds from 1862 to 1865.

President Lincoln pushed for his measure of control over the banking system, using more of his influence in Congress than on any other issue. The New England and New York bankers instructed their congressmen, such as New York's cynical Sen. Roscoe Conkling, to defeat the bill. But Lincoln's prestige and authority won out, and he signed the National Currency Act on Feb. 25, 1863, and the National Bank Act on June 3, 1864.

National Banking was, in truth, only a compromise with the old European oligarchs. But it was a bold and necessary stride toward national sovereignty.

The office of Comptroller of the Currency was established. No National Banking Association could start business without his certificate of authorization. He could at any time appoint investigators to look into the affairs of any national bank.

Regulations covered minimum capitalization, reserve requirements, the definition of bad debts, reporting on financial condition and identity of ownership, and other elements of safety to depositors.

Every bank director had to be an American citizen, and three-quarters of a bank's directors had to be residents of the state in which the bank did business.

Each bank was limited, in the interest rate it could charge, by the strictures of its state's usury laws; or if none were in effect, then to 7%. If it were caught exceeding this limitation, it would forfeit the loan in question and would have to refund to the victimized borrower twice what he had paid in interest.

Banks could not hold real estate for more than five years, aside from bank buildings.

A national bank had to deposit with the Treasury, U.S. bonds amounting to at least one-third of its capital. It would receive in return government-printed notes, which it could circulate as money. Thus the banks would have to lend the government substantial sums for the war effort, to qualify for federal charters; and a sound currency would be circulated to the public for an expanding economy.

Meanwhile, national banks could not circulate notes printed by themselves. In order to eliminate all competition with the new national currency, the notes of state-chartered banks were hit with a massive tax in the following year.

Most large commercial banks organized themselves according to the new system, and many new large banks were formed, as national banks. Despite historically unprecedented financing needs, the government raised, and printed, the cash to fight and win the Civil War. With the combination of banking, tariff, educational, and agricultural measures enacted under Abraham Lincoln, the United States began the greatest period of industrial development ever seen anywhere.

But the banking system was only a compromise, a truce between Lincoln and the Eastern bankers.

The free-trade *New York Times*, whose owner Leonard

Jerome was closely identified with the British and Austrian oligarchies, publicly supported the passage of the National Banking Act. As part of the bargain, an open enemy of the new system, Hugh McCulloch, was appointed first Comptroller of the Currency! The *Times* printed a letter from McCulloch on May 21, 1863:

"Dear Sir: From what you may recollect of the opinions I have heretofore expressed to you upon the subject of the currency, you may be surprised at my acceptance of the office of 'Comptroller' under the National Banking law enacted by Congress at their last session. . . ."

In a position similar to that of Salmon Chase at Treasury, McCulloch enforced the regulations as the National Banks came into the system, all the while blasting "paper money as evil" in public reports.

Lincoln appointed McCulloch as treasury secretary in March, 1865. The following month the war ended, and Lincoln was assassinated. McCulloch and his international banking allies quickly went on the offensive against Lincoln's entire economic program. Secretary McCulloch called for the greenbacks to be retracted, so that only gold would once again be legal tender—and so that farm prices and other values would fall so fast that the country could be bought for a song by the British banking syndicate. (McCulloch later helped the syndicate destroy the patriotic banker Jay Cooke, and took over Cooke's company when it failed.)

The calling-in of greenbacks, and the redemption of Civil War bonds for gold, were fiercely debated until 1879. The growing power of the British banking syndicate finally passed Specie Resumption over the dead body of Lincoln's chief financial adviser and teacher, Henry Carey. Tariffs and government-sponsored development of the West survived longer, until Teddy Roosevelt's presidency. The American industrial system was never allowed to spread to the tropical countries, as Lincoln and his allies had planned.

Today, 125 years after President Lincoln's inauguration, the world is divided between a slave-system—the Soviet bloc—and the Western area dominated by a lawless banking system, a system more criminal and unstable than that of the King Cotton era of the 1850s: Illegal narcotics profits pour through the system as its major prop of liquidity. Over 100 major American banks have been found guilty of "money laundering" for the dope mob. Speculation increases in hot Eurodollars and in the worthless debts of starving tropical countries, while industrial plant construction is simply not funded. Since the Kennedy administration, debt-service payments have climbed from 6% to about 30% of the national income. In this destructive work the de facto privately controlled Federal Reserve Board is complicit.

The present, chaotic tyranny of unregulated international banking creates, in Lincoln's words, a "great volcano at Washington, aroused and directed by the evil spirit that reigns there, belching forth the lava of political corruption." Have we the courage, and can we revive the cultural and political heritage of Lincoln's day, to restore freedom to our country?

If it fails, feed it

The Comptroller of the Currency proposes diversification as a cure for the banking mess.

Comptroller of the Currency Robert L. Clarke offered a solution to America's banking crisis that might have been taken for Swiftian, were it not meant in earnest. Clarke told the Boston Economic Club on May 14 that the solution to collapsing bank profitability was to permit the largest banks to expand in all possible directions, through so-called diversification.

Normally, when an industry runs into prolonged and serious trouble, regulators assume that its management may be at fault. Clarke reverses the usual logic: The misery of the present banking system, is due to the limitations placed on it. Since administration mythology insists that an economic "recovery" has been in progress since 1983, the most obvious explanation, that banks are losing money because their customers are going bust, appears to have escaped the Treasury's top bank regulator.

The national banking system, Clarke said, is "trapped in an industry that is becoming less and less profitable with each passing year—both in an absolute sense and relative to the risks banks assume. As a result, the system is losing strength."

However, Clarke added, permitting banks to move into whatever other financial fields they please, starting with the thrift industry, would allow them to increase profitability. The proposition is absurd by ordinary business standards, except for two assumptions. The first is that banks would be able to buy good assets at

distress prices. The second is that the federal as well as state governments would intervene, to pay large banks for taking over failing institutions, as in the case of Mellon and Chase in recent takeovers of failed S&Ls.

Those assumptions were, of course, missing from the text of Mr. Clarke's remarks in Boston.

The problems he referred to are real, in any case. Banking profitability is at the lowest level in 20 years. The average return on assets for America's 4,200 national banks with assets of less than \$300 million, representing 85% of the total regulated by Clarke's office, declined in 1985 for the sixth consecutive year. The average return on assets for these banks fell from 1.13 in 1980 to 0.53 in 1985. During the same period, the average return on assets for all national banks fell by more than half, from 1.08% to 0.45%. Since many of these banks lend to rural areas devastated by the agricultural crisis, Clarke's numbers are no surprise.

Clarke also dismissed the apparent rise in bank profits reported for the first quarter of 1986, as the result of "sideshows to traditional banking." He said that the increase in profits was largely due to capital gains on government bonds portfolios, bond trading profits, foreign-exchange dealings, sales of assets, service fees, and so forth.

These types of income are generated by the creation of what the regulators call off-balance-sheet liabilities. In other words, a bank may earn

a fee for setting up a so-called foreign-exchange "swap" agreement, but it remains liable for the performance of the parties involved during the entire life of the agreement. Or, it may earn a so-called service fee for guaranteeing a loan, but must pay on the loan if the borrower cannot.

In that sense, Clarke did not go far enough in making his own case: The banks showed short-run profits, both in market speculation and in the creation of liabilities, which could turn into much greater losses in the future.

For example, if the collapse of long-term government bond prices during April continues through May and June, many of the major commercial banks will be hard-put to show any profit whatever.

"As a bank supervisor," Clarke said, "I see an *Omen*—tremors in the banking system. The tremors tell me that things are not as steady as they used to be. At this point, they don't indicate an *eruption*. They *do*, however, indicate an *erosion*. And that *erosion* is of concern to me."

So the answer to a weakening population of banks, in Clarke's view, is to feed the weak ones to the strong ones. That corresponds precisely to Italian Finance Minister Nino Andreatta's warning to the press in mid-May, that only 25 or 30 banking institutions will exist by the end of the century.

Eating one's fellow passenger in the lifeboat may well solve some pressing, and temporary problems, but it does not make the situation in the lifeboat any better. The banking system will not emerge stronger, in any financial sense, from Clarke's exercise. On the contrary, it will merely load up additional problems. But the major banks hope that these 25 to 30 survivors will be in position to dictate terms to any government in the world.

Food trade war a cartel game plan

A worldwide "free market" enslaved to the food cartel will be the outcome of the Congress's latest food war measures.

A new trade bill containing provisions for food trade warfare passed May 22 by the House of Representatives, along with the bashing of foreign farmers by the State and Agriculture Departments, is all part of a gameplan to reduce independent farm output potential, and consolidate cartel control over food production and trade. Politically, the impact of the unprecedented trade war policies on traditional U.S. allies, especially in Western Europe, is disastrous for the Western Alliance.

Citizens of European nations who are "naturally" pro-American are dumbfounded and outraged at how crazy Washington is behaving.

In the latest round of trade war on May 16, the U.S. announced sanctions against the import of white wine and cheese from Western Europe. This was blamed on the loss U.S. citrus and other exporters will suffer when the citrus-producing nations of Spain and Portugal join the European Community.

The trade policy extends to undercutting Thailand's rice sales, undercutting the European Community's grain sales, and other such maneuvers.

All of these operations are taking place in the context of Washington rhetoric about "benefits" to U.S. farmers from initiation of "a world free market of low, competitive prices." This is a fraud.

Farmers are going under in massive numbers on both sides of the Atlantic, as the cartel shouts "overprod-

uction," and is promptly echoed in Washington, and farmers suffering under massive debt burdens are thereby paid prices below their costs of production by the cartel.

Meanwhile, various "factory farm" ventures are being initiated or consolidated by cartel companies or investment trusts, in which everything from hogs to oranges are being produced under strict, vertical, cartel control and marketing.

The coordinators of this food trade pattern are a network of financial interests including such names as David Rockefeller (Chase Manhattan Bank, and its investments), Dr. Armand Hammer (Occidental, IBP—Iowa Beef Processors), Dwayne Andreas (Archer Daniels Midland), and the famous 5 grain companies (Cargill, Bunge, Continental, Louis-Dreyfus, André), Nestlé, Unilver and a few others.

One example close to home is that of the citrus trade. At a conference May 19 in Baton Rouge, Louisiana, called the Louisiana Economic Summit, the director of a Rockefeller-associated organization called the Caribbean/Central American Action Group, shamelessly reported that their organization is encouraging the sale of Brazilian oranges in the United States, with the stamp "Florida" on them. This means the fruit meets Florida standards, but it is designed to fool the public and undercut Florida producers.

This flim-flam is defended by the Rockefeller group director as "com-

petitive free trade," and is typical of the "free market."

The overriding problem needing to be solved, is that under the rule of the International Monetary System, all trade flows, and financing for farming and for productive infrastructure projects has shrunk to the point of disaster. The U.S. agriculture trade surplus fell by 66% between 1981 and 1985—from \$26 billion to \$9 billion. This trade year it is expected to fall farther, to \$7.5 billion. Other nations are being flogged by the IMF to massively export food to the United States, in order to gain dollars to pay their debts (Danish ham, Brazilian citrus, etc.).

The ideas group behind the food-war provisions in the new trade bill is the Commission on Agricultural Trade and Export Policy, controlled by the cartel. This commission will issue its final report this summer, after a series of interventions to impose its policies on current government practices.

One year ago, a cartel policy was legislated, called the "export enhancement program." Under this scam, the food-cartel companies get government-owned grain and other commodities from the Commodity Credit Corp. (CCC) for free, in turn selling these cheaply on the markets of U.S. trade partners, for the purpose of undercutting the trade of European allies. Over \$1 billion of free food has been given to Cargill, Continental, Archer Daniels Midland, and other companies over the last 11 months.

This practice may now be expanded to include even more give-away food, to such importers as the Soviet Union—in the name of helping "traditional customers."

A special conference is being held by the cartel interests May 25-28 in Geneva, Switzerland, hosted by the International Agriculture Forum, to further the process of cartelization and dismemberment of the economy of the West.

The perils of cocaine

Present trends in cocaine use point to a marked increase in medical complications that threaten life and health.

Cocaine is rapidly becoming the major addictive problem in the United States today in terms of loss of jobs and life. Unlike marijuana, with which functional impairment is more apparent in terms of being "stoned," and which appears to take longer to establish addiction, cocaine does not seem to visibly impair the functioning of an individual under its influence, and works faster than other drugs or alcohol to gain total control over its victim, according to Dr. Mark Gold, director of research at Fair Oaks Hospital in Summit, New Jersey, and head of the National Cocaine Help Line.

Besides its psychological effects, there is a growing body of evidence that cocaine use is a direct threat to life and physical health.

The danger of the cardiac effects of cocaine was underscored in a report by Dr. Warren Kossowsky and Dr. Alan Lyon, cardiologists at the Brookdale Hospital Medical Center in Brooklyn, on six patients who suffered heart attacks within an hour after they used cocaine. In some of these cases the attack occurred within minutes of snorting the drug, and one of the men died.

The six men ranged in age from 27 to the early 40, and four of them were long-term abusers who mixed drugs. But Kossowsky says that it is the cocaine which brings on the attacks, and even small amounts can cause a heart attack by causing the coronary arteries to go into spasm and shut off the blood flow to the heart muscle. This is compounded by a chemical reaction to cocaine which increases the heartbeat,

causing the heart to need more oxygen to sustain the higher pumping rate. When the heart cannot obtain the oxygen it requires, because of the spastic constriction of the coronary arteries, it incurs what is called an "oxygen debt." This results in the death of the heart muscle fibers involved, producing a myocardial infarct, or heart attack.

Another, increasingly popular, method of using cocaine is to smoke it, otherwise known as freebasing. One hazard of this was highlighted (so to speak) by comedian Richard Pryor, who partially incinerated himself when the ether he was using to prepare the cocaine for smoking caught fire.

Once again the magic of the marketplace has intervened to service the growing number of those who wish to smoke, but not to burn. The new product line is called "crack" or "rock" on the street, and consists of plastic capsules containing freebase cocaine. These are being sold for \$10-\$15 a shot, and are the most rapidly expanding portion of the cocaine market.

Crack markedly shortens the time frame for the development of compulsive cocaine use. Whereas it may take two to five years for cocaine snorters to become addicts, certain people appear to develop an "almost instantaneous" addiction to crack, according to Dr. Arnold Washton, a psychopharmacologist at Fair Oaks Hospital in Summit, New Jersey, and research director of 1-800-COCAINE, a national cocaine hotline.

The mechanism for this rapid addiction is related to the rapidity of

action of cocaine when it is smoked. Smoking produces an intense high, which comes on within five minutes, and is of relatively short duration. This leads to rapid development of cravings for more drug, and the resulting cycle of repeated, compulsive use characteristic of the cocaine addict. According to Dr. Washton, this can lead to a pattern of compulsive use within a few weeks of initial use of the drug.

Whereas snorted cocaine must be absorbed through the mucous membranes of the nose, and then into the venous system before reaching the nervous system, smoked cocaine is absorbed directly from the lungs, bypassing the venous system. This absorption of the irritating cocaine vapors across the membranes of the lung is responsible for the development of lung disease in cocaine smokers.

A study of 19 people who had smoked cocaine for periods from three months to five years showed that those who avoid incineration run into other problems. Researchers at Northwestern University School of Medicine reported that 12 such individuals had symptoms such as shortness of breath or coughing, and tests revealed that 10 of them had suffered lung damage, that reduced the ability of their lungs to absorb oxygen and give off carbon dioxide.

In an article in the *Journal of the American Medical Association*, the doctors wrote, "These abnormalities may persist after cessation of freebase cocaine use," and referred to freebasing of cocaine as "an important health hazard in this country."

It is in this context that one must evaluate the recent proposal by the Inter-American Dialogue to legalize the traffic in cocaine and other drugs, and the refusal of Paul Volcker to condemn that proposal.

Business Briefs

Israel

Peres sets up council on science policy

Israeli Prime Minister Shimon Peres has created a national council for research and development to "propose scientific policy for the advancement of the economy and society, to recommend a scale of priorities in national scientific research, and to advise the minister of science and development," the *Jerusalem Post* reported May 12.

The council is chaired by Prof. Shalom Abarbanel of Tel Aviv University, and includes 29 top scientists and industrialists. Its opening session took place in Peres's office on May 11, and the *Post* noted that this was "the first time in many years that a premier had attended the first session of a new council."

In his address to the group, Peres strongly defended Israel's decision to join the U.S. Strategic Defense Initiative program, saying, "If the Soviet Union would stop being the major supplier of missiles around the world, Israel would stop trying to develop weapons against them."

Peres also said that he hoped the next government budget would give higher priority to scientific research and development, admitting that the present budget is inadequate. Peres urged industry to initiate more projects promoting science.

Agriculture

German farmers hurt by Chernobyl scare

West German farmers have suffered at least 1 billion deutschemarks (about \$45 million) in damages as a result of the Chernobyl radiation scare, as panicked consumers boycotted fresh vegetables and hoarded canned goods. Especially hard hit are the "vegetable belts" along the rivers Rhine, Main, and Neckar, and the dairy-farming regions in Bavaria.

Farmers are enraged at the failure of the Bonn government and the Brussels Euro-

pean Commission to help them. The government of Chancellor Helmut Kohl has offered a scanty 210 million marks in compensation. Said a spokesman for the German Farmers Association to *EIR*: "This is no more than charity; it won't help many farmers who are already at the brink of bankruptcy." He said that the Chernobyl crisis had added "to the many other blows we German farmers have received over the past few weeks, because of the bad agricultural policies in Bonn and Brussels."

The European Commission has refused to pay any compensation to farmers for Chernobyl-related income losses, or to sue the Soviet Union on their behalf. As stated by a spokesman for European Agro-Commissioner Franz Andriessen, paying compensation would be "against the general policy of decreasing subsidies."

The same European Commission, however, just sold 150,000 tons of beef to the Soviets, for only 1.20 deutschemarks per kilogram—compared to the average price for West European consumers of 8 deutschemarks.

International Trade

Bishops' council proposes common market

A proposal for an Ibero-American common market and monetary system has been sent by the head of the Chilean Bishops' Council to the Presidents of the countries of the continent.

The plan calls for creating a Latin American Monetary Financial System, based on a common currency called the ALA (Alliance of Latin America). The ALA would be used for payments between countries and as a reserve currency. This, the authors say, would isolate the continent from the crisis of the financial system based on dollar debts, "a system which is inefficient and unjust for it and the Third World."

The plan would also lay the foundation of a new international monetary and financial system, and calls for a system of close coordination of Ibero-American banking institutions.

Austerity

Strike in Argentina will protest IMF plan

The Argentine General Confederation of Labor (CGT) will call a general strike on June 13 in protest against the government's harsh austerity policies. Argentine workers have lost a full 51% of their buying power since the government introduced its Austral Plan on June 13, 1985.

The Austral Plan is an economic restructuring of Argentina adopted by President Raúl Alfonsín, supposedly as a way of fighting against International Monetary Fund austerity, but actually a not-so-disguised way of imposing that austerity on the economy. The plan is wrecking the Argentine physical economy, affecting even the nation's food-producing capacity.

Saúl Ubaldini, the labor federation's head, said in announcing the strike, "In that way, we workers will express our repudiation of the [Austral] plan which for one year has been deepening the misery of the people."

In Mexico, meanwhile, industrialists are pleading that the government not take "desperate measures," such as the rumored Azteca Plan, a Mexican version of the Austral Plan. The National Confederation of Chambers of Industry stated that such adoption would trigger a depression that Mexican industry could not survive.

Protectionism

Reagan may protect machine-tool producers

After a two-year drive by industry representatives to persuade the Reagan administration that the U.S. machine-tool industry is endangered, the President decided in mid-May to limit to six months the effort to arrange voluntary limits on machine-tool imports. If a solution is not reached during that period, more dramatic action will be possible.

Imports now make up half the U.S. machine-tool market.

"We're pleased the administration has finally supported not just a business decision but something for the nation's security," said Rep. Lynn Martin (R-Ill.). Rep. Nancy Johnson (R-Conn.) said that one useful aspect of Reagan's decision is that \$5 million a year will be set aside to help the domestic machine-tool industry improve its manufacturing and design.

The specialty steel industry also appealed to Congress on May 20 for new laws—and more stringent enforcement of existing ones.

The steelmakers, backed by the United Steel Workers (USW), particularly attacked the huge amount of steel imports from the European Community in the first quarter of the year. "The EC crammed 247,000 tons of stainless sheet and strip products into the U.S. market in the 1986 first quarter for a penetration level of 23.8%—nowhere near the negotiated 3.99% level," complained Richard Simmons, chairman of the Specialty Steel Industry.

Simmons called for "new and stronger trade laws, including quota legislation," to protect his industry from "the interference of foreign governments in the marketplace."

"Loss of market share, far from being a simple numerical abstraction . . . means a loss of . . . jobs and . . . the draining of the lifeblood of communities across America," said USW President Lynn Williams.

Although the cited problems are real, they mainly derive from the wrong valuation of the U.S. dollar; the "solutions" fit into an emerging trade war pattern that will ruin world trade.

Deindustrialization

Britain cuts railroad jobs

Carrying out the government's disastrous privatization policy, Britain's state-run railroad company, British Rail, announced on May 20 that it was likely to cut up to 7,650 mechanic jobs in three years, the second

state enterprise to announce staff reductions in a week.

British Rail, preparing to carry out a three-year restructuring program, said it could cut as many as 5,000 jobs in the next three years. It said this was in addition to 2,650 mechanic jobs cut already announced for this period.

The National Union of Railwayman (NUR) said the cuts were the most savage upheaval in railway workshops since the 1960s, and rejected British Rail's argument that they were the result of a reduced need for maintenance on modern rolling stock. "This is a horrendous prospect," said NUR's General Secretary.

British Shipbuilders meanwhile announced the week of May 12 that it would axe 3,945 jobs, more than a third of its workforce, because of a lack of orders at yards which once supplied half of the world's tonnage.

Petroleum

Norway will meet with OPEC on price

Norway's new oil and energy minister, Arne Oeien, told a news conference on May 22 that he hoped to meet senior officials of OPEC soon to discuss a possible Norwegian contribution to stabilizing world oil prices, Reuters reports. He said that Saudi Arabian Oil Minister Ahmed Zaki Yamani and OPEC President Arturo Grisanti had requested the meeting.

Oeien said he hoped to meet OPEC officials before the organization's next meeting in Yugoslavia on June 25. He added that Britain's ambassador to Norway had requested a meeting with him after Norway called on London to cooperate with OPEC to boost oil prices. Oeien said that the prospect of sending an observer to OPEC's June 25 meeting was not excluded, but had not yet been discussed by the government.

Oeien said that Norway would ease taxes on oil companies operating in Norway to compensate for the loss in revenues due to falling oil prices.

Briefly

● **A PHILIPPINES** central bank official announced on May 21 that talks with the International Monetary Fund on a second standby credit have been delayed because of changes in budget figures. Drawdowns from a \$925 million new money facility offered by the country's creditor banks is linked to successful withdrawals from the IMF standby credit.

● **PERU** will begin importing industrial plants to use radiation for food preservation. About 30% of Peru's food production is currently lost due to post-harvest spoilage. Brazil and Chile already are using low-level radiation processes for food.

● **FEDERAL AVIATION** Administration official Don Engen has asked the U.S. Justice Department to sue Eastern Airlines for refusing to pay a \$9.5 million fine for alleged safety violations. He called for a \$78 million penalty for non-compliance—\$1,000 per violation. Eastern chairman Frank Borman has refused to pay the fine, saying that the safety violations were overstated and the fine "way out of line."

● **JAPANESE** automakers Fuji and Isuzu have agreed to build a \$480 million assembly plant in the United States, in a bid to expand their share of American markets. Fuji, makers of Subaru cars, and Isuzu expect production to start in their joint venture in 1989. The weakening of the dollar against the yen has encouraged the Japanese to build in the United States, in order to reduce the cost of American investments.

● **JOHN DEERE** lost \$33.4 million in the first quarter of this year, and cut production in Iowa and Illinois. Tractor production at the Waterloo, Iowa facility will be reduced by 730 units, and production will be shut down an extra week; there will also be a two-week extra shutdown at Deere's Ottawa plant.

The grounding of the space program

The United States lacks not the capacity to overtake the Soviets, but the political will to force through the necessary spending.

Twenty-five years after President Kennedy announced the Apollo program, the U.S. space program is grounded. This merely underscores the depth of this nation's national security emergency. This is a crisis of far graver dimensions than that represented by Sputnik, not because the United States lacks the capacity to overtake the Soviets, but because of failure of political will to force through the necessary level of defense spending, and additionally, money to NASA.

The level of defense cuts being mooted by the House and Senate present an unacceptable forced choice to President Reagan: Either cut U.S. forces in Europe or gut the Strategic Defense Initiative. The House Budget Committee May 8 approved a budget for fiscal year 1987 that slashes the President's military budget below this year's level; in these circumstances, allocation of the money needed to launch a successful crash effort on the SDI on the scale of the Manhattan or Apollo programs seems pie in the sky.

Defense Secretary Caspar Weinberger denounced the House Budget Committee's action, warning that it would represent a 6% real *decline* from the FY1986 level and would represent a threat to U.S. military preparedness.

W. T. Lee, a Defense Intelligence Agency analyst, took issue with DIA-CIA estimates that the Soviet Union is maintaining a steady rate of defense spending. Writing in the May issue of *National Security Record*, he stated that on the basis of an analysis of the Soviet economy, he estimates that the Soviets have increased their defense spending by 8.5%, compared to a 3% rate of increase by the United States.

He considers this to be a conservative figure, because of the difficulty of setting a value to the ruble, and because it does not account for areas of expenditure such as civil defense. Based upon overall figures for production released by the Soviets, and netting out the consumer economy, he believes that 38% of their total budget is allocated to the military.

Such a figure accords with estimates of the Soviet military

buildup otherwise published by *EIR*, and documented in the *EIR Special Report*, "Global Showdown: The Soviet Imperial War Plan for 1988."

A new defense weekly, *Tech Trends*, edited by Clarence Robinson, formerly of *Aviation Week*, reports on intelligence sightings which indicate Soviet testing and or deployment of x-ray laser defense weapons. Ironically, the very success of Livermore Laboratory's recent tests of the x-ray laser, indicate the potentialities already being exploited by the Soviets, according to the best estimates of intelligence experts.

As reported to Congress by Edward Teller, Livermore Laboratory tests of the x-ray laser, have shown results which are three orders of magnitude better than those predicted. It is now established that a nuclear bomb-pumped X-ray laser beam can be projected a distance of one thousand miles, with a divergence of no more than five feet.

On May 25, 1961, President Kennedy announced the Apollo program. His words at that time are just as relevant today. He said:

"If we are to win the battle that is going on around the world between freedom and tyranny, if we are to win the battle for men's minds . . . now is the time to take longer strides—time for a great new American enterprise—time for this Nation to take a clearly leading role in space achievements which in many ways may hold the key to our future on Earth.

"I believe we possess all the resources and all the talent necessary. . . . Recognizing the head start obtained by the Soviets . . . and recognizing the likelihood that they will exploit this lead for some time to come in still more impressive successes, we nevertheless are required to make new efforts on our own. For while we cannot guarantee that we shall one day be first, we can guarantee that any failure to make this effort will find us last. . . . We go into space because whatever mankind must undertake, free men must fully share."

Teller confirms laser breakthrough

by Charles B. Stevens

Contrary to much misinformation and disinformation, emanating from various liberal and Moscow circles, the United States and the Soviet Union are indeed very close to realizing the sort of technology to make nuclear-tipped missiles "impotent and obsolete," as President Reagan had called for when he announced his Strategic Defense Initiative (SDI)—the so-called "Star Wars"—program on March 23, 1983. This was detailed by Dr. Edward Teller in his May 9, 1986 testimony, on behalf of the newly formed Science and Engineering Committee for a Secure World, to the Senate Defense Appropriations Subcommittee.

In particular, Teller, during the question and answer period following his formal testimony, explained that U.S. experiments have shown that the nuclear explosive powered x-ray laser, whose principle "is established," can be designed to send a beam a thousand miles with a spread of no more than five feet. This degree of focusing, which is thousands of times better than what SDI critics have claimed to be physically possible, means that a single x-ray laser device could destroy upwards of tens of thousands of nuclear warheads and missiles at any stage of their trajectory.

This stunning level of firepower would completely undermine the military credibility of any type of massive salvo-type surprise first strike. In fact, whoever struck the first blow in a nuclear war could find themselves in the embarrassing position of being virtually "disarmed," while the victim maintains its full range of offensive firepower—that is, the opposite result of that intended. An x-ray laser device could be popped up into space above the Arctic ice by a submarine any time during the 20 minutes it takes Soviet ICBM warheads to travel from Russia to North America. If one x-ray laser device could destroy 10 times the existing Soviet warhead inventory, hundreds or thousands of such defensive systems could readily defend against any conceivable surprise first-strike.

Ominously, Teller confirmed SDI Director Lt.-Gen. James Abrahamson's report that the Soviet Union is two to five years ahead of the United States in x-ray laser development.

Almost one year ago, in a front page *New York Times*

article, William Broad reported that California-based Lawrence Livermore National Lab scientists had demonstrated focusing of x-ray laser beams in an underground nuclear test on March 23, 1985. The test completely disproved the public contention by Soviet scientists and U.S. SDI critics that it was physically impossible to develop x-ray laser optics for beam focusing. That had been baldly asserted in the 1984 Congressional Office of Technology Assessment report on SDI, chiefly authored by Ashton Carter of MIT, though later endorsed by such leading scientists as Dr. Charles Townes of Stanford University.

The basic concept was originally pointed out as a possibility by the Fusion Energy Foundation and Dr. F. Winterberg of the University of Nevada in 1982 and 1983 reports, books, and articles. The idea is to use a plasma (an ionized, high temperature gas) as a "lens" for focusing x-ray laser beams.

In the fall of 1985 and then later in the winter, various publications, such as the *Los Angeles Times* and *Science* magazine, claimed that Livermore scientists had misrepresented their x-ray laser tests. Based on leaks of top-secret reports, these publications maintained a campaign of calumny and slander against the Livermore tests and such SDI advocates as Dr. Teller and Dr. Lowell Wood.

More recently, Prof. Hans Bethe of Cornell University has been reported to have been passing on disparaging reports on the top secret Livermore results. In particular, Bethe has been quoted as stating that the Livermore experimental diagnostic measurements are not capable of distinguishing between a laser beam output and simple "superfluorescence."

Teller sets record straight

Since this original controversy, a further x-ray laser test has been reported to have been carried out at the beginning of 1986. The May 9 Teller testimony, stating that the principle "is established" together with the detailed projection of "beam divergence," is the first official statement since that test. It is a clear and direct refutation of the reported statements of Professor Bethe and the *Los Angeles Times* and *Science* articles. In fact, one leading government scientist reports that a recent review by the General Accounting Office of the Livermore nuclear x-ray laser program has given it very high marks. It is also indicated that Bethe has not raised his questions about "superfluorescence" during any of the classified reviews.

Teller said it is natural that the Soviets have shown no interest in President Reagan's proposal to share SDI technology with them in the future, because they are ahead of us in strategic defense, and probably know what we will discover in the next two years, perhaps the next five years. The Soviet Union has conducted expensive tests in large, underground tunnels, while the United States has only carried out much cheaper underground tests utilizing simple vertical bore-holes. Teller called for adding \$200 million to the SDI program to pay for such tests.

The use of expensive, evacuated tunnels indicates that the Soviets are carrying out actual weapon simulation tests. It is not necessary to test x-ray lasers in space to demonstrate and develop full scale anti-missile and anti-satellite applications. In fact, this author has found no expert who could otherwise detail a means whereby the deployment of pop-up x-ray laser weapons could be detected. Even x-ray laser pre-deployment in satellites would be difficult, if not impossible to detect, because of their extremely low radioactive signature.

Abrahamson backed on Soviet lead

On March 25, Lieutenant-General Abrahamson testified that the United States had obtained intelligence data showing that the Soviets were as much as five years ahead of the U.S. in developing x-ray lasers. In particular, Abrahamson noted that the Soviets had conducted an x-ray laser underground test in 1982—probably one of the tunnel tests referred to by Teller—which the U.S. will not be able to carry out until 1987.

Besides the Teller testimony backing up this assessment by Abrahamson, a new newsletter, *Tech Trends International*, which has as one of its managing editors the former *Aviation Week and Space Technology* reporter, Clarence A. Robinson, who is famous for his articles dating back to the

mid-1970s on the Soviet SDI program, carried a detailed report on the advanced status of the Soviet x-ray laser program.

Tech Trends of May 12, 1986 (Vol. 1, No. 1) reports that the Russians are carrying out "an energetic developmental program for nuclear-pumped x-ray laser devices at its secret Degalin Valley underground test site." Apparently, this is part of the Chelyabinsk complex near the Ural Mountains. The report goes on to state, "X-ray lasers . . . have been high priority development programs in the U.S.S.R. for at least a decade, with increased activity and funding in the past several years."

Tech Trends states: "The effort . . . involves tens of thousands of scientists, engineers, and technicians, according to the Defense Department and intelligence community officials. . . . Space-based sensors have observed numerous tests at the Degalin x-ray laser test site with as many as 40 trailers containing diagnostic equipment with line of sight from the surface to the x-ray test area underground." *Tech Trends* contrasts this with the U.S. practice of seldom using more than "five or six" such diagnostic trailers during tests at its Nevada range.

Other sites devoted to supporting the Soviet program according to *Tech Trends* are Kasli, 60 miles northwest of Chelyabinsk, and Sarova, a nuclear weapons research insti-

Brightness and firepower

The numbers given by Dr. Edward Teller in his Congressional testimony, a beam diameter of 5 feet over a distance of 1,000 miles, confirm reports that the x-ray laser plasma-focusing lenses demonstrated in underground tests have obtained a brightness 1 trillion times that of the hydrogen bomb. For directed energy weapons, beam brightness is a direct measure of firepower. It is directly proportional to the number of missiles and/or warheads that can be destroyed. It is also proportional to the square root of the weapon's maximum effective range. That is, if we reduce the number of targets that the beam weapon is to engage by half, it will have a fourfold increase in effective range.

Brightness is usually measured in terms of energy or power per unit solid angle—steradians. The solid angle is roughly given by the square of the beam diver-

gence angle measured in radians. Therefore, the brightness is inversely proportional to the square of the beam divergence. The figures given by Teller roughly indicate a beam divergence of one-millionth of a radian, a microradian. This is a factor about 1,000 times smaller than that presented by Soviet and U.S. scientific critics of SDI as being the minimal that the laws of physics would permit. Given the inverse square relationship, it also means that the x-ray laser is one million times brighter than these critics derived. This would mean that the device could either have a thousandfold increase in effective range, or alternatively, destroy 1 million times more targets.

The plasma lens focusing system provides the means for both readily dividing the x-ray laser output into tens of thousands of individual beams, and electromagnetically pointing toward separate targets. This large number of beams opens up entirely new types of firing strategies for x-ray lasers, particularly against massive missile salvos.

In general, massive missile salvos lead to large numbers of warheads passing through relatively small "windows" in space. If these windows can be saturated

tute north of Moscow.

Implications

The nuclear bomb powered x-ray laser has a truly awesome firepower—a single device being capable of destroying the entire world's inventory of missiles and nuclear warheads. Utilized in conjunction with a surprise first strike, the x-ray laser could surgically remove all of the opponent's space-based assets and help suppress any deployment of offensive and defensive missiles. Because of its high firepower, the system necessitates the minimum of additional requirements such as target tracking, discrimination, and command and control.

But if both the United States and Soviets have it, it would be far more beneficial to the United States. The reason is that x-ray lasers are far more effectively deployed against offensive missile strikes. The reason for this is the same one that prevents the x-ray laser from being utilized as a weapon of mass destruction against targets on the surface of the Earth. Even highly focused x-ray laser beams can only penetrate part way through the Earth's atmosphere. And this ability to penetrate the atmosphere is much greater when it is fired in an upward direction, such as would be the case against incoming warheads passing through space.

Given this fact, and other advantages which naturally

accrue to the defense, defensive x-ray lasers would have vast superiority over x-ray lasers deployed to protect and convoy an offensive missile strike. The military implications of the x-ray laser are asymmetrical because only the Soviet Union has engaged in building and deploying an increasingly effective surprise first strike capability. Even if both sides have the x-ray laser, it is most effective against the aggressor.

This can be seen from the simple fact that if a surprise, massive first strike is launched and completely fails, it would leave the intended victim in a vastly superior strategic position. The aggressor's offensive forces would have been depleted, while the victim's remain in reserve.

As Dr. Teller noted in the body of his testimony, while the present situation is ominous, the basis for much hope exists. The x-ray laser augers a new scientific and technological age. It will revolutionize every aspect of science and technology. With it, we will for the first time be able to probe the interior of atoms of living and non-living matter *2n situ*. Atomic scale pictures of living cells will be made for the first time. Biology, medicine, and materials science will be revolutionized overnight. Major advances in the fusion process itself will be obtained.

As Dr. Teller indicated in his testimony, the future holds great promise if we can overcome the scruples, screams, and cries of the treasonous liberal Luddites.

with a sufficient density of lethal beams, all warheads and decoys could be destroyed without having to discriminate between them or target them individually. The result would be similar to that of grape shot and/or machine guns applied against massed infantry.

The idea here of utilizing a large number of tightly focused beams, instead of spreading the laser output evenly over a large area, is that with a sufficient density of beams—for example, warheads have an aerial cross section of one square meter or more; so, having one beam per square meter would be enough to ensure destruction of all targets in a given area—achieves the same aerial coverage at a greater range. The point being that the empty spaces between the beams represent an increase of least action for this particular firepower application. Given the variety of missile deployments and defensive fields of fire deployment, a wide range of options would be open to the defense beyond this simple model, such as some selective targeting and partial discrimination combined with multiple barrages from different directions against the same window.

An ordinary hydrogen bomb has an energy output on the order of 10^{15} joules (1,000 trillion joules). Given

no focusing, this would be evenly distributed over a sphere which has a total of 4π steradians. Therefore, roughly, the brightness would be 10^{14} joules per steradian. At 1 trillion times this brightness, the x-ray laser would have 10^{26} joules per steradian. To destroy existing types of missile boosters, an energy density of about 1 million joules per square meter would be required. For the tougher warhead carrying re-entry vehicles (RVs), 1 trillion joules per square meter would be needed.

This gives a maximum range for the full output directed onto an individual target of 10 billion meters (about 6 million miles) against a rocket booster and 300 million meters (almost 200,000 miles) against an RV. Alternatively, if the output is broken up into 100,000 separately directed beams, the respective ranges would be 30 million meters (almost 20,000 miles) and 1 million meters (about 600 miles). In practice, the output would be divided to obtain lethal kills at a variety of ranges from the same device against multiple kinds of targets. For example, low power bursts at long ranges could be used to destroy decoys, leaving the real RVs more readily targetable.

Dr. Teller reports to Congress on SDI

The following statement was presented on May 9 by Dr. Edward Teller to the Subcommittee on Defense of the U.S. Senate Committee on Appropriations.

The statement has been excerpted, and subheads added by the editors.

Shortly after the discovery of fission, 47 years ago, it became clear to me that development of weapons of mass destruction based on nuclear energy had become inevitable. From that time on, it became increasingly clear to me that in a new and more dangerous age, scientists had to play their role in making it clear to free people what their dangers are and in what way these dangers may be avoided or diminished. My dedication to this effort took final shape when I heard President Roosevelt's response to Hitler's invasion of the lowlands [Netherlands, Belgium, and Luxembourg] in 1940. He challenged scientists to work on weapons without which freedom would perish. At that time, Roosevelt had been informed of the possibility of atomic explosions.

Forty-three years later, President Reagan made a similar appeal which was based, according to my knowledge, on years of careful consideration. He challenged scientists to find methods of defense against weapons of mass destruction. . . .

After the successful Soviet test of a nuclear explosion, some of us argued that our work during the war had been incomplete, and that with a moderate amount of additional work, a thermonuclear weapon could and should be developed. Many scientists argued at that time that if we did not develop the hydrogen bomb, neither would anyone else. It is now clear from the publications of Sakharov that he, the inventor of the Soviet hydrogen bomb, had been drafted to work on that super weapon a year and a half before the thermonuclear debate started in the United States. . . .

Today, we are engaged for a third time in a similar competition with the Soviet Union, but there are two differences. One is that in the two earlier competitions, weapons of aggression were developed. On this occasion, we are looking on President Reagan's initiative for methods of defense against aggressive instruments of mass destruction. The second difference is that, while on two earlier occasions we started from a technological advantage, in the field of defensive weapons the Soviets have worked diligently for two decades

while our own efforts have been meager and hesitant. Indeed, in contrast to our wartime effort, few academic scientists participate in our work. . . .

The purpose of SDI

It is a mistake to believe that we are pursuing a plan for an impenetrable shield protecting the United States. Our purpose is to deter war by making the success of aggression less likely; thereby, we can contribute to deterring aggression. While we are in research, it is important to maintain the effectiveness of our offensive deterrent. As the research is successful, we can emphasize a defensive deterrence and a more stable basis for peace. Such policy is surely in consonance with the feelings of the American people, and modern developments show that it is technically the sound direction to pursue.

Defense will become practical only if it is effective. Feasibility is not the only criterion. It is also necessary that defense should be less expensive in effort and money than countermeasures. It should also be less expensive than a compensating increase in instruments of aggression. Research on defense performed thus far encourages us that these aims can be attained. Soviet protests are further evidence that they do not consider defense as an unimportant or infeasible activity.

Early concrete successes could be of great importance, even if the successes are partial. Thus, tactical defense against short-range missiles would be important for our allies, could decrease the threat of submarines to the United States, and would serve as a first step toward a more total defense of the United States.

Predeployment in space appears to be difficult because, according to the current situation, it seems at present more expensive to launch a satellite than to shoot it down. The question, however, needs to be included in the present research phase because the Soviets may well pursue this possibility, because launching of satellites could become less expensive, and finally because destruction of satellites could be made more difficult by any of several methods.

The defensive program on which we are embarking is a broad one, and it is unreasonable to determine at this time any particular plan of deployment. My experience with research, and specifically with research on defense, is that new initiatives lead much farther than was originally planned. This was true in atomic explosives, in electronics, in computer development, and in the magnificent space enterprise.

Soviet defense

The Soviet Union started on the strategic defense of Moscow at least two decades ago. By now, they have upgraded their system. Probably two layers of defense are presently available, and such defense can be carried out with the help of appropriate nuclear explosives which will do no damage on the ground and are adapted to destroying incoming missiles. This "terminal defense" is made more easy because

light and cheap decoys are slowed down and burned up as they reenter the atmosphere.

The Soviets have ample opportunity to train their people in terminal defense. They also may have prepared components for a dozen or more sites that they plan to defend. Such defense could be put in place in the Soviet Union in less than a year.

The one particularly expensive and time-consuming element in this type of strategic defense is the big radar system. Such radars have been limited in the ABM Treaty of 1972; the Soviet Union has disregarded these limitations. The well-known example is the radar at Krasnoyarsk. When this instrument is completed, the Soviets will be in the position to use terminal defense in an effective way for the whole of the Soviet Union, with the exception of the easternmost tip of Siberia.

Rockets are most vulnerable in their boost phase while they are accelerated. The fragility of this stage has been tragically demonstrated in the recent Challenger accident. The Soviet Union has been working on various instruments of defense that could attack rockets in their boost phase or in mid-course. In my opinion, the most important of these are various kinds of lasers. According to estimates published by the Pentagon, the Soviet Union has spent on the appropriate high-intensity lasers at least a billion dollars annually for

According to estimates published by the Pentagon, the Soviet Union has spent on the appropriate high-intensity lasers at least a billion dollars annually for several years. Our planned laser budget has not reached this level as yet.

several years. Our planned laser budget has not reached this level as yet. The Soviets have also deployed an effective prototype at the test site Sary Shagan, located in Siberia on the shore of Lake Balkash. This establishment appears to be far ahead of any American experimental laser facilities.

The x-ray laser is a novel variety of laser whose energy penetrates into the skin of the attacked missile, but which can act only in space or in the uppermost fringes of the atmosphere. As a defensive instrument, it probably will have to be popped up when an enemy launch is noticed. Our own efforts in that field have been stimulated by Soviet publications which stopped abruptly in the late 1970s.

Lasers may be the most effective directed energy weapons which are not weapons of mass destruction, but can be

used to destroy aggressive weapons at definite locations at great distances. Other weapons of this kind are electron beam weapons and neutral particle beam weapons. These also can be used to discriminate between decoys and rockets. The Soviet Union has led the way in both these developments.

Still another important development which could be useful both in the terminal phase and in space are rockets guided to their high altitude targets from ground launch points. The Soviet Union has developed several generations of these. Some of them have been used in the 1972 war in the Middle East. The much more modern SA-12 is probably highly useful in missile defense as well as conventional air defense.

A possible scenario

I do not believe that the Soviet Union plans to attack us . . . but it is useful to consider a possible scenario. Assuming that the Soviets plan to launch a nuclear strike, they may establish instruments to prevent our retaliation and deploy them in Cuba and on ships or submarines in the Atlantic and Pacific. The Soviets would expect our retaliation, and with simple instruments from satellites or ground-based radar, they could observe the launching of our retaliatory missiles. Upon such an American launch, Russian instruments could be popped-up. These could be mirrors to reflect and direct high intensity laser light or they could be x-ray lasers driven by nuclear explosives. The latter are novel developments and at the present time, we cannot judge whether they will be relatively unimportant or exceedingly useful.

When both our retaliatory rockets and the Soviets' instruments have reached a 50 or 100 mile altitude, the Russian instruments will be in a line of sight with our retaliatory missiles. Our missiles will be still accelerating and, therefore, highly vulnerable. Most of them could be destroyed in the boost phase.

The Soviets have a triple chance to render our retaliation harmless: preventive strike on our missiles, destruction of our missiles in the boost phase as described above, and terminal defense as discussed in the previous section. Under these conditions, the Soviets may be tempted to attack. The primary purpose of SDI is to discourage attack. Its secondary purpose is to limit the effects of attack if it should occur nevertheless. . . .

The needed budget

The President has asked for a little less than 2% of our military budget to spend on SDI research in fiscal 1987. This is certainly not as much money as the Soviets will spend on the same general purpose in the same period. Considering the fact that in true defensive measures we are late comers, this requested amount is desperately needed.

Our efforts on SDI are of recent origin and one cannot expect that in spending money in this direction no mistakes will be committed. It is, of course, necessary that Congress review both spending and progress. It seems to me very difficult to earmark funds for special expenditures. Directing

research by those who do not participate in it in a direct manner has always proved to be difficult and in the long run, unrewarding. At the same time, constructive criticism and advice are of high value.

The SDI efforts proceed under exceptionally difficult circumstances. The present leader of the project, Lt.-Gen. James Abrahamson, is eminently suited for this task both in his technical knowledge and in his organizational efforts. His performance is without parallel in my four-and-one-half decades of experience in such matters.

Obsolescence of aggression

Our government has taken the initiative to collaborate on defense with our friends and allies. The President has stated that the end results should be shared even with the Soviet Union.

The purpose of rendering weapons of mass destruction "impotent and obsolete" can be accomplished by international cooperation which is directed in general against aggression, and at the moment, more specifically against the launching of aggressive rockets, particularly when great numbers of rockets are launched at the same time. We are beginning to succeed in finding methods of defense against such instruments.

Our flexibility in seeking cooperation from other nations in any form in which we can obtain it is both unprecedented and encouraging. . . .

At this time, the Soviet Union enjoys a monopoly in defensive weapons and also in most of the research leading to such weapons. They do not intend to lose this monopoly; hence, their opposition to SDI and their lack of interest in sharing information.

As we make progress toward realistic and effective methods of defense and as we gain participation of more and more nations in this effort, the interest of the Soviet leaders will increase. The Soviets have already returned to the conference table. They proved in the past to be flexible and also open to accept reasonable peaceful compromises where such can be had without danger to themselves.

Due to the open discussion generated by the democratic process at home and abroad, it is becoming perfectly clear that the purpose of SDI is not to isolate America, not to obtain superiority over the Soviet Union, but to preserve peace for ourselves and for everybody else. This was the announced purpose of our President on the 23rd of March 1983. It should be a nonpartisan issue.

During the Second World War, I participated in practically all phases of the Manhattan Project, which was an effort to avert the most terrible consequences to which this war might have led. The challenge today is to avert a third world war. I believe this deserves the full support of Congress. The large majority of the American people have already demonstrated their support.

Need goal-oriented space program

by Robert Gallagher

The quickest way to get America back into space, is to orient the program around the three national space goals set by the President and by his Commission on Space: deployment of a strategic defense sometime in the 1990s, and the establishment of a permanent manned space station by 1994, and of a manned base on the Moon early in the 21st century. A review of even these modest commitments of the Reagan administration is mind-boggling when compared to existing launch capabilities.

Defense and space programs, and satellite launches for U.S. corporations and our allies, will require a national space launch capacity equivalent to a fleet of at least eight Space Shuttles by 1992, according to a tabulation of NASA, Defense Department, and other estimates carried out by the Fusion Energy Foundation. By 1992, NASA must be deploying the space station if it is to meet President Reagan's date of early 1994 for initial operation; according to official estimates, this will require 8-10 dedicated Shuttle missions per year. (The shuttle payload capacity is rated at 65,000 pounds.) Also in 1992, the SDI program should move into the development stage, according to a conservative timetable proposed by Strategic Defense Initiative director Lt.-Gen. James Abrahamson—an effort that he estimates will require the equivalent of five full Shuttle payloads (called "Shuttle-equivalent payloads") launched per year. These NASA and SDI needs themselves require the launch capacity of at least three Shuttle orbiters flying five missions per year each. However, national security requires that SDI be accelerated toward deployment around 1992, an effort that SDIO estimates will require 25 to 40 Shuttle-equivalent payloads launched per year.

Launch backlog grows

Even before the Challenger explosion, a backlog of national and allied defense, commercial, and other missions, beyond the capability of the Shuttle, NASA, and Air Force expendable rockets and Europe's Ariane, was growing with alarming speed. The Shuttle fleet was expected to carry out at best 14 missions in 1986, whereas demands on U.S. launch systems are for the equivalent of about 18-19 missions (see **Table 1**).

TABLE 1

Estimated U.S. annual launch requirements in Shuttle-equivalent payloads

Program	1986	87	88	89	90	91	92	93	94	95	96-99
DoD (non-SDI)	9	9	9	9	11	11	11	11	11	12	12
Space station						8	8	9	8-10	8-10	8-10
Planetary and other	3	5	6	8	8	8	8	8	12	12	12
NASA Moon-Mars										5	5
Sub-total	12	14	15	17	19	27	27	28	32	38	38
SDI plan A	1	1	1	1	1	1	5	5	5	5	24-40
Sub-total A	13	15	16	18	20	28	32	33	37	43	62-78
SDI plan B	2	2	2	5	6	9	24-40	24-40	24-40	24-40	24-40
Sub-total B	14	16	17	22	25	36	51-67	52-68	56-72	62-78	62-78
Commercial	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6
Total A	18	20	21	23	25	33	37	38	42	48	67-83
Total B	19	21	22	27	30	41	56-72	57-73	57-73	67-83	67-83
Orbiter fleet equivalent¹											
Total A	4	4	5	5	5	7	8	8	9	10	14-17
Total B	4	5	5	6	6	9	12-15	12-15	12-16	14-17	14-17
Shuttle flight rates											
Pre-accident ²											
(4 orbiters)	10	17	18	24	24						
Post-accident											
(3 orbiters) ³	0	6-7	9-11	12-13	15						

¹The size of the shuttle orbiter fleet required to fulfill requirements of Plans A and B.

²Congressional Budget Office, "Budget Effects of the Challenger Accident," March 1986.

³According to May 1986 testimony of NASA Space Flight director Vice-Adm. Richard Truly.

TABLE 2

Payload capability of inventory of expendable rockets

Launcher	To LEO ¹ (lbs.)	Inventory	Total capacity ²
Delta	5,000	3	15,000
Atlas Centaur	8,000	15	120,000
Titan 34D	10,000	6	60,000
Total			195,000

In addition, under development are:

Titan II	2,000-5,000	13 being refurbished
to polar orbit		
Titan 34D7	10,000	10 ordered 1985
to geosynchronous orbit		10 ordered 1986

Now, in the wake of the Challenger, Titan, and Delta failures, the national launch schedule has been scrubbed. Brig.-Gen. Donald Kutyna, Air Force director of space systems, told the annual meeting of the American Institute of Aeronautics and Astronautics:

The Nation now faces a serious problem with the grounding of the Shuttle and Titan fleets. In the near-term, with the consideration of national priorities, a 12-month downtime of the Shuttle fleet results in an average DOD launch date slip of 10 months. These mission slips and a reduced-orbiter fleet cause an alarming backlog of payloads waiting to be launched. This problem becomes apparent when the Nation's Shuttle launch requirements and capabilities are compared. Assuming the NASA-planned flight rate of 18 flights per year with three orbiters, this significant backlog of payloads evolves. By 1992, payloads filling a total of 45 Shuttle bays are waiting for a way to get

on-orbit. This takes on added significance when you realize that, on top of these missions, deployment of the space station and SDI could begin. It is important to note that if six flights per year per orbiter is not achievable, which is a possibility in the post-Challenger era, the Nation could face a far more serious situation.

Shortly after General Kutyna made these remarks, NASA director for Space Flight, Vice-Adm. Richard Truly announced that the space agency regarded five flights per year as the capacity of a Shuttle vehicle.

Because the Shuttle is our principal launch system, all projects measure their launch requirements in terms of "Shuttle-equivalent payloads."

SDI looks at mass production of rockets

Even were the presently grounded U.S. fleet of expendable Titan, Atlas, and Delta rockets available, the entire inventory of expendables could only orbit as much payload as three to four Shuttle flights, less than the annual capacity of the Challenger (see **Table 2**). However, the addition of 13 Titan II ICBMs and 10 new Titan 34D7s, available in late 1988 under current production schedules, will increase this "single-shot" capacity to the equivalent of about 6-7 Shuttle launches.

Behind the scenes, Air Force and SDIO officials were already developing plans to expand national launch capabilities for SDI development and deployment, before the loss of Challenger. *Space Business News* reported April 21:

The Air Force Rocket Propulsion Laboratory [RPL] is exploring the use of robotics and automated processes for Shuttle-equivalent SRB [solid rocket booster] manufacture, assembly and launch operations. RPL hopes that automation will significantly reduce the overall cost of space launch vehicles. RPL says that a new SRB plant will probably be constructed at or near the launch site, presumably USAF Space Launch Complex 6 at Vandenberg AFB, Calif. RPL hopes to have the plant on line in 1997-2000, with 40-150 boosters manufactured each year for ten years. The capacity to produce enough SRBs to launch up to 75 Shuttles and Shuttle-derived vehicles by the turn of the century would probably cover the Defense Department's anticipated launch needs for SDI deployment. A "baseline architecture" established by the SDI Organization calls for deployment of 58 million pounds of SDI systems over a 23-year period.

Some of this expected launch requirement may include one or more manned DOD space stations.

It is not necessary to meet the launch requirements tabulated in Table 1 by only building more Shuttles. Former NASA administrator James Beggs proposed in 1984 the development of a family of unmanned heavy-lift and other launch vehicles based on the Shuttle solid-rocket boosters

and main engines to solve the need for cargo transport to space. It is estimated that one such vehicle could lift over 200,000 pounds to low-Earth orbit (or more than three times that of the Shuttle). The launch system would be at least in part reusable. According to NASA, this vehicle could be available in three years.

A simpler proposed vehicle could be composed of one or more Shuttle solid rocket boosters. Since production facilities already exist, development of these vehicles may be the fastest way to meet future launch needs. Air Force Secretary Edward Aldridge endorsed Beggs' concept before the National Aviation and Space Writers Association May 13.

In addition, Edward Teller proposed May 9 the development of a reusable unmanned transatmospheric vehicle for cargo transport to and from low-Earth orbit.

An approach to improved technology mass production of space launch vehicles was outlined by Lieutenant-General Abrahamson in an interview with the *New York Times*. Responding to charges from SDI opponents that the cost of the program would be enormous, Abrahamson stated: "They 'cost' those things by using today's systems. . . . Nobody's going to accept" a system that would be built with current production methods. He added: "That's my responsibility, not to accept that kind of nonsense. That's why we talk of cost goals. . . . The cost of space transport has to be at least one-tenth of the current prices. That's an arbitrary goal, but at least it's a goal." General Abrahamson has created a committee on costs which he said "will take a look at an item and how producible that item is and ask whether there are some automatic machine techniques that can be adapted for production."

The present launch crisis should teach some lessons to the President's economic advisers. The Carter administration's decision to abandon development of new, expendable launch vehicles and only fund the Shuttle, and the Reagan administration's drive to "privatize" production and launch of existing NASA and Air Force expendables, has yielded a situation where production lines for the Delta and the Atlas Centaur are shut down, with the last of six Titan 34Ds scheduled to come off the line in September, when, unexpectedly, the nation's principal launch system—the Shuttle—is grounded until mid-1987.

Redundancy must be built into a launch fleet if it is to at least partially spring back from a crisis like the current one. With the Shuttle grounded, we are left with a set of 25-year-old ballistic missiles (the Atlas, the Titan, and the Thor-derived Delta launch vehicle), whose capability has been improved with solid rocket boosters originally designed for the Polaris and Minuteman missile programs and upper stage rockets like the Centaur. Facing no other alternative, we should reopen the production line for the Delta and the Atlas, if only until the Shuttle-derived launch vehicles are available.

In other words, the Air Force was right when it insisted on development of some complementary launch vehicle to

be available if anything ever happened to the Shuttle. Unfortunately, the decision to develop this vehicle was not made until 1984. The new Titan 34D7 will not be ready under present production schedules until late 1988. However, if the methods used in the original development of the Titan, Atlas, and Thor from 1955-59 in the ballistic missile program were used, the new vehicle could possibly be ready within half that time. This method compresses development by working on the various components of the vehicle concurrently, not in series.

Secondly, the practice of engineering payloads so that they are compatible with only one launch vehicle, should be abandoned. For complete redundancy, all payloads should be able to be launched by any vehicle that can lift them to orbit.

Estimates

The estimates in Table 1 on launch requirements were put together in the following way. Estimates on Defense Department launch requirements (excluding requirements for SDI) are taken from remarks of Brigadier-General Kutyna as quoted in *Defense Daily*, July 26, 1985. The same source cites Lieutenant-General Abrahamson stating that: Once the decision to develop the SDI is made, the program will require "roughly" 5 Shuttle missions per year. Deployment will require, he said, at least 24 missions per year. And according to *Space Business News*, April 21, 1986, "A 'baseline architecture' established by the SDI Organization, calls for deployment of 58 million pounds of SDI system over a 23-year period," for an annual average of 40 flights.

In Plan A, development begins in 1992, as suggested by Abrahamson. We estimate that development under a conventional timetable would last four years, then be followed by deployment. Initial SDI deployment in 1996 was also suggested by then-Air Force Undersecretary Edward Aldridge in July 1985 (*Defense Daily*, Aug. 1, 1985).

SDI Plan B is simply a more rapid timetable. It projects development to begin in 1989, followed by deployment in 1992, within a decade of President Reagan's March 23, 1983 speech announcing the program.

Estimates for space-station launch requirements are based on 1) President Reagan's call for initial operating capability by 1994 in his 1984 State of the Union address, and 2) NASA estimates of what would be required to build the station and then supply it afterwards. John Hodge, NASA acting associate administrator for the space station, told the Senate Space Subcommittee (*Defense Daily*, April 24, 1986) that 25 Shuttle flights would be required to orbit the IOC space station (19 for the U.S. portion and 6 for the foreign elements). Thereafter, the program will require 8-10 launches per year. As we go to press, Dr. Hodge has announced that budget cuts have forced a "scale-back" in the U.S. portion of the station, from four to two modules, a change that he states will reduce the launch requirement for the U.S. portion, to 14 Shuttle missions.

Making sure we get back into space

by Marsha Freeman

Both the military and civilian space programs of the United States are facing the most serious challenges in their histories. The Titan, Shuttle, and Delta rockets will not fly again until the cause of their recent failures is known, their security is enhanced to prevent opportunities for any future sabotage, and engineering changes are made to increase their reliability.

But the real challenge to the space program now is not technical, but political. In the dark hour of the post-Sputnik U.S. launch failures, this nation was able to both close the "missile gap" through the ICBM program under Gen. Bernard Schriever, and begin the manned space program that took us to the Moon. After the 1967 fire in the Apollo 1 command module which caused the death of the first three Apollo astronauts, a thorough NASA investigation led to a safer program that produced breathtaking accomplishments. And even in the budget dog-days of the early 1970s post-Apollo period, NASA was able to tackle the formidable task of developing the world's first reusable space ship.

Today, however, a combination of fanatical Gramm-Rudman budget cutters, the *New York Times* and much of the media, and the interference of the Rogers Commission with NASA's ability to make the changes necessary to get back in business, threaten to overwhelm the civilian and military space programs.

From the standpoint of economic security, the United States cannot afford to cede its commercial payloads to China or the Soviet Union, which is where the U.S. launch market may well go. On May 11, China announced that it would launch two U.S. commercial communications satellites by the end of this year. Dr. Fred d'Allest, who heads the Ariane program, announced that the Europeans will not increase their Ariane flights to absorb what the Shuttle would have carried.

There is no reason to put obstacles in the way of getting our expendable rockets and the Shuttle flying as soon as possible. Yet, that is exactly what is happening.

Stalling at the White House

It is now nearly four months since the loss of the Challenger, yet there has been no definitive statement from the White House on whether the lost orbiter will be replaced. Minimally, work must begin to build an orbiter, expand the number and quality of expendable vehicles, fund the fix that

will be required on the boosters, budget the cost of the investigation, and replace the non-orbiter equipment that was lost on the failed mission.

If the administration had moved swiftly after the January accident, a fiscal year 1986 supplemental budget request could have been presented to and acted upon by the Congress, to begin to build a replacement orbiter. Both the Air Force and new NASA administrator James Fletcher have stated this is absolutely necessary.

The White House Senior Interagency Group for Space

The real challenge to the space program now is not technical, but political. The budget cutters, the media, and the interference of the Rogers Commission with NASA threaten to overwhelm the civilian and military space programs.

(SIG-Space) has been deliberating for months on how to respond to the launch emergency. This group, which is headed by the national security adviser, includes the Defense Department, NASA, the Joint Chiefs of Staff, the Central Intelligence Agency, the Office of Management and Budget, and the Departments of Commerce and Transportation. Virtual warfare exists between the conflicting points of view represented within the group.

Budget battle

As a result, the House Science and Technology Committee reported the FY87 NASA budget out of committee without making any changes in the pre-Challenger request. They do state in their Feb. 25 committee report on the proposed budget: "The Committee notes that if a decision is made to replace Challenger with a new orbiter, approximately \$800 million will be required to meet that expense in fiscal year 1987. The Committee recommends that such amount be allocated . . . unless the full cost of the vehicle has been previously provided in a fiscal year 1986 supplemental."

At Senate hearings on March 27, Jake Garn, the chairman of the Senate Appropriations subcommittee responsible for NASA's budget, stated that he could not understand what was holding up the White House decision. "The green-eye-shade types with their black armbands are unable to make a commitment," he complained. Since then, his subcommittee has taken the initiative and voted for a FY86 supplemental budget request for NASA. The committee used the guidelines presented by NASA witnesses during hearings, and on May

15, Garn stated that a \$526 million add-on to the FY86 budget would be voted by the committee.

NASA comptroller Thomas Newman outlined the recovery plan, which included \$626 million for the cost of the accident investigation, and the corrective actions needed to resolve the list of safety-related problems with the Shuttle system. Newman estimated it would cost \$250 million just for the solid rocket booster joint redesign. This figure does not include the money needed to replace the Challenger.

Garn trimmed the NASA request by \$100 million, as he did not think all the money could be spent by NASA by the end of the current fiscal year Sept. 30. According to the Senate subcommittee staff, some of the \$526 million will also be used to keep the Rockwell International orbiter production plant in California "warm" so that a replacement orbiter can be started with the same workforce that built the other four.

How to kill the Shuttle

One option to fund the replacement orbiter that the SIG-Space is reportedly considering, is to have NASA pay for building the Shuttle by cutting all other programs over three years. This would make the Shuttle virtually NASA's only program; NASA would have four orbiters, and no science or technology payloads to put inside them. This would also write off the space-station.

Dr. Fletcher strongly opposed this approach in testimony before the House Appropriations subcommittee on May 15. He told chairman Edward Boland (D-Mass.) that it would be "disastrous" to cut space station funding, just as the program is gearing up.

Already, due to cuts in funding, the timetable for the beginning of the space station deployment has been pushed back from 1992 to 1993.

Dr. Fletcher stated, "We have set our sights on the future, but make no mistake: that future could be in jeopardy if we do not respond effectively to our immediate challenge—to restore this nation's launch capabilities."

Another attempt to try to find a way to get the Shuttle going without paying for it, has been the suggestion that the Shuttle be turned into a largely military system, not launching any communications or other commercial payloads. This scenario would eliminate the need for the fourth replacement orbiter, and supposedly "save" the government all that money—a proposal promoted by the SIG-Space representatives from the Department of Transportation, who are trying to make 25-year-old expendable rockets "compete" commercially with the Shuttle, in accordance with the President's foolhardy policy to privatize these launch vehicles.

Air Force Secretary Aldridge, Dr. Fletcher, and the Congress have opposed this policy. Commercial use of the Shuttle plays the same role in the national defense as a merchant marine fleet. Both are a necessary back up capability which can be called upon in time of emergency. Aldridge has stated emphatically that the DOD should not be the only user of the

Shuttle system, even though military payloads are now backlogged.

In his May 15 testimony, Fletcher responded to a *Washington Post* article on eliminating commercial Shuttle payloads, by saying, "While I am administrator of NASA, that will not happen. Of course, they could let me go."

Under these circumstances, the idea of having "private industry" pay for the needed orbiter has once again surfaced. This would involve turning over the marketing of commercial payloads to fly on the replacement orbiter, to the company that built the vehicle. However, since the administration is trying to establish a commercial expendable rocket industry which would have to compete with the Shuttle, some have insisted that the Shuttle get entirely out of the commercial satellite launch market altogether! So much for the "commercial" fourth orbiter.

New NASA leadership

Since November, NASA has suffered under the incompetent leadership of William Graham. On May 6, the Senate voted 89-9 to confirm the nomination of Dr. Fletcher to return to the job of NASA administrator, and on May 12, President Reagan conducted the swearing-in ceremonies.

Although Graham is now only deputy to the administrator, the Donald Regan faction in the White House that placed Graham in the sensitive NASA job in November, is continuing to sabotage the Shuttle program. On May 16, White House spokesman Larry Speakes reported that at a meeting of the National Security Council, Regan questioned whether the money for a fourth orbiter might not be better spent on a new-generation spacecraft—which would not be ready until the turn of the century.

Speakes reported that President Reagan has "asked for more information" on whether to build the orbiter, how many expendable launch vehicles to build, over what period of time. All of this information has come out in public congressional hearings since February!

In the week since he has taken over the reins at the space agency, Dr. Fletcher has taken an uncompromising stand on the space-station schedule, the need for a new orbiter, and has set July 1987 as the target date for the next Shuttle mission.

Fletcher has apparently decided to pre-empt any management recommendations by the Rogers Commission, when its report is given to President Reagan the first week in June. In a surprise move, Fletcher announced during hearings on May 13, that retired Gen. Samuel Phillips would be heading an independent panel to review "the way NASA manages its programs."

General Phillips was the project manager for the Apollo program from 1964 to the first successful lunar landing in July 1969. Dr. Fletcher estimates that the Phillips panel could complete its review in about eight months—enough time before the Shuttle is ready to fly again to make any recommended changes.

NASA responds to the New York Times

On April 23 and 24, the New York Times published a series of articles by Stuart Diamond, accusing NASA of mismanagement, fraud, and lying to Congress over the past 15 years. On April 25, NASA issued a formal response to the charges. We excerpt:

The NASA-industry-university team has put together an unrivaled 28-year achievement record through the dedication and competence of proven professionals. It is in this context that the Challenger tragedy and the *New York Times* allegations, many of which are misleading and taken out of context, should be assessed. These allegations, many 10 and 15 years old, are primarily based on NASA's own self-audits, for which corrective action has been taken, or is in progress. . . .

. . . The development of the Space Shuttle, a unique advance in technology, ran at an approximate 30% overrun rate from a budget estimate made in 1971, remarkable in view of the technical and economic uncertainties encountered in developing a totally new space transportation system.

At the same time, it should be acknowledged that the agency often operated under tight fiscal constraints. These constraints necessarily caused changes in both operational and management approaches.

The Space Shuttle flying today is not the configuration on which NASA based its budget estimates in 1971. Many of the features originally planned to reduce operational requirements had to be dropped due to cost or technical considerations and this, coupled with increased mission complexity and lower flight rates, has significantly affected the initial cost-per-flight targets.

The article alleges that NASA predicted that the cost of lifting Shuttle cargo into orbit would be \$100 a pound. ". . . The cost is now \$5,264 a pound for the total program and \$2,849 a pound for operations alone. Discounting for inflation, the corresponding rise is 9 to 19 times. . . ." This comparison is factually incorrect and misleading. Cost per pound is really only a partial indicator of the Shuttle's utility, since many payloads are volume and not weight limited and the figure does not consider the value of many of the Shuttle payloads which simply cannot be launched on any other vehicle. . . .

The gross fraud of Gross National Product

by Dennis Roland and David Goldman

When the public press makes chopmeat out of the latest Gross National Product figures release, it's hard not to agree. However, the attack on the credibility of the government's first-quarter GNP estimate, released May 20, has restricted itself to the narrowest features of what is, otherwise, a monstrous hoax.

Numerous economists have pointed out that more than the entire reported growth in GNP during the first quarter resulted from inventory accumulation. Where inventories fell by \$6.3 billion during the last quarter of 1984, they rose by \$33 billion during the first quarter, creating a net swing of \$39.3 billion. But the increase in GNP as a whole was only \$32.7 billion.

As various economists pointed out to the financial press, falling retail sales during the first quarter make clear that the rise in inventories was involuntary, reflecting economic weakness, not strength. Uniformly, the economists predicted a compensating decline during the second quarter.

Little noted was the report that non-residential investment reportedly fell from \$486.5 to \$469.8, or a 3.4% annual rate of decline.

Since industrial production declined during February and March, the credibility of a substantial increase in GNP over the period was strained. Every physical index of economic activity, including such basics as railroad and highway freight, electricity consumption, and so forth, was stable or declined during the first quarter.

However, the issue is not merely the hash in the first-quarter data.

The GNP numbers, such as they are, reflect a declining economy. As it is, the government's data are totally unreliable, where not outright fraudulent. *EIR* has, from time to time, dissected the government's data, showing staggering discrepancies; nowhere is this more outrageous than in the case of the inflation data, where so-called quality adjustment factors have produced a 100% divergence between the inflation indices and actual prices paid by consumers during the period since 1967.

However, the broadest failure in Gross National Product is traceable not to the manipulation or incompetence of federal statistical agencies, but, instead, to the

- 7) Interest
- 8) Postal service
- 9) Economic development
- 10) Labor training
- 11) Civilian safety
- 12) Other unallocable

We counted as waste two categories of expenditure. The first is unemployment and related income-support, which reflect the waste of citizens' activity. The second is the excess of interest payments over and above the 1963 level, or 3% of GNP. This is an arbitrary but sound estimate of the volume of usury in the national economy.

How to damage future growth

To show the actual content of GNP, we present these basic categories as a proportion of total GNP for the years 1963, 1967, 1971, 1977, 1978, 1979, 1980, 1981, 1982, 1983, and 1984. The simple use of proportionalities permits us to use current (undeflated) dollars only, eliminating concern over the enormous errors in the inflation data.

What we find is a drastic reduction in the physical-goods component of GNP, in favor of a drastic increase of overhead and waste categories. To the extent that GNP growth is wasteful, or merely adds to excessive corporate or governmental bureaucracy, an increase in GNP—quite apart from side-issues such as the counting of inventories—reflects economic decline rather than growth.

The productive sector's output (in dollars over years stated) went from 43.5% of GNP in 1963, to 37.1% in 1983, to 37.2% in 1984. In other words, the production-content of GNP fell by 6.1% in productive output (**Figure 1**).

Productive costs (graph not shown) went from 19.4% in 1963, to 22.2% in 1981, to 18.8% in 1983, to 20.3% in 1984. The primary cause of the increase in the cost of production was the rise in net imports.

Economic overhead rose from 15.6% to 20% (**Figure 2**).

Meanwhile, administrative overhead rose much faster, i.e., from 56.7% of GNP to 67.9% of GNP, i.e., an increase of 11.2% (**Figure 3**).

Waste was also a growth category, from 2.8% of GNP to 12.3% of GNP (**Figures 4**).

Productive sector wages fell from 13.9% of GNP to 8.9% of GNP (**Figure 5**).

In sum, the various non-productive sectors increased their share of GNP by 24.1%, while the productive sectors of GNP fell by 10.2%.

The increase in government's administrative overhead occurred while defense spending's share of GNP continued to decline. Defense fell from a high in 1967 of 9% of GNP, to a low in 1978 of 4.8%. It then rose to 6.3% of GNP in 1983 and 1984, still far below its 1967 level.

In fact, the largest single component of the increase in government administrative overhead was debt service. This is also true for the private sector. Interest as a proportion of total GNP rose from 6.2% in 1963, to 13.7% in 1982, at

FIGURE 1
Production sectors: gross as a % of GNP

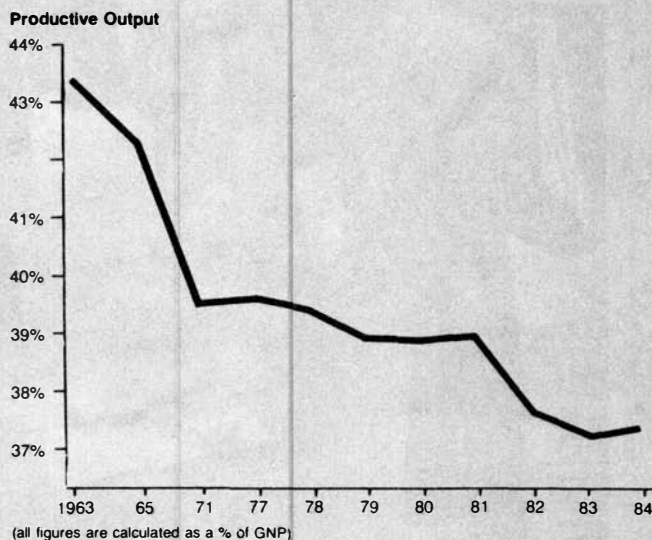
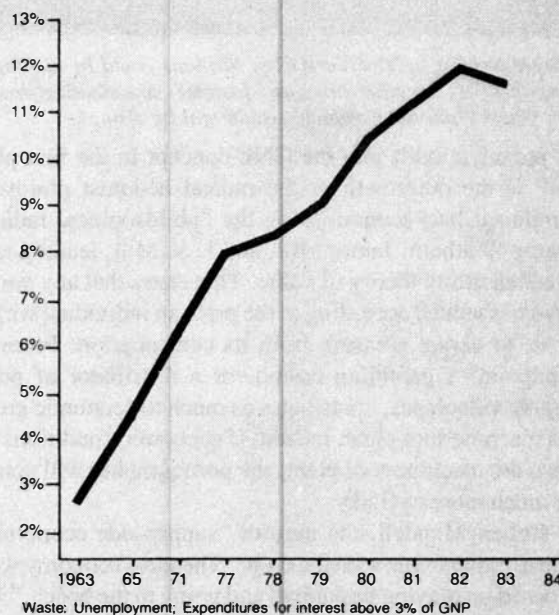


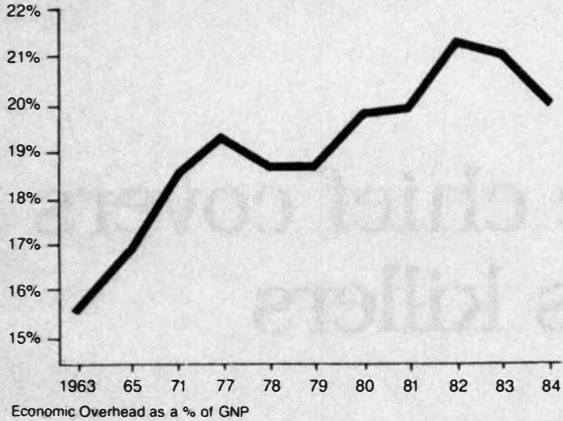
FIGURE 4
Waste as a % of GNP



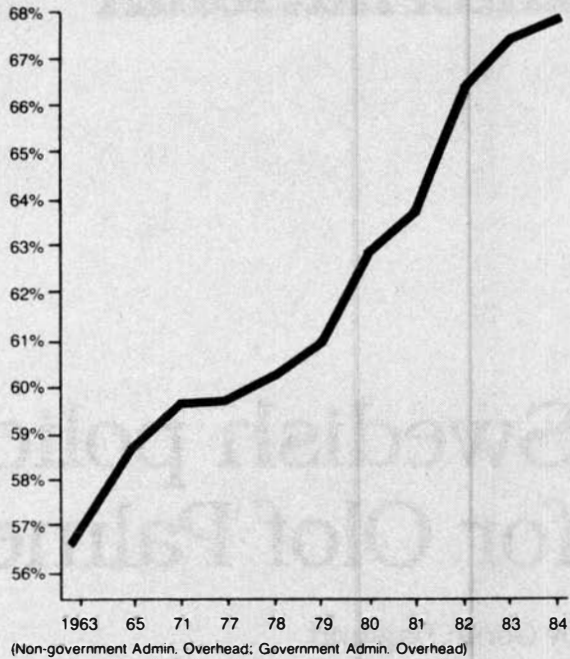
which level it appears to have stabilized (**Figure 6**).

We have also not included in this analysis the so-called underground economy. By definition, this is not included in GNP, since it is based on unreported transactions. However, it is unquestionably the fastest growing sector of the economy. Narcotics traffic alone rose from about \$100 billion in

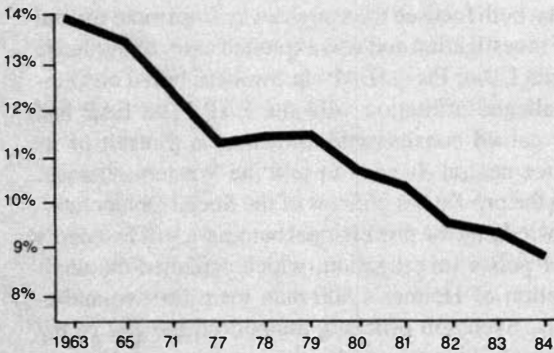
**FIGURE 2
Economic overhead: science, R&D, health, education**



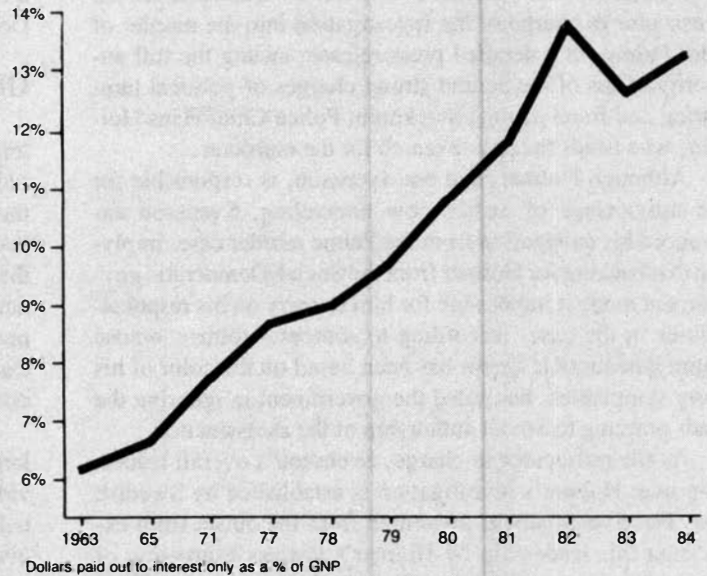
**FIGURE 3
Administrative overhead as a % of GNP**



**FIGURE 5
Productive sector wages**



**FIGURE 6
Expenditures of GNP to interest**



1978 to about \$250 billion in 1986, i.e., much faster than the overall growth of GNP. A good rough guess is that the underground economy comprises \$500 billion in annual transactions, equal to roughly one-seventh of GNP. The proportion of waste in GNP would not be 12%, but 23%.

The 23% of waste—including interest, rent, narcotics,

and other costs which bear neither directly nor indirectly on productive activity—exceeds the 20% of direct production costs. In other words, the United States economy spends more per annum for things that damage our future capacity to grow, than for things that increase our future capacity to grow.

Swedish police chief covers for Olof Palme's killers

by Göran Haglund

A scandal unprecedented in legal annals broke May 16 in Sweden as Stockholm Chief Prosecutor K. G. Svensson, the prosecutor in charge of the investigation into the murder of Olof Palme, in a detailed press release, swung the full authority of his office behind strong charges of political tampering and fraud against Stockholm Police Chief Hans Holmer, who heads the police search for the murderer.

Although Holmer, and not Svensson, is responsible for the miscarriage of justice now unraveling, Svensson announced his resignation from the Palme murder case, implying that backing for Holmer from the Social-Democratic government made it impossible for him to carry on his responsibilities in the case. According to sources, Holmer, whose entire bureaucratic career has been based on the color of his party sympathies, has aided the government in ignoring the leads pointing to Soviet authorship of the assassination.

As the prosecutor in charge, Svensson's overall leadership over Holmer's investigation is established by Swedish law. But Svensson was prevented from the outset from exercising this leadership by Holmer's lawless usurpation of extraordinary police powers. Sharply denouncing Holmer's political interference and "attempts to exert pressure on the prosecutor through various channels," Svensson has not yet named the high government officials known to have backed Holmer's power grab.

Decisions by Holmer that have struck traditional police officers as incompetent in the course of the investigation, appear in new light when viewed as attempts to lead the investigation astray, away from serious hypothesizing re-

garding the assassins of Palme; and instead as attempts to run a vendetta against domestic political opponents of the Social-Democratic regime.

Obsession with Gunnarsson

It was Holmer's obsession with constructing what he termed "a chain of circumstantial evidence" against 33-year-old Viktor Gunnarsson, Holmer's prime and only suspect in the case, that both focused the search away from more fruitful avenues of investigation and was exploited to try to implicate the European Labor Party (EAP) in Sweden, based on Gunnarsson's alleged affiliation with the EAP. The EAP had previously gained considerable influence as a result of its campaign for neutral Sweden to join the Western alliance, contrary to the pro-Soviet policies of the Social Democrats.

Acknowledging the professional bankruptcy of Sweden's largest ever police investigation, which occupied the undivided attention of Holmer's 300-man team for two-and-a-half months, Svensson officially announced the end of the investigation of Gunnarsson, "as the investigation does not provide any basis for the assumption that [Gunnarsson] has had anything to do with this crime."

In his six-page press release, Svensson detailed how he personally had been misled by Holmer's task force, which ran the police search, into believing that there was a case against Gunnarsson, a case which was fabricated by the police group around Holmer (see fact sheet, below).

Although the Holmer-Svensson conflict arose early in March, it became acute no later than March 19, when Svens-

son first ordered Gunnarsson released, upon discovering the fraudulent nature of the evidence cooked up by Holmer. After this, Holmer wanted Svensson sacked.

Svensson continued restraining Holmer's efforts to conduct innumerable meaningless witness encounters with Gunnarsson, including "witnesses" who declared they had never seen the face of the person to be identified. An enraged Holmer then had Justice Minister Sten Wickbom—through his undersecretary—get National Chief Prosecutor Magnus Sjöberg to overrule Svensson in favor of Holmer.

Sources in the prosecutor's office report that Holmer then decided to get Svensson fired, before he could officially put an end to the Gunnarsson investigation, something which Svensson had planned to announce during the week of May 20. News of this attempt by Holmer reached Svensson on May 16, prompting Svensson to move preemptively the same day to end the Gunnarsson track, denounce Holmer's methods, and resign in protest.

Investigate Svensson's charges

Visibly caught off-guard, Holmer himself, as well as Wickbom and Sjöberg, refused comment, as Gunnarsson's lawyer called for all three to resign. After regaining its composure, the government announced that it would immediately appoint a commission of inquiry, which had been planned for this fall, and Sweden's chancellor of justice—the highest judicial official of the country, empowered to sue judges and other high public officials—said he would investigate Svensson's charges.

Several police sources characterized Svensson's move as a total collapse of the investigation. "It is the wrong man who is leaving. Holmer instead ought to have left the leadership job," a highly placed police source said. "Among individual police officials participating in the investigation, Svensson enjoys a lot of confidence. He is a very competent jurist. And he is honest."

Concerning Hans Holmer, several leading investigators from the very start have been strongly critical of his way of interfering with the work. "His way of interfering with things has done incredible damage to the investigation," one police source said. Noting how Holmer personally committed himself to the view that Gunnarsson was the murderer, one source said: "He refused to accept the view of the investigators that suspicion against [Gunnarsson] was being weakened."

Replacing Svensson as prosecutor in charge of the case will be his immediate superior, Stockholm High Prosecutor Claes Zeime, who is the boss of the Stockholm Office of the Public Prosecutor, and is considered "more reliable" by the regime. Asked by media what makes him so sure he will not have the same "cooperation difficulties" with Holmer as Svensson did, Zeime replied: "I have been the chief of this office for seven years. During that time, I have been in touch continuously with Hans Holmer. We know each other well and have so far never had a quarrel."

Zeime admitted that his taking charge had already been

decided upon on May 12—four days before Svensson resigned—and announced that Svensson's decision to end the investigation of Gunnarsson is not unchangeable: "If new preconditions are added, nothing prevents me from ordering a new arrest."

Fact Sheet

Police chief assailed for political tampering

In a six-page press release May 20, Stockholm Chief Prosecutor K. G. Svensson systematically shows how the police evidence against Gunnarsson does not stand up to rigorous examination:

- **Police evidence 1)** Gunnarsson had been seen, on two separate occasions, near the scene of the crime, behaving suspiciously.

Svensson shows how the witnesses, a taxi driver and two women, had all been shown photographs of Gunnarsson by the police before the encounters were conducted which led them to identify him. In the case of the taxi driver, the oral police briefing of Svensson, which led him to decide on March 17 to press charges against Gunnarsson, was "incomplete and misleading, due to serious mistakes in the work of the police."

Contrary to the Rules of Court, the encounter between Gunnarsson and the taxi driver was conducted unbeknownst to Svensson, and, despite language problems, without employing an interpreter. The taxi driver was also asked leading questions.

After discovering all this on the morning of March 19, Svensson withdrew the charges against Gunnarsson, and ordered him released immediately. This interrupted a wave of international slanders trying to implicate the European Labor Party (EAP) in the Palme murder, based on Gunnarsson's alleged affiliation with the EAP.

- **Police evidence 2)** Literature seized from Gunnarsson showed his hostility to Palme.

This represents no basis for prosecution, Svensson points out.

- **Police evidence 3)** Statements by Gunnarsson about Palme being on the "death list," etc.

According to the police briefing to Svensson, one witness had heard Gunnarsson say by phone that Palme is on the death list, and that blood will flow in the streets of Stockholm. When Svensson finally got the transcript of this testimony, it rather showed Gunnarsson warning that *the Russians* will kill Palme!

The witness told the police: "Then the 33-year-old spoke

of some men who apparently were Russian or communist who had met someone whose name was AB and who is said to be a preacher. And the preacher had attacked the men and therefore he was on the death list. And Palme was all too conservative in the eyes of the Russians so they will get rid of him first. And there will be a bloodbath. Blood will flow in the streets of Stockholm.”

● **Police evidence 4)** Particles of detonator powder from ammunition found on the jacket of Gunnarsson.

Svensson notes that of the two particles of detonator powder found on the jacket, one is certainly not from the kind of ammunition (Winchester) that is assumed to have been used in the murder, while the other particle possibly could be, but could just as well be from some other kind. The jacket is six to seven years old, and had been lent to other people. The particles found don't even prove that Gunnarsson has ever fired a gun, much less the gun that killed Palme.

● **Police evidence 5.** Encounters between Gunnarsson and various witnesses.

Encounters have been conducted with no fewer than 55 “witnesses,” none of whom has been able to identify Gunnarsson. Palme’s wife Lisbeth has described the clothes of the killer in a way which doesn’t agree with how Gunnarsson was dressed. Svensson also reveals that yet another witness

was shown pictures of Gunnarsson before the encounter with him.

● **Police evidence 6)** Statements by Gunnarsson himself during his interrogation.

Gunnarsson had described his own whereabouts the night of the murder, including a cafe and two cinemas. There are some indications, from witnesses, that support his version—and it has in no way been proven false. “According to Swedish law,” Svensson writes sarcastically, “it is not up to a suspect to prove himself innocent by providing a 100% alibi, but it is up to the prosecutor to prove the suspect guilty.”

In a personal addendum to the release, Svensson writes: “Finally, I want to state the following, about the role of the prosecutor in the investigation. [Gunnarsson] could have been removed much earlier from the murder investigation, had not the leadership group [under Holmer] in the Palme case, through interference into the preliminary investigation’s leadership [Svensson’s office] actions in various directions, and *attempts to exert pressure on the prosecutor* through various channels, disrupted and prevented rational work from the side of the prosecutor. In my view, [Gunnarsson] has been subject to grave violation of his rights. It is not up to me to make any further statements here as to the question of responsibility.”

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Military backing for Contadora proposed

by Mark Sonnenblick

General Manuel Noriega, chief of the Defense Forces of Panama, has made a striking proposal to bolster the moribund Contadora peace process by bringing military leaders of the region into talks to attain peace in Central America. When, on May 20, he formally unveiled an idea he had been privately discussing for two years, prospects seemed bleak for the Contadora Peace Accords to be signed by the June 6 deadline set by the 13 Central and South American nations involved.

Noriega considers the armed forces to be bulwarks in the protection of national sovereignty. For example, a few months ago, he set up a bilateral military agreement with Colombia for joint actions in fighting the drug traffickers who infest the region.

As Noriega spoke, Soviet First Latin American Department chief Vladimir Kazimirov was having a friendly disagreement in Moscow with Assistant U.S. Secretary of State Elliot Abrams. While the Soviets and most of official Washington are noisily arming opposing warring surrogates in Nicaragua, they have been working together to sabotage Ibero-America's efforts for a regional solution to the Central American problem.

General Noriega said that if the Contadora Group were to make use of advice from the military, "It would get out of its stagnation. . . . We could go on for another 10 years making Contadora into a tribunal of juridical concepts without any results at all, while some countries like Costa Rica, Panama, and Honduras are faced with the effects of the [refugee] migration bomb, which grows larger every day."

Speaking with customary directness, he explained, "Violence is not diplomatic, not strictly political, not strictly ideological; violence is armed, and if it is armed, it should have solutions from experts in war matters." While on a one-day visit to San Jose, Costa Rica May 20, Noriega told the press, "For that reason, we spoke of reinforcing Contadora with a military advisory group which would not reduce the importance of Contadora's diplomatic and political leaders, but would reinforce their actions."

Noriega directed fire at those who see the "death" of Contadora. He stressed that Contadora is the only solution to the region's crisis, since "after Contadora would come chaos; and there is no other table at which to sit down and talk." Among the targets of his criticism was Guatemalan President Vinicio Cerezo, a Christian Democrat, who proclaimed on

May 18, "The dialogue between the Central American countries by means of Contadora has failed." He said Contadora should be replaced by a Central American Parliament so that "the problems could be discussed among their own protagonists."

Within 24 hours of Cerezo's pronouncement, Panamanian President Eric Delvalle told Guatemala that he would not attend the May 24-25 summit meeting Cerezo had called of Central American Presidents, including that of Nicaragua, to set up that parliament—since this would now seem to imply a withdrawal of support for Contadora. The Guatemalan vice-president responded to Delvalle's cancellation by reiterating that peace "could only be achieved by the Central Americans."

The Presidents of El Salvador and Costa Rica promptly disclaimed that their attendance at the Guatemala summit meant a withdrawal of support for Contadora. El Salvador's Napoleon Duarte said in Brazil, "Contadora cannot die in case Nicaragua does not sign the peace accords."

A military component to Contadora is compatible with Peruvian President Alan García's recent efforts to set up an economic fund to rebuild the region's productive sectors, wounded by austerity imposed by the International Monetary Fund as well as by warfare. García has called Contadora "a stepping stone" to joint regional action on the debt problem.

Deployed against Noriega's and García's efforts for peace are those planning a Central American Vietnam. A 12-page Defense Department report, "Prospects for Containment of Nicaragua's Communist Government," assumes: "1) The Nicaraguan government would sign a Contadora agreement [and] 2) The Nicaraguans would circumvent and violate the agreement. . . ." An unstated assumption is that International Monetary Fund austerity policies would continue to undermine democratic governments in the area. The report concludes that it would take 100,000 U.S. Army troops, plus major Navy and Air Force commitments, to stop Nicaragua three years hence.

The report, by Assistant Secretary of Defense Fred Iklé, stinks of Henry Kissinger's proposal to draw U.S. troops out of Europe to stick them into Central America.

Along similar lines, a *Washington Post* op-ed by Jeane Kirkpatrick May 19 argues that since the Sandinistas are "swindlers," the United States should not "acquiesce to an agreement which will not be fulfilled." Citing Thomas Hobbes, the proponent of the "law of the jungle," she concludes, "covenants without swords" are not to be relied on.

Certainly, the Nicaraguans cannot be trusted. The Sandinistas—like the contras—are more committed to narco-terrorism than to ideology. Denying them maneuvering room is the challenge that confronts those who refuse to accept the endemic war in Central America spreading to the whole continent. Peru and Panama have accepted that challenge, and are seeking real solutions. The United States and the Soviet Union have not.

So. Africa strikes at ANC terrorists

by Mary Lalevée

South African strike aircraft and commandos attacked bases and command centers of the Soviet-backed African National Congress (ANC) terrorist organization, in Zambia, Zimbabwe, and Botswana on May 19. The cross-border attacks seem to have been an attempt to preempt a planned escalation of violence and terrorism by the ANC.

The African National Congress is a pawn of larger Soviet plans to destabilize southern Africa, and win de facto control of the strategically vital region:

- Angolan head of state Dos Santos returned from a visit to Moscow in early May, where an agreement was signed for cooperation between the Angolan MPLA and the Soviet Communist Party, an agreement seen by some observers as a cover for further military cooperation.

- Cuban troops in Angola are preparing a major offensive against positions of the pro-Western UNITA guerrillas led by Dr. Jonas Savimbi. One French source described this as a campaign designed to lay a "trap" for South Africa. The offensive would be sufficiently massive to force South Africa to either intervene to help the beleaguered UNITA guerrillas, making Savimbi appear as "South Africa's man," or stand by and watch UNITA decimated and eliminated as a factor in the region. "In both cases, the Soviets are the winners," commented the source.

- Soviet leader Mikhail Gorbachov has announced his intention to visit Angola and Mozambique in the near future, the first time that any general secretary of the Soviet Communist Party will have toured southern Africa.

- Soviet overtures to Zaire have also been noted, and that country's information minister has issued strenuous denials that Zaire is serving as a transit point for South African arms to UNITA. In light of the absence of significant U.S. aid to Savimbi, President Mobutu of Zaire obviously does not see any reason for him to be "more anti-communist than Western leaders," as one source remarked.

"President Mobutu is not the only one to notice that it is only now that the Pentagon is planning to end its contracts with the American oil company Chevron, because of its activities in Angola. . . . In other words, it is thanks to the royalties of an American company that the Angolans have paid for the Cuban troops in Angola over the last 10 years," the source continued.

Soviet strategy for South Africa is to build a massive international "anti-apartheid" campaign against the South African government, aimed at legitimizing terror tactics by the African National Congress, as well as the imposition of economic sanctions by Soviet fellow-travellers in the West—the Trilateral Commission types of Western banks and governments—which would destroy the country's economy. The tour of the area by the British Commonwealth's so-called Eminent Persons Group (EPG) in the second week of May, exemplified this strategy, treating the ANC as the sole legitimate representative of South Africa's blacks—whose moderate members the ANC has sought to systematically murder. The EPG left South Africa early in protest over the raids (and the end of their mission might have been one of Pretoria's aims in the raids).

A major U.N.-sponsored conference on sanctions against South Africa is to take place in Paris from June 16-20. In September, the leadership of the Non-Aligned Movement passes from India's Rajiv Gandhi to Zimbabwe's Prime Minister Robert Mugabe. The next non-aligned summit will be held in Harare, the capital of Zimbabwe. South Africa is expected to be a major issue, perhaps the only issue discussed there.

The South African military action on May 19 consisted of the bombing of an ANC operational center, 15 kilometers south of the Zambian capital, Lusaka, in which two people were killed; a commando attack on an ANC office in Harare; and another attack on a transit camp in Botswana, where one person was killed.

In South Africa, Zulu leader Chief Mangosuthu Buthelezi said that while attacks on neighboring states should be condemned, it was also true that South Africa had warned of such retaliation for attacks launched on it.

The facts are that ANC guerrillas are trained in Libya, that massive arms shipments are finding their way into South Africa, and that the ANC is whipping up violence in the black townships, inciting youths and children to attack and kill moderate blacks in the most barbaric fashion. The South African army chief, Lieutenant-General Liebenberg, said after the raids: "It is obvious that Russian mines and weaponry can be brought into South Africa by one route only, namely, through our neighboring states."

In the week before the raids, a large cache of Soviet-made arms and explosives was discovered in the West Rand, and two men died in the Eastern Transvaal when a landmine they were planting in a farm road exploded.

The ANC's response to the raids was to threaten more violence. In a press conference in Lusaka, ANC President Oliver Tambo called for a "death-defying offensive," and he predicted a "bloodbath" if it failed. He said that the organization was starting a new onslaught against Pretoria. He called for a rent and tax strike, and said, "There will be maximum pressure, a determined offensive, a death-defying offensive."

Mideast economic crisis could result in war

by Thierry Lalevée

The riots on May 15 at the University of Yarmuk in Jordan, were as significant as the tension between Israel and Syria of recent weeks. Pushing aside the talk of regional war for a few days, the Yarmuk events pointed to the fragility of the economic situation of most of the Arab States, and how easily such a situation can be manipulated. Indeed, it dramatically confirmed Israeli Premier Shimon Peres's assessment of the necessity for his proposal, a regional Marshall Plan.

At the root of the riots was the return to Jordan and the West Bank of tens of thousands of skilled workers from Gulf countries which can no longer employ them. The massive unemployment striking the Gulf region has already cost several hundred million dollars in remittances to Egypt, for example. Egyptian workers have either stopped sending remittances home or are coming home—with no prospect of employment.

Deficit in Kuwait

Though precise data are unavailable, the state of affairs in Kuwait—one of the wealthiest sheikhdoms—underlines the crisis in the region. For the first time in over 20 years, the Kuwaiti government had to withdraw several billion dollars from the reserve fund originally established for the country's development into the next century. Even after the withdrawal, Kuwait expects at least a \$5 billion deficit this year. At the beginning of May, Kuwaiti Finance Minister al Kharaji announced that the country may withdraw its funds in the West to invest them in "Third World or communist countries."

The declaration was not taken that seriously by Western bankers, but it does reflect Kuwait's deep economic crisis. The most exposed companies have been going under by the dozens since the end of last year.

As an unfortunate rule, bankruptcies in the Gulf have led to chain reactions in other countries. In Jordan, for example, one of the most prestigious banks, Bank Petra, collapsed. Hit hard are hundreds of money-changers who have financed business and trade across the West Bank, Jordan, and the Gulf. With \$54 million in debt, Saliba Rizk, one such money-changer, committed suicide in early May. His suicide led to the bankruptcy of the Amman-based Musa Qarsua money-changer company, "threatening to set off a chain reaction which may endanger the savings of thousands of West Bank residents," reported the *Jerusalem Post* May 16.

It is in this situation that Peres's Marshall Plan proposal,

Joint Arab-Israeli development projects funded by the nations of Europe, the United States, and Japan to a total of \$25 billion over 10 years, assumes its importance. Although largely blacked out of the Arab press for political reasons, it is quite clearly being closely considered in Arab capitals. The Saudis, for one, in their London-based newspaper, carried an interview with *EIR* founder LaRouche on the subject of Peres's proposal—a clear signal on the matter.

Assad and Hussein

Over a period of a year, because of both its own difficulties and the rapid decline of financial aid from the Gulf countries, Amman has been unable to meet its obligations on economic investments in the West Bank. Hence, when its university students were confronted with the simple fact that graduations and diplomas would give them no job inside the country, their rage could be easily manipulated into politically motivated riots.

Three intertwined forces were doing the organizing: the Islamic fundamentalists of the Islamic Liberation Party, who consider Yarmuk their student headquarters; the Jordanian Communist Party; and the shadowy "Committee for the Defense of Liberties and Democracy in Jordan," teleguided from Beirut by Syrian-puppet terrorists Nayef Hawatmeh and George Habash. Though some elements within the PLO and some Israelis—for different reasons—are not unhappy to see Jordan's King Hussein coming under pressure, the political message originated in Damascus, and had much to do with the tension between Syria and Israel.

According to several intelligence sources, Syria's Hafez al Assad made precise demands on King Hussein during their meeting in Amman in the first days of May. Fresh from Belgrade, where he had reportedly received assurances from a Soviet military delegation that Moscow was about to deliver ultra-modern MiG-29s as well as the advanced SS-23 medium-range missiles, Assad urged Hussein to join in any war that might erupt. Specifically, he argued that, expecting an Israeli attack against Syria across Jordan's Umm al Qis plateau, Jordan should allow Damascus to have its own radar-installations there to monitor Israeli military concentrations. Of course, it is useless to install radar without protecting it—Amman should agree to receive SAM missile batteries, too.

Whether Assad actually expected Hussein to agree to such a proposal, and transform Jordan—not Syria—into target number-one for Israel, is dubious. The proposal sent a message to the Israelis as to the extent of Syrian war readiness. Hussein, of course, refused, but diplomatically argued in favor of a reconciliation between Egypt and Syria. A week later, Syrian Defense Minister Mustafa Tlas was in Amman meeting with a low-ranking delegation from Cairo. Given Tlas's considerable loss of power and prestige within the Syrian leadership, the discussions predictably went nowhere. A few days afterward, the Yarmuk riots erupted, as a reminder of Hussein's precarious situation.

Assad's grandeur design

The events show that Syria's Assad is committed not only to a regional war with Israel, but to asserting his leadership of the entire region. While preparing for war, he is also making the necessary diplomatic and political compromises to ensure that whenever it happens, Syria won't stand alone. After manipulating the breakdown of negotiations between the PLO and Jordan last February, Damascus has now offered a reconciliation to the PLO leadership, including Yasser Arafat. For several months, Hafez's brother and security chief, Rifaat al Assad, who has kept a pro-PLO image, has been periodically deployed to Paris to meet with such PLO officials such as Arafat's number-two, Abu Iyad.

A Syria-PLO reconciliation? At what price? Damascus makes no secret that it is offering the Kingdom of Jordan to the PLO, provided they reach a compromise with Syria's pet Palestinians. Already, Hawatmeh, Habash, and a few others have sent feelers to Arafat.

Though Arafat is considered too shrewd a politician to accept from Syria a present it cannot deliver, the breakdown of the talks with Jordan and the disastrous economic situation on the West Bank make for an explosive mixture. On May 17, the Jerusalem correspondent of *Le Figaro* quoted West bank Palestinians saying that they "didn't need Ariel Sharon" to be reminded that Hussein's "Hashemite dynasty was put in power by the British" colonial forces, and that "Jordan is Palestine," according to the motto of one Sharon-connected Israeli extremist organization.

Assad looks to the next war not because he has any chance to win it. Rather, he knows that if he were to deploy his missiles against Israel, both Washington and Moscow will have to come to the rescue to avoid a wider and more devastating conflict. Though he doesn't expect Moscow to intervene militarily, a political intervention of Moscow will be in his favor, and will give his regime political stability. Negotiations, which are certain to ensue, would at minimum confirm Syria in its present position in Lebanon.

Israel's military debate

Assad's grey cells are working so hard that they seem to have been overheard in Tel Aviv. According to observers, Israel's Peres is to be believed when he says that Israel doesn't want a war with Syria—at least for now. Indeed, Peres is above all committed to his Marshall Plan proposal, and has gone very far in trying to appease, or rather, neutralize Assad.

"They are smelling quite a trap," says one source. Even a limited Israeli strike against terrorist groups in Lebanon's Bekaa Valley could be used by Assad to unleash a regional war. Israeli officials are thus convinced that if there is to be war, its aims cannot be limited. It must drive Syria backward 10 years and create enough social and economic chaos to overthrow Assad. That's food for thought, for Assad, and his delusions of regional grandeur.

Facts Behind Terrorism

Italy loosens its ties to Libya

by Paolo Raimondi

On May 10, Italian Prime Minister Bettino Craxi, speaking at the opening ceremonies for the new airport in Genoa, stated that "Tripoli knows already our decision to react with military means against any threat to launch an attack against us." This made it clear that Italy, under the pressure of events, had decided on its own to wage a serious fight against Libyan terrorism and to reject in particular Libyan dictator Muammar Qaddafi's blackmail.

The decision came after the Tokyo summit of May 3-6, which issued a hard-hitting resolution against terrorism naming Libya by name, but Italy had made up its mind days before, when it became obvious that Italian national sovereignty was mortally threatened by the provocations and insanity of Qaddafi.

A shift in relations

Although only the beginning, these steps represent a turning point in the compromised relations between Italy and Libya—which had been an Italian colony for several decades, until the close of World War II. If Italy, under pressure from pro-Libyan Foreign Minister Giulio Andreotti and the powerful Italian Communist Party, were now to return to the old compromises, this would mean a strategic backdown to Moscow.

The government is taking a series of quick and effective measures to stop the Libyan terrorist networks by exposing an incredible network of high-level Italian accomplices. The authorities have prepared contingency plans to evacuate all Italian diplomats and workers on Libyan territory. Of 12,000 Italians working in Libya at the end of last year, only 3,000 now remain.

Economic repercussions

Qaddafi has signaled his intentions to use the workers as potential hostages; recently, he expelled 25 Italian diplomats without any motivation. As part of the decision to break with Libya, the so-called economic repercussions are also being taken into account, to the tune of approximately \$800 million that could be lost by Italian firms.

The first step to prevent Qaddafi's terrorist provocations would be the complete dismantling of the Libyan, Syrian, and Iranian terrorist networks operating on Italian territory.

In mid-May, the Libyan consul in Palermo, Mustafa Mohammed Alakresh, was expelled as *persona non grata* for spying on the NATO military bases in Sicily, and in particular, the two at Comiso and Sigonella. Alakresh was recruiting Libyan agents and selecting potential assassins for special operations.

Libyan Arab Foreign Investment Co.

Interior Minister Oscar Scalfaro and the Digos, the political police, have opened an investigation in Rome into the broad-ranging operations of the Libyan Arab Foreign Investment Company (Lafico), which still controls 15% of the shares of FIAT, for more than \$2 billion. This company seems to be the center hundreds of other firms and companies which work under different covers but are parts of a terrorist and dope-weapons smuggling ring. A company connected to the Lafico is the so-called "Appeal for Islam," a cover for recruiting North African clandestine immigrants for Qaddafi's legions. The "Appeal" also controlled a network of Libyan-controlled publishing houses, Arabic papers, and private radio and TV stations located in Rome but also broadcasting into Sicily and into the Mediterranean and Arab countries. Two operatives of Lafico working in Sardinia under the cover of a publishing house, Editar, have been expelled for activities against Italian national security.

Both right and left terrorism funded

Many of these companies and people are part of the coordinating structure behind international terrorism. In fact the connections between Qaddafi and the black (right-wing) and red (left-wing) terrorists are known, and are resurfacing once again. The press has leaked word of a controversial dossier prepared by the Interior Ministry on Libyan-Red Brigades connections, although the existence of the file has been officially denied. Judge Ferdinando Imposimato of Rome, in his official papers to prepare the second trial of the assassins of former Prime Minister Aldo Moro, produced evidence to charge that Libya, Syria, and the KGB were involved in Italian terrorism. He cited the delivery to Italian terrorists of Kalashnikov automatic weapons from the Soviet Union, via Qaddafi.

Defense Minister Giovanni Spadolini said: "These links between Qaddafi and the Red Brigades have already been proven in the past," referring to training of Italian terrorists in Libya and delivery of "sterling" machine guns to the Red Brigades. Sen. Vincenzo Carollo, the vice president of the Christian Democratic caucus in the Senate, added that there is "official evidence of this connection, and a critical moment was the conference in Havana, Cuba, in January 1976 where terrorism was conceived as a necessary means to destabilize the democratic countries."

After this, Senator Carollo said, Libya and Syria became the operational bases of terrorism, and "training camps and

schools grew in large number in Bulgaria, Cuba, Hungary, and the Soviet Union." It has also been proven that the Libyan embassy in Rome financed the Nazi-Maoist organization "People's Struggle," as well as the Nazi terrorist Mario Tuti, whose name came out in the investigation for the Italicus train massacre, which was one of the biggest terror atrocities of the 1970s.

The Andreotti angle

Probably the most interesting and far-reaching results will come out of the investigations into the Libyan Arab Foreign Bank and related Libyan and non-Libyan financial interests involved in economic—and often also criminal—deals in Italy and in Libya. This bank has a large financial operation in several economic sectors, particularly oil. Recently, the bank took over the Tamoil company, which controls an oil refinery and 850 filling stations in Italy. On the Italian side, there are several public figures, including Mr. Mazzanti, former manager of the state-controlled ENI hydrocarbons corporation, who are charged with financial fraud, bribery, tax evasion, and illegal oil trade which resulted in several huge trials.

But the public-relations and promotion center of this beehive of business/criminal activity has been the Association for Italian-Libyan Friendship, which was created in 1981. The manager of this association, Elio Paris, proudly reported to the newspaper *La Repubblica* that the political leadership of this association, which mediated most of the deals with Libya, was always in the hands of Foreign Minister Giulio Andreotti's faction.

In fact, the first president of the association was Giuseppe Caroli, an "Andreottian" member of the Italian parliament, and later on, the post passed to his fellow parliamentarian Felice Cantu, also of the Andreotti group. They were backed by such Communist Party figures as Sen. Agostino Spataro (from Sicily), a partisan of stronger links with Libya.

Long-term protection of Qaddafi

Andreotti's role in the Libyan spiderweb has also been revealed by Gen. Ambrogio Viviani, head of the counterintelligence department of the SID secret service. Viviani, in an interview with *Panorama*, an Italian news weekly, said that since 1970, right after the coup that brought Colonel Qaddafi to power in 1969, the Italian government gave orders to the secret service to avoid any troubles with the Libyans and even to protect Qaddafi. The Italian prime minister at that time was Giulio Andreotti.

The investigations and revelations have brought up again the discoveries of Judge Carlo Palermo, who had gathered an impressive dossier for the courts on the "weapons and drugs" connection running through Italy, which involved the Bulgarians and the rest of the Soviet bloc, together with the Libyans and the Syrians.

Bonn SDI pact felt the Trilateral hand

by Mark Burdman

For those who have been wondering why the Strategic Defense Initiative cooperation agreement signed between the West German and American governments on March 25 was such a piece of junk, an item in the May 14 *Frankfurter Rundschau* daily gives an important clue. According to the *Rundschau's* Washington correspondent Joachim Siemens, "The Washington law firm Wilmer, Cutler, Pickering had a strong influence over the West German Economics Ministry" in working out the formulations in the agreement.

The best-known senior partner, and mover-and-shaker, within Wilmer, Cutler, Pickering, is Lloyd Cutler, the former counsel to the Jimmy Carter White House. Cutler's capabilities for committing treason against the United States and against the Western alliance are breathtaking.

Cutler has been a Trilateral Commission member since the organization's creation, and his closest Washington political accomplice, Gerard C. Smith, was formerly the Commission's North American director. Smith is the leader of the National Coalition to Save the ABM Treaty, the blanket organization created by the American Eastern Liberal Establishment, to coordinate *all* work against the SDI in the United States, and to foment anti-SDI sentiment among European populations.

Cutler has recently gained notoriety for two escapades against the West.

In summer 1985, he *volunteered* to become the lawyer for the "Greenpeace" anti-nuclear terrorist organization, in its legal action against the French government, following the sinking of Greenpeace's *Rainbow Warrior* ship in New Zealand waters. This position has given Cutler fantastic black-mailing capabilities against patriotic French military and intelligence officials. The connections of Greenpeace to the Soviet intelligence services have, in the past weeks, been pointed to by former French Defense Minister Charles Hernu, who was forced to resign over the *Rainbow Warrior* affair; Hernu noted the extraordinary fact that this rabid anti-nuclear group has not issued one word of criticism against the Soviet Union after the Chernobyl disaster.

In late 1985-early 1986, Cutler emerged into the public eye again, as the chief lawyer to defend the constitutionality of the Gramm-Rudman budget-cutting bill in the United

States—likely, the most unconstitutional and subversive piece of legislation ever passed by a U.S. Congress, violating every fundamental principle of constitutional guarantees for the national welfare and defense, and overriding all usual processes for determining the budget. The effect of the bill has been, and will be, to destroy the economy, destroy defenses, and undermine the fabric of the Western alliance.

For years, Cutler headed a U.S. organization called Committee on the Constitutional System, which has the sole objective of re-writing the Constitution, to remove legal-constitutional obstacles to the imposition of draconian economic austerity measures against the American citizenry.

Still, some unanswered questions

The agreement worked out between German Economics Minister Martin Bangemann and U.S. officials on March 25, with Cutler's help, is pabulum. It is devoid of all strategic or military content, restricting cooperation to the purely economic-technical level; it carries the obligation, that the agreement be renegotiated between the two governments, with each new phase of U.S. development of SDI; and it limits German participation to six SDI sub-projects, worth, in total, about \$120 million. It fell far short of what patriots on both sides of the Atlantic wanted.

How Cutler got his paws on the whole process, is still a matter of inquiry. It is known that he has had, for years, top-level contacts among assistants to Hans-Dietrich Genscher in West Germany's Foreign Ministry; Genscher is a fanatical foe of the SDI. Cutler has, over the years, also managed to be a legal adviser to West German nuclear-industry interests, mainly to sabotage the development of nuclear energy "from within," and to advance the bogus cause of "non-proliferation."

What is also under investigation is the precise circumstances of the Bangemann visit of late March. During that same period, especially during the March 21-24 weekend preceding the signing of the U.S.-German SDI accord, two notable individuals were in Washington, D.C., for private meetings with U.S. government officials and D.C.-area think-tanks. One was Kurt Biedenkopf, Christian Democratic Union leader for North Rhine-Westphalia, who made his anti-SDI views known on several occasions, particularly before an audience brought together by the D.C. branch of the Konrad Adenauer Foundation on March 24. The other was Richard Burt, U.S. ambassador to West Germany, whose dislike for the SDI is well-known in strategic circles, even if, as American ambassador, Burt is obliged to follow the Reagan administration pro-SDI policy in public.

Biedenkopf, for years, has been a Trilateral Commission member. Burt, during his days as a journalist for the *New York Times*, was known as the favorite "leaker" for Zbigniew Brzezinski, the Trilateral Commission's chief ideologue. In those days, in the late 1970s, Brzezinski sat next to Lloyd Cutler in the Jimmy Carter White House, as Carter's National Security Adviser.

The Morgenthau-Molotov plan revived

The Green Party program demands the total deindustrialization of Germany, and legalization of drugs and perversion.

It recently became entirely clear how hideous the political and economic programs of a coalition of Social Democrats and the Green Party would be, should they form the next government after national elections in January 1987.

The Social Democrats, led by Soviet agents-of-influence such as Second International chairman Willy Brandt and chancellor candidate Johannes Rau, are discussing a political arrangement which would force U.S. troop withdrawal from Germany, reduce German membership in NATO to an absolute minimum, and lead to a far-reaching "decoupling" of the German economy from the dollar-dominated world monetary system. The Social Democrats want to live in "security partnership" with the Soviet bloc in Europe—a status representing a cross between those of Finland and Poland.

The Greens, the prospective coalition partners of the Social Democrats, would go even further. Their national convention, which took place in Hanover over the May 17-18 Pentecost weekend, made clear that the Greens want a Germany closer to the model of Khomeini's Iran.

The Greens, unlike the Social Democrats, are not led by Soviet agents-of-influence, but by out-and-out Soviet agents and, pretty much the same thing, old Nazis and their younger epigones.

Concerning NATO, the new Green Party platform demands a complete withdrawal of U.S. troops and equip-

ment from West Germany, the end of German membership in NATO, and neutralization of the country. NATO, the Greens say, is a "threat to peace in Europe," and is to be replaced by a system of East-West security treaties for Europe, which keep the Americans (as non-Europeans) out, but include the "European" Soviets. A Green Germany would replace defense with "social defense," based on dismantling of all military and arms production. The Greens would not even stop at that: A future German foreign policy would aim at "weakening NATO as an indispensable precondition for securing peace in Europe."

Not surprising, a high-ranking Green Party delegation spent some days in Moscow with Soviet officials just two weeks prior to the party convention in Hanover. Refusing to join what they called "a campaign of anti-communism in the Western media," the Greens took Chernobyl as a "reminder" that nuclear disarmament was "more urgent than ever before"—disarmament along the lines of the Gorbachov proposals, that is.

For the Greens, "nuclear disarmament" also means the elimination of nuclear technology in general. The Hanover party convention resolved on a total ban on nuclear technology, even for non-military use. Future energy supply would be based on "decentralized, small units of conventional energy generation." This includes solar and wind energies, and operation of industry on a low energy-consumption level.

To achieve that, of course, the industrial system must be changed profoundly, too.

The Green Party calls for a total restructuring of the industrial system, toward a low-energy economy. Apart from the nuclear sector, chemical, automobile, and other big industries would be dismantled. The agricultural sector would have to live without industrial fertilizers, and operate on a strict self-subsistence level. The machinery of farmers would be replaced by manpower or "appropriate technologies" based on pre-industrial mechanics.

The current national chairman of the German Chemical Workers Union, Hermann Rappe, recently characterized the anti-economic program of the Greens as "a revival of the Morgenthau Plan of 1945, which aimed at turning Germany into a deindustrialized, agricultural country." He forgot to mention that U.S. Secretary of the Treasury Henry Morgenthau had the full support of Soviet Foreign Minister M. V. Molotov for his radical scheme of industrial destruction.

The German Greens parrot the line of their forerunners that German industry is a "threat to peace," as the Greens of today said during the debate at the Hanover convention. Nuclear power and big industry are "a declaration of war against the people."

The Greens do not stop at merely attacking industry, however, but aim at the destruction of human society itself. Other passages of their Hanover platform call for "legalization of consumption of narcotics" and "decriminalization of adult sex with non-adults." The demand, put simply, is that man be replaced by beast, that the sex-drug-rock counterculture which emerged from the hedonistic movement of the 1960s now be a government political program.

Narco-terrorism in Brazil, too

Startling new findings will make it harder for the foreign ministry bureaucracy of Itamarati Palace to deny the problem.

On April 7, five militants of the Brazilian Revolutionary Communist Party (PCBR), from their operations team called "fire group," assaulted an agency of the Banco do Brasil in Salvador, Bahia. The PCBR is a splinter group of the Brazilian Communist Party which got incorporated into the Workers Party (PT), which is commanded by ex-guerrillas who were quite active during the decade of the 1970s.

According to information put out by the federal police, the network of the PCBR extends to various states of the Brazilian northwest, with its main focus of action in the state of Pernambuco. The police also reported that the PCBR receives foreign financing, especially from Holland.

During the investigations to find the brains of the PCBR, the police delivered an incisive blow, by locating and destroying in Pernambuco what was considered to be the biggest marijuana plantation ever found, a field of almost 3 million marijuana plants which could produce 1,400 tons of the weed. What this raid demonstrates is that the PCBR is part of the narco-terrorist plague which has been scourging the continent.

However, the most significant fact demonstrating the narco-terrorist nature of the PCBR, is its ties to the new army of the drug traffickers, the "Americas Battalion." On May 13, the newspaper *O Estado de Sao Paulo* leaked a security report which related the following: In December 1985, a

handful of leaders of the narco-terrorists groups met in Peru: "Alvaro Lives" of Ecuador, Colombia's M-19, "Shining Path" of Peru, the "Party of Liberation" of Argentina, the MIR of Chile, the Popular Committee of Bolivia, two unidentified leaders from Guatemala, the recently reactivated National Liberation Front of Venezuela, and two members of the Brazilian PCBR. Most of the participants are either part of the drug-running guerrillas or are backed by Qaddafi of Libya—which is the same thing.

For example, to cite a new case, in early May the "Antonio Jose de Sucre" guerrilla front held up a bank. Security reports at the time stated that this commando was tied both to Libya and the Americas Battalion. As *EIR* documented (April 18, 1986, p. 33) the Americas Battalion is a continent-wide narco-terrorist army, which has taken on new life thanks to the logistical and political aid it gets from the dictator of Libya, Muammar Qaddafi.

On March 14, Qaddafi hosted an international meeting of terrorists, including leaders of the M-19 and Shining Path, along with other Ibero-American representatives, where they sealed the narco-terrorist pact and planned future actions against any nation, such as Colombia or Peru, that might resist the drug-traffickers' plans.

All these facts tend to explode the fallacy that Brazil does not share the continent's biggest security problem, narco-terrorism. The official policy set down by the Foreign Ministry of Bra-

zil, located in Itamarati Palace, is that the narco-terror problem doesn't exist here, and therefore, Brazil does not have to get involved in the continental fight against it.

It is thus no mere coincidence that when the new foreign minister, Abreu Sodre, in his first statements upon taking office, promised to aid the government of Colombia in the fight against M-19, the very next day Itamarati publicly denied this and forced him to retract the promise. It is well known that M-19 and other groups like Shining Path have made incursions into the Brazilian Amazonas to evade police pursuit from Colombia and Peru respectively.

It is not the first time that Itamarati has intervened to prevent any Brazilian action against narco-terrorism. This was one of the topics which was supposed to be discussed when President José Sarney met with his Colombian counterpart, Belisario Betancur, back in February.

To highlight the problem, the Colombian President went accompanied by his military ministers, but "Itamarati" had already intervened, to make sure the meeting would have no national impact, as would have happened if the talks had occurred in Brasilia, the capital city. Instead, Itamarati set up the meeting as an unimportant encounter in a border city.

Itamarati's policy up to now has been imposed as the official policy, as is shown by an *EIR* interview with Justice Minister Paulo Brossard, on April 23, during the meeting on drug trafficking of the OAS held in Rio. Answering a question about what actions Brazil will take to combat narco-terrorism, he stated: "It is possible that in other countries it may have this connotation, and denunciations are made in this sense. In Brazil, at least for now, it does not appear as such."

Drug alarm in Poland

The Soviet KGB's role in addicting youth in Eastern Europe has been exposed. Part 1 of a 2-part series.

The last several years have witnessed an enormous growth in drug addiction among the East bloc countries, with the situation in Poland—with a drug addiction problem among youth rivaling that of major Western nations—having reached epidemic proportions.

In recent months, the Polish government and state media have not only stopped pretending the problem does not exist; but Polish TV has sounded the alarm, broadcasting regular features highlighting the severity of heroin and other drug addiction among Polish youth. Poland has over one-half million confirmed hard-core drug addicts, including over 80,000 heroin addicts. Nearly all are either in their 20s, or—an ever rising percentage—teenagers. Also documented on Polish television are the first cases of 13 and 14 year olds appearing in clinics and therapy centers for heroin addicts.

The fact that the bulk of the hundreds of thousands of regular drug users in Poland are teenagers was emphasized in February, in an article in the Warsaw evening newspaper, *Express Wieczorny* (*Evening Express*). The article, titled "The Grave Problem Among Teenagers," sounded the alarm on the "increasingly serious drug problem" among Polish youth, "especially among teenagers." The West German magazine *Der Spiegel* (March 1986) reported that there are over 600,000 drug addicts in Poland, 80,000 of whom are hard-core heroin addicts. *Der Spiegel* noted: "In the years between 1981 and 1983 alone—

during the martial law in Poland—the number of drug addicts increased six-fold."

The spread of drug addiction to an epidemic within barely five years is not a "sociological phenomenon." Drug smuggling and open distribution on the street in broad daylight have been shielded, encouraged, and promoted by the Polish internal security forces—the Polish secret-police sister organization to the Soviet KGB, and the Polish Interior Ministry. Material available through Polish underground publications connected to the outlawed Solidarnosc trade union organization has offered a wealth of information on the direct role of the Soviet KGB and its Polish subordinates in destroying Poland's youth by allowing the ready availability of drugs.

A recent issue of the Polish Solidarnosc-connected underground publication, *Replika*, presented the most thorough account to date on how the drug trade functions inside Poland. *Replika* recounts how the Polish Security Police (SB) use and control drug addiction among young people, "resistant to indoctrination" to enlist their services as collaborators.

Here we will present excerpts from this unique article:

"Drug dealing takes place practically in public in the Poland of Jaruzelski's 'law and order.' The places where drug dealers permanently operate are publicly known; the militia [the police of the Interior Ministry] does not react to their underhand dealings even when the parents of young

drug addicts point out the places where trade takes place and the dealers themselves. In Poland, drug prices are considerably lower than in the West—this is the only commodity that is cheaper in Poland than in the West. . . . Drug dealers receive instructions telling them to whom they are to sell drugs and to whom not. By this means, young people are first of all made dependent, and then selected ones are deprived of drugs.

"Then the Security Police step in: They ask a young drug addict who has been left without drugs for information about his school, his friends, about the distribution network of the underground press among the pupil community, and about self-education groups. They pay with drugs for this information and so gain a reliable and cheap informer who is ready to carry out any orders.

"The drug-addict-informer not only sells info but also has the task of dragging friends of his—selected by the Security Police—into addiction. These are candidates to replace him. After a year or two of service, the drug-addict-informer is so ravaged by the addiction that he ceases to be useful to the Security Police. . . . Young members of the Security Police are on duty in discos. They are dressed in the latest fashion for young people. They, as part of the job, are provided with money, Western cars, apartments, etc. They use this as bait to pick up selected teenagers, to get them into bed, and then turn them into informers. . . . Those who prove more resistant are 'softened' up by drugs or the threat of blackmail. . . .

"Some several tens of thousands," says *Replika*, have been "stuffed full of drugs, intimidated, bribed, and dragged into Security Police beds. . . . Most are children, sometimes 17 years old, sometimes 15."

Bolivians demand 'Peru solution'

A Bolivian political leader charges that IMF policy is nothing less than to "exterminate the people."

The release earlier this year by the Bolivian government of a national budget dictated by the International Monetary Fund, and a more recent tax reform proposal which would eliminate what vestiges of genuine production remain in Bolivia—also dictated by the Fund—have triggered a wave of protest and demands for Peru's "10% solution."

Bolivia's budget, which devotes nearly one-third of the nation's scant resources to the finance ministry and almost nothing to Bolivia's desperate social needs, has been denounced by trade unions, the political opposition, and the Church.

Perhaps the strongest criticisms have come from opposition leader Carlos Serrate Reich, director of the daily *Hoy* and a congressman from the Vanguardia Revolucionaria (MNRV) split-off from the ruling MNR party of President Paz Estenssoro. Serrate said in a document released to the Congress in April: "The budget seeks to exterminate the people by starvation. . . . The healthy policy followed by Peru of paying only 10% of the value of exports to amortize the debtowed to the multilateral financing mechanisms should be adopted. . . ."

Serrate does not stop there, but details a program of oil and gas exploration, modernization of mining techniques, railroad and highway construction, development of agro-industrial complexes, and "support for industry in general" as a way to generate jobs and pull Bolivia out from its sorry rank as "one of the most backward and

underdeveloped nations of the contemporary world."

In a lead editorial published in the May 14 issue of his newspaper *Hoy*, Serrate compared the IMF to "a Frankenstein that devours its own creators. . . ." and recommends Peru's course as the answer: "The Peruvian government has expelled the IMF from its territory and shut down their offices in Lima with the brave declaration by Alan García: 'Peru is a sovereign nation . . . and doesn't need financial spies.'"

Other reactions to the government's deal with the Fund include the entire opposition force in Congress, which labeled the new budget "a call to popular insurrection." Bolivian Labor Central leader José Justiniano said, "The budget . . . means the ratification of government submission to the interests of the IMF," while miners' leader Simón Reyes declared, "The budget allows for no investment in the productive state sector, a situation which will slowly shut down the main productive businesses of the country." The Bolivian University Confederation said the budget "deals the worst possible blow to national education."

Even the Bolivian Church has been compelled to issue a document, entitled "Invitation to Dialogue," in which it warns, "The allocation of scarce available resources must be subject to a hierarchy of values which take man and his fundamental rights as the first priority. The Church's doctrine that man has primacy over systems and

structures, is a valid principle in any aspect of political economy. . . ."

The Church statement came out on the heels of reports that 250-300 children out of every 1,000—nearly one-third!—die in Bolivia before the age of five. The government confesses that 7% of all Bolivian children under six are clinically malnourished. A spokesman for the Medical College in Santa Cruz declared, "The government is acting toward health as it has toward education, forcing privatization through total abandonment of the hospital centers" in the country.

While the Bolivian people face starvation, the Paz government willingly admits that its economic policies are dictated by the IMF. Finance Minister Juan Cariaga insisted on April 15 that passage of the tax reform was "a requisite" for reaching a deal with the IMF, and thereby renegotiation of the debt with Bolivia's foreign creditors. Besides, he added, failure to reach an accord with the IMF would mean exclusion from the Baker Plan.

Foreign Minister Bedregal, slightly more subtle, unconvincingly promised the Bolivian people that "with the approval of the new budget and tax reform, we will create an explosion of resources from abroad." The government has pointed to a swelling of foreign-exchange reserves as proof of the success of its "free-market" austerity regimen.

President Paz Estenssoro was most to the point: "The situation of Bolivian democracy is very precarious. . . . Luckily the Armed Forces have become aware of their essential function in supporting the internal democratic order. Thus, I don't think there is risk of a coup if current conditions stand. If the regular functioning of the State breaks down, however, or public order is disturbed . . . my conclusions could change."

Locusts could cause 'catastrophe'

Ten years of economic crisis have left Africa without the means to fight a potential plague of Biblical scope.

Four varieties of locusts and a variety of grasshopper are threatening millions of hectares of cropland throughout Africa, reported the U.N. Food and Agriculture Organization on May 15. It is the first time since the 1920s that four species of locust simultaneously threaten the continent. FAO Director General Edouard Saouma stated, "This new invasion cycle must be averted at all costs if it is not to become the plague that we foresee." He called on the FAO experts to prepare an action plan to fight the threatened plague.

The four species of locust are the desert locust (*Schistocerca gregaria*), the African migratory locust (*Locusta migratoria*), the red locust (*Nomadacris septemfasciata*), and the brown locust (*Locustana pardalina*). The Sahel region is threatened by the Senegalese grasshopper (*Oedaleus senegalensis*).

According to the FAO, the grasshoppers laid their eggs over vast areas of the Western Sahel at the end of the 1985 rainy season. Some 10-15 days after the start of the 1986 rains, in May, the young hoppers will emerge and attack sprouting cereal crops, particularly millet and sorghum. Messaoud Ould Boulkeir, minister coordinator of the Permanent Interstate Committee for Drought Control on the Sahel, stressed to a special meeting of donor and recipient countries on May 7 that it was necessary to "act quickly to avert a new tragedy." The program to fight the grasshopper threat is estimated to cost \$10-12 million, and in-

cludes providing insecticide dust to farmers early in the season, and later motorized and aerial spraying to protect ripening crops by destroying grasshoppers that have migrated.

A major effort has already been made in Mali to fight the infestation, but, reports the FAO, not all the grasshoppers could be killed, and the survivors laid huge numbers of eggs. At the start of the rainy season, which begins in May, grasshoppers at densities of up to 125 per square meter are expected to hatch over large areas.

A detailed program to fight the locust threat is still being worked out by the FAO. The areas threatened include virtually all of Africa: The desert locust reappeared after the return of the rains, starting in Mauritania, and later in Saudi Arabia, Sudan, and Egypt. The African migratory locust widely reproduced itself in the central and eastern plains of Sudan in the rainy season. Swarms of locusts moved south and east, reaching the coast of the Red Sea, northern Ethiopia, northern Uganda, and northwest Kenya. Manifestations of the migratory locusts exist in Mozambique, Zimbabwe, Swaziland, and South Africa, where swarms have penetrated as far as Cape Town, which was not reached during the last major plague of 1928-42.

The red locust threatens central and southern Africa, Tanzania, Zambia, Malawi, and Mozambique. Swarms of the insects were reported in Kenya at the end of April for the first time since 1937. The brown locust is

threatening 300,000 square kilometers in South Africa, and swarms had reached Botswana at the end of February.

The damage such swarms can do was illustrated in a report published by the Centre for Overseas Testing and Research in London, in 1974, *The Locust Menace*. A study had been made of a plague of locusts that hit Somalia in 1958. A locust consumes its own weight in food each day, two grams. One single swarm over Somalia, measured from the air, covered an area of 1,000 square kilometers. As there are usually 40-80 million locusts in a single square kilometer, this one swarm included at least 40 billion locusts. The swarm would require over 80,000 tons of food per day—enough corn to feed 400,000 people for a year.

Unchecked, the locusts could cause famine of Biblical proportions throughout Africa, which is just recovering from years of drought.

Organizations do exist in Africa to fight locusts, such as the Desert Locust Control Organization for eastern Africa, and the International Red Locust Control Organization for central and southern Africa, and similar bodies in western Africa. But lack of funds and equipment means they are unable to provide the insecticide, equipment, and fuel for dusting the crops. The International Red Locust Control Organization for central and southern Africa has spent its entire 1986 budget in the first trimester of the year, and its stocks of pesticides are completely exhausted.

Over the last 10 years, cutbacks in government expenditure enforced by the International Monetary Fund, and the general breakdown in infrastructure, have meant that African governments simply do not have the means to fight this plague. Emergency measures are needed to stop catastrophe.

From bad to worse in Sri Lanka

A failed military security operation follows a new burst of terror at stalled political talks.

On May 18, Sri Lanka's security forces launched a major military offensive to regain control of the northern Tamil-majority province of Jassna. By May 20, mid-way through the offensive, the Sri Lankan defense ministry announced that the troops were forced to pull back to their bases under heavy fire from Tamil extremists, operating from as many as 40 hideouts throughout the peninsula and using rockets, mortars, machineguns, and land mines.

The government spokesman defined the abortion of the mission as a "set-back."

The apparent bungling of the vaunted "military solution" only further deepens the tragic crisis enveloping this island nation. In the weeks preceding this new cul-de-sac, terrorist-separatist activities had reached a new height, including savage internecine warfare among the Tamil extremist groups, and the process of negotiating a political solution to the ethnic problem underlying the crisis ground to a dead halt.

The so-called Eelam Revolutionary Party, one of the guerrilla groups operating in Sri Lanka, claimed credit for the April 21 sabotage of the Kantalai Dam, which killed 200 civilians and washed away the homes of another 14,000. In a statement from Trivandrum, in India, the group's "politburo chairman," P. K. Balasubramaniam charged that President Junius Jayewardene wanted to continue his "reign of terror" against Tamils to save his

own government from downfall.

On May 2, an Air Lanka plane was blown up, killing 15, mostly tourists, and five days later, a bomb placed in the central telegraph office in the heart of Colombo killed 12 and injured 175.

In the midst of this, the most powerful guerrilla group, the Liberation Tigers of Tigers Eelam (LTTE), made a bid to take over the movement by exterminating the leadership of its rival, the Tamil Eelam Liberation Organization (TELO). Both are professedly Marxist-Leninist groups, but LTTE rejects any settlement short of establishment of an independent socialist state of "Tamil Eelam."

Surfacing in London to take credit for the telegraph office bombing was a spokesman for the Janatha Vimurthi Peramuna (Peoples' Liberation Front), the Maoist group that organized a revolt against the government in 1971 which took 18,000 lives. The leader of the Front, Rohana Wijeweera, who was educated at Patrice Lumumba University in Moscow, and then began quoting Chairman Mao, had been underground for some months. Not part of the Tamil movement, the Front is in fact professedly Sinhala-majority chauvinist. Sri Lankan security forces insist, however, that Wijeweera maintains links with the separatists.

The Front's London spokesman said the bombing was committed because there have not been elections in Sri Lanka for nine years. This is the war cry of Sirimavo Bandaranaike, former prime minister of Sri Lanka

and leader of the Sri Lankan Freedom Party.

As the activation of Wijeweera suggests, the extremist groups are involved in proxy wars on behalf of their respective foreign sponsors—be they extremist factions of the Palestine Liberation Organization, the Soviet Union, or North Korea—whose interest in perpetuating the crisis varies.

It should not be forgotten that Sri Lanka was used as a safehouse for the North Korean assassins of half of South Korean Prime Minister Chun Doo Hwan's cabinet in the 1983 Rangoon bombing.

None of these groups represent the mass of Tamils, whose grievances are real and must be addressed by the Sri Lankan government.

These latest developments have already intensified the hand-wringing here over what should be India's role. The government has issued a pro forma condemnation of the Sri Lankan military operation in Jassna. But, in fact, India can't do much at this point.

The failure to bring forth the moderates of the Tamil United Liberation Front (TULF) and the Tamil Workers' Congress as the legitimate representatives of the Tamils is of one piece with India's refusal to identify and draw the line at extremism at the outset of the long "political solution" exercise that has now run aground. It is the same mistake that so tragically complicated the Punjab crisis.

Moreover, India can have no consolation in the prospects of a Bandaranaike government in Sri Lanka. Not only is the notoriously opportunistic politician a die-hard Sinhala chauvinist, but her record as a friend of India is not exactly strong. During the 1971 crisis in Bangladesh, then-Prime Minister Bandaranaike offered the Pakistani air force refueling facilities when Pakistan was fighting the Indian army in then-East Pakistan.

Discontent in Iran

The mullahs have suffered setbacks at the hands of the Iraqis and the Pentagon—the summer could be full of surprises.

After its military breakthrough against Iraq in the Faw peninsula last February, Iran has been dealt two military setbacks of significance in the month of May.

First, while maintaining their artillery barrage against the Iranian Pasdaran (Revolutionary Guard) units now besieged in Faw, the Iraqis successfully crossed into Iran on May 19, seizing the border-town of Mehran. While the town has little strategic importance and was easily taken, the 100 square miles of Iranian territory surrounding it give Baghdad a new maneuvering capability in the face of an anticipated Iranian offensive during Ramadan (mid-May to mid-June).

To date, Iran has launched three separate assaults to recapture Mehran—to no avail.

Immediately less painful, Iran's second setback has longer-term implications. It happened on May 13: The U.S. naval task force in the Persian Gulf and the Strait of Hormuz intercepted an Iranian coastal vessel as it attempted to board an American cargo ship. Since 1985, Iran has exercised a self-proclaimed right to check civilian vessels which might be carrying cargoes bound for Iraq. In January 1986, when the Iranians first boarded an American vessel, outcries in the United States were quickly quashed by the U.S. State Department, which recognized Iran's action as part of the "rights of a nation at war"!

Therefore, as in the case of the U.S. raid on Tripoli, the May 13 action represented a Pentagon slap in the

face of Foggy Bottom. The Pentagon announced thereafter that all American ships would be accompanied by a military vessel.

On May 16, Iran's President Ayatollah Khamenei announced that the "very presence of American military vessels in the Gulf . . . is an act of war against Iran."

However, the mullahs were too shocked to go for immediate reprisals. Less than two weeks earlier, they had sent to Washington one of their pet "opponents," former Foreign Minister Ibrahim Yazdi. Just before his departure, Yazdi and former Prime Minister Mehdi Bazargan had been allowed to create a new opposition group: "The Alliance for the Defense of our Liberties and of Iran's National Sovereignty."

Much repression had followed the death of anti-Khomeini Grand Ayatollah Shariat-Madari in late March. Safety valves were needed to prevent his disciples from exploding. Bazargan's new organization was considered "useful" by the ruling mullahs.

Lavishly received by State Department officials, Yazdi transmitted such messages as Iran's extreme concern about its present military situation and its desperate lack of spare parts. Should Washington agree to allow such deliveries, and remain entirely neutral, Teheran would not attempt any destabilizations of the Gulf sheikhdoms.

The May 13 incident was the Pentagon's answer, notwithstanding what State Department officials may have

told Yazdi. Yazdi's message, reportedly drafted by Hojatessalaam Hashemi-Rafsanjani, speaker of the parliament, former Prime Minister Madhavi-Kani, had no credibility in any case. In late March, Hojatessalaam Mohammed Reyshahri, minister for security, had announced the establishment of an "Information and Security College" in Shiraz to train students from Saudi Arabia, Kuwait, Bahrain, and other Arab countries in intelligence and sabotage warfare.

Intelligence and sabotage warfare may be within Teheran's reach, but it was forced to allow Baghdad's repeated bombardment of Teheran and its suburbs to go unanswered—except for an attempt on an Iraqi oil refinery around Kirkuk.

Iran's spare parts and materiel situation was hit hard by the arrest of Israeli Gen. Avraham Bar-Am and 16 gun-running associates in Bermuda last April. Perhaps as a direct consequence, the Iranian army has been rocked by much unrest, according to several reports.

On a higher level, the officers are opposing the mullahs on strategy. They consider Faw a lost cause—the Pasdarans will be decimated as soon as the ground is dry enough to support Iraqi tanks—and are demanding a central-front offensive targeting Baghdad. The mullahs are concentrating on the south, targeting the holy cities of Najaf and Kerbala.

Iran's only good news were unconfirmed reports that Kurdish separatists under the Barzani brothers had scored a victory in northern Iraq—not much compared to the blows inflicted on the Iranians by the Kurdish forces of Ghassemlou. As Iran enters the month of prayer and fast of Ramadan, the mullahs will have time to reflect on their uncertain future. The summer could be full of surprises.

International Intelligence

Half a million Ugandans carrying AIDS virus

"AIDS Epidemic Ravages Uganda," headlines the London *Guardian* May 16, reporting that "someone is dying of AIDS in every second hut amid the lush coffee and banana plantations" in the Rakai district of Uganda, near the Tanzanian border. About 2,500 inhabitants of Rakai, 1% of its population, are believed to have died of the disease since the first case was reported in 1982.

The *Guardian* reports on tests done on 3,000 blood samples from all over Uganda by the Porton Down Research Center in Great Britain: "The tests show an alarmingly high positive rate of 12 to 15 percent—in comparison with 0.25 percent in the U.S.—in healthy men and women with no AIDS symptoms from the sexually active 18 to 45 age group. This means that around half a million Ugandans are likely to be AIDS carriers."

AIDS is reported to be just as rife across the border in Tanzania's Bukoba region, and is spreading, in part, via "groups of wealthy traders" who have developed AIDS, leading to a popular superstition that the disease is caused by "a spell cast by Tanzanians on Ugandans for renegeing on debts and dishonest business practices." The spread of the disease has also worsened because of Uganda's long tribal wars.

The *Guardian* notes that "despite the enormity of the problem, AIDS research in Uganda has been hampered by apathy and a lack of funds."

Communist insurgency builds in Philippines

The military situation in the Philippines is "serious and getting worse," U.S. Assistant Defense Secretary Richard Armitage told the House Foreign Affairs Subcommittee on East Asia and the Pacific on May 16. Communist guerrilla forces are assuming control

in areas where government influence had been eroded over the years, he said. "Far from embracing the new government, the Communists are exploiting the [Army's] defensive posture by reorganizing, regrouping, and recovering from its election setback to reinvigorate the insurgency."

Philippines military officials have confirmed this report, and warned that the country might become another Vietnam or Cambodia if the insurgency is not tackled now. Armed Forces chief Gen. Fidel Ramos, who with Defense Minister Juan Ponce Enrile led the military revolt to install Corazon Aquino as President, said that it could take 10 years to subdue the 17-year old Communist insurgency. Mass support for the Communist New People's Army has been eroded, they said, but "time is still on the NPA side."

General Ramos warned, "If we don't move just now, we may end up like Vietnam or Cambodia, which just let things slide. We have to choose what kind of society we want."

French premier backs U.S. beam defense

French Premier Jacques Chirac gave unqualified backing to the U.S. Strategic Defense Initiative (SDI), at a press luncheon in Paris on May 22. "This movement is irreversible and it is justified," he said. ". . . France cannot afford not to be associated with this great research program."

Chirac stressed that his government was reversing the policy line of its predecessor on this issue. Chirac, who heads the Gaullist RPR party, became premier following the defeat of President François Mitterrand's Socialist Party in the March 16 parliamentary elections.

According to a report from the Reuters news agency, Chirac said that the SDI's shield against nuclear attack might not be totally effective, but its construction was historically inevitable because of the laws of human nature. He said the United States was now committed to a process that would

continue, whoever was in the White House. "It would be totally irresponsible to be left by the side of the road, especially for a country like France, which is the world's third nation in space technology," he said.

Pro-NATO government wins Dutch elections

The center-right government of the Netherlands won a sweeping victory in the elections held May 21, despite the predictions of pollsters and the "informed opinion" of the press. With the victory of Christian Democratic Prime Minister Ruud Lubbers, Holland has been temporarily spared the fate of Norway, which earlier this month shifted from a center-right to an anti-NATO Labor government.

Above all, the Netherlands results confirm that the majority of the Western European population fears nothing so much as breaking with the United States and weakening the Atlantic alliance. Lubbers' weakness, and the cause of growing discontent against him, stems from his free-market, austerity-minded economic policies, which are destroying the Dutch economy.

Yet, when faced with a choice of forcing upon him an alliance with the anti-NATO Labor Party, the population chose to give Lubbers a sweeping mandate. The center-right coalition won 81 seats, for an absolute majority of five seats in the Parliament.

The Labor Party ran on a platform of barring U.S. cruise missiles from the Netherlands, and scrapping the country's ambitious nuclear power industry, which is supported by Lubbers' Christian Democrats. Labor's campaign manager, Joop Den Uyl, is also one of the more pro-Soviet figures in the Socialist International, as well as an advocate of euthanasia. Last April 13, he appeared on television insisting that impediments be removed to the legalization of euthanasia in Parliament.

The euthanasia question is one of the most hotly debated issues in the Netherlands today. The Democrats '66 party, which was

also being touted to win heavily May 21 and thus become part of the government coalition, is a single-issue party, backing the legalization of euthanasia. It was the Democrats '66 who recently sponsored a parliamentary bill to have euthanasia legalized.

Courts condemn libels against Zepp-LaRouche

The 17th Penal Court of the Paris Tribunal on May 22 ruled to condemn the newsweekly *L'Express*, owned by Jimmy Goldsmith, for defamation of Helga Zepp-LaRouche, president of the European Labor Party in the Federal Republic of Germany, and founder of the Club of Life and the Schiller Institute.

L'Express was charged with having stated falsely that Mrs. LaRouche was born in East Germany, and that the European Labor Party was "heavily infiltrated by East bloc agents."

Mrs. LaRouche was awarded 20,000 francs (about \$2,900) in damages, while the magazine's owner and the author of the article were each fined 5,000 francs.

In a related development, the European Labor Party in France (POE) won a civil libel suit in Paris on May 21 against the newsletter *La Lettre de Magazine-Hebdo*, which is linked to "New Right" theoretician Alain de Benoist, an apologist for the "Conservative Revolution" theories of Swiss fascist Armin Mohler.

La Lettre de Magazine-Hebdo had engaged in a systematic campaign of libel against the POE over the past year, attempting to portray it as a Soviet KGB "disinformation sect" allegedly under investigation by the French intelligence services on suspicion of being "manipulated by the East."

Pravda lashes out at Germany on Chernobyl

The Soviet Communist Party daily *Pravda* has issued a furious attack on West German Chancellor Helmut Kohl, accusing him of backing the "revanchist" demands of the

"dispersed followers of Hitler," and denouncing him for allegedly demanding compensation to German farmers for the losses they have suffered due to the Chernobyl nuclear disaster.

In its May 19 issue, *Pravda* attacked Kohl for attending a convention of the Sudeten Germans in Munich the day before (the Sudeten Germans were expelled from Czechoslovakia in 1945). Kohl had mentioned in his keynote address to the convention that he "would wish the Soviets had indicated how to compensate for the damages caused by the Chernobyl accident."

Pravda retaliated: "Kohl raised this impertinent demand before the dispersed followers of Hitler on the eve of the 45th anniversary of the assault on the Soviet Union by fascist Germany. Obviously, people in Bonn have forgotten the unforgiveable debt to the Soviet people for all the pain, murder, destruction and suffering that German fascism brought to the U.S.S.R. and each Soviet family." Chancellor Kohl's appearance at the Sudeten convention—the first ever by a German chancellor—was termed "another proof that revanchist currents in West Germany are being encouraged by the official Bonn."

Although Kohl did not specifically demand compensation, West German interior ministry spokesman Michael-Andreas Butz on May 16 accused Soviet Ambassador Yuli Kvitsinskii of misinforming the Bonn government of the situation in Chernobyl after the accident. Kvitsinskii told reporters on May 14 that radiation fallout from the plant had never posed a threat to West Germany, and had repeatedly assured German officials that the reactor was under control. Butz called Kvitsinskii's false reassurances "disgraceful" and said the Bonn government would seek compensation for German farmers.

Replying to the *Pravda* attack, Kohl announced on May 20 that he had never officially asked Moscow for compensation. Bonn government spokesman Friedhelm Ost informed the press that the chancellor would meet Kvitsinskii soon, in hopes of "calming down the waves of emotion" between Moscow and Bonn.

Briefly

● **GUATEMALAN LABOR** Minister Catalina Soberanis Reyes met with Peruvian President Alan García in Lima on May 16, and reiterated Guatemalan President Vinicio Cerezo's invitation for García to visit Guatemala. She further offered to support García's struggle for debtor unity, and characterized García's 10% debt payment limit as "a position in defense of the majority interests of all the Latin American population."

● **THE NORTH ATLANTIC** Assembly has issued a report on terrorism, which affirms that Syria's role is "far more complex" than that of Libya. Syria, it says, "never stops misusing diplomatic privileges and violating international law." The report was drawn up by British Labour Party parliamentarian Bruce George, who states: "The members of the ruling Ba'ath Party, stationed at Syrian embassies in West European countries, are always seeking to recruit students for terrorist campaigns."

● **LIBYA HAS BANNED** the teaching of English at all levels of education and replaced it with Russian, the Libyan news agency JANA said May 22.

● **SPAIN AND THE U.S.** will begin negotiations within two months on a reduction of the U.S. military presence in Spain, Reuters reports. The decision was announced following a meeting May 21 in Brussels between U.S. Defense Secretary Caspar Weinberger and Spanish Defense Minister Narcis Serra. Serra briefed Weinberger on how Spain plans to function in NATO within the constraints of the recent referendum limiting participation.

● **JAPANESE** Prime Minister Yasuhiro Nakasone wants to hold early general elections this summer, a leader of his ruling Liberal Democratic Party said. The tactic is reportedly intended to increase the party's influence and to secure a third term in office for himself.

Helms' assault on Mexico helps drug mafia, PAN

by D. E. Pettingell

The May 12-13 hearings on Mexico by Sen. Jesse Helms's (R-N.C.) Subcommittee on Western Hemispheric Affairs, had the effect of a bomshell dropped over Mexico City by enemy forces. Far from trying to seek further cooperation with our southern neighbor on the War on Drugs that the Reagan administration claims to endorse, Helms's hearings were a diatribe of lies, slanders, and half-truths against a friendly nation. As a result, U.S.-Mexican relations have never been so tense.

It was the first time that top Reagan administration officials openly accused Mexican elected officials of running drugs. It was also the first time that a U.S. senator charged in public that relatives of Mexican President Miguel de la Madrid were involved in drug running. Although no evidence was presented at the hearings, it is believed to be part of "massive" classified information that U.S. agents claimed to have, but have not provided to Mexican authorities.

The May 13 open hearings were preceded by closed-doors hearings on May 12, sponsored by the same subcommittee. According to reliable sources, Central Intelligence Agency, Defense Intelligence Agency, Drug Enforcement Administration, and U.S. Customs Service agents presented what they claimed was "massive" and "unrefutable" evidence on Mexican officials' drug-related corruption. It is believed that much of the information used at the open hearings came from the previous day's secret sessions.

In announcing the purpose of the hearings, Helms intro-

duced the witnesses: U.S. Assistant Secretary of State for Inter-American Affairs Elliot Abrams, U.S. Customs Commissioner William von Raab, and DEA Assistant Administrator for Operations, David L. Westrate. The high government level of the witnesses gave "official character" to the hearings.

Hypocrisy

Senator Helms asserted during his opening remarks: ". . . I have the feeling that, at the root of the problems we have been outlining, is the failure of the democratic system in Mexico," and asked the audience: "Has the long-term political stability of Mexico been purchased at the price of political freedom?"

Helms quashed Mexico's request that the hearings be canceled due to their "interventionist" character.

"There have been strong attempts to thwart these hearings. It has been charged that these hearings are inappropriate and somehow interfere with Mexico's sovereignty. I object to that," he said, "I have been surprised at the efforts that have been made to get these hearings canceled," and concluded in a threatening tone: "Obviously, these persons don't know me."

Objections to the hearings came not only from the other side of the border. According to congressional sources, Senate Foreign Relations Committee chairman Sen. Richard Lugar (R-Ind.) tried to persuade Helms to postpone the hearings

until after the May 29-June 2 annual Mexico-U.S. Interparliamentary meeting at Colorado Springs. As of this writing it is not known what the Mexican parliamentarians will do at the meeting in light of strong condemnations against Helms by the Mexican House of Representatives.

Of the three witnesses invited by Helms, U.S. Customs head von Raab, characterized in political circles as a "technician" and not a politician, was the most vicious and slanderous of all against Mexican officials.

Asked by Helms whether he knew if drug kingpin Miguel Felix Gallardo, suspected in DEA agent Enrique Camarena's torture-murder in Mexico last year, "is being protected in a safehouse in the home of the governor of the [Mexican northern] state of Sonora?" von Raab replied: ". . . there have been some newspaper reports to that effect . . . the only information I have on the governor of Sonora is that he is alleged to own four ranches in Alamos, Sonora; in all four ranches marijuana and opium are grown." He added that the ranches are occasionally guarded by the Mexican Federal Judicial Police.

Shock in Sonora

The attack against Sonora Gov. Rodolfo Felix Valdes, a calculated lie, sent political shock-waves throughout Mexico. Felix Valdes is not only a former member of de la Madrid's cabinet but is known to be close to him. Mexican embassy spokesman Leonardo French immediately denied the charges and described Valdes as a "very well known, honorable person. . . ." The governor has announced his decision to take legal action against von Raab in U.S. courts.

But von Raab did not stop here. Asked by Helms whether he knew if a relative of President de la Madrid was involved in drug running, von Raab answered: "We have no comment on that in a public hearing," implying that the issue had been discussed at the secret sessions the previous day.

Asked whether he had provided the "evidence" to the proper authorities in Mexico, von Raab responded in the negative and argued that "there is an ingrained corruption in the Mexican law-enforcement establishment." He went on, "Corruption is so pervasive, that one has to assume every Mexican official is corrupt unless proven otherwise." He claimed to be afraid the "evidence" would make its way to the hands of the mafia, and that unless he is provided with a "list of non-corrupt Mexican officials" he refuses to hand over information.

Von Raab spent much time in describing the drug-immigration-related violence at the U.S.-Mexican border and argued that "there is no way to secure an 1,800-mile border. You have to be able to rely on the integrity of your neighbors."

Sen. Claiborne Pell (D-R.I.), who, besides Sens. Paul Trible (R.-Va.) and Frank Murowsky (R-Alaska), was the only other senator present at the hearings, suggested that the

best solution to the U.S.-Mexican border is to build an "Iron Curtain on the border like the one in Europe." Pell is a member of the Club of Rome and a fanatic proponent of its depopulation schemes, which are aimed against non-white populations in particular. Thus for Pell, the biggest security threat is the "population explosion" in the South.

Assistant Secretary of State Abrams avoided openly linking top Mexican officials to drugs but said that "the amount of money [owned by the mafia] is fantastic . . . the ability to corrupt officials is therefore fantastic." "We have told the Mexicans in no uncertain terms that we are deeply troubled by widespread drug-related corruption," he said. "We need to give Mexico's leaders a sense of how dangerous this is to the future of U.S.-Mexican relations."

Setting the stage for PAN

But Helms's "Mexico-bashing" festival had little to do with fighting drugs. Instead, the drug problem is being exploited to destabilize Mexico, overthrow President de la Madrid, and set the scenario for the Nazi-communist National Action Party (PAN) to take power. This is what is behind the insistence by Helms, the State Department, and even the White House, that Mexico be "democratized."

"Has the dominance of one party [the ruling PRI] for so long resulted in the breakdown of the checks and balances which any political system needs to counteract corruption . . . and despotism?" asked Helms. He compared the PRI with the "Communist Party of Russia."

Helms's office has ignored information proving that members of the PAN are deeply involved in drugs in northern Mexico. More recently, the PAN's newspaper *La Nación* has come out endorsing legalization of drugs. But Helms insists on believing that the PAN is the "counterpart" to the Republican Party.

On May 14, Mexico City ordered the Mexican ambassador to the United States to send an official protest to Secretary of State George Shultz characterizing the statements against Mexican officials as "slanderous" and "irresponsible" and the hearings "interventionist."

In responding to an *EIR* correspondent May 15, State Department spokesman Chuck Redman admitted having received the protest note but said it would be answered "at an appropriate time." In non-diplomatic terms this means "when we feel like it." Redman left no doubt that the anti-Mexican content of Helms's hearings was endorsed by the administration, calling them "candid, public, and balanced."

Helms himself went to the White House a couple of days later and briefed President Reagan. He asked Reagan for assurance that U.S. Customs head von Raab would not be dismissed for slandering Mexican officials. White House officials said that Helms got from Reagan what he wanted. Observers of the scene report that von Raab was welcomed "with open arms" at the White House by none other than

chief of staff Donald Regan, who has been accused of fostering massive drug-money laundering.

The administration endorsement of a confrontationist policy against Mexico orchestrated by both Helms and the liberals at the State Department leaves Mexico with no other option than to believe that the United States has no desire to fight a joint war on drugs but rather that its main purpose is to destroy political stability in Mexico.

Not long ago, on Jan. 3 of this year, President Reagan visited Mexico for a meeting with his counterpart, de la Madrid. Upon his arrival he said: "The trust and cooperation between our two countries are mirrored in the solid personal and professional relationships President de la Madrid and I have developed. . . . The good and decent people of both our countries have made a strong commitment to fight the scourge of narcotics and drug trafficking."

Publicly criticizing the efforts of countries which share identical objectives in the area of combating narcotics, only strengthens the position of the drug runners, stated a Mexican official as he was leaving the May 13 hearings. He could not have been more to the point.

Behind the hearings: Mexico can not pay!

by Carlos Cota

The offensive against Mexican institutions by their international creditors, which reached its public high point with Jesse Helms' so-called hearings on May 12-13, is purely and simply due to the fact that Mexico cannot pay its foreign debt.

This is broadly recognized on the Mexican side despite certain expressions in favor of "appeasement" in these times of head-on confrontation.

The "Helms hearings" are the culmination of a series of statements by spokesmen for Mexico's creditor banks, along the same lines as those discussed in Helms's subcommittee on Western Hemisphere Affairs.

A World Bank official indicated that "the creditors reached the conclusion that the Mexican government changed its

The response of the Mexican government

The Mexican government instructed Mexican Ambassador to Washington Jorge Espinoza de los Reyes to deliver a strong protest to Secretary of State George Shultz on May 14. The embassy made available the full text. Excerpts follow:

"The Subcommittee on Western Hemisphere Affairs . . . held two hearings. . . . Although the first of these was a secret hearing, some of the statements were leaked to the media, a fact that must be considered a deliberate attempt by U.S. officials and legislators to accentuate the existing misinformation regarding the Mexican reality.

"In light of these considerations, I have been instructed by my government to submit to Your Excellency a formal and strong protest regarding these statements, which my country considers unfriendly and in total contrast with the spirit of cooperation shown by the government of Mexico. . . .

".. the interventionist character of the statements made in these hearings, apart from adulterating the truth and presenting a distorted view of the Mexican reality, are a clear and unacceptable violation of Mexico's sovereignty.

"The government of Mexico does not accept that U.S. officials take upon themselves to make statements on

Mexico's internal affairs, as these affairs concern only the Mexican people, and no government has the right to pass judgment on this matter.

". . . the Mexican government strongly rejects the accusations and calumnies pronounced against Mexico in the hearings. The capacity for slander and the political irresponsibility implied by these statements is surprising.

"Throughout its history as an independent nation, Mexico has always shown strict adherence to the principles and norms of international coexistence. Mexico's respect for other peoples' right to self-determination has been unequivocal; consequently, Mexico feels it has the moral authority and reason to demand that others respect its sovereignty."

Mexican Attorney General Dr. Sergio García Ramírez, delivered a letter May 16 to U.S. Ambassador to Mexico John Gavin. The text was made public by Mexican authorities. Quotes follow:

"It is our public knowledge that during the recently held U.S. Senate hearings, it was mentioned, explicitly or implicitly, that Mexican nationals might be involved in crimes. . . . I kindly request that any available information regarding criminal acts, whose prosecution concerns the Mexican authorities, be provided to us.

"I reiterate that, provided the existence of reliable information for the prosecution of criminal acts, no friendly, professional, or family relationship shall prevent a rigorous implementation of the law."

priorities and put the results of the July (1984) elections—stimulated to favor the PRI at public expense—above the promises to the international financial community. . . . This situation irked the bankers.”

High officials of Citibank, Manufacturers Hanover Trust, and First Interstate Bank of California agreed that this new Mexican debt crisis “also blew up in their hands because all the information which the Mexican government provided to them spoke of problems but not of collapse.” Now, they maintain that if Mexico wants to obtain new credits, “it will have to offer evidence that its behavior has changed.”

The “new” Mexican behavior would be, of course, the same as it has followed for the last three years under the “supervision” of the International Monetary Fund, but with a greater degree of brutality: changes in its laws on foreign investment; a greater opening to foreign trade; stimulus to private initiative; greater reduction of the State; bigger budget cuts. This new round of proposed austerity they have called, through an immense propaganda campaign, the “Azteca Plan,” similar to Brazil’s Cruzado Plan and the Austral Plan of Argentina.

Indeed, the strong reactions of the majority of the political sector of the Mexican government (see article, above) contrasted with the stony silence of the cabinet members who hold the economic portfolios, headed by Treasury Secretary Jesús Silva Herzog, Planning and Budget Secretary Carlos Salinas de Gortari, and the director of the central bank, Banco de Mexico, Miguel Mancera, who refused to come out against the U.S. intervention, in order not to affect ongoing negotiations which with the International Monetary Fund, Federal Reserve, and U.S. Treasury.

The main confidential negotiator of Silva Herzog with the U.S. banks, José Angel Gurría, stated on May 13 that the Helms hearings “have no relation to the financial problem.” The facts speak otherwise.

‘Harsh and critical tone’

The most serious “worry” which the creditors have is that expressed by the Committee of Adviser Banks, the umbrella group of the creditor banks of Mexico. In recommendations made by the Mexican negotiating group, the Advisory Committee run by Citibank, they say that “the creditors do not know how to locate in negotiations the harsh and critical tone of speeches for internal consumption by some officials, with respect to political and social pressures,” and with respect to the so-called “subordination of the goals of adjustment to internal stability.”

The Committee of Adviser Banks maintains that “there is a worrisome possibility that there may not be unanimous accord within the government of Miguel de la Madrid regarding the priority of strictly complying with the economic program” being negotiated with the International Monetary Fund (IMF), the World Bank, Federal Reserve, the Treasury Department, and the creditor banks.

This worry has caused the “Helms hearings” to step on

the gas—hearings which, according to the senator’s own admissions, had been repeatedly postponed—with the aim of imposing on Mexico a “structural change” by the IMF: liquidation of its political sovereignty and handing over political power to the Nazi-communist National Action Party (PAN, in the Spanish acronym, an offspring of the 1939 Hitler-Stalin Pact; it was founded by a former Soviet ambassador to Mexico, and opposed fighting the Nazis in 1942).

Despite the voices of “appeasers” who claim that what was said in the U.S. Senate subcommittee was only “minority voices,” the destabilization policy is continuing to gain momentum.

The reason is that with the international drop in the price of oil, which for the moment has reduced Mexico’s hard-currency income by \$9 billion, the country has lost precisely the amount of foreign exchange it had to make its interest payments this year. Add to this the official recognition that from 1980 to 1985, Mexico paid on foreign debt service (interest plus amortization) the amount of \$60 billion. This is more than 50% of its foreign debt—and it still owes some \$100 billion!

The García solution

This is the situation which placed the Mexican government at a juncture where it must decide if it will adopt a solution applied by Peruvian President Alan García Pérez.

Since the news was made known that the Mexican government invited President García Pérez for an official visit, the policy, the image, and the voice of the Peruvian leader have been kept in the Mexican media: his policy of allocating only 10% of Peruvian export revenues for payment of foreign debt, as well as his pronouncement that “the International Monetary Fund is neither morally nor politically capable” of intervening in the Latin American economies.

Parallel to this, the political forces which the creditors believe in so much, on repeated occasions have shown that they are in favor of a policy to pay the debt “according to the real possibilities of the country” and that Mexico cannot continue paying “at the cost of adjustments and internal austerity.” This is the unanimous position of the National Council of the ruling PRI party, expressed by its national chairman, Adolfo Lugo Verduzco, in the inaugural address of the extraordinary party meeting on May 22, 23, and 24. One of the specific points this meeting treated, was the elaboration of a program to set a ceiling on foreign debt payment, reckoned at 25% of export revenues.

For its part, the biggest labor organization in Mexico, the Congress of Mexican Workers (CTM) which at its last congress called the foreign debt “morally fragile,” convened a conference of all of its leaders to discuss the future of the national economy.

The “worry” manifested by the creditors is precisely the battlefield in Mexico. Mexico’s immediate future is about to be decided: the loss of its sovereignty, or the “Alan García solution.”

How seriously does Casey want to prosecute NBC?

by Criton Zoakos

On May 7, CIA Director William Casey, simply threatened to "consider asking the Justice Department" to prosecute the *Washington Post*, the *New York Times*, the *Washington Times*, *Time*, and *Newsweek*, for publishing information revealing secrets of U.S. communications intelligence methods and procedures. A few days later, Mr. Casey recanted his threat to ask for prosecution. Still later, on May 19, after considerable pressure, from circles which question Mr. Casey's sagacity in running the affairs of U.S. intelligence, the CIA director moved post-haste to request from the Department of Justice the prosecution of the National Broadcasting Corporation, for violation of Section 798 of Title 18 of the U.S. Code.

NBC's alleged violation occurred in a news-analysis broadcast on the espionage trial case of former NSA employee Ronald W. Pelton, for passing U.S. communications intelligence operations against the Soviet Union. The NBC report was said to have contained classified information which compromises U.S. intelligence methods and procedures.

Following Casey's request, the matter now rests with the Department of Justice. Will the Attorney-General of the United States, Edwin Meese, move to prosecute NBC—the television network which, some say, stands for "National Bolshevik Corporation," others for "Nothing But Cocaine," and which has generally become the object of public derision—and is also the object of a spreading nationwide boycott?

No particular eagerness for prosecution has been coming from the Attorney-General's quarters—so far. Nor was Casey too enthusiastic in filing against NBC, grudgingly citing his "statutory obligation."

Both men, in fact, have their hands full with an extraordinary complex of crucial cases, the unraveling of any one of

which, could well fell "all the trees in the forest." In fact, it appears that the case of the prosecution of NBC is merely the proverbial tip of the iceberg, underneath which lurks one of the most dramatic fights within the intelligence and law-enforcement community since the end of the Second World War.

The broader context

The last time Edwin Meese's hand was forced was when Teamster President Jackie Presser, a 14-year informant of the FBI, was indicted by a federal grand jury in Cleveland May 16. On that same day, an earlier indictment was unsealed, of the FBI head of the Cleveland Organized Crime Task Force, Robert S. Friedrich. Unconfirmed rumors are circulating in Washington, that there already are sealed indictments for 24 more FBI officials, most of them involved in "handling" the FBI's "informant networks," inside organized-crime circles. Many former and present members of the U.S. Congress had bitter experiences with this seamy side of the FBI, which, for the most part, deals with such commodities as Mel Weinberg and Brilab and Abscam.

Potentially, the Presser/Friedrich indictments, along with the rumored additional sealed indictments, could bring down the former and present heads of the—appropriately named—Criminal Division of the FBI, and FBI Director William Webster. Meese had not desired to get on board the Presser/Friedrich case—he was forced into it. Will he be similarly forced into prosecuting NBC?

This will depend on the now unfolding fight, on a broader yet plane, in which, one must include; a) the busting, by U.S. Attorney Rudolph Giuliani of New York, of a U.S.-Israeli illegal gun-running network headed by Israeli General Avraham Bar-Am, b) the still unresolved Jonathan Pollard case

which involved U.S. government officials spying on behalf of Israel, c) the Ronald Pelton case itself, d) the suddenly rapidly growing rivalry between New York District Attorney Robert Morgenthau and U.S. Attorney Rudolph Giuliani respecting, on the surface, the New York Democratic Party corruption scandals, and, e) the highly secretive law enforcement investigations of a new phenomenon in U.S. organized crime, known by the name "the Russian Mafia."

At a recent closed-door conference of law-enforcement officials in New York City, the subject of the "Russian Mafia," was identified as an extensive network of criminal activities involving cocaine trafficking, gold smuggling, counterfeiting, and dirty money laundering carried out by recent immigrants from the Soviet Union. Many of these immigrants, according to law-enforcement authorities, are hardened criminal elements of Soviet society who have been dumped on the shores of the United States as a matter of deliberate policy of the Soviet government. Rep. Stephen Solarz's political organization at Brighton Beach in Brooklyn, New York, is dominated by these elements. Others are deeply involved in the corruption scandals of the New York City Democratic Party.

The relevance of this "Russian Mafia" for the case of the CIA versus NBC is established through the mediating role of the Anti-Defamation League, which, as it should be clear by now, has, for a long time, been living a double life of sorts: one overt and public, in open association and cooperation with elements of the Justice Department and sections of the FBI; the other, secret, function of the ADL is the involvement of some of its key members, and most emphatically its national chairman, Kenneth Bialkin, in international organized crime activities spanning both the East bloc and the West.

Exemplary of this role of the ADL is fugitive from U.S. justice Robert Vesco, the client of attorney Kenneth Bialkin. Vesco, today, living in Castro's Cuba, is the leading financial organizer of cocaine and other "hard drug" traffic from Latin America to the United States, a project supervised by the Soviet KGB. Bialkin's and Vesco's involvement in this inter-American project is reflected in what is going on with the "Russian Mafia" of fake immigrants, from Brighton Beach to Miami, Denver, Philadelphia, and elsewhere.

The question then arises: What can one make of that section of the FBI which cooperates with the KGB- and drug-tainted ADL? This is the question on which both William Casey and Edwin Meese are stuck, both with respect to the Presser/Friedrich indictments and with respect to the timid attempt to prosecute NBC for violation of espionage laws. Both instances bring to light the new style of intelligence activities which the Soviet services introduced, since their reorganization in 1967-68 when they decided to go in a big way into international drug trafficking as an instrument of political warfare—and to thus develop, over the years, extensive relations to the previously established Western crime families and networks.

In the last 15 years or so, the FBI's counterespionage

functions have been the laughingstock of the world, having transformed the U.S.A. into a veritable sieve of leaks. At the same time, most of the FBI's effort was diverted into nefarious "infiltrations" and "informant development programs" into the ranks of organized crime which produced a situation, such as in the Presser/Friedrich case or the Mel Weinberg case, or other Abscam and Brilab schemes, in which it is impossible to discriminate, even in a court of law, between criminals, protected informants, and FBI agents. The more organized crime made its money by Russian KGB-sponsored drug trafficking, the more the FBI got entangled with organized crime.

The case of NBC espionage derives exactly from this anomalous situation: NBC is notorious, not only for its close collaboration with the ADL, the public relations firm of the Meyer Lansky syndicate, and Robert Vesco, but NBC is the television network most notorious for giving a public forum to the views of known spokesmen of the drug lobby such as Mark Nykanen, Dennis King, et al. NBC, in addition, has developed a special business relation in the area of international broadcasting with the Soviet government since last year. A comparison of NBC editorial opinions on major international issues in recent years will reveal that their divergence from official Moscow opinion is only nominal.

In comparison with the documentable, extensive anti-American activities of NBC over the years, Casey's recent request for prosecution is a very timid move indeed. The case of the other news organizations, the *New York Times*, *Washington Post*, etc., earlier threatened with prosecution, is similar. All these entities could have been brought to trial on May 7, for their disclosures of state secrets respecting the intelligence gathering preceding the U.S. air raid against Libya. It was as a result of their disclosing U.S. secrets in this matter that a Libyan national who was a CIA agent operating in East Berlin was assassinated by Qaddafi's men. This was Mohammed Ashour, a Libyan diplomat who supplied the critical intelligence which led to the April 15 raid against Libya. His body was found in East Berlin on May 3, after the disclosures in the U.S. media.

Similar such actions by U.S. news organizations have grown dramatically, first since the famous Pentagon Papers case, and later, since the assassination of CIA Athens Station Chief Richard Welch in 1975—who had also been "fingering" by protected U.S. journalistic sources. The impunity with which major U.S. news organizations have carried out treason and espionage over these years has its causes concealed in the way in which the FBI has failed dramatically in its domestic counterespionage and counterintelligence mandate. The FBI failed because it was in bed with organized crime, which was in bed with the KGB. The relation between Oliver "Buck" Revell, Kenneth Bialkin, and Robert Vesco explains how.

To actually prosecute NBC, one must have the guts to take on the "Trust" hiding behind this international intrigue. Does William Casey have such guts?

ADL's tax exempt status in jeopardy

by Our New York Correspondent

The Anti-Defamation League (ADL) of B'nai B'rith is illegally spending over one-third of its yearly budget to run political campaigns and financial warfare operations against a candidate for the 1988 Democratic Party presidential nomination, Lyndon H. LaRouche, Jr., report sources close to the ADL. If true, then the ADL, whose very existence depends on its tax-exempt status with the Internal Revenue Service, is in trouble.

According to the standing Internal Revenue Code, Section 501(c)(3), no tax-exempt organization shall "participate or intervene in [including publication or dissemination of statements on] political campaigns involving candidates for public office."

The ADL is painfully aware that its activities violate the tax code, but a faction inside the ADL believes it is time to throw caution to the wind. On March 26, 1986, in an article in *Jewish World*, a New York newspaper, ADL national director Nathan Perlmutter made it clear that the ADL doesn't intend to let the election of candidates associated with LaRouche, as occurred on March 18 in Illinois, ever occur again.

The *Jewish World* quoted Perlmutter saying, ". . . 'If 501c3 says we can't talk about Hart and Fairchild, it's not worth risking the tax-exempt status. . . . Nothing in that law . . . [however] disarms us from discussing the meaning of Lyndon LaRouche and his organizations if we see their people running.'" Nothing except, of course, that Lyndon LaRouche is a candidate for the presidency of the United States, registered as such with the Federal Election Commission.

According to sources familiar with ADL internal proceedings, not all of the officials of the ADL agree with Perlmutter's interpretation of the law. Indeed, there are numerous internal memos over the years from the legal department which warn regional offices that there are severe restrictions on the ADL's activities regarding political candidates. But other officials in the ADL, led by Perlmutter, Kenneth Bialkin, Justin Finger, and the hapless Irwin Suall have decided to go all out against LaRouche.

At a press conference at the ADL's national headquarters in New York on Wednesday, May 21, the national chairman of the ADL, Kenneth Bialkin, and national director Nathan Perlmutter announced the launching of an "awareness campaign" about LaRouche, a thinly disguised description of the ADL's national campaign to stop the LaRouche-associated candidates from winning elections. The ostensible reason for the press conference was the release of a new ADL report called, *LaRouche and the Cult of Extremism*. Reporters at the press conference, however, say that Bialkin and Perlmutter concentrated mainly on defending the tax-exempt status of the ADL, and defending themselves against an investigation by the Federal Election Commission.

Bialkin announced that the ADL has hired William O'dacker, former general counsel of the Federal Election Commission, to represent it in the complaint filed by the LaRouche Democratic Campaign (LDC). In early April, LDC detailed violations by the ADL, showing that the ADL's activities against LaRouche require that it file as a political action committee. According to federal election law, anytime an organization spends money to support or defeat a candidate for public office, it must register all of its finances with the FEC. Financial disclosure is something that the ADL and its chairman, Kenneth Bialkin, desperately fear.

The main operatives in the ADL campaign against LaRouche have been up to their necks in dirty money operations:

- **Kenneth Bialkin.** Bialkin is the attorney and business partner of some of the most notorious criminals operating in the world today, including Robert Vesco, the infamous swindler of Investors Overseas Services; and Shaul Eisenberg, the Israeli mafia gun-runner. According to federal court records, Bialkin and his law firm, Wilkie, Farr & Gallagher, were guilty of swindling thousands of investors in IOS and the related Fund of Funds—and had to pay millions of dollars in restitution to defrauded investors. Bialkin's association with Vesco was precisely during the time that Vesco was charged with illegal contributions to the 1972 campaign committee of Richard Nixon. Today, Vesco runs an international cocaine trafficking empire out of Havana, Cuba, which finances narco-terrorist gangs throughout Ibero-America.

- **Dennis King.** According to sources in the ADL, one of the actual authors of the new ADL report is Dennis King, a stringer for ADL Fact-Finding Division chief Irwin Suall. King is a reporter for *High Times*, the dope-lobby magazine that pushes for the legalization of marijuana and cocaine, and sustains itself by advertising drug paraphernalia (which is illegal in many states). In 1980, King was involved in an illegal effort against LaRouche's presidential campaign. King worked this illegal election activity through his employer, the newspaper, *Our Town*, whose publisher, Ed Kayatt, is a convicted felon, charged with forging the U.S. Savings Bonds of elderly people. The FEC fined Kayatt and *Our Town* for their illegal operations.

Presser indictment spotlights FBI crimes

by Jeffrey Steinberg

The "surprise" announcement on May 17 that a Cleveland, Ohio federal grand jury had indicted International Brotherhood of Teamsters president Jackie Presser on charges he embezzled the funds of two unions through "ghost employee" schemes sent shockwaves through the corridors of the FBI headquarters in Washington, D.C.

As the result of the Presser indictment, which had been stalled for over a year, one FBI supervisor agent, Robert S. Friedrich, the head of the organized crime squad in the Cleveland FBI office, was also indicted in Washington. Friedrich was charged in a five-count indictment with lying under oath to federal investigators in order to block the prosecution of the IBT boss. Friedrich had claimed that he had authorized Presser to pay the no-show employees as part of Presser's informant work for FBI "penetrating" organized-crime circles in the Midwest. According to the indictments, no such order was given—by Friedrich or any other FBI official. The coverup was worked out after the fact in a series of meetings between FBI officials and Presser's lawyers through the summer of 1985, once it became clear that Presser's affair with the FBI and the mob was running out of steam and threatening to expose a 25-year FBI crusade to wreck the nation's largest and once most powerful trade union.

Presser, it now seems, has been an FBI informant for the past 14 years, working to destroy the very union that has just elected him to a five-year term as international president. Presser came in as IBT president after Roy Williams, the last elected union chief, was stripped of his position on being convicted of racketeering.

Despite media efforts to direct all of the attention of the Presser-Friedrich indictments at the Teamster president's crime ties and the pomp and circumstance of the union convention that opened on May 19 in Las Vegas, top officials of the FBI and Department of Justice, including FBI number-two man and would-be director Oliver Ravel and DOJ Organized Crime and Racketeering Section chief David Margolis, were scrambling to assess the damage to the FBI and its army of informants.

"After all," as one former intelligence officer with long-time ties to the FBI told *EIR*, "the FBI is nothing beyond its

informants program. What does it say to those informants who have been involved in crimes far more serious than those of Presser to see such a biggie fall? And that's not to even mention the fact that the FBI agent was indicted. The entire underpinning of the FBI's corrupt informant system—and its most rotten component, the Federal Witness Protection Program—is on the ropes. Presser had been given solid promises by Justice that he would never be indicted as long as he played ball with the FBI."

According to that source, many more heads may roll at FBI headquarters on Pennsylvania Avenue before the smoke clears on the Presser matter.

One estimate says that at least 26 FBI special agents could be indicted for their collusion with Mel Weinberg, the government's top crook in the Abscam "stings" of the late 1970s, who carried out a liberal amount of extracurricular thievery while on the federal pad to the tune of nearly a million tax-free dollars. Based on the Presser-Friedrich precedent, all 26, along with Weinberg, could go to jail.

In another case that already has major media networks hot on the trail, the FBI has been shielding a suspected three-time murderer, Michael Raymond, from a Broward County, Florida grand jury while he serves as the Bureau's top sting agent in municipal corruption cases in New York City and Chicago.

The Washington, D.C. federal grand jury that handed down the true bill against Friedrich on May 15 has not yet run out its calendar. Justice Department sources acknowledged that at least two other FBI special agents from the Cleveland office, Martin McCann and Patrick Foran, who worked with Friedrich on the Presser team, are possible candidates for similar indictments. And DoJ official Margolis was the author of at least one letter prematurely ordering the dropping of indictment plans against Presser by the Cleveland grand jury.

Cointelpro lives

While the Presser-Friedrich indictments were striking a possible death blow to the hideously corrupt FBI informants system—which led the FBI into a virtual marriage with the worst drug-trafficking elements of organized crime—it was also drawing long-suppressed attention to the fact that the FBI never dropped its "political enemies list" operations, the most notorious of which bore the name Cointelpro.

Now, according to documents released under the Freedom of Information Act, it appears that the FBI was running an ongoing Cointelpro-modeled effort to undercut the political influence of the Teamsters, under the code name Probex. Probex apparently included a strong FBI assist to the Teamster dissident movement—and the advancing of Presser into the union's top spot. If this doesn't make Jackie Presser the first union president to be installed through an FBI dirty trick aimed at controlling the union, it certainly makes him the most powerful.

Stevenson losing, Fairchild campaigns

It has now been more than two months since two "LaRouche Democrats" scored stunning upset victories in the Illinois Democratic primaries—Mark Fairchild winning the lieutenant-governor nomination, and Janice Hart gaining the ballot position for secretary of state. At the time, gubernatorial nomination-winner Adlai Stevenson III vowed that he would not run on the same ticket with the "neo-Nazi" LaRouche candidates—and true to his word, he has proceeded to commit political suicide. As Lyndon LaRouche observed then: "Stevenson is walking out of the party in the service of something he knows to be a lie. If you do that in politics, you're finished."

On May 16, Illinois Federal Judge James Parsons ruled that "sore-winner" Stevenson cannot thwart the will of the voters and the law of Illinois by running as an "independent." The decision was warmly greeted by Fairchild, who has offered to step up from lieutenant-governor to be the party's gubernatorial candidate.

At a press conference in Chicago, he called on State Democratic chairman Vince Demuzio, who counseled Stevenson to run as an independent, to immediately resign, since he is thereby "a traitor to the party" who has "proven himself loyal to Adlai Stevenson and not the Democratic Party. It's one thing to be a radical disrupter and a wrecker as a rank-and-file member of the Democratic Party, but not as the state party chairman!"

Demuzio advised Adlai Stevenson to withdraw as the Democratic nominee and to seek, through legal channels, to run either as an independent or to form a third party slate. The advice, as LaRouche predicted, has proven a colossal blunder. When Judge Parsons ruled against Stevenson, he adopted the argument of Fairchild, an intervenor in the case, that Stevenson's tactics were an effort to factionalize and disrupt the Democratic Party.

Fairchild seeks commission on cults

Fairchild, Hart, and their supporters are working to take the issues of the campaign—a public-health approach to AIDS, an intensified war on drugs, the reconstruction of industry through cheap credit, etc.—to the voters, and unify the party in that effort toward defeating incumbent Gov. Jim Thompson in November.

Fairchild called on May 20 for a blue-ribbon commission to "investigate satan-worshipping and other cults" and their "connection to the missing children epidemic in the State of Illinois and in the United States." The proposal is meant to redirect the Illinois Democratic Party away from Stevenson's squabbling, to solve one of the state's most pressing problems. In a resolution on the subject drafted by Fairchild for the state legislature, the candidate warns that "... satan-worshipping cults are now operating in Illinois, according to numerous recent newspaper reports, including reports of human sacrifice and bizarre sexual rituals and ... many of these ... cults advocate the use of narcotics as part of their rituals." He calls on Governor Thompson to establish a commission to investigate this matter and then to join Fairchild in "destroying this menace to our children."

Not simply waiting for Thompson's reply, Fairchild is speaking at forums around the state on the problem. Fairchild has also charged Thompson himself with complicity in creating an environment in the state in which the cults are flourishing. "Under Thompson," Fairchild said on May 17, "the drug trade has flourished, poisoning and destroying the minds of our youth. The AIDS virus is silently spreading across our state, completely unchecked and unheeded by Mr. Thompson."

"The steel mills are now ghost towns," Fairchild continued. "The tractor plants and machine-tool industries are struggling for survival; we've been losing 5,000 farms a year for four years; there is 18% official unemployment in the Quad Cities and in other cities around the state; and 25,000 people in the city of Chicago have no home but the street."

"The voters have spoken," said Fairchild, "and it is now my duty to represent them. Thompson has been in office plenty long enough for us to judge his performance. I say let's get on with the job of winning in November."

Adlai's anti-Democratic campaign

Meanwhile, Stevenson hit another snag on May 20, when Ronald Michaelson, chairman of the State Board of Elections, issued the board's opinion that if Stevenson forms a third party, he cannot recruit the Democratic Party nominees already on the ballot, if that means they will be on the ballot twice. Stevenson must field a full slate of candidates if he runs as a third party candidate.

Adlai III has now resorted to bringing in party hacks and enforcers from out of state, who are fearful of a LaRouche challenge themselves. On May 21, New York Congressman Steven Solarz (D) appeared in Chicago. At two fundraisers, organized on Stevenson's behalf by Philip Klutznik of the organized-crime front called the Anti-Defamation League, Solarz urged support of Stevenson's (non-existing) candidacy as a way to deliver "a body blow" to Lyndon LaRouche, "mentor" of Hart and Fairchild. "If they ... destroy this candidacy [Stevenson's], it will only encourage them to mount additional efforts ... in the rest of the country," Solarz stated.

LaRouche candidates strong in Ore., Pa.

by Stephen Pepper and Marla Minnicino

Returns in the Democratic primary in Pennsylvania confirmed the trends of recent primaries in Texas, Ohio, and Indiana, where the core vote for candidates supporting the policies of Lyndon LaRouche, Jr. expanded against a backdrop of a precipitous fall of the total participation in the primary. In three key congressional races, the LaRouche candidates polled better than 30%. George Eddleston in the 10th Congressional District (CD), including Scranton, received 34%, while Mike Neal in the 15th CD, including Lancaster, polled 32%, and Donald Hadley in the 16th CD got 31%.

These results have to be considered in light of the storm of defamation directed at the candidates, and the fact that they spent virtually no money. The pattern extended to state assembly races in far-flung corners of the state. Steve deMarco in the 164th Assembly District near Philadelphia received 33% of the vote, while on the other side of the state, Crystal Graham got 30% in the 64th Assembly District.

Results in Oregon also confirm that wherever LaRouche candidates are on the ballot, even when resources do not permit a full-scale campaign effort, they poll 15-30%, based on a program that appeals to the "forgotten voter."

Steve Douglas, Pennsylvania state coordinator for the National Democratic Policy Committee, noted that, in areas of Pennsylvania where the slander campaign against LaRouche candidates backed by the NDPC was the worst, Democratic votes fell to the lowest levels. "This was particularly noticeable in Mike Neal's race, where the *Lancaster New Era* sponsored a daily diatribe against our candidate and the Democratic Party sent out 8,000 hate letters." The Democratic voter turnout fell to 12% of the eligible vote.

"These results show that you can only stop LaRouche-linked candidates by burning down the barn," added Douglas. "But you can't win elections that way." The result in Pennsylvania has left the NDPC Democrats in excellent shape, and the party bureaucrats in a mess. The NDPC is already setting plans to run candidates in every congressional race in 1988, and for every position in sight in next year's races.

The "regulars," on the other hand, lost the contest for U.S. Senate. Pennsylvania Auditor General Don Bailey, who had the endorsement of the party organization, lost to extreme

liberal six-term Congressman Bob Edgar. Bailey depended on the regular organization to get out the vote, but that organization was busy depressing the vote.

The Pennsylvania result shows again that the Democrats cannot win elections without the 30-50% of the constituency—the "forgotten majority"—who are regularly voting for LaRouche. If these voters don't turn out, the party reverts to the wierdo constituency that pushed the party to disastrous defeats. The forgotten majority—blue collar workers, farmers, small entrepreneurs, and minorities—are either voting LaRouche or not voting.

Votes for LaRouche candidates in Pennsylvania and Oregon

PENNSYLVANIA		Candidate	Percent	Total
Governor		Steve Douglas	3	37,922
U.S. Senate		George Elder	4	48,566
Congress				
CD 1 (Philadelphia)	Bernard Salera	2	1,208	
CD 2 (Philadelphia)	Denise Henderson	3	2,434	
CD 3 (Philadelphia)	Jack Holton	4	2,054	
CD 5 (Chester/Coatesville)	Donald A. Hadley	29	2,044	
CD 7 (Delaware Co.)	Wayne Long	1	342	
CD 8 (Bucks County)	Richard Barnes	4	939	
CD 10 (Scranton)	George Eddleston	34	11,247	
CD 11 (Wilkes Barre)	Daniel Fisher	6	8,016	
CD 12 (Johnstown)	Chris Lewis	19	10,322	
CD 13 (Montgomery County)	John Scheetz	13	3,247	
CD 14 (Pittsburgh)	Gary Forrest	15	9,390	
CD 15 (Allentown)	William Logue	16	3,626	
CD 16 (Lancaster/Lebanon)	Michael Neal	32	3,449	
CD 19 (York)	Jonathan Kulp	20	3,832	
CD 20 (McKeesport)	Constance Komm	14	8,668	
CD 22 (Washington)	Donald Shapira	12	7,930	
CD 23 (Warren)	Jerry McMurdy	16	4,505	
State Legislature				
District 64	Crystal Graham	22	N.A.	
District 163	Stephen DeMarco	33	N.A.	
OREGON				
Congress				
CD 1 (Banks)	Tom Repasky	12	7,323	
CD 2 (Portland)	Sam Kahl	5.2	3,397	
CD 3 (Milwaukie)	Duane Fulmer*	4.4	2,292	
State Legislature				
District 7 (Portland)	John Billows	15.7	683	
District 20 (Portland)	David Kahl*	11.8	447	
District 30 (Scio)	Marian Robertson*	25.4	1,105	
District 33 (Salem)	Ruth Willis*	13.9	579	

*LaRouche Republicans

Jersey slate out to 'jail dope bankers'

by Marla Minnicino

"We intend to make New Jersey the first state in the U.S. to jail a drug banker," announced Elliot Greenspan, LaRouche candidate for Congress in New Jersey's 9th C.D. Candidates backed by the National Democratic Policy Committee are running in 13 of the state's 14 congressional districts in the June 3 Democratic primary, said Greenspan, an internationally known fighter against narcotics trafficking.

Calling themselves the "FDR Democrats," the New Jersey LaRouche slate urges a military-economic gear-up of basic industry in the tradition of Franklin Roosevelt, which would be accomplished by lowering interest rates and channeling cheap credit into the productive sector.

From Newark to Atlantic City, Bergen County to Cape May, they have taken this program to New Jersey citizens, especially the idea of attacking the dope problem by investigating "citizens above suspicion" whose money-laundering activities are the key to organized crime. The defeat of Kenneth Gibson, Newark's mayor for 16 years, made clear that New Jersey voters want the "Dope, Inc." apparatus in the state cleaned up. Residents of Newark's Central Ward, interviewed by one radio station following the election, volunteered that they voted Gibson out because he "gave up" on the war on drugs.

Propose legislation

The fight to destroy Dope, Inc. is the major plank of the LaRouche slate in New Jersey. "We have proposed legislation which would make drug-money laundering a criminal offense, and, if passed, would succeed in shutting down these drug banks and their friends, the casinos in Atlantic City," said Greenspan in a recent interview with the *New Jersey Prosecutor*. "We have also proposed an all-out shooting war against drug pushers internationally, by deploying the military forces and every law-enforcement capability at our disposal. Our legislation would also give the country the ability to confiscate illegal narcotics revenues."

Greenspan and the other 12 LaRouche congressional candidates have demanded an investigation of New Jersey's First Fidelity Bank—exposed in the *Wall Street Journal* for wildly illegal deals with known members of organized-crime families—and its president, Robert Ferguson. Ferguson, the "ca-

sino's banker," provided seed money to bring Meyer Lansky's Resorts International into New Jersey before any other bank dared do so, and hosted luncheons to introduce casino "executives" to the business and legislative community. This opened the floodgates for money-laundering operations beginning under former Gov. Brendan Byrne, who promoted casinos as an economic boost for the state.

New Jersey, whose factories once powered America's World War II production effort, is now better known as a center of the mafia. Now, New Jersey voters have the opportunity to restore its tarnished image by voting for a slate of candidates that has pledged to put the dope bankers in jail and rebuild the state's crumbling industrial base.

The LaRouche candidates have proposed a crash program to implement the Strategic Defense Initiative, as the centerpiece of a national economic mobilization. New Jersey is the perfect place for that kind of crash effort, the candidates point out, because of the high concentration of scientists and engineers involved in defense-related R&D, and availability of industrial plant which could easily be utilized for SDI work.

The Gramm-Rudman budget-cutting legislation and the "free enterprise" mentality dominating the Reagan administration are the major impediments to such a plan, say the NDPC candidates. "Cities like Elizabeth, Paterson, Perth Amboy, Jersey City, and Newark should not be uninhabitable slums where poor people are forced to live," said Greenspan, "places where AIDS threatens every family, where even measles can become a major epidemic, due to the breakdown of health and sanitary conditions; and where drugs, crime, and unemployment are the major concerns of every citizen." Instead, "our cities must be invested in, not with casinos and convention centers, but with real housing. We need to make our cities into industrial centers once again, cultural centers and places of beauty that people will want to live in and raise their kids."

The LaRouche slate in New Jersey has put Democratic incumbents on edge. Many of them are beholden to the dope financiers for their careers. For example, as soon as he heard he would face LaRouche Democrat Charles Kahler in the party primary, Rep. James Florio of the 1st C.D. gave a press conference denouncing all the LaRouche candidates. In Union County's 7th C.D., party officials fielded a last-minute candidate against LaRouche supporter James Cleary, a former NASA engineer who polled 15% in the 1984 Democratic primary.

Representative Robert Torricelli, being challenged by Elliot Greenspan in the 9th C.D., gave voice to the party leadership's nervousness over the LaRouche slate. Commenting on a race by LaRouche Democrat Denise Ham, in the 5th C.D.—just north of Torricelli's own—against newcomer Vernon Jolley, Torricelli noted: "A LaRouche challenge to a little-known newcomer, such as Jolley, is alarmingly similar to that of the Illinois primary [which LaRouche candidates won in March]. . . . There may be cause for real concern."

Real-estate lobby: tax reform hurts 'little guy'

The National Association of Home Builders held a panicky press conference here May 20 to warn that the impact of the radical Packwood tax reform proposal on the real-estate sector would be devastating, especially on the low-income renter and regional banks confronted with mass defaults from a collapse in property values.

The real-estate sector is targeted by the tax reform to be especially hard hit, under the guise of going after "tax shelters," since the new bill would remove the ability of investors to deduct their losses from unprofitable ventures.

The new bill has the enthusiastic backing of the President because it allegedly helps the "little guy." But the Home Builders make a strong case that it is the low income sector that will be hurt most.

Kent W. Colton, speaking for the Home Builders, said that commercial real estate and multiple-occupancy real estate will be hardest hit, since these involve the highest risk for developers.

In the latter case, he warned, the new law would prejudice against the very people—those in the lower income brackets—that it would claim to help, by driving up rents by about 15%, and slowing the rate of new rental construction.

For example, he said, households with \$10,000 annual incomes would save \$115 a year on taxes, but would

pay \$540 more per year in rental payments.

He said the elimination of various tax incentives would also result in a reduction in new construction of about 350,000 rental units during the first year of enactment alone, translating into the loss of 377,000 man-years of employment in construction and related industries.

All this has been on top of the fact that budget authority to subsidize new housing for the poor and elderly has been reduced sharply in the federal budget over the past five years, he noted.

Property values on rental properties could collapse by 20% and more, and produce widespread defaults, particularly in cases where investors are obligated to make continuing cash payments but would be unable to deduct rental losses from other income. Some estimates are that this could wipe out as many as 10,000 regional thrift institutions.

This, he said, adds up to "a tax meltdown as far as rental housing is concerned."

He projected a scenario of rising rents met by local rent control laws. This, in turn, would lead to conversion of rental to sale properties (condominiums), which the low-income dwellers could not afford.

The reform would also moderately increase the cost of new single-family dwellings, but this would be somewhat offset by the mortgage interest deduction retained in the new law.

However: "Interest rates alone will not sell houses where there are no jobs," he said. The 377,000 construction jobs tax reform would take away certainly aren't going to help any on that score, either.

"You have to weigh the euphoria of concepts against the actual impacts of legislation," he warned.

Take note Mexico: U.S. plans drug-war cuts

While the U.S. State Department and Sen. Jesse Helms (R-N.C.) are attacking the Mexican government for ineffective action on drugs, State now warns that its own International Narcotics Matters Office faces a major funding cutback in the Fiscal Year 1987 budget as a result of Gramm-Rudman.

The department was formerly headed by Jon Thomas, a law-enforcement veteran dedicated to achieving U.S. cooperation with Ibero-American countries in the war on drugs. He had good things to say about Mexico's role in the effort. Thomas, sent into the State Department by the White House, resigned about a month ago over frictions with State's civilian careerist bureaucracy.

Nonetheless, State is now warning that Congress is planning to cut its anti-drug program severely, reducing its ability to provide aircraft for marijuana and coca spraying programs where needed. According to an official State Department reply to this reporter's question on the subject May 15, these cuts "would be particularly disastrous for the program at a time when solid gains have been made in eradication in Burma, Thailand, Jamaica, Belize, Panama, Ecuador, and Peru, and when our programs are severely challenged to slow the pace of illicit production in Mexico, Bolivia, and Pakistan."

Question of the week: Who sat next to Secretary of State George Shultz when he addressed the American Jewish Congress May 15? Answer: Sol Linowitz, director of the Inter-American Dialogue, whose 1986 report calls for the "selective legalization of drugs" in certain Ibero-American countries.

House passes trade bill opposed by administration

The House of Representatives overwhelmingly approved a major trade "reform" bill May 22, despite concerted opposition from the administration.

The Democratic bill was voted up 295-115, more than enough votes needed to override President Reagan's threatened veto.

The measure's principal provisions would mandate the following:

- Require the President to retaliate against foreign governments like Japan by subsidizing or favoring certain export industries;
- Require the President to take actions against foreign trade violations, removing his current discretionary authority, and set specific time limits for investigations and retaliatory actions;
- Require the President to retaliate in an amount equivalent in value to completely offset the effects of the foreign trade action;
- Require mandatory negotiation with any major U.S. trading partner that has an "excessive trade surplus" with the United States. Aimed at Japan, West Germany and Taiwan, this provision would require those nations to reduce their trade surpluses by 10% a year or face the consequences of import quotas or tariffs;
- Authorize punitive action against foreign governments that subsidize the prices of natural resources such as Canadian timber and Mexican natural gas.

Responding to the bill's passage, President Reagan charged that the Democratic leadership "has put together an anti-trade bill that is openly

and rankly political" which could "plunge the world into a trade war, eroding our relations with our allies and free-world trading partners."

The day before the vote, the Pentagon's top trade official denounced the legislation as a "Gorbachov-Qaddafi Relief Bill."

Pointing to a little-known amendment to the bill that would loosen the export control laws to make it easier to sell high-technology goods to the Soviet bloc, Deputy Defense Undersecretary Stephen Bryant stated that the measure "is the most irresponsible proposal that I've ever seen in the export arena." The amendment, sponsored by Rep. Don Bonker (D-Wash.), "would mean that thousands and thousands of U.S. goods could be shipped anywhere. Our controls would be eviscerated by this proposal. It would make a joke of the President's economic sanctions against Libya."

Aspin seeks U.S. troop cutback in Europe

Claiming that \$25 billion can be cut from the FY87 defense budget "without significantly altering military priorities," House Armed Services Committee chairman Rep. Les Aspin has produced a list of 14 options for gouging the additional \$10 billion called for by the budget proposal passed by the House. Among them: slashing U.S. armed forces stationed in Western Europe by 10-30%.

"I estimate we can get around \$25 billion out with cuts like those Congress has been using for years to reduce the defense budget," Aspin an-

nounced May 20. "That would involve stretching out weapon programs, deferring much construction, stripping out inflationary padding, and reestimating costs."

While acknowledging that these aren't "freebie cuts . . . many of them do impinge on military capability," the Wisconsin Democrat asserted that "they don't threaten to alter whatever philosophy underpins the administration program—assuming one does."

But to come up with the \$35 billion in military spending cuts mandated by the House, he said, Congress will "have to produce the kinds of cuts that many members will find unattractive."

In addition to reducing the American troop presence in Europe, Aspin's suggested options include abandoning both the Persian Gulf commitment, and northeast Asia.

Aspin had announced a few days earlier that meeting the House budget requirements "would require firing on the order of 100,000 people, after freezing all pay and promotions and cutting non-pay elements of the personnel accounts to the bone."

Although Aspin publicly claims not to favor the withdrawal of U.S. troops from Europe, his private thoughts, as revealed by top aide Warren Nelson, tell a different tale.

Nelson told a journalist that the number of troops which the U.S. has committed to the defense of Western Europe is "assinine," and insisted that withdrawing a substantial number of such troops would not represent a decrease in the U.S. commitment to NATO. "Speaking militarily, as opposed to politically, the number of troops the U.S. has stationed in Europe is assinine," Nelson said. "It's a ridiculous setup where you have plans

that call for bringing in U.S. reinforcements to Europe from the United States, when there are millions of Europeans who could serve as reinforcements."

Nelson also criticized "West German demands that we have troops stationed way up by the border. But you can't talk politically" about this, he said, because it implies "being willing to sacrifice half of Germany." Nelson confirmed that U.S. troop cutbacks in Europe and the Pacific are definite options being considered in Congress.

Senators demand huge cut in SDI budget

Citing recent congressional testimony by former defense secretaries Harold Brown and James Schlesinger claiming that budget increases for the Strategic Defense Initiative in excess of 25% would be a waste of money and would damage the program, a group of senators is demanding that SDI spending be cut by nearly \$2 billion.

Forty-six senators, nine of them Republicans, sent a letter to Senate Armed Services Committee chairman Barry Goldwater (R-Ariz.) and ranking Democrat Sam Nunn (D-Ga.) urging that any 1987 increases for the program be held to 3% real growth.

Signators include Rep. Mark Hatfield (R-Ore.), chairman of the Senate Appropriations Committee, and Lawton Chiles of Florida, senior Democrat on the Budget Committee.

The administration has asked for \$4.8 billion for the program, which Congress cut by nearly one-third in 1986. A 3% increase for FY87 would give the program a budget of about \$3 billion.

"Our concern is that the Strategic

Defense Initiative has received excessive and inappropriate emphasis," said the senators. They also claimed that the SDI "is being rushed to a premature development decision in the early 1990s in order to meet an unrealistic schedule. We feel that a more evenly paced and broadbased SDI program is warranted at this time."

The Pentagon, in an assessment of the impact of congressional budget cuts on the 1986 research and development program released in mid-May, pointedly noted that cuts in the SDI, "the highest priority defense program," is "forcing the premature cancellation or curtailment of investigations in several promising SDI technologies with the adverse consequences of probable failure to pursue the optimum combination of subsystems. . . ."

"The collective effect of such a large funding cut," said the report, "is the necessity to rely on the 'mutual assured destruction' philosophy of more powerful and survivable offensive nuclear weapons with their attendant destabilizing effect on international relationships."

Colorado rep demands probe of Chuck Manatt

Rep. Hank Brown (R-Colo.) is stirring up trouble for former Democratic National Committee chairman Chuck Manatt. Brown charged on May 22 that Manatt, now a Washington lobbyist, may be guilty of conflict of interest.

Manatt is a board member of the National Endowment for Democracy, a government-funded institute that's supposed to promote democracy abroad. Manatt is also a registered foreign agent of Jamaica—which hap-

pens to have been the site of various NED-funded activities.

Brown wants Attorney General Edwin Meese to determine to what extent Manatt took part in NED decisions concerning his client. It is "outrageous" that an individual "entrusted with federal funds for use in foreign countries could lobby for governments of those countries," he declared.

Tales from the dark side

New Right activist Paul Weyrich's latest project—packaging presidential hopeful Gary Hart (D-Colo.) as the defender of "conservative cultural values"—faces some rough going.

The *National Journal's* congressional voting analysis has just rated Hart as the Senate's Number 1 liberal—a label which will hardly help him win votes from the blue-collar workers Weyrich claims are Hart's natural constituency. Hart didn't even make the top 10 in 1983. Explains Hart's press spokesman Kevin Sweeney: "The fact is that others are shifting to the center and Hart is maintaining positions he has held for years."

Another New Right darling, Sen. Daniel Patrick Moynihan (D-N.Y.), has been buzzing around the U.S. Catholic Conference recently talking about his favorite topic: the LaRouche "threat." Moynihan hasn't been able to shut up about the issue since he was forced to spend over \$1.3 million to beat back a challenge by a LaRouche Democrat in 1982. . . . Sources who should know told *EIR* that the be-paunched and besotted Patsy is in regular contact with the bishops' organization on how to "stop LaRouche."

National News

Administration under fire for Mexico policy

Rep. Charles Rangel (D-N.Y.) condemned the U.S. State Department for blaming Mexico for drug trafficking, at a press conference May 14. Rangel is chairman of the House Narcotics Abuse Subcommittee.

"We're shocked at the statements from the State Department, when we don't have a strategy to assist them in eradicating drugs," he said. Rangel reported that he has been trying for several years to get the administration to work out a comprehensive drug fighting plan with Mexico. "However, now that the reality of the situation to the South is spilling uncontrollably across our border in the form of tons of heroin, cocaine, and marijuana, certain administration spokesmen have taken it upon themselves to condemn the nation of Mexico. . . . For these officials to thrash Mexico around and make ridiculous demands that they halt the drug trade is like cursing the darkness. . . . The real problem is we have no foreign policy for dealing with Mexico on narcotics, trade, debt, immigration."

Criticism of the anti-Mexico campaign also came from outgoing Ambassador to Mexico John Gavin, who chided the "sanctimonious posturing" by those attacking Mexico, in his farewell address to the American Chamber of Commerce in Mexico on May 15. Gavin pointed to the "quarter of a century that the United States and Mexico have jointly fought drugs," and said, "I know corruption exists. It exists on *both* sides of the border, wherever the merchants of slow death do their business. We must stop this cancer. We must attack this evil wherever it exists."

FBI agent arrested on firebombing charge

Frank Camper, the FBI informant who trained Sikh assassins seeking to murder Indian Prime Minister Rajiv Gandhi, was ar-

rested by agents of the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms on May 20 and charged with two August 1985 firebombings in California.

Also arrested were Elizabeth Hamilton and Charlotte Wychoff, owners of the California Learning Centers, a nursery-school chain. All are being charged with conspiracy to firebomb the cars of two former employees, who had been dismissed by the school and had filed a complaint with the California Labor Board. Camper faces up to 25 years in prison and \$750,000 in fines.

As documented in *EIR's* book *Derivative Assassination: Who Killed Indira Gandhi?* (New Benjamin Franklin House, 1985), Camper ran mercenary training camps in Alabama and New Jersey, where Sikh terrorists were trained with the knowledge of the FBI. On May 5, 1985, five terrorists were arrested in New Orleans and charged with a plot to assassinate Bhajan Lal, the chief minister of the Indian state of Haryana, who was in the United States for medical treatment. The group was also planning the murder of Prime Minister Rajiv Gandhi.

Following the New Orleans arrests, the FBI came under pressure to shut down Camper's arms-training camp in Columbia, New Jersey, but refused to do so, saying that a raid would be premature. This delay gave 15 Sikh terrorists the opportunity to escape to Canada.

LaRouche on CBS: 'I hate cults'

Democratic presidential contender Lyndon LaRouche discussed his political and philosophical views, in a wide-ranging interview conducted at his home in Leesburg, Virginia by Chicago CBS-TV broadcaster Bill Kurtis, and aired on May 18.

Kurtis asked LaRouche about charges that "you are running a cult and that you are some kind of Elmer Gantry." LaRouche replied: "I'm against Elmer Gantry. That's why I'm against Pat Robertson. In my view he is worse than Elmer Gantry. . . . I hate cults. We are committed to eliminate cults. We are committed to only one thing, and

that is reason, as it is applied to science. Our whole lives are committed to this. Cults come from anything that is arbitrary. For example, the free-market economic theory is based on the magic of the invisible hand. This is cult thinking and gives way to cult activity. People who read and believe in astrology magazines are people who practice cult activity. This is irrationality. Also, people who believe that Pat Robertson is a Christian are cultists."

The taped interview sparked a heated controversy between Kurtis and his co-host on the "Sunday Newsmakers Show," Walter "Skippy" Jacobson. Jacobson, a hostile left-liberal journalist, said, "The longer he talks, he makes no sense to me at all." Kurtis replied: "I think he really is a philosopher. The problem Mr. LaRouche poses to us in the media, is that we think in terms of specifics. We are always looking for some particular things to tell the viewing audiences. He is really into the Augustinian thinking. This is difficult for us in the media to understand."

Jacobson proceeded to attack LaRouche as "a paranoid, fantasy-ridden liar," particularly denouncing the candidate's security protection. To this Kurtis replied: "He may well be something of a prisoner. He is very serious about his security. . . . There have been several incidents of people attempting to gain entry onto his estate. . . . I'm not defending him, but if someone is trying to kill you, you do have to protect yourself." Skippy jumped in: "Go, ahead, defend him. . . . I'll attack you too!"

Newsman quits in disgust with media

Paul Reese, a veteran newsman with the Washington, D.C. affiliate of CBS television is quitting his job in disgust with the "news industry's" unprofessional reporting.

Reese, an employee of station WDVM, was assigned to conduct an interview with Lyndon LaRouche on May 16. The discussion focused on economic issues facing the country, such as the federal budget deficit,

the role of the International Monetary Fund, and the slide of the United States into the "post-industrial" society.

After the hour-long interview, Reese went back to his desk, only to find there a note from his news director: You have an appointment now in Leesburg to interview Frank Raflø, "to get the other side of the story." Raflø is a member of the Loudoun County Board of Supervisors in Leesburg, Virginia, where LaRouche resides; he is working with the Anti-Defamation League and the Averell Harriman wing of the Democratic Party in an effort to "stop LaRouche."

Puzzled, Reese went to his news director: The other side of the story? he asked, an interview with Raflø on economic policy?

Of course not, the news director responded, the story is on LaRouche in Leesburg!

Reese comments that the news media is no longer interested in news, but rather "show business." "Remember," he says, "when the old newsman would come in front of the camera and say: 'and here I am to bring you the news'? Well now he says, 'and here's the news to bring you me.'"

Perle backs Kissinger's troop pullout plan

U.S. Assistant Secretary of Defense Richard Perle endorsed Henry Kissinger's call for withdrawing American troops from Western Europe, at a briefing to foreign correspondents in Washington on May 20, the London *Guardian* reports.

"The U.S. may have to reconsider its deployment of troops in Europe unless it gets assurances from its NATO allies that they can be moved to other theaters in times of crisis," the *Guardian* summarizes. Perle said there are "no plans" now for pulling U.S. troops out of Europe, but "when the U.S. looks for support, and that support is not forthcoming in Europe, it will only fuel the isolationist sentiments that already exist in this country and make it easier for legislation encumbering the administration's

freedom to place troops overseas. . . . [If] by assigning American forces to Europe, they are rendered unable to respond to military requirements of the U.S. elsewhere in the world, then I think logically people are going to think twice before assigning those forces to Europe."

Kissinger's most recent proposal for a U.S. troop withdrawal appeared in a syndicated column in newspapers around the world during the second week in May.

NYPD runs cover for Jewish terror group

Detectives from the Intelligence Unit of the New York Police Department shrugged their shoulders and refused to intervene in a demonstration conducted May 18 by members of the terrorist Jewish Defense Organization (JDO), in which death threats were issued against Lyndon LaRouche.

The demonstration was led by JDO leader Mordechai Levi, who has been caught in a campaign of criminal harassment, attempted break-ins, and telephone death threats directed at employees of Campaigner Publications, which provides editorial services for *EIR*. Although Levi had forecast 2,000 participants, only 9 showed up to parade in front of the office of Campaigner Publications in New York City.

The JDOers chanted, "Who do we want? LaRouche. How do we want him? Dead!" and "Stop the Nazis, Stop LaRouche."

In spite of advance warning to the NYPD's Intelligence Division that Levi would be present at the demonstration, neither the NYPD nor the FBI arrested him. Detective Gretchyn, responsible for monitoring the Jewish Defense League and the Jewish Defense Organization, reportedly considers Levi's death threats "street rhetoric" and not a direct threat. "They have a First Amendment right to say what they want," she commented. Despite her knowledge of JDL/JDO acts of violence, Detective Gretchyn insists she has no information of Levi's criminal activities or his criminal past.

Briefly

● **DIXY LEE RAY**, the former Democratic governor of the state of Washington, may be named science adviser to President Reagan, to replace George Keyworth, who resigned in December. Ray is an outspoken supporter of the Strategic Defense Initiative and an advocate of nuclear power. Among her promoters are Defense Secretary Caspar Weinberger, SDI chief James Abrahamson, National Security Adviser John Poindexter, and nuclear physicist Dr. Edward Teller.

● **CONSTANTINE MENGES**, the Latin America chief for the National Security Council, is going back to the CIA, the White House announced May 21. Menges has been one of the most hardline backers of the Nicaraguan contras in the Reagan administration. At the same time, Henry Kissinger's crony William Perry has been brought onto the NSC staff. He says he will maintain a "low profile."

● **MICHIGAN IS RIPE** for terrorism, according to a highly placed state law-enforcement official, who cited the effect of attacks on police intelligence by the National Lawyers Guild and American Civil Liberties Union. "Michigan police can keep no files on any group," he said, "and only on individuals after a crime has been committed. No Michigan police department can cooperate on intelligence gathering with any other police department or law enforcement agency, in or out of state. We have zero intelligence capabilities. Meanwhile terrorist groups like the Shi'ites keep growing."

● **ADLAI STEVENSON**, following the failure of his bid to run for governor of Illinois as an independent, has attracted media derision by his denials that he is either a "wimp" or a "turkey." Yet he has taken to frequenting turkey-shoots, where he "gobbles like a female turkey to lure male turkeys to him."

Moscow strikes at German Patriots

Since the Patriots for Germany was officially constituted as a new political party on May 12, a pattern of intensifying violence against the party's candidates and supporters shows just how great a threat the new institution represents to those who would tear the Federal Republic of Germany out of its alliance with the United States. The Patriots have filed 100 candidates for office in the state of Lower Saxony—one in each electoral district—for the June 15 state legislative elections.

As we go to press, the Patriots report that on May 23, a campaign worker was injured in the city of Celle, Lower Saxony, 30 miles from the border with East Germany, when two men on a motorcycle approached his car at high speed and hurled a brick through the window. Had the driver not ducked, he would have been killed; as it was, he suffered injuries from splintered glass.

There is no doubt that the assailants were professional hit-men deployed by the Soviet Union.

Both the Soviets and their interlocutors in the West, the advocates of a "New Yalta" deal to curtail American power and deliver Europe into the Soviet sphere of influence, are terrified that the Patriots will give positive expression to the deep-rooted loyalty of the majority of the population of Western Europe to the Western alliance, and their abhorrence of the prospect of living under a Soviet dictatorship.

For Germans, living along the border with the East bloc, this prospect is especially vivid. They perceive the bankruptcy of the Christian Democratic Union (CDU) party of Chancellor Helmut Kohl, which is ridden with factions, blackmailed by its federal coalition with the treacherous Free Democrats, and devoid of any program to deal with the economic crisis. The farmers and small entrepreneurs of Lower Saxony, traditionally CDU voters, are now facing bankruptcy; many are coming over to the Patriots for Germany.

At the same time, the voters are watching with horror the new activation of the Green Party. In the aftermath of the Chernobyl nuclear disaster, the Greens

are storming through the streets of Germany, rioting outside nuclear plants, and cheering the casualties suffered by police in their bloody confrontations. Now the Social Democrats have joined the Greens' demand for an end to nuclear power production in Germany, and are paving the way for a "red-green" coalition government on the federal level.

In other state and local elections during the past year, voters have expressed their disgust by staying home in droves—unheard-of behavior for the German electorate. Kohl's Christian Democrats have been losing support across the board. His opponents hope that the Lower Saxony elections will provide the opportunity to oust him from the chancellorship.

This is the plan that the sudden emergence of the Patriots threatens to block.

But the Soviets fear the Patriots for reasons which go deeper than the tactical calculations of coalition politics. The Patriots are explicitly based on the assertion of the most basic cultural principles of Western civilization, and the economic and political programs which can realize those principles. They have posed most sharply the clash between Russian barbarism and the Augustinian heritage of the West. To the existentialism and cultural pessimism spread by the advocates of a "New Yalta," they have counterposed the irrepressible optimism of the poet Friedrich Schiller, friend of the American Revolution.

The recent Dutch elections confirm that the population of Western Europe remains committed to the alliance with the United States. As in the Spanish NATO referendum earlier this year, the liberal media and the pollsters were taken by surprise at the voters' expression of a pro-American outlook. But Dutch Christian Democratic Prime Minister Ruud Lubbers, like Helmut Kohl and Premier Jacques Chirac of France, has no program for dealing with the crisis.

A breakthrough for the Patriots in Germany, the powerhouse of Europe, will have a catalytic effect throughout the continent—and Moscow knows it.

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