

# EIR

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Colombian dope king seized, extradited to U.S.  
Kremlin's friends snarl at LaRouche  
Mandatory AIDS tests: how soon a reality?

## The Trilateral push to sell Europe to the Soviets



# 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

On the basis of this week's cover, no one can accuse *EIR* of trying to attract readers with glamour. We feature a cover story (page 32) on the schemes of Hans-Dietrich Genscher and his friend Henry Kissinger to destroy the German-American relationship in favor of a "New Yalta" that will subject Europe's economies to Moscow.

They stand for the exact opposite of everything we stand for (including, beauty). On Feb. 1, Genscher gave a speech at Davos, Switzerland on the theme "Take Gorbachov at his word." A few days earlier, Soviet TV broadcast an actor impersonating Lyndon LaRouche, *EIR*'s founder, saying "Don't trust Gorbachov."

The photo, by a particularly grotesque irony, was taken a few years back on "German-American Friendship Day" in Worms, West Germany. German-American friendship, in the true sense, should be the bulwark of the Western Alliance, not only because the Federal Republic of Germany is the industrial center of Europe and on the front line of defense against the Soviet Empire; but also because the German Classics and the American Revolution, together, are the unique basis for a necessary cultural and moral renaissance.

In this issue, you can read about some progress for LaRouche's ideas in the world, which will make it clearer why our enemies are more determined than ever to destroy *EIR*:

- AIDS policy. Recognition that AIDS is a pandemic worse than the Black Death and a greater threat than nuclear war, has hit the health establishment, two years after *EIR* made those warnings. Now, an official debate begins in the U.S. about measures such as mandatory screening—for which Lyndon LaRouche was pilloried only three months ago, around the California Proposition 64 fight (page 4).

- War on Drugs. We identified Colombian dope czar Carlos Lehder in our 1985 book, *Dope, Inc.*, as the key figure in the Nazi-communist alliance. His arrest and extradition (page 38) sends a message to the drug-money laundering bankers who in 1985 jailed and deported *EIR*'s correspondents and banned the book in Venezuela, and in 1986 jailed *Dope, Inc.* co-author Jeffrey Steinberg in the U.S., to try to suppress the truth about the "citizens above suspicion" who run world narcotics and terrorism.

Nora Hamerman

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## Mandatory AIDS tests— how soon a reality?

by Warren J. Hamerman

In the beginning of a wholesome and long-overdue shift in policy, the Atlanta-based Centers for Disease Control (CDC), which has heretofore led the cover-up of AIDS, has publicly opened a national debate on the urgent need for mandatory AIDS testing. The new policy, while not complete, represents a confirmation of the policy proposal and arguments used in the famous Proposition 64 ballot initiative associated with Lyndon H. LaRouche in the November 1986 elections. Had the CDC policy shift occurred earlier, before the vote on California's Proposition 64, many tens of thousands of AIDS-infected who are now doomed would not have been infected by AIDS.

Those who are now breaking the ice on the threat of AIDS to the general population have a scientific and ethical obligation to tell the entire truth about this species-threatening pandemic, its modes of transmission, and how they themselves were ordered to lie about Belle Glade, Florida and other questions by the budget-cutting White House Chief of Staff Donald T. Regan and his austerity-minded associates in the Reagan administration.

Dr. Walter Dowdle, AIDS coordinator of the CDC, on Feb. 4 announced that the CDC is considering recommending mandatory AIDS tests for hospital patients, pregnant women, and couples applying for marriage licenses, in a bid to slow the AIDS epidemic. He stated that officials have not drafted actual proposals, but are considering recommending such tests. "If people are infected with the virus, they should be informed for the benefit of their health and for society," said Dowdle. "We're not saying this is what we're actually going to do. We're looking at the options right now." The CDC has scheduled a public hearing on mandatory AIDS testing in

Atlanta for Feb. 24-25. It will propose guidelines that can then be accepted, modified, or rejected by states. "We want to hear from everybody," Dowdle said. "If there are obstacles, we want to know what the obstacles are." Homosexual and drug-trafficking-rights groups such as LAMBDA and the American Civil Liberties Union (ACLU) have already denounced the mandatory testing program as "scandalous."

The *Washington Times*, the *Chicago Tribune*, and the *Baltimore Sun* all editorially endorsed the plan for mandatory testing. The *Sun*, for instance, stated: "Now is the time to panic." The *Washington Times* wrote: "It's time to admit that AIDS is a plague and treat it accordingly." The *Chicago Tribune* stated: "The uninfected general public is entitled to sensible protections from exposure to the virus." In effect, they are admitting that Lyndon LaRouche and Proposition 64 were correct and those who opposed traditional public-health measures were either lying or ignorant.

According to the Feb. 3 *Los Angeles Times*, CDC Director James Mason said, on the issue of mandatory AIDS testing: "Our first responsibility is to the many, rather than to the few. Our vision has to be: We've got 240 million Americans—what are the steps that will protect them. If this were not AIDS, with its social and political aspects, I don't think there would be any question we would be testing at the time of hospital admissions. In the past, we have used testing for other disease because it has made public health sense—*Why should we deny ourselves these tools?*" (Emphasis added.)

Even Surgeon General C. Everett Koop and Health and Human Services Secretary Otis Bowen—both outright liars along with Mason on scientific questions to do with possible modes of transmission of the AIDS virus, as well as being

ethanasia advocates and condom pushers—have said that AIDS will wipe out more individuals than the Black Death.

Heretofore, Mason himself has been one of the staunchest opponents of such sensible traditional public health arguments. Under his direction, the CDC has been engaged in distorting, misreporting, and sabotaging research. The CDC's unsavory role in covering up evidence of AIDS among "non-high-risk" groups in Belle Glade, Florida has been documented in this journal for the last 18 months. Mason's radical change on the issue of testing is a good indication of how bad the AIDS situation actually is.

### **Worse than the Plague**

One indication of the out-of-control AIDS spread in the general population, was indicated by the huge front-page headline in the *New York Post* on Feb. 5: "NY AIDS 'PLAGUE': 150,000 DOOMED." The accompanying article reports that New York state health chief David Axelrod briefed Albany legislators on Feb. 4 on the escalating AIDS threat in New York, saying that AIDS is at Plague proportions and "has already doomed up to 150,000 New Yorkers." As many as 500,000 people in the state are infected with the AIDS virus, said Axelrod, noting, "We are dealing with something of the magnitude of a plague right now." Presenting charts and graphs to document his remarks, Axelrod warned: "It is an enormous problem. . . . No less than 20-30 % of those infected will develop AIDS and die."

Halfway across the country, in Chicago, the situation is no less frightening.

On Feb. 3, Cook County Hospital announced that an unidentified physician on the hospital staff who had AIDS was suspended from the hospital for refusing to stop treating patients. The hospital, which is the primary health care service center for the inner-city poor, also announced that two doctors who left the Cook County Hospital a few months ago had died from AIDS.

### **Worldwide action**

With the U.S. situation beginning to open up, the policy battle for traditional public-health measures, adequate research programs, and honest experiments to investigate modes of transmission through respiratory aerosol and biting insects will now escalate throughout the world.

In England, for example, on Feb. 4, former cabinet office adviser to Prime Minister Thatcher, Christopher Monckton, blasted British Chief Medical Officer Sir Donald Acheson for saying that there is no "sound evidence" that AIDS can be transmitted by saliva. If so, Monckton asks in a letter to the Feb. 3 London *Guardian*, "why did his own department issue advice to dentists last spring that masks should be worn during dental surgery to reduce the risk of catching AIDS from patients?" Monckton cites cases of saliva-transmission of AIDS reported by Dr. John Seale, and by the journals *Lancet* and *Science*.

He then says: "How can Sir Donald know the routes by which the unidentified carriers become infected, if he doesn't know who they are? And how can he stop the virus spreading, if his department does not test the population so that the carriers can be told that they are carriers and counseled in how to avoid passing the fatal infection on?"

"In the extensive medical literature on AIDS, there is widespread and deep concern that, once a sufficiently large pool of infected people exists, unusual or accidental routes of transmission may become much more significant than they are in the early stages of the pandemic.

"Sir Donald and his team at DHSS would do well not to pooh-pooh such currently unusual routes of transmission as saliva. They should, instead, study the influence of environmental, bacterial and viral co-factors which may, if left undetected, cause AIDS to be spread in unexpected ways and with surprising speed."

The Reagan administration has "hidden behind the skirts," so to speak, of the homosexual lobby's civil rights objections to screening, simply because they thought that fighting AIDS was "too costly." Don Regan, the White House chief of staff, has cynically maintained a hard line against AIDS screening or a real crash research effort, deemed "cost prohibitive."

President Reagan has publicly asserted that the administration was doing all it could within the "given budgetary constraints."

The net effect of such budgetary delays, is that the situation in Africa has been allowed to become a full-scale biological holocaust with tens of millions already infected. Second, we have lost critical months in slowing the spread of the pandemic elsewhere through the lack of universal screening. Third, we still lack the commitment for the kind of space-age "Biological Strategic Defense Initiative" crash research program on the scale of the Manhattan or Apollo Project. Fourth, research into the potential of AIDS transmission through environmental "co-factors" or in conjunction with "co-infections" has not been done, under the pretext that if policymakers pretended that AIDS was the first deadly disease in human history which was not causally linked to collapsed economic conditions, then no one would question the illusion of the so-called Reagan economic "recovery."

The Reagan budget now before Congress cynically proposes not to fund 700 new research grants costing \$325 million in biological and medical AIDS research. Such a policy is, in fact, a policy of "research attrition," since most grants are of three-to-five year's duration. Those previously funded will get the duration of their grants. New projects, which will commence when the existing projects end, will simply not be funded. The net effect of this cost-saving policy will be to cripple research.

Now that recognition of the AIDS catastrophe has begun to shift, it is incumbent that a full-scale public-health program and a "blank check" for a Biological SDI be commenced, if mankind is to have a chance of winning the War on AIDS.

# The AIDS debate is on in Spain

by Leonardo Servadio

On Jan. 21 in Madrid, before a highly qualified audience, Elisabeth Hellenbroich of the Schiller Institute and Jonathan Tennenbaum of the Fusion Energy Foundation outlined the only possible solution to the AIDS crisis. The conference, titled "War on AIDS, the Plague of the 20th Century," opened with a speech by Mrs. Hellenbroich, who stressed the importance of implementing in Europe the measures advanced in the recent California ballot initiative, Proposition 64: mass screening of the population and appropriate isolation measures to prevent the rapid expansion of the disease. "If this is not implemented now," she warned, "Spain will soon be in the same condition as Uganda, where the victims of AIDS are so many and the people are so terrorized, that the corpses of the victims are thrown into the banana and cane plantations in the outskirts of the towns."

Dr. Tennenbaum presented a computer analysis, indicating the dramatic increase in AIDS cases within the so-called risk groups, and the expansion from the risk groups to the normal population.

The 40 participants in the conference were not only shocked by the magnitude of the problem, but were eager to discuss methods to deal with it. The audience included physicians from all the Madrid hospitals, researchers from biological and virological research centers, specialists from several ministries, and journalists from two of the three national radio channels.

A shock wave hit Spain in the first days of November, when the national press, in particular the Club of Rome-linked daily *El País*, started a drumbeat of slander articles against Lyndon LaRouche and "Proposition 64," similar to those put out by the "gay lobby" and Hollywood mafia in California. As a result, everybody started discussing AIDS. The papers were forced to hint at the magnitude of the problem. Figures known to the "experts" but withheld from public knowledge, began to surface: that in Spain already last year an estimated 70% of heroin addicts, 70% of homosexuals, and 70% of hemophiliacs were infected. Considering that the official estimates at the beginning of 1986 indicated at least 100,000 heroin addicts and some 10,000 hemophiliacs, these two groups alone would account for 77,000 AIDS-infected persons. The number of homosexuals is not known, but, given the campaigns in favor of homosexuality and free sex waged by *El País* in the past several years, it would be hard to believe the figure is below 200,000-300,000; this would

imply a total of 250,000 to 300,000 AIDS carriers just in the high-risk groups, based on year-old estimates.

Recently the press revealed that over 40% of people in jail are infected with AIDS.

As panic began to spread, in Madrid a "City Committee against AIDS" was hastily created, which published advertisements advising people to avoid swallowing sperm, to use condoms, and so on, with a long list of "how to make perversion safe" methods. But if the public debate is disgusting, what is going on behind the scenes is much, much worse. While the government is not saying anything or taking any measures, the country's policy-makers are preparing their solution. In a country dominated in a feudal way by the banking-Trilateral Commission structure, the solution to how to deal with AIDS and save money is simple: euthanasia—the crime for which Nazi war criminals were condemned at Nuremberg.

## Nazi methods revived

On Jan. 15 the Spanish Association for the Right to Die with Dignity held a conference in Barcelona, with the participation of several Communist-oriented "intellectuals." The final demand of the meeting was to legalize both active and passive euthanasia—true to the tradition which made Spain for many years the center of the Nazi International, under the Franco dictatorship.

The "star" was Carlos Jiménez Villarejo, a public prosecutor, member of the Democratic Magistracy, a largely Communist group. Villarejo argued that today's euthanasia cannot be compared to the Nazi crimes, since the Nazi crimes should not be called euthanasia, but "collective assassination." He naturally did not explain the difference between "collective assassination" and euthanasia applied to hundreds of thousands of AIDS victims. Villarejo demanded respect for human rights: The person must voluntarily submit to euthanasia, and this must be regulated by law. He also specified that the person to be "killed" must be a victim of an incurable disease, and that those who practice euthanasia must be moved by "pity," not economic interests. With this moral code, euthanasia must be legalized rapidly, he demanded.

All the participants insisted that the difference between euthanasia and helping somebody to commit suicide, or murdering somebody, is that euthanasia must occur only in cases of incurable disease, and be based on the victim's "free will." Naturally, if the victim doesn't accept, he is killed anyway, not in an "active," but in a "passive" mode, i.e., by stopping treatment.

The Trilateral Commission paper *El País* gave a big build-up to these Nazi proposals, and since the Spanish government is fundamentally run by *El País*, there can be no mistake: The Spanish Socialist government has already made up its mind on how to confront the AIDS problem. The public stand taken by the Schiller Institute in Spain is the only opposition to this policy.



# Denmark rocked by malthusian drive to end farmers' use of fertilizers

by Poul Rasmussen

Would you sell your country for half a bucket of Norwegian lobsters? Most people would not, but it seems that a majority in the Danish parliament is more than willing to do just that.

In the first week of February, parliament was set to review a government action plan aimed at reducing the leaching of nitrogen and phosphorous into the Danish coastal waters by 50% and 80%, respectively, within the next three years.

On the pretext that nitrogen is a "major pollutant," the government's plan aims at a reduction in agricultural usage of nitrogen fertilizers by approximately 25%.

## The key to the Danish economy

More than one-third of total Danish exports consists of food and agricultural products. Last year, Danish agriculture exported 60 billion Danish crowns (Dkr) worth of goods. Danish agriculture has extremely high productivity. Some 90,000 Danish farmers produced food for 15 million people. Denmark's total population is only 5 million. So, Denmark exported two-thirds of its total agricultural production.

In Denmark, as anywhere else where modern, industrialized, high-energy food production has been applied, the key to success has been the introduction of nitrogen fertilizers. Nitrogen is an essential raw material for living organisms, and the successful identification of the role of nitrogen formed the foundation of modern agriculture. Without nitrogen fertilizers, it would be physically impossible to achieve the production levels we see today.

Preliminary calculations by the Danish Agricultural Association estimate that a 25% reduction in the application of nitrogen fertilizers would result in an average 7-10% reduction in yields per hectare, depending on the quality of soil and other local factors. In terms of money, this represents an immediate loss of more than a half-billion crowns. Even if Danish farmers compensate by changing crops (i.e., shifting to less nitrogen-dependent crops like peas, beans, etc.) or make the application of fertilizers more effective through computerized control programs, the cumulative loss over a few years would run up to several billion crowns. This would

be the end of Danish agriculture—and in turn, the end of the Danish economy.

How did the Danish parliament get the crazy idea of reducing Danish farmers' usage of nitrogen fertilizers? The story is almost unbelievable. It involves a number of bureaucrats in the Environmental Protection Ministry, the chairman of a private environmental protection organization, Danish national television—and half a bucket of dead lobsters.

For years, a number of fanatical environmentalists in a variety of organizations, including the Danish Ministry of Environmental Protection, have tried to portray the leaching of nitrogen from land areas to fresh-water streams and shallow coastal waters as a major environmental problem. An impressive number of reports has been produced, all claiming—without any foundation—that this is the result of the agricultural use of nitrogen fertilizers. But since nitrogen levels in drinking water have remained far below the levels recommended by the World Health Organization, and since fishing activity in the Baltic, the Belts (as the straits off the Danish coast are called), and the Kattegat strait have remained unharmed by this "pollution," nobody listened to these fanatics. It was an obvious hoax.

But in the summer of 1986, all this changed. Danish national television ran a number of stories claiming that not only coastal waters, but major parts of the Kattegat and the Belts are now dead waters—without life, due to pollution.

Nobody reacted to these stories until the end of the summer, when adverse weather conditions produced an acute oxygen-deficiency in some parts of the Kattegat. This is a phenomenon that has been occurring in the Belts and the Kattegat for thousands of years. Hot summers with little or no wind reduce the mixing of the water coming in from the North Sea with the shallow waters in the Belts and the Kattegat, causing local deficiencies of oxygen.

But, now Danish TV reporters could illustrate their anti-agriculture stories with pictures of dead Norwegian lobsters—literally, a half-bucket full. The chairman of the Danish Association for the Preservation of Nature (*Danmarks*

*Naturfredningsforening*), David Rehling, went on television to proclaim that this was the direct result of the leaching of nitrogen from Danish farmland into the waters of the Kattegat, causing an increased production of algae, and thereby depleting the oxygen in the sea.

On this basis, the Danish government and parliament went into action. The Minister for Environmental Protection, Christian Christensen, demanded an immediate reduction in agricultural usage of nitrogen fertilizers by 100,000-145,000 tons.

Finally, on Nov. 18, 1986, parliament ordered the government to present a comprehensive plan by Feb. 1, to guarantee that the leaching of nitrogen and phosphorous is reduced by 50% and 80%, respectively, within three years.

### A \$4 billion nightmare

The parliamentary directive came close to putting Denmark's coalition government out of its misery. On Jan. 31, Prime Minister Poul Schlüter had to convene an emergency meeting of ministers in an attempt to resolve the deep divisions that had erupted concerning measures against farmers' usage of nitrogen.

A contributing factor to the break in government unity was an open letter to parliament, dated Jan. 19, from the Schiller Institute's International Agricultural Commission, exposing the hoax behind the entire campaign against nitro-

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*If the malthusian environmentalists can break the backs of Danish farming, they can do it to any farmer in the world. If they are not stopped now, we will be well on our way toward the biggest food crisis in the history of mankind.*

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gen fertilizers. The letter warned in the strongest terms against the economic consequences of a forced cut-back in fertilizer use.

Publicity surrounding this letter, combined with a mobilization of various Danish farm organizations, caused the liberal Venstre Party (traditionally the party representing Danish farmers, and a partner in the coalition government), to flatly refuse any specific reduction in fertilizer application.

The result was an open confrontation between Minister of Environmental Protection Christensen, of the small Christian Popular Party, and Minister of Agriculture Britta Schall-Holberg of the Venstre Party.

After several hours of intense negotiations, Prime Min-

## Scheduling Equipment Driving You Nuts ?

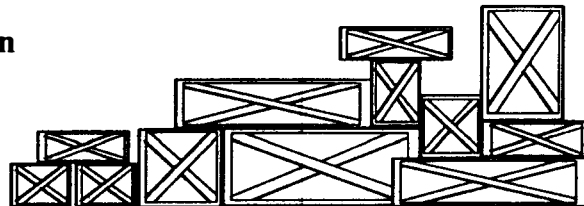


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ister Schlüter came up with a compromise. The resulting 12-billion Dkr action plan (about U.S. \$4 billion) left out any measures specifically aimed at reducing the use of nitrogen fertilizers.

Nonetheless, the plan is a nightmare for the Danish economy. First of all, 12 billion crowns is equivalent to the annual Danish defense budget. Moreover, these monies found outside of the present national budget.

Expenditures will be as follows:

- Municipal sewage purification: 6 billion Dkr.
- Industrial waste-water purification: 1.5 billion Dkr.
- Changing of agricultural fertilization plans: 4.5 billion Dkr.

Although no rationing of nitrogen fertilizers is included, the plan does aim at inducing farmers to "voluntarily" reduce the consumption of commercial fertilizers by 130,000-140,000 tons. It also includes a mandatory "greening" of fields by planting winter crops. Both measures bring Danish agriculture a big step closer to bankruptcy.

### A dangerous precedent

If the plan directly or indirectly succeeds in producing a reduction in the application of nitrogen fertilizers, a whole new and very dangerous element will have been introduced into the malthusians' campaign to reduce world food production. The *Financial Times* of London, in an article written by John Cherrington on Nov. 25, described it this way:

Events in Denmark, where the Parliament called last week for measures to reduce pollution caused by nitrogen fertilizers, are making waves among farmers and fertilizer manufacturers in the rest of Europe.

The Folketinget's [parliament's] decision, which could lead the government to enforce a 25% cut in use of fertilizers, was made on purely environmental grounds. . . . But, if Denmark does impose nitrogen rationing, its experience will be monitored as closely by those who advocate such measures for the purpose of controlling EC farm output, as by environmentalists.

Evidence provided by the Danish experiment could help to resolve important questions about the efficacy of such a policy and the degree of hardship it might cause in the farming community. . . .

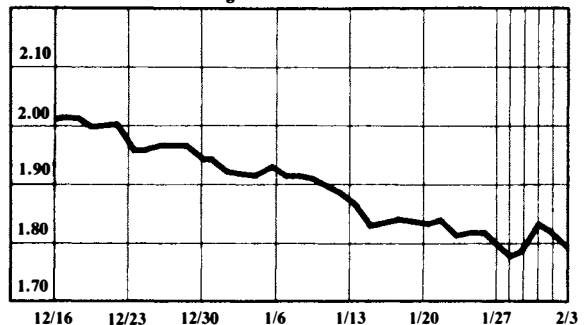
In a private interview with an American journalist, the director of the Danish Association for the Preservation of Nature, David Rehling, admitted that there was more to this campaign than saving the lives of a few Norwegian lobsters in the Kattegat. Mr. Rehling stated: "This is only the beginning of a 5- to 10-year total assault. We are in a battle to totally restructure Danish agriculture."

If the malthusian environmentalists can break the backs of Danish farming, they can do it to any farmer in the world. If they are not stopped now, we will be well on our way toward the biggest food crisis in the history of mankind.

## Currency Rates

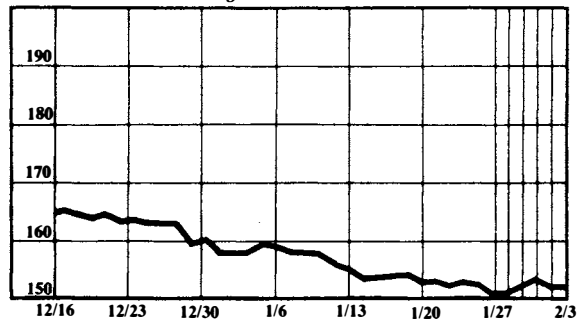
### The dollar in deutschemarks

New York late afternoon fixing



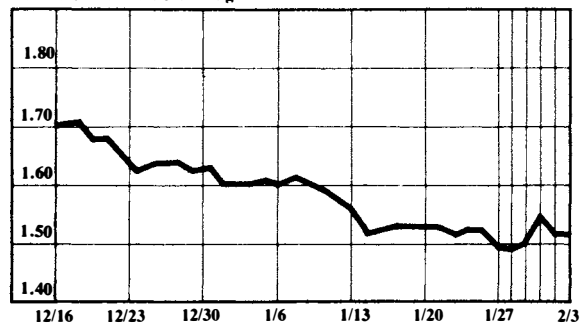
### The dollar in yen

New York late afternoon fixing



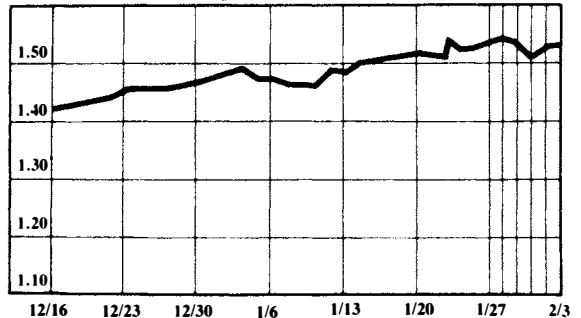
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# Papal debt document echoes 1985 meeting

by Cristina Fiocchi

In November 1985, the Schiller Institute held an international conference in Rome, Italy in honor of "St. Augustine, Father of African and European Civilization." Nearly 1,000 persons took part, representing four continents, bringing together spokesmen of the "advanced" and "underdeveloped" sectors, to lay the basis for a New World Economic Order to end the brutal and usurious control of the major international financial institutions over the economies of most of the world's nations.

Representing the Peruvian government, Sen. Josmell Muñoz presented Peru's struggle against the International Monetary Fund (IMF); Sen. Vincenzo Carollo, Christian Democrat of Italy, called for the mobilization of new financial means to aid the development of the Third World countries; Usele Mawisa, member of the executive of the Organization for African Unity, stated that the debt problem is

today the main obstacle to the development of the African continent.

At the end of that extraordinary conference, two messages were sent, one to the Pope and the other to Peru's President Alan García, to express total support for their respective actions on behalf of the triumph of justice and the development of peoples.

Many people wondered what the link was between the eminent figure of the Bishop Saint of Hippo and economics. Schiller Institute founder Helga Zepp-LaRouche answered: "Man's task today is to restore order to the world in accord with the justice desired by God. If we truly want to fulfill this immense task, we can only do it by incorporating into our efforts the highest ideal of humanity . . . and no one is more apt to furnish such a point of departure than St. Augustine."

Slightly more than a year after that historic gathering, the Vatican has backed the demands for justice of the peoples of the Third World, in a document on international debt. Drawn up by the Pontifical Commission "Iustitia et Pax" and entitled "At the service of the human community: an ethical approach to international debt," the document was presented by the chairman of the commission, Cardinal Roger Etchegaray, to the press on Jan. 27.

"The phenomenon of international indebtedness," the cardinal said, "has been worsening for several years with particular sharpness, posing, both by its scale, and by what is at stake, new challenges to the international community."

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## Polarized response to Vatican document

**U.S.A.:** While White House press spokesman Larry Speakes dismissed the "Iustitia et Pax" statement with a glib remark (see page 67), a Democratic candidate for the U.S. presidency in 1988, Lyndon H. LaRouche Jr., welcomed the document in a 1,200-word statement of Jan. 30, "The Catholic Church's Morality and Ours." It concludes as follows:

"The essential fact is, that justice for developing nations is not my 'political ambition,' but is God's own cause, to which my associates and I have but submitted our own judgments and wills, to the best of our ability to do so. If my own practical programs coincide with the morality of the Papacy in the matter, as seen by the Papacy, who should be seen as playing into whose 'political cause'? It is a cause higher than either my circles or those of the Papacy; it is God's cause, and so clearly that only a foolish or very wickedly greedy man would deny this to be the essential fact of the matter."

**Brazil:** In presenting the Vatican document in Brasilia, Jan. 27, the head of the Brazilian bishops' council, Dom Luciano Mendes de Almeida, declared:

lia, Jan. 27, the head of the Brazilian bishops' council, Dom Luciano Mendes de Almeida, declared:

". . . The Holy See has for the first time in history denounced the international injustice called foreign debt. . . . The Church expects that so-called monetarism will be replaced by priority to the social [aspect]. . . .

"No government can morally demand from its people privations incompatible with individual dignity. . . . You cannot ethically oblige a sick person to pay a debt that he is not able to pay. That is what happens between nations. Paying the foreign debt is a duty; but it is a higher obligation to respect the debtor's dignity. A poor nation is sick. Then a rich and healthy nation offers aid, saying: 'Don't worry; I'll help you. . . .' The poor nation goes into debt to pay the debt, and in return only receives a fistful of birth control pills. Thus, it is evident that the foreign debt question must not be dealt with only from an economic angle."

The flagship liberal paper, *Jornal do Brasil*, ran banner headlines, Jan. 28: "The Vatican Condemns IMF policies." Its Jan. 30 editorial argued:

"The Vatican document . . . is basically an affirmation of the principals of social doctrine which the Church has held since Leo XIII's *Rerum Novarum*. . . . It is one thing to talk about principles and something else to go from principles to concrete reality. There is much more

He went on: "The efforts imposed by credit institutions, in exchange for increased aid, when they consider the situation only from the monetary and economic standpoint, are often such as to push the indebted nations toward unemployment, recession, and drastic reduction of living standards—in short, to an intolerable situation, and in the medium term, disastrous for the creditors themselves."

Etchegaray related the history of the document. It was the Pope personally, after his repeated trips to Ibero-America and Africa, who asked the commission to draw up a document that would offer creditors, debtors, and financiers the ethical guidelines to seek solutions.

Last September, "Iustitia et Pax" and the Latin American Bishops Conference held a joint meeting in Bogotá. When the bishops were asked what were the gravest problems of Ibero-America's social reality, the majority cited the problem of the foreign debt, with domestic inequalities in a distant second place.

The vice-chairman of the "Iustitia et Pax" commission, Monsignor Mejía, underlined that the document is inspired by the encyclical *Populorum Progressio*, which celebrates its 20th anniversary this year, and that the document was prepared by an international group which utilized numerous studies already published on the international debt.

The 30-page document analyzes the causes of indebtedness and proposes urgent measures to assure survival, and long-term provisions so as not to repeat past errors. The role

of the IMF, the World Bank, and other financial repeat past errors. The role of the IMF, the World Bank, and other financial institutions is criticized with great precision, and the need to take moral questions into account when dealing with financial problems, is stressed: "Payment of the debt cannot be obtained at the price of the failure of a country's economy, and no government can morally demand from a people privations incompatible with the dignity of individuals."

Cardinal Etchegaray told journalists that the document has been sent to all the bishops' conferences and papal nuncios, and through them will be given to governments, trade unions, international organizations, and the world's monetary and financial officials.

"Peru needs help in the struggle against the IMF; will you abandon Peru to itself in this battle?" This vibrant plea for solidarity, which Sen. Josmell Muñoz made at the St. Augustine conference to the entire world, has now received a response full of hope from the highest moral authority on Earth.

Some might ask how an institution as cautious as the Catholic Church, accustomed to weighing every judgment on today's events in the balance of centuries, should have adopted such a clear and revolutionary position in regard to the present international financial system. The answer is contained in the final sentence of the document: "May this appeal of ours be taken up before it is too late!"

harmony in Plato's realm of ideas than in the diverse realms of the Earth. . . .

"Brazil should analyze it very cautiously. . . . The oratory is much more attractive and more comfortable for President Alan García than for President José Sarney, because Brazil is a quasi-power."

**Peru:** Armando Villanueva, a factional enemy of President Alan García within his APRA party, said in Geneva on Jan. 28:

"We Peruvians can feel moral satisfaction that His Eminence the Pope has said words which encourage what president Alan García Pérez has been upholding, basing it on the same reasons of Christian justice."

In Rockefeller-linked magnate Manuel Ulloa's daily *Expreso*, Manuel D'Ornellas responded frantically on Jan. 29:

"The García government will try to convince the world that [the Vatican document] is moral support for the Peruvian position. . . . On the contrary, the central thesis of the document is that said problem must be solved through concerted actions between debtor countries and creditor nations and not by means of confrontation between them as García is proposing. Alan García's government minimizes that co-responsibility. . . ."

**Argentina:** *Ambito Financiero*, the daily of Argenti-

na's British-leaning monetarists, ran a fantasy-ridden analysis by Juan M. Ferriti on Jan. 28:

"The principles enunciated by the document are quite similar to those which inspired the plan which Secretary James Baker presented in Seoul. . . . The Vatican agrees with the U.S. Treasury Secretary that it is necessary to promote growth of the world economy to permit debtor countries to fulfill their obligations while assuring them a reasonable growth rate in accord with their peoples' expectations for improved material conditions."

Similarly, Argentine President Raúl Alfonsín claimed the Vatican supported his policy of capitulation to the bankers:

"This policy has permitted Argentina to get credits, impose itself on the IMF and, above all, that the Pope in his statement on the foreign debt reaffirms the principles which Argentina has been defending."

**International Monetary Fund circles:** Sources close to the IMF were quoted in *El País*, in Madrid on Jan. 29, as taking offense at the Vatican's describing it as "authoritarian" and declaring:

"The Vatican document recommendations do not really diverge from the policy followed by the international financial community in recent years. . . . The IMF does not impose any policy."



# Mexican agriculture: an IMF disaster

by Mark Sonnenblick

One side of the highway leading down the Yaqui River valley in the state of Sonora, Mexico, was filled with lush green fields, a recent visitor reported. The side slightly higher than the road was brown like the desert which once covered the whole valley. The reason: Electrical rates had doubled and then doubled again. The farmers could no longer afford to operate the pumps to raise water to the upper tier of irrigation canals. Some responded by converting their pumps to diesel, but then diesel fuel prices also rose 400%.

Those energy price increases were ordered by the World Bank and International Monetary Fund, as part of the "structural adjustment programs" they have imposed on Mexico since 1982. Their cold logic is that Mexico must "eliminate all subsidies" and "reduce budget deficits." The net result is that Mexico's food-producing capacity is being decimated, while its population is growing. That has contributed to 82% of Mexico's people showing signs of malnutrition.

Mexican "economic reforms" have halved the portion of the budget applied to agriculture from 1981 to 1985, and more cuts are scheduled for 1987, the daily *La Jornada* reports. The problem is that the government devotes 55.1% of its budget to paying debt service and only 4% to rural development, the Peasant Alliance of the Northwest protested in a Jan. 5 petition. The alliance's members farm in the Yaqui valley and for several hundred miles around. Thanks to irrigation and modern technology, they bring in half of Mexico's fresh vegetable and grain harvests. Most of them think along lines closer to an American family farmer than traditional uncapped peasants.

The Northwest Alliance said that the "decapitalization of agriculture" was caused by high interest rates which added 22% to production costs, and by "inflation which raised production costs faster than guarantee [parity] prices." This, they stated, "wiped out our meager reserves and capital, reduced our liquidity and obliged [us] . . . to sell our machinery and fixed assets in order to survive."

Several hundred miles further south, around Zamora, Michoacán, cutbacks in government credits at low interest rates have forced independent potato and strawberry farmers to work as "contract farmers" for rich local oligarchs or for multinational cartels such as Cargill. Others there, and throughout Mexico, simply have not planted for lack of capital or inability to maintain their machinery. Only half of the farmed land had access to any credit in 1986, José Gamas

Torrucó, the head of the National Rural Credit Bank, reported.

Millions of farm owners and local people they would have employed, are thus being displaced from their home towns each year, to seek survival in Mexico's teeming cities or north of the border, or in criminal occupations such as narcotics cultivation and trafficking.

Even where farmers have been able to plant, cost considerations have forced reductions in fertilizer use, pesticides, and irrigation systems which save water by using drip or spray technologies. These "savings" have made crops extremely vulnerable to climatic shifts and insect plagues. Droughts and frost caused 50% more damage in 1986 than the previous year, Manuel Torres Partida of the state's farm insurance company (Angasa) reported. Torres said 25% of insured lands were damaged.

"Every year less land is insured by the government," the leader of the Independent Confederation of Agricultural Workers and Peasants, Ramón Danzos Palomino, protested.

The results are shown in lower harvests and lower consumption. The average per capita consumption of rice fell from 9 kilos during 1985 to 6 kilos last year. Wheat consumption fell from 69 to 53 kilos per capita. Bean and corn consumption were kept at 1985 levels only because of higher levels of imports than 1985.

## Livestock auctioned in U.S.

The drama of Mexican agriculture is shown in livestock auctions in the United States. There, Mexican cattle compete with the herds of equally strapped U.S. farmers. Mexico's dairy herd has been reduced by 250,000 cows during the past eight years. "Eight years ago, milk production in the country was 15 million liters per day, when the population was less. Now, with hard work, we produce 9 million," José Antonio Haro, president of the National Association of Milk Producers declared.

More and more of Mexico's falling food production is bought by the cartels and moved across the U.S. border. Planning and Budget Secretary Carlos Salinas de Gortari's office proudly announced that Mexican agricultural exports were up by 59.3% in dollar terms in 1986, led by fresh vegetables, tomatoes, melons, beef on the hoof, honey, and cotton.

While the "legal alien" cattle migrated north, beef slaughtered in Mexico City fell from 276,000 head in 1982 to only 160,000 head in 1986, the state slaughterhouse reported, noting that the population has risen. While 40% of Mexicans stopped eating beef, poultry sales also fell by 60% in Mexico City between January and October of 1986, the Mexican Association of Poultry Producers reported. They blamed the decline on the 33.8% fall in real wages last year and rising distribution costs, especially gasoline. Both are the harvest of the "bailout" Mexico has given its creditors by obediently paying its interest bills on time.

# The Indira Gandhi Canal: greening the desert in India

by Ramtanu Maitra

On the first day of the new year, Union Finance Minister Vishwanath Pratap Singh presided over the completion of the Indira Gandhi Main Canal, which will bring water from the northern Himalayan rivers deep into Thar desert, the Great Indian Desert, of Rajasthan. The canal is among the greatest civil engineering feats in the world, and will help green the vast strip of desertland located in western Rajasthan, bordering Pakistan. The main canal, earlier called the Rajasthan Canal and renamed in 1985 in honor of the slain Indian prime minister, is 649 kilometers (km) long.

The canal is the hope of Rajasthan—a much impoverished state. With a land mass of 342,000 square km and a population of about 3.9 million, Rajasthan is one of the least populated states in India, its great industrial potential long curbed by inhospitable weather and lack of water. Within the state, the population density is higher in the southern and eastern parts. The western part of the state, through which the canal water now flows, has a population density of only 5-10 persons per square km. The land is dotted with small villages interspersed by huge tracts of sand and sand dunes. On an average, this part of India receives about 6 inches (15.2 cm) of rain spread over 10-15 rainy days annually during the monsoon season. But under this harsh, barren landscape is a thick layer of extremely fertile soil—unturned and ready to bloom.

The total length of the canal system, from its headworks in Punjab to the tail end at Gadra Road, is 9,425 km—almost twice the combined length and breadth of India. If stored in the form of a pyramid with a 1,200-foot (364.7 m) square base, the earthwork done for the canal would be higher than Mount Everest (29,000 ft./8.82 km). Some 3.4 billion concrete tiles were used to line the canal—enough tiles to encircle the earth along the equator with a two-lane highway, with each lane 12 feet wide. The maximum number of people involved in canal construction at any time was 40,000, aided by hundreds of camels and donkeys. Working since 1958, the project authorities accumulated equipment worth more than \$20 million in draglines, earth- and sand-diggers, levelers, cranes, and sand-removing machines. Additional annual food production, when the project is completed, alone will be about 5-6 million tons (5.5-6.6 million metric tons) valued at about \$1 billion at the current market price. The area, when developed with proper infrastructure, will easily

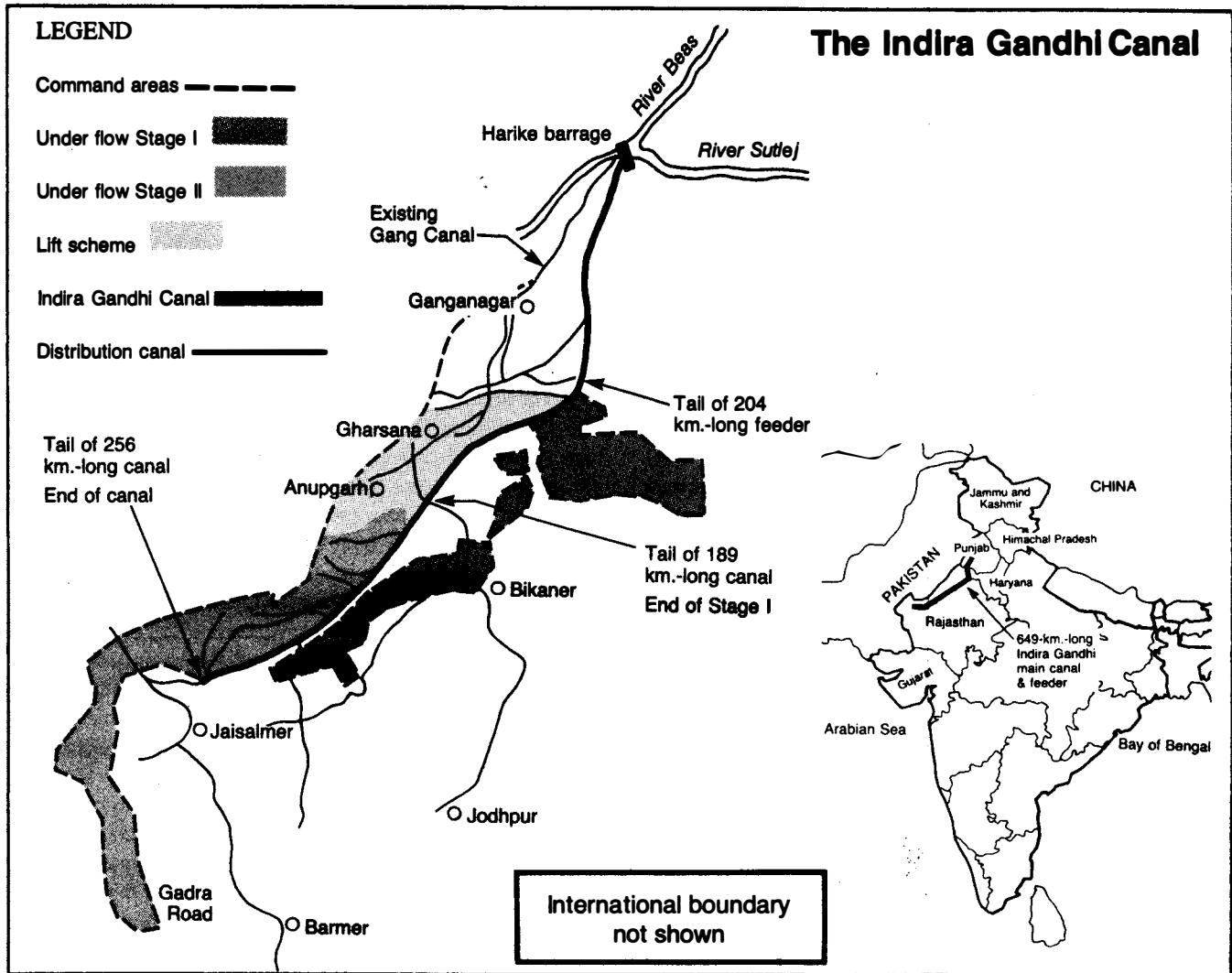
settle more than 2 million people.

The idea of bringing the waters from the Himalayan rivers flowing through Punjab and into Pakistan was conceived by an hydraulic engineer in the late 1940s, soon after India became independent following 200 years of British misrule. Engineer Kanwar Sain proposed that 2 million hectares of desertland in Bikaner and the northwest corner of Jaisalmer could be brought under irrigation from the stored waters of the Punjab rivers. Soon thereafter, a feasibility study was conducted by the Central Water Commission, a government body in charge of water survey and allocation. In its brief report, the Central Water Commission spelled out the necessity of building a canal through the western Rajasthan desert which will provide new habitation over 2 million hectares.

To convert the concept to reality, however, it was first necessary to settle the dispute between India and Pakistan over allocation of the Indus River system's waters. In 1957, India and Pakistan mutually settled the dispute by signing the Indus Water Treaty which gave India the right to use waters of three rivers—the Sutlej, Beas, and Ravi. As per an interstate agreement reached earlier in 1955 between the Indian states of Punjab and Rajasthan, the latter was allocated 8 million acre-feet of water. The proposed Rajasthan Canal envisaged use of 7.6 million acre-feet of water. In 1958, the canal work began.

At the beginning, the plan was to build the canal in two stages. Stage I was to comprise a 204-km feeder canal taking off from the headworks at the Harike barrage in Punjab, a 189-km-long feeder canal, and also construction of a distributory canal system of about 2,950 km in length. Stage II of the project was identified as construction of a 256-km-long main canal with a distributory canal network of about 3,600 km in total length. It was decided that the main canal was to be 140 feet (42.5 m) wide at the top, with a bed-width of 116 feet (35.3 m), and a water depth of 21 feet (6.4 m). The canal was scheduled to be completed by 1971.

From the start, the project ran into difficulties. Under the leadership of India's first prime minister, Jawaharlal Nehru, a grand plan to build basic infrastructures and heavy-engineering facilities had already been undertaken, albeit with extremely limited financial resources. The canal was not abandoned, but a shifting of resources destined for its construction slowed its progress. In the late 1960s, India was



plagued with food shortages, a war with Pakistan, and quick changes of leadership. Highly disillusioned planners were busy fighting the fires caused by a volatile political situation due to shortages of food products and rampant inflation. Debates broke out throughout India, instigated by the World Bank crowd, over the “mistakes” of Nehru’s economic planning. Large projects were viewed as “white elephants” eating away the nation’s resources and delivering nothing. Many projects got shelved; many more were slowed down to the point of becoming obsolete by the time they became productive. The Rajasthan Canal was no exception.

The canal now flows close to the town of Pokhran where India tested its first nuclear explosive meant to be used for peaceful purposes in 1974. If such explosives had been used for the canal’s construction, it could have been completed long before and at a much lower cost.

There were other factors. When such an enormous project is neglected, it generates a spiral of corruption. Contractors received money for work they did not do. Local politicians dipped into the project to make hay while the sun shines.

Engineers point out that the state government failed to settle enough people along the canal who could work the fields and develop the new irrigation potential.

Meanwhile, the project plan was revamped. The state government decided in 1970 that the entire canal should be lined with concrete tiles and proposed to add five lift-schemes—available up to 200 feet (60.8 m)—to bring water into the interiors. The flow command of Stage II has also since been extended by another 100,000 hectares up to Gadra Road in Barmer district. The drinking and industrial water requirement of seven desert districts of Ganganagar, Churu, Bikaner, Nagaur, Jodhpur, Barmer, and Jaisalmer has also been increased from 500 cusecs (141.7 hl/sec) to 1,200-1,800 cusecs (339.9-509.9 hl/sec). With this revised scope for Stage II, the culturable command area—the area which can utilize the canal water—for the entire project would now be about 1.6 million hectares and the length of the feeder, main, and distribution canals together would be about 9,425 km.

In 1983, Stage I was finally completed—20 years behind

schedule. As of now, the Stage II main canal and 50% of its distributory system have been completed. It is estimated here that if no new thrust is given, the rest of the project work could require another decade to complete.

If completed in time, the Indira Gandhi Canal would have already generated an enormous amount of wealth for the nation.

The project is not only an irrigation project bringing 1.6 million hectares of virgin and fertile land under year-round cultivation. Western Rajasthan, plagued by a shortage of rainfall and subjected to repeated famines, has been condemned to being sparsely populated over the centuries. No reasonable development or progress was possible without such a basic amenity as water.

The canal project has already started to change that numbing sense of hopelessness. The area that has already enjoyed a decade of canal water now produces \$200 million worth of food products. In the northern district of Ganganagar, where the canal water reached in the sixties, the area has become lush with greenery. Anupgarh, a town south of Ganganagar, was a dusty little desert village before the canal water came. Today, it is marked by wide, well-laid roads, shops, stores, and schools. The price of land in Anupgarh is now comparable to that in Jaipur, the capital city of Rajasthan. Anupgarh has already become the nerve-center of trade and commerce in the border area, sending out the ample produce of the land into the interior and buying back what the local community needs. Another town, Gharsana, located between Ganganagar and Anupgarh, has turned into a grain market.

### **Challenge of national water policy**

Since independence, 20.8 million hectares of land have been developed for their irrigation potential. Out of that, fully 5.2 million hectares still remain to be utilized. At the going cost of \$3,000 per hectare to develop, it would take another \$16 billion to make the "potential" utilizable! Even more important, due to lack of groundwater management, the canal irrigation has resulted in water-logging and salination that has already affected about 7 million hectares of land. In some places canal irrigation has turned into a curse.

The Ministry of Irrigation limits its concept of groundwater management to simply pumping up the water for farm work. Pumped groundwater accounts for irrigation of about 26 million hectares of land, about the same that the large dams and canals have achieved so far—and at a fraction of the large projects' cost. However, pumping groundwater without systematic recharging of the aquifers has caused salination and a lowering of the groundwater table.

The "tunnel vision" in India's water management policy is disastrous. India receives annually about 330 million hectare-meters (mhm) of water, excluding 70 mhm which evaporate immediately after precipitation. Of these 330 mhm, around 150 mhm enter the soil, where about 110 mhm are retained as soil moisture and the remaining 40 mhm enter the deeper strata in the form of groundwater. Of the remaining

180 mhm of water which do not find their way into the soil, only 17 mhm are impounded as run-off to the reservoirs. The rest—163 mhm of water or 90% of the run-off—goes to the sea and is lost. After four decades of massive irrigation projects and expenditures reaching \$30 billion, only 10% of India's annually renewed water resources can be captured for use.

Even then, effective use is seriously undermined by lack of command area development. In areas where the "Green Revolution" has been a success, farmers mostly use groundwater. In these areas, the groundwater table has dropped dangerously. Farmers have met this situation by deepening the tubewells and lowering the pumpsets, at considerable cost. In certain areas, as one report shows, particularly along the Saurashtra coast, excessive withdrawal of groundwater has allowed the seawater to intrude into sweetwater aquifers, turning fertile areas to wastelands.

### **Promise of the Imperial Valley**

The Rajasthan Canal can be compared to the Imperial Valley—a man-made oasis in southern California and Arizona just north of the Mexican border. In 1901, a group of enterprising settlers built the first canal there. Gradually over the years, 2,800 km of canal was laid out, and the desert, which has an annual rainfall of less than 3 inches (7.6 cm), began to green.

The canal network of the Imperial Valley gets its water from the Colorado River. Along with the water come dissolved salts, washed away from disintegrated rock. In areas where the rainfall is plentiful, this salt is washed away as the rain leaches deep into the soil or floats it down the river into the ocean. But in desert areas where soil moisture evaporates into the air instead of running through the ground, the salt concentration is built up, and the rivers flowing through such regions become heavy with salt. Over a period of time, this salt is deposited back onto the land where the river water is used for cultivation.

In the Imperial Valley, this salt formation began quickly. Within 20 years of the building of the first canal, about 20,000 hectares of land had been surrendered to "Imperial Valley Snow," with 1,000 more going out of production each year. Only after extensive study and sheer hard work, could the land be recovered and the Imperial Valley made the cornucopia that it is today.

Looking under the soil in the Imperial Valley, one finds tiled drainage pipes laid in a complex network. Miles of drains soak up the irrigation water and spill it into the network of waste ditches, almost as complex as the canal system itself. The ditches send it rushing into the catch-basin of Salton Sea. Today, an almost-perfect balance has been reached in the Valley, whereby the amount of salt coming in is about the same as that flushed out.

The Indira Gandhi Canal has the possibility of bringing the success of the Imperial Valley to this region of India, opening up a whole new area for full economic development.

## USX 'reopens'; shuts four steel plants

*Another milestone is passed in the shutdown of America's steel capacity, as per official national policy.*

On Jan. 31, the official announcement was made of the "reopening" of USX steel company, after the recent approval by the United Steelworkers of a new concessionary contract, following a record 184-day-long lockout. On Feb. 4, USX executives named four mills that are not being reopened at all. This is part of the ongoing "down-scaling" of U.S. steelmaking capacity, which is national policy, approved and promoted by the administration, despite crisis levels of low steel production and utilization.

USX plans to cut its steelmaking capacity by about 27%, from 26.2 million tons, down to 19 million tons a year. Prior to the six-month lockout, USX, the nation's number-one producer, was producing steel at a rate of about 12 million tons a year, and had about 17% of the market share.

USX chairman David Roderick said in Pittsburgh, "I want to emphasize that these facilities are on an indefinite idled basis and not—I repeat, not—on a permanent shutdown." No one believes him. The plants still shut are Saxonburg and McKeesport, near Pittsburgh; the Geneva works at Provo, Utah; and a mill at Baytown, Texas. The four plants had employed 3,700 people, and are on "indefinite idle" because of what Roderick calls "marginal" operations.

USX plans to produce less steel in 1987, in line with the national steel output decline. In early January, USX forecast that 1987 national shipments by domestic steel producers won't exceed 65 million tons, 35% below the recent peak of 1979. In 1985, the last full year of steel production, national steel output was 72.7 million tons.

Gearing down for the decline in steel utilization, USX did not add steel output before the labor contract deadline, but initiated the lockout as a production reduction maneuver.

The USX plan to slash steel output and lay off thousands more steelworkers was hushed up before the contract ratification vote last month. When announcing that four mills would be mothballed indefinitely, Roderick had to admit, "If we should decide in the future there is no feasible outlook for that market, we would permanently close these facilities."

Under the new labor contract, the average steelworker's hourly wages were cut from \$12.28 to \$10.95, and benefits were taken away. But these lower labor costs do not outweigh the deliberate reduction of national steel capacity.

USX will not pay severance or pensions to the 3,700 unemployed workers, because Roderick chooses not to officially designate the mills as permanently closed. "I don't feel anybody has been cheated, or not alerted to the fact that if you shut down these plants, the marginal plants would not be reopened. . . . We said it to the local [union] and the international. . . . And now the economic hammer has dropped."

According to Roderick, "We don't anticipate giving up anything in the market. We just don't need 26 million tons of ingots to support our place in the market."

The market for steel may be even lower than projected by USX, because of the predictable rate of collapse of the auto and construction sectors, which together accounted for 40% of

steel utilization at the time of the lockout. The "Industrial Outlook" report of the U.S. Commerce Department, released at the turn of the year, projected a fall of steel shipments in 1987, down to a national total of 68 million tons (from almost 73 million in 1985) because of the drop in U.S. domestic auto sales.

Steel sales to heavy industry and infrastructure users are vanishing. The chief economist to Inland Steel Corp., Bernard Lashinsky, said: "What's still missing are the big projects—electric power plants, petroleum refineries, steel mills, and iron ore mines—and they will not be there [in 1987] or the year after. You have a changed economy."

This "changed economy" will likely see the bankruptcy, Ch. 11 or otherwise, of more companies, possibly beginning with the number-three U.S. company, Bethlehem Steel, and Armco. On Jan. 31, Bethlehem announced that its headquarters building in the Lehigh Valley is up for sale, as part of its strategy to sell off all non-steel assets. The number-two company, LTV, declared Ch. 11 last summer.

The U.S. steel sector has already slashed capacity by more than 20% in the last 10 years, and permanently cut its workforce by more than half. Since July 1986, a cabinet-level interagency task force has been meeting to decide on the future of the steel industry. Its special concern has been, how to cheapen the outlays associated with the bankruptcy of the industry as a whole. Among the options discussed is a plan, endorsed by sections of the financial community, to eliminate between 30% and 50% of U.S. steelmaking capacity. The size of the cutbacks considered reflects the estimated magnitude of the permanent reduction in demand for steel.



## Leading indicators of *what?*

*"Economic activity" is up, say latest government figures released in February. Who's kidding whom?*

The especially insane ideologues of econometric forecasting got a boost the first week of February, with the release of the U.S. government's "Leading Indicators of Economic Activity." The December numbers, and the adjusted November numbers, give, it is said, good grounds for optimism that the economy is entering 1987 on what is called "a strong note."

Others might well step back in shock, that even while the economy continues to collapse in ruins, the government could continue to publish statistical series which maintain the reverse.

The government series registered a 2.1% jump for the month of December. This is the biggest rise since January 1983, and the third increase in a row. Some, like Sara Johnson, chief economist at Data Resources Inc., said that the three sequential gains mean that the economy "is clearly moving ahead."

As a result of the leading economic indicators' increase for December, it is now projected that the government's basic measure of economic growth, the Gross National Product, will also show an increase for the year. This is expected to be around 2.5%. At the start of 1986 the government's economists anticipated that GNP would grow by 4%.

EIR estimated in the first quarter of 1986, that the U.S. economy would decline over the course of the year, by a further 15-25% from the market-basket consumption standards of the late 1960s. Led by the steel industry, the construction sector, and the auto-

motive industry, the economy *did* in reality go into that earlier-identified accelerated decline.

It evidently wasn't enough to convince the people who decide what the minions in various government departments ought to be saying, that the fabled "strongest sustained surge of economic growth since the end of World War II," was anything but a fiction.

Now, even as the government continues to pump out its phony data, the performance of basic sectors of the economy continues to conform to the pattern EIR projected at the beginning of 1986. The collapse that occurred, in two phases, during 1986, is now beginning to show up more broadly.

Take the case of the automobile industry. Incentive programs kept up the appearance over the months before November's elections that the industry was doing fine. In October, almost all of the reported 2% growth in GNP was accounted for by auto sales. GM incurred a loss of \$300 million for the quarter by subsidizing those sales, even while GNP grew. Right after the elections, GM terminated the incentive program and announced a program for plant shutdowns over the next five years.

Auto industry results for January were published as the government's indicators came out. Car sales in the last 10 days of January, when incentive programs were back in effect, for some producers and imported models, were 26% below the level of the same 10-day period the year before. Car sales for the month of January as a

whole were 33% below the level of January of the year before. The annualized rate of sales was below 6 million, compared to over 9 million one year ago. Not since the so-called recessionary cycle's trough of 1982 has the automobile sector performed so abysmally.

It's not only that the figures themselves portend catastrophe. It's well known that imported automobiles took over more than 25% of the internal market since 1982. January's figures, for the first time, also show a decline in sales of imported cars of leading producers. And this decline was registered in the same magnitude as the decline in sales of American produced vehicles. Sales of Toyota imports were down more than 35%. Honda was down 29%. Audi and Volkswagen were down by 60% and 50% respectively.

During the fall incentive sales program, it was argued that the auto producers were building up a steeper decline for the early months of 1987. This year's sales were taken early to extract maximum advantage from the "incentive" programs.

Now the market is no longer there, neither for the domestic product, nor for its imported competition. The market is no longer there because households and individuals cannot any longer afford to buy automobiles at the rate of 300,000 per month. Contrary to what the government's "leading economic indicators" assert, they are the victims of the ongoing worsening depression.

The producers are also maintaining inventories for over 100 days of sales, against a usual January level of about 74 days. In short, more auto production cutbacks are coming, quite soon, to bring production into line with the depression-shrunken market. The government will probably find some way to account for that as growth, too.

# Business Briefs

## **Biological Holocaust**

### **Closer AIDS screening in Eastern Europe**

Polish officials will soon test all known homosexuals in Poland for the AIDS virus, according to reports reaching West Germany from Warsaw in January. The number to undergo mandatory testing is reportedly in the vicinity of 100,000 people. According to the World Health Organization, 21 AIDS victims in Poland are under quarantine at present.

In Yugoslavia, the government news agency Tanjug announced Jan. 8 that screening of blood donors for the AIDS virus would commence. Until now, such AIDS screening was in practice only in Slovenia, among Yugoslavia's six republics. The Yugoslav Federal Commission for Contagious Disease has set the goal of eliminating the transmission of AIDS by means of blood transfusion, through this stricter supervision of donated blood.

## **Public Health**

### **Revolt in Italy hits Communist AIDS line**

A revolt is brewing in Italy against the Communist Party-backed cover-up on AIDS, even by CP supporters. In Sassuolo, a small city near Bologna governed by Communists since World War II, the mayor (a Communist) and city council attended a conference on AIDS sponsored by the Schiller Institute, and fully agreed that screening measures and isolation of AIDS victims are necessary. They will go to Rome on Feb. 12, when *EIR* and the Schiller Institute will hold an international conference on AIDS, to lobby for such measures.

Revolt erupted, too, at a conference on AIDS organized by the Communists in Rome, and addressed by Prof. Fernando Aiuti, who chairs the special government commission to fight AIDS. The Communist head of the Epidemiological Center of the Lazio Region claimed that AIDS cases are declining. "AIDS is by no means the number-one health problem in Italy; smoking

is," he said, calling on participants "absolutely not to demand testing, because screening Lazio inhabitants would cost 41 billion liras" (\$30 million).

The chief of a Rome hospital objected that "in our hospital we do not know where to put AIDS patients any more, while some months ago we went around looking for them."

A Communist virologist said: "With 1 in every 50 persons seropositive, shouldn't we be talking of an apocalyptic holocaust? *EIR* . . . [is] having a conference in Rome demanding a crash program against AIDS. If we stick to the line that the situation of AIDS is not dangerous in Italy, their catastrophic line will win."

Dr. Aiuti, whose "solution" is giving free condoms to soldiers and syringes to drug addicts, stated that "there is no risk of infection" if an AIDS patient lives in the family, and added, "I myself treat my patients without using gloves and mask." But Aiuti's unit has issued a memorandum for medical personnel advising them to wear not only gloves and masks, but even goggles, and beware not only of blood, but also saliva and excrement.

## **Finance**

### **Bank failures triple in year**

Seventeen banks, nine of them in the oil states of Texas and Oklahoma, failed during January—an insolvency rate about three times higher than last January, according to Associated Press. The Federal Deposit Insurance Corporation said the 17 closings included 5 in Oklahoma, 4 in Texas, 2 in Colorado, and 1 each in Missouri, Indiana, Iowa, Illinois, California, and Massachusetts. Six banks closed down on Jan. 29 alone.

"We expect a sizable increase in the number of failures in 1987," predicted FDIC Chairman L. William Seidman last month to the Senate Banking Committee. "Weaknesses are likely to persist through next year or longer in energy, agriculture, and real estate. Parts of the banking system will continue to be hurt by these strains."

Last year, bank failures reached a post-depression high of 138, compared to 120 in 1985, 79 in 1984, 48 in 1983, 42 in 1982, and 10 in 1981. At year's end, the number of banks on the FDIC's "problem list" stood at 1,484 banks and is increasing at nearly one a day.

## **Poverty**

### **Homeless dying off at two per month**

Philadelphia's homeless are dying at a rate of two per month, according to a recent study. At least 42 homeless people have died in Philadelphia since the beginning of 1985—a rate approaching two per month, according to the lead article in the Feb. 1 *Philadelphia Inquirer*.

The deaths are due to exposure, violent crimes, accidents, and untreated illness. The homeless victims are "turning up dead in abandoned houses and junked cars. They are perishing in fires. They are being murdered. They are dying in hospitals and dropping dead on the streets."

The death rate among the homeless was monitored by the *Inquirer* in a month-long examination of medical examiners' records, and through interviews with homeless rights advocates and shelter operators.

## **Foreign Debt**

### **Dope money finds new route into Argentina**

Argentina is introducing a "debt-for-equity" scheme that will simultaneously turn its economy over to foreign interests as it makes the nation into a major drug-money laundry.

Argentine Treasury Secretary Mario Brodersohn flew off to the Davos, Switzerland conference on the international economy Jan. 28 with a proposal for "flexibilization" of the Argentine stance on debt-for-equity transfers. Previously, Argentina had proposed that for every dollar in debt paper capitalized, a "foreign investor" would have to bring one dollar of his own into the coun-

try. Now, the government has agreed to allow the "investor" to buy the extra dollar on the black market, thus helping launder drug money.

### **Middle East**

## **Treasury's Baker visits Saudi Arabia**

U.S. Treasury Secretary James Baker arrived in Saudi Arabia Feb. 2 for talks on strengthening business and investment between the two countries. He also sought to reassure the Saudis that the United States remains a close friend, despite the recent concerns that have arisen over U.S. ties to Iran.

An official traveling with Baker said the secretary would reassure the Saudis that the Iranian arms affair did not signal a shift in U.S. strategic interests in the Persian Gulf, and would state that Washington was no longer selling arms to Iran and was maintaining strict neutrality in the Persian Gulf war.

"It's a particularly important time to reassure the Saudis. They are our close friends, notwithstanding the Iran arms scandal. The policy henceforth is not to sell arms to Iran for hostages or anything else."

### **Trade**

## **Soviets shipping oil to So. Africa**

The Soviet Union has been regularly shipping oil to South Africa despite U.N. oil sanctions officially supported by the Soviets. According to a Dutch Protestant Church newspaper, *Reformatisch Dagblad*, most Soviet oil exports to South Africa are stored in Rotterdam tank-parks, from whence the oil is transferred to ships bound for South African ports.

The paper claims that a secret accord exists between Moscow and Pretoria.

A leading Afrikaaner financial source

told *EIR* that the Soviets were prepared to offer "sanctions-busting mechanisms" to the South Africans to pry them out of Western alignment. The South Africans would ship bulk products into Western European markets under East bloc cover in the event of severe sanctions by Western nations.

The source pointed out that Soviet ships regularly handle Rhodesian coal, in violation of the sanctions that helped bring Robert Mugabe to power.

At the center of this are the Western industrial and financial interests forming part of the Soviet "Trust" apparatus. Switzerland-based fugitive Marc Rich is one of the two biggest shippers of crude oil to South Africa. It is not confirmed if Rich's deliveries include Soviet oil.

One business associate of Rich is Shap-tai Kalmanovitch, an Israeli of Soviet origin. Kalmanovitch is the accredited representative in Israel for the South African "homeland" of Bophuthatswana. His company, LIAT, has been cultivating relations with the government of Sierra Leone, and he has traveled with that country's trade delegations to the Soviet Union—well situating himself to develop "sanctions-busting" trade channels.

### **Usury**

## **Mexico to sell itself in payment of debt**

Mexico will convert \$1.2 billion per year of debt into equity, the finance ministry's foreign financing chief announced at a seminar organized by the U.S.-Mexico Chamber of Commerce in Ixtapa on Jan. 28. Any more than that would cause inflation, he said.

So far, Mexico has exchanged \$620 million in debt for foreign ownership in Mexican companies. During the past two months, there have been 45 conversions, worth \$90 million, 70% of them in the automobile industry.

However, Adolfo Hegewish, the planning ministry's foreign investment chief, told the seminar that Mexico is not "on the auction block," and insisted that the country would not be looted by foreign interests. He said that the 1976 foreign investment law would not be changed. It would simply be made more flexible.

## **Briefly**

● **FIRST BOSTON CORP.** has been hired by Venezuela's central bank to advise it on when and how far to move its \$9.9 billion in foreign reserves out of the declining U.S. dollar.

● **GERMANY'S UNEMPLOYMENT** rate has reached 10% with 280,000 jobless added in the month of January 1987 alone. Registered unemployment is now at 2.497 million, plus a short-work rate of close to 500,000. A sizable part of the increase in short-work occurred in steel, machine-building, and ship-building—three key sectors of the German economy.

● **JEAN BAPTISTE DOUMENG**, France's "red billionaire," has tendered a bid with the European Community to allow him to ship 1 million tons of grain to Moscow at a "super-subsidy" price. This sale is expected to be added to the largest sale in history, 300,000 tons of surplus butter—25% of total—to Moscow. Doumeng tendered the bid in December, according to Brussels reports, and awaits only a final price determination to proceed.

● **RADIO MOSCOW** has been gloating over the United States' "Rambo-style" trade-war measures against its own allies in the European Community. One radio commentary reported on U.S. threats to stop grain shipments to Spain and similar threats to other allies, if U.S. demands are not met. "Europe agreed on a compromise," said the commentary, "but this will hit hard at the farmers of the Economic Community."

● **THE GROUP OF FIVE** leading industrial nations has put off a meeting to negotiate a solution for the fallen dollar, the *New York Times* reported Feb. 2. "There is not going to be a G-5 meeting this weekend, and the reason is scheduling problems for several of the ministers," a monetary source was quoted by the *Times*.

## Building new cities, new urban services

### Part 21

#### 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 concludes 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.



#### Urban infrastructure

The construction and provision of services to cities is properly viewed as a component of overall infrastructure investments. Its relation to the core production process is analogous to transportation, hydraulic, and energy investments. These raise the general productivity of the overall economic process. Urban infrastructure raises the productivity of labor and of the general population. Good urban *housing*, for example, allows school-age children to have, optimally, their own room in which to study, or, at least, to live in a house or apartment large enough that they can escape the distraction of the rest of the household, and in that way improve their educational performance. It also permits the introduction of the labor-saving appliances and devices that permit a major portion of the female population to enter the productive workforce. Modern urban *transportation* reduces time lost traveling to and from work and other activities. And urban *electrification, sewerage, potable water supply, and medical services* are all essential to maintaining a healthy, productive workforce.

Perhaps the most dramatic problem facing Ibero-America in this regard today is the vast increase in urban populations living in sprawling ghettos and shantytowns where the quality of housing is atrocious. Official figures may indicate that there has been a very significant increase in the percent of urban dwellers who now have some form of potable water supply (see **Table 6-12**), but it must be emphasized that even when there is some form of indoor running water, it is often a thin trickle, or lacks hot water, and hence requires substantial further development before it could be called adequate for normal household use.



A Mexican family without running water in their house, is forced to do the laundry outdoors.

NSIFP/Carlos de Hoyos

The situation with respect to sewerage is worse, creating a very real public health hazard. Brazil is in particularly bad shape, but no country claims more than two-thirds coverage of its urban populations. As for electricity use, the figures indicate that most urban populations are served, with the exception of Peru, since it has been an area of substantial improvement over the last decade (Table 6-12).

Behind the official figures, as is well known, lies a much uglier truth. Every country has seen its major cities swell uncontrollably over the past 15 years with impoverished immigrants from the rural areas, and it is no secret that urban infrastructure has not kept up with the needs of this population. Rio's *favelas*, Caracas's *ranchos*, Lima's *pueblos jóvenes* are all testimony to this fact.

The situation regarding adequate water supply is particularly grave. Table 6-13 shows the death rate of infants from enteritis, a water-borne disease, which is very high. In most countries, water-borne diseases are the major killers of children under 4 years of age, and also one of the major killers of people of all ages.

The need for urban infrastructure to solve these crises will grow particularly rapidly over the next 30 years. Ibero-America's total population will almost double by 2015, rising to 786 million from about 400 million in 1985, but the percentage of the total population living in urban centers will rise simultaneously, from 69% today to 80% in 2015 (see Figure 6-6). The number of urban dwellers will therefore grow from 276 to 629 million in this period, a 125% increase, which is to say 353 million new urban dwellers must be given decent new housing, electricity, water, sewerage, and other services.

Solving the problem of urban infrastructure has two aspects: the provision of adequate services to existing cities; and the building of entirely new cities, both in presently underpopulated areas, and near existing overcrowded cities to siphon off the existing population.

This second aspect merits special attention, as the cost of trying to "catch up" by providing water, sewerage, electricity, decent streets, and transportation to already-existing anarchic urban sprawl, much less the cost of tearing down the existing substandard housing and rebuilding it, if calculated for the totality of the urban areas that require it, is unmanageable. Much better to simply build entirely new cities, from the ground up.

These projects should begin two stories *underground*. There, a honeycombed base is built to allow for subways, utilities, sewerage, and other purposes. On top of this, residential, commercial, and industrial zones are laid out and built, linked by modern mass transit, dramatically reducing the need for personal cars. Proper planning of parks, nurseries, schools, museums, libraries, and cultural centers ensures a healthful and beautiful environment for social activities. All of this would be designed in modular form, to allow for needed expansion. The general design would locate such cities adjacent to large industrial parks energized, when possible, by nuclear power—nuplexes.

Where to build such cities? A large number of new cities will be called for by the opening up of the interior of Ibero-America by the railroads, waterways, and roads, especially at transport junctions (where only small towns, or nothing, now exist), and at major mining, energy, or agricultural centers. New ports are also primary target zones.

TABLE 6-12  
Urban infrastructure in Ibero-America 1980

	Urban population (% of total)	% of urban population		
		With potable water	With sewerage	With electricity
Argentina	83	65	36	90*
Brazil	73	80	31	89
Colombia	75	78	61	96
Chile	83	92	68	93
Mexico	69	66	68	75*
Peru	67	68	58	39*
Venezuela	85	84	65	83*
<b>Ibero-America 1980</b>	<b>69</b>	<b>75</b>	<b>46</b>	<b>78*</b>
<b>Ibero-America 1970</b>	<b>60</b>	<b>56</b>	<b>36</b>	<b>30*</b>

\* Percentage of total population  
Sources: IDB, ECLA.



TABLE 6-13

**Deaths from gastroenteritis and other diarrheic illnesses in Ibero-America**

Country	Less than 1 year		From 1 to 4 years	
	Deaths per 100,000 live births	% of total deaths	Deaths per 100,000 inhabitants	% of total deaths
Argentina (1978)	394	9.7	20	9.0
Colombia (1977)	881	22.3	99	22.0
Chile (1979)	275	7.5	11	8.7
Guatemala (1978)	1,345	18.6	409	31.2
Mexico (1976)	1,370	24.0	119	24.5
Paraguay (1978)	2,433	26.6	199	40.1
Peru (1978)	1,028	20.4	134	26.0
Venezuela (1978)	570	16.8	37	15.0

Source: ECLA.

Second, new cities must be constructed in the general vicinity of the existing overcrowded and misbuilt cities. Since the major portion of the new industry will still be concentrated in the existing area of densest population for some time to come, the ideal policy, when land availability makes it feasible, is to locate most of the new industry in industrial nuplex parks away from the existing cities, but adjacent to new city-sites, such that the proximity of industrial employment, and the prospect of decent housing, will be the magnets to draw people out of substandard regions of the old cities. This will also allow for the eventual rebuilding, from the ground up, of large portions of existing cities.

Map 6-8 shows several exemplary city-sites that are not now major urban centers but that are expected to become key agro-industrial and transportation hubs in the future. All of the cities marked have access to water transport, and most will also be connected by railroad and roadways to other cities.

It is poetic justice that a number of the new cities will be established in zones now under the virtual control of the drug mafia. This is the case with Manaus in Brazil, Iquitos in Peru, and Santa Cruz in Bolivia.

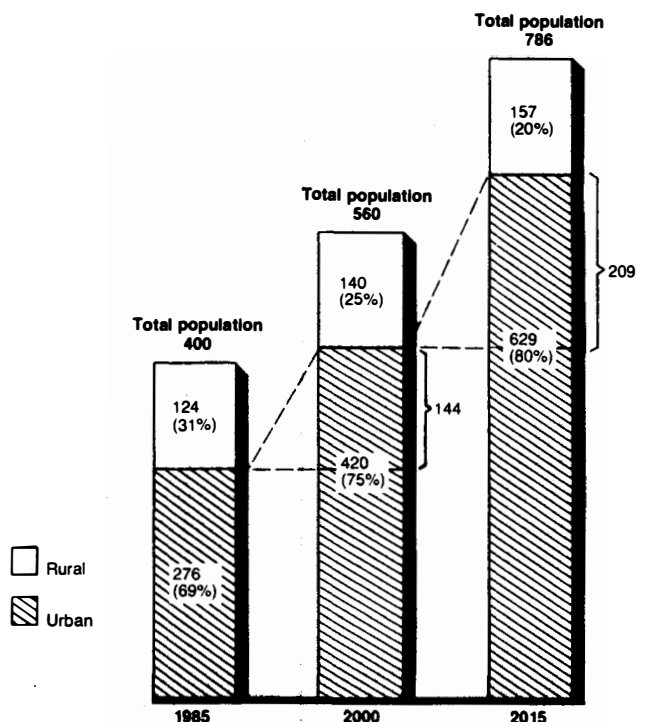
It is impossible to estimate costs for the required urban construction at this time. The closest one can come is to apply known costs for certain types of housing, and use that as a very rough approximation of the limits of probable cost. At the present time, for an average of decently constructed dwellings, including a mix of single-family homes and multiple-apartment units, somewhere between \$5,000 and \$10,000 per person housed would define the probable range of construction costs. This would place the total cost at between \$1.75 trillion and \$3.5 trillion, which is consistent with the total 30-year investment requirements and availabil-

ity of funds outlined in Chapter 5 [installments 12-15 of this series].

FIGURE 6-6

**Projection of urban and rural population in Ibero-America 1985-2015**

(millions and percentage of total)



MAP 6-8

### New large cities in Ibero-America



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## MHD pulsed power for geophysics and the SDI

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*Recent geophysical experiments using pulsed MHD generators indicate that the United States is finally attempting to catch up to the Soviets in this crucial SDI technology. Marsha Freeman reports.*

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This past September, a series of preliminary geophysical experiments took place near Los Angeles, California using a portable MHD (magnetohydrodynamic) generator. This system delivers a short pulse of electromagnetic energy which can potentially be used to map the geological structures of the Earth, find bodies of ore, and help in predicting earthquakes.

MHD technology applied to electromagnetic soundings of the Earth has just had its first trial run in the United States. The same MHD application, however, has been in use since 1973 in the Soviet Union. Academician E.P. Velikhov—the head of the Soviet magnetic fusion program, military and civilian laser development efforts, the MHD program, and work in computers—pioneered in the development of this advanced energy conversion technology, and has overseen geophysical experiments in the Soviet Union for more than a decade.

From the beginning of the Soviet program, however, it was clear to astute observers that this high-powered source of energy could be scaled up and used for more than scientific investigation. As the spokesman for the Soviets' supposedly nonexistent strategic defense effort—what is called the Strategic Defense Initiative (SDI) in the United States—one would assume that Velikhov has also been in charge of developing this technology for powering lasers, particle beams, and other SDI-related systems which will require very short bursts of very powerful energy.

According to the 1986 version of the annual book, *Soviet Military Power*, published by the U.S. Department of Defense, the Soviets "have developed a rocket-driven magnetohydrodynamic generator which produces over 15 mega-

watts of electric power—a device that has no counterpart in the West."

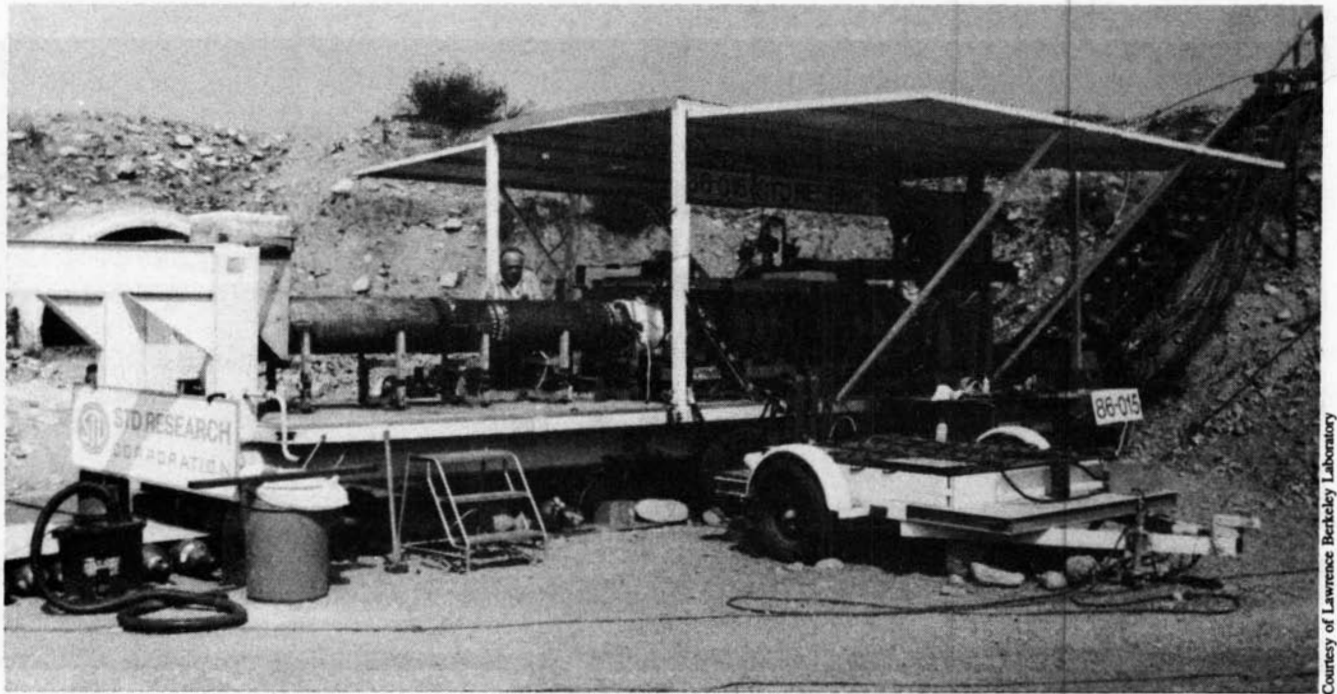
One can assume, however, that the United States is indeed finally developing this important pulsed-power energy technology, as indicated by the scientific tests done in California recently. This interest is also indicated by the fact that a representative of the SDI Organization office chaired one of the technical sessions at the 24th Symposium on Engineering Aspects of Magnetohydrodynamics, held in June 1986 in Butte, Montana.

### MHD for geophysical research

MHD will be the energy conversion technology of choice in the future, because it converts the products of fossil fuel combustion, nuclear fission reactions, or thermonuclear fusion directly into electricity, without any intermediate steam turbine cycle. There are no moving parts in an MHD generator, except the flow of the plasma, or charged particles, as a working fluid.

The fundamental concept involved, is to move an electrically conducting gas or liquid through a stationary magnetic field. The positively and negatively charged ions in the plasma are separated by the magnetic field, and create an electrical potential across the channel containing the plasma flow. Electrodes on the channel walls are attached to a load, which can be a utility power grid, or any device requiring electricity (see box).

Experimental work on developing MHD technology began in the United States in the mid-1960s, concentrating mainly on the use of plentiful coal in this clean, economical, efficient conversion process. The potential of MHD in large-



Courtesy of Lawrence Berkeley Laboratory

*The MHD pulsed power source used in the Berkeley tests: The combustor or rocket engine is at the left; at the right is the MHD channel, surrounded by circular magnets.*

scale utility application is to double the efficiency of fuel-to-electricity conversion, from today's 35% maximum in commercial power plants. But there are also specialized uses of this compact, energy-dense, efficient conversion technology.

Because the MHD process does not require water to make steam, huge rotating turbines, or any moving parts, it is ideal as a portable power supply. For years, geologists have been probing the depths of the Earth by drilling boreholes into the crust, in order to measure movements and predict earthquakes. These holes are limited to a depth of about 8 kilometers (km).

Russian geophysicist B. Golitsyn stated years ago that though earthquakes are like lanterns that illuminate the deep layers of the Earth for an instant, during which it is possible to study the propagation of oscillations through the crust, waiting for earthquakes has obvious limitations.

Scientists have tried to study seismic waves for earthquake prediction, but these carry information only on the elasticity and mechanical properties of the material—"appropriate for billiard balls, but not the Earth," as one Soviet scientist remarked.

It has been generally known that electromagnetic sounding methods would yield additional information about the Earth's crust, by "poking" the depths with an electrical current or field. But since earthquake zones are usually located far from settled areas and power lines, stand-alone power supplies are required.

In May 1986, Prof. Frank Morrison, N.E. Goldstein, and Dr. George Kolstad from the Lawrence Berkeley Laboratory in California, proposed that a portable, 5-megawatt (MW)

generator, built and tested by STD Research Corporation for the Naval Surface Weapons Laboratory, be "borrowed" to conduct the first U.S. electromagnetic soundings in geophysics research.

The scientists pointed to the considerable Soviet success in using this MHD technology and stated, "Electrical conductivity is a valuable physical property in the study of the Earth's crust." Existing field measurements "have shown that there are many zones within the crust where the conductivity is much higher than predicted" by contemporary geophysical theories, they pointed out.

Conductivity is strongly related to temperature, and can yield information on the porosity of the rocks, water content, and other parameters. The U.S. scientists pointed to the long history of the application of electromagnetic soundings in the Soviet Union, also for oil exploration.

The basic design of the experiment was to lay down electrically insulated loops of conducting cable, through which the MHD generator would send a pulse of power. The idea was not to transfer the electrical energy directly into the Earth's crust, but induce eddy currents in the ground, produced by the magnetic field created by the loop.

The magnetic field is produced when the current in the conducting loop is interrupted, which is why the electrical energy must be pulsed (turned on and off). The induced eddy currents, in turn, create their own magnetic fields in the Earth. By measuring the rate of decay of the secondary magnetic fields below the loops with very sensitive magnetometers, computer-generated "pictures" of rock structures, water, and fractures can be produced, to depths of 10 to 20 km.

The loop antenna used with the 5-MW MHD generator



E.P. Velikhov

*The Soviet Pamir MHD generator. Included in this photograph are the generator, the condensers, and other pieces of equipment on site in the Pamir Mountains. The MHD generator was moved by truck to various places in the mountains to do electromagnetic soundings for earthquake prediction.*

in this experiment was 200 meters by 250 meters, whereas with conventional sources of lower power, loops of one kilometer diameter are able to produce data. Morrison and his team took measurements at points 1.2 and 21 km from the center of the loop. With an operational system, scientists would take soundings every 2-3 km, moving the loop and generator, to produce a composite picture of an area.

The plasma working fluid for this MHD generator is a solid rocket fuel with cesium added, to increase the conductivity. Though up to 10 pulses could be derived with a single fuel load, in this experiment, only 2 pulses were fired. In order to produce the electrical power, the magnets surrounding the generator must be powered up first, which was accomplished with a bank of batteries.

The batteries create an initial magnetic field in the coils of .45 Tesla, and, at that point, the combustor rocket engine is ignited and the initial electricity from the MHD generator is fed back into the coils. The power to the magnets is shut off when they reach full strength, and the electricity produced is then fed into the loop. This kind of generator, pioneered by the Soviets, is described as "self-excited," as the strengthened magnetic field increases the electricity produced in the generator, and the power grows geometrically.

Professor Morrison described the recent tests in California as "engineering tests." The goal was to match the MHD power supply with the electromagnetic sounding equipment. The pulse length was about two seconds, and since it was the performance of the system that was being tested, there was no attempt to try "shots" repetitively.

One finding of this first series of soundings, was an indi-

cation of magnetic field changes suggesting a nearby "lateral inhomogeneity," which was possibly the San Andreas Fault, located only a few kilometers away from one of the receiver sites. The scientists hope to secure additional funding from the U.S. Department of Energy to conduct further soundings, using the portable MHD generators to "piggy-back" the development work that is being done for the Navy and the SDI.

### **The early Soviet program**

In 1975, Academician E.P. Velikhov produced a scientific paper, presented at the International Conference on Magneto-hydrodynamic Electric Power Generation in Washington, D.C. in 1979, which was the first detailed description of his portable MHD experiments.

The Soviets have developed three portable MHD generator designs, the Pamir, Urals, and Khibiny devices (**Table 1**). The basic design of the first generator, the Pamir, was the model for the STD machines in the United States. Using solid rocket fuel, the Pamir-1 generated up to 15 MW of power, and was carried on the back of a truck to various sounding sites in the Pamir Mountains. It was started by a bank of capacitors carried along. Because the pulse length of the Pamir-1 was only a couple of seconds, the device did not have to be artificially cooled, as it cooled off between pulses. The generator weighs about 8.5 tons, most of which is the copper magnet around the channel.

It could register signals about 20 km distant, at a depth of about 20 km into the Earth's crust. The pulse length was about 1.5 seconds and the dipole cables (equally and oppositely charged) connected to the MHD channel's electrodes,



TABLE 1

**Major operational portable Soviet MHD machines**

	Pamir	Urals	Khibiny
Power level (MW)	10-15	50	60
Distance probed (km)	20-40	70	750
Depth probed (km)	20	40	70
Mag. moment ( $A - m^2$ )*	$4 \times 10^6$	$4 \times 10^{10}$	$10^{14}$
Pulse length (sec)	1.5	3	7

The magnetic moment, which is one measure of magnetic field strength, is measured in Amp-meters squared.

were 3 km long. According to Velikhov, the data collected by the Pamir would be equivalent to taking readings for three hours with a continuous power source of 10 kilowatts.

One significant difference between the U.S. and earlier Soviet designs, was that the Velikhov generators pulsed their power directly to electrodes buried in the Earth. These aluminum plates transferred the pulse into the crust, but according to Morrison, chemical reactions from the surface of aluminum in the soil are also transferred into the ground. Different fields are measured in the two techniques, and in the Soviet design, the electrical fields are from the current "running away" from the electrode, not from secondary magnetic fields.

The development of the Pamir was a joint effort between the Institute for High Temperatures and the Kurchatov Institute of Atomic Energy in Moscow. In 1973, the MHD generator left Moscow, in the possession of the Institute of Physics of the Earth of the Soviet Academy of Sciences, and journeyed to the mountains to begin a series of experiments.

One of the most important observations made during the early Pamir experiments, is that about two months before an earthquake, the electrical conductivity of the Earth's crust changes. This would clearly be enough warning time to evacuate population and prevent major damage.

According to Soviet computations, 30 to 50 such portable MHD sounding units could adequately cover all of the seismically active regions of the Soviet Union. They would be linked together by a computer bank to process the recordings of a network of receivers, and monitor changes, as they occur.

The basic Pamir design was used later in the upgraded Pamir-2, which was taken to the Caspian Basin to do oil prospecting. The pulse length was increased to seven seconds, and over three seasons several thousand square kilometers were electromagnetically mapped. These measurements produced the first complete geological data through the total thickness of the crust in that region.

Recently, Velikhov announced that during the early 1980s,

the Pamir-2 was in Central Asia and detected anomalies at a depth of 60 km. He stated that the Soviets are planning to take it to eastern Siberia to do geologic mapping there.

Two years after the Pamir-1 experiments began, the Urals-series generators started operations. The Urals generator represented a significant increase in capability, reaching a power level of 50 MW. Scientists were able to penetrate 40 km, which is the entire thickness of the Earth's crust in the Urals, and register signals as far away from the source as 70 km. The generator was started with an automobile engine and made use of an aluminum dipole that weighed 40 tons.

Scientists found a 100-fold decrease in electrical conductivity at a depth of between 35-40 km. Analysis showed this anomaly to be a deep fault, which was discerned by the fact that the different conductivity measurements had a significant anisotropy. This means that there was a variation in physical properties in different directions (north-south versus east-west). The data also indicated the locations of magnetic ore bodies, which could be further explored for exploitation.

**Experiments on the sea**

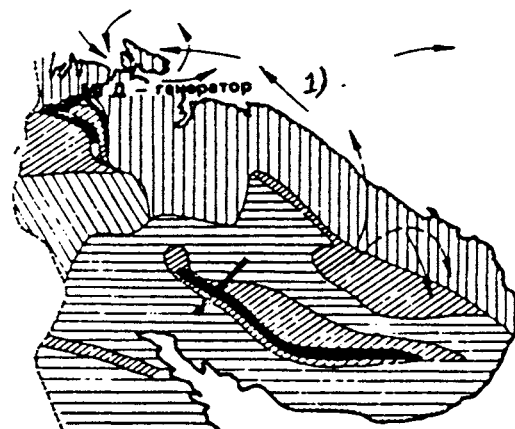
In 1980, the Soviets first reported a most interesting series of experiments, using their Khibiny generator. This system was a set of two pairs of Ural-class portable MHD generators. One MHD channel powers the two electromagnets (one for each channel), and the other channel produces the power for the pulses.

The power of the Khibiny device was 60 MW, and produced an unprecedentedly high magnetic field, which was able to extend its reach up to 750 km from the source. The Khibiny was taken to the Barents Sea, where mapping of the Kola Peninsula was the task. Due to the proximity to Finland,

FIGURE 1

**Block structure of the upper 10 km layer of the earth's crust of the Kola Peninsula, obtained by Soviet MHD probing**

1) MHD generator



an agreement was reached with the Finland Academy of Sciences, for joint mapping of the region.

Instead of laying down tons of aluminum cable to conduct the pulse of power, scientists used the saline, electrically conducting sea water as the "wave guide" for the experiments. The MHD generator was placed on an isthmus connecting the Sredny and Rybachy Peninsulas with the main

body of the Kola Peninsula, and the electrodes were placed in the sea. In order to carry the current from the generator to the sea, 160 tons of cable was laid, but the water loop was able to cover an area of about 5,000 square kilometers, which would have required 7,000 tons of additional aluminum loop, if the sea were not there.

Singularities were measured through the entire thickness of the crust. In a 1986 paper presented at the 9th International Conference on MHD in Tsukuba, Japan, Velikhov gave an overview of the experiments. They first studied the upper layer of the crust (10 km deep), which was believed to be made of homogeneous rock with poor electrical conductivity. They actually found a dozen or so large blocks of rocks with differing electrical resistance, varying by three orders of magnitude (1,000-fold) (Figure 1).

There are two theories, according to Velikhov, that could explain zones that recorded high levels of conductivity. One is that there is mineralized water that has filled the pores of the rocks, and the other is that the valence electrons of metallic ores is being measured.

His conjecture is that in the Barents Sea shelf, this sedimentary layer with high conductivity areas, could indicate the presence of oil reserves. The Khibiny apparatus has been designed for years of experiments, according to Velikhov, and the data will be compared to the Kola superdeep bore-hole.

One goal of the experiments was to measure the effect of these artificial electromagnetic pulses on the Earth's ionosphere. This could have important military implications. The electrically conducting ionosphere, is an integrally connected plasma. Perturbations emanating from one region, for example, in the Soviet Union, propagate around the entire globe extremely quickly.

If the Soviets have experimentally determined the effect on the ionosphere of an electromagnetic pulse from their device, they can create a planned disturbance, and be prepared with alternate ways of communicating across the country, and with their satellites in orbit. They might, for example, switch from regular microwave communications, to infrared, or another wavelength that could penetrate the disturbed ionosphere. Such disruptions could be used to cripple the capability of an adversary, and knock out his ability to have any use of intelligence or reconnaissance satellites in orbit.

## Second-generation systems

Velikhov and his colleagues have big plans for their portable MHD technology, and research and development work is continuing to produce a series of second-generation systems. Each model type will be tailored for specific geological and other tasks, using various pulse lengths, power output, materials, fuel types, and magnet systems. Velikhov has stated that this tremendous geophysical capability will require "the early creation of a new generation of specialized

## What Is MHD?

Basic electrodynamics dictates that when a conductor is moved through a magnetic field in a perpendicular direction, an electrical current is created in the conductor. In MHD direct conversion, the moving conductor is the supersonic flow of an electrically conducting gas or liquid.

The plasma gas flow can be made up of the combustion products of oil, coal, or gas. It can be a liquid metal that is heated by a nuclear fission reactor, or the plasma that is the fuel in a fusion reactor.

As the figure shows, electrodes placed along the side walls of the MHD channel, perpendicular to both the plasma flow and the direction of the magnetic field, are connected to the load that will utilize the power.

### Basic MHD concept

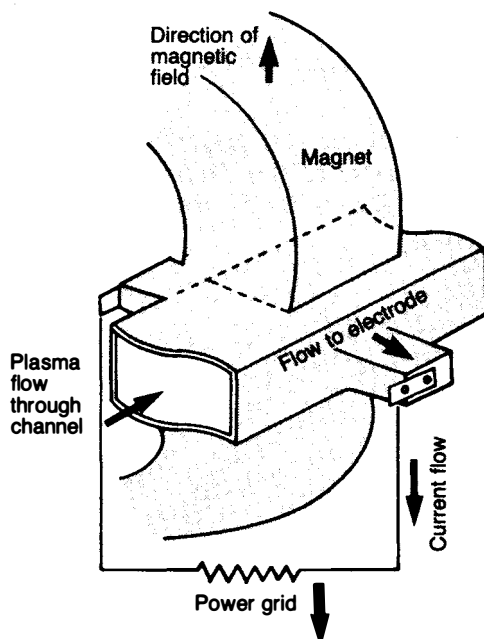


TABLE 2

**Pulsed MHD design parameters for geophysical exploration**

Type of structure (geophysical task)	Char. depth (km)	Current pulse length (sec)	Required magnetic dipole (A-m <sup>2</sup> )
Crust, platforms, and shields (investigation of deep geoelectric section)	30-100	0.1-10	$3 \times 10^{10}$ to $3 \times 10^{12}$
Mountain systems (ranges) (earthquake prediction)	15-30	0.1-10	$3 \times 10^9$ to $3 \times 10^{10}$
Sedimentary cover (structural oil prospecting)	3-8	1-20	$10^8$ to $5 \times 10^9$
Ore-bearing regions (ore prospecting)	1-3	0.1-1	$10^6$ to $5 \times 10^7$
Continental shelves (mineral prospecting)	1-10	$1-10^2$	$5 \times 10^7$ to $10^9$

geophysical complexes" to process and interpret the data.

Soviet scientists have determined the MHD generator characteristics required for various geophysical experiments (Table 2). A comprehensive theoretical and experimental research effort has been under way to solve the engineering problems associated with producing this full range of devices.

One of the changes made over the 15 years of development work, was to introduce diagonal channel electrode designs, in addition to the original segmented electrode generators (Figure 2). This has enabled a closer matching between the current produced in the channel and the electrical characteristics of the current-carrying cables.

One U.S. scientist reported after a 1983 trip to Moscow for the 8th International MHD Conference: "My work is much more appreciated in the Soviet Union than in the United States. They were the first to recognize our work and the advantage of the diagonal conducting wall generators."

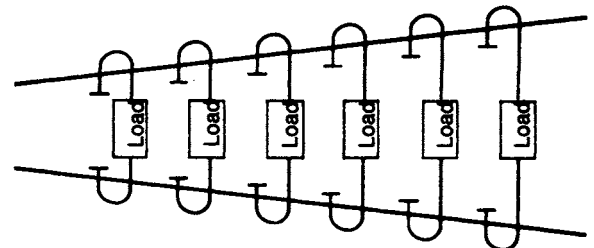
There has also been vigorous research under way to produce more efficient fuels. The first portable MHD generators made use of the solid fuel used in the space program, for solid booster engines with the same disadvantages. The amount of fuel is set per shot, and cannot be varied or shut off once it is ignited. The power cannot be controlled in these fuels, the cost is high, and they are dangerous.

Experiments at the Kurchatov Institute have used coal or other carbon-based fuel powders with aluminum added for increased energy density. Tests have shown that if the aluminum content is 50% of the fuel, less oxidant is needed for combustion, and the burn produces more total energy. Powdered salts of potassium or cesium, up to 10% of the total weight, are also added, to increase the conductivity of the combustion products or plasma.

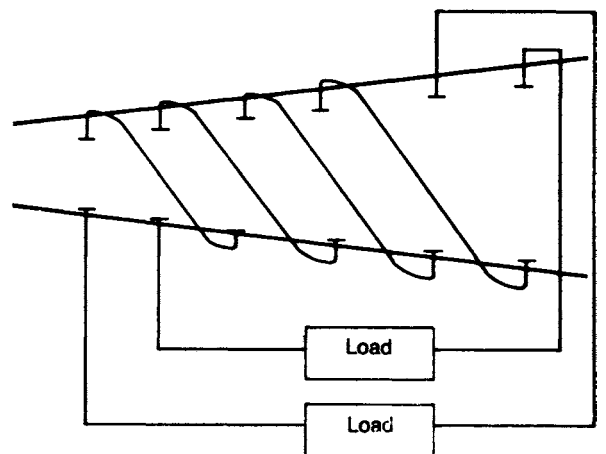
The powdered carbon fuels are less expensive, are easily manufactured, explosive-proof, harmless to personnel, and work over a wide range of operating temperatures. In addition,

oxygen can be directed into the fuel flow more easily—much superior to burning in air—and the oxidant-to-fuel ratio can be varied. The electrical conductivity with this fuel mixture is four orders of magnitude (10,000 times) greater than conventional solid fuels.

FIGURE 2

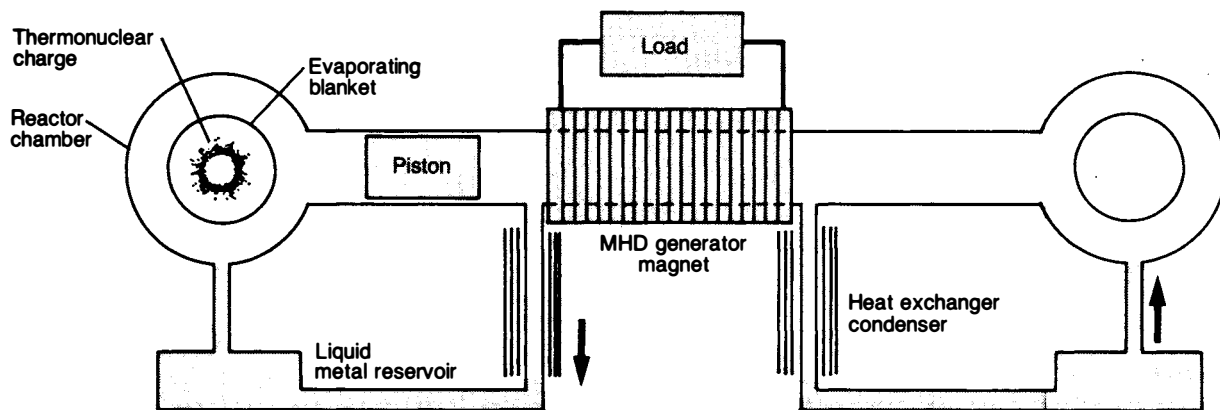
**Various MHD generator electrode configurations**

(a) Segmented Faraday



(b) Diagonal Faraday

FIGURE 3  
**MHD generator for pulsed thermonuclear reactions**



In order to meet the needs of certain geophysical objectives, there are pulsed MHD devices being tested with longer pulse lengths and pulse shaping. One way to reduce the weight and cost of longer-pulsed, higher-powered systems, is to go from copper to iron core magnets, which require longer excitation time. It has been estimated that this can reduce costs fourfold.

However, one major problem in going to longer pulse lengths is the overheating of the channel and the magnets. The Prognoz MHD model generator, at the Institute for High Temperatures, has extended pulse lengths to 100 seconds, by using a water-cooled channel. It is designed for repeated pulsing and builds on research conducted on water-cooled channels since the 1970s, on the large U-25 generator at the Institute.

MHD systems of the multi-hundred megawatt power level will require superconducting magnet systems, where the material does not waste energy by dissipating heat, and is kept at a temperature near absolute zero using liquid helium. Such superconducting magnets are also needed in large base-load MHD powerplants and for thermonuclear fusion plants.

From now through 1988, tests are being done on the Probe-1 generator, which uses superconducting magnets. Though Velikhov has admitted that it is a difficult challenge to make a portable superconducting system, the Soviets are committed to developing one. Since 1973, the Kurchatov Institute has built three superconducting magnets for pulsed MHD generators, each with different magnet geometries.

At the Tsukuba conference, Velikhov announced that a new and larger, mobile 25-MW pulsed MHD unit is being designed. Two explosive MHD pulsed generators are also being developed, with rapid repetition rates. (More will be said about explosive MHD below.)

The Zond-1 laboratory MHD generator is doing tests on the problem of the breakdown of electrodes in the MHD channel, and theoretical experiments are being conducted to

measure the effects of shock waves and instabilities in the plasma, and to develop new materials.

A new-generation Pamir-4 generator is being developed to incorporate the developments in fuel mixture, iron-core magnets, and other advances, and it is being optimized to do oil and gas prospecting. Costs have been reduced 15-20% in this second-generation machine.

Pulsed MHD generators in the Soviet Union have become an accepted tool in the exploration for natural resources, and for geological surveys and earthquake prediction. The same basic technology that can be used in portable form for exploring, can also be used in both mobile and stationary form, for the SDI.

### Military MHD applications

In the 1974 issue of *Atomnaya Energiya*, Velikhov authored an article titled "MHD Conversion of Energy From Pulsed Thermonuclear Reactors." The paper outlines a number of possible configurations for producing gigawatt-scale microsecond pulses of power from a fusion reaction, using MHD direct conversion. There is no question that the most important application for this capability is related to strategic defense.

In Velikhov's design, the amount of energy released in the thermonuclear explosion is approximately 10 billion to 1 trillion joules, or the equivalent of 2.5 to 250 tons of TNT. The pulse produced in this system would be about 10 gigawatts. No one can argue that this is intended for a city power grid.

In the "dumbbell" system (Figure 3) two explosion chambers are separated by a solenoid. The nuclear charge (fuel) is surrounded by an evaporating blanket made of an easily ionized material, such as lithium, potassium, or sodium. This blanket is vaporized by the fusion reaction, and pushes a metal piston past the solenoid to the other reaction chamber.

The kinetic energy of the moving piston is transferred into electrical energy, which is drawn off through a load attached to the solenoid. A second fusion reaction in the opposite chamber sends the piston back to the first chamber. This is a closed-cycle system, where the cooled liquid metal vapor is collected, condensed, and recycled through the liquid metal reservoir back into the reactor blanket to be re-vaporized.

This type of pulsed fusion MHD system is clearly not portable, and would most likely be an underground facility. Such 10-15 GW pulsed devices, with rapid repetition rates, would be the ground-based cornerstone of an anti-missile defense system. They could be deployed in the regions of the Soviet Union which are targeted by U.S. intercontinental ballistic missiles, and used as a terminal defense.

They could power various wavelength laser systems, to blind or knock out satellites in orbit as they cross over the path of the laser. They also could power next-generation ABM defense and perhaps disrupt the ionosphere, as Velikhov mentioned recently.

In 1977, retiring U.S. Air Force Intelligence chief Gen. George Keegan stated that there was evidence that the Soviets were developing beam-defense capabilities, and that they could "Sputnik" the United States in this field. The question then was, and still is, "Is the United States catching up?"

### U.S. military MHD applications

Since the dawn of MHD research in the 1960s, the Soviets have not been the only ones who recognized the potential of MHD technology for weapons and defense systems. In 1968, a team of scientists at the University of Tennessee Space Institute in Tullahoma, worked on experimental diagonal wall MHD generator designs, under the auspices of the Aero Propulsion Laboratory at Wright-Patterson Air Force Base in Ohio.

Experiments were conducted using solid rocket motors as combustors, to study the conductivity and other characteristics of the working fluid in the generator. By the early 1970s, due to the ABM Treaty and other détente-era machinations, the military "lost interest" in pursuing this research. Of course, this standdown in research occurred only on the U.S. side of the treaties.

More recently, even as interest in this area was resurrected by the current SDI program, the effort has still not been supported on the serious, crash basis that is required.

In the April 1984 issue of *Defense Electronics*, Dr. Steven Gill reported that his company, Artec Associates, had developed and tested a new pulsed plasma magnetohydrodynamic (PPMHD) technology that converted the chemical energy of an explosive cartridge directly into pulsed electrical energy.

Unlike the multi-ton rocket-powered devices developed by Velikhov and the STD Research Corporation, the Artec equipment used ordnance-related components, operated much like a gun. It is fired, reloaded, and fired again. Gill stated

that rates of up to 100 pulses per second appeared feasible.

Tests done produced over 10 GW of electrical power and 500 kilojoules of energy from an experimental cartridge only 7 inches wide and 17 inches long. The fuel used was Octol, which is a typical military explosive. The entire power production process required only 200 microseconds.

In 1984, the PPMHD system successfully completed the advanced research stage, under Defense Department funding, and was ready for testing and development. However, according to Gill, "progress is slow" in terms of getting support from the government.

Artec could not wait for the Defense Department to decide to continue funding, and has since become Magnetic Pulse, Inc., developing a scaled-down version of the PPMHD for commercial applications.

Magnetic Pulse, Inc. developed a system to pump 100-microsecond pulses, at a power level of 100 MW, into wells that have been drilled for oil. Conventional drilling techniques will not give the explorer a horizontal picture of possible oil reserves far from the drilled hole—only a vertical picture of the Earth's layers is possible.

With the PPMHD system, a 100-meter cross section picture can be produced, which provides a three-dimensional map of the area around the drilled hole. The very short pulse restricts the use of the explosive cartridge technology to small areas, unlike the longer-pulse portable Soviet MHD generators, which are used mainly to locate large structures and ore bodies. One shot from the PPMHD system is needed every 30-40 meters to map a large area, to determine whether there is oil and gas, and how much.

Gill believes the Soviets are working on a gigawatt-scale pulsed MHD device, and feels that though there are still engineering and development problems to solve for military application of his PPMHD system, a 50-GW military unit is possible. At lower power levels, the cartridge design makes it a good tactical weapon that would produce an electromagnetic pulse that could disrupt aircraft, communications, and electronics.

No one has doubted that the Soviets, who have had an uninterrupted 20-year MHD program, are serious about developing this technology—for both commercial and military applications. They may be behind schedule in their planned power plant facility, but at least they are building one.

Like the civilian space program, and every other frontier technology area, the United States, which has been asleep, could certainly outrun the lumbering Soviet bear, if it decides to get up. As Defense Secretary Weinberger and CIA deputy director Gates have amply pointed out over the past six months, as things stand now, the Soviets have a much more advanced, and more serious, SDI effort than the United States does.

The U.S. scientific community pioneered MHD research, going back decades. Now we must start using this accumulated expertise and experimental facilities for commercial power systems, SDI, and scientific investigation.

## Trilaterals commit treason in Moscow

by Scott Thompson

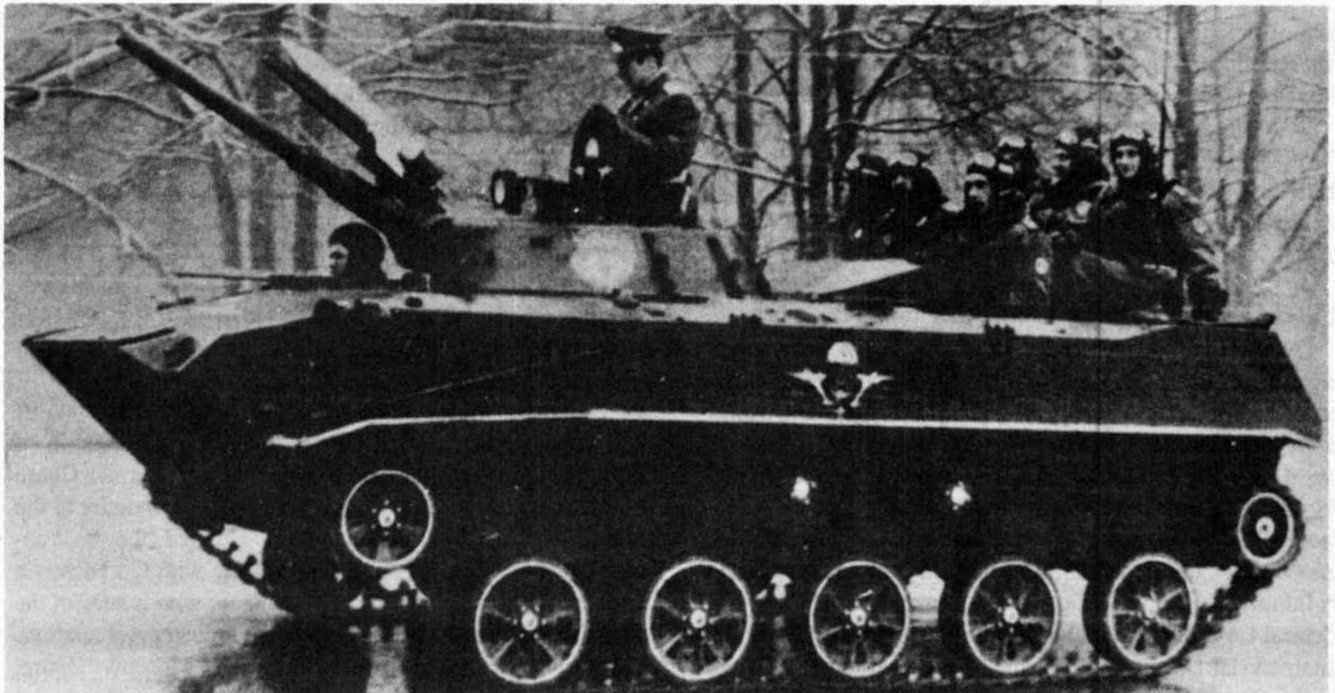
Three days after the long-delayed Central Committee Plenum of the Soviet Communist Party held on Jan. 27-28, delegations of Establishment leaders from the New York Council on Foreign Relations (CFR) and the Trilateral Commission descended upon Moscow for talks aimed to deliver Western Europe to Soviet hegemony.

As *EIR* reported last week, Soviet Secretary General Mikhail Gorbachov used the CC Plenum to hammer away at the need to "restructure the economy and society," threatening further purges of those whose "main concern is to preserve the old, obsolete ways." While the U.S. media remains enchanted with Gorbachov's alleged "new openness," more realistic European analysts are alarmed.

Prof. Niels Rosenfeldt of Copenhagen's Slavic Institute, in an interview with the *Berlinske Tidende*, compared Gorbachov's "democratizing" reforms at the Plenum to Josef Stalin's similar actions during the 1937 Party Congress, at the height of the Great Purges.

Indeed, the resolution issued by the Central Committee Plenum made it clear that the actions taken are in line with the measures demanded in 1983 by Marshal Nikolai Ogarkov, for accelerating the Soviet war-economy mobilization, preparatory to a thermonuclear first-strike against the West. According to the resolution, "The present complicated international situation, with the attempts by militaristic imperialist circles in the U.S.A. to destroy military strategic parity, and to achieve nuclear superiority, demands: an acceleration in the building up of our economic potential, the comprehensive strengthening of the defense might of our country, maintaining the security of the country at an adequate level, raising the level of training and war readiness of the Armed Forces and Navy, to permanent readiness."

This war-economy build-up is what the Trilateral Commission is now volunteering to assist, along with such associated political figures as West German Foreign Minister Hans-Dietrich Genscher, newly strengthened by the German federal election.



*The Soviets' military build-up is what the Trilaterals are now volunteering to assist. Above, the Red Army's BMD Airborne Assault Gun.*

## Reorganization of The Trust

These meetings of leading Trilateralists, to be followed by a forum titled "For Peace Free of Nuclear Arms and for the Survival of Humanity," which will bring together 700 world leaders from 80 countries on Feb. 14-15, can only be likened to a reorganization of those arrangements between Western and Eastern oligarchies known as "The Trust," which preceded and made possible the Bolshevik Revolution.

It is to render treasonous homage to Czar Gorbachov, not simply to admire "the Emperor's new clothes," that the U.S. Trilateralists came to Moscow for Feb. 1-7 meetings, offering collaboration on: a common strategy against early Western deployment of the Strategic Defense Initiative; staged nuclear arms reduction that would effect the military "decoupling" of the NATO alliance; and major infusions of Western capital and technology through a program that would eliminate bottlenecks in the Soviet war-economy mobilization. The latter goal is seen as an updated version of Lenin's New Economic Policy (NEP), which encouraged infusions of foreign capital—mediated by the good offices of the Trust.

While some deluded "has beens" of the Trilateral grouping may actually believe that "a global New Yalta" is possible—as those "useful idiots" among liberal strata took part in Lenin's original Trust deceptions of the 1920s—their treason will this time only help Czar Gorbachov fulfill the age-old Soviet dream of making Moscow capital of "the Third and Final Rome."

The delegation to Moscow is part of a trip organized by the Council on Foreign Relations, many of whose founding members—from the Vanderlip-Rockefeller Syndicate, the

Morgan interests, and the Schiffs—were among the architects of the first Trust/NEP financial arrangements with Lenin. Leading the delegation are Peter Peterson, Peter Tarnoff, and John Swing, respectively the chairman, president, and executive vice-president of the Council on Foreign Relations. Other members of the delegation compose the leading echelon of the liberal Establishment's "New Yalta" faction, if not themselves outright Soviet Trust operatives:

- **Henry Kissinger.** It was a 1959 CFR seminar, "Nuclear Weapons and Foreign Policy," which launched Kissinger's career in the liberal Establishment and propagated the insane military doctrines of Mutually Assured Destruction (MAD) and flexible response (including limited nuclear war). Kissinger went on to negotiate with the Soviets through the "back channel" of Bertrand Russell's Pugwash Conference—whose 1954-57 creation had been the cornerstone of the post-Stalin Trust revival—and then became secretary of state, from which post he negotiated the treasonous 1972 SALT-ABM treaties.

- **Cyrus Vance.** Vance was a leader of the CFR's "1980s Project," which called for "controlled disintegration" of the Western economies. He was U.S. negotiator at the Paris Peace Conference on Vietnam, 1968-69, which made use of Kissinger's connections to Hanoi leaders. Later, as secretary of state during the Carter administration, Vance sent Ramsey Clark and other State Department operatives to topple the Shah of Iran, under the policy of the "Islamic fundamentalist card."

- **Harold Brown.** A leading advocate of Kissinger's MAD doctrine, Brown, during his tenure as Carter's secre-



tary of defense, furthered the Pugwash effort to introduce "theater limited nuclear war" into U.S. strategic thinking. Brown has now emerged as a leading opponent of the SDI.

● **William Hyland.** Now the editor of the CFR's journal *Foreign Affairs*, Hyland was a member of Kissinger's NSC staff, and accompanied Kissinger and Helmut Sonnenfeldt on secret trips to Moscow to negotiate the SALT-ABM treaties.

### **The Moscow agenda**

According to a spokesman for IREX, the firm which organized the CFR trip, actual plans for negotiations in Moscow have been kept confidential by CFR members. Apart from their publicized meeting with Soviet leader Gorbachov, the delegation requested meetings with: Premier Nikolai Ryzhkov; President Andrei Gromyko; newly appointed candidate Politburo member Aleksandr Yakovlev, also chief of the Central Committee's Propaganda Department; candidate Politburo member and Gosplan chairman Nikolai Talyzin; Central Committee Secretary Anatoli Dobrynin, chief of the International Department; Marshal Sergei Akhromeyev, chief of the General Staff; and economist Academician Aganbeyan, who as adviser to Gorbachov has brought about a revival of the NEP for development of Siberia.

A public media blitz starting on Feb. 8, when the delegation returns to the United States, will be accompanied by lobbying of the White House, making use of Kissinger's position as a member of the President's Foreign Intelligence Advisory Board (PFIAB) and through Secretary of State George Shultz, whom columnists Evans and Novak report is eager to use the "Irangate" scandal to force through concessions on arms-control negotiations and extension of the ABM treaty.

### **Soviets' own Pugwash**

Then on Feb. 14-15, Gorbachov will convene his forum in Moscow, titled "For Peace Free of Nuclear Arms." Jerome Rotblat, a British physicist at the University of London and co-founder of the Pugwash Conference, with Lord Russell, will chair a panel on "Nuclear Disarmament, Strategic Defenses, and the ABM Treaty," which will treat Pugwash's main concern: blocking any and all Western research and deployment of the SDI.

The conference will be divided into four sessions dealing with: economic cooperation along the lines of the NEP; political and security issues; scientific and strategic problems; cultural and religious perspectives. Apart from an address by Gorbachov himself, leading Soviet participants will be laser specialist Yevgeni Velikhov, vice president of the U.S.S.R. Academy of Sciences, and Yevgeni Primakov, director of the Institute of World Economics and International Relations (IMEMO—the center of the revised Comintern apparat).

After his propaganda blitz of the media and the White House, Kissinger may return for the forum, accompanied by

Trilateral Commission founder David Rockefeller, sources report. Among the other known American participants are: Susan Eisenhower of the Eisenhower World Affairs Institute; Arthur Macy Cox of the American Committee for U.S.-Soviet Relations; and, Robert Schmidt, the former vice chairman of Control Data, which entered into contracts believed to have given the Soviet Union a 10-year leap in weapons-related computer technology. Cardinal Josef Glomp of Poland has been invited, but may not attend. The Vatican will be represented by G.B. Marini-Bettolo of the Università Cattolica, who will chair a panel titled "Drastic Reductions in Nuclear Weapons."

European Trilateral Commission members Otto Wolff von Amerongen of West Germany and Gianni Agnelli of Italy are scheduled to attend. Together with former Chase Manhattan chairman David Rockefeller, a co-founder of the U.S.-U.S.S.R. Trade and Economic Council, they will anchor those sections of the forum dealing with Gorbachov's revised NEP proposals. Von Amerongen, who is head of the East Trade Department of the German Industry Association, has been on a shuttle between Bonn and Moscow. Gianni Agnelli's Fiat built the Togliatti vehicle plant in the Soviet Union, which is now a cornerstone of the NEP arrangements.

Others invited include: Donald Kendall (president of PepsiCo); Armand Hammer (chairman of Occidental Petroleum); David Packard (of Hewlett-Packard); the presidents of Deutsche Bank, BASF, Dresdner Bank, and Mannesmann; Mario Schimberni (chairman of Italy's Montedison, a Trilateral Commission member); Reviglio (president of Italy's state-owned energy company ENI); Lucchini (president of Confindustria, Italy's industrialists' association); and Jean-Maxime Leveque (president of France's Crédit Lyonnais).

### **The trade war scenario**

In a further escalation of the CFR's "1980's Project," the Council recently began a seminar on trade wars through tariffs and sanctions that threaten to splinter the U.S. alliance with Western Europe and Japan. While the Trilateralists collapse trade and investment, the Soviet Union has moved in with major deals in Western Europe, the Middle East, Ibero-America, and elsewhere, totaling several billion dollars.

Since Gorbachov's announcement of a program to develop Siberia, in a speech in Vladivostok in July 1986, the Kremlin has been soliciting Western capital and technology, through offers of joint ventures and even concessions. As Count George Ignatiev of Canada reports, based on meetings with Georgii Arbatov of the U.S.A. and Canada Institute, this proposal has been accompanied by an emphasis that Russia's destiny lies in Asia and the Pacific.

This has not deterred appeasement-minded Westerners from signing on with the Russian policy, as the accompanying articles show. A total of 100 major U.S., German, Japanese, and other firms have so far signed contracts in acceptance of Gorbachov's Vladivostok proposals.

# Genscher spearheads 'Yalta II' in Europe

by William Engdahl

Last June, the Hungarian central banker and financial cat-spaw to the West, Janos Fekete, told an elite gathering of Western bankers in Zurich: "You in the West have no choice. You have destroyed your trade possibilities in Latin America, in Africa, the Middle East, and now Asia. Your only possibility is to come to the Comecon, with our market of 400 million people."

Now, a European member of the masonic-like liberal elite known as the Trilateral Commission, Luis Solana of Spain, has made explicit for the first time the trade-war strategy to deliver Europe into Moscow's hands. And West German Foreign Minister Hans-Dietrich Genscher, starting with a speech in Davos, Switzerland, is taking the point in implementing it.

On Jan. 29, Solana, the president of Spain's national telephone company, CTNE, contributed a statement, printed in Spain's *El País*, which echoed the remarks of Fekete: "The new leadership group in the U.S.S.R. has the possibility of offering an *economic Yalta to the West* of incalculable consequences for the world economy in particular. . . . I believe in the *necessity of a Yalta II not only in the economy*. . . . For Western Europe, the U.S.S.R. is the chance to amortize R&D expenses which are bringing many firms to ruin, in their competition with the U.S.A."

Three days after Solana's article, Hans-Dietrich Genscher told an international economics symposium in Davos, Switzerland on Feb. 1: "Our motto must be: 'Let us take [Soviet party leader Mikhail] Gorbachov seriously, let us take Gorbachov at his word.'" Hours before, Genscher had met with Soviet Foreign Trade Bank head Yuri Ivanov. "It would be a mistake of historic proportions for the West to let the chance slip," he said, claiming that Gorbachov's "initiative should not be brushed off as propaganda."

In his speech, enthusiastically quoted as the lead article on Feb. 4 in the Soviet government paper *Izvestia*, Genscher raved: "Today there is a chance of reaching a turning point in East-West relations, after 40 years of confrontation." Genscher attacked those in the West who propose the "policy of strength, arms buildup, and who seek military supremacy," and insisted that Gorbachov's domestic and foreign policies offer "new opportunities" for East-West relations.

The Davos meeting gathered a Who's Who of "New Yalta" political assets and funders, including Henry Kissin-

ger; former French premier Raymond Barre (a Trilateral); Kissinger Associates, Inc. member Pehr Gyllenhammer, of Sweden's Volvo; European Community trade commissioner Willy de Clerq (a Trilateral); European Commission President Jacques Delors; German Green Party leader Petra Kelly; French leftist Daniel Cohn-Bendit; Greek Prime Minister Andreas Papandreou; and the fabulously wealthy oligarch, Prince Johannes von Thurn und Taxis.

"We have a lot to offer to the Soviet Union," Genscher said in an interview in the Feb. 1 *Bild am Sonntag*. "The Federal Republic is an attractive partner, especially for the Soviet Union, since General Secretary Gorbachov is committed to modernize his country."

Genscher is trying to force a weakened Chancellor Helmut Kohl to accept a new coalition platform that would "open doors" to Soviet-German economic cooperation, according to an article in the Jan. 30 *Die Welt* by editor Walter Kremp. The platform would include: 1) endorsement of Genscher's "dialogue" with Moscow for a "zero option" to pull intermediate-range missiles out of Europe; 2) intensified talks on an active West German role in Gorbachov's so-called economic reform (i.e., military buildup); 3) agreements with Moscow to formally recognize the Soviet conquest of Eastern Europe after 1945.

## An anti-dollar ECU bloc

Others from the Trilateral orbit have gone into action. On Jan. 21, Otto Wolff von Amerongen, the West German head of the East Trade Department of the German Industry Association, told a Moscow press corps that there is "high Soviet interest in joint ventures with German industry." Von Amerongen, in the heat of the trade-war threats flying back and forth across the Atlantic, flew to Moscow at the invitation of the president of the Moscow central bank. On Feb. 14, he will return to Moscow for the three-day extravaganza, "Roundtable for Peace in a Non-Nuclear World."

The same gang is behind the effort to create a West European currency and a "European Central Bank" based on expanded use of the European Community's European Currency Unit (ECU). Soviet Trade Bank head Yuri Ivanov declared on Jan. 24 in *Pravda*, that West Europe should create a currency alternative to the falling U.S. dollar. Days after the Moscow "peace" parley, key figures of the West European Trilateral network will meet in Bonn, with the private blessing of Hans-Dietrich Genscher, to promote creation of an anti-dollar ECU currency.

Then, on March 18, a group calling itself the Committee for a Monetary Union in Europe will hold a private strategy session in Bonn, to scheme to finance integration of the EC economies with the Soviet bloc's Comecon. It will be headed by Trilateral Commission members Viscount Davignon and Montedison's Mario Schimberni. Participants will include Belgian Trilateral Gaston Thorn and Danish Trilateral Niels Thygesen.

## The Trilaterals' plan for 'Yalta II'

### Moscow praises Trilateral Commission

*The Dec. 19, 1986 edition of the Soviet weekly New Times, which is issued in several languages internationally, published an article entitled, "A Body of the Elite," in response to a reader's letter asking about the Trilateral Commission. The response was authored by Y. Fyodorov.*

Information about the Trilateral Commission is scant. The body was set up in 1973 on the initiative of David Rockefeller, then head of one of the most powerful financial empires in the West. Its members include over 300 prominent businessmen, bourgeois statesmen, and researchers such as Zbigniew Brzezinski, Alexander Haig, Henry Kissinger, Raymond Barre, Otto Wolff von Amerongen, and Saburo Okita.

Former commission members hold influential government posts in capitalist states. Almost half the members of the commission are heads of major, especially transnational, corporations. That is why newsmen sometimes call the commission an "invisible government." The definition is rather farfetched, though the interest its activities arouse is quite legitimate. . . .

Its reports cover a wide range of subjects—the threat of nuclear war, regional conflicts, hunger in the Third World, ecology, and growing unemployment. The roots of all economic ills in the capitalist world are ascribed mainly to the contradiction between the growing interdependence and national sovereignty of states.

The commission works on various projects to promulgate ways and means of state-monopoly regulation of the economy to international economic relations so as to secure dominant positions for transnational corporations and banks. . . .

The transnational monopolies and their ideologues strive to limit national sovereignty, which hinders their activities, and to create adequate supranational mechanisms, to substantiate their claims to control the capitalist world economy. . . .

Of late, the Trilateral Commission has been paying considerable attention to problems of international security.

Irrespective of their political and class sympathies and

antipathies, the commission's members are aware that nuclear war would be "a catastrophe from which our globe might not recover," and try to dissociate themselves from the most adventurous schemes.

Thus, a report significantly entitled "Trilateral Security" takes a realistic view of Reagan's plans to develop a space-based ABM system. Experts believe that even if the extremely complex technical problems involved are resolved, "deployment of BMD by both the United States and the Soviet Union would be likely to precipitate a further competition in offensive nuclear weapons designed to overcome the defenses, which could be both costly and dangerous."

The commission also advocates the earliest agreement on a total and universal ban on nuclear tests. It underscores the need to consolidate the nuclear non-proliferation regime and censures the deployment of a first-strike MX strategic missile system in the United States.

At the same time, while putting forward plans to secure "trilateral security," i.e., the security of the three centers of capitalism, the commission does not renounce armed confrontation with real socialism and progressive Third World regimes. It seeks not to stop the arms race but to find the most "effective" directions for the arms build-up. . . .

### Call for an economic Yalta

*The following article appeared on Jan. 29 in the Spanish daily El País, under the headline, "The Soviet Market as a Necessity." Author Luis Solana is president of the National Telephone Company. He is an executive member of the Trilateral Commission.*

. . . It is impressive to contemplate how the search for markets is beginning to be the fundamental problem of countries and firms. The bad part of it, is that there is a dangerous escalation of selling wherever and however one can. . . .

The developed economies need the opening to the East as an indispensable step toward a more stable and balanced world economy. . . .

Unfortunately, the history of humanity is plagued by *necessary* situations, which have failed for not having been *possible*. But today, necessity and possibility have come together. . . .

The new leadership group in the U.S.S.R., has the possibility of offering an economic Yalta to the West of incalculable consequences for the world economy in general, and for the developed countries in particular. Providing a market for technology could be that offer. In Operation Mirror, the Western leaders could obtain markets for their technology. Rarely can one see such hopeful possibilities for escaping from the crisis which threatens. (I will not go into the purely political aspects, because this is not the right occasion, but I believe in the necessity of a Yalta II, not only in the economy.)

The Western leaders should contemplate the economic

possibilities which are opening up in the U.S.S.R., to facilitate new fields for firms and countries. For Europe, the U.S.S.R. is the chance to amortize R&D expenses which are bringing many firms to ruin, in their competition with the U.S.A.

For Japan, Soviet Siberia is the economic dream of the last 100 years. For the U.S.A., it is the occasion to obtain economic results (I am not talking about the politicians) from its triumph in the third world war which never took place. For humanity, which sees how the developed countries are starting to get out of the crisis, but not the other countries, it provides a hope, that the positive results will also reach them too, because the two blocs are in an economic Yalta II. And, with God's Grace, a political Yalta II.

### **Gorbachov's 'peace' extravaganza**

*The following article appeared in the Italian daily Il Giornale on Jan. 26, written by Fernando Mezzetti. It is headlined, "Nuclear: Gorbachov Invites to Moscow the 'Big Names' of the Western World."*

After solving some internal problems, Gorbachov has launched a broad offensive for the conquest of international public opinion. Some hundreds among the biggest personalities of the Western world have, in fact, been invited by the Kremlin to a big conference, set for Feb. 14, 15, 16, on the theme, "Peace In a Non-Nuclear World." The invited people are, in the first place, the biggest names of Western capitalism, industrialists, and bankers. Together with them, political scientists, social scientists, philosophers, writers, artists, exponents of culture in general, religious personalities. . . .

It is impossible to have, for the moment, a list of the participants, because the Kremlin has done everything directly, avoiding involving the foreign embassies in Moscow in the initiative. It seems that even the Soviet embassies abroad have been left out, in the sense that the invitations have been transmitted by the Kremlin to the interested people, without any intermediate step. It is known that the invitations—though the invited people don't really need it—are accompanied by a first-class airline ticket, and adequate accommodations.

Given the differentiation of interests and activity of the participants, the conference will be organized on the basis of several discussion panels. Each one of them, presided over by high-ranking personalities of the Soviet world. . . .

The mere fact of the organization of the conference, and the participation of numerous and important personalities, is seen by observers as of sufficient value to be a smart and clever initiative by Gorbachov. In fact, the illustrious guests will come to listen to speeches against the Western system, against their governments. The caliber of the participants, to whom Gorbachov will speak directly, already assures a wide international echo for the initiative.

All this has to be seen as part of the re-opening of Gor-

bachov's activity on a global plane, for relaunching, with maximum publicity backing, his program of disarmament for the year 2000, announced Jan. 15 of last year. With this conference, he intends to have an international mobilization of influential personalities, not of vulgar propagandists, against the Reagan project for a space shield. . . .

*Under the heading, "To Give Oxygen to His Economy, Gorbachov Calls a Plenum of VIPs," La Repubblica's Giampiero Martinotti wrote from Rome Feb. 1:*

The meeting will be divided into four panels. The first will be dedicated to economic collaboration between East and West, and will be organized by the Chamber of Commerce and Industry of the Soviet Union. The second will discuss religious problems, and will be led by the Moscovite patriarch. The third, in which the Academy of Sciences will be directly involved, will be on problems related to scientific research, and will put up-front, the problems linked to nuclear energy, a theme particularly hot after the Chernobyl accident. The fourth panel will be a discussion on cultural and scientific problems, a field in which the "renewal" of Gorbachov has been manifested in a sensational way.

The first day of the session will be dedicated to bilateral meetings, while Sunday and Monday, there will be the different roundtables, at the end of which the participants will meet with Gorbachov personally. Certainly, the most relevant theme is that of economic relations between East and West. The Soviets have done things on a grand scale, and have invited some among the most important businessmen of the Western world. . . .

The government of Moscow would like some Western countries (in particular, Italy) to underline the possibility of the Soviet Union entering the GATT [General Treaty on Tariffs and Trade], a possibility cherished by the Soviets.

On the Western side, on the other hand, the interest is located in verifying the degree of real opening by the Soviets. On this point, there are two arguments: the creation of joint ventures between Soviet industries or firms and Western firms, and, particularly, the new procedures taken by the Soviet Union for trade relations abroad. From the first of January, in fact, the government of Moscow has started a real deregulation which has drastically reduced the powers of the minister for foreign trade. Till now, all dossiers had to go through that minister, with a series of bureaucratic complications which postponed conclusion of agreements, and which gave exorbitant powers to this minister, who had become a bottleneck holding up hundreds of business agreements. Now, trade relations with foreign countries have been decentralized, and have become the work of some 20 different ministries, and about 70 Soviet industries. This is a mechanism which is apparently more complicated, but which in reality should simplify the tangle of procedures which Western firms have had to go through.

## Lehder capture puts U.S. on the line in anti-drug war

by Valerie Rush

In what has been termed the single greatest event to date in the war on drugs, Colombian authorities on Feb. 4 captured Robert Vesco's business partner Carlos Lehder Rivas, and shipped him to the United States to stand trial.

The Lehder extradition comes as Colombia's government is expanding its anti-drug drive to target the "citizens above suspicion," the drug-money-laundering big banks which are the core of Dope, Inc. It puts the Reagan administration on the line to get serious about the war on drugs. While Mrs. Nancy Reagan is offering American youth flooded with cheap "coke" the placebo of "Just Say No," the U.S. government under Donald T. Regan has cut 25% from the anti-drug budget, disarming our Ibero-American allies in the face of a well-armed, ruthless, and Soviet-backed drug mafia.

### Who is Carlos Lehder?

Lehder, 37-year old cocaine czar and logistics officer of the "Medellín Cartel" responsible for smuggling an estimated 75% of all cocaine into the United States, epitomizes the Nazi-communist alliance which finances its terrorist activities by revenues from illegal drugs. He is named in *EIR's* 1985 book, *Dope, Inc.*, as the critical person to knock out if there is to be a serious war on drugs. According to the book:

"Carlos Lehder is one of the rich new gangsters that made their fortune in the drug trade, together with Pablo Escobar Gaviria and the Ochoa and Rodríguez clans. He hired and financed the assassins of Colombian Justice Minister Rodrigo Lara Bonilla. Lehder and his accomplices have also financed housing, sport stadiums, public and private zoos, and both municipal and national electoral campaigns. Lehder was about to launch his own candidacy for the Colombian senate, but Lara Bonilla was named Minister of Justice and launched his bold campaign to stop the mafia from taking power in Colombia. Lehder is not only a part of the Vesco operation, run

from Cuba, but from Armenia, his native city, runs his own national Latin Civic Movement. His newspaper published a eulogy to Adolf Hitler in June 1983, in the same issue in which he compared his own Latin movement with the Green Party of West Germany. Lehder considers Hitler one of his heroes.

"In an interview in Bogota, Lehder was asked 'Do you admire Hitler?' To which he responded, 'Logically. Adolf was one of the greatest men in our history. A man who has been deformed by the Jews and imperialists.'"

To stop the extradition treaty with the United States, Lehder's drug army murdered thousands, including Colombia's Justice Minister Lara Bonilla in 1984, 12 Supreme Court justices in the November 1985 terrorist seizure of the Justice Palace in Bogota, and the ex-chief of the narcotics police in November 1986. Ex-Justice Minister Parejo barely escaped an attempt on his life this January, in Hungary.

Carlos Lehder has been the business partner for more than a decade, of world-class embezzler Robert Vesco, who lives under the protection of Fidel Castro in Havana. One of his more notorious public statements was that "cocaine is Latin America's atomic bomb against the United States."

After the Lara Bonilla murder in 1984, Lehder went underground, but his fascist "National Civic Movement" has remained legal and functioning to this day. Perhaps Lehder will decide to sacrifice some of his more prominent business contacts, in exchange for leniency.

### 'The Virgin is with us!'

When Lehder was captured, along with 14 of his bodyguards, at a ranch on the outskirts of Medellín, the police lieutenant who led the raid called his superiors and exulted, "The Virgin is with us! Lehder has been nabbed!" In a matter of hours, Lehder was taken by military helicopter from a

military base in Medellín to the international El Dorado airport in Bogota, where 100 well-armed police guarded his transfer to a waiting U.S. Air Force jet that took him to the United States via the Guantanamo Bay naval base in Cuba. The next morning, a heavily guarded Lehder was arraigned before a federal judge in Tampa, Florida on multiple counts of drug-trafficking, racketeering, and murder, charges stemming from a range of indictments, some of which date back 10 years.

In anticipation of massive and bloody reprisals from the mafia, the U.S. Drug Enforcement Administration has placed all of its personnel and their families worldwide on special security alert.

Lehder's capture comes in the wake of stepped-up attacks on President Virgilio Barco's anti-drug campaign. Inside Colombia, the mouthpieces of the drug lobby have been especially vocal. Exemplary are the columns of Colombian journalist Antonio Caballero, a relative of the mafia-linked former President López Michelsen, which heap scorn on the government's anti-drug efforts and demand that the drug trade be legalized.

Less candid but to the same effect, the *Los Angeles Times* of Feb. 1 complained that Colombia's drug war "is raging out of control." No jail in Colombia can hold the traffickers and no lawyer will prosecute nor judge sentence them, says the *Times*, which laments the lack of "tangible victories" in Barco's anti-drug war.

The *Los Angeles Times* article also notes the outrage of Colombian officials who have seen their country's finest citizens mowed down by mafia bullets, while the U.S. government cuts back financial aid. Interior Minister Cepeda Ulloa is quoted: "Why are we bleeding alone?" Bolivia, a country as tormented by the drug trade as it is by financial insolvency, is asking the United States the same question. In December 1986, U.S. financing for helicopter gunships donated to Bolivia's anti-drug war dried up, grounding Bolivian Air Force operations. On Jan. 1, Bolivia's government was stunned to learn that \$300 million in promised U.S. aid had shrunk to a "projected" \$75 million. Foreign Minister Bedregal decried the Reagan government's "unseriousness."

### Going after the banks

In a recent statement, Lyndon H. LaRouche, Jr., a Democratic candidate for the U.S. presidency in 1988, blasted the Reagan administration for inadequate support to the global war on drugs. Ibero-America's governments, said LaRouche, "would be much more successful [in fighting drugs] with increased technical assistance from the United States. If we are wise, we know that we cannot afford *not* to provide them with increased assistance; the drug plague is costing our nation hundreds of billions of dollars."

Among the points LaRouche recommends, are "tracing the flows of revenues from the drug-trade through financial institutions, and through administering crushing penalties to

institutions whose negligence fosters the existence of channels of laundering of drug revenues." Indeed, the Colombian government has come to recognize that its survival not only depends on crushing the narco-terrorist army, but in rooting out and destroying the financial networks which keep Lehder in operation.

President Virgilio Barco was emphatic when he told the assembled diplomatic corps in Bogota Jan. 29 that eliminating drug-money laundering by banks and financial institutions was a key element in the war on drugs: "While the consumer countries do not adopt effective measures and the sale of narcotics continues as if it were an item of necessity . . . while the producer countries lack the capacity to eradicate plantations . . . or while some countries continue to permit financial and banking institutions on their territory to serve as refuge for blood-stained money, the profit of crime, the battle against this scourge will not be won in Colombia."

Even more specific were the Feb. 2 statements made by former Colombian Justice Minister, now ambassador to Hungary Enrique Parejo González—the man who signed the 1984 petition for Carlos Lehder's extradition to the United States—to a meeting of the U.N. Anti-Narcotics Commission in Vienna. Parejo, who barely survived a mafia assassin's bullets three weeks earlier and came out of the hospital to chair the meeting, told a cheering assembly, "As long as I live I will continue to battle the drug trade, because it is the worst scourge facing the world today."

Parejo went on: "The consumer nations, through financial and banking institutions—as President Barco said it so well—are the refuge of the drug multinationals. . . . Each country should have a specialized anti-narcotics police force that can impose more severe penalties—not only against the drug traffickers, but against the financial institutions which lend themselves to crime and which until now have gone unpunished. The states must establish mechanisms for punishing the drug trade. . . . Controlling . . . the economic power of those who produce, consume, and distribute drugs requires imposition of severe penalties, economic penalties. . . ."

Colombian Attorney General Mauro Hoyos told the national daily *El Espectador* Jan. 31, that laws for investigating illicit wealth are being considered. He said, "With police measures alone one cannot conduct a war against the drug trade. . . . It is time that the government began to consider economic measures for detecting [the traffickers'] funds . . . that tend to analyze and investigate those kinds of funds which were made from one day to the next . . . to see what is the origin of those funds. . . . When people see that the state has determined to take on [the drug trade] in all its implications, the country can begin to breathe more easily, since the proper solution will have been chosen."

Days later, Colombian Cardinal Alfonso López Trujillo—also the archbishop of the drug-infested city of Medellín—told an audience that the Catholic Church fully endorsed the attorney general's call.

# Michael Ledeen, Temple Mount, and 'Operation Armageddon'

by Jeffrey Steinberg

During a recent television appearance, Michael Ledeen of the Georgetown Center for Strategic and International Studies, one of the most controversial figures in the Irangate stew, angrily denied charges by an Iranian exile that he had been a longtime contact of Iranian arms broker Manucher Ghorbanifar. Ledeen's denial, one of his rare moments of candor since the entire affair grabbed headlines last November, may unlock a Pandora's box to reveal a dimension of the Irangate scandal that goes far beyond the debacle of the Reagan administration's arms-for-hostages gambit and goes to the very heart of Israel's (and Moscow's) secret diplomacy.

The salient feature of Ledeen's denial of his prior ties to Ghorbanifar is the fact that the Khomeini regime sought him out—thereby placing the part-time National Security Council consultant at the very center of the Washington-Teheran-Tel Aviv transactions. Intelligence specialists—several with decades of experience in the twists and turns of Middle East great power politics—have told *EIR* that Ledeen's secret agenda in all of his dealings with Teheran has been to firm up the Shi'ite regime's involvement in a regional religious-military alliance that is part and parcel of the Israeli Temple Mount project, otherwise known as "Operation Armageddon."

In March 1986, *EIR* released, in a 126-page *Special Report* entitled "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," the findings of a three-year investigation into a fanatical Jewish underground dedicated to building a Third Temple of Jerusalem on a site in the Muslim Old City where the Dome of the Rock, the second-holiest shrine of Islam, now stands. Repeated efforts by the Temple Mount terrorists to blow up the Dome of the Rock have been recognized as a potential *casus belli* for a holy war between Arabs and Jews. Christian fundamentalists in the United States and Western Europe have poured millions of dollars into the Jewish underground through conduits like the American Jerusalem Temple Foundation.

Unlike other probes into the violent Jewish underground, which cast the network as a fringe element opposed by the majority of the Israeli establishment, the *EIR* report exposed the deep connections between the Temple Mount fanatics

and some of the highest levels of Israeli intelligence. Rather than focusing exclusively on the Gush Emunim and Kach Party elements associated with Rabbi Meir Kahane, *EIR* identified the yeshiva (school) Ateret Cohanim as the training and deployment center of the operation. Located in the heart of the Muslim Old City adjacent to the Temple Mount site, Ateret Cohanim is run by Rabbi Shlomo Aviner and by its founder Mati Dan, both of whom have been identified as active members of the Shabak, Israel's domestic security service.

Both men are closely allied with former Defense Minister Ariel Sharon and with Rafi Eytan, Sharon's confidant who once headed Israel's cabinet level Office for Terror Against Terror and then went on to run the LEKEM scientific espionage unit that recruited and deployed Jonathan Jay Pollard in collusion with Soviet intelligence. At least one source told *EIR* that it was Michael Ledeen helped get Jonathan Pollard placed in a counterterror-analyst post with U.S. Naval Intelligence.

Now, according to our highly-placed sources, this Temple Mount alliance between nominally Christian and Jewish fanatical elements, is seeking to broaden its military pact to include the Khomeiniac Islamic fundamentalists—and the Russian Orthodox Church. The ultimate goal of this *jihad* axis is to destroy Western Judeo-Christian civilization. The near-term goal is to unseat the successor of St. Peter—the Pope—as the *primus inter pares* of world Christianity. It is on behalf of this project, according to our sources, that Michael Ledeen was inserted into the Iran arms dealings. The original request to use Ledeen as the "American connection," whether from Tel Aviv or Teheran, was reportedly the signal that "Operation Armageddon" was on.

## The military dimension: new NATO

By all informed accounts, the Israeli and U.S. involvement in arming Khomeini's war against Iraq predates the outbreak of that conflict in 1980. The Carter administration, after helping to overthrow America's ally, the Shah, and place Khomeini in power, set up elaborate arms conduits into the Islamic Republic—even as American hostages were being



held at the U.S. embassy in Teheran. That policy apparently continued into the Reagan administration for as long as Alexander Haig was Secretary of State. It was revived in 1984 at Israeli urging, under the auspices of two of Haig's top State Department aides, by then relocated to the NSC: Robert McFarlane and Michael Ledeen.

Israel never broke stride in its lucrative arms sales to Teheran. While true figures on Israeli arms sales are not available to *EIR* at present, sources say billions of dollars of Israeli-provided arms got into Khomeini's hands. More to the point, these sources say that the Israeli faction linked to "Operation Armageddon," largely centered in the Likud bloc and particularly the old Irgun circles, is committed to assuring an Iranian victory in the protracted Gulf war.

These Israeli circles, with a Ledeen-centered U.S.-based network linked to the Jewish Institute for National Security Affairs, represent a dangerous branch of the "decoupling" lobby. They urge dismantling the traditional U.S.-European NATO alliance and replacing it with a "new NATO" centered around the U.S. intercontinental ballistic missile "deterrent," coupled with an Israeli-centered and nuclear armed rimland force deployed in a much expanded Israel, a fundamentalist-irrationalist Iran, and an Israeli-controlled Zaire.

These circles, overlapping with such Trilateral Commission figures as the lunatic Zbigniew Brzezinski, urge that the United States accept the neutralization and ultimate Soviet control of Western Europe and therefore seek out new forms of military alliance aimed at containing Moscow. Israel, and an Israeli-centered Mideast axis, they argue, is the only "reliable" alliance partner. Richard Perle, rumored to be on his way out of the Reagan administration following his "Europe-bashing" performance at the recent Wehrkunde defense conference in Munich, has been the point man for a campaign to restrict all foreign Strategic Defense Initiative research contracts to Israel—on the ludicrous grounds that the Europeans and Japanese are too penetrated by Soviet bloc spies to be trusted with top secret research contracts.

Is there any evidence that steps are under way to fulfill this "Armageddon" nightmare? According to Mordechai Vanunu, the Israeli nuclear engineer now being held in Israel on charges of treason for his disclosures to the British press, Israel has a secret installation at Dimona in the Negev desert where it has already manufactured 400 nuclear bombs. Israel reportedly already has 100 intermediate range ballistic missile delivery systems each capable of carrying four warheads.

Vanunu's public statements triggered a dramatic cover-up, including a commando kidnaping of Vanunu himself as he was arriving at Rome's Da Vinci International Airport late last year. An unconfirmed report suggests that Vanunu was in Rome for a private audience with Pope John Paul II at the time he was grabbed and shuttled back to Israel. The source of this information speculated to *EIR* that Vanunu's information on Operation Armageddon extended well beyond the technical features of Israel's secret nuclear program and in-

cluded an elaborate map of the theocratic dimensions of the scheme. He was about to present that secret evidence to the Pope but was grabbed before he could reach the Vatican, the source says.

### Third Temple-Third Rome

A series of interviews and archive reviews suggests that Michael Ledeen was negotiating with Teheran on behalf of an Israeli version of former Soviet President Yuri Andropov's "New Yalta" proposal, a version premised on a revival of the "New Jerusalem" project to unseat Rome as the center of world Christianity and to establish Jerusalem as a Gnostic center of a new ecumenical alliance.

According to at least one source interviewed in the preparation of this article, the following pieces are all under negotiation currently:

1) Israel continues to provide the requisite levels of military assistance to Iran to ensure an ultimate victory in the seven-year-old Gulf war. Iran annexes the predominantly Shi'ite southeast region of Iraq, which includes the city of Karbala, a holy site of Shi'ism.

2) Under an emerging Shi'ite hegemony, compounded by a destabilization of the House of Saud, the Shi'ites assume the protectorship over the Dome of the Rock. This establishes a Shi'ite role in an overall consortium over the holy sites of Jerusalem.

3) Through a new ecumenical agreement, involving the Russian Orthodox Church, the Eastern Rite, Anglican Church networks linked to the Soviet Trust, Christian fundamentalist groups already tied to the Temple Mount project, and Jewish fundamentalists, Jerusalem is declared the new center of world Christianity, with the Patriarchate of St. James (after the alleged brother of Jesus Christ who is a central figure in virtually all strains of Gnostic heresy) replacing the Holy See as the *primus inter pares*. The Bishop of Rome becomes merely one of two Patriarchs within the Western Church, the second Patriarchate being seated in Venice. The principles of Augustinian Christianity embodied in the 15th century Council of Florence and the doctrine of the *Filioque* that have been the cornerstone of Western civilization for the past five centuries would be thus overthrown.

Who are the ultimate victors in this lunatic Gnostic scheme? The Old Believers in Moscow whose ultimate cultural warfare objective is the crushing of the Western Judeo-Christian cultural matrix and the subjugation of the world to a Moscow-centered Third and Final Roman Empire.

For the average reader of this publication, the notion that such a wildly satanic scheme could be an underlying factor in world affairs in the late 20th century is perhaps a hard bite to swallow. That such a secret agenda could be at the ultimate root of the ongoing Irangate scandal is perhaps even harder to fathom. Nevertheless, compelling evidence exists. Perhaps a comprehensive investigation into Michael Ledeen is the best starting point for uprooting this effort.

# The coming 13th Hidden Imam

by Thierry Lalevée

On Feb. 1, the Iranian mullahs began the ceremonies which are to culminate on Feb. 11, the eighth anniversary of their 1979 takeover of Iran. Not surprisingly, the ceremonies began at the Behesht Zahra Martyrs' cemetery; as the mullahs commemorated, in front of the Fountain of Blood, the latest dead from the front in the war with Iraq, thousands of coffins arrived, waiting for yet another extension of the cemetery. More than the city of Teheran itself, or even the Bazaar, Behesht Zahra cemetery has become the meeting point and pulse of the so-called Iranian revolution.

This year's celebration will have a very particular tone. One of its central features is that Islamic Iran's spiritual leader, Ruhollah Khomeini, is not expected to live much longer. On Jan. 18, Western intelligence reports indicated

that Khomeini was extremely sick or maybe dead already. The mullahs responded on Jan. 20, broadcasting a television film showing Khomeini addressing a large crowd. For careful watchers, however, it didn't take too long to realize that Khomeini's speech had no relevance to any current events, such as the latest military victories claimed by Iran against Iraq. Experts guessed that the tape was perhaps two years old. Khomeini may not be dead yet, but he is certainly very sick, awake no more than a couple of hours each day. His son Ahmad has never been so busy standing in for his father at religious and political ceremonies, and signing dozens of *Fatwas* (religious edicts) each day, in his father's name.

Hence, sometime during the course of the year, Shi'ite mythology will be enriched by the myth of the 13th Hidden

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## The Hezbollah: Iran's apparatus abroad

Although often presented as a Lebanese Shi'ite organization, the "Party of God" or Hezbollah have become, since their creation in 1981 in Teheran, one of the world's largest Islamic fundamentalist organizations.

The Hezbollah are not even just Shi'ite (the minority sect of Islam), but now include Sunnis (majority sect) as well. This has come about as the result of more than 40 years of negotiations, which began after World War II in Cairo when official Sunni Islam, finally recognized Shi'ism as a legitimate branch of Islam.

The negotiations were begun by Iran's Ayatollah Khashani, Khomeini's teacher, and by the Nazi-allied Grand Mufti of Jerusalem, al Husseini, to pave the way for a reunification of Islam, but broke off after a few years. In 1980, under the sponsorship of the Ministry of Islamic Guidance, today led by Ayatollah Khatemi, the Iranians launched a new round of talks aimed at imposing Khomeini as the Imam and Caliph of all Islam. As a result, in

1982 the Tawhid movement or Movement of Islamic Unity was created in Tripoli, Lebanon, led by Shaykh Said Shaaban. This little-noticed process has been the subject not only of countless Islamic seminars in the West, but of many mergers in the Middle East. Among the beneficiaries of the latter is the beefed-up Hezbollah, many of whose members, such as the Hamadei brothers recently arrested in West Germany, are from non-Shi'ite communities.

### 'Principles'

The following manifesto of the movement, the only one to be made public, was read on Feb. 16, 1985 by Sheikh Ibrahim al Amin, in South Beirut, on the occasion of the funeral of Hezbollah regional leader Sheikh Ragheb al Harb:

"Who are we and what is our identity? We are the sons of the Umma of the Hezbollah whose vanguard was made victorious in Iran by God to pave the way for a Worldwide Central Islamic State. We obey orders from one single leadership, wise and just, the leadership of the Fakih; the Imam, Ruhollah Khomeini.

"Because of that, we are not in Lebanon a closed and organized party. . . . We are an Umma associated with the Muslims of all over the world. . . . Anything happen-

Imam, Ruhollah Khomeini. His death is not to be acknowledged; he will merely "disappear." The mullahs have in recent years refused to consider him a mere ayatollah, or even a grand ayatollah of the Shariat Madari variety; they have called him Imam. For many of his fanatical followers, Khomeini has been the reincarnation of the 12th Imam, Tayyib, killed at a young age in the 12th century. Faced with internal strife for the leadership of the already divided Shi'ite community after the assassination of the last Imam, Musta'li, the mullahs conjured up a mythical figure to hold the community together, announcing that the Hidden Imam would return to bring Islam to its original glory. Khomeini is much older than Tayyib ever was, to be sure, but for cynical mullahs, creating another myth is the easiest way out of an embarrassing political situation.

Indeed, there can be no direct successor to Khomeini, in a political sense; his death could mean the explosion of the Shi'ite community in factional brawls. It is a sign of how far backward the mullahs have been able to drive the Iranian population, that a myth like this is expected to be believed. Among the inner elite of the priesthood which is preparing Khomeini's imminent "disappearance," many will accept this solution out of sheer political expediency, out of fear of a leaderless community. But many millions within Iran and abroad will accept it on the basis of blind faith. The myth of the 13th Imam will be the driving force guiding the new holy

wars, the *Jihads* that will spread throughout the region.

### What 'moderate mullahs'?

The mullahs have never been in so strong a position within Iran, due in part to the military help they received from the United States and Israel, in the notorious arms-for-hostages deals. Teheran has received in recent months the kind of weapons it needed. In recent weeks, scores of Iraqi jet fighters have been shot down, thanks to the new batteries of U.S. Hawk anti-aircraft missiles. Meanwhile, revolutionary fervor seems to be running as high as ever. Local observers report that it was no problem for the mullahs to recruit some 100,000 fresh troops in December, and that it won't be any problem to send some 10,000 fresh troops a week to the front. This fervor has much to do with Iraq's strategic mistake: the continuous bombardment of Iranian cities. As was proven during World War II, when Hitler's Germany bombarded British cities, such operations strengthen rather than weaken the will of the population to resist and fight, whatever the devastation suffered.

The unfolding of the Irangate scandal in Washington and Israel has also played a role in furthering this militant spirit; the whole of Iran has been laughing its head off, about how they succeeded in tricking Washington and even the clever Israelis. This sentiment was demonstrated from Teheran to Cairo, where the Muslim Brotherhood used the scandal as

ing to the Muslims of the Philippines, Iraq, Afghanistan, or anywhere else has an impact on the Umma of which we are a full part. . . .

"Our culture, its essential roots lies in the Holy Koran . . . and the Fatwas [religious edicts] of the Fakih.

"No one can imagine the importance of our military apparatus. Each of us is a soldier. When there is the need for the Jihad [holy war], each one will meet his duty. . . . The United States, its allies within the Atlantic Alliance, as well as the Zionist entity are continuously attacking us. . . . This is why we are more and more in a state of permanent alert to defend our religion, our lives, and dignity. . . . The sons of the Umma of the Hezbollah know that their enemies are Israel, the United States, France, and the Kataeb. . . . We will fight until . . . the final expulsion of Israel from Lebanon . . . the definitive expulsion of the United States and France . . . and their allies from Lebanon and the region, and the end of any colonial influence. . . ."

### Roster

*International and central leadership of the Hezbollah, established 1981 in Teheran:*

Hoj. Hadi al Gaafari, leader of the Hezbollah in Iran;  
Hoj. Mohammad Taqi al Modarassi, chairman of the "Is-

lamic Action Party"; Hoj. Mohammed Hussein Fadlallah, leader of the Hezbollah in Lebanon; Hoj. Hadi al Modarassi, leader of the Bahrein Liberation Front; Hoj. Abbas Mahri, leader of the Kuwait Liberation Front; Hoj. Bakr al Hakeem, chairman of the SAIRI (Iraq); Hoj. Hairy Qomani, Iranian ambassador to the UAE; Sheikh Mehdi Sadegh al Lawassani, leader of the Qatar Liberation Front; Sheikh Mohammad Ahmad Safwat, member of the Takfir wal Higr (Egypt); Hoj. Mahdi al Hakeem, leader of the Da'awa Party (Iraq), leader of the Hezbollahi in England.

#### *Leadership in Lebanon:*

Sheikh Mohammad Hussein Fadlallah; Sheikh Sobhi al Tofaily, leader of the Baalbek region; Soyayed Hussein al Moussawi, leader of "Islamic Amal"; Sheikh Salah al Din Arkahdan, leader of the "Gamaat Islamiyya" in Saida; Sheikh Maher Mahmoud (Sunni), leader of the "Islamic Gathering" in Beirut and Saida; Sheikh Said Shaaban, leader of the Tawhid Movement, Tripoli; Sheikh Moharram al Arfi (Sunni), leader "Gamaat Islamiyya" in South Lebanon; Sheikh Mohammed ali Al Jouzou, Sunni Mufti of Mount Lebanon; Ali Arfani a.k.a. Abu Turab, leader of the Pasdaran Units in Lebanon; Abbas al Hakim, military leader of the Hezbollahi; Ali al Saleh, military leader of the Hezbollahi; Hamid Aftjii, leader of the Information department, editor of *Al Ahd* magazine.

proof that "Washington has recognized us." The fact that, contrary to what happened in Washington, there has been no purge in Teheran, signals that the entire operation was a well-organized and successful ploy, organized at the highest level of the Iranian state, including Khomeini. So much for the erstwhile "pro-Western, moderate faction" dreamed about by the U.S. perpetrators of the arms-for-hostages deals. Indeed, the so-called pro-Western moderate Hoj. Hashemi Rafsanjani is still the personal representative of Khomeini on the National Defense Council, as well as speaker of the parliament. To be sure, there have been and continue to be divergences among the mullahs, as to the timing, the exact price, and the level at which negotiations were to be conducted. But on one thing there was no disagreement: the principle of using one's enemy's weakness to bring him to his knees, while holding and killing American hostages. A reading of any of Khomeini's speeches of recent years makes it clear that playing one "satan against the other" has violated no religious or moral principles of the Islamic fundamentalist ideology. Indeed, at the same time that Teheran was receiving weapons from the United States, it allowed the Soviet Union to complete three major airfields in the Baluchistan region, and another one directly at the Strait of Hormuz on the island of Qhesm—a military fact that Washington officials have wishfully been trying not to acknowledge.

When purges did occur in Iran last October, they had nothing to do with a factional position concerning negotiations with the United States. A few weeks before the Irangate scandal erupted, the Hashemi brothers, who had served as Ayatollah Montazeri's assistants and ran the Islamic Liberation Movement, were arrested and accused of kidnapping and murder. A few weeks earlier, they had kidnapped the Syrian ambassador to Teheran, who had served as a go-between for Rafsanjani and the United States, through Damascus. The kidnapping was widely interpreted in the West as a sign that the more fundamentalist group around Montazeri opposed the deal with the United States. The arrest of the Hashemi brothers was then seen as a signal to Washington and the Saudis in particular, that Rafsanjani was ready to clamp down on Islamic subversive activities.

But this interpretation has little to do with Iranian reality. True, there has been a factional dispute between Montazeri and Rafsanjani, but the United States played little role in it. What was going on was jockeying for position, in view of Khomeini's impending death or "disappearance." The arrest of the Hashemi brothers was another step by Rafsanjani to bring under his own control a far-flung apparatus which maintains antennas worldwide. The two brothers may be in jail, but Rafsanjani did not dismantle their network; on the contrary. By January, it was made official that the Islamic Liberation Movement, which controls the Iraqi Shi'ite groups, the Gulf Islamic liberation fronts, the Hezbollahi, and associated terrorist organizations, had been put under the firm control of one of the most experienced Hojatessalam, Hadi

Kosrowshahi, the former ambassador to the Vatican. This position has given Kosrowshahi the ability to establish, in the last five years, a terror network throughout Europe which has yet to be dismantled.

### The February explosions

Now Teheran is about to launch one of its bloodiest terror campaigns in eight years. Rafsanjani and his fundamentalist faction, which advocates war to the death against Iraq, has to demonstrate that it is in control of Iran. In a perverted way,

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*Among the priesthood which is preparing Khomeini's imminent "disappearance," many will accept this solution out of political expediency. But many millions within Iran and abroad will accept it on the basis of blind faith. The myth of the 13th Imam will be the driving force guiding the new holy wars that will spread throughout the region.*

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Feb. 11 will not merely be celebrated in front of a Fountain of Blood—which is actually red paint—but by human sacrifices. Turkish intelligence services reported on Jan. 19 that up to 200 Iranian-trained terrorists have been sent to Turkey and Europe to assassinate leading anti-Khomeini Iranian political figures. The explosion began on Jan. 16 in Hamburg, when Rafsanjani's former personal pilot was gunned down in the street. Mohammed Ali Hamadei, arrested in Frankfurt on Jan. 13, was merely one envoy of this terror wave, among many others.

Iranian society today is a society based on a death cult, and this will be visible this year, as never before. Between Feb. 11 and March 21, Iran's New Year, the mullahs are set on presenting the world with a series of *faits accomplis*. If they are allowed to conquer the Iraqi port city of Basra, the whole region will go. Ultimately, because of the nature of their fundamentalist beliefs, the region will disintegrate, and the Iranian fundamentalist brand of Islam will disintegrate, too as other fundamentalist religions have before, but at the cost of millions of lives. Already 1 million have died in the six-year Gulf war—a fact that places the onus on powers outside Iran to make Feb. 11 the last anniversary of Iran's "Islamic revolution."

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## Book Review

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# New revelations on pro-Nazi Jung will further embarrass Prince Charles

by Mark Burdman

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### **A Walk with a White Bushman**

Sir Laurens van der Post  
Chatto & Windus, Ltd., London, 1986  
326 pages, clothbound, £12.95

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The West German magazine *Der Spiegel*, which usually propagandizes for "Aquarian"/"New Age" causes, startled its readers the week of Jan. 26 with an article exposing the late C. G. Jung, a psychologist with a great following in "New Age" circles, as a collaborator and protégé of high-level Nazi circles.

The content would not have startled readers of *Executive Intelligence Review* and of the West German cultural journal *Ibykus*, both of which had published, late last fall (*EIR*, Nov. 21, 1986), historical exposés of Jung's pro-Nazi views, and of the affinity between Nazi ideology and the Jungian branch of psychoanalysis. Evidently, these publications had stirred up such a hornets' nest among the cultural engineers who control the *Der Spiegel* editorial board, that they felt obliged to rush into print their own version of the same story.

The most explosive portions of the *Der Spiegel* story read: "Repeatedly, Jung met with the heavily bearded Professor Heinrich Goering, a cousin of the obsessive Reichsmarshal: [Hermann] Goering, in charge of reorganizing the German [psycho]analysts association into the Third Reich, considered . . . Jung an ally of international usefulness. . . . An aide to Goering, Walter Cimbald, recommended Jung as a Nazi sympathizer: 'Herr Dr. Jung,' he formulated, 'has worked through the threads of thought and likely also the literature of National Socialism very thoroughly, and has stated his support.'"

Jung, the magazine further noted, promoted the Germanic god Wotan as an archetype of the Germanic mind, and welcomed Adolf Hitler as a "possessed man," who could put his followers into "a holy state of frenzy."

Whatever effect this story will be having among the German population, expect the real bombshell to explode in

Great Britain. As *EIR* and *Ibykus* had stressed, but what *Der Spiegel* omits to say, is that there is a powerful Jung cult in Britain, which controls the heir to the House of Windsor crown, Prince Charles, via Charles's personal guru, mystic Sir Laurens van der Post. Van der Post was one of Jung's closest friends, in the last years of the latter's life. Through his guidance, the Prince of Wales has expressed himself as an open admirer of Jung.

### **A paean to bestialism**

In light of reports in the British press, that Charles is about to make his second mystical journey to Africa, likely with van der Post in the entourage, van der Post's new book, issued in late 1986, is an interesting clinical document.

The book is in the form of a question-and-answer dialogue, weaving through many subjects and much intellectualized gossip, between van der Post and French journalist Jean-Marc Pottiez. Much of the content is pompous and pretentious, tailored to reinforcing the public-relations image of van der Post as some kind of great philosopher of life, which he most decidedly is not. But the composition of the book is not unclever, with passages strewn throughout nominally in defense of the values of Western civilization. To the same effect of "sanitizing" the author's bestialist world-view, there is nary a word, or hint, of the truths about Jung exposed, most recently, by *Der Spiegel*.

About one-quarter of the book is devoted, in one way or another, to Jung, or to van der Post's views of Jung. To give the reader a sense of how one gets from Jungianism, even in van der Post's sanitized public-relations version, to Nazi ideology, we cite a passage of the book, in which Pottiez asks about why Jung called Africa "God's country." Van der Post answers:

"When Jung talked about 'Africa' it was not the Africa you know. He went to Africa in 1925-26. At that time, it was the greatest fortress of natural life left on earth, and this natural life to him was profoundly religious. Remember how he held that the animals were the priests of God because they do God's will, not their own. Only the human being with this

consciousness, with his discovery of fire, has a certain freedom of choice; it would seem as if consciousness and the freedom to choose, the awesome responsibility of choice, all arose at once. But the animal does God's will—he is an acolyte of God. He said he felt in Africa almost like Adam in the garden, when everything was new. There he was in touch with the original pattern of creation. Man was not in charge in Africa. Nature—that is, God's nature—was in charge. Therefore it was God's country still, with a soul. Humanly unpredictable things were happening all the time: things over which man had no control. . . . This gave Jung immense pleasure: After a European life where man seemed to be entirely in command, he was in a place where God and his creation were in control. . . .”

The immediate next passage describes Jung finding himself “intoxicated by the heat and gathering pace of the seductive rhythm” of an African tribal dance. “He felt this wild spirit of Africa in him. But it was there, you see, and more food for the research which led to his theory of a ‘collective unconscious’ in man. This theory is to the spirit what the theory of relativity can be to physics.” Not only Africans, but also “American Indians, Chinese and Tibetans as well as the people of India,” were “in touch” with it. And so on.

Leave aside that these passages have more than a trace of pornography, racism, and the genocidal view of Africans of Prince Philip's World Wildlife Fund. The propaganda about man's creativity interfering with the plans of “God,” is the foundation of all beliefs called “gnostic,” from which the path to fascism is straight and narrow. Judeo-Christian civilization, expressed at its height by St. Augustine, or the 15th century Renaissance, is founded on exactly the opposite idea: man as the highest expression, reflection, and “image” of God.

As *EIR* contended in its Nov. 21, 1986 cover-story, if Britons tolerate having an heir having such views, they will be endorsing exactly that world-view, against which Britain mobilized in war, almost five decades ago.

### **Conservation and the animal kingdom**

As for the beloved creatures of the animal kingdom, whom van der Post invokes to justify bestiality in human beings, there is one true-to-life political anecdote which we cite, to shed further light on the mentality prevailing among that faction of the British Establishment which regards itself as co-thinkers of van der Post and his Windsor protégé.

There is an entity in the U.K. called the Conservation Society, founded in 1966, to address “world overpopulation.” Today, Society officials cite Laurens van der Post as one of the most important promoters of its causes, and boast that Prince Charles has written articles for the Society newsletter. Eyebrows were raised all the higher, when a former president of the Conservation Society, Lord Avebury, made a deadpan announcement Jan. 21, that he was bequeathing his body to London's stray-dogs home, Battersea.

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## **Battle for Europe**

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# **Danger seen in gain by German Greens**

One of the worst results of West Germany's Jan. 25 national elections was the gain made by the Green Party, whose Nazi-like, violently anti-Western ideology, criminal records, and ties to the Soviet intelligence services were fully documented in the 1986 *EIR Special Report*, “The German Green Party and Terrorism.” The Greens went from 5.6% to 8.3% of the vote, less than 1 point behind the Free Democrats (FDP), a party in the ruling coalition. The Greens now have 46 seats (previously 27) in the federal parliament, the Bundestag.

This is a strategic disaster. It is even possible that Otto Schily, the terrorists' lawyer who heads the Green caucus in the parliament, will be seated on the committee which has oversight over the secret services. This will give the virulently anti-NATO Greens access to NATO intelligence secrets.

Many observers believe that the Greens may make a strong enough showing in the 1987 elections in the states of Hesse, Schleswig-Holstein, and Rhineland Palatinate, to bring about state-level “Red-Green” coalitions with the opposition Social Democrats. Such a coalition already rules in Hesse. Under such conditions, the Christian Democratic (CDU)-Free Democratic federal coalition of Chancellor Kohl could not continue in power. The Social Democrats, who also lost votes in the Jan. 25 election, are increasingly mooting governing with the Greens, a possibility which they had previously excluded.

### **Education reforms blamed**

A private seminar held in Wiesbaden, West Germany to review the results of the Jan. 25 elections, concluded that the growth of the Green Party's base is tied to the effect of the Willy Brandt educational reforms, in lowering the standards of public-school education, and the invasion of teaching positions by professionally underqualified leftist veterans of the third-generation followers of Frankfurt School radicals such as Adorno, Habermas, and Horkheimer.

This general conclusion is based chiefly on the statistical

evidence. The absolute number of new votes for the Green Party, in successive elections since 1980, correlates with the entry of new layers of public-school graduates into the voter lists. As citizens who had a quality education die out, or stay away from elections out of disgust, the average quality of voter is declining rapidly.

The qualitative turn downward became visible after Foreign Minister Hans-Dietrich Genscher's liberal party, the FDP, brought down the coalition government of the SPD's Chancellor Helmut Schmidt, through Genscher's agreements with Helmut Kohl's nominally conservative CDU.

As long as Schmidt remained Chancellor, the key margin of opposition to the Green Party's Soviet-backed radicals came from the combination of traditionalist forces among trade-union members and pro-industrialist factions. These forces, which sometimes described the Greens as "eco-fascists," saw the Greens as a threat to the nation's internal security, as well as a threat to Germany's economy. When the Schmidt government was overthrown by Genscher's treachery, the combination fell apart. The SPD announced that it was going into a period of "rethinking" its ideology and role, and since has turned increasingly leftist and green.

Some influential circles in Federal Germany think, that a reopening of some of the shipyard and other heavy industries closed down since 1982 would revitalize the healthier currents among SPD voters, and bring about a useful change in direction on issues of the economy, defense, and domestic security. The statistics showing the massive infection of pupils with leftist/green ideologies, suggest that time is running out rapidly for that and kindred tactics.

The chief outside factor recently helping to push Germany out of the NATO military alliance, has been the role of U.S. Ambassador Richard Burt, the leftist security-risk President Reagan appointed ambassador in 1985. Burt's encouragement of anti-U.S. currents and sentiments in West Germany, is regarded by most influential circles as representing the official view of the Reagan administration, and perhaps the President himself.

The process of political decay within West German institutions, accelerated following the October 1986 "summit" meeting of Reagan and Gorbachov. Leading circles in West Germany saw the President's sympathetic reception for the "zero-option" proposal as indicating U.S. readiness to abandon all serious strategic commitments to the security of Western Europe. As a direct and immediate result of Reagan's actions supporting the "zero-option" tactic, leading nominally conservative forces made plans to begin a process of neutralization of West Germany following the January 1987 elections. Those negotiations are now vigorously under way.

Notably, a parallel effect is seen in Britain, where Prime Minister Thatcher's Foreign Secretary, Sir Geoffrey Howe, is currently leading an anti-SDI campaign, while searching out new, friendlier ties to Moscow. In France, the Trilateral Commission's Raymond Barre is part of a Genscher-like

faction within Premier Chirac's coalition government, attempting to bring down Chirac in collaboration with left-wing Socialist Joxe's efforts.

The massive corruption of Europe's youth, along lines set into motion by such "Frankfurt School" figures as Adorno, echoes the tactic used by the Phrygian cult of Dionysos thousands of years earlier. The use of a counterculture, to corrupt the youth, including the virtual takeover of schools by this neo-Dionysian cult, is the greatest source of European nations' loss of the political will to defend themselves from without and within.

Inside Germany, German experience causes the Green Party to be seen as a new eruption of the 1920s "national Bolshevik" wing of the Nazi Party. The tragic similarities to the decay and fall of the Weimar Republic are noted painfully, and with precision. The heritage of the Versailles-like division and occupation of Germany, the sustained efforts to crush any organized expression of nationalistic sentiments, the growth of a new generation of the psychologically "rootless," as opportunities for industrial apprenticeship shrink, the collapse of quality in the educational system, and a growing pessimism on matters of the future economy and the Soviet threat, is a combination of influential factors very similar to the conditions that produced the growth of the Nazi movement. Also, on all key ideological factors, including anti-technology, "back to nature" sentiments, the Greens' ideology has numerous leading points of agreement with Nazi ideology.

Under these circumstances, there is a real possibility of a neo-Nazi emergence in Germany. The tiny relics of the old Nazi organization functioning behind the scenes today, are witting partners of the Soviet KGB's Third Directorate, and these operate under supervision of the Czechoslovak intelligence branch of the KGB in creating and directing each of the small neo-fascist groups inside Germany. The anti-American, pro-"ecologist" currents within the still-existing, NPD and Schonhuber's Bavaria-based Republikaner, could be fused with either the entire Green Party or a major faction of it, to build up a new Soviet-backed party directly echoing most of the features of Hitler's Nazi party.

The complicating factor, some participants in the seminar noted, is the support given to both the Greens and neo-fascist groups by those Israeli factions associated with Nazi-linked, professed "universal fascist" Michael Ledeen. While some leading Israelis have recognized the Greens as a neo-fascist movement, certain right-wing factions in Israel tied closely to Moscow, like Ledeen, are collaborating with Moscow in Green Party and neo-fascist operations. An example of this is the case of a front-organization of East German intelligence, the VVN.

The conclusion reached, is that without an early and drastic set of measures to reverse the cultural degradation of Western Europe's youth, the Soviets have nearly won World War III already.



# Britain's foreign secretary and the KGB's Mary Kaldor Robinson

by Mark Burdman

A Jan. 27 speech by British Foreign Secretary Sir Geoffrey Howe is causing much animated discussion within the British Establishment these days. The fact that Howe blasted the U.S. Strategic Defense Initiative, and issued veiled threats against those American strategists who support early deployment of the SDI, surprised no one, since Howe had made a much-publicized, controversial speech two years ago, declaring war against the SDI. What was new, was that Howe openly endorsed a position-paper drawn up by a KGB-front unit at the University of Sussex, and co-authored by British "peace movement" leader Mary Kaldor.

Howe was speaking before the London International Institute for Strategic Studies, delivering an address with the title, "The Foundations and Future of British Security." After several minutes of apparently enunciating traditional British defense doctrine vis-à-vis the Soviet threat, Howe launched into the following diatribe:

"In theory, East or West could build twice as many tanks, three times as many planes, put four times as many men into uniform, and all the while go on pushing back the outer limits of technology. But neither side has limitless resources. Somewhere the spending has to stop. Military men may assure us that new weapons systems will work on the battlefield just as well as they seem to do on the drawing board. But the God of War must bow eventually to the God of Mammon. Economic realities are just as relevant to the battlefield as they are to the market-place. And balance matters too. An over-concentration on military technology to the detriment of civilian R&D is unhealthy for the economy as a whole."

The last formulation has, increasingly, gained fashion in London these days. On the one hand, it comes from those "free market" true-believers, who think Britain need not have a manufacturing base in any case, since the Oct. 27, 1986 "Big Bang" deregulation of the City of London will transform that financial center into the focus of "economic growth" in the U.K. A variant of the formulation was released in November 1986, in a report by a House of Lords Select Committee on Civil Defense and Technology, which, while admitting that Britain needed a manufacturing base, nonetheless insist-

ed that the plague undermining Britain's economy is "over-concentration" on military R&D investment. Lyndon LaRouche's critique of that report, was the feature story in *EIR* last week (Feb. 6, 1987, "How Much Should the Allies Spend on Military R&D?").

Of greatest interest, however, is that, in October 1986, *Lloyds Bank Review* released a 20-page report, filled with charts and graphs, which argued that Britain's economy was being wrecked by "heavy commitment to the development and production of military equipment," which was "contributing to her relative economic decline." The report was entitled *Industrial Competitiveness and Britain's Defence*, and was authored by three senior fellows at the Science Policy Research Unit (SPRU) of the University of Sussex. This unit is notorious as a nest of the "counterculture" in Britain, with close ties to the London Tavistock Institute, and to the East bloc's intelligence services.

In terms of content, the report is absurd. It claims that, in per capita military R&D spending, Britain is highest among industrialized nations, while Japan is lowest. At the same time, Britain is lowest in "industrial competitiveness," while Japan is highest. Conclusion: "Among the Western industrialized nations, there is a striking inverse association between the share of GDP devoted to military research and development and international competitiveness in manufacture." Or, read the last sentence in the cited portion of Howe's speech.

The report fraudulently argues against the efficacy of "technological spin-offs" from advanced-technology weapons systems like the SDI, without pointing out that Britain's foremost problem, is that its economy is so wrecked, that there is almost nothing for the technology to "spin off" into! The wreckage is, in significant part, due to various governments, especially that of left-Labourite Harold Wilson in the 1960s and 1970s, which followed the kind of advice on economics that emanates from Sussex SPRU!

Since *Lloyds Bank Review* is distributed freely in London, and widely read by the Whitehall bureaucracy, the report received more attention than its content would merit.

Further, the Sussex SPRU writing team has set up contact networks within the British defense ministry, within the group in Mrs. Thatcher's Cabinet office responsible for R&D review, and within the Policy-Planning Staff of the British Foreign Office. Their defense ministry contacts are, in large part, carry-overs from the days, beginning in mid-1982, when (now Sir) John Nott was British defense minister. Nott is presently a banker at Lazards-London, and was trained in economics at the Fabian nest of Cambridge University.

The latter point, brings us to the heart of the story.

### The 'pervasive' Mary Kaldor

One of the three co-authors, Mary Kaldor, who works at the "Arms and Disarmament" group at Sussex SPRU, is the chief editor of the leading mouthpiece of the European peace movement, *The European Nuclear Disarmament (END) Journal*, published in London. She is one of the four daughters of the late Lord Nicholas Kaldor, a Hungarian-born Fabian-Socialist Cambridge University economist, who was an intimate not only of the 1930s-40s Cambridge pro-Soviet, homosexual nests (alternatively called the "Cambridge Comintern," or the "Cambridge Homintern") associated with Lord Bertrand Russell and Lord John Maynard Keynes, but also of top-level Soviet-intelligence influentials, such as Eugen Varga, the founder of today's IMEMO Institute in Moscow.

Mary Kaldor's husband, SPRU's Julian Perry Robinson, is the leading biological and chemical warfare expert for such Lord Russell-disciple organizations as the Pugwash Group and the Stockholm International Peace Research Institute (SIPRI). Robinson has been central, for over a decade, in coordinating back-channel East-West discussions on biological and chemical warfare, which have had the effect of unilaterally dismantling key American capabilities in these military domains. For well over a year, at least, he has been circulating attacks on Lyndon LaRouche, as responsible for a "U.S.-Soviet cold war on AIDS." Through SIPRI, Julian Perry Robinson is an intimate of another well-traveled British left-radical daughter, Emma Rothschild, the U.K. Governing Board member for SIPRI. The circumstances of Emma Rothschild's intimacy with assassinated Swedish Prime Minister Olof Palme, have been totally hushed up by Swedish police investigating the Palme assassination.

In the words of one British military source familiar with Kaldor's activities over the past years, "She has one passion: to destroy the defense capabilities of Britain, and of the West. The problem is, she is both persuasive and pervasive. She is well-listened-to in the Whitehall Establishment, as one of the big-mouthed leftie-trendie types."

Pervasive, indeed. From Jan. 26 through Feb. 6, 1987, Kaldor traveled through North America, stopping in Washington, D.C., for, among other things, a Pentagon tour of U.S. Strategic Defense Initiative Organization facilities; in Canada, for a lecture series at Toronto's McMaster University; and in Boston and Amherst, Massachusetts, for lectures

at Hampshire College, sponsored by Michael Klare, the leading "disarmament and arms-control" expert for the left-radical Institute for Policy Studies.

Experts suspect Mary Kaldor of playing a behind-the-scenes role in the "defense procurement fraud" witchhunt being carried out by U.S. Department of Justice Criminal Division head William Weld, himself a supporter of the Boston left-radical set. According to Sussex sources, she is one of the leading experts on "U.S. defense procurement," and the "structural problems of the defense industry," having authored a book, in 1982, *Baroque Arsenal*, which profiled the post-World War II American defense industry, in comparison to that of late 19th-century Great Britain.

On Feb. 14, she will be the chief British representative at a confidential meeting in Amsterdam, of an organization called "The East-West Dialogue Network," which is headed by West Berlin Green Party politician Dieter Esche. Esche's group and Mary Kaldor's END, have considerable co-responsibility, for planning the next European-wide "peacemovement" extravaganza, the Seventh Annual END Convention, in Coventry, England, from July 14-16. They have an extensive array of Soviet and East bloc contacts, in building for that event.

### The decoupling of Europe

Not surprisingly, Mary Kaldor is also prominent in the organizing drive for splitting the United States from Europe, and breaking apart the NATO Alliance. She has just released a new book, *European De-Alignment*, co-authored with Princeton University's Richard Falk, who had been one of the earliest and most vocal supporters of Ayatollah Khomeini in the months leading up to the overthrow of the Shah of Iran. The material for the book, was based on the findings of a New Delhi-based "Program on Peace and Global Transformation," operating under the auspices of the United Nations University.

According to an associate of Kaldor, "The idea of European de-alignment is very much like the concept of decoupling that we hear so much about. But, whereas the impulse behind decoupling would be a decision by the United States, to remove its strategic commitment to Europe, the idea of European de-alignment is the reverse, it is Europe deciding that it can live without the United States. . . . What Mary and her collaborators want to do, is to return to the 19th-century 'Concert of Europe' idea for European unity. It means going back to the 1815 Congress of Vienna, and then working out from the period from then, to the present, in all its broad historical sweep."

And, since the 1815 Congress of Vienna, admired so much by Henry Kissinger, negotiated handing hegemony over Europe to the Holy Alliance of Western and Russian oligarchs, it is no surprise, that the ideas of Kaldor, and those expressed by Howe on Jan. 27, would have the same effect today.

# New cooperation on the Pacific rim

by Linda de Hoyos

“Cooperation among developing countries, or South-South cooperation, will become a strength which could expand North-South cooperation. In return, South-South cooperation . . . will be the main factor toward the emergence of a new world economic order which will bring justice to all races and countries.”

This declaration came Jan. 15 from Indonesian President Suharto, on the occasion of the visit to Jakarta of Bangladesh President Ershad. The statement reflects a new trend in diplomacy in Asia that, as Suharto indicates, could have far-reaching consequences. Although Bangladesh and Indonesia are both predominantly Islamic, Ershad's visit has a far greater significance. It is but one of numerous trips between the nations of South Asia and Southeast Asia, now taking place on a level not seen since the 1950s, when India's Jawaharlal Nehru and other leaders of the developing countries launched the Non-Aligned Movement.

Under the rule of the British Empire, India and those countries adjacent to it, were oriented toward Afghanistan, the Middle East, and Western Europe. However, in the last three years, India has taken steps toward a new “Look East” policy that was highlighted by the 1983 visit of Japanese Prime Minister Yasuhiro Nakasone to India during the administration of Indira Gandhi. Even so, only in the last two years has India taken notice of the Southeast Asian countries—despite the lasting cultural influence of Indian traders and colonizers in these regions over many centuries.

The ground was broken when Prime Minister Rajiv Gandhi visited Thailand, Indonesia, and New Zealand in November. Subsequent visits to Bangkok by Indian Foreign Minister N.D. Tiwari laid the concrete foundations for the creation of an Indo-Thai Trade Commission which will meet for the first time in April. *EIR* conferences in both Bangkok and New Delhi, bringing together speakers from Thailand and India, have also focused on the mutual benefits of the construction of the Kra Canal in Thailand, a project that was endorsed by India's Minister of State for Science and Technology K.R. Narayanan in 1985.

India is also re forging links with Malaysia, where a full 12% of the population is of Indian origin. On Jan. 30, Malaysian Prime Minister Dr. Mahathir bin Mohammad stopped in New Delhi on his return home from the Islamic Summit in

Kuwait. He and Prime Minister Gandhi met for over 1 hour and 45 minutes, without aides. Leading topics on the agenda were trade and the fight against drugs.

The two leaders also reviewed the current strategic position of the developing countries, particularly those in Asia and Africa. This included discussion of the nine-nation AF-RICA Fund of the Non-Aligned Movement, which met for the first time in New Delhi Jan. 24-25; the ongoing conflict in Kampuchea; and South Asia generally.

According to the Indian press, both Mahathir and Gandhi agreed that ties of cooperation must be created between the nations of SAARC (South Asian Association for Regional Cooperation, which encompasses India, Pakistan, Nepal, Bhutan, Bangladesh, and Sri Lanka) and ASEAN (Association of Southeast Asian Nations comprising the Philippines, Thailand, Malaysia, Singapore, Indonesia, and Brunei). The two leaders were also “in full agreement that the idea of a South Commission should be supported to give impetus to South-South cooperation.”

To expand this cooperation, Indian Minister of State for Foreign Affairs Natwar Singh will be visiting Malaysia, Indonesia, and the Philippines. It will be the first-ever visit to Manila by an Indian high official.

## The strategic impact

There are two strategic factors propelling the Asean and subcontinent countries to begin to look to each other. First is the deepening economic crisis, particularly among the Asean countries who had enjoyed high growth up to the mid-1980s. Indonesia, for example, has announced that it will meet all its debt service payments, but at the expense of cutting its military budget by a full 51% and a national budget that has brought a halt to development projects. With the protectionism coming from the United States and other “North” countries, the countries of South and Southeast Asia are looking to fill the trade gap with new bilateral ties.

Another factor is that already portended by the U.S. protectionist wall against ASEAN in particular—the overall American strategic withdrawal from the region that was signaled to all by the continuing disaster in the Philippines. U.S. withdrawal removes one point of leverage for all the Pacific rim countries—from Japan through to Pakistan—against the two big giants hovering over the continent, the U.S.S.R. and the People's Republic of China.

These two factors are acting to override the longstanding mutual distrust between the Asean countries and India in particular, where foreign ministries both tended to look at the other side as captured pawns of opposite superpowers. The nascent alliance does not have to be limited to a defensive one. If the links of South-South cooperation are permitted to grow and if Japan adds its industrial might to the enterprise, the Pacific rim would emerge as a strong ally for the United States; a United States, that is, that has divested itself of Kissingerian policies.

### The chink in Chirac's armor

*An economic policy which wins the IMF's "esteem" and destroys a nation's economy, has never won an election for anyone.*

Speaking on French National TV's Channel 1 on Jan. 1, Economics Minister Edouard Balladur said he was flattered that his economic policy had won the esteem of the International Monetary Fund (IMF). This remark, dropped offhand during his interview, betrays the fundamental chink in the armor of the Chirac government.

In view of the 1988 presidential elections, Premier Jacques Chirac is striving to keep the economic situation under control, and thus making concession after concession to multinational financial interests. He hopes both to gain time without making waves and to draw foreign capital into French markets: a twofold benefit and quick way to bring in resources.

Unfortunately, behind this shrewd maneuver lurks a disastrous policy, based on enforcing austerity, or "rigor" as the government calls it. This is costing Chirac the support of his constituencies, mainly in small- and middle-sized industry and labor, and at the same time opening France up to foreign interests.

All the publicity being given to the sale of French nationalized companies that can be bought up by "raiders from outside" is one concrete effect of this policy. In fact, many experts say France is "one of the most vulnerable countries in the world to raiders," which explains why investing in the stock market has become such a speculative craze—fostered by ensuring profits to the small investors who buy and sell shares in Saint-Gobain or Par-

ibas (the first two privatized firms)—while industrial investment stagnates or declines.

France is less protected than Switzerland or even Germany where, besides the big banks which are eager to keep out intruders, the federal anti-trust office (Bundeskartellamt) is always ready to react. Not to mention Japan where, in this matter, no one is "liberal." Even the United Kingdom and the United States have passed restrictive measures, while France submits to the speculative game known to destroy the economies of nation-states. Alain Chevalier, chairman of Moët-Hennessy, recently stated: "In America, there is a supremacy of finance and the short-term over industry and the long-term. . . . Maybe measures should be taken to prevent buying up businesses 'on credit'—because it is with other people's money that the 'raiders' proceed."

As for our "deregulation," it can only please the ready-to-pounce financial oligarchy, and hence the IMF. Already, vultures are circling. The "Venetian" financier, Carlo De Benedetti, has given himself a French base, the CERUS, worth 2 billion francs. Gérard Eskénazi, former number two at Paribas, and his friend Albert Frères have built up in four years in Belgium a multibillion-franc firm, Pargesa-Bruxelles-Lambert, linked to the most unsavory multinational interests, those most determined to meddle in France. Morgan Grenfell, the London oligarchy's merchant bank, has

just beefed up its Paris branch by adding the services of a former director general of the industry ministry. Mr. Jimmy Goldsmith is building up a press empire in France, partly with the hundreds of millions of francs he walked off with in Guatemala from the national oil company, Elf. The list goes on: Food processing, electrical equipment, munitions, the paper industry, and the media are all being targeted by these financial interests.

Certain nominations to key economic posts in the government are another indication of this "opening up" to forces hostile to France's independence and growth.

Jacques de Larosière, the managing director of the International Monetary Fund—and the man most responsible for "managing" the Mexican crisis—has become governor of the Bank of France, trading jobs with Michel Camdessus. The employer's association, CNPF, previously led by "national" bosses, will now be run by François Périgot, a director of the Anglo-Dutch trust Unilever. In the industry ministry, Alain Madelin—the whiz of the free-trade crowd surrounding Culture Minister François Léotard—has just named Jacques Maisonrouge, former manager of IBM International, to head up a key department.

Thus, more and more rapidly, France is being "occupied." Merrill Lynch, the international brokerage firm that moved in on London's "big bang" stock-market deregulation, says it is "very interested in Paris." Since Merrill Lynch is one of the top drug-money laundering institutions in the world, it now becomes clearer why the IMF has such "esteem" for our economic policy! That means we must absolutely change it—and destroying the substance of one's economy and imposing austerity on one's population in the process, has never won anyone an election.

## Bonn and Iran share explosive secrets

*'Irangate' investigations on Shi'ite networks in Western Europe, begin to target Foreign Minister Genscher.*

Rather early in the ongoing Beirut hostage affair, Bonn Foreign Minister Hans-Dietrich Genscher established direct contact to the Pasdaran in Teheran.

The Pasdaran (revolutionary guards), operating through the Iranian embassy in Damascus, finance, train, and supervise Shi'ite terrorist groups in Beirut and other parts of Lebanon. Bonn's ambassador in Teheran contacted the Pasdaran's "World Secretariat for the Islamic Liberation Movements," headed by Ayatollah Khoshrow Shai, as well as the Iranian embassy in Damascus, which spends an annual "special budget" of \$100 million to support terrorist operations in Lebanon.

But the foreign ministry in Bonn also made direct contact with the Iranian regime. Iranian parliament speaker Hashemi Rafsanjani was the first to lift the veil of secrecy, when he informed the media in Teheran on Jan. 27 that the Bonn government had asked him directly for mediation in the hostage affair. Rafsanjani said that although the Iranians had "nothing to do with the hostage-taking," they would help "Germany, one of our good friends in the world."

The background to Rafsanjani's friendly words on Germany was that Genscher had sent a ranking official to Teheran—Reinhard Schlagintweit, the head of the Mideast and Gulf Region section at the ministry.

Schlagintweit was involved in secret diplomacy with Libya, working out compromises in various hostage

affairs. The net result of such diplomacy, which had its complement in similar deals with Iran and Syria, was that numerous Islamic terror and intelligence networks, notably the Iranian Savama, gained freedom of action in Germany, provided they refrained from terrorist acts on West German territory.

From Germany, attacks could be prepared against other countries in Western Europe, however. This arrangement between the Bonn foreign ministry and the Teheran regime has been in place since 1979-80, and a new arrangement of this kind may well have been pre-negotiated between Schlagintweit and Rafsanjani during the four days the German diplomat stayed in Teheran.

Did the two discuss the ongoing restructuring of the broad terrorist logistics apparatus, which the Iranian intelligence agency Savama keeps functioning in Germany? One of the centers of Shi'ite activities in Germany is the state of Saarland, directly bordering France, where the Hamadei brothers had settled down. After the arrest of two Hamadei brothers in Frankfurt (Jan. 13 and 26) and the discovery of a secret arsenal of liquid explosive near the Saarland town of Beckingen, German police are investigating possible terrorist connections into France.

There are indications that the top Lebanese terrorist, George Ibrahim Abdallah, who is now in a French jail, may have lived with Mohamad Ali Hamadei at a boardinghouse in the

Saarland during 1984. About 3,000 Lebanese exiles live in this region, providing an Islamic environment large enough to hide several extremist groups. It is said that envoys from Teheran or one of the many Lebanese mother-organizations keep in regular contact with these exile groups in the Saarland, supplying them with funds, guidelines, and equipment.

According to anti-Khomeini Iranian exiles, the frequent visits of "special envoy" Sadegh Tabatabai from Teheran to Germany had to do with Savama's network-building. The fact that Minister Genscher in Bonn was informed, may explain why he helped Tabatabai escape trial on dope-smuggling charges in Germany in 1983.

The Genscher ministry did not take action, either, in the case of Mohamad Ali Hamadei, one of two main suspects in the June 1985 TWA airliner hijacking affair, who was under a U.S. arrest warrant already in July that year. Hamadei continued to travel to West Germany and visited "friends" in the Saarland in spite of that warrant. So-called "U.S.-German cooperation against terrorism" stopped, when Hamadei entered West Germany territory. Had Genscher acted appropriately, Hamadei would have been extradited to the United States in 1985.

Instead, he seems to have taken part in the June 19, 1985, bomb attack on the reception hall of Frankfurt Airport, which killed three civilians. Police are also looking into the case of a terrorist bomb attack against a U.S. radar base in the Saarland, on Sept. 6, 1985, which caused considerable material damage. Both attacks left no evidence of the explosive that was used. This may point to the liquid explosive found with Mohamad Ali Hamadei at his arrest on Jan. 13, and in the secret arsenal near Beckingen found by police on Jan. 26.

## The García-Gandhi connection

*The two young statesmen together could provide the spark that would lead developing nations to a new world economic order.*

**B**y all accounts, the five-day state visit of Peru's President Alan García was a big success. It was, as official Peruvian sources put it, "an occasion for boosting relations between our two countries."

Unofficially it was certainly a good deal more, as will become evident in the coming months. As one Indian journalist put it, García and Prime Minister Rajiv Gandhi are the core of "the most exclusive group in the world"—the new, young leadership of the world, who, united "by their idealism, their dream, and an infectious optimism," have brought a new creativity and vision to politics.

García was the Chief Guest at India's 37th annual Republic Day celebration on Jan. 26. A prime mover with Rajiv Gandhi of the Non-Aligned Movement's AFRICA Fund initiative, García came to Delhi early for the Jan. 24-25 summit launching that project. In the subsequent days, he had extended private talks with the prime minister.

As important, Indian politicians, intellectuals, and ordinary citizens—generally blinkered and cynical about Ibero-America—were introduced to that far continent's most dynamic and bold statesman.

Though not generally known here, the personal and political chemistry between García and Gandhi has been a matter of record since at least the time of the Non-Aligned summit in Harare, Zimbabwe, when Gandhi sent a note to García, later made public by

the Peruvian foreign ministry, congratulating him on his speech. "Dear Alan . . . you said it all," the note began. Further, Prime Minister Gandhi had publicly endorsed García's policy on the foreign debt and International Monetary Fund (IMF), in response to a question from this magazine's Bangkok correspondent, during his recent visit to Thailand—a fact which the Indian press chose to ignore at the time.

But if the Indian elite has been in the dark about the potential of the Gandhi-García connection for helping bring about a new world economic order and an end to superpower manipulations, the Western oligarchy and their Soviet counterparts are not.

Terrorists attacked the Indian embassy in Lima on Jan. 26 and seized two news agencies, forcing them to send dispatches denouncing García's visit to India as a "maneuver" to catapult him into Third World leadership!

On Jan. 27, Dr. García was awarded an honorary Doctor of Law degree by Delhi University, at a ceremony attended by both the prime minister and the Indian vice president. Apart from AFRICA Fund summit, it was the only public event of the visit. In a speech on that occasion, and a subsequent exchange with the press, García said the best answer to the IMF was to pay no attention to its mistaken colonialist theories, and instead create world economic organization that would promote genuine development. He explained his policy of limiting

foreign debt payments to 10% of foreign exchange earnings, and emphasized the need for political unity in Ibero-America.

"The Indian model for modernization, based on a combination of modernity and spiritualism, could hold the key for the development of the 20 nations in the region," García said.

In Delhi, President García visited a milk-distribution center, part of India's unique cooperative dairy industry, and a local thermal power plant. India's dairy development model alone, he later said, could help his country reduce the cost of milk by 60%.

Indications are that García got a good sense of India's development strategy, and the crucial role of science and technology in nation-building. After visiting Agra (the site of the Taj Mahal) and the historic cultural landmark of Khajurao, García completed his tour in Bombay. There the Indian minister of state for science and technology (and former ambassador to the United States), K.R. Narayanan, accompanied García on a tour of the Bhabha Atomic Research Center. "We don't want to wait 25 years," García had earlier said, stating his government's willingness to get Indian assistance in the nuclear energy field, under a presently dormant bilateral science and technology agreement. García added that India could help make Peru take the leap in computers and other technologies the country urgently requires.

Besides talks between the Peruvian and Indian foreign ministers and extension of an invitation to Rajiv Gandhi to visit Peru, the only official business put on the table during the visit was the signing of a cultural agreement. It provides for exchanges of information, artists, and students between the two countries.



## **A Trilateraloid strike**

*The UNAM student protest is part of a Trilateral Commission game plan to impose its choice for President.*

**A** student strike that has paralyzed the National Autonomous University of Mexico (UNAM) since Jan. 27 could trigger a "huge internal explosion in Mexico," announced Zbigniew Brzezinski, former executive director of the Trilateral Commission, during January U.S. Senate hearings.

Brzezinski said that such an explosion, combined with the Central American situation, could "destroy Mexican-U.S. relations," and justify redeploying 100,000 U.S. troops from Europe, to cover "a fourth strategic front of U.S.-Soviet conflict."

The Trilateral press in the United States is linking the student strike at the UNAM, Ibero-America's largest university, with the bloody events of Oct. 2, 1968, when an unknown number of students died in a shootout between provocateurs and the Mexican army, on the eve of the Mexico City Olympics. "For now, Mexico has no choice but to brace itself, and hope for calm in the halls of academe," *Newsweek* of Feb. 2 commented on the strike.

In the worst economic crisis since before 1910, the more President de la Madrid is determined to honor the unpayable \$100 billion foreign debt, the weaker he gets. In 1986, Mexico will earmark 56% of revenue to interest payments. The first \$3 billion disbursement of the \$12 billion in new loans agreed on in 1986 has not arrived—and won't.

The promise of such loans is being used by the bankers and their Trilateral controllers to impose the next President. Top to bottom and left to right, the forces in the university conflict

dance to the Trilateral Commission's tune. The key figure is Health Minister Guillermo Soberón, who chairs the meetings of the Tepoztlán Center, set up by the Trilaterals. As UNAM dean 1976-84, Soberón forged a political machine of school directors, bureaucrats, and trade unions—which he still runs. Current UNAM dean Jorge Carpizo announced last April an "academic reform," nominally to upgrade quality, but actually responding to International Monetary Fund demands for austerity cutbacks. Numerous changes in admission requirements, higher tuition, and tighter controls over examinations sent nearly 100,000 angry students into the streets.

Those who do not meet the exam requirements or the tuition will join the army of unemployed, whom Planning and Budget Minister Salinas de Gortari last year pledged to employ in pick-and-shovel projects as part of the government's "economic recovery" program.

Soberón and his cronies at UNAM knew that the "Academic Reform" would upset the students, and acted to make sure that ultraleftists took over the protests. UNAM planning director Mario Ruiz Massieu (a Soberón man who crafted the academic reform) recognized a so-called University Student Council (CEU) as the "legitimate spokesmen" of the student body. Until last November, CEU leaders Carlos Imaz, Imanol Ordorica, and Antonio Santos were unknown to most students! Imaz and Ordorica come out of a Maoist group "Critical Point," while Santos is from the Trotskyist Revolutionary Workers Party (PRT).

In early January, the private and public television networks began to broadcast debates between tie-and-jacketed university authorities and the lice-ridden hippies, portrayed as heroes of the student masses. The key figures in the propaganda drive had all previously served as high-level UNAM officials under Soberón.

Soberón's power does not stem from his personal machine. He hobnobs at the Tepoztlán Center with Ecology Minister Manuel Camacho, and one of the Center's main patrons is Budget and Planning Minister Salinas de Gortari. Groomed by top Trilateralist Samuel Huntington (Harvard) and the International Institute of Applied Systems Analysis, a Soviet spy nest in Vienna, Salinas de Gortari befriends such prominent IASA communists as the Cuban Raul Roa and the Russian Dzherman Gvishiani. His uncle, Eli de Gortari, introduced systems analysis to the UNAM.

The Unified Socialist Party of Mexico (PSUM) (formerly Mexican Communist Party) jointly controls the UNAM workers' unions, STUNAM, with the ruling PRI party. The leftist teachers in the union "advise" the CEU. Roger Barta, one such adviser, is the ex-editor of the PSUM magazine *El Machete*, which calls for legalized marijuana and promotes the homosexual movement.

Through control of the university, the Trilateral Commission hopes to use the threat of the "internal explosion" foreseen by Brzezinski to impose whichever candidate would appear as the great "mediator" of the conflict: Carlos Salinas de Gortari; Interior Minister Manuel Bartlett Diaz; Tabasco Gov. Enrique González Pedrero, who played an important role in the 1968 upheaval; or the "dark horse" behind the whole scenario, Guillermo Soberón.

## Wild card in the debtors' deck?

*A Constitutional Assembly holds President Sarney—and the IMF—in check.*

**B**razil has entered “an eight-month-long constitutional vacuum” which President José Sarney will find it next to impossible to impose the kind of radical austerity policies which the International Monetary Fund (IMF) and the international banks are demanding. London’s *Financial Times* griped on Feb. 2. The day before, amid great pomp and seriousness, 559 constitutional delegates began writing the eighth constitution since its emperor declared Brazil independent in 1822.

The Constituent Assembly has power “to do everything but turn women into men,” one Brazilian wag joked. While it is not yet clear whether it can fire Sarney or his cabinet members, it knows it has the power to decide when his term will end. The *Financial Times* mourns, “It could overrule any decree or law that President Sarney might employ to adjust the economy.”

The Constituent Assembly is chaired by a man who wants to replace Sarney in the presidency as soon as possible. He is Ulysses Guimarães, the veteran chief of the Brazilian Democratic Movement Party (PMDB), upon which Sarney’s government rests. He was reelected president of the Chamber of Deputies, the man who takes over the presidency when Sarney leaves the country or steps down. In that contest, he easily defeated leftist PMDB deputy Fernando Lyra. This column exposed Lyra, when he was justice minister in 1985, as the most shameless protector of those who made Brazil into a major narcotics route. Readers should not be

surprised that Rio’s Social Democratic ex-governor Leonel Brizola, another politico who pacts with the narcotics, supported Lyra’s candidacy, as did Brazil’s creditors. They lost by a 299-155 vote.

Thus, Guimarães and his PMDB are now strong enough to prevent Sarney from repeating what he did in 1983, when he served the IMF and the military dictatorship by ramming a 20% cut in real wages down the throat of the Senate.

Sarney is foundering. The Brazilian central bank told creditors that it expects to pay out \$14.4 billion on service payments this year for debt interest and principal, profit remittances, repatriation of foreign capital, tourism, etc. Brazil also has to repay the IMF \$980 million for its past “assistance.” The central bank calculates that it could only pay if Brazil ran a \$10.2 billion trade surplus and received \$4.1 billion in new loans. Brazil’s creditors will not grant new loans without savage cuts in domestic consumption and government spending. And even that might not yield a big trade surplus amidst a world trade collapse.

“The political situation in Brazil precludes adequate economic steps,” brays Sally Shelton-Colby (the wife of the former CIA chief), a crystal-ball gazer for Bankers’ Trust. She suddenly began auguring that Brazil will provide bankers with a big crisis. She might be right.

Sarney, caught between the bankers and politicians currently representing popular desires for prosperity,

has stopped governing. All he has done is let interest rates soar to above 370%, with prices following close behind.

On Jan. 21, the “Paris Club” of creditor governments and the World Bank, conceded that Sarney could, without signing with the IMF, stretch out principal payments due them, if he did what the IMF wanted anyway. In one of its typically hysterical editorials, the *New York Times* opined Feb. 3 that those loving efforts to help Brazil “may all turn into a loss unless the Sarney government now translates its remaining political strength into lasting structural reforms.”

Although none of the financier organs have yet admitted it, usury’s nemesis in Brazil is Pope John Paul II. “The Vatican Condemns IMF Policies” read the banner headline of the liberal Rio de Janeiro daily *Jornal do Brasil* on Jan. 28, the day after the Pontifical Commission on Justice and Peace issued its document, “An Ethical Vision of the International Debt.” The *Jornal*’s story pointedly lied in saying that the Vatican attacked the debt policies of Peru’s Alan García. Two days later, *Jornal* ran an editorial worrying that Brazil, the second-largest debtor in the world after the United States, and the country with the largest number of people who call themselves Catholics, might subject the servicing of its \$110 billion debt to the constraints of morality.

Although Brazil’s mass media is run by gnostic enemies of Christianity, the moral persuasion of the Church is considerable. It expresses itself politically through several of the newly-elected PMDB governors, including Walter Pires of Bahia, who insist that Brazil’s only solution is to follow Peru’s path.

That might well come to pass, if Brazil’s Christians are not smitten by AIDS-bearing barbarians during the late-February Carnival.

# International Intelligence

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## **Winter alert for Soviet military infrastructure**

Marshal Semyon Kurkotkin, chief of the Rear Services of the Soviet Armed Forces, addressed an emergency conference on military logistics and stockpiling in Moscow Jan. 16, during the deep cold wave that hit the Soviet Union. An architect of Marshal Ogarkov's program for making the Soviet economy transferable to a war-footing at a moment's notice, Kurkotkin told the staff meeting:

"The severe winter is a real test for the readiness of the rear forces. . . . Not all garrisons were supplied in requisite amounts with heat, and the rear service troops did not always live up to their tasks."

The marshal's call to draw "practical and political conclusions" from these facts portends a big increase in allocations for military logistics and infrastructure.

On the same day, the Military Council of the Northern Fleet met at the fleet's main base at Severomorsk, near Murmansk, in the far northeast corner of the U.S.S.R. They reviewed the status of heat and water supplies in all garrisons of the fleet, in order to eliminate problem areas and "guarantee the existence of necessary reserve systems."

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## **The Queen's bishop battles prime minister**

"There are definitely different approaches being taken by Mrs. Thatcher and Archbishop Runcie" on the issue of Middle East hostages and the disappearance of Anglican negotiator Terry Waite, a London insider told *EIR*. Robert Runcie, Archbishop of Canterbury and an appointee of the Queen, has admitted having appealed to Iranian Parliament Speaker Rafsanjani for help in securing Waite's release, but Mrs. Thatcher is stressing that her tough line on terrorism would be "applied rigorously" in the Waite case.

The *Times* of London reported on Feb. 3 that, through a Whitehall official, Mrs.

Thatcher released a policy statement which said: "We will do everything we can to locate and help [Waite], but the bottom line is that we are not in the business of doing deals."

Runcie extended his political war with Margaret Thatcher to a second battlefield Feb. 3, with a speech in the House of Lords attacking the government's policy on taxation and the poor. In an article entitled, "Runcie heads for rift with Maggie," the *Daily Mail* said that Runcie's speech "set the Church of England on a new collision course with the Government," and "will further aggravate the sensitive relations between the Church and Downing Street."

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## **Soviets bring array of new weapons on line**

Soviet representatives at the Geneva arms control talks are dropping heavy hints about the imminence of the development of new nuclear weapons, as Soviet nuclear testing resumes, it was reported Jan. 20. TASS arms control analyst Vladimir Bogachev, asked if the testing resumption meant Moscow was developing new nuclear weapons, replied, "Probably. It would be a logical response to SDI."

Already, the first month of the year has brought several reports of Soviet upgrading of nuclear missile launch systems, making the SALT-II ceilings officially a thing of the past. On Jan. 19, according to Reuter, a U.S. government official said that the Soviets had launched two new submarines from the northern Soviet port of Severodvinsk: a fifth sub of the gigantic Typhoon class, and a fourth of the Delta-IV class submarine. Both are nuclear missile-carrying vessels. Soon to follow, according to UPI, will be the fourth Kiev-class aircraft carrier.

Speaking at a National Press Club luncheon on Jan. 15, U.S. Secretary of Defense Caspar Weinberger revealed a further build-up of ground-based Soviet nuclear missile forces as well. Additional bases, capable of supporting about 100 launchers for

the new, mobile SS-25 ICBM, have been constructed, he said; the Soviets had already deployed 72 SS-25 launchers.

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## **German defense chief opposes troop withdrawal**

NATO's prestigious annual *Wehrkunde* (Military Strategy) conference in Munich opened Jan. 31 with a keynote address by German Defense Minister Manfred Wörner, who warned against naiveté about the chances for a "new phase of détente." Wörner said the Brezhnev era, the "first phase of détente," was also the "period of the biggest arms build-up in peacetime ever."

During this whole period, he stated, "The détente process in East-West relations was characterized by Eastern rhetoric and politics in the West." He advised the West to approach Gorbachov's arms control policy on the basis of experience: "Moscow always knew how to combine armaments with propaganda campaigns for arms control."

He also warned that Soviet military supremacy in Europe does not allow for any U.S. disengagement. Western Europe's alarming exposure of the Warsaw Pact's "offensive capacities and options" would become "even more dramatic by tendencies in the United States to reduce defense expenditures and troop presence in Europe." A European defense without U.S. troops was not possible, warned Wörner.

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## **SDI scientist says space 'shield' feasible**

Dr. Allan Mense, acting chief scientist of the U.S. Strategic Defense Initiative Organization, told a London audience Jan. 30 that an SDI defense for the United States is "more feasible than we thought it would be a year or two ago." By 1992, he stated, a defensive shield could be demonstrated feasible, according to the *Financial Times* of London and *The Independent*.

Mense said a limited system deployed within the next decade, would not have to

be completely effective to have a dramatic effect on the balance of nuclear power, since "uncertainty is a deterrent."

The *Financial Times*'s Peter Marsh notes that Mense's remarks support recent statements of Defense Secretary Weinberger. But, claims Marsh, Dr. Mense asserted that "on practical grounds," SDI scientists were turning away from x-ray laser weapons, because they require a nuclear explosion to operate, which would blind the sensors that are vital to a defense installation.

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### **Ruling party spokesman seeks German unification**

An article by the foreign policy spokesman of West Germany's ruling German Christian Democratic Union, Volker Ruehe, has appeared in the Soviet international weekly *New Times*. The article calls for "German reunification," on terms lately proffered by the Kremlin.

The article is the first to appear in a Soviet publication by a spokesman for the government in Bonn in postwar history.

Ruehe, echoing Foreign Minister Hans-Dietrich Genscher, begins by calling for the "zero-option": removal of all medium-range missiles from European soil, leaving Moscow its more than adequate arsenal of shorter range missiles blanketing Europe.

Then, he declares that all must strive for a "peaceful order" in Europe, which would offer the possibility "that the German people, through free self-determination, could regain their national unity," after a "defusing of the East-West conflict" through "dialogue . . . crisis-management, and arms control."

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### **Soviets steal secret sonar from British sub**

A British nuclear submarine has lost "top-secret tracking equipment in a terrifying encounter with a Soviet sub," *The Mail on Sunday* reported Feb. 1 in a front-page story.

According to the paper, the *HMS Splendid*, a 5,000-ton hunter-killer vessel, was involved in "one of the most frightening British submarine patrols in peacetime," an "astonishing cat-and-mouse game" with a Soviet missile-carrying sub beneath the waters of the Barents Sea.

"And this time the Russians won—by making off with *Splendid*'s towed array sonar system, one of Britain and NATO's most highly-prized secrets. . . . Reports suggest the Russians deliberately rammed the 1,500-metre cable towing *Splendid*'s secret gear in an attempt to sever it. . . . Navy experts believe an accident is unlikely. They say the Russians were either trying to steal or sabotage a vital British secret."

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### **This time, Marcos charges vote fraud**

Former Philippine President Ferdinand Marcos said yesterday that massive fraud was carried out in the referendum conducted by President Corazon Aquino for a new constitution in the Philippines. Marcos reported that Filipinos were being paid between 50 and 100 pesos to vote in support of Aquino, and that Marcos supporters were not being allowed into polling stations.

Most of the ballots from Mindanao were missing, he stated, and many ballots were delivered to the provinces with a "yes" vote already printed on them.

Unofficial returns in Manila showed a landslide victory for Aquino's referendum, but there was an ominously high number of "no" votes from the military. The results from military camps suggest, at best, an even split among the Philippines' 260,000 soldiers. Marcos said that he was told the referendum was voted down by the soldiers at four major military installations.

President Aquino plans to demand sworn allegiance from the restive military on the strength of her landslide victory. According to Philippine government sources, Aquino will make restraining the country's military a high priority, after official election results are announced.

## Briefly

● **ARTIST ILYA GLAZUNOV** hails Fyodor Dostoevsky as "our constant companion in our search for the meaning of life," in the February 1987 *Soviet Life*. "What attracts me to Dostoevsky is . . . his thirst for universal brotherhood"—meaning Russian imperial hegemony. Glazunov's painting "The Return of the Prodigal Son," depicts a Soviet worker in blue-jeans turning away from modern technology to kneel before a Russian priest, the lights of Russia's past—St. Sergei of Radonezh to Dostoevsky—looming in the back.

● **OLIVER TAMBO** said Jan. 30 that his visit to the United States convinced him most Americans support his African National Congress, despite its terrorist tactics and Soviet ties. Tambo said of his meeting with Secretary of State George Shultz, "Perhaps the issues discussed were not as important as the effect of the meeting."

● **ENVIRONMENTALISM** will replace "peace" in Soviet propaganda, says a Danish newspaper, *Weekend Avisen*. After the Soviet-sponsored Copenhagen World Peace Conference in October 1986 turned into a fiasco, it was decided to drop "peace" as a way to mobilize Western institutions. The new catchword is "environment."

● **'GANGS OF TEENAGERS** are roaming Moscow at night beating up punks, hippies, breakdancers, and fans of heavy metal music" as a "defense of the Russian way of life," reports London's *Daily Telegraph*, citing the Soviet magazine *Ogonyok*.

● **MORE THAN 1,500** Melanesian protesters forced a ship carrying the Soviet ambassador to Australia to leave the French Pacific territory of New Caledonia Feb. 1 without letting off its passengers. Protesters scrawled "Russians out of the Pacific" on the ship's hull and began to cut the cable mooring it to the dock.

## Senate report attacks 'parallel government'

by Joseph Brewda

Senator David Boren (D-Okla.), chairman of the Senate Select Committee on Intelligence, released his committee's preliminary report on the Irangate affair the first week of February with a great deal of fanfare. Appearing on ABC's "Nightline," Boren, in statements rarely heard from an elected official, blasted the role of the National Security Council's "part-time consultant," Michael Ledeen, and the Israeli Mossad intelligence service. Boren identified Ledeen as a representative of a "parallel government," which has been running U.S. policy "since the time of Lumumba, and the Bay of Pigs." In the same explosive interview, Boren denounced White House Chief of Staff Don Regan and called for his resignation, for closing off senior cabinet officials from access to the President, while "parallel government" people like Oliver North had countless presidential meetings.

In comments on ABC's "Good Morning America," later in the week, Boren elaborated on this parallel government, when he spoke of the "strange involvement of private individuals, not in the government . . . people like Michael Ledeen sent off to meet with heads of state, and even in some cases, foreign nationals who seem to be not only carrying out, but having a great impact on, American foreign policy." In the same interview, Boren denounced the Reagan White House's policy of evading the normal government chain of command, which so effectively allows "outside consultants" to direct U.S. intelligence operations. Boren singled out Don Regan, the White House czar who "seems to have been allowing some very odd and unexplained meetings with the President . . . with low-echelon people," while "closing out the Secretary of State. . . . I would hope Mr. Regan would understand that in the interests of the country, it would be best for him to step down."

While Boren was addressing the nation on these vital

issues, staff members of Senator Inouye's (D-Hawaii) recently empaneled select committee mandated to investigate Irangate must have been quietly grinding their teeth in rage. Inouye's committee had been formed to prepare a year-long, thorough study of Irangate, and, as is standard practice for such allegedly comprehensive investigations, hired several "private figures" to oversee its operations. Among the posts filled by "outside figures" in the Inouye panel are the positions of chief counsel, associate counsel, and chief investigator, posts now occupied by New York attorney Arthur Liman, former FBI official Joel Lisker, and former CIA operative Thomas Polgar, respectively.

### The parallel government

These newly appointed additions to Inouye's staff had already been delivered a copy of Boren's preliminary study. In that study, they noted, the role of "Israeli interests" and "private parties" is highlighted, and Ledeen is depicted as the key architect of the arms-for-hostages policy. Boren's committee's formal study concludes with a series of unresolved questions, emphasizing the need to investigate the role of Israel, and the private parties typified by Ledeen, in the affair. It did not escape Inouye's newly hired investigators and counsels, that Boren's widely reported denunciation of a "parallel government," and "private interests," was intended to prevent a cover-up by the Inouye investigation, and the separate investigation being carried out by special prosecutor "Independent Counsel" Judge Lawrence Walsh.

The parallel government to which Boren referred, dates back to the reign of Teddy Roosevelt, who entered government with the objective of transferring control of several federal agencies to the clique of Boston and New York bankers he represented. Often referred to as the "Bankers' CIA,"

this network has more or less directed U.S. foreign policy ever since, especially since the spectacular termination of President John Kennedy's efforts to buck the New York and Boston banking crowd.

Beginning with Henry Kissinger's installation as National Security Adviser in the Nixon administration, the National Security Council has become the central institution used to provide U.S. government cover for implementing the policies of the private foreign policy establishment earlier directed by Roosevelt. Since Kissinger, an increasing number of intelligence functions of all kinds have been "contracted out" to an ever-expanding number of alleged U.S. intelligence "proprieties," or "assets," notably including Don Regan's Merrill Lynch, the Bank of Boston, and the Israeli Mossad. The NSC has claimed that such private interests would always act in the U.S. national interest, a lie now exposed by Irangate.

Under the Reagan administration, this policy of what Boren describes as "privatization," has been aided by the creation of dozens of interagency committees, outside of the formal government table of organization, bearing such names as the "208 Committee," "Operations Support Group," or the "Restricted Interagency Group," whose functions, members, and chain of command is rarely revealed. Typically, these task forces have been controlled by "part-time consultants," such as Michael Ledeen.

### **The Crédit Suisse connection**

If Inouye's committee, and the special grand jury directed by independent prosecutor Walsh, are determined to actually investigate the parallel government exposed by the Irangate affair, they must start with the fact that virtually all funds used to finance the Reagan administration policy of sending arms to Iran and the Contras, were under the control of private individuals, operating out of the same elite Swiss bank. Revelations on the activities of Col. Oliver North, the NSC puppet of this private network, already show that:

- North established three shell accounts at the Geneva branch of Crédit Suisse, which were used to divert the profits of U.S. government arms sales to the Contras, the Mossad, and the Afghan rebels. The signatories of the accounts were Albert Hakim and Gen. Richard Secord (ret.), private individuals linked to former CIA official Theodore Shackley. The attorney of record for the accounts was a curious U.S. citizen by the name of Willard Zucker.

- The same branch of Crédit Suisse maintained the \$100 million account of the Iranian government which Manucher Ghorbanifar used to buy U.S. weapons for Iran. Ghorbanifar has been identified by the CIA as a shared agent of the Iranian Savama and Israeli Mossad.

- The same branch of Crédit Suisse was used by Mossad agent Yacov Nimrodi to manage the sale of Israeli-owned, U.S.-made weapons to Iran and the Contras.

The above-mentioned Hakim, Secord, Zucker, Ghorban-

ifar, and Nimrodi have maintained close business ties since they began selling arms to the Shah of Iran in the early 1970s. They have continued to supply Iran ever since, without any interruption occasioned by the NSC-directed overthrow of the Shah and installation of Khomeini. Willard Zucker, an expert on the finances of such matters, was the bagman for Hakim, Secord, and probably their partners for this entire period. He incorporated all the known shells used by Oliver North to run the operations exposed by Irangate.

Zucker's ties to Crédit Suisse go back to the early 1970s, when he headed the legal department of the notorious Investors Overseas Services (IOS), whose operations were also run out of Crédit Suisse. IOS had been formed in the 1960s by Meyer Lansky's adviser, John Pullman, as an international laundromat for illicit funds. IOS also had the closest of relations with the Mossad.

In the early 1970s, IOS was looted to death by Robert Vesco, who had been placed in control by Zucker's law firm, the New York-based Willkie, Farr and Gallagher. The collapse of IOS led to numerous suits by aggrieved stockholders, many of whom were tied to neither Lansky nor the Mossad. One of these class action suits resulted in a \$35 million fine against Zucker's Willkie, Farr and Gallagher for its aid to its pawn, Vesco. Crédit Suisse, meanwhile, still is in litigation with other IOS stockholders for its illegal cooperation with Vesco.

### **Who's investigating whom?**

Some of those now charged with investigating Irangate should be investigated in Irangate.

When Vesco was sued by stockholders and the Securities and Exchange Commission, his attorneys included Zucker, then head of the IOS legal department, and New York attorney Arthur Liman.

Liman is today the chief counsel to Senator Inouye's special committee mandated to investigate Irangate!

During the same period, Vesco also retained Washington attorney Edward Bennett Williams as his counsel. Williams, the former counsel of the CIA, has long represented some of the top figures in the Lansky crowd. According to reports, Williams is currently the attorney for Colonel North. Meanwhile, Williams's partner, Sven Holmes, has been appointed chief counsel of the House committee empaneled to investigate Irangate, paralleling that of Senator Inouye.

Liman's associate counsel with Inouye's committee is "anti-terrorism expert" Joel Lisker. During the Carter administration, Lisker directed the section of the U.S. Justice Department that handled the registration of foreign agents. In that capacity, Lisker played a central role in covering up for the "Billygate" scandal, which exposed the links of the Carters to Libya. The same scandal exposed the Carters' ties to former IOS mobster Robert Vesco.

Incidentally: Lisker is a decades-long associate of another "anti-terrorism expert," Michael Ledeen.

# Kremlin's friends snarl at LaRouche

by Criton Zoakos

The Feb. 9, 1987 issue of Rev. Sun Myung Moon's *Insight* magazine, the sister publication of the *Washington Times*, published a two-page article arguing in favor of causing 1988 Democratic presidential candidate Lyndon LaRouche to "disappear." Among others quoted in Reverend Moon's publication are Kremlin-allied operative Irwin Suall of the Anti-Defamation League of B'nai B'rith, and suspected KGB "mole" Milton R. Copulos of the Heritage Foundation.

The *Insight* item has no journalistic or other merit to deserve comment, except, appropriately, as an intelligence warfare "curiosity": Imagine a Korean evangelist, "Reverend" Moon, purporting to be the unifier of the world, joining the "fact-finding director" of the Masonic lodge B'nai B'rith, Irwin Suall, to denounce LaRouche as a "cultist."

The article is devoted to an effort to answer the question: "How much longer can the [LaRouche] movement survive?" It further attempts to lend credence to the illegal witchhunt unleashed by the Justice Department's leading Moscow fellow-traveler William Weld against candidate LaRouche's associates. The ADL's Irwin Suall is quoted arguing in favor of the "disappearance" of LaRouche. "The LaRouche organization has been battered by state and federal governments lately, but observers do not expect the extremist group to disintegrate unless leader Lyndon LaRouche disappears," writes author Miles Cunningham.

Then, quoting Suall: "Nothing I have seen up until now persuades me that [the current trouble] will be fatal to the organization. . . . The key to the organization is one man—LaRouche—because of the cultlike nature of the movement. If LaRouche disappeared it would not be too long until they all disappeared."

The subject of one presidential candidate, LaRouche, disappearing, has become an obsession among certain circles, both in Moscow and in Washington. Moscow has been broadcasting television programs with Soviet actors impersonating LaRouche purportedly advising audiences in the West not to believe in the sincerity of Mikhail Gorbachov's peaceful intentions. This Soviet program has been apparently broadcast more than once, and it is scheduled to be broadcast, once again, on Swedish television Feb. 27, the first anniversary of the assassination of Swedish Prime Minister Olof Palme.

Ironically, the ADL's Irwin Suall has worked closely

with the Soviet KGB—and with Mark Richards and William Weld of the Justice Department—trying to blame LaRouche even for the assassination of Palme.

## Security-stripping attempts

Suall's ravings in Reverend Moon's magazine would have been of no consequence, were it not for the fact that serious attempts are being made to strip presidential candidate LaRouche of his personal security and thus expose him to assassination threats. On Jan. 30, the Virginia Commonwealth's Attorney for Loudoun County, William Burch, argued before Judge Thomas Horne of Loudoun County, the candidate's county of residence, that Mr. LaRouche's security guards should have their licenses to carry concealed weapons canceled.

Eventually, Burch's request was denied by Judge Horne who, in a ruling Feb. 6, upheld the LaRouche security guards' licenses. It is expected, however, that efforts to compromise LaRouche's security will continue, as will the efforts of Irwin Suall's sponsors to cause LaRouche to "disappear." The principal threat will continue to emanate from the Kremlin, which, so far, is dominated by its own darkest fears, respecting the eventual outcome of the 1988 presidential election.

Unlike what is allowed to be printed in the mass media, so far, both the Kremlin leadership and the U.S. establishment "insiders" have recognized and are proceeding based on the following basic facts: First, the winner of the 1988 election will be a Democratic, not a Republican candidate, principally because of the devastating economic mess associated with "Reaganomics." Secondly, within the field of Democratic candidates, Lyndon LaRouche has the demonstrated ability, as of 1986, to gather 25 to 30% of the Democratic Party vote.

Under the present circumstances, LaRouche's candidacy is being shaped by the fact that a) he enjoys a higher nationwide "name recognition" than all other declared Democratic candidates except Gary Hart and Mario Cuomo, and b) the pro-LaRouche vote is an expression of angry repudiation of the last 20 years of "Establishment" policies, including, especially, the countercultural, post-industrial policies. With the growing panic over the AIDS menace, all political projections indicate that by January 1988, prior to the New Hampshire primaries, Lyndon LaRouche will be perceived by the general voting public as the most viable presidential candidate.

There are those within the U.S. Establishment who, recognizing the depth of crisis represented by the conjuncture of the AIDS epidemic, the impending economic collapse, and the growing Russian strategic threat, are willing to not place the usual obstacles in LaRouche's way. Other circles of the Establishment, closely linked with Russia, among whose ranks one finds both the ADL's Suall, and the Moonies' de Borchgrave, believe that they have between now and the year-end to make LaRouche "disappear."



# Justice Dept.'s Weld and 'shadow government' on trial in Boston

Our system of justice in the United States is based on the notion that crime, not the individual, is the target of law enforcement efforts. However, in this instance we confront a situation in which the government has targetted a group of individuals for investigation, covert action, disruption and selective prosecution, over a period of 18 years. The Oct. 6, 1986 indictment and the Dec. 16 superseding indictment in this case are the first federal indictment of the National Caucus of Labor Committees (NCLC) and its leaders since they were first targetted in 1968-69 by the FBI. Over that period of time, the defendants have been more or less continuously under investigation by the FBI, and have been unsuccessfully targetted in at least 11 instances. . . .

—From the “Memorandum in Support of the National Caucus of Labor Committees’ Motion To Dismiss the Superseding Indictment on Grounds of Selective Prosecution.”

More than 150 defense motions have been filed by associates of 1988 presidential candidate Lyndon H. LaRouche, Jr. in the federal criminal case brought against them in Boston. The motions will blow the lid off the “shadow government” that has operated illegally to fund the Nicaraguan cocaine runners called Contras, arm the Ayatollah Khomeini—and execute “orders” from Soviet party boss Mikhail Gorbachov to “get LaRouche.”

Fourteen of the motions seek to have the indictments dismissed on the basis of flagrant grand jury abuse and prosecutorial misconduct over a period of two years. In effect, they put on trial the Boston U.S. Attorney’s Office formerly headed by William Weld, scion of an opium-trade financial family.

The motion to dismiss filed by the counsel for *EIR* journalists Michele and Jeffrey Steinberg documents that Weld conducted a personal vendetta. He had every motivation to stop *EIR* and political groups like the National Democratic Policy Committee, which led an international effort in August 1986 to stop Weld’s appointment as assistant attorney general, because of his links to institutions that finance the drug trade.

But they show more than that. For more than 18 years, the FBI, Weld’s instrument, used every known means to

interfere with the political activities of LaRouche, his associates, and their financial supporters. However, it was during a heated battle inside the intelligence community over rogue “covert operations,” such as trafficking weapons to Iran, that Weld found support within the “shadow government” of Oliver North, Michael Ledeen, Adm. John Poindexter, and elements of the CIA—in his drive to “stop LaRouche.”

## The intelligence war

At the time of the Oct. 6, 1986 raid on the offices of *EIR* et al., the defendants were deeply involved in exposés of the dirty NSC operations now being investigated by Independent Counsel Lawrence Walsh and several congressional committees. Since the 1970s, *EIR* has identified the NSC as an extra-legal “house” that Kissinger built, the “shadow government” now exposed by Iran-Contra probes. By no later than 1982, Kissinger was demanding through the President’s Foreign Intelligence Advisory Board (PFIAB) that the FBI “stop LaRouche.” FOIA documents submitted as exhibits in the defense motions show that Kissinger induced others on the PFIAB to demand that the FBI look into the financing of the political activities of LaRouche and associates.

Edward Bennett Williams, one of those who contacted the FBI for PFIAB, was, according to a motion, in contact with William Weld in September 1986. Weld assured Williams, “There will be indictments.”

## Target LaRouche

A memorandum filed by Washington attorney Daniel S. Alcorn makes crystal clear that LaRouche’s presidential campaigns were selectively singled out for prosecution:

“The detailed factual sections of this Memorandum demonstrate that 1984 Presidential candidates other than Lyndon LaRouche were not proceeded against criminally for similar acts to those alleged in this indictment. The facts alleged also show that the motive for this action was a concern on the part of certain persons in government that Mr. LaRouche’s politics and policies were gaining too much influence,” the memorandum begins.

On Oct. 31, 1984, “. . . the weekly public affairs magazine, *The New Republic*, commissioned a further investigation of Mr. LaRouche’s influence on National Security Council deliberations. . . . The timing of release of the article

apparently was intended to harm the Reagan re-election campaign by linking his administration's policy making to LaRouche and associates. As this Court will realize, the timing of this article was simultaneous with the beginning of . . . Weld's highly unusual prosecution of Mr. LaRouche and associates in this case.

" . . . Mr. LaRouche's election-eve broadcast of 30 minutes . . . was cancelled when the bank froze accounts following [FBI agent] Egan's telephone call. . . . [A]n FBI telex message released pursuant to the Freedom of Information Act reveals that Mr. Weld was personally active on that day. The message from FBI Boston to FBI Director states, 'U.S. Attorney William F. Weld, Boston, advised on Oct. 31, 1984, that he wishes to move expeditiously in this matter since it affects the integrity of the presidential election process.'"

Motions for discovery submitted by the accused associates of LaRouche demand documents from the government that show that Dennis King, the author of that *New Republic* article, was a source directly and indirectly for the FBI and the U.S. Attorney's office.

Four of the accused in the case—the Steinbergs, Paul Goldstein, and Robert Greenberg—all worked as editors of *EIR*'s counterintelligence section. Their expertise in matters of terrorism, drug trafficking, and U.S. covert operations put these journalists at odds with NSC policies in 1984 and 1985. A motion submitted on Goldstein's behalf alleges that he was threatened by CIA operatives to either "cease and desist" his journalistic activities or face federal prosecution for unspecified and nonexistent crimes.

## Ripping up the Constitution

Justice Department sources told the *Washington Post* that the Oct. 6 raid on Leesburg, Va. offices of *EIR* et al. stemmed from a "let's hit them" order from Weld as soon as he became DoJ Criminal Division head following confirmation on Sept. 10. The motions show that, in its frenzy to get LaRouche, the FBI and Boston U.S. Attorney's Office violated every protection of freedom of association and due process specified in the Bill of Rights. The motions allege:

- That ". . . the search of their offices was conducted in a manner more akin to the pillage of an ancient city by pagans than a legitimate law enforcement operation. . . ."

- That the FBI misled the federal judge who signed the Oct. 6 warrants by failing to inform the judge that other jurisdictions had also obtained search warrants; the FBI also failed to reveal that thousands of the documents they were seeking to seize in the search had been turned over to the grand jury a year before.

- That the FBI and other agencies that comprised the 400-man assault force, seized thousands of documents and items not specified in the warrant.

- That the Fourth Amendment to the Constitution was violated when several hundreds of documents involving com-

munications between clients and their attorneys were seized.

- That the Grand Jury was abused by the U.S. Attorney's office, which proffered selective summaries of testimony given over a period of 18 months, rather than presenting full testimony.

- That the indictment of Elliot Greenspan, a leading spokesman for the NDPC, makes a mockery of due process: He had been granted immunity from prosecution.

- That the Grand Jury was abused and manipulated by the U.S. Attorney's Office, which intentionally leaked—through its witnesses and sources—elements of the secret proceedings which found their way into the press solely to prejudice the case.

- That the U.S. Attorney's Office intentionally withheld "exculpatory" information from the Grand Jury, including information that First Amendment activities like writing of articles and public demonstrations are not "overt acts in furtherance of a conspiracy." In a hearing before a Boston federal magistrate in December 1986, Assistant U.S. Attorney John Markham stated that "normally" free speech is protected by the Constitution, but in the case of LaRouche's associates, words are "overt acts."

## Selective prosecution

The Alcorn memorandum also presents a small sampling of abuses and irregularities by other presidential campaigns.

" . . . The Federal Election Commission discovered a pattern of "bad checks" issued by the Cranston campaign. The FEC "Bad Check List-Final" lists a total of 736 checks totalling \$166,498.07 which were returned as insufficient funds checks, i.e. 'bounced checks' in the vernacular. . . . The FEC final Audit Report states . . . 'The Commission has not previously encountered the issuance of insufficient fund checks on such a large scale by a publicly-funded committee. . . . The government's solution to this pattern was to disallow federal matching funds for the \$5,502 of bank . . . charges. . . . There was no criminal investigation nor a criminal prosecution.'

"The size of the illegal contributions to Glenn, alleged by the government, \$1,900,000, dwarfs the charge in this case, \$58,000.00, yet the government does not pursue criminal penalties."

The government alleges that non-repayment of loans to political contributors was part of the criminal "scheme" run by the LaRouche campaign committees. The memorandum notes, "After the 1984 campaign, Senator Gary Hart's campaign remained awash with debt . . ." [\$2,423,228.32, according to FEC records for the third quarter of 1986]. "There has been no criminal investigation of Sen. Hart, his campaign and staff for mail fraud and wire fraud for these 'debt settlements' at 25 cents on the dollar. Yet the government accuses Independent Democrats for LaRouche in this indictment . . . of incurring debt with no intention of paying it back, or only making partial payment on the debt."

# A victory on SDI for Weinberger

by Leo F. Scanlon

Secretary of Defense Caspar Weinberger has continued to stir up Washington, D.C., winning some decisive territory in the ongoing bureaucratic war over the future of the Strategic Defense Initiative (SDI). A White House meeting, of high-level national security officials with the President, provided the opportunity for Weinberger to secure a commitment by this administration to proceed with the planning for the phased deployment of rapidly maturing SDI technologies as they come on line.

Widely perceived as a decisive victory over the disoriented arms-control approach of George Shultz, and the pernicious budget-cutting of Don Regan, Weinberger's policy will not only assure the earliest possible deployment of defensive technologies, but will also eliminate any "bargaining chip" approach to the SDI, as it guarantees that the only item for discussion with the Soviets will be the President's 1983 offer to "share the benefits of joint deployment" of defensive systems.

"We are not running an academic hobby-shop here . . . we do intend to deploy," the Secretary told the House Appropriations Committee, and emphasized that the White House meeting did not discuss early deployment of existing technologies, which, he testified, the SDIO has deemed inadequate, but discussed the plans necessary to move ahead with a deployment of a first phase of a system built on "new physical principles," and which would ultimately include "directed energy, laser beams, x-ray—any one of a number of destructive methods of dealing with a Soviet missile."

Under questioning by the chairman of the committee, Weinberger elaborated: "We don't believe there is anything on the shelf that we can deploy today or tomorrow, we don't see any possibility of deployment this year or next year. . . . We're talking at the moment, mainly about the success that has been demonstrated in the research in the space-based kinetic kill vehicles. . . . We would only deploy something that would be an integral part of the whole system . . . but we think we are getting close to the point where a deployment decision could be made, and we could get a first phase of a system deployed which could destroy a substantial number of Soviet missiles, and that would be in effect the foundation of this program."

The startled chairman then asked a question which ranks

among the classic interrogatories of an effective cabinet member by a congressman: "Mr. Secretary, every year there is an increasing request for money for SDI, and each of those years we have substantially reduced the request amount; and the information furnished, from time to time, is that if we substantially reduce, we would substantially delay the time of deployment of SDI—now if we have been slowed down . . . how do you then tell us that we have advanced far enough and fast enough, even with those cuts, to be ready for deployment by 1994, instead of 2000 . . .?" The answer offered by Weinberger effectively responds to all the questions raised by press speculation on this matter: All proposed dates are hypothetical. The fact is, that with all the limitations on funding imposed by Congress, and with funding heavily weighted toward kinetic systems, progress has occurred at an astounding rate, and already offers the potential to begin moving the world out of the military geometry of MAD, and into an era dominated by progress in defensive systems.

Both Secretary Weinberger and the SDI Organization have repeatedly stressed that if full funding were provided for the entire array of proposed systems, the rate of progress, especially in the most exotic weapons programs, would be at least as fast as it has been in the realm of kinetic systems. The benchmark of current progress, according to these spokesmen, is the Delta 180 experiment conducted last summer. These experiments demonstrated the feasibility of an array of tracking, pointing, and sensor systems, and the computer programming for battle management systems, necessary for deployment of boost-phase kill technologies—no matter which particular weapon is initially deployed.

A Jan. 30 address to the American Physical Society by SDI official Louis C. Marquet reviews the progress in all these areas, and points out that the question now posed is, which weapons systems should be "plugged into" this boost-phase kill capability? The "mature technologies" are the kinetic vehicles, and represent a path of least resistance (especially for the capital-starved aerospace industry, eager to produce something, anything, but now), and if integrated with the most advanced technologies now being developed, represent the first step of a continuous deployment of an open-ended, evolving, defensive weapon system.

That is the point which most infuriates the arms-control advocates, who now realize that they have been "out-foxed" by the SDI. When questioned about his views on the ABM treaty, in this respect, Secretary Weinberger provided a concise summary, in which he pointed out that the ABM treaty specifically permits the development of weapons systems based on "new physical principles," and also provides for alteration of the treaty itself at the point that deployment of such systems becomes a question. Therefore, the secretary confidently asserted that this will be the primary point of discussion with the Soviet Union, and all other "incorrect interpretations" of the ABM treaty will be muted by the fact that this administration will move the world into the SDI era.

# Will the U.S. Constitution survive its bicentennial?

by Kathleen Klenetsky

If Trilateral Commission member Lloyd Cutler and his Committee on the Constitutional System (CCS) get their way, 1987, the bicentennial celebration of the U.S. Constitution, could be the last year in which the republican form of government continues in force.

Instead of a government representing "we the people," and dedicated to providing for the "common defense and general welfare" of the population, every essential element of U.S. policymaking will be controlled by a small gang of oligarchical elitists who, like Cutler, bitterly oppose the Founding Fathers' belief in the capacity of an enlightened citizenry to participate in ordering the affairs of their country.

Since 1980, Cutler, former chief counsel to Jimmy Carter, has waged an aggressive public war against the Constitution, charging that it is outmoded and incapable of meeting the challenges now facing the United States.

That contention is nonsense, as Cutler well knows. The problems now engulfing the United States lie not with the Constitution, but with the failure of successive administrations, including the present one, to commit themselves firmly to the American System of economic development and scientific progress the Constitution was explicitly designed to promote. Cutler, and the oligarchical faction he represents, have historically opposed the American System, and believe that by eliminating the Constitution, they can obviate a potential return to these principles.

Cutler's battle against the Constitution went into a new phase last month, when the CCS, a group which Cutler founded in the early 1980s as a vehicle for his anti-Constitution campaign, issued a report recommending sweeping changes in America's constitutional system, ranging from strengthening the two-party system, to amending the Constitution's treaty-ratification provision. If implemented, these changes would effectively eliminate the last vestiges of constituency politics in this country.

The CCS's 51-member board is heavily weighted with Trilateral Commission members; the Trilateral Commis-

sion's antipathy to republican government was first expressed in a notorious 1974 publication, *The Crisis of Democracy*.

Among the Trilateraloids whom Cutler has publicly lined up in support of subverting the Constitution are former Transportation Secretary William Coleman; Bruce MacLaury, president of the Brookings Institution; Glenn Watts, head of the Communication Workers of America; and Robert McNamara, the former defense secretary and World Bank president who backs mass genocide against the Third World, and *de facto* surrender to Soviet hegemony.

Other prominent members of Cutler's anti-Constitution campaign include former Treasury Secretary C. Douglas Dillon, whose daughter married into the Belgian oligarchy, and who serves as CCS co-chairman with Cutler and Sen. Nancy Kassebaum (R-Kan.); former CIA Director William Colby, now active in the anti-SDI, pro-disarmament lobby; Douglas Cater of the Aspen Institute; historian James MacGregor Burns; and Sen. Daniel Patrick Moynihan (D-N.Y.). A relatively new member of the CCS, Moynihan is a protégé of New York's oligarchical Harriman family, which has been warring against the Constitution for a century. (Perhaps Moynihan's recent affiliation with the CCS can be explained by the fact that last spring, he became so incensed when LaRouche Democrats triumphed in the Illinois state elections, that he called for eliminating primaries altogether!)

## Getting rid of representative government

Calling itself a "Bicentennial Analysis of the American Political Structure," the CCS report flatly asserts that the constitutional system devised by the Founding Fathers no longer works, and requires fundamental revisions.

The report claims that the system's major problem is the separation of powers. The Constitution's framers put this unique arrangement of legislative-executive-judicial checks and balances into place in order to keep the government answerable to the nation's citizens. As John Adams wrote to Thomas Jefferson, "Checks and balances, Jefferson . . . are

our only Security, for the progress of Mind, as well as the Security of the Body.”

But, charging that the separation of powers, particularly in executive-legislative relations, has produced chronic “confrontation, indecision, and deadlock,” and has made it next to impossible for the President and the Congress to agree on common approaches to problems such as budget deficits, nuclear disarmament, and international treaties, the CCS advocates that this foundation of the constitutional system be overturned.

It is no accident that the CCS document should complain about the alleged “stalemate” that has occurred in these specific policy areas. Placing total decision-making powers over the crucial realms of economic and strategic policy, in the hands of technocrats controlled by the Eastern Establishment, instead of elected politicians who can be swayed by their constituents, has been Cutler’s primary purpose since he first inaugurated his anti-Constitution campaign.

In an article published in the Fall 1980 issue of *Foreign Affairs*, the journal of the New York Council on Foreign Relations, Cutler openly acknowledged that his objective in calling for constitutional “reform” was to ensure that the oligarchs’ policy agenda, specifically, the imposition of drastic levels of austerity on the domestic economy, and selling out U.S. national security interests to the Soviet Union, could be implemented with an absolute minimum of political opposition.

Written while he was still serving as President Jimmy Carter’s White House counsel, Cutler’s widely publicized article called outright for junking the constitutional system, and replacing it with one modeled on the outmoded, oligarchically oriented, British parliamentary form of government.

The crux of Cutler’s argument was that the United States was inexorably entering a period of economic contraction, which would require adoption of harsh economic policies. Because these would be so politically unpalatable, the constitutional system, with its inherent constituency-orientation, would have to be replaced with something less susceptible to popular pressures.

“During the second half of this century,” Cutler wrote, “our government has adopted a wide variety of national goals. Many of these goals—checking inflation, spurring economic growth, reducing unemployment, protecting our national security, assuring equal opportunity, increasing social security, cleaning up the environment, improving energy efficiency—conflict with one another, and all of them compete for the same resources. There may have been a time when we would simultaneously pursue all of these goals to the utmost.”

But, “that time has past,” Cutler claimed, and now one of the “central tasks of modern government is to make wise balancing choices among courses of action that pursue one or more of our many conflicting and competing objectives. . . . A responsible government must be able to adapt its programs to achieve the best balance among its conflicting

goals. . . . For balancing choices like these, it is almost impossible to achieve a broad consensus. Every group will be against some part of the balance. If the ‘losers’ on each item are given a veto on the part of the balance, a sensible balance cannot be struck.”

Cutler also cited the Senate’s failure to ratify SALT II as another major reason the United States should toss out the Constitution.

Previous attacks on the Constitution, notably that launched during the so-called Progressive Period in the early part of this century, were also explicitly aimed at wresting control over economic and foreign policymaking away from constituency-oriented politicians.

One of the best examples of this was Charles Beard, whose 1913 book blasting the Constitution was sponsored by Averell Harriman’s mother, a dévotée of the British parliamentary system. Beard, a perfervid admirer of Benito Mussolini, ran the Harriman-funded Bureau of Municipal Research, which promoted the idea that unelected technocrats should replace elected officials as much as possible. When Beard helped draft a model state constitution for New York in 1920, he wrote extensively on the need to get control of the budget out of the hands of politicians, and into the hands of technocratic experts.

Although not quite as extreme as Cutler’s *Foreign Affairs* article or Charles Beard’s fulminations, the CCS report expresses the same basic outlook and objectives. For example, the report points to the fact that SALT II and several other related treaties, including the 1974 and 1976 treaties on underground nuclear tests and explosions, have not been ratified by the Senate, as evidence of unmistakable “signs of strain in our governing processes.” This contention blithely ignores the fact that SALT II was rejected, because it was seen to run counter to U.S. national security interests.

Cutler and his fellow Constitution-haters have a ready solution for this dilemma: To avoid future untoward interference by the Senate in the oligarchs’ plans for striking a deal with the Kremlin, the CCS proposes “relaxing” the existing, constitutionally mandated procedures governing treaty ratification.

“The present constitutional requirement that treaties require the approval of two-thirds of the Senate has been a major barrier to the use of treaties and has led to evasion of the treaty process by way of executive agreements. To restore an appropriate congressional role in the making of agreements with foreign powers, this provision should be amended to require that treaties can take effect with the approving vote of a constitutional majority of both houses. If the Senate does not join in proposing such an amendment, it should at least approve an amendment reducing the present requirement of approval by two-thirds of the Senate to 60%.”

### **Moving toward the British system**

Most of the CCS’s recommendations would bring the

United States much closer to a parliamentary form of government—a system which the Constitution's drafters found to be gravely flawed.

The report calls for a four-year term for House members, and eight-year terms for senators, with federal elections every four years. According to the CCS, this would enable closer policy coordination between the executive and the legislative branches, and enable both to implement politically unpopular policies without being encumbered by the political constraints of mid-term elections. "Presidents and legislators could join to enact necessary measures with the promise of longer-run benefits, without having to worry about an imminent election before the benefits were realized."

In a proposal even more directly copied from the parliamentary system, the report calls for allowing members of Congress to serve in the cabinet. Noting that the constitutional taboo against such an arrangement "was intended to prevent the President from dominating Congress by offering executive positions to key legislators," the CCS nevertheless insists that "its principal effect has been to deprive the nation of administrators who would have the confidence of both the executive and legislative branches." Removing this "barrier" from the Constitution, and enabling Presidents to appoint leading legislators to cabinet positions, would encourage "closer collaboration" between the branches and help to prevent stalemate.

The report makes several recommendations which are supposedly aimed at strengthening the party system, but which are actually geared at ensuring that a select few would be able to determine party policy. One calls for partial public financing of congressional campaigns, in which party leaders would be given control over half the funds. In practice, this means that if a candidate were to run afoul of party leaders, for instance, if a Democratic candidate were to oppose his party's official support for the SALT II agreement, he would probably lose half of the funds allocated by the federal government.

In addition to these measures, the report contains several other recommendations that did not command the majority approval by the CCS board, but were nevertheless deemed "worth considering." One of the most important is the proposal, avidly promoted by Cutler, that either the President, or Congress, or both, be allowed to call new elections, as is done in parliamentary systems, as a "mechanism for resolving deadlocks over fundamental policy issues." Such a provision would make the United States susceptible to the kind of topsy-turvy shifts in government which have plagued other countries with parliamentary systems, such as France.

Another, also supported by Cutler, calls for forcing voters to vote a straight party ticket.

### **Propaganda offensive**

The CCS is cynically exploiting the Constitution's bicentennial to promote its program for replacing that document. According to a CCS spokesman, the group has a wide variety

of propaganda operations in the works, including a series of regional meetings across the country, newspaper articles by sympathetic journalists, etc., which will popularize the notion that the Constitution needs to be revised. The group has already held two regional seminars on "constitutional reform," and has several others planned for late winter.

CCS will attempt to reach a larger audience in May, when Public Broadcasting System airs a five-part series dealing with the Constitution's "problems," and publicizing the CCS's recommendations. One segment of the series has already been taped, and provides a good clue as to its overall intent. It features such prominent individuals as CCS board members Cutler and Kassebaum, Gramm-Rudman architect Sen. Warren Rudman (R-N.H.), former Supreme Court Chief Justice Warren Burger, ABC White House correspondent Sam Donaldson, and Attorney General Ed Meese, participating in panels entitled "The President, the Congress, and the Making of War," "The President, the Budget, and the Separation of Powers," and "Proposed Changes in the Constitution." The series is being produced by Fred Friendly, who used to sit on CCS's board, and whose wife, Ruth, still does.

### **The Cutler pedigree**

In a very real sense, Cutler's proposals for changing the Constitution have already been put into effect via the Gramm-Rudman-Hollings balanced-budget law, which handed extraordinary powers over federal budget policy to the number-crunchers at the Office of Management and Budget.

It is hardly a coincidence that Cutler was right in the middle of the legal battle contesting Gramm-Rudman's constitutionality last winter, serving as the chief counsel for the government's case to keep the bill intact. In an interview shortly after the bill was enacted, CCS coordinator Peter Schlauffer predicted that it "will cause such a political and constitutional crisis, it will force people to see the need for constitutional reform."

Over a long career as Washington lawyer and Democratic Party "statesman," Cutler has specialized in subverting governments. Last year, for example, he figured prominently in the "Greenpeace" affair, a scandal launched by the Trilateral Commission to destroy patriotic sections of the French intelligence services. Cutler provided free legal services to Greenpeace, the terrorist, Moscow-linked "ecology" group.

More recently, Cutler's role as the chief architect of the Carter administration's secret agreements with Ayatollah Khomeini, which began the immoral and stupid U.S. policy of supplying arms and political support to Iran—has come to light in press exposés of the Iran-Contra affair.

Although it will not be easy to convince Americans to get rid of a political system which has served them so well for 200 years, Cutler himself is optimistic. He told an interviewer that support for scrapping the Constitution will become widespread under conditions of economic and political crisis—a description more than applicable to 1987.

## Speakes slams press in departure

In a speech before the National Press Club on his final day as press spokesman for the White House, Larry Speakes surprised the 150 assembled journalists with a serious critique of dangerous trends in journalism. He said that reliance on unnamed "administration sources" for "leaks" in the leading daily newspapers, and fixation with entertainment ratings on the nightly TV news, have subverted the profession.

Speakes, who became President Reagan's chief spokesman when press secretary James Brady was seriously wounded during the attempt on President Reagan's life in March 1981, served longer in that job than anyone in the postwar period since President Eisenhower's James Haggerty. He had also worked in the Nixon and Ford White Houses.

Although his picture of the degenerate trends in journalism was on the mark in many ways, his limitations in the job reflected more general weaknesses that continue to dog the administration as a whole. Just the fact that Speakes chose to go on to the "greener pastures" of Merrill Lynch, an institution notorious for its ties to laundering dirty money since the days when Don Regan was its CEO, betrays the kind of amoral thinking on economics which was massively rebuffed by voters last November.

Speakes's ignorance, for example, of the release in late January of a major document by the Vatican attacking the debt collection policies of the International Monetary Fund, was intolerable for a spokesman of the

President of the United States. During his final press briefing at the White House, he professed ignorance of the document when asked by this reporter if he could comment on it. "No," he said, and then added a stupid retort, "You Catholics aren't giving your 10 percent?"

Despite this crippling flaw in judgment on the moral basis of economic policy, in his closing speech, Speakes had some sharp insights about the so-called Fourth Estate.

"When I began in this business," Speakes said, "the way an editor chose the lead story was by asking the questions, 'How many people does this affect?' 'What's the impact on the community or nation?' Today it seems the number one factor in determining what's news is conflict—still better if it's personality conflict."

Reporters from the major media often come to the White House briefings "preoccupied with an axe to grind about a policy they are interested in." There is an "automatic presumption by many members of the press corps," he said, "that the government is lying."

He said that TV has developed an overwhelming influence over American public opinion, even though the subject on the nightly news may be based on a leak that appears in the front page of that morning's *New York Times* or *Washington Post*.

Speakes said he'd never been asked to lie during his years at the White House, but admitted that he had been "misled" by certain people. Yet, he said he often felt he was spending 90% of his time reacting to "leaks" in the morning papers rather than presenting information.

One way around this, he proposed, was to "send that well-quoted 'administration official' off to a long, overdue retirement. Let government pledge to tell the story on the record. . . . Too often an administra-

tion official speaks from behind a cloak of anonymity, making news by sabotaging those with whom he disagrees, by conducting character assassinations on his colleagues in government, and, most seriously, leaking top secret information that may be damaging to our country.

"This official hidden behind this cloak is a phantom. Reporting him as a 'senior administration official' makes the press and the public unable to evaluate his credibility. Is it a mid-level bureaucrat with an axe to grind, or is it a Cabinet secretary who knows what he's talking about? Let's try it. Tell it on the record, or let's not tell it at all."

Because of television, "today, more often than not, a single issue will dominate the White House news for the day. This is brought on by television which airs only one story a day from the White House beat." Television press conferences with the President "may have outlived their usefulness to the President, the press, and the public," and "the White House and the press must together take steps to save this important institution of the democratic process," he said.

"What's wrong?" he asked. "The press conference is a theater. They're scripted. Reporters ask written questions to which a President gives a rehearsed answer. The spontaneity is lost. The press is not looking for information, they're out to make news. An 'I gotcha' syndrome prevails. There is an attempt to entrap a President. 'How can he get him to say what he doesn't want to say?'"

Speakes proposed "taking the TV news shows out of the ratings game." He said, "See if there is a way to exempt the nightly news from the sledgehammer of the Nielson's poll. . . . Let's take the news business out of the entertainment business and put it back where it belongs . . . in the news department."



## Move to restore investment tax credit

Several congressmen have begun to try to correct part of the disastrous tax reform act which passed the Congress last year. Reps. John Murtha (D) and Richard Schulze (R), both from the once industrialized state of Pennsylvania, have co-sponsored H.R. 936 to reestablish the Investment Tax Credit (ITC) as part of the federal tax code.

The ITC was a crucial tool of the Kennedy administration in encouraging productive industrial investments. The ITC was repealed for a brief time in 1970 during the Nixon administration, but then reinstated six months later because the deleterious effect on productive investment in the economy was so quickly recognized.

The 10% ITC was repealed outright by the 99th Congress as part of the "flat earth" package of tax code reform. The new tax code locks in the past 20 years drift into a post-industrial society by treating overhead and parasitical investments on an equal footing with productive investments.

The Schulze-Murtha bill would establish a 5% ITC for more precisely targeted productive equipment and machinery purchases in the machine-tool, computer, telecommunications, and utilities sectors of the economy.

"Repealing the ITC was the wrong direction to go in," a spokesman for Schulze's office said. By totally repealing the ITC rather than reforming it "we threw the baby out with the bathwater."

There was justified criticism of the ITC, that it was increasingly used for non-productive investments by banks, retail stores, and the service sector generally. H.R. 936 makes the investment more targeted and specifically

excludes things such as building structures.

Willingness to make the productive/non-productive distinction by a moderate Democrat such as Murtha, who has an instinctual objection to the current decimation of U.S. industry, and Schulze, is an important step in debating workable economic recovery policies.

Schulze's office estimates that barring a sudden shift, the House Ways and Means Committee will not hold hearings on the proposed ITC for another six months, and would not act on it probably until early next year at best.

## Budget Office suggests sinking NASA, crippling SDI

The Congressional Budget Office (CBO), an arm of the Congress, suggested major cuts in the space program and the Strategic Defense Initiative, the most crucial "science drivers" for technological innovation and productivity increases in the economy, as ways to cut the budget and save money.

The suggestions include abandoning the space station program and dropping plans to build another shuttle to replace the destroyed Challenger. Also, by stunting the growth of the SDI, CBO claims that another \$7 billion could be saved over five years. "Concerns about technological balance and the pace of SDI growth could be partly addressed by slowing the rate of growth in spending," CBO suggests.

Sen. Don Riegle (D-Mich.), chairman of the Space Sciences subcommittee, was properly alarmed at

such "troublesome" made-in-Moscow suggestions. Holding hearings with NASA Administrator James Fletcher on Feb. 3, Riegle said that the space station program was "long overdue." "We are already way behind the Russians," a Riegle aide said later, as he pointed out that the Soviets have had an operating manned station for some time, while the earliest the U.S. could get a station operating is 1994 or 1995 under current projections.

Reflecting strong congressional sentiment, Riegle supports having four orbiters, i.e., the shuttle replacement. Fletcher adamantly denounced a suggestion to halt replacement of the shuttle as "unthinkable."

Headed by Dr. Rudolph Penner, the CBO suggestions were made at the request of both the Senate and the House Budget committees.

The CBO also made suggested cuts in farm programs, elimination of community block grants, and cuts in Medicaid.

## Clean water bill passes over Reagan veto

President Reagan was handed his first major defeat by the 100th Congress as it passed the clean water bill into law over the President's veto. The veto override, which required a two-thirds vote in the House and Senate, passed the House by 401 to 26 on Feb. 3, and the Senate by 86 to 14 a day later.

Reagan insisted, largely on the advice of White House Chief of Staff Donald Regan (according to Hill sources), upon taking a defeat on the bill, even as Democrats and Republicans alike pleaded with him to sign the

bill into law. "The President could have and should have declared victory," Sen. George Mitchell (D-Mass.) said, "because a major federal program will be coming to an end."

Mitchell and others pointed out that funding for the clean water program of \$18.5 billion over nine years, upon which time the program would end, was half of previous rates of funding. The administration had reached an agreement with the Congress for these cuts in funding shortly after taking office. "We kept our part of the bargain; the President did not," Mitchell said.

Rep. James Howard (D-N.J.), chairman of the House Public Works Committee, also said he regretted the fact that the veto had to be overridden at a time when the President was already weakened by the Iran-Contra arms affairs.

The bill authorizes \$9.6 billion for direct grants to communities for sewage treatment plants through 1990, and \$8.4 billion for revolving funds for construction thereafter.

## **Gonzalez attacks usury and the Federal Reserve**

Democrats on the House Banking Committee have reportedly agreed to revive the Garn-St Germain act granting emergency powers to the Federal Deposit Insurance Corporation (FDIC) to arrange interstate sales of failed banks, and the Federal Savings and Loan Insurance Corporation (FSLIC) to prop up struggling and bankrupt thrift institutions through accounting manipulations.

Rep. Henry Gonzalez (D-Tex.), citing his duty to speak out, said on the House floor Jan. 27 "that the time

has long been past for proper, efficacious, and effective remedies" to the banking crisis, which he said was apparent and a growing problem in the early 1960s.

Gonzalez attacked usury as the root cause of the current problems. "The advance invader has always been interest rates," he said. "The history of interest rates shows that empires have risen and fallen on the basis of interest rates. When the great rulers of Imperial Spain began to have to pay their money lenders usurious rates, that began the decline of the Spanish Empire.

"You cannot . . . flagellate or crucify a nation with a crown of usurious thorns without eventually destroying its economic well being," Gonzalez said. He pointed to the Federal Reserve, a non-elected body, making decisions that "will determine what kind of standard of living" we will have, as a power for private interests.

"It remains to be seen whether we revert to our savagery or whether we become the promised image of the Creator himself who has very different lessons and injunctions given us."

## **New threats of defense funding cut-off**

The arms-control mafia is increasingly using the threat of cutting off funding to give the arms-control agenda priority over U.S. security interests.

Led by House Democratic Caucus Chairman and presidential aspirant Rep. Richard Gephardt (Mo.), Rep. Pat Schroeder (D-Colo.), and others, the Caucus on Feb. 4 called for a cut-off of funds for further nuclear testing, and urged House committees to "take whatever action may be necessary" to

block funds for nuclear tests as long as the Soviet Union refrains from testing.

The arms-control crowd in the House was taken by surprise to learn of the latest nuclear test in Nevada, two days earlier than scheduled. Gephardt said he was outraged to learn of the test and claimed that "to begin a new round of tests only helps the Soviet Union."

Liberal Republican Bill Green (N.Y.) made the unilateral disarmament aspect of a halt in testing even more clear. "It is up to us to negotiate for the administration by eliminating funds for nuclear tests," Green said.

Rep. Norm Dicks (D-Wash.), however, wins the Lenin Prize for sending a letter to President Reagan on Jan. 30, threatening that Congress would react to a decision for early deployment of the Strategic Defense Initiative by cutting funding for the program.

Reps. Dante Fascell (D-Fla.) and William Broomfield (R-Mich.), the chairman and ranking member of the House Foreign Affairs Committee, also wrote the president on Feb. 3 urging no decision on phased deployments of the SDI without consultation with Congress.

In the Senate, the gang of four, Sens. Dale Bumpers (D-Ark.), Patrick Leahy (D-Vt.), John Chafee (R-R.I.), and John Heinz (R-Pa.) introduced legislation Jan. 29 which would compel the United States to stay within the limits of the unratified SALT II treaty. In December, 57 Senators signed a letter to Reagan urging him to reverse his decision to break with SALT II, and the four Senators say the Senate will pass the measure, although they are uncertain whether they could override a presidential veto.

# National News

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## U.S. conducts test, Soviets protest

The United States conducted its first underground nuclear test of 1987 on Feb. 3 at 10:20 EST at a site near Las Vegas, Nevada. The blast had a yield of less than 20 kilotons of dynamite. It was the 20th announced test by the United States since the Soviets completed their scheduled round of tests and called it a "moratorium."

The U.S. test was held two days earlier than had been expected, foiling the expectations of demonstrators—including the Greenpeace organization and "scientist" Carl Sagan, the publicist for the Soviets' "nuclear winter" propaganda—who had begun converging on the test site.

The Soviet news agency TASS promptly condemned the nuclear test in Nevada, saying, "The Reagan administration, clearly challenging world opinion, has again ignored the Soviet Union's call to join its unilateral moratorium on nuclear tests and confirmed its intention to follow a dangerous course for the escalation of the nuclear arms race."

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## LA Times says Haig behind Iran policy

Republican presidential aspirant Alexander Haig, the former NATO commander and secretary of state, is attacked as the author of the policies exposed in the Irangate scandal, in an op-ed published in the *Los Angeles Times* Jan. 19. The article is entitled, "Haig Leaves his Dirty Tracks all over American Policy."

The author, former National Security Council senior staff member Roger Morris, points to Haig as the patron of former NSC heads Adm. John Poindexter and Robert McFarlane, as well as Michael Ledeen, Col. Oliver North, and other figures who played a key role in Irangate.

Morris ridicules Haig for leaving U.S. intelligence and diplomacy "hostage to Is-

rael," for espousing a "cynical, belligerent" worldview, and having a "mien of shared anger and ignorance," both of which he says typify the Reagan administration.

If the "seamy" Haig is not investigated, concludes Morris, the Congress will have missed the point of the whole affair.

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## Bronx Democrats under fire again

The Bronx Democratic Party, one of whose bosses committed suicide rather than face corruption charges, and another of whom, Stanley Friedman, is now jailed on such charges, continues to be battered by criminal investigations.

A standing grand jury convened by the U.S. Attorney for the Southern District of New York, Rudolph Giuliani, has subpoenaed both U.S. congressmen from the Bronx, Mario Biaggi and Robert Garcia, and Bronx party boss Stanley Simon on kickback charges. The same grand jury has subpoenaed former Maryland Congressman Parren Mitchell.

All are charged with receiving kickbacks ranging from \$60,000 to \$1.7 million, involving bribery by a defunct New York firm, Wedtech.

Former Reagan political aide Lyn Nofziger is currently being investigated by a special prosecutor for his links to the same firm. Reportedly, 20 government officials are under investigation.

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## Cuomo hires panel of 'economic experts'

New York Gov. Mario Cuomo (D) announced at the end of January that he has named a panel of "experts" to advise him on economic issues, ranging from the U.S. trade and budget deficits to the Third World debt crisis. In making the announcement, Cuomo declared that the U.S. economic crisis will be the number-one issue of the 1988 presidential campaign.

Cuomo's panel includes such relics of Jimmy Carter-era economic thinking as former UAW official Irving Bluestone, Lazard Freres' Eugene Keilin, MIT's Lester Thurow, Steelworkers president Lyn Williams, and Robert Rubin of Goldman Sachs.

News media treated the announcement as a virtual declaration by Cuomo of his 1988 presidential candidacy, with the *New York Times* playing up the announcement as the clearest sign yet that he will enter the presidential race.

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## Fundamentalists join homosexuals against Pope

Homosexuals will not be alone when they come out to protest the visit of Pope John Paul II to the United States this fall. They will be joined by . . . Christian fundamentalists.

Declaring Pope John Paul II an anti-Christ and the Roman Catholic Church an un-Christian religion, the South Carolina Baptist fellowship passed a resolution Feb. 2 calling for nationwide protests against the Pope's visit. Bob Jones, Jr., chancellor of Bob Jones University in South Carolina, who drafted the resolution, said, "I think in every state there should be organized opposition to the papal visit."

Members of the lower sexual classes based in California announced recently that they would organize demonstrations against the Pope because of the Vatican's stand against homosexuality as morally wrong.

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## Judge rebukes FEC for harassment

California Federal District Judge Pamela Ann Rymer Dec. 22 issued a Memorandum and Order chastising the Federal Election Commission for persisting in an effort to obtain "unrestricted discovery" against a political association headed by Lyndon H. LaRouche, Jr., the presidential candidate.

The FEC had been seeking a blanket

subpoena against members of the Los Angeles Labor Committees, a chapter of the National Caucus of Labor Committees, the philosophical association headed by LaRouche.

During 1984, the FEC announced that it had received "a complaint" alleging that the philosophical group had raised funds for LaRouche's 1984 presidential campaign, and therefore, the FEC was opening an investigation, and would seek depositions and documents from the members. The association's attorney vigorously opposed this, charging that the federal agency was in "bad-faith," had no grounds for its charges, and was merely seeking to obtain information for a stymied Boston grand jury proceeding against LaRouche associates, headed by the Justice Department's William Weld.

During the summer of 1986, after oral arguments, Judge Rymer narrowed the FEC's subpoena power. The FEC sought to have her reconsider, but she replied in a December ruling, that the FEC "cites no authority which would justify" the Court a broader subpoena. "At this point, a grant of unrestricted authorization to gather evidence . . . would allow the FEC to exceed its jurisdiction."

## Billington to be freed from illegal jailing

LaRouche associate Michael Billington, held over three weeks in a Loudoun County, Va. jail without bail on contrived charges of "securities fraud," will soon be freed under terms of an agreement worked out between his attorney and Missouri officials, sources reported on Feb. 6. According to unverified news reports, the State of Missouri will drop the criminal charges pending against Billington if Caucus Distributors Inc., his employer, repays several loans due to a Missouri woman.

Billington has been held since Jan. 16 on an Extradition Warrant signed by Virginia Gov. Gerald Baliles. Billington was charged with 15 felony counts of "securities fraud" in Lawrence County, Mo., although, according to court papers, he has never set foot in that state. Loudoun County Circuit

Judge Carleton Penn twice refused to release Billington on bail.

Local WAGE radio in Leesburg, Virginia stated that Billington would be held until the loans were repaid. Many persons commented, on hearing the report, that "debtors' prison" was supposedly outlawed in the United States 150 years ago.

## Kirk says he'll 'referee' Democratic primaries

Democratic National Committee chairman Paul Kirk said that he will undertake an effort to reduce party strife during the primary campaign, and is planning to personally play a "referee" role, watchdogging all presidential primary candidates.

"I hope to be able to set and keep a tone to this thing that emphasizes being positive, civil, constructive, and presidential," said Kirk in Austin, Texas on Jan. 31.

The DNC chairman plans to convene a meeting of Democratic candidates who have decided to run and form a group composed of top officials from each campaign to meet regularly throughout the process. There will also be a group of "neutral" Democrats set up to monitor the campaign as it unfolds and "be prepared to speak up publicly" if the rules are broken. Among Kirk's rules: no negative messages about other candidates, and no campaigning against the party or against its rules and procedures.

The DNC is now considering a Houston convention site, now that the Republicans have fixed on New Orleans. The *Boston Globe*, reporting from Austin, says that top Democrats favor Houston for reasons which are "partly symbolic, partly logistical." Texas is a state the Democrats can win, and, second, hard times have created a great deal of vacant office space downtown.

Meanwhile, ultraliberal Democrats, dismayed that the party seems to be moving toward the right and center, have decided to regroup, with a series of regional meetings set for Albany, Detroit, Kansas City, Chicago, and Boston. The leaders of this effort are Americans for Democratic Action (ADA) head Ann Lewis and Institute for Policy Studies socialist Michael Harrington.

## Briefly

● **ROBERT GATES**, the nominated successor to CIA director William Casey, is opposed to the type of covert operations run under Casey, the *Los Angeles Times* reports. Gates reportedly will curtail operations such as the Contra policy, which had been approved by Casey.

● **RICHARD PERLE** has been stripped of all power at the Defense Department, according to knowledgeable sources, but Perle still claims he won't resign. Perle's recent full endorsement of the "zero option" missile plan of the Soviet Union, and other Reykjavik proposals, put him under extreme pressure.

● **A REPORT** by the House Intelligence Committee released on Feb. 4 said there was "dangerous laxity" in the government's system of catching spies. Even though 27 Americans have been charged with espionage in the past two years and 26 have been found guilty, there was "a puzzling, almost nonchalant attitude toward recent espionage cases on the part of some senior U.S. intelligence officials."

● **SCOOPED** by *EIR*, the *Washington Times* wrote on Feb. 6 that the paper's Bogota correspondent had received an early tip on the bust of Colombian drug czar Carlos Lehder, from U.S. Embassy sources. Calling the State Department for further information, the reporter was informed, "We had another call about this." According to the *Times*, "Surprised that anyone else was on to the story already, the reporter asked who had made the first call. He was told it was a representative of radical politician Lyndon Larouche [sic]."

● **HARVARD SOCIOLOGY** Prof. Izzy Really has traced the origin of rock dancing back to a Boston man waiting in a long line at a barroom toilet. Explains Professor Izzy, "The discovery of this form of dance happened to come just at the time our society was going nowhere and needed to get there fast."

## Editorial

# Take out Khomeini!

It is now eight years since the back-to-the-Dark Ages "Islamic fundamentalist" movement of Ayatollah Khomeini was installed in power in Iran, under the aegis of the Trilateral Carter administration.

During this period, all arguments to the effect that one or another faction of the mullahs represents some potential "strategic asset" of the United States and Western Europe, have been massively, repeatedly discredited. The latest demonstration is the recent orgy of hostage-taking in Lebanon, gloatingly endorsed by the Speaker of the Iranian parliament Rafsanjani—the leader of the "moderates" according to the Reagan White House.

The truth is, as *EIR* has reported right from the start of the "Iranian revolution," that Khomeinism is pure evil, and civilized nations can have no other legitimate policy objective than to eliminate it at the earliest possible date. Certainly, the Khomeini gang makes no secret of its ambition to eliminate Western civilization.

Back on March 13, 1984, Lyndon LaRouche called for a "War Measures Act" and "Trading with the Enemy" provisions to be applied against the barbarian Khomeini regime. LaRouche wrote:

"Since the present dictatorship of Teheran has repeatedly declared that a state of war exists between it and the United States of America, this government of the United States must take certain legal measures and other actions responsive to the fact that dictator Ruhollah Khomeini has not only repeatedly asserted such a state of war to exist, but is engaged in acts of warfare against the United States, its citizens, their properties, and the persons and vital interests of allies of the United States.

"Therefore, all persons giving aid and comfort to the government of Iran and its agencies and accomplices are guilty of treason under the terms of our Constitution and relevant statutes, and must be detained and prosecuted accordingly.

"Moreover, there is massive evidence to the effect that the said dictatorship of Iran is engaged in crimes against humanity relatively more massive, more bestial

than those for which the late Nazi regime was indicted in the Nuremberg war-crimes proceedings. If this evidence is not disproven, the present dictatorship of Iran must be judged an 'outlaw' government, and a universal boycott deployed against all trade with Iran so long as the present dictatorship shall exist, and also against nations which violate such total boycott against the present dictatorship of Iran, and against all nations which conduct trade with such allies."

LaRouche further specified:

"All persons giving aid and comfort to the present dictatorship of Iran, or allies of that dictatorship, are to be apprehended, detained, and prosecuted.

"Any foreign nation which permits the supply of Iran, shall be subject to immediate and total boycott of all trade with the United States of America, and if such practice shall persist, no payments shall be made by the government, corporations or individual nations of the United States of America to the account of a government, corporation, bank, or person of a nation in violation of this boycott.

"Any law enforcement or other official of the United States, who impedes the implementation of these measures, shall be summarily dismissed from all authorities and duties of office, and shall be banned from all further employment with the government of the United States, and prosecuted.

"Upon discovery that any government has violated the orders so issued, all aid and courtesies except those of the barest diplomatic representations shall be suspended immediately and totally."

If the United States had followed Lyndon LaRouche's policy on Iran, instead of Ronald Reagan's, the West would have been spared the humiliation of Irangate and the imminent threat that it may lose vital political and economic interests in the Middle East through its policy of impotence. The only chance to avoid disaster is if the LaRouche policy is followed now. No matter what others say, the President of the United States and Congress must act now to take out Khomeini.

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