

# EIR

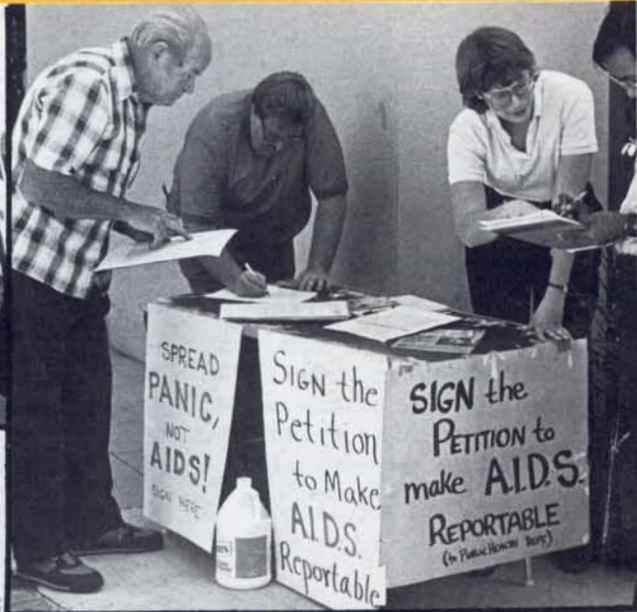
Executive Intelligence Review

November 14, 1986 • Vol. 13 No. 45

\$10.00

LaRouche: Don Regan defeated Republicans  
Drug traffickers go for coup in Mexico  
84-year-old fights for America's elderly

## California Proposition 64 has shaken the world





## Reversing Gramm-Rudman II: How can financial collapse be avoided?

### Second and Third Quarters 1986

In its last Quarterly Economic Report, *EIR* predicted a 15-25% further decline in the productive capabilities of the U.S. economy. That is precisely what happened between March and September of this year—before the worst, most monstrous implications of the Gramm-Rudman and related tax reform measures go into effect.

Such events force one to ask: Is the pro-Russian majority in Congress not only committed to selling out U.S. defense interests, but also to collapsing the U.S. internal economy, and international monetary and financial system? Are the industrialized nations prepared to continue policies which will lead to their own suicide?

### Did you know that. . .

- **The world financial system is more than ripe for collapse**, probably before November, and the principal fuel for such developments is the narcotics-trade-dependent growth of that banking category known as “off-balance-sheet liabilities”—dwarfing other categories of indebtedness.

- **600,000 troops, including 350,000 active duty troops, will be eliminated** if Gramm-Rudman II is implemented during the course of the fiscal year which begins Oct. 1.

- **A further, minimal 7% decline in capital and durable goods production capabilities** will occur in the months ahead, due simply to reduced defense procurement, if Gramm-Rudman II is implemented.

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

Full year subscription: \$1,000

Double issue (second and third quarters 1986): \$500

Order from:

**EIR News Service** P.O. Box 17390, Washington, D.C. 20041-0390

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editor-in-chief: *Criton Zoakos*

Editor: *Nora Hamerman*

Managing Editors: *Vin Berg* and *Susan Welsh*

Contributing Editors: *Uwe Parpart-Henke,*

*Nancy Spannaus, Webster Tarpley,*

*Christopher White, Warren Hamerman,*

*William Wertz, Gerald Rose, Mel Klenetsky,*

*Antony Papert, Allen Salisbury*

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Advertising Director: *Joseph Cohen*

Director of Press Services: *Christina Huth*

#### INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot, Mary Lalevé*

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

*Paul Goldstein, Don Tracy*

Economics: *David Goldman*

European Economics: *William Engdahl,*

*Laurent Murawiec*

Europe: *Vivian Freyre Zoakos*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Middle East: *Thierry Lalevé*

Soviet Union and Eastern Europe:

*Rachel Douglas, Konstantin George*

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

#### INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*

Bogotá: *Javier Almarino*

Bonn: *George Gregory, Rainer Apel*

Chicago: *Paul Greenberg*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Los Angeles: *Theodore Andromidas*

Mexico City: *Josefina Menéndez*

Milan: *Marco Fanini*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Rome: *Leonardo Servadio, Stefania Sacchi*

Stockholm: *William Jones*

United Nations: *Douglas DeGroot*

Washington, D.C.: *Nicholas F. Benton,*

*Susan Kokinda*

Wiesbaden: *Philip Golub, Göran Haglund*

*EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and first week of January by New Solidarity International Press Service 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930 Distributed by Caucus Distributors, Inc.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany  
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Haderslevgade 26, 1671 Copenhagen (01) 31-09-08

**In Mexico:** EIR, Francisco Días Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

**Japan subscription sales:** O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

Copyright © 1986 New Solidarity International Press Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10 Academic library rate: \$245 per year

**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 955-5930

# EIR

## From the Editor

Nearly one of three California voters—about 2 million people—voted on Nov. 4 in favor of Proposition 64, which proposed application of classical public-health measures to the AIDS pandemic. They did so despite the fact that the initiative's most famous endorser, presidential candidate Lyndon LaRouche, was targeted by the most lavishly financed, massive campaign of mudslinging hurled against any political figure in recent U.S. history.

Now, in developments that are breaking too fast to keep up with here, the United Kingdom is in an uproar debating exactly the kinds of steps proposed in Proposition 64. An emergency parliamentary investigation has been launched there, and the entire spectrum of the English media, of *all* political persuasions, has come out demanding some kind of emergency measures against AIDS.

The street-level of opposition to Prop 64 was made up of the so-called Gay Lobby, a minority of homosexuals manipulated by the gamemasters of the "Aquarian Conspiracy" to demand to die rather than give up their lifestyle. The higher level consists of the Eastern Liberal Establishment bankers, who maintain that a crash program to stop AIDS, like the SDI, is "too costly."

What insanity. If it's too costly to protect the population from such mortal threats, something is hideously wrong with the economic approach.

We invite readers to compare our economics coverage to that of the other print media. First of all, *EIR* is not covering up the problems, or swallowing the government's doctored statistics to show the "recovery." Second, we are totally committed to revitalizing the productive economy, on the most advanced basis; lest we descend into an ecological holocaust in which AIDS may be only the first deadly pandemic. The concrete specifics on how to do this are included every week in *EIR*'s "Operation Juárez" section and "Science & Technology" articles, which deal with the reorganization of the world economy and monetary system, on the one hand, and the frontiers of technology on the other.

If *EIR*'s proposals prevail, we can overcome the present crisis, the most dangerous that has ever threatened mankind. Another prediction: If young people have the chance of being scientists, engineers, and productive workers, the "Gay Lobby" will rapidly lose its appeal, along with mind-altering drugs.

*Nora Hamerman*

# EIR Contents

## Interviews

### 23 Dr. John Cox

The laser physicist discusses the recent breakthroughs in food irradiation.

### 48 S. C. Birla

The advocate of the Indian Supreme Court, takes a look at Oct. 6's great raid on Leesburg, Virginia. First in a series of interviews with prominent figures of the International Commission to Investigate Soviet-Style Human Rights Violations in the United States.

## Departments

### 12 Africa Report

Zaire follows Peru, breaks with IMF.

### 13 Report from Rome

Fight to control the "Council of Ten."

### 57 From New Delhi

The pot boils in Pakistan.

### 58 Northern Flank

A classical KGB disinformation scheme.

### 59 Report from Paris

France must intervene in America.

### 60 Andean Report

Of bankers, debt, and drugs.

### 61 Report from Rio

AIDS crisis in Brazil.

### 72 Editorial

Now, let's talk economics.

## Science & Technology

### 22 Food irradiation is finally a commercial possibility

Fish that stays fresh in the refrigerator for two or three weeks, pork that is trichina free, strawberries that don't go bad, potatoes that don't sprout, and grains that don't get mealy—this is the promise of food irradiation that can now be delivered.

### 27 Livermore announces accelerator advance

## Economics

### 4 The Reagan recovery lies and the election disaster

It is typical of Chief of Staff Don Regan's mentality that he assumed that cranking the Dow-Jones Industrial Average back up to the 1900 level would take voters' minds off their economic misery.

### 6 Currency Rates

### 7 Energy Insider

Saudi shakeup rocks the oil markets.

### 8 Agriculture

'Creative accounting' won't save farms.

### 9 Labor in Focus

Trade deficit alone not the key.

### 10 Foreign Exchange

Will Japan-U.S. accord survive?

### 11 Medicine

A new virus, a new disease.

### 14 Business Briefs

## Operation Juárez

### 16 How many jobless are there really in Ibero-America?

It is no secret that the labor force of Ibero-America is inefficiently employed, but the magnitude of the misemployment and hidden unemployment is generally seriously underestimated.

## Feature



Clockwise from lower left: White House chief of staff Donald Regan, for whom public health measures against AIDS are too expensive; a homosexual-lobby rally in California against Prop 64; Pope John Paul II, who recently approved a Vatican letter condemning the Catholic "gay lobby"; petitioners gather signatures for Proposition 64 in California; a 1986 demonstration by Orthodox Jews and others in New York, protesting Mayor Koch and Governor Cuomo's pro-AIDS policies.

### 30 California's Proposition 64 has shaken the world

It is destined to go down in history as the most successful "alarm-ringing" public health proposal and "call to arms" yet, and it made "LaRouche" a household name.

*EIR* Biological Holocaust Task Force director Warren Hamerman's address on AIDS in Bonn on Nov. 9, 1986.

### 35 Support grows in U.K. for measures rejected by California voters

### 37 Liberal press fears Prop 64's impact

### 38 Who ran opposition to Proposition 64

### 39 Endorsements of Proposition 64

### 40 Vatican intervenes into AIDS debate, scores 'Catholic homosexual' lobby

## International

### 42 Drug traffickers go for a coup in Mexico

The government faction protecting the dope traffic, and the holders of Mexico's foreign debt, tried a "Halloween Massacre"—but Mexico's patriots aborted the coup attempt, leaving Interior Minister Manuel Bartlett exposed as a mafia-linked thug.

**Documentation:** The statement of the Mexican Labor Party on what's really happening with the drug traffickers.

### 45 Soviets seem to squabble on SDI

### 46 AIDS fear behind Soviet war on drugs?

### 47 Syria, the United States, and France: Whose game is it?

### 50 The 'bankers' CIA' and the Russian lobby after the Leesburg raid

Second in a series by Criton Zoakos.

### 53 War on narco-terrorism: President García calls citizens to fight 'from heights of victory'

### 55 Spain: Pro-terrorists hound interior minister

### 62 International Intelligence

## National

### 64 Don Regan defeated the Republicans, LaRouche says

Despite White House self-delusions, Democratic presidential candidate Lyndon LaRouche remarked in a post-election statement that it was the economic collapse engendered by so-called "Reaganomics" which turned the U.S. Senate around from a 53-47 Republican majority to a 55-45 Democratic majority on Nov. 4.

### 67 84-year-old Elizabeth Rose fights for rights of America's elderly

The LaRouche supporter is not about to be made a victim.

**Documentation:** Her statement to a Rome press conference on Oct. 29.

### 69 Eye on Washington

Philippines: confessions of the administration.

### 70 National News

## The Regan recovery lies and the election disaster

by David Goldman

Two months before the congressional elections, the New York Stock Exchange threatened the White House with a perceived public-relations disaster on a grand scale. It is typical of Chief of Staff's Don Regan mentality that he assumed that cranking the Dow-Jones Industrial Average back up to the 1900 level would take voters' minds off their economic misery, even more typical that he would try to sell this approach to the President. The election results should finally convince the President that the hoax has worn thin.

Like the threadbare semblance of economic stabilization, the pre-election crank-up of securities values was "made in Japan." The White House, drawing on the Nakasone government's agreement with the President's strategic policy, begged for help, and Japan responded with heavy purchases of dollar-denominated securities. This stabilized the dollar and securities markets in the two weeks prior to the election disaster. Unfortunately, what the denizens of Lower Manhattan may convince each other of, does not necessarily impress ordinary people suffering the effects of economic depression.

What is now occurring in the U.S. economy corresponds to what *EIR's* Quarterly Economic Report warned of during the fourth quarter of 1985:

"Unless present policies are reversed, the underlying economic collapse of the United States, estimated at a rate of 2.5% per annum, will accelerate during 1986, to perhaps pass over the line into the deflationary part of the depression process. Vulnerabilities that have accumulated under the so-called 'Recovery of 1983-84' create the potential for a further 15-30% ratchet collapse in living standards, from the levels of the late 1960s and early 1970s, and for a further estimated 9% to 15% reduction in the physical economy."

As we will review below, the drastic declines in the output of basic industry that began in June 1986 set the economy on this track as of the second half of the year.

President Reagan's enemies anticipated this result; Mon-

day before the election, the London *Guardian*, an important organ of the European appeasement faction, derided the President's claim of having brought about economic recovery. "Reagan is shading the truth about the economy and no one is yet challenging him," was the headline of Alex Brummer's Nov. 3 article.

The *Guardian* "could not help but be struck by the clanging dissonance between the optimism inside the arena and the dismal scenes of economic dislocation outside, such as the long food queues at a mission in Spokane. . . . To hear the President tell it from inside, the U.S. economy is as healthy as it has ever been: 'We cut government growth, slashed regulations, and cut income taxes almost 25% . . . and we're enjoying one of our longest expansions in our history.' And, 'As for our budget deficit, we have a deficit because Congress spends too much'. . . . No one nationally is challenging the notion as Reagan put it, 'We pulled the handle and it came up jobs, jobs, jobs.' The economy did appear to perk up in the 3rd Quarter. . . . However the 2.4% growth rate falls well short of expectations and is seen by analysts as stealing growth from the final quarter because of large final sales of motor cars—at generous discounts."

### Fraud

In the spring of 1983, representatives of this news service conducted a thorough audit of the Federal Reserve's Industrial Production Index, among other statistical series, matching the same raw data provided by private industry to the index-numbers generated by the four Federal Reserve staff members who assemble the index each month. The Fed Index is the only supposed measure of physical output published by the U.S. government on a regular basis. The audit uncovered a pattern of outright fakery in most of the 20 individual series studied.

As the *Guardian* indicated, the level of statistical manip-

ulation has now worsened to the point that it stinks in the nostrils of usually gullible commentators. The 2.4% rate of increase reported for fourth-quarter Gross National Product was the worst of the lot.

More than the entire \$20 billion rise in so-called real GNP was accounted for by a \$30 billion rise in consumer spending. The size of the consumer-spending increase depends, of course, on the accuracy of the Gross National Product "deflator," which shows exactly what federal statisticians want it to show. *EIR* studies in the past have shown that inflation measurements are generally off by more than the reported margin of economic growth.

Most of the consumer-spending increase was attributed to auto sales; and the auto sales occurred at a loss to auto makers, who financed them with incentives programs that produced a \$338 million loss at General Motors, forcing GM to schedule the shutdown of major plants in several locations, and to halve the \$2.4 billion budget of its showpiece "Saturn" integrated small-car facility. Immediately after the announcement of the GNP results, GM announced several thousand additional layoffs.

### **Industrial collapse**

The collapse of the steel industry to levels not seen since the worst of the 1982 decline makes clear that American industry in general is unraveling. October steel output was barely above 5 million tons, i.e., an annual rate of slightly over 60 million tons, less than half of what the steel industry reports its own capacity to be. The decline since October 1985, when the industry poured 7.4 million tons of raw steel, is 30%. Other basic metals show declines in the 20-30% range over the same period.

The collapse of steel output has been falsely attributed to the ongoing lock-out at USX (the former U.S. Steel Corporation). The reverse is true: The lock-out at USX, which will lead to the permanent closure of about half of the capacity at the largest American steelmaker, anticipated a collapse of steel demand, and sought to eliminate labor and capital costs in advance. Steel imports are also collapsing. They fell 13.9% to 14.3 million net tons in the first eight months of 1986, compared with the 16.6 million tons imported last year. Steel imports in August alone declined 25% to 1.5 million net tons from the 2.0 million net tons imported in July, the Institute said. August imports from the European Economic Community and Japan were off 26.9% and 20.8%, respectively.

The economy's capacity to absorb steel apparently crashed during June, when *EIR* warned that a 15-25% per annum rate of falloff in physical output was in progress—corresponding to the forecast offered by *EIR*'s Quarterly Economic Report in January 1986.

### **Trade deficit improvement: bad news**

Roughly one-fifth of all U.S. physical product, and one-quarter of all capital goods, consumed in the U.S. economy,

are now imported net from foreign producers. That is the largest foreign dependency any industrial economy has sustained in history, exceeding the net imports of European nations under the postwar Marshall Plan. Correspondingly, U.S. consumption would fall by close to 20%—since the domestic resources which might substitute for imports is now limited—were the United States compelled to suddenly eliminate its trade deficit, e.g., as a result of a run by foreign investors who have financed the deficit.

As noted, the next big ratchet-step of industrial decline began in June; it appears that the economy's capacity to absorb imports declined between July and August. The U.S. monthly foreign trade deficit fell in August to \$13.32 billion, the lowest in four months, after a record shortfall in July of \$16.05 billion. The September deficit was slightly lower. Since the dollar size of these deficits reflects the drastically reduced purchasing power of the U.S. currency abroad, the import volume in real terms has probably declined by about 30% from the \$15.5 billion monthly deficit registered in November 1985.

If imports represent 20% of total U.S. consumption, and they have declined by 30% in volume terms, total U.S. consumption has declined on account of imports alone by 6% since the fourth quarter of 1985. However, it appears that the decline in consumption was concentrated in the third quarter, given the simultaneous sharp decline of import levels and basic-industry production.

Of course, running off excess inventories, as the auto companies did during the third quarter through their money-losing incentive programs, provides something of a buffer against immediate consumption declines. It appears that the continued expansion of consumer credit during the third quarter, at the immediate cost of future production (as the case of General Motors' profit declines shows), masked the sharp, underlying deterioration of production.

### **The decline of employment**

Nonetheless, what the population perceived up to and through the third quarter, was a marked deterioration of its economic prospects. Not merely did industrial employment continue to deteriorate, but lower-paying service jobs ceased to become available.

During the first seven months of 1986, services hired about 200,000 new workers each month. However, goods-producers laid off an average of 8,000 employees per month over the same period. During August and September, the rate of availability of new service jobs shrunk by nearly 50% to an average 106,000, while the decline in goods employment accelerated.

Reported unemployment rose sharply to 7% in September, a jump of two-tenths of a percentage point after three months of declines. The actual unemployment number, as most analysts now admit, lies somewhere in the 15 to 20% range, including individuals forced out of the reported work-

force. Nonetheless, the Labor Department's report reflected what voters pulled the lever against on Nov. 4. Another 40,000 factory jobs were lost, bringing the total number of manufacturing jobs eliminated this year to 200,000. The Labor Department reported that 300,000 more Americans lost their jobs in September. In addition, 135,000 jobs in the oil and gas sector have vanished, about 25% of the industry's entire work force.

EIR warned in our first-quarter 1986 Quarterly Economic Report that a crash of inflated real-estate values would begin this year, especially if "tax reform" eliminating prior tax-benefits for real-estate investment were enacted. The 25% vacancy rate nationwide for prime commercial office space has already produced a 30% decline in commercial construction over the past year, with a virtual shutdown in the stricken oil-producing states. Analysts anticipated a 25% or more decline in office-building prices nationally.

Usually, commentaries on the real-estate industry attempt to forecast demand for commercial office space by projecting office, retail trade, restaurant, and hotel employment. In fact, real-estate speculation creates such jobs in the short-term, not vice versa. Bankers and developers agree to build a shopping mall or an office complex, and, in the process, recruit the tenants of the proposed project. That is to say that much, perhaps most, of the service-sector employment increases of the past three years reflect speculation in rising real-estate values, more than any other economic development.

The decline in service jobs during August and September coincided with the break in the real estate market (and Congressional passage of "tax reform"), and may well have been caused by it. The big declines in non-goods-producing employment occurred in hotels, architecture and engineering, recreation, health, and small business, i.e., precisely the sectors which benefited most from the real-estate boom. These sectors hired 100,000 new workers on average between January and July; that fell to 50,000 in September.

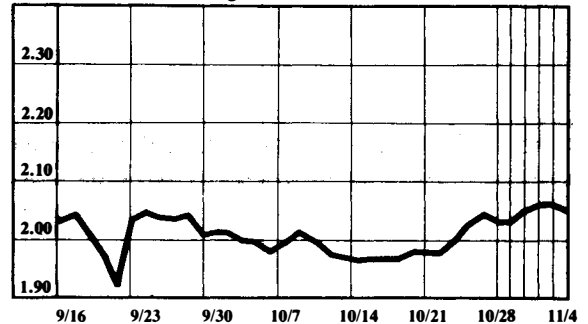
In all the discussions of the "shift to services," no one appears to have asked the question: Where do service employees obtain houses, cars, food, and clothing? The answer, in order of volume, is from Japan, the developing nations, and Western Europe. Since conditions no longer exist in which the United States can finance a \$200 billion per annum trade deficit, the conditions for continued expansion of services, or even maintenance of the present bloated level, no longer exist.

That suggests that there is still a very long way to fall. During 1982, i.e., during the last major ratchet downward in industrial output, service employment was stagnant. By the end of 1984, the real-estate boom briefly pushed the monthly hiring rate in services to 300,000. The elimination of the foreign-trade subsidy, and the collapse of basic industries, will wipe this out during the ensuing months, creating true mass unemployment—as opposed to the mass *mis-employment* of the last two years.

## Currency Rates

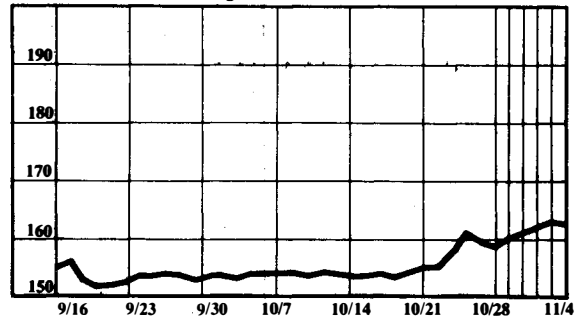
### The dollar in deutschemarks

New York late afternoon fixing



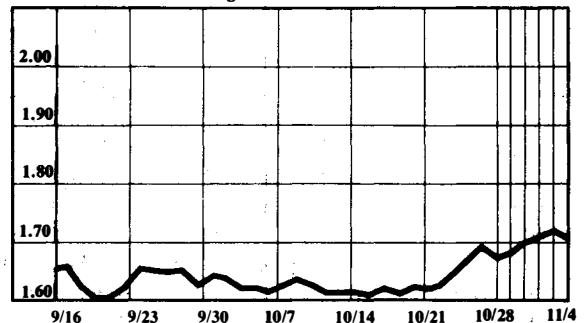
### The dollar in yen

New York late afternoon fixing



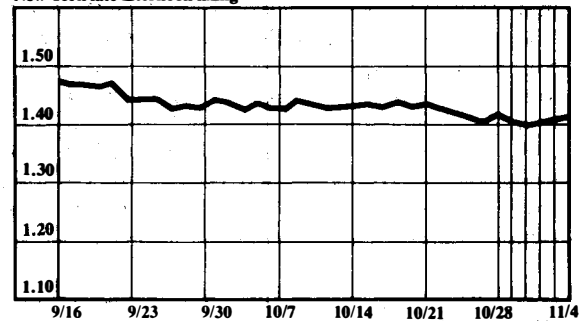
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing





## Saudi shakeup rocks the oil markets

*If anything, with the seasoned Yamani gone, the chances will increase for all-out price wars among OPEC members.*

The surprise dumping of the man most associated with the Organization of Petroleum Exporting Countries, (ex)-Sheikh Yaki Yamani, on Oct. 30, can only be a desperate move by a Saudi Royal House intent on changing policy without having the means to accomplish it. Within hours, acting Petroleum Minister Hisham Nazer's call for a meeting of the OPEC Price Committee to work out an accord to bring world prices back up to the \$18-20 per barrel level, sparked euphoric speculation on oil futures markets and drove prices of North Sea Brent from sagging levels of \$13.50 to above \$14.50.

A week later, no firm date for Nazer's emergency meeting had been set, and traders have decided to hold back from any speculative binge pending concrete action from OPEC.

Within hours of the last OPEC ministers' meeting in Geneva, which ended on Oct. 22 with a pledge to an even larger output of oil, prices began a steady fall. Clearly, the reality of depression in the world's largest industrial economy, the United States, combined with devastated economies in most of the developing world, including once-prosperous OPEC lands, has brought no "upswing" in demand for oil. Monetarist dogma breaks down in a real depression, and "demand" does not grow out of the "magic of the marketplace." This lesson has yet to be digested by the Saudi Royal House. With or without Yamani, who by all accounts was the convenient "fall guy," the strategy has been contradictory and inept.

A spokesman for the Cyprus-based

*Middle East Economic Survey* said that the Saudi's declared strategy following Yamani's ouster "won't work, it is absolutely contradictory. They are calling for \$18 oil and at the same time a greater share of the total market." Saudi production for the last months has run 4.3-6 million barrels per day. The sales have been secured on the cutthroat basis of so-called "netback" contracts. These guarantee to the major oil multinationals such as Exxon, Mobil, BP, and Shell, "irresistible" terms giving the buyer a fixed profit at the refinery point, regardless of market fluctuations. The Saudis resorted to this desperate means to increase their market share late last year. Saudi output had fallen to 1-2 million barrels per day by summer 1985 according to industry sources, when the Saudis decided to try to regain market share by scaring the rest of OPEC, as well as a lot of non-OPEC, into obeying production share agreements.

According to European industry sources close to Mideast oil politics, the Saudis were shocked at how far world prices dropped as a result of their strategy. In November 1985, North Sea Brent sold for almost \$30 per barrel, with Mideast crudes a few dollars lower. By last summer, prices for certain Saudi cargos were reliably reported as low as \$7 per barrel on netback, with further giveaway incentives up to \$1.50 per barrel. Oil industry and banking studies indicate that a sustained price well below \$15 will lead to massive bank insolvencies and industrial collapse in big parts of the U.S. oil industry. As well, the \$100 billion Mexico debt bomb is tied to its

oil export earnings.

It now seems that Yamani was dumped in a desperate bid to "talk" oil up by signaling a bold shift in strategy. Yamani, a Harvard trained Texas oil-patch roustabout, who had been Saudi oil minister since the birth of OPEC in 1962, even reportedly lost his honorary title of Sheikh in the ouster. More interesting is what OPEC and the Saudis can do now to deliver on the intent. One London brokerage source says the Saudis have privately determined to resort, if needed, to their earlier role as "swing producer" if the Dec. 11 OPEC ministers' meeting fails to gain agreement to further reduce output. Most Rotterdam and London industry sources predict such OPEC consensus is impossible under strains of crises in every OPEC economy.

One possible gimmick is that the Saudis plan to cancel existing netback contracts retroactive to Oct. 1. If so, given the six-week lead of such contracts, the markets could expect some sign of such a move by mid-November.

Diplomatic and Saudi-linked sources are circulating the rumor that the Saudi Royal House acted under pressure from Washington, as well as OPEC desperation. Certainly George Shultz and Donald Regan exert enormous influence on certain Saudi circles. Regan's associate at Merrill Lynch, David Mulford, now assistant treasury secretary for international affairs, was the liaison to the Saudi Arabian Monetary Agency for 10 years before coming to Treasury in 1983.

The growing world economic depression means no oil minister can increase both price and market share over a longer term. If anything, with the seasoned Yamani gone, pressures to market anarchy will increase the chances for all-out price wars among OPEC members.

## **'Creative accounting' won't save farms**

*The Farm Credit System has been authorized to keep "secret books," but no help is on the way to farmers.*

**B**y the end of November, the giant Farm Credit System is scheduled to have put the finishing touches on its procedures for keeping two sets of books—a "creative accounting" gimmick quietly authorized by the outgoing Congress to keep the FCS afloat until the 100th Congress opens in January.

During the closing days of its last session, a radical plan was authorized to allow the FCS to spread farm loan losses over 20 years, and do some other fancy bookkeeping not so far permitted to any other sector of the economy. One set of FCS lending agency books is to reflect the true disastrous condition of loans; another set can be altered to stretch out FCS loss write-offs, so that FCS debts can be paid.

In 1985, the FCS lost a whopping \$2.7 billion. This year, the rate of losses is running even greater, exceeding any internal emergency loss reserves. The FCS holds about \$75 billion worth of national agriculture debt, accounting for about one-third of all farm debt. At present, an official \$8 billion of the FCS debt is not being serviced at all. Billions more are significantly delinquent.

In December 1985, Congress passed legislation permitting the FCS regulators to move money out of more solvent districts, into districts in financial crisis (called "capital sharing"). Other sweeping powers were granted to create a new entity, FCS-Capital Corp., to dispose of foreclosed farmland. These operations have not shored

up the system, but only caused more hardship, further jeopardizing future food supplies.

Court actions have been filed to prevent the shunting of money around the system, and farmers have been lobbying to demand that the FCS restructure loans and offer lower interest rates to keep farms in operation.

The FCS is nominally farmer-owned, but in reality, it has been run for some time by bankers who advocate the austerity policies of the Federal Reserve and International Monetary Fund austerity policies. IMF officials state that a large part of the U.S. farm sector is "redundant," and should be shut down.

The FCS is a government-mandated entity that commands privileged borrowing terms, but it must raise money on the public market. In an attempt to maintain public confidence, FCS chairman Frank Naylor has maintained forced optimism in his public statements. At a meeting of FCS regulators in late October, Naylor told reporters, "We are not in any imminent crisis, and we do not intend to move forward without some deliberate care. We do not intend to move forward in a 'shoot-from-the-hip' mentality, if you will." Naylor insists that the accounting gimmicks will be useful to "buy time."

Most farmers know otherwise. Farm prices are falling to unprecedented levels relative to costs and debt servicing. According to the latest USDA figures—which always paint

an overly rosy picture—farm prices are now 1.6% lower than last year at this time. For feedgrain crops, the October index was 96, based on 1977 prices being 100. Corn prices are at their lowest point in more than 20 years. At some places in Iowa, corn has been selling for less than \$1.00 a bushel.

Although feedgrains are cheap for livestock use, meat animal producers cannot afford to operate, despite the fact that farm meat prices have risen by 9% over last year. Hogs and cattle herds are decreasing drastically.

What is required from Washington is a package of emergency measures to freeze and reschedule farm debt, pump low-interest farm credits through the agriculture lending systems, and implement a food exports "boom" policy based on development project needs in target zones of the West—Africa, Central America, and so forth.

Instead, a sham set of help-the-farmer procedures is to be followed by the FCS. Naylor, who has become famous for euphemisms about the FCS disaster, likes to call them the "bill of rights." These rules are to go into effect by the end of November. They call for guaranteeing the release of full data on interest rates and full access to loan documents. They define procedures for dealing with farmers who seek forbearance on delinquent loans and for fast review of loan rejections. FCS lending agencies will be able to set their own interest rates, without approval by regulators. Farmers have been demanding low interest rates to continue their operations.

However already, within weeks of congressional action, the FCS regulators warn that they will not permit "excessively low" interest or misuse of extended loss write-offs, if these result in "unsafe and unsound" financial practices.

## Trade deficit alone not the key

*Labor should look at the overall economy, and at policies like those that made America a net steel importer.*

Stopping foreign imports has long been a concern of organized labor. Union leaders will not endorse political candidates who drive foreign cars. The AFL-CIO has just begun *The Union Label Shopper*, an all-union catalogue to tap into the gigantic U.S. mail order business.

AFL-CIO economist Mark Anderson says the federation's first priority in January, when the 100th Congress convenes, will be to pass trade legislation that will rescue American workers, industries, and communities from disaster. Indeed Democratic Sen. Robert Byrd, the man who will take over from Bob Dole as Senate Majority Leader, has indicated that trade legislation will be among the top three priorities of the Democrats when the Senate opens for business.

The AFL-CIO's concern with the federal trade deficit is not totally unjustified, but dealing with the trade deficit without addressing the more fundamental barriers to real recovery is just re-dividing a shrinking pie. The U.S. trade deficit is a reflection of a collapsing world economy, not its cause.

Still, the U.S. trade deficit, which reached \$127.9 billion for the first three quarters of this year, is one of the truest readings of how shaky the world economy is. The shortfall between imports and exports, at this rate, will reach \$170.5 billion, nearly 15% ahead of 1985, the previous high.

The AFL-CIO is quick to point out that every \$1 billion in trade wipes out more than 22,000 American jobs and

that there was a trade surplus in January 1981 when Reagan took office. Since then, the cumulative trade deficit has grown to more than \$500 billion, much of this hitting the American manufacturing sector hardest. More importantly, the position of manufacturing is getting worse.

In the first nine months of 1986 manufacturing imports topped exports by \$107.5 billion, one-third higher than 1985, when the differential between imports and exports represented an \$80.9 billion manufacturing trade loss. September's deficit stood at \$1.8 billion with Western Europe, \$4.1 billion with Japan, \$1.5 billion with Canada, and \$1.5 billion with Taiwan. Only America's farmers in September ran up a farm trade surplus of \$138 million, after three months of agricultural trade deficits.

In the 1986 general elections, it was well recognized that the vote was a vote *against* the way the Republicans have dealt with the economy, not a vote *for* the way the Democrats have handled things.

In 1984 the United States consumed 98 million tons of steel, an extraordinary drop compared to 1973 when the U.S. consumed almost 151 million tons of steel. In 1984, 48 million tons of steel came from new production, 26 million from imports, and 24 million from recycled scrap. While it is true that imports of raw steel have increased tenfold since 1980, this comes as a result of a conscious policy to shut down domestic steel.

The raw steel imports are from

Brazil, Venezuela, and other developing nations that are being forced to export the steel they need themselves, in order to pay off their foreign debts. How can American exports be promoted when the developing sector, through International Monetary Fund-dictated loan conditions, is forced to slash American imports and export everything that is not nailed down?

First Boston Corporation is doing its all to shut down U.S. blast furnaces and integrated steel-mills, the guts of the new steel making capacity, while other financial interests, like the Swiss grain giant Cargill, promote the recycled scrap industry by buying up electric-arc furnace capacities.

America, once the engine of world production, is becoming an aging industrial giant that is cannibalizing itself and its neighbors to get the steel it needs for consumption. World production overall is dramatically collapsing, in terms of basic manufacturing.

In *EIR's* June 1985 Quarterly Economic Report, it was shown that just to meet the defense requirements to keep up with the Soviets requires revitalizing the U.S. machine-tool industry to the order of \$600 billion. This points to the dangerous collapse of the U.S. machine-tool industry caused by the 28% drop in the number of machine tools used in the U.S. from 1973 to 1983, and the fact that more than two-thirds of the existing stock of machine tools are "over-age." A machine-tool investment program of this sort needs 44 million tons of iron and steel to begin with, and 4.4 million tons per year to rejuvenate existing stocks, once the deficit is made up.

American industry can flourish if, and only if, world trade increases in the context of world production increasing. Any other context may give short-term gains that will soon be wiped out.

## Will Japan-U.S. accord survive?

*The hidden agenda of the Oct. 31 Baker-Miyazawa agreement did nothing to help the administration in the U.S. elections.*

**J**apan apparently drove a hard bargain with the Reagan administration in return for financing a pre-election boost for the U.S. dollar and securities markets. The supposedly broad-ranging economic agreement announced Oct. 31 by Japanese Finance Minister Miyazawa and his American counterpart, Treasury Secretary James Baker III, boils down to the following:

1) Japan demonstratively cut its discount rate to a postwar low of 3% from 3.5%, a purely symbolic action which could not, by itself, have any impact on foreign exchange markets.

2) Japanese investors agreed, for the moment, to continue to throw the proceeds of the country's \$50 billion trade surplus into American securities.

3) The American side agreed to sell Japan a big piece of the store, namely, the \$120 billion-per-day market in U.S. Treasury securities.

For apparent political reasons, reflecting Japanese Prime Minister Yasuhiro Nakasone's concern with President Reagan's ability to maintain his strategic policy, Japan reversed its previous stated intentions, and continued to finance the American markets. Earlier, Japanese private investors had abandoned their \$50 billion-plus rate of investment in U.S. markets, evident during the second quarter; during the third quarter, they appeared to prefer gold, which they bought at an annual rate of nearly \$30 billion. In the interim, Japan's central bank bought dollars on the foreign exchange market in order to prevent further appre-

ciation of the yen (and deterioration of Japanese foreign markets). These dollars, invested back into U.S. Treasury securities, financed the lion's share of America's third-quarter deficit.

That arrangement could not last long without broader support for the dollar, which Miyazawa provided on the Friday before the U.S. elections. The yen fell to about 164, and the DM to about 2.07, a swing of between 2% and 3% for both currencies, as a result.

What did the Japanese get in return? Although the principal motivation appears to have been political, they insisted on cementing the agreement through a bigger, open presence in U.S. bond markets. The purchase of New York's Aubrey Langston, one of the most prestigious of the 35 primary dealers in U.S. Treasury securities, by a Japanese bank, was announced two days before the Baker-Miyazawa agreement; in some ways, it is even more important than Sumitomo's purchase of a 12.5% stake in Goldman Sachs.

The U.S. banks and investment houses are facing enormous competitive pressure from the huge Japanese trading houses such as Nomura, Daiwa, and such in the U.S. Treasury market. In what observers characterize as "open warfare," the Japanese are believed moving to use their investments in U.S. government debt to increase their control of the U.S. financial market.

As the largest primary purchasers of U.S. Treasury securities, the Japa-

nese have the leverage to dominate the primary dealerships as well. One wire-service account quotes an unnamed Merrill Lynch executive complaining, "We were always afraid of becoming Nomura-Merrill Lynch."

However, the effect of all this on the dollar is not likely to last long. First of all, only the Japanese, but not the West Germans, agreed to American demands for such a public-relations exercise. The West German Bundesbank continues to build support for a European bloc against the dollar, as the central bank's president, Karl-Otto Pöhl, represented to British Prime Minister Thatcher during his October visit to London.

West Germany depends much less on the American market than does Japan, but that is not sufficient to explain the divergence of policies. Rather, the Bundesbank now orients towards the Munich-Zurich-Trieste banking and insurance combination, which foresees a central European bloc moving by steps out of NATO.

To be fair to the Bundesbank, it does not have an American policy to work with. The Federal Reserve, as most Wall Street commentators noted, is merely looking for cover under which to throw huge amounts of money at the U.S. banking crisis. Any rise in U.S. interest rates would not merely hurt securities markets, but would cause huge chunks of the rotten real-estate market to fall out, compromising the entire savings and loan system, as well as large parts of the commercial banking system.

The Fed is so sensitive to this perception that it immediately announced that it had no plans to cut its own lending rate. But that is what it will have to do, and the unravelling of the banking system will continue the pressure on the dollar, whatever the Japanese do.

## A new virus, a new disease?

*Recent discoveries in immune depression have implications for research on AIDS and other new diseases.*

**A** new member of the herpes virus family has been isolated in the laboratory of Dr. Robert Gallo at the National Cancer Institute, according to the Oct. 31 issue of *Science* magazine. This new human B-lymphotropic virus (HBLV) was isolated from the white blood cells of six patients, two of whom were seropositive for the AIDS virus, and four of whom were seronegative. All of these patients had either leukemia, lymphoma, or some other abnormality of the white blood cells, known as lymphocytes.

The new virus has the physical appearance (morphology) of a herpes virus and may be related to these viruses, which cause cold sores, genital herpes, chicken pox, shingles, and mononucleosis, and are involved in the production of a number of cancers. HBLV is distinguished from the other herpes viruses of animals and man, by an apparently restricted host range, infecting only fresh B-lymphocytes, and apparently killing them, as opposed to another herpes virus, the Epstein-Barr virus (EBV), which transforms infected B-lymphocytes into cancer cells.

The appearance of a new member of the herpes virus group of viruses has a number of implications. All members of the herpes virus family are associated, in one way or another, with derangements of the immune system. One member of this family, the cytomegalovirus, was an early candidate as the cause of Acquired Immune Deficiency Syndrome, because of its widespread prevalence in AIDS patients, and its ability to produce further immunosuppression in

already immunocompromised hosts. This immunosuppressive characteristic is shared by the Epstein-Barr virus.

The other members of the herpes virus family—herpes simplex, which causes cold sores and oral ulcers; herpes genitalis, which causes genital herpes; and Varicella-Zoster virus, which causes chicken pox and shingles—all produce life-long latent infections which become active when the immune system is suppressed by infections or stress.

The initial evidence suggests certain parallels with the AIDS virus. As noted above, the HBLV apparently attacks B-cells in culture and destroys them. This is somewhat analogous to the situation with the AIDS virus (HTLV-III), which destroys T-cells in culture, as opposed to immortalizing them as the Human T-cell Leukemia Virus (HTLV-I) does.

One disease in which the new virus may play a part is a chronic mononucleosis-like syndrome which has come to the attention of the medical profession in the United States over the past two to three years. This syndrome, which some physicians attribute to a chronic Epstein-Barr virus infection, gained recent prominence with the report of 150 cases diagnosed in the Lake Tahoe area of Nevada between the fall of 1984 and the fall of 1985.

The disease is characterized by a cluster of non-specific symptoms including chronic fatigue, headache, swollen glands, recurrent headaches, and sore throats. In addition there are neurological complications which re-

semble those seen in AIDS patients, such as loss of memory and inability to concentrate or perform once routine mental tasks. Like mononucleosis, chronic mononucleosis syndrome appears to be highly contagious.

Many of these patients have evidence of exposure to most, if not all, of the herpes viruses, and it is difficult to distinguish between those with the disease and healthy individuals, on the basis of serological evidence of exposure to Epstein-Barr or other viruses.

Whether or not HBLV will turn out to be the "cause" of chronic mononucleosis-like syndrome is now under investigation at the National Cancer Institute and by clinicians in Boston, New York, Houston, Fort Lauderdale, Miami, and Tahoe. The more intriguing possibility, however, is that the disease may be the cause of the virus.

The discovery of the AIDS virus has tended to obscure the large body of data on environmental, nutritional, and other factors associated with the development of Acquired Immune Deficiency Syndrome. There is a large body of literature which documents the ability of viruses to recombine in an infected host and produce new viral strains. The ability of the herpes viruses to infect immunosuppressed individuals, and to then produce additional immunosuppression, is well documented.

It may not be entirely fortuitous that we see the emergence of yet another immunosuppressive virus in areas where AIDS is already a problem, and where the general health environment, sanitary infrastructure, and nutritional level have declined. If this decline continues, the molecular biologists may have many more interesting viruses to write about—assuming they are still around to do the writing.

## Zaire follows Peru, breaks with IMF

*"We have implemented IMF policy over the past four years, and the effect on the national economy has been a catastrophe."*

Zaire's President Mobutu Sese Seko announced on Oct. 28 that from Jan. 1, 1987, Zaire will limit payment of debt service to no more than 10% of export receipts. Although President Mobutu did not mention the precedent set by Peru's Alan García in the statement issued in Kinshasa, in which he accused the International Monetary Fund (IMF) of strangling its economy, it is clear that Africa has started to follow García's example in his rejection of IMF and international banks demands for yet further belt-tightening in the developing sector.

President Mobutu "has slammed the door on the IMF," said one Zairean source. "We have implemented IMF policy over the last four years, and the effect on the national economy has been a catastrophe. Now the IMF is demanding another three or four years of the same. Do they take us for fools?"

The statement said that the IMF program had "led the country to operate, without sufficient compensation, a net transfer of capital which is not balanced by consequent investment from external partners." Such investment was needed if there was to be a recovery which would enable the country to repay its debts, said the statement. With a diplomatic choice of words, the statement says that there will be no more IMF programs: "Any future program with the IMF should be seen as a supplementary aid to national efforts, and concluded with a view to a real launch of the Zaire economy, and no longer simply as a program of austerity and stabilisation."

As all IMF programs are nothing but austerity and "stabilization," that is the end of the IMF in Zaire.

On Oct. 31, President Mobutu dismissed the prime minister, Kengo Wa Dondo, who has faithfully implemented IMF demands over the last four years. Mobutu abolished the post of prime minister, and named a new finance minister, Mabi Malumba, known for his anti-IMF attitude. He had publicly criticized the IMF during a meeting of the central committee of Zaire's political party, the Popular Revolutionary Movement.

The behavior of the IMF had led Kengo Wa Dondo himself to "explode," at a stormy meeting between the IMF and Zairean government authorities on Aug. 30, according to the French weekly *Jeune Afrique*. The IMF had refused to disburse two payments of \$28 million, in April and June, despite Zaire's strict adherence to IMF precepts. Kengo demanded an explanation: The IMF representative, Louis Goreux, acknowledged that in April Zaire had respected the rules laid down by the IMF, but he did not explain why the payment then had not been authorized. In June, he explained, the government had committed the error of deciding to increase salaries. So, he concluded, the IMF would not authorize the two payments until Zaire behaved more obediently.

In response, a furious Kengo described the state of the Zairean economy, after four years of IMF austerity: Zaire was paying 50% of its export receipts in debt service, and debt re-

payments had been made even though Zaire was losing \$150 million due to the collapse of the prices of copper and cobalt, Zaire's main exports.

"The problem is political, not technical," said Kengo. "It is the government which is being attacked by the IMF, but you should know that the regime will defend itself with all its means." Following which, Kengo walked out of the meeting.

At the meeting of the Popular Revolutionary Movement, President Mobutu said that "The economic situation is not going very well. To be convinced of that, it is enough to observe the standard of living of the population, the prices in the markets, how companies operate, the state of social infrastructure, of health and education."

*Jeune Afrique* reported that a Zairean official earns approximately 1,000 zaires per month: To feed his family, he needs 300 zaires per day.

There are indications that the Zairean example will now be followed by other African countries. The Sudanese prime minister, Sadeq el Mahdi, had announced at the United Nations General Assembly meeting in September that Sudan would be limiting its debt repayments to a percentage of its export revenue.

Some action must be taken because the economic situation of most African countries is steadily worsening. The number of people officially suffering from malnutrition in Africa increased from 80 million in 1980 to 100 million in 1984, and these are certainly underestimates.

The French newsletter *Lettre d'Afrique* commented in a recent issue that it seemed that Western bankers and financiers considered that the "battle against misery" had been lost in Africa, and that French government proposals for a "Marshall Plan" for Africa had not received much support.

### Fight to control the 'Council of Ten'

*The old Venetian oligarchy's institutions are playing a big role in current financial power struggles.*

The death of two bankers linked to the Vatican, Roberto Calvi and, more recently, Michele Sindona, has defined a watershed in Italy where "Catholic finance" has been brutally defeated, at least in this phase, by what is known as "lay finance." This means that the field is open for the biggest power struggle since World War II. Since one adversary, the Vatican, has been knocked out, the other fighters are sharpening their knives with more lust.

Accounts inside chemical conglomerate Montedison are about to be settled with the *de facto* takeover by Ferruzzi group president Raul Gardini, allied with Olivetti's president Carlo De Benedetti. Agnelli's Fiat is launching a strong bid to take over Alfa Romeo in competition with the Ford Motor company, which will give it a monopoly over car production in Italy. The role of Mediobanca, the core of all postwar Italian finance operations, has been trimmed a bit. But there are other fish to fry.

The main struggle revolves now around Assicurazioni Generali of Venice-Trieste, the insurance giant that is like the hilltop from which the Italian economy can be controlled. It is not just one of the biggest insurance companies in the world, but the seat where the Venetian oligarchical families' *fondi* are managed with experience dating back centuries, back to the days when a "Council of Ten" had life-and-death power over Venetian subjects.

Strangely enough, the company's

real wealth is not known. The management admits that it controls several billion dollars, but nobody can say exactly how many, because the huge estates that Assicurazioni Generali possesses all over the world are a well-kept secret. It is known to control 118 companies, 47 of them smaller insurance companies, in more than 40 countries.

Assicurazioni Generali has no big shareholder. The biggest is Mediobanca, the only Italian merchant bank, which holds 5.15% of the shares; the rest is divided among tens of thousands of shareholders. This means that to acquire a small packet of around 2% of the company is very hard, and requires a huge amount of money. Hence, it is said to be almost impossible to get a controlling share because it would take billions of dollars which nobody can afford. Yet the possibility cannot be ruled out, because "Dope, Inc." has the liquidity for a run on Generali. In fact somebody is buying as many shares as possible of Generali on the Italian market, pushing its price upward.

All this makes it easier to grasp why Mario Schimberni, president of the Italian chemical conglomerate Montedison, fought so hard to take control of Florentine insurance company La Fondiaria, which controls a 1.3% share in Generali. Unfortunately for Schimberni, a bigger fish than he, Raul Gardini, bought Montedison. According to informed sources, Gardini will also become chairman of the board of Fondiaria.

Meanwhile, Anthony Tannoury, a Lebanese-born financier and weapons-smuggler closely linked to Libya, has decided to sell a package of Generali of around 2.4% that mysteriously left Italy years ago. Tannoury is not the only owner of the package; the others are Mazed Pharaon, brother of the notorious Gaith, Mohamed Al Higgayi, president of the Libyan Arab Foreign Bank, and former Libyan ambassador to France Muphta El Daghil. Nobody knows how the shares found their way into their hands; the bank that carried out the operation is the Banca Commerciale Italiana, which passed the whole package to the Swiss Banca del Sempione.

The firm buying the shares from Tannoury is a Swiss financial company called Sasea, a very shadowy venture often used by "Arab" investors. Sasea's president is Florio Fiorini, former financial director of ENI, the Italian state oil company, who was forced to resign a few years ago when he tried to use ENI money to bail out Vatican-linked banker Roberto Calvi.

It is hardly surprising that Fiorini is negotiating the Generali deal with Libyan agent Tannoury. Fiorini has a business experience with the Libyans dating from his buy-out of the Tamoil oil company from weapon smuggler Roger Tamraz, and resold it to the Libyan government, which turned it into a joint venture with Italian investors; Tamoil's president is still Mr. Mazzanti, former ENI president.

This whole deal represents an overlapping of the old Venetian *fondi* with Libyan-tied dope and weapons smugglers (by the way, Tannoury cannot set foot in Italy because he has been indicted by an Italian judge for arms smuggling). Fiorini has already announced that he will resell the Generali package. Whoever the buyer is, will find himself well-placed in the "Council of Ten" that rules Generali.

# Business Briefs

## ***Dope, Inc.***

### **Raid uncovers Soviet opium fields**

A massive police raid inside the Soviet Union uncovered 170 opium growing fields covering 5 hectares, according to a recent report in *Pravda Vostoka*, the Uzbekistan party newspaper in Tashkent. 164 persons were arrested, 5 of them party members summarily expelled from the CPSU.

*Pravda Vostoka* said that the ring uncovered represented "only the tip of the iceberg." "The planting of opium yielding crops has a long tradition here, and the large cities guarantee a rising and lucrative market."

One kilo of opium fetches 30,000 rubles on the black market in Uzbekistan.

## ***Technology***

### **Soviet culture has SDI trouble**

Soviet culture won't allow the use of an SDI program as a science driver, Gerold Yonas, until recently chief scientist of the SDI Office (SDIO), told syndicated business columnist Gary Meyers.

"What most Americans don't realize, but the Kremlin does, is that the U.S. is securing its civilian economic and technological lead in the world for the next 20 to 30 years," Yonas said. "SDI is a crucial link in the chain of high-tech drivers that support that lead. The Soviets can't keep up with that kind of movement. Their culture won't allow it, their myths won't support it, and their bureaucracy can't tolerate it. Success grounded on the necessary consumer support of a technology base is intolerable in the Soviet structure."

"When it comes to the SDI, it's not future U.S. weaponry that the Soviets fear as much as the rapid development of American high technology," says Meyers in his syndicated column in the *Houston Post* Oct. 25. The SDI could well be called the "Scientific Development Investment," says Meyers, noting that defense dollars "are being spent more for the tools of high technology than

for the defensive systems themselves. . . .

"Experts believe that the real competition between the U.S. and the Soviet Union is for world preeminence in general applications of technological innovation and productivity." Meyers also suggests that the civilian applications of the SDI outweigh their military potential by 20 to 1.

## ***Development***

### **French farm group hits World Bank, IMF**

The French Federation of Agriculture (FFA) called for North-South cooperation in a new world economic order, in an editorial by FFA president Henri Gaullandean in *l'Action Agricole de France*, the mass organization's newspaper:

"We denounce the dictatorship of the World Bank, which, through the IMF, controls worldwide development policies . . . and favors the interests of the five big food cartels.

"Those huge concentrations of economic power exist through a bunch of devoted technocrats in Brussels and Washington. . . . Let us work to support those men who will care for the return of power to sovereign nation states. Let those men be strong enough to bring the financial powers to their knees so they can resume their proper role to favor the development of mankind and not their own interests.

"We in the FFA imagine that world development can be achieved through an economy of contracts between developed and Third world nation states; this would be financed by long-term and low-interest loans."

## ***The Invisible Hand***

### **Casino gambling in Mexico?**

"There is increasing speculation on both sides of the border that casino gambling will return to Mexico as a way to help wipe out the nation's \$96 billion foreign debt," wrote *The*

*News*, the English-language newspaper controlled by the U.S. Embassy in Mexico City, on Oct. 30. Although officials in public deny that the 1935 prohibition by President Lázaro Cárdenas del Río will be lifted, "some say in private it is inevitable," *The News* states.

"During the 1920s and '30s, celebrities such as Clark Gable, Charlie Chaplin, Jean Harlow, and Douglas Fairbanks flocked to Tijuana to frolic and gamble at its casinos. The heyday of Tijuana casino gambling abruptly ended in 1935 when President Gen. Lázaro Cárdenas del Río banned gambling throughout Mexico on the grounds that games of chance were immoral. Times have changed."

## ***Oil***

### **Gulf leaders met on Iran-Iraq war**

Leader of the six Gulf Arab states gathered Nov. 2 in Abu Dhabi for a summit focused on stopping "the very serious escalation" of the Iran-Iraq conflict, and formulating joint measures to protect shipping.

The Emir of Qatar, Sheikh Khalifa Bin Hamad al-Thani is quoted saying that the so-called tanker war is as serious as attacks on civilian ships during World War II. There will also be discussion of expansion of coverage by Saudi-owned Airborne Warning and Control System (AWACS) planes to all six states.

## ***Astronomy***

### **Star gazer to be built in Australia**

The world's most powerful and accurate instrument for measuring stars is to be built near Sydney, according to the city's university. The official *Sydney University News* said the stellar interferometer, estimated to cost \$1.5 million, would be built at Culgoora north of Sydney.

It would allow astronomers to measure the temperature, mass, and physical size of



more than 50,000 stars. Previous interferometers could measure only about 50 stars, it said. Work on the three-year project, funded jointly by the university and the Australian government, would begin in January.

Several programs were planned for the giant instrument, including one to determine the distances to binary or double stars, known as cepheids, it said. Cepheids are used by astronomers for determining distances to galaxies.

### **Domestic Credit**

## **Occidental now in trouble?**

Standard & Poor's has placed about \$7.5 billion of the debt and preferred stock of Armand Hammer's Occidental Petroleum company on its "Credit Watch List." The move is said to have "negative implications" for Hammer and his company.

The rating company said that Occidental faces "\$1.5 billion in potential claims and prolonged weak energy markets." Moody's gave similar reasons for opening a review of Hammer's debt.

The potential claims, so far, are the \$724 million damages award against the company by a Wyoming jury, and the Colombian tax man's claim of \$800 million owed to that state's treasury.

### **The Recovery**

## **GM to close plants, lay-off thousands**

General Motors has announced plans to close five assembly and three stamping plants to cut costs and reduce production capacity. As many as 26,750 hourly workers could be left without jobs by the move.

The plants include four in Michigan, with 16,850 workers, and those in St. Louis, Mo., Norwood and Hamilton, Ohio, and Willow Springs, Ill. totaling 9,000 UAW workers.

It is projected, however, that for every job lost in the auto assembly field, three are

lost in the auto supplier field.

None of the plants will be closed immediately, but will be slowly phased out of production, according to the *Detroit News*. Some of the phase-outs could take as long as three years.

Company officials cite an "over-capacity" in auto production. GM lost \$338.5 million in the domestic automotive market, which sliced into the company's overall quarterly profit.

GM also plans to cut its salaried workforce by a minimum of 25% by the end of the 1980s.

Not all of the hourly workers at the plants to be closed will be laid off. Many have transfer rights to other plants and will be eligible for displacement training.

Union officials charge that the closings are a way for GM to put pressure on the UAW before contract negotiations begin next year on a new labor contract. The old contract expires in September 1987.

### **Usury**

## **Egypt capitulates to IMF . . . again**

An Egyptian delegation to the IMF and World Bank has agreed to all conditions demanded by the two agencies of international usury, according to Cairo's *Al-Ahali* newspaper. In return, the United States will increase investments in Egypt, says the paper.

The IMF will only extend short-term loans for various IMF-sponsored projects, not cash loans as demanded by Egypt. The negotiations centered on Egypt's next Five Year Plan. The government's demand for lower interest rates on U.S. military loans (from 13% to 6%) met with strong objections from the United States and the IMF. The IMF suggested postponement on these debts.

As part of the deal, Egypt will create a free zone in the new Damietta Port area.

Egypt will be given a \$600 million loan from the World Bank. The first \$200 million will go for small farms and development of agricultural land. Some industrial growth will be permitted within Egypt's agricultural reform program.

# **Briefly**

● **JAPAN** is looking for a way to reduce its trade surplus through investments in Southeast Asia.

● **CARGILL**, one of the most notorious of the grain-cartel firms, is the largest private company in the United States, with \$32 billion in sales, ranking twice as high as Koch Industries, the number-two company, according to *Forbes Magazine's* second annual listing of the 400 largest private firms.

● **INDIA** will negotiate with the United States for the purchase of a supercomputer. The United States has agreed to the sale in principle, providing New Delhi can provide assurances that the sophisticated technology will not slip into the hands of the Soviet Union. The technology, a computer that is superfast in computations, could also be used to design nuclear weapons. U.S. officials therefore described the pending negotiations as certain to be "long and hard."

● **SOVIET TRADE** Minister B. I. Aristov received a Japanese business delegation headed by Y. Mimura, chairman of the board of directors of the Mitsubishi Corp., on Oct. 16. The delegation is in Moscow to take part in the Japan-86 trade and industry exhibition.

● **MEXICO'S LABOR** Congress protested the government's decision to sell 34% of banks nationalized in 1982 back to private owners, on Nov. 5, saying the move will "put the Church in Luther's hands," and the banks will return to the old vices of promoting capital flight. The Congress said the government should instead shut down the exchange houses which have been acting as "private banks."

● **THE UNITED STATES** has decided to abstain, rather than vote "no," on a proposed \$250 million World Bank loan to Chile. European governments are now expected to vote in favor.

## How many jobless are there really in Ibero-America?

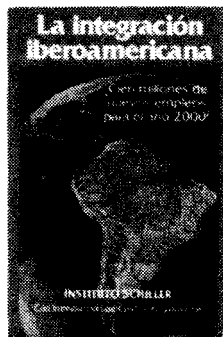
### Part 11

#### Ibero-American integration

Taking into account unemployment in agriculture and misemployment in unnecessary services, the true level of joblessness in Ibero-America is 35%. That means that more than a third of the most important resource of the continent, its labor power, is not contributing to creating wealth.

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."

This week EIR's exclusive English-language serialization of the book concludes Chapter 4. Numbering of graphics follows that of the book.



#### Real unemployment in the labor force

It is no secret that the labor force of Ibero-America is inefficiently employed, but the magnitude of the misemployment and hidden unemployment is generally seriously underestimated. For the purpose of realistically estimating the number of new, useful jobs required by the year 2000 and 2015, one must quantify not only presently recognized unemployment (nominal unemployment), but all forms of disguised unemployment. While any measures used for this calculation are of necessity approximations, the following figures give a very good idea of the general magnitude of the true unemployment problem in the subcontinent. Moreover, the *method* employed to make these calculations indicates the proper way to determine the real unemployment rate, defined as that percentage of the total labor force which, for one reason or another, does not contribute (or scarcely contributes) to the production of real economic wealth.

*Official unemployment* is naturally the first category of any total unemployment calculation. In Ibero-America these figures are very unreliable, and quite often do not exist for the country as a whole, but only for the major cities. For example, since 1980, the official unemployment figures for most Ibero-American countries show very slight rises in unemployment, with the exception of figures from Colombia and Chile which more accurately reflect the impact of the austerity policies and economic stagnation which hit all countries. This failure to officially register the known post-1980 increase in unemployment casts doubt on the validity of the figures for 1980 as well. However, due to the absence of a ready means to correct the official figures, we begin our reconstruction of the real unemployment situation by using the official unemployment figures, as compiled by the ILO subgroup Programa Regional del Empleo para America Latina y el Caribe (PREALC), "Dinámica del subempleo en

TABLE 4-5

**Underemployment in agriculture 1980**

	Agriculture labor force† (1)	Agricultural value added‡ (2)	Appropriate agricultural labor force† (3)	Underemployment in agriculture (4)	Underemployment in agriculture (thousands) (5)	Underemployment in agriculture (according to ILO)* (thousands) (6)
Argentina	12.0	8.8	17.6	0.0	0	164
Brazil	30.6	13.0	26.0	4.6	1,989	4,789
Colombia	33.7	19.4	38.8	0.0	0	743
Chile	16.3	7.4	14.8	1.5	53	125
Mexico	26.1	8.4	16.8	9.3	2,203	1,392
Peru	39.3	8.5	17.0	22.3	1,147	865
Venezuela	15.0	5.7	11.4	3.6	176	294

†Percentage of EAP

‡Percentage of GDP

\*Sources: Regional Jobs Program for Latin America and the Caribbean (PREALC), subgroup of the International Labor Organization (ILO).

América Latina," (1981), p. 26, and as reflected in Table 4-8 on p. 20.

It is well-known that despite large-scale migration to the cities of Ibero-America, a large portion of the labor remaining on the land is underemployed, either working for only portions of the year and idle the remainder, or employed in such low productivity tasks on the land that their contribution to output is almost negligible. In either case, the best measure of *underemployment in agriculture* is the relative productivity of agricultural labor compared to the productivity of the economy at large. Comparisons with other countries, both developed and newly industrializing, suggests that agricultural labor as a percentage of total labor force should be no more than double the percentage of agricultural value added as a percentage of total GDP. This percentage holds true not only for South Korea, a country which has successfully shifted from being largely an agrarian economy to largely an industrial one, but also for the major European countries (in the United States, due to very capital-intensive farming, agricultural labor produces more than its share of total GDP).

Consequently, we applied this formula to derive estimated agricultural underemployment, as reflected in Table 4-5. Column 1 is the percentage of total labor force officially reported in agriculture; Column 2 is the percentage of total GDP in agriculture; Column 3 is two times Column 2, representing the maximum healthy percentage that agricultural labor ought to be of the total labor force; Column 4 is the percentage now working in agriculture above what is appropriate (i.e., the difference between Columns 1 and 3, if greater than zero); and Column 5 is the total number of such actually underemployed persons in agriculture, which was derived by multiplying Column 4 by the total economically active population.

The results are illustrative, but unsatisfactory as a final calculation in a number of cases, for reasons that require a more detailed investigation than could be conducted on the basis of available data. The principal difficulty lies in the overly high proportion of total GDP officially attributed to agriculture in several countries, notably Brazil and Colombia, which apparently results from the effect on national accounts calculations of internal pricings that artificially increases the relative prices of agricultural products. Clearly, Colombia has a substantial underemployment problem in agriculture, which is at variance with the figure of 0 derived above. Possibly, its total value of agricultural production is significantly lower than the reported 19.4% of GDP, which would explain the discrepancy. Brazil likewise undoubtedly has many more than 1,989,000 underemployed agricultural workers, given that there are entire regions of the country populated principally by millions of subsistence and subsistence farmers.

Consequently, to derive a usable estimate for agricultural unemployment, we were forced to use a conceptually less satisfactory methodology which provided somewhat more consistent numbers. The PREALC-ILO study cited above adopted a methodology based on assuming that all traditional agriculture involved some degree of underemployment, and it measured the rate of underemployment by how far below the poverty line the average agricultural worker fell. Using the PREALC estimations, we derived the numbers in column 6 of Table 4-5 (and in Column 3 in Table 4-8) for agricultural underemployment. We consider it quite likely that the estimation for Mexico is too low, though the other calculations appear reasonable.

If the above-mentioned shift from agriculture directly into services, bypassing the stage of industrial employment,

is the major structural problem of the Ibero-American economies, it follows that a very significant portion of the workforce nominally employed in services is in fact superfluous, whether or not the workers are ostensibly employed in full-time jobs. Thus we identify *misemployment in services* as composed conceptually of three categories: those physically employed only part-time, or for only part of the year, those employed in obviously marginal occupations epitomized by the proliferation of street vendors and other examples of the "informal economy," and those employed as white-collar employees in excess of any reasonable requirement for such occupations.

Consequently, to calculate this magnitude, we examined the pattern of employment shifts of South Korea, one of the most successful of the formerly underdeveloped country which succeeded in industrializing over the past 20 years. **Table 4-6** is based on the same data as Figures 4-3 and 4-4. (Part 10, *EIR*, Nov. 7, 1986) It shows that between 1960 and 1980, 32% of South Korea's total labor force shifted out of agriculture, 20% going into industry and only 12% going into services. In other words, approximately two-thirds of the total shift went into industry and only one-third into services.

We calculated excess employment or misemployment in services for the Ibero-American nations by assuming that a

TABLE 4-6  
**Calculating misemployment in services**  
(percentage of EAP)

	1950 (1)	1980 (2)	1950-1980 variation (3)	1950-1980 variation using proportions of South Korea (4)	Misemployment in services (3-4)
<b>South Korea</b>					
Agriculture	66.0	34.0	-32.0		
Industry	9.0	29.0	+20.0		
Services	25.0	37.0	+12.0		
<b>Argentina</b>					
Agriculture	25.3	13.1	-12.2	-12.2	
Industry	30.8	28.0	-2.8	+8.1	
Services	43.9	58.9	+15.0	+4.0	11.0
<b>Brazil</b>					
Agriculture	59.7	29.9	-29.8	-29.8	
Industry	17.1	24.4	+7.3	+19.9	
Services	23.2	45.7	+22.5	+9.9	12.6
<b>Colombia</b>					
Agriculture	56.8	25.8	-31.0	-31.0	
Industry	17.8	21.2	+13.4	+20.7	
Services	25.4	53.0	+27.6	+10.3	17.3
<b>Mexico</b>					
Agriculture	61.2	26.0	-35.2	-35.2	
Industry	16.2	20.3	+14.1	+23.5	
Services	22.6	53.7	+31.1	+11.7	19.3
<b>Peru</b>					
Agriculture	58.2	36.4	-21.8	-21.8	
Industry	19.6	16.1	-3.5	+14.5	
Services	22.2	47.5	+25.3	+7.3	18.0
<b>Venezuela</b>					
Agriculture	43.0	18.0	-25.0	-25.0	
Industry	20.9	26.6	+15.9	+16.7	
Services	36.1	55.2	+19.1	+8.3	10.8

\*Economically active population

†South Korea figures correspond to period 1960-1980

Source: World Bank.



TABLE 4-7

### Mis-employment in services 1980

	Economically active population (millions)	Mis-employment in services (% of EAP)	Mis-employment in services (millions)
Argentina	10.2	11.0	1.1
Brazil	42.7	12.6	5.4
Colombia	8.4	17.3	1.5
Chile	3.5	14.4	0.5
Mexico	21.9	19.4	4.3
Peru	5.0	18.0	0.9
Venezuela	4.9	10.8	0.5
Other countries	20.0	11.6	2.3
<b>Ibero-America</b>	<b>116.6</b>	<b>14.1</b>	<b>16.5</b>

Sources: ECLA and authors' estimates.

similar 2:1 shift of agricultural employment into industry and services would have represented a healthy development pattern over the 1960-1980 period. We then measured the deviation from this norm as the magnitude of misemployment in services (and, necessarily, the deficit of employment in industry). Column 3 shows the percentages of total EAP that left agriculture for industry and services, respectively, while Column 4 shows what those percentages would have been in Ibero-America had two-thirds of the shift gone into industry, as in the South Korean case. Column 5, derived by subtracting Column 4 from Column 3, is thus the percentage of total EAP now misemployed in services beyond the healthy (South Korean) level indicated in Column 4.

Table 4-7 multiplies the total economically active population (EAP) by the percentage derived in Column 5 of Table 4-6, to give the total number of service workers in each country who are employed in excess of that sectors healthy requirement for employment, who should be considered part of misemployment or disguised unemployment, from the standpoint of calculating the number of useful jobs that must be created in the future.

It should be noted that even if productivities had remained low, just the mere addition of these 16,450,000 misemployed service workers to industry, would have represented a tremendous boost to the economies of Ibero-America. That number is about equal to the total number of 1985 manufacturing workers, and is almost two-thirds of the entire employment in industry today. Employing them thus would have increased the production of tangible goods by at least 75% more than current output.

A final category of disguised unemployment must be noted. There are today a large number of people, mainly

women, who are not even included in the labor force (EAP), but who should be, as they are in properly developing and in developed countries. This is reflected in the fact that, in the developed countries today, 40-45% of the total population is economically active; in South Korea, the percentage is 39%. But all the major countries of Ibero-America have much lower levels of total participation in the EAP, ranging from 36% for Argentina to 31.5% for Mexico. While the greater proportion of children in the labor force, and the greater need for women to remain in the home to care for house and family, partially help explain these lower numbers, it is only part of the picture. It is without doubt that, were more jobs available, a large number of women would leave the home to work outside, at least part-time. The number of jobs that women now in the home would take, were they available, represents a further form of disguised unemployment, or enforced unemployment.

Were the total participation rate in the labor force to grow from its present 32.7% average for Ibero-America to the 40% that is the lower limit of participation rates for developed countries, 26 million new jobs would have to be created. However, due to the impossibility of reliably determining what portion of this 26 million could realistically be immediately added to the labor force, and be available for employment, we have not included it in our calculation of under- and unemployment. However, in our projections to 2000 and 2015, it is assumed that they join the EAP, which thereby rises to 40% of the total population, and that they are then employed.

A further disguised unemployment of the same nature



A street vendor in Lima—an example of the many Ibero-Americans misemployed in unnecessary services. Such jobs would no longer exist in an industrial society.

TABLE 4-8  
**Nominal and real unemployment in Ibero-America  
 1980**

(millions of persons, and percentage of EAP\*)

	EAP	Nominal unemployment		Underemployment in agriculture		Misemployment in services		Real unemployment	
Argentina	10.2	0.2	(1.8%)	0.2	(1.6%)	1.1	(11.0%)	1.5	(14.4%)
Brazil	42.7	1.2	(2.9%)	4.8	(11.2%)	5.4	(12.6%)	11.4	(26.7%)
Colombia	8.4	0.4	(5.2%)	0.7	(8.9%)	1.5	(17.3%)	2.6	(31.4%)
Chile	3.4	0.3	(9.0%)	0.1	(3.6%)	0.5	(14.4%)	0.9	(26.9%)
Mexico	21.9	0.9	(4.3%)	1.4	(6.3%)	4.3	(19.4%)	6.6	(30.0%)
Peru	5.0	0.3	(6.7%)	0.9	(17.3%)	0.9	(18.0%)	2.1	(42.0%)
Venezuela	4.9	0.2	(4.2%)	0.3	(6.0%)	0.5	(10.8%)	1.0	(21.0%)
Other Countries	20.0	1.1	(5.1%)	1.9	(9.5%)	2.3	(11.6%)	5.3	(26.2%)
<b>Ibero-America 1980</b>	<b>116.6</b>	<b>4.7</b>	<b>(4.0%)</b>	<b>10.3</b>	<b>(8.8%)</b>	<b>16.5</b>	<b>(14.1%)</b>	<b>31.4</b>	<b>(27.0%)</b>
<b>Ibero-America 1985</b>	<b>133.8</b>	<b>10.6</b>	<b>(7.9%)</b>	<b>12.7</b>	<b>(9.5%)</b>	<b>23.4</b>	<b>(17.5%)</b>	<b>46.7</b>	<b>(34.9%)</b>

\*Economically active population  
 Sources: United Nations and International Labor Organization.

concerns youths of the 15-18 year old age bracket, of which far fewer are counted in the labor force than have left school and are therefore employable. It can only be assumed that this stratum is not in the labor force because of insufficient job opportunities. This factor is also adjusted for in our projections.

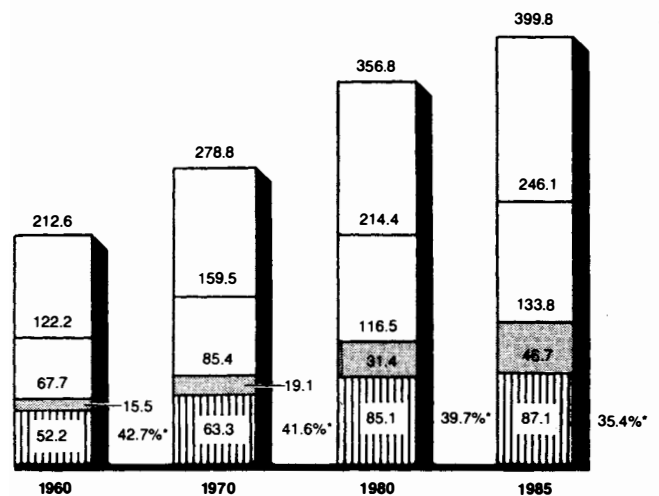
Table 4-8 summarizes the three basic components of real unemployment: official unemployment, agricultural underemployment, and urban misemployment in services. The total number of actually unemployed in 1980 was 31,410,000, or 26.9% of the work force—clearly much higher than any standard calculations indicate.

However, even this picture has become much worse since 1980, because of stagnation of most areas of the economy since that time. Given that, from 1980 to 1985 production did not noticeably increase, we can conclude without doubt that the entirety of the increase in the labor force in that period went to increase real unemployment; that is, produced no new wealth. Thus, in 1985 the total real number of unemployed in Ibero-America stood at approximately 46.7 million people, nearly 35% of the labor force. In other words, *over one-third of the continent's entire work force is not producing any economic wealth, i.e., it is de facto unemployed* (see Figure 4-6).

The productive employment of this idle labor force defines one of the most urgent tasks of development under the Ibero-American Common Market.

*Next week begins Chapter 5, "The development of employment and productivity."*

FIGURE 4-6  
**Population and employment in Ibero-America  
 1960-1985**  
 (millions of persons)



Total population  
 Working-age population (15m = 64)  
 Economically active population  
 Total unemployment  
 Effective employment

\*Percentage of the working-age population  
 Sources: ECLA and authors' estimates.

In Defense Policy  
and as a  
Military Phenomenon

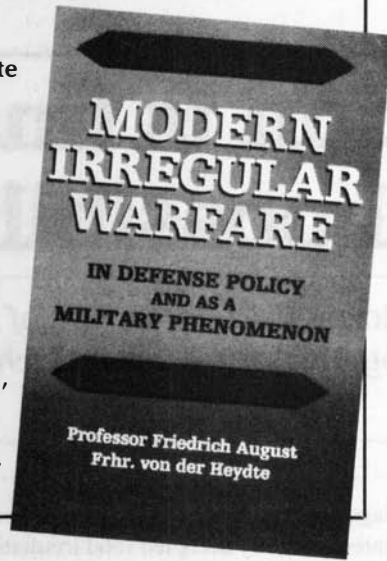
## Modern Irregular Warfare

by Professor  
Friedrich August  
Frhr. von der Heydte

Order from:

Ben Franklin  
Booksellers, Inc.  
27 South King St.  
Leesburg, VA 22075

\$9.95 plus shipping  
(\$1.50 for first book,  
\$.50 for each  
additional book.)  
Bulk rates available.



The magazine for people  
who believe in scientific progress

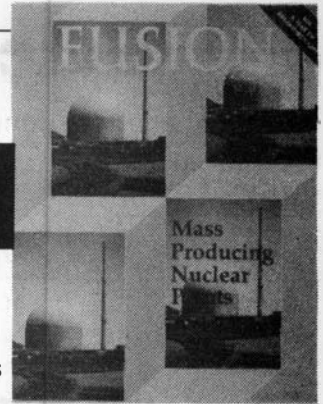
## FUSION

- *Fusion* has fought an 11-year battle for fission and fusion power, against the environmentalists and budget-cutters;
- *Fusion* is campaigning internationally for high-technology industrial development, against the zero-growthers;
- *Fusion* advocated a beam-weapon defense system as early as 1977—the program now known as the Strategic Defense Initiative;
- *Fusion* advocates the colonization of the Moon and Mars—but why stop there?

### Subscribe Now!

- \$20 (1 year—6 issues)
- \$38 (2 years—12 issues)
- \$40 (1 year—foreign air mail)

Order from: Fusion Energy Foundation, P.O. Box 17149, Washington, D.C. 20041-0149



## Friedrich Schiller Poet of Freedom

A collection of poems, plays, and prose writings, in new translations  
by members of the Schiller Institute.

---

*“Why did an institute for republican foreign policy name itself after a poet, in particular Friedrich Schiller? The extraordinary success of the Schiller Institute in the short time since its founding proves that the concepts created and formulated by Schiller have established that higher level of reason on which alone the problems which confront us today can be overcome.”*

—Helga Zepp-LaRouche

---

\$9.95 plus shipping (\$1.50 for first book, \$.50 for each additional book).  
Bulk rates available.



Order from:  
Ben Franklin Booksellers, Inc.  
27 South King St.  
Leesburg, VA 22075

---

## Food irradiation is finally a commercial possibility

---

*Dr. John Cox, a laser physicist pioneering in the use of x-rays for food irradiation, is interviewed by Marjorie Mazel Hecht, managing editor of Fusion magazine.*

---

Fish that stays fresh in the refrigerator for two or three weeks, pork that is trichina free, strawberries that don't go bad, potatoes that don't sprout, and grains that don't get mealy—this is the promise of food irradiation that can now be delivered.

Forty years of research have demonstrated that food irradiation is an effective and wholesome means of disinfecting foods and prolonging their shelf life. Finally, in April 1986, after five years of investigation, the U.S. Food and Drug Administration issued a regulation permitting low dose (100 kilorad) irradiation of fruits and vegetables, and thus allowing U.S. consumers to reap the benefits of this technology. The FDA also issued a regulation permitting low-level irradiation of fresh pork, thus making possible the elimination of trichina.

Now, the go-ahead is expected soon for high-dose sterilization of foods. Radiation sterilization, the same process that is used to prepare the food the astronauts eat in space, allows food to be kept indefinitely without freezing or refrigeration. This means that in years when harvests are bountiful, produce can be harvested, bagged, and irradiated to keep indefinitely without refrigeration. How does it taste when used much later on? The astronauts will tell you that it's fine. In the developing sector, food sterilization would make it possible for the processing of available crops and meats and their storage at one-fourth the cost of canning.

Twenty-eight countries now have approved the use of food irradiation for 40 different food products. In fact, the United States, which has pioneered the technology, actually

lags behind the rest of the world in commercialization. Also, internationally accepted food irradiation standards permit 10 times the amount of irradiation permitted by the FDA-adopted regulation.

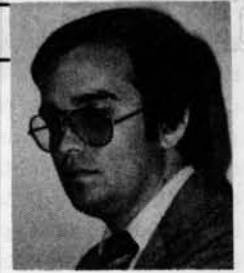
Most of the food irradiation plants now operating use cobalt-60 as their source of irradiation. The ionizing energy from the decaying radioactive cobalt source sends very short wavelength gamma rays into the food or produce being ionized. The gamma rays penetrate inside solid particles and kill microorganisms by breaking down the cell walls or destroying the metabolic pathways of the organism so that the cell dies. At higher doses, all microorganisms are killed, sterilizing the processed food.

There is no radioactivity induced in the processed food. The chemical reaction caused by the gamma rays does not involve the atomic nuclei of the food, and therefore the atomic structure of the molecules is not changed.

Irradiation facilities for processing food or medical supplies are not elaborate. There is a radiation source with its shielding, a conveyor system that transports the produce to and from the source, and various control systems to manage the processing, and storage facilities. Usually the cobalt-60 is embedded in pencil-thin rods, which are then submerged in a well of water that serves as a shield. The dose of radiation received depends on the time of exposure and on the product's distance from the source.

Another method that has been researched but not yet commercialized is using accelerated electrons as the source of ionizing energy.





# X-rays offer a new approach to the irradiation of food

*Dr. John Cox is president of FutureTech Industries, Inc. in Gainesville, Florida. He was previously a research scientist at the University of Florida and worked for U.S. Army Ballistic Missile Defense and for the National Aeronautics and Space Administration to develop high-energy nuclear-powered lasers. He has also developed a comprehensive college course on lasers available on video cassette. Mrs. Hecht interviewed him on Sept. 17.*

**Q:** When did you begin working on the idea for food irradiation with x-rays?

**Cox:** It was even before I started FutureTech, in November 1984. I was sitting around the cafeteria with two other faculty members and we were kicking around the idea about food irradiation. We had just gone to a seminar given by the Florida Citrus Council at our department, and we were discussing the idea of a continuous-duty x-ray machine, similar to that used at airports to scan luggage. We thought an x-ray machine poised over a conveyor belt, irradiating food, would be a very good idea because it would mitigate some of the logistical and economic problems associated with dealing with a radioisotope source. Another device that is being studied for this use is a high-energy electron accelerator.

We formed a company called Citrex Technologies, Inc., and wrote a grant proposal in March 1985 to the U.S. Department of Agriculture under the Small Business Innovative Research program (SBIR). They accepted the proposal, and by September 1985, we were under way. We got a \$50,000 Phase I research grant. For six months, we did a study of the disinfection of Florida grapefruit.

**Q:** You've had about a year of research now on your idea; how far have you come?

**Cox:** There are several things. First of all, you can control an x-ray source to a far greater degree than you can control a cobalt source. You can't really control the emission from the radioactive source, you can't control things such as the energy of the particles and so forth that come out.

**Q:** I think with cobalt-60 irradiation, all that they can do is put the food closer or farther away from the source.

**Cox:** Right. But with an x-ray source, you can control

not only the intensity of the source, but also the x-ray energy. And the energy from the source will dictate on a macroscopic level the way in which the radiation is absorbed in the food.

**Q:** What is the difference between the intensity and the energy?

**Cox:** To give you an example, it's like the photoelectric effect where you can shine all of the red light that you want on metal and it won't eject an electron. In other words, you can increase the intensity as much as you want; it won't cause any ionization. But, if you go from red to blue light—it doesn't matter how weak the blue light is—as soon as one blue photon hits the metal, it will eject an electron. So it's the photon frequency (which is proportional to energy) that makes a difference. This is a very rough analogy, because in the context of absorption of the x-rays at various energies in matter, it's not quite that spectacular a difference. Ionization occurs with all x-ray energy. The higher the energy, the greater the penetration depth to the food or into anything really, no matter what it is.

For example, if you wanted to take an x-ray of a human chest, you would probably use something on the order of a 100,000-electron-volt x-ray. But if you wanted to shoot through steel, you might want to use a 1-million-electron-volt x-ray. There is another curious thing. All the electromagnetic charts that show the spectrum always show gamma rays as being more energetic than x-rays. Well, that's not true; you can make x-rays with 10 million electron volts if you want. In other words, there's very little in the way of limitations in terms of forming x-rays. X-rays and gamma rays are identical from the context of what they do to matter when they interact. It's just a definition: X-rays are defined as originating by electrons and gamma rays are defined as originating in the nucleus. Other than that definition, there is virtually no difference in how they interact with food; they interact on an equal basis.

**Q:** So you are really saying that you can create x-rays of certain frequencies that will act in the same way as the gamma irradiation from a cobalt source.

**Cox:** Yes. For instance, suppose that you had a cobalt source that was emitting 1-million-electron-volt gamma rays. You

could concoct an x-ray source that would produce the same sort of energy—1 million electron volts—that's commonly done. Now, as far as the food is concerned, it doesn't matter if it is being hit by an x-ray or a gamma ray; there is no qualitative nor quantitative difference between them. Now, one of the main differences we wanted to focus on is that a cobalt source would produce a mono-energetic spectrum. In other words, they make only one energy or two discreet energies, in contrast to the x-ray, which produces a broad spectrum containing many x-ray energies. Utilizing a spectrum of energies, you can get different effects than you can by using a mono-energetic source. This is another reason that you can control the effect with x-rays better than you can with cobalt.

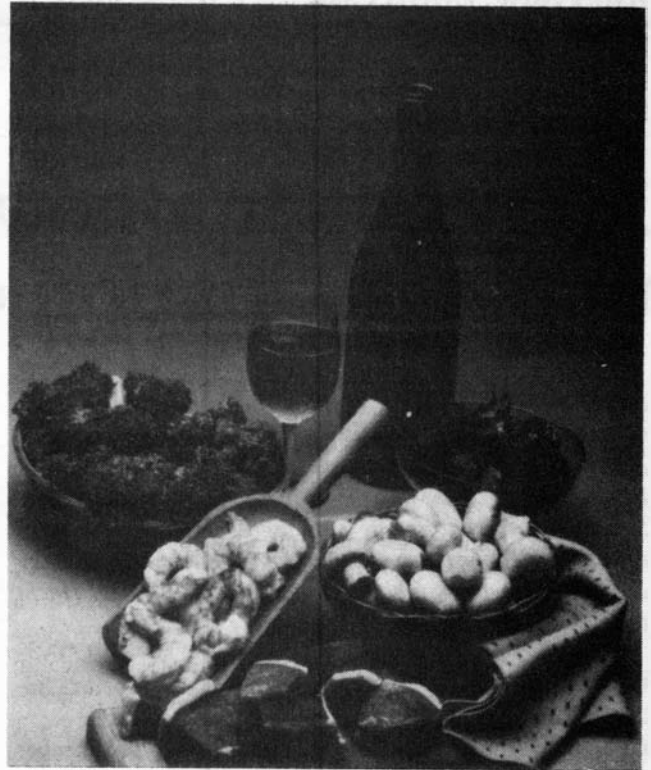
**Q:** With the x-ray source, would you have a computer that would set the emission for whatever the particular food product?

**Cox:** You wouldn't even need a computer to do that. You would study each food group and once the correct emission was known, it would never change; you would just turn a knob on a set for treating bacon, or cooked stew, or potatoes, and so forth. It would all be established up front after a year or so of study, and each food group would have to be studied separately.

I was talking earlier about the inability to control what the cobalt, of course, does to the food. With the x-ray machines, not only can you jump from one food to another, but you can also control the amount of dose that is delivered to the skin of the food versus what is delivered to the bulk. This is a significant advantage. Especially with fruit, where you don't want to damage the peel trying to go after something in the core. Or maybe you only want to treat the skin, to get rid of fungus or bacteria on the skin only, then you don't want to deliver any dose to the middle, to the inside. You can greatly reduce the x-ray energy and just treat the skin. So that is another significant advantage that we have that is not practical or possible with cobalt or accelerator sources.

**Q:** It was my understanding that the food groups had been thoroughly studied for the cobalt and cesium sources, perhaps a little less thoroughly studied for the electron accelerator sources, but what about x-rays?

**Cox:** X-rays fall in that broad sort of category. You can make a general statement; that is to say, the effect of the radiation on the food is not done by the primary particle, it is done by the secondary particles generated by interactions. For instance, a 1-million-electron-volt gamma ray will generate maybe 10,000 ion pairs in matter. An x-ray of the same energy will do the same thing. It is those secondary particles (ions) that do all of the work. So it really doesn't matter what you hit it with (when it comes to x-rays or gamma rays). What does matter is the density of the hits, how many particles are interacting and the density of the object as to how far the particles will go before they slow down. For example, x-



*Low doses of radiation have destroyed trichinae in the pork cubes picture here, extended the shelf life of the strawberries by delaying mold growth, delayed spoilage of the highly perishable shrimp, and delayed maturation of the mushrooms and broccoli, without changing the texture and flavor or significantly reducing nutritional quality.*

rays interacting in lead will generate those 10,000 ion pairs in a cubic millimeter, whereas in water it might be a cubic centimeter. So the density of the absorbed radiation is different depending on the density of the matter.

Now, the primary reason for going with x-rays was a logistical one and an economical one, as well as a psychological one. There are many different facets. The idea is to build a quasi-portable device, one that could be brought to the packing house. That is, we are going to reverse the role of the food irradiator. Currently, if you have an accelerator or a cobalt source, you need a multimillion-dollar facility. In order to justify the cost of that facility, you need to have a high throughput. You have to bring the food to the facility, which means extra handling, and so forth. We have always thought that food irradiation is really going to have a tremendous impact on the Third World. It's going to have very little impact in this country, since here you can pull out a frozen dinner from your freezer, throw it into your microwave, and in five minutes you've got a dinner. That dinner was prepared in the Midwest somewhere, it was delivered frozen to the grocer, and you put it in your freezer. The food was able to be grown on the farm, processed, packaged, delivered frozen, and you eat it five minutes from the time when it was

frozen solid. So that is one alternative to food irradiation. In the Third World countries, there is no alternative.

There is also a psychological hurdle that you have to overcome, and as long as people have alternatives, they are less likely to take to any new thing. There are two things against it: For one thing, people don't really like new things; and second, people still don't understand the difference between food that was contaminated at Chernobyl and food that has been irradiated. So, as long as there is an alternative, people just aren't going to flock to food irradiation. However, in the Third World nations with no alternative, it's that or nothing. And that's where it's really going to make a big impact. In order to transfer this technology to the Third World, you've got to have something that's cheap, inexpensive, and user friendly. We are hoping that we can design this x-ray machine with those design criteria in mind.

**Q:** You are thinking of a portable machine that could be trucked or put on a barge and taken to the place of harvest, so that you don't have to take the product of harvest to a central facility.

**Cox:** That's right. A centralized facility is not practical in nations where they don't have road systems and machines to load and unload tons of food. A lot of times, the food is processed in one place, at great distances from where it is grown; these distances would seem much nearer distances here, but are great distances there because there are no roads. These devices wouldn't be truly portable in the sense that you could just plug them in anywhere; you'd have to permanently mount it, put some shielding around it, and have an electric power generator with it, but it would at least be amenable toward moving around from growing season to growing season, establishing it in different places. One machine could treat many different types of food.

**Q:** What is your ballpark dollar estimate on this? I know that a cobalt-source food irradiation centralized plant that can handle a high volume, from start to finish can be built for between \$4 and \$5 million.

**Cox:** Right. But there is an enormous overhead maintaining the facility. If you want to evaluate all of these different technologies—that is to say, the cobalt source, the accelerators, and our machine—you have to come up with a figure of merit. And the figure of merit that everyone has agreed to is the dollars it takes to irradiate or produce a given amount of radiation to a given amount of food: dollars per megarad ton. What does it cost to irradiate a ton of food at a given megarad? In more bite-size figures, how much does it cost to irradiate a pound of food? We are talking about a penny per pound.

**Q:** What are the comparative figures for a cobalt source, an accelerator source, and your x-ray source?

**Cox:** They are going to be on a par. However, that's not the whole picture. Once again, you've eliminated all of the extra

things such as the initial tremendous investment, the need to transport and do the central packing. So it's not going to beat it dollar for dollar. It's going to beat it in the intangibles. In the ease of handling, the training, the ability to move it around and not to have to transport the food: Those are the kinds of things in which it is going to win. Economy-of-scale is hard to beat. We are going to be irradiating 10,000 pounds an hour, where cobalt irradiators can do many times that, about 2,500 pounds per minute. We will never be able to have that kind of throughput. That's why we can't beat them economically.

**Q:** Why can't the x-ray source have that kind of throughput?

**Cox:** Even to process 5 tons an hour you need a megawatt of electricity. Now, we are trying to get that down into the 100 kilowatt range by coming up with a novel x-ray source, but right now, if we are stuck with just a small departure from current technology, we are talking about enormous power consumption. Now to make a generator that produces a megawatt, all you need is soy bean oil or peanut oil [fuel] to run the generator. It's that simple. It's very energy-intensive.

. . . The United States has been studying food irradiation for 30 years, maybe longer. It is that fact that gives us the most encouragement that we'll be able to slug through the legal and psychological implications of this project. If there were some significant health risks—and many of those do take 30 years to become established—that would have been evident by now. The evidence is clear that there are none. And if we were starting from scratch now, trying to promote food irradiation without that body of knowledge, we would have a hopeless case.

**Q:** There are still people who believe in magic, not reason, who think that the technology itself is harmful.

**Cox:** There are people who believe that we didn't go to the Moon yet. You can always find that. But the psychological aspect of this whole thing cannot be ignored. That's why I am convinced that it's the Third World that is going to utilize this technology, and that it will come back to us in the United States later.

**Q:** In the developing sector they see that they need this technology because they don't have food—50 to 60% of their crops go to waste.

**Cox:** We're trying to design this x-ray system with that in mind: the idea that it can be moved around, that it can be operated with virtually no skill, that it doesn't require all of the highly skilled technicians that it takes to operate either a cobalt source or an electron accelerator.

**Q:** Can you explain what happens when the food moves by the x-ray source on the conveyor and in your prototype machine. How much power would it use and what would it look like?

**Cox:** It would look like a bank of fluorescent light fixtures.

It would be a rectangular box, if you will, the width of the packing house line, and maybe several meters long. The x-ray units would be mounted several inches above the conveyor belt, stacked up, so you might have 10 or 15 of them in a line. The food rolls by on the conveyor belt after it is washed or waxed or whatever. It would then be irradiated on the fly, and at the end of the conveyor belt it would be sealed and put in a box for shipment or whatever was required.

In my opinion, it is the advances in packaging technology that have really given food irradiation a boost. Without the packaging technology, food irradiation technology is of little use and benefit. It is the fact that we can hermetically seal food or anything—a medical instrument, for example—in plastics with machines which make it a much simpler process than a canning process. It also takes less energy. In my opinion, that is the main reason why the interest in food irradiation is being revived. Food irradiation alone is not the key; it's the marriage of the technologies between packaging and food irradiation that has really gotten things rolling.

**Q:** I know when they were beginning to work on food irradiation in the army laboratory at Natick, Massachusetts, one of the first things they did was work on materials for packaging and get those approved by the FDA.

**Cox:** Now it turns out that the medical community has gone to that technology for sterilization purposes, and a packaging technology has been developed for that. The good thing about that is that it takes maybe a hundred times more radiation to sterilize than it does to process food, and the packages are designed for radiation dose levels 100-fold greater, so I am convinced that we can expect that a very inexpensive packaging technology for food is available on the shelf. With that in mind, and knowing that the USDA and FDA have finally approved food irradiation—it used to be considered a food additive, now it is considered a food process—I believe that the legal implications will be mitigated to some extent and we can move ahead.

**Q:** I think that the permit for food sterilization by irradiation is expected to be issued soon in the Federal Register.

**Cox:** That is fortuitous, that all those things are coming together at the same time.

**Q:** Let's go back to the food on the conveyor belt. You have about 15 of these x-ray units lined up horizontally, and the food moves underneath them at a steady rate.

**Cox:** These things would not take up enormous room in the processing plant, they would sit up over the conveyor belt in a line, and there would be a shielding box built around them, just like the shielding box around the conveyor belt systems at the airports. You don't really need a bunker as you would with an accelerator. The shielding could be expressed in terms of inches of lead, 1 inch or something like that, of metal.

Now, we're not trying to irradiate an entire pallet of food.

That's the part that people don't understand. A lot of people say x-rays, you're crazy, you can't do that, it's impossible. It is impossible if you try to irradiate a pallet of food at once, but since you are only trying to irradiate one layer of food at a time, then you have enough energy to penetrate through that.

**Q:** The difference is that, in the other sources, they do irradiate the whole pallet, so the food moves by in great volume, very quickly. With the x-ray irradiation, you just have one layer moving by at a time.

**Cox:** That's right. And if you're doing it on the fly, it's not really causing a bottleneck in the process. It moves through there at about a centimeter per second or something like that. It's a typical conveyor belt speed, optimized for whatever machines or devices that are sorting or culling the produce.

**Q:** If you had something that was greatly dense—for example, if you were doing a whole side of pork—would you have to change the setting on it?

**Cox:** Oh, yes, we would have to increase the energy tremendously. We'd have to go up to half of a million electron volts or greater to punch through a big piece of meat. Whereas, if we were to irradiate bacon, we could get by with probably 100 kilovolts.

**Q:** So really, the system that you have described can do anything just at the turn of a dial.

**Cox:** Yes. Now, of course, we've got to design a new type of x-ray machine. That is the premise we started with when we got the grant and decided to form the company: Somehow we were going to innovate, we were going to come up with a new machine, maybe an order of magnitude more efficient. We haven't done that yet, but we have a lot of good ideas. I expect with the talent that we can bring to bear on this idea, we'll solve it. If not, the whole concept may fail if we can't get the x-ray machine to be more efficient. But I feel confident that we are not going to violate any laws of physics along the way in trying to get it up there. It's not that we have to make some kind of magic trick. We'll stretch the limits of technology, but we're not going to violate some natural law of physics. We are studying new ideas, very novel and counter-intuitive methods of producing x-rays. It's a great departure from current x-ray production technology.

**Q:** It sounds good. I can't wait for the technology to become commercialized in the United States.

**Cox:** All of those things will come to pass; it's a question of when. It's going to take a champion, a corporation or an entity to promote this. It's going to take a marketing effort. Just like selling tissues or anything else, it's got to be sold.

**Q:** In other countries, when they put irradiated products on the market, in Israel or China, for instance, those things sold out because people wanted the clean produce. When they

irradiated onions in Bangladesh, for instance, those onions sold out so fast that nobody had a chance to show that they could stay on the shelf for months without sprouting.

**Cox:** Right. I have a feeling that by brute force it will overcome opposition and people will accept it. Right now, we are studying the disinfestation of grapefruit from the Medfly and the Caribbean fruit fly. We are also looking at eradicating pests from tobacco. (I don't like tobacco, but I am a business man.) We are also looking at potatoes, to inhibit the sprouting. And we are also considering mangoes as well. Meanwhile, we are continuing to strive to produce a new type of x-ray generator that will be configured for the job.

**Q:** What is your deadline on this?

**Cox:** I'm hoping that, in a year, we will have a prototype of a working device that can be scaled up into a food irradiator-type application capable of processing 5-10 tons of food per hour.

**Q:** What are the background of the people working with you?

**Cox:** There are two nuclear engineers with Ph.D.s, two food crop specialists with Ph.D.s, two entomologists with Ph.D.s, an organic chemist with a Ph.D., a microbiologist with a Ph.D., and electrical engineers as well. So we've pretty well got the bases covered, most of them are faculty from the University of Florida. I expect we have enough firepower to solve the problem. Right now we are getting into Phase II of the SBIR program, with \$200,000 in funding, giving us a total of a quarter of a million dollars of USDA money. We are also going after other grants to study other foods, grants from the particular food producers or the USDA.

**Q:** Is the fish industry in your area interested?

**Cox:** Well, it turns out that you need about 10 times or even greater amount of radiation to treat meat than you do to treat vegetables. So, while I can see how we can easily treat the fruit and vegetables, meat is another challenge to me. Meat is going to be 10 times more difficult for us to compete with processing, than it will be to do fruits and vegetables.

**Q:** Even if your machine could only process fruits and vegetables, and maybe grain, that would be a tremendous boon for the Third World.

**Cox:** You can't be everything to everyone. On the other hand, if we do solve the problem and we can get an order of magnitude increase in efficiency, that will be a major breakthrough. I do need to mention that typical electron efficiencies using traditional bremsstrahlung emission devices are about 1% efficient. The accelerators can move that up to about 10%, using 10-million-electron-volt electrons to produce them. We are trying to produce a bremsstrahlung x-ray spectra at 100 kilovolts energy with 1% efficiencies. If we can do that, that will be a major breakthrough in the science of x-ray production. . . .

## Livermore announces accelerator advance

by Robert Gallagher  
and Charles B. Stevens

A research team at Lawrence Livermore National Laboratory (LLNL) reported an important breakthrough in the technology for acceleration of electron beams in the Sept. 29, 1986 issue of *Physical Review Letters*. They declare that their recent work with the Livermore Advanced Test Accelerator (ATA), "should permit the extension of high-current [electron] induction accelerators to arbitrarily high energies." The ATA is an experimental accelerator for driving free electron lasers, or for an electron beam terminal defense system.

Previously, the energy (or speed) to which high-current electron beams could be accelerated by the linear induction accelerator pioneered at LLNL, appeared limited by the growth of a beam-accelerator interaction instability known as "beam break-up" (BBU), which grows as the beam is accelerated to higher and higher energies. Beam focusing with external magnets is insufficient to prevent the beam from literally thrashing against the walls of the accelerator, unless monstrously large solenoid magnets whose engineering feasibility is questionable, are applied. Experiments in beam propagation conducted in the ATA, indicated that the machine could not achieve its design specifications of producing a 10,000-ampere-current, 50-million-electron-volt (50 MeV) electron beam. Beam break-up destroyed the beam before it ever reached those power levels. As the LLNL team reports:

It is clear that operation of ATA at its design value of 50,000-amperes with 3,000-Gauss solenoid focusing, is not possible. . . . [In] an attempt to propagate a 7,000-ampere beam through ATA by use of solenoidal guiding, BBU grew to such an extent that it caused the tail of the pulse to hit the beam pipe. As a result, only half of the injected [electron] charge survived through the accelerator, and the large, transverse centroid displacement [from the accelerator axis] as a function of time at the accelerator exit, rendered the beam totally unusable.

If high energies cannot be achieved with high current, the prospects of using linear induction accelerators to drive free electron lasers at the power and wavelength require-

ments for strategic defense, would appear dim. Furthermore, without mastering the beam break-up instability—in which the beam opens up roughly in the shape of a horn because of a nonlinear growth of transverse beam motion—the generation of well-collimated and focused electron beams for both free electron lasers and terminal defense, becomes an elusive goal.

The Livermore team developed a technique they call “electrostatic [plasma] channel guiding” with which “the beam break-up instability . . . was reduced by three orders of magnitude.” They turned off their solenoid magnets, and used a low-density plasma to focus the beam.

Low-density benzene gas was fed into the accelerator chamber. Then, a short pulse from a low-power krypton-fluoride laser was used to ionize the gas 1%, and transform it into a low-density plasma. As the electron beam passes through the plasma, the plasma acts to focus the beam and dramatically diminish its transverse motions.

Plasma-electrostatic focusing improved the output of the ATA with a concomitant reduction in operating costs. As Livermore’s *Energy and Technology Review* reported in March 1985:

Upon entering the zone where the strong electrostatic fields [produced by the benzene plasma] are in effect, the electron beam is focused to a smaller radius, since the electrostatic focusing fields are three to four times stronger than the 3,000-Gauss fields of the ATA solenoids. . . . With electrostatic guiding, the full beam current pulse is preserved through the entire length of the accelerator. . . . For the ATA, our 0.4-joule laser is now allowing better electron beam transport than is possible with our conventional axial magnetic solenoids that produced 67,500 joules of magnetic field energy.

The strong electrostatic fields established by the benzene plasma differentially affects the electrons of the beam. The helical “betatron” oscillations of the electrons about the accelerator-plasma axis, increase in frequency for electrons closer to the axis, reported *Energy and Technology Review*. In other words, electrons farther from the beam axis, spiral in a helix with a lower frequency than those close to the axis. Through the cross-section of the beam, there is consequently a spread in the betatron frequency or “wave number.” Such a frequency spread occurs in water vortices whose angular velocity slows with distance from the vortex center. Electrostatic channel guiding thus appears to transform the beam into a coherent differential-velocity vortex-filament.

This phenomenon is quite significant, reports the LLNL group in *Physical Review Letters*:

The spread in the betatron wave number, due to the nonlinear restoring force of the channel, has profound implication for the beam break-up instability.



A Lawrence technician works to assemble the electron injector at the Advanced Test Accelerator (ATA), a \$55 million, 50 million electron-volt, 10,000-ampere linear electron beam accelerator.

Lawrence Livermore National Laboratory

Indeed, if the spread . . . is sufficiently great, acceleration to arbitrarily high energy is possible without any BBU growth whatever.

These advances have yielded a new generation of linear induction accelerator technology. The ATA with electrostatic channel guiding, is not a mere scale-up of the 5-MeV Experimental Test Accelerator that powered the Livermore free electron laser and produced impressive free electron laser gain and efficiency results last spring. The “new ATA” is a machine based in part, on more advanced physical principles of operation. The new Livermore free electron laser driven by this ATA technology, and expected to also include parabolic magnets for improved beam control in the lasing or “wiggler” region of the machine, holds great promise as a second-generation free electron laser.

In light of the Livermore report, there appear to be no limitations on the energy and power (the product of energy and current) for electron beams produced by linear induction accelerators. If beams as finely collimated as Livermore claims it can produce, can be generated with energies on the order of 100 to 200 MeV, gigawatt-power free electron lasers in the visible and even the ultraviolet region, might be achieved in less than a decade. Stanford University’s John Madey explained before a Conference of the Society of Photo-Optical Instrumentation Engineers in 1985:

With a bright enough electron beam, a collective instability occurs in the free electron laser, which results in exponential growth of optical power with interaction [“wiggler”] length.

# EIR Special Reports

---

## THE SCIENCE OF STATECRAFT

*Strategic Studies by Lyndon H. LaRouche, Jr.*

**Operation Juárez.** LaRouche's famous analysis of the Ibero-American "debt bomb"—a program for continental integration. Order #82010\*. \$100.

**A Conceptual Outline of Modern Economic Science.** Order #82016. \$50.

**Religion, Science, and Statecraft: New Directions in Indo-European Philology.** Order #83001. \$100.

**Saudi Arabia in the Year 2023.** The thematic task of the Arab world in the next four decades: conquering the desert. Order #83008. \$100.

**The Implications of Beam-Weapon Technology for the Military Doctrine of Argentina.** Order #83015. Was \$250. **Reduced price: \$100.**

**The Design of a Leibnizian Academy for Morocco.** Order #83016. Was \$250. **Reduced price: \$100.**

**Mathematical Physics From the Starting Point of Both Ancient and Modern Economic Science.** Order #83017. Was \$250. **Reduced price: \$100.**

**The Development of the Indian and Pacific Ocean Basins.** Order #83022. \$100.

---

## MILITARY AND ECONOMIC SCIENCE

**Beam Weapons: The Science to Prevent Nuclear War.** The year before President Reagan's historic March 23, 1983 speech announcing the Strategic Defense Initiative, this ground-breaking report detailed the feasibility—and necessity—for beam defense. Order #82007. \$250.

**Economic Breakdown and the Threat of Global Pandemics.** Order #85005. \$100.

**An Emergency War Plan to Fight AIDS and Other Pandemics.** Issued February 1986. Order #85020. \$250.

---

## THE WESTERN OLIGARCHY

**The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?** Foreword by Lyndon LaRouche. Order #85019. \$250.

**Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia** April 1986. Order #86001. \$250.

★ **The Libertarian Conspiracy to Destroy America's Schools.** Order #86004. \$250.

★ **White Paper on the Panama Crisis: Who's Out to Destabilize the U.S. Ally, and Why.** Order #86006. \$100.

★ **A Classical KGB Disinformation Campaign: Who Killed Olof Palme?** Issued November 1986. Order #86010. \$100.

\* First two digits of the order number refer to year of publication.

Order from:

**EIR News Service** P.O. Box 17390, Washington, D.C. 20041-0390.  
Please include order number. Postage and handling included in price.

---

## THE SOVIET UNION

**Will Moscow Become the Third Rome? How the KGB Controls the Peace Movement.** Includes transcript of the infamous spring 1983 meeting in Minneapolis at which KGB officials gave the marching orders to Walter Mondale's "peace movement": Destroy the Strategic Defense Initiative! Order #83011. \$250.

**How Moscow Plays the Muslim Card in the Middle East.** Some in the Carter administration—and since—hoped to use Islamic fundamentalism to make the Soviet Empire crumble. What fools! Order #84003. \$250.

**Global Showdown: The Russian Imperial War Plan for 1988.** The most comprehensive documentation of the Soviet strategic threat available. A 368-page document with maps, tables, graphs, and index. Order #85006. \$250.

---

## INTERNATIONAL TERRORISM

**The Jerusalem Temple Mount: A Trigger for Fundamentalist Holy Wars.** Order #83009. \$250.

**Narco-terrorism in Ibero-America.** The dossier that sent the Colombian drug-runners and their high-level protectors through the roof. Order #84001. \$250.

**The Terrorist Threat to the 1984 Los Angeles Olympics.** An analysis of the U.S. terrorist underground—the information the FBI has repeatedly suppressed. Order #84005. Was \$250. **Reduced price: \$100.**

**Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala.** Order #85016. \$150.

**European Terrorism: The Soviets' Pre-war Deployment.** The dual control of terrorism: Europe's oligarchical families and the Russian intelligence services. The case of Germany's Green Party, with profiles of the top families of the international oligarchy. Order #85001. \$150.

★ **Germany's Green Party and Terrorism.** Issued November 1986. Order #86009. \$250.

---

## THE MIDDLE EAST AND AFRICA

**Anglo-Soviet Designs on the Arabian Peninsula.** Order #83002. Was \$250. **Reduced price: \$100.**

**The Military, Economic, and Political Implications of Israel's Lavie Jet Project.** Order #83010. Was \$500. **Reduced price: \$250.**

★ **Moscow's Terrorist Satrapy: The Case Study of Qaddafi's Libya.** Order #86002. \$100.

★ **NEW!**

## California's Proposition 64 has shaken the world

by Warren J. Hamerman

*Presentation to the Patriots for Germany conference on AIDS in Bonn, Federal Republic of Germany, Nov. 9, 1986:*

It is my honor to speak to you Patriots of the land which has given the world its greatest achievements in science and musical culture, and the inspiration for the founding fathers of my nation, who, like Benjamin Franklin, father of a nation originally dedicated to scientific development, came to this world-enriching nation of yours to learn scientific method and its relation to statecraft from the great universal thinker Gottfried Leibniz.

Today I wish to give you an overview—both in my capacity as the director of the international Biological Holocaust Task Force of *Executive Intelligence Review* (EIR) magazine and the chairman of the National Democratic Policy Committee (NDPC), the rapidly growing multi-candidate political action committee of the LaRouche wing of the Democratic Party which initiated and campaigned for California Proposition 64—of the scientific, strategic, and political implications of the worldwide war we must wage for the survival of mankind against AIDS.

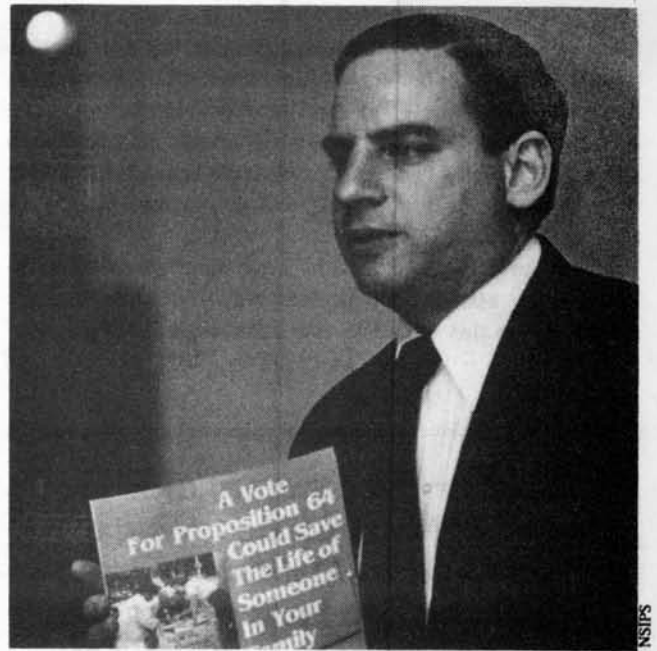
California Proposition 64 is destined to go down in history as the most successful “alarm-ringing” public health proposal and “call to arms” for a scientific crash program in human history. Several days ago, nearly two million voters in the state of California, approximately 30% of the electorate, cast their ballots for Proposition 64, despite the fact that virtually every medical, public health, political, media, cultural, and religious institution in the state, and many in the nation, had publicly demanded that they not vote for it.

Proposition 64, while it was defeated on the ballot, has shaken the world. It has catalyzed a global movement of growing citizen mass action in numerous countries for emergency public health programs such as obligatory reporting of AIDS cases and universal screening, and a demand for governments to initiate crash scientific efforts of multibillion-dollar expenditures. In Britain a national poll showed that over 70% of the population favors Proposition 64-type measures. In Norway a nationwide poll demonstrated 70% support and here in West Germany 60% for Proposition 64-like measures.





Left: A Los Angeles "No on 64" rally in September. Millions of dollars were spent to defeat the measure. Right: Warren Hamerman displays the NDPC pamphlet with the scientific evidence on AIDS, which was circulated to California voters in October.



America's largest newsweekly magazine has commented that Proposition 64, although destined to defeat because of a lavishly funded opposition, "may still be a harbinger of a national debate on AIDS" which could require even President Reagan to commit his office to controlling this species-threatening pandemic.

In other words, government, against its current will, inclination, and budgetary priorities, may be forced to spend large sums of money to protect life. Here in fact, has rested the real story of the opposition to Proposition 64.

The opposition had on its side money, Hollywood stars, powerful political machines, and organized government intransigence.

High government officials such as White House chief of staff Donald Regan have fostered a policy of "Don't panic, don't act, and therefore don't demand any large budget expenditures." Their national health and medical spokesmen have publicly stated that emergency public health and crash research programs are "cost-prohibitive." The President of the United States even went on national television during the summer and told the citizens that his government was doing all it could against AIDS "within the given budget constraints."

As a result of presidential inaction, one leading California newspaper editorialized that President Reagan had let the policy leadership against AIDS be taken by Lyndon H. LaRouche, the founder of *Executive Intelligence Review* and a 1988 presidential candidate.

Now the National Academy of Sciences, which has warned of a national "catastrophe" demands presidential action.

### Is life 'cost-prohibitive'?

Those scientific and public health authorities who have consciously perjured themselves by spreading lies and disinformation against Proposition 64, will be proven fools, liars, and incompetents by the scientific evidence over the coming months. Several major scientific papers which prove the threat of AIDS to general populations through casual contact, have been withheld from publication until after the U.S. elections. Within three to six months the population will be clamoring for Proposition 64-like measures and more.

Unfortunately many, many people will die unnecessarily as a result of this vote. As the death toll rises due to this species-threatening disease, the voters will remember with indignation all those who advised them not to panic. A growing majority will soon give its overwhelming support to the forces who have led the fight to end the cover-up and begin waging a war on AIDS.

The Republican administration policy of Don Regan, the Centers for Disease Control, and Surgeon General Koop, to cynically toss condoms and free hypodermic needles at a threatened population because an Apollo-moonshot style crash research program and screening are "cost prohibitive," will be remembered as the worst medical/public health malfeasance in history.

They have been aided and assisted by institutions which have an ideological and philosophical commitment, politely known as "Malthusianism," to brutal population reduction programs in tropical areas.

The State Department of my nation is such an institution with an operational policy to drastically reduce, with any means necessary, what they view as the "overpopulated"

areas of Africa, Ibero-America, and Asia. On the international front, global banking institutions such as the International Monetary Fund (IMF) and the World Bank have deliberately organized against scientific-technological transfers to solve the problems of the Tropical Areas because they view those areas as "overpopulated" with too many "excess eaters."

They have been assisted by other international institutions, many associated with the United Nations, who are committed to this anti-life, anti-science philosophic view-

---

---

*Days before the election, the prestigious National Academy of Sciences and its Institute of Medicine released a report calling for a \$2 billion annual budget to fight AIDS in order to avert what it termed a national "catastrophe." Two billion dollars was the precise budget amount specified in our Proposition 64 brochure.*

---

---

point. For example, the World Health Organization (WHO) in Geneva, Switzerland, has pushed a policy on Africa of "don't panic or act on AIDS and especially don't request emergency funds." Since AIDS is a slow-acting lentivirus, the delaying tactics of the WHO have allowed AIDS to spread silently and rapidly through the population.

Interestingly, the division of the World Health Organization which has been responsible for this policy, its Communicable Diseases Division, is Soviet-run, Soviet-coordinated, and Soviet-administered under a Russian infectious diseases expert named Dr. Sergei Litvinov. Not only African policy has been coordinated in this way. The European subsection of the WHO's Communicable Diseases Division, with responsibility for setting policy in your nation and all nations between the Atlantic and the Urals is also Soviet-controlled.

Patriots of every Western nation must be ever-vigilant of Soviet-directed policy disguised through international institutions. The health of any population, especially its armed-forces-age youth, is a nation's most important national defense.

Any nation or alliance which forgoes defending the health of its population, is doomed.

## **History of Proposition 64**

Nearly one year ago, in December of 1985, the California secretary of state cleared for circulation a proposed ballot initiative that would place AIDS on the state's list of "communicable diseases and conditions."

On June 20, 1986 the initiative was certified and placed on the ballot as Proposition, 64 after it was signed by nearly 690,000 voters.

The purpose of the proposition was straightforward—to enforce and confirm that all of the existing public health statutes be applied to AIDS by declaring that the disease is "an infectious, contagious and communicable disease and the condition of being a carrier of the AIDS virus is an infectious, contagious and communicable condition and both shall be placed and maintained by the director of the Department of Health Services on the list of reportable diseases and conditions mandated by [the] Health and Safety Code."

That citizens would be forced to vote for such a measure is itself a startling fact.

That every established institution in the state, the nation and many worldwide would object to traditional public health and medical approaches is even more astounding.

That heretofore reputable scientists would knowingly perjure themselves and propagate scientific untruths is shameful.

## **National Academy of Sciences report**

Yet, since Proposition 64 had scientific truth and the ever more compelling reality of the inexorable spread of AIDS on its side, it created a context in which two world-historical events occurred on the eve of its passage: the simultaneous release on Oct. 29 of a report by the National Academy of Sciences and Institute of Medicine in the United States and a letter from Cardinal Ratzinger, approved by the Pope, to all Roman Catholic bishops worldwide.

Days before the election, the prestigious National Academy of Sciences and its Institute of Medicine released a report calling for a \$2 billion annual budget to fight AIDS in order to avert what it termed a national "catastrophe."

Two billion dollars was the precise budget amount specified in our Proposition 64 brochure of which we had distributed 1.35 million copies before the election. The pamphlet was entitled *A Vote for Proposition 64 Could Save the Life of Someone in Your Family*, and contained the results of a study by our Biological Holocaust Task Force.

One of America's senior scientists, the co-chairman of the National Academy of Sciences report, confirmed to the entire world our assessment when he told a packed news conference in Washington that the Academy itself was "quite honestly frightened" by the spread of the disease. He stated: "This is a national health crisis of a magnitude that requires presidential leadership to bring together all elements of society to deal with the problem."

The report openly criticized the past federal so-called

education program on AIDS, which has been piously oversold around the world as a model for other countries, as "woefully inadequate." The 374-page report was sponsored by the Institute of Medicine (IOM) and the National Academy of Sciences (NAS), prepared by a blue-ribbon committee of several dozen medical and scientific experts, and is titled *Confronting AIDS: Directions for Public Health, Health Care and Research*.

The Academy of Sciences made the following stark assessment: "Beginning in 1990, we will lose as many Americans each year to AIDS as we lost in the entire Vietnam War." About 58,000 Americans died during the conflict. Overall, the several tens of senior scientists who prepared the report, concluded that the death and devastation from AIDS would be the most severe in the developing or Tropical sector, where the majority of the at least 10 million infected worldwide reside.

They went on to state, that given the fact that AIDS was a slow-acting viral infection, and the fact that prospects for a vaccine or cure were probably more than five years away: "In view of the numbers of people now infected, it is extremely unlikely that the rising incidence of AIDS will soon reverse itself. Disease and death resulting from HIV infection are likely to be increasing 5 to 10 years from now and *probably into the next century*."

One of the study's directors stated that without "an enormous effort in AIDS prevention . . . a decade from now, we'll have four times more people cropping up with AIDS than we are now projecting. The epidemic will just snowball unless we get into a prevention mode."

### **Contrasts with CDC cover-up**

The independent report lifted the lid of the cover-up on the true threat of AIDS which the Atlanta Centers for Disease Control (CDC) and other administration agencies have been irresponsibly maintaining. White House Chief of Staff Don Regan, the economic policy strongman of the administration, has enforced a brutal policy of "don't tell the truth, don't panic the population, and don't act forcefully because it will cost too much money," and blow up the budget.

Ironically, five days before the IOM-NAS report was released, those two national institutions were placed in charge of an emergency investigation of the collapsing CDC, which has lost all institutional credibility because of its repeated mismanagement of the AIDS program. Seven of the CDC AIDS laboratory's 13 senior scientists have either quit, been fired, or transferred from the AIDS program. At least two of the remaining six scientists have announced that they will leave as well over turmoil at the CDC. Dr. Paul Luciw, the University of California virologist who helped decipher the genetic code of the AIDS virus, commented on the turmoil at CDC: "It is not easy to get people who are skilled and creative. I don't see them recovering. They've lost their credibility almost completely."

The *collective malfeasance* in the leadership of the CDC and their AIDS program was first publicly exposed 13 months ago in a 10-page documentary feature in *EIR*, titled "Why is the Atlanta CDC Covering Up the AIDS Story?" (*EIR*, Sept. 27, 1985, pp. 52-61).

Unfortunately, many, many people will die because of their malfeasance.

### **Forecast of a catastrophe**

In contrast to the cover-up policy of the CDC and other institutions, what did the National Academy of Sciences report? Their scientific conclusions can be summarized as follows:

There is a likely tenfold increase in AIDS cases over the next five years. Anyone who has antibodies to the virus must be assumed to be infected and probably capable of transmitting the virus. A person infected with the AIDS virus may not show any clinical symptoms for months or even years, but apparently never becomes free of the virus. This long, often unrecognized period of asymptomatic infection, during which an infected person can infect others, complicates control of the spread of the virus. At least 25 to 50% of infected persons will progress to AIDS within 5 to 10 years of infection and the possibility that the percentage is higher cannot be ruled out. There is no satisfactory treatment now for HIV infection. Prospects are not promising for at least five years, and probably longer, for a vaccine or an acceptable cure. By the end of 1991, there will have been a cumulative total of more than 270,000 cases of AIDS in the United States, with more than 74,000 of those occurring in 1991. By the end of 1991 there will have been a cumulative total of more than 179,000 American AIDS deaths, with more than 54,000 of those in 1991 alone. Because the typical time between infection and development of clinical AIDS is four or more years, most of the persons who will develop AIDS between now and 1991 are already infected. Pediatric AIDS cases will increase almost tenfold in the next five years. There will be substantially more cases in the heterosexual population over the next 5 to 10 years. The estimate for the direct cost of health care for the 174,000 AIDS patients projected to be alive during the year 1991, will be \$8 billion to \$16 billion in that year alone. This projection does not include the cost for treating ARC (AIDS-Related Complex) cases. [There have been 24,500 AIDS cases and an additional 50,000 to 125,000 ARC cases already counted.] There are an estimated 10 million individuals infected worldwide; the developing sector will suffer the most from the disease.

The Committee itself called for the creation of a National AIDS Commission, initiated by presidential action, and cooperating with parallel efforts in other nations, and funded with a \$2 billion budget from the Congress. The Commission is designed to be organized into a cohesive national program that makes use of all available resources, including those of the government, industrial, and academic sectors.

Given such a scientific assessment, how can we not mobilize worldwide against this menace to mankind?

### **Scientific and moral truth are one**

On Oct. 29, ironically the same day that the National Academy of Sciences report was released, an institution with unquestioned moral authority made an intervention into the AIDS crisis from the highest standpoint of Natural Law.

In fact, the essence of Natural Law is the proposition that scientific and moral truth are one.

The Vatican released a special letter to all Roman Catholic bishops in the world written by Joseph Cardinal Ratzinger, from the Roman Catholic Church's authority on matters of Church doctrine, the Sacred Congregation for the Doctrine of the Faith, with the explicit approval of the Pope. The letter eloquently stated: "The particular inclination of the homosexual person, although not a sin in itself, nonetheless constitutes a more or less strong tendency toward a behavior which is intrinsically evil from the moral standpoint." Although the practice of homosexuality may seriously threaten the life and well-being of a great number of people, the promoters of this tendency do not desist from their actions and refuse to take into consideration the scale of the risk implied in them. (See article, page 40.)

In addition to the Roman Catholic statement, the Union of Orthodox Rabbis of the United States and Canada released a statement endorsing Proposition 64 and eloquently addressed itself to the question of universal Natural Law from the standpoint of Jewish theology. The Union, the oldest rabbinical organization in North America, represents over 500 rabbis and heads of Jewish seminaries in the United States.

Rabbi Hirsch Ginsberg, the executive director of the Union, enunciated a fundamental truth of Natural Law by stating: "Moral conduct and good health go hand in hand."

We have seen how the battle to mobilize our civilization to wage a full-scale war against AIDS, the first truly species-threatening disease, has brought into play profound historical forces among the scientific, religious, and political spectrum. The issue at stake is the very basis of our science-driven Western culture.

Therefore, we must commit ourselves to sponsor, foster, and encourage a crash scientific research effort.

### **The scientific frontiers we must conquer**

The National Academy of Sciences report makes two absolutely fundamental scientific points about the course of that research program:

1) The progress achieved to date in identifying and characterizing the causative agent of AIDS would not have been possible without the scientific and medical knowledge achieved over the past 20 years' pursuit of basic biomedical research. In that pursuit, the scientific investigator is rarely certain of when or if his research findings will be applicable to a disease.

2) While science has discovered a remarkable wealth of knowledge about the specific AIDS virus, its genetic structure and transmission, much less is known about how it initiates infection, how it maintains infection, and what determines the progression and diversity of the resulting illness. We must overcome the problems presented by the genetic mutability and variation of the AIDS virus, like all retroviruses, if we are to develop a vaccine.

In short, while science has understood the "mechanics" of an AIDS infection, we do not yet understand the basic biological causality.

What is the causality between human economic breakdown, the breakdown of the biosphere as a whole, and the generation of new forms of pandemic diseases? How are different viral diseases created; how do they interact and recombined in living organisms?

What are the co-factors which determine the spread of infection or the activation of the virus in an infected organism?

What new forms of space-age diagnostic methods can we employ from the fields of optical biophysics, non-linear biological spectroscopy, and other technologies to understand the different "tunings" between a healthy growing cell and a contrary diseased cell?

Can the methods of space-age optical biophysics be employed to shift an infected cell from reproducing "pro-viral" genetic material back to reproducing "pro-healthy-cell-growth" genetic material?

Can we cause a shift from a diseased condition to a healthy condition at the cellular level?

If we can explore these questions, we shall not only unlock the secrets to saving mankind from AIDS, we shall be crossing the scientific frontiers to reversing the process of aging and prolonging life to the range of a century and one-quarter to a century and one-half.

We shall be crossing the frontier to being able to sustain healthy human colonies on the Moon and Mars early in the next century, as our astronauts begin to explore the uncharted outer regions of our solar system and beyond.

We need a broad-based crash scientific program which encourages the development of all areas of basic science—from basic biophysics and optical spectroscopy to the more established domains of molecular biology—without knowing what we shall discover or what its immediate benefit may be.

Against AIDS we are compelled to fight with the weapon of science to restore the most fundamental tenet of Western civilization, now lost and degraded into a so-called cost-prohibitive budget item—the notion that each individual human life is precious and worth struggling to preserve because of the inherent God-like creative contribution which that individual may make to his or her fellow man.

In short, for mankind to survive, *we have no choice but to promote and unleash a full-scale scientific renaissance!* Is not that a wonderful historic predicament to be in?

# Support grows in U.K. for measures rejected by California voters

by Mark Burdman

Hardly had the results of California's Nov. 4 Proposition 64 referendum on AIDS been announced, than dailies in Great Britain were reporting that a newly formed British cabinet committee to combat AIDS would be considering a proposal for doing in Britain, exactly what the voters in California rejected: treating AIDS as a communicable, or in British terms of reference, a "notifiable" disease.

According to a front-page item dispatched by the *Daily Telegraph's* political correspondent Nov. 5, "the top-level cabinet committee considering the government's strategy for combating AIDS is to consider making the disease notifiable. This would give doctors and the authorities power to impose additional restrictions on people diagnosed to be suffering from the disease. Existing notifiable diseases include smallpox, yellow fever, and lassa fever."

Similarly, that day's *Daily Mail* reported, "A dramatic new move to combat the spread of AIDS is to be considered by a special cabinet committee next week. Ministers will discuss making the disease notifiable, giving medical authorities greater control over victims of the killer virus." The *Mail* reported that the results of the California Proposition 64 referendum "on whether to make the disease notifiable," could "influence medical opinion here."

As news of Proposition 64's defeat reached London, the reaction, according to the Nov. 6 *Telegraph*, was "mixed." One AIDS specialist, Prof. Michael Adler of Middlesex Hospital, "warmly welcomed" the defeat, labeling the proposition "counterproductive." But, noted the *Telegraph*, Harley Street consultant Dr. John Seale, believes that the "no" vote was achieved by a "well-orchestrated series of half-truths and lies by scientists, doctors, and public health officials." Identifying Seale as a proponent of "quarantine measures in Britain," the paper quoted him saying that AIDS was communicable by "children playing, adults kissing, mothers caring for children, Good Samaritans looking after sick neighbors, and dentists drilling teeth."

Ironically, on the same day that Proposition 64 was voted down, an early-morning London radio program, the Brian Hayes Show, on the London Broadcasting Corporation, con-

ducted a listeners' poll on AIDS, with the result that 78% of those polled favored screening measures for AIDS, and only 22% voted against. This poll confirmed results of a late-October telephone call taken by Thames Television's "This Week" show, which resulted in upwards of 70% of those polled favoring screening. These results are consistent with a European-wide pattern, evident from polls taken in several countries, showing overwhelming popular support for AIDS screening measures.

Perhaps reflecting this mood, the *Daily Mail* editorialized Nov. 5 that the aim of the new British Cabinet Committee on AIDS "should be to make mass screening for AIDS routine," starting with the "millions of public servants in Britain." Although quarantine and isolation would be "impractical" and "inhumane," the *Mail* argued, screening would mean that AIDS sufferers "can receive all the medical help available and carriers can be left in no doubt of the lethal consequence to others of their own promiscuity."

Also, the *Times* of London's Letters to the Editor page on Nov. 5, had three letters, under the heading, "AIDS screening for high-risk groups." The first of these was written by Michael B. Bracken of the Yale University School of Medicine, Connecticut, who called for "a massive, voluntary, and confidential AIDS screening program" to be adopted in AIDS-stricken countries. Bracken warned, "The AIDS epidemic has the potential for becoming the greatest threat to civilization since the bubonic plague and only draconian public health measures are likely to bring about its control."

The day before, the *Times* had become the first British paper to dare to publicize the fact that the well-known Dr. Seale had been cooperating with Proposition 64. In the context of a general feature on Lyndon LaRouche, the *Times* noted, "Seale will be attending an international conference on AIDS organized by *Executive Intelligence Review*" on the Nov. 8-9 weekend.

## California as 'negative example'

Among certain British experts since Nov. 4, the evaluation is circulating that the radio-poll results could reflect the

"negative example" of California, that is, that the decision by California voters to reject public health measures to deal with the AIDS epidemic is an indication to Britons, and other Europeans as well, of what not to do in response to the AIDS pandemic. On the eve of Proposition 64, Scottish television ran a several-day feature on AIDS, one segment of which documented how, in New York City, 1 of every 16 of the city's 7.5 million people is infected with AIDS!

As the *Daily Telegraph* wrote in a lead editorial Nov. 4, were the British public to become more aware of the AIDS situation in the United States, "support for much tougher measures by the government might become overwhelming."

Other British papers pointed to the future for Britain becoming more and more like that in the United States. The *Sunday Times* of London, Nov. 2, stated, "Britain is now where the United States was four years ago." The paper noted that, in the United States, "the failure of a widespread 'Safer Sex' campaign to check the spread of the disease, and a growing feeling that the authorities have lost control, has triggered much more drastic and socially-divisive policy suggestions than any proposed in Britain." The paper reported, in negative terms, on Proposition 64, but was obliged to admit, that even if Proposition 64 were to lose on Nov. 4, this "would in no way calm the sense of panic which brought it into public view."

Other articles in the *Sunday Times* reported some alarming figures. One piece revealed that a growing number of AIDS cases are being called "unknowns," because no one has discovered any mode of virus transmission along the so-called high-risk routes. The *Sunday Times* admitted that saliva "has certainly been found to contain the virus, though in far smaller quantities than in blood or semen, the normal vehicles of transmission." Further: "Even tears and breast-milk have not been cleared entirely. So there is at least a remote chance of infection through such activities as kissing, mouth-to-mouth resuscitation, dentistry, drinking from the communion chalice, or, even it has been suggested, trying out an unsterilized contact lens."

Another *Sunday Times* piece, under the title, "Explosion of AIDS deaths is forecast," began: "Deaths from AIDS in Britain could reach 20,000 to 40,000 in 10-20 years." This forecast came from a new computerized analysis on likely AIDS spread, done by Birmingham University Professor of Social Medicine George Knox, who told the paper that AIDS-casualty figures "are of the same order as lung cancer now, or tuberculosis in the 1920s."

The *Sunday Times* also emphasized that the latest evidence shows that AIDS is spreading out of the so-called high-risk categories, into the general population, with a growing rate of AIDS cases reported among heterosexuals.

In addition, some local AIDS flashpoints in the U.K. are displaying conditions not unlike the worst of cases in the United States. In the city of Edinburgh, Scotland, for example, the rate of AIDS infection among intravenous drug users

is reportedly as high as in New York City. Cases of babies being born from AIDS-diseased, drug-using mothers, who themselves have the infection, are being reported. An Edinburgh obstetrician, Dr. John Loudon, has made the controversial proposal that AIDS screening-tests for pregnant mothers be made compulsory, and be carried out over the mother's objections, should there be any.

### 'Desperately late, tragically late'

The Thatcher government has appointed a cabinet-level committee whose purpose will be, in the words of the *Sunday Telegraph* Nov. 2, "to work out a national strategy to halt the lightning spread of AIDS," and "to bring the whole range of government expertise to bear on the problem for the first time."

Many observers in Britain express the fear that the committee would lack the will to actually deal with AIDS decisively. For "economic reasons," *EIR* has been told by sources in a position to know, the Thatcher government will likely shy away from taking radical public health measures on AIDS, although that might change under enough pressure and under conditions where the terror of inaction overrides the fiscal-austerity, "privatization" mentality prevalent in government advisory circles.

The committee is to be headed by Viscount Whitelaw, and will also include Social Services Secretary Norman Baker, Foreign Secretary Sir Geoffrey Howe, Education Secretary Kenneth Baker, and Home Secretary Douglas Hurd.

Several British editorials beginning Nov. 2, demanded that the Thatcher government do something, quickly and decisively, to respond to the AIDS crisis. Under the heading, "Dangerous Delay," the *Sunday Mail* Nov. 2 exclaimed, "It is really extraordinary that the government is still dithering over what to do about AIDS." The paper stressed: "AIDS is not just another disease. For as this newspaper has consistently sought to point out, if it is allowed to run unchecked, it will very soon represent a public health hazard greater than tuberculosis ever was, and perhaps even approaching the dimensions of the Black Death in the Middle Ages. That is not alarmist talk—that is a coldly calculated fact which can be quite easily extrapolated from the course which the disease has run so far.

"Priority should now be given to putting men and materials behind a bid firstly to educate the public properly as to the part they can play, and secondly to finance the scientific community to find a cure.

"If this generation continues to procrastinate, it will not lightly be forgiven."

On Nov. 5, the *Daily Mail*, in the same editorial cited above calling for routine screening for AIDS, warned: "There is no cure for AIDS. Those who contract it die. The number of victims is doubling every ten months. As for the number of carriers, estimates vary from 30,000 to 100,000. Only now, desperately late, tragically late, is the government nerv-

ing itself to lead the counter-offensive. . . . The war to contain the spread of AIDS must, if it is to have any hope of success, be waged all-out. . . . What we fear is that even now Lord Whitelaw and the others may not realize it is going to take more, far more than a public relations exercise to combat this insidious and fast spreading plague."

From a different political standpoint, the liberal *Guardian*, on Nov. 4, under the title, "Only a Start in AIDS Fight," welcomed the new Cabinet committee, as a possible "important step towards a more serious public approach to the disease," but stated that there must still be "real concern that it has come unnecessarily late. . . . If a more serious approach had been taken two years ago, lives could have been prolonged. High-level attention to AIDS is important. But it is vital that Lord Whitelaw and his team do more than just strike attitudes. . . . Lord Whitelaw and his colleagues must be prepared to follow through the logic of the setting-up of their committee. We know there is a crisis and a growing threat. That crisis has to be addressed as a matter of priority, and much more than a matter of public relations."

Although expressing skepticism about screening, the *Guardian* called for "an international agreement about controls over [the spread of AIDS] through travel," combined with large-scale assistance programs to AIDS-flashpoint areas in Africa and elsewhere in the developing sector.

### 'Awesome political retribution'

Ninety members of the British Parliament, almost all from Mrs. Thatcher's Conservative Party, put forward a special motion Nov. 3, calling on the BBC and the Independent Broadcasting Authority to provide free broadcasting time to inform the public about the dangers of AIDS.

Also, with national elections likely in 1987, the first shots may have been fired in an "AIDS war" between the political parties. Commentator Paul Johnson, writing in the *Daily Mail* under the heading, "AIDS: The Danger Labour Ignores at Britain's Peril," exposed how the opposition Labour Party's alliance with the "homosexual lobby," and attempts to sabotage the Thatcher government's war on drug-traffickers, have expedited the spread of AIDS. Johnson also attacked the hypocrisy of Labour's anti-nuclear campaign, following the Soviet Chernobyl nuclear disaster, while Labour actions, at the same time, "entail real risks of hastening the spread of an undoubted large-scale killer—AIDS. . . . In Britain, AIDS has already killed over 250 people—many, many more than have so far died in the Soviet Union as a result of Chernobyl. A report to the cabinet warns that a further 3,000 will die in the next three years and that 300,000 more will be infected. In short, unlike nuclear power, AIDS is a genuine mass-threat to British lives."

Johnson concluded: "On the issue of AIDS and the homosexual connection, Labour is playing with human lives. As the public grasps this fact, there could be an awesome political retribution."

## Liberal press fears Prop 64's impact

From hundreds of news reports and feature articles on California's Proposition 64 around the world, we have selected the following as indicative of the international impact of the initiative.

### U.S.A.

*Newsweek*, major liberal U.S. weekly magazine, Nov. 10

Noting that President Reagan has made few comments on the epidemic, *Newsweek* says: "He may yet be forced into it. Even at its present level, the AIDS epidemic threatens to swamp the nation's health-care system. . . . AIDS poses profound ethical and legal questions . . . and it has become an issue in electoral politics as well. This week, for example, California voters will decide on Proposition 64, a cunningly-crafted referendum item that could force state officials to isolate and quarantine AIDS victims. Sponsored by the disciples of political extremist Lyndon LaRouche, Proposition 64 seems destined for defeat. But it may still be a harbinger of a national debate on AIDS—a debate that could require Reagan, that most cheerful of Middle Americans, to commit his office to controlling this ghastly epidemic."

### Germany

*Die Zeit*, West German liberal daily associated with the Trilateral Commission, a full-page feature article, written as a position paper for a Nov. 6-7 West Berlin meeting on social and political implications of AIDS, by Erwin Haeberle, of the California-based Institute for the Advanced Study of Human Sexuality.

"LaRouche, at least, will be very satisfied, even if he has a defeat, because he argues there will be further spread of AIDS, and intends to campaign on the spread of AIDS, and the growing general fear. . . . He will attack all those who went against the referendum. He will make political capital out of this.

"[LaRouche is] a political paranoiac [who heads] a right-wing political sect, the National Democratic Policy Committee.

"[California authorities] are rightfully trembling with fear that PANIC could be successful. . . . As polls show, the voters do not know enough to guarantee a clear defeat for the referendum. Many [California influentials] regret having played around with the proposal for quarantine, because now, the matter is to be decided upon by popular vote. It is now

becoming clear to politicians, that panic in respect to AIDS must be immediately knocked down, with a quick blow. Now, instead, people are running around with their tongues hanging out, running after a development that could have been stopped in the beginning stages. No matter how this affair goes, it already shows that, today, an information campaign on AIDS can never be too necessary, and too broad. . . .

"Economists have calculated how much [screening] would really cost, and the estimate is, \$19 billion in the first year. In short, the whole project, for financial reasons alone, is not discussable."

*Tageszeitung, pro-terrorist paper of West Berlin, Oct. 30*

The initiative is attributed to "polit-bizzaro" Lyndon LaRouche, who supports nuclear power and "Star Wars" and opposes the "communist world conspiracy." Proposition 64 will be defeated, because its foes have spent nearly \$3 million, and because an Oct. 6 raid on LaRouche's publishers, and indictments issued against his associates, have intimidated undecided voters. Still, an estimated 30% of the population supports the initiative, which is "an awful lot."

### Italy

*La Repubblica, socialist-influenced Rome newspaper, one of Italy's three national dailies, Oct. 30*

"The referendum touches a problem of enormous social and public-health importance. Its result will be very important also for the rest of the United States, because California has often started nationwide trends."

### France

*Le Monde, Paris "newspaper of record," Bernard Guetta, Oct. 31*

Proposition 64 is "a sign of the times." What is occurring in California is a process of "putting to death the liberalism of the '60s." Despite this, the ballot initiative will be defeated, because of opposition by state medical officials.

*Spectacles du Monde, French monthly, René Bernex, October*

The authority to quarantine is included in the public-health guidelines which Proposition 64 would mandate California authorities to implement. "Nobody is shielded from AIDS. . . . The problem is planetary. The only remedy: quarantine."

### Sweden

*Dagens Nyheter, Stockholm liberal "newspaper of record," Oct. 30*

"The report [of the National Academy of Sciences] to a certain extent, puts wind in the sails of the right-wing extremist Lyndon LaRouche. He wants to quarantine all AIDS victims and is spreading scare-propaganda in California, where the AIDS proposition is up for a referendum vote."

## Who ran opposition to Proposition 64

The opponents of Proposition 64 are controlled by an institution based in New York, which has been running the AIDS cover-up from the beginning, as well as the "homosexual political movement" generally. The key figure is **Dr. Armand Hammer**, longstanding "business partner" of the Soviet KGB, who is a powerful figure in U.S. business and cultural affairs, and heads Occidental Petroleum.

In 1981 Hammer began funding the **New York AIDS Foundation**, headed by **Mathilde Krim**. That foundation merged with the Los Angeles-based **Rock Hudson AIDS Foundation** in 1985, changing its name to the **American Foundation for AIDS Research (AFAR)**, headed by Krim and **Dr. Mervyn Silverman**, chief spokesman of the **California Medical Association**. The national chairman of AFAR became actress **Elizabeth Taylor**, who headed fundraising for the sundry "No on 64" homosexual-activist groups of California, which spent an estimated \$3 million.

The following array of individuals and organizations were deployed in public opposition to Proposition 64:

"Hollywood Stars" led by Bob Hope and Elizabeth Taylor; The Centers for Disease Control; The California Medical Association; The California Public Health Association; The American Red Cross; Deans of the state's public health schools; Gov. George Deukmejian; Sen. Alan Cranston; Sen. Pete Wilson; Lt.-Gov. Leo T. McCarthy; Attorney-General John Van de Kamp; Controller Kenneth Cory; Schools Superintendent Bill Honig; Mayor Tom Bradley of Los Angeles; Rep. Ed Zschau (Republican candidate for U.S. Senator); The Los Angeles City Council; The Los Angeles County Board of Supervisors; Archbishop Roger Mahoney of Los Angeles; The Rev. Oliver Garver, Acting Bishop, Episcopal Diocese of Los Angeles; The American Jewish Congress; The California Chamber of Commerce; The Los Angeles Area Chamber of Commerce; The California Labor Federation; The *Los Angeles Times*; The *Los Angeles Daily News*; former Senator Adlai Stevenson; The *Washington Times*; Surgeon-General C. Everett Koop; The American Civil Liberties Union; California Catholic Bishops Conference.



# Endorsers of Proposition 64

*Lyndon LaRouche, 1988 presidential candidate, from the pamphlet, "A Vote for Proposition 64 Could Save the Life of Someone in Your Family," National Democratic Policy Committee*

"Every leading medical institution in the United States and Western Europe knows that the deadly disease called AIDS is spread by 'casual contact' . . . .

"All of this evidence is known to every responsible medical official and public-health agency. Therefore, those who say there is very little danger from 'casual contact,' are liars. They are guilty of one of the most evil cover-ups in medical history.

"California Proposition 64, is the way to protect your family and yourself from this cover-up."

*William E. Dannemeyer, Member of Congress, 39th C.D. (Orange County), statement submitted for the California Ballot Pamphlet*

"California law today makes it illegal for public health authorities to be informed of a large number of those (about 385,000) who can spread the deadly AIDS virus to others. How can they take the necessary steps to slow its spread as long as this is true?

"Under existing law, a physician who encounters any of 58 reportable diseases is required to report to health officials. Included are several venereal diseases, such as syphilis and gonorrhea. Contact tracing is conducted. But, for those with the AIDS virus, not yet developed into AIDS, a special state law passed at the request of the male homosexual lobby prohibits contact tracing. Proposition 64 will require that those with the AIDS virus be reported as are other communicable diseases. It does not require quarantine.

"The cost of the AIDS epidemic in California, it is estimated, will be at least 59,400 lives by 1991 and almost \$6 billion to be paid by insurance and/or taxpayers. Let's reduce those statistics by voting YES on Proposition 64."

*California congressman, legislators*

Republican Congressman **Duncan Hunter**, a well-known conservative from San Diego's 44th C.D., became the second California congressman to endorse Proposition 64. Besides Dannemeyer and Hunter, several state legislators en-

dorsed the Proposition, including State Assemblyman **Bill Bradley**, State Senator **Jim Ellis**, and State Senator **John Doolittle**. Also endorsing Proposition 64 was **Dr. John Bridgeman** (a family practitioner), 12 Baptist pastors, and **Lou Sheldon**, California State Chairman of the Traditional Values Association.

*Orthodox Rabbis of the United States and Canada, representing over 500 rabbis and heads of seminaries, statement issued in Sacramento, California, Oct. 31*

The statement asked "all Jewish and non-Jewish voters of California to vote yes on Proposition 64." Explaining the decision, Rabbi Hirsch Ginsberg said: "Moral conduct and good health go hand in hand. Our sacred Torah teaches us that all natural phenomena, whether diseases or disasters such as floods or earthquakes, are decreed by God. We believe that AIDS is the price paid for homosexual promiscuity. Jewish law and the Bible prohibit homosexual practice. We also, with genuine passion, wish the homosexuals in California and elsewhere to turn away from their lifestyles in the interests of the welfare of society."

*Candidates Biblical Scoreboard, publication of Christian Voice/Biblical News Service*

*Howard Phillips, head of United Conservative Appeal, on "Cross-Fire" program of Cable News Network, Oct. 30*

"I hope voters of California will forget that this resolution is sponsored by LaRouche and they will read the language of it. It holds AIDS carriers to no standards tougher than those which apply to rabies, syphilis, gonorrhea, tuberculosis, and so forth. There's no political lobby for syphilis, as there is for AIDS."

*John Seale, M.D., F.R.C.P., prominent British venereologist and expert on AIDS*

From a statement issued July 17: "The unique danger of the AIDS virus to our civilization is that all people infected with it remain well, but are potentially infectious to others for several years before the illness develops. . . ."

*Hans B. Svindland, M.D., professor of dermatology in Oslo, Norway, internationally known specialist in Kaposi's Sarcoma*

"The AIDS epidemic has become a global threat, and if there is to be any hope of restricting the disease, we have to resort to drastic means, just as we have done in the case of past epidemics."

*Adrian Rogers, M.D., Exeter, England, Medical Adviser to Conservative Family Campaign, lobbying group associated with 12-15 Members of Parliament*

"One would support this initiative, both on basic medical grounds, and on basic humanitarian grounds."

# Vatican intervenes into AIDS debate, scores 'Catholic homosexual' lobby

by Kathleen Klenetsky

The Vatican made a dramatic intervention into the debate on AIDS in late October, when it issued a 14-page document reaffirming the Roman Catholic Church's condemnation of homosexual behavior. Authored by Josef Cardinal Ratzinger, Prefect of the Sacred Congregation for the Doctrine of the Faith, the document received the personal approval of Pope John Paul II.

The "Letter to the Bishops of the Catholic Church on the Pastoral Care of Homosexual Persons" is a new step in the campaign which the Pope, Ratzinger, and their allies have waged to strengthen the Church, so that its full moral authority can be wielded in the battle against pagan hedonism.

In his letter, Cardinal Ratzinger restates the Church's traditional position that people who engage in homosexual activities commit an "intrinsic moral evil" and that even inactive homosexuals are at moral risk: "The particular inclination of the homosexual person, although not a sin in itself, nonetheless constitutes a more or less strong tendency toward a behavior which is intrinsically evil from the moral standpoint."

The letter is just as straightforward in addressing the "confusion" that has developed within the Church on homosexuality. Noting that "an ever-increasing number of persons . . . is exerting very strong pressures to push it to accept the homosexual condition, as if it were not a disorder, and to legitimize homosexual acts," Ratzinger warns: "Even inside the Church a tendency has been formed, made up of pressure groups of various names and sizes, which attempts to pass itself off as representing all homosexual persons who are Catholic. In fact," Ratzinger notes, "its followers are mostly persons who either ignore the teaching of the Church or seek in some way to subvert it."

"There is an attempt to gather under the aegis of Catholicism homosexual persons who have no intention whatever of giving up their homosexual conduct," the letter continues. "One of the tactics used is that of asserting, in tones of protest, that any criticism or reservation toward homosexual persons, their activities, and their lifestyle, is a form of unjust discrimination."

"In some nations, therefore, an actual attempt is going on to manipulate the Church by gaining the often well-inten-

tioned support of her pastors, with a view to change civil statutes and laws. The goal of such action is to make such legislation conform to these pressure groups' own conception, according to which homosexuality is at least a perfectly innocuous reality, if not downright good.

"Those who within the community of faith are pushing for legitimizing homosexual acts often have close ties with those who act outside of it. Now these outside groups are moved by a vision opposite to the truth on the human person, which has been fully revealed to us in the mystery of Christ. They manifest, even though not in an entirely conscious way, a materialistic ideology, that denies the transcendental nature of the human person, as well as the supranatural vocation of every individual. . . ."

The letter calls upon all bishops to be particularly watchful over theologians and priests who may attempt to subvert the teaching of the Church; it enjoins them to withdraw all support from homosexual organizations that "associate among themselves, without clearly establishing that homosexual activity is immoral," and to prohibit the use of buildings belonging to the Church or Roman Catholic universities to homosexuals: "To some, such permission to use a property of the Church may seem only a gesture of justice and charity, but in reality it is in contradiction with the very aims for which these institutions were founded, and can be the source of misunderstandings and scandal."

## Homosexuality and the Aquarian Conspiracy

The rise of an organized homosexual movement, replete with bestial and satanic overtones, has been a hallmark of the United States' 20-year decline into a moral hellhole, known as the "Aquarian Conspiracy." In this orchestrated revolt against Judeo-Christian tradition, typified by the rock-sex-drug counterculture and by the neo-Malthusian preachments of the zero-growth lobby, every form of behavior that degrades the human person, including homosexuality, has been actively encouraged.

Over the past decade, homosexuality has become one of the leading *causes célèbres* of the liberal (more accurately: Gnostic) forces which have attained great influence in the American Catholic Church. The Vatican has clearly been

concerned about the proliferation of homosexuality within its ranks. The issue figured strongly in the Vatican's recent disciplining of Catholic University theologian Fr. Charles Curran—who teaches that homosexuality can be a positive moral good under certain circumstances—and of Seattle Archbishop Raymond Hunthausen, who has permitted Dignity, an organization of homosexual Catholics, to use churches under his jurisdiction for religious services.

Fr. James Jorgenson, a Seattle priest who regularly celebrates mass for Dignity, recently wrote a letter to the *National Catholic Reporter*, in which he claimed that “Homosexuality is no sin and pastoral practice should underscore that.” Jorgenson castigated the “Roman Church” for “empowering the voice of homophobia,” in contrast to Archbishop Hunthausen, through whose “faithful assistance, the spirit of God herself [sic] has convinced my friends at Dignity of their goodness.”

But Ratzinger's letter, distributed to every bishop, signals that Rome has decided to go on the offensive against homosexuality as a concentrated expression of moral and spiritual degeneracy, particularly within the Church. “Make no mistake,” a Vatican prelate was quoted by the *Washington Post*, “this statement against homosexuality and how it is to be treated by the Church's priests is directly linked to the Vatican's attacks on the liberal doctrines of the Church in the United States and Europe.” It is “no coincidence” that Curran and Hunthausen “offended the Vatican because of their stand on sexual ethics, particularly their tolerance and acceptance of homosexuals,” he added.

### **The paradigm shift**

Ratzinger's letter does not mention AIDS, but it does make an unmistakable allusion to the deadly epidemic: “Even when the practice of homosexuality may seriously threaten the lives and well-being of a large number of people, its advocates remain undeterred and refuse to consider the magnitude of the risks involved,” it says. “The Church can never be so callous.”

What the letter does, is to place the issue of homosexuality (and, by extension, AIDS) in the context of the broader framework of natural law and the health of society as a whole, and to examine from that standpoint, what makes homosexuality, in contrast to heterosexual love, “intrinsically evil.” “The Church is aware,” Ratzinger writes, “that the opinion, according to which homosexual activity would be equivalent to, or at least as acceptable as, the sexual expression of conjugal love, has a direct effect on the conception that society has of the nature and rights of the family, and seriously endangers them.”

As an alternative to this fraudulent theology of homosexuality, Ratzinger poses “the theology of the creation,” expounded in *Genesis*, “which supplies the fundamental standpoint for adequate comprehension of the problems posed by homosexuality. God in his infinite wisdom and omnipotent love, calls into existence all reality, as the reflection of his

goodness. He creates man in his image and likeness, male and female. Human beings are therefore creatures of God, called upon to reflect, in the complementarity of the sexes, the inner unity of the Creator. They achieve this task in a singular manner, when they cooperate with him in the transmission of life, through reciprocal wedded donation.

“To choose someone of the same sex for one's sexual activity is to annul the rich symbolism and meaning, not to mention the goals, of the Creator's sexual design. Homosexual activity is not a complementary union able to transmit life; and so it thwarts the call to a life of that form of self-giving which the Gospel says is the essence of Christian living. . . . This does not mean that homosexual persons are not often generous and giving of themselves; but when they engage in homosexual activity they confirm within themselves a disordered sexual inclination which is essentially self-indulgent. . . .”

### **Aquarian Conspirators fight back**

In its Aug. 8 issue, *EIR* published an article reporting on the opposition to Proposition 64. We showed that many of those involved in the anti-Prop 64 campaign, particularly those linked to the U.S. Catholic Church, feared that the initiative might spur a “counter-paradigm shift” away from the Aquarian Conspiracy, and strengthen the “conservative family-centered agenda” of the Pope and Cardinal Ratzinger, as George Wiesolek, social justice director of the San Francisco Archdiocese, put it.

It is not surprising, that the same networks that led the fight to defeat Proposition 64, including those who claim to be Catholic, have greeted Ratzinger's letter with howls of outrage. Terry Coughlin, president of the New York chapter of Dignity, says that the Vatican “has gone further than they've ever gone in the past, in lack of understanding” of homosexuals' plight. “This is part of a whole process” of cracking down on pluralism in the Church, he moaned. “If the bishops don't address this issue head on,” then there'll be no stopping Rome.

One element of the Vatican document that has caused special panic in the United States is its allusion to AIDS. “That is outrageous!” exclaimed Jeffrey Levi, executive director of the National Gay and Lesbian Task Force. “A Church that is supposed to be showing compassion and caring for those who suffer from the horrible disease instead is furthering bigotry and hatred. The hostility of the Catholic Church to gay men and lesbians has made solving this problem more difficult. A statement like this from the Vatican is only going to worsen the AIDS crisis, not resolve it.”

A spokesman for the Los Angeles-area Interfaith Council on AIDS (which opposed Prop 64), said the document “is causing great pain” to Catholic pastors. But one Catholic theologian who strongly supported the Vatican statement, believes it will “bolster the moral backbone” of American Church leaders who do not condone homosexuality, but have feared to speak out because of political pressure.

## Drug traffickers go for a coup in Mexico

by Mark Sonnenblick and Hugo López Ochoa

The faction of the Mexican government which protects narcotics traffic and the holders of Mexico's \$100 billion foreign debt tried a "Halloween Massacre" against the patriotic faction which opposes them. The coup aimed to purge and intimidate all those resisting a surrender of sovereignty to the one-world institutions of drugs and monetarism. It was a leading edge of the drive to eliminate the institutions which protect the positive heritage of the Mexican Revolution.

The patriots aborted the coup attempt, leaving its orchestrator, Interior Minister Manuel Bartlett, exposed as a mafia-linked thug. While stabbing opponents in the back may help a Mexican presidential contender, failing and getting caught does not.

The battle for presidential succession will increasingly be fought over two immediate threats to Mexico: the manifest political power of international narcotics traffickers, and the economic disaster which President Miguel de la Madrid has brought by propitiating international bankers.

The massacre was initially directed against Samuel Ocaña García. As governor of the northern border state of Sonora from 1979 to 1985, he distinguished himself for his program in favor of accelerated industrial development. Thus, while International Monetary Fund (IMF) conditionalities propelled most of Mexico into the worst depression in its history, Ocaña achieved an economic growth which makes the Sonorans proud. They still say, "We don't feel the crisis here."

Framing Ocaña on narcotics charges was first advocated by U.S. Customs Director William von Raab in hearings held

May 13 by Sen. Jesse Helms (R-N.C.). The drumbeat was picked up and reiterated by Helms and the *New York Times*, much to the astonishment of Mexicans, who knew Ocaña to be the least likely politician to indulge in corruption. Whom does the sniveling Yale-graduate customs director work for? He was put in his job by Treasury Secretary Donald T. Regan on Oct. 13, 1981. He almost lost his job after his slander of the Sonoran governor drove U.S.-Mexican relations to a new low. He was called to the White House, May 17. Witnesses saw him welcomed with open arms by none other than Chief of Staff Donald T. Regan, and he kept his job. *EIR* readers are familiar with the role as godfather to Dope, Inc.'s money laundering which Regan played during and after his presidency of the Merrill Lynch funny-money brokerage.

Ex-governor Ocaña's brother Gilberto confessed to charges of owning ranches on which small patches of marijuana had been found, the Mexican press trumpeted Oct. 29. The next day it quoted Ocaña saying he resigned his post as head of the ruling Institutional Revolutionary Party (PRI) in the neighboring state of Sinaloa and retired from politics. Both stories were lies.

According to *Ovaciones*, a daily favoring Ocaña, the pressures to get rid of him were repulsed by the new president of the PRI, Jorge de la Vega Domínguez. One of the Mexican officials with the best credentials as an anti-drug fighter, the Supreme Court president who had sentenced narcotics kingpin Alberto Sicilia Falcón, dispatched himself to Hermosillo, Sonora, to make sure brother Gilberto was not railroaded.

When Gilberto appeared in court Oct. 31, he did so armed with documentary evidence to prove that he had been framed, and the prosecution's "witnesses" testified that army officers had threatened to torture them if they did not sign pre-written affidavits against Gilberto Ocaña.

All over Mexico, in the Chamber of Deputies, in the national press, and in his home state, PRI patriots closed ranks to prevent the consummation of the "Watergate" against the ex-governor.

Crucial to this battle was the publication in Sonora's *Diario del Yaqui*, with front-page banner headlines of a declaration by the Mexican Labor Party (PLM), the fraternal party to Lyndon LaRouche's candidate's movement in the United States. The PLM reveals: "Narcotics traffic is consolidating a political force to make a coup d'état in Mexico" and Bartlett is apparently the man behind the coup. (See text, below.)

### **A \$12 billion 'threat to lend'**

Mexico is at a historical turning point. Under de la Madrid's IMF rule, 20 years of advances in living standards have been wiped out, leading to 100,000 totally unnecessary deaths from malnutrition yearly. The lack of markets and the high interest rates have caused massive layoffs and put 28% of manufacturing on the brink of bankruptcy. The economic structure is beginning to collapse as urban and rural producers simply stop producing. Both private and state industries are being handed over to foreign creditors one by one.

In return for promises of receiving a \$12 billion package of loans to keep the country performing on its foreign accounts, de la Madrid has agreed to accelerate these tendencies. The business daily *El Financiero* published Nov. 4 a long list of secret conditions signed with the World Bank as part of the package. They amount to dismantling state direction over the economy, imposing shock austerity, and letting speculators and foreign debt collectors snatch what they want.

The nationalist forces in Mexico are at the boiling point. Fidel Velázquez, the veteran leader of the labor sector, the Mexican Workers Confederation (CTM), is almost in direct confrontation with the regime. Velázquez's statements are a reliable bellwether for the country's mood, although his actions have been to hold the ruling PRI party together at all costs.

The PRI has always been an alliance of divergent forces, operating under a set of unwritten rules which befuddle those outside the inner elite of Mexican politicians. In his desperate attempt to placate creditors to the North, de la Madrid is violating the rules of the game by destroying the social and economic basis of stability in Mexico and not conciliating or coopting the protests from every constituency of his party.

The bankers' aim is to isolate from state power the anti-austerity, nationalist PRI factions which represent the workers, peasants, and unemployed, the overwhelming majority

of the Mexican population. They realize that such major surgery could only be successfully performed by shattering the country's political institutions. As the *Wall Street Journal* argued Oct. 9, Mexico will have to be sent through chaos and even economic default and catharsis in order to bring about a new political order.

The prime vehicle is the National Action Party (PAN) and its partners, the Moscow communist party, now called the Unified Socialist Party of Mexico (PSUM). The PAN candidate for the governorship of Sinaloa, Manuel Clouthier, roundly defeated in the Oct. 26 elections thanks to Samuel Ocaña's guidance of the state PRI, declared Nov. 4 that the United States should block new loans to Mexico. "We will have to make a national plan to overthrow the current regime. . . . My final objective will be to destabilize this government, the fruit of fraud, which has no right to govern us."

Clouthier's role as a traitor to Mexico is nothing new. His great-grandfather came there with Archduke Maximilian, who temporarily made Mexico part of the Hapsburg empire. What may seem novel is this arch-reactionary's overt alliance with Moscow to bring chaos south of the border. And what of the overt backing of the Mexico-bashers in the U.S. Republican Party and the State Department for the PAN and its "alliance for democracy" with the communists? In his Oct. 29 press conference claiming electoral victory for himself and PAN several mayoral candidates, Clouthier blamed Lyndon LaRouche and the PLM for news stories on sordid connections with the Mexico bashers which had cost him heavily at the polls.

A self-destruct operation is being run from inside the PRI under the title, "political reform." On Nov. 3 the President announced he was submitting legislation which would satisfy the incessant complaints from the North about "vote fraud" and a supposed lack of fair play towards the fringe parties. Interior Minister Manuel Bartlett will defend the bill in Congress Nov. 15. His strategy is rig the rules so that Moscow-run fringe parties hold half the seats in the Congress, thereby giving them veto power over public policy. No President would be able to rule without conciliating foreign interests.

This is but de la Madrid's latest concession to creditor pressures. The famous Mexico bailout was announced by Treasury Secretary James Baker in Seoul, 13 months ago. Not a penny has come through. In fact, the agreement "turned into a pumpkin" at midnight on Halloween, when private bank creditors failed to commit the 90% "critical mass" of their new money component under a deadline set by the IMF. The deal will be resurrected once again, and negotiations may well drag out eternally. The series of excuses for banker non-compliance is quite amusing. But it is certain that the loans promised to revive Mexico's economy and prevent a social explosion will never arrive. Labor leader Fidel Velázquez wryly noted Nov. 3 that the credits "were sent on a burro."

## PLM: What's going on with the drug traffic?

*National Executive Committee statement of the Mexican Labor Party (PLM), released on Oct. 31:*

The events of the past few days show that narcotics traffic is consolidating its political power in Mexico in order to make a virtual coup d'état.

On Tuesday Oct. 28, Gilberto Ocaña García, the brother of the former governor of Sonora, Dr. Samuel Ocaña García, was arrested and accused of narcotics trafficking. Supposedly, three hectares planted with marijuana were found on two ranches belonging to the ex-governor's brother. If that accusation were proven, the man accused should be tried for it. That is not the important thing.

On the "El Búfalo" ranch in Chihuahua, belonging to Rafael Caro Quintero, there were thousands of tons of marijuana which were being exported to the United States over a period of several months, without either state or federal authorities having moved a finger to "discover" the "ranchito" because there were important persons of politics and finance involved in protecting it.

No comparison can be made, given the size of the operation. However, in the [Ocaña] arrest, one can smell a rat. Ocaña's brother was arrested just hours after the state elections in Sinaloa, where Dr. Samuel Ocaña is the representative of the Institutional Revolutionary Party. Immediately, the press, obviously ordered by someone to attack Ocaña, makes a scandal, as if he were the drug trafficker! He was hit with this, he was slandered to destroy his political career and at the same time to give propaganda ammunition to the National Action Party, especially to Manuel Clouthier, the PAN's candidate for state governor, and his masters at the U.S. State Department to support their "protests" that there was "fraud" in the elections.

The PRI candidate for state governor, Francisco Labastida Ochoa, was also slandered so that he would give political concessions to the PAN and to the narcotics traffickers of the state of Sinaloa, who are on the loose *without anybody daring to do anything to them*.

There is no doubt that behind the political "maneuver" of the arrest of the brother of Dr. Samuel Ocaña, lies a plot to throw him out of national politics. Dr. Ocaña, who is not tied to any political or economic group, is a patriot, one of the few who remain in the current regime.

On the other hand, he has many powerful political enemies inside and outside the state of Sonora.

The doctor has several political enemies in the current Sonora government of Rodolfo Félix Valdez. In the Under-

secretariat of Interior there are others, led by Fernando Elías Calles Alvarez Morphy, a junior multimillionaire who is a political and family ally of ex-governor of Sonora, Carlos Armando Biebrich Torres, who is fixated on the idea of destroying Samuel Ocaña, because of the moral integrity which he showed in the face of the massive corruption Biebrich headed when he governed that state.

José Biebrich, alias "El Pepín," devoted himself to narcotics traffic when his brother Carlos Armando Biebrich was governor. For his illegal activities, he used a fleet of small planes which he had in the sierra of Sahuaripa, in the north-east of Sonora. But, what has been done about him?

It was shown that Arcadio Valenzuela, alias "Cayo," the former owner of Banpacífico, was a "launderer" of Caro Quintero's money. Nevertheless, he now has political influence in the state of Sonora. Absolutely nothing has been done to him.

Jaime Figueroa Soto, Sonora's main drug trafficker, who lives in the exclusive Pitic neighborhood of the state capital, Hermosillo, walks around completely free. And all of Sonora knows he's the state's main drug trafficker. What is worse is that, when he was arrested in February of this year, he was released hours later by one of the state's police forces.

In Sinaloa there are many accusations against Gov. [Antonio] Toledo Corro, his son Tony and his wife, and, however, he was protected. It is known that Governor Toledo Corro offered a political deal in exchange for not being arrested. When in March and April of this year, the Chamber of Deputies formed a commission to investigate accusations against Toledo Corro, the president of that commission, Deputy Fernando Ortiz Arana, defended Toledo Corro. If the political interests which Ortiz Arana defends were investigated, it would be found they are those of interior minister Manuel Bartlett Díaz. José Ortiz Arana, the former's brother, is director of Migration Affairs in the Interior Ministry, thanks to his friendship and political alliance with the head of that ministry.

Another walking free is Miguel Angel Félix Gallardo, the mafia chief who ordered the assassination of U.S. Drug Enforcement Administration agent Enrique Camarena Salazar. Gallardo is related to former Sinaloa governor Leopoldo Sánchez Celis. All informed Sinaloans know that he is wanted by law enforcement agencies, but that he wanders freely through the state of Sinaloa without anybody touching him.

The same happens with Jaime Herrera Herrera in Durango. He is the country's most powerful heroin and cocaine trafficker. He was arrested by the army at the beginning of the year and released by a federal judge in return for a large sum or some order from above. The Attorney General's Office, had the judge investigated, but nobody has renewed pursuit of Jaime Herrera, due to his association with political groups like that of former state governor Armando del Castillo Franco.

We could continue with the list, and we will.

# Soviets seem to squabble on SDI

by Konstantin George

There is a pronounced recent pattern in both Soviet media coverage per se, and, significantly, Soviet media censorship of General Secretary Mikhail Gorbachov, indicating a factional shift in Soviet policy-making strata. There is evidence of at least a lively discussion among the Soviet leadership on President Reagan's offer—repeated at Reykjavik—to negotiate a co-deployment of the Strategic Defensive Initiative (SDI) with Russia.

The first piece of evidence is, ironically, provided by Gorbachov himself. After his return from the Reykjavik meeting, which he had torpedoed by rejecting Reagan's SDI offer, Gorbachov gave a televised address to the Soviet population. In that speech, for the first time ever, a Soviet general secretary informed his subjects that President Reagan offered to share SDI technology with the Soviet Union and jointly deploy such an ABM system. Gorbachov promptly stated his rejection of Reagan's offer, but grounded his opposition on very shaky premises, saying: "How could we believe such an offer . . . when the United States will not even supply us modern oil drilling technology . . . or modern milk-producing equipment?"

Whether intentionally or not, Gorbachov thus left the door wide open for President Reagan to make offers in the realm of modern civilian technology transfers that would tear to shreds Gorbachov's pathetic objections.

The second important evidence of policy-making circles' anger at Gorbachov's obstinacy on the SDI question, appeared in the Oct. 30 edition of the Central Committee-controlled newspaper, *Sovetskaya Rossiya*, the leading daily for the Russian Republic of the Soviet Union, in the form of a description by *Sovetskaya Rossiya*'s Reykjavik correspondent of questioning he was subjected to at a meeting of the Union of Soviet Film Makers. He was asked: "Several years ago, Reagan declared that he would not give up his space project [the SDI]. In view of the fact that we arrived at certain compromises at Reykjavik, wouldn't it have been worth the effort to add another compromise and stop insisting on the 'Star Wars' issue?"

## Hard line on SDI questioned

The same *Sovetskaya Rossiya* carried a letter, from a woman reader in the city of Kirov, castigating Gorbachov for not having "given in" on the SDI issue at Reykjavik: "Wouldn't it have been better to have given in on the SDI? If

the documents had been signed in Iceland, the situation might have improved." *Sovetskaya Rossiya* gave, of course, the "party line" reply, that the Soviet Union will, under no circumstances, give in on SDI.

Two days before these planted items, Soviet Marshal Nikolai Ogarkov—the military commander-in-chief of Soviet forces facing the U.S. and NATO—resurfaced with his first published article since he left the post of Chief of the General Staff in September 1984. Ogarkov's article appeared on Oct. 28 in the new monthly *Military Bulletin* of Novosti. Its theme was a categorical assertion that the Soviet Union possessed a sufficient economic and technological level to "technologically solve even the most complicated defense tasks"—a singularly clear reference to the Soviet SDI—and "in the shortest possible time" add to its arsenal of weapons, "new types of weapons"—a second singularly clear reference. Ogarkov then called for equipping the Soviet Armed Forces with weapons of "the highest technological quality," through increased military expenditures to produce new weapons, equal to performing "complicated defense tasks"—the third reference to the Soviet SDI.

Central Committee member Ogarkov's demands run diametrically counter to the line advanced by Central Committee member Georgi Arbatov, head of the Moscow U.S.A.-Canada Institute, who has bemoaned the SDI as an "American attempt" to "weaken" the Soviet economy.

Prior to Reykjavik, the first (September) edition of Novosti's *Military Bulletin* contained an article by Ogarkov's replacement as Chief of the General Staff, Marshal Sergei Akhromeyev, which attacked Gorbachov's nuclear test ban policy. Akhromeyev insisted that the Soviet nuclear test ban had "inflicted a certain amount of damage on the Soviet Union." Not only the various articles of Novosti's *Military Bulletin*, but indeed the very decision to launch such a publication is evidence of possible policy shifts in the making.

There is another clinical pattern of coverage in the Soviet media over the past two to three months. Mikhail Gorbachov, in various speeches delivered in different parts of the Soviet Union, referred to the "NEP" (the "New Economic Policy" of the 1920s, the first heyday of Bolshevik-Trust collaboration). Until late October, the term NEP was invariably censored out of the text in the coverage retailed in the Soviet media. There are other equally noteworthy cases of censorship of passages from Gorbachov speeches over recent months.

The pattern of media censorship of Gorbachov is a phenomenon unknown in the Soviet Union since the time of Khrushchov. We would be very careful against drawing any rash conclusions from these phenomena. It may all be only a grand deception, or mostly deception. If so, one must comment that it represents a deception on an elaborate scale not seen before. Adding to the mystery, October has come and gone without a Central Committee Plenum, normally scheduled for the second half of October. Why?

# AIDS fear behind Soviet war on drugs?

by Luba George

In an important ideological turnaround, the Soviet Union is now admitting it has a massive drug addiction problem. For decades, drug addiction was officially described as a "disease of capitalism"; the few cases the Soviet authorities were ready to admit were explained away as "unfortunates" who had been given morphine derivatives as painkillers under medical supervision, and afterwards failed to report to their doctors that they still had a craving for the drug. Last June the veil was dropped when the communist youth paper *Komsomolskaya Pravda* suddenly confessed that a major addiction problem exists and that Soviet society "must get rid of old taboos."

The June 8 article proved to be but the beginning of a deluge of sensational disclosures—both in the Soviet media and in reported speeches of high-ranking party officials.

- *Komsomolskaya Pravda* of June 8 disclosed the existence of "illegal drug dealings" as well as identifying "illegal crops of poppy fields in the Kuibyshev [middle Russia] region on the Volga, 1,000 km north of the Caspian Sea. . . . As soon as the poppy fields of the southern Soviet Union come to flower, they are overrun by 'tourists'—addicts from Orenburg, Orel, Krasnodar, and even as far away as the Baltic Republics (2,000 km away)—collecting the poppy heads. They come in groups in trucks, cars, motorcycles."

- For the first time a Politburo member, Boris Yeltsin, admitted in a speech that in the city of Moscow alone there are 3,700 drug addicts registered. (In 1984 leading Soviet narcologist Eduard Babayan claimed that there were "only 2,500 drug addicts in the entire U.S.S.R.")

- The Soviet Union's chief state prosecutor, Alexander Rekunkov warned that in the Soviet Union, "Drug addiction cases are by no means rare" (*Zhurnalist*, Moscow No. 5/1986), and added: "Reservations in handling them have led to understating the danger and to a false evaluation of the serious consequences."

- *New Times* (Nov. 3, 1986) Prof. Nikolai Ivanets, chairman of the Soviet "Drug Addiction" Commission, spoke about the "alarming" drug-abuse problem in the U.S.S.R. and the need to "block all channels for the distribution of drugs and to conduct a well-planned campaign explaining the need to combat this evil."

With the recent seizure in the Netherlands of the Soviet

ship *Captain Thomson*, which turned out to be the "biggest dope seizure in history"—destined to the West—more and more dope-producing areas have been disclosed. In Central Asia: vast poppy-fields in Kazakhstan, Turkmenistan, Tadzhikistan, and Uzbekistan. In the European U.S.S.R., the vast poppy-fields lie south, in Georgia and southern Russia, from Krasnodar to Stavropol, the old fiefdom of Mikhail Gorbachov.

## Gorbachov's 'glasnost' campaign

All these disclosures are occurring under the instructions of Gorbachov's *glasnost* (openness) campaign which demands that the negative and corrupt side of Soviet society be brought into public light. The question is nonetheless posed: Why is the Soviet leadership so insistent on stressing specifically the drug addiction problem in its *glasnost* campaign?

The answer, according to well-informed Kremlin watchers, is contained in one word: AIDS. *Glasnost* on drug addiction is directly related to parallel Soviet media and policy shifts on the AIDS question. Moscow no longer denies it has an AIDS problem, and in all Soviet coverage on AIDS, the high AIDS rate among intravenous drug users in the West has always been heavily stressed. On June 25, the director of the Moscow Institute of Virology Viktor Zhdanov told the international conference on AIDS in Paris that the U.S.S.R. was starting systematic screening of blood donors and trying to discover which groups had a high risk of catching the disease.

The Russian first lady, Raisa Gorbachova's, favorite writer-friend, Chingiz Aitmatov, has—with an obvious go-ahead from the top—spearheaded the Soviet anti-drug campaign with his new novel introducing for the first time the theme *anasha* (hashish). Until Aitmatov's novel, *anasha*, was on the list of themes banned by Soviet censorship. Aitmatov (from Kirghizia) was recently elected to the executive bureau of the U.S.S.R. Union of Writers. He sits, with Raisa Gorbachova, on the founding committee of the new Soviet Culture Foundation.

In his new novel *Plakha* (Executioner's Block), publication of which started in the June issue of the journal *Novy Mir* which prints a run of 427,000 copies, Aitmatov takes the reader into the "no-go" area—the world of "*anasha* people," where, for the first time ever, the Soviet Union's huge, complex, ramified system of trade in *anasha* (and opium) is portrayed in astounding detail, with no thought for "alleged considerations of our society's prestige." He describes in detail the hemp-*anasha*-growing in the Muyunkium and Chu Steppes of Kazakhstan; the "Kazan station," where "a turbid concentration of evil" makes its nest. This, he writes, is the all-Union transshipment point for *anasha*, the hub for the distribution of the Kirghiz drug to all corners of the country, "from Arkhangelsk to Kamchatka." There are social portraits of the *anasha* people—dealers, pushers, and addicts, their methods, and their jargon.



# Syria, the United States, and France: Whose game is it?

by Thierry Lalevée

The importance of West German Chancellor Kohl's denunciation of Gorbachov as a new Goebbels (see *International Intelligence*, p. 62-63) seems to have been missed by the specialists dealing with terrorism and the delicate negotiations over the Western hostages in the Middle East. True to their backers in Moscow, the Syrian and Iranian leaders have been engaged in a Goebbels-style psychological-warfare campaign of deceit, whose main aim has been to gain Moscow time to achieve its regional ambitions.

Such campaigns are also aimed at setting Western governments at each other's throats. Well-organized "leaks" on new military contracts between France and Syria led to a raving anti-French editorial in the *Washington Post* on Nov. 3, which characterized the French leadership as "traitors" and "cowards." The French government, through its ambassador in Washington, had to react officially the following day. This coincided with well-documented revelations coming from Teheran that Washington has been negotiating along with the mullahs, even delivering plane-loads of weapons.

Similarly, while Britain has been on the front line of the offensive against Syrian involvement in terrorism, and the Thatcher government formally broke diplomatic relations with Syria on Oct. 24, Britain is welcoming sometime in mid-November a new Iranian chargé d'affaires. While some Western countries believe they can play their "Iran" or "Syrian" card, Damascus and Teheran have become experts at playing their own "Western cards." French reporters, coming back on Nov. 3 from the hotbed of international terrorism in the Bekaa valley in Lebanon, underlined the precise and often insightful knowledge of the terrorist leaders on the particular internal situation of each Western country.

## Syrian deceit

The masters at the game of duplicity have been undisputedly the Syrian leaders, who have succeeded in maintaining an aura of credibility, despite the British revelations on their role in the Hindawi terrorist case (see *EIR*, Oct. 24 and Nov. 4). Key to that game has been a well-organized campaign out of Damascus, first underlining the so-called factional fights between the Assad Alawite clan and the Sunnite majority, and within the Alawites themselves, especially between Haf-

ez al Assad's brother Rifaat, Vice-President Abdel Halim Khaddam, and Defense Minister Mustafa Tlas.

A result of this faction fight, say the rumors coming from Damascus, would be Hafez al Assad's lack of control and knowledge over what his intelligence services do. Secondly, since last spring, the Syrian leadership began flooding Western capitals with reports that it wanted to loosen its ties with Moscow, even to break them! The craftsman of this campaign was Defense Minister Tlas, a Soviet-trained hardliner, who told French officials in the spring that Damascus wanted Western weapons. Granted the Soviet training of the Syrian army, Tlas implied that Damascus would want technical advisers too. Indeed, in no other way could the Syrian soldiers handle the French AMX tanks that he requested.

Since then, the rumor campaign has gone on unabated. The predictable result has been to gain Damascus what it wanted: time, money, and credibility.

## War preparations

Nonetheless, the game may be over soon. Several intelligence sources have confirmed that the Soviet Union has installed two radar stations in the Lebanese Shouf mountains, controlled by Druze warlord Walid Jumblatt. The two stations, which monitor the region from the Israeli Mediterranean coast to Jordan and up to Iraq, are manned by actual Soviet technicians in disguise. In short, the Druze have leased part of their territory to the Soviet Union! The implications are very serious. Not only is the presence of Soviet technicians in Lebanon an evident breach of Lebanese national sovereignty, but it underlines Syria's war preparedness. Such stations have no other purpose than to provide an early warning system against an Israeli attack.

That should come as no surprise. The early October celebrations of the Yom Kippur 1973 war led to an orgy of war cries in Damascus, from Chief of Staff Hikmat Shehabi to Baath Party Secretary General Mohammed Ahmar announcing, "Damascus has reached strategy parity with Israel." As we previously reported, these are no mere boasts, but statements based on military reality: In the last six months, Syria has received additional deliveries of SAM-5 missiles, new batteries of SS-23 and SS-21—the new generations of their

“Scud” and “Frog” missiles—and a preliminary pair of the advanced MiG-29 jetfighters, primarily for training and testing.

During October, the Syrian army held two sets of large-scale maneuvers. In the first week of October, there were the largest-ever naval maneuvers off the coast of Latakia, attended and closely monitored by a Soviet team. Following the high-level visit on Oct. 19 of Colonel-General Pankin, Chief of Staff of the Soviet Air Force, the Syrian Air Force began another series of maneuvers in the northern region. According to intelligence reports, these maneuvers aimed at testing the coordination between the air force and the anti-aircraft artillery units which have responsibility for the new ground-to-ground missiles.

---

*While some Western countries believe they can play their “Iran” or “Syrian” card, Damascus and Teheran have become experts at playing “Western cards.”*

---

The persons directing and planning such maneuvers have been the very same as those involved in deploying international terrorism. Indeed, Air Force intelligence commander Maj.-Gen. Mohammed al-Khouli, whose role in running the planned terrorist atrocity of last April was conclusively proven in the recent Hindawi trial in London, was appointed in recent months as the acting chairman of the National Security Council, chaired by President Assad. A close associate of Assad, Khouli is the hierarchical chief of Maj.-Gen. Subhi Haddad, the Air Force Chief of Staff.

Moreover, his position of command at the NSC puts Khouli above such figures as Vice-President Rifaat al Assad or Defense Minister Mustafa Tlas. The NSC is also the body which controls the deployment of the entire Syrian army, and the national police in times of war. It controls not only the paramilitary “Defense,” “Struggle,” and “Republican” guards in Damascus, but also the six Command areas of the Syrian army, the Special Units, the Coordinating Staff dealing with the administration, logistic, research, and local military intelligence, as well as the two corps headquarters of the armies deployed in the Golan Heights and in Lebanon.

This very coordinated and centralized hierarchy leaves no room for personal initiative. Under the control of Khouli’s NSC, the Coordinating Staff of the army has gone quite far, according to Israeli reports, in equipping Syria’s missiles with chemical warheads. The threat is taken very seriously by the Israelis, who completed on Oct. 31 their first large-scale maneuvers on the Golan Heights, equipped to fight a chemical war.

---

## Interview: S. C. Birla

---

### ‘An unprecedented violation of rights’

*The following statement by S. C. Birla, an advocate in the Indian Supreme Court, is being distributed to lawyers, judges, and concerned citizens, with the recommendation to send telegrams to the Reagan administration, the Senate Judiciary Committee, and the House Judiciary Committee.*

On Oct. 6, 1986, U.S. federal marshals, Virginia State troopers, and other law-enforcement personnel raided the offices in Leesburg, Virginia, and Boston, Massachusetts, of several organizations associated with Mr. Lyndon H. LaRouche, an American political figure and economist known for certain views on the need for a new economic order and progress of underdeveloped countries, especially countries of Asia, Africa, and Latin America.

The Oct. 6 incident was unprecedented in the history of American administration in respect of enforcement of law, as the number of armed troopers and complement of helicopters and armored personnel carriers, etc., were those generally used to crush rebellions, not against people who believe in human rights and civil rights and who very much abide by American laws. The action of U.S. authorities was very much vindictive and aimed to finish dissent by using *might*.

On that day, the two offices associated with Mr. LaRouche were ransacked and sealed, while several tons of documents were removed by the authorities. All work in the offices was stopped.

It is evident that the privacy of the democratic organization has been violated. We understand that in criminal jurisprudence seizure or search is done when we expect that something contraband or illegal is to be found, and it is not used for depriving the democratic rights of the people who are functioning democratically. The grand jury system in the United States is to protect the citizens’ rights, and should not be used to persecute and harass individuals and organizations functioning within their democratic rights.

We feel that the United States, which is the torch bearer of liberty, should not become a place where civil rights are violated as was done in the incident of Oct. 6 in Leesburg, Virginia.

In India, lawyers stand for a rule of law, constitutional guarantee for the fundamental rights of freedom of speech, freedom of expression, etc., which we have borrowed from the American Constitution. We are shocked to know and read about the vindictive, ruthless action of Oct. 6. We support

all freedom-loving and civil-rights supporters of the United States in their call to condemn the U.S. administration's action. Indian lawyers and judges are with the people of the United States who at last will protect the tradition of liberty and civil rights established by Thomas Paine, Benjamin Franklin, and other founding fathers of the United States.

*On Nov. 5, 1986, Mr. Birla granted the following interview to EIR's Susan Maitra in New Delhi.*

**EIR:** You, Mr. Birla, have endorsed the commissioning of an international inquiry on the raids that took place in Leesburg, Virginia. What more do you think can be done now?

**Birla:** After commissioning an international inquiry with respect to the incident on Oct. 6, 1986, a regular sitting inquiry commission is urgently required to go into the details of the incident. Public opinion should be mobilized against the violation of human rights and for the rule of law.

**EIR:** You are a lawyer in India, a developing nation. Historically, both in the United States and in India, lawyers have played a key role in social reform and justice. What do you think is significant in the role that Indian lawyers are playing now?

**Birla:** Lawyers in India have always remained in the forefront of the freedom movement, and have always been in the leadership of different social and political organizations working for social reform. Lawyers have been very vocal following Independence, utilizing the forum of the courts to seek justice against the violation of the fundamental rights enshrined in the constitution of India, and the class of lawyers has always identified itself with the people of the world for a similar cause.

**EIR:** The United States is on the other side of the globe from India. What do you think is the significance of your endorsement and protest against various violations that have been committed against Mr. LaRouche and associated organizations?

**Birla:** The significance of the commission's endorsement by Indian lawyers and intelligentsia and our expression against the various violations, is that it makes the people of Asia come in behind the cause of people in the United States and Latin America.

**EIR:** What has been the response among Indian lawyers to the human rights violations in the United States in the LaRouche case?

**Birla:** The incident of Oct. 6 in Leesburg was widely reported in the world press, though not in newspapers in India. Lawyers who were informed about it and read about the incident were very much shocked. The lawyers have expressed their solidarity with the lawyers and intelligentsia of other countries who have endorsed the call for a commission of international inquiry.

## Investigation of U.S. human rights violations

*EIR* is pleased to present an interview with S. C. Birla of India. He is one of the prominent jurists who have joined an "International Commission to Investigate Soviet-Style Human Rights Violations Inside the United States," announced on Oct. 29 at press conferences in Washington, D.C. and in 27 other cities around the world.

The Commission's formation was prompted by recent U.S. government actions against the political movement around Lyndon H. LaRouche, Jr., but it has a broad mandate to investigate all such abuses carried out against potential political opponents of the government.

Interviews with other members of the Commission, which has actively begun its investigation, will appear in forthcoming issues.

**EIR:** Political victimization was apparently the plan behind this raid. What do you believe is the way to fight such injustice?

**Birla:** As far as victimization by authorities is concerned, we here in India have had much experience before Independence with this problem, and it can be fought out by taking people into the fold of broader organizations. The press, public meetings, conferences, and seminars, and so forth are popular ways for securing justice.

# EIR

## Special Report

### An Emergency War Plan to Fight

# AIDS

\$250.00. Order from: EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390. Order #85020

# The 'bankers' CIA' and the Russian lobby after the Leesburg raid

by Criton Zoakos

During the first week of November, Soviet KGB agent Dr. Armand Hammer ran a "gray propaganda" disinformation operation through the U.S. Information Agency (USIA) chaired by his agent, Charles Z. Wick. The operation was in relation to high-level diplomatic maneuvers now in progress between the United States and the Soviet Union, involving probes to ascertain the possibility of superpower cooperation against the species-threatening AIDS epidemic.

The first person to broach the issue of superpower cooperation against AIDS was Lyndon LaRouche, first prior to the Reykjavik summit, and later, in a memorandum published in *EIR* on Oct. 24, 1986, under the title "Parameters for U.S.-Soviet talks on AIDS pandemic." Hammer and LaRouche had already, prior to the Hammer-Wick "gray propaganda" operation, been bitter adversaries on the subject of AIDS. LaRouche, of course, was the most prominent supporter of California's Proposition 64, which was calling for universal screening and other urgent public health measures. Hammer, was the chief funder of the opposition to Prop 64. Hammer is the funder of the American Foundation for AIDS Research, directed by the wife of Hammer's partner, Dr. Mathilde Krim. Krim and the foundation have led the opposition to Prop 64 as "dictatorial."

Hammer, friend and funder of USIA Director Charles Z. Wick, had, earlier in the year, introduced Wick to a KGB colonel named Yuri Koshlov and the three, Wick, Hammer, and Koshlov, in the context of a variety of "cultural" and "humanitarian" agreements, arranged for Surgeon-General C. Everett Koop, Dr. James Mason of the Centers for Disease Control, and Dr. James Wyngaarden of the National Institutes of Health to visit the Soviet Union, before the elections, and hold discussions on the subject of AIDS cooperation. That visit, from Oct. 3 to 13, took place after LaRouche had strongly recommended that President Reagan, at the then-upcoming Reykjavik summit, make certain proposals to General Secretary Gorbachov on cooperation against AIDS. Koop and the rest returned from Moscow with strong messages of

condemnation of Prop 64, which he circulated in California just prior to the election, on behalf of Dr. Hammer and Dr. Mathilde Krim.

## **KGB anti-dezinformatsia lobby in Washington**

Charles Z. Wick employs in the USIA one Herbert Romerstein, a former Communist Party youth leader, as an expert for combatting KGB *dezinformatsia* projects. His credentials for the job were supplied by Roy Godson, formerly of the National Strategy Information Center, and more recently, head of a project to study Soviet disinformation techniques at Georgetown University's Center for Strategic and disinformation techniques at Georgetown University's Center for Strategic and International Studies, the current home of ex-National Security Advisers Robert McFarlane, Zbigniew Brzezinski, and Henry Kissinger. Roy Godson, Romerstein's patron, is also a "former communist," strongly influenced, throughout his life, by Jay Lovestone, one of the founders of the Communist Party-U.S.A., together with Dr. Armand Hammer's father Julius Hammer.

Herbert Romerstein, as member of a State Department-USIA Interagency Working Group on Soviet Disinformation, traveled to London some time after Surgeon-General Koop's return from Moscow, and discussed with an associate of his, Ian Elliott, editor of *Soviet Analyst* magazine, a project to discredit Dr. John Seale, a member of the Royal College of Physicians and outspoken backer of Proposition 64, as a "Soviet disinformation channel." On Oct. 31, Ian Elliott, citing "ex-communist" Herbert Romerstein as his authority, alleged that Dr. Seale had charged that "U.S. intelligence" had artificially manufactured the AIDS virus and that that allegation had been picked up by Soviet publications which, supposedly, were about to have a propagandistic field day.

Though Dr. Seale protested the absurdities of the Ian Elliott piece, three days later, at a State Department briefing, Herbert Romerstein's slander reappeared under new wrapping. Department spokesman Charles Redman presented a

document, produced by the Interagency Working Group on Soviet disinformation, denouncing the Soviets for alleging that the U.S.A. artificially produced the AIDS virus for bio-warfare purposes. So far, so good. But, inside the otherwise very true charges against the Soviet disinformation practices, was embedded the lie that Dr. Seale was part of the Soviet disinformation campaign.

### **What are all these 'ex-communists?'**

"Ex-communist" Herbert Romerstein, a protégé of "ex-communist" Roy Godson, himself a man trained in intelligence by "ex-Communist Party founder" Jay Lovestone, is employed by Charles Z. Wick, the friend of "ex-Communist" Armand Hammer. USIA chief Wick is the offspring of a Central European "ex-communist" family originally named Zwick. This is one hell of a patriotic group to pronounce expertise on the subject of Soviet "disinformation" techniques.

This little Romerstein caper would have been an amusing prank, had it not involved two serious matters, namely: first, the fact that the USIA, traditionally a branch of CIA operations abroad has been, under the joint Wick-Hammer management, been functioning as the conduit of exactly the kind of propaganda that the Kremlin leadership finds suitable in its current drive to whip up Great Russian chauvinism in its population; and, second, it touches on the critical strategic issue of the species-threatening menace of AIDS.

Both of these matters of paramount national security importance, AIDS, and the Great Russian chauvinist cultural offensive, are closely linked with White House Chief of Staff Donald T. Regan—Wall Street's man in the White House. No one is about to accuse this former marine of having any medical expertise or any cultural interest in, say, Rimsky-Korsakov. However, to understand why so many "ex-communists" are in and about the Reagan administration, one must give some thought to the circumstances under which Donald Regan, "ex-Democrat" chairman of Merrill Lynch, was parachuted into the Reagan camp.

During the 1979-80 "transition period," the senior New York bankers made a major effort to force Reagan to name Walter Wriston of Citibank either secretary of state, or director of the CIA. Failing in this, the bankers succeeded in imposing Regan first as treasury secretary and later as White House chief of staff. They also extracted a promise from the President-elect that he would keep Volcker at the Federal Reserve and that he would not interfere in certain banking policies, which were to be safeguarded by Donald Regan. Regan, from the beginning, has been the banking community's overseer of the Reagan administration.

In this capacity, he has some definite views on AIDS and on Russian nationalist culture. On the subject of AIDS, Regan intervened to suppress both research into the causes of the spread of the virus as well as research that would lead to development of a cure. His reason for this is: "Cost Prohibi-

tive." Don Regan's principals, just as we at *EIR*, fully well recognize that a serious, effective assault against the AIDS epidemic, will require the mobilization of economic resources on a scale beyond that permitted by the interests of the banks.

Similarly, on the subject of Great Russian chauvinist cultural promotion: There is a deal between the Eastern Establishment banking leadership and the Gorbachov-Ogarkov leadership in the Kremlin, which could best be labeled "The Trust," after the 1920s deal between New York and Boston bankers and Lenin's Bolshevik government, which had the blessings of Robert Lansing, Woodrow Wilson's secretary of state—an uncle of John Foster Dulles. The "Trust" of the 1920s was a scheme of joint-stock companies which laid the foundation for the subsequent growth of Russia's war industries. The "Trust" we see evolving today aims for the establishment of a nominally Moscow-centered imperial arrangement, in which the combined forces of international bankers and Moscow will eradicate the legal forms of nation-states.

### **Don Regan and McFarlane in Iran**

Armand Hammer's Occidental Petroleum's investment banker is First Boston Corp. of New York, a company with very good relations with Regan's Merrill Lynch, and one which shared with Mr. Regan the absorption of White, Weld some years back. It should be recalled that both Armand Hammer and the New York banks, especially Citibank, played a unique role, during the Carter period, in bringing about both the Khomeini Revolution and the mysterious U.S. arms shipments to Iran, which, with the recent involvement of ex-national security chief Robert McFarlane, are now occupying newspaper headlines.

The role of the Establishment banking community in the emergence of Khomeini's Iran, when fully revealed, will, one day, prove to have been identical with the same banking community's role in financing and promoting the Bolshevik Revolution of 1917. For the time being, certain salient elements have been established which prove conclusively that Khomeini was put in power by the Trilateral Commission behind the Carter administration.

The relevant point for the case of Don Regan: We are reliably informed that Don Regan is the White House official who personally promoted the White House/NSC project of shipping weapons to Iran. Contrary to current newspaper stories, these shipments were much larger than indicated by the transactions involving the freeing of hostages Weir, Jenko, and Jacobsen. Also contrary to current stories, these weapons shipments from the U.S.A. did not begin in July 1985—they had begun immediately after the Khomeini revolution in 1979 and continued uninterrupted throughout the Carter and Reagan presidencies.

*EIR* has been involved in extensive litigation for a number of years against one Cyrus Hashemi, a cousin of Ayatollah Ali Akhbar Hashemi Rafsanjani, because we had accused

Hashemi of shipping weapons to Iran both during and after the Carter administration, from 1979 through to 1986, the year of his mysterious and unexplained death in London. In his litigation against *EIR*, Hashemi enjoyed the good legal services of persons associated with both the FBI and the CIA who were providing cover for his operations.

How could the U.S.A. have been shipping weapons to Iran, stated U.S.A. policy to the contrary? And did President Reagan know about it? Our educated guess is that President Reagan did not know. In all probability, he had been told of only some very limited shipments of "spare parts" for the purpose of one-to-one exchanges of the three above-named hostages. In all probability, Don Regan knew and sanctioned the much larger shipments of weapons to Iran and, having obtained the President's approval for the more limited hostage-exchange-related shipments, helped create the deceptive coloration of presidential approval for the larger deals.

Don Regan, during the 1979-80 transition period, knew the following matter that President Reagan did not know: A few hours before leaving office forever on Jan. 20, 1981, Jimmy Carter signed a major agreement of financial claims settlement between the U.S.A. and the Islamic Republic of Iran which led to the release of the U.S. Teheran Embassy hostages after 444 days of captivity. That major agreement was binding the United States to certain obligations, some of which were to be specified later, and others which were to be kept secret. Essentially, it was an agreement binding the U.S.A. to certain secret protocols which were to be spelled out "at a later time."

*EIR* has reason to believe that some of these secret agreements bound the U.S.A. to obligations to supply Khomeini's Iran with various types of weapons and spare parts. At any rate, it has been ascertained that, since the signing of the Jan. 20, 1981 agreement, numerous U.S. Port Authorities have set aside certain "free zones" which the U.S. Customs Service is not permitted to inspect, through which illegal weapons shipments to Iran are assembled.

At any rate, what is publicly known about the U.S.A.-Iran agreement signed by Carter on Jan. 20, 1981 is this: The agreement was not negotiated by the U.S. government, but by a committee of Establishment banks and their law firms. The major players were Citibank, Morgan Guaranty, Manufacturers Hanover, Bank of America, Chase Manhattan, etc., 12 in all. These banks, led by Citibank, Chase, and Morgan, began secret negotiations with the Iranians almost exactly one week after the takeover of the U.S. embassy in Teheran—unbeknownst to either the U.S. government or the public. Only after Reagan won the 1980 election, did Khomeini announce that the hostages would be freed if the U.S.A. handed over to Iran \$24 billion of assets belonging either to the Iranian government or to the Shah's family.

By January of next year, of the \$24 billion demanded, Khomeini got only \$3 billion net—the balance of \$21 billion disappearing mysteriously into the bowels of the Establish-

ment's banking system.

Nobody to this day, certainly not President Reagan, knows what the U.S.A. had to sign away in order to permit the bankers and Khomeini to secretly loot the unaccounted for \$21 billion. Whatever it was, it has very much to do with the errands that Robert McFarlane is now accused of carrying out on behalf of White House Chief of Staff Donald T. Regan.

### **Bankers' CIA and 'revolutions'**

The "bankers' CIA," or "Trust," or "Submag," or whatever other appellation has been employed at various times, refers to an existent, political organization of powerful private financial interests and not to any particular governmental agency. It has no charter, no Table of Organization and Equipment within the U.S. government. It certainly, however, has been majority-dominant in the CIA's "supergrades" ever since John Foster Dulles maneuvered Gen. Walter Beddell Smith out of the CIA in 1953, and installed his emotionally dependent brother, Allen Dulles.

Therein lies the secret of all those "ex-communists" currently in the Reagan administration. Under the rigorous criteria established by "Beetle" Smith Armand Hammer, for example, would still be considered a Soviet agent. Under Dulles, as ex-CIA officers Tom Braden, Cord Meyer, and others have freely, publicly acknowledged, one of the most populous "Clandestine Services" capabilities was organized under Communist founder Jay Lovestone, who brought in—especially into AIFLD, a self-proclaimed CIA front—a great number of so-called "ex-communists" of the Herbert Romerstein and Roy Godson variety. These were communists belonging to the Thomas Lamont and Corliss Lamont wing of the U.S. Communist Party, the one run by J. P. Morgan & Co. bank. Thomas Lamont was the Morgan Bank official who in 1926 gave the Morgan account to Sullivan & Cromwell, as soon as John Foster Dulles became the law firm's senior partner. The "ex-communist" designation of the Morgan-Lamont agents merely denoted that for 1936 to 1942, Morgan and Stalin had a certain disagreement on strategic policy.

The story of Morgan, Schiff, Sullivan & Cromwell instigation and support for the Russian Revolution, when examined carefully, is virtually identical with the story of how the same Establishment banking powers launched and managed the Khomeini revolution. In fact, other, minor "revolutions" during the 20th century, bear the same characteristics. The pathetic "peoples' power" charade this year in the Philippines, had more to do with John R. Stevenson of Sullivan & Cromwell and with insurance tycoon "Hank" Greenberg than with Mrs. Aquino's charisma. Similar findings will emerge from scrutiny of the 1969 Qaddafi "revolution" in Libya—in which Chase Manhattan's Archibald Roosevelt supplied a lucrative deployment for KGB agent Armand Hammer.

*To be continued.*

# President García calls citizens to fight 'from heights of victory'

by Valerie Rush

President Alan García has issued a call to every Peruvian citizen to become "an active combatant" against terrorism. Otherwise, he stressed in a televised interview, "We will see our system gradually undermined."

Peruvians have reason to be angry. On Oct. 14, former Peruvian Navy chief Admiral (ret.) Gerónimo Cafferata was murdered by terrorists; since then, assassination plans against 50 other prominent Peruvians have been discovered.

On Nov. 1, in a speech to a gathering of mothers' clubs, President García made this appeal to citizens to mobilize on behalf of the national interest:

"I want to be President of a nation victorious over itself. . . . I say that each one of us, looking within ourselves, can find reasons to feel like men and women of our own century, to feel like human beings. I say therefore that it is within our capacity to create a generation of men and women with a victorious spirit, . . . to put aside the defeatism of those who have been overwhelmed by their sorrows. We are more than our sorrows. Peru is greater than its own problems. Each one of us is much more than our pains. . . . We will fight from the heights of victory."

García's speech could also have been addressed to citizens of neighboring Colombia, which on Nov. 6 was painfully reminded of the 100 victims, including 11 Supreme Court judges, of last November's narco-terrorist onslaught against the Bogota Justice Palace, now a blackened shell. Colombia today faces a strong resurgence of the drug mob.

García's "call to arms" to Peru's citizens was backed by a series of bold proposals which, if implemented, could set the pace for South America. Among them are the creation of special tribunals to try terrorists, headed by secretly chosen and highly protected judges, and the strengthening of the Peruvian penal and legal codes to provide "drastic" penalties for terrorism and to halt the "revolving door" phenomenon so common in the jails of Peru, Colombia, and elsewhere on the continent.

García motivated the proposed measures with a warning that "the worst thing that could happen in a country is that fear of the law, of judges and of the instruments of power and

justice is lost; we need to put an absolute and final end to these terrorists who come and go in the jails, and who are wreaking such death and economic havoc against the nation."

While further details of the measures have not been revealed, they have already received widespread support inside Peru. Members of the judicial branch expressed immense relief that concrete action would be taken to allow it to function with integrity, and the armed forces closed ranks behind García, describing the measures as "a brilliant response" to the people's demands for action.

## Mafia advance in Colombia

The drug mafia has launched its bid for governmental power across the continent. But thanks to García's example, in Colombia, where the narco-terrorist threat to the national institutions is perhaps most advanced, there is a small but vocal chorus of demands for President Virgilio Barco to end his equivocation and follow García's lead.

Like Peru, Colombia has recently suffered the loss of one of its "priceless men," as García described the many victims of narco-terrorism. In fact, it was the mafia murder of the respected Medellín superior court judge Gustavo Zuluaga Serna on Oct. 30 that stirred Colombia's national association of judicial workers, Asonal, to issue its "ultimatum" to Barco:

"Enough shows of mourning and lamentation! This is the moment to act, and that mission is yours, Mr. President. . . . Order the capture, Mr. President, of the known assassins, and put the armed forces under your command. . . . If you wage the battle against the enemies of justice and democracy, Mr. President, we will back you. If you are silent, we judges of the republic will remain even more unprotected against the machine guns, and with us . . . Colombian society."

Speaking at the funeral of Judge Zuluaga, the president of Medellín's superior court Jairo Terna echoed the warning of Peru's García: "The atrocious crime represents for the judiciary . . . and for the nation a nearly irreparable loss, because respect for justice—the most abused public power in history—has been lost. . . . We must reflect on what a country without judges would be like. . . ."

## 'Narco-tolerance'

Asonal and Judge Terna were not only speaking of the narco-terrorist onslaught that has been threatening to eliminate the last vestiges of justice in the country. Their angry statements are also a response to the growing environment of tolerance for the drug mob's inroads in Colombian financial and political life. A government proposal for a tax amnesty for "dirty money" is exemplary of the Barco government's back-tracking in the war against drugs. So, too, is the recommendation of the National Narcotics Council, a dependency of the Colombian justice ministry, for the suspension of a highly successful herbicide eradication program against marijuana cultivation—under "environmentalist" pressures.

Perhaps most telling of the degree to which the intensely Catholic country has succumbed to mafia blackmail is the recent proposal of high officials of the Colombian Church for government dialogue with the drug mafia, modeled on previous peace negotiations with the guerrillas. As the daily newspaper *El Espectador* noted in a signed editorial on Nov. 2, "the Church's generous office to the drug trade was answered with the assassination of another magistrate. . . . We simply don't understand, though the pastoral language of the Church be used, how, when and why there should be dialogue with the drug trade." (See *Documentation*.)

The editorial, signed by the newspaper's editor Guillermo Cano, went on to challenge the inroads of the mafia in government, financial, and political layers. *El Espectador* has already been threatened by a spokesman for the powerful Medellín-based drug mafia, Jairo Ortega Ramírez, the congressman from the Medellín crime capital whose chosen "alternate" in Congress was cocaine czar Pablo Escobar Gaviria before the latter turned fugitive.

Ortega was used by the mafia three years ago, in 1983, to smear then-Justice Minister Rodrigo Lara Bonilla with false corruption charges. Undeterred by the slanders, Lara Bonilla carried out an unprecedented war against drugs which threatened the financial godfathers of the Colombian drug trade, until he was assassinated by mafia gunmen on April 30, 1984. Congressman Ortega has denounced *El Espectador* for exposing his role in that dirty affair, and pledged he would "do it again."

## Extradition treaty under fire

The center of the fight in 1983-84 was the Colombian-U.S. Extradition Treaty for drug traffickers, which then-President Belisario Betancur pushed through in Lara Bonilla's honor after his death. Now, a bill to overturn the treaty is being considered in the powerful First Commission of the Colombian Senate. The commission is presided over by Liberal Party gangster Alberto Santofimio Botero, who is known to favor the bill and to have encouraged its proponent, Sen. Ramón Elías Nader. Elías Nader is the brother of a former senator and convicted cocaine trafficker who has just finished serving five years in a U.S. penitentiary.

The justice ministry has already announced that it considers the extradition treaty of higher constitutional standing than any law. Nonetheless, it is widely recognized that approval of the anti-extradition bill would represent the most serious reversal for the anti-drug forces of South America, which have looked to the precedent-setting war on drugs launched by Barco's predecessor, Belisario Betancur, as a model for them all.

---

## Documentation

---

*On Nov. 2, Colombian newspaper El Espectador published an unusual editorial signed by owner and director Guillermo Cano, excerpts of which follow:*

We are at the point of co-existing with organized crime, of accepting it, be it legalizing its corrupt business deals, sitting down with it at peace talks, or facilitating the conversion of pesos stained with the perversion of youth into clean Colombian pesos, giving the seal of approval to the profits of abominable crimes.

As opposed to what is said, what is in fact proposed lacks real effectiveness. If the drug traffickers today are absolved by an amnesty, their pasts pardoned, we will see that within 24 hours their place will be taken by equally dangerous criminals. That is why we cannot understand, though the pastoral language of the Church be used, how, when and why there should be dialogue with the drug trade.

There is a divine justice inclined to pardon the repentant. But there is also a human justice which should judge those suspected of atrocious crimes. . . . Given that the drug trade has nothing to do with politics, with social equality, nor with ideologies, its crime . . . lacks any possible political or social justification. This horrid crime, in a society which considers itself more or less organized, should be punished by laws which throughout the history of human society have established civilized parameters, which man has organized for his own defense. Centuries have passed since the law of the jungle prevailed, and it would appear that we are very close to returning to that period, as the victor in the battle for justice appears not to be the good citizen, honest and respectful of the law, but the individual who assassinates, robs or degrades his fellow man. . . .

Each day we are more and more shocked to see how in Congress bills are presented which are going to strengthen the drug traffickers. That the prescription be legalization of the drug trade. That the panacea be Church dialogue with the drug kingpins. That the money of the drug trade be declared welcome at the cost of the lives of judges, journalists, helpless citizens, ingenuous youth lured by easy money. . . . If the situation is not changed, the final word will be given by the drug trade, and it will be, "We win!"



## Pro-terrorists hound interior minister

by Katherine Kanter

On Oct. 24, the Spanish interior minister announced some surprising changes in the structure of his ministry, which included: the removal of the Directors for State Security and Police; the creation of a new post, Secretary of State for Security, combined with that of Directorship of State Security—purportedly on the French model; and the nomination of a civilian, for the first time, to head the Civil Guard, a military body responsible for border duties and the fight against terrorism.

While it is impossible at this point for us to evaluate the various appointments in detail, certain striking features lead one to conclude that the press campaign against Interior Minister José Barrionuevo, has achieved its first success.

### The role of *El País*

One day after the Socialist government of Spain was inaugurated in October 1982, and announced the appointment of José Barrionuevo as interior minister, the Madrid daily *El País* demanded his resignation for being “anti-democratic.” José Barrionuevo is a viscount, and as he himself freely admits, was, as a student, associated with various Carlist groups; no one today, not even *El País*, would seriously affirm that the minister supports the pretensions of Carlos-Hugo de Borbón Parma to the Spanish throne, either overtly or covertly. What disturbs *El País*, is that the minister belongs to a faction of the police and intelligence services which does not joyfully contemplate Spain’s joining the Warsaw Pact, nor the proposed dissolution of the national state of Spain into rival satraps of Russia, ruled by Monseñor Setien and Abbot Cassia Just, the clerics who run the Basque Provinces and Catalonia, respectively, and energetically policed by ETA and Terra Lliure, the relevant terrorist groups.

Why then, the shrill, unceasing campaign by *El País* against José Barrionuevo? *El País* belongs to a firm called Ediciones Prisa; on the board of directors of Ediciones Prisa sits the Duke of Alba.

The Alba family, of Byzantine origin, is one of the wealthiest and most powerful houses in Spain, and is convinced that if they can only divide, then will they again rule Spain. Western Europe would then, of course, have to be under the Russian boot. The family has great power among the syc-

phantic mediocrities who affect to be “cultural” in Spain today, like the world-famous “writer” Camilo José Cela, who heads the Latin Union, dedicated to the restoration of the Holy Roman Empire.

It was the Albas who puffed up the second-rate Spanish Nietzsche, Ortega y Gasset, whose children are closely associated with Ediciones Prisa; they control, through Ediciones Santillana and Editorial Timón, a great chunk of school book production, both in Spain and Hispanic America; they control the Ministry of Culture. Does the House of Alba want terrorism crushed? Read the House newspaper, *El País*, for your answer.

### IMF’s friends in the justice ministry

The real strongman of the justice ministry is the “left Catholic” Joaquim Ruiz-Ximénez, now ombudsman, who in 1956, helped to oversee the student riots which brought the liberal International Monetary Fund (IMF) economists into Spain, as a concession to the orchestrated “international uproar against Franquist repression.” The present justice minister, his protégé Joaquim Ledesma, has himself been at the center of more than a little controversy.

In 1983, Ledesma’s ministry drafted reforms to the narcotics legislation, which made the penalties for drug traffickers caught in Spain the lowest in Western Europe; the law explicitly stated that consumption of narcotics was not punishable. Ledesma then stood fully behind a law, voted up by the parliament, which de facto legalized abortion, in Ledesma’s own words, for “economic and social reasons.”

The Spanish press, over the last months, has been continuously supplied with “leaks,” blowing up isolated incidents

---

*The “independence” referred to, is a very specific one: In a word, those judges who are protesting want to free ETA members, and jail the police who arrest ETA members.*

---

like that in which a policeman punched an ETA member during interrogation, and was therefore accused of “torture.” The pages of *El País* are littered with photographs of ETA members in various stages of undress, proudly pointing to a black-and-blue mark, under a screaming headline, “I was tortured.” The fact that ETA killed, tortured, and mutilated over 700 people in the last 10 years, including the wife and children of the military governor of Guipuzcoa, Rafael Garrido, as recently as Oct. 25, does not overcharge the conscience of *El País*’s editors, obviously.

## Easterly wind blows over Madrid media

On Oct. 24, the pro-Soviet director of Spanish Television (TVE), José María Calvino, was replaced. Immediately, he was celebrated at a private luncheon prepared in his honor by none other than Justice Minister Joaquim Ledesma. Under Calvino's rule, a number of odd events have taken place: First, the post of Director of News was given to José Luis Balbín, now a star of Radio Moscow's late night broadcasts; he was succeeded by Enrique Vázquez, who spent two weeks in Libya last year. Then Vázquez's wife, also a TVE employee, Mrs. Elena Martí, broadcast an extremely sympathetic interview with leaders of the Colombian terrorist group M-19 on national television. Finally, in October, a Spanish TVE film crew was de-

tained by the Colombian government, as they flew to an M-19 encampment for "talks."

On the same day, Alfonso S. Palomares, intelligence adviser to the Grupo Zeta press empire, was named president-director general of the Agencia EFE, the fourth-largest press agency in the world, with tremendous clout in Hispanic America. Grupo Zeta controls the magazine *Interviú*, which prides itself on being the first pornographic magazine to have appeared after Franco's death, and printed an article in July 1986 falsely alleging links between the European Labor Party—a Swedish party associated with Lyndon LaRouche—and the murderers of Olof Palme.

Also on Oct. 24, the wife of Alfonso Palomares, Ana-María Vicente de Tutor, was named civil governor of Madrid; she now has 20% of all security forces in the country under her immediate command. Mrs. Vicente de Tutor's first act was to give an interview to *ABC* magazine, wherein she called for the legalization of prostitution.

Now, the Alba family thinks that they have hit the jackpot: the "El Nani" case. A recidivist called "El Nani," alias Santiago Corelli, suspected of entertaining relations with Ibero-American organized-crime circuits, disappeared while being held incommunicado and is presumed dead. This occurred in 1983. Some months ago, a group of "progressive" magistrates, and a number of ad hoc committees like the newly formed Association against Torture and the Council of Judicial Power, arrived at the "feeling" that the interior minister, given his jurisdiction, is personally responsible for cases of this nature, and must be forced to resign.

The case of these "progressives" went right up to the Supreme Court, which on Oct. 30 rejected their arguments, stating, however, that the decision was "without prejudice" to what conclusions might be drawn from subsequent investigations. The head of the Association against Torture had just declared that, should the court decide for Barrionuevo, it would immediately be presented with new facts which would force the case to be reopened.

### A little help from Russian friends

Just before the Supreme Court decision, an important planning meeting was called in Madrid by about 16 members of the 33-man Board of Criminal Judges of Madrid, the conclusions of which were announced fulsomely by *El País*. The meeting coincided with the presence in that city of a large number members of the Association of Soviet Jurists, who were there to participate in a joint conference between the U.S.S.R. and the International Association of Jurists, at which the inaugural address was given by the man we met above, Joaquim Ruiz-Ximénez, ombudsman.

The conclusions were, that the government is unable to

"control the police"; that the Council of Judicial Power, should take the matter before the government, and the parliament; that an investigative committee should be set up to investigate "irregularities," not only in the police, but also in the intelligence services of Spain. The judges further said that "an institutional confrontation is arising, in which the independence of the jurisdictional organs is at stake, which the Council of Judicial Power is called upon to save."

The "independence" referred to, is a very specific one: the cause of the Basque judges, not a few of whom, like Mrs. Elisabeth Huerta, are barefacedly pro-ETA, and who are throwing everything and the kitchen sink at the central government to avoid having jurisdiction over terrorism cases taken out of their hands, and put under the National Courts in Madrid. In a word, those judges who are protesting want to free ETA members, and jail the police who arrest ETA members.

In mid-October, the interior minister, in response to the Huerta case, said in parliament that in order to stop her from forcing Civil Guards to parade in identification lineups before ETA members and then be interrogated by the ETA members, he would go right up to the Constitutional Courts. Huerta and one of her cronies, Judge Belloch, then mobilized *El País* and the justice ministry networks, and put out the line that a mysterious West German group against separatists, the CRUN, had threatened them with death. On cue, the justice minister rang Judge Belloch and offered him his "solidarity" against the alleged death threats.

The interior ministry has said that the CRUN simply does not exist. Moreover, on Oct. 19, the head of the Fifth Military Region of Spain, General Hernández, called upon "all generals of the Army to unite in the fight against ETA."

## The pot boils in Pakistan

*Ethnic riots persist amid political fragmentation in the state of Sind.*

Once again, Karachi, the capital city of the state of Sind, has been paralyzed by a week-long riot that has taken 36 lives. Curfew was imposed and the army called out, but sporadic violence continues in at least three districts of the city.

The riot started on Oct. 31 when the Pathans, Pushtoon-speaking settlers from the North-West Frontier Province (NWFP), clashed with the Urdu-speaking Mohajirs, who migrated from India after 1947. The two ethnic groups have long been economic and social rivals, with the Mohajirs monopolizing the small trade in Karachi, and the Pathans dominating the transport system.

As thousands of Mohajirs were leaving Karachi on Oct. 31 to attend a rally organized by the Mohajir Quam Movement, a new Mohajir party, in Hyderabad, the two groups reportedly started shooting at each other in Sorab Goth, a predominantly Pathan suburb, notorious as a center for drugs and arms smuggling. According to police reports, more than 800 people have been arrested since the rioting broke out.

Sind has been in turmoil for some three years now, since the 1983 movement to dethrone President Zia ul-Haq was launched from the state by the Movement for the Restoration of Democracy (MRD), a coalition of 11 opposition parties. The movement, which went out of control, saw hundreds die, and spun off numerous political factions, including a secessionist group that considerably strengthened the underground. In Sind today, two parallel underground forces dominate: one, the secessionist, and

the other, the more organized and militant gangsters who recruit from the ever-growing number of politically frustrated, unemployed Sindhi youth.

In September, the Zia government had made an effort to tackle the growing anarchy in Sind. Prime Minister Junejo, a son of Sind who heads the Sind-based Pagaro Muslim League (PML), toured the province with an entourage of federal ministers, members of parliament, and law-enforcement officials. In meetings with local politicians, Junejo and company hammered on the deteriorating law-and-order situation. A number of arrests of individuals suspected of harboring the gangsters—including one Chandio, the largest landlord in Pakistan—pointed to the government's determination. But, according to most reports, it will take much more to do the job.

Although the recent riot seems to have been confined to a strictly ethnic matter, it is worrisome against the backdrop of political fragmentation and volatility that characterizes Pakistan generally, and Sind in particular. For the underground activists—secessionist and gangster alike—maximization of chaos is ideal. At the same time, four major political leaders—Pir Pagaro of PML, Benazir Bhutto of the Pakistan People's Party (PPP), Mumtaz Bhutto of the Sind-Baluch-Pakhtoon Front (SBPF), and Ghulam Mustafa Jatoi of the newly formed National People's Party (NPP)—all from Sind, are battling to rekindle a movement that can bring down the present government.

Mumtaz Bhutto and Ghulam Mustafa Jatoi are former PPPers who start-

ed new parties over differences with Benazir Bhutto. As of now, all four are acting independently. There is no indication of a coalition in the making.

In the recent period, Benazir's PPP, the party with the largest following in Sind, has begun to lose ground. Miss Bhutto's high profile following her April return from two years of self-exile in London has petered out, and she is facing a split in the party and growing lack of interest in the population. The PPP has enjoyed the support of the majority of Sind's landlords, but is now losing chunks of them to both the SBPF and NPP. The NPP has also attracted the support of Punjabi settlers and some of the Urdu-speaking population in rural Sind.

Apart from Sind, the North-West Frontier Province, home of the Pathans, remains unstable. Millions of Afghan refugees, a hostile, neighboring Afghanistan, internal factions among the Pathans, and the pressure on 30,000 NWFP families *not* to grow poppies, has kept the province tense and jittery.

The instability was given a boost recently with the return of a red-flag-bedecked Abdul Wali Khan, Pakhtoon leader of the pro-Soviet National Awami Party, from Kabul through the Khyber Pass to Peshawar, capital of the NWFP. There, he held a meeting in which he argued that a constitutional opposition movement in Pakistan was impossible.

According to reports, Wali Khan brought with him "happy tidings" of a red revolution winding through the Khyber, and added pointedly that "no revolution coming through that historic pass has ever stopped short of Somnath." Somnath is a temple town in the western Indian state of Gujarat, which was devastated by an invading Central Asian warlord in the early 11th century.

## A classical KGB disinformation scheme

*The new EIR Special Report on the Palme assassination shows why Moscow might have wanted to commit such a crime.*

**A**t a series of well-attended press conferences in northern Europe, *EIR* presented documentation of events before and immediately after the murder of Prime Minister Olof Palme on the night of Feb. 28, published in a recently issued *EIR Special Report*, "A Classical KGB Campaign. Who Killed Olof Palme?" Events surrounding the still-unsolved shooting of Mr. Palme on the streets of Stockholm include the disinformation campaign launched only hours after the murder, in which Moscow tried to implicate the Swedish organization associated with presidential candidate Lyndon LaRouche, the European Labor Party, in the killing.

The speed with which the Soviets responded to the murder was, by their standards, uncharacteristic. Already on March 1, U.S.A.-Canada Institute chief Georgi Arbatov went out attacking "reactionary circles" whom he had seen demonstrating against Olof Palme. Days later Soviet propaganda channels in the West became more explicit, quoting alleged Swedish police sources that the European Labor Party was under investigation in connection with the crime. On March 12, police arrested Victor Gunnarsson, alleged to be a member of the European Labor Party, on suspicion of the murder. At this point the Soviet disinformation campaign shifted into high gear.

Two months later, Gunnarsson was cleared of suspicion and removed from the case by Chief Prosecutor K. G. Svensson, who issued a press release on May 16 revealing a major fight among the police over how to

proceed with the investigation. Police Chief Hans Holmér, heading the inquiry, wanted at all costs to pin Gunnarsson with the crime. Svensson attacked Holmér for trying to prejudice witnesses' testimony in order to make a case against Gunnarsson. Holmér clearly had an axe to grind against the ELP.

Despite Svensson's justified criticism of Holmér's behavior, Holmér, with the backing of the Social Democratic Party leadership, remained on the case, and Svensson was forced to resign from it.

The systematic coordination of the disinformation and harassment against the ELP, involving Soviet channels in Scandinavia, parts of the Swedish Social Democratic hierarchy, and possibly contaminated sections of the Swedish police, combined with open Soviet threats against the Palme government during the latter half of 1985 and early 1986 give more than enough basis for reorienting the investigation toward possible KGB complicity in the murder. But continued Russian manipulation of the Swedish government would tend to put the brakes on any such investigation.

The other little-regarded factor was increasing Soviet anger at the Palme government for not caving in to Moscow's increasing demands. During the last months of his life, Olof Palme was faced with growing criticism of his appeasement policies toward the Soviets by leading circles of the Swedish military. Even sections of his own party—old-line Social Democrats with a pro-defense leaning—were upset by

continuing Soviet submarine incursions in Swedish coastal waters.

The Soviet disregard for Swedish protests was even creating debate in Swedish military circles as to the feasibility of Swedish entry into NATO, a formerly taboo issue which had been sparked by the ELP's campaign for Sweden to join NATO. Palme could not ignore such high-level criticism, except at considerable political risk. The debate in Sweden on the submarines and the heated climate over the manifest Soviet arrogance was tending to create a shift to a more forceful defense policy. The Soviets responded by demanding that Palme put a lid on the submarine debate, or else they would make Scandinavia a new "trouble spot." Any shift in Sweden's defense policy could tend to neutralize what had become for the Soviets a key element in their nuclear war capability—the massive Soviet military concentration on the Kola Peninsula.

The same month Olof Palme was killed, the Swedish government made an about-face on technology transfer to the East bloc. In February, the Swedish government agreed not to export high-technology goods, produced in the United States and under export restrictions there, to the East bloc. Sweden was formerly an open window to the Soviets for such Western goods. Now, the Palme government, under pressure from the United States, was making things difficult for Moscow.

Did this threatened shift in political orientation in Sweden merit extraordinary measures on the part of the Soviets to regain control over Scandinavia, measures including killing the Swedish prime minister? And was Olof Palme, under these conditions, more useful to them as a martyr than as a politician being forced to buck the Soviets?

## France must intervene in America

*Britain broke with Syria as a terrorist state; France temporized. What are the real issues?*

**L**et's be blunt: We appreciate the attitude of Mrs. Thatcher toward Syria more than that of the French government, and we would prefer that Europe spoke with one voice.

But no one should be fooled on the nature of the terrorism which has been hitting Paris for weeks. At bottom, it never was a question of a "Middle East" initiative, but of a Soviet irregular-warfare operation. The bombings' main aim was not to obtain some specific goal, such as freeing some jailed terrorists, but to weaken our political power and, if possible, to make France ungovernable—to the benefit of Russian strategy.

Unfortunately, there's a risk this aim could be partly achieved, if the general confusion of positions taken by all sides continues. We would like to contribute to turning things around by restating the grounds upon which decisive choices will be made.

The government, before Premier Chirac's trip to the United States for the U.N. General Assembly, was preparing strong actions. But the Americans Chirac met with, notably Secretary of State Shultz, showered him with "go-slow" advice, and promised not a whit of support in case France took steps against the terrorists. Has anyone noticed that so far Washington has not acted (apparently) any more than Paris?

What then could the French government do? Either prove our character and independence—the way we would have preferred, but which would have required means which it was thought France did not have; or play

the role allotted to France in the Western division of labor: to work "from inside" in the war of succession unfolding in Syria, by trying to undermine the most pro-Soviet "clans" and branches of secret services. (Usually well-informed sources say the article in *Le Monde* on Oct. 30, claiming that "the government obtained a truce with the Abdallah clan" of terrorists, could only be disinformation.) That's the choice which the government has made, a choice which obviously makes mincemeat of the bellicose pledges of a few weeks ago, and which risks disorienting the French people, if clear explanations are not given.

However, to make a big deal out of this setback, however inglorious, and accuse the government of all evils, is even more to boost the "destabilization scenario" which only benefits Russian strategy. The mistake would be keeping our noses stuck into Mideast policy, losing sight of the overall situation.

Not accidentally, the Socialist press was the most vehement in denouncing the French position on Syria, joined by the parliamentary group around Trilateral Commission member Raymond Barre—in short, France's biggest promoters of a deal with the Kremlin. In the U.S., as in France, some odd Atlanticists scream about "Euro-cowards" and forget that the source of European weakness is the U.S. State Department. Denouncing this weakness without naming the source, they merely reinforce the isolationist trend in America, and pave the way for "de-coupling" Europe from

the United States.

Ultimately, the error made by those analyzing French Mideast policy comes from ignorance of Soviet power in the Mideast and Europe together—without which Hafez Assad could not exist.

Only the decisive joining of U.S., European, and Israeli policy can making it possible to attack terrorism. Without a clear definition of aims, means, and roles in this attack, the rest is nothing but speculation on various forms of impotence and suicidal "real-politicking."

France's role is not to launch into a flight forward in the Middle East, as some are pushing for, but to intervene into the core of American policy—particularly now that U.S. elections are over—to deal with the evil at its source. That means weakening the influence of the State Department and the New Yalta partisans, including those near President Reagan, and to staunchly back those who fight for a "peace through strength" policy of a Western alliance reinforced and renewed between equal partners.

Counterintelligence chief Pandraud's trip to Washington was a first step in this direction, and the meeting of the Western intelligence services at Saint-Cyr-au-Mont-d'Or near Lyon was a second. Others, and bolder ones, will have to be taken soon. Moreover, because of its effect on the Near East and the United States, we must give concrete backing, including funding, to Shimon Peres's "Marshall Plan" for peace.

The Mideast problem will find solution in a new context thus defined, which will take on its own dynamic. It is by the courage of the Chirac government shows in intervening in the U.S. that we must judge it, and not by short-term negotiations in the Middle East that will soon be relegated by history to their real importance.

## Of bankers, debt, and drugs

*Lima's bankers are not the only ones sweating over the upcoming trial of banker Luis Bertello.*

**W**ill the investigation of Luis Bertello's financial misdoings lead back to Rockefeller's man in Peru, Manuel Ulloa? And will that trail lead back to Peru's creditor banks in New York and Boston?

These are the questions now buzzing about Lima, after "Don Lucho" Bertello was extradited back to Peru from Costa Rica Oct. 22, to finally face charges of embezzlement and fraud against stockholders and the Banco de la Nación, stemming from the 1983 collapse of his Banco Comercial de Peru (Bancoper).

The case could set a crucial precedent for the continent, providing an opportunity to prove—in court—how the foreign debt scams of the 1970s and 1980s worked. Trying bankers for the crime of financial misdealings on the debt, if successful in one country, could become contagious to other countries.

An even dirtier side of international finance may also emerge from this case: the links between the foreign debt scam and the narcotics trade. And that has made Don Lucho's Wall Street friends very nervous, indeed.

Before its collapse, Bancoper was Peru's third-largest private commercial bank, and Don Lucho was the president of the national bankers association. One London newsletter praised him at the time as "a blue-eyed establishment boy," and "intimate friend" of foreign bankers' favorite Peruvian, Ulloa.

Tipped off by friends that a Lima judge had issued arrest orders against him and 17 other Bancoper executives or directors, Bertello and crew fled

Peru in April 1983, to find new homes variously in Miami, London, Vienna, and Costa Rica.

Bertello's bank was not the first bank to go under during the Belaúnde administration. In 1981, the Banco de la Industria de la Construcción collapsed in the wake of similar charges of financial mismanagement. Its chief executive, Luis León Rupp, also chose to resolve his problems by fleeing.

*La República* reported Oct. 26 that Rupp has initiated legal action to clear the way for his return early next year. Whether he will actually do so, will depend on the outcome of the Bertello case.

The financial maneuverings of both banks were similar. Rupp and Bertello are accused of issuing bad loans to their own companies, and thus threatening the solvency of the banks, for their personal gain.

The maneuvers had a further wrinkle. The government bailed the banks out: Ulloa's economic team ordered that state funds cover the bank's bad debts. Ulloa called it "protecting the depositors," but the money was sent to the banks' foreign creditors.

Bancoper was a great scam. The bank issued 85% of its loans to its own stockholders, mostly Bertello's industrial empire. Lacking sufficient capital base for this, Bancoper took out dollar loans from foreign banks, and then reloaned them to its own companies.

Long before Bancoper went under, its financial problems were public knowledge in Lima. But when Bancoper was unable to meet its dollar obligations, the government began is-

suing millions, so that Bancoper could pay its foreign creditors!

Now, a new angle has emerged. Lima daily *El Nacional* reported on Oct. 21, that in the months before leaving—and while receiving government aid—Bertello had busily sold some 200 of his properties to Reynaldo Rodríguez López, the drug kingpin who owned Villa Coca!

Does the government have the "hard goods" on the international aspects of Don Lucho's schemings, or his narcotics links? *EIR* does not know; but some people in Peru are scurrying to keep more of this story from coming to light—or to court.

Costa Rica's prosecutor, Roberto Steiner, advised Peruvian authorities in early October that Bertello would arrive Oct. 9. By a combination of legal maneuvers in both Peru and Costa Rica, Bertello attempted to stall his extradition, and nullify the charges.

That worked, until Oct. 22. Now, Lima's financial establishment has launched a campaign to free Don Lucho, using *Caretas* and *Oiga* magazines as their mouthpieces. This man is no criminal, but merely a bad businessman, who risked all for his country, they argue. And they threaten that unless he is freed, that "other businessmen" may stop "risking" their capital, too.

The government, however, has stuck to its guns. Vice Interior Minister Agustín Mantilla personally went to the airport to meet the plane from Costa Rica, to insure no last-minute "escape" occurred. "This is an important step for the country," he told reporters. "With this, we demonstrate to the public that we are ensuring justice."

As García told reporters Oct. 24, "No one can avoid the law, for all the money or political power they have. The law must be equal for all Peruvians."

## AIDS crisis in Brazil

*Brazilian authorities are hiding the severity of the situation, which is assuming epidemic proportions.*

**T**he Brazilian health ministry, under the excuse of "avoiding panic" within the population, is continuing to follow a policy of covering up of the accelerating growth rates that AIDS is displaying in this country. In so doing, they are following the genocidal recommendations of organizations such as the World Health Organization (WHO) and the Centers for Disease Control (CDC) in Atlanta, Georgia.

The real panic the Brazilian health authorities apparently want to avoid is that of the powerful "Gay Lobby," which infests every state in Brazil.

But there is another, even more important explanation for the criminal negligence of the health ministry, namely, "the high cost of treatment and the insufficiency of beds in the public health network, and of investment in research," as the officials themselves will admit. Desperate health workers—faced with a lack of funds and the increase in AIDS, in a situation where diseases such as dengue and malaria are considered endemic—see cover-up as their only option.

In this situation, which could be described as a threat to national security, the continuation of an economic policy premised on paying usurious interest rates to service the foreign debt, is sheer lunacy.

While in 1985 the most reliable estimates were that 1,000 cases of AIDS would be confirmed by the end of 1986, recent health ministry statis-

tics corresponding to October 1986, report only 841 cases. Ministry officials themselves, however, are privately confirming that the number of cases has surpassed 1,000.

No one can pinpoint the true state of affairs, but the official figures are being disproven daily. For example, Dr. Ricardo Veronesi, expert in infectious diseases from the University of Sao Paulo, reported on Oct. 27 that 3,000 of the 7,000 prisoners in that state were infected with AIDS. "Promiscuity in Brazilian jails," he said, "is nothing new. In the state penitentiary, new inmates are humiliated and forced to serve the oldest prisoners, who take sexual advantage of them even if they are not homosexuals."

Brazil has the second-highest number of AIDS victims among prisoners in the world.

No sane person would dare to ignore the miserable health conditions under which large percentages of the Brazilian population live, where entire regions are undergoing a process of "Africanization" that threatens to cause the death of millions. Sub-human living standards in large parts of Brazil may be one explanation for the AIDS explosion there; another is the prevalent Gnostic worship of "the body beautiful," which has given Brazil the unenviable fame of having the largest homosexual community in the world.

But even if the official figures lie and attribute deaths from AIDS to oth-

er diseases, such as leukemia, the health ministry has had to admit that AIDS cases have broken out of the "traditional high-risk" category. Thus, for example, in Sao Paulo—the state of the highest incidence of AIDS—of the 552 registered cases, 23 are considered part of "non-traditional" groups and 103 have been catalogued as "still under investigation."

In April of this year, the Eighth National Conference on Health met to take a close look at this new disease. While state and federal medical authorities participated in the conference, the final resolutions reflected the minority influence of leaders of the so-called gay communities who had been invited to participate. Noteworthy was the group from Bahía, which mobilized aggressively in defense of the civil rights of homosexuals and sought to "decriminalize" the moral ethic that considers homosexuality a perversion.

From that conference emerged a proposal for an AIDS control program, which was based on a series of weak-kneed "preventive" measures directed only at the traditional risk groups, such as hemophiliacs. However, a stipulation was made placing AIDS on the list of diseases for which compulsory notification in every state of Brazil is required. It was also recognized that, because of its epidemiological characteristics, AIDS "can become one of the most serious public health problems of the century."

The homosexual groups are staying on the offensive to combat what they call the "stigmatization of gays" caused by the appearance of AIDS. They are currently mobilizing for "legislation that prevents firing without just cause of AIDS-positive carriers." One case, that of an airlines employee with AIDS forced to resign from his job, has been taken up as a cause célèbre by Brazil's gay lobby.

# International Intelligence

---

## Sweden in official protest to Moscow

Swedish Prime Minister Ingvar Carlsson called in Soviet Ambassador Boris Pankin to deliver an official protest over eavesdropping Oct. 31.

The Swedish embassy in Moscow has been tapped by Pankin's KGB for 15 years; this was discovered during the present reconstruction of the embassy. The construction workers reported "abnormal equipment" in the embassy.

Bo Hejnebeck, an official at the Swedish foreign ministry, said that the protest was "serious" but not yet "sharp," and that the discovery will have a negative influence on the Baltic Sea border negotiations between the U.S.S.R. and Sweden. So far, the U.S.S.R. has not responded.

---

## Helmut Kohl was right: Gorbachov is a 'Goebbels'

West German Chancellor Helmut Kohl, in an interview with *Newsweek* magazine published Oct. 27, compared Soviet party secretary Mikhail Gorbachov to Nazi Propaganda Minister Joseph Goebbels—only to withdraw the remark a week later, under the pressure of furious attacks from Moscow, including the cancellation of a scheduled visit to Moscow by the German research and technology minister.

Kohl was quoted by *Newsweek*: "I am not a fool: I don't consider [Gorbachov] to be a liberal. He is a modern communist leader who understands public relations. Goebbels, who was one of those responsible for the crimes of the Hitler era, was an expert in public relations, too." *Newsweek's* interviewers later reported that the phrase "who was one of those responsible for the crimes of the Hitler era," was added to the text of the interview, on instructions from Kohl's official spokesman, Friedhelm Ost.

Despite Kohl's equivocation, media in Germany have pointed out the aptness of his

characterization. In an editorial comment, the daily *Bildzeitung* wrote: "The Soviets are always ready to accuse the Federal Republic or at least certain forces here of fascism, revanchism and war-mongering." *Badische Neueste Nachrichten* revived post-war chairman of the German Social Democrats Kurt Schumacher's 1945 characterization of the Soviets as "red-colored Nazis," accusing Moscow of working with today's opposition Social Democrats.

Herbert Kremp, editor-in-chief of *Die Welt*, wrote a background on "Who was Joseph Goebbels?" He described Goebbels's past as a member of Gregor Strasser's pre-1933 "national-bolshevist" current of the Nazi party. "The left-wing National Socialists wanted the alliance with Moscow against, as they said, the militarism of France, the imperialism of England, and against the capital on Wall Street. Were they still around today, to talk the same way, they would be certain to receive Soviet applause."

---

## Administration did send arms to Iran

Despite denials by the Reagan administration, former National Security Adviser Robert McFarlane and a four-man CIA-NSA negotiating team traveled to Teheran in early September, where they concluded a strategic deal with Iran. This deal, according to all available information, had the personal support of President Reagan.

How long it will last, is another question. According to a number of intelligence sources, the deal provides for Iran releasing the remaining hostages under its control, in exchange for the United States shipping military equipment to Iran. The U.S. government has already shipped communication equipment, and possibly F-4 and F-15 jet-fighter spare parts, to Teheran. Other items of negotiation include the release of \$1 billion in Iranian assets frozen in British banks, and the release of six imprisoned Iranian terrorists in Kuwait. Reportedly one Ku-

waiti-held terrorist has just been released.

Henry Kissinger and Zbigniew Brzezinski were the architects of the U.S.-Iranian deal, according to intelligence sources. The administration has been sold the lie that parliamentary speaker Ali Akbar Hashemi-Rafsanjani is a moderate, and that it would therefore be in U.S. interests for him to succeed Khomeini, rather than Khomeini's designated successor, Montazeri, who directs Iran's international revolutionary organizations.

According to sources, all anti-terrorist forces in Europe will now have trouble arguing for a hard line against Syria, given the U.S. administration's own Carter-style deal with an allied terrorist state. Additionally, it is reported that Syrian President Hafez Assad will soon release U.S. hostages under Syrian control, to attempt to show that, like Rafsanjani, he is really "moderate."

---

## Soviet spetsnaz strike in Britain?

"Peace movement" militants carried out assaults against NATO nuclear weapons facilities in Great Britain and West Germany on Nov. 5. Soviet "special forces" may well be involved.

At Greenham Common, Great Britain, where U.S. cruise missiles are stationed, more than 100 masked extremists assaulted a convoy of 20 military vehicles, beat up the personnel, cut the brakes, and smeared the windows with white paint.

The ambush of the cruise missile convoy near Greenham Common was claimed by the "Cruise Watch"/Committee for Nuclear Disarmament.

At Ansbach, Germany, about 50 radicals stormed a U.S. Army base and came as close as 20 meters to the launcher of a Pershing II missile, with the obvious intent to damage the missile. Military police drove them away and arrested six of the intruders. The incident was characterized as "very serious" by U.S. military spokesmen.

British Armed Forces Minister John



## Briefly

Stanley, in response to a question in the House of Commons on the Greenham Common incident, pointed out the "spetsnaz threat" to Britain, the London *Daily Express* reported. "In very different international circumstances than those we had today, we would have to take a very different attitude towards the protection of nuclear weapons," he said. According to the *Express*, "Mr. Stanley's words were partly aimed at the Soviet special forces, Spetsnaz. Intelligence experts fear Spetsnaz agents could infiltrate groups such as Cruise Watch." Security chiefs in Britain have launched a "top-level inquiry" into the incident.

### *Moscow: 'Syria is not alone'*

On Nov. 4, for the first time since Britain broke diplomatic relations with terrorist Syria, the Soviet party daily *Pravda* warned: "Imperialist circles, which are threatening Syria with violence, have embarked on a dangerous road. . . . But they should not forget: Syria is not alone. It has the support of its friends and the solidarity of the broad international public on its side."

*Pravda* notes with pleasure that British Foreign Minister Geoffrey Howe has not succeeded in building a "united front" in the European Community to isolate and punish Syria.

The British break with Damascus followed the gathering of massive evidence of Syrian control of terrorists in connection with the trial of terrorist Nezir Hindawi in London.

### *New Zealand to sign nuclear-free zone pact*

New Zealand will ratify the South Pacific Nuclear-Free Zone Treaty, which is "a small but a very important step in the arms-control process," Prime Minister David Lange announced on Nov. 5. The treaty, adopted at the South Pacific Forum in August 1985,

prohibits the ownership, use, stationing, or testing of nuclear weapons and the dumping of nuclear waste in the region.

The proposal has long been pushed by the Soviet Union, as a means of driving the United States out of the Pacific theater.

"We think it is important, at this time when the South Pacific is asking Washington, London, Peking, Moscow, and Paris to formally commit themselves to the protocols that we take the step of formally committing ourselves to the treaty," Lange said. He added, "It is the first international arms control agreement concluded since the ill-fated SALT II in 1979. It is proof that progress in arms control is possible if countries have the determination and political will to make it happen."

Soviet Deputy Premier Mikhail Kapitsa, while visiting New Zealand in August, said that the Soviet Union would sign the protocols after regional countries ratified the pact.

### *Buthelezi in Bonn denounces sanctions*

Mangosuthu Buthelezi, the South African black moderate leader and chief minister of Kwazulu/Natal, said in a speech at a human rights conference in Bonn Nov. 3 that South Africa is ripe for a democratic takeover, but there is a danger that economic sanctions will tip the scales in favor of violence.

He also said that sanctions would not force President Botha into capitulation. "The blacks will suffer the most," he reiterated. "I cannot support sanctions. I am a leader with a constituency and I answer to millions of people who need food, who need to clothe their children."

He added that economic sanctions would destroy the economy of South Africa, and with it, the economies of other southern African nations which had economic links with South Africa.

In a speech to open the conference, Chancellor Helmut Kohl reiterated his own opposition to economic sanctions against South Africa.

● **THE AIDS THREAT** to Russia will be detailed early next year in an article in the *Journal of the Royal Society of Medicine*, co-authored by Dr. John Seale and Russian exile biologist Dr. Zhores Medvedev. Soviet officials attempted to buy 5 million AIDS-testing kits from Finland for the Soviet army in September.

● **MIKHAIL GORBACHOV** plans a big 1987 tour of Ibero-America. His top priority is to visit Mexico, and the itinerary under consideration includes Brazil, Argentina, Peru, Cuba, and Nicaragua.

● **ZBIGNIEW BRZEZINSKI** says the time is right for "European reunification"—but alas, Europe isn't ready for it. In a full-page interview in the Nov. 1-2 edition of the Danish paper *Information*, Brzezinski says: "The time is right for putting European reunification on the agenda. . . . Even the communists in Eastern Europe want to get free from the Soviet domination. They want to come back to Europe. The Soviet empire is the only one in history, where the suppressed people view the dominating culture as inferior."

● **POLITBURO** mouthpiece Aleksandr Bovin, in an Oct. 31 speech before a conference of the West Berlin communist party (SEW), declared: "The United States appears incapable of reaching arms-control agreements as long as President Reagan is in power."

● **PRINCE CHARLES** should resign his claim to the English throne, West Germany's *Bild am Sonntag* editorialized Nov. 2. "Would it not be better, that the peculiar Charles resign from his claimancy to the British crown?" Charles has "surrounded himself with Gurus and faith-healers," talks to his plants, and "has become a vegetarian."

## Don Regan defeated the Republicans: LaRouche

by Nicholas F. Benton

The Reagan administration appears unrepentant in its insistence that its failed economic policy did not cause the loss of Republican control of the Senate on Nov. 4. White House adviser Mitch Daniels explained away the devastating setback for President Reagan in factors totally unrelated to the economy, and the White House, the same day the news of a the record-setting 123rd bank failure of the year was announced Nov. 7, bragged of new employment figures that proved, they claimed, "the 48-month economic recovery was continuing."

Control of the Senate shifted in the election from a 53-47 Republican majority to a 55-45 Democratic majority. This means that when the new Senate is sworn in, in January, Democrats will control every committee and subcommittee of the Senate, as they currently do in the House.

### Reaganomics takes a dive

Despite White House self-delusions, Democratic presidential candidate Lyndon LaRouche remarked in a post-election statement that it was the economic collapse engendered by "Reaganomics" which turned the U.S. Senate around from a Republican majority to a Democratic majority on Nov. 4.

Either President Reagan turns his failed economics of the so-called free market around, or he will be worse than a lame duck during his final two years. The President's statement of bravado following the smashing defeat, "You ain't seen nothing yet," in his determination to clash with the Democratic-controlled Congress, won't mean a thing unless his economic policy changes.

The message of the election hasn't been lost on British Prime Minister Margaret Thatcher, who faces elections of

her own. She is coming to see Reagan at Camp David the weekend of Nov. 15-16, perhaps with some long-overdue rethinking of economic policy.

"Thirty-one of the 50 states are in depression conditions analogous to those of the 1930s," LaRouche contended in his Nov. 5 statement. "Out of disgust and anger at the President's economic policies, many who had voted for the President's ticket in 1984 either stayed away from the polls, or voted against Republican candidates in the Nov. 4 election. Preliminary results suggest that about 10% to 20% of the voters swung against the Republicans on the issue of the economy. It would be fair to say that White House Chief of Staff Donald Regan cost the Republicans control of the Senate."

Statistics bear out LaRouche's point. It is true that President Reagan's exhausting 21,000-mile last-ditch campaign swing closed the gap in many Senate races, bringing six of them within less than 2% difference, even though the Republicans lost all six. It is true that Reagan tried to feature the importance of the Strategic Defense Initiative (SDI) in each of his speeches.

But Daniels, the White House's expert on electoral campaigns, revealed the President's Achilles Heel in a press briefing at the White House the day after the election. In response to *EIR's* question, he asserted that the SDI was "second place," he said, "to the primary difference that in our view separates Democratic from Republican voters, which is economic policy." Because that's how they saw it, that's why they lost, despite whatever else they had going for them on defense, SDI, anti-drug, and other issues.

### What a Democratic Senate means

In most cases, a Democratic Senate spells disaster for

U.S. interests, and the future of the Western Alliance. For example, Sen. Ted Kennedy (D-Mass.) will probably become the chairman of the powerful Senate Judiciary Committee, where he will be in a position to launch new legislation and investigations aimed at rooting out what is left of patriotic and technologically oriented leaders and trends in the United States.

Arch-Eastern Liberal Establishment "blueblood" Sen. Claiborne Pell (D-R.I.) will become chairman of the Senate Foreign Relations Committee. The power of this post was demonstrated this year when Sen. Richard Lugar (R-Ind.) used it to betray President Reagan and lead a Senate override of his veto of punitive economic sanctions against South Africa, a betrayal that can be expected to pale in comparison with what Pell will do.

Most dangerous, perhaps, will be the elevation of Sen. Sam Nunn (D-Ga.) to chair the Senate Armed Services Committee. To Europe, news of this development immediately stirs up fear for the future of the NATO alliance. Nunn is the author of the 1984 amendment, drafted along lines dictated by Henry Kissinger, to withdraw U.S. troops from Europe and destroy the alliance. With a Republican majority in the Senate that year, Nunn's amendment failed by only three votes. With the new Democratic majority, and Nunn in command of the Armed Services Committee, a drive for further cuts in the U.S. defense budget will propel a "decoupling" mood in the new Congress.

The Strategic Defense Initiative of President Reagan is also jeopardized. Sen. Robert Byrd (D-W.Va.), who will replace Sen. Bob Dole (R-Kans.) as the Senate Majority Leader, said the night of the election, "We will have a lean, mean, and cost-effective defense, and will stress conventional forces and readiness over strategic defense."

The Democratic-controlled House wanted to virtually kill the SDI in 1986 by cutting its budget back to \$3.1 billion, and only compromises with the Republican-controlled Senate forced the figure back up to \$3.8 billion. Now, the votes are no longer there in the Senate to prevent the SDI from being decimated. Also, it was only Senate insistence this year that prevented the House-authored restraints on the President's defense policy—such as bans on nuclear and anti-satellite testing and chemical weapons development, and forced compliance with the never ratified SALT II treaty—from passing. This will no longer be the case.

### **Tired throwbacks**

Yet as LaRouche pointed out in his statement, the voters didn't vote for the Democrats, they voted against the depression. The Democrats who won hardly represent a breath of fresh air or any new national trend. They are a lot of tired throw-backs to the failed McGovern and Carter years—the likes of a 69-year-old Terry Sanford in North Carolina, an even older Alan Cranston in California, and a Brock Adams in Washington.

"The national leadership of the Democratic Party is no bit better than the Republicans on economic issues," LaRouche observed. "During the election campaign period, virtually none of the Democratic candidates had anything useful to say about economic policies, except to blame the Reagan administration for all of the suffering caused. . . . The Democrats did not earn their victories in the congressional races; the President's blundering on economic policy won their races for them."

The Republicans, including President Reagan, beat themselves on Nov. 4 by identifying with the policies of the Wall Street faction exemplified by Don Regan in the White House. And their failed policy was punctuated by the press reports Nov. 7 that four more U.S. banks failed the week of the election, bringing the 1986 total to 123, the highest in the post-Depression period and compared to a yearly total of only 10 in 1980, when Reagan was first elected.

But the loss by the Republicans was not a mandate for the Democrats, even though their new control of the Senate will give them a new ability to perform devastating mischief starting in January. Among the most relevant facts of the election was that it was the lowest turnout in a federal election since World War II: 37%. Most people were just plain fed up. Nearly two-thirds of the registered voters just stayed home.

Most voters boycotted the very "Reagan revolution" that they caused to sweep, they thought, an anti-Eastern Liberal Establishment candidate into the White House in 1980, returning him with a record landslide in 1984. Reagan, despite his continuing personal popularity, and commitment to SDI and a War on Drugs, has failed his own constituency by accommodating to the Wall Street faction they elected him to purge. Don Regan's policies have brought the American people nothing but growing trade deficits, collapsing farms and basic industries, chiseling on health care and Social Security, and lying employment figures that put a minimum-wage job at McDonalds in the same category as a full-time factory job at union wages.

### **Role of AIDS issue**

As a symptom of this economic policy, LaRouche noted, "The one issue which really sunk the Republicans this time around was the AIDS issue." LaRouche and his supporters created an international explosion by placing Proposition 64, a public referendum demanding appropriate health care measures to stem the spread of the species-threatening AIDS virus, on the ballot in California. The state leaderships of both the Democratic and Republican parties, as well as virtually all of the "Hollywood mafia" stable of movie stars and the state public health mafia came out against the proposition, openly identifying it with LaRouche to the point the initiative became virtually a referendum on LaRouche, himself. The measure was defeated, but still, 2 million Californians voted for it.

"Had the President supported actions such as Proposition

64 against the Democratic opposition, the Proposition would have carried the state by about 60% and a number of Republican losers would have won their elections," LaRouche said. As it turned out, however, "The administration's expressed philosophy, that saving lives of AIDS victims is 'cost prohibitive,' is the key to the administration's brutal indifference to the misery which administration economic policies are causing among farmers, industrial operatives, and entire communities."

LaRouche had barely time to release his post-election statement, however, than his prediction that "Proposition 64 is not dead" began to come true. He warned that soon "many who opposed the proposition will be screaming for exactly what the population would have mandated," because of "the piling up of death-rates, combined with the rapid spread of the infection among so-called 'non-high-risk groups.'" Within three days of the election, California was hit by two devastating announcements: one from the head of the Los Angeles County Medical Association, demanding tough public health measures to stem the AIDS epidemic along lines reminiscent of Proposition 64; the other from the French Pasteur Institute, whose spokesman at a San Francisco conference reported the discovery of a new strand of AIDS virus especially lethal to children and other "non-high-risk" groups.

LaRouche predicted that as a result of such developments over the next 12 months, "I shall become a national folk-hero because of my support for this Proposition, and President Reagan will wish he had joined with me on the issue."

Among the factors which LaRouche identified as responsible for the defeat of Proposition 64 was "the worst mud-slinging in the entire campaign . . . the many millions spent in campaigns against me and against my support for Proposition 64." He said the generally "wide use of brutal personal attacks as the campaign tactics of many leading candidates" in the election mainly sprung from the fact that "very few of the candidates had anything important to say, but only knew that their polls were picking up a very strong 'anti' mood among the voters."

He said that "apparently the pollsters failed to ask the obvious question: 'anti' what?" The answer was, "very clearly, 'anti' the way the Administration's economic policy is leading the nation deeper and deeper into depression-like conditions." Therefore, he said, the public voted negatively, and "the Democrats won through no fault of their own." But, he added, the mud-slinging against him and Proposition 64 was a different matter.

In this case, he pointed out, "the federal government, together with the two major parties, from the top down, were in an all-out mobilization to defeat the Proposition." This factor, combined with the generalized anger against Reagan's economic policy, hurt the proposition's chances of passing by causing many former Reagan supporters to stay home from the polls, he said.

Nonetheless, between the 2 million votes for Proposition

64 and the solid 15 to 30% vote for candidates identified with LaRouche throughout the country on Nov. 4, the emergence of the "LaRouche factor" has been the single most significant development of the 1986 election year.

What is the effect of all of this on the 1988 elections and what happens between now and then? LaRouche said, "Unless the President effects very profound changes in his economic policies, 1988 could mean the biggest Democratic Party sweep of the elections since Franklin Roosevelt's days."

If the President does change his policies, and Vice-President George Bush follows such changes, then Bush will be a formidable contender in 1988. But if this does not happen, the failure of the President to change "will sink Bush's chances and ruin the chances of other Republicans as well."

LaRouche said that "a likely Democratic candidate" would "have to be a figure who could carry a large chunk of the 1980 and 1984 Reagan vote, especially the Democratic voters who supported Reagan." These, he said, "would have to be anti-Carter-Mondale Democrats and independents, who agree with Reagan and LaRouche on defense, but have an aversion to both Carter and Mondale." Polls taken since the election confirm this view, indicating that "someone else" is by far the strongest contender when pitted against Hart, Cuomo, Iacocca, Biden, and other "Establishment" Democrats.

"Unless Reagan," LaRouche stressed, "reverses his administration's economic policy very soon, Reagan will be viewed increasingly as having made a bad deal with the New York bankers. White House Chief of Staff Don Regan, and Henry Kissinger, will be leading elements. . . . Under these conditions, the most credible Democratic candidates will be those identified as anti-establishment."

In the meantime, LaRouche said, Reagan will become a "lame duck" President for the next two years.

On the other hand, "assuming Reagan chooses to dump his present monetary policy, the President does have powerful options," LaRouche added, despite the make-up of the 100th Congress that will be seated in January.

Even with a Republican majority in the Senate in recent years, LaRouche pointed out, Reagan's defense policy, "the best of the last five Presidents," has been "whittled down in the budgetary process" to the point that "the last remnant of the positive side of Reagan's policies will be virtually wiped out of existence."

However, LaRouche added, "even with a whopping Democratic majority in both houses, Reagan can whip the Congress into line, on condition that the President uses the accelerating international financial and economic crisis as leverage to push through a genuine economic recovery program." This requires, he said, recognition that the President's influence collapsed in this election "because the voters who turned out for the President in the past voted against White House Chief of Staff Don Regan, mostly by not bothering to go to the polls at all."

# 84-year-old Elizabeth Rose fights for rights of America's elderly

International human-rights fighter Elizabeth Rose was received Nov. 5 by Sen. Vincenzo Carollo, Christian Democratic vice-president of the Italian Senate. After listening to what Mrs. Rose told him about her own persecution in the United States as a result of her financial contributions to American presidential candidate Lyndon H. LaRouche, Jr., Senator Carollo stated: "The world would be much better if more people were to put their personal fortunes into very moral causes, as Mrs. Rose did."

The meeting with the Italian political leader underscores how Mrs. Elizabeth Rose has made herself a rallying point for the rights of political dissidents, and the elderly, around the world.

## An outrageous injustice

She has been the victim of one of the most outrageous instances of injustice in the history of American courts, abrogating the rule of law in favor of the whimsical political

## Mrs. Rose's statement: 'a reign of terror'

*The following is the text of Mrs. Elizabeth Rose's statement to an Oct. 29 press conference in Rome, announcing formation of an International Commission to Investigate Soviet-Style Human Rights Violations in the United States.*

I am happy to be in Rome today, to help launch the International Commission on Human Rights that will investigate Soviet-style injustices that are rampant in the United States. You have no idea how far the justice system has collapsed in the United States already.

I am 84 years old. This past year, I made several large donations to organizations affiliated with Lyndon LaRouche. These organizations are doing vital work to help stop the spread of AIDS, to help stop the drug plague, and to promote the rapid development of the SDI and the colonization of space. I believe that if we don't make significant progress in these areas, then the United States will cease to exist as a free nation.

Because I gave this money to associates of Lyndon LaRouche, I have been subjected to the kind of persecution that I thought existed only in the Soviet Union. My children, working with political forces that hate Lyndon

LaRouche, have sought to have me declared incompetent, so that they can then sue the LaRouche organizations and get the money back.

A veritable reign of terror exists, now, for the elderly, in the United States. Many of my friends have told me that they are afraid to contribute to Mr. LaRouche's efforts, or related political ideas, for fear that their children will move to have them declared incompetent, just like my children are trying to do to me. People of my generation remember what the United States was once like, how it once was truly a temple of liberty and beacon of hope for the world.

Younger generations, having gone to schools that don't teach history, and having been inordinately influenced by the TV and mass media, have largely lost sight of what America once was, and what it once stood for. Motivated by greed, and pursuit of earthly pleasures, these generations are preying upon the elderly of the United States. They are being encouraged to do so by corrupt political forces in the United States who, like their friends, and associates in the Dope Lobby, and the Soviet Union, hate Mr. LaRouche, and want to see him dead.

I have come to Europe today in much the same spirit that Europeans traveled to America centuries ago, in search of liberty, justice, and freedom of thought. I fear that unless concerned citizens from the countries of Europe act on these issues immediately, then the United States and the Western Alliance will be doomed to collapse.

opinions of a so-called judge.

"I am happy to be in Rome today, to help launch the International Commission on Human Rights that will investigate Soviet-style injustices that are rampant in the United States," she earlier told an Oct. 29 press conference in Rome, Italy. "You have no idea how far the justice system has

---

---

*"No one is interested in finding out why I gave the money. The law is not being carried out here as anyone but a lawyer could see. . . . This was a chance for an old lady to do something exciting for the country for which she will be remembered. I knew I had more than enough money for myself. I had taken care of my children to the best of my ability . . . so I was privileged to give the money I did to the efforts which LaRouche's associates had initiated."*

---

---

collapsed in the United States already."

The Commission is to investigate violations of human rights in the United States committed against people such as Mrs. Rose, a political supporter of LaRouche whose children have been turned against her and taken her to court.

Mrs. Rose, an 84-year-old, was in Rome, because she chose not to sanction "incompetency" proceedings brought against her by her family in a Pennsylvania court. She therefore walked away from the Bucks County courtroom, where her daughters with the obvious aid of a corrupt judge were seeking to have her declared mentally incapable of managing her person or finances.

Ironically, these daughters argued that the LaRouche supporters to whom their mother had made political donations were "designing persons."

### **Pandemonium**

Elizabeth Rose's failure to appear in court to hear herself declared incompetent caused pandemonium among her daughters, who are known to be working with journalists who work for the drug lobby against LaRouche. The daughters were instructed in how to move to destroy her after she contributed several hundred thousand dollars to three organizations which have backed the political and economic policies of Mr. LaRouche—the Fusion Energy Foundation, Cau-

cus Distributors, Inc., and the Prevent AIDS Now Initiative Committee.

The judge, named Sokolove, had already indicated a prejudice in favor of the daughters' position, ignoring Mrs. Rose's own testimony concerning her political motivations for the donations, and ignoring the testimony of a highly regarded New York psychiatrist. He testified that Mrs. Rose was completely sane. In seeking a ruling from the Court which would have declared their mother incompetent, the daughters would have obtained power over their mother's considerable personal finances and eventually her person.

Mrs. Rose in earlier hearings had demonstrated clearly her lucidness and sanity when she testified on the importance of the President's Strategic Defense Initiative (SDI), of which LaRouche is broadly deemed the "intellectual author" and leading symbol; and the campaign for public health measures to stop the spread of Acquired Immune Deficiency Syndrome (AIDS), which Mrs. Rose's donations had helped fund.

But the judge sided with the testimony of her daughter, one Nancy Day, who said that her mother's mind and pocketbook had been picked by supporters of LaRouche. She luridly demanded that the judge return to her "my mother and her stocks."

Because Elizabeth was not present at the final day of testimony, the judge refused to rule on the question of her competency. He did, however, remark before the press that he thought she had been the victim of "designing persons" and appointed the designing daughters temporary guardian *ad litem* to "investigate" whether the funds donated by Elizabeth could be returned to her estate through a court suit.

Elizabeth did submit testimony in writing to the final day's hearings, through her attorney, Oscar Gaskins. She characterized the hearing as disgusting and described her family members as being instructed on how to lie, in order to obtain an incompetency ruling.

"No one," she pointed out, "is interested in finding out why I gave the money. The law is not being carried out here as anyone but a lawyer could see. . . . This was a chance for an old lady to do something exciting for the country for which she will be remembered. I knew I had more than enough money for myself. I had taken care of my children to the best of my ability . . . so I was privileged to give the money I did to the efforts which Lyndon LaRouche's associates had initiated."

If the pattern established in this court is permitted to continue, political opposition to the Eastern Establishment will be crushed.

Should Mrs. Rose be declared incompetent solely on grounds of her political affiliations when she returns from Europe, she will be the second *known* victim of Shcharanskii-style justice in U.S. courts. Earlier, in July, another Pennsylvania court found Lewis du Pont Smith, heir to the du Pont family fortune, "incompetent" on grounds of his support for LaRouche, and removed from his control his personal assets and his right to marry.

## Philippines: confessions of the Reagan administration

A Reagan administration adviser confided to this reporter while in Santa Barbara with the President the first week in November that concerted State Department efforts to remove Ferdinand Marcos from the Philippines presidency has not deterred the rise of communist insurgency in the country.

In a masterpiece of convoluted logic, he said that while the State Department (with Asian Affairs head Wolfowitz running the show) considered the removal of Marcos very important, nonetheless, his replacement by Aquino hasn't changed anything as far as political stability in the country is concerned.

So why did they get rid of Marcos? The adviser admitted that Marcos wasn't responsible for what had happened to the economy in that country. "It is world sugar and coconut oil prices which determine the destiny of the Philippines," he conceded, "as hard as it is for people to understand that."

He also admitted that these economic factors, and not political factors, determine the ferocity of the communist insurgency in the country. He noted a one-to-one correlation between where the pockets of economic hardship are located, and where the communists are the strongest.

Whether or not he realized it, the administration adviser was saying that a communist takeover of the islands is inevitable, as long as the Reagan administration insists on perpetuating its "free trade" economic insanity.

Such "free trade" policies (which Marcos resisted) enable the Soviets and

their "Trust" allies running the food and precious metals cartels to manipulate world prices to incite political revolt virtually wherever they please, especially with the International Monetary Fund (IMF) breathing down the necks of these countries, demanding impossible conditions on debt repayment.

Thus, the Philippines is a prime example that the Reagan administration has not only lost control of the Senate because of its acceptance of Don Regan's economic policies, but is rapidly losing the world as well.

Nothing is more pathetic than the sight of a leading policymaker shrugging his shoulders with an impotent grin on his face, as if he is helpless in the face of the "magic of the marketplace."

## Kissinger's shadow cast over White House

From his office at the Center for Strategic and International Studies (CSIS) a few blocks from the White House, the former Secretary of State Henry Kissinger is casting a long pear-shaped shadow.

Recent developments, such as the release of the hostage Jacobsen and revelations about the activities of former National Security Adviser Robert McFarlane, are but harbingers.

Conniving with Kissinger are fellow CSIS employees Zbigniew Brzezinski and McFarlane. Recall that Brzezinski, while in the Carter administration, also implemented the "Bernard Lewis Plan" for fomenting religious fundamentalist movements demanding regional or tribal autonomies in the so-called "arc of crisis" extending from Turkey to Bangladesh. He used Ramsey Clark to advance his overthrow of the Shah and bring Khomeini to power in Iran, as part of this scenario.

## Jitters over LaRouche emergence in 1986

Pay no attention to Democratic Party leaders' post-election drivings about the "defeat" of LaRouche candidates nationwide.

Their pronouncements about having "stopped LaRouche" are not taken seriously by themselves or anyone else in Washington.

In reality, official Washington is shaken to its boots over the emergence of LaRouche as a major, and permanent, force on the American political landscape in 1986. Three events contributed to this in their view: 1) the upset victories by LaRouche candidates Janice Hart and Mark Fairchild in the Illinois Democratic primary last March; 2) the LaRouche-sponsored AIDS initiative in California which drew the fire of every major "institutional" force at a time when the public's growing contempt for "institutions" is, in the view of one leading strategic analyst, the greatest threat the nation faces; and 3) the great Leesberg panty-raid, when 400 feds and state police turned LaRouche into an instant folk hero, pitted against the excesses of politically motivated police actions in a way that hasn't been seen since the days of Martin Luther King.

These three events have turned LaRouche into a household word in 1986, and all the media slanders and legal excesses have only served to feed this. In California, because of the way the enemy played it, a vote for the AIDS initiative became a vote for LaRouche, and 2 million people voted for it. In Illinois, Janice Hart got more votes in November (469,000) than she got when she won in March (359,000).

No one in Washington thinks LaRouche has been stopped. On the contrary, they fear he's just getting rolling.

---

## Justice Department seeks to oust Enrile

The U.S. Department of Justice has launched an investigation of Philippines Defense Minister Juan Ponce Enrile, in a politically motivated "watergating" effort aimed to force Enrile to give up his hard-line stand against the communist insurgent New People's Army (NPA). Enrile was defense minister in the government of Ferdinand Marcos, and helped to engineer the coup against him.

The DoJ investigation is based on claims that Enrile diverted U.S. aid monies into his own pocket and to real estate ventures in the United States.

In a statement from Manila on Nov. 3, Enrile angrily denounced the Justice Department's move. "I have nothing to do with any kind of U.S. aid money," he said. "These reports are apparently part of a veiled blackmail scheme to stop what some perceive to be an unseemly conduct on our part as far as our internal policies are concerned. Needless to say, I shall not be silenced or intimidated by any designs to prevent me from serving the national interest. . . ."

"I never expected that ill-meaning quarters would stoop so low in their partisan efforts to besmirch not only my name but that of my family. . . . I have all the records in my possession and I am willing to show them to anyone who makes a legal challenge."

The U.S. General Accounting Office last year sent two delegations to Manila to investigate alleged diversion of U.S. aid funds, and came up with no evidence to show such a diversion.

---

## Vatican investigates U.S. seminaries

The preliminary results of a Vatican investigation of 38 seminaries in the United States were released in Washington, D.C. on Oct. 5. According to a report in the Oct. 18 edi-

tion of *The Tablet*, a British Catholic publication, the probe found that the situation in the seminaries was "generally satisfactory," but pointed to a number of problem areas. The criticisms are consistent with recent Vatican censure of the U.S. Church.

The investigation, conducted during 1983-84, was of "free-standing" Catholic seminaries. It was carried out by teams of bishops, religious superiors, and seminary leaders, under the direction of Bishop John Marshall of Burlington, Vermont, who was appointed by Pope John Paul II. Reports on college and university level seminaries where more than one institution is involved are expected to be released in 1987.

The current report was written in the form of a letter to the U.S. bishops from Cardinal William Baum, head of the Vatican Congregation for Catholic Education. Despite some "substantial" problems, notably the need for "emphatic clarification and redress" in the teaching of moral theology in some seminaries, he said, the majority of colleges offered balanced and faithful programs.

According to Cardinal Baum, there had been "a few instances of dissent from the magisterium" on matters of moral theology, but this was not a "major characteristic." While curricula were generally characterized by "balance, fidelity, pedagogic appropriateness and pastoral sensitivity," there were some "inadequacies and confusions," and a notable "undervaluing of philosophy."

---

## ACLU defends children's 'right' to get AIDS

The American Civil Liberties Union is suing the school board of Ascadero, California, for suspending a student with AIDS, after he bit another child.

According to the radical civil libertarians, the bite was a "trivial act of self defense" that endangered no one, and the boy was a victim of illegal discrimination against the handicapped.

The number of cases of childhood AIDS is growing around the world, posing major

difficulties for health authorities. In September, a group of physicians in Dusseldorf, West Germany published a report on the case of a four-year-old boy who contracted AIDS from a blood transfusion. When other members of the family were tested, it was discovered that the child's older brother was also infected. The mother recalled that the older child was bitten by the AIDS patient several months before.

---

## Appeal filed for jailed EIR journalists

Lawyers for Jeffrey and Michele Steinberg, *EIR* journalists jailed since Oct. 6, filed an appeal to the denial of bail in U.S. District Court in Massachusetts on Nov. 5. The Steinbergs, security aides to Lyndon LaRouche, were charged with "conspiracy to obstruct justice" in a federal indictment against several LaRouche associates and organizations. They are demanding revocation of a magistrate's order of detention, and the establishment of conditions of release.

Lawyers William Moffitt and Thomas Jones argue that a full evidentiary hearing must be held to review the decision to withhold bail. Such a hearing, they argue, will show that the government based its case for pretrial detention on impeachable hearsay evidence. The appeal brief further argues that the government has violated the Steinbergs' rights, in particular those guaranteed by the fifth and sixth amendments.

In a related development, Paul Goldstein, counterintelligence editor of *EIR* (along with Jeffrey Steinberg), returned to the United States on Nov. 5 from a trip abroad, and was arrested by FBI agents at Logan Airport in Boston. Goldstein, who is also a security aide to LaRouche, was one of those indicted during the Oct. 6 raid in Leesburg, Virginia. Goldstein's return had been the subject of two weeks of negotiations between his counsel and government attorneys.

He pleaded not guilty to the trumped-up charges of obstruction of justice, and was released from custody on Nov. 6 under a



"work-release" program. Goldstein will be permitted to leave an as yet undetermined Virginia prison between 8 a.m. and 8 p.m.

## Kampelman: We may never deploy SDI

Chief U.S. arms negotiator Max Kampelman hinted that the Strategic Defense Initiative may never be deployed, in a speech in London Oct. 30. Calling SDI an "exploratory" program, Kampelman said: "A decision on whether to move ahead with the deployment of strategic defenses is probably years away; it might be made by President Reagan's successor, but it will not likely be made by President Reagan himself. Nor is the decision foreordained. There are ample examples of weapons systems for which research was completed but which were not deployed or maintained."

This statement by the arms negotiator is in direct contradiction to the policy of President Reagan and Defense Secretary Caspar Weinberger.

Kampelman's remarks were cited by *Baltimore Sun* defense correspondent Charles Corddry in an article published Nov. 5, as proof that U.S. negotiators in Geneva "may be hinting at further accommodation on the 'star wars' defense scheme." Kampelman's speech "was not likely to have been overlooked by Moscow," wrote Corddry.

## Governor Rhodes: Ohio must stop AIDS spread

Former governor James Rhodes of Ohio announced on Oct. 30 that he would build "containment centers" for AIDS victims in Ohio, if he were again elected governor on Nov. 4. His re-election bid was defeated by incumbent Democrat Richard Celeste.

Rhodes told an audience at Cleveland's St. Maron Catholic Church: "Ohio has one of the highest rates of increase in AIDS cases in the nation, '145% last year, as compared to 51% in California and 40% in New

York, and we must begin to take steps to control this terrible disease in our state."

Rhodes called the Celeste administration's brochures on AIDS "pornographic," and asked, "How can you expect to control the spread of AIDS in Ohio when the State Health Department under Celeste officially condones the lifestyle that caused the spread of AIDS in the first place?"

"I don't care what anybody thinks, I'm telling you what I know and what I've read. There is no end to the spreading of AIDS in Ohio. Let them go talk to the parents of a child who's contracted AIDS. . . . History will bear me out in this. The life of Ohioans is more important than Dick Celeste and Jim Rhodes."

## SDI funding cuts will hit laser research

Lt.-Gen. John Wall, head of the Army Strategic Defense Command, said in an interview published in the *Washington Times* on Nov. 3 that the 35% cut in funding for the Strategic Defense Initiative voted by the Congress will probably force officials to focus on already-existing weapons, such as rocket interceptors, rather than lasers and other directed-energy devices.

"Kinetic-energy weapons are ahead of laser weapons. That's all there is to it," he said. "And it goes for the whole class of directed-energy weapons." Wall said that Congress, by slashing the SDI budget for several years in a row, is forcing the abandonment of full-scale research efforts. "In [the] 1986 budget we had to cut out some technology. In 1987, we're probably going to have to cut out some programs. We may have to decide whether to have a ground-based laser or a space-based laser, instead of both," he said. "I think we could spend judiciously and wisely a lot more money than we have right now."

Contrary to the claims of such devotees of "off-the-shelf" technology as Lt. Gen. (ret.) Danny Graham and his "High Frontier" group, the SDI without laser and other directed-energy research will be a dead letter.

## Briefly

● **WILLIAM BURCH**, the commonwealth attorney of Loudoun County, Virginia, has launched a bid to revoke the concealed weapon permits of five security guards employed by Premiere Services, the company that provides security for Lyndon LaRouche.

● **TWENTY-NINE** U.S. senators have asked President Reagan to order the same sanctions against Syria as he imposed on Libya, because of Damascus's support of international terrorism, UPI reports. The senators said in a letter to the President that he should break off virtually all trade with Syria.

● **CHICAGO POLICE** raided the headquarters of the terrorist El Rukn group on Oct. 30, capturing a huge arms cache including shoulder-launched surface-to-air missiles and anti-tank weapons. El Rukn and its leader, Jeff Fort, have long been associated with Louis Farrakhan of the Nation of Islam and with Jesse Jackson. The weapons cache is believed to have been financed by Libya via Farrakhan, as part of Qaddafi's plan to bring terrorism to the United States.

● **THREE U.S. WARSHIPS** fired a 21-gun salute in honor of the People's Republic of China, as they sailed into Qingdao Nov. 5 on the U.S. Navy's first visit to the country since the communists took power in 1949.

● **JIMMY CARTER** on Nov. 2 condemned the U.S. April bombing of Libya, saying the raid killed innocent people and turned Qaddafi into a hero. Carter was speaking in Bangladesh, on a two-day visit as chairman of the Malthusian organization Global 2000. Carter also called the Reagan administration's "Star Wars" plan "a mistake for our nation to pursue. . . . It is enormously costly and it may mislead our American people into belief that we can have an umbrella of protection over our nation."

## Editorial

### *Now, let's talk economics*

The most important news story of the week, is that General Motors waited until after the Nov. 4 elections, to announce its plan for shutting down 11 auto plants. Earlier, *EIR* had informed readers repeatedly, that a concerted effort was being made to cover over the fact of an impending international economic crisis until after the Nov. 4 election. We told you, that our estimate was, that the economic crisis would surface to public attention during the weeks following the election, and that news on the economic situation would become worse and worse into the spring of 1987.

Yet, since the middle of 1983, the less impoverished section of the population, which by rights should be reading *EIR* and *EIR's Quarterly Reports*, has been clinging wishfully to the administration's propaganda-line, alleging that a "U.S.-led economic upsurge" had been in progress since the close of 1982.

Now, that has all been changed, rather suddenly. First, even the liberal news media has featured the fact, that the Reagan administration and Republican Party combined, made a nearly fatal blunder in continuing the "economic upsurge" line. Around the country, voters (and non-voters) are saying to themselves, we punished the Republicans and the administration for sticking to the fairy-tale about the actually nonexistent economic upsurge. Two days after the election, General Motors blew the lid off the "economic upsurge" myth, announcing the scheduled plant shutdowns. Suddenly, it has become "acceptable," to speak openly of the worsening economic situation.

The other leading feature of the 48 hours after the election, was the general recognition of the great increase in the political clout of *EIR* and its friends. Not only did 2 million in California vote for Proposition 64, but according to "official estimates," the candidates associated with LaRouche's policies gained the highest vote totals ever in general elections, as distinct from primary elections.

The leading issue now, is "What do we have to do, to stop this collapse of the economy?" To understand what must be done, readers must first begin to under-

stand what has gone wrong. Only *EIR* and LaRouche have proved themselves knowledgeable enough of economic principles to know what has gone wrong, and what is to be done about it. That must be acknowledged, and LaRouche's policy must be adopted.

Our general analysis has been consistently accurate for decades, and has become increasingly precise since computer-assisted forecasting was launched at the end of 1978. In one sense, this is not news to some readers; yet, in another sense, it is news. You read it, and the argument seemed logical to you, but you did not yet feel it; you admired our analysis, as spectators admire the action on the sports playing-field, not as participants in the affray they witnessed. Now, the reality of the situation begins to grip you, as something actually happening to you. Our facts now have emotional, as well as contemplative appeal.

Many breaking issues will activate the population's political sense, but the constant source of energy will be the developments in the economy. That is the lesson of the Nov. 4 election results. We are the world's only authority on the economy.

The key political question, is the fact that the President's only chance to avoid becoming not only a "lame duck," but also politically a "dead duck," is to dump his past "economic agenda," and to begin facing reality, exactly as we have insisted he must.

*EIR's* job is to get the truth about the economy out to everyone who is still sane. You can help us to do this, by urging your colleagues and friends to subscribe, and where necessary by taking out gift subscriptions for public officials and other decision makers. We can launch a general economic recovery, which will begin to occur immediately if LaRouche's economic program is adopted.

If the President does not accept that, fairly soon, he is already a "lame duck." The issue, however, is not whether President Reagan goes down in history as a "new Herbert Hoover." The issue is, what happens to our nation and civilization, during the crucial last two years of Mr. Reagan's presidency?

# EIR Alert Alert Alert Alert

Our special service for the policymaker who needs the best intelligence EIR can provide—**immediately**.

World events are moving rapidly: The economy is teetering on the brink, and even the largest American banks are shaking at their foundations. Soviet-backed terrorists have launched a shooting war against the United States. In Washington, the opponents of the President's defense program are in a desperate fight to finish off the Strategic Defense Initiative.

We alert you to the key developments to watch closely, and transmit 10-20 concise and to-the-point bulletins twice a week (or more often, when the situation is especially hot). The "Alert" reaches you by electronic mail service the next day. A daily 3-minute telephone hot-line is provided to subscribers.

Annual subscription: **\$3,500**

Contact your regional EIR representative or write:

**EIR News Service** P.O. Box 17390,  
Washington, D.C. 20041-0390.

## Executive Intelligence Review

U.S., Canada and Mexico only

1 year ..... \$396  
6 months ..... \$225  
3 months ..... \$125

### Foreign Rates

Central America, West Indies, Venezuela  
and Colombia: 1 yr. \$450, 6 mo. \$245,  
3 mo. \$135

Western Europe, South America,  
Mediterranean, and North Africa: \$1 yr.  
470, 6 mo. \$255, 3 mo. \$140

All other countries: 1 yr. \$490, 6 mo.  
\$265, 3 mo. \$145

I would like to subscribe to  
*Executive Intelligence Review* for

1 year  6 months  3 months

I enclose \$ \_\_\_\_\_ check or money order

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone (     ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-  
0390. In Europe: *EIR* Nachrichtenagentur  
GmbH, Postfach 2308, Dotzheimerstrasse 166,  
62 Wiesbaden, Federal Republic of Germany,  
telephone (06121) 44-90-31. Executive  
Director: Michael Liebig.