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Don Regan charged with coverup on spread of AIDS
Federal mortgage guarantees: \$1 trillion bomb
British courts say Syria runs terrorism

The Leesburg raid and the man with the mark of the beast





An EIR Special Report

Germany's Green Party and Terrorism

Moscow's Irregular Warfare Against the West

- **On May 17-18 of this year, the tiny Bavarian village of Wackersdorf** was rocked by well organized, unprecedentedly violent attacks on police guarding a local nuclear construction site. A first wave of 1,000-1,200 masked "demonstrators" drew police out from behind fences to make arrests. Immediately the exposed police were hit by a second wave of masked attackers, wielding killer sling-shots, steel bolts, and sharp steel splinters. Then, a third wave came in for targeted attacks on individual policemen.

- **In Hanover, 350 miles away, the convention of the Green Party** was taking place. Upon the news that 183 police had been hospitalized by the violence at Wackersdorf, the delegates cheered wildly. Rainer Trampert, party executive committee member, denounced the planned construction of a nuclear reprocessing plant in Wackersdorf as "a project to build a German nuclear bomb."

- **Only a few days earlier, Rainer Trampert had been in Moscow** conferring with President Andrei Gromyko and other Kremlin officials. The Soviet officials and the Soviet press had been steadily denouncing the Wackersdorf construction as—"a plot to build a German nuclear bomb."

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EIR

From the Editor

Michele and Jeffrey Steinberg, both regular writers for *EIR* and two of the finest human beings who have dedicated their lives to fighting organized evil in our time, are at the moment of this writing sitting in one of the most hideous urban prisons in the United States. Thanks to the vendetta of Mr. William Weld and those who back him, the Steinbergs are being rewarded for their efforts to bring you the truth about international terrorism and drug trafficking in this publication, by being subjected to treatment of a kind not meted out to drug traffickers, murderers, or even Soviet spies.

Just three weeks ago, Jeffrey Steinberg was the author, in this review, of the most thoroughly damning documentary account ever written, of how Moscow runs world terrorism through Syria. Through the months of August and September, Michele Steinberg took the point in a series of articles revealing Weld's links to the dope lobby and to the fabulously wealthy families that profit from the illegal drug trade without ever being touched by the law.

Although neither Jeff nor Michele has any criminal record, they were brutally arrested at machine-gun point at their home in Virginia at dawn on Oct. 6, arraigned in leg irons that same day, charged with "obstruction of justice" on the basis of perjured testimony of an FBI agent, and denied bail bond by a judge who admitted that he did not expect them to flee the jurisdiction! The brutality of the arrest procedure was surpassed by the flaunting of justice in the courtroom. They were then moved, for no valid reason, in a style evoking the "Nacht und Nebel" raids of Hitler's Nazi justice, on Friday night Oct. 10 to the notoriously filthy and dangerous District of Columbia prisons. Michele Steinberg was denied even the right to make a phone call to inform her friends—a sheer terror operation.

This week's cover *Feature* reports on the events since Oct. 6 that have made a mockery of justice in the United States, and betray the brutal hallmark of Soviet "justice." We call upon the international media of the free world to mobilize to free Jeff and Michele Steinberg from Soviet justice, administered by a KGB-run U.S. court system, as they mobilized to free Nick Daniloff.

Nora Hamerman

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Feature



NSIPS/Stuart Lewis; Soviet Life

FBI agents during the raid of Oct. 6 on the offices of LaRouche-affiliated publications in Leesburg, Virginia, carrying a sledge hammer and bulletproof vest. The brutal and illegal raid came after explicit signals from the Soviets and the "man with the mark of the beast on his forehead," Mikhail Gorbachov, (inset) to silence LaRouche.

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Europeans fear U.S. is on road to financial disaster

by William Engdahl

Less than one week following the chaotic Washington meeting of the Group of Five industrial nations' central bankers and the International Monetary Fund, the provisional debt agreement between the major New York-led creditor banks and Mexico began to show signs of unraveling. The indications from major West European banking circles, especially in London and West Germany, is that a major shift in attitude is underway against the growing disaster in the U.S. financial markets.

"European banks, especially continental banks, are increasingly in an isolationist mood. This is being fueled in part by the sharpening of tensions between the [West German] Bundesbank and the U.S.," declared one senior City of London financial community source to *EIR*. "Increasingly, they don't want to become further involved in what they see as U.S. problems. They see the U.S.-ordered bailout for Mexico as political, not an economic move," he stressed. "Continental banks want to form some kind of independent European financial system," to shield themselves from a collapse of the dollar sector, he added.

Inside the United States, the reality of the policy split that emerged during the course of the IMF meetings has been papered over by pompous utterances from James Baker in the U.S. Treasury Department and Paul Volcker at the Federal Reserve Board. These two prime shapers of U.S. monetary and credit policy, to maintain the appearance that they continue to have the upper hand, have solemnly announced that the Europeans, and more particularly the Germans and the Japanese, have until next April to bring their policy into line with U.S. dictates.

This is the political side of the dominant U.S. concern of the moment: namely, to avoid a financial blowout in the

weeks immediately before the November midterm elections, while attempting to push off all major problems into next year. Volcker and Baker's April deadline for Europe and Japan is also the time span in which the financial fudgery employed for fiscal 1987 budget discussions, as Congress and the administration employed the tricks of the conjurer's repertoire to create the illusion that Gramm-Rudman deficit targets had been met, will also come apart.

Whether such time-buying efforts can continue to work, under conditions of aggravating conflict between the United States and its major financial partners, is another question. Interestingly enough the split that did emerge between the United States and the allies has been the prime focus of Soviet coverage of the International Monetary Fund conference, and has been the unusual feature of TASS coverage of those proceedings. West Germany, especially in recent weeks, has been offered economic carrots, as part of Soviet strategy to fracture the alliance. Among the options for the above cited "independent European financial system," is a gold-based hook-up between the economies of East and West Europe at the expense of the United States and its dollar. Whether Volcker and Baker know it or not, and from Volcker's presence at a conference on economic policy in Venice at the end of August, they are helping the Russians achieve their strategy for the final dissolution of the Western Alliance.

Apart from bitterness over the way U.S. authorities have handled the questions of interest rates and monetary policy, U.S. handling of the recently concluded debt renegotiation package with Mexico has also served as a lightning rod for the split. A spokesman for the leading London financial monthly, *Euromoney*, which organized a recent international bankers' conference, told *EIR*: "There is a great undercurrent

of dissatisfaction among many banks, especially in the regions of U.S. as well as Europe over how the U.S. has handled the Mexico debt issue.”

As part of the charade of “I’m all right, Jack” at the Sept. 30 International Monetary Fund meeting, Federal Reserve chief Paul Volcker and Treasury Secretary James Baker III placed extraordinary pressure on the private banks to announce agreement to funnel an additional \$6 billion to keep the Mexico debt game going. As the London leading bankers’ daily, *Financial Times*, put it on Oct. 7, the new Mexican loan agreement was struck “only after brutal pressure from Paul Volcker.” The same paper admitted the new money is probably “the last of the old-style operations in which creditors put up large amounts of new money just so that interest payments [to the banks] can be maintained. . . . Many lending banks have used them to keep their exposure to Latin America current during four years of crisis.”

The upshot of this lunatic policy has been that the major New York banks have continued to keep dangerously worthless debts on their books, while many regional and especially continental European banks have quietly gotten the risky paper off their books even at losses of 40 cents on the dollar or more.

This reality is highlighted by the renewed flurry of speculation about the continued viability of the giant Bank of America. Though that bank, according to some insiders, has been kept around, as a kind of ‘time-bomb’ to be detonated under the administration any time Volcker sees fit, its condition, relatively speaking, is no worse and certainly no better, than any of the other large American banks. Outside the United States, ongoing take-over discussions, at the deflated price of \$1.5 billion for the once enormous bank, are cited as merely indicating the overvaluation of the paper assets of the rest of America’s giant banking corporations.

The Gleneagles accord

Recent falls of the dollar on foreign exchanges have prompted unprecedented European central bank intervention, in the absence of any Washington move to support its falling currency. The intervention was agreed upon at a September meeting of European Community finance ministers just prior to the IMF talks.

That gathering, at Gleneagles, Scotland, produced an agreement among European central banks to intervene to stabilize exchange-rate pressures coming from further Washington unilateral lowering of interest rates. The Oct. 6 *Wall Street Journal-Europe* reported that certain European diplomats suggest increasing policy friction between Washington and Europe over interest rates and economic coordination “could create an explosive mixture threatening major damage in relations between the U.S. and its allies.”

“This is ‘Ponzi finance,’” said a spokesman for London’s Standard & Chartered Bank to *EIR*, in reference to the speculative paper debt pyramid exploding in the United States over recent months. (Ponzi was a notorious financial “chain

letter” swindler in the early 1920s operating in the United States.)

is real danger in things like mortgage-backed securities, for example. Such security loans do well as long as market values always rise. But they are worthless in a falling market.” The same source went on to warn, “If a bear market really takes hold, and I think it will within the next year, then there will be a collapse in the financial system. Central banks are moving from one dead end to another. If securities [stocks and bonds] markets go, this is more dangerous for the economy than a simple bank failure. Securities market collapse will spread to financial institutions and quickly into the real economy.”

Volcker and Baker are desperately trying to buy time to keep this mess afloat. Meanwhile, the vessel is springing holes in other parts of its hull, but below the water line. London, the world’s second largest financial center after New York, and the center of the multi-trillion dollar “Eurodollar” markets, is a potential trigger for major collapse problems. One London banking source warned privately that the Oct. 27 financial deregulation scheduled in the City of London, modeled on Donald T. Regan’s revolution in Wall Street in the 1970s, will produce a major fallout and series of failures of stock brokerage houses under new rules of cutthroat competition.

“Because now all the brokerage houses have merged into big international banks, such stock problems will quickly spread to the banks and, of course, to the Eurodollar markets which are based in London.” The same source warned that a combined fall in stock prices with a simultaneous rise in interest rates could create pre-conditions for “default on a massive scale.”

This “double whammy” of simultaneous stock depression and interest rises is precisely the time bomb which is ticking in London. On Oct. 8, the British pound sterling plummeted to record lows against the German mark and other major currencies, leading to predictions in London financial circles that the Chancellor of Exchequer, Nigel Lawson, will be forced, unwillingly, to raise United Kingdom interest rates by at least 2% to stop further flight out of the pound.

Lawfully enough, given the perverse nature of the bankrupt system Volcker and Baker are so anxious to appear as presiding over, a successful effort by the Europeans to support the dollar will, over the next few weeks, contribute to further undermining the pound sterling, in reality the weakest of the alliance currencies, and will therefore make the crisis facing the dollar credit system infinitely worse. It’s a mixture guaranteed to destabilize the Euromarkets as a whole.

As one observer stressed, the mooted British interest rate increases will “dampen enthusiasm for stock market investment just weeks before the government plans the huge private sale of British Gas on the stock market.” It will ominously come also at the eve of the “Big Bang” financial deregulation of Oct. 27, and perhaps unleash much more than is presently expected, especially by those who think they are in the know.

Federal mortgage guarantees: \$1 trillion bomb about to go off

Federal agencies issued a staggering \$170 billion in so-called “guaranteed pass-through mortgage securities” during the first three quarters of 1986—an annual rate of \$227 billion, as much as the Federal government’s own budget deficit. Backed by home mortgages, these securities bear the guarantee of the U.S. government, and are not much different in principle than the debt of the U.S. Treasury itself.

That compares to a mere \$106 billion of such securities issued during 1985. The housing boomlet of the first half of 1986 has since attenuated; it represented the Reagan administration’s last-gasp effort to promote a consumer-led “economic recovery,” financed by massive foreign capital inflows. The Fed drove interest rates down as fast as it might, leading to a boom in mortgage refinancing, and particularly in resales of existing homes; the rise in mortgage rates since August, although modest, appears to have put an end to this. Throughout, the full faith and credit of the U.S. government stood behind the speculation in the housing markets.

Is that tidal wave of government-guaranteed paper sound, or will the taxpayers have to pick up the bill—as they are beginning to do for banking deregulation? A study released Sept. 25 by the Committee on Government Operations of the U.S. Congress gives a starkly negative answer to that question:

“The report examines the impact of faulty and fraudulent appraisals on the real estate loans of federally insured financial institutions; on residential loans guaranteed by the Veterans Administration (VA) and Federal Housing Administration (FHA); on the purchase of mortgages by the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac); and on the mortgage insurance industry and mortgage-backed securities markets. It is based on an extensive hearing record, analysis of thousands of pages of documents, and interviews with knowledgeable public and private sector sources,” the Committee writes.

The report’s summary conclusion states:

“Faulty and fraudulent real estate appraisals have become an increasingly serious national problem. Their harmful effects are widespread, pervasive, and costly. They have seriously damaged and contributed directly to the insolvency of

hundreds of the Nation’s financial institutions and have helped cause billions of dollars in losses to lenders, private mortgage insurers, investors, and Federal insurance funds. Responsibility for this problem rests with those who perform appraisals or base lending and related mortgage insurance-investment decisions on appraisals they know or should have known were improper or inaccurate. Equally culpable are the Federal agencies that regulate or oversee lending and mortgage insurance-investment activities and programs.”

The main public record available to Committee investigators concerns bank failures. The conclusion was remarkable: “Between January 1983 and mid-October 1985, the real-estate loan portfolios of more than 800, or 25%, of the approximately 3,200 federally-insured thrifts were found to have significant appraisal deficiencies. In more than 300 of these institutions, appraisal-related problems contributed significantly to their being placed in problem status or declared insolvent. The problem appraisals found in these 800-plus associations overvalued the collateral securing real-estate loans by an aggregate of \$3 billion.”

Troubled Bank of America, now apparently on the auction-block, and all of the billion-dollar bankruptcies among thrift institutions in the past year can be traced to real-estate problems, the report adds. Of course, since faulty appraisals only come out in the wash when a bank attempts to liquidate the collateral, and most institutions are holding onto bad real-estate precisely in order to avoid the collapse of such collateral, the \$3 billion figure reflects a tiny fraction of the problem.

When the effective price declines of 25% to 40% do come out in the wash, *EIR* estimates, a total of \$250 billion in real-estate loans will turn bad.

‘Defective appraisals’

The banking problem is not the worst of it, though: “The subcommittee found substantial evidence of defective appraisals used to support real estate loans packaged and sold as mortgage-backed securities . . . to financial institutions and investors around the country.

“The absence of adequate appraisal information and data was one of the more glaring deficiencies found in the opera-

tions and activities of almost every organization surveyed by the subcommittee. With some exceptions among the private mortgage insurers and the Federal Home Loan Board Banks, no other government or private-sector agency or institution systematically and regularly collects appraisal information; nor have any of them informally or formally studied the relationship between faulty and fraudulent appraisals and problems—e.g., losses—they've experienced."

Subcommittee Chairman Doug Barnard of Georgia expressed special dismay over the fact that federal agencies, which guarantee upwards of \$1 trillion of mortgage-backed securities, have no idea what the underlying properties are really worth:

"We are troubled by some apparent inconsistencies," he wrote to the FHA, the biggest such guarantor. "You minimize the impact of faulty and fraudulent appraisals, and yet . . . you appear to have no basis for such a contention, since you state that no specific analysis of the relationship between appraisal problems and claims has been done and, moreover, that the data that would enable you to do so has only just begun to be collected. Also, while you conceded, in response to my question at the hearing, that it would be reasonable to assume that appraiser suspensions or removals would likely involve losses, you did not indicate that you had any idea how extensive this might be. . . . If such data is either not available or does not exist, how is Freddie Mac able to confirm or deny the existence of some relationship between appraisals and losses experienced in its mortgage purchase activities?"

Much of the subcommittee's Sept. 25 report is devoted to the documentation of a series of multi-million-dollar frauds perpetrated upon public and private lenders, in which a private-sector mortgage insurer was found to arrange insurance for virtually-worthless properties, and the mortgages subsequently were "repackaged" and sold on the securities market. It estimates that 10% of the Veterans Administration's \$420 million loss in its 1985 loan guarantee program "was caused by inaccurate or dishonest appraisals," and that the Federal Housing Administration lost more than \$200 million in 1985 for the same reason. "For the past several years," the report warns, "the FHA has been victimized by a continuing series of fraudulent schemes, which relied on falsified and highly inflated appraisal documents." Apart from the bite on government agencies, "At least 10-15% of the \$1.3 billion in losses experienced by private mortgage insurers in 1984 and 1985 can be attributed to faulty and fraudulent appraisals performed in connection with the mortgages they insured."

The committee report notes sourly, "Further illustrating the impact of incomplete or wholly absent data, the FHA is still unable, even after the completion of a lengthy investigation, to provide an estimate of any projected and/or actual losses resulting from the fraudulent scheme perpetrated against it in Camden, N.J. Underscoring the significance of this point, investigations of activities strikingly similar to those

involved in the Camden scheme are in progress in at least five other major metropolitan areas: Washington, D.C., Nashville, Atlanta, Houston, and Seattle."

The subcommittee's recommendations center on national regulation for real-estate appraisals. There they differ with the bank supervisory agencies. The bank regulators, in testimony before the subcommittee, played down the role of real-estate appraisals as such. An official of the Federal Deposit Insurance Corporation, Robert Mialovich, said, "The most important thing is evaluating the ability to repay and according to specified terms. The value of the collateral becomes increasingly important as one has to consider perhaps taking possession of that collateral and liquidating it as a fallback. Collateral and its value is what you have in the background, should the real source of repayment fail on you. So, the important thing is evaluating the borrower and the ability to repay."

Home prices on roller-coaster

That is true enough; and it should be added that the value of a home backing up a mortgage-security will vary if mortgage rates rise from their present 10% level to, say, 12 or 14%, or if regional or national unemployment reduces the pool of potential home-buyers. No appraisal, however regulated, honest or dishonest, can take into account such changes in money-market conditions, let alone general economic conditions, which can drastically alter home prices within a matter of months.

Depression conditions in at least 31 of the 50 states have wiped out both homeowners' ability to keep up mortgage payments, and the re-sale value of the homes backing up those mortgages. Earlier this year, the Government National Mortgage Association, one of the principal federal guarantors, had to sell hundreds of housing units which it acquired through foreclosure, in the already-depressed Florida real-estate market. Similar forced sales at a fraction of previously-appraised prices are taking place now throughout the oil belt.

The capitalization of the Federally-sponsored agencies is trivial relative to the potential demands upon them. The Federal National Mortgage Association has \$92 billion in debt, and only \$1.3 billion in capital. Losses in excess of that will presumably be borne by the Treasury.

What the combination of potential losses caused by fraud and deteriorating economic conditions, may turn out to be, the federal guarantors have no idea whatever. Nonetheless, the time bomb underneath these government agencies appears much larger than the problems facing any American financial institution, in proportion to the government guarantors' unprecedentedly large role in credit-issuance in the American economy. Their capital-cover is barely 1.5% against guarantees; anything above that adds to the federal deficit. Scores of billions of dollars could wind up on the plate of the U.S. Congress, now wrestling with a fiscal year 1987 deficit we estimate to exceed \$270 billion.

Malaysia's Dr. Mahathir takes on the Wall Street Journal's lies

by Mary McCourt

Malaysian Prime Minister Datuk Sri Mahathir Mohamad bearded the lions in their den Oct. 1 and 2, when he said in New York City that his government was going to expand its fight against drug trafficking and the liberal media. Dr. Mahathir told the United Nations General Assembly Oct. 2 that his nation would continue to hang drug traffickers, whatever their color or creed. "We would rather be unpopular in certain quarters than be hypocritical," Mahathir told the U.N.

Malaysia, along with Singapore, is the only nation in Asia actually fighting the drug plague, despite the massive growth of heroin addiction throughout Asia. Cheap heroin is flooding Asia as cocaine has taken over the U.S. drug market; Thailand, with a population one-fifth that of the United States, has just as many heroin addicts—500,000, according to an Oct. 6 cover story in *Newsweek's* international edition. Superabundant heroin is reportedly cheaper than beer in Bangkok. Malaysia has some 110,000 addicts, and Australia 30,000—among them, the daughter of Prime Minister Bob Hawke, who so self-righteously denounced Malaysia's execution of two Australian drug traffickers in July.

The fight is expanding. Mahathir announced at a U.N.-sponsored conference in Kuala Lumpur that a bill would be introduced at the October session of Parliament to allow courts to seize the proceeds from drug trafficking. "The proposed legislation, when passed by Parliament, will leave the traffickers with nothing," Mahathir said. Malaysia's drug laws have since 1975 included a mandatory death penalty for anyone convicted of trafficking in 15 grams or more of heroin or morphine, 1,000 grams of opium or 400 grams of cannabis. To date, 41 people, including two Australians and six from Singapore, have been hanged. Another 130 people, 21 of them foreigners, are on death row.

Fighting for development

Malaysia is also fighting for economic development in the midst of international collapse. Dr. Mahathir took this fight right into Lower Manhattan, telling an Oct. 2 businessmen's meeting there that the *Wall Street Journal* has been conducting a sustained campaign to sabotage the Malaysian economy. The meeting was sponsored by the Malaysian In-

dustrial Development Authority and a private group, the American ASEAN Trade Council.

The *Journal*, whose editor, Robert Bartley, is a member of the Trilateral Commission, has been publishing articles "in order to undermine our economy," Mahathir said.

Dr. Mahathir said that the Malaysian government had noticed a "special trend" in which the *Wall Street Journal* published "scurrilous" articles whenever international meetings were taking place that might affect investment in Malaysia. In response to the most recent *Journal* attacks, Malaysia expelled two correspondents of the Asian edition of the *Journal* on Sept. 26, and banned it from Malaysia for three months. When asked whether the expulsion of the two journalists would have an effect on Malaysia's efforts to stimulate U.S. investment, Mahathir said, "It will have a very negative effect, which is what the *Wall Street Journal* wants to do." He said that the *Asian Journal* had published a negative article about Finance Minister Daim Zainuddin, just before a meeting last year of the Asian Development Bank. Another was published just before a meeting of the IMF, and the four current articles, published just before the IMF meeting in Washington, reported "nothing factual," he said. Dr. Mahathir has also long been critical of the reporting policies of the *New York Times*.

One of the "issues" exposed by the *Asian Journal* was the tin bought by the Malaysian government between mid-1981 and early 1982 in an effort to support prices. Dr. Mahathir announced Sept. 18 that Malaysia had tried to corner the market, but its efforts were undermined by a group of members of the London Metal Exchange (LME), who deliberately pushed down the tin price by selling forward at a lower price. "The LME cheated by changing the rules of buying and selling when the time came for its members to make good their promises," Mahathir said. Malaysia is said to have lost more than \$400 million and was left with 60,000 tons of unwanted tin.

"If Malaysia is suffering now, it is not because of our policies," he said. "It is because all commodities have now undergone a radical structural change.

"We are a small country, but we bow to no one," he

continued. "I know that efforts will be made by the press, the editors, to pressure the Malaysian government to do this and that," he said. "We will not be bludgeoned into submitting to this kind of pressure even if it means that the development of our country is going to suffer."

Dr. Mahathir has not only condemned the international press. On Sept. 18, he said in Kuala Lumpur that he feared that some local journalists and newspapers had been "brain-washed" by foreign mass media. "It is no longer necessary for the foreign press to subvert our life and values and culture. We ourselves have taken over this role," he said. In other countries, he continued, racialists, racists, and chauvinists were generally condemned by the foreign press. But for Malaysia, these same newspapers supported the racist and racist parties like the Democratic Action Party (DAP) and the Pan Malaysian Islamic Party or Parti Islam Semalaysia (PAS). He said that foreign Zionist-owned media were found to have helped the non-Malay racist parties disseminate statements overseas, attempting to undermine the Malaysian government.

Wall Street's revenge

The *Journal's* reaction has been vicious. An editorial Sept. 29, titled "Mugged in Malaysia," lists the Malaysian policies which it claims "keep such countries as Malaysia needlessly poor." These policies—the Malaysian New Economic Policy—"all come down to massive government interference in the market, whether the commodity is tin, stocks or information," the *Journal* said. The Malaysian government has "tremendous discretionary powers over the resources of their country," the *Journal* complains, and especially has limited the equity of foreign investors in major businesses! The editorial concludes that Dr. Mahathir will not do well "courting capital in the great financial centers of the world," if he is going to defy the liberal press. "He would do better to skip New York and go take a look at the economic stagnation of Rangoon, Burma. That's where he's headed anyway."

With the same arrogance that has fueled Wall Street's presiding over the destruction of the U.S. economy, *Journal* associate publisher Peter Kann, also president of the Dow Jones International Group, said that, "It begs credulity that the *Wall Street Journal* should be involved in some sort of campaign to undermine investment in Malaysia, or any other country. We are a news organization, and all we seek to do is cover the news fairly and accurately."

Their "fairness" is well demonstrated in the next line of attack against Dr. Mahathir: "anti-Semitism."

In its so-called news article on the reporters' expulsion, the *Journal* Sept. 29 accuses Mahathir of, in July 1980, telling his party convention that "Jews controlled the Asian *Journal*," which he said was trying to give Malaysia a bad name. "Dr. Mahathir has referred to Jewish or Zionist plots to overthrow the government," the *Journal* said, "but he has

never produced evidence to support his claims." The *Journal* also derides a commentary in the government-allied *New Straits Times* of Malaysia, which, it reports, said the Asian *Wall Street Journal* "was Jewish-influenced and may have obtained information from Mossad."

A commentary in the *International Herald Tribune* Oct. 9, by London School of Economics faculty member Michael Leifer, accuses Dr. Mahathir of "obsession with interrelated Zionist-Jewish influence." First, Leifer cites Mahathir's support for Palestinian nationalism, accusing Mahathir making political hay of being a Muslim in predominantly Muslim Malaysia. Actually, Mahathir's United Malays National Organization roundly defeated the fundamentalist Pan-Malayan Islamic Party in national elections.

The basis for the anti-Semitic charges against the Mahathir government include statements by Deputy Minister for Home Affairs Megat Juned in September that the government had reason to believe that some members of some organizations, possibly linked to "the international Zionist movement" may have been receiving financial assistance from abroad to include anti-government statements in newspaper articles. In addition, Dr. Mahathir condemned Israeli policy in the Middle East in his speech at the Non-Aligned Summit in Harare.

The *Wall Street Journal* has only one real argument with Dr. Mahathir—and it is about his economic policy and nothing else. When he appointed a new cabinet in early August, Mahathir announced that its top priority will be to revitalize the national economy, with the two most important issues, unemployment and investments. Mahathir said that commodity prices were beyond the government's control and he expected them to remain at low levels so long as there are quarters manipulating prices in the international market. As it is, the government has to look to other areas to strengthen the national economy.

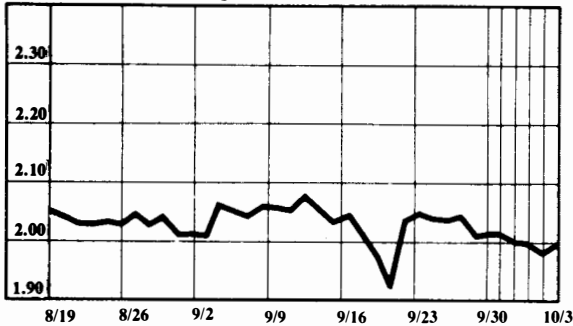
However, the Mahathir government has made changes in order to encourage foreign investors. On Sept. 30, Dr. Mahathir said that for new investments, from October 1986 through December 1990, companies can now be 100% foreign-owned, if they export 50% or more of their products from Malaysia, or 50% or more to Malaysia's free-trade zones. Foreign companies that employ 350 or more Malaysian workers will be able to hold whatever level of equity they apply for. However, if foreign equity is less than 100%, the proportion to be held by Malaysians should conform to previous rulings under the NEP (New Economic Policy), which calls for Malays to hold 30% of equity capital.

Also, the family of Malaysian Finance Minister Daim Zainuddin has signed an agreement to sell off its 50.58% interest in the United Malayan Banking Corporation to the government investment agency Pemas. The Zainuddin family interest in the bank, the third-largest local bank in Malaysia, has been used to scandal-monger against the Malaysian government.

Currency Rates

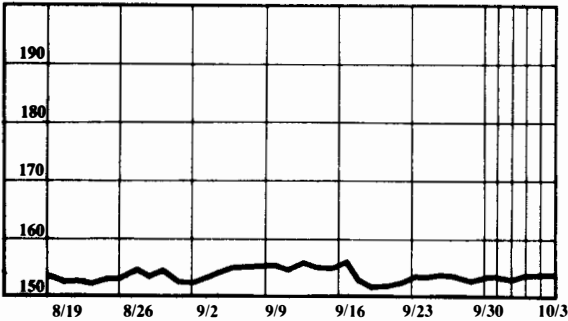
The dollar in deutschemarks

New York late afternoon fixing



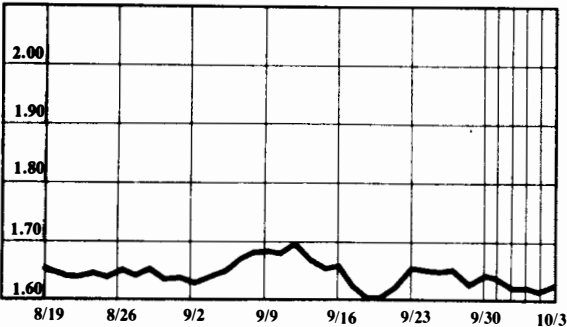
The dollar in yen

New York late afternoon fixing



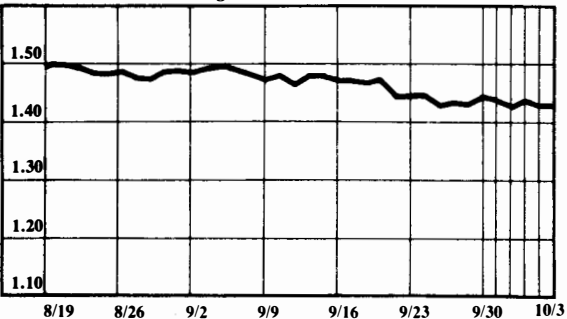
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Do You Have the Latest Ammunition To Fight for the SDI?

Japan and the SDI: An Inside Look

Japan's full-scale participation in the U.S. Strategic Defense Initiative could shorten the research time for deployment by a full two years, and bring enormous economic and defense benefits to Japan.

How this can happen is detailed in the just-published transcript of a two-day conference in Tokyo, "SDI: Military, Economic, and Strategic Implications," sponsored by the Fusion Energy Foundation and the Schiller Institute on April 22-23, with 180 members of Japan's scientific and political elite in attendance.

The consensus at the end of the two days was that Japan's participation in the SDI as an equal partner is both necessary and urgent. As Prof. Makoto Momoi of the Yomiuri Research Center put it, "Every day that Japan does not participate in the SDI is another day lost" in the battle to counter the Soviet threat.

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Soviets, EC in grain steal

Once again, France's "Red Billionaire" Doumeng is reaping a fat profit off an agriculture deal with Moscow.

On Sept. 26, the European Community (EC) announced from Brussels that it had offered 1 million tons of soft wheat to the U.S.S.R., at prices drastically under world market prices. Moscow moved within hours to confirm its acceptance. Spokesmen from Brussels said only that the wheat was being provided by "French traders." The deal, rumored to be part of what could be 4 million tons of purchases, provoked an outcry from wheat exporting countries.

The Brussels move reflects Moscow's power of determining today's Western depressed agriculture markets. At midnight, Sept. 30, an extraordinary offer from the Reagan administration of a special subsidized sale of 4 million tons of wheat to Moscow expired. The offer, made in August under farm-state pressures to increase collapsing U.S. grain exports, ended without Moscow buying a single bushel.

The Soviets waited, cultivating rumors in contract-hungry international markets, for an even cheaper price. Evidence is mounting that the way they got it involves a collusion scandal of perhaps criminal dimensions, reaching to top levels of the EC bureaucracy.

The terms of the Brussels deal are extraordinary. Because West European grain costs more to produce than world market prices, given the complex system of internal EC subsidies and protection measures, the EC pays a subsidy, or restitution payments, to the exporter. This covers the difference between the domestic EC price

and the usually lower world market price, determined at the Chicago commodity exchanges. According to a spokesman for the International Wheat Council in London, Brussels passed an exceptional below-market subsidy to make the latest sale to Moscow.

Moscow, as a result, reportedly pays only \$77/ton for the choice wheat. The present U.S. price is estimated at \$90/ton. But the real shock is the fact that to make this generous price, Brussels paid the French exporters a restitution payment of \$143/ton, meaning that the exporter gets some \$220/ton for the business—fully twice the sale price of the grain! The fortunate exporter collects fat profits, and Moscow furthers a savage price war in world agriculture which will bankrupt millions more farmers in the coming months.

Several industry sources in France say the French trader is the infamous Jean-Baptiste Doumeng's Interagra. Doumeng, for 20 years an intimate of Mikhail Gorbachov, is known to French intelligence as one of the most important assets of Soviet Union in Western Europe.

Doumeng created a scandal a year ago when his Socopa, a meat export company, captured a huge sale of subsidized beef from Brussels to Moscow. He has also been involved in sales of surplus butter at giveaway prices to his old crony, Gorbachov. What emerged in the meat scandal, forcing subsequent revision of the terms of sale by the Brussels Directorate VI for Agriculture, was that the man who headed Directorate VI until weeks be-

fore the huge meat deal, Claude Villain, left Brussels to become president of Doumeng's Socopa.

It was widely reported in trade circles that Villain engineered the deal to insure that only one European meat exporter—Socopa—could meet the size of the export order, and that only one importing country—U.S.S.R.—could import.

The latest wheat deal has spurred speculation inside European farming circles that Villain and Doumeng have established a far more extensive "mafia" inside the Brussels bureaucracy, which is using the clout of a \$23 billion annual agriculture budget to provide the Red Army with food at prices below the Russians' cost of domestic production.

The present director-general of Directorate VI in Brussels is another countryman of Doumeng, Guy Legras. One Brussels source told *EIR*, "It is very likely that Doumeng and Legras have ties. Interagra in Brussels is very sharp in picking the deals. But, given the size of this wheat sale, and the special terms, it had to have been done between the director-general and the exporter personally."

It is apparent that Doumeng already had submitted a tender to Brussels calling for a specially low sale price, knowing Moscow would give the sale to him, not to the United States or Canada.

The choice of Brussels over Washington could also have to do with the secret talks in recent weeks between key EC officials, especially Trilateral Commission member Willy de Clerq, Commissioner for EC External Relations, and the Soviet-East European trade bloc of the Warsaw Pact, Comecon. As it turns out, strategy for EC-U.S. food price war was outlined by the Trilateral Commission some months ago in its agriculture trade policy.

Now, credit card-backed securities

Plastic now joins home mortgages and auto loans in "securitization."

In discussions with *EIR* Banking columnist Kathy Wolfe during 1980-81, Salomon Brothers executives bragged that a global market in commercial paper would replace the banking system as it then existed.

Savings banking died with the first "Volcker shock" of 20% interest rates during 1980-81, and commercial banking died with the Third World debt crisis of 1982, and Salomon's prediction has come true: what the bankers call "securitization" has now replaced normal commercial-banking functions.

Mortgage-backed securities, of which a dozen varieties are now competing, make up the biggest sector of borrowing in the U.S. economy. But home mortgages are only the beginning of a process which is already reaching into the absurd. Now, we have credit card backed securities.

That is all the more remarkable, given the mounting panic over the safety of hundreds of billions of dollars of consumer debt. Consumers have been expanding their indebtedness at a nearly 20% per annum rate, making up for continued erosion of spendable income. Credit card debt rose to over \$120 billion this year, double the 1980 level. Wall Street's motto appears to be: If it's ready to go bankrupt, market it.

Again, Salomon is the leader in the field; the investment bank brought out the first of the kind earlier this year, and even published a handy manual on the subject, "An Introduction to Credit Card Backed Securi-

ties," in August 1986. Its authors, Michael Waldman and Thomas Delehan-ty, manage to keep a straight face throughout.

"During the past year, a market in securities that are collateralized by such short-term financial assets as automobile loans and computer leases has emerged alongside the mortgage securities market. In the latest phase in asset securitization, Salomon Brothers recently brought to market the first security backed by credit card receivables," they write.

Like most "securitization," repackaging credit card loans, and selling them on the securities market, is a function of the banks' own desperate desire to raise cash, as the authors freely admit:

"Credit card loans are part of the large and rapidly expanding consumer installment debt market. The high volume of credit card activity creates a sizeable potential supply of assets for securitization. The largest prospective issuers of credit card securities are commercial banks. Because banks' primary objective in issuing credit card-backed securities is to free up regulatory capital, offerings will be structured as asset sales."

Regulatory capital refers, of course, to the minimum net worth banks must maintain, in order to keep their doors open. Since a large number of commercial banks are scraping against the bottom of their capital, selling off assets—loans, real estate, branches—is a life-or-death matter for many institutions.

The vultures in the Wall Street investment banks hang around the dying commercial banks, waiting for a chance to make a commission on such sales.

Salomon calls the securities it issues with credit card backing "CARDS" (Certificates for Amortizing Revolving Debts), and reports happily that "they provide a significant yield premium over short-term corporate paper."

That is not surprising, since the "net finance charge" to credit card customers during 1986 rose to 17%, from only 13% in 1980, more than double what corporations pay for money.

What about the rising delinquency rate on credit card loans? No problem, says Salomon Brothers. True, the delinquency rate on credit-card lending is up to 4%, from under 3% in 1983—this after years of supposed economic recovery.

Salomon explains, "Charge-off rates rose steadily in 1984-1985, despite relatively favorable economic conditions [for Salomon Brothers, if not for the rest of us]. This trend can be explained by the continued rapid expansion of credit-card lending. Aggressive campaigns to solicit accounts have added a large number of new and, in many cases, less creditworthy accounts."

However, even after deducting the 4% delinquency, Salomon shows in a graph, the "net finance charge yield"—the banks' take, after writing off the deadbeats—still exceeds 13%.

So the usury game with plastic money still works fine (until delinquencies top, say 8%). The banks are so pressed for cash that they are constrained to sell off these profitable assets, and Salomon has proceeded to spread the benefits of usury around a much larger base of investors.

A sterling-dollar crisis and the ECU

The collapse of Mrs. Thatcher's pound jeopardizes intervention on behalf of the weakening dollar.

It is now agreed among Wall Street seers that the Federal Reserve must continue to print money, and at least stabilize, if not reduce, U.S. domestic interest rates, no matter what the cost to the U.S. dollar—as this column has warned for weeks. The simultaneous collapse of sterling against the strong currencies not only makes the foreign-exchange crisis more difficult to contain in the short-run, but contributes to breakaway tendencies in the Atlantic Alliance.

In his widely read "Comments on Credit," Salomon Brothers economist Henry Kaufman pronounced on Oct. 3: "A renewed decline this week in the value of the U.S. dollar juxtaposed with fresh evidence of ongoing economic sluggishness, highlights the policy dilemma that now confronts the Fed. Efforts to spur growth through greater monetary accommodation could create additional strong downward pressure on the dollar. The Fed expressed its sensitivity to this quandary immediately before the last discount rate cut, noting at the Aug. 19 Federal Open Market Committee meeting that if the cut 'was followed by a substantial weakening of the dollar in foreign exchange markets, a little greater caution in the provision of reserves through open market operations was appropriate. . . . But as economic sluggishness persists, the Fed will eventually have to ease further, regardless of the dollar risk, and hope that parallel moves by other countries will dampen the dollar's descent."

Of course, no such parallel moves by other countries are in the offing, following the dismal failure of the administration's demand for "reflation" in West Germany and Japan at the International Monetary Fund meeting the first week of October.

The dollar has continued to flail just above the DM 2.00 level, exclusively because of heavy intervention on the part of the Japanese and European central banks. There is a definite limit to their capacity to sustain the U.S. currency in any event; what makes the present situation even less stable is the simultaneous crisis in the pound sterling.

Salomon Brothers notes in the same report: "Since mid-September, the British pound has slumped by 4% on a trade-weighted basis. The decline reflects mounting fears that reflationary policy moves may be implemented after the next general election, which could come within the next 12 months. Bearish sentiment has been further reinforced by a deteriorating current account performance, as exemplified by August's record 1.5 billion pound trade deficit. . . . The authorities have steadfastly kept official rates unchanged at just under 10%, and instead, the Bank of England—together with the Bundesbank—have intervened in the foreign exchange markets. . . . It is still likely, however, that British officials will see higher interest rates in the near future. . . . The markets may conclude that an increase in British rates of more than 100 points is necessary."

Sterling's situation worsened after the IMF meeting's conclusion. The British pound opened sharply lower against the mark Oct. 8, after a brief respite following the announcement of encouraging British money-supply figures. It sank to record lows on its trade-weighted index, starting the day at 67.6% of its 1975 value against a basket of 18 major currencies, 5 points down on Oct. 8's close. Against the West German mark, it opened at 2.8570 marks compared to Oct. 8's close of 2.88. . . . Reuters news service quoted foreign-exchange dealers saying that "apart from central bank intervention, there were no other factors supporting the pound."

In London, there are new warnings of anti-American sentiment following the administration's miserable performance at the IMF meeting. "The European banks, especially on the continent, are in an increasingly isolationist mood. This has sharpened especially since the tension between Washington and the German Bundesbank over policy. These European banks don't want to get further involved in what they see as U.S. incompetent handling of problems such as Mexico," one City of London source said. "Some of these continental European banks want an independent European financial system. There are signs of increased openness of the Germans to allow a private use of the European Currency Unit (ECU) which, if other things were cleared, could open an ECU as an independent reserve currency." The German Bundesbank on Oct. 8 denied that it is considering a change in its constitution to allow such use of the ECU, but admitted that Finance Minister (Trilateral Commission member) Gerhard Stoltenberg told a recent meeting of European Community finance ministers that he was planning to bring up the issue with the Bundesbank.

Business Briefs

Biological Holocaust

Italian cabinet 'shaken' by AIDS outbreak

Prime Minister Bettino Craxi's cabinet met in early October to discuss the prospects for spread of AIDS, according to the Italian daily *Corriere della Sera* on Oct. 9. They emerged from a briefing by health officials badly shaken.

According to the article, as a health ministry official read out figures concerning the spread of AIDS in coming years, "a chilling, deadly silence fell over the cabinet meeting. The official hypothesized, with figures and forecasts in his hands, a coming catastrophe, connected to the spreading of heroin."

Prime Minister Craxi, Ministers Scalfaro, Forlani, Rognoni, Amato, and the undersecretaries of the Health, Education, and Defense ministries were in attendance. The Interior Ministry proposed a study, as soon as possible, of laws that will allow adequate controls.

EIR spoke to the author of the article in Rome, Paolo Graldi, who said that he wrote the article on the basis of what Minister Scalfaro told him of the cabinet meeting. The ministers had looked "horrified" after hearing the report on AIDS.

Asked if the "controls" on AIDS' spread demanded by the interior minister imply AIDS screening, he stated: "AIDS screening started in jails, where there are a lot of healthy carriers, and the figures coming out of there, even if covered up, are very heavy." However, official AIDS screening was ruled out in previous government discussions, due to Communist and "liberal" pressures. However, he added, such screening would be done under the cover of drug testing, beginning in schools and the military.

Development Aid

Mexican minister meets with Nakasone

Mexican Secretary of Finance Gustavo Petricioli met with Japanese Premier Yasuhiro Nakasone on Sept. 24 and requested Japa-

nese financial assistance totaling \$1 billion for three Mexican industrial projects, including an oil pipeline.

Petricioli delivered to Nakasone a letter from Mexican President Miguel de la Madrid, in which de la Madrid expressed hope over the visit and Japanese support for the projects. He also extended an invitation to Nakasone to visit Mexico. Nakasone said he would like to visit Mexico as soon as possible.

According to Petricioli, de la Madrid hopes the bilateral relations between Japan and Mexico will continue to expand in the 21st century. Nakasone expressed the intention of seeking the prosperity of the two countries for the next century. During his stay in Japan, Petricioli will also meet with Finance Minister Kiichi Miyazawa, International Trade and Industry Minister Hajime Tamura, and bank officials.

Transportation

Congress reaches agreement on Conrail

House and Senate negotiators announced on Oct. 9 that agreement has been reached on legislation authorizing a public stock sale of Conrail, the government-owned freight railroad, clearing the way for passage of the bill after two years of debate.

The new legislation calls for the government to receive \$2 billion from the sale of the stock, but that amount is not mandatory. Rep. John Dingell (D-Mich.) said that the amount was not made mandatory because the lawmakers were not primarily interested in maximizing the government's revenue.

"Our paramount goals are the preservation of Conrail's long-term viability and the protection of rail service in the Northeast and Midwest," Dingell said. "Our bill gives Conrail the strength and flexibility to thrive independently and provide continued rail service."

The Reagan administration proposed selling Conrail to Norfolk Southern railroad in 1985, claiming that Conrail was not financially healthy enough to survive as an independent railroad in the declining freight rail market in the Northeast and Midwest.

The Senate approved the sale, but the House refused, citing the anti-competitive impact of merging Conrail with one of its largest competitors.

Conrail was originally created in 1974 out of the ruins of the bankrupted Penn Central railroad and several smaller lines in order to preserve rail service in the U.S. industrial heartland.

Food

Brazilian government to confiscate beef

The Brazilian government announced on Oct. 8 that it was ready to confiscate cattle from ranchers in order to put an end to a four-month-old shortage of meat in the country.

Sao Paulo state governor Andre Franco Montoro said, "The confiscation will start within the next few hours in Sao Paulo."

According to an agreement reached during the first week of October, the government raised the price for beef carcasses to \$20.23 from \$15.50 for a portion of beef weighing 33 pounds. Since the ranchers were persisting in holding back the meat, officials announced that the meat will be confiscated at the previous price of \$15.50.

International Trade

U.S. semiconductor agreement attacked

Former Undersecretary of Commerce Lionel Olmer attacked the U.S.-Japan agreement on semiconductors concluded this summer as a "bad precedent."

"I am one who strongly believes that it is an agreement ill-conceived, impractical, almost certain to fail, and highly unlikely to advance the interest of American semiconductor manufacturers," Olmer said on Oct. 9 at a luncheon sponsored by the governmental Japan External Trade Organization.

The agreement is expected to cause a

Briefly

dramatic increase in chip prices in the United States, an increase that will be passed on to the consumer by computer manufacturers. The agreement was prompted by alleged "dumping" of chips onto the U.S. market by the Japanese.

Olmer said that the agreement was made without sufficient consultation with U.S. manufacturers, and that European nations were not consulted at all.

"I would not be surprised to see the agreement being modified," Olmer predicted that pressure in Congress for protectionist legislation would grow as panic increases over the U.S. trade deficit.

Steel

Reagan's import program not working

President Ronald Reagan's reliance on voluntary export agreements by foreign producers is not working, according to a congressional report released on Oct. 9.

"The committee finds that while the President's steel program has reduced the surge of steel imports into the United States, it has not done so sufficiently to eliminate the threat to the existence of the domestic steel industry," the House Government Operations Committee said.

Administration officials have acknowledged the program's effectiveness was hampered by start-up problems in late 1984 and early 1985, but they said the partial success obtained so far shows the effort will work over the long run.

Congress is considering, not capital investment to invigorate and modernize the moribund U.S. steel industry, but rather import-limit legislation.

Demographics

France encourages birthrate increase

On Oct. 8, the French government proposed new financial incentives for families to have

children, totaling \$923 million a year.

Under the measures, soon to go to parliament, mothers who stay at home to look after a third child will have their present \$230 monthly payment increased to \$370.

Working parents who hire a baby-sitter to look after a child under age three will be exempt from up to \$307 in monthly social security contributions.

"The family constitutes an essential priority for the government because it alone can bring to the nation the vigor and values it needs," the Chirac administration said in a statement it released to motivate the new measures.

The birthrate in Europe, including France, has been catastrophically low, according to a recent report by the European Commission.

U.S. 'Recovery'

Financial problems mount in Texas

On Oct. 3, Century National Bank of Houston became the 20th Texas bank, and the 107th nationally, to fail in 1986. Kansas is second with 12 failures, and Oklahoma third with 11.

Century National, with \$14.8 million in assets, was opened only four years ago.

The bank reopened on Oct. 4, as Sterling Bank-Willowbrook, a unit of Sterling Bancshares. The comptroller blamed asset-quality problems and poor credit risks for the failure. About 35% of the bank's loan portfolio was tied to real estate. "It basically ran out of money," an FDIC spokesman enlightened.

Meanwhile, deposits at 267 banks in Harris County, where Houston is located, are continuing to drop, by 9.8% since March 1985, and 5.4% since February 1986. Harris County real-estate foreclosures are also continuing to set new records. "We've already surpassed the previous record total for all of last year," said Ralph Murdock, partner in the Foreclosure Listing Service. "About 4,300 properties have been posted for foreclosure Tuesday [Oct. 7]. That breaks the previous record of 3,965 postings in July for the foreclosure sale in August."

● **SUDAN'S PREMIER** Sadiqa Mahdi announced at the U.N. General Assembly that Sudan, like Peru, will henceforth pay only a proportion of its revenue for debt. Sudan, where 2 million people face starvation in the south, is one of the countries attacked in the World Bank's annual report for trying to "sustain unwarranted levels of consumption in periods when external circumstances were not in their favor."

● **PRINCE CHARLES** discussed the reduction of cultivated lands in Europe at an informal meeting of the agriculture ministers of the European Community in late September. The current president of the EC's Agricultural Commission, Michael Jørgensen, proposed reduction of cropland in Europe by 3 million hectares.

● **THE GERMAN-IRANIAN** Commission for economic cooperation has resumed its work after a seven-year freeze since the overthrow of the Shah. Twelve industrial companies are said to have contacted Teheran for investment possibilities, a result of the visit of Iran's minister of heavy industry, Behzad Babavi, to West Germany in late September.

● **JAPANESE BANKS** now control 8% of America's banking business, and Japanese real-estate investment in the United States will exceed \$5 billion in 1986. According to David A. Witts, an expert in world trade, these facts indicate that Japan has replaced the United States as the world's banker and creditor. "America is on the road to becoming a hewer of wood and hauler of water for Japan," Witts said.

● **ABORTION RATES** among U.S. women are lower than the estimated international average, according to a recent study. The Soviet Union has the highest abortion rate internationally, with 181 procedures per 1,000 women, over six times greater than the U.S. rate.

How self-sufficient is Ibero-America?

Part 7

Ibero-American integration

Only 15% of the foreign trade of the Ibero-American nations is with other nations of the region, while the rest is conducted outside the region. The Ibero-American Common Market would turn these proportions upside down, making the continent self-sufficient in almost all the major sectors of production.

The Schiller Institute's book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000*, was published in Spanish in September 1986. An international team of experts prepared this study on the urgent measures needed to free Ibero-America of its economic dependency, elaborating the outlines of Lyndon LaRouche's 1982 proposal, "Operation Juárez."

Appearing in English exclusively in *EIR's* serialization, this book contains the program that could save the world economy.

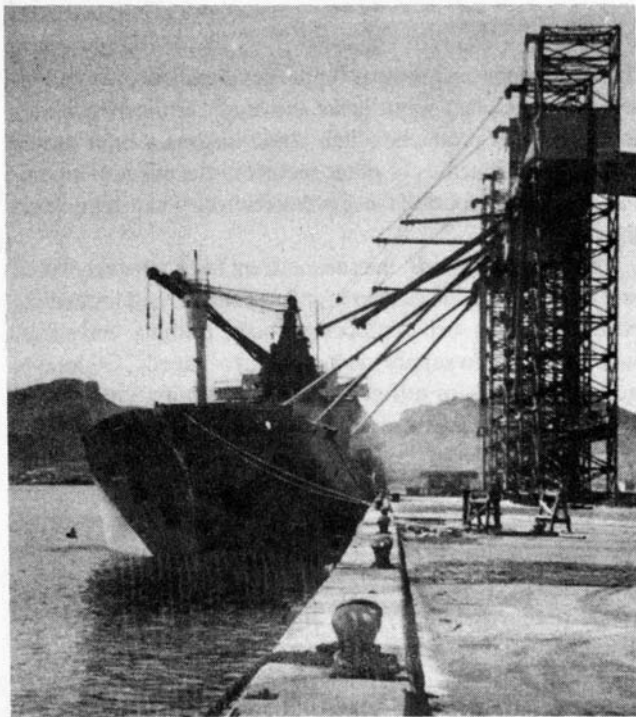


With the sole exception of Peru, no Ibero-American government has yet broken with the International Monetary Fund (IMF). The typical argument used by these governments to justify their inaction is that, should they attempt such a move, they would suffer political reprisals, trade and financial warfare, and economic strangulation impossible to survive.

Without doubt, these vulnerabilities do exist, but the situation could be rapidly changed were the Ibero-American countries to join forces and begin to act in a coordinated and integrated way. This would allow them to successfully confront any reprisal unleashed against them.

The fact is, that if we consider the subcontinent in its entirety—that is, as a single economy—Ibero-America possesses sufficient productive capacity, natural resources, and labor force to cover the bulk of its current needs. Were the capacities of each country to be complemented by those of the others, the economic dependency and vulnerability of the subcontinent would be enormously reduced. In this way, Ibero-America would be in a position to act as an economic power to defeat the "financial Malvinas" that the international financial institutions might attempt to unleash against it.

Nonetheless, Ibero-America today suffers from a lack of economic integration and, as a result, from an incorrect orientation of the foreign trade of each country. Although some countries produce what the others need, the great majority of their products are exported *outside* the continent, and their needs are primarily met with imports from abroad as well. This is the case, individually, because each Ibero-American country has subordinated its export policy to the central thesis that foreign exchange must be had to pay the debt and balance payments.



Loading grain on a ship in the port of Guaymas, Mexico. The Ibero-American subcontinent produces 103% of its own needs in cereals.

Therefore, an excessive dollar-dependency for trade has been generated, such that the mere idea of no longer receiving dollars terrifies each and every one of the Ibero-American governments. They tend to associate their economic security with the mere fact of having a certain quantity of dollars in reserve, totally apart from the real state of affairs of their economy. Under these circumstances, "trade strategy" is reduced to selling whatever to whomever, as long as they pay in dollars.

The result is economic madness. For example, Brazil and Mexico depend on massive imports of grain to meet their domestic needs, grain which in general is acquired *outside* the subcontinent, principally from the United States and Canada through the giant cartels that control the international grain market. Argentina, meanwhile, produces sufficient quantities of grain to meet the needs of all the Ibero-American countries lacking in grain, including Brazil and Mexico. Nonetheless, the majority of its surplus is exported *outside* the region, above all to the Soviet Union and Europe, also through the international cartels and with the primary purpose of obtaining sufficient foreign exchange to pay its debt.

The case of oil is similar. Brazil imports a considerable percentage of its oil from the Middle East, while Mexico and Venezuela export their oil abroad instead of meeting the needs of oil-deficient countries on the subcontinent. And who controls this trade? Neither Brazil, nor Mexico, nor Venezuela, but the major oil multinationals, the "seven sisters."

In truth, the economic vulnerability of the Ibero-American countries boils down to their lack of integration. As can be seen in **Table 3-1** below, the subcontinent in its entirety produces practically all its own food, energy, and strategic

mineral needs, and also produces or is capable of producing the majority of its manufactured goods requirements, with the exception of certain specific products and various high-technology capital goods.

To determine the real levels of self-sufficiency of the subcontinent as a whole, we took the volumes of production and consumption of each of the items mentioned above for the years of their highest production and consumption levels, generally falling between 1980 and 1982. Our idea was to thus be able to reflect the real capacity of the Ibero-American countries to meet the maximum levels of consumption reached through the present time. Establishing a level of self-sufficiency of 80% as the minimum required for dealing with a situation of economic warfare, cases falling below that level were detected which enabled us to pinpoint the weak points of the continent. Few such weak points actually emerged, since the majority of the products under consideration were above 100%.

On the most fundamental aspect of any economy, the question of *food supply*, the majority of Ibero-American countries show a deformity of their productive structures, due to the colonial practices that have persisted in their foreign trade through such heavy dependence on grain imports while exporting huge quantities of other agricultural products, especially sugar, coffee and fruits. Nonetheless, Ibero-America in its entirety produces today a sufficient quantity of grain to fully meet its needs, due to the plentiful surplus generated by Argentina which, in the context of regional economic integration, would allow for an immediate situation of food self-sufficiency and would eliminate the subcontinent's vulnerability in this respect.

Regarding *energy products*, Ibero-America's situation is even more favorable, due to the high levels of oil produced, primarily by Mexico, Venezuela, and Ecuador and thanks to which not only the totality of regional needs could be supplied, but substantial surpluses would be available for increasing regional consumption and strengthening trade with countries outside the region.

In the category of *minerals and raw materials*, the balance is also very favorable due to the abundance of natural resources and the high mineral content of the region—particularly in Brazil, Mexico, Peru, Bolivia, and Chile. This is especially the case with such basic minerals as iron, copper, aluminum, and manganese, in which there are currently production levels sufficient to meet regional needs and export considerable surplus as well.

In all of these areas, the current deficiencies are few and are primarily limited to coking coal; such metals for steel-making as vanadium, chromium, and titanium; minerals for fertilizer such as phosphoric rock and potassium; and various raw materials for the chemical industry. The limitations can be notably reduced in the cases of coal, titanium, and phosphoric rock, given the vast unexplored reserves of these minerals. Such is also the case with the majority of raw materials needed for the chemical industry.

In the matter of *manufactured goods*, it is important to differentiate between intermediate consumer goods and capital goods. In intermediate goods, Ibero-America is practically self-sufficient—the cases of steel and cement, two of

the most important products for the development of any country, are exemplary—but lacks above all fertilizers and various chemical products which could impose a limit on the productive capacities of other sectors in the event of an embargo against import of these products from countries outside the region.

In *consumer goods*, the subcontinent has a relatively broad and integrated industrial base for the production of immediate consumer goods such as processed foods, clothing, and shoes, with a capacity to supply most of the area's needs. Of durable goods, the levels of self-sufficiency and integration are less. In general, one could say that Ibero-America produces approximately 80% of the durable goods currently consumed, with a higher percentage in the case of furniture and domestic appliances, and lesser in cars and electronic appliances.

Undoubtedly, the most vulnerable point of the Ibero-American economies resides in its low capacity for *capital goods* production, above all in regard to high-technology machinery and equipment. Ibero-America as a whole produces only 30% of its capital goods needs, and the greater part of its productive capacity is limited to three countries—Brazil, Argentina, and Mexico. In reality, only Brazil has a relatively broad and integrated industry which generates nearly 70% of the region's production, and supplies around 80% of its internal needs. In the event of a trade blockade, this weakness would pose an enormous obstacle to the expansion of the region's productive capabilities and, worse, would endanger the very functioning of existing productive plant and equipment, because of the lack of repair parts. Eliminating this production weakness is undoubtedly one of the most urgent tasks for the economic integration of the subcontinent, a task which demands tremendous efforts on the technology front, in the search for real "partners" among the industrialized nations and their industrialist groups who would be disposed to cooperate within a scheme of regional integration.

In sum, the principal vulnerabilities of the subcontinent lie in the following points, major products in which self-sufficiency is less than 80%:

- Coal and coking coal 71%
- Phosphoric rock 35%
- Potassium 2%
- Fertilizers 65%
- Insecticides 35%
- Medicines 25%
- Machinery and equipment 30%

Another vulnerability of Ibero-America is its inadequate merchant marine which, while meeting the needs of the internal maritime transport of the majority of the countries, barely covers 60% of the foreign trade imports conducted through trans-oceanic transport, and less than 20% of the exports moved by sea. In truth, only Brazil has a national merchant marine with the capacity to mobilize its own im-

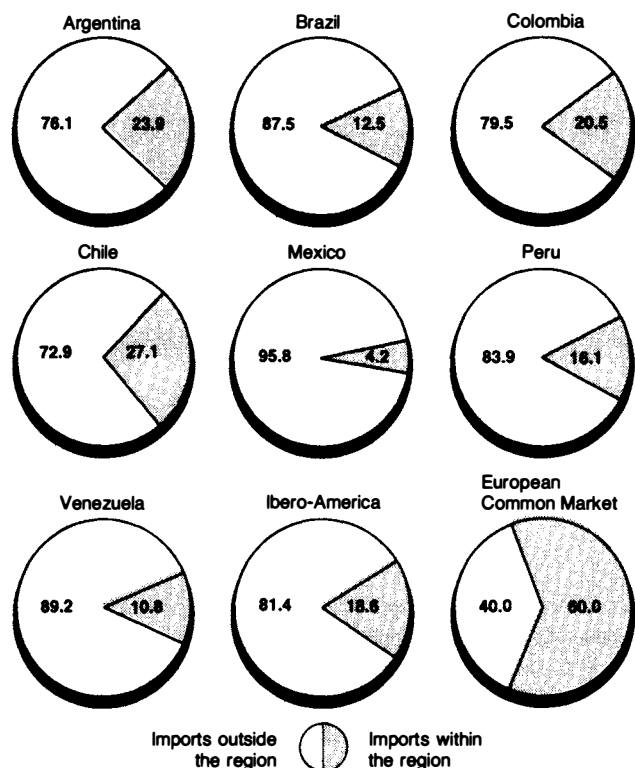
TABLE 3-1
Level of self-sufficiency of Ibero-America
(percentages)

Above 80%	Below 80%
Foods:	Minerals:
Cereals 103	Coal and coke 71
Meat 104	Chrome 73
Fish and shellfish 188	Titanium *
Milk & dairy products 98	Tungsten *
Fruits and vegetables 105	Raw materials:
Energy:	Phosphoric rock 35
Crude petroleum 142	Potassium *
Refined petroleum 100	Caustic soda 73
Minerals:	Sodium carbonate 61
Iron ore 257	Basic Products:
Copper ore 118	Fertilizers 65
Bauxite 183	Pesticides 35
Manganese 161	Medicines 25
Sulphur 97	Manufactures:
Basic metals:	Machinery and
Iron and steel 90	equipment 30
Copper 282	Automobiles and trucks 65
Aluminum 120	
Lead 123	
Zinc 104	
Tin 114	
Nickel 400	
Basic Products:	
Cement 100	
Synthetic fibers 85	
Manufactures:	
Textiles 125	

*less than 10% self-sufficiency

Sources: United Nations Organization and authors' estimates.

FIGURE 3-1
Origin of Ibero-America's imports 1980
 (percentages)

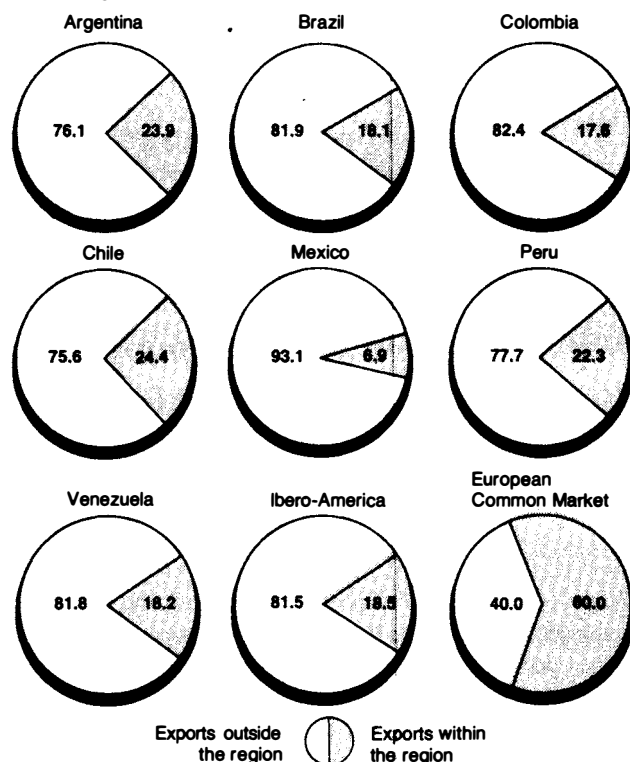


Sources: Economic Council for Latin America and International Monetary Fund.

ports, while the others depend to a large degree on foreign merchant fleets that operate hand-in-hand with the major cartels that control the world market. In the event of a trade blockade, this situation would become a serious bottleneck, since the countries of the subcontinent would lack the capacity for maritime transport required to increase intra-regional trade, despite having available the products they need.

Once the weak points are identified, Ibero-America must also identify its strong points, the better to employ them fully to counteract the effects of a blockade and turn it into a doubled-edged sword against the countries behind it. The fact is that the subcontinent supplies the industrialized countries with a series of basic products for the operation of their industries, as is the case with several strategic minerals that are used in the production of specialty steels and metal alloys, whose scarcity could paralyze certain industrial sectors of those countries. As we have noted, it is highly unlikely that the international banks would be able to promote a total and prolonged blockade on the part of the countries with whom Ibero-America currently trades, given the negative repercus-

FIGURE 3-2
Destination of Ibero-America's exports 1980
 (percentages)



Sources: Economic Council for Latin America and International Monetary Fund.

sions this measure would have on their own economies, whether for lack of needed goods or for loss of an important market for its exports.

Intra- and extra-regional trade

Now let's take a closer look at the current situation of the economic under-integration of the region. As can be seen in **Figure 3-1**, during 1980 when the intra-regional trade of Ibero-America had reached its highest level just before the IMF's "adjustment" policies began to destabilize the region's imports, of the total imports of the continent only 19% came from within the region, while the other 81% were supplied from outside the subcontinent. The same held true for exports, of which only 19% were channeled to countries within the region. (See **Figure 3-2**). Thus, the intra-regional trade of Ibero-America has come to represent—at its best moments—less than a fifth of its total foreign trade. Compare this with the situation in Europe, where intra-regional trade absorbs 60% of the total foreign trade of that region.

To be continued.

Don Regan charged with cover-up on AIDS spread

Warren J. Hamerman, director of EIR's Biological Holocaust Task Force, looks at the terrifying spread of the disease, and the White House Chief of Staff's protection for CDC inaction.

White House Chief of Staff Don T. Regan, the economic policy strongman of the Reagan administration, in late September personally had his office exert what a government informant described as "massive pressure" to shut down a U.S. Senate investigation of the Atlanta Centers for Disease Control (CDC) cover-up of the spread of AIDS in the United States. The investigation of the CDC, according to various informants, had threatened to uncover details of a full-scale AIDS cover-up at CDC which included:

- Sabotage of research experiments;
- Suppression of evidence which did not conform to the administration official line that AIDS is "only" a threat to certain limited "high-risk groups" and cannot be transmitted through "casual contact" in economically collapsed tropical areas;
- Efforts to publish "faulty reports" and otherwise discredit the work of Dr. Mark Whiteside and Dr. Caroline MacLeod, who have documented a causal relationship between the collapsed socio-economic conditions in Belle Glade, Florida and the uncontrolled outbreak of AIDS among Non-Identified-Risk-Other-Than-Poverty individuals in south Florida;
- Misuse of government funds which were supposed to be used for surveillance and research on AIDS;
- Total collapse of morale among honest scientists at CDC;
- An internal atmosphere at CDC of a "mafia organization" run by "AIDS godfather" James Curran through a clique of handpicked "trusted lieutenants."

Why did White House Chief of Staff Don Regan order

the cover-up to continue? The specific motives fall into two areas—economic and political.

1) Economic reasons: If the American public found out the truth about AIDS, they would demand a costly Public Health Emergency program and Apollo-style research program which Don Regan, as economic czar of the administration, does not want to fund. It would ensure that California's Proposition 64, the ballot initiative which embodies this program, would pass overwhelmingly. The fact of the matter is that a full-scale war on AIDS would blow up the Reagan administration's budget and force them to break with the International Monetary Fund (IMF). An emergency and "costly" public health emergency program for Africa, as well as impoverished areas in the United States, would be required. It would also demonstrate that the entire seven-year economic policy of the administration was a total failure.

2) Political reasons: An investigation coming on the eve of the November general elections would have political consequences which would "blow back" upon the administration at the polls. Since *EIR* and its founder, Lyndon LaRouche, have led the global campaign to expose the truth about AIDS from Africa to Belle Glade, the population would demand that the War on AIDS and economic development policies of LaRouche be implemented as an alternative to those hitherto pursued by the White House and CDC. In the November elections, California Proposition 64 and candidates associated with LaRouche would win by a landslide, an occurrence which is abhorrent to Don Regan and his associates, who have been personal enemies of LaRouche for over a decade. Furthermore, there would be an international clamor from

governments in Africa, Ibero-America, Asia, and perhaps Europe to turn to LaRouche's overall international economic policy plan.

Europe

Across Western Europe, populations and governments are now receiving daily official reports in the media and in government channels on the catastrophic proportions of the AIDS spread.

According to a report in the Italian newspaper *Corriere della Sera* on Oct. 9, the Italian cabinet and prime minister heard a special report the night before on the catastrophic spread of AIDS in Italy. Eyewitness accounts report that the ministers came out of the meeting "looking horrified," their faces white.

Virtually every day during the month of September the British media carried statements from high-level medical and health officials warning that AIDS was heading for Doomsday proportions in England and Africa.

In West Germany, the mass-circulation daily *Bild Zeitung* has carried feature-reports on the true horrific dimensions of the pandemic.

While the CDC maintains the cover-up in the United States, its international umbrella organization, the Geneva-based World Health Organization (WHO), is brutally sup-

pressing accurate reports on the nature of AIDS' spread worldwide.

Proof of the cover-up

Various scientists around the world point to one specific document which proves that the CDC and Reagan administration were intent for some time on covering up the truth on AIDS for economic and political reasons. The document is a signed letter to me, dated Aug. 27, 1985, from Dr. James Mason, the director of the CDC, who, also, as the Acting Assistant Secretary for Health, *de facto* ran the U.S. Department of Health and Human Services (HHS) for much of 1985, as a result of the political controversy surrounding HHS Secretary Margaret Heckler.

In his letter, Mason stated the following, among many, incredible and egregious "biases" of the CDC:

1) There is no evidence that there are AIDS cases from non-risk groups in Belle Glade, Florida and there is absolutely no evidence of a relationship between the miserable socio-economic conditions and AIDS cases there. This bias was stated before the CDC study in Belle Glade began!

2) AIDS and other pandemics are not threatening an ecological-biological collapse and threat to human life itself, because the health condition and standard of living of mankind is improving in Africa and around the world!

AIDS Cases Outside Risk Groups in 'High Risk Areas'

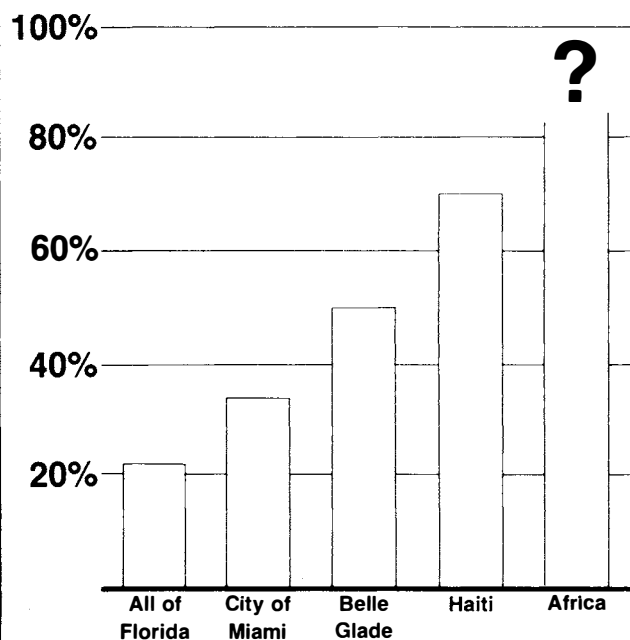
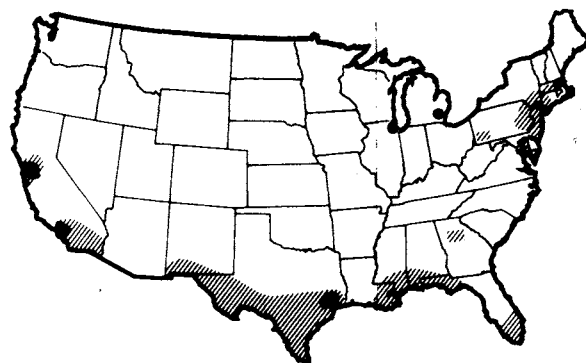


FIGURE 1.

High Risk Areas for AIDS



Tuberculosis and A.I.D.S. concentration in U.S.
FIGURE 2.

3) Insects cannot carry the AIDS virus.

4) The national security of the nation is not threatened by the extent of the outbreak of AIDS and other diseases.

The basic theme of the Mason letter is that because the economic policy of the administration is "improving" the living standards of the people of this nation and around the world, no additional *extrafunds* have to be spent on research and emergency public health measures.

In short, the shameless policy of the Reagan administration has been to "operate within budget constraints" and not inform the nation of the true dimensions of the AIDS threat to the entire population in order to prevent a groundswell demand for an immediate War on AIDS program.

EIR's new study

One leading European medical expert has described the recent EIR Task Force study which is circulating in California on behalf of Proposition 64 as the best summary of the scientific evidence on the unique aspects of AIDS as a species-threatening disease. Now our Task Force is developing an additional study. This new study concentrates on estimating the conditions under which the AIDS pandemic becomes unstoppable.

Never before has the human species experienced a "slow-acting" retrovirus pandemic prior to AIDS; ordinary epidemiological studies cannot be used as models of comparison. The key difference is that the AIDS virus infects the DNA directly, as well as infecting other human tissue to an undetermined extent. However, AIDS-like slow retroviruses such

as Visna in sheep have existed as animal epidemics, well known to veterinary medicine. Besides Visna in sheep, other animal retrovirus epidemics have included Infectious Anemia in horses and cows (Equine Infectious Anemia and Bovine Infectious Leukemia). The new study applies the model of a slow-virus retrovirus epidemic in animal species to the spread of human AIDS.

The study is intended to map the critical *phase change* in the disease dynamics which indicate that certain geographic regions become "high-risk areas." What are the characteristics of a high-risk area?

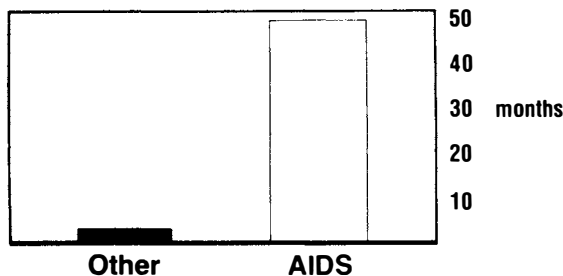
Through studying animal retrovirus epidemics, we can see that there are three critical parameters in the spread of diseases like Equine Infectious Anemia and Bovine Infectious Leukemia: (a) tremendous overcrowding; (b) abundance of insects; (c) high levels of viremia.

The new AIDS study will focus upon the fact that there are two general routes for transmission of AIDS infection among persons: 1) The "fast-track" of transmission, through direct serum transfer, as by hypodermics and homosexual practices; 2) the normal, slower track of transmission, by insect-bites, aerosols, and other so-called "casual means." Relative to AIDS-like slow retrovirus epidemics in animal species, "fast-track" transmission among persons is "atypical," transmitted by types of behavior not typical among animal species or normal human beings. The most characteristic, typical mode of transmission, is along "casual" routes.

Relative to the population generally, the significance of atypical, "fast track" transmission, is that homosexuality and

The Contagious Window

1. The average highly communicable disease has a contagious window of $\frac{1}{2}$ month or less.
2. AIDS has a contagious window of 48 months (4 years) or more.



The AIDS Contagious Window is at least 96 times longer than the average highly communicable disease.

FIGURE 3.

Communicable Index

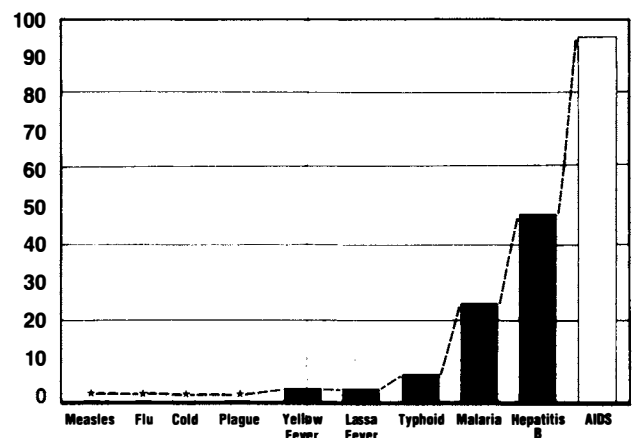


FIGURE 4. AIDS has a "lapsed time" Communicable Index which is nearly 100 times greater than the "Contagious Window" of an individual with the common cold.

drug-usages build up a reservoir of long-term-infected persons within the population. As the minority engaged in drug usage and homosexual practices becomes infected, this minority becomes a "human reservoir" of the infection. At this point, "slow-track," typical transmission becomes an increasingly dominant mode of spread of the disease. The increasing percentile of infected persons, not members of the federal Centers for Disease Control's "high-risk" classifications, in total numbers infected, is a reflection of this transition.

The case of Belle Glade

Why has the CDC spent so much time and effort trying to cover up the reports from Belle Glade, Florida? Quite simply, it is because Belle Glade provides the best documented data anywhere in the world of the true nature of the spread of AIDS in tropically collapsed conditions. Belle Glade is the model for a tropical "high-risk area."

Belle Glade is a town of 20,000 people with the highest density of confirmed AIDS cases in the nation—2.5 per 1,000 residents.

In the central portion of the town, there is a completely impoverished zone of two 10-square-block areas where 8,000 people, or 40% of the total population, live. Certain census estimates indicate that the population density in this area approaches 1,000 people per acre.

In animal retrovirus epidemics, under conditions of crowding, a lot of insects and high levels of viremia, insect mechanical transmission of retroviruses has been document-

ed to go through 80-90% of a herd in one season.

Thus, the "density function" for Belle Glade's inner slums is not surprising. In addition to human overcrowding, the insect density can be measured in the following quantitative terms—at least 100 bites per 24-hour period per person.

The density function of AIDS in a *high risk area* can be summarized in the "Belle Glade Ice Berg," the prototype for a collapsed tropical zone:

Total CDC-defined AIDS cases	60
Suspected AIDS cases who died before confirming tests	100
AIDS-related complex (ARC) cases exposed or infected	800
Active TB cases	100
Total population in area	8,000

In the assessment of medical experts on the scene, the situation in south Florida may already be near the point of no return. The real question has no longer become "stopping the epidemic," but trying to "slow it down."

If Don Regan is allowed to continue his criminal cover-up, then entire nations, including the United States, and whole continents may pass the point of no-return and become high-risk areas. AIDS is thus the first actual species-threatening disease, and those in government who have engineered the cover-up, such as Don Regan, qualify as having committed the worst criminal malfeasance in mankind's history.

Disease-Specific Mortality

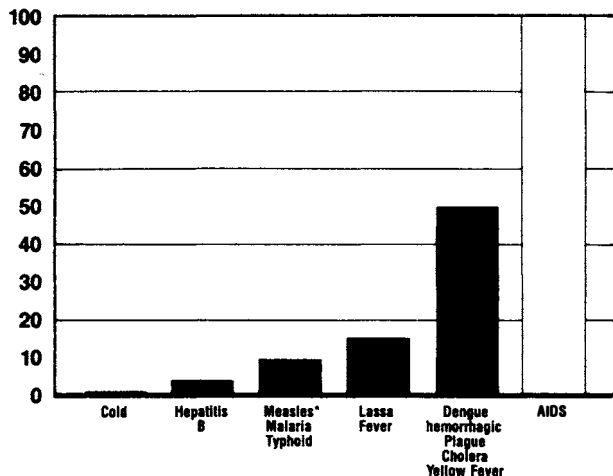


FIGURE 5. The highest mortality rates prior to AIDS were associated with plague, dengue fever (untreated) and cholera (untreated), all with a rate of 50%. Confirmed cases of full-blown AIDS have a mortality rate of 100%.

Mortality-Communicability Index (MCI)

DISEASE	MORTALITY	COMMUNICABILITY	MORTALITY-COMMUNICABILITY INDEX
AIDS	100	96	9600
Malaria	10	24	240
Yellow Fever	50	3	150
Typhoid	10	6	60
Plague	50	1	50
Dengue Hemorrh.	50	?	50
Cholera (unrelated)	50	1	50
Hepatitis B	1	48	48
Lassa Fever	15	3	45
Measles in Malnourished Children	10	1	10
Conjunctivitis	0	1	0
Common Cold	0	1	0

FIGURE 6. The MCI is a measure of the "deadliness" of a disease and it is the product of the mortality index and the communicability index. AIDS is 40 times as deadly as the deadliest diseases heretofore known.

Tropical Institute physicians refute CDC coverup report

In May 1986, the Atlanta-based Centers for Disease Control's (CDC) Morbidity and Mortality Weekly Report (MMWR) threatened to publish a fraudulent report to explain away the overwhelming pattern of "No Identifiable Risk" (NIR) AIDS cases in Belle Glade, Florida. Belle Glade has the highest percentage of AIDS cases, and of NIR cases of AIDS, in the country. The CDC report was not based upon any scientific study, but was nothing more than a continuation of their "opinion" that there could not be such a pattern of cases in Belle Glade because of how they, the CDC, have arbitrarily defined the "only possible" routes of AIDS transmission.

Dr. Mark Whiteside and Dr. Caroline MacLeod of the Tropical Disease Institute in Miami, who have courageously led a campaign to reveal the true scientific facts about AIDS and collapsed environmental factors in the tropics, produced a stinging rebuttal of the CDC report at the time, in the form of a letter to CDC officials. In response, the CDC withdrew its faulty report from publication. Nonetheless, four months later, in late September, the CDC published its lying draft. Dr. Whiteside therefore released his rebuttal to EIR on Oct. 7, along with a prefatory statement. Below is Dr. Whiteside's statement of Oct. 7, followed by the full text of the letter:

It is clear to me that the CDC officials had already reached **their** conclusions before they ever came to Belle Glade. James Mason stated in a letter to Warren Hamerman, dated Aug. 27, 1985, that "Most of the patients reported from Belle Glade have known risk factors for AIDS, such as homosexuality or intravenous drug use." Harold Jaffe reaffirmed this position and predicted that the hypothesis that "mosquitoes, poverty, or the environment" contribute to AIDS would be "laid to rest." This MMWR report reflects an overwhelming bias toward sexual transmission of AIDS, and the conclusions are not warranted by the available data. It is evident to a growing number of scientists and concerned citizens that there is, in fact, a direct relationship between environment and disease in Belle Glade, Fla. It is most unfortunate if this report allows us to neglect the conditions of economic squalor that allow the uncontrolled spread of such diseases as AIDS and tuberculosis.

The Whiteside/MacLeod letter to CDC

We reviewed the May 13, 1986 MMWR draft entitled, "Acquired Immunodeficiency Syndrome (AIDS) in western Palm Beach County, Florida." This document is unscientific, and a gross misrepresentation of the pattern of AIDS in the 'glades area. The conclusion that AIDS can be explained in this region by the classic "risk factors" with an increase in (bidirectional) heterosexual transmission is not supported by available data. It is outrageous that such sweeping conclusions are drawn when the studies are incomplete and the possible role of environmental factors have not been examined. This clumsy attempt to blame the AIDS epidemic in the Tropical setting on "sex and dirty needles" with environmental factors neatly sidestepped, is particularly unfortunate when Belle Glade is perhaps the best barometer of the changing pattern of AIDS in south Florida. The following point-by-point critique of this MMWR document explains why we believe it should not be published in the present form.

The article addresses western Palm Beach County, but certainly the vast majority of AIDS cases (even those listed with current residence in South Bay or Pahokee) in the Glades area, lived in or had an important link to Belle Glade. What are the facts? Independent surveys (by CDC and the Institute of Tropical Medicine in Miami) document a 9-11% seroprevalence of antibodies to HTLV-III/LAV among a largely heterosexual control population from one of the two central depressed—that is, southwest—neighborhoods of Belle Glade.¹ Over 50% of "official" AIDS, and 60-70% of HTLV-III/LAV antibody positive individuals do not have an identifiable "risk factor."^{1,2} Considering that the southwest neighborhoods contain approximately 40% of Belle Glade's 20,000 population, at least 1 in 10 has been "exposed" and 1 in 200 already has AIDS. These rates are indeed comparable to those observed in Central Africa.

The "official" figures cited in the MMWR draft do not accurately reflect the true numbers of sick individuals in Belle Glade or the changing pattern of disease in this community, the increasing percentage in the "no identifiable risk" (NIR) category. Lack of diagnostic facilities (for example bronchoscopy-endoscopy) and few autopsies in this isolated, rural community have meant that AIDS is under-reported by a

factor of at least 3 to 1. A tropical disease clinic operated by the Palm Beach County Health Department maintains a list of over 200 persons with AIDS, presumptive AIDS (most of whom are already dead), ARC, and HTLV-III/LAV antibody positive (sick) individuals.

Clinicians, including ourselves, caring for these individuals realize the majority of new cases of AIDS are no identifiable risk (NIR) men and women, born either in the Caribbean or in the Southeastern United States. A physician, who recently visited the Tropical Disease Clinic, asked, "Don't you have any patients who are in one of the usual risk groups?"

On page 1 of the *MMWR* draft, it states that, "An additional four AIDS cases initially placed in this (NIR) category were reclassified as transfusion-associated or heterosexual contacts of intravenous drug users based on further information." CDC officials reclassified these individuals without consulting the primary care physicians, and by using second-hand or undocumented sources of information. A male who (questionably) had sexual contact with a female drug user, was considered to be "at risk" in this study.¹ Finding evidence of sexual contact in a few cases may mean nothing more than shared environmental exposures.

The CDC table of AIDS by patient characteristics and sex would indicate that 20% of AIDS occurred among persons born in Haiti. Our own records indicate that 30% of AIDS now occurs among persons born in the Caribbean.³ The majority of these individuals do not have identifiable risk factors for AIDS. The CDC, however, continues to overlook the problem of AIDS among Caribbean immigrants to south Florida. The federal investigators do not evaluate AIDS among Haitians in Belle Glade, apparently satisfied by their own limited data suggesting that AIDS is spread by heterosexual means (or "promiscuity") in this group.⁴ How, we asked, do they explain that 16% of AIDS in Florida occurs in individuals born in the Caribbean or that the rate of AIDS among Haitians living in Miami is four times the rate of AIDS of Haitians living in New York City?⁵

Newly diagnosed cases of AIDS and ARC increasingly follow the "Tropical pattern" of men and women without the usual pre-existing "risk factors." They represent nearly all age groups, with a growing number of persons from the 50- to 60-year-old age group. Although not yet diagnosed with AIDS, several children with severe Failure to Thrive Syndromes and multiple infections are being followed prospectively in the Tropical Disease Clinic.

Although the age and sex distribution reported in the *MMWR* do not reflect the current trends, the predominance of the adult male cases actually support an environmental exposure (for example, more field work, mechanical injuries, fishing on canals, etc.) and argue against heterosexual transmissions, as female-to-male AIDS is unproven, and has rarely been reported in the United States. The lack of AIDS in children is unconvincing as an argument against environmen-

tal spread of AIDS, since we believe AIDS is a disease of repeated exposure over time (enhancement) and one would expect, as seen with insect-borne viruses (for example, yellow fever), a gradually increasing instance of antibodies with age.⁶

It is puzzling why CDC finds it difficult to accept NIR AIDS, since they readily accept hepatitis B (serum hepatitis) as a model for transmission. In the Tropics, hepatitis B is a disease of the general population living in an environmentally poor, overcrowded condition. Several studies implicate in-

This clumsy attempt to blame the AIDS epidemic in the Tropical setting on "sex and dirty needles" with environmental factors neatly sidestepped, is particularly unfortunate when Belle Glade is perhaps the best barometer of the changing pattern of AIDS in south Florida. The rates are comparable to those in Central Africa.

sect transmission of hepatitis B in this setting.⁷ It is only as the standard of living improves, that hepatitis B becomes a disease of "risk groups" with transmission by parenteral or indirect parenteral means, i.e., shared needles, direct introduction, sexual practice, at least to break some skin and mucosa. It is apparent that investigators from CDC have spent little time reviewing modes of transmission of hepatitis B in the Tropics, or the known modes of transmission of animal retroviruses. Mechanical transmission by large bloodsucking insects is a major means of spread of bovine leukemia virus and equine infectious anemia ("swamp fever") in conditions of crowding and abundant insect populations.^{8,9} These retroviruses are rarely sexually transmitted from male to female animal.

No identifiable risk and female-heterosexual-contact AIDS, as well as infant cases, are concentrated in black and Hispanic (often Puerto Rican) populations living in poor environmental conditions along the Southern and East Coast of the United States.¹⁰ There has been a notable absence of female-heterosexual-contact AIDS in regions of high incidence of homosexual/bisexual men, for example, San Francisco, Calif. and Key West, Fla. All reported cases of AIDS from Belle Glade, Fla. have long-term residence in the slums

of the southwest neighborhood.

We repeat our premise that an untreatable sexually transmitted disease does not confine itself to geographical regions or a single poor neighborhood. There is no mention in this report of the concurrent epidemic of tuberculosis limited to the same poor neighborhoods in Belle Glade.

The reference to the CDC Fort Collins arbovirus survey on p. 40 of the *MMWR* draft, indicates that the Atlanta group has decided not to investigate vector transmission of AIDS, or our hypothesis that repeated exposures to Bunyamwera serogroup arboviruses lead to immunosuppression and activation of retroviruses such as HTLV-III/LAV. This paragraph omits the following critical information: 1) It was only at our urging and direction that antibodies to these arboviruses were tested; 2) Antibodies to arboviruses were measured by plaque reduction neutralization; all antibodies to HTLV-III/LAV were measured by ELISA and Western Blot procedures. It is well known that most patients with AIDS lack neutralizing antibodies to HTLV-III/LAV! 3) The survey showed a remarkably high seroprevalence of antibodies to one of these arboviruses in the HTLV-III/LAV negative control group; and 4) 17% (versus 15% in our own survey) showed antibodies to Maguari, a Bunyamwera serogroup virus endemic to the Caribbean and South America, and not previously reported in the United States.¹¹

Our own data using indirect immunofluorescence (IFA), a serologic test comparable to ELISA for HTLV-III, has shown a highly significant association between antibodies to Maguari and AIDS.¹² There was an inverse correlation between neutralizing antibodies to Bunyamwera arboviruses (Tensaw, Maguari) and antibodies to HTLV-III, supporting our hypothesis of sub-neutralizing (but enhancing) concentrations of antibody to the arbovirus in persons with AIDS. The CDC has steadfastly refused to test AIDS patients for arboviruses by other serologic methods, including the IFA technique we have used for several years. It would be a miracle, if the CDC found a link between AIDS and insect vectors, considering their closed-mindedness and refusal to seriously study the subject.

One of the fundamental problems of the ongoing CDC/Florida HRS Cross-Sectional Study of AIDS in Belle Glade is that it assumes HTLV-III/LAV is the only "cause" of AIDS, and it focuses on sexual transmission of AIDS to the virtual exclusion of environmental factors. It has been noted that many people have antibodies to HTLV-III/LAV, but with no evidence of immune dysfunction, and conversely, some AIDS patients have no evidence of HTLV-III/LAV infection. Bi-directional heterosexual contact has not been proven to be the primary mode of transmission of AIDS in tropical regions (for example, Africa, Caribbean); we already know that the majority of NIR AIDS in south Florida are not explained by this mechanism. This report implies that only when CDC interviews patients is the data valid, whereas, in fact, even

early (now deceased) NIR cases of AIDS in Belle Glade were independently interviewed by ourselves, public health physicians, and epidemiologists.

There is intense national and international scrutiny of the ongoing studies of AIDS in Belle Glade, and we believe the lessons learned have major public health significance, not only in south Florida, but for other communities worldwide. The *MMWR* is a greatly respected format for dissemination of accurate information. Unfortunately, there is no mechanism for rebuttal.

We never thought it would be necessary to debate with public health officials, the importance of the environment in relation to health and illness. We should have prevention and control of AIDS as our primary goal. If we wait to act until all causes and all modes of transmission of AIDS are proven, then millions will continue to be infected and die from the disease. It will be a sad day for public health in south Florida, if this document is published in the same tone as presented in the draft of May 13, 1986.

(Signed)

Caroline L. MacLeod, M.D., M.P.H., and P.M.

Mark E. Whiteside, M.D.

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AIDS no threat, says CDC's Mason

This letter, dated, Aug. 27, 1985, was sent to Warren J. Hamerman, director of EIR's Biological Holocaust Task Force, by Dr. James Mason, director of the Atlanta Centers for Disease Control. As Acting Assistant Secretary of Health, Dr. Mason effectively ran the U.S. Department of Health and Human Services for much of 1985, given the political controversy surrounding HHS Secretary Margaret Heckler.

Dear Mr. Hamerman:

This is in response to your letter of July 31 to Secretary Heckler regarding your report entitled "Economic Breakdown and the Threat of Global Pandemics."

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

We agree with Dr. Michael Gregg that disease surveillance is a key element in our ability to control diseases. We would add continued research and application of that research as other key elements. The U.S. Public Health Service (PHS) is well organized and well funded for those purposes. PHS also has a history of success in the ability to detect and take action on unusual and new disease trends.

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

is much to be done in the coming years for the good of mankind. We assume that you have shared your report with other interested agencies, such as the Department of State, the Department of Defense, the Department of Agriculture, the World Health Organization, and specifically the Agency for International Development, the World Bank, and the International Monetary Fund.

In your letter you mentioned specifically the current outbreak of the acquired immunodeficiency syndrome (AIDS) in Belle Glade, Florida. At the invitation of the Florida Department of Health and Rehabilitative Services, the Centers for Disease Control has been conducting an investigation of a cluster of cases of AIDS in Belle Glade in cooperation with local public health officials. To date, most of the patients reported from Belle Glade have known risk factors for AIDS, such as homosexuality or intravenous drug use. If the AIDS virus were transmitted by insects or crowded and poor living conditions, we would expect more of the patients to be children. Although some migrant farm workers encounter problems with housing, health care, education, and other socioeconomic conditions, as seen in Belle Glade, no available evidence establishes a cause and effect relationship between socioeconomic conditions and transmission of HTLV-III, the virus that causes AIDS.

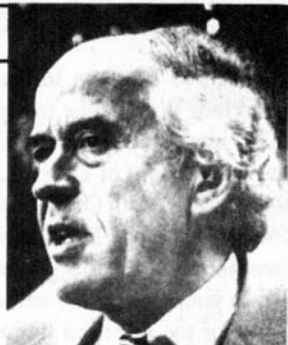
The State of Florida is requesting additional assistance from CDC to evaluate the occurrences of AIDS and HTLV-III infection in the Belle Glade community. Included in the proposed investigation will be epidemiologic case-control studies to determine the risk factors possibly associated with HTLV-III infection in this population. Factors associated with environmental conditions will be included in these studies. The Florida application is being reviewed at this time.

We agree that AIDS is a critically important public health problem. Secretary Heckler has declared AIDS to be the number-one public health priority. Federal funds are supporting activities which include: vaccine development; improvement of techniques to diagnose the syndrome; the search for an AIDS therapy; surveillance and epidemiologic studies; prevention strategies; methods to enhance the safety of the nation's blood supply; and the study of the psychological impact of AIDS. Between fiscal years 1982 and 1985, the annual budget of PHS for AIDS has increased from \$5.5 million to more than \$100 million. This illustrates that we are prepared to put resources where our surveillance tells us they are required to attack threatening diseases.

We appreciate Executive Intelligence Review's dedication to the control of diseases. . . . We wish to leave you with the correct impression that we, too, are committed to preventing and controlling the disease discussed in your report, even if we do not agree with the pessimistic conclusions which the report draws. . . .

(Signed)

James O. Mason, M.D., Dr. P.H.



British doctor urges: Declare emergency!

In a press conference at the National Press Club in Washington, D.C. on October 3, Dr. John Seale of the British Royal Society of Medicine, an internationally known expert on AIDS, released the text of a dramatic appeal he had written 10 days earlier to Prime Minister Thatcher and President Reagan urging them to declare joint states of national emergency to fight the "species-threatening" AIDS pandemic.

Dr. Seale was in the United States to testify before the California Senate as a proponent of Proposition 64, the ballot initiative which would add AIDS to the list of "communicable diseases."

Dr. Seale, who has scientifically studied, lectured, and written on AIDS for the past four years, opened his Washington press conference with a dramatic prepared statement on the real threat posed by AIDS. In the course of that statement, he read the text of his letter to the President.

"Dear Mr. President:

"I wrote to you in 1985, in the spirit in which Albert Einstein warned President Roosevelt in 1940, of the practical possibility of the development of an atomic bomb by Nazi Germany.

"Since November, the scale and implications of the AIDS calamity, have become crystal clear to a few biological scientists who have examined the evidence meticulously, and had the courage to face the immense human tragedy exploding behind the dry statistics. These scientists include Dr. Michael Koch from Sweden, Professors Haseltine and Essex from the United States, Dr. Zhores Medvedev, the exiled Russian geneticist now in England, Professor Montagnier from France, as well as Dr. Anthony Robertson and myself.

"For a decade, the number of people infected with the AIDS virus in the United States and the free world, has been doubling every ten months. For the last seven years, the

multitude dying from AIDS has doubled at a similar rate, with a physical inevitability, and predictability reminiscent of a bomb falling from a B 17 Flying Fortress.

15 million Americans by 1988

"With an average incubation period of seven years, for every person with AIDS, there are one hundred infected with the virus, most of whom feel well and are unaware of their infection. The majority will die within a decade.

"Today, two-and-a-half million American citizens are infected with the virus. When you leave the White House in January 1989, 15 million Americans will be infected, unless you act decisively now. With no cure or vaccine available, there is only one option open, if you are to halt the inexorable spread of the virus to the majority of Americans within the next ten years. You, alone, have the power to exercise this option.

"You must declare a State of National Emergency. The lives of all your citizens are now in mortal danger.

"All those who are already infected *must* be identified at once. Whatever steps are required, *must* be taken, to ensure that those infected do not transmit the virus to others. Any nation which cannot, or will not, take such action with alacrity will perish within a few years.

"You and your wife, the American public, and people throughout the rest of the Free World, have been systematically deceived for the last five years. The great lie, more deadly than any perpetrated by the evil genius, Joseph Goebbels, is that the AIDS virus only infects the sexually depraved, the morally degenerate, and a handful of unlucky innocent victims.

"Those primarily responsible for disseminating this monumental deception, are a few medical scientists and editors of scientific journals. They have displayed criminal irresponsibility, and lack of moral fiber, in the face of a deadly viral enemy, unparalleled in the history of medicine. In reality, the virus can, and does, infect and kill anybody irrespective of age, race, sex, nationality, creed, behavior, or sexual activity."

At this point, Dr. Seale stopped reading from the letter, which had a few additional paragraphs that were included in the material given to the press. He concluded with the following dramatic appeal to the President of the United States.

The Reagan time capsule

"You will remember, Mr. President, that in your television debate with Walter Mondale, before your reelection, how you captured the minds of the American people. You proposed that the ideas, thoughts, hopes, and dreams of you and your fellow Americans should be placed in a time capsule, so that the people of the future could judge you when it was opened one hundred years later. The harsh reality is, that unless you act decisively now, in one hundred years, no Americans will survive to open the capsule."

Seale warns AIDS could wipe out man

Dr. John Seale of Britain warned that the AIDS virus is the "molecular-biological equivalent of the nuclear bomb," and "has the capability to wipe out the entire human race," during a press conference at the Royal Society of Medicine in London Oct. 9. He also expressed his full support for the California, U.S.A. "Proposition 64," mandating screening and quarantine of AIDS victims, as the "minimum common-sense measure" to combat the spread of the disease.

Seale, a member of the Royal Society, had just returned from a U.S. tour, which included testimony on the referendum before a California legislative committee, and a well-attended National Press Club address in Washington Oct. 3, which was subsequently blacked out by the media.

Seale also denounced the Oct. 6 raids in Leesburg, Virginia, U.S.A., on the offices of associates of U.S. presidential candidate Lyndon LaRouche, warning that one effect of these raids will be to delay information on AIDS from reaching the American people. LaRouche and associates are sponsors of Proposition 64.

"Less than four weeks from today," Seale noted, voters in California will be voting on "the AIDS initiative, or Proposition 64," an initiative to treat AIDS as a "notifiable" disease requiring public health measures. He then asked: "Why has no medical, religious, political, or charitable institution in California, or in the entire United States, endorsed the proposition, apart from Lyndon LaRouche's organization? Not one member of the medical or scientific establishment of the United States, or of the rest of the world, has had the moral courage to be seen to give support to this minimal, common-sense measure, to protect the lives of all American citizens from this particularly deadly virus.

"On the same day as I delivered my testimony in Sacramento, the LaRouche organization began distributing the pamphlet entitled, 'A Vote for Proposition 64 Could Save the Life of Someone in Your Family.' On pages 8-12 inclusive, it contains the most lucid, succinct, and accurate scientific analysis of the AIDS epidemic which has yet appeared in print. It is hardly surprising that a spokesman for the California Medical Association, which violently opposes the Proposition, described this pamphlet as 'frighteningly sane.'

"In the year since the scientists advising LaRouche first read the editorial which I wrote for the *Journal of the Royal Society of Medicine*, published in August 1985, our views of the scientific aspect of the AIDS epidemic have converged to the point that there are no major points of disagreement."

Seale reported on the details of his letters to President Reagan and British Prime Minister Thatcher, calling on them to declare a "state of national emergency."

Then, he made the explosive revelation that there has been an unusual pattern of "back-channel" discussions between the United States and Soviet Union on AIDS, coinciding with a shift in the Soviet line on AIDS. While in Washington in early October, Dr. Seale reported, he had met with U.S. Deputy Surgeon-General Dr. Samuels. At that time, U.S. Surgeon-General Everett Koop, who has opposed testing for AIDS, even in the U.S. Armed Forces, was in the Soviet Union, "a fact that has not been released to the American public." The Surgeon-General's office agreed with Dr. Seale on numerous points, but nonetheless was "opposed to mandatory testing. This position is, in the light of the multiple means by which the virus is known to be transmitted, and its lethality, manifestly and dangerously irrational," Seale declared.

"In this context, it is of interest that virologists in Finland have recently been asked to supply the Soviet Union with AIDS-testing kits, so that compulsory testing of the 5 million members of the Soviet Armed Forces can be carried out at once, as a first step in controlling the virus in the U.S.S.R."

He noted that suddenly, on Oct. 3, the same day that he was making public in Washington his appeal to Reagan and Thatcher, Soviet virologist Dr. Zhdanov of the Ivanovski Institute reversed the standard Soviet line on AIDS by declaring that it was not created artificially, contrary to Soviet publications which accused U.S. military and intelligence agencies of synthesizing AIDS.

Seal stated: "Three days later, at dawn on Monday, Oct. 6, 400 agents of the U.S. government and troopers from the State of Virginia, armed with machine guns and backed by armored vehicles and helicopters, occupied the editorial offices of Lyndon LaRouche's organization in Leesburg, Virginia, on the grounds of credit-card irregularities. Several people were arrested, and are still in jail. One effect of this armed action, within the United States by the federal government, is that publication and distribution by the LaRouche organization of the full text of my testimony before the California Senate, and of my statements in press conferences in San Francisco, Los Angeles, and Washington, and my letters to Ronald Reagan and Margaret Thatcher, will be suppressed from the American people, at least until after the pre-summit meetings between Mr. Reagan and Mr. Gorbachov in Iceland this weekend.

"The world's politicians, scientists, and doctors should heed the words of Abraham Lincoln: 'You can fool some of the people all the time, and all of the people some of the time. But you cannot fool all of the people, all of the time.'"

Gorbachov attack on LaRouche triggers Leesburg 'panty-raid'

Days following Soviet General Secretary Mikhail Gorbachov's public attack on presidential candidate Lyndon LaRouche, a force of hundreds of law-enforcement agents directed by China-intelligence-linked Justice Department figure William Weld led a KGB-style raid on the town of Leesburg, Virginia, 40 miles from Washington, D.C.

Described by local residents as a giant "panty-raid," at approximately 7:00 a.m. on Monday, Oct. 6, a force estimated at a total of 400 FBI, state police, and other officials swarmed over the town of Leesburg, smashing doors of businesses and residences at gun-point, in a manner echoing a typical KGB raid on suspected political dissidents in Russia.

Although the pretext for the raid was a 23-month-long fishing expedition by a Boston, Massachusetts federal grand jury, the federal warrants for the raid were issued only 12 hours before the action. According to the warrants served, the federal action was based chiefly on the unsupported hearsay testimony of a single witness, a disgruntled former employee of a private security firm, one Lee Fick, discharged for cause over a year earlier. According to the warrant, Fick had manufactured testimony alleging a conspiracy to obstruct justice in the Boston grand jury proceeding, testimony he had presented at Boston approximately two weeks prior to the raid.

The raid also followed by a week, public exposure of an FOIA-released FBI document, reporting Weld's admissions that the Boston grand jury proceeding was a politically motivated fishing-expedition, targeting presidential candidate LaRouche.

According to the *Washington Post's* Oct. 7 account of the raid, the action appeared to the *Post* to be motivated by the success of two LaRouche-linked candidates for high state office in the March 18 Illinois Democratic primary. The *Post* saw Boston U.S. Attorney Weld's recent confirmation, to occupy the number-three post at the Justice Department, as key to the raid itself.

Very high levels in several European and other nations abroad, had views differing from the *Post's* explanation of the raid's political motivation. Each,



Representatives of Campaigner Publications are denied entry to their offices at 20 South King St. in Leesburg. In violation of the federal regulations, no observers were permitted to be present while FBI, IRS, Secret Service, and other agents ransacked the premises.

NSIPS/Stuart Lewis

independently of one another, said that their circles saw the raid as a result of Soviet General Secretary Gorbachov's public attack on LaRouche, in a Moscow address, days earlier. They explained, that they had expected some such action against LaRouche within the United States as soon as they read the content of Gorbachov's remarks. They expressed the fear, that the raid on LaRouche's friends was a price the State Department was paying in return for the coming weekend's Iceland "pre-summit" between Gorbachov and U.S. President Ronald Reagan.

Some of these foreign observers represent the highest levels of the Western intelligence establishment. They stated that they had direct knowledge of Soviet pressures on Western governments to eliminate LaRouche. When General Secretary Gorbachov made the Soviet *New Times'* attack on LaRouche the theme of his major pre-summit address in Moscow they concluded that "LaRouche's head" is the price Gorbachov is demanding of President Reagan for a "successful Iceland pre-summit."

Therefore, they saw the Leesburg raid as a probable sign that Reagan might make major capitulations on strategic issues at that summit.

Few observers thought that President Reagan himself had authorized the "Leesburg party-raid," but that the decision to unleash William Weld might have come through George Shultz and White House Chief of Staff Donald T. Regan. Regan is both a LaRouche-hater and a backer of Weld. Soviet pressures on the U.S. government to deal with individual U.S. citizens, are customarily transmitted in oral exchanges with State Department officials, or through Soviet assets such

as the Anti-Defamation League (ADL) in the Justice Department's Office of Special Investigations (OSI) channel.

Disgruntled perjurer Lee Fick, is a controlled asset of the ADL and NBC-TV News, both of which have been functioning as channels of Soviet influence against LaRouche for a number of years.

Weld's KGB connections

Recent investigations have produced conclusive evidence that former Boston U.S. Attorney William Weld is himself a direct asset of Soviet intelligence. Weld, a confessed financial backer of anti-LaRouche leftist causes during the late 1970s, is formally an asset of the Chinese Communist Intelligence Service, together with Albert G. Besser, the attorney for the mob-linked First Fidelity Bank of New Jersey.

The Beijing intelligence network into which Weld is personally integrated, is the Canada-based organization formally identified as the Institute for Pacific Relations (IPR), the former organization of the notorious Owen Lattimore. This is known as a direct, two-way link with Beijing's Chinese Communist intelligence service. It is also the direct link between Soviet and Beijing intelligence operations based in Canada. It is also a common link of Soviet and Chinese intelligence services to certain of the major drug-running rings inside the United States.

The IPR was set up within the Eurasian part of the original Soviet foreign-intelligence organization, the Trust, shortly after the 1917 Bolshevik takeover. IPR's original U.S. base of operations was Harvard University's Chatham House nest around such figures as Prof. William Yandell Elliot, the

postwar sponsor of the careers of such figures as Henry A. Kissinger, Canada's Zbigniew Brzezinski, and Canada's onetime Prime Minister Pierre Trudeau. The Harvard connection to IPR was set up in cooperation with top Soviet intelligence operative Agnes Smedley, a leading figure in the Asia-Americas Communist International intelligence network of India's M. N. Roy. New York City's China Books, through which the Maoist Progressive Labor Party and Robert Avakian's terrorist organization got their backing, is the leading output of Beijing intelligence connections of that sort inside the U.S.A.

The leading present-day Harvard connections to the Sino-Soviet intelligence network are Jerome Cohen and Benjamin Schwartz, the key U.S. figures in Henry A. Kissinger's opening of the "China Card." Kissinger gained access to Canada-based Beijing intelligence channels through these two. Jerome Cohen is the godfather of business deals with Beijing, through his base of business operations at the New York City law firm of Paul, Weiss, Rifkind. Former China OSS operative Albert Besser, recently returned from a three-month visit to China, is part of this organization. So is William Weld's wife, Susan Roosevelt Weld, and also Weld himself.

Contrary to popular delusions, the Moscow-Beijing break of the 1956-62 period never stopped close cooperation between the two communist powers' intelligence services in common operations against the United States. During the last half of the 1950s, the newly-formed branch of Soviet foreign intelligence, IMEMO, together with Soviet military intelligence, the GRU, used Canada as a base for liaison, through IPR networks, in joint operations against the United States.

Not accidentally, the Soviet GRU recently heaped praise on First Fidelity's Albert Besser, for Besser's attempted operations against LaRouche. Besser and Weld have been close collaborators in Weld's ADL-linked operations against LaRouche, since no later than late October 1984.

Weld's record of connections to dirty political operations against LaRouche dates from 1974 to 1975, when Weld joined with David Rockefeller IV in bailing out a financially troubled radical newspaper in Boston, the *Real Paper*, then spearheading Soviet-linked operations against LaRouche and LaRouche's aging parents. According to admissions in a 1983 campaign statement, Weld had advanced \$18,000 as his part of the bail-out contribution.

The *Real Paper* operations against LaRouche, during the 1974 period, were directed by two former leaders of the Vietnam War-period "GI Deserters Movement," "Bo" Burlingham and Andrew Kopkind. The operation was coordinated by MIT's Prof. Noam Chomsky, the son of a Communist family, and a member of the Bertrand Russell organization which had rejoined Soviet foreign-intelligence partnership in 1955. The network of which Burlingham's and Kopkind's Paris-based operation of the early 1970s was a subordinate part, was integrated with Soviet intelligence, through Soviet penetration and virtual takeover of the London Tavistock Institute's London/Glasgow-based "Russian Studies" network. This operation was part of an operation which the KGB ran through both the East German secret police, the Stasi, and the East Germany-based Greek language section of the KGB. Whether Weld knew of these connections at the time, is not demonstrated, but this indi-



Federal agents crated out tons of papers from the offices of LaRouche-associated companies, working throughout the night, in violation of the original search warrant.

NSIPS/Stuart Lewis

cates the general character of the influences with which he then associated himself.

Weld is personally a partner with the Beijing Peoples' Liberation Army in producing left-wing propaganda films. His wife, like Besser, is a specialist in China's Taoist "legalist philosophy," completing her qualifying studies under Kissinger collaborator Jerome Cohen. She, like Besser, is an active part of the semi-official State Department back-channels to Beijing set up under Henry A. Kissinger.

Weld and Donald Regan

Weld is also linked directly to White House Chief of Staff Donald Regan. As part of the bringing of the traditional drug-money laundering bank, the HongShang, into the United States, the Federal Reserve System pushed through arrangements eliminating "audit transparency" for foreign financial institutions doing business inside the United States. Regan, then chief executive officer for Merrill Lynch, used this change in policy to set up a three-way partnership among Merrill Lynch, Cr dit Suisse, and the international financial house of White Weld. The key White Weld official, until his death, was David Weld, the father of Harvard-trained U.S. Attorney Weld. This arrangement became the pivot of the largest single money-laundering operation in the U.S.A., a major channel for laundering drug-money.

When a U.S. Treasury investigation led to the indictment of the Bank of Boston for \$1.2 billion of illegal money-laundering, chiefly through the channels of White Weld and Cr dit Suisse, Boston U.S. Attorney Weld smothered all but one count of the massive indictment, and let Bank of Boston off with a slap-on-the-wrist fine of \$500,000. Had Weld not suppressed criminal indictments of responsible bank officials, a continued investigation would have led directly to the doorstep of Donald Regan. Highly reliable sources add, that of their personal knowledge, Donald Regan and William Weld are very close.

It is not surprising, with Donald Regan White House Chief of Staff, that a William Weld already known as "the worst crook" in the federal justice system, would have been appointed to the third-ranking position in the U.S. Department of Justice!

Donald Regan was also exposed, by a very highly reliable informant, as a pivotal figure in the recent cover-up of fraud on AIDS research by Atlanta's Centers for Disease Control (CDC). Regan insisted that if LaRouche succeeded in exposing the willful cover-up of AIDS by U.S. governmental agencies, that the "seven-year economic policy" of the administration would be destroyed by public clamor for spending to stop the AIDS pandemic. Don Regan was also a key collaborator of Henry A. Kissinger and Soviet pressures, in 1984, in abruptly denying Secret Service cooperation to a highly endangered presidential candidate, LaRouche, thus preventing LaRouche from campaigning effectively. The same Regan has been allied with Kissinger against LaRouche's cam-

aign for reforms of the bankrupt international monetary system.

More important than Weld's direct connections to Soviet intelligence, is the direct Soviet channel through Shultz and Regan into the Congress and White House. As the *Wall Street Journal* reported in its Oct. 3 issue, it was Shultz and Regan who pulled off the Iceland pre-summit, in the context of negotiations over the release of *U.S. News and World Report* reporter Daniloff. High-ranking Soviet officials have bragged repeatedly, that their leading channels of influence into the U.S. government, including the White House, run through Soviet friends in the Democratic Party's leadership; but, the usual channels for Soviet pressures for action against U.S. citizens are State Department channels. Corrupt pressures of this sort on both the Justice Department and federal judges usually run through State Department channels, often through the financial circles to which many U.S. officials are closely linked personally.

As the Oct. 7 *Washington Post* reports, Weld had been itching to run an operation like the Leesburg panty-raid for months. A Freedom of Information Act (FOIA) FBI release states that Weld solicited collaboration from state officials, including Virginia officials, in a desperate effort to rescue his Boston grand-jury fishing-expedition. The question is, who, at a very high level, backed the much-frustrated Weld last weekend, allowing him to secure an "obstruction of justice" indictment solely on the uncorroborated testimony of a single, perjured informant?

Who allowed Weld to stage the raid as one of the biggest news-media circuses in U.S. legal history? Who allowed a routine search of two office-locations to be turned into a military occupation of an entire Virginia town?

Even much of the U.S. liberal press, no LaRouche-lovers, smell something too rotten for their tastes in this affair. The political backlash against the Reagan administration, inside and outside the United States, is mounting rapidly. Who, exactly, was supposed to be impressed? Moscow? Some of the most senior intelligence figures of the Western world think there is no other explanation.

Weld is linked to international drug-money laundering, and is directly linked to Soviet intelligence channels. Moscow has informed Western governments that it considers LaRouche the number-one danger to Moscow's plans in the world today. General Secretary Gorbachov made that the theme of a major address a week before the Iceland "pre-summit." Moscow pressure on Shultz, and Moscow influence on Weld, intersecting in the person of White House Chief of Staff Donald Regan, is the only explanation which fits the facts.

Did Shultz and Donald Regan, in fact, give the green light for this operation, under massive pressures from Moscow? Senior figures in the United States and other parts of the world have a one-word explanation for the Leesburg panty-raid: "Iceland."

'Gorbachov demanded LaRouche's head'

Warren Hamerman, chairman of the National Democratic Policy Committee (NDPC), issued the following statement on the Leesburg raids at a Washington, D.C. press conference on Oct. 7:

No federal paramilitary raid like that which occurred against LaRouche in Leesburg yesterday could have happened without the approval of the White House. Gorbachov demanded the head of LaRouche on a platter, before the Iceland pre-summit this weekend. Did the President blink? Or did his Chief of Staff throw a hood over his head and go around his back?

The high-level view from Europe is that William Weld, the mass perjurer from Boston, and Don Regan of Merrill Lynch conducted a raid which was timed as a signal of capitulation from the President to Gorbachov, as part of the price for the Iceland pre-summit. Does the President have the moral fiber to now resist Don Regan's plan for him to out-do Neville Chamberlain in Iceland? If Ronald Reagan personally does not intervene to call off William Weld and Don Regan's vendetta against Lyndon LaRouche, a thoroughly innocent man who is publicly identified by the Russians repeatedly as their public enemy number one, then the President shall be forever known as a symbol of shame and weakness.

The President's Chief of Staff, Donald Regan, is a personal enemy of Lyndon LaRouche. He opposes Lyndon LaRouche's economic policy, LaRouche's war on AIDS, and LaRouche's war on drugs.

One high-level source in the Church in Europe commented on yesterday's raid in Leesburg, as follows: "Remember the section of the Bible before Armageddon. Remember the biblical passage on the Apocalypse: The evil ones seek to slay those who do not have the mark of the beast on their brows." Gorbachov has the mark of the beast on his forehead. Lyndon LaRouche does not worship the image of the beast. Gorbachov, who has the mark of the beast on his forehead, has thus demanded LaRouche's head on a platter in the days before the pre-summit.

Lyndon LaRouche represents a political force, a growing force in this country, of 20% to 30% of the Democratic Party electorate, which will be tested on the ballot in a few weeks. The timing of the raid on the eve of the general elections in November, is most significant.

We know for a fact, from an informant high in the government, that not only does Don Regan fear LaRouche's general policies, but he quite specifically fears Lyndon LaRouche's campaign to end the Centers for Disease Control's cover-up of AIDS. He fears the LaRouche-backed Proposition 64, which is on the California ballot. He fears that Lyndon LaRouche will succeed in blowing the lid off the CDC cover-up of AIDS in Belle Glade, Florida, and the global tropics. We have received from an informant, a quite specific and detailed report, that sometime in the past two weeks, a call was placed from the Chief of Staff's office in the White House under Donald Regan's personal command, to call off an investigation of the Atlanta CDC for its sabotage of research on AIDS, and its continued cover-up the non-high-risk cases in Belle Glade, Florida, and elsewhere. Donald Regan is personally committed to backing up this CDC's lies on AIDS and the CDC's cover-up on AIDS.

Why did the Chief of Staff, who was formerly and still is the czar of economic policy in the Reagan administration, back up the CDC cover-up of AIDS, their stinking cover-up and lies about the way this disease is spreading? First and foremost, it is because Don Regan fears that if the American public finds out the truth about AIDS, that this disease is species-threatening, could wipe out every man, woman, and child on the face of the Earth, that the American public will demand emergency action, the American public will demand a public health emergency, a national research effort, and a change in the economic policy which has caused this calamity. This program, which the American people, and any rational person would wish, will cost more money than Don Regan wishes to spend. This program of Lyndon LaRouche would blow up the entire budget which Don Regan is trying to maintain.

LaRouche knows the details of Don Regan's "AIDS-gate." We have documentation that the CDC is lying about the no-identifiable-risk cases in Belle Glade. Take your camera crews to Belle Glade, and see the results of Don Regan's economic policies. You can see first hand, the results of the policy of this administration.

Donald Regan does not want to spend money for defense, or a war on AIDS, or a war on drugs. His crony, William Weld, the walking conflict of interest in the Criminal Division of the Justice Department, conducted the \$10 million party raid in Leesburg for this purpose.

Gorbachov is laughing all the way to Iceland. And he is eagerly awaiting to see if the Chief of Staff can induce the President to kiss his Gucci shoes in Reykjavik. The situation is that simple. That is why William Weld and Donald Regan pulled off their multimillion-dollar raid in Leesburg yesterday. There is no evidence of any wrong-doing in the case of Lyndon LaRouche. On the table is merely a demand by Gorbachov, on the eve of a summit, before a U.S. general election, to give a symbol of capitulation to their Empire, and their Empire's demands, as a price for that pre-election summit. This is the issue on the table.

The man with the mark of the beast

by Rachel Douglas and Susan Welsh

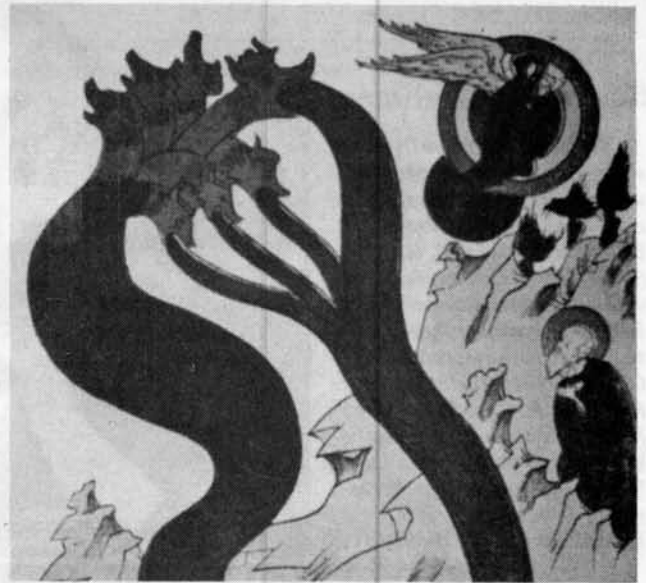
A high-level official of the Roman Catholic Church in Europe, when briefed on the Leesburg raid against Lyndon LaRouche, pointed immediately to the 12th and 13th chapters of the Book of Revelation, where St. John the Divine describes “a great red dragon, having seven heads and ten horns,” and foretells that “as many as would not worship the image of the beast should be killed,” and that “no man might buy or sell, save he that had the mark, or the name of the beast, or the number of his name.” Mikhail Gorbachov is branded with the mark, the official said; LaRouche is not.

It is a remarkable fact that in the Soviet Union, no photograph of the General Secretary is permitted to appear, which does not have the prominent mark on Gorbachov's forehead carefully airbrushed out (compare our cover photo). The Kremlin leadership fears the explosive reaction of the Soviet population to the idea that Mother Russia is ruled by Satan.

One West Germany-based expert on Russian history, when reached for comment Oct. 8, stressed that the Soviets are enormously sensitive to questions like the mark on Gorbachov's brow, because of the strong and unpredictable “apocalyptic Old Believer tradition” in the population. “Russia has a history of apocalyptic-messianic views like no other country in the entire Christian world. From 1666 to 1931, for 275 years, this was at a high point. At the time of the Bolshevik Revolution, one-third of Christians were estimated to be apocalyptic Old Believers. No one can tell, today, how strong this belief is. It is very unpredictable, and the Soviet authorities, and the Church itself, couldn't tell what would happen in the backwoods, if it were generally known that Gorbachov had this mark on his forehead.” The expert added that “the Russian Orthodox Church has certainly tried to play down the Book of Revelation of St. John the Divine.”

An official representative of the Russian Orthodox Church in Geneva responded to a query on Gorbachov's mark with evident distress: “This cannot be so, whatever some people may think. This is not a good thing to say. The Russian people are still very superstitious, you know. . . . This is not a good thing to say. The Church has good relations with the State.”

To understand the explosion which “the mark of the beast” could unleash in the Soviet Union—which one expert de-



The Soviet press is replete with terms taken from the Old Believers' texts. A common example is the phrase “dark forces,” which originates in Revelation 16:13: “And I saw three dark forces like frogs come out of the mouth of the dragon, and out of the mouth of the beast, and out of the mouth of the false prophet.” The woodcut shown here is from the Old Believers' Apocalypse.

scribed as “psychological fission”—consider the uproar caused among both peasant and intellectual circles in the country in the aftermath of the Chernobyl nuclear disaster. The word passed swiftly from one *babushka* to the next: According to Revelations 8:10-11, “And the third angel sounded, and there fell a great star from heaven, burning as it were a lamp, and it fell upon the third part of the rivers, and upon the fountains of waters; And the name of the star is called Wormwood: and the third part of the waters became wormwood; and many men died of the waters, because they were made bitter.” And the Ukrainian word for wormwood, as the *babushki* knew, is *chernobil*—or in Russian translation, *chernobyl*.

The Apocalypse and the Russian Revolution

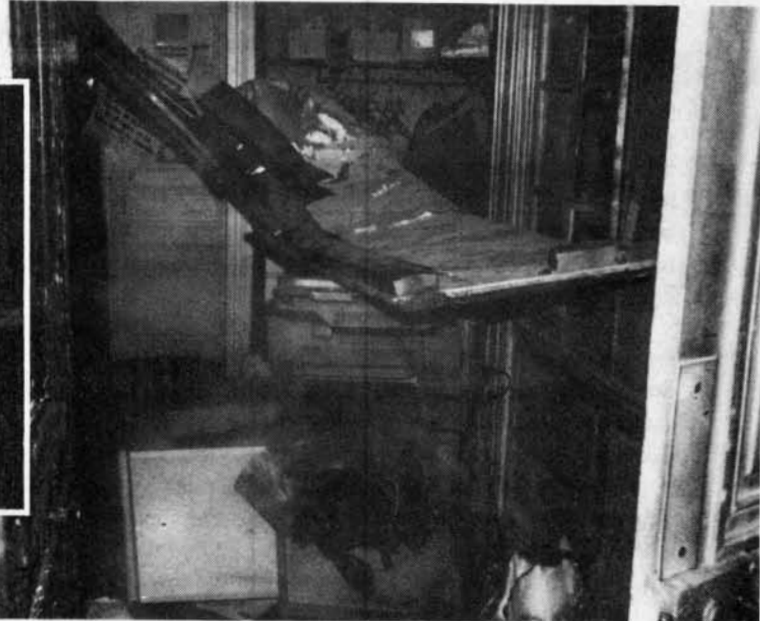
Indeed, the apocalyptic side of Russian culture is pervasive. Ongoing *EIR* investigations into “the Trust,” the Western-Russian condominium which launched the Russian Revolution, reveal just how deep this “Old Believer” (*Raskolnik*) current runs. Sir Samuel Hoare, the chief of the British Military Intelligence mission in Russia in 1917, shows in his memoir, *The Fourth Seal* (1930), how the Western oligarchical forces involved in creating the Bolshevik Revolution, identified it with the Apocalypse. His book is illustrated with woodcuts from Revelation, taken from the *Old Believers' Apocalypse*. Hoare was himself a leading figure of the Trust, and was close to A. I. Guchkov, the head of the Moscow Old Believer circles that heavily financed the Bolsheviks. Guchkov later surfaced abroad as an émigré Russian on the payroll of the OGPU, the Bolshevik intelligence service.

Soviet Establishment

Mikhail Gorbachov (right), whose Oct. 4 speech in Moscow used an "ID format" slogan to eliminate LaRouche; Anatolii Dobrynin (below, left), boss of Soviet Central Committee international department, stationed in U.S. as ambassador throughout rise of LaRouche movement; Georgii Arbatov (below, right), head, U.S.A.-Canada Institute, Moscow, hysterical foe of LaRouche; Fyodor Burlatskii (below), member, foreign policy inner circle in Kremlin, first to blame LaRouche for the SDI.

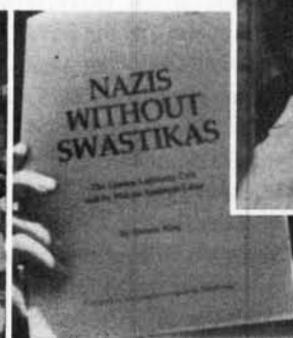


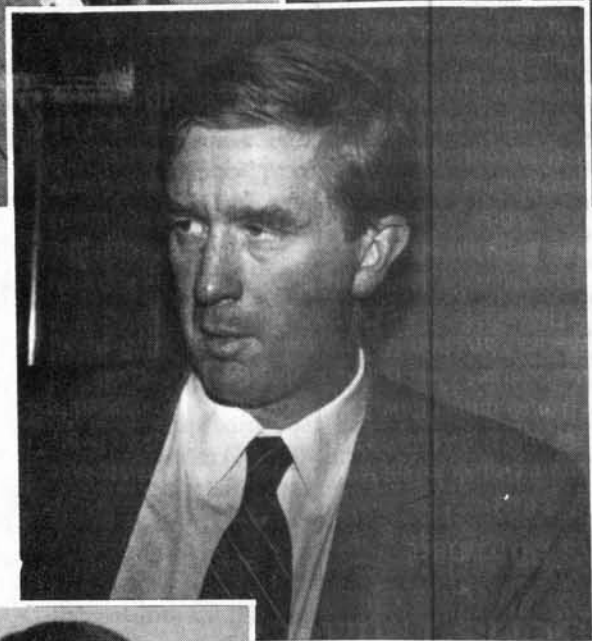
Who's Out to Shut Down LaRouche



U.S.-Gutter Level

Homosexual activists at "Stop LaRouche" rally in California (left); John Foster "Chip" Berlet (center), former editor of dope lobby's High Times magazine, first attacked LaRouche in 1980 article for anti-drug movement; drug lobbyist scribbler Dennis King (inset); Irwin Suall, of the drug mafia's Anti-Defamation League, who hired King and Berlet for anti-LaRouche drive (right).





Right: On Oct. 6, Weld-directed FBI agents demolished this door of management company for LaRouche publications in Leesburg with sledge hammer, ignoring open door next to it. Left: Door of EIR offices in Paris, bombed by Soviet-run terrorists last April 6.



U.S. Liberal Establishment

Donald T. Regan (above, left), protector of drug-money laundering interests, White House chief of staff, wants to stop LaRouche influence on defense policy, potentially on economic policy; George Shultz (above, right), second generation agent of the Anglo-Soviet "Trust," sees LaRouche as obstacle to SDI sellout; William Weld (left), head, Criminal Division of Justice Department, ordered illegal anti-LaRouche raid; Katharine Graham (far left), Washington Post, whose newspaper admitted purpose of raids is financial shutdown of LaRouche; NBC-TV (shown below: newscaster Tom Brokaw), which began libels in attempt to set up LaRouche for murder in 1984.

LaRouche's telegram to President Reagan

On Oct. 6, upon receiving reports that he was being targeted for indictment and arrest, Lyndon LaRouche sent a telegram to President Reagan, with the following text: "There is no basis for any indictment or arrest of me. I have committed no crime. Any attempted arrest, or arrest, would be an attempt to kill me. I will not submit passively to such an arrest, but, in such a scenario, I will defend myself. The Reagan administration will go down in ignominy in history, if such a scenario comes to pass.—Lyndon LaRouche, Jr." Two days later, LaRouche issued the following public statement, on the subject of the telegram:

There have been such numerous and varied speculations on the subject of my Monday evening (Oct. 6) message to President Ronald Reagan, that it were appropriate that I respond to all with the following clarification.

1) The message in question was intended for the eyes of President Reagan, to inform him of a situation which it was necessary that he know. I did not intend it for further circulation.

2) Some of my friends reported the content of the message before I knew that this was occurring. I had preferred that this message be known only to the President, myself, and certain among my friends. However, once it was publicized, I accepted its broader circulation.

3) That report to the President was prompted and required because I know (a) That the "million-dollar Leesburg panty-raid" of Monday, was a politically motivated operation with no legal merit in matter of fact; I have received an FOIA FBI document in which it is confirmed that Weld himself viewed the operation as a political witchhunt, rather than a proper law-enforcement proceeding. (b) That the Soviet government at the highest level, has repeatedly demanded my "disappearance" in representations to Western governments. (c) That since there was no basis in fact for an arrest of me, an attempt to effect an arrest would merely be a pretext for having me killed during either apprehension or under detention.

4) Were such an "arrest/assassination" scenario to unfold, grave "blow-back" damage to both the United States and to

President Reagan's personal reputation would be the immediate and escalating consequence.

5) My personal affection for the President and relevant national interests potentially jeopardized, required me to confide my estimation of the situation quickly and succinctly.

If the message is read as a communication of this import to the President, the correct reading of that message is easily accomplished.

The only likely premise for a contrary reading by some, is the false presumption that Mr. William Weld's 23-month political witchhunt has some legal merit in fact. This assumption is incorrect. The facts known to me suffice to show that Weld's actions have no proper basis. There is no legitimate basis in fact for Weld's seeking my arrest; knowing Weld's connections is sufficient to indicate that his only probable motive in seeking an arrest would be to use that as a cover for an assassination, either during apprehension, or, more probably, an induced heart-attack or kindred event while under detention.

The most relevant facts are:

1) During the early summer of 1984, Henry A. Kissinger stated publicly words to the effect that I would be "taken care of after the 1984 elections." Kissinger is a member of the Harvard circles around Jerome Cohen, of which Weld is an appendage.

2) The first action came as a result of the successful fixing of the judge and jury in the October trial of *LaRouche v. NBC-TV et al.* During that proceeding, NBC's attorney Kavalier stated in remarks to the jury that his purpose was to secure fines to prevent me from producing broadcasts like the half-hour nationwide broadcast in which I exposed damaging truths concerning Walter F. Mondale. In conjunction with this matter, NBC-TV and its accomplices presented allegations to the office of Boston U.S. Attorney William Weld.

3) The second action came in the form of unlawful seizure of campaign funds by the mob-linked First Fidelity Bank of New Jersey, on the instigation of Boston FBI Special Agent Richard Egan. First Fidelity was prominently linked to organized crime through special relations with Resorts International and through its complicity in the "Mamarella scam." First Fidelity's attorney, Albert G. Besser, is a personal accomplice of former Boston U.S. Attorney William Weld.

4) The next action was initiated by me. On receipt of a report that the Boston campaign office had been charged with possible irregularities in credit-card use, I requested that that office turn its operations over to a task-force of the national campaign, and that a thorough inquiry into possible evidence of "sting" operations be conducted. As a result of this investigation, my campaign initiated legal actions against Boston banks caught manipulating credit-card transactions of my campaign. This legal action by my campaign was stopped through intervention of U.S. Attorney Weld's office.

5) Weld opened the Boston grand jury proceedings, on

or about Nov. 1, 1984. Instead of investigating the allegations made against persons in the campaign's Boston office, Weld launched a political "fishing expedition" in every direction, and continued this for approximately 23 months, up through Monday, Oct. 6, 1986. As of January-February 1986, according to a relevant FBI document released under FOIA provisions, Weld conceded that the extended fishing-expedition was a politically motivated operation which had developed no basis in fact, despite the Boston U.S. Attorney's office obtaining every document in the legal possession of the numerous entities investigated.

6) On or about mid-September 1986, Weld's office called one Lee Fick before the grand jury. Lee Fick is a highly experienced security-guard, retained by security services to assist as a bodyguard in my protection. He was discharged for cause from such employment during the summer of 1985, and separated with prejudice because of circumstantial evidence of lying and other violations of trust. He was suspected of acting as an asset of the Anti-Defamation League (ADL), with whom he had a close association, and on whose behalf he acted after his severance. Whatever he stated to the grand jury, the statements attributed to him by NBC-TV earlier this year were wildly perjured fabrications, and I know of my personal knowledge that statements attributed to him in arrest-warrants issued on Oct. 5, were chiefly perjured statements.

7) At the close of the week of Oct. 4, the relevant agencies whipped up the set of charges used in connection with the Leesburg panty-raid, and obtained warrants on Sunday, Oct. 5, on the basis of these concoctions. The essence of the documents is not allegations of "credit-card fraud," but "obstruction of justice." The only basis presented for the "obstruction of justice" charge, is the unsupported allegations attributed to the perjured and disgruntled former employee, bodyguard Lee Fick. In plain language, the allegations of "obstruction of justice" belong factually to the class of the worst sort of crap ever conveyed into legal documents.

8) It is my personal information and belief, on the basis of numerous Soviet documents secured, and information supplied by senior members of Western intelligence, that the central feature of the Leesburg panty-raid of Oct. 6 is the strong Soviet demands, repeated from the highest level, that I be eliminated, as a condition for a palpably successful Reagan-Gorbachov "pre-summit" in Iceland this weekend.

9) It is also known to me, that persons which ADL officials have sworn to be agents of the ADL, have repeatedly threatened my early assassination. It is my knowledge that Weld's office used Mordechai Levi, such an ADL asset, as an informant for the grand jury, and that Levi has been bird-dog for several political assassinations, including that of former U.S. intelligence asset, Tschirim Soobzokov, as a favor to the KGB. Levi has repeatedly demanded my assassination, but has been protected by a Department of Justice well aware

that he represents a threat to my life.

The operation had been put into place while Attorney-General Meese was away from the "shop," on important business. I presumed that President Reagan would not have been informed of such an operation. The operation had all the marks of an end-run around the proper channels for clearing an operation on a scale rivaling the U.S. intervention into Grenada and exceeding U.S. privately-run operations in Nicaragua.

On Monday, all of the indicators were, that an optional assassination of me was being considered within the setting of the Leesburg panty-raid. After my message to the President had been delivered, during the early business hours on Tuesday, the preparations for such an optional attack were dismantled. Did the fact of my message to the President contribute to aborting the optional attack on me? All the available evidence suggests this is the case. Did the President act? I have no knowledge. However, others knew the message had been sent; killing an internationally renowned U.S. presidential candidate is one thing, being identified as planning such a killing before the act, could blow the U.S. government apart.

On the connection between the Leesburg raid and the Iceland pre-summit, I happen to know, through channels I can not reveal, that that is the key to the raid. Gorbachov has communicated to the U.S. government, both through special channels and by public statements, that he demands the elimination of me as a precondition for "détente." Weld may have whatever other motivations he chooses; the fact is, he and the Virginia Attorney-General were deployed on Monday in service of the Soviet dictatorship.

As to whether news media and others choose to believe what I have just reported, or not, this is the truth, and anything contrary to what I have just stated is false. Unlike those fellow-Americans afflicted with the disease of "other-directedness," truth for me, is not defined by what some other people choose to regard as "credible." Truth is truth, and stands above any body of mere opinion, just as our decayed system of justice in the U.S.A. ought to be restored to the principles of truth, reason, and law, a law which stands above all contrary mere opinion, in service of truth and those principles of justice written as Judeo-Christian natural law. Much as I respect the right of people to entertain wrong opinions, I shall act always according to truth, however many may choose to find truth "credible" or not.

In politics, we have learned that principle of service of truth from Socrates. In our souls, we have learned that same principle from Christ.

The man with the mark of the beast on his forehead, Mikhail Gorbachov, has demanded my elimination. I would hope that people recognize that this is a circumstance in which there are only two sides, ours, and the side of those who admire the man with the mark of the beast.

Gorbachov to U.S.: Silence LaRouche!

by Vivian Freyre Zoakos

On Sept. 30, the Soviet Union's "cultural affairs" magazine *Sovietskaya Kultura* published a lengthy article against Lyndon LaRouche and his associates, warning that the growth of LaRouche's movement was proving unstoppable, and categorically demanding of Moscow's American cronies that *something be done*. The article was published 15 days after Moscow's flag-ship international propaganda publication, *New Times*, had printed a spread on LaRouche, retailing the slanders otherwise familiar from the pages of the liberal U.S. press (see *EIR*, Sept. 26, "Moscow formally ranks LaRouche and friends as 'extremely dangerous'").

The *New Times* piece had taken for its title the designation of LaRouche's movement as "Nazis Without Swastikas"—an epithet first coined by drug lobby scribbler Dennis King in a 1982 pamphlet attacking LaRouche, and subsequently retailing in innumerable international slander articles. General Secretary Mikhail Gorbachov used an allusion to that well-known designation in launching a verbal attack on the principal enemy of the Soviet Union.

Gorbachov was speaking Oct. 3, in Moscow's Ernst Thaelmann Square. There, for the first time addressing the matter personally, he identified what the Kremlin considers the major threat to its global ambitions. Although of course not referring to LaRouche by name, Gorbachov made his meaning clear by his unmistakable reference to fascists without swastikas as the Soviet Union's major nemesis. He characterized this enemy as "hidden viruses" which, he warned, are "capable of causing an outbreak of fearful epidemic."

'A definite period of growth . . .'

The *Sovietskaya Kultura* article is headlined "Provocateur Aspiring To Become President." In the latter portion of the article, author A. Sisnev gets to the core of his message. That is, LaRouche's movement is growing, and something must be done—specifically, using financial warfare tools.

In typical Soviet format, *Sovietskaya Kultura* speaks through the voice of a Soviet-friendly American publication: "To many in the U.S., the really concrete question arises: How is it possible that the LaRouchites can act so openly and fearlessly? In this respect, the *Washington Post* wrote, 'Nobody asked LaRouche how he cleverly managed to get hold

of a telegram signed by the U.S. State Department, in which American diplomats are forbidden to speak negatively about the LaRouchites. Why doesn't anybody ask the question: Why isn't the Internal Revenue Service interested in the affairs of a man who receives millions of dollars from publications and in the form of contributions, but has not paid any taxes, claiming he doesn't know who pays for his estate in Virginia? Why hasn't anybody yet clarified what useful information the administration received from this sheikh of the riff-raff?'"

Here, *Sovietskaya Kultura* focuses in on Moscow's great fear that LaRouche's movement has become a significant influence in U.S. policymaking circles: "The fact of the matter, is that behind the external eccentricity and the unrestrained demagoguery, stands in essence an anti-communist, a provocateur, a true servant of big business and power. In reality, the LaRouchites are always in the first ranks of those who spread the anti-Soviet fantasies of official Washington.

"LaRouche and his followers are zealous supporters of the notorious 'Star Wars' program of the Reagan administration. They never cease to affirm that you can't have dealings with the Soviet Union, that you can talk with the Russians, as with the whole world, only in the language of the Dictator. These obscurantists accuse the forces of progress and democracy in the U.S.A. of 'ties with Moscow,' of conspiring against America as a whole.

"And it is hardly surprising that the LaRouchites, under the conditions of the anti-Soviet noise and broad offensive of the government against the rights and interests of the workers, more and more actively interfere in the political life of the country. And it is not at all surprising that LaRouche

'Expert' covers up Soviet attacks on LaRouche

At Henry Kissinger's Georgetown Center for Strategic and International Studies (CSIS), Soviet expert Dawn Mann told *EIR* Oct. 9 that she deliberately withheld information she had about Soviet press attacks on LaRouche from American journalists. Mann was quoted in the newspaper *USA Today* on Oct. 8 charging that the LaRouche statements are "crazy—I can't imagine Gorbachov takes him seriously."

She told *EIR*, however, that she had closely followed the attacks on LaRouche in the Soviet press, including the *New Times* piece of Sept. 15. Asked whether she had told the *USA Today* reporter about these articles, she replied: "No, I didn't want to give any credibility to LaRouche's charges."

declared his candidacy for the 1988 presidential elections.”

Sisnev concludes with a restatement that LaRouche’s movement is growing, implying again the need that measures be taken to stop him and his movement: “In a word, LaRouche clearly is now going through a definite period of growth. . .” [ellipsis in original].

Gorbachov steps into the ring

Gorbachov delivered his veiled but potent threat against LaRouche on Oct. 3, in the context of a speech during a ceremony during the unveiling of a memorial to Ernst Thaelmann (the German communist of the early 1930s, known for his infamous slogan, “After Hitler, Us”).

The Soviet chief singled out so-called fascists without swastikas as the leading “threat to the very existence of mankind,” meaning of course a mankind forged in the Soviets’ image. The timing of the speech, coming just days before the mini-summit with President Reagan, is considered of special significance by leading intelligence experts consulted by this magazine.

Gorbachov spoke of the German communist Thaelmann’s fight against Nazism, during the rise of Hitler, and compared that to the present: “The world in which we are living and working today is . . . unlike that in which Ernst Thaelmann lived and fought,” he said, “but there has emerged a threat to the very existence of mankind,” today, as then.

“Despite all these . . . changes, Thaelmann’s ideas and the lessons of his life live on, just as his warning against the dangers of fascism and war still stand.

“Not only because there are still people on Earth for whom the swastika remains the symbol of revanchism to this day.” Much more dangerous than the swastika-bearing, openly Nazi groups, Gorbachov raved, are those in whom the Nazi “virus” is “hidden”: “Hidden viruses of the militarist, aggressive nature of fascism are much more dangerous.” Echoing both *New Times* and *Sovietskaya Kultura*, Gorbachov added: “*Given a certain combination of circumstances, they are capable of causing an outbreak of fearful epidemic*” [emphasis added].

“ . . . We communists must do everything to put a barrier to any manifestations of reactionary extremism and tirelessly expose its inspirers.”

Gorbachov outlined the program of the so-called progressive (i.e., Moscow-allied) forces, which consists of stopping President Reagan’s Strategic Defense Initiative (which the Soviets credit LaRouche with having inspired), and forming an alliance among “Communists, Social Democrats, and all democratic forces.”

Only this alliance with Soviet communism, Gorbachov claims, could have “issued a rebuff to fascism” before Hitler got too far. (He forgets the 1939 Hitler-Stalin Pact). Now, the Kremlin chief identifies the Nazis without swastikas, i.e., LaRouche, as the “new threat to mankind.” What Gorbachov means is the “new threat” to Soviet plans for mankind.

KGB methods used in Virginia raid

A Washington, D.C. political analyst, commenting on the deployment of 400 agents of half a dozen government agencies, armed with helicopters, armored personnel carriers, axes, and submachine guns, in Leesburg, Virginia on Oct. 6, said that you could tell in a moment that the raid was done at the behest of Mikhail Gorbachov: “Only such crude, brutal, and massively redundant” application of force would satisfy the masters of the Gulag Archipelago.

The pre-dawn raid was staged as a massive publicity stunt. The press was notified by at least 4:00 a.m., and NBC television arrived at the staging area before the raid began. Indeed, a lawyer for Campaigner Publications, one of the companies whose office was raided, was refused any information by the U.S. Attorney’s office, learning the scope of the raid only from watching NBC’s “Today” show. When three arrested associates of Lyndon LaRouche were brought before a judge in Alexandria, Virginia, they were paraded before the press in handcuffs and leg-irons.

The following is a chronology of events:

Day 1: Monday, Oct. 6, 1986

6:00 a.m.: Force of 400 combined Federal Bureau of Investigation, U.S. Secret Service, Internal Revenue Service, Alcohol, Tobacco, & Firearms agents, Virginia Bureau of Criminal Investigation agents, Virginia state police, Loudoun County sheriff’s deputies, and Leesburg police amass at staging area outside of town. On display for the press are several armored personnel carriers; helicopters are circling overhead.

6:45 a.m.: Raiders seal an office building in the center of Leesburg used by businesses and political and cultural organizations associated with Lyndon H. LaRouche, Jr., preventing access by anyone associated with those organizations. Helicopters patrol the airspace over Leesburg.

6:50 a.m.: Raiders enter the editorial offices of Campaigner Publications and *Executive Intelligence Review*. Hired security guard, a retired New York Police Department officer, goes to open the door, but before he can do so, door is burst open. He is pushed up against the wall and roughed-up before being released.

7:00 a.m.: Roy Frankhauser is arrested in Reading, Pennsylvania.

7:00 a.m.: Squad cars of Virginia state police and the FBI are posted outside the entrance to the farm where Lyndon H. LaRouche, Jr. and Helga Zepp-LaRouche are safehoused.

7:05 a.m.: Notified of the raid, paralegal personnel contact an attorney for Campaigner Publications, who notifies the FBI his clients will cooperate. The U.S. Attorney's office refuses to give any information.

7:05 a.m.: Boston office of Caucus Distributors, Inc. is sealed and searched by the FBI.

7:00-7:30 a.m.: Raiders break open the doors to a management company and to a computer services company known to be employed by publications and political and cultural organizations associated with Lyndon LaRouche, and commence a search.

7:15 a.m.: Raiders enter a second office building and break into offices used by political organizers associated with LaRouche, as well as offices housing Campaigner's legal staff, its press staff, its security staff, and its travel staff.

8:00 a.m.: Automobile which passes the home of LaRouche security aides Jeffrey and Michele Steinberg is stopped by the FBI. The auto's two occupants are instructed, with Uzi submachine guns trained upon them, to get out of the car, and are questioned. The FBI agents are parked in the Steinbergs' driveway.

8:30 a.m.: Campaigner Publications paralegal representative, at attorney's request, asks officer in charge of raid to see search warrant. U.S. Secret Service agent Jim Lucey holds warrant up but refuses to allow paralegal to inspect it or read it.

10:00 a.m.: Jeffrey and Michele Steinberg are arrested at their home near Leesburg.

10:15 a.m.: FBI agents seeking to arrest Paul Goldstein, a security aide to LaRouche, at his residence in Leesburg, upon being told by Mrs. Goldstein that he is not present, push open the door, bruising Mrs. Goldstein's face. The house is searched without a warrant.

10:30 a.m.: Political organizer Michael Billington is arrested at his home near Leesburg.

By mid-morning, the small town of Leesburg appears to be under occupation. Every other automobile passing through the downtown area is driven by police or federal agents. All license plates are checked by state Division of Motor Vehicles computer, leading in one case to the temporary arrest of one private citizen on an old stolen-car complaint which he himself had once filed.

11:00 a.m.: Request by attorney to have attorneys present as observers is denied. This is in violation of Rule 41(d) of the Federal Rules of Criminal Procedure, which states in relevant part:

The officer taking property under the warrant shall give to the person from whom or from whose premises the property was taken a copy of the warrant and a

receipt for the property taken or shall leave the copy and receipt at the place from which the property was taken. The return shall be made promptly and shall be accompanied by a written inventory of any property taken. The inventory shall be made in the presence of the applicant for the warrant and the person from whose possession or premises the property was taken, if they are present. . . .

12:28 p.m.: Indictments are issued by the federal grand jury in Boston, Massachusetts against: The LaRouche Campaign; Independent Democrats for LaRouche; Michael Gelber; Richard Sanders; Charles Park; Michael Billington; Paul Goldstein; Jeffrey Steinberg; Michele Steinberg; Roy Frankhauser; Elliot Greenspan; Campaigner Publications, Inc.; Caucus Distributors, Inc.; National Caucus of Labor Committees.

1:00 p.m.: Campaigner Publications' attorneys seek a hearing immediately in p.m.: Campaigner Publications' attorneys seek a hearing immediately in federal court in Virginia, and also in Loudoun County Circuit Court, to get observers' rights, filing in the courts a Motion for Protective Order, asking the courts to allow observers to be present. Both courts refuse to hear a motion that day.

1:30 p.m.: Richard Black, of the Caucus Distributors, Inc. Boston office, upon hearing of his indictment, offers through his attorney to turn himself in to federal authorities.

Steinbergs are denied bail, as FBI agent lies

Jeffrey and Michele Steinberg, security aides to LaRouche, were ordered to remain in pre-trial detention on Oct. 9 by federal magistrate W. Harris Grimsley. Grimsley based his order solely on testimony presented by FBI agent Richard Egan of Boston, which was described by observers as rife with perjury.

U.S. Attorney Henry Hudson called the Steinbergs "the masterminds of the entire LaRouche scheme to thwart the grand jury," referring to a federal grand jury investigation in Boston. Egan based his testimony on information allegedly received from the following individuals:

- Forrest Lee Fick, a claimed CIA agent and former Ku Klux Klan member, who was fired as a security guard for a private company protecting LaRouche;
- Roy Frankhauser, another claimed CIA agent, a

The offer is refused by Assistant U.S. Attorney for the District of Massachusetts Daniel Small, who says, "We are already hunting him."

1:40 p.m.: Raiders burst into offices of Caucus Distributors, Inc. in Boston, and brandish a submachine gun in the face of Mrs. Black, demanding to know her husband's whereabouts. Occupants of the office are then removed, and the office is sealed and searched.

2:00 p.m.: An attorney for Campaigner Publications, speaking to the FBI agent in charge of the search at one of the office buildings, notifies the agent that one of the offices being searched in that building contains numerous communications between attorneys and clients, and work product prepared at the request of attorneys, which are privileged communications. The agent snidely replies, "Well, you can be assured we won't take any of them." The attorney tells him that he should take the warning seriously, that an error in this regard may invalidate the entire search. The FBI agent then asks for a description of what such materials would look like, since the searchers will not know what they are. The attorney points out that that is the searchers' problem, since they will not allow legal observers on the premises.

9:00 p.m.: Raiders begin to carry cartons and packing material into the office buildings, and begin to load cartons onto waiting trucks.

10:00 p.m.: Attorneys for Campaigner Publications point out to FBI agents in charge that the federal search warrant expired at 10 p.m., and the federal agents should be leaving.

10:15 p.m.: Federal agents tell Campaigner's attorney that U.S. Attorney for the Eastern District of Virginia Henry Hudson disagrees with his interpretation, and that the search can continue after 10 p.m. When the searchers vacate the next day, they leave posted a "Supplemental Search Warrant" purportedly signed at 9:55 p.m. by federal magistrate W. Harris Grimsley, extending the search to Oct. 16, 1986, and removing the daytime-only restrictions of the original warrant.

Searchers continue throughout the night and early morning hours, ransacking offices, loading boxes into trucks, and madly xeroxing documents apparently not permitted by the terms of the warrant.

Day 2: Tuesday, Oct. 7, 1986

8:05 a.m.: U.S. Attorney Hudson personally notifies Campaigner Publications' attorneys that observers would be permitted, and files a response to their Motion stating that "the issues raised in the defendant's Motion for Protective Order are now moot."

10:00-11 a.m.: As Campaigner Publications' attorneys enter the two office buildings, raiders conclude the search, and give them a purported inventory of the items taken.

convicted felon on explosives charges, now facing federal indictments on obstruction of justice and weapons charges;

- Mordecai Levi, a leading suspect in two terrorist murders.

- Charles Tate, a disgruntled ex-member of LaRouche's security staff.

Egan perjured himself on a number of counts, according to courtroom observers. These included:

- 1) Egan testified that *no* documents had been produced by six LaRouche-associated organizations which were under grand jury subpoena. In fact, hundreds of thousands of documents were provided, as court records will show.

- 2) Egan testified that Elliot Greenspan had provided *no* "index cards" on political supporters and contributors to the grand jury; later in the hearing, he said Greenspan had brought "10 or 15" cards. In fact, Greenspan produced between 4,000 and 5,000 such cards.

- 3) Egan testified that the First Circuit Court of Appeals had affirmed the rulings of Judge A. David Mazzone "in all respects," whereas in fact the Appeals Court had overruled Mazzone on one of the three issues in the appeal it heard in April of this year.

Attorney William Moffit, representing the Steinbergs,

noted that the two initiators of the alleged obstruction scheme, Fick and Frankhauser, were out walking the streets, while the Steinbergs, who carried out no acts of obstruction, were being held in jail at the government's insistence. "You have to examine the sources of the government's information," said Moffit, noting that Fick and Frankhauser are admitted liars and both have arrest records, and that Levi was apparently involved in two murders for the Jewish Defense League.

In making his ruling, Magistrate Grimsley said that "the evidence points out that Michele Steinberg and Jeffrey Steinberg had engaged in a pattern of advice and instructions to obstruct the grand jury." Despite the fact that Grimsley ruled that there was no risk of flight to avoid prosecution by the Steinbergs, he ordered them detained without bond and transferred to Massachusetts.

Questioned by reporters during a recess, LaRouche campaign official Edward Spannaus said that he felt like he was "in Soviet Russia." "Sitting in that courtroom, I felt like I was in the Stalin show trials of the 1930s. A federal law enforcement agent, who has taken an oath of office to uphold the Constitution, visibly and provably perjured himself," charged Spannaus.

Who wants these journalists in jail?

Jeffrey and Michele Steinberg of Leesburg, Virginia, close political associates of Lyndon LaRouche, have been charged with "obstruction of justice," and treated more brutally than U.S. journalist Nicholas Daniloff was when he was framed up in Moscow (see page 41).

The Steinbergs have played a leading role in the anti-drug and anti-terror fight. Born in New Jersey, they were high-school sweethearts who married in 1971.

EIR Counterintelligence Editor **Jeffrey Steinberg**, 39, is a co-author of the book *Dope, Inc.*, which exposes the financial networks behind international narcotics traffic for the past 200 years. *Dope, Inc.*, published in English and Spanish, is world-famous for having named the names of the "citizens above suspicion" behind the drug trade.

For his researches, he has traveled extensively, including several trips to Guatemala. In August 1985, he led a task force that produced the *EIR Special Report*, "Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala," and an accompanying half-hour television videotape. The report was "a war-plan against the Soviet-backed narco-terrorist subversion rapidly taking over Guatemala." At the time of his arrest, Steinberg was writing an article on his most recent visit to Guatemala to review progress there in the war on drugs.

His 1986 articles for *EIR* have focused on the Soviets' command over narco-terrorism. Among them: "Guatemala enters a period of great hope and grave danger" (Jan. 31); "First Fidelity Bank: LaRouche foe in bed with Dope, Inc." (Feb. 7); "Military war on drugs to counter Soviets" (July 25); "Dope, Inc.'s man at the Justice Department" (Aug. 1); "William Weld's Chinese Connection" (Sept. 19). He was the project editor for the Feature in the Sept. 26 issue, exposing Moscow's control over Middle East terrorism, a major intelligence "scoop" which anticipated by weeks the London court revelations on Syria's command role in terror (see page 50).

Michele Steinberg, 36, is a regular contributor to *EIR* and its law-enforcement newsletter, *Investigative Leads*. She was the associate editor of *War on Drugs*, the pioneering anti-drug magazine that was targeted for elimination by the legalized-dope lobby and *High Times*. In *War on Drugs*, she exposed the Carter administration's drug ties in an article that heavily affected the 1980 presidential election: "Who's pushing Drugs on America?" (August 1980). Other articles by her in the magazine included: "MK-Ultra is alive and well" (June



Michele and Jeffrey Steinberg

1980); "Dope, Inc. runs Washington foreign policy" (November 1980); and "Defend Senator Williams . . . and the Constitution" (November 1981), a stinging attack on the Gestapo methods the FBI used to target political enemies instead of fighting crime.

She played a prominent role in assembling the evidence of William Weld's role as a protector of drug-money laundering, and in organizing for that evidence to be presented at Weld's Senate confirmation hearings. Articles by her exposing Weld appeared in the Aug. 1, Aug. 8, and Aug. 22, 1986 issues of *EIR*.

She has also actively exposed the nationwide scandal of "disappeared children" and the organized-crime "kiddie porn" racket which markets young girls and boys as sex-objects.

Michele asked that the following message be sent to her friends from her prison cell, and Jeffrey asked that the message also be from him:

When, in disgrace with fortune and men's eyes,
I all alone beweep my outcast state,
And trouble deaf heaven with my bootless cries,
And look upon myself, and curse my fate,
Wishing me like to one more rich in hope,
Featured like him, like him with friends possess'd,
Desiring this man's art and that man's scope,
With what I most enjoy contented least;
Yet in these thoughts myself almost despising,
Haply I think on thee, and then my state,
Like to the lark at break of day arising
From sullen earth, sings hymns at heaven's gate;

For thy sweet love remember'd such wealth brings
That then I scorn to change my state with kings.

Shakespeare, *Sonnet XXIX*

Justice Dept. admits search was illegal

The illegality of the search carried out on Monday, Oct. 6 against Leesburg offices of Campaigner Publications and other companies, was conceded the following morning by the U.S. Attorney for the Eastern District of Virginia, Henry E. Hudson.

Attorneys for Campaigner filed a "Motion for a Protective Order" on Monday afternoon in federal court in Alexandria, Va., asking the court to order the FBI to allow legal observers to be present during the search. Early Tuesday morning, Oct. 7, Hudson personally notified the attorneys that observers would be permitted, and then filed a response in court saying that attorneys could be present during the search, and that therefore "the issues raised in the defendant's Motion for Protective Order are now moot."

Under the Federal Rules of Criminal Procedure, federal agents executing a search warrant must permit an observer to be present during the search and inventory of property being seized. Shortly after the raid began on Monday morning, FBI agents refused to allow observers to be present, and Hudson would not return phone calls from Campaigner's attorneys. By allowing observers to enter Tuesday morning, and then arguing that Campaigner's court motion was "moot," Hudson conceded Campaigner's argument.

However, by the time legal observers were permitted into the offices, the search was being completed. Federal agents had worked through the night, carting out at least two large truckloads of documents, and apparently copying thousands of other documents which were not covered by the search warrants. Offices had been broken into with axes and crowbars, and doors and locks smashed, despite offers of cooperation by Campaigner's attorneys as soon as the raid began. Many rooms were ransacked and left in disarray. Federal and state agents vacated the two buildings being searched between 10:00 and 11:00 a.m. Tuesday morning.

Attorneys for Campaigner and other companies are now evaluating the damage and the scope of illegal conduct during the raid.

Commonwealth of Virginia provides cover

Despite the production of a 77-page affidavit to justify it,

the Commonwealth of Virginia had no legal basis for participating in the Leesburg raid.

The affidavit not only contains no complaints from Virginia residents, but also only mentions one loan contracted by a target organization with a Virginia resident.

The first 11 pages of the affidavit describe the professional credentials of the affiant and the various investigators. The next 30 pages provide a detailed description of an undercover operation by an agent who pretended to be a potential supporter of LaRouche, in order to get a tour of the offices targeted by the raid. Yet, through all this description, there is no report of any action which might in the wildest stretch of the imagination be interpreted as illegal.

The next 10 pages describe which offices and facilities should be searched. Then, 26 pages describe a grand total of nine "Loan Transactions," eight of which occurred outside the state of Virginia. Six of these were loan transactions which occurred before the offices of the companies in question were located in Virginia. The one Virginia lender mentioned continues to be on good and good-faith terms with the target organization.

Unlike the federal government, the Commonwealth of Virginia has never requested or subpoenaed documents from Campaigner or other companies. Therefore, if the affidavit is to be believed, the Attorney-General of Virginia deployed 150 state troopers, and 75 other local law enforcement officers, because one resident of the state made a number of politically motivated loans to a target organization. The average size of each loan was \$2,000-4,000. This was interpreted to be a "possible violation" of state laws pertaining to trading of "unregistered securities."

Now, who's kidding whom?

Grand jury indictment is worthless

The "117-count" indictment handed down by William Weld's federal grand jury in Boston on Oct. 6, twenty-three months after its inception, is a hastily-thrown together, worthless document, designed solely for purposes of issuing inflammatory press releases.

1) The indictment alleges that the "defendants . . . fraudulently made in excess of two thousand unauthorized credit card charges totalling in excess of \$1,000,000.00 by the unauthorized use of credit card account numbers in excess of one thousand individuals from all parts of the United States." This is not further supported by any facts whatsoever; it is merely arbitrarily asserted. The \$1,000,000 figure is a blatant lie and a complete fabrication.

2) 115 of the 117 counts of the indictment involve specific credit card transactions. The actual amount of credit card chargebacks, which the grand jury alleges involved "credit card fraud," is only \$59,925.00, spread out over 115 individual credit card transactions, involving only 57 donors or customers and four fundraisers. The text of the indictment reads: "This nationwide scheme included the making of at least one hundred and fifteen separate unauthorized credit

of fifty-seven separate totalling \$59,925.00 on the credit card accounts of fifty-seven separate individuals residing in the New England area." Each one of these cases is documented in the text by name of "defendant," name of cardholder, amount, and date.

3) After almost two years and an expenditure of taxpayer money estimated between \$7,000,000 and \$10,000,000, William Weld's grand jury could identify only \$59,925 worth of credit card irregularities. This amounts to less than the dollar amount of the material damage caused to the offices of Campaigner and other organizations during Monday's "panty raid." The cost to the taxpayer of the raid itself was estimated to be ten times the disputed \$59,925 amount.

4) The \$59,925 amount represents less than 1 percent of the total amount of more than six million dollars raised by the two LaRouche campaign committees during the 1984 election. The \$59,925 is comprised either of chargebacks, or so-called "unauthorized" charges. A rate of less than 1 percent of chargebacks, "authorized" or "unauthorized," is one of the lowest rates of chargebacks ever reported by any vendor using credit cards for receipt of payment. The industry average of chargebacks and "unauthorized claims" among mail-order vendors and others relying on credit card payments is about 4-10 percent.

The question is: Will every vendor with .95 percent "unauthorized claims" and above face a raid of 400 armed troopers, helicopters and armored personnel carriers? If so, the existing size of the United States armed forces will not be sufficient to do the job.

Documentation

The Weld memorandum

The following are excerpts from a memo issued by the office of U.S. Attorney for Massachusetts William Weld on Jan. 14, 1986, to orchestrate a nationwide witchhunt against Lyndon LaRouche. The document was obtained through the Freedom of Information Act. Emphasis is added.

. . . For the information of the Bureau and all receiving offices, the Boston division, in coordination with the U.S. Attorney's Office, Boston, and the Secret Service, has made plans for a conference in Boston from February 12 through 14, 1986, to share information and coordinate efforts in the investigation of the wide-spread fund raising fraud by the Lyndon LaRouche campaign organization and related entities.

By way of background, Boston's investigation into

LaRouche began in November, 1984, following receipt of complaints from Boston area banks and individuals hat [sic] their MasterCard and Visa cards had been charged by The LaRouche Campaign and the Independent Democrats for LaRouche without their authority. The case has been worked jointly with the Secret Service in Boston.

The Independent Democrats for LaRouche and The LaRouche Campaign maintained credit card depository accounts at a bank in NY. Analysis of records subpoenaed from those accounts indicate that over \$800,000 in charge-backs were made to those accounts. Additional records subpoenaed for four other LaRouche related entities indicated charge-backs in excess of one million dollars.

Boston has identified four locally based fund raisers who were responsible for the credit card fraud in this division. They worked out of a Boston based office covering the New England area and Canada. There were similarly organized offices in most of the major metropolitan areas of the U.S. A review of [sic] complaints made to the FBI and Secret Service indicates that while the funds raising [sic] may have been decentralized it was centrally controlled and organized. Boston's subjects who will be indicted in the near future have fled the Boston area and are now believed to be residing in the Leesburg, Virginia area as part of the LaRouche compound. *The lack of a cooperating witness on the inside means that Boston as yet lacks venue and evidence to charge this as a national conspiracy.*

It is obvious that the fund raising continues. The scheme appears to have been modified from credit card fraud to requesting long-term, low-interest loans be made to LaRouche organizations. Many of these loans are in excess of \$10,000 and are solicited from the elderly and mentally incapacitated [sic].

William F. Weld, U.S. Attorney for the District of Mass., Boston, Mass., is extremely interested in this case and has encouraged other U.S. Attorneys across the country to develop their own cases were [sic] venue permits to more fully address the magnitude of the fraud. He believes that a conference of interested offices and U.S. [sic] Attorneys would be beneficial in [sic] this matter to coordinate a prosecutive and investigative effort. The [sic] and his staff plan to make a presentation regarding the prosecutive theories and problems which Boston has encountered. All attendees should also benefit from discussions relative to the situations in the respective areas of the attendees, the status of their investigations, and *a more comprehensive knowledge of the extensive records which Boston has available to assist other offices in their investigations.* . . .

The Alexandria office has advised it [sic] wishes to invite the Sheriff of Loudon [sic] County, Virginia, where [sic] the Lyndon LaRouche headquarters compound is located and the obvious site for possible future searches and/or arrests. The U.S. Attorney's office in Boston concurs. All attendees will be added to Boston's Federal [sic] Grand Jury 6E disclosure list.

World reactions to the Leesburg raid

Private statement of a high Peruvian government official, Oct. 7: "What happens with LaRouche, is what will happen with the government of Peru."

Helga Zepp-LaRouche, "Call for an International Commission to Stop Human Rights Violations in the United States," Oct. 10: ". . . The U.S. Bill of Rights, once renowned throughout the world, is being spat upon. . . . The charges of wrongdoing have the ring of the indictment against Socrates: refusing to placate public opinion, corrupting the youth with the unfettered search for truth. . . .

"No self-respecting patriot of any nation in the world can afford to sit silent at this atrocity, and let it run its course. No one anywhere in the world can be guaranteed liberty, if these violations of human rights are allowed to continue. We demand that the U.S. government immediately cease this political witchhunt, and restore the human rights to which the associates of LaRouche, and all other individuals, are entitled. We call on all patriots everywhere to take a stand, to set a limit on the tyrants' power.

"We stand at a turning point in history, where only courageous individual action can save humanity from unspeakable horrors. To guarantee human rights for LaRouche and his associates, is to act to guarantee that Western civilization survives."

UPI Spanish-language wire, appearing in the Mexican dailies *Ovaciones* and *El Heraldo*, and in the Dominican Republic's *Listín Diario*, *El Sol*, and *El Caribe*, Oct. 7: "Lyndon LaRouche, a non-conformist and eccentric U.S. politician who says the IMF is responsible for disseminating AIDS in the world and claims Queen Elizabeth of Great Britain heads the drug traffic, was accused of fraudulent credit card use by U.S. justice. . . .

"Among other things, LaRouche harshly criticized Washington's policy of giving aid to Great Britain during the 1982 Malvinas War, and recently said that the Third World debt is much less than what is officially reported, accusing the international banks of inflating their reports. . . . Despite the fact that his political reputation in the U.S. is of an eccentric, LaRouche has been received by various world leaders, among them ex-President of Mexico, José López Portillo and the late leader of India, Indira Gandhi."

Listín Diario's version included the comment, "La-

Rouche is considered the best economist in the world." *Ovaciones* published an excerpt of the wire under the headline, "Accused the IMF of Disseminating AIDS!"—with no mention of the raids.

Minute (Paris), Oct. 10: "Gorbachov Dictates His Law," is the headline of an article which states: "On Sept. 15, the flagship of Russia's international propaganda, *New Times*, ran a five-page article entitled, 'Nazis Without Swastikas,' devoted to the man Moscow hates most in the world, Lyndon LaRouche, inventor of the Strategic Defense Initiative (and boss of the POE [European Labor Party in France—ed.]). The article called him, 'Nazi, militant fascist, influential, and dangerous.'

"On Oct. 4, Gorbachov repeated, in a speech: 'In today's world, the worst danger is the "Nazis without swastikas,"' which he dubbed 'a virus which could turn into a new epidemic.'

"On Oct. 6 at 7 a.m., 400 FBI, Secret Service, federal and local police, smashed through the doors of LaRouche's headquarters near Washington, and seized tons of documents.

"After Daniloff, LaRouche?

"That's the dues for the Gorbachov-Reagan summit."

***L'Humanité* (Communist Party, France), Oct. 8:** *L'Humanité* was the first newspaper in France to report the Leesburg raid. It wrote that "members of the extreme-right grouplet animated in the U.S. by former trotskyst Lyndon LaRouche, tied to the POE [European Labor Party] . . . were charged with credit card fraud."

Radio station WBBM (Chicago), Oct. 10: "Perhaps judgments are warranted, but to have 350 or so federal agents, the postal service, the IRS, SWAT teams, the FBI, all descend upon that office building, probably the marshal was there too, is simply overkill! The publicity the LaRouche people are getting across the nation on this can only help the campaigns of their two people. . . . They can only benefit from what happened in Leesburg Monday. Jailing their people will draw a lot of sympathy from the American population. Everyone knows that when their candidates speak on domestic and national issues, they make some sense to the average population. I'm not going to believe the LaRouche people's charges that Gorbachov ordered the raid, and that this was a precondition to the Reagan-Gorbachov Iceland summit, but a lot of people will believe this. What could people have been thinking to do this raid in this way? It will be read by the population as *overkill!*"

A reporter for the *Dallas Morning News* conducted an informal poll among Leesburg area merchants and residents, to ascertain their reactions to the raid. Said one: "Mr. LaRouche must be more powerful than anyone here thought. After all, they didn't send 400 agents in to get Nixon's tapes."

In Iceland, Soviets don't like talking about SDI

by Nicholas F. Benton

This special report was filed at the midpoint of the Reagan-Gorbachov summit in Reykjavik, Iceland by EIR Washington Bureau Chief Nicholas F. Benton.

While none of the more than 1,000 international press gathered here yet know the contents of the private talks between President Reagan and Soviet leader Mikhail Gorbachov after the first day, the world was publicly exposed to the Soviet intransigence on the main issue of those talks, the President's Strategic Defense Initiative. I, as *EIR* correspondent on the scene, had two exchanges on the subject with leading Soviet spokesmen during their two press briefings Oct. 10 and 11.

President Reagan arrived in Iceland with the purpose of explaining the contents of his July 25 letter to Gorbachov face to face. According to reports received by *EIR*, President Reagan sought to address his proposal for joint deployment of the SDI, the essential new proposal contained in his letter, directly with Gorbachov, and was willing to accept Gorbachov's suggestion for a so-called pre-summit summit, with that in mind.

But it is unclear how far the President is willing to go to reach an "understanding" with Gorbachov. The more so inasmuch as a costly deal was struck with House Democrats by the President, a deal announced shortly after his arrival here.

On the eve of his first encounter with Gorbachov, White House spokesman Larry Speakes announced that Reagan had reached an agreement with the Congress that resulted in the removal of some significant military prohibitions House Democrats had hoped to saddle on the President. The prohibitions, attached to a long-delayed congressional spending package, sought to force the President to remain in compliance with the never-ratified SALT-II treaty, to ban nuclear and anti-satellite (ASAT) weapon testing; ban production of

chemical weapons; and enforce a 40% cut in funding for the SDI.

After threatening to veto this bill, the President won an agreement by House Democrats to lift most of the prohibitions on the eve of the summit. How costly was this compromise? The President was willing to agree to the ban on ASAT testing; to agree not to produce the Bigeye chemical weapon, and to agree to allow the SDI budget to be slashed to \$3.4 billion—not the \$3.1 billion the House wanted, but still \$2 billion lower than the President had originally requested.

He also agreed to submit to Congress for ratification early next year two unsigned treaties from the early 1970s, one banning testing of peaceful nuclear explosives (PNEs) and the other limiting the size of nuclear tests.

Surly Russians

The contents of the Reagan-Gorbachov talks were subjected to a formal press blackout by agreement of both sides, except for a single remark by National Security Adviser John Poindexter that they were "businesslike." But the mood of Soviet spokesmen accompanying the Gorbachov delegation was surly.

Georgii Arbatov, head of the U.S.A.-Canada Institute in Moscow and the Kremlin's chief "America handler," held a press conference with Yevgenii Velikhov, of the Soviet Academy of Sciences and reputed head of the Soviets' own "SDI" program. Arbatov attacked an earlier Reagan proposal for step-by-step reductions in nuclear testing, linked to real reductions in offensive weapons, as "a fake." Arbatov, knowing that Reagan's main objective in the meeting was to push his SDI proposal, gave a glum view of the prospects for the talks, saying they were being held "not as a symptom of improvement in U.S.-Soviet relations, but as a symptom of

concern that relations are worsening.”

Arbatov was particularly displeased with a question this reporter put to Velikhov during the same press briefing. It was a standing-room-only assemblage of media from around the world. In keeping with the recent barrage of Soviet media attacks on Lyndon LaRouche, founder and contributing editor of *EIR*, Arbatov is wont to refer to LaRouche as a “fascist”—and he is usually shaking and sputtering as he does so. This time, Arbatov bellowed, in English, “This is Lyndon LaRouche”—when this reporter identified his affiliation with *EIR* and then proceeded to confront Velikhov with the question.

“Isn’t it true that, given the fact that we have had no real progress in what has been identified as the most substantial issue of the arms race, namely the issue of strategic defense, isn’t it time that the Soviets are willing to admit that they have been working on military applications of laser systems for at least 17 years? Given that your colleague, Dr. Rudakov, came to the U.S.A. in the early 1970s to discuss directed energy capabilities, why shouldn’t the United States assert that the Soviets would be developing a first-strike capability by their work on the SDI. Why don’t you start admitting that you are doing this and accept President Reagan’s offer for joint development of the Strategic Defense Initiative?”

Velikhov’s answer was the stock Soviet reply: “Now, there are two questions. Why don’t you start a new round of nuclear arms race which would be unpredictable; in fact a new round of a nuclear arms race will lead to a new dangerous nuclear spiral of space research and of space weapons. I would like to recall to you the step taken by the Soviet Union for several years, that the Soviet Union does not conduct any tests of weapons in outer space, and this shows our attitude toward the establishment and development of space weapons. And the rest of your question is a very strong misunderstanding.”

At that point, Arbatov interjected, again in English, “And technical nonsense!”

Spokesman: Greenpeace

Following the press conference, a heated exchange between this correspondent and Velikhov on the issue of Soviet development of strategic defense, as well as on the issues of nuclear testing and verification, occurred at the head table surrounded by over 50 press reporters.

The exchange concluded, when Velikhov sought to defend one of his points by pulling a document produced by Greenpeace out of his briefcase. This correspondent exclaimed, “Do you mean to say that Greenpeace speaks for the Soviet Union?”

This statement so destabilized Velikhov that he quickly shoved the paper back into his briefcase in embarrassment. It was reported later the same day that an Icelandic gunboat turned away a Greenpeace vessel that was trying to make its way into the Reykjavik harbor for a “peace demonstration.”

This correspondent was subsequently interviewed by Soviet television, the newspaper *USA Today*, and BBC radio on the charge of Soviet lying about its SDI program. The latter did a 15-minute interview that was scheduled to follow an interview with Velikhov on its international broadcast Sunday.

Source: McNamara

Velikhov’s use of a “foreign” source of documentation for an official Soviet position was not unique. The day before at another Soviet-sponsored press briefing, Nikolai Yefimov, deputy editor of *Izvestia*, did the same thing in response to another question on the SDI from this correspondent. In this case, the question asked was how the Soviets could continue to assert that the SDI was an attempt by the United States to develop a first-strike capability, given the assurances President Reagan had made in his July 25 letter, which was revealed in his speech at the United Nations, and Reagan’s offer for simultaneous deployment.

Yefimov’s answer was, “For the same reasons that your former Secretary of Defense Robert McNamara gives,” and he went on to accuse Reagan of using “only words and assurances” rather than “serious proposals.”

Later in the day, this correspondent asked Assistant Secretary of State Rozanne Ridgway whether Yefimov’s categorical rejection of Reagan’s offer meant that ultimately, arms negotiations could not go anywhere. Ridgway stated publicly that it was her hope that one could distinguish between Soviet public pronouncements, and what Gorbachov might say to Reagan in private.

The so-called new Gorbachov approach to Soviet diplomacy was exhibited in a seemingly outgoing nature of the Soviet presence here, with Soviet “experts” holding daily press briefings on key issues each day. However, the thug, Alexander Bovin, editor of *Pravda* whose appearance befits his name, grunted only, “I don’t speak English,” to anyone he didn’t want to talk to. And when pushed, the Soviets displayed a characteristic paranoia. To anyone watching, it was clear that their pleasant public relations image was only skin deep. Their ugliness went to the bone.

Meanwhile, “peace groups” rushed into town to try to boost the Soviet effort. The Greenpeace ship was turned away. Joan Baez was not. She came in to desecrate the small Reykjavik opera house stage only one night after this tiny country outdid itself with a superb performance of Verdi’s *Il Trovatore*, featuring entirely local performers on the same stage.

Recent Soviet hostage, journalist Nicholas Daniloff was also present. He, however, sounded more concerned to get the Soviets off the hook for his kidnapping than in talking substantive issues. He told this correspondent, “You cannot blame all Soviet society for what the KGB did. I am of a Russian background. I love the Russian people, and we’re going to have to find a way to live together.”

British courts, PLO denounce Syrian role in running terrorism

by Thierry Lalevée

Just as the men who rule in the Syrian capital of Damascus thought they had neutralized the wave of French media revelations on Syria's role in international terrorism, they were hit from unexpected quarters.

First came the mention on Sept. 29 in the nationally circulated Italian daily *Corriere della Sera* that the Italo-American investigative commission formed earlier this year had concluded its inquiries by proving that Syria was financing international terrorism with drug-trafficking.

The report, which is jointly authored by Edwin Meese's U.S. Justice Department and the Italian Interior Minister Oscar Scalfaro, has not yet been made public, either in the United States or in Italy, and has received little publicity. Indeed, some embarrassed quarters in Washington, for whom it is expedient to concentrate only on Libya, are eager not to give it any publicity out of fear it would compromise the new spirit of cooperation with Moscow.

PLO revelations

However, good feelings in Washington for Syria won't spare Damascus. That was proven on Oct. 7 in Paris during a press conference of Palestine Liberation Organization (PLO) intelligence chief Salah Khalaf, a.k.a. Abu Iyad. After 48 hours of meetings with French officials such as Bernard Gerard, the new director of the DST (Internal Counter-Intelligence), Abu Iyad blasted the Syrian leadership as responsible for the terror wave in France. Reacting to the new wave of communiqués since Oct. 1 from the ASALA (Armenian Secret Army) and the Solidarity Committee with Arab Political prisoners, Abu Iyad of the PLO told the press, "These were written by Syrian intelligence."

The "aim of the terrorists is to force France to change its Middle East policy, and to withdraw its forces from Lebanon," continued Abu Iyad, as he praised the French role in the United Nations international force in Lebanon (Unifil). He then announced that the PLO was committed to do "its utmost, to track down terrorists which are exploiting the Palestinian cause." Abu Iyad's declarations, which were de-

scribed by the Oct. 8 issue of *Le Figaro* as likely inspired by the French government, to "say what Paris cannot yet say officially," helped relaunch the "Syrian connection" at a time when Damascus is pleading innocence.

While investigations are continuing, Paris has requested, or rather ordered, Syria to cooperate in the inquiries. Bernard Gerard himself went to Damascus on Oct. 1. Earlier, French Cooperation Minister Michel Aurillac had gone to Damascus to tell officials, "We know that the Abdallah brothers were helped to leave France by professional intelligence agents," meaning Syrian.

Emile Ibrahim Abdallah was identified as one of the bombers in the Rue de Rennes massacre in Paris on Sept. 17. His brothers and Maurice Abdallah have been identified by witnesses as responsible for a restaurant bombing in Paris on Sept. 12. The brothers succeeded in escaping to their native village of Khobeyat, Lebanon on Sept. 18, where they held a press conference claiming they had not left the country for four years. But subsequent investigations have conclusively proven that the Abdallah brothers were indeed in Paris and had kidnaped a French diplomat in March 1985, among other crimes.

The PLO charge that the escape of this terrorist family was aided by Syria, has backed Damascus into a corner. Syria already had to pay a price, when its acting ambassador in Teheran was kidnaped on Oct. 3 by the hardliner Hezbollah, who feared that the Syrians might be ready to tell French authorities about Hezbollah operations in Europe, as a proof of Syrian "good will."

On Oct. 8, Israeli Prime Minister Shimon Peres arrived in Paris for meetings with his French counterpart Jacques Chirac. Peres, in an interview with a French weekly, described the fight against terrorism: "In addition to all the measures and aspects you know already, there are others less well known but just as important: [to watch] the bank accounts of the terrorists, individuals or groups (someone has to feed them financially), the arms-trafficking networks (they certainly have to provide themselves with weapons), their

moves, or simply the future of these men. An entirely new policy has to be established."

The terrorist organizations ASALA and SCAPP launched new threats against the French government, prompted by the PLO intelligence chief's visit to Paris and the arrival there of Shimon Peres. Abu Iyad was described as a "French informer" by both terrorist groups, and the ASALA put out a communiqué calling on the Islamic Jihad to "deliver a present to the French Zionists" on the occasion of Peres's visit, by "executing the Zionist spy, Kaufmann," one of the French hostages held since 1985 in Lebanon.

British offensive

The opening of the trial of Nazir Narwaf Mansour Hindawi in London at the Old Bailey court on Oct. 6, is pinning down the Syrian connection to terrorism in very precise and embarrassing details for Damascus. Hindawi was arrested last April 18, some 24 hours after he had tried to send his pregnant girlfriend, Anne-Marie Murphy, to Israel on an El-Al plane with 5 kilograms of explosives. As was proven, the explosives were set to go off while the plane was flying across Austria, killing more than 300 passengers. Undetected at the x-ray check, the bomb was found by more thorough El-Al security officers, minutes before departure.

As the trial opened, the public prosecutor began revealing the network involved in the Hindawi operation, as obtained from Hindawi's interrogations. Such revelations have implicated the highest levels of the Syrian government in terrorism, and are expected to lead to the ban of the "Syrian Arab Airline" at Heathrow Airport in London. On Oct. 3, the British government already decided to ban "Libyan Airlines" from flying into London, from Oct. 31 on. The decision was taken following the trial of a Libyan arrested in the winter of 1985, who confessed to having received explosives and military grenades from a Libyan airline official in London.

As it came out, Hindawi's story is very similar. Hindawi, of Palestinian origin and of Jordanian nationality, admitted to have been recruited to Syrian intelligence by Haitham Said. Said is the number two man in Syrian Air Force intelligence, directed by Gen. Mohammed el Khouli, who has been identified as responsible for the French terror wave. In Air Force intelligence, Said controls the deployment of the civilian Syrian Arab airlines, and has been using them to transport weapons, explosives, and drugs, the prosecutor revealed.

Through Said, Hindawi, who worked in London since 1980 as a journalist, traveling throughout Western and Eastern Europe, was introduced to the London Syrian ambassador, Dr. Loutof Haydar, at whose residence he found refuge after having left his girlfriend at the airport. It was Haydar who provided Hindawi with a Syrian "service" passport of the kind used by government officials, in the name of "Issar Share." Following Hindawi's arrest, three of Haydar's collaborators, who handled the daily contact with Hindawi, were expelled.

EIR bared Syrian link

No other publication, anywhere in the world, has revealed in depth the Syrian role in terrorism which is now surfacing in European courts and media. *EIR's* Sept. 26, 1986 cover story "Who really runs Middle East terrorism," documented this assertion: "Syrian intelligence remains the most trusted vehicle through which the Soviet military command and KGB direct the international low-intensity warfare offensive." The 12-page feature detailed the institutions through which terrorism is carried out; their history going back to the Nazi period; their bank accounts and safehouses; and a chronology of the meetings and "diplomacy" through which so-called Islamic terrorism has been reorganized and deployed since the Soviet Communist Party Congress in February.

This devastating exposure of how Moscow holds the reins of world terrorism was compiled by *EIR* Counterintelligence Editor Jeffrey Steinberg, who as we go to print is sitting in a jail, denied all his constitutional rights (see the *Feature*, p. 30 for details). A Soviet-inspired vendetta?

Similarly, Hindawi had also admitted that he received the explosive from a yet unnamed official of the "Syrian Arab Airline" at the "Royal Garden Hotel" in Kensington. Though this was not said at the trial, it is common knowledge that the hotel is the personal property of Syrian Vice President Rifaat al Assad—which is the reason Syrian officials visiting Britain and personnel from the airlines always stay there.

Libya-Syria link

Never had a terror network been exposed so precisely for its connection with Syria. However, more is expected to be revealed, as there is evidence that, though Syria organized the operation, it did so in cooperation with Libya.

Indeed, Hindawi himself had for a year edited a weekly magazine, *Coll Jadid*, which was financed by the Arab People's Congress of Tripoli. Investigating the Western European and Eastern European correspondents (notably in Warsaw and East Berlin) of the weekly has proven useful.

Similarly, the question of the European-wide "Hindawi network" is expected to come up. After all, his brother was arrested in West Berlin at almost the same time, and charged with involvement in the bombing of the "La Belle" discothèque in early April. Two of his cousins were also arrested in Spain and Italy in following months, and charged with terror activities.

Syrian defense minister's literary effort reconciles Hitler and Stalin

by Laurent Murawiec

In 1981, Syria's Defense Minister Mustafa Tlas published a book in Arabic entitled *The Matzah of Zion*, which is devoted to "demonstrating" that Jews commit "ritual murder" in the normal course of their religious practice. This places him very squarely in the tradition of the most famous fraud of the 20th century, the *Protocols of the Elders of Zion*, a forgery created and circulated by old Russia's all-powerful political police, the Okhrana, and of that other 20th-century best seller, Adolf Hitler's *Mein Kampf*. The connection is that Soviet intelligence started its work in the Arab world at the point—and with the same networks—that the Nazi Abwehr left off.

Of course, Syria is a Soviet client-state, whose army is entirely armed and trained by the Soviets, and Tlas himself is a Soviet agent. Tlas exemplifies Moscow's preferred type of Arab agents, who share Russia's hatred for the West and the Russians' rabid anti-Semitism. Anti-Semitism is institutionally rampant not only in the Soviet Party leadership and the KGB, but also in the Red Army, whose recently deceased chief of the Main Political Directorate—the chief political commissar—Alexei Yepishev, was known to be the mainstay of official Soviet anti-Semitism.

Demonstrating that the Syrian military is no stranger to scholarship, Tlas's ambition is to present a doctoral dissertation at the Sorbonne in Paris, on the theme: "Marshal Zhukov's strategic method" in World War II. In an interview with the German weekly *Der Spiegel* [No. 39, 1986, Sept. 22], Tlas added that Zhukov's strategy was replete with lessons valid for Syria's standoff with Israel on the Golan Heights.

Another lesson he may have learned from Stalin's top general, concerns Georgii Konstantinovich's pathological anti-Semitism. To this day, General Milshtein of the GRU and the Palme Commission confides that he cannot understand how a Jew like himself could have been allowed by Zhukov to have been a major on his staff during the 1941 Battle of Moscow.

The Russian army, which plays so important a role in training and controlling the armies of several Arab countries,

has a long tradition in anti-Semitism. The present regime is the proud continuer of the Russian version of the "Final Solution," "one-third of the Russian Jews will die, one-third assimilate, and one-third be expelled," a formula coined by the head of the Russian Orthodox Church, Pobedonostsev, in the late 19th century.

In the last decades, the Politburo in Moscow was promoting the efforts of a prominent member of the Russian New Right, one Emelianov, a lecturer for the official *Znanye* [knowledge] Society, who toured the Soviet Union, addressing Communist Party educational meetings on the "international Judeo-masonic conspiracy," quoting liberally from the notorious forgery known as the *Protocols of the Elders of Zion* to prove his case. Emelianov has reprinted the Protocols and had it published in the U.S.S.R. with official sanction. Internationally publicized, his efforts and doctrines operated as a rallying flag for the international anti-Semitic riff-raff—including the Islamic ones—which Moscow was busy recruiting.

Before the 'Protocols'

Tlas's earlier literary exertion appeared five years ago in the form of his book, *The Matzah of Zion*, a book which purported to narrate and analyze the "Damascus Affair" of 1840, when two local Jews were charged with the ritual murder of a Christian. Challenged on the preposterous report, Tlas told an interviewer, "My book concerns an incident which took place in 1840. It is vouched for by historical archives, which can be consulted." To quote from his book directly:

. . . Al-Badari Touma al-Tabushi fell into the hands of the Jewish community [of Damascus] and fell their victim. They wanted his blood to knead their ritual bread. This act of violence was by no means the first. The West suffered many such acts. Czarist Russia, in its times, was a victim of such acts. . . . The crime which killed Al-Badari was not the first, nor was it the last, undeniably. . . . A discovery even more re-

volting than the crime itself [was] the Jews' religious beliefs, their destructive perversions which are rooted in their dark hatred for the whole of mankind and all religions. . . .

The warning came from the mothers [to their children]: "Beware of moving away from home. The Jew could come by, throw you into a sack to kidnap you, kill you and take your blood to make his Zionist bread. [sic]"

My intent in publishing this book [is] to shed light on some secrets of the Jewish sect through the doings of some of its members and the blind, hateful fanaticism inspired by their doctrine as well as the implementation of the teachings of the Talmud. . . .

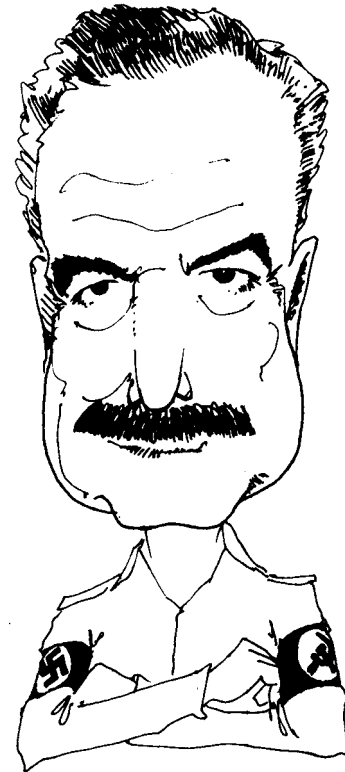
Such ravings should suffice to consign their author to a mental institution. He is, however, in a commanding position in international terrorism and, as defense minister, is currently coordinating with the Soviets the Syrian military buildup threatening Israel, which in turn threatens to provoke a new Middle East War. As an author, Tlas cannot claim

Orthodox priest Lutostanski gave Czar Alexander III a long treatise on "ritual murder." The official Moscow newspaper *Novoye Vremia* published a study by historian Nikolai Kostomarov on the Jews' "ritual crimes" in the Ukraine. The top expert in Jewish affairs for the Russian Orthodox Church's Holy Synod, Jakob Brafman, went further; his books, *The Book of the Kahal* and *Local and Universal Jewish Brotherhoods*, were a great landmark in the development of the notion of an "international Jewish conspiracy." These were the inspiration for the hundreds of pogroms that killed thousands in Russia in the decades thereafter.

The official ideologue of the Imperial Court, Fyodor Dostoevsky, advocated launching a crusade against the Jews, while praising to the heavens "the Great Aryan Race," and debated at length the question of ritual murder in the *Brothers Karamazov*. Leo Tolstoy praised Houston Stewart Chamberlain, son-in-law of Richard Wagner and later one of Hitler's mentors, for his doctrine of the racial superiority of the Aryans. Dostoevsky was an apologist for the superiority of the Blood and Soil of Mother Russia, and identified with the established authorities. Tolstoy, who passed for an anarchist contemptuous of all establishments, fully shared in the same doctrines. And the terrorist "left-wing" organization *Narodnaya Volia* [the People's Will] was caught red-handed in bloody-minded anti-Semitic propaganda in 1881: Revolutionary proclamations they put out started with the words: "Help us! Arise! Vengeance against the lords! Loot the Jews! Kill civil servants!"

The Protocols of the Elders of Zion

Undeniably, the masterpiece of modern anti-Semitism is the *Protocols of the Elders of Zion*, the permanent reference for all tales of "international Jewish conspiracy." The chief



of the powerful World Muslim Congress, Maarouf Dawalibi, formerly the secretary to the Nazi Grand Mufti of Jerusalem, and more recently the founder of "Islam and the West," a joint venture between Muslim fundamentalists and the Club of Rome, is the publisher of countless editions of both the *Protocols* and *Mein Kampf*. General Tlas received similar teachings from his home-baked Muslim Nazis and Soviet Russia.

The first known edition of the *Protocols* appeared in mimeographed form in 1897 in Russia under the title of *The Ancient and Modern Protocols of the Meetings of the Elders of Zion*, and remained utterly unnoticed. In 1903, the anti-Semitic Russian daily newspaper *Znamia* (*The Flag*) serialized it under the self-explanatory title, "The Program for the Takeover of the World by the Jews." In 1905, a protégé of the Czar's entourage, one Sergei Nilus, included the text in his kookish book, *The Big in the Small—Anti-Christ as a Coming Political Event*. The silly concoction would have continued its path through obscurity had it not been for the fact that Nilus's protector, Vladimir, Metropolitan of the Orthodox Church in Moscow, ordered that sermons be held on Oct. 16, 1905 in no fewer than 368 churches in the city, quoting from the so-called *Protocols*. One day later, the Russian media gave it immense publicity—starting with the *Moskova Vedomosti* newspaper, edited by a former left-wing terrorist Leo Tikohmirov, a convert to far-right Orthodoxy run by the Czar's political police, the Okhrana.

any originality, since the “Damascus Affair” of 1840 was the subject of what is probably the founding document of modern anti-Semitism, the 100-page confidential report commissioned by Russian Czar Nicholas I and written in 1844 by Russian academic Vladimir Dahl, who boldly asserted that “some” Jews, and “some” Jewish sects did indeed practice ritual murder. Dahl and his imperial master were starting a tradition, which was to become the mainstay of Russian (and Nazi) anti-Semitism.

By January 1906, the mass-based fascist party of Russia, the Union of the Russian People (better known nowadays under its nickname of the “Black Hundreds”), launched a new, printed edition of the *Protocols*, under the title “The Enemies of the Human Race.” The second-worst wave of 20th-century anti-Semitic persecution was launched—to be surpassed only 30 years later by the Okhrana’s pupils of the Nazi Party.

The text of the so-called *Protocols* came from a book published in Brussels in 1864 by a third-rate French scribbler by the name of Maurice Joly, under the title, *A Dialogue in Hell between Montesquieu and Machiavelli, or, The Policy of Machiavelli in the 19th century, Seen by a Contemporary*. Joly, a part-time anarchist and full-time mediocrity, had placed in the mouth of his Machiavelli a grandiose plan for the takeover of the universe, and a world dictatorship run by a secret elite. Nothing in the book was anti-Semitic, or even referred to the Jews.

The powerful head of the Paris-based Foreign Agency of the Okhrana, Piotr Rachkovsky, was one of the chief “Jewish experts” of the secret police. He had been the Okhrana’s eyes and ears at the first Jewish newspaper printed in Russia, *Ruskii Evrei (The Russian Jew)*, and, as a former leftist, was experienced in agitation work. A leading member of the Russian Princes’ and Church Princes’ secret society, the Holy Druzhina, which ran conspiracies and counter-conspiracies among revolutionaries, and later spawned the Black Hundreds, Rachkovsky received the text from some of his agents in Paris political-literary salons, and commissioned his professional forgers with a rewriting job: The utterances of the Montesquieu character were excised from Joly’s book, Machiavelli’s own pronouncements were spiced with the words “Jews,” “Hebrew,” etc., and translated into Russian paragraph by paragraph, line by line, word by word. The awkward plagiarism was then transmitted under conditions of “great confidentiality” to the Procurator of the Holy Synod of the Orthodox Church P. P. Stepanov, who passed it on to the scribbler Nilus—a creature of the Orthodox monks at the Optyna Pustyna monastery who also “handled” Dostoevsky and Tolstoy—and Black Hundreds leader Butmi.

Nilus was slated to become the Czar’s own confessor. His own views of the *Protocols* were expressed to a friend: “Let us admit that the *Protocols* be a forgery. But can God not use them in order to uncover the injustice that is being prepared? Is it not possible that God, out of respect for our

faith, transform bones for the dogs into miraculous relics? He can therefore place in a lying mouth the annunciation of the truth.” Rachkovsky’s assistant Harting was later to comment: “And say that we forged the *Protocols*! What a great coup!” while the former chief of the Russian secret police Prince Lopukhin confessed in 1920 that “in [Russia’s] government layers, it was very well known for a long time that the *Protocols* were forgeries fabricated abroad by Rachkovsky and his agents.”

How powerful an impact on overall Russian Czarist policy-making the *Protocols* and the conspiracy behind their publication were is demonstrated by a secret memorandum to Tsar Nicholas II, penned in January 1906, by his foreign minister, the Baltic-German nobleman Count Lambsdorf, in which the latter proposed to hinge the whole of Russia’s foreign policy on “a new Holy Alliance,” similar to that of 1815, and aimed at destroying the “international Judeo-masonic conspiracy.” The Czar personally annotated the document thus: “*Negotiations must start immediately*. I entirely share the views expressed here.” Even though the diplomatic initiatives that followed failed to concretize the desired alliance, the anti-Semitic effort successfully contributed to creating a host of international contacts and networks which constituted something of a “White International,” one most auspicious for enhancing Okhrana penetration of Western elites and secret services.

From the Okhrana to the Nazi Party

Anti-Semitism was a crucial policy-tool for the dominant force of the Czarist regime, within Russia and outside. Within, it was a special unit of Okhrana which turned out, from the basement of the Petersburg police headquarters, millions of proclamations and leaflets calling for pogroms, and signed by the Black Hundred mother-organization, the Union of the Russian People. The head of the unit was one Captain Kommissarov, who was later to be Rasputin’s Okhrana controller, yet later a prominent friend of the Nazis—and an agent to the successor organization of the Okhrana, the Bolsheviks’ Cheka/GPU. “We can get any pogrom going,” he boasted, “one with ten participants, one with ten thousands, it’s as you wish.” The pogroms were the lever to organize the Russian masses into a fascist-like movement. Outside Russia, the contacts established through the *Protocols* conspiracy were to prove no less useful.

French historian Henri Rollin, who investigated the matter before World War II, reports that “all the Russians who in 1919 were propagating in Germany the *Protocols of the Elders of Zion*, were the advisers to Hitler in matters of anti-Semitism and the struggle against Bolshevism, were veterans of the Union of the Russian People and the Brotherhood of Saint Michael the Archangel,” a sub-branch of the Black Hundreds. He adds that “among the Russians who surrounded Hitler at his beginnings, one person exerted a considerable influence in foreign policy matters was von Taube, former

[Imperial Russian] Senator, former member of the Imperial Council, and suspected . . . to have drafted the Lambsdorf memorandum.”

Tsarina Alexandra's personal copy of the Nilus edition of the *Protocols* had been found in the house where the imperial household had been before being butchered by the Bolsheviks. A swastika had been drawn on a wall. Out of those circumstances, the Black Hundreds element in the White armies fighting in the Russian civil war, created a cult of the swastika, and turned the *Protocols* into the obligatory reading for their officer corps, which enabled the White troops to massacre, in the Ukraine alone, 60,000 Jews. Admiral Kolchak, who led the White troops in Siberia against the Reds, made it his bedside reading; so did General Krasnov, one of the founders of the secret "White" society, the Brotherhood of the Russian Truth—a successor to both the Holy Druzhina and the Black Hundreds. And when the remnants of the White armies went to the West after their military defeat, they brought the as-yet-unknown *Protocols* in their luggage.

An intimate of the late tsar, Col. Fyodor (Theodor) Winberg, a German-Russian Baltic officer, who was central to the Russian emigration in Berlin and Munich, gave a copy of the book to a German officer, Capt. Mueller von Hausen, who reprinted it in the Berlin newspaper *Auf Vorposten* in December 1919, using the *nom de plume* of Gottfried zur Beek. Winberg's own journal, the Russian-language *Sveta Luch* (*The Ray of Light*), reprinted the *Protocols*. In the muddy waters of postwar Berlin and Munich, the émigré Russians became, under the pretext of a "crusade against Bolshevism," chief advisers to the incipient Nazi Party as well as the myriad sects and organizations which shared in the common doctrines of Aryan racism and imperialism. The Brotherhood of the Russian Truth, as a central émigré coordinating body, and especially its German-Baltic element, were invading the milieu which was generating the Nazis. Alfred Rosenberg, who was from Riga in Russia and who was to become the official ideologue of Nazism, after completing his studies in revolutionary Moscow under Lenin, retransmitted his Russian experience to Hitler's mentor Dietrich Eckhardt. Young Hitler's "brains," the little-known Max-Erwin von Scheubner-Richter, also a Baltic German, advocated "copying the Bolsheviks in the conquest of power." And Colonel Winberg advocated the Russian-German alliance which Hitler and Stalin were to achieve in 1939. In August 1921, the young Nazi Party and the Russian émigrés of the Brotherhood, were holding a common Congress in Munich—which was dominated by the theme of the Lambsdorf memorandum, the international Judeo-masonic conspiracy. Later, the Brotherhood was to be integrated into the apparatus of the Gestapo, the SS intelligence service (the SD), and the international intelligence apparatus, the Welt-dienst.

In the meantime, the Russian émigrés had fully reintegrated the ranks of Holy Mother Russia through the agency

of The Trust, Cheka chief Felix Dzerzhinsky's vehicle for the penetration of the West. Black Hundred leader Shulgin was writing paeans to Stalin's purging of the Jews. The *Protocols* as a Trojan Horse had fulfilled its assigned function: The Third Reich was being in good part integrated into the Third Rome.

During the Third Reich, a great deal of activity was devoted to recruiting Middle Eastern agents, such as the Grand Mufti of Jerusalem Amin al-Hajj Husseini. In 1932, the Nazis helped Antoine Saadeh, the founder of the Syrian People's Party, set up shop in Berlin, and ran the formal establishment of his party—in Berlin rather than Damascus!—in 1936. The wife of Hafez el-Assad, Anita Maklouf, now chairs this old Nazi party, while her husband dabbles in pro-Soviet Arab Socialism. After the war, as is well-known, many a prominent SS man found a refuge in, especially, Syria, which still shelters Alois Brunner, one of the top hatchetmen of the Final Solution under Adolf Eichmann. The anti-Semitism blooming triumphantly in the Soviet Union in the postwar period—such as in the Purge Trials in Eastern Europe and the 1952-53 "Doctors' Plot" in Russia—provided the most natural pathway for reunification. When Mustafa Tlas expounds his delirious doctrines, that is the fraudulent and bloody tradition that speaks through the lips of this *Golem*.

In Defense Policy and as a Military Phenomenon

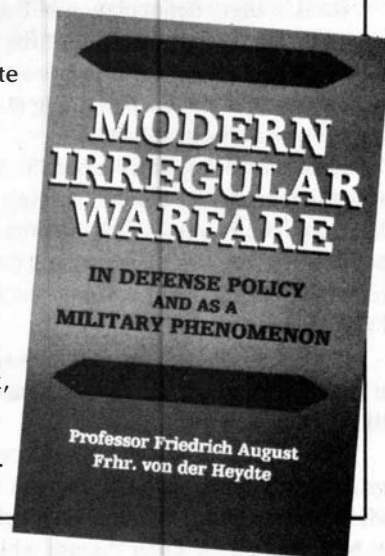
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Royal AIDS uproar reopens Palacegate

by Mark Burdman

Will the entire British Royal Family now be obligated to take tests for the disease AIDS? That is the question now being asked by British influentials, following the news reported in most British dailies Oct. 6 and 7, that the former valet of Prince Charles, Stephen Barry, had died of AIDS at St. Stephen's Hospital over the Oct. 4-5 weekend.

Reports of Barry's death were accompanied by accounts in numerous British newspapers of his own homosexual proclivities, and, worse yet, of the rampant homosexuality among servants in Buckingham Palace, including servants of Queen Elizabeth II herself. The tabloid press began to speak of "dozens of homosexuals" in the Palace's service, and the joke has begun to circulate, about the "Royal AIDS" inhabiting the Palace.

With the jokes, however, has come the concern: What if an AIDS-infected servant, perhaps the cook, or a servant of the cook, were to cut his finger, while serving Her Majesty and her entourage? On the eve of Her Majesty's week-long, first-ever visit to the People's Republic of China in mid-October, foreign governments might also consider expressing concern, that Her Majesty and Co. first be screened for AIDS, before being admitted for a royal state visit.

It was the *Daily Express's* noted society columnist, Jean Rook, the self-described "First Lady of Fleet Street," who posed the most pointed questions about the implications of the "Royal AIDS," in her Oct. 8 column.

Rook's angry denunciation of Palace perversity strongly suggests that the next chapter of the so-called "Palacegate" fight pitting the House of Windsor against British patriots has begun, and that matters pertaining to AIDS have become the centerpiece of the next battle.

Rook stated that Barry's horrific death "must finally convince humanity that there is nothing gay about being gay." She noted the before-AIDS and after-AIDS photos of Barry published in the British press, and commented, "We should remember those pictures. Under the slogan: 'HOW GAY IS IT TO BE GAY?'"

"What must not go on, without saying strong words about it, is the acceptance of gay aides and servants surrounding the Queen.

"The Queen's alleged assurance to an AIDS pressure group, asking her support, that she is 'remembering AIDS victims in her prayers,' is all very well. But not good enough to help contain the killer disease which is moving, like fun-

gus, across nations.

"By employing her small army of gays—grimly dubbed by jokers as the 'Royal AIDS'—the Queen, however indirectly, is condoning blind Gay Faith that 'it can't happen to me.'

"And, in a week when a schoolmaster is alleged to have urged a group of twelve 15-year-old schoolboys that 'there's nothing to be ashamed of' in homosexual romps, she is doing nothing to stamp out the attitude towards 'gaiety,' which has landed us in this horrifying mess.

"I don't call for Wildean persecution of homosexuals, but I shall never stop condemning their glorification."

A new chapter of "Palacegate"? Recall that when the original battles erupted, in July-August of this year, between the Palace and Prime Minister Margaret Thatcher, the battle over South Africa was only one of the key policy issues that surfaced. Palace officials were quoted in the London *Sunday Times*, pontificating on the "left-wing" biases of the Queen and her retinue, over social affairs pertaining to "inner cities."

The surface manifestation of the new political brawls, is the contrast between the left-radical, pro-Soviet British Labour Party, and the ruling Conservative Party, at their respective party conventions. During the week of Sept. 29, in Blackpool, the Labourites' resolutions, included one, enthusiastically voted up by more than a two-thirds majority of delegates, demanding "gay rights" laws to be passed, and attacking those media which attempt to link homosexuality and the spread of AIDS. "Gay rights" was portrayed as integral to the achievement of "socialism."

By contrast, at the opening day of its convention in Bournemouth, Oct. 7, Tory Education Secretary Kenneth Baker angrily attacked "gay rights" and "loony left" propaganda in the schools, and excoriated the Inner London Education Authority, for issuing a book which showed two semi-naked men and a girl of seven in bed!

Economic issues

The interesting challenge for the Thatcherites will be that they will have to challenge their own "economic austerity" and "privatization"/free trade beliefs, if they want to deal with AIDS effectively. *EIR* has learned from Conservative loyalists that there is great reticence within Mrs. Thatcher's government, about spending the necessary money for the policies that would be needed—including an "Apollo Project" medical research program, capabilities for screening the population, and isolation of AIDS carriers and sick—to combat AIDS.

In this connection, Buckingham Palace harbors a spokesman for the Swiss banking "free enterprise" interests who have been at the center of the AIDS cover-up: Prince Charles's senior adviser, Sir John Riddell, was a former director, in London, of *Crédit Suisse*, the infamous Swiss "dirty-money" laundry.

Locusts inflict heavy damage on crops

The emergency measures EIR demanded to stop the locust plague were not implemented—and the consequences are at hand.

‘P’eople are walking ankle-deep in locusts,” reported a journalist from the Chad capital, N’djamena. On Oct. 3, an immense swarm of locusts invaded the city during the day, an unprecedented occurrence. In previous years, swarms of locusts have only occasionally come into N’djamena, at night, attracted by the lights. Inadequate prevention and control measures have meant that the locust swarms have bred and multiplied several times during the September rains. As we have documented, the U.N. Food and Agriculture Organization (FAO) has delayed and obstructed effective action against the locust plague. Now considerable damage is being done to crops by the swarms.

An expert interviewed on France’s Radio International reported that “heavy damage” had been inflicted on crops in Burkina Faso and that the situation was “beginning to be critical,” since the swarms are starting to move south, into the cultivated areas of the country. “The town of Dori was invaded within a few hours by millions of locusts—people were covered with them,” he said. “Peasants rushed out in the middle of the night to save what they could of their harvest.” France and Canada have both sent two planes for spraying, but the expert commented, “These means are insufficient. It is the strategy that is the problem. Prevention was necessary, now it is very difficult to destroy the swarms.” He explained that even to protect the cultivated areas was difficult, as the 14,000 hectares of threatened crop land

was not all in one place, but scattered over a vast area.

The French research locust center Prifas reported in the latest issue of its newsletter that heavy rain in Senegal led to swarms of locusts moving north, thus escaping the only massive operation of air spraying organized by the U.S. and Senegalese army south of the Senegal River. These swarms are now threatening Mauritania.

The small-scale measures proposed and implemented by the FAO—in contrast to the military-style mobilization which *EIR* urged six weeks ago—have proved totally ineffective. The FAO bulletin put out by the locust center in Rome gives the bare facts which reveal the inadequacy of measures taken. The Oct. 6 issue reports that “large areas of southeastern Mauritania, northwestern Mali and Senegal still require treatment against grasshoppers.” On Chad it reported on Oct. 2 that “grasshoppers are becoming a serious threat. . . . Gambia: government concerned with the possibility of more extensive damage to maturing crop. . . . Mali: infestation increasing. . . . By 29/09, some 250,000 ha. had been treated but on 26/09 a further estimated 130,000 ha. needed treating. Pesticide shortages reported.”

And so the list goes on, with Mauritania, Niger, and Senegal, the other countries seriously affected in West Africa. Swarms of locusts have now also been reported in Nigeria. In Southern Africa, brown locusts have started hatching in Botswana and South

Africa, with the risk of a northward invasion as early as December. The South African government has taken steps to monitor the situation, warning the farmers that if they fail to report the presence of locusts on their farms, they will face a fine or a jail sentence.

There are also unconfirmed reports of an “immense desert locust swarm over Saudi Arabia,” which could pose an enormous threat to the Horn of Africa.

All the countries concerned have made urgent appeals for technical and logistical aid, and while the United States and the EC countries have donated pesticides and equipment, the scale of the operation planned is far too small.

African governments have been forced to cut back spending on locust-control measures and on imports of vitally needed pesticides by the International Monetary Fund (IMF) and the World Bank. The austerity measures demanded by these malthusian institutions are literally killing Africa.

Even the implementation of such measures does not mean financial aid for the countries concerned. A French newsletter *Lettre d’Afrique* has pointed out that Africa is paying the IMF and the World Bank more in interest payments than it is receiving in new credits. The IMF, for instance, granted \$50 million in new loans to the 15 most indebted countries between January and August, while receiving \$760 million in interest and capital repayment from those same countries.

The steady worsening of Africa’s economic crisis is certainly the reason why the idea of a conference on Africa’s debt has been raised again. N’guesso, chairman of the Organization of African Unity and President of the Congo, reportedly “astonished” delegates at the U.N. General Assembly on Sept. 30 by calling for the holding of such a conference.

CDU meets: cosmetics, but no policy

The Christian Democratic Union party convention in Mainz marks the loss of the conservative profile.

Four years after Chancellor Helmut Kohl took power in Bonn (October 1982), his Christian Democratic Party (CDU) held its party convention in Mainz Oct. 6-8, to prepare for the coming national elections on Jan. 25, 1987, and review the four years of CDU rule in Bonn.

The four-year record of Kohl is not a good one: He has abandoned all of the CDU's traditional views on foreign policy, defense, and domestic security, leaving central areas of government policy to his liberal coalition partner, the Free Democrats (FDP). Kohl has handed over these areas of policy to the Free Democratic Party's Foreign Minister, Hans-Dietrich Genscher. Thus, foreign policy and defense have been replaced by pro-Soviet appeasement and arms-control initiatives, and domestic security by even more liberalization of the justice system.

Step by step, Kohl and his CDU lost votes from their conservative constituencies in all past sub-national elections, to the opposition Social Democrats (SPD). The latest such election debacle took place on Sunday, Oct. 5, two days before the Mainz convention began officially, when municipal elections in the state of Lower Saxony yielded another average loss of 4% for the CDU. This means that German conservatives continue to abstain from voting CDU. Also the FDP, Kohl's minor coalition partner in Bonn, lost votes. But neither Kohl, nor the CDU leadership, decided to take notice of this vote. Instead, they resorted to propaganda,

telling the delegates to the Mainz convention that this Oct. 5 vote was "a remarkable success."

This kind of re-interpreting of reality has become a hallmark of the CDU and Chancellor Kohl. Faced with a national unemployment rate that won't fall (and can't, because of the government's budgetary austerity policy), the CDU leadership told the delegates that Kohl's economic policy record was "excellent," and went so far as to speak of "the second German Economic Miracle."

As for his government's record on foreign policy and defense, Chancellor Kohl himself tried to convince the Mainz convention in his keynote address that without his own "steadfastness," there would not have been the past Geneva and the coming Reykjavik summits between Reagan and Gorbachov. Amazed delegates and the press were making jokes after Kohl's address, calling him the "father of Reykjavik."

It was also interesting to note, that the Mainz convention did not deal with the question of the Soviet military buildup, nor with the threat of terrorism, nor with the AIDS issue. All of these controversial items were kept out of the debate. Instead, CDU party manager Heiner Geissler, the party's "strong man," whom many say has the party and the chancellor under tight control, streamlined the convention along "social issues." The CDU will not attack the opposition Social Democrats on their pro-Soviet policy profile, but will use the 100 days from now to election day on Jan. 25, to

campaign on problems of the family, of health (keeping out the AIDS issue, however), social care, and the "entry into the information society."

This means that Geissler has made a pre-election deal with Foreign Minister Genscher, to have his party campaign on foreign and arms control, defense and security issues. This will help the FDP, which most recent opinion polls are giving less than the 5% of the vote needed to qualify for seats in parliament, back into the parliament and the government coalition.

It was observed at the Mainz party convention that party manager Geissler got more applause than party chairman Kohl. Geissler's control of the party is so tight that Geissler was also able to make a deal with Franz-Josef Strauss, the chairman of the Bavarian state section of the Christian Democracy, the Christian Social Union (CSU). Strauss had been the only prominent leader to attack the policy of Foreign Minister Genscher and to demand that the CDU and the chancellor regain the reins of the government's foreign and defense policy. Strauss has charged the CDU and Chancellor Kohl with giving away precious votes by liberal policies which scared away the conservative constituencies. Strauss's CSU, insisting on this policy reform, has consequently refused to sign a joint election campaign platform with the CDU for 1987.

The delegates in Mainz were eager, therefore, to learn from Strauss's address on Oct. 7 what he thought was wrong with the CDU. But Strauss's appearance was a big letdown. He did not reiterate his critique of the CDU, nor of the FDP and Genscher. Instead, he joined Geissler's and Kohl's "confidence propaganda" among the delegates. This means that, for the remaining 100 days until the coming elections, cosmetics will replace politics.

A race of dwarfs

Fathered by the moral midgets who implement International Monetary Fund starvation policies.

The financial world was entertained at the International Monetary Fund (IMF) meeting by the theatrics around Mexico and its creditors coming to terms. Meanwhile, starvation levels had reached a point of no return in Mexico.

Almost 24 hours after "stopping the clock" at the midnight, Sept. 29 deadline for the talks, Mexico agreed to terms on its debt which, at best, are the same as those prevailing during the past four years. In return for a 1/16th of a percent reduction in interest levels, Mexico made concessions which bankers said would raise the profitability of their Mexican business, but which have remained secret.

Mexican President Miguel de la Madrid, who is presiding over the dismemberment of his nation, was forced to listen on Oct. 2 to a public report on the results of his four years of IMF austerity. De la Madrid gave the opening speech at the First National Meeting on Worker Nutrition, Health, and Productivity, organized as a "responsible protest" by the Confederation of Mexican Workers (CTM), the labor wing of the ruling Institutional Revolutionary Party.

The CTM's health secretary, Dr. Hector San Román, informed him that 60% of the population is undernourished. "The loss of buying power of wages which has taken place over the past three years has depressed the nutritional levels of the Mexican population by 20%, so that current nutritional levels are worse than those of

10 years ago."

As it fell into misery, the population has reduced the quantity of its food intake as well as substituting items of lower nutritional quality. Caloric consumption fell 18% from 1982, before Mexico's IMF agreement, to 1984, while animal protein consumption fell by 50%, studies showed.

Mexico's population is being degraded by the IMF's conditions. Infant mortality is at 50 per thousand on a national basis; 42% of children under 15 are chronically undernourished, according to the study handed the President and summarized by Dr. San Ramón. That leaves them vulnerable to gastrointestinal and respiratory diseases, the main causes of death. The study notes that the problem is critical in rural and urban slum areas, in which malnutrition is the number-one cause of infant mortality. *Only 22% of children under 4 years old have normal height and weight.* The doctor reported, "comparatively, our children spend an average of 50-60 days a year sick, while children in better-nourished countries or in the privileged layers spend only 15 days sick."

Meat, milk, and eggs have disappeared from the diet, leaving only rice, beans, tortillas, pasta, sugar, and coffee as the basic diet. In August 1981, 5,000 head of beef were slaughtered daily in the Mexico City region. Now, not even 2,000 are, despite the increase in the population. The price of a kilogram of chicken or soup bones with scraps is equal to half of the daily

income of a worker lucky enough to have a job earning the minimum wage.

(The president of the National Agricultural Council, Juan Manuel Unanue Rivero, confirmed Sept. 22 that food production in Mexico has fallen by 40% this year. He blamed this on "reduced demand" and the unrealistic parity prices offered basic grain producers. Mexico has also decreased imports of grain, milk powder, and cooking oils by 3 million tons since 1983.)

The elimination of price subsidies, explicitly mandated in de la Madrid's first IMF agreement, caused milk prices to increase by 757.1% from 1982 to 1986. This eliminates milk from the diet of millions of children and pregnant women.

Dr. San Ramón concluded, "The crisis is creating undernourished workers, who are chronically sick, physically and mentally and condemned to aging prematurely."

Labor-based Sen. Arturo Romo told the meeting that "a reduction in productivity is a consequence" of the increasing malnutrition and disease of the working class. "The poverty of production and supply of food coming from the Mexican countryside is unacceptable," he insisted. He condemned "the seditious ideologues and analysts who seek to uphold the so-called free enterprise system to the death. They claim to be impotent to solve the crisis and to recover an economic growth capable of satisfying the population's needs."

No one doubted he was answering the President's brief opening statement: "In these times of economic difficulties, we have to be on guard to prevent substantial reductions in the living standards of the majority. The government cannot completely prevent it, because that is what the crisis is made of."

India stepping up anti-drug efforts

A national seminar and increased media attention have put new emphasis on the problem.

A "Smugglers Forfeiture of Property Act" is under consideration by the government for the winter session of Parliament, the Narcotics Commissioner of India told a two-day national seminar on drug abuse recently. The legislation is aimed at raising the stakes against drug traffickers; a year ago the government overhauled the country's archaic drug laws to provide wide powers to law-enforcement officers and mandated a minimum 10-year sentence just for pushing.

The "Narcotic Drugs and Psychotropic Substances Act of 1985" also provides government power to establish centers for identification, treatment, education, rehabilitation, and social re-integration of addicts.

Union Welfare Minister Dr. Rajendra Kumari Bajpai presented the integrated plan drawn up recently by the government. "The urgency and importance of these measures is because we are keen to nip the problem in the bud," Dr. Bajpai said. According to press reports the prod had come directly from the Prime Minister's office. A shortage of trained psychiatric and other medical personnel and equipment will, however, limit the program to Delhi for the time being.

The scope of the problem can be seen in the record of arrests and drug seizures during 1986. According to the Directorate of Revenue Intelligence, under whose wing a new "Narcotics Control Bureau" has been set up in the finance ministry, seizures of heroin exceeded 2,400 kg. as of mid-Sep-

tember compared to 761 kg. for the whole of 1985, and 203 kg. in 1984. More than 15 tons of hashish have been confiscated, compared to 10.3 and 4.3 tons in 1985 and 1984, respectively.

Though there have been reports of judges ignoring the penalty provisions of the new law, the law itself has clearly inspired more activity on the part of enforcement personnel. An upward revision of the rewards the government offered as an incentive to informers and officials who help in narcotics seizures gave a further boost. In the past eight months, the two largest seizures of heroin and hashish in the world occurred in the Bombay area.

An increasing number of news reports on anti-drug campaigns and exposés of drug problems are coming in from different parts of the country.

Recently, reports from West Bengal, for instance, say that an estimated 60 kg. of "brown sugar," or unrefined heroin, is sold on Calcutta streets every day, where drug abuse has shot up alarmingly in the last two years. (One gram of "brown sugar" can provide about 20 doses, each selling for the equivalent of \$5.) There are more than 50,000 addicts belonging mainly to the middle and lower classes throughout the state, with an estimated 300 new addicts being created every day.

A public anti-drug campaign launched by the Indian Chamber of Commerce and various student and citizen groups in Calcutta recently, have forced officials to act, though according to the press reports to date,

not one of the half-dozen well-known "kingpins" of the deadly racket have been booked.

In another report, from the north-eastern state of Manipur, whose border with Burma falls within the "Golden Triangle" drug-production zone, citizens have taken the soaring drug problem into their own hands. In the face of local police and political corruption, many villages have set up their own anti-drug organizations to go after both addicts and peddlers. "Sometimes," according to one report, "women's organizations destroy shops of these peddlers, who are then publicly paraded with their heads tonsured and accompanied by a jeering crowd."

The government is actively seeking international cooperation in the anti-drug fight. The first meeting of the Indo-U.S. working group on narcotics in September produced an agreement that the United States would share all its general and operational intelligence about drug trafficking, particularly in Pakistan, Afghanistan, Nepal, and Burma. Also discussed was India's request to share U.S. experience in the rehabilitation and education aspects of the problem. The United States reportedly suggested that India impose curbs on the production and movement of acetic anhydride.

It is also reported, unofficially, that discussions have been initiated with India to enlarge the scope of the extradition treaty between the two countries to include drug offenses.

In a related development, it was reported here that the dispute that erupted over the posting of two British customs officers in India on anti-drug duty is based on Delhi's insistence that the scope of information they are bound to share, includes information about the British bank accounts of known drug smugglers.

How to bring justice to justices

Peru's President García indicted the corrupt judge who sprang a top narcotics banker from jail.

Peruvian President Alan García delivered a body blow to Dope, Inc.'s efforts to overthrow him and take back control of Peru. Using the power granted the President under the state of emergency declared to fight terrorism, García on Oct. 7 ordered cocaine banker Carlos Langberg back to jail, reversing a release order issued by a corrupt judge Oct. 2. Then, in what should be a subtle message to President Reagan, García's government indicted the judge and the prison officials who participated in what the government termed "a mockery of justice."

As this column went to press, García was meeting with his cabinet to organize what Lima sources predicted would be a thorough moralization of the country's justice system, which has made it nearly impossible to convict the kingpins of the drug trade and the terrorism which threaten civilized society.

Langberg's release was the biggest threat to García's presidency since the June 16 set-up in which renegade policemen assassinated up to 100 terrorist prisoners in cold blood, violating government orders to restore order among the mutinous prisoners. Then, too, García acted with a potency and a sense of justice that astounded his foes, and, so far, has thwarted efforts to use the incident to discredit his government or provoke a military coup.

The terrorist-support networks are still using the incident to bludgeon García. For example, in an early-October Bonn press conference, Javier

Diez Canseco, an oligarch who is a leader of the pro-Shining Path left opposition to García in Congress, declared that Willy Brandt had promised him to study all "human rights abuses" by the García regime and to consider Diez Canseco's plea that the \$100 million in development loans West Germany has promised Peru next year be cut off.

"The possibilities of President Alan García finishing his term in 1990 are remote, despite his recurrent tactic of exploiting Peruvian national vanity," the *International Currency Review*, the mouthpiece for the gnomes of the City of London, predicted in its latest issue. Copies were slipped under the hotel room doors of the 3,000 delegates at the International Monetary Fund's annual meeting in Washington.

The London bankers, whose fortunes began with the opium trade, are in league with other parts of the Peruvian left. Qaddafi-loving journalist Augusto Zimmermann advocates abolishing President Reagan's "imperialist" War on Drugs. In his *Kausachum* magazine Zimmermann recalled that U.S. citizens pay \$50 billion per year for cocaine—"thus sniffing every 365 days three times Peru's total foreign debt." So, he suggests "the United States send the \$10 billion it spends every year fighting narcotics traffic to buy Peru and Bolivia's coca leaf crops." Those countries would use part of the money to pay off the bankers holding their foreign debt early, and the rest for "the country's eco-

nomie development. . . . We are a beggar country seated in a sea of coca."

Zimmermann reworks the historic slogan of García's party, "Only APRA will save Peru," to "Only coca will save Peru," to fit his demand that García abandon his war on drugs, which has seized more cocaine than any other in the world.

Cocaine financier Carlos Langberg feels at home with either slogan. His lawyer claimed Oct. 7 that Langberg was a loyal APRA member. Indeed, Jorge Idáquez, then secretary general of the APRA, was aboard Langberg's yacht in 1980 when it sailed into Acapulco with 500 kilos of cocaine on board. Langberg escaped Mexico with a conviction for only carrying 50 grams and paid the fine, but the Peruvian Supreme Court is now processing charges against him for drug trafficking, even of that small amount, from Peru.

In 1981, a young and unknown APRA deputy named Alan García risked his career and his life at a time no one was fighting drugs by going against the party mafia to force an investigation of Langberg, the party's top funder. That inquiry led to Langberg's conviction a year later of financing and directing narcotics traffic, for which he was sentenced to 14 years in jail.

Thus, Langberg's release was a personal challenge to García's authority as President. García's main opponent inside the party, Sen. Armando Villanueva, went so far as to declare that Langberg's release seemed to be legally valid. The communiqué, reportedly penned by García's hand, which ordered Langberg back to jail stated: "The government has ordered his detention in the expectation that judicial authorities will review the judge's decision, given that the country cannot be made the object of a mockery."

International Intelligence

Anti-IMF figure sentenced in Tunisia

A Tunisian judge has condemned former Tunisian Prime Minister Mohammed M'zali to one year in jail, *in absentia*, on the remarkable charge of "illegally crossing Tunisia's borders." M'zali was removed from his post by an aging President Bourguiba during the summer. By the end of September, Parliament had lifted his parliamentary immunity.

Following M'zali's dismissal, IMF austerity conditionalities he had opposed went into effect, beginning to dismantle Tunisia's economy.

In a series of interviews from Europe, M'zali said that his family has been taken "hostage" because of his departure. Three sons and his son-in-law have been arrested, and his wife is under house arrest.

Indicative of the legal system required to implement IMF programs, Mrs. M'zali is charged with: being related to her husband.

In a TV interview in France, M'zali described such measures by the IMF-run government as "unprecedented." Such repression was not even used against the overthrown Tunisian monarchy in the 1950s, preceding the establishment of the republic.

According to M'zali, the actions have been taken by a "small clan which has taken control of the country," and now uses the senile Bourguiba as a figurehead.

Chirac accused of contradictory policy

France's Socialist and National Front parties have attacked Premier Jacques Chirac in the National Assembly, accusing him of pursuing a contradictory policy around French hostages in Lebanon.

Socialist First Secretary Lionel Jospin, referring to suggestions by other Chirac ministers that Mideast states or secret services might be implicated in terrorism, said: "If a certain Middle East state is involved,

why ask for its help? If a certain other state is involved, why seek a rapprochement with it?"

"Why did you let it be understood that France was ready to disengage from Lebanon?" Jospin continued, to jeers from government deputies. "Wasn't it risky to let it appear that France's Mideast policy was not fixed, but might instead be altered. . . . We don't know what your policy is. If your policy is to use force, how will you do it? If you agree to negotiate, tell us on what terms and with whom," Jospin said.

National Front leader Jean-Marie Le Pen poured scorn on Chirac for saying the government was surprised by terrorist acts: "This freshness of mind would be seductive in a young girl, but is astounding in a head of government," Le Pen said.

France the target of new terror threats

On Oct. 6, the Armenian Secret Army (AS-ALA) transmitted a warning to the French government, saying that French planes, airports, airline offices, and trains "have become military targets." France has suffered heavily from Soviet-ordered, Syrian-run terrorist attacks under the pretext of trying to free Lebanese terrorist Ibrahim Abdallah from French prison. ASALA is a Syrian-controlled terrorist grouplet.

Other threats are coming from Syria and environs: "Islamic Jihad" announced that it would release French hostages in Lebanon only if Paris convinces the Kuwaiti government to release some 17 of its members, implicated in a 1983 kamikaze operation against the French and U.S. embassies there.

However, on Oct. 6, two days before Prime Minister Shimon Peres arrived in Paris for a state visit, the Israeli Air Force "sent a message" to the terrorists, bombing buildings occupied by George Habash's Popular Front for the Liberation of Palestine (PFLP). The bombardment occurred only a few miles from Khobeyat (near Tripoli in northern Lebanon), the hometown of the Abdallah family.

Greenie falls apart in pre-trial deposition

On Oct. 6 and 7, attorneys for *New Solidarity* newspaper and the newsservice NSIPS, conducted a pre-trial deposition of Petra Kelly, the West German Green Party's founder and leading media star. Kelly had sued them and others in 1983 for printing an article titled, "Did You See This Whore on TV?" The article accused her of being a fascist, a terrorist, and a Nazi. It also called her an "unchaste person."

Libel? Petra Kelly has never married, and admitted under oath to having sexual liaisons with at least three married men who were twice her age or older.

When questioned about her first such beau, former European Economic Commissioner Sicco Mansholt, Kelly pathologically insisted that she and he had a deep "spiritual erotic" relationship. Her feminist vocabulary refused to admit of the meaning of the word "sex." She stubbornly insisted that she didn't know what "sexual intercourse" meant!

The attorney asked: "Did you ever have a sexual relationship, or as you call it, an erotic relationship, with Mr. Carroll?" John Carroll is an Irish trade unionist. Kelly, weary of her own semantic games, said: "Yes."

She then testified that in every instance of an illicit tryst, she had obtained the permission of the person's wife.

Kelly was then confronted with the evidence that her party was "Nazi," "fascist," and "terrorist, including quotes from her associates praising "Brother Hitler."

The deposition went so poorly for her that she was seized by fits of paranoia, accusing the defendants of stealing documents which were, in fact, public source material, for example, *Washington Post* articles.

Her "constant companion," retired NATO Gen. Gerd Bastian, stayed at her side throughout the deposition, even though he was not a party to the suit. Her lawyer, terrorist attorney Ramsey Clark, the former

U.S. Attorney General, was nowhere to be seen. An associate said he was "out of town." After Kelly's performance, it is not hard to see why.

South Africa to be 'another Iran'?

The Republic of South Africa will be turned into "another Iran" by its internal troubles combined with foreign-power sanctions, Franz-Josef Strauss warned in his address to the Christian Democratic Party convention in Mainz, Oct. 7. Strauss, Bavarian state governor, heads the Bavarian branch of the Christian Democracy, the Christian Social Union.

"The false friends of democracy fight apartheid, but will push South Africa into the same chaos, as others did with Iran," he stated.

Strauss compared the international campaign against President P. W. Botha with the international campaign against the Shah of Iran in 1978-79: "The result, which everybody can see now, was that there is no democracy in Iran today, but the rule of a brutal regime," said the Bavarian leaders.

The political steps taken by Botha "have not gone far enough," Strauss said, "but they were the most he could dare, short of a coup d'état."

Soviet-run 'peace' conference flopping

The Soviet-run World Peace Congress, scheduled for Oct. 15-17 in Copenhagen, Denmark, is shaping up to be a giant international failure.

The London *Daily Telegraph* today headlines, "Peace Congress to Be Russian Propaganda Flop." The article begins: "The Soviet Union is rapidly heading for one of its biggest postwar propaganda flops," as the congress "is facing mass walkouts."

Danish government and "peace group"

spokesmen are denouncing the Congress as "yet another propaganda attempt to influence Northern Europe." U.N. chief Javier Perez de Cuellar, Sen. Ted Kennedy, and Indian Prime Minister Rajiv Gandhi, are all refusing to attend.

Conference organizers had boasted that 5,000 people would attend, but now only 1,500-2,000 are expected.

Shevardnadze calls for new 'Pancho Villas'

Soviet Foreign Minister Eduard Shevardnadze visited Mexico for three days in the first week of October, and spent most of his public time raving about the Soviets' global "peaceful" intentions.

Trade deals were signed, as were cooperation accords in the areas of energy, metallurgy, and electricity. Both nations agreed to regular consultations on oil matters, and exchanges of related technology were discussed.

But in a dinner toast Oct. 3 in the presence of the Mexican foreign minister, Shevardnadze revealed the real purpose of his trip. During the toast, he called for "new Pancho Villas and Emilio Zapatas" to "unite and act" in Mexico.

Villa and Zapata were bandit leaders who led anarchist peasant uprisings in the 1910s. Only when Mexican nationalist leaders crushed them was it possible to establish Mexico's modern constitutional republic.

The instruments for Shevardnadze's new "revolution" exists in the National Action Party (PAN), a Nazi, drug-running formation based in the northern border states, and the communist party of Mexico, the PSUM. The two are now allied, on Moscow's orders.

Just two days before Shevardnadze spoke, Manuel Clouthier, leader of the PAN, bragged that the PAN contains "the Villas and Zapatas of today."

The PAN-PSUM alliance is supported by U.S. "conservatives" like Sen. Jesse Helms (R-N.C.) and, more covertly, the State Department and—who else?—the FBI.

Briefly

● **THE WORLD BANK** is considering not sending a new representative to Lima, Peru to replace its current representative. The cited reason is that Peru has not given any date for payments of foreign debt.

● **IVAN ARKHIPOV**, first deputy chairman of the U.S.S.R. Council of Ministers, has been relieved of his duties by the Presidium of the Supreme Soviet. According to TASS, the action was taken "in connection with his retirement caused by the state of his health."

● **TASS**, the Soviet news agency has denounced U.S. Defense Secretary Caspar Weinberger, for attacking the Soviet Union. "Speaking in Anchorage," says TASS, "Weinberger was busy frightening the audience with assertions about the U.S.S.R.'s growing military might, stating that the Soviet Union ostensibly has a three-to-one advantage over the U.S. in ballistic missiles . . . and even a 50-1 advantage in the production of bombers." TASS was especially upset that Weinberger has opposed the various U.S.-Soviet summits.

● **THE SOVIET NAVY** seized a 295-ton South Korean fishing boat and its 26 crewmen off Japan's Hokkaido island on Oct. 7, maritime police in Seoul report.

● **ATTORNEYS GENERAL** of Ibero-America will meet in Mexico to "form a common front against drug trafficking," said Mexico's attorney general, Garcia Ramirez. Attending will be Bolivia, Ecuador, Jamaica, Belize, Guatemala, Costa Rica, Panama, Colombia, Venezuela, Peru, and as observers, Brazil and the United States.

● **TEN TONS** of Gestapo files in a vault of the French secret service reveal that "men of substance" who purported to be part of the Résistance were in fact Nazi collaborators, according to Alexandre de Marenches, the former head of the French secret service (SISDE).

November election will mark watershed in U.S. politics

by Nancy Spannaus

An initial review of the results of the election primaries during 1986 would have to conclude that their most significant characteristic was the lack of interest of the electorate. Fewer citizens voted in these primary elections for national, state, and local offices than in any primaries in recent history.

Two examples dramatize the point. In New York state, about 500,000 individuals voted in the Democratic primary, as compared to over 1 million in 1982. In Houston, Texas, where there was a bit more competition allowed by the local machines, only 6% of eligible Democrats voted in the primaries.

Overall, surveys show that the percentage of eligible voters participating in the most heavily contested races during 1986 hovered around 10.3%!

To thereby conclude that the 1986 elections will go down in history as a "non-event," however, would be erroneous. For the reality of the matter is that the established political parties are so thoroughly disenfranchising the majority of the U.S. population, that they are creating conditions for a popular political explosion. And the winner will be the one national political force which is seen as anti-establishment: the LaRouche movement.

The Illinois turning-point

When the 1986 election year started, it was quite a different story. Nearly 1,000 candidates with the endorsement of the LaRouche-supported National Democratic Policy Committee entered the primaries, campaigning heavily around the issues of Gramm-Rudman, the Strategic Defense Initiative, the AIDS crisis, and the War on Drugs. Most of the campaigns were being run within the Democratic Party. The overall theme of the NDPC campaigns was to "take back Congress" from the liberals who were selling out the nation to the Soviets.

The potentiality that many of these candidates, 157 of whom were running for Congress, could be successful, was

underlined by the result of the year's first primary, in Illinois. There, on March 18, LaRouche Democrats Mark Fairchild and Janice Hart shocked the nation by winning the Democratic nominations for lieutenant governor and secretary of state. In one-on-one contests, they both polled over 50% of the vote.

To knowledgeable insiders of both the Democratic and Republican parties, this event was shocking, but not a total surprise. The Democratic Party had had polls at its disposal for more than a year to indicate that the voters were disenchanted with its policies, and were quite receptive to the anti-drug, anti-austerity, and pro-defense policies of the LaRouche candidates. They knew that LaRouche Democrats had the potential support of at least 15-25% of the voters. Now, with the density of candidates being run by the NDPC, the party thugs apparently had difficulty fixing the vote in all the races. They concentrated on keeping down the vote of the congressional and senatorial candidates, and two victories on the state level "slipped through."

The national Democratic Party leadership was terrified. Now that the LaRouche candidates' movement had some winners, how was it to be stopped from picking up all the supporters who had previously failed to vote for them only because it seemed "impractical"?

The Democratic Party responded in typical thug fashion. The hacks came out and pledged themselves to prevent any more LaRouche victories. National tours were made, press conferences called, slanders commissioned and retooled. Some of the senior members of the liberal establishment, like Daniel Patrick Moynihan, even called for abolishing primary elections altogether.

Equally importantly, the Democrats ensnared the Republican party establishment in the same campaign. Joint Democratic and Republican party press conferences were held in Maryland and California, and that's just the tip of the iceberg of activity. Both committed themselves to the wild assertion

that the Illinois primary results were a "fluke," and that the LaRouche Democratic movement was "outside the political mainstream."

Short-term 'success' . . .

From the short-term standpoint, the Republican and Democratic thugs could argue that they were successful. They have indeed, as they have bragged *ad nauseam*, succeeded in preventing any more absolute victories by LaRouche-endorsed candidates in the primaries. They have also driven people out of the parties!

It took a lot of work on their part. In southern California, the Democrats put up a write-in candidate to defeat the LaRouche Democrat, who was the only Democrat to file for the Orange County congressional seat, and he lost! It must have cost a pretty penny for the Hollywood Democrats to arrange the "finding" of several hundred votes for their candidate Judge Bruce Sumner, during the recount. But as a result of the threats, arm-twisting, and bribery, they were able to get LaRouche Democrat Art Hoffmann thrown off the ballot, and replaced by Sumner.

In New York state, the Democratic thugs also had an uphill battle. The Cuomo machine was so worried that it might not be able to control the vote, that it put all its efforts into preventing the LaRouche candidates for state office and senator from qualifying for the ballot. At the beginning, the state party officials had bragged that they were going to have the LaRouche Democrats thrown out of the party, by applying a 1950s exclusionary rule. Having thrown the major candidates off the ballot on a technicality, however, they didn't have to try.

Let's look a little more closely at what the organized-crime clique called a Democratic Party leadership calls "success." One could more accurately call it, getting by—by the skin of their teeth.

In the Indiana primary, the leading LaRouche Democrat, running for Senate, polled 25%.

In Texas, the best-known LaRouche Democratic candidate in the state polled over 16%.

In Oklahoma, the LaRouche Democrat running for Senate was credited with 33% of the statewide vote.

In at least 10 other states in which LaRouche Democrats ran for office, the vote totals were clustered solidly in the 15-25% range, with some going as high as 40%. If this had been Jesse Jackson's political machine, the national press would be screaming that he was taking over the Democratic party!

The remaining LaRouche candidates in the Nov. 4 elections, are few, but potentially significant. In Texas there are three: Susan Director, 22nd C.D., for Congress; Harry Kniffen, 7th C.D., for Congress; and Lester Dahlberg, for State Assembly. In Ohio, Clem Cratty is running for Congress in the 4th C.D. In Idaho, Marvin Sawyer is running for State Assembly; and in Michigan, James A. Green and William Goff are on the ballot for State Senate. And in Illinois, there are not only Mark Fairchild and Janice Hart, but also a

congressional candidate in the 13th C.D., Dominick Jeffrey.

With only 10 LaRouche candidates left on the ballot, can the Democrats claim that they've wiped out LaRouche?

. . . But medium-term backfire

What is most important to realize about the 1986 elections, is that they are the stepping-stone to the presidential elections of 1988. With the Democratic and Republican parties under their current leadership, a shift in the balance of power in the House or Senate is not likely to make too much of a policy difference. What will matter is the momentum toward the 1988 contest.

From this standpoint, what will determine the import of the 1986 elections are the results in two places: California and Illinois.

In California, the fight is not between the two political parties, but over the ballot initiative which LaRouche supporters helped to organize for. While the Democratic Party was busy congratulating itself for wiping out the Hoffmann victory, and keeping LaRouche Democrats to under 50% of the vote, supporters of LaRouche's policies gathered 700,000 signatures to put an anti-AIDS initiative on the ballot. This initiative, which would mandate public health measures to be taken on AIDS, has totally polarized the population of California. The line-up is instructive. On one side are *both* political party leaderships, with their commitment to liberal constituencies and saving money, no matter what the cost in lives. On the other side is a large majority of the remaining non-kook portion of the California population, who want a solution to the AIDS crisis.

The established parties cannot win in this situation. If they succeed in defeating the initiative, they will be held responsible for the escalating public health crisis. If the LaRouche-backed initiative wins, they will be facing immediate defeat.

The Illinois results of Fairchild and Hart will also help define the momentum of LaRouche movement after the elections. Recent polls show increased support for Hart, and her Stevenson-allied opponent getting less than 10%. As for Fairchild, even his enemies declare him to have won his debate with his two opponents.

Then, as we enter the countdown, corrupt sections of the government have started a new onslaught against LaRouche. As to the effect of that, we quote a Chicago CBS radio editorial of Oct. 10:

"Perhaps judgments are warranted, but to have 350 or so federal agents, the postal service, the IRS, SWAT teams, the FBI, all descend upon that office building—probably the marshal was there too—is simply *overkill!* The publicity the LaRouche people are getting across to the nation on this can only help the campaigns of their two people, whom I will not mention by name. . . . Stevenson and Jane Spigel have enough problems already. But they [the unnamed candidates] can only benefit from what happened in Leesburg Monday. . . ."

U.S. must plan for irregular war

The final report of the Joint Low-Intensity Conflict Project has some sharp criticisms of the current, losing policies.

The Training and Doctrine Command (TRADOC) of the U.S. Army has completed a year-long study of the current status of U.S. capability to respond to the global pattern of low-intensity conflict—what is called in military terms, irregular war. It concludes that a comprehensive civil-military policy must be designed which will be able to “integrate all the national resources at our disposal, military and nonmilitary, lethal and non-lethal” to meet this growing threat.

The report specifically points to the need to overhaul current U.S. economic development policies and (International Monetary Fund-dictated) restrictions on aid to debtor nations if a successful war-fighting strategy is to be developed, and warns that “the day of reckoning for American interests is at hand in the Philippines, in Central America, and in the Middle East; soon it may come in Southwest Asia.” A long-overdue policy fight on these matters is now under way.

The study was conducted in order to identify the elements of current U.S. policy which must be changed if the nation is going to be able to defend itself and its allies in a conflict which has been ongoing since the end of World War II, and is escalating dramatically today. Not surprisingly, it concludes that the government bureaucracy and the postwar policy establishment have ignored this reality, and persist in pursuing policies, particularly economic policies, which act

to the detriment of our allies, and ultimately threaten the U.S. with isolation and defeat.

The bureaucracies and institutions which have created this condition must be shaken up by a broad, public discussion of the crisis we face, and the authors consider this report to be the first step in that direction.

The unclassified portions of the report offer a series of broad recommendations which should guide U.S. policy in matters of irregular warfare. Principal among these are the recommendation that there be a review of U.S. economic assistance programs: “Current legislation greatly restricts our ability to effectively assist developing nations. Restrictions that require review include providing aid to nations which are in arrears in debts owed to the United States; assistance to indigenous police and internal security forces; and military authority to conduct civic action and humanitarian assistance programs.”

All of these problem areas result from a variety of legislation, passed by Congress during the “Watergate era,” which was designed to prevent the U.S. military from developing counter-insurgency and counter-terror forces among allied nations, and which still severely restricts the scope of U.S. efforts to crush narco-terrorism in Central America.

The military leaders responsible for implementing U.S. policy in this area have been the most vociferous in

pointing out the need for an effective nation-building strategy as the cornerstone of long-term success. (See *EIR* vol. 13 No. 4, Jan. 24, 1986, p. 60 for a report on the conference at which these issues were publicly debated.) To do this successfully, the report argues, there must be a re-thinking of logistical and programmatic support for our allies. “Failure to provide the requisite support increases the probability that combat forces will be needed to protect our threatened interests. . . . Our RDA [research, development, and acquisition] and sustainment efforts focus on supporting large combat formations on the battlefields of conventional and nuclear war. This is not wrong, but it is insufficient. A similar effort is required for low-intensity conflict.

“In many cases, our whole sustainment philosophy of support needs to be reversed. Our logisticians, engineers, and medical personnel, for example, often become the nose, not the tail, of any direct United States involvement. Great ingenuity and nontraditional thinking are required to develop the doctrine and capability to ‘attack’ with our traditional sustaining organizations.”

The true depth of the policy crisis in this area is seen when one examines the charter of the project which produced the report. The assumptions constraining the study limit it to an examination of the data accumulated by the U.S. Southern Command, and also assert that economic turmoil will continue to plague the Third World, the U.S. will be involved in no major wars, and there will be no major wars in Europe—despite which, the authors find themselves forced to criticize the cornerstones of postwar global strategy.

Next week, we will look at the TRADOC report’s critique of the “Guam Doctrine” of Henry Kissinger.

Bernard Kalb: Shultz's snake in the grass

The resignation Oct. 8 of Bernard Kalb as chief State Department press spokesman represents an escalation of, and a revelation about, the intense faction fight within the Reagan administration.

Kalb was hand-picked for his job by Secretary George Shultz. It is no secret to anyone in Washington that Shultz has been in open conflict with Defense Secretary Caspar Weinberger and National Security Adviser John Poindexter.

Things took a turn for the worse for the Shultz "faction" in the administration on May 27 this year, the day when White House spokesman Larry Speakes announced that, as far as President Reagan was concerned, SALT II was dead and its constraints would no longer be a factor in strategic military deployments.

Following that watershed announcement, the President hardened his determination to see through the development and deployment of the Strategic Defense Initiative, and pulled off a diplomatic coup by proposing in his July 25 letter to Gorbachov a plan for joint deployment of the SDI, which he then unveiled before the eyes of the entire world in his U.N. speech in September.

The "last straw" for the Shultz faction was the determination by the President to meet personally with Soviet Foreign Minister Shevardnadze last month without Shultz present.

All of this has meant that the President has embraced the realistic assessment of the Soviet drive for global strategic domination that has been coming out of the Pentagon, in particular from Weinberger (an old friend from California), and Navy circles that include Poindexter.

The Kalb move—which spokesmen from the White House made clear publicly they did not appreciate coming only days before the summit—is an escalation by the Shultz crowd.

It can be expected that "Bernie" will bare his soul as a seasoned journalist with the *New York Times*, CBS, and NBC, about all the "disinformation" he has been forced to peddle while serving as press spokesman at the State Department.

Characteristically, he refused to attack his boss, Shultz, for any of these problems in the administration, but pointed the finger at Poindexter.

The Woodward flap

Kalb's effort will be to give credibility to the report first published by Bob Woodward (of Watergate fame) in the *Washington Post* on Sept. 28. In that article, Woodward cited classified memos he had received which proved, he argued, that the administration deliberately lied to the U.S. media as part of a campaign to destabilize Libya's Muammar Qaddafi in August.

He referred to an internal memo from Poindexter suggesting the use of "disinformation" to deceive Qaddafi into believing the U.S. was preparing another military raid like the one conducted last spring.

Woodward asserted that this memo resulted in an article "planted" in the Aug. 25 *Wall Street Journal*, including a "leak" from a source high in the administration about concerns the administration had that Qaddafi was

reviving his plans to engage in international terrorism, and that the U.S. was preparing a preemptive military response. The article's headline said the U.S. was on a "collision course" with Libya.

Woodward claimed that the script called for that "planted" story to be followed by a briefing from White House spokesman Larry Speakes during the President's vacation in Santa Barbara in which Speakes would "advise" the media that the *Wall Street Journal* article, although it contained an "unauthorized leak," was accurate.

All of this, Woodward asserted, was a scheme to deceive the U.S. media, and thereby the U.S. public, as unwitting tools of a deception game against Qaddafi.

Since the Woodward story broke, the White House press corps has refused to let up on Speakes concerning Woodward's charges. TV news "personalities" like Sam Donaldson and Bill Plante charged first that Poindexter's credibility was in question, and then more recently that the White House and the President's credibility was at stake.

Speakes has explained repeatedly to the press corps that when he advised them about the facts in the August *Wall Street Journal* story, he was telling them the truth—namely, that Qaddafi was reviving his terrorist capabilities, that there was growing concern in the United States, and that the U.S. wanted to deliver a warning, a "shot across the bow," as he put it.

He said there is an active investigation into who was the source of the leak that fueled the original *Wall Street Journal* story. He says the President is "spitting mad" about the leak, and wants to find out who did it to, perhaps, prosecute. Could it have been a high-level State Department spokesman who has recently resigned?

Reagan to Congress: no deal on defense

As *EIR* went to press, the confrontation between President Reagan and the Congress over the fiscal 1987 budget was still raging, and the possibility of a government shutdown remained real.

Late in the evening of Oct. 8, both houses passed stopgap spending measures, extending the government's authority to spend money for another two days. But the President continued to threaten to close down the government, unless Congress approved higher levels for defense spending, and removed certain House-passed provisions, including one requiring the United States to continue to adhere to SALT II, from the omnibus appropriations bill that has been deadlocked for a month.

Just before leaving for the Reykjavik summit, Reagan rejected a proposal by the House Democratic leadership to delay the confrontation on the defense-related issues until sometime next spring.

"I call on the House Democrats to act on a budget now," Reagan told an Atlanta campaign rally Oct. 8. "They should act responsibly, they should stop playing politics and jeopardizing the success of our Iceland talks."

Earlier in the day, the President had sent a letter to House Majority Leader Jim Wright (D-Texas) expressing similar sentiments: "I cannot be forced by the Congress to accept language that restricts our bargaining positions at the negotiating table. We must not send a message to the Soviets that could be construed as an incentive to delay undertaking serious discussions now because of the belief that they could get a better deal from the Congress. . . ."

The following morning, as he was

leaving for Iceland, Reagan issued a statement on his hopes for the mini-summit, which he prefaced with a denunciation of Congress. "I have to say at this point that I cannot see a need for temporary extensions of the continuing resolution." Passing stopgap measures "is no way to run our government, and the American people deserve better, much better. . . . So my message to the House is, I've had enough. I will not and cannot countenance any further delay in getting our budget done. Any more procrastination can only serve to undercut our mission."

White House spokesman Larry Speakes told reporters traveling with the President that Reagan wanted the issues settled, and a budget passed, by the time he was to meet with Gorbachov Oct. 11.

House Democrats continued to resist Reagan's demands, accusing him of playing politics. Said House Speaker Tip O'Neill (D-Mass.): "I believe the President is absolutely acting political in his statements." If the government grinds to a halt, he said, the fault will be the administration's.

Richardson hopes raid will shut down LaRouche

The naked political purpose of the raid on offices associated with Lyndon H. LaRouche by federal and state authorities was endorsed by left liberal Rep. Bill Richardson (D-N.M.) on the House floor on Monday Oct. 6.

"Mr. Speaker," Richardson said, "hopefully, after this raid, we will see less of the LaRouche movement in American politics. Now that LaRouche candidates have been rejected

at the polls [sic], hopefully this raid will put this sorry movement out of business altogether." Richardson spoke shortly after the House had convened at noon, just hours after the raid commenced.

Richardson paid lip-service to "one is innocent until proven guilty," but continued: "It is my hope, however, that this incursion uncovers the LaRouche movement for what it is: A dangerous, extremist movement which preaches hate, lies, racism, and practices questionable activities."

Richardson said, as justification, that "anyone who frequents airports has often been accosted by individuals who yell such absurdities as 'Queen Elizabeth is a drug pusher,' or other inanities."

Richardson later confirmed to reporters that he was unfamiliar with any of the charges or evidence of alleged wrongdoing.

House tries to keep FCS from brink

Touted as a short-term effort to "save the Farm Credit System from going under," according to Rep. Ed Jones (D-Tenn.), the House passed H.R. 5635 by voice vote on Oct. 6.

The bill gives FCS banks, subject to approval of the Farm Credit Administration, the option to reduce interest rates and to write off recent massive losses over 20 years. However, other tools given to the FCS by Congress late last year to shore up the FCS by spreading the losses of the system more evenly, were largely left used.

A report to Jones by the Government Accounting Office dated Sept. 18, warned Congress that a major bailout for the FCS would be needed.

"Our projection of the System's 1986 performance based on past trends indicates that externally supplied capital could be needed by the end of 1986 or shortly thereafter, because its unallocated surplus may be nearly exhausted by year end." In 1985 the FCS lost \$2.7 billion, and \$1 billion more in the first six months of 1986. "By the end of this year total losses for 1986 are projected to be anywhere between \$1.7 and \$2.9 billion," Jones said. "In addition to these record-setting losses, the FCS also holds over \$12 billion in non-accrual and problem loans out of a total loan portfolio of about \$61 billion."

Jones admitted that the bill merely "buys time" by "permitting the use of accounting gimmicks," and "is a short-term solution aimed at relieving a potentially explosive situation until a more permanent answer can be found." "We can stand by and do nothing, and let the Farm Credit System come crashing down," he said, but rejected such suggestions.

House tries to keep FSLIC from brink

Described as legislation which "must" pass before the Congress adjourns, the House passed H.R. 5576 by voice vote on Oct. 7, to try to maintain confidence in the Federal Savings and Loan Insurance Corporation.

Rep. Toby Roth (R-Wis.) warned that "we have a disaster waiting to happen" if Congress fails to act. The week before, FSLIC chairman Ed Gray had warned Reps. St Germain (D-R.I.) and Parris (R-Va.) in a letter: "Should Congress fail to take action . . . and go home in October without having resolved the issues, depositor *percep-*

tions could be further weakened, possibly exacerbating the risk of a crisis of confidence in the thrift deposit insurance system [emphasis in original]."

The bill overrides state regulations and allows interstate acquisitions of banks that have failed, and permits FSLIC to step in on banks that are failing if they have assets over \$500 million or are among the top 10 banks within a state. In addition, \$3 billion would be contributed by the 12 Federal Home Loan District Banks which would be security to raise an additional \$15 billion in the private capital markets.

Hearings before the House Banking Committee had established that the FSLIC had less than \$3 billion in assets and potential liabilities, if it tried to resolve all its problem cases, of between \$15 and \$25 billion.

Rep. Bruce Vento (D-Minn.) who reluctantly supported the bill, said there was "deep and broad concern" in the Banking Committee over selling troubled institutions to healthy ones because it was "at best a temporary expedient," and one that would simply transfer the bad assets to the healthy institution, thereby jeopardizing it. He also warned that relying on this buy up policy would "concentrate credit-making decisions in only a few hands."

Rep. Willis Gradison (R-Ohio) opposed the bill, saying that "it gives a sense of false security and assures that future Congresses will have to revisit this issue and come up with far more money." He said that Congress should first consider whether fees from healthy S&Ls could cover losses from failing institutions, and whether S&Ls could "survive in sufficient numbers" to pay off the \$15 billion which they expected to raise by selling bonds.

Gradison argued that "the \$12 billion will be a drop in the bucket unless supervision of FSLIC insured banks is tightened."

The Senate must act on this issue before they adjourn if any legislation is to become law.

National endowment for Democracy survives

An attempt to eliminate funding for the National Endowment for Democracy was defeated in the Senate by a vote of 79 to 19 on Oct. 3.

Sponsored by Sen. Dale Bumpers (D-Ark.) as an amendment to the omnibus spending bill, the effort would have sliced \$15 million in funding which is divided between the Chamber of Commerce, the national Democratic and Republican parties, and the AFL-CIO, which receives the biggest share.

In motivating his amendment Bumpers said that the NED "essentially doles out money" to the four member groups, "and they turn around and give the money to their favorite organizations in countries all across the world." He also charged: "Some of the projects do more to undermine democracy than to promote it."

Bumpers objected to some money having gone to an organization trying to overthrow the Mitterrand government in France. But Senators Eagleton (D-Mo.), Bradley (D-N.J.), and others praised NED operations which aided the overthrow of the Marcos government, and supported continued NED funding. Most NED activities are run through the AFL-CIO and its American Institute for Free Labor Development.

National News

GOP, Dems join forces vs. Prop. 64

At a rare joint press conference on Sept. 30, California Democratic and Republican party leaders joined forces to denounce Proposition 64, the LaRouche-backed ballot initiative requiring basic public health measures of quarantine and prevention to fight the spread of AIDS.

State Democratic Party chair Betty Smith, joined by her GOP counterpart Cair W. Burgener, told a Sacramento press conference that the ballot initiative "threatens each and every one of us, as it puts underground a disease that has to have medical research." Citing public health officials, Burgener said the net effect of the measure would be to "scare a lot of people to death and negate people coming forward who may be at risk."

The two said that letters are being sent to candidates for office in both parties urging them to oppose the measure. They said their opposition "goes beyond the LaRouche issue."

One night earlier, California Senators Cranston and Wilson joined the Hollywood crowd for a celebrity "house party" at the home of producers Marc Schwartz and Jack Grossbart to benefit the "No on 64" organization. Among those on hand were Shirley Jones, Jean Simmons, and various stars from "Dynasty" (or is it, "Die-nasty") "Knot's Landing," "Downtown," and "Hill Street Blues." Those present pledged tables for the big "No on 64" benefit scheduled for Oct. 22 at the Bonaventure Hotel, to be presided over by Bob Hope. Reportedly, Barbra Streisand is sending \$330,000 from her trust fund.

AIDS rampant in Texas prisons

Up to one-third of the inmates in the Texas prison system could be identified as carriers of the AIDS virus, were the state to admin-

ister tests, says Texas Department of Corrections security director Michael Moore, and Sue Cooper, social services director for the Houston Institute for Immunological Disorders. The two spoke on AIDS at an Oct. 2 meeting of the Texas Corrections Association in College Station.

Blanket screening of the 38,000 inmates could show 14,000 AIDS or ARC (AIDS-related condition) victims. "It would not be surprising if one-third of the population tested positive," Cooper said. TDC administrators have decided that AIDS tests for entering convicts would not be legal, as courts have ruled that similar tests, such as x-rays, can't be used as a screening procedure, said Moore.

Cooper said that AIDS tests would be nearly useless, since those with the disease can still test negative. In the past two years, 10 TDC inmates have died of AIDS, and two others are living in isolation wards.

Shuttle flight date set for 1988

February 18, 1988 is the target date for the next flight of the Space Shuttle, NASA Administrator James Fletcher announced Oct. 3. At a news briefing in Washington, Fletcher explained that for the first four years of resumed Shuttle missions, about 40% of the flights will carry Defense Department payloads. After the DOD catches up on some of its backlogged payloads, their share of the payload manifest will go back to the one-third that existed before the Challenger accident.

Admiral Richard Truly, NASA associate administrator for space flight, stated that space science missions have a top priority, and that the Hubble Space Telescope will be launched at the end of 1988. The other planetary missions—Galileo to Jupiter, Magellan to Venus, and the Mars Observer—will be scheduled within their specific "launch windows."

Five flights are being planned for 1993 and seven in 1994, to start the construction of the space station. The first flight of the

replacement orbiter is now scheduled for the spring of 1991.

Kemp attacks Reagan on foreign policy

Rep. Jack Kemp (R-N.Y.) delivered a sharp attack on the Reagan administration's foreign policy, at a Heritage Foundation-sponsored event Oct. 8. The presidential hopeful charged that the Reagan policy is based on "the allure of détente" and "summits for the sake of summits."

He criticized the Daniloff-Zakharov "non-swap swap." Kemp said he was "concerned that what is called progress be progress toward a stable peace, not toward an illusory détente that becomes a springboard for Soviet superiority and expansionism. . . . Today I want to appeal to my President, and to him I say: Hold fast to your magnificent vision and your realism about the Soviet empire."

His press spokesman, John Buckley, said the speech was a clear indication of unhappiness with the course of the administration's foreign policy.

Media go after Admiral Poindexter

"I agree, they are out to get Poindexter," a high-level White House source commented, after a week of unrelenting effort by the White House press corps in early October to come up with charges that Adm. John Poindexter, national security adviser to the President, had used the media to disseminate "disinformation" in August to confuse Libya's Muammar Qaddafi.

Apparently, someone thought that during the summer and early fall, Poindexter was gaining an inside track in advising the President, over Chief of Staff Don Regan and Secretary of State George Shultz. The media was deployed to bust up the arrangement.

The *Washington Post* kicked off the ef-

fort on Sept. 28 with banner headlines, under Watergater Bob Woodward's byline. At a White House press briefing in early October, ABC's Sam Donaldson stated to White House spokesman Larry Speaks, "Poindexter is in trouble with the President," and an NBC reporter said: "Poindexter's credibility is now ruined." Then, UPI's Helen Thomas jumped on the bandwagon, suggesting that "the credibility of the entire White House is on the line."

However, the White House categorically denies using the U.S. media as an agent of "disinformation," and said that Poindexter is in no trouble with President Reagan.

Said a White House spokesman, the operation recommended by Poindexter against Qaddafi would better be characterized as "deception" rather than "disinformation," and did not involve any media whatsoever.

Senate report cites cost of Soviet spying

Spying by the Soviet Union has cost the United States billions of dollars and damaged national security far more than anyone in the administration has acknowledged, said a 171-page Senate Intelligence Committee report released Oct. 7.

"For years we had heard that CIA officers would never defect, that Soviet technical efforts were primitive, that our secrets were safe," said committee chairman Dave Durenberger. But that was before the "Year of the Spy," he said. "Based on the public and classified record, the committee has found the aggregate damage in recent years to be far greater than anyone in the U.S. government has yet acknowledged publicly," the report said. "The inescapable conclusion is that the damage was immense."

Military plans and capabilities have been seriously compromised; intelligence operations were gravely impaired; technological advantages have been overcome; diplomatic secrets were exposed to the scrutiny of adversaries; and sensitive aspects of U.S. economic life were subject to constant Soviet monitoring, said the report.

"Some of the most vital parts of our defense, intelligence, and foreign policy structure, including many Executive Branch agencies and the Congress" have been penetrated by foreign intelligence services."

Said Durenberger: "Our committee found a security system paralyzed by bureaucratic inertia, with little ability to bridge the gaps between agencies or between different security disciplines like personnel security and computer security."

In the past two years, 25 people have pleaded guilty or have been convicted of spying against the United States.

Deaver, Wick pushed Reagan-Hammer ties

President Reagan's relationship with Armand Hammer was encouraged by U.S. Information Agency head Charles Wick and Michael Deaver, the former top White House aide, according to a report in the Oct. 9 *Washington Times*.

Wick, a leading member of the President's "kitchen cabinet" is a longtime friend of Hammer, the Soviets' chief American business partner and agent of influence. Wick's daughter worked for Hammer's New York City art gallery.

The *Times* reports that Deaver saw to it that Hammer was on the guest list for White House social functions, giving him the opportunity to ingratiate himself with the President.

Hammer met with top Soviet officials in Moscow at the end of September, and is credited with having helped secure Nicholas Daniloff's exchange for captured Soviet spy Gennady Zakharov—despite President Reagan's repeated claims that he would never exchange an innocent journalist for an indicted spy, and his persistence in calling the swap "not a swap" to the very end.

Hammer is also credited with an important role in the arrangements for the "non-summit" in Iceland, where, there is every indication, the U.S. President is prepared to make what Europeans in particular fear will be major concessions to Soviet leader Mikhail Gorbachov.

Briefly

● **SEN. GARY HART** listed seven dramatic steps for disarming the West in his farewell address to the U.S. Senate on Oct. 9. He said that President Reagan should put a nuclear test ban on the agenda for the next summit, and called on the administration to initiate a mutual moratorium on the deployment of nuclear armed, sea-launched cruise missiles and the testing of nuclear weapons.

● **A CIA PROBE** of Panamanian Defense Forces commander Gen. Manuel Noriega was killed by a Senate-House conference committee on Oct. 3. The probe had been ordered by a Senate committee headed by Jesse Helms (R-N.C.), which accused Noriega of killing an opponent, drug-trafficking, and other unsubstantiated charges. The committee watered its directives down to a requirement that the CIA provide "all relevant information on this subject to the intelligence committees."

● **SEMI-PORNOGRAPHIC** posters and matchbook ads promoting condom use to prevent AIDS will begin appearing at drug treatment centers, family planning clinics, homosexual bars, etc. in Maryland, sponsored by the Health Education Resource Committee. "Introducing the latest in evening wear for the man on the go" reads one. "Don't be caught dead wearing anything less," says another. Condoms with matchbook-style covers read "stop transmission fluid leaks." The campaign will soon be expanded to billboard and newspaper ads.

● **THE SUPREME COURT** announced on Oct. 7 that it would let stand a lower court ruling that awarded NBC-TV a \$250,000 judgment against presidential candidate Lyndon LaRouche. In a 1984 lawsuit, LaRouche charged NBC with libel. NBC won the \$250,000 in a countersuit, in which the court admitted as evidence accusations by "anonymous sources" cited by NBC journalists—who refused to name or produce those alleged sources!

Editorial

The real 'Daniloff Affair'

There was a great outcry, not least from the media, when the world's most notorious secret service, the Soviet KGB, seized the American correspondent for *U.S. News & World Report* in Moscow, Nicholas Daniloff, and held him hostage against—among other things—the release of their own U.N.-based spymaster, Gennady Zakharov.

That is how Moscow does things, you say? But, dear reader, that is also how the U.S. Justice Department does things. That is how its Criminal Division, under the lawless Boston Brahmin, William Weld, does things.

A new "Daniloff affair," something just like it, occurred in Leesburg, Virginia, the subject of this week's cover story. Indeed, as part of the very negotiations surrounding Nicholas Daniloff's release, it is known to *EIR*'s sources that the Soviets demanded U.S. government action against Lyndon LaRouche. One of the results was the seizure of journalists associated with LaRouche.

This is the real "Daniloff Affair."

In the Leesburg raid of Oct. 6, against various companies that the Soviets view as linked to Lyndon LaRouche, two of the best investigative journalists in the world, *EIR*'s Jeffrey and Michele Steinberg, were arrested.

This is the United States of America, with a Bill of Rights. In the case of the Steinbergs, therefore, "arrested" has a certain misleading connotation. The Steinbergs, KGB-style, were seized in the early morning darkness, at machine-gun point. They are now detained under miserable conditions by authorities in Virginia. And, despite what legal sources describe as "the flimsiest" indictments they have ever seen, they are now being held without bail. No matter that neither Jeffrey nor Michele Steinberg has any criminal record.

This was a "KGB-style" operation by the Justice Department's Criminal Division head, William Weld. Or rather, in execution, and results, it is "KGB-style."

In motivation, it is direct KGB.

Jeffrey and Michele Steinberg were arrested in a manner violating the Bill of Rights; their home was searched (ransacked), in violation of the Bill of Rights, and they have since been subject to cruel and unusual treatment, ranging from leg-irons to denial of bail, in violation of the Bill of Rights.

These two *EIR* journalists, were targeted. There is nothing arbitrary or capricious in their seizure. William Weld knows exactly who they are, and he knows, because the KGB knows, exactly why he wants them in jail.

It so happens that the Steinbergs are not only *among* the world's leading journalists and experts on drug-trafficking and terrorism. They are the world's *leading* journalistic professionals in the field of counterintelligence against Soviet irregular warfare, centered on drug-trafficking and terrorism—narco-terrorism. They are also experts in the financial side of that irregular warfare, something dear to interests to whom William Weld is very close—drug money-laundering.

It is on the basis of intelligence developed by the Steinbergs, and journalists working under the direct supervision of the Steinbergs, that law-enforcement and military agencies of many nations have conducted the international war on drugs. On occasion, one or the other, Jeffrey or Michele, have been on the scene, invited observers, of major drug sweeps by the military forces of Western nations.

EIR's readers know this. It is a result of the work of the Steinbergs that *EIR*'s readers know more about drug-trafficking and terrorism than even most intelligence services of the nations of the West. No Americans know more than they.

Therefore, when it came to these two journalists, friends and associates of Lyndon LaRouche, Jeffrey and Michelle Steinberg, William Weld ordered them seized. Weld knows how the KGB views them. And he did it KGB fashion.

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