

# EIR

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United States declares war on the dollar  
AIDS holocaust sweeps through Africa  
European Defense Initiative: a near reality?

**Who runs the 'Contra'  
cocaine connection?**



**REALITY  
CATCHES  
UP WITH  
THE  
MYTH-  
MAKERS**



● **“One-third of a nation,”** to use FDR’s famous phrase, “is ill-clothed, ill-housed, and ill-fed” again today, as in the 1930s. The good news about the “Reagan recovery” is that the official unemployment rate is way down. The bad news is that the figures are faked, and represent displacement of the workforce into low-pay, low-benefit jobs, or involuntary part-time jobs. It represents personal credit-card debt, jobless workers without unemployment benefits, hungry persons without food stamps, underemployed or unemployed workers seeking food charity, homeless persons, and rapidly growing poverty.

● **One year ago,** *EIR* warned that the U.S. physical economy would begin a 15-25% annual rate of decline sometime in 1986. We argued that such a decline could be slowed, by available political means, but even if slowed, would not be held back beyond the last quarter of the year. In June, the first evidence came in confirming our prediction. In December, again, we were right on the button.

● **The political climate** in which the administration has been able to peddle the lies that underpinned the recovery myth has itself changed. November’s mid-term elections were a crushing defeat for candidates, especially Republican Party senatorial candidates, who were identified by the electorate as supporters of the administration’s economic policies.

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## From the Editor

**I**n mid-January the forces of the Trilateral Commission, emboldened by the continued tenure of Don Regan at the White House and of George Shultz at the State Department, advanced their bid to reassert total dominance over Washington's strategic policies," reports Webster Tarpley in his national lead article on page 62. Under debate in Sam Nunn's Senate Armed Services Committee is the very future of the Western alliance, and it will be decided within weeks—between Zbigniew Brzezinski's crazed perspective for taking U.S. troops out of Europe and fighting the Soviets with word processors and rapid deployment forces, and Caspar Weinberger's emphasis that we cannot "scale down" American commitments anywhere on the globe without risking the entire Western system.

The decision to declare war on our own currency (see page 4) is part of the Trilateral insurgency in Washington. Another part is the administration's continued suicidal embrace of the so-called Contras, whose role in the "right" side of the Caribbean drug-running condominium shared with Castro and the Soviets, is detailed in the cover *Feature*.

From Day One of the first Reagan administration, *EIR* warned President Reagan that if he accepted the Contra policy for Central America, the administration would, sooner or later, face a "Watergate" of insurmountable proportions. The Contras are drug-runners, we warned; if they receive U.S. government support, no credibility will be left to the new administration's War on Drugs. The President did not listen, but succumbed instead to the blackmail and pressures of the Trilateral Commission, whose leading members, including Alexander Haig and Henry Kissinger, designed the Contra policy.

We are particularly pleased to publish Democratic presidential candidate Lyndon LaRouche's paper on U.S. maritime policy, written on Jan. 5, on page 50. It deals incisively with the deeper policy issues brought up in the clash between Weinberger and the Trilateral gang. We hereby invite other candidates seeking the U.S. presidency in 1988, to submit their writings on strategic policy. We warn them that our readers will demand nothing less than a total commitment to the future of the nation and the human race, from any aspirant to public office.

*Nora Hamerman*

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## Washington's trade war becomes currency suicide

by David Goldman

*If* the United States did not have to import net a fifth of its consumption, and *if* it did not have to borrow \$150 billion a year from foreigners to do so, and *if* this \$150 billion did not also finance the federal deficit, then Washington's decision Jan. 14 to hasten the crash of the dollar on overseas markets, might be excused as a mere act of colossal stupidity, on the scale of the worst Anglo-American blunders of the early 1930s.

Under the given circumstances, it is far, far more serious. In return for the largest subsidy any group of nations has accorded any other (since the Spanish bankruptcy of the 16th century), America has kicked its trading partners in the teeth, first by threatening sanctions against European agricultural products, now by competitive devaluation. The United States appears prepared to dynamite both its own economy, and the Atlantic Alliance, at the same time.

The dollar stood at about DM 1.83 on the morning of Jan. 16, or barely more than half its January 1985 peak of DM 3.47; and there is no reason to believe that it will not fall to the range of DM 1.50 or lower during the next couple of months. *EIR* has played a broken record for the past year, warning that the dollar's collapse constituted a "doomsday machine" for the administration's recovery hoax. By maintaining the growth of consumer credit at over 15% per annum, and importing the goods corresponding to the credit expansion, the U.S. economy has maintained at least the semblance of functioning, despite the utter ruin of steel, nonferrous metals, agriculture, mining, machine tools, and heavy construction, as well as the sharp deterioration of auto, electronics, and homebuilding.

The dollar crash has now eliminated both America's capacity to afford such imports, as well as its capacity to per-

suade foreigners to continue to finance these imports. November's trade deficit, at an annualized rate of \$230 billion, triggered the situation in a sense; it represented the turning point, at which much more of the collapsing U.S. currency would have to be paid out, for a smaller physical volume of imports.

Nonetheless, the White House response to these developments constitutes an act of supreme self-sabotage. Even by the awful standards of the 1930s, the administration's much-discussed intention to let the dollar fall, i.e., to conduct a competitive devaluation against our trading partners, will be remembered as a black spot in monetary history.

### The 1930s and the present

There are two principal objective differences between the present and the 1930s.

First, in 1919, the United States economy exported 16.4% of its goods output, and imported the equivalent of 8.3%. That is, our export capacity—prior to the ruinous 1921-23 Depression—was in excess of 8% of our total industrial output, and this at a time when industry still maintained high rates of capital formation, associated with the First World War. That is a good, rough measure of the U.S. economy's capacity to generate surplus product.

Today, we import net goods equivalent to a fifth of general consumption, and a quarter of consumption of capital goods in particular—and this while galloping disinvestment is tearing down our industrial, electrical, and transportation infrastructure. Despite the staggering import volume, we remain sharply in deficit with respect to basic infrastructural requirements. One example: In 1977, the United States spent \$230 for every citizen in infrastructural construction (includ-

ing industrial and utility plants); by 1985, that had fallen to half the previous level.

Our most pressing problem during the late 1920s and, of course, the 1930s, was that the overhang of debt stemming from war reparations prescribed by the Versailles Treaty, strangled our export markets. Exports fell from 16.4% of our goods output in 1919, to only 9.6% in 1929; and without such export markets, America's industry and agriculture could not sustain the rapid buildup of new plant capacity that had begun with, and followed, the First World War. Our problem now is the precise opposite: We are dependent on the rest of the world's output, so much so, in fact, that the road to recovery reminds the analyst of the Maine farmer's quip to the lost traveling salesman: "You can't get there from here." In other words, the United States cannot produce its way out of the present hole with its existing productive capacity, and its existing skilled labor force, in the absence of imported goods, particularly capital goods.

The second objective difference between now and the 1920s and 1930s regards the existence of the Soviet Union, the principal beneficiary of the trade and currency war between Europe and the United States. Since the 1982 imbroglio over the Soviets' gas pipeline to Western Europe, when Helmut Schmidt was still German chancellor, preparations have been underway among a European financier and political faction, to "decouple" Western Europe, economically and politically, from the United States. This faction, centered in the Venice-Zurich-Munich insurance cartel, finally has its opportunity, gratis of Washington's idiotic policy.

In the meantime, the dollar's uneven collapse against different European currencies has produced monetary chaos and political tensions in Western Europe, whose apparent cure seems to be to break with the dollar altogether. After 10 hours of negotiations the weekend of Jan. 10-11, the European Community finance ministers revalued the German mark by 3%, the Belgian and Luxembourg francs by 2%, and left other currencies unchanged. West Germany agreed to the revaluation, to the detriment of its export industries, and two weeks before national elections, after its central bank spent billions of dollars supporting other European currencies.

But the prospects for European currency stability following the realignment are no better, as the London *Financial Times* wrote Jan. 13: "The key question is whether this week's small DM revaluation will do more than buy a little time. . . . The European Monetary System has been under pressure since early 1985 (as it was before 1983) largely because of the dollar's weakness. When investors become disillusioned with the dollar, capital tends to flow disproportionately into the DM because other EMS units play little role as investment and reserve currencies."

As the dollar continues to fall, i.e., as dollar-holders seek refuge in the German mark and, to a much lesser extent, other European currencies, monetary chaos in Europe will be uncontrollable. Talk of exchange controls, which emerged when

capital was flowing into the dollar during 1981-83, will be revived with a vengeance, to keep money out. European export industries, meanwhile, will be unable to sell to the United States, because American buyers will either be unable to afford, or not allowed, to buy their products, or both.

### The Japanese dilemma

Japan's Nakasone government has even more reason to be distressed than do the Europeans. On Oct. 31, days before the U.S. national elections, Japan agreed to cut interest rates, and (implicitly) to intervene to support the dollar, in what was hailed as a comprehensive economic agreement between U.S. Treasury Secretary Baker, and Japanese Finance Minister Miyazawa. At the time, *EIR* reported that Japanese observers looked ruefully on the result of their investment, namely the Republican rout in the elections, and predicted that the agreement would last no more than two months.

This estimate turns out to have been slightly generous; the current phase of the dollar's slide began a few days before Christmas. Now, U.S. monetary sources are widely quoted saying that circumstances have changed, due to the enormous November trade deficit.

Japan has invested more than the proceeds of its trade surplus with the United States in U.S. securities, picking up well over \$50 billion per annum in Treasury bonds. Increasingly, such support for the federal government has been the by-product of foreign-exchange market intervention; the Japanese buy unwanted dollars on the market, and invest them in Treasury securities.

However, Japanese observers warn that this process cannot continue, and that the Japanese objective is to phase out of the Treasury market during 1987. They suggest that the Japanese brokerage houses may sit on their hands during the crucial February government-bond auctions in the United States, which, if true, would cause more than a mild panic on the Treasury market. (Advance reports from the Japanese concerning what they will do in the Treasury market are sometimes designed to keep the competition off balance.)

It is doubtful, in any event, that the Japanese have a timetable for pulling funds out of American markets; Tokyo has probably not recovered from the shock of watching the United States dishonor a "solemn" and "comprehensive" agreement signed only last Oct. 31.

Nonetheless, the point remains that the United States, the world's largest net debtor, is in danger of a mass exodus of foreign capital, leading to a drastic rise in interest rates, and a collapse of all securities markets (not to mention real estate). That is why Federal Reserve chairman Paul Volcker, who has long warned of the potential for such a disaster, is reportedly aghast at the Treasury's handling of the current mess. However, he created the series of disasters that led to this juncture, and it does him little good to repent at the extreme consequences of his own policy.

# Reality of AIDS holocaust in Africa verified by many sources

by Jutta Dinkermann

In testimony before U.S. congressional hearings on Jan. 15, the director of AIDS programs for the World Health Organization (WHO), Jonathan Mann, admitted that up to 10 million people worldwide are now infected with the disease. If they become sick, they are doomed to a painful and inevitable death. In various African countries, Dr. Mann said, the percentage of healthy people carrying the virus in the general population is between 4% and 30%, depending on the area. The irony in Mann's admission, is that he personally continues to be a notorious opponent of any programs to intervene against the collapsed economic conditions and AIDS co-factors in Africa—particularly insect infestation and rampant malnutrition—which are causal factors in the out-of-control AIDS spread there.

Clinical AIDS cases—full-blown cases of people sick with the disease—in Central African cities now number 500-1,000 per million. In most hospitals in the "AIDS belt" that encompasses 10 countries of sub-Saharan Africa, 20-50% of patients in all medical wards have AIDS, regardless of what other diseases they have been hospitalized for. The WHO has confirmed the presence of AIDS in 17 African countries.

The WHO projects that up to 100 million people in the world will be infected by 1991, and warned that a vaccine is unlikely before the middle of the 1990s.

## One million to die?

At least 1 million Africans will die of AIDS over the next year in Africa, reports a study by the Norwegian Red Cross and the European-based Panos Institute, titled "AIDS and the Third World." Half of the population of several African states will die of AIDS over the coming year. If only 1,000 AIDS cases were reported in Africa in 1986, Panos nonetheless calculates that today there are already 50,000 full-blown AIDS cases there. To quote Panos: "We know at the very least one mining company in Africa, where so many workers have been infected with the virus, that the amount it is paying out in sick pay is about to drive the company into bankruptcy." In many areas of Central Africa, the virus will reach 70% of the population over the next year. "Then the entire land area will have been depopulated," said Belgian doctor of tropical medicine, Peter Piot, late last October.

The reality of AIDS in Africa is already rivaling that of the Black Death of the 14th century, and its causes are the same: genocidal austerity imposed by the ruling financial

powers. This outcome of International Monetary Fund austerity terms was projected in the studies of a "Biological Holocaust Task Force" commissioned by Lyndon LaRouche 12 years ago, at the end of 1974. Now it is not only happening in Africa, but it cannot be contained there. The same holocaust is rapidly spreading through South America, Europe, Asia, and to impoverished ghettos of the United States.

The medical authorities have tried to suppress the nature of this disease, but now the news is coming out in report after report. We quote again from the Panos Institute report:

"In one Central African country so many people are dying of AIDS, that the government wants to forego the traditional burial ceremonies. The ceremonies normally last several days, during which time the mourners do not go to work, prompting many companies to fear that none of their employees would ever show up again, because they would always be at a funeral. In one bank in Kinshasa [Zaire] at the end of last year, fully one-half of the staff was ill with AIDS."

Given the almost universal lack of tests for the AIDS virus, virtually all blood banks are contaminated. According to the West German paper *Die Zeit*, anyone in Uganda, Rwanda, or Zaire who gets a blood transfusion, has an 8-18% chance of contracting AIDS.

In Central Africa, according to another estimate, about 10% of the population is infected—i.e., of about 1 million inhabitants, 100,000 are infected in this region alone. Other experts speak of many more millions of Central Africans being infected. According to Panos, 25% of all Central African schoolchildren are carriers of the AIDS virus.

Data from other sources, including the World Health Organization, more than confirms the Panos report. The World Health Organization currently estimates that 500,000 Africans have already died of AIDS, in 11 countries from Tanzania to the Congo, and 1.5 million will die in the next decade. An Italian journalist reports the following data:

- In one hospital in Kinshasa, Zaire, one in every seven children has AIDS;
- In Burundi, 10% of all adults have AIDS;
- In Lusaka, Zambia, 15% of the population has AIDS;
- In Uganda, 30% of the population in one region has AIDS;
- In Angola, Cuban soldiers are becoming infected with the AIDS virus, and are carrying it back to Cuba.

The AIDS crisis in Africa is amplified by omnipresent



malnutrition, and an explosion of other infectious diseases. A recent Italian newspaper article cited a report from the Royal Medical Society of Great Britain, that cholera has tripled in five years in Africa. It adds that tuberculosis is rampant all over the continent, and there is an "unstoppable pandemic of malaria and other illnesses, that, [taken] all together, researchers suspect to be the cause and the effect of the transmission of AIDS."

Why? Long before WHO's director general, Dr. Halfdan Mahler, appeared before the public in November 1986 with his confession of having "erred" on the matter of AIDS, WHO knew that whole districts of Africa are about to become depopulated. Whatever may have been Dr. Mahler's motive, *the actions* that follow his confession do not correspond in the least to the immediate measures that would be necessary.

### Economic breakdown

The Berlin newspaper *Der Tagesspiegel* carried the following report at the beginning of January:

"Today, almost all infrastructure and public facilities are destroyed. Uganda has regressed by decades. Annually, around 70,000 children die from hunger and disease. Malaria and sleeping sickness are again running rampant. In Nebbi District, in northwest Uganda, rat-borne bubonic plague has broken out. No one knows if 30 or 300 men have so far died of the plague.

"The new scourge of Africa is spreading panic and fear: In the southern districts Rakai and Kyotera, the law of the jungle already is in effect. In every family, one member is sick with AIDS. Witches and healers are doing a booming business, and aggression and madness proliferate in the hot-house climate of fear.

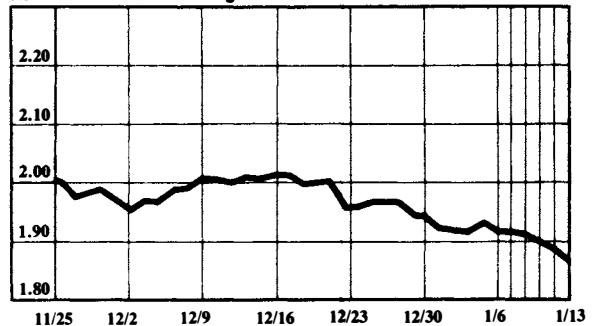
"In the tribal area of Bagezu, where during the last war cannibalistic excesses flared up, shamans have provoked murderous hunts for human beings. All the tribal males are to be circumcised on instruction of the medicine men, in order to forestall an evil oracle. Hunters, armed with knives, are active throughout the district, attacking men on the streets, while at work in the fields, in bars, and in bus stations. The robbing of corpses has unleashed fear and horror in the Luvero triangle. In the misery of this devastated landscape, a brisk trade in human skulls, which are smuggled to Kenya and Zaire, is flourishing. Human skulls, hidden under vegetable and sugar cane, roll out of some trucks onto the highway during the journey. Witches in Zaire and foreign universities have discovered Uganda as a source for the skull and skeleton trade. . . ."

In southern Uganda, 40-50% of the population are stricken with AIDS. Thousands are sick, hundreds are dying. The dead are buried between banana and coffee plants, because the cemetery is full. Hardly any of the sick are treated medically. There is really nothing to treat—anyone who comes down with the disease, dies. The hospitals are virtually AIDS free. Whoever has the disease is released, sent home to die.

## Currency Rates

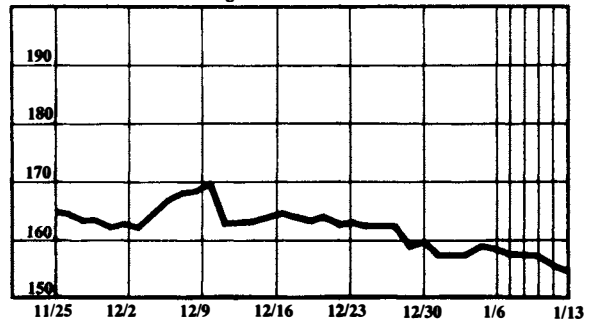
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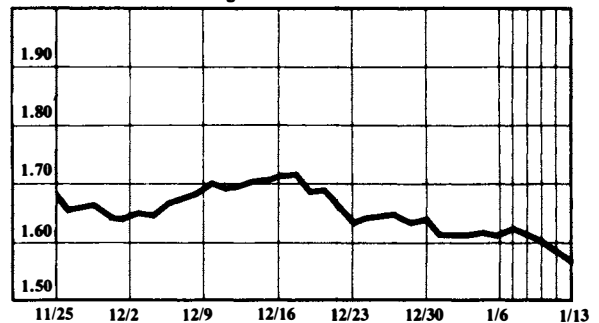
### The dollar in yen

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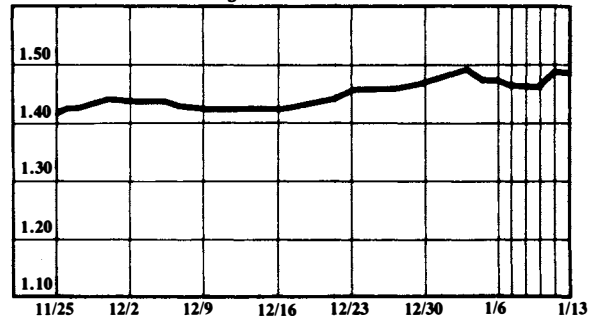
### The dollar in Swiss francs

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### The British pound in dollars

New York late afternoon fixing



### Government mandates AIDS reporting

*Over the howls of the homosexual lobby, the first steps are being taken; but Italy's actions against AIDS are still contradictory.*

In a recent interview, Italian Health Minister Carlo Donat Cattin blasted the homosexual lobby, which in Italy is organized by the Communist Party in a front group called "Archi Gay." Donat Cattin said: "These people are not only homosexuals, they are also maniacs. Do they imagine that the health minister should make propaganda for anal intercourse and prophyllactics?"

The homosexual lobby denounced these comments as slander and ascribed the minister's views to typical prejudices of the Christian Democratic Party, to which Donat Cattin belongs, "prejudices" reinforced by the recent letter to the bishops by Cardinal Ratzinger, condemning homosexuality as "morally unacceptable."

It is highly probable that the position on AIDS taken by two Christian Democratic ministers, Interior Minister Oscar Scalfaro, and Donat Cattin, was influenced by the Vatican. The fact is that in Italy, some first steps have begun to be taken to deal with AIDS.

Officially—and these figures are quite imprecise—Italy has 520 AIDS patients and around 200,000 people infected. With a rate of infection approaching 80% in high-risk groups, the actual number of infected can be reckoned at well over a half million. Italy has over 1 million drug addicts. In Naples, as the noted virologist Prof. Fernanda Bergamini has pointed out, drug consumption is very high, yet the official number of AIDS cases there is under 10.

The Health Ministry has set up a national commission of experts led by Undersecretary of Health Gualtiero Nepi, with a 50 billion-lira budget, divided as follows: 10 billion liras for an information drive, 10 billion liras to create regional therapeutic centers, 10 billion for medical research on AIDS, and the rest for study trips abroad. Additionally, the minister has asked the minister of the Mezzogiorno (Italy's south) to allocate from his budget over the next decade, 12,000 billion liras to build AIDS hospitals.

On research, Donat Cattin has repeatedly told the press: "The scientists should not worry about money. What is needed will be found. That's my job." But there are heated objections to the small size of the allocation, only 50 billion. It has been noted that the Italian government earmarked 12 times that, 600 billion liras, for the world soccer championship in Italy in 1990.

The key public health measures announced concern mandatory reporting of AIDS cases. On Jan. 13, the health minister stated that mandatory reporting will also include cases of people infected by the AIDS virus. This makes it clear that the Italian government has implemented the first part of the much-denigrated Proposition 64 on last November's California ballot.

The government has also ordered a form of quarantine for sick or AIDS-infected children in the kindergartens. These children will attend special day-care centers built for this purpose. Many American journalists will scream "ghettoization," but that is not

the Italian government's view.

On testing, the minister said: "Every region should have the ability to give tests free of charge. It is unacceptable that there are endless waiting lines with people who want to take a test." The health minister of the Lombardy region (where the capital, Milan, is one of the cities most hit by the AIDS epidemic) said at a meeting organized by the Schiller Institute in Brescia on Dec. 19, that probably the same procedures used during the 1950s to fight syphilis will be followed now with AIDS patients.

In the 1950s, all state employees had to present the results of the Wasserman test, certifying they were not infected by syphilis.

On Jan. 12, the newspaper *Il Messaggero* published the results of an investigation in private clinics in Milan, which showed that an increasing number of industries and companies require AIDS tests of their employees. Some foreign companies based in Italy demand that potential employees take the test before they are given a job.

The Italian government's position is quite contradictory. It will require isolation for AIDS-infected children in day-care centers, but not in the schools or prisons or at the workplace. Undoubtedly, the measures were taken in response to the shocking results recently found in one nursery school in Vicenza, where there were 20 children infected, and in Padua where there were 60 children infected at several kindergartens.

In Italy the "party of mothers" is still the strongest; therefore, the government had to take into account the growing concern. It is easy to foresee that with a worse situation—doubling of AIDS cases every six months—the resistance of the government to mandatory testing and quarantine will be dropped.

## Where's the beef? It ain't there

*It is a sick irony that meat and dairy producers have been conned into taxing themselves to promote products that are in shortage.*

**Y**ou may have seen the new "eat beef" TV ads, begun this month in an attempt to promote more consumption of red meat. James Garner and others have been hired to remind you to eat steak. The campaign is funded by cattlemen through a national cattle sales check-off system that amounts to a self-tax. Similar to the "drink milk," campaign, and the "eat pork" campaign, the premise of the drive is that you, the public, are not eating beef because you had overlooked its benefits and needed reminding.

About the only direct beneficiaries of these efforts are the media and promotion staff who get paid for promoting a cause that should be self-evident. In fact, Americans are eating less nutritious diets—less beef, milk, pork and other animal protein foods—for two simple reasons: 1) Millions of households cannot afford high quality foods because of unemployment and depression. 2) Years of environmentalism and kook ideas have turned some of the public into food faddists.

It is a sick irony that the cattlemen, dairymen, and pork producers have been conned into taxing themselves to promote their products, that ought to "be a natural" to sell. Moreover, the irony in the situation is that if people went out and bought and ate what they should, there would be huge shortages.

The number of meat animals (cattle—steers, heifers, and stags; calves, hogs, sheep, and lambs) overall in the country has gone down from over 42 million in 1976, to 36 million in 1986. This is a huge decline in the amount of meat produced per capita. Meat im-

ports, encouraged under State Department and International Monetary Fund policies, have somewhat compensated to fill our "meat cases," while at the same time impoverishing the diet in the exporting country, and driving American producers out of production.

Although poultry production has gone up over the same time period, nevertheless, the dietary requirement for red meat is not being met.

The decline in meat animal production shows up markedly in the so-called current grain surplus. This is not a surplus at all, but a pile-up of grain that has nowhere to go. It is not going to feed growing livestock numbers domestically, nor to world trade flows, shrunken drastically in the last five years.

The domestic use of feedgrains (corn, sorghum, and others) has dropped from 141.2 million metric tons in 1972, to 131.8 million tons in 1985, while exports of feedgrains have fallen from 71 million metric tons in 1979, to 38 million tons in 1985. It is little wonder that livestock feedgrain stocks appear to be in "surplus," and are deteriorating under inadequate storage and handling conditions. Starting in 1982, feedgrain stocks went up from well under 100 million metric tons a year of "ending stocks," to levels far over 100 million tons. In 1985, there were 128 million metric tons of feedgrains as ending stocks—reflecting the fall in domestic and export utilization. From 1960 to 1980, feedgrain ending stocks ranged between 21 and 78 million metric tons.

The livestock herds of the United

States are more than merely a pool of meat animals for the table, they are a breeding reserve for improving world herds. As the animal numbers are reduced here—because producers have been forced out of operation or forced to cut back—so the potential for supplying high quality stock for world herd improvement is reduced.

The same forced decline in stock numbers is being imposed in Western Europe. The latest policy from the European Community headquarters is a plan to kill off 2.5 million milk cows over upcoming months. These are prize-producing breeding animals.

The perspective after World War II, was to use all possible husbandry techniques—artificial insemination, etc.—to upgrade herds around the world. This was the nutrition side of the Atoms-for-Peace outlook. However, decline in the U.S. meat-animal statistics shows how far from that goal we have been forced to move.

The following are the declines in the national numbers of types of meat animals for slaughter, according to the USDA 1986 "Yearbook Issue" of *Agriculture Outlook*:

**Cattle:** Steers for slaughter have declined from over 19.5 million head in the 1970s, to 16.9 million in 1985. Heifers have declined from 11 to 12 million head in the late 1970s, to 10.7 million head in 1984, and 11.2 million in 1985. Cows have declined from 11 to 12 million ten years ago, to 7.4 million in 1985. Calves have declined from 5 to 7 million in the 1960s and 1970s, to a number for slaughter of 3.3 million in 1985.

**Hogs:** Hog numbers for slaughter have gone from 91 to 96 million up through 1980, down to 84.5 million in 1985.

**Sheep and lambs:** Numbers for slaughter have dropped from annual levels of 12 to 17 million in the 1960s, to 6.2 million in 1985.

## Argentine agriculture faces catastrophe

*The following interview was granted to EIR in Buenos Aires, in mid-December 1986, by Mr. Humberto Volando, president of the Argentine Agrarian Federation (FAA). The FAA, headquartered in the city of Rosario, is a national organization which represents small and medium-sized agricultural producers. Its membership includes well over 800 provincial agricultural organizations, including cooperatives, youth centers, and producer and service associations in all areas of agricultural production. For 74 years, since its founding in 1912, the federation has fought to defend the interests, rights, and living conditions of its members, who were constantly pitted against the landed oligarchy and local representatives of international monopolies. The FAA's purpose, as explained in one of its publications, is "to make possible on our soil, the birth of the small and medium-sized agricultural business, a primary link in the formation of an agrarian middle class."*

*Mr. Volando is an outspoken critic of the monetarist economic policies adopted by President Raúl Alfonsín that are devastating all areas of the national economy.*

**EIR:** What is the situation facing Argentina's agricultural producers today? We've seen reports of nationwide producers' demonstrations, and news that agricultural organizations have broken off dialogue with the government.

**Volando:** In general, the situation facing Argentina's producers is bad. The debt is large, and exorbitant interest rates make it grow every day. In the less-developed provinces, the so-called regional economies, the situation is catastrophic; the rural exodus is intense. The press reports that in Chaco and Formosa provinces, former producers *rob* to eat. In the nation's history, prices have never been this depressed, and naturally, profitability doesn't exist. This is true for all products, and we see no policies of reactivation on the horizon. Quite the contrary, there has never been in this country, an anti-producer policy like the one we are suffering today. The

zones that are not as bad off are in the *pampa* region, especially in the province of Buenos Aires.

In fact, the representative agencies have not broken with the government, at least not in the case of the FAA. We have simply withdrawn from a committee made up of the presidents of the four producer entities, and presided over by the finance minister. It just didn't work. The answer to the entities' basic demands, supported by all kinds of documentation, was always the same laconic one: "The government will not change its policy." In view of this, three of the four entities—Coninagro didn't pull out—decided that the committee was nonfunctional, and withdrew, although this does not mean they won't continue to make their demands heard at all levels of the national and provincial governments. I should add that the decision to leave the committee was made by each entity on its own.

The agricultural situation has sparked, and is sparking, massive protest: "misery marches" in Chaco, the march on the President's palace in Buenos Aires, meetings and assemblies called by our organization, plus what others do, are reflected in media reports.

What do they ask? The reversal of a crisis which is very serious today, but which goes back at least a decade: that we not be further oppressed by confiscatory taxes; that the foreign markets be sought, because *they do exist*; that meat and other foodstuffs not be imported (Argentina has imported pork, wheat, white wheat, poultry, dairy products, etc.). The imports of Polish potatoes caused a scandal, because of the implications, and, in the end, forced a 20% drop in the domestic price, further ruining Argentine producers; we demand the refinancing and consolidation of our bank debts, and new credits at interest rates in line with the industry's profitability.

**EIR:** For the producer in the United States, there is a campaign urging him and his family to consume more beef. But his family doesn't have the income to buy meat. At the same time, there is a national publicity campaign here which says that people shouldn't eat too much beef. Are you aware of a reduction in food consumption or a drop in nutritional levels in Argentina?

**Volando:** Official statistics show a pronounced drop in popular consumption, without disaggregating rural and urban consumption. Beef is still one of the cheapest foods in Argentina, so consumption per capita remains high; but since there are many people who don't have access to beef due to lack of income, it means that there are other high-income sectors which have maintained a level of squandering.

To have an accurate overview of the situation, we must keep in mind that one-sixth of the population [of 30 million] receives boxes of free food through the government's National Food Program (PAN), due to unemployment or inadequate income to maintain a family.

**EIR:** By what percentage, or by how many hectares, have producers reduced crops under cultivation, due to the economic crisis?

**Volando:** At least according to official statistics, the area under cultivation has not been significantly reduced. What we are seeing is the displacement of some crops by others. The important drop in the *volume* of production is due to poor crop preparation, the use of poorer-quality seeds, and the restricted use of agro-chemicals, as a result of the overwhelming economic and financial crisis affecting the producer, who, among other things, must work with obsolete machinery. Poor soil management, due to the same causes, conspires against decent yields.

**EIR:** In the United States, news reports mention that the Soviets are making attractive offers to Argentina, for example, that they want to finance the building of grain elevators, and deep-water ports. What does the FAA, or the producers, think about this?

**Volando:** For some time now, the Soviets have been offering a number of elements: machinery, building a deep-water port, and intensifying bilateral trade. All of this is tied in with the Argentine government's foreign policy, and should be evaluated in depth by the government to determine its final implications.

Trade between countries is a two-way street. If the U.S.S.R. makes important purchases from Argentina, it's understandable that they would demand reciprocity. Experiences of the past, as well as the present, show also that there are no ideological barriers to trade; if the two superpowers, which confront each other over their philosophical differences, trade abundantly with each other, I see no valid reason why developing nations shouldn't do the same.

**EIR:** The Austral Plan [the monetarist economic program imposed in June 1985] proposes that Argentina's foreign debt be paid by increasing agricultural exports. But credit restrictions and government austerity policies would seem to make this an impossibility.

**Volando:** This is a real contradiction, as you suggest. If we are expected to pay with exports, why do the creditor countries promote policies that lower prices? Why do they engage in dumping? Why do they take our markets? That's one part of it.

The other part is that we haven't yet settled the question of the foreign debt. No one really knows what its composition is, because we owe what *they* say we owe. That is, how much is "clean" debt, and how much is not? We don't think it's a good policy for the creditors to pressure countries, and force them to levels of subhuman misery. These situations are always accompanied by collateral circumstances which can be very dangerous: an increase in epidemics and even pandemics, in the area of health; increase in social chaos (drug

addiction, delinquency, bad habits, etc.). Eventually, the consensus of "every man for himself" is reached, and we already know that no one is paying too much attention to the methods used. Even the creditors may suffer the mentioned consequences that will swing right back to them like a boomerang.

In the Public Declaration approved by our 74th Congress, we said:

"The foreign debt is the dominant aspect of the crisis. The anti-inflationary [Austral] plan, monetary and financial policy, the credit system, the privatization policy, the reorganization of the State, the orientation of our foreign trade, and, finally, Argentina's insertion in the world, appear to be determined directly by our indebtedness, and by our impotence as a nation to stand up to the burden imposed on us by our foreign creditors. . . . To the degree that the debt continues to frustrate our expectations for development and improvement of our quality of life, there is generated in our society a 'culture of the debt,' which is the culture of resignation. The omnipresence of the debt is a permanent cause of frustration, but it also becomes a justification for lack of creativity, and for things which are unworkable. It functions as an inverse force, preparing a resigned society."

There is an incongruence in the recipes the IMF imposes on debtors, when it asserts that they must increase their exports. The debtors are supposed to export more; but if, aside from practicing protectionism, the creditor countries promote subsidized exports, and if the underdeveloped nations have no means of buying, we must then ask, to whom can we sell?

**EIR:** North American producers know full well that the large grain cartels like Cargill, and other Swiss ones, totally dominate national as well as international marketing and trade. What is the role of these cartels in Argentina in marketing, and in the process of production?

**Volando:** What you state in your question is also true for Argentina. Control by the multinationals is reaffirmed every day. Our country is not sovereign economically, but rather dependent, with the complicity of native minorities. One of the goals of our fight is to break these chains.

**EIR:** Some U.S. producers reported that, a few years ago, Cargill recommended that Argentine producers use a type of seed that would yield greater volume, but would have lower nutritional content—less protein.

**Volando:** I'm not really sure where the idea originated of producing a larger volume, but less nutritious kind of grain.

**EIR:** What is your opinion on the creation of an Ibero-American common market for food?

**Volando:** I think we should create an Ibero-American common market, for trade in all products and merchandise, not only for food.

# Moscow's industrial 'joint ventures' are a big joke

by William Engdahl

Last June, Moscow began enticing Western industry with promises of new economic reforms which would make industrial investment inside the U.S.S.R. extremely attractive. This rhetorical offensive has targeted Western European and especially West German industry. As threats of trade war and dollar collapse escalate from Washington, the Moscow market is being dangled before desperate German industry.

In recent weeks, suspiciously near the date of the Jan. 25 West German federal elections, the German press reported ongoing talks with the Soviets involving big German banks, industry, and the Bonn government on possible multibillion-dollar contracts to upgrade safety features on Soviet nuclear power reactors.

But the real attention in recent months has centered on possibilities for industrial projects inside the borders of the Soviet state, under terms of what Moscow officials claim to be impending new forms of cooperation, termed "joint ventures." Borrowing a leaf from the book of current Western financial jargon, to be more enticing to doubting Western firms, the deputy chairman of the Soviet State Planning Committee, Dzhermen Gvishiani, told a Vienna conference on New Initiatives in East-West Trade on June 18, that Moscow was "very close" to agreement with unnamed Western firms on "joint ventures."

Gvishiani, the co-founder of the zero-growth Club of Rome and a senior Soviet intelligence official, claimed that these "joint ventures" would allow Western firms to open the large Soviet internal market for the first time since 1917. In August, the Soviets initiated formal talks with the Paris-based International Chamber of Commerce to create a joint commission which should discuss rules and regulations for joint venture projects between prospective Western companies and the Soviets.

## Dismal prospects

West European business sources report that the prime target of the new Soviet propaganda is West Germany, the industrial heart of the 330-million person European Community, and the military-strategic linch-pin of the Western NATO alliance. But insiders in the process of negotiations of German firms with Moscow report a far different picture behind the shiny Potemkin village of new industrial openings presented by the Soviets.

"East-West trade will become more difficult this year and possibly next," emphasized an East-West trade analyst for the West German Industry Association. The Berlin economics institute, DIW, reports that for 1986, West German trade with the Soviet and other East Europe Comecon economies has plummeted. In deutschemark value, West German imports from the Soviets were down fully 29%, while German exports to the U.S.S.R. were also down 8%. Some 70% of the 8 billion DM (approximately \$4 billion) Russian exports to Germany are in the form of oil and gas. "There are no significant areas of improvement for the trade in the past year," a spokesman stressed. "We thought Moscow's new Five-Year Plan [adopted February 1986] would improve East-West trade. But it has yielded nothing," one German industry participant added.

The main source of Soviet export earnings in recent years has been raw-materials exports, especially oil and gas, for hard currency to finance imports of agricultural commodities and machinery. Because of the dramatic and parallel falls of the Western oil price and the U.S. dollar, Soviet export-earnings have plummeted. DIW estimates a combined total loss over 1985 of \$8.5 billion. These huge losses are "the main reason the Soviets are pushing for reform in foreign trade and introduction of joint ventures," a senior analyst at DIW noted to *EIR*. "The Russians want to restructure exports away from raw materials to industrial goods. They see 'joint ventures' as one way of doing this, but the problem is that they want to use them to earn hard currency, which is not attractive to Western companies."

## From the 'horse's mouth'

In the official weekly, *New Times*, of Dec. 22, the Soviet Central Committee's International Department organ for the first time admitted what the latest Moscow game is. In a detailed article titled "Joint Ventures—What They Will Be Like," attributed to one Genrikh Bazhenov, the Central Committee made clear that it is planning to run the operation strictly as a one-way street. The Moscow weekly defined the new term as "co-production and joint marketing . . . the Soviet share of which is to constitute a *minimum of 51%*" (emphasis added). It adds, enthusiastically, "Joint enterprises operating in Soviet territory will not only manufacture products under Western licenses, using Western know-how,



but also bring up to commercial level new items developed by Soviet scientists and designers. . . . The bulk of the joint ventures' profits will come from the sale of their products abroad. . . . Western firms intend the products of the joint enterprises for export because they expect to bring production costs down to a minimum." The last is Moscow euphemism for admitting they pay slave wages and plan to dump the production from these advanced factories onto already depressed Western markets!

As the London *Financial Times* of Jan. 13 put it, in talks between Soviet officials and Western firms in recent months, "The main obstacle to emerge is Moscow's wish to finance joint schemes through export to the West, while Western companies see joint ventures as selling to the Soviet market itself." Even industry sources at the institute of West Germany's most ardent booster of Moscow trade and political ties, underscore this point. A spokesman for the DIHT (Deutsche Industrie und Handelstag) of Otto Wolff von Amerongen, a Trilateral Commission founding member, said, "The joint ventures have been so far a lot of talk. But so far it has resulted in no contracts. The German firms have been holding talks on joint ventures in Moscow, but they report no progress."

The DIW in Berlin is blunter. "German industry so far has been very cautious in making joint-venture commit-

ments. Moscow has yet to open critical questions such as legal problems for repatriation of profits to the Western firms, protection of investments, guarantee of materials inside the Soviet economy. Until these problems are solved, I can tell you there will be no joint venture with German companies, other than, perhaps, a symbolic goodwill token done to get a better chance at some larger project."

The *Financial Times'* Moscow correspondent, Patrick Cockburn, in the cited Jan. 13 piece, reports "senior Soviet trade officials" saying that Moscow will "sign only 10-12" joint venture deals with Western firms. According to Cockburn, the differences between Western companies and Moscow are vast. "Soviet officials insist they want to earn hard currency directly through sales to the West of products made by joint ventures, while potential Western partners say . . . joint ventures [should] make goods within the Soviet Union hitherto imported from abroad, the hard currency profit of the foreign partner being linked to the cost of imports saved." Moscow wants to lure desperate Western industry into a captive production situation and "then dump cheap products back into the West" to pay for it, using Western marketing outlets in the process, added a well-informed West German authority on the talks. "Why do we need to do this? We already do that in developing countries without the complications the Soviet state presents."

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## Pension guarantor is bankrupt

*The chickens are dragged kicking home to roost at the doorstep of Congress.*

**T**he Pension Benefit Guaranty Corporation persuaded a federal judge on Jan. 13 to compel it to take over billions in dollars of LTV Steel pension liabilities, and then announced its forthcoming bankruptcy at a Jan. 14 press conference. That presents Congress with a demand for yet another multi-billion-dollar bailout of a federal agency, following the collapse of the Farm Credit System, and preceding the collapse of the federally supported mortgage guarantee agencies.

All this is theater, according to a script written by Wall Street investment houses last year: The PBGC's demonstration of empty pockets is to provoke Congress to toughen the rules for further bailouts of bankrupt private pension funds.

The PBGC currently charges employers an annual fee of \$8.50 per employee to fund the pension insurance system. Even assuming the agency does not have to take over any more major pension funds, the combination of old obligations and the new LTV liabilities would mean the agency would run out of money in 10 years.

The guarantor's executive director, Kathleen Utgoff, told the press, "Now is the time to take the necessary steps to prevent the financial collapse of the nation's insurance system. Our annual payments just for LTV's retirees will exceed our annual premium income. We need to raise more money to keep the promises that we have already made, and we need to make changes in the law so that terminations of this magnitude do not occur in the

future. The current structure of the pension system encourages companies that get into trouble to underfund their pension plans."

The government was forced by law on Jan. 13 to take over LTV's pension plans, after the steelmaker failed to make minimum payments on existing pension plans.

"We're \$4 billion in deficit," Labor Secretary William Brock told wire services. "That debt is not sustainable. We can't do that."

In fact, brokerage-house analysts had this scenario prefigured last May. LTV jumped the gun in the race among the leading steelmakers to seek bankruptcy protection, or asset-stripping buyouts, on relatively favorable terms. The name of the game is unloading pension-fund liabilities onto the federal government first, and LTV succeeded.

The brokerage house Oppenheimer and Co. had already warned Sept. 11, "Unfortunately, integrated steelmakers have experienced difficult volume, price cost, and earnings conditions for the past five years. . . . The likelihood of successful steel industry reorganizations, whether achieved through bankruptcy, employee-ownership, or other changes in ownership, has been diminished due to recent legislation and court rulings strengthening the rights of labor unions during bankruptcy proceedings. . . . In addition, we expect the ability of companies to terminate their pension plans and transfer large liabilities to the Pension Benefit Guaranty Corporation will

be greatly reduced by future legislation, as such practice would exhaust the PBGC's assets and is viewed very adversely by policymakers. Thus, the ease with which steel companies can be restructured is diminishing. Over the past decade, several prominent reorganizations, such as Penn Central, for example, have been successfully effected and bankruptcy investing has become stylish on Wall Street. Unfortunately, the rules of the game are being changed, and investors are less protected under the changes we envision.

"We are not optimistic about the prospects for steel industry reorganization," Oppenheimer continued. "We expect several publicly held or private steel companies to go through financial reorganization for a second or a third time over the next five years. To date only one company, Continental Steel, has sought protection from creditors more than once. . . . We are not optimistic about the prospects for steel industry reorganization."

The \$236 million of LTV's unfunded liabilities which the pension agency had already assumed in September, plus the additional \$336 million which LTV has already demanded it assume, exhausted the agency's assets. Rather than allow the steel companies to dump enough pension liabilities onto the unfortunate PBGC to force Congress to put money in directly, legislators will more likely take legislative precautions against this. The problem is that the steel industry really is going under.

That is why the steel industry decided to preempt the situation, in consultation with the administration, by provoking the longest strike (read: lockout) in the industry's history, preparatory to massive reductions in employment and capacity.

## Mortgage boom collapses, as planned

*Restrictions on government-financed mortgages will drastically reduce the issue volume.*

**T**he American debt expansion during 1985-86 was supported by two less-than-invisible hands.

The first was the growth of off-balance-sheet liabilities; the second was "off-budget borrowing." The first permitted banks to foster credit issuance well beyond what their strained capitalization would permit; the second used the borrowing power of the Treasury to reliquify savings banks and other mortgage lenders.

At America's top 10 banks, off-balance-sheet liabilities of \$1.5 trillion are twice as large as the banks' reported balance sheets.

The second prop has been the \$230 billion per annum issuance of mortgage guarantees by such federal agencies as the Government National Mortgage Corporation and the Federal National Mortgage Corporation.

Within a week, the Reagan administration has removed both these props—raising the prospect of the nastiest credit-deflation in American history.

As reported in this space last week, the U.S. Federal Reserve celebrated the new year with a ruling that would impose capital requirements on these "off-balance-sheet" liabilities by sometime this spring.

The President's Fiscal Year 1988 budget includes mortgage price restrictions that could drastically reduce the federally supported agencies' issuance volume. Currently, they cannot buy mortgages above \$133,250.

Under the proposed budget, FNMA and FHLMC could not handle

mortgages for homes costing more than three-quarters of the average sales price in an area. In most regions, that would bring the maximum mortgage which the government agencies might purchase to below \$100,000, and in many cases to less than \$90,000, eliminating a huge part of their potential activity.

Reagan officials say that the federal agencies "impeded the growth of private conduits" for loans. But the supposed victims, private mortgage lenders, and the savings institutions, are furious about this, predicting scarcer and more expensive mortgages.

Precisely how badly this will affect mortgage markets is hard to tell. However, the administration's sudden concern for the private mortgage lenders emerged a month after various Wall Street seers "predicted," in other words, demanded, a sharp drop in credit demand during 1987.

Federal mortgage purchases probably exceeded \$230 billion last year. Private, unguaranteed mortgage securities were sold at a \$130 billion annual rate. This is the largest element of the credit market.

Now that the federal government has postponed picking up the tab for the bankrupt Farm Credit System, and the bankruptcy of the Pension Benefit Guaranty Board has become a public issue (see Domestic Credit), Wall Street has ordered Washington to shut down the flow of credit. The bankers' concern is far from unfounded, but a sudden restriction could produce a quicker and nastier collapse of the

housing market than any other action.

*EIR* warned in October 1986 that rising mortgage delinquencies could bring down a trillion dollars of federal guarantees for mortgage-backed securities, issued by such agencies as the Federal National Mortgage Association, the Federal National Mortgage Corporation, the Government National Mortgage Association, and so forth.

These agencies, which put the full faith and credit of the Treasury behind securities which "pass through" mortgage payments to bondholders, cover barely 1.5% of the value of the guarantees with their own capital; mortgage delinquencies are already at a 1.07% annual rate and rising fast. Anything above the 1.5% rate will be paid by taxpayers.

Residential mortgages more than 90 days past due rose to 1.07% of all mortgages outstanding in the second quarter of 1986 from 0.91% in the same period in 1985. The rise is thus far attributable to the disaster situation in several regions, particularly in the oil-producing states, which are suffering record delinquencies.

The post-Election Day wave of mass layoffs will extend this pattern to the rest of the country, making these agencies candidates for a bail-out by the middle of 1987. Congressional investigations have shown that they have bought paper, in many cases, which is either overvalued by speculation or fraudulent to begin with.

The housing boomlet of 1985 to mid-1986 was an important feature of the Reagan administration's "economic recovery" hoax.

Now that the debt issuance attached to that hoax threatens to run out of control, and hence the "full faith and credit" of the United States is likely to be called upon, the administration has apparently decided to call the whole thing off.

# Business Briefs

## Research and Development

### U.K. parliament warns of decline in technology

A report issued in mid-January by the House of Lords Select Committee on Science and Technology in Britain sounded the alarm on British science.

The report on "Civil Research and Development" notes that Britain's manufacturing base has "shrunk alarmingly." It states:

"The committee's inquiry has disclosed the gravity of the U.K.'s prospects in R&D. To remedy this, the committee has recommended a high profile for science and technology, dynamic leadership at the center, and a new approach to funding R&D."

The report recommends creating a science minister in the Cabinet; the formation of a Council of Science and Technology, chaired by the prime minister, to oversee the whole of scientific and technological endeavor; new government allocation of funds for research in science; and more tax incentives for industry to conduct research.

"These all matter greatly. But what matters most is the determination of both the public and the private sectors to create new confidence and to restore the U.K.'s prosperity and its international position in science and in industry. The key issue is one of attitudes: the determination to make the U.K. industrially successful, combined with new hope for those engaged in science and technology.

"Cosmetic adjustments to the status quo will not be enough. The government has to show that it means business and create a new climate of optimism."

## Health

### U.S. hospitals begin blood tests for AIDS

Federal health officials have begun testing anonymous blood samples from hospital patients around the country to determine the

extent of the spread of AIDS, the *Los Angeles Times* reported on Jan. 8.

The tests will be conducted on routine blood samples collected from patients admitted to hospitals for diseases other than AIDS.

Dr. Timothy Dondero, chief of the surveillance and evaluation branch of the Centers for Disease Control AIDS program, said the testing would be done for "statistical purposes only, to get a sense of how much infection there is in the population. Knowing how much infection there is in some communities will enable us to know where intervention programs are necessary."

In related news, a Jan. 10 report issued by the Maryland AIDS Task Force warns that as many as 60,000 people in the state may be infected with the AIDS virus, and recommends a tenfold increase in state spending to slow the epidemic. In addition to the 478 officially confirmed AIDS cases, there are at least 9,000 people who are infected but have not yet displayed symptoms—and probably many more, the report states.

## Infrastructure

### Where is the Reagan 'recovery'?

President Reagan, in his weekly radio address on Jan. 10, hailed the fact that the Dow Jones industrial index had closed over 2,000 on Jan. 9 for the first time ever, pointing to this as an indication that the U.S. economy is booming. In fact, developments on the stock market bear nothing to do with the health of the real industrial economy, which collapsed at least 15% last year.

The Democrats' official reply to the President's broadcast underlined the deterioration of national infrastructure. Rep. Jim Howard (N.J.) declared:

"Infrastructure is not as headline grabbing as the Strategic Defense Initiative, but . . . if we don't provide clean water, safe bridges, and improved roads and transit systems, it won't be private industry that's

blamed; it's part of the general function of a 20th-century government to do these things."

Howard pointed out how far the decline of the United States has gone: "We have 220,000 structurally deficient or functionally obsolete bridges in this country. Many of our cities have antiquated and leaking water systems. New York City wastes more water each day than London uses. Good roads, clean water, and adequate sewage treatment . . . [are] the support systems for our society. . . . If we don't pay now to correct these problems, they'll become worse and it'll cost more in the future."

## Foreign Trade

### U.S.-Soviet trade chief calls for an economic NSC

Dwayne O. Andreas, chairman of the U.S.-U.S.S.R. Trade and Economic Council is quoted by the *Washington Times* on Jan. 12 as calling for a new and separate National Security Council to coordinate U.S. international economic affairs.

Andreas also suggested the creation of a U.S. fund to make available \$10 billion in credits to U.S. corporations "struggling to compete with government-backed foreign competitors in overseas markets."

Andreas has recently been dubbed the new "Armand Hammer"—referring to the aging chairman of Occidental Petroleum who has been a friend of the Soviet Union since the Bolshevik Revolution. Andreas is chairman of the Illinois-based Archer-Daniels-Midlands Co., and has for the past three years headed the New York-based Council, a group of 22 U.S. businessmen and 22 Soviet trade officials who seek to promote bilateral trade.

Andreas has met with Soviet General Secretary Mikhail Gorbachov several times in the past two years, and reports that Gorbachov had asked him about ways that Moscow could structure its arms proposals to appeal to American political leaders.

Andreas likened Gorbachov to a "Methodist minister that I knew out in a little town in Iowa."

## AIDS Policy

### German experts ridicule 'safe sex' approach

"You say that there was a change in the AIDS situation through the effective propaganda leaflets about safer sex? That's a bad joke!" stated local state secretary in the Bavarian Interior Ministry, Peter Gauweiler, in *Der Spiegel* magazine of Jan. 12.

"We will have more people dying of AIDS by 1991 in America than in the whole Vietnam war," Gauweiler stated. "If we had used the West German law on epidemics at the very beginning of AIDS . . . many thousands of people would not have become sick. . . . Bonn's Federal Health Ministry put out this silly leaflet and had to correct it a few weeks later, because it turned out to be wrong. Now the Federal Health Ministry wants the states to sign that their policy on AIDS was correct. . . . I predict that in two or three years, the democratic parties will outbid themselves for measures that most probably will be more drastic than what we want to do in Bavaria now."

*Der Spiegel* also reported on Gauweiler's discussion with Martin Dannecker, chairman of the German Society for Sexual Research, who put forward the point of view that even infected prostitutes should not be forbidden to continue their "work." Dannecker is a member of the recently founded West German National AIDS Advisory Board.

## War on Drugs

### New Jersey approves money-laundering law

Under a bill released by the N.J. State Assembly Judiciary Committee in mid-January, money laundering would become a crime punishable by 5-10 years in state prison.

The bill (A-3550), which will now be sent to the full State Assembly, would make

it a crime to "knowingly engage in a financial transaction involving money that was stolen or proceeds of illegal activity, such as drug peddling."

The bill's sponsor, Assemblyman Gary Stuhltrager (R-Gloucester) explained: "Persons who commit crimes involving large amounts of cash usually launder the money by immediately purchasing goods or dividing the money and depositing it into a number of different bank accounts. . . . The crime is then less detectable because the money that was obtained illegally is now hard to trace."

Stuhltrager said his bill is "intended to discourage persons who may not have participated in the original crime from helping guilty parties conceal illegally obtained money."

## Oil

### Imports called threat to national security

Amoco Chairman Richard M. Morrow warned on Jan. 14 that rising U.S. oil imports pose a threat to the national security.

In a speech to the World Affairs Council of Orange County, California, Morrow said the oil price collapse had reversed the U.S. trend toward lower oil imports and had also reduced domestic crude production. "Increasing amounts of these imports will have to be obtained from the Middle East, one of the most volatile regions in the world but the only area that has significant excess oil production capacity," he said.

He emphasized that more government and public support is essential to encourage development of domestic energy sources, and he called for greater access to government-controlled lands that are now off limits to petroleum exploration.

In addition, he recommended a moratorium on new taxes on the oil industry. Without fostering U.S. oil and gas development, he said, "Our energy security becomes vulnerable to the twin threats of supply interruptions and escalating prices."

● **A REPORT** unpublished by the Defense Department warns that, within a decade, the majority of components for U.S. defense electronics will come from foreign sources.

● **INDONESIA** is refusing entry to foreigners suspected of carrying the AIDS virus, according to Health Minister Suwardjono Surjoningrat in mid-January. He said that no confirmed case of AIDS had been found so far in Indonesia, and that the government wants to keep the country free from the disease.

● **A SENIOR PARTNER** of one of London's largest brokerage houses told *EIR* in mid-January: "At this point there is no U.S.-Japanese currency pact. The Japanese have one major weapon—a buyer's strike at the next U.S. Treasury bond auction in three weeks. If they do, it will have a major shock impact on international finance markets, pushing a further flight into cash and gold."

● **ARMAND HAMMER'S** autobiography is being serialized in the *Economic Daily*, the most widely read Chinese economic newspaper, the *China Daily* reported Jan. 7. The series, "The Success of Dr. Armand Hammer," began Jan. 5 with a letter from Hammer, who wrote: "After reading my autobiography, you will learn that I have enthusiastically supported countries with various political systems to establish friendly and stable relations for about 60 years."

● **CATERPILLAR** will close two U.S. plants, and one in Scotland, causing layoffs of 2,800 employees. The U.S. plants are in Davenport, Iowa, and Dalles, Oregon. According to the *Wall Street Journal*, Frank Manfredi, an industry expert, said that he expects construction machinery demand to be flat or drop 5-10% in 1987.

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## The European Defense Initiative: a near reality?

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*Carol White presents the proposal for an anti-missile defense of Western Europe as developed by Gregory Canavan of Los Alamos National Laboratory. The first of two parts.*

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We are publishing here, excerpts from a recent study by Gregory H. Canavan, of Los Alamos National Laboratory, scheduled for publication in *Swords and Shields*, edited by Yost, Wohlstetter, and Hoffman. Canavan, who is the assistant division leader of the Physics Division at Los Alamos, concludes that, by all existing parameters, the adaptation of the Strategic Defense Initiative to Europe would be both easier and cheaper than the defense of the United States. Indeed, Canavan puts forward a proposal for the Tactical Defense Initiative to use space-based lasers for the boost phase intercept of Soviet ballistic missiles, and anti-missile rockets for mid-course and terminal intercept, that would cost only \$2-3 billion, which he calculates to be one-tenth the cost of the SDI.

Over the past year, agreements for cooperation have been reached between the United States, Europe, and Japan, for research and development of the SDI. These will be critical for the rapid development of a defensive shield—for example, it is estimated that cooperation with the Japanese will push the date of possible deployment forward by two years. But the question of the SDI is not primarily a technical question. The shift in policy from Henry Kissinger's insane doctrine of Mutually Assured Destruction, to a commitment to mutually assured survival, is the key strategic issue of our time.

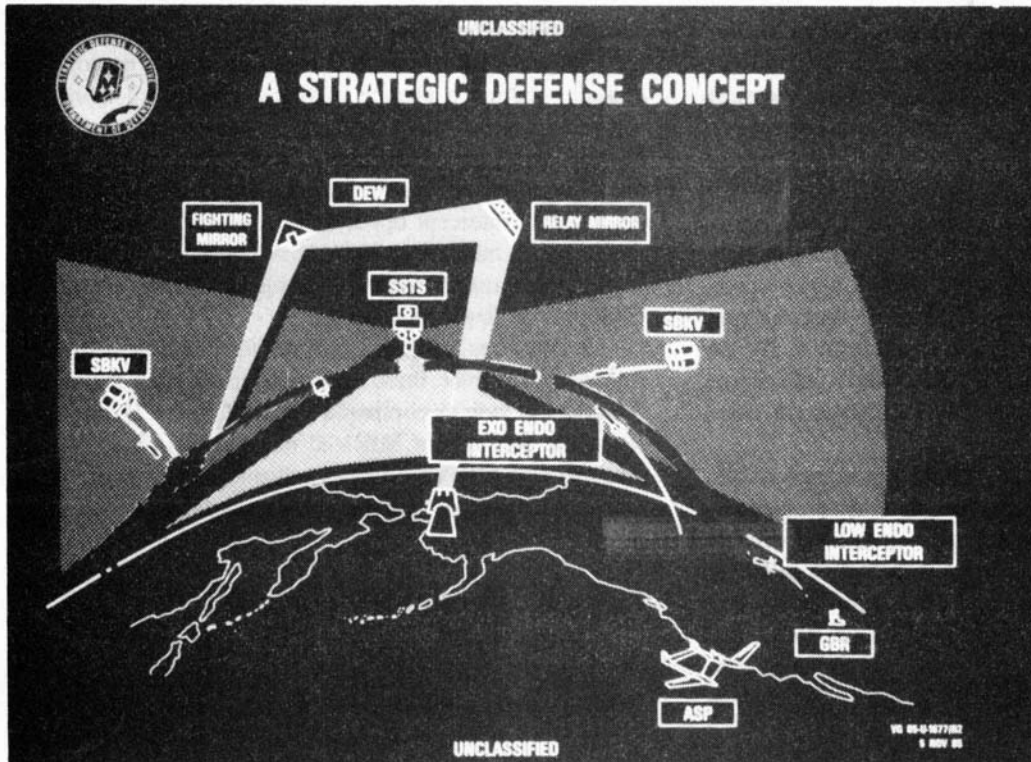
Because Kissinger's policy influence has not yet been eliminated in the United States, our European allies rightly are fearful that the zero-option, almost negotiated by President Reagan at the Reykjavik pre-summit, might become a reality—thereby throwing Europe open to Soviet domination. Therefore, they are susceptible to deliberate Soviet dis-

information about the SDI policy, even though that policy would, in fact, guarantee a sound strategic basis to the U.S. commitment to Europe. The Soviets lie that the SDI implies a U.S. policy of first-strike, at the cost of our NATO allies. This lie is echoed by traitors, even in the U.S. Congress, and politicians of similar pro-Soviet bias in Europe.

Clearly, the currently developing climate of trade war plays into the hands of those who would decouple Europe from the United States, and who therefore wish to show the United States as a treacherous ally, not to be trusted. From every point of view it is essential that there be a full sharing of technology among the United States, the European members of the Western alliance, and Japan. Besides the technical issues, merely from the standpoint of the economic benefits which will spin off from the technical gear-up necessary to accomplish near-term deployment of the SDI, such cooperation is essential. What the West needs most of all is an economic recovery. Any military build-up would be useful in providing a cushion against the growing unemployment in basic industry; but the SDI is of particular importance because of the level of increased productivity which it would infuse into the economy. Conversely, such a mass mobilization for a crash deployment of the SDI, would be a way of defeating the mood of pessimism among European workers, which is making them susceptible to the influence of KGB-oriented circles in the trade-union movement—as in the recent French strike wave.

Nonetheless, the argument for the SDI should not be limited to the advantages for the Europeans of a strategic defensive shield. The Fusion Energy Foundation has actively developed the case in both Europe and Japan that the "SDI"





A schema for the Strategic Defense Initiative released in 1985 by the SDI Organization

is equally important in providing a tactical-theater-wide defensive shield. The military effectiveness of ABM systems under conditions of a threat from short-range missile deployment has raised many questions. Since the military benefit has not been as obviously to the advantage of the Europeans, this has been played upon by the Soviets to suggest that the United States wanted the SDI to raise a defensive shield around a United States, decoupled from Europe.

Superficially, it might appear that the shorter distance involved in defending against tactical missiles, would raise serious problems in mounting an ABM defensive system by decreasing the time available for countermeasures to be taken. This, however, proves not to be the case.

In this report, we will quote at length from the chapter written by Canavan for the book, *Swords and Shields*, with some additional commentary of our own to explicate points which are otherwise compressed in the text—which appears to have been written with the expectation of an audience with a fair amount of expertise in the subject. The proposal for a European Tactical Defense Initiative by Canavan is relatively conservative in the technology it suggests. For that very reason, it is especially convincing, although we might wish to see an actual defense configuration which relied more heavily on advanced technologies, such as the x-ray laser.

One assumption by Canavan, which we would certainly take issue with, is that the Soviets will wish to engage in a limited tactical nuclear war, rather than risk an all-out war. Again, this does not obviate the otherwise useful conclusions

which he develops in his study. He divides the consideration of defense against missiles into the traditional four tiers of the SDI: 1) low endoatmosphere, 2) high endoatmosphere, 3) mid-course, and 4) boost phase, remarking that: “This order—the reverse of that in the missile’s trajectory—is useful for describing the concepts, since it moves from the more familiar to the less familiar ones.”

Continuing, he writes: “In low endoatmospheric intercepts, below about 15 km, most large decoys have been decelerated and discriminated by atmospheric drag during reentry. Any remaining fast objects are likely to be reentry vehicles (RVs) containing weapons. In high endoatmospheric intercepts, up to about 100 km, decoys are decelerated sufficiently to permit partial discrimination.

“In mid-course, the portion of flight that lies above the atmosphere, all objects follow ballistic trajectories—even the decoys deployed with the RVs to conceal them. Thus, there is little basis for distinguishing between them. Since that is true for even very light decoys, the offense has the option of deploying them in very large numbers, which makes it unattractive to attack them indiscriminately. Thus, the ability to identify the actual RVs is pivotal to the development of a successful and robust midcourse layer. In the boost phase, neither RVs nor decoys have been deployed, and there is great advantage in destroying their missiles before they are.”

In the discussion of the 1960s on the feasibility of deploying an ABM defense, the problem of decoys was a talking point against an ABM program; however, decoys can be

spotted in any of the four above-cited stages either passively, by means of their infrared signature, or actively, by their response to laser or particle-beam bombardment. It is easiest to pick out decoys as they travel through the atmosphere.

### **Time is not a problem**

When missiles are fired from a closer range, their trajectory is lower. Thus, short-range theater missiles can only support undecoyed operations, since decoys which travel through the atmosphere respond differently to drag, making it relatively easy to discriminate and avoid decoys. By the same token, the speed of the missiles is reduced by the degree to which they are fired at shorter range. Canavan discusses this as follows:

“The range to the missile’s target is an important variable, although its impact on the defense is sometimes misunderstood. The velocity required on optimal trajectories increases from 1 to 4.4 km/second as the range increases from 100 to 2,000 km. Even the highest are only about half the 7-8 km/second of intercontinental ballistic missiles (ICBMs), and the rest are well below the 4-5 km/second typical of submarine-launched ballistic missiles (SLBMs), which makes theater intercepts kinematically simpler.

“Moreover, apogee, the highest altitude on the missile’s trajectory, decreases linearly from 500 to 25 km as the range decreases from 2,000 to 100 km. Apogee determines the total amount of atmospheric drag the object experiences in transit. Even RVs experience significant drag at 80-100 km altitudes, and light decoys are slowed enough by 120-130 km for discrimination. That means that short-range missiles such as the SS-21 and SS-23 whose apogees lie at 125 km or lower, cannot use decoys effectively, since they would be slowed perceptibly by drag, revealing the RVs for interception.

“Their trajectories could be lofted to a higher altitude to reduce drag and restore the efficacy of the decoys, but that would negate the advantage of the missiles’ short range. The RV’s flight time is uniquely determined by its apogee. Thus, increasing its apogee would also increase its flight time, giving the defense a time for warning and interception about as long as that for more survivable long range missiles.”

Canavan makes an additional point which is of relevance to those critics of the SDI who suggested that the Soviets would develop a fast-burn booster rocket to prevent boost-phase missile kills. He points out: “Atmospheric deceleration and discrimination also affect long range missiles [e.g., SS-20s] by extending the interval during which they are most vulnerable. The bus, the final stage of the missile, which aims the RVs and deploys the decoys, cannot release either until it is above most of the atmosphere’s drag, i.e., about 120-130 km. That extends the effective engagement times from the tens of seconds that fast burn boosters would require to accelerate the buses to the 100 seconds or more the buses would require to traverse the atmosphere—a dilation of the engagement time that is relatively insensitive to the missile’s

acceleration or burn time.

“The bus could then either try to coast to its deployment altitude—taking a chance of being intercepted along the way—or it could deploy its decoys at a lower altitude, which helps to evade the defense but unmask the decoys to any onlooking sensors. The former provides boost phase defenders a useful intercept opportunity; the latter eliminates decoys, giving midcourse and endoatmospheric defenders an identifiable threat they should be able to intercept efficiently. Both options favor the defense.”

He discusses the question of missile launchers which are reloaded. However, these can be dismissed since the time of reloading is long as compared to missile boost times. Similarly, the question of MIRVed missiles can be dismissed, since in fact MIRVing is a disadvantage with boost phase anti-missile defense. He then reviews defensive concepts in detail.

### **Low endoatmospheric intercepts**

Canavan writes: “In the past the major barriers to the development of viable concepts for terminal intercepts were radar blackout, saturation at high threat rates, and vulnerability, all of which could arguably now be overcome. New developments in radars include antennas imbedded in concrete slabs, replaceable radars, and mobility. If the radars only have to control low altitude intercepts, their size could be reduced enough for them to be truck mounted. Then the straight approach to survivability could be the use of mobile sensors and interceptors, which on off-road vehicles could be no less survivable than the targets they defend.”

Canavan also raises the question of nuclear ABM missiles deployed in the low endoatmosphere, creating conditions in which the defending side is unable to deploy its own radar. This was the case with the Sprint missile in the Safeguard and Sentry systems of the 1960s. He points to the present development of non-nuclear, kinetic energy weapons as one direction of solution.

He goes on, “Today, infrared (IR) terminal homing could apparently eliminate the need for command guidance and still achieve the miss distances required for nonnuclear kill (NNK). The ability to intercept reentering ballistic objects with NNK interceptors was demonstrated in the 1984 Homing Overlay Experiment (HOE), based on which there are systems in development, which have already passed significant testing, that have the propulsion and maneuvering systems aimed at low cost needed to make NNK intercepts economically attractive. Both the missiles and their sensors could be scaled down directly, aiding their transfer to the theater.

“More sophisticated threats such as maneuvering reentry vehicles (MaRVs), which generate lift and change course during terminal approach, complicate the evaluation of terminal defenses. At present, maneuver is used primarily for accuracy, but in the future MaRVs could be used to evade

interceptors with a limited pursuit capability. But a MaRV's evasive acceleration scales roughly as the square of its velocity. At the lower terminal velocities of the theater their ability to evade is reduced by a factor of 10-100, which should permit even modest interceptors to engage them.

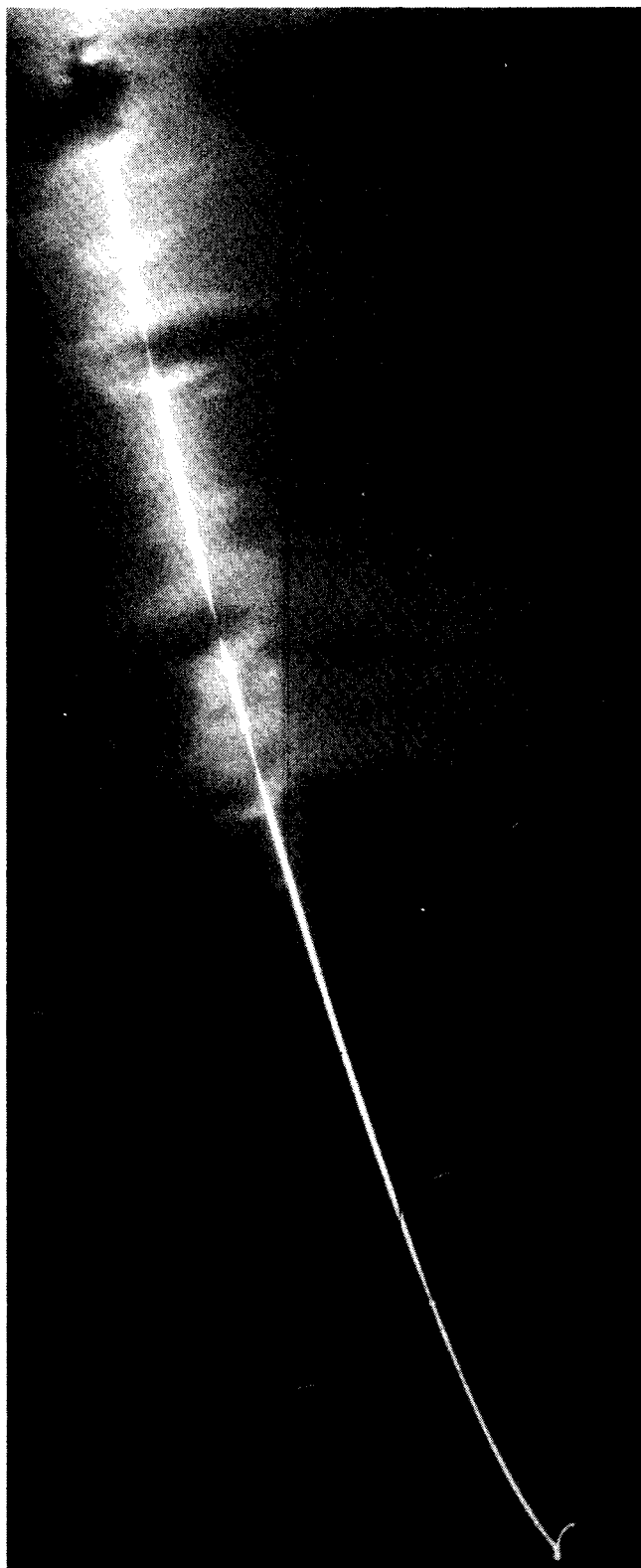
"A second complicating factor," he writes, "is salvage fusing." Here the enemy booby traps his warhead so that it explodes when it is hit by a non-nuclear kinetic energy weapon; whereas, ironically, a nuclear tipped defensive missile will kill the incoming missile before the salvage fusing has time to detonate. Therefore, he continues: "At low altitudes such salvage detonations could produce a significant fraction of the desired damage to the target, as well as degrading its defenses." Canavan rejects arguments for lasers, railguns, etc. at this stage of the defense, in favor of chemical rockets.

### High endoatmospheric intercepts

The issues in this regime are closely related to those in the low endoatmosphere—as are the systems concepts that result. There are, however, significant differences. Nuclear detonations in this regime do not produce catastrophic damage to targets or sensors far below, so salvage fusing is less critical. And since a MaRV's acceleration is proportional to the local air density, its evasive capability is reduced by an order of magnitude at high altitude. Offsetting those benefits is the fact that decoys are only partially decelerated, which makes them hard to identify. The key developments in this regime are infrared sensors that can avoid the background and survivability problems of previous systems, and improved discriminants that could take full advantage of the simple interceptors there.

"Radars for high altitude systems are more susceptible to nuclear effects, jamming, and saturation than are those for low altitudes. That again makes IR sensors attractive, since they largely bypass those problems as well as relieving the mobility of problems of long range radars. Earlier radar-based systems were susceptible to nuclear detonations and decoys, which set an upper limit on the discrimination altitude of about 100 km, with which even high performance missiles could only achieve intercepts at 10-30 km." It is obviously desirable that ABM missiles be cheaper than the offensive missiles which they are attacking. This depends upon the height at which they can achieve their goal of intercepting the opposing missile.

He continues, "The leading interceptor candidates are homing IR sensors. The missiles should be similar to those used at low altitude. The IR sensors are more difficult since the targets, which have not yet been heated by reentry, are much dimmer. Lasers have been studied for high altitude, but the performance limits discussed earlier apply there, too. For undecoyed threats, railguns remain at a disadvantage, since chemical missiles are still more effective. If, however, countermeasures or nuclear effects drove discrimination altitudes down to 60-80 km, that would drastically reduce

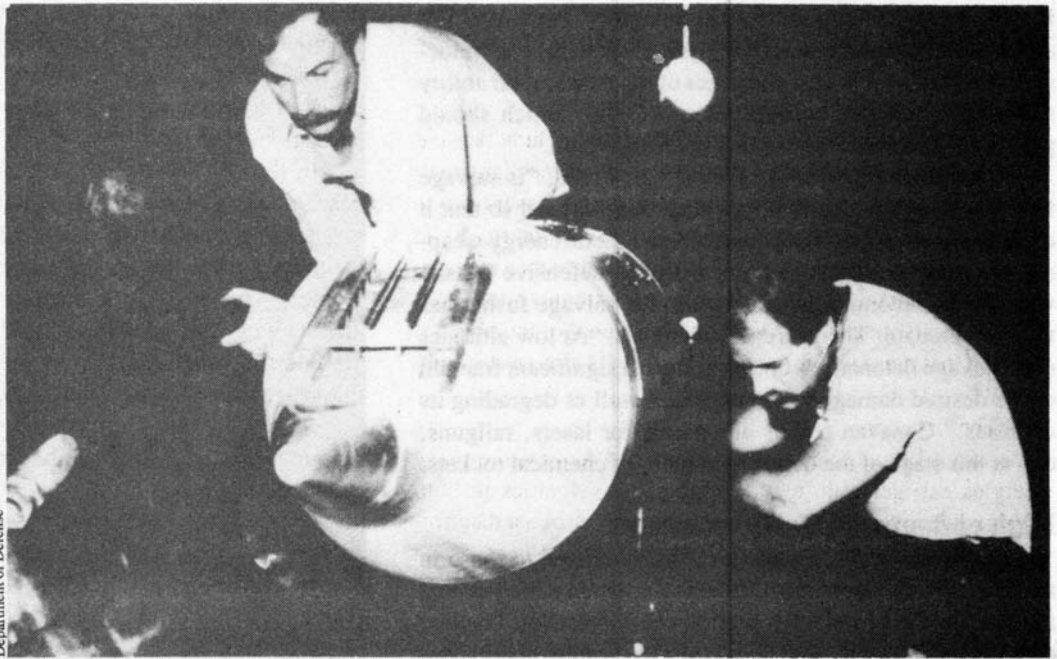


Department of Defense

*The Army's HOE flight vehicle streaks skyward in the final fourth flight of the Homing Overlay Experiment program on June 10, 1984. Minutes later it destroyed its target, a reentry vehicle from an ICBM launched from Vandenberg AFB, California.*

*Model of a High Endoatmospheric Defense Interceptor (HEDI), a ground-launched interceptor capable of engaging ballistic missile reentry vehicles in the atmosphere. It uses an infrared or heat-seeking sensor. In this photo the HEDI is being subjected to hypersonic flow to test the effects of high speeds on the sensor's window.*

Department of Defense



flyout times, placing the railgun's flyout velocity at a premium.

"Adequate sensors and interceptors are being developed, and again there is an obvious progression that starts with radars and leads to aircraft-based IR acquisition and discrimination. The highest leverage would appear to lie in the development of exoatmospheric discrimination techniques so the whole high altitude battle space could be used efficiently."

### **Mid-course intercept**

Again in a general discussion of the case of mid-course intercepts, relevant to his view for the SDI or TDI, Canavan opts for kinetic energy kill concepts. While this emphasis may appear practicable in the immediate next period, if we consider the SDI as a system which will evolve through successive generations of complexity with increasingly advanced technologies, then the criteria for deployment at any given stage must anticipate the contribution of that stage to future technologies. From this standpoint, we would take issue with his giving priority to kinetic energy weapons, even where they may seem attractive on the basis of cost.

While Canavan correctly indicates a problem for laser weapons consisting of the fact that RVs at this stage will be harder by factors of 10 to 100 than boosters and buses, nevertheless we would look to advanced laser concepts, including tunable free electron lasers and x-ray lasers, to achieve shock-wave effects which would demolish the effectiveness of missiles without necessarily "knocking them out."

Two generic kinetic energy concepts are discussed by Canavan: ground-launched and space-based NNK missiles. He writes: "The former are being developed for a strategic

exoatmospheric reentry intercept system (ERIS), which would launch the interceptors from the ground and require their small field of view IR homing sensors to reacquire targets that have already been discriminated. ERIS is a direct attempt to convert the technology demonstrated in the HOE experiment into a practical system by substituting smaller missiles and cheaper sensors. Its limited range, small field of view, and limited on-board discrimination should permit sensor and processor to be small, and the long flyout times should permit the missiles to be efficient.

"Alternatively, space-based buses or 'Porcupines' could economically carry small solid rockets that could be launched quickly in any direction. The buses could either be deployed on warning or predeployed in space. The goal for either deployment is to reduce the interceptors to little more than familiar IR-guided air-to-air rockets by shifting major acquisition, track, and discrimination functions from the individual missiles to the bus or another satellite altogether. In the former the cost of those functions could be shared by the bus's 10-100 missiles; in the latter the cost could be shared by all of the defensive missiles in the battle. If ERIS or Porcupine achieve their cost targets of a few hundred thousand dollars per intercept, they should be very cost-effective relative to offensive theater missiles. Offloading discrimination should make the sensors small, missiles efficient, and costs low.

"Discrimination can be classified as either passive or active. The former includes such concepts as imaging and radiometry; the latter ranges from low power inspection to high power interrogation. Passive and low power techniques should suffice against the penetration aids initially encountered in the theater. With time and development, however,

theater decoys could be made to look much like RVs to them. Thus, for the longer term, active measures are required."

## Lasers

"Current candidates for active measures include passive lasers and particle beams. Each uses a familiar mechanism to probe remote objects to measure their mass. Lasers probe with impulse. When a laser delivers a pulse of energy to an object, material is blown off, whose recoil imparts a measurable velocity to the object. The ratio of the impulse delivered to the velocity measured gives a measurement of the object's mass. If that mass is significant, the object is almost certainly an RV.

"The appropriate lasers for impulsive interrogation operate at visible and shorter wavelengths. Achievable pulse energies can generate readily detectable velocities in both RVs and decoys; their difference should be a robust discriminant. Impulsive interrogation also deflects the objects by an amount that increases with the laser's energy and the RV's range. *Thus there is a real possibility of using mid-course lasers not only for discrimination but also to kill the RVs identified.* [emphasis ours.]

"Basing is a concern. Although such lasers are about 10% efficient at scale, producing the large required input electrical pulses in space or on aircraft would be difficult. Ground based lasers are relatively insensitive to those problems, since they can tap into or generate the required power. Ground based lasers could interrogate many targets directly, since they could see the deployment phase of launches up to 1,000 km away, and the apogees of launches several times further away. But direct illumination involves long slant ranges through the atmosphere. That distorts the beam, requiring sensitive corrections.

"To avoid those long paths and corrections—and to exploit the whole mid-course rather than just its latter phase—the ground-based laser could instead be used to provide energy to mirrors carried above the bulk of the atmosphere by aircraft or satellites. Those 'hybrid' mirrors would then redirect the beam to its target. Aircraft basing is practical in the theater, since the ranges would reduce the redirecting mirrors to the order of a meter, which is practical for airborne applications. Space basing the mirrors avoids aircraft survivability concerns and operational constraints, but introduces concerns about satellite survivability. In the theater, however, both issues can be avoided by using popup deployments.

"In a popup mode the defender would, on detection and confirmation of attack, launch the hybrid mirror on a roughly vertical trajectory. The mirror could begin to operate as soon as it reached altitude, making almost all of mid-course accessible—the 30 seconds or so required to pop up the hybrid mirror would only constitute a 10% reduction. Popup extends the transmitter's range far beyond that available with either ground or air-based systems without incurring the full absentee and survivability costs of predeployment in space. The

ground based lasers would have to be made survivable and assured a clear path to the mirror. The main obstacle is size, but even with present scaling the lasers would have dimensions of 5-10 m, which is large but compatible with modularization for dispersal."

In the case of the Tactical Defense Initiative, only one laser-mirror pair is needed to handle the threat. Problems of discrimination are simplified because the number of reentry vehicles are less by an order of magnitude, and so he concludes: "But even if the attack involved 100 RVs with 10 decoys per RV, interrogating all 1,000 decoys during the 250-450 seconds available in midcourse would only require interrogation rates of a few objects per second, which is within the capability of a single repetitively pulsed laser-popup mirror pair. Since those performance levels are orders of magnitude below those required for strategic applications, theater mid-course discrimination could be an early application."

In the case of particle beams, Canavan also admits that while they are useful for purposes of detection, they can also destroy the RVs which they find. He writes: "When particle beams irradiate objects with hydrogen beams they produce a spectrum of neutrons, gammas, and x-rays, which can be detected remotely. The strengths of those signals are roughly proportional to the object's mass. That allows discrimination of the heavy RVs from the light decoys, which give essentially no return signal. Nominal beam parameters can support required interrogation rates and ranges.

"The beam's energy is set by the RV's mass, but its current and dwell time can be varied. Thus, particle beams could not only discriminate decoys but also destroy the RVs found. And they could do so quite effectively relative to both lasers and kinetic energy. Neutral particle beams would probably have to be predeployed in space because of their size, but they should still be survivable because of their ability to discriminate and defend against decoyed attackers.

"The principal problem in midcourse is the discrimination of the numerous, credible decoys possible there. Passive techniques look adequate in the near term; active concepts are required for the long. Pulsed lasers and particle beams look quite capable. Their interaction signals are strong, so they should be able to support robust discriminants. Popup basing looks practical for hybrid lasers; predeployment looks appropriate for particle beams. The key issue is their sensitivity to countermeasures. Given effective discrimination, the interceptors could be modest NNK missiles launched from the ground or a survivable space platform. Their combination would provide both a defensive footprint as large as the theater and the discrimination handover needed to fully exploit the endoatmospheric layers."

## Laser defense in boost phase

When Canavan moves on to discuss boost-phase intercept, he makes it clear that what he has in mind is not a



variant of the Graham high-frontier proposal, which would substitute off-the-shelf rocket technology for the use of advanced concepts, and in particular the deployment of lasers. While there may be shadings of difference on the profile which Canavan describes, for a multi-layered defense, it is emphatically not related to Graham's Rube Goldberg schemes. He writes:

"In the boost phase it is possible to attack the missiles and buses, which are much softer than the RVs they deploy. That provides many-for-one kills on MIRVed launchers and eliminates their decoys altogether. The boost phase concepts have been widely discussed. There are five main categories: space based lasers, ground based lasers, particle beams, kinetic energy weapons, and nuclear concepts. Space-based lasers burn holes in targets by focusing their energy on small spots on them for a fraction of a second.

"Ground-based lasers use space-based mirrors to focus microsecond pulses of energy on the targets and punch holes in them—an extension to higher energies of the impulse coupling phenomena discussed above for discrimination. Particle beams disrupt or destroy electronics, explosives, and structural elements of missiles, buses, and warheads. Kinetic-energy projectiles kill boosters and buses by colliding with them. Nuclear directed energy concepts are also being studied. Their principles of operation, scaling and countermeasures can be described briefly.

"Space chemical lasers produce power by burning rocket fuels and deliver it to distant targets with large focusing mirrors. The Defensive Technologies Study (DTS) indicated that laser powers of tens of megawatts and mirror diameters of tens of meters should be attainable. Satellites with 20 MW lasers and 10 meter mirrors, the '20-10' concept discussed for strategic defense, could kill targets hardened to the DTS's limit at a range of 1,000 km at a rate of several thousand per second. Thus, the simultaneous launch of a thousand missiles from the current distributed configuration would require the presence of about 10 satellites in the battle—although the total constellation would have to be about a factor of 10 larger to account for 'absenteeism,' the satellites that are over another part of the globe when the missiles are launched. There is reasonable agreement that space lasers of this size with nominal performance would need a constellation of about 100 satellites to achieve strategic defense goals."

Despite the fact that part of the cost-effectiveness of a missile system lies in the value of the assets which are protected from missile attack, strategic planners are being asked to justify deployment of an ABM system by a 1:1 ratio between cost of offensive and defensive missiles. Even on a strictly cost-accounting basis, Lyndon LaRouche has estimated that a ratio of 1:100 would be sound, when one includes consideration of the cost of the potential target. In any event, however, Canavan shows that a laser defense is cost-effective even by narrow criteria, and this without regard to kind of cost reduction which will occur as the technologies

implicit in the development of the SDI sift through the economy as a whole, raising productivities and thereby cheapening the cost of production of SDI hardware.

Canavan continues, "There has been less question whether the laser and mirrors could be built than whether it would be cheaper to deploy them or their countermeasures. The principal countermeasures are hardening the missiles, spinning them, decreasing their burn times, reducing the size of their launch areas, and attacking them. Hardening adds ablative material to provide more protection against the laser's radiation. Practical schemes must add protection over the whole booster. Since that area is about 1,000 times greater than that of the spot irradiated by the laser, the laser's preferential attack offsets the 100-fold advantage that accrues to the missile because the chemical efficiency of hardening is that much greater than that of generating the laser beam. Spinning the booster only decreases by about a factor of two the ten-fold net advantage for laser beams that track the heated spot on the target.

"The estimates above used a projected 100-second engagement time, although today's boosters have burn times and deployment times that are each about twice that value, giving them total engagement times of 400-600 sec. Fast burn boosters could ideally reduce theater burn times to a few tens of seconds. But if multiple warheads or decoys are required, their deployment extends the effective engagement time to about 100 seconds—even assuming that the buses can be made very hard while drifting to deployment altitude and deploy very fast once it gets there. Neither development is obvious. The buses face the same hardening penalties as the missiles, and they have to expose their soft interiors to off-load.

"Mathematically it is advantageous to the attacker to concentrate his missiles in a compact launch area—ideally a point—to try to punch a hole in the defensive constellation locally. With mobile launchers such a concentration of the missiles could be possible, but there are drawbacks. Simultaneous point launch onto anything other than a single, crowded trajectory means nonsimultaneous arrival at a given target, relaxing the time lines for the mid-course and endo-atmospheric defenses. Conversely, simultaneous arrival for structured attacks requires nonsimultaneous launch, which lengthens the boost phase engagement time and increases their effectiveness.

"It is possible to get away from these 'point trajectories' by dispersing the RV's trajectories. But the fractional change in an RV's flight time is about half that in its apogee, and from the flight time and apogee of an optimal 1,000 km trajectory are 450 seconds and 250 km, respectively, so spreading the trajectories by even 100 km vertically would spread their flight times by about 90 seconds, which could either increase the duration of the atmospheric defense by a factor of five, or increase the duration of boost phase defense by 100 percent. The former would reduce saturation of the



less expensive terminal defenses; the latter would offset the advantage to the attacker for having gone to the point launch in the first place. Point launch imposes no penalty on—and provides some advantages to—the area-insensitive pop-up-basing modes available in the theater.

“If the attacker is unable to penetrate the defenses without prohibitive losses, he could try to suppress them by attacking the defensive platforms just before the launch. For lasers the treatment of suppression largely covers the same issues as the earlier discussion of countermeasures, since the suppressing missiles would have to be protected by essentially the same techniques if they are to have any chance of reaching the satellites. But those techniques fail in suppression for the same reason they are ineffective as countermeasures. Against individual satellites they extract a modest penalty, but against full constellations, particularly ones that can kill boosters and discriminate decoys, defense suppression is extremely costly.

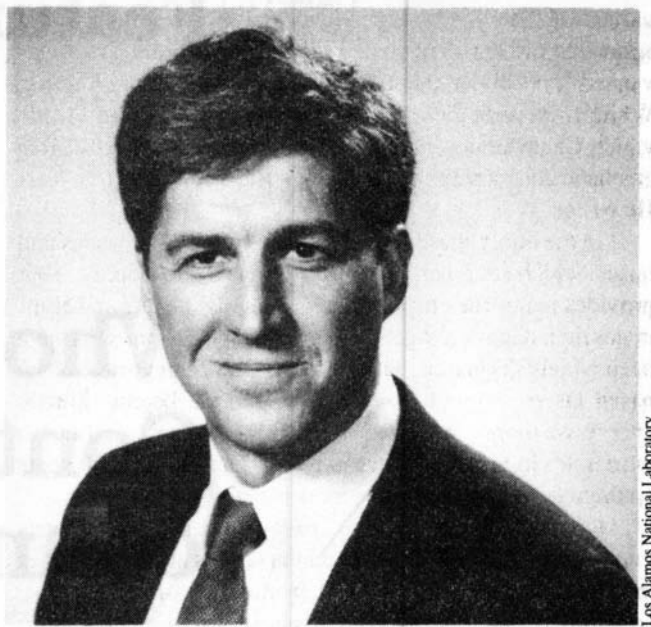
“Ground-based lasers obey roughly the same constellation-size scaling as space lasers, although visible lasers can produce the same brightness as infrared lasers of the same power with mirrors a factor of 10 smaller and 100 lighter. Ground basing takes the massive laser out of space, but it does so at the price of ground facilities that must be made survivable and provided with an unobstructed propagation path.

“Particle beams obey roughly the same scaling, with significant modifications for lethality, since they could kill targets at the same rate as lasers 100-1,000 times brighter. Countermeasures to particle beams are difficult. For a bus the hardening penalty would be about 1.5 tons, essentially its whole payload.

“The strongest constraint is fast burn boosters. Ideally, they could burn out as low as 70-80 km, while particle beams only penetrate down to 120-130 km. There is, however, a window for them to engage the buses, which should start to deploy at the altitudes the beams can reach in order to avoid drag. The particle beam’s engagement time is then decreased to roughly the buses’ deployment time which might only be a few tens of seconds, but even that overlap could be significant. During deployment the buses cannot tolerate disruption of their electronics. But disruption requires very little current, so the beam could split its large total current and disrupt many buses simultaneously, which effectively destroys it.”

### **Kinetic energy weapons at boost phase**

“Kinetic energy concepts for boost phase are an extension of the NNK missiles discussed earlier. Their goals remain the development of small, cheap missiles with simple IR sensors. Their constellations scale somewhat differently than those for directed energy. For the current distributed launch configuration they scale at approximately the number of offensive missiles divided by the launch area, giving about the



*Dr. Gregory Canavan, author of Swords and Shields*

Los Alamos National Laboratory

same size constellations as lasers. For point launch, the engagement time determines the scaling, giving constellations an order of magnitude larger, which could still, however, be acceptable if the defensive missiles meet cost goals.

“Countermeasures to kinetic energy platforms are limited. Hardening has little effect at high additive closing velocities. Spinning has no effect for the same reason. Fast-burn boosters could burn out at altitudes that are inaccessible to simple IR homing sensors. But that is compromised by the buses; need to deploy at altitudes, which the defensive missiles can reach. The fact that this only affords a few tens of seconds to engage does not represent a constraint, since NNK engagements are effectively simultaneous.

“Constellation estimates must also consider the warning delays needed to control false alarm rates, but that need take only a few seconds. Current technology could detect and characterize the threat in a few seconds; newer technologies much faster. The real concern appears to be the limited time for human intervention. That implies automation, which is disturbing to those who view it as provocative. But automating the launch of a unique missile onto a non-threatening trajectory with a payload that could not reach, let alone destroy, anything within the atmosphere is not threatening.”

The complexity of battle management, particularly with kinetic energy weapons, is a serious consideration in evaluating the feasibility of an SDI defense. In theater defense problems this is simplified by an order of magnitude. For theater defense, the threat is scaled down by about a factor of 10, so that the defenses can be reduced accordingly. This means that overall computational and control problems are reduced by somewhere between 10 and 100 times. In the next article, we shall develop this aspect of the question.

## Who runs the Contra cocaine connection?

by Gretchen Small

“We have investigated all the accusations, in some cases exhaustively, and we have found no substantial evidence which supports them,” Justice Department spokesman Patrick Korten stated on Aug. 14, 1986, reporting the results of the Department’s investigations into charges that the Nicaraguan Contras run narcotics.

That Justice Department statement was even more sweeping than the one handed to Congress on April 16, 1986, by Assistant Secretary of State for Inter-American Affairs, Elliott Abrams, himself involved in the day-to-day affairs of the Contras. Some Contras “may have engaged in such activity,” Abrams’s release read, but “it was, insofar as we can determine, without the authorization of resistance leaders.” The “limited number of incidents” found, occurred during an 18-month period when the Contras were receiving no U.S. assistance, leaving them “particularly hard-pressed for financial support.”

No substantial evidence? The independent counsel in charge of “Irangate” investigations, Lawrence Walsh, has decided to take over investigations into the Contra narcotic connection, and has asked the Justice Department to hand over all relevant files. Included in one of those files, according to a report in the *Wall Street Journal* on Jan. 9, is the testimony of a witness that bags of cocaine were seen loaded onto a Southern Air Transport cargo plane in Barranquilla, Colombia, in 1985—the *very same* plane that was shot down over Nicaragua on Oct. 5, 1986, ferrying weapons to the Contras.

The political fall out of the “narcontra” story has only begun to hit the United States. As the full story of the Contra cocaine connection comes to light, the U.S. officials complicit in Contra drug-trafficking, those who covered up that traffic, and certainly any official who defends drug-running on the grounds that the drug-trafficker in question was “financially hard-pressed” at the time, will face the wrath of an American public that has discovered the names of those who murdered its children through drugs.

From Day One of the first Reagan administration, *EIR* and Lyndon LaRouche, Jr. warned President Reagan that if he accepted the Contra policy for Central



NSIPS/Jeffrey Steinberg

*Guatemalan Army soldiers burning marijuana seized in a jungle raid in November 1985. While ostensibly committing itself to a hemispheric War on Drugs, the United States has, through its support for the Nicaraguan Contras, ended up boosting the very drug traffickers who are flooding dope into American cities, and undermined the nationalist military that wants to fight drugs.*

America, the administration would, sooner or later, face a “Watergate” of insurmountable proportions. The Contras are drug-runners, we warned; if they receive U.S. government support, no credibility will be left to the new administration’s War on Drugs.

President Reagan did not listen, but succumbed instead to the blackmail and pressures of the Trilateral Commission, whose leading members, including Alexander Haig and Henry Kissinger, designed the Contra policy. Unless U.S. support for the Contras is immediately halted, and those responsible prosecuted, President Reagan may yet pay the price for that error.

As the following articles show, the problem is not a few rotten apples in the Contra barrel, nor that Contra supporters hoped to turn a rough crowd into an anti-communist force, and reform them in the process. The Contra policy was designed from the beginning as part of Henry Kissinger’s stated plan to turn Central America into a new Hong Kong, a dope haven bled by endless warfare. The Contras never had anything to do with stopping the Soviet advance upon the U.S. southern flank. *The Soviets control the narcotics traffic of which the Contras are but one part*—and they have demonstrated their support for the Contras by selling them weapons, even as they arm the Sandinistas.

The Polish government sold \$6 million worth of AK-47s to the Contras, U.S. newspapers reported in 1985. In June 1986, the Panamanian military stopped a Danish ship, the *Pia Vesta*, on its way to El Salvador, where it was to deliver 250 tons of Soviet-made military equipment—sold by East German state trading companies to the NSC-directed Contra resupply line headquartered out of the Ilopango base in El Salvador.

Was this Soviet support a secret? The *Wall Street Journal* wrote on July 18, 1986: “[Lt. Col. Oliver] North’s work had risks. It is full of secrets which are very dangerous to reveal; for example, the identity of the people who are providing East bloc arms to the Contras.” Someone knew, and they knew the Contras run drugs.

The U.S. dope connection in the Caribbean is nothing new. Since the days of Teddy Roosevelt, U.S. policymaking for the Caribbean and Central America has been kept tightly in the grip of the United Fruit-centered financial interests who run the narcotics trade from the top. The Contras of today are the children of mobster Meyer Lansky’s Batista and Somoza; the Sandinistas and Castroites, the children of Lansky’s Caribbean Legion. All—Batista, Somoza, the Caribbean Legion, the Sandinistas, and mobster Robert Vesco’s protector, Fidel Castro—had their backers in the American intelligence community.

The grouping that pushed the Contra-cocaine policy upon the Reagan administration—the “bankers’ CIA”—is the same that pushed drugs in Southeast Asia, and that runs the American Institute for Free Labor Development (AIFLD), State Department-funded institution which has payrollled cocaine runners as “labor” leaders throughout Ibero-America.

The networks of former CIA Assistant Deputy Director of Operations Ted Shackley are already under investigation in the Iran-Contras scandal, for running dope in Southeast Asia and Central America. Soon, the name of AIFLD founder and Contra-supporter Cord Meyer will figure in the investigations. After all, Meyer’s leading protégé in Central America, former Costa Rican President José “Pepe” Figueres, runs a chunk of the Contras, and is a leading business partner of the Havana-based drug baron Robert Vesco.

# Cocaine mafia says: 'I'm a Contra, too'

by Jeffrey Steinberg

Beginning in 1984, in an effort to revive its already discredited policy of support for the ragtag Contra forces combating the Sandinista regime in Nicaragua, the Reagan administration launched an ambitious campaign to expose the Nicaraguan junta's active role in running cocaine into the U.S.A. in conjunction with Colombia's notorious Medellín cocaine cartel. The U.S. government in July 1984 seized \$43 million in cocaine as it was offloading at a Florida airstrip, and obtained undercover surveillance photographs of a top Sandinista official, Federico Vaughn, supervising the loading of cocaine onto a U.S.-bound plane at a Sandinista military air base near Managua. Vaughn, along with Colombia cocaine lord Pablo Escobar Gaviria and four others, was indicted by a federal grand jury in Florida in late 1984.

On Feb. 19, 1986, the chief witness against Vaughn, Escobar Gaviria, and the others, a former U.S. Green Beret and commercial pilot named Adler Berriman Seal, was assassinated in Baton Rouge, Louisiana. U.S. federal officials were complicit in the assassination. Despite the loss of a crucial witness, the Department of Justice on Nov. 18, 1986, unsealed a 39-count indictment in the U.S. District Court for the Southern District of Florida, charging Vaughn and the entire leadership of the Medellín Cartel with cocaine trafficking and murder conspiracy.

Far from merely scoring propaganda points against the Sandinistas, the 1986 indictments signaled a serious push to break the back of the Colombia cocaine connection. Yet at the same time, U.S. officials were backing the Contras, *who are part of the identical cocaine trafficking organization*, enjoying access to the same Medellín Cartel, and, utilizing some of the very same Caribbean and Swiss dirty-money-laundering facilities and the same "Israeli Connection" to convert dope profits into arms purchases.

Long before "Irangate," *EIR* warned that President Reagan risked the biggest scandal of his presidency, if he continued with his "I'm a Contra" policy. Even in the absence of the now voluminous evidence in the possession of the government, *EIR* characterized the Contra-Sandinista struggle

as an internal fight within the Central American branch of Dope, Inc., and urged that Reagan drop the Contras before his entire War on Drugs policy wound up in shambles. The Central American drug trade, we said, is run jointly by an East-West condominium, which is using its millions in dope profits to turn the region into a killing field reminiscent of Southeast Asia, vintage 1971. In the case of the Contras, the evidence is overwhelming, linking them to the Soviet Union and Cuba, as well as to the Eastern Establishment faction in Washington known as the "bankers' CIA."

Other sources have also pointed to the Contra-drugs connection. In March 1986, months before Irangate or Contragate became household words, the Washington, D.C. Christic Institute filed a civil suit in the Southern District of Florida on behalf of two Costa Rican-based journalists, Tony Avirgan and Martha Honey, who were injured as the result of a May 30, 1984 bomb attack on a press conference being given by Eden Pastora at La Penca, Nicaragua. Named as defendants in a seven-count amended complaint filed Oct. 3, 1986 are the entire leadership of the Contra movement, such National Security Council consultants and staffers on the Iran and Contra projects as Albert Hakin, Maj. Gen. Richard Secord (USAF-ret.), and Gen. John K. Singlaub (USA-ret.), and Medellín Cartel leaders Escobar Gaviria and Jorge Ochoa.

In a highly unusual 95-page affidavit filed with the court on Dec. 12, 1986, Christic Institute General Council Daniel Sheehan presented the results of a three-year private investigation into the Contras, drawing upon 78 separate witnesses, including former CIA covert operative Edwin Wilson and a dozen unnamed former and active top CIA and Pentagon officials.

Among the allegations detailed in the affidavit is the use of a ranch in Costa Rica belonging to John Hull, a contract agent for the NSC, as a transshipment point for Colombian cocaine bound for the United States, and for U.S. and other arms going to the Contras. Felipe Vidal and Rene Corbo—both Cuban-American veterans of the Bay of Pigs—are named by Sheehan as the architects of the cocaine-for-arms activities, acting on behalf of Escobar Gaviria and Ochoa. Miami, New Orleans, and Memphis were cited as the U.S. centers of the coke trafficking. In Miami, according to Sheehan, Francisco Chanes, Frank Castro, and Rolando Martina, all partners in a pair of seafood importing companies and all activists in the Cuban exile and Contra efforts, brought in tons of cocaine via the Vidal-Corbo route.

Sheehan points to a U.S. intelligence network, including Assistant Defense Secretary Richard Armitage and others, which has been up to its ears in the Contra drug-running, as it had previously been in Laos, during the Vietnam War era.

Is the Sheehan affidavit credible? According to a wide variety of public sources, and an *EIR* probe, many of the pieces check out.

● According to the *Wall Street Journal* of Jan. 15, Department of Justice officials in Miami have confirmed Rene

Corbo's role in shipping equipment to the Contras' resupply base at Ilopango Air Base in El Salvador. The CIA station chief in Costa Rica confirmed to law-enforcement officials last year that Hull's ranch had been used to funnel supplies to the Contras for years.

● Another *Wall Street Journal* article one week earlier bared one of the major drug connections to the Contra supply lines—a connection that begins also to raise serious questions about the East-West entanglements in the Central America guns-for-dope business. According to intelligence sources cited in a Jan. 8 article by David Rogers and John Walcott, one of the key shell companies involved in managing the Contra supply operations at Ilopango was a Panama-registered firm, Amalgamated Commercial Enterprises, incorporated in November 1984. ACE was a money-laundering outlet for Southern Air Transport, a “former” CIA proprietary company responsible for many of the illegal Contra supply flights—including the Oct. 5, 1986 flight shot down over Nicaraguan territory that led to the arrest of pilot Eugene Hasenfus—and for the arms shipments to Khomeini in 1985 and 1986 that were at the center of the arms-for-hostages deal cooked up by the Israeli Mossad and the Reagan National Security Council.

All of the identified officers and directors of ACE are employees of International Management and Trust Corporation, another Panamanian firm created by Hungarian-born Panamanian businessman Steven Samos (see article, pp. 34-35). As reported in both the Panamanian press and an *EIR* White Paper issued last year, Samos was at the center of a Mossad-linked drug-money-laundering apparatus that deployed hundreds of millions of dollars on behalf of a Cuban-American marijuana smuggler, José Antonio Fernández, between 1976-81. Some of that money went to the illegal purchases of at least two Florida banks—Dadeland Bank and Sunshine State Bank.

Is there a continuity from the Samos-Fernández dope-smuggling and money-laundering efforts into the Contra connection of today? Even on the surface, the answer is “yes.” In early 1981, as U.S. authorities were closing in on Fernández, his entire operation was taken over by the Medellín Cartel group under Pablo Escobar Gaviria. Among the Escobar Gaviria “heavies” used to take over the Samos-Fernández organization, was the same Frank Castro named in the Christic Institute litigation.

The Samos trail weaves into the biggest and most enigmatic “U.S. connection” into the Colombian and Bolivian cocaine and marijuana cartel, a connection that U.S. Attorney General Edwin Meese has labeled the biggest cocaine ring ever nabbed by U.S. authorities. The ring includes:

● A Samos business associate in oil tax-evasion schemes named Leo Israel Bloom, of Reading, Pennsylvania. Reportedly a financial backer of Israeli mafia figure Gen. Ariel Sharon, Bloom has been identified by intelligence and law-enforcement sources as the “Reading-Scranton connection”

of a multibillion-dollar guns-for-drugs apparatus associated with Harold Rosenthal. Rosenthal is serving a life sentence at the federal penitentiary in Atlanta for marijuana and cocaine trafficking and for ordering the 1984 assassination of Colombian Justice Minister Rodrigo Lara Bonilla. That assassination was carried out by hit-men from the Medellín Cartel. That Cartel, according to the Christic Institute suit, put a \$1 million contract out through the John Hull-Contra group, against former U.S. Ambassador to Colombia Lewis Tambs. Tambs was a close collaborator of Lara Bonilla in the Colombian government's crackdown on the narco-terrorist apparatus. Tambs was reassigned from Bogota to Costa Rica as the result of the threats to his life.

Incredibly, Rosenthal's sole defense in his 1984 case, in which he was convicted of running a private air force that brought billions of dollars worth of cocaine and marijuana into the United States, was that he was working for the CIA to penetrate Marxist guerrilla groups in South America.

Bloom, like Samos a graduate of the Wharton School of Business, set up Dome Insurance on St. Croix in the U.S. Virgin Islands as a money-laundering channel that was linked in a December 1985 New York federal indictment to an oil tax-evasion scheme run by the Brooklyn-based, KGB-controlled Russian Jewish mafia. One of the key companies named in the indictment, Houston Holding, Inc., was incorporated in Panama by Steven Samos.

Intelligence sources have linked Bloom to a Scranton-Wilkes Barre, Pennsylvania company, Air America, Inc., that was busted in July 1986 for bringing 7.5 tons of cocaine into the United States from the Medellín Cartel. Air America, Inc. was named after the well-known Vietnam-era CIA proprietary; its president, Frederik John Luytjes, started out as the chief pilot for an arms exporting outfit in Scranton. The entire network has been unofficially linked by Drug Enforcement Administration agents to the Rosenthal ring, which in turn is believed to be virtually identical to the Contra-cocaine connection into the Medellín Cartel. Unofficially, these sources have told *EIR* that the entire nexus of air transport companies, including Southern Air Transport, Air America, Inc., etc., is central to the guns-for-drugs traffic fueling the Central America conflict.

### **All roads lead to Vesco**

As the result of initial investigations conducted by the U.S. Congress and the Department of Justice, the Geneva and Tel Aviv operations of the weapons-trafficking apparatus servicing both the Contras and the Khomeini regime, have been publicly exposed. Now, if the House and Senate Select Committees and Independent Counsel Lawrence Walsh rigorously pursue their mandates, the actual center of the “Contra-Khomeini connection” will likely be traced to the Havana, Cuba compound of Robert Vesco.

Back in 1970-72, Vesco was hand-picked to take over the Swiss-based money-laundering empire of Bernie Corn-

field: Investors Overseas Service. IOS was a favorite dirty-money sieve of the Caribbean-centered organized crime empire of the late Meyer Lansky. According to Cornfield himself, the New York law firm of Willkie, Farr, and Gallagher—under the direction of senior partner Kenneth Bialkin and the firm's Geneva-based representative Willard Zucker—ran the Vesco takeover and the ultimate disappearance of hundreds of millions of dollars. That money would be the basis for Vesco's mid-1970s emergence as the fugitive kingpin of the Western Hemisphere drug empire, now centered out of the Medellín Cartel.

Circumstantial evidence suggests that as part of this Vesco maneuver—in effect an upgrading of the Lansky apparatus—Zucker, the Geneva business partner of Vesco's law firm, in 1971 founded Compagnie de Services Fiduciaires,

the very same CSF used by the Mossad and the National Security Council to launder funds derived from the arms sales to Iran, funds in part diverted to arm the Contras. CSF maintained the Geneva accounts for Stanford Technologies International of Gen. Richard Secord and Iranian businessman Albert Hakim.

These days, Vesco is operating out of Havana. He has been identified as the architect of Castro's and the Sandinistas' involvement in the drug trade. In fact, Vesco has been identified by U.S. government sources as the controller of Federico Vaugh, the former deputy interior minister of the Sandinista junta. Vesco is certainly the "Cuban connection" to Carlos Lehder Rivas—another indicted member of the Medellín Cartel, whose business ties to Vesco date back to 1978, when the two established a drug route between the

## Who's who in the Contra cocaine traffic

### Nicaraguan Democratic Force (FDN)

Based out of Honduras, the FDN grew out of the initial mercenary group recruited by the CIA in 1981. The FDN has received the bulk of U.S. and Israeli training, financing, and supplies, and today is by far the largest of the Contra operations, numbering an estimated 12,000-15,000 men, under the command of former National Guard officer **Enrique Bermúdez**. A majority of the FDN military command are former National Guardsmen. **Adolfo Calero** is president of the FDN's directorate and a member of the triumvirate ruling the Unified Nicaraguan Opposition (UNO), a Contra umbrella group founded in 1986 on U.S. orders. Both Bermúdez and former Coca-Cola Company manager Calero have been described as having long-standing CIA ties.

U.S. officials have been adamant that no FDN narcotics trafficking exists. In April 1986, Assistant Secretary of State Elliott Abrams testified to Congress that the FDN has no ties to the drug trade. Calero dismissed the charges, with the wild lie that Honduras "has never been known as an outlet for drugs." The record speaks otherwise.

- As the direct creation of the secret deal between Ariel Sharon and Alexander Haig, the FDN is advised by **Gen. (ret.) Gustavo Alvarez**, who protected cocaine-smuggling networks within the Honduran military.

- Five American supporters of the rebels reported to Associated Press in December 1985, that FDN bases set up in Costa Rica, which are advised by members of the **Cuban-American Brigade 2506**, have established a major cocaine transshipment route. Details of that operation

were subsequently released in the Christic Institute's Miami conspiracy suit against Contra backers, alleging that up to one ton of cocaine a week enters the United States through this network.

- A November 1986 raid by Honduran police on a marijuana farm located next to one of the FDN's main base camps near Capire, found three Nicaraguan exiles working the farm, including **Pastor Rivera García**, who identified himself as an FDN intelligence officer. The police report mentions at least 10 cases of Contra involvement in drugs since 1985, and those arrested gave further information on the extent of FDN drug trafficking.

- A federal law enforcement official is prepared to testify, if asked, that FDN Commander **Enrique Bermúdez** escaped arrest in Honduras after being tipped off that a scheduled drug deal was a police trap, set by police officials who knew that "he had been actively trafficking in cocaine," according to an unreleased memo prepared by Sen. John Kerry's (D-Mass.) staff, Reuter reported on Jan. 9.

### Southern Opposition Bloc (BOS)

The BOS is the newest of the Contra groups, formed in July 1985 by the merger of several factions of the Democratic Revolutionary Alliance (ARDE) and other Costa Rican-based groups. Its leadership is primarily drawn from exiled former Sandinista officials, many of whom, like **José Dávila** and **Eden "Zero" Pastora**, led the Pepe Figueres-financed Southern Front of the Sandinistas in 1979.

The administration has evidence implicating ARDE officials in drug-smuggling, Abrams testified in congressional hearings in March 1986. Nonetheless, the majority of the BOS commanders, including former ARDE leaders, joined the UDN/FARN (see below) in the spring of 1986, in order to meet CIA conditions that they join the



Bahamas and southern Florida, in the footsteps of Meyer Lansky.

Vesco still has the time to run multimillion-dollar real estate scams inside the United States—this time through a Swiss company, Terra Invest, controlled by him out of Sofia, Bulgaria, the capital of East bloc organized crime.

And when an American visitor wishes to cross the Sugar Cane Curtain and confer with Vesco in Havana, the preferred "safe channel" for making the contact and travel arrangements is former Costa Rican President "Pepe" Figueres. A veteran of the old Caribbean Legion that also included Fidel Castro, Figueres is an old-time asset of the bankers' wing of the CIA, tied to the drug-peddling United Fruit Co. (now United Brands) and to the American Institute for Free Labor Development (AIFLD). Figueres is known as the initial fun-

der of the entire southern front of the Contra operations.

Even more to the point, U.S. military sources have told *EIR* that the brother-in-law of former Costa Rican President and Figueres' protégé Monge, David Yankelovitch, is heavily involved in the Contra arms-supply operations. He had also been a business partner of Mata Ballesteros, the top Honduran drug-runner who is a kingpin of the Colombia-Mexico drug connection. The two set up a series of shell companies to launder dope money.

According to sources intimately familiar with the Contra operations, Pepe Figueres's ranch, "La Lucha Sin Fin," houses a secret arms refurbishing plant which regularly receives shiploads of guns from the East Coast of the United States. Those arms are sold to the highest bidders in the Central American conflicts, especially to the Contras.

UNO coalition in order to receive CIA monies.

Today the BOS is headed by the former head of the Sandinista Central Bank, Alfredo Cesar; it holds observer status in the Socialist International, and recently agreed to join the U.N.O. also. Military commanders from the Miami-based Nicaraguan Coalition in Opposition to the Regime, a group of former National Guardsmen split from the FDN, will soon join the BOS forces, to "reactivate" its military forces, BOS leaders announced in December.

### **Nicaraguan Democratic Unity/ Nicaraguan Revolutionary Armed Force (UDN/FARN)**

Led by **Fernando "El Negro" Chamorro**, the UDN/FARN formed part of the ARDE coalition, until it split out in 1983 to operate independently. At CIA urging, the UDN/FARN's military operations expanded in 1986, when six commanders left ARDE to join "El Negro's" group. A team of 10-50 former members of Brigade 2506 advises this group, which, according to Senator Kerry's report, also received financing from alleged trafficker **Francisco Chanes**.

In January 1983, federal agents seized 430 pounds of cocaine in San Francisco, shipped from Colombia via Costa Rica, in the largest seizure in West Coast history. Thirty-plus members of a Bay Area cocaine ring which had been operating for several years were then arrested. The leaders of the gang were members of the UDN/FARN, and carried documents signed by Contra leaders identifying them as such. One of those convicted, **Carlos Cabezas** (a former member of Somoza's Air Force), testified that he worked with two different Contra groups, and his drug profits "belonged to . . . the Contra revolution." His partner, **Julio Zavala**, stated that he had sent at least \$500,000 to ARDE and the FARN, according to the *San Francisco Examiner* of March 16, 1986.

The UDN/FARN ring worked with **Horacio Pereira Lanuza**, a Nicaraguan nationalized Costa Rican, who is believed by Costa Rican authorities to head the largest trafficking ring operating in Costa Rica, *La Nación* of San José reported Nov. 26, 1986. According to *La Nación's* report, Pereira, who ran night clubs and casinos in Managua under Somoza, has directed a cocaine ring for the past five years operating in Honduras, Costa Rica, Colombia, Panama, and the United States. Sentenced to 12 years imprisonment for drug trafficking by a Costa Rican court in June 1986, Pereira is now a fugitive.

### **M-3 Movement**

The M-3 is a split-off of the ARDE operating in Costa Rica. Its leader, **Sebastián González** (alias "El Guachán") fled Costa Rica after being accused of cocaine trafficking in November 1984. González worked closely with Eden Pastora and the Panamanian "Contra," Hugo Spadafora. Pereira was also González's supplier, *La Nación* reported.

### **Misurata and Kisan**

These two Miskito Indian forces replicate the political divisions between the Somoza-dominated FDN and the ex-Sandinista Southern Front.

Kisan, led by **Steadman Faggoth** and based in Honduras, works closely with the FDN, and has been financed by the Confederation of Associations for the Unification of the Societies of the Americas (CAUSA—the Moonie group working closely with General Alvarez). Misurata, led by **Brooklyn Rivera** and **Armstrong Wiggins**, has attempted several times to negotiate a deal with the Sandinista government. In 1986, one hundred-plus members of the Libyan-financed terrorist American Indian Movement declared themselves "Contras" also, and joined the Misurata fight.

# Central America's Israeli connection

by Joseph Brewda

In November 1983, in a meeting with Israeli Prime Minister Menachim Begin, President Reagan consented to the creation of a Joint U.S.-Israel Political-Military Committee. Nominally aimed at greater coordination of Middle East policy, the agreement ratified Israel's *carte blanche* to sell weapons and provide "security assistance" throughout Central America and the Caribbean. The U.S. representative to the Committee was first Lawrence Eagleburger, who left the State Department a year later to become president of Kissinger Associates; then Michael Armacost, a member of the National Security Council's 208 Committee, the hub of the covert operations that set off the Contra-Irangate scandal.

Israel's permanent representative to the semi-annual planning meetings, and continuous back channel, was David Kimche, a former Mossad executive who was the director general of the Israeli Foreign Ministry, and Israeli architect of the arms-for-hostages deal with Khomeini.

The Joint Committee merely ratified a policy spelled out in the secret military clauses of the 1978 Camp David accords (negotiated on the U.S. side by Maj. Gen. Richard Secord and Eric Von Marbod), and in the 1981 informal Memorandum of Understanding between Israeli Defense Minister and leading Israeli mafia figure Ariel Sharon and then Secretary of State Alexander Haig. (Haig, an active player in bringing about the 1979 revolution in Iran, was the Reagan administration's biggest booster of the Contra policy until his ouster in summer 1982.)

Israel would be Washington's surrogate in Central America—no questions asked. Israel embarked on a binge of gun and drug trafficking and attempted coups modeled on the 1980 "cocaine colonels" coup in Bolivia, in which the Sharon gang was heavily involved. The already corrupt NSC staff became the main liaison to the Israelis.

While part of a strategic "New Yalta" policy, *greed* is key to understanding the Israeli mafia's involvement in Central America and its role in fueling the Contra policy. In 1977, when Israeli arms brokers moved into Guatemala in the wake of Carter's "human rights" embargo, Israeli weapons and other equipment were made available to all bidders—at an average 400-600% markup. Arms brokers David Marcus Katz and Pesach Ben-Or based in Mexico City and Guatemala City, respectively, and Jacob Nimrodi, the top Israeli gun-runner to Iran, had skimmed huge profits off the top of the Reagan administration's covert support for the Contras,

according to a Dec. 12, 1986 article in the *Washington Post*.

Every step of the way, the Israeli brokers had the stamp of approval of Sharon, Kimche, and the Trilateral Commission's Zbigniew Brzezinski, for these rich deals.

Katz and Ben-Or were ushered into Central America by Ariel Sharon who, starting in November 1982, began annual trips to the region. Sharon's first target was Honduras (see box) where he hooked up with General Gustavo Alvarez in what evolved into an aborted coup attempt.

To get things going, Israeli intelligence created a string of front companies in the United States and Central and South America. Under the secret terms of Carter's Camp David accords, the Israeli agents controlled warehouses of U.S.-made weapons on U.S. territory which were declared off limits to U.S. law enforcement for years. Numerous sources have identified some of these front companies and players. They include:

- Sherwood International. Based in Washington and Miami, Sherwood "advises countries and companies on international arms sales." Directed by Israeli national Michael Koken, Sherwood has worked as an NSC-sanctioned arms smuggler into Central and South America, and elsewhere. Sherwood's network reportedly overlaps that of Israeli Col. David Ben David, now Miami-based, who had earlier overseen Mossad operations in Asia, including bankrolling private armies in the Philippines.

- Israeli Aeronautics Industry. The premier Israeli arms-smuggling company was spun out of the old U.S. Sonneborn Institute networks which smuggled U.S. arms to the Haganah during the 1948 Israeli War of Independence. IAI's founder and director, Al Schwimmer, was recently exposed as the Israeli who oversees Israeli arms sales to Iran. During the Sonneborn Institute days, Schwimmer oversaw arms trafficking to Palestine through his partnership with Nicaraguan leader Anastasio Somoza. Today, IAI's Central and South American arms trafficking is directed by Mexico City-based David Marcus Katz.

- Pesach Ben-Or and David Marcus Katz. Since his sponsorship by Brzezinski in 1977, Ben-Or has operated from the top three floors of the Cortijo Reforma Hotel in Guatemala City, directing sales of guns to the Contras and other insurgent groups. Occupying these same floors is a special unit of the Cuban DGI, which, in partnership with Ben-Or, coordinates the breaking of the U.S. blockade to the Sandinistas' Nicaragua.

Ben-Or's Mossad business fronts first took off, as intended, after the Carter administration's embargo of several states in Central and South America, including Guatemala. Six months into the 1977 embargo, Zbigniew Brzezinski quietly told Guatemalan President Lucas that he should expect an approach from David Marcus Katz, IAI's man in Mexico City. Katz offered the Guatemalans, then facing Cuban-backed insurgents, Galil rifles—at a 300% markup. In 1982, Ben-Or and Katz, together with some 300 Israeli "advisers" in Guatemala, brought the "born again," lunatic General Rios

Montt into power in a bloodless coup—a coup intended to enhance arms sales throughout the region, by the wars Montt was to provoke.

- Echemecs. Operating under the cover of an agricultural implements firm, Echemecs is one of the fronts established by Ariel Sharon during his tenure as Agriculture Minister of Israel. In 1984, Echemecs, with its associated firm, International Security Defense Systems, was the base for a coup try by former Honduran Defense Minister General Alvarez. Financing for the coup derived from cocaine sales by the Echemecs-linked Gerard Latchinian, now in a Honduran jail.

### **Mossad coup capability**

The Mossad, especially since Henry Kissinger “farmed out” U.S. covert operations to the Israelis, has run NSC-sanctioned coups all over Central and South America, and elsewhere. In some cases, the attempts have been deliberately bungled, like the coup tried against the Soviet-controlled regime in Surinam.

The model for these operations is the Mossad coup in Bolivia in 1980, coordinated by Sharon-ally Israeli Gen. Rehavam Ze’evi. In 1977, Ze’evi nominally left Israeli intelligence to go to Ecuador, where he established a security firm to advise the government. Traveling with Ze’evi was his business partner, Betsalel Mizrahi, one of Israel’s most notorious drug smugglers. From Ecuador, Ze’evi worked with elements of the Argentine military and the Unification Church (Moonies) to put the “cocaine colonels” in power in Bolivia, to foster the creation of Israeli-directed “narco-empires.”

Mossad coups in the region, as well as arms sales, were helped by Carter’s “human rights” embargos. That policy has been continued under Reagan by Elliott Abrams, who became Assistant Secretary of State for Human Rights, and then for Inter-American Affairs. Under Abrams’s tenure, Sikh narco-terrorists were protected by the State Department and NSC, and safehoused in Ecuador. Abrams, whose ties to the Mossad proceed through the Anti-Defamation League (ADL) and the Committee for the Free World, was also recently exposed as an architect of conduiting illicit or “private” funds to the Contras.

One typical Mossad coup attempt took place on the island state of Dominica. In 1979, one Charles Yanover, a Mossad cut-out and gangster based in Toronto, funded two dozen members of the ADL-controlled Nazi parties and Ku Klux Klan chapters of Louisiana and Canada to overthrow the government of Eugenia Charles. Yanover, whose brother was then a senior official in the Canadian government’s Privy Council, had earlier been involved in a North Korean-funded plot to assassinate the head of state of South Korea. Yanover’s mob patron, the Cuban-based Robert Vesco, wanted to use Dominica as a transshipment point for his weapons and drug empire. This same Vesco now assists Cuban and Soviet arms running to the Sandinistas; and his associates, Pesach Ben-Or and David Marcus Katz, traffic weapons to the Sandinistas’ Contra opposition.

## **Dope, Inc.’s pointman in Honduras: Gen. Alvarez**

Former Honduran strongman Gen. Gustavo Alvarez has been an important nexus point for the Contras-drugs-arms network in Central America. From his start in the ’70s as a lieutenant colonel taking bribes from the Standard Fruit Company, Alvarez was rapidly promoted to the top ranks, becoming the undisputed power of Honduras.

Under U.S. Ambassador John Negroponte from 1981-84, Alvarez was groomed as the region’s pointman for the Contra apparatus then being emplaced. Under Alvarez’s direction, Honduran military intelligence, the G-2, became the liaison between the Contras and the Army, and in December 1982, then Israeli Defense Minister Ariel Sharon visited Honduras to set up arms-trafficking networks. Behind the press fanfare was a reputed secret arms deal and military pact.

Sharon’s visit was immediately followed up by that of the Rev. Sun Myung Moon’s right-hand man, Col. Bo Hi-Pak, who helped to establish the political and financial apparatus for Honduras’s upgraded role in the drugs-for-arms smuggling network behind the Contras. The Moon cult’s “anti-communism,” like Alvarez’s, is but the cover for its cocaine connections. It was no accident that the publication of the Moon cult’s Ibero-American group, CAUSA, openly praised the Bolivian “cocaine colonels” of Col. García Meza as a paradigm of “anti-communism.”

Bo Hi-Pak helped found APROH, the Association for the Development of Honduras, which became the civilian sponsor of Alvarez’s corrupt faction within the military. Alvarez himself was inducted into the Moon cult, and permitted the Moonies to proselytize within the military.

Anti-Alvarez forces within the Honduran military succeeded in ousting the general on corruption charges in March 1984, putting him forcibly on a plane for Miami. In October 1984, the FBI announced the arrest of eight men in Miami, including several prominent Alvarez backers, caught transporting \$10.5 million worth of cocaine to finance a coup/assassination plot against then Honduran President Suazo Córdoba. Named as head of the plot was Alvarez’s former chief of staff General Bueso-Rosa. The plotters insisted that the cocaine was “only” to finance their cause. So, too, say the Nicaraguan Contras.

Pardoned in 1986 under a general amnesty, Alvarez is now back in Honduras, advising the Contras.

# The NSC's Panamanian dope connections

by Gretchen Small

On Jan. 8, the *Wall Street Journal* revealed that Adm. John Poindexter's National Security Council used the services of Steven Samos, one of Panama's top narcotics mafia drug-money launderers, to administer its Contra resupply operation. That bit of news proves, down to the pay-stub, *EIR's* charges that:

- the National Security Council and other corrupted elements of U.S. intelligence knowingly used the narcotics mafia to set up and supply the Contras;
- the same group set out to destroy any political force in Central America hostile to the Contra policy and/or the drug trade on which that policy depends; and,
- for that reason, the commander of Panama's Defense Forces, Gen. Manuel Noriega, was made the target of an international slander campaign last year, designed to eliminate him as a leading opponent of these policies.

Samos is linked to the Contra operation, according to the *Journal* report, in two ways. His services were used to create a Panamanian-registered company, Amalgamated Commercial Enterprises, in November 1984. Amalgamated, run by "former" Samos employees, then provided "an important link in the private network resupplying Nicaraguan insurgents." The specific assignment of Amalgamated, was to help "administer an extensive airlift operation from [El Salvador's] Ilopango military base" to the Contras. That resupply operation broke into the public eye on Oct. 5, 1986, when Southern Air Transport's plane was shot down over Nicaragua. It has since become known that retired U.S. Air Force Maj. Gen. Richard Secord ran the Ilopango supply route, in coordination with the NSC's Lt. Col. Oliver North.

Samos's specialty is creating shell-companies such as Amalgamated for mafia operations. He formally "sold out" of his businesses to go into retirement in December 1983, after learning that a federal grand jury in Miami was investigating his part in a drug ring known as the Fernández marijuana syndicate. He "retired," simply by creating a shell company for himself, International Management and Trust Company (Intertrust), run by his employees, so that he could hold on to his position as the largest shell-company-selling

operation in Panama.

Samos also has "extensive dealings" with Panama's Banco de Iberoamerica, which "sources believe may have been used in the Contra money trail," the *Journal's* intelligence sources add.

## A dope 'democracy'

Samos is featured in *EIR's* June 1986 *White Paper on the Panama Crisis: Who's Out to Destabilize Panama and Why*. That report documents his role as the bagman for drug-runners now leading Panama's "democratic opposition" movement, from their posts at the head of Panama's opposition daily, *La Prensa*. Samos's business partners at *La Prensa*—Winston Robles and Roberto Eisenmann—have raised a hue and cry at home and abroad against Panama's military for "repressing" them, the self-proclaimed "representatives of the people."

That dope dealers cry "repression!" when their operations are hit, is to be expected. What made the Panama case unusual, and caused *EIR* to issue its report, was that high-level U.S. officials took up the mafia's campaign against the military, and presented it as *U.S. government policy*.

In its report, *EIR* warned that "Sen. Jesse Helms, the U.S. State Department, and sections of the Reagan administration, have joined in a campaign to overthrow the government and Defense Forces of the Republic of Panama. . . . If allowed to continue, the destabilization campaign of Helms and the liberals will hand the Panama Canal over to Soviet-directed narco-terrorists—without the Soviets having to spend the cost of a bullet."

Today, the names of those who led that campaign, are found daily in the press, as leading players in the international underworld of drug- and arms-dealing exposed in Irangate. Former National Security Adviser Admiral Poindexter, who oversaw U.S. dealings with "moderate" Iranian terrorists, traveled to Panama in December 1985, to deliver the message that the United States wanted General Noriega out of the way. Assistant Secretary of State Elliott Abrams, known as the "field marshal" of the Contras, testified as the administration's star witness in Senator Helms's congressional hearings, demanding that Panama's Defense Forces be weakened, "if civilian constitutional rule is to prosper." Behind the scenes, the same CIA networks running the Iran caper, pumped out reports that General Noriega ran drugs, while claiming that the proof was too "classified" to publish. Publicly, it was former National Security Council staffer Norman Bailey who took the point for this bankers' wing of the intelligence community, demanding that the bankers' man in Panama, Nicolás Ardito Barletta, be returned to power as President. Bailey's business partner is former CIA director William Colby, the man who ran the Operation Phoenix assassination program during the Vietnam War.

Did they know they were dealing with drug-runners? Yes! After all, Ardito Barletta, the former World Bank vice-

president and an advocate of legalizing narcotics, was the man who created Panama's offshore banking center as "more secret than Switzerland," to service the billions from South America's cocaine boom. Documentation of the drug mafia activities of Samos and his "opposition" associates was available in court papers and government documents by the time the U.S. officials demanded that the *La Prensa* opposition be given power.

Furthermore, Samos's role in the dope trade was known by federal authorities at the time that Amalgamated was created for the Contra operation. Amalgamated Commercial Enterprises was established in November 1984, through Samos's people. Less than one month later, on Dec. 12, 1984, U.S. federal authorities issued a 30-count indictment against Samos's business partners, the Fernández drug ring, a group which admitted to having brokered the sale of 1.5 million pounds of Colombian marijuana in the United States between 1977 and 1981. The federal grand jury which produced the indictment against the Fernández syndicate had been sitting for nearly two years, and Samos, who had agreed to turn state's evidence, on the condition that his closest partners receive immunity from prosecution, was the star witness in the case.

Other federal investigations into Samos's activities uncovered several dope mafia operations for which Samos—today free to travel in the United States as a "protected" government witness—provided his services. But it is in the Fernández case, that the leaders of the "get Panama" campaign are caught attempting to install the drug mob in power in a friendly nation.

The indictment charged that the Fernández mafia formed "a group of individuals and entities, foreign and domestic, associated in fact for the purpose of importing and distributing marijuana, laundering the proceeds and profits, and investing the monies derived from marijuana importation and distribution through the use of foreign and domestic corporations, financial institutions, and business entities utilized to conceal the true owners of the acquired assets and the true source of the finances for the acquisition of these assets." As Samos later testified in court, "My purpose was to take [the mob's money] to Panama, launder it, and send it back in a clean form. . . . We opened a whole chain of bank accounts in Miami in different banks, either in our respective names as individuals or as trustees, or mostly for a group of Panamanian companies which I had then available in Panama."

One of those banks was Banco de Iberoamerica.

Helping Samos transfer the money to Panama (sometimes by the suitcase-full) was Ivan Robles, whose lawfirm, Robles & Robles, had worked closely with Samos's shell-company business since Samos married Ivan's sister Alma, in 1960. Robles & Robles maintained its offices just a few doors down from Samos.

The other Robles in the lawfirm? Winston Robles, then editor-in-chief, today contributing editor, of *La Prensa*. The

lawfirm was up to its neck in the Fernández syndicate, in all aspects, including advising Samos on how to handle the Colombian Gaviria gang. In the international law directory Martindale-Hubbell, Robles & Robles lists as its references, Banco de Iberoamerica and one Dadeland Bank.

Dadeland Bank also figures prominently in the Fernández syndicate. Fernández had bought shares in Dadeland back in 1976, and it was there that Ivan Robles opened a strong-box to deposit the earnings of the Fernández trade, before transfer to Panama. One-third owner of Dadeland Bank is Roberto Eisenmann, the owner of *La Prensa*, today the paper's editor-in-chief, and rumored to be planning to announce soon his candidacy for President of Panama, as the "unity" candidate of the opposition in the 1989 elections!

### The Contras in the Spadafora case

Samos testified also that the third courier of the syndicate's dope money, along with himself and Ivan Robles, was Panamanian lawyer Alvin Weeden Gamboa. Weeden had been a political associate of Roberto Eisenmann and Winston Robles for over 10 years, going back to the mid-'70s, when the three founded a "social democratic" opposition group, the Popular Action Party (PAPO). Most recently, PAPO made the headlines in Panama as one of three parties opposing joint U.S.-Panamanian military exercises. *EIR's White Paper* details the Weeden family's drug-money laundering operations in Costa Rica, centered around Banco Weeden International.

Weeden, in turn, brings the story back to where we started: the tie between the Contras and the Panama campaign. Weeden was a close associate of Hugo Spadafora, the Panamanian terrorist/gun- and drug-runner turned Contra, who has become the cause célèbre of the witchhunt against the Panamanian military led by *La Prensa*, Abrams, Helms, et al. In January, *Readers Digest* went so far as to call Spadafora "a fiery idealist!"

Spadafora was no one's hero, until he was found beheaded in September 1985. He spent his life as a professional guerrilla, moving into any ideological camp without discrimination. During the Sandinista insurgency, he fought with Eden Pastora in the Southern Front, funded by the Costa Rican business partner of Robert Vesco, former President "Pepe" Figueres. That over, he contacted Qaddafi, promising to supply insurgents in El Salvador and Guatemala. Then he became a Contra, offering his services as a weapons procurer, first to Eden Pastora in ARDE, then to Brooklyn Rivera's Misurata, and was negotiating work with the Nicaraguan Democratic Force (FDN—one of the Contra groups) at the time of his death. When he died, he was also working with Colombian and Bolivian dope kings, including Alberto Audemar, an arms salesman for the Colombian guerrillas and mafia.

It was Weeden, the Fernández syndicate's courier, and Spadafora, a mafia weapons dealer, who charged that Panama's General Noriega ran drugs.

## A new canal between the Atlantic and Pacific

### Part 18

### Ibero-American integration

Infrastructure is not an industry that produces wealth directly, but it "produces" something more important: productivity. To become an economic superpower, Ibero-America will need 200,000 kilometers of new railroads, as well as ports, canals, hydraulic projects, nuclear energy, and a second inter-oceanic canal.

This installment continues Chapter 6 of our exclusive English-language serialization of the Schiller Institute's book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000!* The book was published last September in Spanish. It was prepared by an international team of experts elaborating Lyndon LaRouche's proposal to free the continent of economic dependency and spark a worldwide economic recovery, "Operation Juárez."

Numbering of the figures, tables, and maps follows that of the book.



### The inter-oceanic sea-level canal

As much as the Panama Canal was a wonder of technology in the early 20th century when it was constructed, today it is woefully inadequate even to the depressed flow of international trade today, and transportation through it is suffering serious stagnation (see **Figure 6-2**). The Ibero-American trade flows that will be unleashed by the Common Market will make the current canal totally obsolete.

The options proposed to remedy this include widening the existing canal, digging another lock canal, digging a new canal at sea level or substituting rail links across the isthmus for new canal capacity. However, almost none of the ongoing discussions foresees significant increases in intra-continental trade, whereas, according to the program presented in this report, that trade can be expected to grow extremely rapidly, to 10 or 20 times its present size in the decades ahead.

Moreover, the primary cargo traversing the canal at present is bulk commodities, and the existing projections assume a continuation of that composition. However, under the assumptions of the program in this report, the canal will become the artery connecting the east and west coasts of Mexico, Central America, and South America for all types of cargo, primarily manufactured goods. Given that transport across the Andes will remain a limited and costly enterprise for several decades at least, the canal will be vital to the integration of the continent by trade between the Atlantic and Pacific coasts. In any case, under an assumption of 5% growth in the world economy, the non-Ibero-American trade through the canal can be expected to grow substantially by the year 2000, as shown in **Table 6-5**. The combined volume of cargo need-



Scale model of the Atrato-Truandó Canal presented at Colombia's Agroexpo Fair in June 1985. Explaining the project is Elizabeth de Almarío of the Fusion Energy Foundation.

ing to use the canal makes absolutely essential the construction of a two-lane sea-level canal. Nothing less will be able to handle the traffic.

Map 6-5 shows the two optimal sites for sea-level canals, one in Panama not far from the existing canal (Route 10), and one through northwestern Colombia utilizing the riverbeds of the Atrato and Truandó rivers for most of their length (Route 25). Which of the two sites should be chosen is an open question. We can only say that both are eminently feasible, and we present the basic parameters of constructing each of them below.

### A second Panama Canal

The best design for a new Panama Canal calls for a two-lane canal through which two ships of 300,000 tons of dead weight (dwt) each could pass simultaneously. The canal dimensions would be 450 meters across at the bottom, at a depth of 29 meters. The length would be 82 kilometers, duration of crossing 5-8 hours, and 280,000 crossings a year would be possible, almost 20 times the present number. Construction is estimated to take 12-14 years, using conventional methods, and cost \$15-\$18 billion. At the peak of construction, at least 10,000 workers would be directly involved. Additionally, industrial complexes and major ports would be constructed at each terminus of the canal. These complexes would specialize in heavy industry, importing a portion of the bulk commodities that would pass through the canal for processing into semi-finished or finished products, such as refining metallic ores such as iron and aluminum, or fabricating heavy machinery from imported steel.

The economic impact on Panama alone would transform that country into a semi-industrialized country with just this

project, and for the region the economic impact would be incalculable.

### The Atrato-Truandó Canal in Colombia

According to this design, the canal would begin in the Gulf of Urabá, on the Atlantic side, and terminate in the Humboldt Bay on the Pacific, traversing the Atrato and Truandó rivers for most of their length. It would have the

FIGURE 6-2  
Cargo transported through Panama Canal  
1950-1984

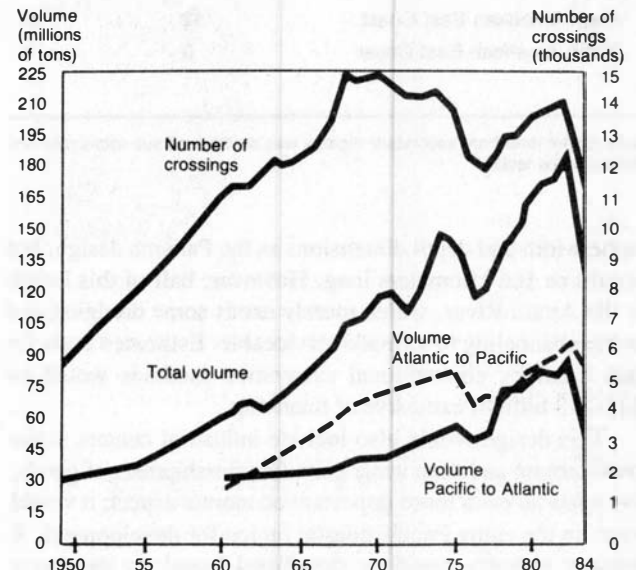




TABLE 6-5

### Projection of Panama canal cargo transport 1983-2000

(millions of tons)

	1983	2000
<b>Atlantic to Pacific</b>	<b>88</b>	<b>300</b>
North American East Coast to:		
Asia	57	120
Grains	29	41
Coal	9	30
Other	19	48
North American West Coast	5	14
South American West Coast	5	17
South American East Coast to:		
Asia	2	75
Iron ore	0	60
Coal	0	10
North American West Coast	2	10
South American West Coast	2	10
Europe to:		
North American West Coast	3	6
South American West coast	1	4
Africa to Pacific Coast	0	10
<b>Pacific to Atlantic</b>	<b>58</b>	<b>150</b>
North American West Coast to:		
North American East Coast	9	35
Oil	6	30
South American East Coast	1	3
Europe	10	17
Africa	2	7
South American West Coast to:		
North American East Coast	8	13
South American East Coast	0	5
Asia to:		
North American East Coast	12	23
South American East Coast	0	5

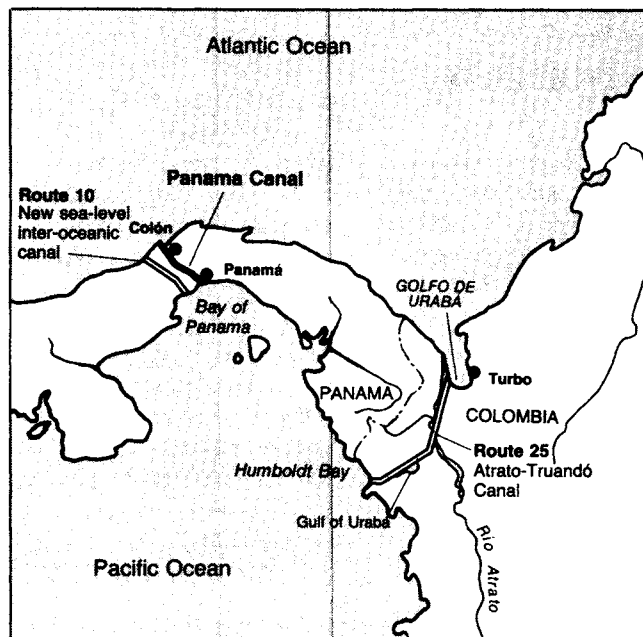
Note: Some data from secondary regions was omitted, so sub-totals may not always equal totals.

same width and depth dimensions as the Panama design, but would be 166 kilometers long. However, half of this length is the Atrato River, which merely needs some dredging and water channeling to be made serviceable. Estimated costs for this canal by conventional excavation methods would be \$11-\$13 billion, exclusive of financing.

This design would also include industrial centers at the canal termini and deep water ports for transshipment of goods, but it has an even more important economic aspect; it would open up the entire Pacific coastal region for development. A forestry industry could be developed based on the forest

MAP 6-5

### Two possible routes for a new inter-oceanic canal



resources along the canal and rivers that will feed into the canal, not to mention the abundance of coal and other mineral deposits there.

### Peaceful nuclear explosions (PNEs)

The costs given above assume conventional construction methods. However, there is no reason such high costs and long construction times should be accepted, because the use of peaceful nuclear explosions, which are an already developed and tested technology, would significantly reduce the one and shorten the other. The difficulty lies only with the irrational campaign that has been launched against nuclear energy and nuclear construction methods by the environmentalist lobby worldwide.

The fact is that a program of peaceful nuclear explosions had been developed under the title Plowshare by the United States Atomic Energy Commission by the late 1950s, and fully tested. Since then, further improvements have been made. When feasibility studies were completed in the early 1970s for the Kra Canal in Thailand, alternate calculations were made based on use of PNEs, and such calculations were also made for several of the optimal routes for a new inter-oceanic canal in U.S. Army and other studies of the same period. It has only been in the 1970s and 1980s that the anti-nuclear campaign has led to shelving plans to employ PNEs.

PNEs involve placing small nuclear charges instead of conventional dynamite or chemical explosives. The charge is not only much more powerful and throws up a great deal more earth. It has also been demonstrated that the charges

## Kra Canal: on Thailand's horizon

While projects for a new inter-oceanic canal in Panama or Colombia are still only in the proposal stage, at the other side of the Pacific the "Kra Canal," promoted since the early 1980s by *EIR* and the Fusion Energy Foundation, is being moved toward realization.

On Jan. 15, a special committee of the Thailand parliament will visit the proposed site for the construction of a canal through the Isthmus of Kra in southern Thailand. The proposal now on the agenda in Thailand is for a two-lane canal, adequate for supertanker passage, which would join the Andaman Sea in the west with the Gulf of Thailand. The canal would shorten the route between the Indian and Pacific Oceans. By the end of January, the parliamentary committee is expected to pass a mandate for a government-commissioned full feasibility on the proposal.

Immediately, the Kra Canal would alleviate the dangerously increasing traffic through the narrow straits between Singapore and Indonesia, with a shorter route across the Thai isthmus. Also proposed is a superport to be constructed at the current city of Songkla at the eastern end of the canal, which would service all of Southeast Asia. An

industrial zone would also be built up along the canal sides, marking a total shift in Thailand's economy toward full industrialization.

The parliamentary committee has heard testimony from Uwe Henke v. Parpart, director of research for the U.S.-based Fusion Energy Foundation, from Mr. K. Y. Chao, who financed a feasibility study for the canal in 1973, and Gen. Saiyud Kerdpol (ret.) of Thailand, who has argued that the canal is vital for Thailand's national prosperity and hence, vital to its national security.

In 1973, the canal was on both Thailand and Japan's agenda, as critical for world trade flows from the Mideast to Japan and the western United States. But with the 1973 oil hoax, the idea was put back on the shelf. In 1983, the Fusion Energy Foundation began a campaign for the canal in Thailand as one of the key projects specified in both Lyndon LaRouche's economic development plan for the Pacific Basin, and by the Global Infrastructure Fund of Japan.

The enemies of the canal are, not surprisingly, those who take their orders from the technocrats of the World Bank and the International Monetary Fund. Henry Kissinger also has voiced his desire to return the "canal to the graveyard forever."

But in the past two years, the Thai economy has been hit hard by IMF-enforced austerity and currency devaluations. Thai leaders in government, military, and business, are now looking to the canal as the only alternative to the total destruction of the Thai economy.

can be placed so as to practically dig the channel in the desired shape, leaving very little subsequent earth-moving to be done.

The charge that PNEs will release dangerous radiation is a hoax. The explosions create little or no radiation in the first place, so little that it would be dissipated before having any effect on the environment. But, if properly engineered, the explosions themselves create sealed compartments that prevent the little radiation that might be there from leaking into the environment.

Finally, although the technology is largely monopolized by the United States and the Soviet Union, the United States is under obligation, by the explicit terms of the Nuclear Non-Proliferation Treaty, to share the PNE technology with any nation that requests it. No nation has to date made such a request, but it is high time they did.

In terms of the great projects discussed in this chapter, PNEs could make a very great contribution especially to the trans-Andean water projects and in road and railroad construction, where the use of PNEs could easily reduce construction times up to 75% or more, cut costs in half or less, and make feasible projects that otherwise couldn't be done at all.

### Air transport

Finally, an expanded program of air transport, for both passenger and freight, needs to be implemented. Ibero-America's accidental geography, including the Andes, means that air transport will always be needed for moving high-value items. To satisfy the needs of the next century, trans-continental passenger traffic will increase dramatically, primarily for business purposes. To satisfy these needs, all of the major cities of Ibero-America will have to either greatly expand their existing airports, where that is physically feasible, or construct entirely new airports. Moreover, smaller airports need to be constructed linking hundreds of smaller cities.

For the short term, most airports today have ample unused capacity, which means that simple scheduling of more flights at off-hours can meet the new requirements. There is also excess freight capacity, as most passenger airline flights have room for considerable air freight in their holds that is not now being utilized. However, in the future, the continent will need to develop specialized fleets of cargo planes that can efficiently transport high-value cargos such as capital goods.

*Next week: Water resources management projects.*

# China changes leaders, but not its policy

by Linda de Hoyos

The student "democracy" demonstrations in cities across China over the month of December were part of a set-piece move in an internal power struggle within the leadership of the Communist Party of the People's Republic of China. Of course, if the students had not had significant backing from some section of the national leadership, "they would have been instantly gunned down in the street," as one exile from China put it.

But by Jan. 16, speculation that the December upsurge was linked to high-ranking leaders was confirmed with the announcement of the forced resignation of General Secretary Hu Yao Bang, believed to be the second most powerful man in China after Deng Xiao Ping.

A statement released from a party Central Committee meeting Jan. 16 stated that Hu "made a self-criticism of his mistakes on major issues of political principles in violation of the party's principle of collective leadership." But the tone was not harsh: "Participants in the meeting gave Comrade Hu Yao Bang a serious and comradely criticism and at the same time acknowledged his achievements in work as they were."

Current Prime Minister Zhao Ziyang was named acting secretary general of the party. The qualification of "acting" to his title indicates that the results of the factional battle are yet to be finalized. As of this writing, speculations are that Vice Premier Li Peng, considered a joint asset of both Deng Xiao Ping and his anti-reformist conservative opponents, will be tapped as the next prime minister, but no official word has yet been released from Beijing.

It would be naive to believe that the actual issues of the factional debate in Beijing are centered on the demands for democracy raised by the student movement itself. The overriding debate on policy decisions revolves around China's response to the July 28 speech issued from the Russian-Asian city of Vladivostok by Soviet party boss Mikhail Gorbachov.

That speech placed full normalization of relations between China and the Soviet Union at the top of Moscow's diplomatic agenda.

The Vladivostok Doctrine poses a challenge to Beijing. Is China going to take the opportunity to join in a condominium with the Soviet Union against an increasingly weakened West? If so, will China be thrust again into the unwelcomed position of a subsidiary partner, or can it act to retain its full independence? If it does move in tandem with the Soviet Union, how can China maneuver to continue to enjoy the benefits of relations with the West—the transfer of technology and expertise which the Soviet Union is in no position to contribute to China?

As the Chinese leadership presents itself to the outside world, the aged but vigorous Deng Xiao Ping, who has led the transformation of China's economic relations over the last five years, is opposed by a group of "conservatives" led by orthodox communists headed by fellow elder statesman Chen Yun. This grouping, of which the up-and-coming Li Peng is believed to be a member, favors an alliance with the Soviet Union and a brake on the de-communization of the Chinese economy.

Ousted secretary general Hu Yao Bang, on the other hand, and his successor Zhao, are believed to represent those in China who favor more open relations with West and a greater loosening of economic-social relations, including the effective suppression of the Communist Party bureaucracy in favor of a revived "Mandarin" bureaucracy selected for its technical competence.

The touchstone for these factions is relations with Japan. Although Japan is China's number-one trading partner, Japanese trade and government delegations report that they are unable to win meetings with Chen Yun. The students, in contrast, told interviewers that they do not want China's "reintegration into the Soviet bloc." Moscow response was

published demands that the Chinese leadership act unequivocally to put down the student movement and its embrace of the West.

### The democracy movement

The student movement and its demonstrations for democracy represent the mirror-reversal of the Cultural Revolution. The target is the same—the party bureaucracy—but the standpoint is the precise opposite. The demand for democracy is the demand for full freedom for but a small section of the population—the 1% of China's 1.2 billion who receive a higher education. This freedom, the proponents of the democracy movement declare, is necessary if the intellectuals are to be granted conditions in which their potentials can be realized, and with them, the chance for China to emerge in the 21st century as a superpower.

Given the traditional significance of the Mandarin scholar-official ruling class, student protests and campaigns have served as catalysts for change in China. "It is the tradition," explains one Chinese source, "that when the students of Fudan University in Shanghai University go out, then everyone goes out." Sources with contacts on the mainland report that in the last month, students went out in every university in China.

However, the demonstrations began not in Beijing or Shanghai, but in Hefei, at the Chinese University of Science and Technology. This university, recently upgraded to a "science city" with a \$25 million investment, is the most prestigious scientific education center in China, which provides China with its top scientists. It is this scientific elite that reputedly has had the patronage of Hu Yao Bang.

Hu Yao Bang is also known to have been a close associate of university vice-president Dr. Fang Li Zhi, whose speeches and writings were the inspiration for the December student movement. Dr. Fang, now purged from the Communist Party and from his post in the aftermath of the demonstrations, is an astrophysicist who has traveled widely in the United States and Western Europe, including studies at the Princeton Institute for Advanced Studies.

In the last six months, Dr. Fang's bold calls for democracy and intellectual freedom in China have appeared in China's press. Dr. Fang is unabashed in his insistence that China's failure to open up to Western ideas and learning will result in its perpetuation as a backward country. In a speech given in November, he declared:

"Do we really have a problem with ideals and with discipline? We certainly do, and that is something else that we intellectuals have to change. . . . Intellectuals themselves represent the cream of society. They should represent the ideals of society. . . . Some people say it is because of our opening to the outside world. I think that's completely wrong. All those who have been outside China would have to admit . . . that discipline, order, morality, and civilization are on a higher level out there than here in China. . . ."

"Another reason [for low morale] is a problem that has existed for many years now with regard to the nature of communist propaganda. I think the greatest problem . . . is that communist propaganda is too exclusive, or perhaps I should say too narrow. As a matter of fact, it is also too shallow. I am also a Communist Party member. But my goals are not so narrow. Our goal is a more rational society. . . ."

"Actually up to now we have had no theory, correct or incorrect that could tell us what our future will be like. We used to say 'socialism.' Now we say 'Chinese-style socialism.' What is 'Chinese-style socialism'? Just a name."

Such calls for a revitalization of China's culture will no longer be heard in the press. Democracy is to be bestowed upon China by the party, and cannot be taken by the intellectuals, the party leaders have pronounced. In the week leading up to Jan. 16, the campaign for political reforms, delayed by the recalcitrance of the Chen Yun faction since July, has been replaced by similarly widespread denunciations of "bourgeois liberalization." Leading the crusade are the mouthpieces of the regional commands of the People's Liberation Army, a bastion of residual resistance to Deng Xiao Ping's reforms.

But it is too early to presume that the democracy movement has resulted in a weakening of Deng Xiao Ping and his reforms, and a strengthening of his opponents. On the surface, Hu Yao Bang's resignation would suggest such an analysis. However, in the same week that Hu, the man pinpointed by Deng as his successor, has been ousted from the party, some of the most far-reaching reforms have gone into effect. As announced Jan. 11 by then-Prime Minister Zhao Ziyang, factory directors and managers are to replace party political committees as the personnel responsible for the management of the nation's factories, as a "major reform of China's enterprise leadership."

So far then, while the conservatives are having their day in the nation's press in the backlash against the student movement, Deng's reforms are proceeding apace. Perhaps the sacrifice, at least temporarily, of Hu Yao Bang, was necessary to clear the way for such reforms. If this is so, Hu's removal has not weakened Deng, but strengthened Deng as the "balancer"—the strongest position in Chinese politics—between two extremes.

There is a third possibility, which can co-exist with either of the first two possibilities. The Chinese leadership is in full agreement that China must assume its rightful place in the world as a superpower empire. To accomplish this China needs technology from the West, while accommodating to the rising power of the Soviet Union in the short to medium term. The ostentatious display of Chinese factionalism—even to the point of bringing students out into the streets—is a message to the "barbarians" that China is rife with factions "to be played." And this is the way, as the United States' attempted use of the "China Card" has proven, the Chinese maneuver to gain the maximum benefit from all.

# Colombia launches intense anti-drug war

by Mark Sonnenblick

The most intense war on drugs in modern history is now being waged in Colombia. During the 24 days following the Dec. 17 assassination of the respected publisher of the Bogota daily *El Espectador*, Guillermo Cano, police and army have raided 1,198 homes and safehouses used by known drug traffickers. Operating without need of search warrants, police and the army netted 783 persons linked to drug traffic, including 3 of the 72 wanted for extradition to the United States, and Evaristo Porras, one of the mafia chieftains.

In retaliation, a gunman walked up to former Justice Minister Enrique Parejo González in Budapest, Hungary, Jan. 11 and shot three to five bullets into him as he left his apartment there. Miraculously, the bullet which hit his head went through the roof of the mouth and came out behind the ear, just missing the brain. Parejo was serving as ambassador to Hungary. He may have believed that Dope, Inc. does not operate in Communist states. The mafia thus put on notice those whom it has threatened: This is war to the death, and there is no place to hide.

Parejo ran the biggest Colombian anti-drug offensive until the present one, following the April 30, 1984 murder of his predecessor, Rodrigo Lara Bonilla. He sent in military force to smash dozens of cocaine refineries in the Colombian jungle. He persisted in spraying herbicides on marijuana and coca crops, despite howls from "environmentalists." But his unpardonable crime was to extradite 13 top Colombian traffickers, 9 of them to the United States. One of them was Hernán Botero, who had trusted the power of his political protectors to provide him immunity.

An "Hernán Botero Command" claimed responsibility for the attempt on Parejo. A message read to UPI stated, "We who were extradited take responsibility for the attempt on the life of the traitor and extraditer, which took place in Budapest. This attempt was made after he was tried and convicted for the crime of treason to the fatherland, of having handed over our citizens to North American Imperialism."

Financier Botero was the first Colombian extradited in February 1985. Four months later he was convicted in Miami of laundering \$57 million in drug money. Botero was a key figure in the "Medellín Cartel," and built up a formidable political machine based on his ownership of a soccer team,

Club Atlético Nacional. When he installed lighting in the local stadium, he became a local hero among those who share Henry Kissinger's sports preferences.

When Botero was on trial, one of his character witnesses was Mario Valderrama. Valderrama was just made vice-president of the Union of Colombian Workers (UTC), an operation financed and controlled by the State Department's American Institute for Free Labor Development (AIFLD). Valderrama and UTC president Victor Acosta responded to Colombia's anti-drug offensive by trying to spark a general strike. Their efforts were blocked by Jorge Carrillo, former UTC vice-president who now presides over a new labor body to which 80% of Colombian organized labor belongs. Carrillo's battle against AIFLD and its *pro-drug unionists* has led to threats. One of them was delivered by Congressman Ernesto Lucena Quevedo, who accused Carrillo of being a communist sympathizer.

The same politician leveled the same accusation against Carlos Ossa Escobar, the head of Colombia's peace commission. Ossa had just confronted 23,400 coca-growing peasants riled up by drug traffickers and communists to demand the army be removed from the region. In several days of hard arguing, he convinced not only the peasants but even the VII front of the Communist Party-led Colombian Revolutionary Armed Forces (FARC) to accept the army presence, to welcome increased police presence, and to stop growing coca. The government will invest in the region's development, build roads, and pay transport costs for the food crops which would replace the coca.

## Economic grievances

Carrillo and Ossa courageously thwarted the mafia's attempts to turn discontent over economic policies into violence which would divert the military from the war on drugs. But policies approved by the International Monetary Fund and World Bank remain a permanent provocation. Narcoterrorists, on the pretext of protesting 20% increases in bus fares, firebombed buses in the cities of Barranquilla and Medellín, two centers of mafia power, on Jan. 13, killing 14 people. Some military factions would prefer to overthrow President Virgilio Barco—in the name of "stopping chaos"—rather than fight drugs.

Some 80% of Colombia's people want a still *tougher* war on drugs, the latest polls indicate. Guillermo Cano's sons, who now run *El Espectador*, insist daily that police actions will prove unsuccessful if the politicians protecting narcotics traffic are not put away. On Jan. 14, it pressed for the pursuit of "many professionals and eminent members of other groups like ranchers and merchants linked to the cartel's magnates."

In response to public calls for convicted narcotics traffickers to be put to death, Germán Villa Gaviria, Archbishop of Barranquilla, said, "The Catholic Church's position on the death penalty is in the Bible. It does not oppose it. The death penalty does not go against Christian morality."

# Patriots' emergence shocks German elite

by Susan Welsh

The Patriots for Germany, the new political party in the Federal Republic headed by Helga Zepp-LaRouche, has jolted the established political parties out of their silent agreement to avoid the issues of the economic and political crisis. In the current campaign, which ends in federal parliamentary elections on Jan. 25, the Patriots have intervened with national-circulation programmatic posters and advertisements, four different million-run leaflets, as well as television and radio spots which have upset the liberals, oligarchs, and Greenies alike.

In a mass leaflet distributed during the last week of the campaign, Zepp-LaRouche urges the voters not to fall for the common argument of the "lesser evil," that is, not to vote for the government parties (Christian Democratic Union, Christian Social Union, and Free Democratic Party) on the grounds that a coalition of the opposition Social Democrats and the Greens would be worse.

It is no "lesser evil," she charges, "than that for cost reasons, the fight against AIDS has not been picked up; that the government is not informing the population about the world economic crisis, which is threatening farmers and small entrepreneurs, and driving unemployment up. It is also no lesser evil, if the government does not fight against terrorism, and does not dare to tell the truth that this is low-intensity warfare, unleashed against the government by the Soviets." In education policy, "there can be no lesser evil; there must be a return to the ideal image of man conceived by Schiller or von Humboldt, joy and enthusiasm about scientific and technological progress must be revived."

The leaflet calls on voters "to have the courage to be wise and to vote for the Patriots for Germany."

## Popular 'change in mood'

At the highest levels of the oligarchy that has kept a stranglehold on West Germany since John J. McCloy's post-war Occupation regime, there is panic that voters will do exactly as the leaflet demands. In just six months since its first electoral bid in the June 1986 state elections in Lower Saxony, the Patriots for Germany has grown rapidly. Through its high-profile advertising campaign on AIDS, the economic crisis, terrorism, and the danger of "decoupling" from the Western alliance, its ideas have achieved an even greater influence.

Under West Germany's political system, a party must have 5% of the vote to qualify it for representation in Parliament. Whereas a 5% vote in the United States is not considered large, in Germany it means a party can participate in a governing coalition and hold cabinet positions. A 5% vote for the Patriots could make Helga Zepp-LaRouche the foreign minister of Germany.

One of the deans of the Anglo-German oligarchy, Ralf Dahrendorf, warned an elite gathering in Washington, D.C. on Jan. 15, "The Patriots for Germany are the most important splinter party in the upcoming West German elections, and could capture 1% to 1.5% of the vote." Dahrendorf, a Knight of the British Empire, is a leading think-tank analyst for the liberal Free Democratic Party, and was formerly head of the London School of Economics. He was speaking at a forum of the American Institute for Contemporary German Studies, to an audience that included former U.S. Ambassador to Germany Arthur Burns.

Dahrendorf noted that the party is led by Helga Zepp-LaRouche, wife of Lyndon LaRouche, and that it includes "many retired military leaders." He expected the current ruling coalition to win in a "boring" election, he said, but it will rule "as a government without a program and be composed of ministers without a mission." This will fuel a "serious underlying change in mood" in the population, which, he said, "is brewing, and everyone is aware of it, but no one is discussing it."

The possibility of a shift by the electorate was also warned of by the influential liberal news magazine *Der Spiegel*. In its Jan. 5 cover story, it reported the "growing danger of a new right-wing party," in view of the government's inaction on issues of concern to the electorate. The following week, in its Jan. 12 issue, the magazine made the attack more precise, in a page-and-a-half article on the Patriots, with the deliberately misleading title, "Right-Wing Extremists." The article displayed a photo of the Patriots' poster depicting Mikhail Gorbachov and Josef Stalin, with the slogan, "No to the empire of evil!" *Der Spiegel* complains that since their "first election success" in Lower Saxony last year, "even though they got only 0.3%, the Patriots grew at once to become the strongest among the small parties." The article concludes with a quote from the Patriots' famous slogan: "Better both feet in NATO than a cold ass in Siberia," stating correctly that the Patriots will continue to campaign after the elections.

Then on Jan. 15, the *Times* of London ran an article on the German elections, focusing on the Patriots' campaign for emergency public-health measures to prevent the spread of AIDS. "There are few arresting election issues, except perhaps for AIDS," the *Times* writes. "'Stoppt AIDS' scream the billboards on Adenauer Allee, Bonn's main thoroughfare and the site of the Chancellor's office. Every lamppost is festooned with anti-AIDS messages and the accompanying slogan, 'Patrioten sur [sic] Deutschland.'"

## The 'chicken wars' again?

*West Germany fears that trade war with Europe is only a prelude to U.S. troop withdrawal.*

American Special Trade Representative Clayton Yeutter's announcement of new import tariffs on numerous agricultural goods from Western Europe, as well as on machine tools and other high-technology machinery, interrupted the last days of the German election campaign. While Chancellor Helmut Kohl was still campaigning about his alleged "ground-breaking economic success," forecasting "another good year" in 1987, his own minister of economics had to tone down the forecast.

Minister Martin Bangemann, who presented his yearly economic report for 1986, told a Bonn press conference on Jan. 14: "In spite of our solid policy, the domestic economy may be affected by outside disturbances." The minister assured the population: "In case there is an unexpected downturn of the economic conjuncture, the government is prepared to counteract without delay."

Although Bangemann remained vague, it is no secret that trade war will break out between the United States and Europe by Feb. 1. It is no secret, either, that the just-accomplished revaluation of the German currency will increase the pressure from the United States on the Bonn government. It is expected that the Americans will react with demands that the Germans lower their interest rates, and by another round of letting the dollar value fall.

Apart from the immediate effects on the export-import relations between Germany and the United States, some political analysts in Bonn fear that the Americans may bring up the

question of their troops in Germany. "There are about 200 trade amendments on the agenda of the newly elected U.S. Congress," said a Social Democrat in Bonn, "and these include several amendments calling for a new share of the troop stationing costs, and other such things."

"The most recent upvaluation of the deutschemark," remarked another source, "provides a welcome pretext for certain people in Washington to demand renegotiations on the troop stationing costs. If the deutschemark goes up, the dollar goes down, the way it is now."

A defense expert of the Bonn opposition Social Democrats—no friend of the Americans—said: "It reminds me very much of the early 1960s when we had trade war with the Kennedy administration. One day, they simply came up and threatened us with troop withdrawal, if we didn't back down."

The latter comparison was also drawn by more pro-American analysts. Fear that the trade war might be accompanied by troop withdrawal, was expressed in newspaper commentaries, which appeared in two influential dailies, the Bonn *Generalanzeiger* and the West Berlin *Tagesspiegel*.

Both wrote, in background reports that grabbed a lot of attention, that the "present mood" in the U.S. Congress made them recall the time when Sen. J. William Fulbright held a gun to the head of the Europeans at the high point of the "chicken wars," which developed over European tariffs on chicken imported from the States. Fulbright warned in 1963: "Either you let our

chicken in, or we take our troops out!"

The Europeans backed down to this blackmail—the troops stayed, and the chickens were let in.

What Senator Fulbright was then, in 1963, Sens. Sam Nunn (D-Ga.) and Bill Roth (R-Del.) are today. Participants in a seminar, which took place at the German Military Academy in Hamburg two years ago, recall a presentation by Senator Roth which contained a list of threats, including troop withdrawal. A Social Democratic military expert who listened to Roth's presentation, which portrayed an American strategic future in the Pacific Basin, told *EIR*: "People then said that Roth was crazy. Maybe he was, but it looks as if his views become official policy in Washington now." The expert took Roth's presentation as proof that the budgetary argument was "just presented as a pretext to promote a policy which had been decided some time ago."

The same could be said of Zbigniew Brzezinski's recent remarks at the U.S. Senate Armed Services Committee run by Senator Nunn. "You cannot simply pull out one full third of all the U.S. troops in Europe, and redeploy them to the Persian Gulf or Mideast," said one military expert, "without changing the balance in Europe." "This is not like taking troops back to the United States and bring them back for maneuvers. If you want to send troops to the [Persian] Gulf, all of their equipment has to go with them, too. Once the equipment leaves, the Europeans know it will never return."

While these experts are haunted by fears that the United States may wage another "chicken war" against Europe, the pro-Soviet currents in Bonn rejoice. "If the Americans go," one of them told *EIR*, "all of the Establishment here which has ruled post-war Germany, will go, too."



## Hanky panky in the State of Mexico

*Ex-governor Carlos Hank wants to resurrect his State of Mexico mafia to spring Bartlett into the presidency.*

Taking advantage of the impending eclipse of the Miguel de la Madrid administration, former Mexico City mayor Carlos Hank González is mobilizing his immense political and economic resources to impose Mario Beteta as the nominee of the ruling Institutional Revolutionary Party (PRI) for the governorship of the State of Mexico, the industrial belt surrounding Mexico's capital. Beteta is now the boss of Pemex, the state oil company. With this maneuver, Hank seeks to "control" the 1988 presidential succession.

He himself is ineligible to be President, and his attempts to amend Article 88 of the Constitution to permit sons of foreigners to be President have foundered.

In the unwritten traditions of fo-replay for the presidential succession, the winner of the State of Mexico nomination reflects which of the presidential hopefuls will receive the nod a few months later. Beteta's candidacy is seen by the Hank group as the way to reconquer political power in the State of Mexico, which was temporarily taken from them by Alfredo del Mazo, who was governor there from 1982 until early in 1986. At that point, del Mazo became Energy, Mines and State Sector Industry minister and a presidential contender. As governor, del Mazo tried to extirpate Hank's corrupt machine, which had made the State into a paradise of real estate speculation, public and private corruption, crime, and armed gangs which lay waste to the region.

Hank's back room launching of Beteta against the political base of presidential contender del Mazo is part of the kingmaker game. Hank's controller, Dr. Gustavo Baz, grand master of Mexico's Scottish Rite Freemasonry, is supporting Interior Minister Manuel Bartlett for President, and Hank's moves point in that direction.

Hank's support for Beteta is decisive, since he runs, some say, the country's biggest surviving economic empire. Hank's businesses revolve around the Hermes industrial group presided by his son, Carlos Hank Rhon. Since Hank was head of the state food-distribution agency, Conasupo, in the 1960s, he has dominated the import, transport, and processing of basic grains. He remains a "Mexican" junior partner of the Cargill and Purina grain cartels. The corn in a Mexican peasant's tortilla or the balanced feed his animals eat are likely to fatten Hank González's coffers. His political clout in the whole Mexico City region facilitates profitable speculations in real estate, housing developments, etc., as well as providing a noncompetitive market for the Mercedes-Benz busses he assembles. Hank bought most of his companies with money of questionable origin.

In 1985, Interior Minister Manuel Bartlett gave Hank's son, Jorge Hank Rhon, management rights to the Tijuana race track. Almost all the money played at the track is dollars, which makes it an ideal cover not only for currency speculation but for laundering revenues from cross-border nar-

cotics traffic. It is therefore not surprising that Hank's son brought in to advise him in race track management none other than Johnny Alessio, the legendary mobster of the Benjamin "Bugsy" Siegel and Al Capone mafias, which set up the track during the 1930s.

Hank is a political creation of Dr. Baz, who was twice governor of the State of Mexico, health minister, and other things. He founded a current of medical masons which fought for reducing population growth through coercive birth control methods. Baz has praised Maoist slave-labor methods and the Club of Rome's Malthusian theories. On Oct. 8, 1943, Baz—at the time Health and Welfare Minister—met with Nelson Rockefeller, then United States Coordinator of Inter-American Affairs. Baz signed a pact with Rockefeller to join the Rockefeller empire's policies in Latin America.

Hank González and Mario Ramón Beteta both are part of the Rockefeller Group. It is no secret that David Rockefeller has been a guest at Hank González's State of Mexico ranch. Carlos Hank is also a friend and partner of Antonio Ortiz Mena, the president of the Interamerican Development Bank. Ortiz Mena obtained that post thanks to backing from the Rockefeller Group in Ibero-America. He is also an friend of the Beteta family. For this reason, Beteta maintains Ortiz Mena's son-in-law, Alfredo Gutiérrez Kirschner, as Pemex's highly paid "ambassador" in Washington.

In the brief 1975 and 1976 period in which Mario Ramón Beteta was finance minister, he accomplished the financial destabilization of Mexico by permitting his friends to suck billions of dollars of flight capital out of the country. That led to Mexico's first devaluation, in which the peso dropped from 12.5 to 25 pesos to the dollar.

## When will Israel move on Lebanon?

*Israel's backing for the Shi'ite-linked Amal has planted the seeds of regional war.*

Since the beginning of the year, a countdown has begun which will lead toward Israeli intervention into Lebanon. There are three principal questions being pondered in Jerusalem, Beirut, and Damascus: When? Which form will it take? And can it trigger a direct conflict with Syria?

While only Israeli leaders can answer the first one, to the second, it is possible to make an approximate reply. Israel will never intervene in Lebanon in the same way as it did in June 1982. It has no intent to reoccupy any part of Lebanon, and the loss of lives provoked by the earlier intervention cannot be politically sustained a second time.

Paving the way for a new intervention is the internal collapse of the country, and the failure of the policies followed by both Israel and Syria. Shamelessly, the Israelis have played to the hilt their "Shi'ite card." Initiated by Ariel Sharon while he was Israel's defense minister, and concretized by his associate and Israel's coordinator in Lebanon, Uri Lubrani, this policy was never disavowed by the government of Labor Party Prime Minister Shimon Peres, which was in power until last October.

The policy was: Support Nabih Berri's Amal, a Lebanese partner of the Iranian regime based on the Shi'ite variety of Islam, against the Palestinians; use the Amal to pressure the Christians into line; and match Syria's own political game of divide-and-rule with the Druze sect and other Lebanese Muslim communities.

The expected result has been seen in recent weeks: Too close a relationship between Amal and Israel, including regular deliveries of weapons, has discredited the Amal leadership. Nonetheless, because Amal was given so much support, the seeds of Shi'ite Islamic fundamentalism have spread at Israel's borders. They are now being harvested by Iran's Hezbollah terrorist forces. Both the Israelis and Syrian "sorcerers" have created a monstrous and uncontrollable "apprentice," just as Jimmy Carter and his national security adviser, Zbigniew Brzezinski, did before with Khomeini in Iran. Whatever illusions there may be in some military quarters, there can be no political manipulation of such games.

Hence, Israel has been faced with an intertwined military and terrorist challenge which Israel itself helped create, and to which it will soon have to answer militarily. Following a conference at the end of December of the leadership of the Hezbollah from Lebanon and Iran, the Iranian fanatics have launched a campaign of systematic harassment of the South Lebanese Army, which leaves little doubt as to its aim. The SLA is rapidly collapsing under this continuous guerrilla attack, as its soldiers get killed at the rate of a dozens per week.

On Jan. 10, Israel Prime Minister Yitzhak Shamir pledged that Israel would "give all necessary backing" to the SLA, but has done little so far. In the space of 10 days, Israeli military forces have launched several helicop-

ter raids against Hezbollah units, killing very few of them. Moreover, they ended up provoking an international incident when one such bombardment killed an Irish soldier member of the United Nations Force in Lebanon.

Meanwhile, one of the outfits of the Hezbollah, the "Organization of the Oppressed of the World," which had claimed responsibility for the hijacking of a TWA plane in June 1985 to Beirut, in which one American Navy Seal was killed, began a series of executions of the Lebanese Jews it has been holding as hostages for a year or more. More than four, brandished as "Mossad spies," have been summarily executed, with the Organization warning that it would continue to do so as long as Israel supports the SLA. The division of labor and precise timing between the executions and the Hezbollah attacks, is all too clear.

Given that retaliation in Southern Lebanon has been proven useless, Israel will have to retaliate at the heart of the Hezbollah headquarters, the Syrian-occupied Bekaa valley. Can Israel bombard the Hezbollah without hitting the surrounding Syrian troops?

It is technically feasible. Politically and militarily it is however another matter. Who can say that Damascus would not use such bombardments as a pretext to throw itself into a regional war? The question is made more hazardous, by the suspicion that the Hezbollah, who have no love lost for the Syrian Alawites, may just want to provoke such a conflict.

The Syrians are aware of these projects, but are themselves not so certain about the need to avoid a war. Reports that Moscow is delivering the newly produced MIG-31 to Damascus, give further credibility to the potential for a regional war to break out soon.

## Whose side is Colby on?

*The "retired" CIA director, meddling in Thailand affairs, is not even up to date on his briefings.*

**R**etired from the post of director of the CIA, William Colby has found a second career, that of a "champion of free enterprise," with the New York-based Pacific Community Institute (PCI). Founded in 1982, the institute is headed by Lester Wolff, former U.S. ambassador to the United Nations and former chairman of the House Committee on Asian Affairs.

In Bangkok, Lester Wolff is remembered for his infamous policy under the Carter administration of dishing out U.S. dollars in the millions to drug kingpin Khun Sa for buying up the opium crop, with the argument that this would reduce the amount of drugs going onto the world market.

Last December, the Pacific Community Institute sponsored a U.S. congressional delegation of 10, headed by Lester Wolff and William Colby, on a supposedly goodwill Asian tour to explain the benefits of free-enterprise policy to countries that are, in fact, viewing themselves as victims of American protectionist policies! On Dec. 18, the delegation arrived in Bangkok to join a conference on "Trade as an Element of National Security."

In an exclusive interview with *EIR's* Thai-language monthly publication *Off the Record*, William Colby played down the problem of insurgency in Thailand and the Philippines as almost solved.

Colby profusely praised Thailand for having reduced the number of Communist insurgents from 13,000 to 1,000. For a former director of Central Intelligence, Colby is really behind on

his briefings on the problem of insurgency. The question now is not armed insurgency.

The Thais are much more worried now about Communists who have been amnestied but who, in reality, continue to operate for the party in urban areas, especially metropolitan Bangkok. These subversive activities do not take the form of urban terrorism. Rather, these still-active Communist cadres, pretending to repent, have succeeded over the past five to six years in slowly infiltrating the country's military and security apparatus. It is known that generals protecting these elements are hoping to be able to use them to an end other than that of the national interest.

Certain military Young Turks, known for their involvement in the April Fool's Day 1981 coup and the Sept. 9, 1985 coup attempt, are seen flirting with amnestied Communist militants.

It is a fact that Col. Manoon Roopkachorn, a prominent Young Turk who led a tank maneuver in the last aborted coup in 1985, has exiled himself in West Germany and enjoys today the protection of the Green Party, as well as of intellectuals around Hans Käng, the "dissident" crusader of the theology of liberation. During the past general elections, Col. Prachak Sawangchitr, another Young Turk, used a "former" Communist Party central committee member as campaign manager!

When asked whether the national security of Thailand was being threatened because amnestied Communist

Party members had won numerous seats in the Thai parliament, Colby replied straight-faced, "That's fine. The best way to take care of a guerrilla insurgency movement is to bring them into the system. So that, instead of using guns, they use votes. And then, that's better for everyone." Colby even went so far as to comment, "It's probably premature at the moment" to legalize the Communist Party, "but eventually, perhaps."

Is it any wonder then that, when asked to comment on insurgency in the Philippines, Colby categorically refused to recognize that the New People's Army (NPA), the military arm of the Communist Party of the Philippines, has grown into a sizeable army of some 23,000 men under the government of Corazon Aquino?

When confronted with a problem, it seems that Colby is all too eager to hoist a white flag. For him, the truce between the Aquino government and the NPA is sacred and represents "a step toward some kind of a settlement."

Whether it be "bringing them into the system" or "negotiating a truce," both policies imply legal recognition of the insurgents who have waged an internal irregular war against the state. This means state recognition that the insurgents' cause was legitimate. Therefore, by adopting such postures, the state government has already given in to the insurgents' blackmail. A settlement negotiated under the terms set by the enemy is guaranteed to be short-lived. Such a "negotiated" stability is temporary and will only allow the enemy of the state to buy time while preparing to launch the next phase of destabilization.

After this, what can be the credibility of William Colby, former director of the CIA? Whose side is he really on?

# International Intelligence

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## ***Assassination of Qaddafi opponent in Athens***

The assassination of 33-year-old Mohammed Salem Ashour Fahima on Jan. 7 in a suburb of Athens has put security services around the world on alert in expectation of a new wave of high-level assassinations in Europe and in the United States. There is special fear for the safety of Americans in Europe, high-level Europeans deemed pro-American, and even President Reagan.

Mohammed Salem Fahima was a Libyan political refugee who resided in the United States for several years, where he was active among the anti-Qaddafi Libyan exile community.

He was shot down by two gunmen while dining in a restaurant. Within hours, the two assassins managed to leave the country.

Fahima was killed while investigating recent deployments into Europe, especially Paris and Rome, of Libyan-sponsored terrorist squads. He had warned that a series of targeted assassinations was about to start.

According to investigations prior to his death, the deployment of hit squads into Europe and the United States is under the command of international terrorist Said Mohammed Abdullah Migarhi, better known as Said Rashid, wanted by the Italian government for several murders. Rashid is being assisted by Major Abdullah Manssour and Major Faraj Bou-Ghalia. Commandos deployed by Rashid have been trained at the "Ras Hassan" military camp close to Tripoli University, under East German, Cuban, Iranian, and Palestinian instructors.

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## ***Moscow replaces Geneva negotiator***

The Soviet Union has replaced its chief Geneva arms negotiator, Viktor Karpov, with Yuli Vorontsov, a high-ranking foreign ministry official who was made first deputy foreign minister. The Kremlin sent a letter to the White House explaining the shift, say-

ing it was because Moscow believed the next round of arms-control talks, scheduled to begin Jan. 15, will be crucial.

Vorontsov is a former Soviet ambassador to Paris.

Max Kampelman, senior negotiator for the United States, directly contradicted Defense Secretary Caspar Weinberger, by insisting Jan. 12 that the appointment of Vorontsov to head the Soviet team at the Geneva talks is a positive development. Kampelman said at a background briefing that the United States welcomes Vorontsov's appointment.

"One of the problems we've had was that we weren't quite certain of the clout of their delegation," said Kampelman, adding that Moscow may have named Vorontsov to the post to allay U.S. concerns about "the clout question." While conceding that fundamental Soviet decisions "are made in Moscow," Kampelman said Vorontsov would be in a position to evaluate U.S. proposals and forcefully communicate his recommendations to Soviet higher-ups.

But speaking on national television Jan. 11, Weinberger said he doesn't attach much importance to the Vorontsov appointment, implying that it was a straight propaganda move which could preface a renewed Soviet propaganda push for a summit.

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## ***Britain angered over Danish military cuts***

The British government, angered that Denmark's decision to cut its military forces, is threatening to redeploy the 13,000 British forces earmarked for wartime deployment to Denmark. In the ongoing debate in the Danish Parliament over defense expenditures, the government has reported the British threat.

Denmark is now debating whether to adopt a version of the Social Democracy's "defensive defense" doctrine, which would mean bringing Denmark's already woefully inadequate state of defense to the point of nonexistence.

Admittedly, Denmark and Norway are

indefensible without the commitment of other NATO members to rapidly move in crack combat troops *before* fighting breaks out. Should Britain revoke its crisis commitments to Denmark, the temptation for Moscow to exercise a "surgical strike" option against Denmark would rise.

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## ***French rail strike finally ended***

A month-long railway workers' strike in France, which had idled most of the nation's rail traffic from the Christmas holiday period onward, finally came to an end on Jan. 12. The majority of the striking trade unions reached an agreement with the government-owned SNCF management. Related strikes in the utilities sector were also ended.

But the strikes cost the government some 10 billion francs, and the authority of Premier Jacques Chirac's administration has been seriously undermined.

The strikes were orchestrated at the top by the Socialist Party of President François Mitterrand, the French Communist Party, and Trotskyist organizations linked to the Socialists.

The strikes were actually begun by the rank-and-file, who were fed up and frightened by the danger of losing their jobs. The government had announced a cost-cutting "modernization" and rationalization plan, while Premier Chirac had declared he would keep all wage agreements to 2% increases.

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## ***Jewish paper in Britain backs police chief on AIDS***

The *Jewish Gazette* of Manchester, England, dated Jan. 2, 1987, extended its full support to the controversial denunciation of AIDS and its moral sources by Police Chief Constable Anderton (see *EIR*'s year-end issue, Jan. 3, 1987).

Anderton had denounced the collapse of morality and spread of homosexuality as re-

## Briefly

● **THE KGB-LINKED** Moscow weekly, *Literaturnaya Gazeta*, reacted with a great show of indignation to the French magazine *L'Express*'s dossier, "Narcotics—the Soviet Trail," written by Brian Crozier and drawing on material compiled by Joseph D. Douglass, Jr. (See *EIR*, Jan. 9, 1987.) In a Jan. 7 article by its Paris correspondent, the Soviet newspaper denounced the characterization of the Bulgarian-linked drug and assassination business as part of a Soviet "undeclared war" on the West, as "something that could only be fabricated in a narcotic haze."

● **LSD** and other hallucinogenic drugs are being stockpiled by the Soviet Union for military purposes, said the British *Jane's Defence Weekly* in mid-January.

● **PENTAGON CHIEF** Caspar Weinberger said that holding a second mini-summit, as the Soviets have recently hinted, would be "useless," if the Soviets continue to try to kill the SDI. There would be no point to such a meeting "unless there is some indication that they are ready to make changes in the positions they took" at Reykjavik, Weinberger said during a nationally televised interview Jan. 11.

● **NASA** and the European Space Agency interrupted negotiations on the planned "Columbus" space station project in mid-January, due to some unspecified disagreement. A new date for talks was not fixed, and German participants even spoke of "an end to the ESA part of the Columbus project." Bonn government sources point to "European dissent with the U.S. approach, which wants to pursue the space station project from a strictly military viewpoint."

● **CHINA** has received requests from about 30 foreign companies to launch or recover satellites, the deputy manager of Great Wall Industrial Corporation said Jan. 8. The company is responsible for Chinese satellite launches.

responsible for the spread of the deadly epidemic.

The *Jewish Gazette* editorialized that it "winc[ed] at his reputed use of the term Christian morality—as if that religion alone invented the moral laws. . . ."

It continued: "I would have said live and let live, but the emergence of the deadly AIDS has completed altered the situation. If two consenting adults wish to practice their sexual preferences—so be it. But when it can result in a fatal disease which affects innocent bystanders, even children, then I agree with Manchester's Police Chief Constable Anderton."

### Russian Bishop Pitirim promoted

On New Year's Eve, Patriarch Pimen of Moscow and All Russia awarded honors to several prelates of his Russian Orthodox Church/Moscow Patriarchate. Among them was Archbishop Pitirim of Volokolamsk, whom Pimen elevated to the rank of Metropolitan of Volokolamsk and Yuryev, according to TASS.

For the past 25 years, Pitirim has headed the publishing department of the Moscow Patriarchate, one of the most important propaganda centers in the Soviet Union. Early in 1986, he was listed as a charter member of the new Culture Foundation, established by a group around Raisa Gorbachova and the Russian supremacist, Academician Dmitri S. Likhachov.

In World Council of Churches circles, Pitirim is also becoming known for his activism in the preparation of the 1988 millennial celebration of Russia's conversion to Christianity—which, for Pitirim, is not only an assignment, but a sort of inherited prerogative. According to a Russian Orthodox Church spokesman, Pitirim's own family may be traced back to the 16th-century ideologist of "Moscow the Third Rome," Josef of Volokolamsk. In December, the Moscow Patriarchate opened a "special information center" to coordinate the 1988 jubilee. "The center will offer domestic and foreign media

information on the life and activities of the Russian Orthodox Church," Pitirim announced at a Moscow press conference. The new office, he said, would provide lecture material, slides, movies, and records on Russian Orthodox Church history. Pitirim added that his Publishing Department was keeping up "close links" with people abroad, "including in West Germany, Switzerland, East Germany and Poland . . . in cooperation with them for the approaching jubilee."

### Shultz boosts South African terrorists

Secretary of State George Shultz and his subordinates used his recent trip to Africa to boost the influence and international standing of the African National Congress, the Soviet-backed terrorists in South Africa. Shultz began the trip in Senegal on Jan. 8, exhorting Africa to join the United States in a "new partnership."

However, it was disclosed that, on Jan. 26, the secretary of state will meet ANC leader Oliver Tambo, in what the *Washington Post* called "a breakthrough in international recognition for the anti-apartheid guerrilla group."

The ANC has focused its terror campaign against other blacks, and is notorious for its brutal practice of "necklacing," burning opponents to death by placing a rubber tire around them and igniting it.

U.S. Undersecretary Michael Armacost, who met with ANC representatives in Lusaka, Zambia, Dec. 20, arranged for the Shultz-Tambo meeting. He called the ANC the "legitimate voice of the black community."

Joe Slovo, a leader of the outlawed South African Communist Party and a member of the ANC's executive, welcomed the Shultz meeting: "I think it is a good thing," he said in comments published in the Jan. 9 *Post*. "It will give us a wider recognition." Tambo agreed, saying the meeting "represents a recognition on the part of the American administration that the ANC is there to be reckoned with. . . ."

## A changed view of U.S. maritime strategy

by Lyndon H. LaRouche, Jr.

*Lyndon H. LaRouche, Jr., candidate for the 1988 Democratic presidential nomination, released the following statement for publication by news agencies and other journals on Jan. 5.*

I take as a point of reference the report, *The Maritime Strategy*, January 1986, issued by the U.S. Naval Institute. I shall assume that criticisms of my remarks here will take into account the expert views expressed in that January 1986 publication. I merely add, that while the following argument is aimed most directly to U.S. policy-shapers, it is also addressed to relevant thinkers among our European allies, and our citizens.

One of the shattering consequences of Otto Hahn's 1938 proof, that nuclear weapons were imminently feasible on principle, was the Anglo-American decision to conquer Germany before Hitler's regime developed such a weapon. By 1940, Josef Stalin had constituted his own government's "Atom Project" task force, under the leadership of a leading nuclear specialist, Academician Vernadsky.

During the 1938-40 period, there began discussions, among quite limited circles, of the effect of such systems on the possibility of conducting future general wars after World War II had been won. These very restricted speculations of the 1938-45 interval burst into the open with the bombing of Hiroshima. On the Western side, the view prevailed, that as soon as the Soviet empire might possess nuclear arsenals, general wars such as those earlier in the century, could not be fought, because of the awesome destructiveness of nuclear explosions. This view was never accepted by the Soviet command.

Beginning the initial period of back-channel private dis-

cussions between the Khrushchov regime and the Anglo-American liberal establishments, 1955-58, the Soviets were guided by the view, that although surviving and winning a general thermonuclear war was a feasible proposition in military doctrine theoretically, as Marshal V.D. Sokolovskii's 1962 *Military Strategy* specified, Moscow would have to build up the preconditions indispensable for launching such a war, and that this would require decades of work, accompanied by successful deception of the Western powers. This did not signify that Moscow believed that thermonuclear conflict was "unthinkable." It signified that Moscow considered such warfare temporarily unthinkable, until such time as Moscow had the required margin of advantage in the specific capabilities needed to launch, survive, and win such a form of warfare against the U.S.A.

During the entire span of the Brezhnev period, the Soviets succeeded in lulling the Western powers into a posture of "détente." This successful strategic deception enabled Moscow to build up a massive margin of strategic superiority over the half-sleeping Western powers, and also to lay the foundations for a strategic ballistic missile defense which would provide the crucial added element indispensable to launching a first-strike assault against the United States.

For Moscow, the period of "détente" came to an end during the spring and summer of 1982, as the Soviets decided to allow Leonid Brezhnev to take a well-earned, permanent rest, and to bring former KGB chief Yuri Andropov to power. The Soviets are a deeply mystical people, who define their steps toward unchanging long-range objectives in terms of a succession of "periods." Each period is defined by an interpretation of circumstances, paralleling the way an extremely superstitious American studies a personal horoscope. The

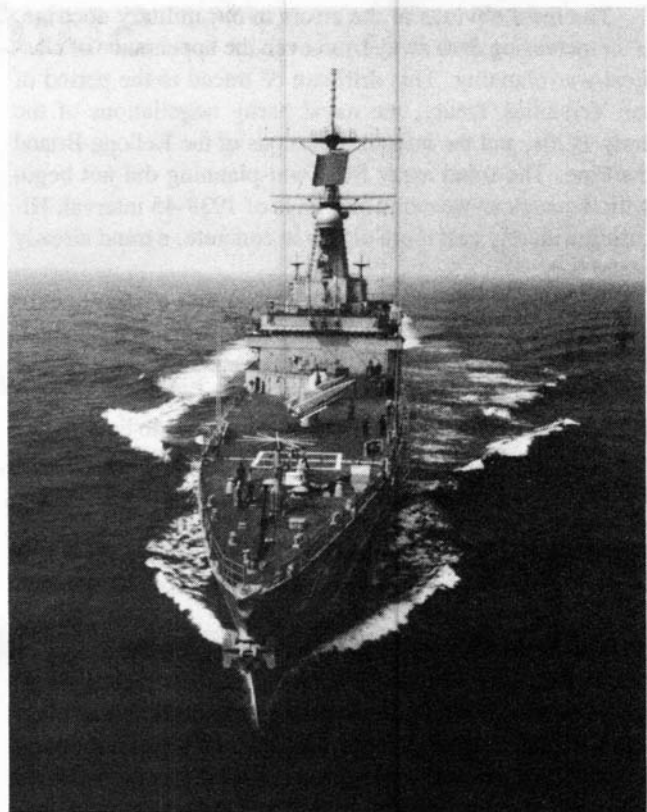
Russian's view of the transitions under Stalin, and through Khrushchov, through Brezhnev, into the present, Andropov period, must be understood as, to a very large degree, reflecting the way in which the highly superstitious, brooding Russian's mind is organized.

The point is made clearer, by emphasizing that while Soviet domestic press is a pack of lies to an extraordinary degree, the fact that the Soviet government lies wildly most of the time, is relatively incidental. To handle a pack of wildly superstitious people, one must employ the arts of the witch-doctor. For the Bolshevik "liturgists," witch-doctors such as Mikhail Suslov or Yegor Ligachov, the question whether a Soviet official statement is true or not, by the standards of the real world, is a matter of the utmost irrelevance. The question is, what does the Bolshevik's current liturgical outpouring signify, symbolically, to the deeper recesses of the Russian's paranoid state of mind.

Western Europeans and North Americans should have learned to take this schizophrenic periodicity in Soviet mysticism very seriously, with dictator Josef Stalin's launching of what was called "The Third Period," the ruthless industrialization drive launching the First Five Year Plan. Suddenly, the N. Bukharin who represented all of the agreements with Western establishments, put "solidly" into place over the course of the "New Economic Policy" period, was out of power. Then, came the "Popular Front" period, with the accompanying Moscow purge-trials. And so on. Unfortunately, since the time, in 1955, that the Khrushchov government signaled publicly, acceptance of Bertrand Russell's "nuclear deterrence" agenda, the Anglo-American establishment forgot the lessons it should have learned about Soviet "periods" from painful experiences of the late 1920s and 1930s.

The Andropov period is the "period" of pre-war mobilization, up to, and including the prospect of general warfare launched according to the war-plan elaborated under the direction of Andropov and Andropov's favorite Soviet military planner, Marshal Nikolai Ogarkov. General Secretary Gorbachov and his wife, Raisa, are to be recognized as instrumentalities of what is fairly described as the "Andropov dynasty." The present Soviet war-plan is to be seen as the outcome of long-range objectives which span the successive, Stalin, Khrushchov, Brezhnev, and Andropov "periods." In this respect, the Andropov "period" has the special quality of being the time chosen as mystically and objectively auspicious for bringing the implementation of that war-plan into the open, as the characteristic response of the Soviet state. The preceding "periods," are to be seen, not as antagonistic to the Andropov "period," but as metamorphical steps to the surfacing of the present "period."

In the West, we have been bemused by both a false interpretation of the preceding Soviet "periods," and our own foolish assumption that thermonuclear war is an "unthinkable" from the Soviet standpoint, as our own wishful dreamers



*The nuclear-powered guided missile cruiser USS Virginia sails the Atlantic Ocean.*

Newport News Shipbuilding and Dry Dock Co.

suppose such warfare to be. This misassessment of the Soviet view has shaped our military doctrine, and weapons policies. It is the bearing of such U.S. wishful thinking on the subject of a 600-surface-unit Navy, whether pro or con, which is the subject of this report.

The issue is not whether or not we ought to have a 600-surface-unit Navy. The issue is whether such a fleet must be set afloat on a sea of wishful delusion, the delusion that the implementation of the maximum options of the Ogarkov Plan is more or less "unthinkable." The issue is not really what Secretary John F. Lehman, Jr. thinks about such a fleet of that size; the issue is what Secretary Lehman, or any other Defense official, is permitted to say about the "unthinkable." If we design a maritime strategy, and define its implementation in terms of avoiding mention of the "unthinkable," we ensure that what budgets will authorize is a kind of fleet-capability which might become a tragic nightmare down the way.

Restate the point this way. Whatever naval leaders as accomplished as Adm. James D. Watkins think, they are constrained to frame their proposals for presentation in what Washington, D.C. recognizes as a "politically realistic way." What result they may intend to further, being hidden from view, is much less likely to be what the U.S. Navy gets, than the design hewed out by much debate over the literal reading of the "politically realistic" guise of proposals.



The most obvious of the errors in our military doctrine, is an increasing drift away from even the appearance of classical war-planning. This drift can be traced to the period of the Versailles Treaty, the naval parity negotiations of the early 1920s, and the infantile delusions of the Kellogg-Briand doctrine. The trend away from war-planning did not begin with the nuclear-weapons mootings of 1938-45 interval; Hiroshima merely cast more or less in concrete, a trend already under way.

The effect of this trend, has been to locate a substitute for war-planning, in the planning of a kind of Sears Roebuck catalogue of shopping lists for weapons-systems. So, our Defense budgets take the form of a Sears Roebuck catalogue's order form. Our military posture tends to be defined, increasingly, by the habits of procurement policies so cultivated. With Robert S. McNamara's incumbency at Defense, almost the worst of this sort of thinking was institutionalized. The absolute worst was introduced during Kissinger's tenure at the National Security Council, under the auspices of "arms control."

This affects our thinking on maritime strategy, as it does every other aspect of strategic thinking. Even strategists whose knowledge and training incline them to classical war-planning, including naval strategists, adapt their propositions and supporting arguments to the limits of what can be "sold" to the political establishment, in terms of presently prevailing policies, methods, channels, and procedures.

I am an economist by profession, and, although I am the best living economist today, I am not trained as a naval strategist. Yet, there are crucial features of the role of naval forces in warfare which lie uniquely within the province of my specialty of "physical economy." Thus, in limiting my remarks to those aspects of maritime strategy which lie within my expertise, I leave important matters untouched and important questions either unanswered, or incompletely answered. The shortcomings of my report are offset by the fact, that certain crucial aspects of this important matter are not adequately treated by anyone else writing in the public domain. Also, I am free to speak openly of what is known of Soviet war-plans, as our serving military officers are not presently permitted by our government to hint that they might brood over this "unthinkable" contingency, in their formulations of policies and budgetary requests.

Acknowledging categorically, that I leave many among the important specialized aspects of the matter of maritime strategy out of consideration here, what I emphasize is of crucial importance for our strategic planning, and is not likely to be presented by sources other than myself.

To be brutally frank, a large surface fleet well designed for "conventional warfare" missions, or even limited nuclear escalation under "conventional" conditions, is, in an actual general warfare, a sitting target for instant obliteration. Even advanced modes of point-defense built into flotillas, could be a failure, if this is imagined to be a part of a capability

essentially self-contained in fleet as such. We certainly require an awesome surface-maritime capability, but in the same sense that land armies require capable regiments of infantry and armored units. The question of armed maritime strategic capability, is a question of the effectiveness and survivability of such units and flotillas within the total division of labor of an integrated, overall war-fighting capability for surviving, and winning a general war at the level of the Ogarkov Plan's maximum options.

For example, the Soviets intend to defend their surface naval forces in the Indian Ocean and South Atlantic, by aid of an integral and indispensable role of land-bases in Mozambique, Angola, and other locations. Overrunning at least part of Norway, is integral to Soviet future naval operations out of a controlled region behind the Greenland-Iceland-Britain-Scandinavian straits base of naval deployment into the North Atlantic. Soviet naval bases in Vietnam, Kampuchea, and others, are adjunct to land-based defense of surface fleets in the Asiatic Rim region. Similarly, Soviet use of Iranian airspace, is key to a major Syrian war against Israel now looming as a contingency. Soviet naval policy is attuned to the realities of war-fighting and related operations, with designs based on maximum levels of operation according to the Ogarkov war-plan. The Soviets are right; start from a war-plan for general thermonuclear war-fighting's environment, and design capabilities at that level of contingency.

We proceed wrongly, in the opposite way. The structure of allowed formulations of budgetary policy for defense, prescribes that we start from limited forms of "conventional" war-fighting, and adapt such capabilities to various levels of possible escalation, never quite taking the level of full-scale warfare into account.

We have only one credible general adversary in sight, the Soviet adversary. His capabilities are those reflected in the development of Soviet capabilities to meet the war-planning requirements of the Ogarkov war-plan. We have no credible military policy, unless we have a plan which is so discouraging to Moscow, that the costs of their implementing the maximum options of the Ogarkov Plan are vastly in excess of the risks which that Soviet plan pre-discounts. This must represent both the means for neutralizing quite significantly the initial Soviet strategic assaults, and also the capability for carrying the war promptly and successfully to Warsaw Pact territory.

War-planning must never be limited to military subjects alone. The conflicts out of which general warfare springs, are immediately political-economic conflicts, and, at a higher level, conflicting cultural imperatives. These higher, political and cultural aspects of "grand strategy" must be defined, and taken fully into account in design of the military side of the war-plan. So, before turning to the matters of maritime strategy as such, I must indicate the broad cultural and political-economic context within which our military planning must be situated.

## Defining issues of the strategic conflict

The first fact to understand, in approaching the issues of military war-planning, is that the 1917 Russian Revolution never happened, at least not in the way popular myth views the matter. The February and October revolutions of 1917 were both coups d'état, run from both inside the Czarist government and by foreign agencies. Both coups were run on the basis of dress-rehearsals run in 1905, and with capabilities developed prior to and out of the lessons of the 1905 experiment.

From the inside of Russia itself, the coups replaced the Romanov dynasty and its institutions with a new dynasty of the principal, long-standing adversaries of the Romanovs inside Russia, the peasantry-based "traditionalists" identified with the anti-Romanov factions known to Western literature as the "Old Believers," the Raskolniki. The ideology and perspective of these victorious insurgents are those of Fyodor Dostoevsky.

Inside Russia, the "revolutions" were run by circles including the Czar's Minister of War and the Czar's secret police, the Okhrana. The Bolsheviks, like the Populists and the Odessa-based Zionists, were creations of, and instruments of the Okhrana, in a process unleashed during the 1880s, a process associated with the assassinations of czars Alexander II and Alexander III, and the pogroms of the 1880s.

From outside Russia, the Russian coups d'état were run by a consortium of forces earlier associated with the terms of the 1815 Treaty of Vienna, which had made Russian troops "the policeman of Europe" over the period 1815-1849. The special features of the 1917 coups, included the fact that the British interest was a dominant factor in the February coup d'état, and the German interest a dominant factor in backing the October coup.

Two distinct but more or less allied sets of motivations were involved.

Inside Russia, the cultural imperative is a continuation of the issue defined by Russia's rejection of the terms of agreement between East and West reached at the A.D. 1439-40 Council of Florence. The Russian cultural imperative, especially since the A.D. 1453 Fall of Constantinople, has been to establish Moscow as the world capital of a "Third Roman Empire," to rule the world forever. This goal of Ivan the Terrible's time, has been the Soviet imperative from the beginning, with the bringing of industrialized Germany into the Soviet orbit the central feature of Soviet strategic planning to the present time. This goal is the objective of the Andropov-Ogarkov war-plan.

Outside Russia, the backers of the 1917 coups intended to use a Raskolniki-ruled Russia, under the revolutionaries, as a combination of Eastern barbarian hordes and geopolitical battering-ram, to destroy the existing political philosophy of the Western European and American sovereign nation-states. This faction outside Russia is what has been self-described

since the close of the last century as the "New Age" faction of Nietzsche, Dostoevsky, Aleister Crowley, and so forth: a faction centered around those extremist ideologues, such as Nietzsche and Crowley, who proposed to make the 20th century the century of destruction of the "Age of Pisces" (Christianity) and "The Dawning of the (countercultural) Age of Aquarius" (Dionysos, Lucifer). These forces outside Russia gave us, during this century, not only Bolshevism, but also Nazism and other forms of fascism: instruments to destroy the culture of Western civilization, both from within and from the East.

The intersection of these two factions, typified by the "Trust" arrangements of the post-1917 period, and by the "Trust"-echoing "détente" accommodations of the period to date beginning 1955, is the enemy of our civilization in general, and of the United States in particular, the enemy we must contain, defeat, and destroy. Within this framework, the Soviet empire is the chief armed expression of this enemy, and, during the postwar period to date, the only credible form of such military adversary.

That is the beginning-point for war-planning.

We must assert the values of our civilization, uprooting the influence of the counterculture within our nations, building a network of community of principle among nations, ringing the Soviet empire, and containing that empire to the degree that it finds the risk of military and related adventures so great, that it accustoms itself to abandon mad, "Third Rome" ambitions. Our strategy is therefore a complex of interdependent cultural (moral), political-economic, and supporting military actions. The requirements of military war-planning are so situated.

The Soviet empire today, is a system of colonies and satrapies, ruled over by a Russian ruling class. This ruling class is a classical Oriental oligarchy, a complex of ruling families associated with the Soviet Nomenklatura.

During the Brezhnev period, the institutions of Soviet society underwent a final stage of evolution, emerging as the institutions of the Andropov period. The bloody transition from the Romanov to the new dynasty is now being completed, as the mystical celebration of 1988 approaches. The present purges, openly demanded by Marshal Ogarkov in 1983, and implemented by the Gorbachov administration according to Ogarkov's specifications, are aimed at completing the permanent form of the Soviet state.

The present form of the Soviet state is a Mongoloid echo of the Byzantine state from about the ninth century A.D. It represents thus, the form of Muscovite Russian culture developed under the approximately two centuries Russia was almost entirely a system of Mongol satrapies, in which the Russian monasteries were the dictatorial force within the Mongol's Russian satrapies. The general matrix is Byzantine; the special features are those determined by the shaping of Muscovite cultural traditions during the period of the Mongol satrapies.

The Muscovite dictatorship of the Soviet empire is presently composed of three elements: the Nomenklatura, as the ruling oligarchical class; the Russian state church, which has become an integral part of the present form of the Soviet state; and the Soviet military. The symbiosis of the Russian church and the Soviet military, established in the form of restoration of Russian officer's epaulets during the Stalin period, is a dominant current within the dictatorship, identified as the "Russian Party." This Russian Party echoes, in a Russian way, Augustus Caesar's agreements with the Syrian priests of the cult of Mithra, agreements which established the empire of the Roman legions as the Roman Empire. Marshal Ogarkov is the symbol of the military side of the Russian Party. Raisa Gorbachov's, Armand Hammer-funded Soviet Culture Fund, is the expression of the Russian Party in the top strata of the Nomenklatura more generally. The official restoration of Fyodor Dostoevsky by Raisa Gorbachov et al., is the ideological marker for the philosophical world-outlook of the Russian Party as a whole. The history of the once-Bulgaria-based Bogomils, is key, in more respects than one, to the Byzantine character of the Soviet dictatorship today.

The Russian state church, is professedly pagan. It traces the theology of the present-day Russian church to pre-Christian pagan religious beliefs. *Rus* was a Scandinavian (Varangian) name for serfs, much as the word *Slav* was adapted to the words "slave" in English, and *Sklav* in German. The collections of various peoples migrating into the territories ruled by the Varangian assets of Byzantium, were thus afforded certain common cultural characteristics, including those other conquerors had introduced to the region during earlier periods. The predominant pagan belief among these subject peoples became the worship of a form of the Phrygian cult of Cybele-Dionysos, the worship of the earth-mother-goddess, Matushka Rus. This sort of "blood and soil" pagan mysticism is the characteristic feature of Russian culture today. This paganism has infected the churches of Russia syncretically, and was the root of the fanaticism of the Raskolniki insurrections against Peter the Great and his successors, including that Raskolniki revolt called the Russian Revolution of 1917. This hideous, Nazi-like paganism is the officially avowed essence of Russian state church doctrine today.

It is this cultural characteristic of Muscovite Raskolniki culture, which was the basis for constituting the street disturbances and strikes of the 1905 and 1917 periods, and was the essence of Bolshevism from the beginning. The influence of Marx on Bolshevism inside Russia itself was more opportunistic than fundamental. Russian communism, the doctrine of *Mir*, is an ancient pagan tradition antedating A.D. 988.

This sort of deeply pagan, mystical character of the Raskolniki, is the driving force behind Soviet strategy today. One of the rare, true public statements of Bertrand Russell, was to emphasize, that one expects the Russian people to

choose a government composed of characters from the pages of a Dostoevsky novel. The assumption that, because the present regime is a dictatorship, that the Russian people dislike it, is the sort of ignorant liberal's delusion which one might expect of a Washington, D.C. cocktail hour. The Russian peasant, is a superstitious manic-depressive paranoid type, whose proclivity for explosions of the most extremely bestial sort of violence, is legendary among those familiar with the type. The fact that the internal life of Russia is pregnant with violence, may lead to killing of large portions of the regime again, as it has in the past; this does not portend an inclination to make the regime less dictatorial; dictatorship is the only stable form of government possible for a people whose culture is a mysticism-ridden, violence-prone sort such as the Russians'.

In broad terms, the idea of the human individual, as we know this in Western European culture, does not exist as an efficient belief in Russia. With some few exceptions, Russians do not have individual souls; Russians have a collective soul. Apart from keen feelings for members of family and close friends, they do not view the death of millions of Russians as we would view the deaths of millions of Americans. The "Russian race," the "Muscovite race" most emphatically, is the location of their sense of such matters. If 40 millions of Russians must die, to make the Russian race the ruler of the world, they will accept that penalty. They are disposed, if that seems the only pathway to world-rule, to suffer the same amount of human and other losses they endured during the last general war. That is the way the Soviet command calculates.

We must never commit the blunder, of attempting to explain the motives of persons of cultures different than our own, by projecting our standards of behavior upon them.

An analogous sort of thinking prevails among the hardcore ideologues of the "New Age" in the West. The extinction of entire nations, including a savage reduction in the size of the U.S. population, has been openly advocated among some of those leading figures of our Eastern Establishment who represent a "New Age" outlook. Bertrand Russell, for example, repeatedly advocated the use of biological warfare to reduce massively the world's number of persons of skin-hues darker than the Anglo-Saxon.

We must never delude ourselves, by imagining that "they would not do such a thing, because" of some moral value of our own we choose to project upon the Soviets or New Agers.

The Soviet dictatorship is essentially a collection of fanatical, Muscovite racists, who can not tolerate a world which their race does not rule. That is what drives them, a motive they will never give up, as long as their personalities are shaped by the Raskolniki's variety of Muscovite culture. If they do, on occasion, express a different motivation, this is pure Russian peasant slyness, calculating deception.

For the foreseeable future, the key to relations with the Soviet dictatorship, is based on the fact that there are only

three qualities they respect in a prospective victim or adversary. The first is sheer power. The second is will to use power. The third, is a prospective penalty to the Muscovite race itself, which they estimate to be greater than Matushka Rus will be willing to tolerate. Our strategic policy toward Moscow ought to be a strategy of "peace through strength" which meets these three conditions. As long as they perceive those three conditions to be met, they will not attack unless they themselves are attacked.

For the longer term, we can do better than secure war-avoidance by peace through strength. If the Russian ever reaches the point, that he loses faith in Matushka Rus herself, he will agree, however reluctantly, to become civilized. If he is induced to believe, that Russian culture itself is incurably inferior to Western European culture, respecting both power and the will to use power, he will seek to copy Western European culture, as well as our technology. We must aim to lay the basis for his believing that, during the remainder of this present century, and leave the harvesting of durable peace with Russia to our leaders of the coming generations.

The root of the power of our culture, in Russian eyes, is our labor force's superior disposition and capacity for assimilating successive levels of technological progress rapidly. We have an advantage of the sort a Russian can understand, only to the degree that we draw upon this expression of our innate cultural superiority.

The chief cause of the military side of our worsening strategic crisis today, is the fact that we have thrown away this key cultural advantage. By drifting into "post-industrial" decay of our basic economic infrastructure, and basic agriculture and industry, we have created a growing weakness of nations and military capabilities among both the nations of Western Europe and North America, and the developing sector generally. It is this "post-industrial" drift which has enabled the Soviet empire to catch up with us in many respects, to overtake us in military power, and to extend Soviet influence into new regions of the world.

There are two general ways in which we might, theoretically, eliminate the Soviet threat. We might, if we had the means, eliminate the threat by military conquest. Or, we might contain the Soviet strategic threat by a war-avoidance policy of peace through strength, and use this containment to win the peace over the course of the two generations or so immediately ahead. I am confident that effective commitment to the second course of action will succeed, but only on condition we are equipped and resolved to be able to employ the first, should Moscow choose war.

It must be emphasized, that effective war-avoidance with the Soviet empire requires us to be able to survive and win war should they launch it. That requires a form of war-planning aimed at the contingencies of a full-scale nuclear war, in which the Soviet forces would begin war with an attempted first-strike, knockout-blow against the U.S.A. and each and all of our primary military capabilities throughout

this planet. A weapons policy which is not addressed efficiently to this potential problem, is an invitation to the Soviets to launch a first-strike assault, and nothing less than such an assault. Those among us, who argue against such a peace-through-strength doctrine, are actually demanding that we suffer a thermonuclear attack, unless we were to surrender instead. Those who propose a military doctrine at a lesser level of capability, are proposing the same choice between nuclear holocaust and abject surrender.

I examine certain among the key parameters of maritime strategy in that setting.

### **The two primary tasks of maritime capabilities**

A competent strategic doctrine can not be developed as the sum of capabilities of four separate military arms: army, navy, air force, and special forces. The four arms must surrender the key functions of war-planning to a common general staff. You oppose a general staff? You are a loser.

We require an integrated capability, designed to operate in warfare under a unified command, and a single commander, a command which is the complement to the general staff. In principle, it makes no difference whether the military arm of the commander is army, navy, or air force; he must direct all arms in an integrated way to singleness of effect. The arms of warfare are a division of labor in a common, integrated effort.

Within this setting, there is a subordinate war-planning function within the leadership of each arm. This function is twofold. It is part of the process of general war-planning. It is also addressed to the development of distinct capabilities of that arm as such. It is also addressed to the functions of that arm under either peacetime conditions or combat operations at a level below that of general war-fighting. The maritime forces of the United States have a rather distinctive sort of special function by virtue of two circumstances. In the main, the naval arm is constantly deployed at something approximating a war-footing at all times. Second, it is chiefly a maritime force.

The fact that naval forces are predominantly a maritime force makes its peacetime functions of a special character, its relationship to those commercial maritime activities which are integral to military capabilities in time of war. This includes not only the flag merchant fleet of the United States, but shipyard and related facilities, and the development of maritime choke-points such as critical ocean passageways and canals. The naval arm's functioning has been associated traditionally also with land-based coastal defense, a function which is represented today chiefly by functions of anti-submarine warfare.

To a significant degree, large chunks of a competent maritime strategy can be developed within the context of functions of the naval arm itself. However, ultimately, this function can not be defined adequately without defining the maritime forces' portion of the division of labor within a



*The late Admiral Hyman Rickover, in a visit to the USS Nautilus. Will the advantages he achieved endure?*

unified capability for general warfare. Here is where the present problem lies chiefly. With these broad observations so stated, I turn to the nub of the problem.

During the period 1981-82, I completed preliminary work on designing and presenting a new strategic defense policy for the United States. The gist of this was adopted during 1983 as what is known as the U.S. Strategic Defense Initiative (SDI).

Following the adoption of that general doctrine, much time and money was wasted in researching issues not even worthy of debate, and the "crash program" which should have been launched immediately was held back by a lack of sufficient political momentum supplied to the program, and by the effects of budgetary pressures. Nonetheless, despite all distractions and other troubles, the SDI has become institutionalized to the extent that the doctrine itself has now become all but irreversible.

In presenting the new strategic defense doctrine, I was obliged, for educational reasons, to emphasize the feasibility of effective strategic defense against the fastest and least accessible of nuclear weapons, intercontinental and intermediate-range ballistic missiles. Once it is clear, that ICBMs can be intercepted by weapons based on "new physical principles," such as lasers, the general means for strategic and tactical defense at all levels is demonstrated on principle. Others who worked to educate the military, politicians, and

the general population in these matters, were obliged to place the initial emphasis of their explanations in the same terms of reference.

So, during 1983-85, those of us pushing for the strategic defense policy as a whole, were obliged to repeat our arguments all over again to our European allies, and to some others as well. Yes, we affirmed over and over again, SDI included defense against such devices as depressed-trajectory missiles, cruise missiles, aircraft, and also naval and ground forces. So, my friends invented the term TDI (Tactical Defense Initiative), and spoke of an SDI/TDI combination, as a way of leaving no doubt of our original intention. Then, we had to explain, again and again, that the basic research, development, and manufacturing capabilities for SDI and TDI were essentially the same.

TDI types of point-defense of naval craft and flotillas had to be emphasized, too. The tough fight, was to make clear that one could not speak of an effective SDI without a commitment to qualitative advances in anti-submarine warfare. Another tough duty, which I emphasize in this report, is the essential role of a combined global SDI defense, plus land-based TDI, in the deployment of naval surface flotillas.

We must assume, that Moscow knows the position of every surface naval vessel of the United States to within a few feet of its actual location. Under most conditions short of general war-fighting, what protects a U.S. carrier task force is nothing but a political screen. A Soviet missile-attack on a U.S. carrier task force is virtually a *casus belli* for full-scale war. Under three conditions, that political screen drops: the launching of full-scale war, Soviet selective action under very special cases, or missile-attack by a Soviet surrogate. At the outbreak of general warfare, each such carrier task force is a prime target of attack in the first assault. Unless the carrier task force, for example, can survive such targeting as a functioning force, of what use will that task force be after a few minutes into World War III? You get my drift?

At present, if Moscow is willing to commit sufficient concentration of strategic firepower against the few carrier task forces we possess, a not unlikely action, those forces could not avoid having their point-defense capabilities supersaturated by the volley. With effective SDI supplemented by nearby land-based terminal defense of the region in the vicinity of the task force, the chances of the task force's survival are greatly improved. If anti-submarine warfare capabilities are also effectively deployed into the task force's vicinity, the carrier task force becomes a probably surviving asset of continuing warfare.

The indicated requirements for maximum levels of war-fighting, cover the contingencies at lower levels of war-fighting.

In approaching such matters, we must take into account the factor of technological attrition. A warship should have a life of approximately 20 years or so. So, the investment in naval capabilities must be designed to meet the requirements

of technologies deployed 10 or more years ahead, not merely those of today or the coming five years. The mere fact that we might estimate that Soviet forces could not do something today, does not mean Moscow will not be able to 5 to 10 years ahead.

Putting momentarily to one side, the functions of naval forces under conditions below general war-fighting, let us pose a very elementary question. Why should we believe it indispensable that combat surface naval forces should exist following the initial missile barrages of a Soviet first-strike? In other words, is it the case, that our surface naval forces' combat capabilities are written off with the onset of general warfare? Let us look directly into the monstrously ugly face of the "unthinkable." What is the situation after our SDI/TDI has largely neutralized a Soviet first-strike assault?

Except under the condition that Moscow were assured we lacked the will to act against a Soviet invasion of West Germany, Moscow would never conduct a so-called "conventional" war in Western Europe. Moscow would begin World War III with a first-strike assault, concentrated against military, population-center, and logistical targets in the United States, and against military targets in Western Europe and other parts of the world. These attacks would be launched against all points simultaneously. In the case we lacked SDI, the United States would be unable to begin a credible response against Moscow after some few minutes into the initial Soviet launch. This is usually seen as a "worst-case scenario"; unless we either have an SDI deployed, or launch our missiles immediately at the first detection of Soviet launch, it is the only scenario.

At the same instant, Moscow would aim to eliminate every possible U.S. nuclear submarine everywhere in the world, and obliterate our surface flotillas. In the same time-frame, Warsaw Pact forces would attempt a breakthrough into Western Europe, chiefly through East Germany and Czechoslovakia.

On principle, we could have deployed the means virtually to obliterate Soviet land, air, and surface-naval forces engaged in the assault, and to administer savage punishment on Warsaw Pact forces' rear echelons. At that point, we would go over immediately to counteroffensive, with the liberation of Poland a principal objective. This would be part of a global counteroffensive. It is in that setting that surviving naval combat forces' function come fully into play.

Had we such a war-fighting capability, Moscow would not risk war. That should be our policy: to avoid such a war's ever occurring. The point is, we must actually possess such a capability, otherwise we shall never induce Moscow to give up the Ogarkov war-plan, or any future plan like it. Only wishful dreamers imagine we shall secure peace in any other way.

Putting submarine forces into a distinct category for the moment, the first question to be asked is: Do we require the survival of functioning naval surface combat forces past the

initial barrages of general warfare, or do we accept the proposition that they are written off in such a contingency? The President of the United States must have a non-evasive and reliable response to that question. If they are to survive, what is their function in the global counteroffensive? If they are to survive, then, in light of their mission in counteroffensive, how to we design them and deploy them, and how do we ensure the survival of this capability?

These are cold-blooded questions, but they must be asked, accepted, and answered rightly.

Either way, we must cease dilly-dallying over the issue of adequate anti-submarine warfare. We require a global detection and tracking system, such that we have on our crisis-management maps constantly, the precise location of every Soviet submarine in their inventory. No one known means of detection and tracking is adequate. A combination of means is at least nearly adequate. About \$10 billion initial outlay for combined measures would be about a minimal requirement. Don't worry so much about the price tag; think of the price to be paid for not having such means. This must include both passive and active modes of detection and tracking the relevant objects in the world's oceans. It does not include the means for eliminating Soviet submarines on signal at the appropriate moment.

Anti-submarine warfare is today, what coastal defense was during the early 19th century and somewhat later. Since the naval arm has the most directly personal concern with such matters, it is properly a part of their functional capabilities.

Through and beyond the initial phases of general warfare, the nuclear submarine force is the pivot of maritime war-fighting capabilities. However, the assumption, that submarine-based "second strike" capability is invulnerable to a significant degree, is no longer a tenable one. Generally, technologies of detection and tracking available for deployment today, leave few regions of the world's open oceans secret niches for submarines. Efficient tracking in open waters, by tracing submarines into less transparent coastal regions, is a precondition for employing effective detection and countermeasures in coastal waters. Once a submarine is located within a sufficiently small area and volume of water, it is almost as good as dead under full-scale warfare conditions. Submarines exist in a race of technological attrition between submarine design and deployment of improved anti-submarine warfare measures.

The difficulties confronting the submarine branch lie increasingly in the manufacturing technology of the United States. It is become painfully clear, that the durability of the advantages gained through the leading role of Adm. Hyman Rickover depended upon the assumption of a wide margin of advantage in the resources upon which we could draw from the civilian economy's manufacturing and related capacities.

The strength of materials, and heat toleration of materials, are of prime concern today. We have open to us the



means for developing new kinds of materials, representing both required improvements in strength and heat-tolerance, and also offering desirable magnetic qualities. New modes of propulsion are open to development. In technological potentials, the way is open to winning the war of technological attrition against Soviet submarines. We are in danger of losing the war of technological attrition in our basic industry.

Similarly, by concentrating attention upon the alternative modes of detection and tracking of submarines, both present and in sight for the future, we have the possibility of diminishing significantly, if not eliminating, the detectability of our vessels.

All such programs demand a degree of retooling of primary vendors which is qualitative today, and also some fundamental improvements in technological levels of capacity upstream.

The same technological considerations, of special urgency for the submarine branch, apply to the surface vessels.

So far, we have reviewed points bearing upon the forces deployed. This brings us to the matter of determining the global environment in which they are deployed. Pre-war control of the oceans and their crucial choke-points, and logistical development of that global environment, must be considered.

Since the work of Leonardo da Vinci, on principle, and since the French work on geometry of fields of fire, respecting defense and offense, during the 18th century, we have gained generally improving capabilities for expressing military functions geometrically. The prime such function is identical in nature to that employed in the science of physical economy.

As in measuring productivity of labor, in terms of output both per capita and per square kilometer, so we must measure firepower and mobility, both respecting offense and defense. How much firepower, for example, can we deploy, both per capita and per square kilometer used by our attacking forces? How much firepower, for example, must be concentrated upon a square kilometer of target-area defended? The combined mobility and ability to concentrate great firepower per area from dispersed small portions of occupied area, is at a premium. The more dispersed a deployment, from which great firepower can be concentrated upon the target-areas, and the greater freedom in choosing rapidly among such dispersed positions, the greater the advantage with which our firepower can be deployed, while enjoying the greatest relative degree of inherent defensibility.

In space-deployed components of SDI, the fact that beam-pulses at the speed of light, can be employed to defend a unit beyond vulnerable low-orbiting positions, and that attacking devices can be detected prior to attacking such units, illustrates the way in which the volume of space works to advantage. The analogy to naval deployment is worth stressing. By improving the range and accuracy of SLBMs, and controlling larger reaches of the world's oceans, the inherent

potentials of the naval arm are underscored. The area of surface, and volumes of air- and water-space controlled, are crucial aspects of the geometric function.

The foe's firepower is finite. The greater the finite area over which he must deploy that firepower, and the smaller the finite area from which he must deploy it, the greater our defensive and offensive potentials. This consideration is of great, almost decisive importance for the medium-term, in simplifying the performance requirements of SDI. Here, maritime strategy's central importance is shown.

This requires wartime control of the choke-points and proximate land areas, both our access to such, and denial of the adversary's access. The broad definitions of maritime strategy, are hinged precisely on this point.

These "geopolitical" considerations at the center of maritime strategy, define the naval strategy as an integral feature of an encompassing maritime strategy. The encompassing maritime strategy is fundamentally cultural, political, and economic.

### **The Monroe Doctrine as strategy**

The importance of St. Augustine for modern U.S. strategy, is that Augustine elaborated the form of society consistent with Christian principles, as a sweeping replacement for the Roman institutions of law, at the crucial point Roman institutions in the West were collapsing of their matured internal rottenness. The reforms of Charlemagne, Otho I, and the Staufer, each an attempt to implement Augustine's design, were given corrected form, in conception, in the aftermath of the 14th-century "New Dark Age," this accomplished chiefly by a reconstituted Papacy, in which the work of Cardinal Nicolaus of Cusa was key, in a series of developments centered upon the 1439-40 Council of Florence. It was the developments, centered upon the issue of the reforms adopted at that Council, and upon the circumstances of the 1453 Fall of Constantinople, which set the entirety of subsequent world-history into motion, including the new form of expression of East-West conflict in Europe, which has reached a critical point in the present East-West conflict.

The positive developments for secular society, flowing from the point of origin of Augustine's design, reached a high point in the 18th-century international conspiracy which established the independence of the United States, through the guidance and aid of that international conspiracy. This conspiracy, to establish a new form of republic in the Americas, was an outgrowth of the proposals to that effect by Robert Dudley and others, during the 16th century. The English settlements in New England during the 17th century, were an adaptation of Dudley's proposal to the special circumstances of England, immediately, and Europe more generally, during that century. Under Queen Anne, the development and future role of the English colonies in North America were adopted by an international conspiracy extended to the networks around Gottfried Leibniz and others, a



conspiracy which came under the emerging leadership of Benjamin Franklin from about a decade prior to our Declaration of Independence into the adoption of our federal Constitution. Our young republic, so established, became the rallying-point for the republican cause throughout Europe and the Americas.

Our republic's proper destiny, is not a geographic one, but a moral destiny. This was most clearly recognized by a U.S. foreign-service officer, trained under Franklin, who became secretary of state under President James Monroe, John Quincy Adams. If we lay over the Declaration of Independence, and the *Federalist Papers'* insight into our Constitution, the letters and other papers of Adams's work as secretary of state, the grand strategy of the United States, from the beginning to the present time, is rightly implicit.

Our proper maritime strategy flows from the considerations we have just listed.

Those nations which aspire to the same general notions of Renaissance natural law expressed by our Declaration of Independence, *Federalist Papers*, and Adams's opinions as secretary of state, constitute, in Adams's words, a "community of principle." During the early 19th century, when the terms of the 1815 Treaty of Vienna made all the governments of Europe our common adversary, the immediate prospects for establishing such a community of principle in fact were limited to the emerging sovereign republics of the Americas. We had allies in Europe, centered around the networks coordinated by Gilbert Marquis de Lafayette and the Prussian reformers earlier associated with Friedrich Schiller, but the powers of Europe were arrayed against us until Czar Alexander II broke with those powers and arrayed his power against France, Britain, and Spain in our defense, during the 1860s.

In the emergence of new nations from amid the remains of the colonial system, between the two World Wars of this century, leading movements among those nations hoped, for a time, that our national heritage, as expressed by the Declaration of Independence and the 1823 Monroe Doctrine, would be employed to extend the notion of community of republican principle to these new states. We spoiled that postwar opportunity with bad foreign policy, and continue to do so to the present time.

The foundation of an effective maritime strategy now, is to enter into a compact with our allies in Western Europe and among developing nations, to the effect of establishing a new global doctrine, consistent with Secretary Adams's view of the Monroe Doctrine. Under this doctrine, the friendly nations of the world are composed of two general classes. First, are those whose aspirations conform to Adams's definition of a community of principle. The second tier is nations which wish to be integrated into the advantages of close cooperation with such a community of principle.

Our maritime strategy must be premised on an efficient determination to cement such relations, and to base a com-

mon strategy upon strengthening the economic development of the bloc of nations as a whole. The role of ocean-borne freight in such a process of strategic economic development defines implicitly the proper maritime strategy of the United States. This strategy is based on integrated economic development of the ocean basins and adjoining land-masses of the area of the planet encompassed by the new policy. Strategic economic development, with included emphasis upon development of choke-points, of both maritime activity and of regions radiating from port-regions generally, is a central feature of maritime strategy.

The activities this requires, by public and also private agencies of the United States, are scarcely limited to the specific functions of the U.S. Navy. Yet, the Navy is the branch of our armed services with the principal ongoing concern with the end-result. The Navy has the function of indicating what must be included features of the work accomplished.

In the nature of things, most of the Navy should be deployed at sea all of the time. The way it is deployed must always be in a state of war-readiness, never more than a few minutes away from full combat readiness. The peacetime functions of the naval forces must always have a form consistent with that degree of combat-readiness. In total, our naval forces must always be deployed globally in a configuration close to the assortment of positions they must assume under conditions of general warfare. So, naval forces must be designed so that their peacetime functions are consistent with their functions under conditions of general warfare, and their capacities for general warfare must be adapted to their peacetime functions.

All of these considerations add up to a way of determining how large our fleet must be. For example, given the inevitable losses beginning the onset of general warfare, we must have the dispersed firepower we require in the assorted kinds of global locations our war-plan requires, and, therefore, a corresponding amount of reserve capacity built into our forces being deployed at any time. At the same time, the fact that the naval forces must be deployed for peacetime functions, plus special military assignments occasionally, means that we must have sufficient total force-strength constantly at sea to cover all of the combined functions all of the time. The fact that a certain portion of total capabilities must be tied up in ports some of the time, enables us to estimate a total force requirement.

The present strategic situation is qualitatively different than during the two preceding world wars. Two facts must be considered. First, the Soviet war-planners are right in the way they have defined this difference. Second, Soviet forces' capabilities are developed to fit the circumstances defined by this difference.

In preceding wars, the pre-war mobilization was at a much lower level of force-capability than was reached later during the war. The onset of war was the signal for an in-

creased rate of war-economy and military mobilization. President Franklin Roosevelt knew that we were going to go to war with Germany, and possibly also Japan, about 1938. The attack on Pearl Harbor was the political change which enabled Roosevelt to launch an escalation to full-scale war-mobilization. Our capabilities approximately peaked during 1943, about two years after the United States had entered the war.

The Soviet planners have stressed, that, in the war which they are preparing to launch with a global first-strike, the peak-intensity of war-fighting is reached during the first hour of the war, and de-escalates as the course of the planned continuation of warfare proceeds. Therefore, the Ogarkov war-plan, under which the Soviet government is currently operating, requires that a peak-level of wartime economic and military mobilization must be reached prior to launching the first-strike assault, and that the losses caused by strategic bombardment will lower the potential levels of continued mobilization significantly below whatever levels existed prior to the initial assault. For the same reason, Soviet forces are required to prepare for conditions of nearly complete surprise, in launching the attack, without visible mobilization or forces' deployments which, as changes, might signal the imminence of probable launch of first-strike. Generally, all components of Soviet missile, air, naval, and ground attack, will be deployed simultaneously from peacetime status in barracks and field positions.

There is no time to round up ship's officers and men to put out to sea because war has begun. A full-scale wartime level of deployment in combat-readiness must be not more than minutes away from the proper nuclear-warfare configuration. Generally, what we have deployed during those minutes, and what survives those initial minutes, is what we have, to fight our way to survival and victory. Once Moscow begins to deploy the strategic defense it has been developing, as a full-scale strategic defense, our military forces must be operating under those requirements of readiness. According to Soviet doctrine, they are ready for a full-scale first-strike assault and correlated actions, as soon as their strategic defense is in place.

I stress again, that if we have an adequate capability, and a President who represents the corresponding degree of political will, the Soviets will not launch general war unless they are threatened with actual attack. They know, for example, that were I President I have the quality of political will which they most fear, but that I would not start a general war. Under those conditions, we have little reason to fear the horrors of general nuclear war; however, unless it is credible to Moscow, that their attack would mean assured penalties for them way beyond anything the wildest among them are willing to tolerate, we have no choice but either abject surrender or war. We must think effectively about surviving and winning a general nuclear war, because if we do not think and act so, we assuredly will not survive.

It is the record of modern history, that peace movements and diplomacy cause wars, and that military capabilities bring them to an end, or even prevent, or, at least, delay them.

The case of the U.S. war in Indochina is no exception to this. It was the politicians and diplomats who caused that war, and imposed an insane doctrine upon our assigned military forces. We assigned military forces to fight to maintain the division of a nation, and ordered our military to fight an endless war of attrition contrary to the fundamental principles of military science settled between the years 1793 and 1814.

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*The fears we conquer, including the just fear of the horrors of nuclear warfare, are those fears we look straight in the eye, with a willingness to conquer the "unthinkable" by thinking through the way to conquer such dangers. Cowards are often rewarded with precisely that from which they flee, or, often, something much worse.*

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In the name of theater-limited warfare, consolidated under the influence of the Johnson and Nixon State Departments and National Security Councils, the United States reverted in practice to what is called "18th-century cabinet warfare," in the worst form of that sort of warfare, protracted attrition. Our military failed for one reason: It followed faithfully the orders of foolish politicians and diplomats seeking to develop "global society" arrangements between the United States and Moscow.

Worse, that war was essentially unnecessary. Had our postwar policy been consistent with the principles expressed by the Monroe Doctrine, had we carried forward President Franklin Roosevelt's doctrine for what we call the developing sector today, a positive strategy for the Pacific Rim, extending from Japan, throughout Southeast Asia, into the Indian subcontinent, would have secured the area, affording the standpoint from which to deal successfully with the admittedly difficult problems of Indo-China itself. Our actions of 1945, in abruptly reversing preexisting U.S. policy for Indo-China, our actions of 1954, and our course over the 1954-60 period, trapped us into that land war in Asia against which Gen. Douglas MacArthur, among others, had warned us.

The military errors in Indo-China were monstrous, but they were the precalculable consequence of the terms dictated

to our military by the politicians and diplomats, the same politicians and diplomats, such as McGeorge Bundy, who first created the mess, and then led in organizing the peace movement. Worse, Bundy et al. never rejected the strategic doctrines which had led into the war and which had been imposed upon the military arms. We should put the blame where it belongs. The blame lies with the strategic philosophy expressed by today's opponents of SDI who seek to impose upon us their own wishful delusions about Moscow's inclination to adopt peaceful intentions.

The only peace movement which will do any good, is one based entirely among the subjects of Soviet rule. Such pacifism will be induced in only one way, when it is perceived as the only option available to Moscow. The Russians are like that. Peace movements among us, will do nothing except to increase the likelihood that we are left no choices, but the choice between thermonuclear war and abject surrender.

The fears we conquer, including the just fear of the horrors of nuclear warfare, are those fears we look straight in the eye, with a willingness to conquer the "unthinkable" by thinking through the way to conquer such dangers. Cowards are often rewarded with precisely that from which they flee, or, often, something much worse.

Apart from the special historical considerations imposed by the evolving characteristics of modern military technology, U.S. maritime strategy is indistinguishable from a maritime peace strategy. We begin by analyzing our planet in terms of a network of ocean basins. We focus upon the requirements of growing volumes of ocean freight. We estimate those requirements in terms of estimated potential rates of growth productivity among the populations in nations abutting those basins. We design an expandable grid-system of waterways, ports, inland waterways, inland fresh-water-management developments, railways, power-grids, and land development of the interior. All of these sorts of requirements are objectively foreseeable, in a way which is more or less independent of choices by the governments involved: It is what geography and population levels require them to do if they are to avoid catastrophes down the line.

The development of the world's agriculture and industry, and trade, hangs like beads on a string, on the network of such energy-transport infrastructure within each nation and among nations of the network of basins.

The key parameter for planning levels and qualities of U.S. maritime forces as a whole, is an estimation of the levels of traffic of capital goods with high value per ton exported from the United States into the countries of these basins. All other capacity-requirements of ocean-borne freight correlate with this key requirement. We must then project a fleet of high performance U.S.-flag merchant ships on this basis. The movement of these ships, through maritime choke-points, from port to port, overlapping the merchant-fleet traffic of friendly nations, defines the baseline of U.S. naval deployment.

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

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

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## Weinberger fights against Trilateral defense sell-out

by Webster G. Tarpley

These days Sen. Sam Nunn (D-Ga.) is very fond of repeating a dictum which he ascribes to Gen. Dwight D. Eisenhower in the early 1950s, when Eisenhower was the NATO Supreme Commander. The quote is that if U.S. troops are still in Europe after 10 years, then we will have to conclude that NATO has been a failure. Nunn means that a withdrawal of U.S. troops from Western Europe is now long overdue. It is Nunn's willingness to harness the chariot of his consuming presidential ambition to the treason of decoupling the Atlantic and Pacific alliances of the United States that has made him the most dangerous man in Washington.

In mid-January the forces of the Trilateral Commission, emboldened by the continued tenure of Don Regan at the White House and of George Shultz at the State Department, advanced their bid to reassert total dominance over Washington's strategic policies. The Trilaterals seek to make the next six months the worst disaster in the history of the North Atlantic Treaty Organization, with large-scale withdrawals of U.S. soldiers from Europe and the collapse of Alliance solidarity into mutual recriminations and betrayal. Nunn and the Trilaterals proceed from the "fiscal facts" of growing U.S. economic weakness to posit the need for drastic cuts in the Pentagon budget, and for radical revamping of the structure of military forces. If this gang of madmen and traitors get their way, then, in the words of Omar Bradley, the only thing that the Russians will need to reach the English Channel is—shoes.

Starting on Jan. 12, Nunn made his Senate Armed Services Committee the forum for an extended discussion of U.S. national strategy. These hearings, which are an innovation by Nunn, were deliberately devised to expose the Washington bureaucracy to the ideas of an array of "geopoliticians," many of them suffering from the obvious occupational hazards of mental disturbance. Zbigniew Brzezinski came forward with a call to cut the U.S. presence in Europe

by 100,000 troops, to be redistributed into an enlarged Rapid Deployment Force and airlifted into the Persian Gulf or Central America. Brzezinski, obviously not happy with the clean-out of the National Security Council, called for the creation of a "top-level, civil-military geostrategic planning staff" to make long-term policy there. That might include such "technetronic" brainstormings of Zbigniew's as fighting Soviet domination of Eastern Europe with videocassettes and word processors, which are of course much cheaper than seasoned combat infantrymen.

James Rodney Schlesinger was also of the opinion that the Persian Gulf is the vital front, with U.S. oil dependency on that region soon to reach the levels of the early 1970s, before the oil crisis. Schlesinger recommended stationing a U.S. brigade in the Persian Gulf on a permanent basis, which he said would alter the entire military situation there. Turning to matters of strategic theory, Schlesinger argued that the peace-loving United States can't have a war-winning plan like the Schlieffen Plan, because that would be "offensive," whereas the defensive is always "responsive," "flexible," and "intuitive." "It's like football," summed up this noted geopolitician. When asked by Nunn just what the goal of U.S. strategy might be, Schlesinger stated that our goal must be to defend our "symbols."

These rantings are now being staffed as options for dealing with a world of "expanding demands and limited resources." The argument is that the Soviet threat is multiplying while U.S. capabilities to meet it are dwindling, which therefore dictates some kind of troop reshuffle or redeployment to end the permanent stationing of 4 to 5 divisions in central Europe, and of other forces in South Korea. The airlift mobility of some of these forces would be increased in order to be able to respond to emergencies outside of the NATO area, such as the Gulf or Central America.

Highly-placed military sources on both sides of the At-

lantic have confirmed that these options are indeed in the works. One such source stressed that the decision for troop pull-outs has already been made, and that it is no longer a matter of if, but only of how, and in what dimensions it will be executed. Another source predicted a troop pull-out this year, although it will cost far more to move troops than to leave them where they are.

In reality, paramount United States national interest and overriding strategic and military imperatives dictate that not one American soldier be called away from his post in Europe. The defection of any American forces from the European theater, the area of maximum Soviet threat, is fraught with the most devastating political and military consequences, and must not be permitted on any account.

Caspar Weinberger has waged a valiant and grueling rearguard struggle against this Trilateral strategy of treason. Weinberger appeared as the lead-off witness at the Nunn committee to deliver an impassioned plea for the defense of the Free West against the growing Soviet threat and against those who seek to "scale back U.S. interests." Weinberger's premise was that a free and prosperous Europe is vital to the United States, and that this country "could not live in a world where the Soviets have overrun Europe." Weinberger presented the U.S. Alliance structure as a "security perimeter" which we cannot allow to be pierced in any point, lest the whole be overrun. Weinberger fought against the petty philistinism and ignorance of the senators, whose frequent hostility nevertheless left no doubt that, barring a political earthquake, the defense budget would be savagely cut for the third year in a row.

Later in the week, Weinberger spoke to the National Press Club to warn against isolationism, retrenchment, and withdrawal. "We can be our own worst enemy," he said. "We have ample historical evidence of that."

The Trilaterals hope to add an arms-control and strategic-defense debacle to their decoupling efforts. Their starting point is aptly summed up in the words of one European observer: "It is wrong to say that Reykjavik was a disaster. Reykjavik is a disaster. There has been no deviation from Reykjavik by the President." Some weeks ago on the Johnny Carson Show, chief Trust spokesman Armand Hammer suggested that a U.S.-U.S.S.R. summit might not be so far off, and that Gorbachov had expressed interest to him about technology sharing in this regard. William Colby appeared on a network evening news program to opine that if President Reagan wants to be rid of Irangate, he need only come up with a sweeping arms-control agreement to put the odor of scandal behind him.

In response to the Soviet naming of First Deputy Foreign Minister Yuli Vorontsov to head the Soviet team at the Geneva talks, the White House gave the status of State Department Counselor to Ambassador Max Kampelman. Before leaving for a new round of talks in Geneva, Kampelman told the White House press corps that he had a "rather positive

reaction" to the appointment of Vorontsov, who he said had "more clout." A presidential statement issued to announce Kampelman's appointment showed that remedial efforts by Weinberger and Thatcher in October-November had not achieved lasting effect, and that Reagan was once again perilously close to the Reykjavik precipice. The statement spoke of U.S. willingness to refrain from deploying "advanced strategic defenses through 1996" while all strategic offensive arms "would be reduced by 50%" during the first five years followed by the elimination of all "offensive ballistic missiles of all ranges and armaments." Among areas where U.S.-Soviet agreement has already been accomplished the statement listed a limit of 100 warheads on long-range INF missiles, "with no such missiles in Europe"—the zero option. The Soviets are accused of "backtracking" from Reykjavik. With this, the President is once again on the edge of the abyss.

The Pentagon marked the opening of the new Geneva talks with the first test of the D-5 (Trident II) missile. The indefatigable Weinberger had warned on Jan. 11 that there had been no Soviet concessions or other signs that Moscow was going to be more tractable in negotiations, and that their Iceland agenda had been to "block" and "kill" the SDI so as to keep their own "monopoly on strategic defense." Weinberger pointed out that the other Soviet reason for a summit would be "international propaganda effect" and that a new summit would therefore be "not a good idea."

Nevertheless, the Trilateral drive for a new summit is evident, and Weinberger and his military associates know that a static defense without counterattack cannot win. There are now signs that Weinberger may be preparing to parlay his greatest asset, the LaRouche SDI policy, into a turning movement against the Trilaterals. According to widely published reports, on Dec. 17, Weinberger, accompanied by Admiral William Crowe, chairman of the Joint Chiefs of Staff, and Gen. James Abrahamson, the SDI Director, went to the White House to advise the President that, because of the progress of research, the deployment of a space-based defense against Soviet ICBMs has become a concrete option for the United States in the near future. This would preempt all previous pronouncements relegating final deployment decisions to the 1990s. According to other reports, the President was "enthusiastic" about the meeting. Other press accounts say that the Army's anti-tactical ballistic missile program is advancing even more rapidly than the SDI itself, with plans under discussion for defense of Western Europe, Japan, Israel, and other points in the Middle East. A series of six underground nuclear tests in Nevada that will start Feb. 5 are presumably not unrelated to these efforts.

Weinberger had stressed earlier, "We have to bring [the SDI] on line as soon as we can." He told Senator Exon that the SDI must defend "people and continents," and not just weapons systems. At the National Press Club, he added that all off-the-shelf technologies have been studied, and that

none of them would work. Only effective components of the future system should be deployed. These remarks refute newspaper accounts describing a system based on kinetic-kill vehicles only.

A decision to deploy SDI would rule out, once and for all, any return to the 10-year moratorium on such deployment discussed in Iceland, and would make the old-style arms control a dead letter. In addition, a presidential decision in favor of deployment would make the system irreversible under his successors.

The President is reported to be considering a \$100 billion plan to begin SDI deployment, and has been urged to make this the centerpiece of his State of the Union message on Jan. 27. For that to happen, a monumental bureaucratic battle will have to be won. George Shultz and Paul Nitze are mobilizing the State Department to hold off the SDI until it can be bargained away. Weinberger's trump may turn out to be Frank Carlucci, since advising the President on SDI deployment is precisely the policy function of the National Security Council. For convincing the Congress, and for making the program a reality, the touchstone will be a Hamiltonian program of national economic mobilization, as advocated by Democratic presidential candidate Lyndon LaRouche.

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## Documentation

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### We cannot scale back U.S. world interests

*Testimony of Defense Secretary Caspar Weinberger before the Senate Armed Services Committee, on Monday, Jan. 12, 1987. Excerpts:*

. . . The goal in our discussions is to bolster our national consensus and to recognize the great benefits for America of bipartisan solidarity in foreign and defense matters.

. . . First, we have to identify our national security interests, and . . . these interests encompass both broad ideals, freedom and human rights, economic prosperity, as well as specific geographic concerns as they have to. That is the territorial integrity of our country and our allies, and unencumbered American access to world markets and to sources of strategic resources that are in many cases thousands of miles from our shore. . . .

. . . Finally, we have to determine the military capabilities that are needed to carry out this strategy. These needed

capabilities, forces, weapons, manpower, and so on, become our defense programs and, therefore, determine our budget, and this process is a dynamic one.

. . . There are several options for reducing our security risks. The best, and of course the slowest-working, the least certain of the options, would be to diminish the threats to our interests. . . . But it's the least certain because its success depends on factors wholly outside our control. . . .

Well, then, another option that we can do to improve the matching of our interests, our strategy and our capabilities is to scale back our interests. And there have been many suggestions that this is really what we ought to do. . . . I am convinced that this is not a possible option if we want to keep our freedom. To those who say we should scale back United States' interests, I would ask, What mutual defense treaty should we repudiate, which allies or friends should we abandon, which of our commitments that you refer to in your statement, Mr. Chairman [Nunn], as growing, should we abandon? Which are unrealistic? Which are not forced on us by the Soviet threat? What American interests should we give up? I know of no answers that would enable America to continue on the road that American Presidents and Congresses have followed, at least since 1945. American interests worldwide form a security perimeter for our values and our future prosperity. And a breach or a weak spot in that perimeter endangers the whole . . . and would call into question America's resolve as a leader of the world's democracies and make our allies question whether they should remain allies any longer.

. . . Within those reluctant to increase America's military strength, to provide more reassuring security, and to reduce the risk, sometimes they charge that this administration's strategy is to fight everywhere around the world it wants. That is not our strategy. Our strategy is to deter aggression against the United States and our allies and our interests so we'll never have to fight anywhere in the world. . . . We can't ignore the fact that Soviet military power could enable it to attack in more than one place at the same time. . . .

Just a few years ago, Mr. Chairman, our weakness and our announced intentions did tempt our adversaries, and that was in Korea where the United States announced, many years ago, that Korea lay outside our defense perimeter, and it did for about six months. And after that we recognized, because of the aggression of North Korea supported by others, that we were not able to consider it outside our defensive perimeter, and we had to scramble very rapidly to get the forces in place that were needed to repel aggression. . . .

Those that propose to reduce that [defense] budget, I think, need to acknowledge in doing so that such a reduction would increase our security risks, and that those who wish to reduce our budget are willing for the nation to incur such risks. . . . Those who would arbitrarily dismiss our long-term security interests as secondary to short-term fiscal goals, those who demand new taxes before they will consider the

nation's security, should at least acknowledge some responsibility for the increased risks that they would force on the nation. . . .

## Commitment to Western Europe

. . . We should recognize the difficulty . . . of arguing for greater responses by others to their growing security threats and to ours, when at the same time we are perceived to be cutting defense spending. So, as we work to get our allies to do more, I think we should not be tempted, out of frustration, to do less ourselves. . . . It would . . . play directly into Soviet hands, by aiding various Western European factions advocating dangerous security policy. . . . We couldn't live in a world where the Soviets have overrun Europe. The Soviets would like nothing better than for us to reduce our NATO support.

. . . The Mutual Assured Destruction concept has been becoming obsolete and . . . does not recognize and cope with the deterioration in the global military situation. Something new is needed, and something new has been added. And that is, of course, the Strategic Defense Initiative—one of the President's very highest priorities—which could bring us and to the world perhaps the most hopeful strategic concept in at least 40 years, if it can be realized. . . . The President . . . is not afraid to challenge the conventional wisdom. . . .

. . . The Soviets . . . have done nothing but increase their military strength, increase their ability to project power, increase their ability to conduct war in various parts of the world simultaneously. And we cannot say that, because we think that means too expensive a response is required, we have to cut back and change our commitments and narrow them to fit some idea of our reduced capabilities.

## Zbig: Pull 100,000 troops from Europe

*Introductory remarks by Zbigniew Brzezinski, former U.S. national security adviser, to Senate Armed Services Committee on Jan. 12. Excerpts, emphasis in original:*

1. The American-Soviet rivalry is a long term contest. It is a classic historical conflict between two major powers and is not susceptible to a broad and quick resolution, either through a victory by one side or through a grand act of reconciliation.

2. The American-Soviet contest is global in scope, but its central focus is the struggle for Eurasia . . . here are three central strategic fronts [Europe, the Far East, Southwest Asia]. . . .

There is a danger that a fourth central strategic front may soon emerge in Central America. . . .

The Soviet Union is unique because it is a one dimensional power. . . . In the light of the above, the objective of U.S. strategic policy must be *mutual strategic security*. U.S. strategic offensive forces must be modernized, but their configuration and numbers should be contrived not to pose a threat of a disarming first strike to Soviet strategic forces . . . but in light of Moscow's modernization plans. . . . *It is also necessary to deploy a limited strategic defense.*

The alternate means of seeking Mutual Strategic Security, the proliferation of mobile strategic systems, is in my view, less desirable. . . . On the conventional level, the United States must address a perilous strategic paradox: U.S. conventional forces are weakest where the United States is most vulnerable, along the southwestern Eurasian strategic front, and strongest where its allies have the greatest capacity for doing more on their own behalf and where the risk of a U.S. Soviet clash is lowest, along the far western Eurasian strategic front.

Consequently, *the United States should undertake a gradual—and certainly only partial—reduction in the level of American forces in Europe.* A total of perhaps 100,000 troops could be gradually withdrawn. . . . *Budgetary savings from these reductions should be allocated to a significant expansion of U.S. airlift capability. Manpower withdrawn from Europe should be absorbed into an enlarged rapid deployment force through the creation of additional light divisions for potential use on the southwest Asian central strategic front or in Central America.* . . .

In Europe, the United States should encourage the development of a politically and militarily integrated Western Europe, less dependent on the United States but still tied to it by a strategic alliance. NATO should become increasingly a European regional alliance, though with an active and major U.S. presence in it. . . .

*Japan should be encouraged not to increase its defense spending greatly, but rather to increase its economic assistance to developing countries in which Japan shares a security interest with the other industrialized democracies.*

. . . *the most important priority for the United States is to step up the political and military pressure on the Soviet Union in Afghanistan. . . . It should advance a diplomatic formula that calls for the external neutralization and the internal self-determination of the country.* . . .

In addition, *the United States must seek to reinforce the resilience of Iran and Pakistan to Soviet advances where possible.*

*The United States should promote the development of an independent-minded and increasingly assertive East European public opinion, not only through radio broadcasts, but also through new communications and information technology, such as videocassettes, miniaturized printers, and world [sic] processors.* . . .



# U.S. links Pollard to 'false flag' spying

Dennis King, the "investigative reporter" who makes his living peddling lies against Lyndon LaRouche and his associates for the drug mafia, alleged in a Jan. 9 article in *Jewish Week* that *EIR*'s analysis of the case of Jonathan Jay Pollard, who pleaded guilty to spying for Israel last June, is "anti-Semitism." King objects to the assertion, in an *EIR Special Report* of March 1986, "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," that Pollard is a "false flag" agent, whose theft of U.S. military secrets was funneled to Israeli networks procuring it for the Soviet Union.

One wonders what Mr. King will have to say about the U.S. Justice Department's "Memorandum in Aid of Sentencing" in the Pollard case. U.S. Attorney Joseph DiGenova, in the memorandum submitted this month to the U.S. District Court for the District of Columbia, calls for a "substantial period of incarceration and a monetary fine" against Pollard, and ties Pollard's actions to those of "false flag" agents working on Moscow's behalf.

DiGenova's memorandum shatters Pollard's claims that he was just trying to "help Israel," by presenting voluminous evidence that Pollard and his wife, Anne Henderson Pollard, demanded and received lavish cash payments for selling classified information, which Pollard obtained through his Naval intelligence job.

## Shopping list for Gorbachov

The most dramatic feature of the DiGenova memorandum is that it includes the shopping list given to Pollard by Israeli espionage master Rafi Eytan, the sidekick of the would-be "King of Israel," former Defense Minister Ariel Sharon. Eytan ordered Pollard to steal documents which had little strategic value for Israel, but great strategic importance for Moscow. Although Pollard's defenders claimed he was giving Israel anti-terrorist data, he was specifically told by the Mossad that U.S. intelligence on terrorism had little value to Israel!

The memorandum states: "First, defendant has admitted that he provided to his Israeli co-conspirators three separate categories of daily message or cable traffic for approximately 17 months. One of these categories of messages, in particular, provides details about U.S. ship positions, aircraft sta-

tions, tactics and training operations. Second, numerous, classified analyses of Soviet missile systems which defendant sold to Israel reveal much about the way the United States collects information, including information from human sources whose identity could be inferred by a reasonably competent intelligence analyst. Moreover, the identity of the authors of these classified publications were included in the unredacted copies which defendant compromised."

DiGenova continues: "Disclosure of such specific information to a foreign power, even an ally of the United States, exposes these human sources of information, and U.S. analytical personnel, to potential intelligence targeting. . . ."

The memo concludes: "The imposition of a substantial prison sentence in espionage cases . . . will . . . make more difficult the task of foreign nations who target and solicit such personnel in pursuit of U.S. secrets. For example, it would no longer be profitable for intelligence 'handlers' acting on behalf of hostile countries to advise U.S. sources to claim, if caught, that the classified information was intended for a U.S. ally. Moreover, a common technique used by foreign agents seeking U.S. classified information is the so-called 'false flag' approach. This technique refers to instances where the U.S. source is falsely persuaded that the foreign agent is acting on behalf of a friendly or allied country; implicit in this approach is the assurance that the likelihood of a substantial prison sentence is remote where the U.S. source does not intend to aid a hostile country by his unauthorized disclosures."

Against such "false flag" agency, the memorandum argues, a substantial jail sentence would be a strong *deterrent*. But DiGenova adds another argument: An interview Pollard gave to the *Jerusalem Post* on Nov. 21, 1986, the first anniversary of his arrest for spying, shows that "he poses a continuing danger to the security interests of the United States." In the interview, Pollard ostentatiously broke the terms of a written plea agreement made when he pleaded guilty last June.

"If defendant refuses to honor agreed upon procedures designed to protect U.S. classified information even while he is incarcerated, he clearly cannot be relied upon to protect that classified information about which he is currently knowledgeable," says the memorandum.

"At no point during the interview as reported did defendant express any remorse for the damage he caused to U.S. national security interests, let alone express any remaining loyalty to this country. Indeed, he compares his current posture to that of an Israeli pilot who, after having been shot down behind enemy lines, is left by Israel to languish. Even if one were momentarily to accept defendant's claim that he withheld from his Israeli co-conspirators some of the voluminous U.S. classified information he possesses directly relating to U.S. military capabilities, there can be no doubt that his is prepared to divulge all that he knows once he becomes, in his words, a 'productive member of Israeli society.'"

## Renewed assault against the President's SDI

Following Defense Secretary Caspar Weinberger's announcement of an escalated funding schedule for the development of the Strategic Defense Initiative (SDI), self-proclaimed "experts" of various colorations are preparing to shoot down the President's program.

First, there are those who argue that the President is going "too slow" with SDI, and that the program's emphasis on lasers and other "new physical principles" is too exotic, expensive, and time-consuming, and should be dropped in favor of immediate deployment of "off-the-shelf" kinetic-energy technologies—even if they don't work. Second are the liberals who have accepted Soviet arguments against a U.S. Strategic Defense Initiative, and are calling for a ban on SDI development.

Exemplary of the first category is Dr. Robert Jastrow, co-founder of NASA's Goddard Institute, and of the second category is former CIA director William Colby.

## For an obsolete SDI

Jastrow, in a press briefing at the George Marshall Foundation on Dec. 29, cited a speech by CIA deputy director Robert Gates in San Francisco in November 1986, about the threat of an "imminent Soviet anti-ballistic-missile breakout," as evidenced by the discovery of three new phased-array radars on the western borders of the Soviet Union.

This means, Jastrow correctly concluded, that we may not have the 10 years suggested by President Reagan at the Reykjavik summit before deployment of SDI is feasible. Given that the Soviets have been working on military applications of lasers and directed-energy systems for 18 years, they could spring a first-generation, nationwide ABM "breakout" at almost any time.

On all of this, Jastrow is correct. However, he used these alarming facts to conclude that the U.S. SDI effort must focus on a near-term deployment of kinetic-energy "smart bullets," which can be fired from satellites at Soviet rockets in their boost phase.

Jastrow admitted that deploying such a technology would cost \$120 billion, but claimed that it is our only chance to catch up with the Soviets in the near term.

Jastrow, who was the keynote speaker for a recent Unification Church (Moonie) science conference in Washington, could not answer questions from this reporter about why we should spend \$120 billion on an obsolete technology when the Soviets are working on "new physical principles."

Jastrow's line of argument against the SDI has heretofore been the trademark of the "High Frontier" operation of Lt. Gen. (ret.) Danny Graham. Its objective has been to starve research into lasers and related technologies based on "new physical principles," substituting "kinetic" weapons developed two decades ago. The chief problem with these weapons, is that they are so slow as to be hopelessly ineffective in stopping a Russian missile barrage.

Some, like Zbigniew Brzezinski, still argue that such kinetic weapons should be used to defend only U.S. missile sites in a "point-defense." But, since the administration is solidly

against this and in favor of a total population defense, others, like Jastrow, have devised a way to propose kinetic weapons for a forward defense against Soviet rockets in their boost phase.

Jastrow's argument has become a favorite among many conservatives in Congress, including Sen. Dan Quayle (R-Ind.) and Sen. Malcolm Wallop (R-Wyo.), who has been mentioned as a possible replacement for ailing CIA director William Casey. The Reserve Officers' Association has also joined in.

## Colby and the liberals

The SDI's liberal opponents are singling out that program, along with the MX missile, as examples of budget-busting defense spending—even though they account for only a minuscule percentage of the defense budget.

Out of the total defense budget request of \$312 billion for FY88, the programs most targeted by the liberals include: SDI, \$5.78 billion; MX and Midgetman, \$4.1 billion; two Nimitz-class aircraft carriers, \$696 million for start-up; Air Force anti-satellite program, \$440 million; Navy Trident II nuclear missile and Trident-carrying Ohio submarine, \$4.95 billion.

It was something of a surprise to see William Colby, director of the CIA from 1973-77, come out so openly against the SDI in three appearances in Washington during the second week of January—one with anti-SDI activist Dr. Richard Garwin of the Union of Concerned Scientists, another with former Carter administration arms negotiator Paul Warnke, and the third in testimony before the Senate Armed Services Committee.

Colby professed total ignorance of the recent CIA revelations about Soviet phased-array radars, in discussion with this reporter.

## Congress prepares bill for trade war

Armed with the new buzz word "competitiveness," Congress is gearing itself up to pass a trade bill this year. While some rhetoric has included talk of "expanding international trade," and "expanding markets," proposed actions so far amount to jawboning and attacks on American allies, and preparations for trade war.

Shortly after emerging from a White House meeting chortling that he had a deal with the Reagan administration, the new chairman of the Senate Finance Committee, Sen. Lloyd Bentsen (D-Tex.), began hearings Jan. 13 with a carefully selected group of witnesses such as Robert Strauss and Robert Hormats, trade officials from the Carter era. Bentsen hopes to have a specific bill prepared by mid-February which focuses on pressuring the administration to use the multilateral trade negotiations to expand market access for U.S. goods.

Bentsen began his hearings demanding that Europe and Japan absorb more exports from developing-sector nations to a per capita level equivalent to what the United States imports from those nations. This, he said, would result in a \$250 billion trade expansion overall. When asked why the fundamental issue of debt strangulation of U.S. exports was not addressed, since this was the only way to expand production and trade overall, a committee spokesman could only point to the Banking Committee and Treasury Secretary Baker for the lead in these areas.

Democrats and Republicans, liberals and conservatives alike, joined in the attack on our allies. Strauss called the European Community's agricultural policy the "worst protec-

tionist folly in the world," and blamed it for the condition of farmers in the Midwest. Sen. Malcolm Wallop (R-Wyo.) called Europe "the most protected marketplace anywhere." Sen. Don Riegle (D-Mich.) labeled Japan "the greatest predatory nation in the world today." Sen. John Chaffee (R-R.I.) demanded "greater market access" for U.S. goods abroad.

Sen. Max Baucus (D-Mont.), who had hoped to chair a trade subcommittee before Bentsen gave trade the status of a full committee issue, backed the actions of Special Trade Representative Clayton Yeutter, who is currently organizing trade war with Europe.

Some congressional offices are surprised by the new players who have entered the trade debate, such as the House Democratic leadership who, under the aegis of the House Economic Leadership Institute and Speaker Jim Wright, plan a symposium on trade for Jan. 21. This group has invited former CIA deputy director Bobby Inman, industrialist H. Ross Perot, and others who are seeking genuine economic revival, to participate, as well as Republican leaders. The Republicans have informed Wright that they will not participate, however.

## Dannemeyer introduces legislation to fight AIDS

Rep. William Dannemeyer (R-Calif.) strongly condemned the U.S. Public Health Service and state medical authorities for their "failure to act" to stop the spread of the deadly AIDS virus, and introduced an omnibus package of legislation Jan. 7 in order to fill "a dangerous void in public-

health policies and protections."

Dannemeyer said that the "linchpin" of his legislation was criminal penalties for those who carry the virus and "purposefully engage in activities considered high-risk, for purposes of transmission." Those federal employees and members of the armed forces who were convicted would be put into enforced isolation for five years, or until a cure is found. The package would also make it a crime for a carrier to knowingly donate blood, semen, or organs.

Dannemeyer said he felt that prosecution for transmission of the AIDS virus "could be accomplished in most jurisdictions under theories of homicide or attempted murder," but that it was important for the federal government to "spell out a policy of deterrence." "No civil rights cry can overcome the realities of actions which condemn another to die. . . . Such conduct is murder and must be sanctioned as such," he said.

The legislation also requires mandatory testing of federal prison inmates, individuals arrested for prostitution or drug abuse, and those seeking to immigrate to this country, to identify carriers of the virus. It also mandates testing for those seeking a marriage license or work in the medical profession.

Dannemeyer recommended counseling for those who test positive. "Ultimately," he said, "it would be appropriate for public health authorities to consider court sanctioned isolation" for prostitutes and intravenous drug abusers. States receiving federal funds would be required to trace, test, and counsel all partners of AIDS victims, a procedure already followed for venereal diseases.

Dannemeyer pointed out that the conduct of the Public Health Service

has been a "product of compromise." "The most regrettable part of this reality is that the contamination of our Nation's blood supply could largely have been avoided if the Public Health Service had restricted all high-risk groups from donating blood," he said. Nine thousand hemophiliacs and 20,000 transfusion recipients have been infected by this route alone, he pointed out.

## Simon to introduce depression-era jobs bill

Sen. Paul Simon (D-Ill.) announced on Jan. 13 that he intends to introduce jobs legislation, probably in early February. The legislation amounts to a revival of the depression-era Works Progress Administration, the make-work approach which characterized the first Franklin Roosevelt administration.

Under the the "Guaranteed Job Opportunities" bill, people who are looking for work would be able to get a temporary job for a four-day, 32-hour work week, with one day left for continued job hunting. They would be paid the minimum wage or 10% over what they were receiving through welfare or other benefit payments.

The work available would be such things as "repairing roads or sidewalks, planting trees, or tutoring," according to Simon's office. Local boards, including at least one representative with veto power over projects from labor and one from the business community, would decide what needed to be done locally.

Based on his book *Let's Put America Back to Work*, this dead-end depression-style work will cost roughly \$8 billion and put 3 million people to work, saving billions more on fed-

eral benefit program payments, Simon argues.

Simon will chair the Senate Labor Employment and Productivity subcommittee, which will have jurisdiction over the legislation.

Sen. Edward Kennedy (D-Mass.), chairman of the full committee, praised Simon's approach. Kennedy, according to some observers, has become one of the most powerful Democrats in the Senate; 9 out of 11 freshman senators are obligated for his help in winning their seats.

## New unconstitutional amendments proposed

As the Trilateral Commission gears up a national effort to scrap the U.S. Constitution and institute a parliamentary system, several congressmen have introduced legislation for amendments that would require a balanced budget, change the terms of senators and congressmen, and, most dangerous, give the President a "line-item veto."

Reps. Richard Durbin (D-Ill.) and Richard Schulz (R-Pa.) each have a bill, and Sen. Alan Dixon (D-Ill.) introduced Senate Joint Resolution 6 on Jan. 6, a proposed constitutional amendment giving the President expanded authority to selectively veto congressional appropriations. Offered in the name of ending the government "paralysis" which has left the budget deficit untouched, Dixon says, "Congress must surrender some of the prerogatives it has accumulated over the years, and allow at least a partial restoration of the President's veto power." Dixon argues that the President does not have the means to axe smaller appropriations, because they are lumped into omnibus spending bills.

The Congress, under Dixon's proposal, could override the President on a simple majority vote.

But as one source close to the House leadership characterized the line-item veto, it could give the power "to this President or any other to become close to being a dictator." He predicted that few of the proposed amendments would get a wide platform in Congress.

## Gephardt to lead disarmament effort

Presidential aspirant and chairman of the House Democratic Caucus, Rep. Richard Gephardt (D-Mo.), is taking the point for the liberals in their disarmament campaigns.

Gephardt has already introduced a bill that would force the United States to keep its nuclear tests below the one-kiloton level, which would make it difficult to maintain a testing program that would ensure the safety and reliability of the nuclear deterrent arsenal.

Gephardt intends to introduce another bill shortly which would mandate that the United States continue to comply with the unratified SALT II treaty, by eliminating funds for any weapons which breach the treaty's limits.

He will also introduce a bill to force the administration to comply with the restrictive interpretation of the Anti-Ballistic Missile treaty, which would prevent the development of critical components of the Strategic Defense Initiative. Here again, funds for the SDI would be eliminated. An aide to Gephardt said that the congressman plans a "major strategic policy speech" on these topics in the near future.

# National News

## President to cut funds for own War on Drugs

President Reagan's program for a War on Drugs, launched with great fanfare in July 1986, received a devastating blow during the first week in January, when the President himself proposed cutting the fiscal year 1988 budget for federal drug law enforcement, prevention, and treatment by 25%—almost \$1 billion.

President Reagan's proposed budget calls for reducing the anti-drug expenditure from \$3.931 billion in 1987 to \$3.016 billion. More than half the cuts, \$503 million, come in funds for law enforcement. \$225 million of the cuts are in federal support for state and local efforts.

The proposed cuts came under harsh criticism from both sides of the congressional aisle. Rep. Charles Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics Abuse and Control, said the move "seriously calls into question the depth of the administration's commitment to an effective drug abuse strategy." The ranking Republican on the committee, Rep. Benjamin Gilman (R-N.Y.), said, "The cutbacks are just appalling."

## EIR editors released as Weld takes setback

Journalists Michele Steinberg, Jeffrey Steinberg, and Paul Goldstein were released from jail on bail Jan. 9, following imprisonment on trumped-up charges brought by the U.S. Justice Department in October 1986. Mr. Steinberg and Mr. Goldstein are the counterintelligence editors of *EIR*; Mrs. Steinberg is a frequent writer on the war on drugs and terrorism.

The release of the journalists is a major setback for William Weld, the former Boston U.S. Attorney who now heads the Justice Department's Criminal Division and has overseen the ongoing political witchhunt against LaRouche and associates.

The Steinbergs had been held in prison without bail since October, and Goldstein since November. In November, the three were placed in a "work-release" custody program, which required them to report to prison at night, but allowed them to go to their offices during the day—under highly restrictive conditions. Such programs are normally used for convicted felons, rather than those awaiting trial.

The release followed the court-ordered freeing the previous week of *EIR* Law Editor Edward Spannaus and counterintelligence specialist Robert Greenberg, who were released when U.S. Magistrate Robert Collings denied the government's motion to hold them in detention until their April 6 trial date. The Boston U.S. Attorney's office had argued that all five persons should be held without bail—not because they posed a risk of flight, but because they posed a danger of "obstruction of justice."

In evidentiary hearings on Dec. 18-19, attorneys for Spannaus and Greenberg were allowed for the first time to cross-examine FBI agent Richard Egan, the government's chief witness. When his repeated perjury in the previous bail hearings was exposed, the magistrate refused to uphold the government's demand.

## Weinberger: Boost conventional forces

U. S. Defense Secretary Caspar Weinberger called for a "conventional defense initiative" to strengthen the NATO alliance, in an article written for *Jane's Defence Weekly* published Jan. 10.

"While nuclear programs are essential and hopeful projects such as the Strategic Defense Initiative are critical . . ." he said, "it is vitally important that we continue to improve our conventional forces. . . . A brief comparison of NATO and Warsaw Pact forces gives the best explanation of why we are concerned about the imbalance of conventional forces: Counting reinforcements for a NATO-Pact conflict, the Pact has 6 million active duty personnel; NATO has 4.5 million.

"In the central Region of Europe, the Pact maintains 2:1 advantages in main battle tanks, combat aircraft, surface-to-air missiles, and combat helicopters, and it has a 3:1 advantage in artillery and infantry fighting vehicles.

"The Kremlin devotes 15-17% of its gross national product to defense, and it recently announced that the military budget will increase by 6% next year. . . . This comes at a time when the U.S.A. is devoting only about 6% of its GNP to defense. . . ."

The Soviet Union has been "actively pursuing strategic defense research for 25 years, and in the last 10 years has spent 15 times as much as the U.S.A. on such research. . . . We should never codify imbalances giving the Warsaw Pact an advantage."

## Did you give money to 'gay' Republicans?

New Right activist Terry Dolan, who died of AIDS in December, helped found a Republican-oriented "gay rights" group called Concerned Americans for Individual Rights, according to the Jan. 2 issue of the *Washington Blade*.

Dolan, who headed the National Conservative Political Action Committee and other neo-conservative lobby groups, teamed up with California-based homosexual activist Bruce Decker, and the two "drew up plans to create CAIR during a 1981 vacation at California's Russian River, a resort town north of San Francisco with a large gay population."

Decker was a zealous opponent of Proposition 64, the California ballot initiative which was voted down in November 1986, and which would have mandated emergency public health measures to stop the spread of AIDS. He told the *Washington Times* that he and Dolan started CAIR to fight discrimination against homosexuals within a "pro-freedom framework" that "fits in with conservative Republican principles."

Meanwhile, the Log Cabin Republican Club of Los Angeles County—also very active in the campaign to defeat Proposition

64—has come under fire from Glenn Abel, a newly elected member of the county's GOP Central Committee, who says its charter should be revoked. Committee chairman Robert Whitmore noted that the Club's homosexual status was "a touchy issue and the party is trying to cope with it."

Log Cabin political director Frank Ricchiuzzi replied: "We are proud to be Republicans and we are working hard to promote the party in the gay community."

## Armitage may have run drugs in Vietnam

Assistant Defense Secretary Richard Armitage, who supervised the recent transfer of arms to the CIA for sale to Iran, is being investigated for possible ties to a narcotics-trafficking and weapon-smuggling scheme dating back to the Vietnam War era, according to reports in the *Boston Globe* and *Baltimore Sun*.

The *Globe* reported on Jan. 12 that industrialist H. Ross Perot has asked top U.S. officials, including Vice-President George Bush and FBI director William Webster, to ascertain Armitage's role.

In the late 1960s, Ted Shackley, as deputy chief of station for the CIA in Laos, gave secret support to one Vang Pao in the war for control of the opium trade. The *Baltimore Sun* reported that when Shackley was put in charge of the Phoenix Project in Vietnam, opium trade profits were used to finance it. The opium money was administered from the U.S. Office of Naval Operations in Saigon, by a naval officer named Richard Armitage.

More recently, Armitage was named in an investigation into a northern Virginia-based Vietnamese mafia involved in drug-trafficking and other criminal activities. Sources close to the investigation say that Armitage sponsored the entry of a Vietnamese organized-crime figure, a woman, into the United States several years ago and has protected her identity and activities since then.

Perot, in an interview with Associated Press, denied that he had talked to U.S. of-

ficials about Armitage and drug smuggling, but acknowledged rumors about the Defense Department official: "Those stories float out there, but I don't have any evidence."

## Chicago mayor drops challenge to Jones

Chicago Mayor Harold Washington's legal experts conceded on Jan. 9 that efforts to remove LaRouche Democrat Sheila Jones from the Democratic primary ballot were futile. "We give up . . . Jones is on!" said a Washington aide, after Board of Elections officials certified that Jones had more than enough signatures to qualify for ballot status.

The primary will be on Feb. 24, and the mayoral election on April 6.

## Carlucci won't run covert operations

National Security Adviser Frank Carlucci sees "no role" for the National Security Council staff in covert operations like those which led to the Irangate scandal, according to the statement of a senior White House official on Jan. 7. The NSC's role is to oversee such activities by other agencies, not run its own, the official said.

Carlucci believes, however, that his responsibilities go beyond coordination, and that he can provide the President with independent counsel, even if at times it conflicts with the advice of other agencies.

Syndicated columnist Jack Anderson reported on Jan. 14 that Carlucci has called for a reassessment of the NSC policy of support for the Nicaraguan Contras. At his first NSC staff meeting on Jan. 5, Carlucci reportedly said, "I don't see how the Contras can win. We need a serious review of the policy now."

Carlucci denied the Anderson report.

## Briefly

● **HENRY KISSINGER** and Cyrus Vance will be among a delegation of "private citizens" traveling to Moscow Feb. 2-6, under the sponsorship of the New York Council on Foreign Relations. The group hopes to meet with General Secretary Gorbachov. Other members include: Harold Brown, Peter Peterson, Brent Scowcroft, Jeane Kirkpatrick, David Jones, and Charles McC. Mathias, Jr.

● **THE MATHEMATICS** ability of America's primary and high school students ranks "among the lowest of any industrialized country," according to three major studies, made public Jan. 10. "When it comes to academic mathematics, the United States is an underachieving nation," said researcher Kenneth Travers. The studies were released by the National Research Council's Mathematical Science Education Board.

● **NESTOR SANCHEZ**, the senior Pentagon official concerned with Central American affairs, will retire Jan. 31. It's not a moment too soon, as rumors have it that investigators are questioning his role in Irangate and arms smuggling to the Nicaraguan Contras.

● **BRUCE BABBIT**, a Trilateral Commission member who has just completed his second term as governor of Arizona, became the first person to challenge Lyndon LaRouche for the 1988 Democratic presidential nomination. Babbit threw his hat in the ring on Jan. 5.

● **COL. OLIVER NORTH** boasts that he is descended from Lord North, the British prime minister who imposed the Tea Tax on the American colonies, according to European press reports. From another branch of the North family, a descendant of Col. Caleb North, who was an aide-de-camp to General Washington at Valley Forge, declared: "Oliver should shut up. His branch of the family always made a mess of things."

## Editorial

### *Nunn's offer of surrender*

The Congress is presently conducting a new round of budgetary debate, in which the true issue debated is whether or not the United States accepts the status of a tolerated, semi-independent satrapy in a global Soviet empire. If the military doctrines which have been put forth by Senator, and Democratic presidential aspirant Sam Nunn were adopted in even a limited degree, the new military budget would be, in effect, Congress's decision to surrender West Germany to Moscow.

Of course, Nunn has not stated openly that he proposes that the U.S. surrender to Moscow. What he has done, has been to propose a military budgetary doctrine which is represented as bringing U.S. military commitments back to within the limits of what the Congress is willing to spend commitments back to within the limits of what the Congress is willing to spend for U.S. forces. This involves pulling approximately 100,000 U.S. military personnel out of West Germany, and one brigade out of Korea. If the withdrawal of U.S. troops from Germany begins, the immediate consequence will be actions leading toward West Germany's withdrawal from the NATO military alliance. That would mean that all of Western Europe becomes indefensible, and that the U.S. withdraws very soon to an indefensible region within North America itself. At that latter point, Moscow rules the world for perhaps a century or two yet to come—if our species survives that long under Soviet-dictated economic conditions.

The argument by Nunn and his co-thinkers is, that U.S. strategic commitments presently exceed the existing and projectable levels of U.S. forces' capabilities, and that, therefore, our global commitments must be reduced and rearranged to fit those levels of capabilities allowed by implementation of the Gramm-Rudman-Hollings legislation.

This argument is accompanied by the devout wish, that the Soviets will respect the limits of warfare set by the new budget proposed by Gramm-Rudman advocates, and not present us with a threat beyond our sharply curtailed levels of strategic commitments. This wish-

ful assumption is backed by the variously lying or merely lunatic reassurances of fellows such as Kissinger, Brzezinski, and Haig, that internal problems of the Soviet empire will happily limit the level of threat to the level of our reduced strategic commitments.

Much more important than Nunn's proposals as such, is the fact that the ruining of our military capabilities is chiefly the result of President Reagan's refusal, so far, to face the reality, that the "Reagan economic recovery" has been an accelerating slide into what are presently depression-level conditions in most parts of the United States.

Federal budgetary priorities must be based upon recognition of potentially fatal threats to the existence of our nation, or of large portions of our population. The budgetary crisis is not sufficient reason to judge adequate military capabilities as "cost-prohibitive." However, adequate defense means not less than a \$50-\$75 billion annual increase in after-inflation-adjustment military expenditures, and probably \$100-\$150 billion if all factors are considered.

The solution ought to be obvious: The United States needs a genuine economic recovery most urgently. The problem has been, that with "Rasputin" Donald Regan as Treasury Secretary and White House Chief of Staff, the President is stubbornly committed to the proposition that a grand economic recovery is already in progress. The President has been insisting, since about April 1983, that his administration's policies, which have actually guided us into the worst economic-depression conditions since the 1930s, must not be changed. So far, the President has preferred to curtail national defense, however reluctantly, rather than admit the simple fact that his "economic agenda" has been the most miserable failure since Herbert Hoover's.

So, as long as Donald Regan remains in the White House, the United States continues to become increasingly indefensible. No economic recovery is possible, until this aspect of the situation in the White House is changed.



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